

CITY OF
HIGHLAND PARK
ILLINOIS



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR YEAR ENDED
DECEMBER 31, 2014

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF HIGHLAND PARK, ILLINOIS**
As of and for the Year Ended December 31, 2014

Prepared by Finance Department

Julie Logan, 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 3, 2015

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, 2014.

This report consists of Senior Staff's representations concerning the finances of the City. Senior Staff 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, 2014. The independent auditors' report is presented at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' 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 Comprehensive Annual Financial Report ("CAFR") also includes the activities of the Police and Firefighters' Pension Funds, as well as the Highland Park Public Library, although control of these funds rests with independent boards.

The annual budget is the foundation for the City's financial planning and control. All City departments are required to submit requests for appropriation to the City's Finance Director 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 2014, 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 24.9% compared to calendar year 2013. Real estate transfer tax revenues posted a 0.5% increase over 2013, with the number of real estate transfer tax transactions decreasing by 12.6%, indicating an increase in housing prices in 2013. The City's assessed valuation decreased 0.5% from 2013 to 2014 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 2014 increased over the prior year for the fifth year in a row since 2006. Total sales tax revenue increased 6.0% over 2013, 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 8.2% over calendar year 2013. Increases were posted in the Manufacturers (167.2%), Agriculture (11.2%), Automotive (7.9%), Food (7.1%), Lumber, Building and Hardware (6.3%), Drugs and Miscellaneous Retail (5.1%), Drinking and Eating Places (2.2%) categories, while declines were reported in the General Merchandise (-3.7%), Furniture, Household and Radio (2.5%), and Apparel (-1.4%) categories.

Business spending has remained stable in 2014; retail/commercial vacancies decreased from 39 spaces at the start of the year to 38 at the close of 2014. 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 ("CBD"). In support of the Alliance's efforts, CBD property owners have opted to self-impose a tax to fund the activities of the CBD Alliance by establishing a special service area. This special service area was renewed in 2013 for a second three-year term. The CBD Alliance launched several marketing efforts in 2014 to promote retail business in the CBD.

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 2014 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 2014 average unemployment rate for the City was 5.0% compared to the State of Illinois rate of 6.8% and Lake County rate of 6.5%. The median household income for the City was \$111,271 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 2015. 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 \$17 million in 2015 for street, bridge, sanitary sewer, ravine remediation, storm sewer, water utility, water meter replacement, and other infrastructure improvements. A portion of 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, 2014, is \$19.7 million, which represents 61% of 2015 projected 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 and state economic conditions, address pension funding requirements and maintain services in the event of unanticipated revenue shortfalls. In 2015, the City plans on drawing down fund balance reserves by \$2.0 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 \$5.6 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. This project was substantially completed in 2014, with a Grand Opening occurring in April 2015.

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 CAFR for the fiscal year ended December 31, 2013. This was the thirtieth consecutive year that the City 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, 2014. 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.

A Distinguished Budget Presentation Award is valid for a period of one year only. We believe that our annual budget document for the fiscal year beginning January 1, 2015 continues to meet the Distinguished Budget Presentation Award program requirements and we have submitted it to the GFOA to determine its eligibility for another award.

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,



Ghida S. Neukirch
City Manager



Julie Logan
Finance Director



Government Finance Officers Association

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

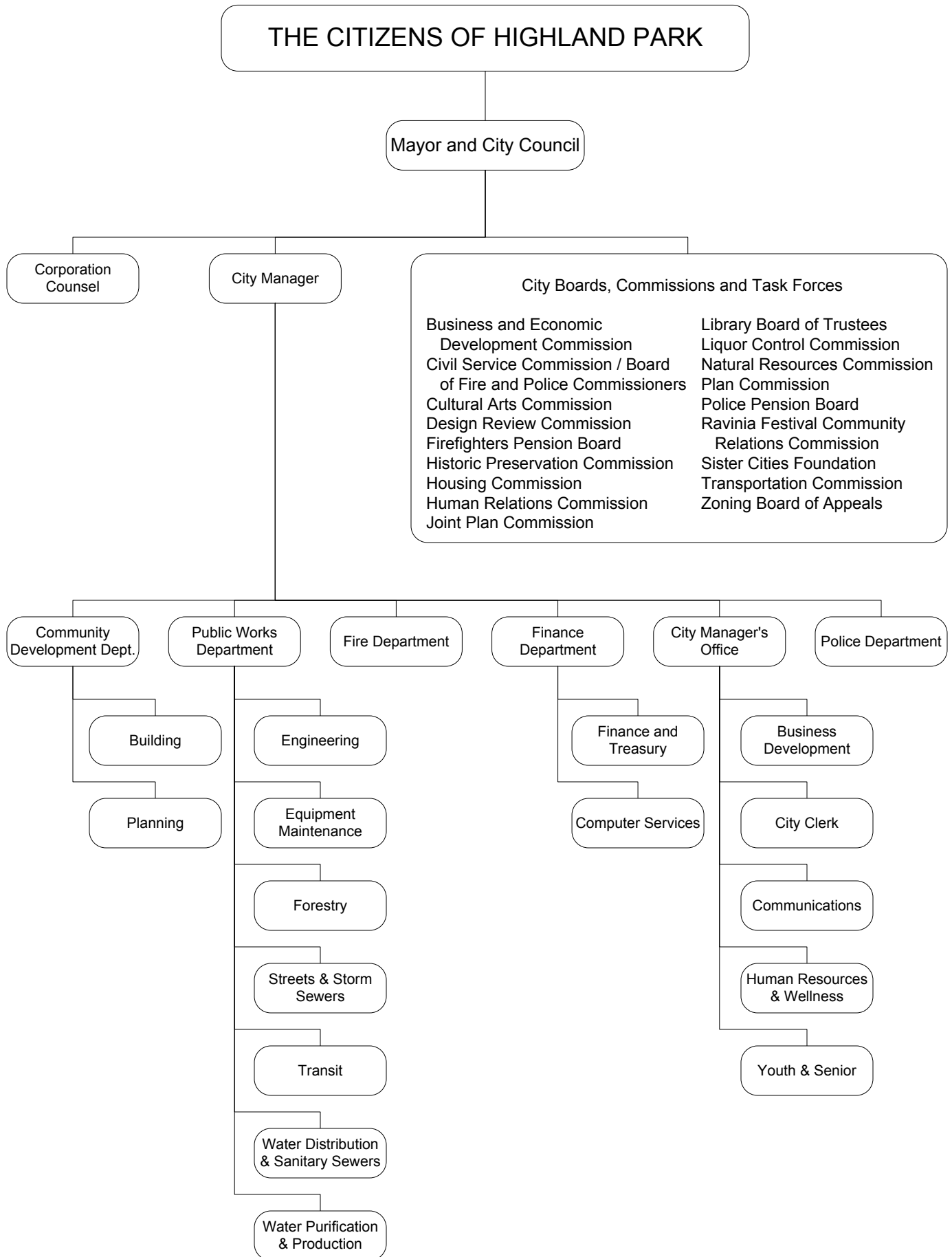
Presented to

**City of Highland Park
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO



CITY OF HIGHLAND PARK, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2014

LEGISLATIVE

Nancy R. Rotering, Mayor

City Council

Anthony E. Blumberg

Daniel A. Kaufman

Paul Frank

Alyssa Knobel

Michelle L. Holleman

Kim Stone

ADMINISTRATIVE

Ghida S. Neukirch, City Manager

Julie Logan, Finance Director

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, 2014, 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, 2014 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. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, effective January 1, 2014. 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 supplementary information as listed in the table of contents is presented for purposes of additional analysis and is 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 supplementary information is 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.

Baker Tully Vichon Kraus, LLP

Oak Brook, Illinois
June 3, 2015

Management's Discussion and Analysis (Unaudited)

The purpose of this Discussion and Analysis is to offer readers of the City's financial statements a narrative overview and analysis of the financial activities of the City for the twelve months ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the 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, 2014 by \$168.4 million (net position).
- The City's total net position increased by \$2.5 million during the twelve months ended December 31, 2014. Business-type activities resulted in a \$1.3 million decrease, while net position of governmental activities increased by \$3.8 million. These changes are primarily attributable to governmental activities revenues continuing to exceed expenses during the year.
- As of December 31, 2014, the City's governmental funds reported combined ending fund balances of \$50.2 million, an increase of \$1.7 million in comparison with the prior fiscal year.
- At the end of the current fiscal year, unrestricted and unassigned fund balance of the general fund was \$19.7 million, or 61% of 2015 projected general fund 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.

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 City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, economic and physical development, transit, commissions and interest costs. The business-type activities of the City include a parking system, water utility, sewer utility and operations of the Highland Park Country Club.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate library for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government.

The government-wide financial statements can be found on pages 15 - 17 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City reports eleven individual governmental funds in 2014. 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 99 - 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 18 – 23 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 115 - 120 in this report.

The basic proprietary fund financial statements can be found on pages 24-28 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 29-30 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 31-80 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 81-95 of this report.

The comparison of budget vs. actual and combining statements and schedules are presented immediately following the required supplementary information. The budget versus actual comparison can be found on pages 96-98 of this report. Combining and individual fund statements and schedules can be found on pages 99-123 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 \$168.4 million at the close of the most recent fiscal year.

By far the largest portion of the City's net position (79.4%) is its investment in capital assets – land, buildings, machinery, and equipment – less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; thus, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (1.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (19.2% of total) may be used to meet the City's ongoing obligations to citizens and creditors.

City of Highland Park's Net Position December 31, 2014 and 2013

	Governmental Activities		Business-Type Activities		Total	
	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014
Current and Other Assets	\$72,932,706	\$76,064,861	\$8,550,793	\$3,697,103	\$81,483,499	\$79,761,964
Capital Assets	83,567,729	80,886,978	81,867,535	91,963,952	165,435,264	172,850,930
Total Assets	156,500,435	156,951,839	90,418,328	95,661,055	246,918,763	252,612,894
Deferred Outflows of Resources	106,954	87,858	749,552	705,376	856,506	793,234
Long-Term Liabilities Outstanding	33,636,667	30,486,654	27,987,943	37,009,168	61,624,610	67,495,822
Other Liabilities	3,059,610	2,735,059	4,907,626	2,386,144	7,967,236	5,121,203
Total Liabilities	36,696,277	33,221,713	32,895,569	39,395,312	69,591,846	72,617,025
Deferred Outflows of Resources	12,284,597	12,363,279	0	0	12,284,597	12,363,279
Net Position:						
Net Investment in Capital Assets	74,393,563	74,583,376	60,756,229	59,065,125	135,149,792	133,648,501
Restricted	1,930,549	2,402,234	0	0	1,930,549	2,402,234
Unrestricted	31,302,403	34,469,095	(2,483,918)	(2,094,006)	28,818,485	32,375,089
Total Net Position	107,626,515	111,454,705	58,272,311	56,971,119	165,898,826	168,425,824

The City reports positive balances in all three categories of net position, both for the City 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 complete 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 position calculations.

Within the governmental activities, the City increased "Current and Other Assets" and "Unrestricted Net Position", primarily as a result of increased cash. "Capital Assets" decreased primarily as a result of depreciation.

A breakdown of the change in net position follows:

Water Utility	\$ 214,872
Sewer Utility	(693,764)
Parking System	(206,040)
Country Club	(616,260)
Governmental Activities	<u>3,828,190</u>
Change in Net Position	\$ <u>2,526,998</u>

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

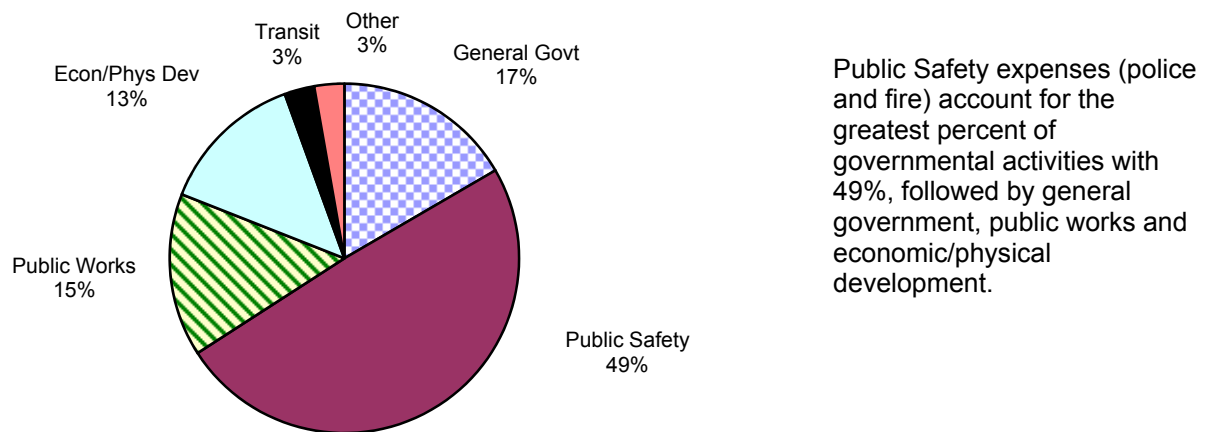
City of Highland Park's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014
Program Revenues						
Charges for Services	\$ 9,450,442	\$ 9,823,560	\$ 13,988,487	\$ 13,714,622	\$ 23,438,929	\$ 23,538,182
Operating Grants	1,012,404	1,123,140	70,533	118,280	1,082,937	1,241,420
Capital Grants	-	-	121,000	-	121,000	-
General Revenues						
Property Taxes	11,723,266	12,300,826	-	-	11,723,266	12,300,826
Sales Taxes	12,904,569	13,674,254	-	-	12,904,569	13,674,254
Other Taxes	12,027,533	12,304,767	-	-	12,027,533	12,304,767
Payment in Lieu of Taxes	804,573	796,308	-	-	804,573	796,308
Other	715,552	736,024	19,717	17,520	735,269	753,544
Total Revenues	48,638,339	50,758,879	14,199,737	13,850,422	62,838,076	64,609,301
Expenses						
General Government	8,449,022	7,543,013	-	-	8,449,022	7,543,013
Public Safety	21,797,867	22,784,673	-	-	21,797,867	22,784,673
Public Works	6,297,452	7,147,559	-	-	6,297,452	7,147,559
Economic/Physical Dev	5,689,964	6,249,818	-	-	5,689,964	6,249,818
Transit	1,359,599	1,288,343	-	-	1,359,599	1,288,343
Commissions	327,835	394,871	-	-	327,835	394,871
Interest	1,070,849	886,246	-	-	1,070,849	886,246
Parking	-	-	922,176	988,547	922,176	988,547
Water	-	-	6,977,513	7,101,394	6,977,513	7,101,394
Sewer	-	-	4,182,723	4,224,626	4,182,723	4,224,626
Country Club	-	-	2,958,278	2,837,047	2,958,278	2,837,047
Other	1,575,000	636,166	-	-	1,575,000	636,166
Total Expenses	46,567,588	46,930,689	15,040,690	15,151,614	61,608,278	62,082,303
Increase in Net Position before Transfers, Special Items and Contributions	2,070,751	3,828,190	(840,953)	(1,301,192)	1,229,798	2,526,998
Transfers	(244,400)	-	244,400	-	-	-
Change in Net Position	1,826,351	3,828,190	(596,553)	(1,301,192)	1,229,798	2,526,998

- Property tax revenue increased by \$577,560 (4.9%) over the prior year, due to an increase in annual levy. The City is a home-rule municipality not subject to property tax limitations.
- Sales tax revenue for calendar year 2014, compared to calendar year 2013, increased by \$769,685 (6.0%).
- Comparison of other taxes for the period ending December 31, 2014, compared to 2013, reveals an increase in utility taxes (17.0%), property replacement taxes (2.9%), and all other taxes (0.5%). A decline was reported in franchise fees (7.8%).
- The calendar year 2013 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.
- Total expenses increased by \$474,025 (0.8%), for calendar year 2014 compared to calendar year 2013, with individual government units including adjustments in personnel and a deliberate acceleration in capital projects.

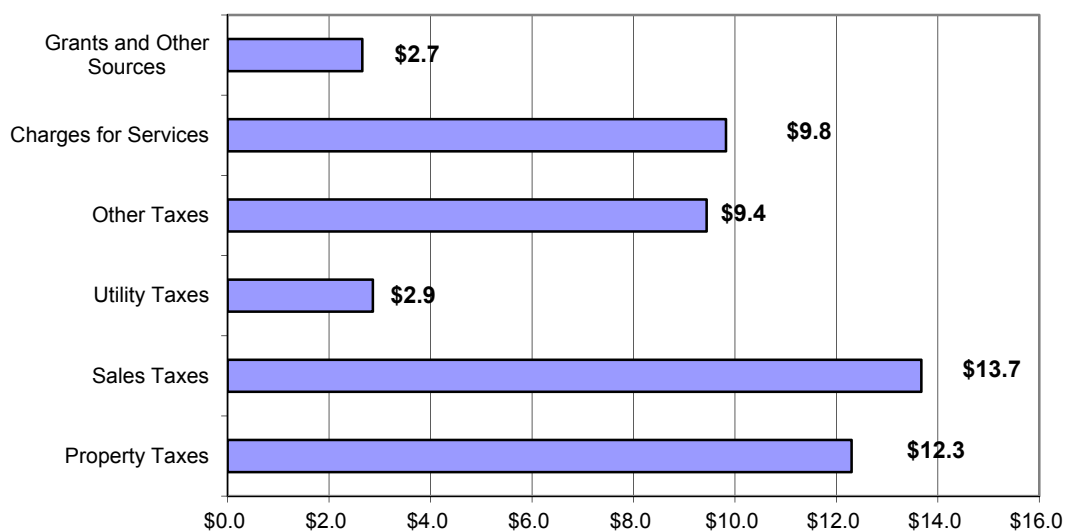
- The year-to-year fluctuation in other expenses is primarily due to a decrease in unrealized losses on investments to reflect General fund investments at fair market value. The 2014 unrealized loss is significantly due to Illinois Metropolitan Investment Fund (IMET) investments in repurchase agreements that have been reported as in default, with redemptions suspended, as of September 2014 of (\$747,166). IMET is vigorously pursuing claims against seized assets, potential USDA guarantees, insurance, and potential future civil proceedings to recover on the repurchase agreements. Any future recovery would be reported as income upon receipt. The IMET unrealized loss is net of unrealized gain due to fair market value fluctuation in pension bonds of \$111,000.

Expenses by Activity — Governmental Activities



Revenues by Source — Governmental Activities

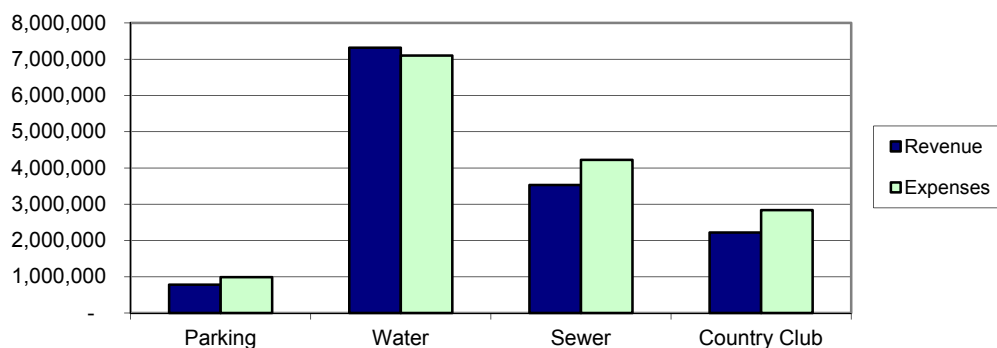
Amounts in Millions



Sales taxes account for the greatest proportion of funding for governmental activities on an annualized basis, followed by property taxes 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 \$1.0 million during 2014 in street and ravine improvements from governmental revenues.

Business-Type Activities

Business-type activities decreased the City's net position by \$1.3 million. 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:



- Net position of the parking fund decreased by \$206,040 in the current fiscal year, the majority of which is due to depreciation.
- The water utility fund net position increased by \$214,872 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.
- Net position in the sewer utility fund decreased by \$693,764, which is primarily attributable to capital expenditures in excess of revenues generated from charges for services. As part of the 2013 budget process, the City developed long-term rate projections and elected to implement a plan that includes rate adjustments to be phased-in over five years to ensure the sustainability of this fund.
- Net position of the country club fund decreased by \$616,260, the majority of which is due to a decrease in revenue from charges for services, given inclement weather and increase in the cost of goods sold, given market conditions in 2014.
- Revenue of business-type activities is almost exclusively charges for services. During the current fiscal year, non-operating revenues/(expenses) totaled (\$1,026,450).

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, 2014, the City's governmental funds reported combined ending fund balances of \$50.2 million, an increase of \$1.7 million in comparison with the prior fiscal year. A large portion of this increase is the result of municipal sales tax, licenses and permits revenue, and utility taxes that were \$0.7 million, \$0.4 million, and \$0.4 million, respectively, more than anticipated, which are reported in the General Fund. Of the total fund balance, \$19.7 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 \$5.6 million in the General Fund to meet future obligations for other post-employment benefits. Please refer to page 19 for a detailed description and amounts of assigned and committed fund balance.

The General Fund is the primary operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$19.7 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 as of December 31, 2014 represents 61% of projected total general fund operating expenditures for the 2015 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 \$2.1 million, all of which is assigned for the payment of debt service. During the current fiscal year, the fund posted a \$0.7 million increase in fund balance.

The capital projects fund has a fund balance of \$1.0 million at December 31, 2014. During the current fiscal year, the fund posted a (\$0.5 million) 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 \$3.6 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 \$4.1 million at December 31, 2014. Net position of the water utility fund amounted to \$23.7 million. Net position of the sewer utility fund amounted to \$20.6 million. Net position of the country club operation amounted to \$8.5 million. The total reduction in net position for all proprietary funds was (\$1.3 million). 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 \$2.0 million, due primarily to municipal sales tax revenues and investment income that were \$0.9 million and \$0.7 million, respectively, more than anticipated during the budget process. Positive variances of significance were also reported in licenses and permits, charges for services, fines and forfeitures, real estate transfer tax, state income tax, payments in lieu of taxes, other taxes, and miscellaneous revenues. Shortfalls were reported in franchise fees (telecommunication taxes refunds) and reimbursements (IRMA reserve not received, given open claims). Total General Fund expenditures were 91% of budget, resulting in a budgetary savings of \$2.9 million. General fund transfers out totaled \$1.8 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, 2014, amounts to \$133.6 million, net of accumulated depreciation and outstanding related debt. This investment in capital assets includes land, buildings, other improvements, machinery and equipment, streets, bridges, sanitary and storm sewers, and water production and distribution systems.

Major capital asset events during the current fiscal year included Construction in Progress of \$10.8 million pertaining to the Water Treatment Plant improvement project. Total investment in this project is expected to be \$33.3 million, upon completion in 2015.

City of Highland Park's Capital Assets

(Net of Depreciation)

	Governmental activities		Business-type activities		Total	
	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014
Land	\$9,057,203	\$9,248,183	\$4,981,323	\$4,981,323	\$14,038,526	\$14,229,506
Buildings and improvements	46,989,948	45,606,702	11,902,107	11,145,050	58,892,055	56,751,752
Machinery and equipment	3,441,820	2,926,170	392,004	232,500	3,833,824	3,158,670
Infrastructure	24,078,758	23,105,923	39,333,326	39,591,828	63,412,084	62,697,751
Construction in progress	-	-	25,258,775	36,013,251	25,258,775	36,013,251
Total	\$83,567,729	\$80,886,978	\$81,867,535	\$91,963,952	\$165,435,264	\$172,850,930

Additional information on the City's capital assets can be found in the Notes to Financial Statements Note III C. of this report.

Long-term debt. At the end of the current fiscal year, the City had total general obligation bonded debt outstanding of \$56.6 million. Of this amount, \$20.7 million 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	
	12/31/2013	12/31/2014	12/31/2013	12/31/2014	12/31/2013	12/31/2014
Total	\$27,987,943	\$20,679,486	\$23,827,143	\$35,925,000	\$51,815,086	\$56,604,486

The City's total bonded debt increased by \$4.8 million during the current fiscal year. The City's general obligation bonds maintain a "Aaa" rating from Moody's Investors Service. In 2014, 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 significantly abated and revenue from the water and sewer systems will be used to pay off this debt. Additional detail of the issuance can be found in Notes to Financial Statements Note III E. of this report.

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 \$56.6 million represents 2.76% 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 91% 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 2014 average unemployment rate for the City was 5.0%, compared to 6.5% for Lake County and 6.8% 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 City had a median family income of \$138,133 and median household income of \$111,271, according to the U.S. Census Bureau American Community Survey 5-year estimates 2009 to 2013, 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 2015 budget, including the reduction of 9 full-time positions, significantly due to dispatch consolidation, 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, Bike Walk Plan 2030 improvements, and funding for other post-employment benefits. The 2015 budget projects that general fund operating revenues will include a strategic drawdown of reserves of \$2.0 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, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	Highland Park Public Library
ASSETS				
Cash	\$ 32,048,595	\$ 3,722,134	\$ 35,770,729	\$ 1,050,653
Investments	18,150,000	283	18,150,283	2,291,000
Receivables (net)				
Property taxes	12,344,855	-	12,344,855	4,639,000
Motor fuel tax allotments	147,403	-	147,403	-
Intergovernmental	5,563,508	66,366	5,629,874	-
Loans	300,000	-	300,000	-
Accounts	868,026	1,498,240	2,366,266	-
Accrued interest	60,000	-	60,000	-
Other	-	-	-	1,289
Prepaid items	644,944	13,666	658,610	11,326
Inventories	-	36,735	36,735	-
Internal balances	1,640,321	(1,640,321)	-	-
Net pension asset	4,297,209	-	4,297,209	-
Capital Assets				
Capital assets not being depreciated	9,248,183	40,994,574	50,242,757	728,463
Capital assets being depreciated, net of accumulated depreciation	71,638,795	50,969,378	122,608,173	3,974,011
Total Assets	<u>156,951,839</u>	<u>95,661,055</u>	<u>252,612,894</u>	<u>12,695,742</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding	87,858	705,376	793,234	-
Total Deferred Outflows of Resources	<u>87,858</u>	<u>705,376</u>	<u>793,234</u>	<u>-</u>
LIABILITIES				
Accounts payable	2,279,748	2,177,533	4,457,281	271,334
Accrued payroll	352,145	60,640	412,785	97,604
Accrued interest payable	2,357	3,083	5,440	-
Unearned revenue	40,557	144,888	185,445	6,500
Deposits	60,252	-	60,252	-
Noncurrent Liabilities				
Due within one year	3,385,217	911,114	4,296,331	-
Due in more than one year	27,101,437	36,098,054	63,199,491	320,960
Total Liabilities	<u>33,221,713</u>	<u>39,395,312</u>	<u>72,617,025</u>	<u>696,398</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for future periods	12,363,279	-	12,363,279	4,639,000
Total Deferred Inflows of Resources	<u>12,363,279</u>	<u>-</u>	<u>12,363,279</u>	<u>4,639,000</u>
NET POSITION				
Net investment in capital assets	74,583,376	59,065,125	133,648,501	4,702,474
Restricted for				
Economic development	1,117,069	-	1,117,069	-
Public safety	727,815	-	727,815	-
Streets	557,350	-	557,350	-
Library materials	-	-	-	79,755
Working cash	-	-	-	375,000
Unrestricted (deficit)	<u>34,469,095</u>	<u>(2,094,006)</u>	<u>32,375,089</u>	<u>2,203,115</u>
TOTAL NET POSITION	<u>\$ 111,454,705</u>	<u>\$ 56,971,119</u>	<u>\$ 168,425,824</u>	<u>\$ 7,360,344</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
General government	\$ 7,543,013	\$ 2,771,791	\$ -
Public safety	22,784,673	2,869,862	63,132
Public works	7,147,559	1,248,525	1,060,008
Transit	1,288,343	1,416,630	-
Commissions	394,871	-	-
Economic and physical development	6,249,818	1,516,752	-
Interest and fiscal charges	886,246	-	-
Total Governmental Activities	<u>46,294,523</u>	<u>9,823,560</u>	<u>1,123,140</u>
Business-type Activities			
Water	7,101,394	7,193,756	105,197
Sewer	4,224,626	3,517,779	13,083
Highland Park Country Club	2,837,047	2,220,787	-
Motor Vehicle Parking System	988,547	782,300	-
Total Business-type Activities	<u>15,151,614</u>	<u>13,714,622</u>	<u>118,280</u>
Total Primary Government	<u>\$ 61,446,137</u>	<u>\$ 23,538,182</u>	<u>\$ 1,241,420</u>
Component Unit			
Highland Park Public Library	<u>\$ 4,406,009</u>	<u>\$ 86,952</u>	<u>\$ 130,029</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
Interest income
Net change in fair value of investments

Total General Revenues

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
\$ (4,771,222)	\$ -	\$ (4,771,222)	\$ -
(19,851,679)	-	(19,851,679)	-
(4,839,026)	-	(4,839,026)	-
128,287	-	128,287	-
(394,871)	-	(394,871)	-
(4,733,066)	-	(4,733,066)	-
(886,246)	-	(886,246)	-
<u>(35,347,823)</u>	<u>-</u>	<u>(35,347,823)</u>	<u>-</u>
-	197,559	197,559	-
-	(693,764)	(693,764)	-
-	(616,260)	(616,260)	-
-	(206,247)	(206,247)	-
<u>-</u>	<u>(1,318,712)</u>	<u>(1,318,712)</u>	<u>-</u>
<u>(35,347,823)</u>	<u>(1,318,712)</u>	<u>(36,666,535)</u>	<u>-</u>
-	-	-	(4,189,028)
12,300,826	-	12,300,826	4,466,991
9,270,135	-	9,270,135	-
4,404,119	-	4,404,119	-
2,863,573	-	2,863,573	-
2,153,958	-	2,153,958	-
1,786,963	-	1,786,963	-
2,334,364	-	2,334,364	-
2,849,624	-	2,849,624	-
316,285	-	316,285	42,551
796,308	-	796,308	-
736,024	17,520	753,544	5,342
(636,166)	-	(636,166)	-
<u>39,176,013</u>	<u>17,520</u>	<u>39,193,533</u>	<u>4,514,884</u>
<u>3,828,190</u>	<u>(1,301,192)</u>	<u>2,526,998</u>	<u>325,856</u>
<u>107,626,515</u>	<u>58,272,311</u>	<u>165,898,826</u>	<u>7,034,488</u>
<u>\$ 111,454,705</u>	<u>\$ 56,971,119</u>	<u>\$ 168,425,824</u>	<u>\$ 7,360,344</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2014

	General	Public Safety Pension Levy	Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
ASSETS						
Cash	\$ 19,605,383	\$ -	\$ 2,141,537	\$ 780,770	\$ 4,140,342	\$ 26,668,032
Investments	18,150,000	-	-	-	-	18,150,000
Receivables (net)						
Property taxes	2,862,728	4,749,486	2,936,967	507,174	1,288,500	12,344,855
Motor fuel tax allotments	-	-	-	-	147,403	147,403
Intergovernmental	5,563,508	-	-	-	-	5,563,508
Loans	-	-	-	300,000	-	300,000
Accounts	217,347	-	-	91,635	192,136	501,118
Accrued interest	60,000	-	-	-	-	60,000
Prepaid items	-	-	-	4,800	1,608	6,408
Due from other funds	<u>2,435,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,435,029</u>
TOTAL ASSETS	<u>\$ 48,893,995</u>	<u>\$ 4,749,486</u>	<u>\$ 5,078,504</u>	<u>\$ 1,684,379</u>	<u>\$ 5,769,989</u>	<u>\$ 66,176,353</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

BALANCE SHEET GOVERNMENTAL FUNDS (cont.) As of December 31, 2014

	General	Public Safety Pension Levy	Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 1,963,455	\$ -	\$ -	\$ 114,804	\$ 86,929	\$ 2,165,188
Accrued liabilities	309,122	-	-	-	27,021	336,143
Due to other funds	-	-	-	-	794,708	794,708
Unearned revenue	21,432	-	-	10,000	-	31,432
Deposits	57,252	-	-	3,000	-	60,252
Total Liabilities	<u>2,351,261</u>	<u>-</u>	<u>-</u>	<u>127,804</u>	<u>908,658</u>	<u>3,387,723</u>
Deferred Inflows of Resources						
Property taxes levied for future periods	2,881,152	4,749,486	2,936,967	507,174	1,288,500	12,363,279
Unavailable revenue for IRMA member reserve	191,841	-	-	-	-	191,841
Total Deferred Inflows of Resources	<u>3,072,993</u>	<u>4,749,486</u>	<u>2,936,967</u>	<u>507,174</u>	<u>1,288,500</u>	<u>12,555,120</u>
Fund Balances						
Nonspendable for prepaid items	-	-	-	4,800	1,608	6,408
Restricted for:						
Streets	-	-	-	-	557,350	557,350
Public safety	-	-	-	-	727,815	727,815
Economic development	-	-	-	-	1,117,069	1,117,069
Committed for:						
Employee retirement	18,150,000	-	-	-	-	18,150,000
Sustainability initiatives	-	-	-	-	279,564	279,564
Transportation	-	-	-	-	941,939	941,939
Assigned for:						
Capital projects	-	-	-	1,044,601	-	1,044,601
Other postemployment benefits	5,575,495	-	-	-	-	5,575,495
Debt service	-	-	2,141,537	-	-	2,141,537
Unassigned:						
General fund	19,744,246	-	-	-	-	19,744,246
Special revenue funds (deficit)	-	-	-	-	(52,514)	(52,514)
Total Fund Balances (Deficit)	<u>43,469,741</u>	<u>-</u>	<u>2,141,537</u>	<u>1,049,401</u>	<u>3,572,831</u>	<u>50,233,510</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 48,893,995</u>	<u>\$ 4,749,486</u>	<u>\$ 5,078,504</u>	<u>\$ 1,684,379</u>	<u>\$ 5,769,989</u>	<u>\$ 66,176,353</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, 2014

Total Fund Balances - Governmental Funds	\$ 50,233,510
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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.	80,886,978
Less amount reported in internal service funds below.	(1,981,716)

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.	191,841
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Loss on refunding on bonds is reported as a deferred outflow on the statement of net position.	87,858
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Unamortized premiums/discounts on bonds are reported as liabilities on the statement of net position.	(226,460)
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Accrued interest on long-term liabilities is shown as a liability on the statement of net position.	(2,357)
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Net pension asset for firefighters' and police pension funds is shown as an asset on the statement of net position.	4,297,209
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Net pension obligation for the Illinois Municipal Retirement Fund is shown as an asset on the statement of net position.	(549,428)
Less amount reported in internal service funds below.	55,448

The net other postemployment benefit obligation is shown as a liability on the statement of net position.	(5,936,432)
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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.	(1,759,559)
Less amount reported in internal service funds below.	57,436

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	(20,679,486)
Claims payable	(1,335,289)

The net position of the internal service funds are included in the governmental activities in the statement of net position.	<u>8,115,152</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 111,454,705</u>
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CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2014

	General	Public Safety Pension Levy	Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
REVENUES						
Property taxes	\$ 2,437,719	\$ 4,733,970	\$ 3,749,693	\$ 163,739	\$ 1,215,705	\$ 12,300,826
Personal property replacement tax	316,285	-	-	-	-	316,285
Licenses and permits	1,815,710	-	-	-	959,011	2,774,721
Public charges for services	1,690,561	-	-	-	692,915	2,383,476
Municipal sales tax	13,011,063	-	185,000	478,191	-	13,674,254
Utility taxes	2,863,573	-	-	-	-	2,863,573
Real estate transfer tax	1,786,963	-	-	-	-	1,786,963
Intergovernmental	122,990	-	-	-	113,270	236,260
State income tax	2,849,624	-	-	-	-	2,849,624
Franchise tax	2,153,958	-	-	-	-	2,153,958
Payments in lieu of taxes	796,308	-	-	-	-	796,308
Other Taxes	1,597,118	-	-	-	623,976	2,221,094
Reimbursements	129,323	-	-	42,298	1,416,630	1,588,251
Fines, forfeitures and penalties	1,067,779	-	-	-	10,883	1,078,662
Motor fuel tax	-	-	-	-	1,000,150	1,000,150
Interest income	740,230	-	981	800	(6,596)	735,415
Net change in fair value of investments	(636,166)	-	-	-	-	(636,166)
Miscellaneous	529,960	-	-	-	57,484	587,444
Total Revenues	<u>33,272,998</u>	<u>4,733,970</u>	<u>3,935,674</u>	<u>685,028</u>	<u>6,083,428</u>	<u>48,711,098</u>
EXPENDITURES						
Current						
General government	6,309,182	-	-	-	-	6,309,182
Public safety	17,918,777	4,733,970	-	-	441,404	23,094,151
Public works	2,615,859	-	-	-	2,950,468	5,566,327
Transit	767	-	-	-	1,300,394	1,301,161
Commissions	145,798	-	-	-	-	145,798
Economic and physical development	3,484,161	-	-	-	178,345	3,662,506
Capital Outlay	-	-	-	2,765,778	-	2,765,778
Debt Service						
Principal	-	-	3,147,657	-	-	3,147,657
Interest and fiscal charges	-	-	979,411	-	-	979,411
Total Expenditures	<u>30,474,544</u>	<u>4,733,970</u>	<u>4,127,068</u>	<u>2,765,778</u>	<u>4,870,611</u>	<u>46,971,971</u>
Excess (deficiency) of revenues over expenditures	<u>2,798,454</u>	<u>-</u>	<u>(191,394)</u>	<u>(2,080,750)</u>	<u>1,212,817</u>	<u>1,739,127</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS (cont.) For the Year Ended December 31, 2014

	General	Public Safety Pension Levy	Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	924,360	1,560,400	29,600	2,514,360
Transfers out	(1,774,360)	-	-	-	(740,000)	(2,514,360)
Sales of general capital assets	3,663	-	-	-	-	3,663
Total Other Financing Sources (Uses)	(1,770,697)	-	924,360	1,560,400	(710,400)	3,663
Net Change in Fund Balances	1,027,757	-	732,966	(520,350)	502,417	1,742,790
FUND BALANCES - Beginning of Year	42,441,984	-	1,408,571	1,569,751	3,070,414	48,490,720
FUND BALANCES - END OF YEAR	\$ 43,469,741	\$ -	\$ 2,141,537	\$ 1,049,401	\$ 3,572,831	\$ 50,233,510

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2014

Net change in fund balances - total governmental funds	\$ 1,742,790
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Amounts reported for governmental activities in the statement of activities 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	750,820
Depreciation is reported in the government-wide financial statements	(2,993,948)
Net book value of assets retired	(4,223)

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.	10,900
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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	3,147,657

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 additions to 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	(3,912)
Bond premium	58,572
Deferred charge on refunding	(19,096)

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	101,742
Net pension asset	475,045
Net pension obligation	(36,264)
Accrued interest on debt	57,601
Other postemployment benefits obligation	(16,207)

The change in claims payable is shown as an expense on the statement of activities.	(97,476)
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Internal service funds are used by management to charge self insurance costs to individual funds. The change in net position of the internal service fund reported with governmental activities.	<u>654,189</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,828,190</u>
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CITY OF HIGHLAND PARK

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2014

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Highland Park Country Club	Nonmajor Enterprise Fund - Parking	Totals	
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 70,370	\$ 2,340,878	\$ 253,913	\$ 1,056,973	\$ 3,722,134	\$ 5,380,563
Investments	283	-	-	-	283	-
Accounts receivable (net)	956,929	494,445	46,866	-	1,498,240	48,277
Due from other organizations	-	-	-	66,366	66,366	-
Due from other funds	-	-	54,708	-	54,708	-
Inventories	-	-	36,735	-	36,735	-
Prepaid items	-	-	13,666	-	13,666	638,536
Other	-	-	-	-	-	318,631
Total Current Assets	<u>1,027,582</u>	<u>2,835,323</u>	<u>405,888</u>	<u>1,123,339</u>	<u>5,392,132</u>	<u>6,386,007</u>
Noncurrent Assets						
Capital Assets						
Land	66,958	-	3,595,200	1,319,165	4,981,323	-
Construction in progress	36,013,251	-	-	-	36,013,251	-
Infrastructure	-	-	-	32,196	32,196	-
Parking facilities and equipment	-	-	-	4,442,842	4,442,842	-
Water and sewer plant and equipment	48,962,253	69,006,491	-	-	117,968,744	-
Country club facilities and equipment	-	-	11,480,102	-	11,480,102	-
Machinery, equipment and furnishings	-	-	-	-	-	10,930,867
Less: Accumulated depreciation	<u>(27,896,861)</u>	<u>(46,563,300)</u>	<u>(5,710,269)</u>	<u>(2,784,076)</u>	<u>(82,954,506)</u>	<u>(8,949,151)</u>
Total Noncurrent Assets	<u>57,145,601</u>	<u>22,443,191</u>	<u>9,365,033</u>	<u>3,010,127</u>	<u>91,963,952</u>	<u>1,981,716</u>
Total Assets	<u>58,173,183</u>	<u>25,278,514</u>	<u>9,770,921</u>	<u>4,133,466</u>	<u>97,356,084</u>	<u>8,367,723</u>
DEFERRED OUTFLOWS OF RESOURCES						
Unamortized loss on advanced refunding	<u>705,376</u>	-	-	-	<u>705,376</u>	-
Total Deferred Outflows of Resources	<u>705,376</u>	-	-	-	<u>705,376</u>	-

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF NET POSITION PROPRIETARY FUNDS (cont.) As of December 31, 2014

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Highland Park Country Club	Nonmajor Enterprise Fund - Parking	Totals	
LIABILITIES						
Current Liabilities						
Accounts payable	\$ 1,983,701	\$ 92,177	\$ 75,573	\$ 26,082	\$ 2,177,533	\$ 114,560
Accrued liabilities	28,474	14,126	16,852	4,271	63,723	16,002
Due to other funds	602,832	-	1,092,197	-	1,695,029	-
Unearned revenue	86,639	-	58,249	-	144,888	9,125
Long-term debt - due within one year	618,583	292,531	-	-	911,114	11,487
Total Current Liabilities	<u>3,320,229</u>	<u>398,834</u>	<u>1,242,871</u>	<u>30,353</u>	<u>4,992,287</u>	<u>151,174</u>
Noncurrent Liabilities						
Long-Term Debt						
Due in more than one year	31,837,924	4,260,130	-	-	36,098,054	101,397
Total Noncurrent Liabilities	<u>31,837,924</u>	<u>4,260,130</u>	<u>-</u>	<u>-</u>	<u>36,098,054</u>	<u>101,397</u>
Total Liabilities	<u>35,158,153</u>	<u>4,658,964</u>	<u>1,242,871</u>	<u>30,353</u>	<u>41,090,341</u>	<u>252,571</u>
NET POSITION						
Net investment in capital assets	28,645,823	18,044,142	9,365,033	3,010,127	59,065,125	1,981,716
Unrestricted	<u>(4,925,417)</u>	<u>2,575,408</u>	<u>(836,983)</u>	<u>1,092,986</u>	<u>(2,094,006)</u>	<u>6,133,436</u>
TOTAL NET POSITION	<u>\$ 23,720,406</u>	<u>\$ 20,619,550</u>	<u>\$ 8,528,050</u>	<u>\$ 4,103,113</u>	<u>\$ 56,971,119</u>	<u>\$ 8,115,152</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Highland Park Country Club	Nonmajor Enterprise Fund - Parking	Totals	
OPERATING REVENUES						
Water sales	\$ 6,952,843	\$ -	\$ -	\$ -	\$ 6,952,843	\$ -
Sanitary sewer charges	-	1,831,680	-	-	1,831,680	-
Stormwater management fees	-	1,586,854	-	-	1,586,854	-
Water/sewer permit fees	115,599	53,770	-	-	169,369	-
Parking lot collections	-	-	-	535,446	535,446	-
Parking violations	-	-	-	246,854	246,854	-
Charges for goods and services	-	-	2,170,787	-	2,170,787	9,604,354
Miscellaneous	125,314	45,475	50,000	-	220,789	46,597
Total Operating Revenues	<u>7,193,756</u>	<u>3,517,779</u>	<u>2,220,787</u>	<u>782,300</u>	<u>13,714,622</u>	<u>9,650,951</u>
OPERATING EXPENSES						
Personal services	2,336,996	1,193,923	1,276,163	335,921	5,143,003	1,294,606
Contractual services	1,219,694	555,826	682,870	272,491	2,730,881	5,846,506
Materials and supplies	335,206	97,285	532,022	15,517	980,030	715,980
Small tools and equipment	55,355	550,082	-	36,939	642,376	184,293
Administrative reimbursements	1,115,109	-	-	99,000	1,214,109	-
Repairs and maintenance	-	-	-	-	-	353,619
Depreciation	996,093	1,708,201	345,992	228,679	3,278,965	564,517
Total Operating Expenses	<u>6,058,453</u>	<u>4,105,317</u>	<u>2,837,047</u>	<u>988,547</u>	<u>13,989,364</u>	<u>8,959,521</u>
Operating Income (Loss)	<u>1,135,303</u>	<u>(587,538)</u>	<u>(616,260)</u>	<u>(206,247)</u>	<u>(274,742)</u>	<u>691,430</u>
NONOPERATING REVENUES (EXPENSES)						
Investment income	17,313	-	-	207	17,520	609
Intergovernmental	105,197	13,083	-	-	118,280	-
Loss on sale of capital assets	(47,927)	-	-	-	(47,927)	(37,850)
Interest and fiscal charges	(995,014)	(119,309)	-	-	(1,114,323)	-
Total Nonoperating Revenues (Expenses)	<u>(920,431)</u>	<u>(106,226)</u>	<u>-</u>	<u>207</u>	<u>(1,026,450)</u>	<u>(37,241)</u>
Change in Net Position	214,872	(693,764)	(616,260)	(206,040)	(1,301,192)	654,189
NET POSITION - Beginning of Year	<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>	<u>7,460,963</u>
NET POSITION - END OF YEAR	<u>\$ 23,720,406</u>	<u>\$ 20,619,550</u>	<u>\$ 8,528,050</u>	<u>\$ 4,103,113</u>	<u>\$ 56,971,119</u>	<u>\$ 8,115,152</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Highland Park Country Club	Nonmajor Enterprise Fund - Parking	Totals
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 7,343,857	\$ 3,561,755	\$ 2,143,431	\$ 782,300	\$ 13,831,343
Paid to suppliers	(2,704,074)	(1,142,066)	(1,135,841)	(445,932)	(5,427,913)
Paid to employees	(2,369,010)	(1,220,876)	(1,263,222)	(338,551)	(5,191,659)
Net Cash Flows From Operating Activities	<u>2,270,773</u>	<u>1,198,813</u>	<u>(255,632)</u>	<u>(2,183)</u>	<u>3,211,771</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investments sold and matured	2,692,019	-	-	-	2,692,019
Investment income	<u>17,313</u>	<u>-</u>	<u>-</u>	<u>207</u>	<u>17,520</u>
Net Cash Flows From Investing Activities	<u>2,709,332</u>	<u>-</u>	<u>-</u>	<u>207</u>	<u>2,709,539</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Repayment (advance) to other funds	602,832	-	216,898	40,228	859,958
Intergovernmental reimbursements	<u>105,197</u>	<u>13,083</u>	<u>-</u>	<u>-</u>	<u>118,280</u>
Net Cash Flows From Noncapital Financing Activities	<u>708,029</u>	<u>13,083</u>	<u>216,898</u>	<u>40,228</u>	<u>978,238</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt issued	9,955,000	-	-	-	9,955,000
Debt retired	(575,000)	(275,000)	-	-	(850,000)
Interest paid	(989,064)	(133,829)	-	-	(1,122,893)
Acquisition and construction of capital assets	(14,651,455)	(1,343,831)	-	-	(15,995,286)
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(6,260,519)</u>	<u>(1,752,660)</u>	<u>-</u>	<u>-</u>	<u>(8,013,179)</u>
Net Change in Cash and Cash Equivalents	\$ (572,385)	\$ (540,764)	\$ (38,734)	\$ 38,252	\$ (1,113,631)
CASH AND CASH EQUIVALENTS - Beginning 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>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 70,370</u>	<u>\$ 2,340,878</u>	<u>\$ 253,913</u>	<u>\$ 1,056,973</u>	<u>\$ 3,722,134</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (cont.) For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Highland Park Country Club	Nonmajor Enterprise Fund - Parking	Totals	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES						
Operating income (loss)	\$ 1,135,303	\$ (587,538)	\$ (616,260)	\$ (206,247)	\$ (274,742)	\$ 691,430
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities						
Depreciation	996,093	1,708,201	345,992	228,679	3,278,965	564,517
Gain (loss) on sale of capital assets	(47,927)	-	-	-	(47,927)	-
Changes in assets and liabilities						
Accounts receivable	152,010	43,976	(31,021)	-	164,965	(68,008)
Inventory	-	-	11,652	-	11,652	-
Prepaid expense	-	-	11,465	-	11,465	(466,091)
Accounts payable	69,217	61,127	55,934	(21,985)	164,293	(84,923)
Accrued salaries	(13,000)	(15,593)	12,941	(2,630)	(18,282)	(4,418)
Compensated absences	(3,781)	481	-	-	(3,300)	1,649
Unearned revenue	(1,909)	-	(46,335)	-	(48,244)	9,125
Other payroll liabilities	(15,233)	(11,841)	-	-	(27,074)	2,450
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 2,270,773</u>	<u>\$ 1,198,813</u>	<u>\$ (255,632)</u>	<u>\$ (2,183)</u>	<u>\$ 3,211,771</u>	<u>\$ 645,731</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Change in accounts payable related to capital activities	<u>\$ (2,619,903)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2014

	<u>Pension Trusts</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 3,361,752	\$ 2,601,140
Investments		
Corporate bonds	5,697,286	-
U.S. Government and agency obligations	22,287,846	-
Mutual funds	20,547,604	-
Stocks	17,601,996	-
Receivables		
Accounts	-	14,161
Accrued interest	191,481	-
Prepaid items	775	-
Total Assets	<u>69,688,740</u>	<u>2,615,301</u>
LIABILITIES		
Accounts payable	\$ 49,253	\$ -
Accrued wages	-	789
Due to others	-	865,219
Deposits	-	1,749,293
Total Liabilities	<u>49,253</u>	<u>2,615,301</u>
NET POSITION		
Restricted for pension benefits	<u>\$ 69,639,487</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Year Ended December 31, 2014

	<u>Pension Trusts</u>
ADDITIONS	
Contributions	
Employer	\$ 4,802,359
Plan members	<u>936,578</u>
Total Contributions	<u>5,738,937</u>
Investment income	
Investment income	1,576,983
Net appreciation in fair value of investments	<u>2,563,810</u>
Total Investment Income	4,140,793
Less Investment expense	<u>209,322</u>
Net Investment Income	<u>3,931,471</u>
Total Additions	<u>9,670,408</u>
DEDUCTIONS	
Benefits	6,944,507
Administration	<u>66,702</u>
Total Deductions	<u>7,011,209</u>
 Change in Net Position	 2,659,199
NET POSITION - Beginning of Year	<u>66,980,288</u>
NET POSITION - END OF YEAR	<u><u>\$ 69,639,487</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, 2014

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, 2014

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Units

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, 2014. Separately issued financial statements of the Highland Park Public Library may be obtained from the Library's office.

Pension Trust Component Units

Police Pension

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 President, 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 pension is included in the government's fiduciary fund financial statements. No separate annual financial report is issued for the PPERS.

Firefighters' Pension

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 President, one pension beneficiary elected by the membership, and two fire 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 pension is included in the government's fiduciary fund financial statements. No separate annual financial report is issued for the FPERS.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2012, the GASB issued statement No. 67 - *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. This statement establishes accounting and financial reporting standards for the activities of pension plans that are administered through trusts and meet certain criteria. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures* as they related to pension plans that are administered through trusts or equivalent arrangements that meet certain requirements. This standard was implemented January 1, 2014.

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 City 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 balance, revenues, and expenditures/expenses.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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, 2014

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, 2014

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 - 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 - 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.

Police Pension
Firefighters' Pension

Agency Funds - 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. Special assessments are recorded as revenue when earned. 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, 2014

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 requirements) 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, special assessments 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. Special assessments are recorded as receivables and contribution revenue when levied. 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, 2014

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 assets 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 police pension fund's investment policy allows investments in all of the above listed accounts, but does exclude any repurchase agreements. The firefighters' pension fund allows funds to be invested in any type of security authorized by the Illinois Pension Code.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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.)

The Police Pension Fund's investment policy, in accordance with Illinois Statutes, establishes the following target allocation across asset classes:

Asset Class	Target
Domestic Large Cap	30% - 65%
Domestic Mid Cap	0% - 15%
Domestic Small Cap	0% - 15%
International	0% - 20%
Fixed Income	35% - 100%
Other (Commodities)	0% - 10%

Illinois Compiled Statutes (ILCS) limit the police pension fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The Police Pension Fund's investment policy does not include formalized long-term expected rate of returns by asset class. The Police Pension Fund uses the actuarial assumption of 7.00% for all asset classes, which is established by fund management, calculated by the pension plan's actuary, and derived from historical investment returns (net of investment expense) over the previous 20 years. Additionally, the Police Pension Fund has developed informal expectations that fixed income investments outperform the Barclay's Intermediate Govt/Credit A or Better Index and equity investments outperform the Russell 3000 Stock Index on a total return basis.

The Firefighters' Pension Fund's investment policy, in accordance with Illinois Statutes, establishes the following target allocation across asset classes:

Asset Class	Target
Fixed Income	50% - 75%
Large Cap Stocks	15% - 30%
Small/Mid Stocks	0% - 20%
International Stocks	0% - 20%

Illinois Compiled Statutes (ILCS) limit the firefighters' pension fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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.)

The Firefighters' Pension Fund's investment policy does not include formalized long-term expected rate of returns by asset class. The Firefighters' Pension Fund uses the actuarial assumption of 7.00% for all asset classes, which is established by fund management, calculated by the pension plan's actuary, and derived from historical investment returns (net of investment expense) over the previous 20 years. Additionally, the Firefighters' Pension Fund has developed informal expectations that fixed income investments outperform the Barclay's Intermediate Govt/Credit A or Better Index and equity investments outperform the Russell 3000 Stock Index on a total return basis.

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.

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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.)

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.

Custodial Credit Risk - Deposits

The City's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateralization pledged by the applicable financial institution to the extent of 110% of the value of the deposit. The Police and Firefighters' Pension Fund 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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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.)

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.

2. Receivables

Property taxes for levy year 2014 attaches as an enforceable lien on January 1, 2014, 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 2014 are prepared by Lake County and issued in May 2015, and are payable in two installments, on or about June 3, 2015 and September 3, 2015 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2014 property tax levy is recognized as a receivable and deferral in fiscal 2014, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2014, the property taxes receivable and property taxes levied for future periods consisted of the estimated amount collectible from the 2014 levy.

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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.)

3. Inventories and Prepaid Items (cont.)

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 and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government 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.

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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.)

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/fund balance 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 arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the 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 financial statements.

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. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements, and are payable with expendable resources.

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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.)

7. Long-Term Obligations/Conduit Debt (cont.)

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/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

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 balances are 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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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 (cont.)

Fund Statements (cont.)

- 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 Council. 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 Council that originally created the commitment.
- 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%).

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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, 2014, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Highland Park Theater	\$ 50,906	Excess expenditures over revenues

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE III - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 6,372,032	\$ 7,593,678	Custodial credit risk - deposits
Money market - Illinois Funds	32,853,489	32,853,489	Credit risk
Money market - IMET	4,111	4,111	Credit risk
Money market - other	2,459,487	2,459,487	Credit risk, interest rate risk
Corporate bonds	5,697,286	5,697,286	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
U.S. Treasury obligations	18,920,625	18,920,625	Custodial credit risk - investments, interest rate risk
U.S. Agency obligations	3,367,221	3,367,221	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Mutual funds - IMET	39,115	39,115	Credit risk, interest rate risk
Mutual funds - other	20,547,604	20,547,604	N/A
Local government bonds	18,150,000	18,150,000	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Stocks	17,601,996	17,601,996	Custodial credit risk - investments, concentration of credit risk
Petty cash	5,670	-	N/A
Total Deposits and Investments	<u>\$126,018,636</u>	<u>\$127,234,612</u>	

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

A. DEPOSITS AND INVESTMENTS (cont.)

Reconciliation to financial statements

Per statement of net position

Cash	\$ 35,770,729
Investments	18,150,283

Per statement of net position - fiduciary funds

Cash and cash equivalents - pension trust	3,361,752
Cash and cash equivalents - agency funds	2,601,140
Corporate bonds	5,697,286
U.S. government and agency obligations	22,287,846
Mutual Funds	20,547,604
Stocks	<u>17,601,996</u>

Total Deposits and Investments	<u><u>\$126,018,636</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 in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Custodial Credit Risk

Deposits

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

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

Investments

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

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

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, 2014

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

A. DEPOSITS AND INVESTMENTS (cont.)

Credit Risk (cont.)

As of December 31, 2014, the City's 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	N/A	Baa2 - Aaa
Local government bonds	N/A	Aaa
Federal farm credit bank	AA+	Aaa
Money market - other	AAAm	Aaa

On September 29, 2014, the Illinois Metropolitan Investment Trust (IMET) was informed of defaults on certain loans believed to be guaranteed in its Convenience Fund caused by fraud on the part of First Farmer's Financial (FFF), a USDA approved lender. This resulted in a decrease in the value of the City's IMET investments in the amount of \$747,166.

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, 2014, 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, 2014, the City's investments were as follows:

City Investments

Investment Type	Fair Value	Maturity (In Years)			
		< 1	1-5	6-10	> 10
Local government bonds	\$ 18,150,000	\$ 248,050	\$ 1,137,400	\$ 1,748,450	\$ 15,016,100
Mutual fund - IMET	39,115	-	39,115	-	-
Totals	<u>\$ 18,189,115</u>	<u>\$ 248,050</u>	<u>\$ 1,176,515</u>	<u>\$ 1,748,450</u>	<u>\$ 15,016,100</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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)			
		< 1	1-5	6-10	> 10
U.S. Treasury obligations	\$ 7,399,339	\$ 1,921,015	\$ 3,068,827	\$ 2,409,497	\$ -
U.S. Agency obligations	1,496,106	-	1,362,101	-	134,005
Money market - other	1,262,183	1,262,183	-	-	-
Corporate bonds	<u>2,898,967</u>	<u>100,531</u>	<u>1,998,990</u>	<u>799,446</u>	<u>-</u>
Totals	<u>\$ 13,056,595</u>	<u>\$ 3,283,729</u>	<u>\$ 6,429,918</u>	<u>\$ 3,208,943</u>	<u>\$ 134,005</u>

Firefighters' Pension Fund Investments

Investment Type	Fair Value	Maturity (In Years)			
		< 1	1-5	6-10	> 10
U.S. Treasury obligations	\$ 11,521,286	\$ 2,908,775	\$ 5,222,202	\$ 3,390,309	\$ -
U.S. Agency obligations	1,871,115	-	791,698	636,884	442,533
Money market - other	1,197,304	1,197,304	-	-	-
Corporate bonds	<u>2,798,319</u>	<u>-</u>	<u>972,956</u>	<u>1,825,363</u>	<u>-</u>
Totals	<u>\$ 17,388,024</u>	<u>\$ 4,106,079</u>	<u>\$ 6,986,856</u>	<u>\$ 5,852,556</u>	<u>\$ 442,533</u>

Money-Weighted Rate of Return

Police Pension Fund

For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.28%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Firefighters' Pension Fund

For the year ended December 31, 2014, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 5.58%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

A. DEPOSITS AND INVESTMENTS (cont.)

Money-Weighted Rate of Return (cont.)

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

B. RECEIVABLES

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

	<u>General Fund</u>
Intergovernmental receivables	
Sales tax	\$ 2,469,207
State income tax	333,398
Utility tax	898,719
Home rule sales tax	1,119,568
Local use tax	159,688
Circuit court fines	<u>582,928</u>
Total	<u><u>\$ 5,563,508</u></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:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 12,363,279	\$ -
IRMA member reserve	-	191,841
Other	<u>40,557</u>	<u>-</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u><u>\$ 12,403,836</u></u>	<u><u>\$ 191,841</u></u>
Unearned revenue included in liabilities	\$ 40,557	
Unearned revenue included in deferred inflows	<u>12,363,279</u>	
Total Unearned Revenue for Governmental Funds	<u><u>\$ 12,403,836</u></u>	

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014, 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	-	190,980	-	190,980
Total Capital Assets Not Being Depreciated	<u>9,057,203</u>	<u>190,980</u>	<u>-</u>	<u>9,248,183</u>
Capital assets being depreciated				
Buildings and land improvements	72,519,829	126,540	-	72,646,369
Machinery and equipment	16,474,930	282,326	1,889,398	14,867,858
Infrastructure	<u>51,994,324</u>	<u>326,941</u>	<u>-</u>	<u>52,321,265</u>
Total Capital Assets Being Depreciated	<u>140,989,083</u>	<u>735,807</u>	<u>1,889,398</u>	<u>139,835,492</u>
Total Capital Assets	<u>150,046,286</u>	<u>926,787</u>	<u>1,889,398</u>	<u>149,083,675</u>
Less: Accumulated depreciation for				
Buildings and land improvements	25,529,881	1,509,786	-	27,039,667
Machinery and equipment	13,033,109	748,904	1,840,325	11,941,688
Infrastructure	<u>27,915,567</u>	<u>1,299,775</u>	<u>-</u>	<u>29,215,342</u>
Total Accumulated Depreciation	<u>66,478,557</u>	<u>3,558,465</u>	<u>1,840,325</u>	<u>68,196,697</u>
Net Capital Assets Being Depreciated	<u>74,510,526</u>	<u>(2,822,658)</u>	<u>49,073</u>	<u>71,638,795</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 83,567,729</u>	<u>\$(2,631,678)</u>	<u>\$ 49,073</u>	<u>\$ 80,886,978</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 96,661
Public safety	786,667
Public works	2,232,434
Economic development	193,630
Commission	<u>249,073</u>
Total Governmental Activities Depreciation Expense	<u>\$ 3,558,465</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

C. CAPITAL ASSETS (cont.)

	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>25,258,775</u>	<u>10,754,476</u>	<u>-</u>	<u>36,013,251</u>
Total Capital Assets Not Being Depreciation	<u>30,240,098</u>	<u>10,754,476</u>	<u>-</u>	<u>40,994,574</u>
Capital assets being depreciated				
Buildings and land improvements	27,430,785	-	-	27,430,785
Machinery and equipment	4,981,677	8,328	901,244	4,088,761
Infrastructure	<u>99,743,833</u>	<u>2,660,505</u>	<u>-</u>	<u>102,404,338</u>
Total Capital Assets Being Depreciated	<u>132,156,295</u>	<u>2,668,833</u>	<u>901,244</u>	<u>133,923,884</u>
Total Capital Assets	<u>162,396,393</u>	<u>13,423,309</u>	<u>901,244</u>	<u>174,918,458</u>
Less: Accumulated depreciation for				
Buildings and land improvements	15,528,678	757,057	-	16,285,735
Machinery and equipment	4,589,673	119,905	853,317	3,856,261
Infrastructure	<u>60,410,507</u>	<u>2,402,003</u>	<u>-</u>	<u>62,812,510</u>
Total Accumulated Depreciation	<u>80,528,858</u>	<u>3,278,965</u>	<u>853,317</u>	<u>82,954,506</u>
Net Capital Assets Being Depreciated	<u>51,627,437</u>	<u>(610,132)</u>	<u>47,927</u>	<u>50,969,378</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 81,867,535</u>	<u>\$10,144,344</u>	<u>\$ 47,927</u>	<u>\$ 91,963,952</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

D. INTERFUND RECEIVABLES/PAYABLES, ADVANCES AND TRANSFERS

Interfund Receivables/Payables

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

Receivable Fund	Payable Fund	Amount
General	Water Fund	\$ 602,832
General	Highland Park Country Club	1,092,197
General	Motor Fuel Tax	740,000
Highland Park Country Club	Highland Park Theatre	<u>54,708</u>
		2,489,737
Less: Government-wide eliminations		<u>(849,416)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u><u>\$ 1,640,321</u></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.

Transfers

The following is a schedule of interfund transfers:

Fund Transferred To	Fund Transferred From	Amount	Principal Purpose
Debt Service	General	\$ 924,360	Pay debt service obligations
Capital Projects	General	850,000	Fund future capital projects
Capital Projects	Motor Fuel Tax	710,400	Fund street and bridge improvements
Multi-Modal Transportation	Motor Fuel Tax	<u>29,600</u>	Fund street and bridge improvements
		2,514,360	
Less: Fund eliminations		<u>(2,514,360)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ -</u></u>	

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

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

Transfers (cont.)

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.

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 23,827,143	\$ -	\$ 3,147,657	\$ 20,679,486	\$ 3,033,305
(Discounts)/Premiums	281,120	-	54,660	226,460	-
Sub-totals	<u>24,108,263</u>	<u>-</u>	<u>3,202,317</u>	<u>20,905,946</u>	<u>3,033,305</u>
Other Liabilities					
Compensated absences	1,859,652	1,294,646	1,394,739	1,759,559	351,912
Other postemployment benefits	5,920,225	16,207	-	5,936,432	-
Net pension obligation	510,714	38,714	-	549,428	-
Claims payable	<u>1,237,813</u>	<u>97,476</u>	<u>-</u>	<u>1,335,289</u>	<u>-</u>
Total Other Liabilities	<u>9,528,404</u>	<u>1,447,043</u>	<u>1,394,739</u>	<u>9,580,708</u>	<u>351,912</u>
Total Governmental Activities Long- Term Liabilities	<u>\$ 33,636,667</u>	<u>\$ 1,447,043</u>	<u>\$ 4,597,056</u>	<u>\$ 30,486,654</u>	<u>\$ 3,385,217</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 26,820,000	\$ 9,955,000	\$ 850,000	\$ 35,925,000	\$ 880,000
(Discounts)/Premiums	<u>686,220</u>	<u>16,753</u>	<u>70,154</u>	<u>632,819</u>	<u>-</u>
Sub-totals	<u>27,506,220</u>	<u>9,971,753</u>	<u>920,154</u>	<u>36,557,819</u>	<u>880,000</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

E. LONG-TERM OBLIGATIONS (cont.)

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Business-type Activities (cont.)					
Other Liabilities					
Compensated absences	\$ 158,869	\$ 115,852	\$ 119,153	\$ 155,568	\$ 31,114
Other postemployment benefits	154,222	422	-	154,644	-
Net pension obligation	<u>168,632</u>	<u>-</u>	<u>27,495</u>	<u>141,137</u>	<u>-</u>
Total Other Liabilities	<u>481,723</u>	<u>116,274</u>	<u>146,648</u>	<u>451,349</u>	<u>31,114</u>
Total Business-type Activities Long- Term Liabilities	<u>\$ 27,987,943</u>	<u>\$ 10,088,027</u>	<u>\$ 1,066,802</u>	<u>\$ 37,009,168</u>	<u>\$ 911,114</u>

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, 2014

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, 2014
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	\$ 14,514,486
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	1,045,000
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	395,000
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	1,315,000
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>\$ 20,679,486</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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, 2014
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	\$ 395,000
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	510,000
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	1,280,000
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, 2014

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 12/31/14
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	\$ 715,000
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	4,225,000
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	9,960,000
Water Fund - 2014 General Obligation Bonds due in annual installments of \$845,000 to \$1,700,000	2/10/2014	12/30/2026	2.25% - 3.05%	9,955,000	<u>9,955,000</u>
Total Business-type Activities - General Obligation Debt					<u><u>\$ 35,925,000</u></u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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
2015	\$ 3,033,305	\$ 881,563	\$ 880,000	\$ 1,076,909
2016	1,879,423	794,337	990,000	1,050,374
2017	1,020,596	718,104	675,000	1,019,271
2018	496,824	690,536	1,060,000	996,921
2019	513,112	670,828	990,000	962,719
2020-2024	2,102,141	3,052,839	11,280,000	4,101,494
2025-2029	2,024,976	2,606,624	12,260,000	2,512,225
2030-2034	9,609,109	2,071,993	7,790,000	584,094
Totals	<u>\$ 20,679,486</u>	<u>\$ 11,486,824</u>	<u>\$ 35,925,000</u>	<u>\$ 12,304,007</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, 2014, \$6,685,000 of bonds outstanding are considered defeased. The bonds are callable on December 31, 2015.

F. COMPONENT UNIT

HIGHLAND PARK PUBLIC LIBRARY

This report contains the Highland Park Public Library (Library), which is included as a component unit.

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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

F. COMPONENT UNIT (cont.)

HIGHLAND PARK PUBLIC LIBRARY (cont.)

b. Deposits and Investments

	Carrying Value	Statement Balances	Associated Risks
Deposits with financial institutions	\$ 2,284,623	\$ 2,331,354	Custodial credit risk
Money market mutual fund	1,054,801	1,054,801	Credit risk, interest rate risk
Illinois Funds	1,743	1,743	Credit risk
Petty cash	486	-	N/A
Total Deposits and Investments	<u>\$ 3,341,653</u>	<u>\$ 3,387,898</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, 2014

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, 2014, the Library's investments were as follows:

Investment Type	Maturity (In Years)	
	Fair Value	< 1
Money market mutual fund	\$ 1,054,801	\$ 1,054,801
Totals	<u>\$ 1,054,801</u>	<u>\$ 1,054,801</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, 2014

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	47,166	228,463	47,166	228,463
Land Improvements	69,249	-	-	69,249
Buildings and improvements	5,425,142	394,011	-	5,819,153
Machinery and equipment	846,000	254,575	-	1,100,575
Less: Accumulated depreciation	<u>(2,852,698)</u>	<u>(162,268)</u>	<u>-</u>	<u>(3,014,966)</u>
Totals	<u>\$ 4,034,859</u>	<u>\$ 714,781</u>	<u>\$ 47,166</u>	<u>\$ 4,702,474</u>

d. Long-Term Obligations

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Vested compensated absences	\$ 107,339	\$ 166,474	\$ 160,184	\$ 113,629	\$ -
Other postemployment benefits	71,871	198	-	72,069	-
Net pension obligation	<u>130,045</u>	<u>5,217</u>	<u>-</u>	<u>135,262</u>	<u>-</u>
Totals	<u>\$ 309,255</u>	<u>\$ 171,889</u>	<u>\$ 160,184</u>	<u>\$ 320,960</u>	<u>\$ -</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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 2014 was 11.89% of annual covered payroll. For 2014, the City's annual required contribution rate was 11.89%. 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 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, 2014

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Police Pension (cont.)

At December 31, 2014, the Police Pension membership consisted of:

Retirees and beneficiaries currently receiving benefits	60
Terminated employees entitled to but not yet receiving benefits	1
Current employees	<u>55</u>
Total	<u><u>116</u></u>

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

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one half of the salary attached to the rank on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

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

Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded by the year 2040. For the year ended December 31, 2014, the City's contribution was 49.08% 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, 2014

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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, 2014, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	57
Terminated employees entitled to but not yet receiving benefits	2
Current employees	<u>49</u>
Total	<u><u>108</u></u>

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

Tier 1 - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Firefighters' Pension (cont.)

Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2014, 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, 2014, the City's contribution was 53.02% of covered payroll. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrual liability for benefits.

Summary of Significant Accounting Policies

Police and Firefighters' Pension Plans

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

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

Net Pension Obligation (Asset)

The following is the net pension obligation (asset) calculation from the December 31, 2014 actuarial reports:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual required contribution	\$ 1,440,011	\$ 2,200,186	\$ 2,217,940
Interest on net pension obligation	60,704	(130,754)	(136,797)
Adjustment to annual required contribution	(44,268)	86,372	90,367
Annual pension cost	1,456,447	2,155,804	2,171,510
Contributions made	(1,440,011)	(2,390,587)	(2,411,772)
Change in net pension obligation (asset)	16,436	(234,783)	(240,262)
Net pension obligation (asset), beginning of year	809,391	(1,867,918)	(1,954,246)
Net pension obligation (asset), end of year	<u>\$ 825,827</u>	<u>\$ (2,102,701)</u>	<u>\$ (2,194,508)</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial Assumptions - Annual Required Contribution

The annual required contribution for the current year above was determined by an actuarial valuation performed as of December 31, 2014 using the following actuarial methods and assumptions:

	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2014	December 31, 2014	December 31, 2014
Contribution rates:			
Employer	11.89%	49.08%	53.02%
Employee	4.50%	9.91%	9.46%
Annual required contribution	\$1,440,011	\$2,200,186	\$2,217,940
Contributions made	\$1,440,011	\$2,390,587	\$2,411,772
Actuarial cost method	Entry-age normal 5 year smoothed	Entry-age normal	Entry-age normal
Asset valuation method	market	Market	Market
Amortization method	Level percentage of payroll, closed	Level percentage of payroll	Level percentage of payroll
Amortization period	29 years	26 years, closed	26 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 10%	5.25%	5.25%
Inflation rate included	4.00%	3.00%	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
Cost-of-living adjustments	3.00%		

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Trend Information

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

	Fiscal Year	Illinois Municipal Retirement	Police Pension	Firefighters' Pension
Annual pension cost (APC)	2014	\$ 1,456,447	\$ 2,155,804	\$ 2,171,510
	2013	1,494,943	1,630,362	1,614,964
	2012	1,407,855	1,438,693	1,419,439
Contributions made	2014	\$ 1,440,011	\$ 2,390,587	\$ 2,411,772
	2013	1,481,840	1,704,410	1,682,861
	2012	1,217,428	1,508,625	1,508,267
Percentage of APC contributed	2014	98.87%	110.89%	111.06%
	2013	99.12%	104.54%	104.20%
	2012	86.47%	104.86%	106.26%
Net pension obligation (asset)	2014	\$ 825,827	\$ (2,102,701)	\$ (2,194,508)
	2013	809,391	(1,867,918)	(1,954,246)
	2012	796,288	(1,793,870)	(1,886,349)

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
Actuarial Valuation Date	December 31, 2014	December 31, 2014	December 31, 2014
Actuarial Valuation of Assets (a)	\$ 32,808,528	\$ 33,244,588	\$ 35,271,384
Actuarial Accrued Liability (AAL) - Entry Age (b)	\$ 39,488,451	\$ 73,855,415	\$ 68,439,302
Unfunded AAL (UAAL) (b - a)	\$ 6,679,923	\$ 40,610,827	\$ 33,167,918
Funded Ratio (a/b)	83.08%	45.01%	51.54%
Covered Payroll (c)	12,110,977	4,871,007	4,548,781
UAAL as a Percentage of Covered Payroll ((b-a)/c)	55.16%	833.73%	729.16%

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Net Pension Liability

	Police Pension	Firefighters' Pension
Total pension liability	\$ 73,855,415	\$ 68,439,302
Plan fiduciary net position	\$ 34,368,164	\$ 35,271,323
City's net pension liability	\$ 39,487,251	\$ 33,167,979
Plan fiduciary net position as a percentage of the total pension liability	46.53%	51.54%

The schedule of changes in the employer's net position liability and related ratios, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information related to the funded status of the Police Pension Fund and Firefighters' Pension Fund.

Actuarial Assumptions - Total Pension Liability

The total pension liability for the current year above was determined by an actuarial valuation performed as of December 31, 2014, using the following actuarial methods and assumptions:

	Police Pension	Firefighters' Pension
Actuarial valuation date	December 31, 2014	December 31, 2014
Actuarial cost method	Entry-age normal	Entry-age normal
Asset valuation method	Market	Market
Actuarial assumptions:		
Projected salary increases	5.25%	5.25%
Inflation	3.00%	3.00%
Interest rate	7.00%	7.00%
Cost-of-living adjustments	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

Mortality rates were based on the RP-2000 Mortality Table (BCA, +1M, -4F, 2x>105). The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated September 26, 2012.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Discount Rate

Police Pension Plan

The discount rate used to measure the total pension liability for the Police Pension Plan was 7.00%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Police Pension Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Firefighter's Pension Plan

The discount rate used to measure the total pension liability for the Firefighters' Pension Plan was 7.00%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Firefighters' Pension Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability calculated using the current discount rate as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
<i>Police Pension Fund:</i>			
Discount rate	6.00%	7.00%	8.00%
Net pension liability	\$48,796,806	\$39,487,251	\$31,761,708
<i>Firefighters' Pension Fund:</i>			
Discount rate	6.00%	7.00%	8.00%
Net pension liability	\$41,285,201	\$33,167,979	\$26,345,229
Total net pension liability	\$90,082,007	\$72,655,230	\$58,106,937

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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	\$ 1,723,519	\$ 1,638,233	\$ 3,361,752
Investments			
Corporate bonds	2,898,967	2,798,319	5,697,286
U.S. Government and agency obligations	8,895,445	13,392,401	22,287,846
Mutual funds	17,700,549	2,847,055	20,547,604
Stocks	3,075,826	14,526,170	17,601,996
Prepaid items	-	775	775
Receivables - (net allowances for uncollectibles)			
Accrued interest	82,395	109,086	191,481
Total Assets	<u>34,376,701</u>	<u>35,312,039</u>	<u>69,688,740</u>
Liabilities			
Accounts payable	8,537	40,716	49,253
Total Liabilities	<u>8,537</u>	<u>40,716</u>	<u>49,253</u>
Net Position			
Restricted for pension benefits	<u>\$ 34,368,164</u>	<u>\$ 35,271,323</u>	<u>\$ 69,639,487</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

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	\$ 2,390,587	\$ 2,411,772	\$ 4,802,359
Plan members	<u>493,606</u>	<u>442,972</u>	<u>936,578</u>
Total Contributions	<u>2,884,193</u>	<u>2,854,744</u>	<u>5,738,937</u>
Investment Income			
Interest on investments	1,056,015	520,968	1,576,983
Net appreciation in fair value of investments	<u>1,067,710</u>	<u>1,496,100</u>	<u>2,563,810</u>
Total Investment income	<u>2,123,725</u>	<u>2,017,068</u>	<u>4,140,793</u>
Less investment income	<u>68,022</u>	<u>141,300</u>	<u>209,322</u>
Net investment income	<u>2,055,703</u>	<u>1,875,768</u>	<u>3,931,471</u>
Total Additions	<u>4,939,896</u>	<u>4,730,512</u>	<u>9,670,408</u>
Deductions			
Benefits	3,643,718	3,300,789	6,944,507
Administration	<u>37,527</u>	<u>29,175</u>	<u>66,702</u>
Total Deductions	<u>3,681,245</u>	<u>3,329,964</u>	<u>7,011,209</u>
Net change in net position	1,258,651	1,400,548	2,659,199
Net Position - Beginning of Year	<u>33,109,513</u>	<u>33,870,775</u>	<u>66,980,288</u>
Net Position - End of Year	<u>\$ 34,368,164</u>	<u>\$ 35,271,323</u>	<u>\$ 69,639,487</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, 2014

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	\$ 1,113,893	\$ 1,237,813
Current year claims and changes in estimates	533,406	449,298
Claim payments	<u>(409,486)</u>	<u>(351,822)</u>
Unpaid Claims - End of Year	<u>\$ 1,237,813</u>	<u>\$ 1,335,289</u>

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

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 and their spouses 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 Other Post Employment Benefit 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, 2014, 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, 2014, the city contributed \$565,218. Active employees do not contribute to the plan until retirement.

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 Other Post Employment Plan:

Annual required contribution	\$ 541,068
Interest on net OPEB obligation	245,853
Adjustment to annual required contribution	<u>(204,877)</u>
Annual OPEB cost	582,044
Contributions made	<u>(565,218)</u>
Increase in net OPEB obligation	16,826
Net OPEB Obligation - Beginning of Year	<u>6,146,319</u>
Net OPEB Obligation - End of Year	<u><u>\$ 6,163,145</u></u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2012	\$ 1,035,231	41%	\$ 5,631,683
December 31, 2013	989,146	48%	6,146,319
December 31, 2014	582,044	97%	6,163,145

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	60.07%

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 as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing 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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS **As of and for the Year Ended December 31, 2014**

NOTE IV - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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 EVENTS

On February 13, 2015, the City called its 2004 Series General Obligation Pension Funding Bonds and simultaneously sold its investment of \$18,150,000 in Northbrook Pension Bonds to the Village of Northbrook. The Northbrook Pension Bonds were previously held on the City of Highland Park's books as an investment.

Starting January 1, 2015, the City will lease the Highland Park Country Club to the Park District of Highland Park for a term of 99 years. The Park District will pay the City annual rent equal to one half of the net revenue per year each year of the term of the lease.

On February 12, 2015, the City issued \$5,880,000 in General Obligation Bonds for the purpose of funding improvements to the City-owned waterworks system, City streets and the City's Sewer System. The bonds are due in installments of \$30,000 to \$2,200,000, with interest rates from 3.00% to 3.25%, and maturing on December 30, 2034.

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2014

NOTE IV - OTHER INFORMATION (cont.)

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. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*
- Statement No. 71, *Pension - Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68*

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

H. ECONOMIC INCENTIVE AGREEMENTS

The City has entered into economic development agreements with companies in the City to provide sales tax rebates. The agreements require the City to rebate to the companies different levels of additional sales tax generated by the facilities through the year 2027, with potential rebates totaling \$12,599,264, including interest through December 31, 2014. The total expenditures incurred to date in existing rebates as of December 31, 2014 is \$9,068,084.

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, 2014, these purchases amounted to \$2,203,532 or 31.69% and \$1,094,095 or 15.74%, 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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 2,328,507	\$ 2,458,507	\$ 2,437,719	\$ (20,788)
Personal property replacement tax	315,753	315,753	316,285	532
Licenses and permits	1,350,970	1,489,970	1,815,710	325,740
Public charges for services	1,527,770	1,528,270	1,690,561	162,291
Municipal sales tax	12,081,700	12,081,700	13,011,063	929,363
Fines, forfeitures and penalties	948,115	948,115	1,067,779	119,664
Utility taxes	2,918,267	2,918,267	2,863,573	(54,694)
Real estate transfer tax	1,275,000	1,650,000	1,786,963	136,963
Intergovernmental	102,658	160,407	122,990	(37,417)
State income tax	2,629,000	2,629,000	2,849,624	220,624
Franchise tax	2,450,228	2,450,228	2,153,958	(296,270)
Payments in lieu of taxes	553,000	553,000	796,308	243,308
Other Taxes	1,426,234	1,426,234	1,597,118	170,884
Reimbursements	255,100	260,350	129,323	(131,027)
Investment income	10,600	10,600	740,230	729,630
Net appreciation in fair value of investments	-	-	(636,166)	(636,166)
Miscellaneous	374,750	374,750	529,960	155,210
Total Revenues	<u>30,547,652</u>	<u>31,255,151</u>	<u>33,272,998</u>	<u>2,017,847</u>
EXPENDITURES				
General government	7,300,828	7,870,735	6,309,182	1,561,553
Public safety	17,343,529	18,426,782	17,918,777	508,005
Public works	3,223,195	3,223,195	2,615,859	607,336
Economic and physical development	3,571,609	3,667,433	3,484,161	183,272
Transit	-	-	767	(767)
Commissions	208,160	224,637	145,798	78,839
Total Expenditures	<u>31,647,321</u>	<u>33,412,782</u>	<u>30,474,544</u>	<u>2,938,238</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,099,669)</u>	<u>(2,157,631)</u>	<u>2,798,454</u>	<u>4,956,085</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(500,000)	(850,000)	(1,774,360)	(924,360)
Proceeds from sale of assets	-	-	3,663	3,663
Total Other Financing Sources (Uses)	<u>(500,000)</u>	<u>(850,000)</u>	<u>(1,770,697)</u>	<u>(920,697)</u>
Net Change in Fund Balance	<u>\$ (1,599,669)</u>	<u>\$ (3,007,631)</u>	<u>1,027,757</u>	<u>\$ 4,035,388</u>
FUND BALANCE - Beginning of Year			<u>42,441,984</u>	
FUND BALANCE - END OF YEAR			<u>\$ 43,469,741</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 4,749,486	\$ 4,749,486	\$ 4,733,970	\$ (15,516)
Total Revenues	<u>4,749,486</u>	<u>4,749,486</u>	<u>4,733,970</u>	<u>(15,516)</u>
EXPENDITURES				
PUBLIC SAFETY				
Pension contribution - police	2,365,200	2,365,200	2,356,530	8,670
Pension contribution - fire	<u>2,384,286</u>	<u>2,384,286</u>	<u>2,377,440</u>	<u>6,846</u>
Total Expenditures	<u>4,749,486</u>	<u>4,749,486</u>	<u>4,733,970</u>	<u>15,516</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 independent auditors' 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 As of and For the Year Ended December 31, 2014

Actuarial Valuation Date	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
12/31/2014	\$ 1,440,011	100.00%	\$ 825,827
12/31/2013	1,477,803	100.00%	809,391
12/31/2012	1,394,896	87.28%	796,288

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2014	\$ 32,808,528	\$ 39,488,451	\$ 6,679,923	83.08%	\$ 12,110,977	55.16%
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%

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%

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

CITY OF HIGHLAND PARK

POLICE PENSION FUND SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS As of and For the Year Ended December 31, 2014

Year Ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
12/31/2014	\$ 2,200,186	108.66%	\$ (2,102,701)
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)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2014	\$ 33,244,588	\$ 73,855,415	\$ 40,610,827	45.01%	\$ 4,871,007	833.73%
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%

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	12/31/2014
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	26 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 As of and For the Year Ended December 31, 2014

Year Ended	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
12/31/2014	\$ 2,217,940	108.74%	\$ (2,194,508)
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)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2014	\$ 35,271,384	\$ 68,439,302	\$ 33,167,918	51.54%	\$ 4,548,781	729.16%
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%

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	12/31/2014
Actuarial cost method	Entry Age normal
Amortization method	Level percentage of pay, closed
Remaining amortization period	26 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

POLICE PENSION FUND

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

As of and for the year ended December 31, 2014

	2014
Total pension liability	
Service cost	\$ 1,182,934
Interest	4,501,578
Differences between expected and actual experience	1,257,742
Changes of assumptions	4,426,870
Benefit payments, including refunds of member contributions	(3,643,922)
Net change in total pension liability	<u>7,725,202</u>
Total pension liability - beginning	<u>66,130,213</u>
Total pension liability - ending (a)	<u><u>\$ 73,855,415</u></u>
Plan fiduciary net position	
Employer contributions	\$ 2,390,587
Employee contributions	493,606
Net investment income	2,055,703
Benefit payments, including refunds of member contributions	(3,643,718)
Administration	(37,527)
Other	-
Net change in plan fiduciary net position	<u>1,258,651</u>
Plan fiduciary net position - beginning	<u>33,109,513</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 34,368,164</u></u>
City's net pension liability - ending (a) - (b)	<u><u>\$ 39,487,251</u></u>
Plan fiduciary net position as a percentage of the total pension liability	46.53%
Covered-employee payroll	\$ 4,871,007
City's net pension liability as a percentage of covered-employee payroll	810.66%

Notes to Schedule:

The City implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

CITY OF HIGHLAND PARK

POLICE PENSION FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS As of and for the year ended December 31, 2014

	<u>2006⁴</u>	<u>2007⁴</u>	<u>2007</u>	<u>2008</u>
Actuarially determined contribution	\$ 841,581	\$ 1,050,606	\$ 1,211,426	\$ 1,187,508
Contributions in relation to the actuarially determined contribution	873,533	1,078,760	1,223,513	1,254,016
Contribution deficiency (excess)	<u>\$ (31,952)</u>	<u>\$ (28,154)</u>	<u>\$ (12,087)</u>	<u>\$ (66,508)</u>
Covered-employee payroll	\$ 4,467,545	\$ 4,242,439	\$ 4,637,171	\$ 4,643,888
Contributions as a percentage of covered-employee payroll	19.55%	25.43%	26.38%	27.00%

Notes to Schedule:

1) The Plan implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27.

2) Valuation date: Actuarially determined contributions are calculated as of December 31 of the current

3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Asset valuation method	Market value
Inflation	3.00%
Salary increases	5.25%
Investment rate of return	7.00%
Retirement age	50-70
Mortality	Mortality rates were based on the RP-2000 CHBCA Mortality Table

4) The City changed its year end from April 30 to December 31 in 2007. The first two columns represent April 30 year ends and the remaining columns represent December 31 year ends.

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 1,295,796	\$ 1,714,250	\$ 1,654,070	\$ 1,485,807	\$ 1,675,278	\$ 2,200,186
<u>1,333,139</u>	<u>1,456,079</u>	<u>1,681,690</u>	<u>1,508,625</u>	<u>1,704,410</u>	<u>2,390,587</u>
<u>\$ (37,343)</u>	<u>\$ 258,171</u>	<u>\$ (27,620)</u>	<u>\$ (22,818)</u>	<u>\$ (29,132)</u>	<u>\$ (190,401)</u>
\$ 4,510,522	\$ 4,396,294	\$ 4,405,140	\$ 4,422,555	\$ 4,773,826	\$ 4,871,007
29.56%	33.12%	38.18%	34.11%	35.70%	49.08%

CITY OF HIGHLAND PARK

POLICE PENSION FUND SCHEDULE OF INVESTMENT RETURNS As of and for the year ended December 31, 2014

2014

Annual money-weighted rate of return,
net of investment expense

6.28%

Notes to Schedule:

The City implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

CITY OF HIGHLAND PARK

FIREFIGHTERS' PENSION FUND

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

As of and for the year ended December 31, 2014

	<u>2014</u>
Total pension liability	
Service cost	\$ 1,270,045
Interest	4,258,893
Differences between expected and actual experience	606,760
Changes of assumptions	3,112,667
Benefit payments, including refunds of member contributions	<u>(3,300,789)</u>
Net change in total pension liability	<u>5,947,576</u>
Total pension liability - beginning	<u>62,491,726</u>
Total pension liability - ending (a)	<u><u>\$ 68,439,302</u></u>
Plan fiduciary net position	
Employer contributions	\$ 2,411,772
Employee contributions	442,972
Net investment income	1,875,768
Benefit payments, including refunds of member contributions	(3,300,789)
Administration	<u>(29,175)</u>
Net change in plan fiduciary net position	<u>1,400,548</u>
Plan fiduciary net position - beginning	<u>33,870,775</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 35,271,323</u></u>
City's net pension liability - ending (a) - (b)	<u><u>\$ 33,167,979</u></u>
Plan fiduciary net position as a percentage of the total pension liability	51.54%
Covered-employee payroll	\$ 4,548,781
City's net pension liability as a percentage of covered-employee payroll	729.16%

Notes to Schedule:

The City implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

CITY OF HIGHLAND PARK

FIREFIGHTERS' PENSION FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS As of and for the year ended December 31, 2014

	<u>2006⁴</u>	<u>2007⁴</u>	<u>2007</u>	<u>2008</u>
Actuarially determined contribution	\$ 845,246	\$ 980,964	\$ 1,049,890	\$ 1,033,130
Contributions in relation to the actuarially determined contribution	854,298	1,007,738	1,048,156	1,090,547
Contribution deficiency (excess)	<u>\$ (9,052)</u>	<u>\$ (26,774)</u>	<u>\$ 1,734</u>	<u>\$ (57,417)</u>
Covered-employee payroll	\$ 4,062,139	\$ 4,122,230	\$ 4,197,306	\$ 4,214,709
Contributions as a percentage of covered-employee payroll	21.03%	24.45%	24.97%	25.87%

Notes to Schedule:

- 1) The Plan implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27.
- 2) Valuation date: Actuarially determined contributions are calculated as of December 31 of the current fiscal year.
- 3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Asset valuation method	Market value
Inflation	3.00%
Salary increases	5.25%
Investment rate of return	7.00%
Retirement age	50-70
Mortality	Mortality rates were based on the RP-2000 CHBCA Mortality Table

- 4) The City changed its year end from April 30 to December 31 in 2007. The first two columns represent April 30 year ends and the remaining columns represent December 31 year ends.

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 1,120,881	\$ 1,533,479	\$ 1,529,803	\$ 1,468,564	\$ 1,644,227	\$ 2,217,940
<u>1,161,784</u>	<u>1,263,134</u>	<u>1,552,838</u>	<u>1,508,267</u>	<u>1,682,861</u>	<u>2,411,772</u>
<u>\$ (40,903)</u>	<u>\$ 270,345</u>	<u>\$ (23,035)</u>	<u>\$ (39,703)</u>	<u>\$ (38,634)</u>	<u>\$ (193,832)</u>
\$ 3,934,609	\$ 4,007,213	\$ 4,330,427	\$ 4,519,476	\$ 4,568,865	\$ 4,548,781
29.53%	31.52%	35.86%	33.37%	36.83%	53.02%

CITY OF HIGHLAND PARK

FIREFIGHTERS' PENSION FUND SCHEDULE OF INVESTMENT RETURNS As of and for the year ended December 31, 2014

2014

Annual money-weighted rate of return,
net of investment expense

5.58%

Notes to Schedule:

The City implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

CITY OF HIGHLAND PARK

OTHER POSTEMPLOYMENT BENEFIT PLAN SCHEDULE OF EMPLOYER'S CONTRIBUTION AND FUNDING PROGRESS For the Year Ended December 31, 2014

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>				
12/31/2014	\$ 541,068	104.46%				
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%				

<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%

Note: GASB 45 requires an actuarial valuation every two or three years depending on the size of the plan and whether there were any significant changes made to the plan that affect the results of the valuation, including significant changes in benefit provisions, the size or composition of the population covered by the plan, or other factors that impact long-term assumptions.

CITY OF HIGHLAND PARK

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2014

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
GENERAL GOVERNMENT				
City Council				
Personal services	\$ 216,127	\$ 216,127	\$ 214,544	\$ 1,583
Contractual services	31,667	31,667	31,667	-
Materials and supplies	20,091	20,091	18,278	1,813
Total city council	<u>267,885</u>	<u>267,885</u>	<u>264,489</u>	<u>3,396</u>
Administration				
Personal services	674,231	660,368	619,035	41,333
Contractual services	29,550	39,933	35,015	4,918
Materials and supplies	33,430	33,430	26,329	7,101
Total administration	<u>737,211</u>	<u>733,731</u>	<u>680,379</u>	<u>53,352</u>
Human resources				
Personal services	287,326	287,326	300,361	(13,035)
Contractual services	109,966	109,966	73,363	36,603
Materials and supplies	96,160	122,134	86,027	36,107
Capital outlay	15,865	15,865	12,345	3,520
Total human resources	<u>509,317</u>	<u>535,291</u>	<u>472,096</u>	<u>63,195</u>
Communications				
Personal services	175,744	175,744	154,655	21,089
Contractual services	77,665	77,665	47,286	30,379
Materials and supplies	106,932	106,932	96,763	10,169
Capital outlay	200	200	432	(232)
Total communications	<u>360,541</u>	<u>360,541</u>	<u>299,136</u>	<u>61,405</u>
City Clerk				
Personal services	165,339	166,994	169,206	(2,212)
Contractual services	11,048	17,048	13,586	3,462
Materials and supplies	1,395	1,395	904	491
Total city clerk	<u>177,782</u>	<u>185,437</u>	<u>183,696</u>	<u>1,741</u>
Youth Services				
Personal services	99,413	99,413	107,757	(8,344)
Contractual services	47,250	47,250	39,975	7,275
Materials and supplies	10,650	10,650	6,790	3,860
Total youth services	<u>157,313</u>	<u>157,313</u>	<u>154,522</u>	<u>2,791</u>
Senior services				
Personal services	307,079	307,079	310,946	(3,867)
Contractual services	28,011	28,011	25,875	2,136
Materials and supplies	98,918	98,918	93,496	5,422
Capital outlay	3,300	3,300	1,111	2,189
Total senior services	<u>437,308</u>	<u>437,308</u>	<u>431,428</u>	<u>5,880</u>
Legal Department				
Contractual services	794,068	1,091,868	1,072,714	19,154
Materials and supplies	700	700	678	22
Total legal department	<u>794,768</u>	<u>1,092,568</u>	<u>1,073,392</u>	<u>19,176</u>

CITY OF HIGHLAND PARK

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Finance administration and accounting				
Personal services	\$ 808,806	\$ 736,906	\$ 716,383	\$ 20,523
Contractual services	1,790,230	1,862,130	1,465,575	396,555
Materials and supplies	99,500	99,500	80,657	18,843
Reserve & contingency	400,000	400,000	-	400,000
Total finance administration and accounting	<u>3,098,536</u>	<u>3,098,536</u>	<u>2,262,615</u>	<u>835,921</u>
Facilities				
Personal services	281,886	281,886	266,864	15,022
Contractual services	853,004	988,004	860,643	127,361
Materials and supplies	154,400	154,400	146,208	8,192
Capital outlay	684,986	791,944	427,823	364,121
Total facilities	<u>1,974,276</u>	<u>2,216,234</u>	<u>1,701,538</u>	<u>514,696</u>
Less administrative reimbursements				
Administrative reimbursements	<u>(1,214,109)</u>	<u>(1,214,109)</u>	<u>(1,214,109)</u>	<u>-</u>
Total less administrative reimbursements	<u>(1,214,109)</u>	<u>(1,214,109)</u>	<u>(1,214,109)</u>	<u>-</u>
Total General Government	<u>7,300,828</u>	<u>7,870,735</u>	<u>6,309,182</u>	<u>1,561,553</u>
PUBLIC SAFETY				
Police department - operations				
Personal services	8,859,489	8,725,256	8,571,410	153,846
Contractual services	775,858	1,256,208	1,238,811	17,397
Materials and supplies	346,783	357,283	291,290	65,993
Capital outlay	-	682,786	677,157	5,629
Total police department - operations	<u>9,982,130</u>	<u>11,021,533</u>	<u>10,778,668</u>	<u>242,865</u>
Fire department - operations				
Personal services	6,653,381	6,656,776	6,440,612	216,164
Contractual services	464,528	464,528	443,788	20,740
Materials and supplies	222,490	262,945	235,024	27,921
Capital outlay	21,000	21,000	20,685	315
Total fire department - operations	<u>7,361,399</u>	<u>7,405,249</u>	<u>7,140,109</u>	<u>265,140</u>
Total Public Safety	<u>17,343,529</u>	<u>18,426,782</u>	<u>17,918,777</u>	<u>508,005</u>
PUBLIC WORKS				
Public works administration				
Personal services	518,216	521,095	527,880	(6,785)
Contractual services	48,686	48,686	47,761	925
Materials and supplies	15,270	15,270	12,129	3,141
Total public works administration	<u>582,172</u>	<u>585,051</u>	<u>587,770</u>	<u>(2,719)</u>

CITY OF HIGHLAND PARK

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Facilities				
Facilities - capital outlay	\$ 727,200	\$ 727,200	\$ 257,448	\$ 469,752
Total facilities	<u>727,200</u>	<u>727,200</u>	<u>257,448</u>	<u>469,752</u>
Engineering				
Personal services	686,073	687,698	683,873	3,825
Contractual services	174,331	169,827	171,132	(1,305)
Materials and supplies	8,160	8,160	3,899	4,261
Total engineering	<u>868,564</u>	<u>865,685</u>	<u>858,904</u>	<u>6,781</u>
Forestry				
Personal services	210,772	213,322	196,350	16,972
Contractual services	648,047	648,047	611,307	36,740
Materials and supplies	16,440	13,890	10,220	3,670
Capital outlay	170,000	170,000	93,860	76,140
Total forestry	<u>1,045,259</u>	<u>1,045,259</u>	<u>911,737</u>	<u>133,522</u>
Total Public Works	<u>3,223,195</u>	<u>3,223,195</u>	<u>2,615,859</u>	<u>607,336</u>
TRANSIT				
Facilities				
Contractual services	-	-	767	(767)
Total facilities	-	-	<u>767</u>	<u>(767)</u>
Total Transit	-	-	<u>767</u>	<u>(767)</u>
ECONOMIC AND PHYSICAL DEVELOPMENT				
Community development				
Personal services	2,248,753	2,108,207	2,053,736	54,471
Contractual services	310,830	491,375	431,725	59,650
Materials and supplies	77,592	77,592	51,967	25,625
Total community development	<u>2,637,175</u>	<u>2,677,174</u>	<u>2,537,428</u>	<u>139,746</u>
Economic development				
Personal services	106,238	108,063	104,890	3,173
Contractual services	9,872	9,872	9,513	359
Materials and supplies	459,324	513,324	424,689	88,635
Revenue sharing	359,000	359,000	407,641	(48,641)
Total economic development	<u>934,434</u>	<u>990,259</u>	<u>946,733</u>	<u>43,526</u>
Total Economic and physical development	<u>3,571,609</u>	<u>3,667,433</u>	<u>3,484,161</u>	<u>183,272</u>
COMMISSIONS				
Personal services	17,175	28,402	16,385	12,017
Contractual services	76,450	76,450	34,953	41,497
Materials and supplies	114,535	119,785	94,460	25,325
Total commissions	<u>208,160</u>	<u>224,637</u>	<u>145,798</u>	<u>78,839</u>
Total Expenditures	<u>\$ 31,647,321</u>	<u>\$ 33,412,782</u>	<u>\$ 30,474,544</u>	<u>\$ 2,938,238</u>

CITY OF HIGHLAND PARK

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2014

	Special Revenue Funds			
	Motor Fuel Tax	Emergency 911 System	Foreign Fire Insurance Tax	Highland Park Theater
ASSETS				
Cash and cash equivalents	\$ 1,222,400	\$ 239,638	\$ 425,020	\$ -
Receivables (net)				
Property taxes	-	-	-	-
Motor fuel tax allotments	74,950	72,453	-	-
Accounts	-	-	-	1,500
Prepaid items	-	-	-	1,608
TOTAL ASSETS	<u>\$ 1,297,350</u>	<u>\$ 312,091</u>	<u>\$ 425,020</u>	<u>\$ 3,108</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 9,296	\$ -	\$ (694)
Accrued wages	-	-	-	-
Due to other funds	740,000	-	-	54,708
Total Liabilities	<u>740,000</u>	<u>9,296</u>	<u>-</u>	<u>54,014</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	557,350	-	-	-
Restricted for public safety	-	302,795	425,020	-
Restricted for economic development	-	-	-	-
Committed for sustainability initiatives	-	-	-	-
Committed for transportation	-	-	-	-
Unassigned, special revenue funds (deficit)	-	-	-	(52,514)
Total Fund Balances (deficit)	<u>557,350</u>	<u>302,795</u>	<u>425,020</u>	<u>(50,906)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,297,350</u>	<u>\$ 312,091</u>	<u>\$ 425,020</u>	<u>\$ 3,108</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 Incremental Financing</u>	
\$ 280,409	\$ 855,806	\$ 1,117,069	\$ 4,140,342
-	1,128,500	160,000	1,288,500
-	-	-	147,403
-	190,636	-	192,136
-	-	-	1,608
<u>\$ 280,409</u>	<u>\$ 2,174,942</u>	<u>\$ 1,277,069</u>	<u>\$ 5,769,989</u>
\$ -	\$ 78,327	\$ -	\$ 86,929
845	26,176	-	27,021
-	-	-	794,708
<u>845</u>	<u>104,503</u>	<u>-</u>	<u>908,658</u>
-	1,128,500	160,000	1,288,500
-	1,128,500	160,000	1,288,500
-	-	-	1,608
-	-	-	557,350
-	-	-	727,815
-	-	1,117,069	1,117,069
279,564	-	-	279,564
-	941,939	-	941,939
-	-	-	(52,514)
<u>279,564</u>	<u>941,939</u>	<u>1,117,069</u>	<u>3,572,831</u>
<u>\$ 280,409</u>	<u>\$ 2,174,942</u>	<u>\$ 1,277,069</u>	<u>\$ 5,769,989</u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2014

	Special Revenue Funds				
	Motor Fuel Tax	Emergency 911 System	Foreign Fire Insurance Tax	Highland Park Theater	Environmental Sustainability
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-
Intergovernmental	-	-	113,270	-	-
Motor fuel tax	1,000,150	-	-	-	-
Licenses and permits	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-
Public charges for services	-	430,053	-	33,900	129,451
Reimbursements	-	-	-	-	-
Investment income	54	-	325	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	<u>1,000,204</u>	<u>430,053</u>	<u>113,595</u>	<u>33,900</u>	<u>129,451</u>
EXPENDITURES					
Current					
Public safety	-	382,840	58,564	-	-
Public works	-	-	-	-	-
Transit	-	-	-	-	-
Economic and physical development	-	-	-	33,220	145,125
Total Expenditures	<u>-</u>	<u>382,840</u>	<u>58,564</u>	<u>33,220</u>	<u>145,125</u>
Excess (deficiency) of revenues over expenditures	<u>1,000,204</u>	<u>47,213</u>	<u>55,031</u>	<u>680</u>	<u>(15,674)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(740,000)	-	-	-	-
Total Other Financing Sources (Uses)	<u>(740,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	260,204	47,213	55,031	680	(15,674)
FUND BALANCES (DEFICIT) - Beginning of Year	<u>297,146</u>	<u>255,582</u>	<u>369,989</u>	<u>(51,586)</u>	<u>295,238</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 557,350</u>	<u>\$ 302,795</u>	<u>\$ 425,020</u>	<u>\$ (50,906)</u>	<u>\$ 279,564</u>

Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
Multi-Modal Transportation	Tax Increment Financing	
\$ 1,106,468	\$ 109,237	\$ 1,215,705
623,976	-	623,976
-	-	113,270
-	-	1,000,150
959,011	-	959,011
10,883	-	10,883
99,511	-	692,915
1,416,630	-	1,416,630
(6,975)	-	(6,596)
57,484	-	57,484
<u>4,266,988</u>	<u>109,237</u>	<u>6,083,428</u>
-	-	441,404
2,950,468	-	2,950,468
1,300,394	-	1,300,394
<u>-</u>	<u>-</u>	<u>178,345</u>
<u>4,250,862</u>	<u>-</u>	<u>4,870,611</u>
<u>16,126</u>	<u>109,237</u>	<u>1,212,817</u>
29,600	-	29,600
<u>-</u>	<u>-</u>	<u>(740,000)</u>
<u>29,600</u>	<u>-</u>	<u>(710,400)</u>
45,726	109,237	502,417
<u>896,213</u>	<u>1,007,832</u>	<u>3,070,414</u>
<u>\$ 941,939</u>	<u>\$ 1,117,069</u>	<u>\$ 3,572,831</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Motor fuel tax	\$ 720,000	\$ 720,000	\$ 1,000,150	\$ 280,150
Investment income	200	200	54	(146)
Total Revenues	<u>720,200</u>	<u>720,200</u>	<u>1,000,204</u>	<u>280,004</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>720,200</u>	<u>720,200</u>	<u>1,000,204</u>	<u>280,004</u>
OTHER FINANCING USES				
Transfers out	<u>(840,000)</u>	<u>(750,000)</u>	<u>(740,000)</u>	<u>10,000</u>
Total Other Financing Uses	<u>(840,000)</u>	<u>(750,000)</u>	<u>(740,000)</u>	<u>10,000</u>
Net Change in Fund Balance	<u>\$ (119,800)</u>	<u>\$ (29,800)</u>	260,204	<u>\$ 290,004</u>
FUND BALANCE - Beginning of Year			<u>297,146</u>	
FUND BALANCE - END OF YEAR			<u>\$ 557,350</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Public charges for services	\$ 435,000	\$ 435,000	\$ 430,053	\$ (4,947)
Total Revenues	<u>435,000</u>	<u>435,000</u>	<u>430,053</u>	<u>(4,947)</u>
EXPENDITURES				
Personal services	235,776	257,276	193,251	64,025
Contractual services	69,800	69,800	65,624	4,176
Materials and supplies	<u>150,358</u>	<u>150,358</u>	<u>123,965</u>	<u>26,393</u>
Total Expenditures	<u>455,934</u>	<u>477,434</u>	<u>382,840</u>	<u>94,594</u>
Net Change in Fund Balance	<u>\$ (20,934)</u>	<u>\$ (42,434)</u>	47,213	<u>\$ 89,647</u>
FUND BALANCE - Beginning of Year			<u>255,582</u>	
FUND BALANCE - END OF YEAR			<u>\$ 302,795</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Public charges for services	\$ 33,000	\$ 33,000	\$ 33,900	\$ 900
Total Revenues	<u>33,000</u>	<u>33,000</u>	<u>33,900</u>	<u>900</u>
EXPENDITURES				
Contractual services	23,700	38,700	33,132	5,568
Materials and supplies	-	-	88	(88)
Total Expenditures	<u>23,700</u>	<u>38,700</u>	<u>33,220</u>	<u>5,480</u>
Net Change in Fund Balance	<u>\$ 9,300</u>	<u>\$ (5,700)</u>	680	<u>\$ 6,380</u>
FUND BALANCE (DEFICIT) - Beginning of Year			<u>(51,586)</u>	
FUND BALANCE (DEFICIT) - END OF YEAR			<u>\$ (50,906)</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, 2014

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUES				
Public charges for services	<u>\$ 110,000</u>	<u>\$ 145,472</u>	<u>\$ 129,451</u>	<u>\$ (16,021)</u>
Total Revenues	<u>110,000</u>	<u>145,472</u>	<u>129,451</u>	<u>(16,021)</u>
EXPENDITURES				
Personal services	22,627	22,627	21,753	874
Contractual service	<u>87,373</u>	<u>167,159</u>	<u>123,372</u>	<u>43,787</u>
Total Expenditures	<u>110,000</u>	<u>189,786</u>	<u>145,125</u>	<u>44,661</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (44,314)</u>	(15,674)	<u>\$ 28,640</u>
FUND BALANCE - Beginning of Year			<u>295,238</u>	
FUND BALANCE - END OF YEAR			<u>\$ 279,564</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, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 1,101,000	\$ 1,101,000	\$ 1,106,468	\$ 5,468
Other Taxes	569,268	569,268	623,976	54,708
Licenses and permits	947,000	947,000	959,011	12,011
Fines, forfeitures and penalties	10,000	10,000	10,883	883
Public charges for services	72,000	72,000	99,511	27,511
PACE RTA fare reimbursement	1,428,000	1,446,958	1,416,630	(30,328)
Investment income	(1,000)	(1,000)	(6,975)	(5,975)
Miscellaneous	51,929	51,929	57,484	5,555
Total Revenues	4,178,197	4,197,155	4,266,988	69,833
EXPENDITURES				
PUBLIC WORKS				
Personal services	1,089,568	1,089,568	1,038,594	50,974
Contractual services	1,072,410	1,103,581	1,080,076	23,505
Materials and supplies	665,382	717,478	714,198	3,280
Capital outlay	223,324	223,324	117,600	105,724
Total Public works	3,050,684	3,133,951	2,950,468	183,483
TRANSIT				
Personal services	1,226,166	1,238,700	1,201,532	37,168
Contractual services	40,952	47,376	43,718	3,658
Materials and supplies	80,545	80,545	55,144	25,401
Total Transit	1,347,663	1,366,621	1,300,394	66,227
Total Expenditures	4,398,347	4,500,572	4,250,862	249,710
Excess (deficiency) of revenues over (under) expenditures	(220,150)	(303,417)	16,126	319,543
OTHER FINANCING SOURCES				
Transfers in	30,000	30,000	29,600	(400)
Total Other Financing Sources	30,000	30,000	29,600	(400)
Net Change in Fund Balance	\$ (190,150)	\$ (273,417)	45,726	\$ 319,143
FUND BALANCE - Beginning of Year			896,213	
FUND BALANCE - END OF YEAR			\$ 941,939	

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 210,000	\$ 210,000	\$ 109,237	\$ (100,763)
Total Revenues	<u>210,000</u>	<u>210,000</u>	<u>109,237</u>	<u>(100,763)</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 210,000</u>	<u>\$ 210,000</u>	109,237	<u>\$ (100,763)</u>
FUND BALANCE - Beginning of Year			<u>1,007,832</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,117,069</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, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 3,731,867	\$ 3,731,867	\$ 3,749,693	\$ 17,826
Municipal sales tax	185,000	185,000	185,000	-
Investment income	400	400	981	581
Total Revenues	3,917,267	3,917,267	3,935,674	18,407
EXPENDITURES				
Principal	3,147,657	3,147,657	3,147,657	-
Interest and fiscal charges	991,146	991,146	979,411	11,735
Total Expenditures	4,138,803	4,138,803	4,127,068	11,735
Excess (deficiency) of revenues over (under) expenditures	(221,536)	(221,536)	(191,394)	30,142
OTHER FINANCING SOURCES				
Transfers in	-	-	924,360	924,360
Total Other Financing Sources	-	-	924,360	924,360
Net Change in Fund Balance	\$ (221,536)	\$ (221,536)	732,966	\$ 954,502
FUND BALANCE - Beginning of Year			1,408,571	
FUND BALANCE - END OF YEAR			\$ 2,141,537	

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 95,241	\$ 95,241	\$ 163,739	\$ 68,498
Municipal sales tax	475,000	475,000	478,191	3,191
Reimbursements	219,300	219,300	42,298	(177,002)
Investment income	1,200	1,200	800	(400)
Total Revenues	<u>790,741</u>	<u>790,741</u>	<u>685,028</u>	<u>(105,713)</u>
EXPENDITURES				
Capital Outlay	<u>2,330,214</u>	<u>3,430,214</u>	<u>2,765,778</u>	<u>664,436</u>
Total Expenditures	<u>2,330,214</u>	<u>3,430,214</u>	<u>2,765,778</u>	<u>664,436</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,539,473)</u>	<u>(2,639,473)</u>	<u>(2,080,750)</u>	<u>558,723</u>
OTHER FINANCING SOURCES				
Transfers in	<u>1,220,000</u>	<u>1,570,000</u>	<u>1,560,400</u>	<u>(9,600)</u>
Total Other Financing Sources	<u>1,220,000</u>	<u>1,570,000</u>	<u>1,560,400</u>	<u>(9,600)</u>
Net Change in Fund Balance	<u>\$ (319,473)</u>	<u>\$ (1,069,473)</u>	<u>(520,350)</u>	<u>\$ 549,123</u>
FUND BALANCE - Beginning of Year			<u>1,569,751</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,049,401</u>	

CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
OPERATING REVENUES				
Water sales	\$ 7,100,000	\$ 7,100,000	\$ 6,952,843	\$ (147,157)
Water/sewer permit fees	65,000	65,000	115,599	50,599
Miscellaneous	<u>45,600</u>	<u>45,600</u>	<u>125,314</u>	<u>79,714</u>
Total Operating Revenues	<u>7,210,600</u>	<u>7,210,600</u>	<u>7,193,756</u>	<u>(16,844)</u>
OPERATING EXPENSES				
Personal services	2,233,569	2,236,821	2,336,996	(100,175)
Contractual services	1,277,281	1,317,856	1,219,694	98,162
Materials and supplies	563,911	563,911	335,206	228,705
Small tools and equipment	8,902,295	15,793,579	12,134,832	3,658,747
Administrative reimbursements	<u>1,115,109</u>	<u>1,115,109</u>	<u>1,115,109</u>	<u>-</u>
Total Operating Expenses	<u>14,092,165</u>	<u>21,027,276</u>	<u>17,141,837</u>	<u>3,885,439</u>
Operating Income (Loss)	<u>(6,881,565)</u>	<u>(13,816,676)</u>	<u>(9,948,081)</u>	<u>3,868,595</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	15,750	15,750	17,313	1,563
Intergovernmental	69,020	69,020	105,197	36,177
Principal	(1,075,000)	(1,075,000)	(575,000)	(500,000)
Interest and fiscal charges	(1,045,728)	(898,530)	(995,014)	(96,484)
Gain (loss) on sale of capital assets	-	-	(47,927)	(47,927)
Bond proceeds	<u>17,191,000</u>	<u>9,500,000</u>	<u>9,955,000</u>	<u>455,000</u>
Total Non-Operating Revenues (Expenses)	<u>15,155,042</u>	<u>7,611,240</u>	<u>8,459,569</u>	<u>(151,671)</u>
Net Income (Loss) - Budget Basis	<u>8,273,477</u>	<u>(6,205,436)</u>	<u>(1,488,512)</u>	<u>3,716,924</u>
ADJUSTMENTS TO GAAP BASIS				
Capital assets capitalized	-	-	12,079,477	12,079,477
Accrual of bond proceeds	-	-	(9,955,000)	(9,955,000)
Depreciation	-	-	(996,093)	(996,093)
Principal paid	<u>-</u>	<u>-</u>	<u>575,000</u>	<u>575,000</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>1,703,384</u>	<u>1,703,384</u>
Change in net position	<u>\$ 8,273,477</u>	<u>\$ (6,205,436)</u>	214,872	<u>\$ 5,420,308</u>
NET POSITION - Beginning of Year			<u>23,505,534</u>	
NET POSITION - END OF YEAR			<u>\$ 23,720,406</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, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
OPERATING REVENUES				
Sanitary sewer charges	\$ 1,450,000	\$ 1,744,256	\$ 1,831,680	\$ 87,424
Stormwater management fees	1,400,000	1,400,000	1,586,854	186,854
Water/sewer permit fees	32,500	32,500	53,770	21,270
Miscellaneous	<u>33,400</u>	<u>33,400</u>	<u>45,475</u>	<u>12,075</u>
Total Operating Revenues	<u>2,915,900</u>	<u>3,210,156</u>	<u>3,517,779</u>	<u>307,623</u>
OPERATING EXPENSES				
Personal services	1,380,764	1,402,096	1,193,923	208,173
Contractual services	576,124	576,124	555,826	20,298
Materials and supplies	113,000	113,000	97,285	15,715
Small tools and equipment	<u>1,894,500</u>	<u>2,030,747</u>	<u>1,893,913</u>	<u>136,834</u>
Total Operating Expenses	<u>3,964,388</u>	<u>4,121,967</u>	<u>3,740,947</u>	<u>381,020</u>
Operating Income (Loss)	<u>(1,048,488)</u>	<u>(911,811)</u>	<u>(223,168)</u>	<u>688,643</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental revenue	10,000	10,000	13,083	3,083
Principal	(275,000)	(275,000)	(275,000)	-
Interest and fiscal charges	<u>(133,322)</u>	<u>(133,322)</u>	<u>(119,309)</u>	<u>14,013</u>
Total Non-Operating Revenues (Expenses)	<u>(398,322)</u>	<u>(398,322)</u>	<u>(381,226)</u>	<u>17,096</u>
Net Income (Loss) - Budget Basis	<u>(1,446,810)</u>	<u>(1,310,133)</u>	<u>(604,394)</u>	<u>705,739</u>
ADJUSTMENTS TO GAAP BASIS				
Capital assets capitalized	-	-	1,343,831	1,343,831
Depreciation	-	-	(1,708,201)	(1,708,201)
Principal paid	<u>-</u>	<u>-</u>	<u>275,000</u>	<u>275,000</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>(89,370)</u>	<u>(89,370)</u>
Change in net position	<u>\$ (1,446,810)</u>	<u>\$ (1,310,133)</u>	<u>(693,764)</u>	<u>\$ 616,369</u>
NET POSITION - Beginning of Year			<u>21,313,314</u>	
NET POSITION - END OF YEAR			<u>\$ 20,619,550</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, 2014

	<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	\$ 2,586,933	\$ 2,586,933	\$ 2,170,787	\$ (416,146)
Miscellaneous	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total Operating Revenues	<u>2,636,933</u>	<u>2,636,933</u>	<u>2,220,787</u>	<u>(416,146)</u>
OPERATING EXPENSES				
Personal services	1,352,201	1,352,201	1,276,163	76,038
Contractual services	636,185	645,140	682,870	(37,730)
Materials and supplies	568,466	568,466	532,022	36,444
Small tools and equipment	<u>15,000</u>	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total Operating Expenses	<u>2,571,852</u>	<u>2,580,807</u>	<u>2,491,055</u>	<u>89,752</u>
Operating Income (Loss)	<u>65,081</u>	<u>56,126</u>	<u>(270,268)</u>	<u>(326,394)</u>
ADJUSTMENTS TO GAAP BASIS				
Depreciation	<u>-</u>	<u>-</u>	<u>(345,992)</u>	<u>(345,992)</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>(345,992)</u>	<u>(345,992)</u>
Change in net position	\$ <u>65,081</u>	\$ <u>56,126</u>	(616,260)	\$ <u>(672,386)</u>
NET POSITION - Beginning of Year			<u>9,144,310</u>	
NET POSITION - END OF YEAR			<u>\$ 8,528,050</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, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
OPERATING REVENUES				
Charges for services				
Parking lot collections	\$ 526,550	\$ 526,550	\$ 535,446	\$ 8,896
Parking violations	<u>214,350</u>	<u>214,350</u>	<u>246,854</u>	<u>32,504</u>
Total Operating Revenues	<u>740,900</u>	<u>740,900</u>	<u>782,300</u>	<u>41,400</u>
OPERATING EXPENSES				
Personal services	341,989	341,989	335,921	6,068
Contractual services	317,713	317,713	272,491	45,222
Materials and supplies	13,314	13,314	15,517	(2,203)
Small tools and equipment	150,000	150,000	36,939	113,061
Administrative reimbursements	<u>99,000</u>	<u>99,000</u>	<u>99,000</u>	<u>-</u>
Total Operating Expenses	<u>922,016</u>	<u>922,016</u>	<u>759,868</u>	<u>162,148</u>
Operating Income (Loss)	<u>(181,116)</u>	<u>(181,116)</u>	<u>22,432</u>	<u>203,548</u>
NON-OPERATING REVENUES				
Investment income	<u>(400)</u>	<u>400</u>	<u>207</u>	<u>(193)</u>
Total Non-Operating Revenues	<u>(400)</u>	<u>400</u>	<u>207</u>	<u>(193)</u>
Net Income (Loss) - Budget Basis	<u>(181,516)</u>	<u>(180,716)</u>	<u>22,639</u>	<u>203,355</u>
ADJUSTMENT TO GAAP BASIS				
Depreciation	<u>-</u>	<u>-</u>	<u>(228,679)</u>	<u>(228,679)</u>
Total Adjustment to GAAP Basis	<u>-</u>	<u>-</u>	<u>(228,679)</u>	<u>(228,679)</u>
Change in net position	\$ <u>(181,516)</u>	\$ <u>(180,716)</u>	(206,040)	\$ <u>(25,324)</u>
NET POSITION - Beginning of Year			<u>4,309,153</u>	
NET POSITION - END OF YEAR			<u>\$ 4,103,113</u>	

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2014

	Equipment Maintenance and Replacement	Insurance	Totals
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 3,198,971	\$ 2,181,592	\$ 5,380,563
Receivables			
Accounts	1,157	47,120	48,277
Prepaid items	638,536	-	638,536
Other	-	318,631	318,631
Total Current Assets	<u>3,838,664</u>	<u>2,547,343</u>	<u>6,386,007</u>
Noncurrent Assets			
Capital assets (net of accumulated depreciation)			
Machinery, equipment and furnishings	10,930,867	-	10,930,867
Accumulated depreciation	<u>(8,949,151)</u>	<u>-</u>	<u>(8,949,151)</u>
Total Noncurrent Assets	<u>1,981,716</u>	<u>-</u>	<u>1,981,716</u>
Total Assets	<u>5,820,380</u>	<u>2,547,343</u>	<u>8,367,723</u>
LIABILITIES			
Current Liabilities			
Accounts payable	109,087	5,473	114,560
Accrued wages	16,002	-	16,002
Unearned revenues	-	9,125	9,125
Total Current Liabilities	<u>125,089</u>	<u>14,598</u>	<u>139,687</u>
Noncurrent Liabilities			
Due within one year	10,988	499	11,487
Due in more than one year	<u>99,401</u>	<u>1,996</u>	<u>101,397</u>
Total Noncurrent Liabilities	<u>110,389</u>	<u>2,495</u>	<u>112,884</u>
Total Liabilities	<u>235,478</u>	<u>17,093</u>	<u>252,571</u>
NET POSITION			
Net investment in capital assets	1,981,716	-	1,981,716
Unrestricted	<u>3,603,186</u>	<u>2,530,250</u>	<u>6,133,436</u>
TOTAL NET POSITION	<u>\$ 5,584,902</u>	<u>\$ 2,530,250</u>	<u>\$ 8,115,152</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, 2014

	Equipment Maintenance and Replacement	Insurance	Totals
OPERATING REVENUES			
Charges for goods and services	\$ 3,508,063	\$ 6,096,291	\$ 9,604,354
Miscellaneous	<u>46,597</u>	<u>-</u>	<u>46,597</u>
Total Operating Revenues	<u>3,554,660</u>	<u>6,096,291</u>	<u>9,650,951</u>
OPERATING EXPENSES			
Personal services	1,294,962	(356)	1,294,606
Contractual services	304,085	5,542,421	5,846,506
Materials and supplies	707,722	8,258	715,980
Repairs and maintenance	353,387	232	353,619
Small tools and equipment	179,160	5,133	184,293
Depreciation	<u>564,517</u>	<u>-</u>	<u>564,517</u>
Total Operating Expenses	<u>3,403,833</u>	<u>5,555,688</u>	<u>8,959,521</u>
Operating Income	<u>150,827</u>	<u>540,603</u>	<u>691,430</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	609	-	609
Gain (loss) on sale of capital assets	<u>(37,850)</u>	<u>-</u>	<u>(37,850)</u>
Total Nonoperating Revenues (Expenses)	<u>(37,241)</u>	<u>-</u>	<u>(37,241)</u>
Change in net position	113,586	540,603	654,189
NET POSITION - Beginning of Year	<u>5,471,316</u>	<u>1,989,647</u>	<u>7,460,963</u>
NET POSITION - END OF YEAR	<u>\$ 5,584,902</u>	<u>\$ 2,530,250</u>	<u>\$ 8,115,152</u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2014

	Equipment Maintenance and Replacement	Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 3,553,503	\$ 6,038,565	\$ 9,592,068
Paid to suppliers for goods and services	(2,097,684)	(5,553,728)	(7,651,412)
Paid to employees for services	(1,294,925)	-	(1,294,925)
Net Cash Flows From Operating Activities	<u>160,894</u>	<u>484,837</u>	<u>645,731</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>609</u>	-	<u>609</u>
Net Cash Flows From Investing Activities	<u>609</u>	-	<u>609</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(175,967)	-	(175,967)
Cash from sale of assets	<u>7,000</u>	-	<u>7,000</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(168,967)</u>	-	<u>(168,967)</u>
Net Change in Cash and Cash Equivalents	(7,464)	484,837	477,373
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,206,435</u>	<u>1,696,755</u>	<u>4,903,190</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 3,198,971</u></u>	<u><u>\$ 2,181,592</u></u>	<u><u>\$ 5,380,563</u></u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2014

	Equipment Maintenance and Replacement	Insurance	Totals
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income	\$ 150,827	\$ 540,603	\$ 691,430
Adjustments to Reconcile Operating Income to Net Cash			
Flows From Operating Activities			
Depreciation	564,517	-	564,517
Changes in assets and liabilities			
Accounts receivable	(1,157)	(66,851)	(68,008)
Prepaid expense	(466,091)	-	(466,091)
Accounts payable	(87,239)	2,316	(84,923)
Accrued salaries	(4,418)	-	(4,418)
Other payroll liabilities	2,450	-	2,450
Compensated Absences	2,005	(356)	1,649
Unearned income	-	9,125	9,125
	<u>-</u>	<u>9,125</u>	<u>9,125</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 160,894</u>	<u>\$ 484,837</u>	<u>\$ 645,731</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, 2014

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
OPERATING REVENUES				
Charges for goods and services	\$ 3,505,443	\$ 3,505,443	\$ 3,508,063	\$ 2,620
Miscellaneous	<u>52,900</u>	<u>52,900</u>	<u>46,597</u>	<u>(6,303)</u>
Total Operating Revenues	<u>3,558,343</u>	<u>3,558,343</u>	<u>3,554,660</u>	<u>(3,683)</u>
OPERATING EXPENSES				
Personal services	1,310,473	1,308,097	1,294,962	13,135
Contractual services	319,801	322,177	304,085	18,092
Materials and supplies	832,221	854,221	707,722	146,499
Repairs and maintenance	369,041	369,041	353,387	15,654
Small tools and equipment	<u>1,368,315</u>	<u>1,391,771</u>	<u>355,126</u>	<u>1,036,645</u>
Total Operating Expenses	<u>4,199,851</u>	<u>4,245,307</u>	<u>3,015,282</u>	<u>1,230,025</u>
Operating Income	<u>(641,508)</u>	<u>(686,964)</u>	<u>539,378</u>	<u>1,226,342</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	400	400	609	209
Gain (loss) on sale of capital assets	<u>-</u>	<u>-</u>	<u>(37,850)</u>	<u>(37,850)</u>
Total Non-Operating Revenues (Expenses)	<u>400</u>	<u>400</u>	<u>(37,241)</u>	<u>(37,641)</u>
Net Income (Loss) - Budget Basis	<u>(641,108)</u>	<u>(686,564)</u>	<u>502,137</u>	<u>1,188,701</u>
ADJUSTMENTS TO GAAP BASIS				
Capital assets capitalized	-	-	175,966	175,966
Depreciation	<u>-</u>	<u>-</u>	<u>(564,517)</u>	<u>(564,517)</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>(388,551)</u>	<u>(388,551)</u>
Change in net position	\$ <u>(641,108)</u>	\$ <u>(686,564)</u>	113,586	\$ <u>800,150</u>
NET POSITION - Beginning of Year			<u>5,471,316</u>	
NET POSITION - END OF YEAR			<u>\$ 5,584,902</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, 2014

	<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 services				
Charges for goods and services	\$ <u>6,558,375</u>	\$ <u>6,558,375</u>	\$ <u>6,096,291</u>	\$ <u>(462,084)</u>
Total Operating Revenues	<u>6,558,375</u>	<u>6,558,375</u>	<u>6,096,291</u>	<u>(462,084)</u>
OPERATING EXPENSES				
Personal services	-	-	(356)	356
Contractual services	6,512,875	6,512,875	5,542,421	970,454
Materials and supplies	1,900	1,900	8,258	(6,358)
Repairs and maintenance	3,250	3,250	232	3,018
Small tools and equipment	<u>11,500</u>	<u>11,500</u>	<u>5,133</u>	<u>6,367</u>
Total Operating Expenses	<u>6,529,525</u>	<u>6,529,525</u>	<u>5,555,688</u>	<u>973,837</u>
Operating Income	\$ <u>28,850</u>	\$ <u>28,850</u>	<u>540,603</u>	\$ <u>511,753</u>
NET POSITION - Beginning of Year			<u>1,989,647</u>	
NET POSITION - END OF YEAR			<u>\$ <u>2,530,250</u></u>	

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS As of December 31, 2014

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,723,519	\$ 1,638,233	\$ 3,361,752
Investments			
U.S. Government and agency obligations	8,895,445	13,392,401	22,287,846
Corporate bonds	2,898,967	2,798,319	5,697,286
Mutual funds	17,700,549	2,847,055	20,547,604
Stocks	3,075,826	14,526,170	17,601,996
Receivables			
Accrued interest	82,395	109,086	191,481
Prepaid items	<u>-</u>	<u>775</u>	<u>775</u>
Total Assets	<u>34,376,701</u>	<u>35,312,039</u>	<u>69,688,740</u>
LIABILITIES			
Accounts payable	<u>8,537</u>	<u>40,716</u>	<u>49,253</u>
Total Liabilities	<u>8,537</u>	<u>40,716</u>	<u>49,253</u>
NET POSITION			
Held in trust for pension benefits	<u>\$ 34,368,164</u>	<u>\$ 35,271,323</u>	<u>\$ 69,639,487</u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

For the Year Ended December 31, 2014

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
ADDITIONS			
Contributions			
Employer	\$ 2,390,587	\$ 2,411,772	\$ 4,802,359
Plan members	<u>493,606</u>	<u>442,972</u>	<u>936,578</u>
Total Contributions	<u>2,884,193</u>	<u>2,854,744</u>	<u>5,738,937</u>
Investment income			
Investment income	1,056,015	520,968	1,576,983
Net appreciation in fair value of investments	<u>1,067,710</u>	<u>1,496,100</u>	<u>2,563,810</u>
Total Investment Income	2,123,725	2,017,068	4,140,793
Less Investment expenses	<u>68,022</u>	<u>141,300</u>	<u>209,322</u>
Net Investment Income	<u>2,055,703</u>	<u>1,875,768</u>	<u>3,931,471</u>
Total Additions	<u>4,939,896</u>	<u>4,730,512</u>	<u>9,670,408</u>
DEDUCTIONS			
Benefits	3,643,718	3,300,789	6,944,507
Administration	<u>37,527</u>	<u>29,175</u>	<u>66,702</u>
Total Deductions	<u>3,681,245</u>	<u>3,329,964</u>	<u>7,011,209</u>
Change in Net Position	1,258,651	1,400,548	2,659,199
NET POSITION - Beginning of Year	<u>33,109,513</u>	<u>33,870,775</u>	<u>66,980,288</u>
NET POSITION - END OF YEAR	<u>\$ 34,368,164</u>	<u>\$ 35,271,323</u>	<u>\$ 69,639,487</u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

For the Year Ended December 31, 2014

	Balances January 1	Additions	Deductions	Balances December 31
ALL FUNDS				
ASSETS				
Cash and cash equivalents	\$ 1,958,442	\$ 2,659,499	\$ 2,016,801	\$ 2,601,140
Accounts receivable	12,661	1,850,157	1,848,657	14,161
TOTAL ASSETS	<u><u>\$ 1,971,103</u></u>	<u><u>\$ 4,509,656</u></u>	<u><u>\$ 3,865,458</u></u>	<u><u>\$ 2,615,301</u></u>
LIABILITIES				
Accrued payroll	\$ 719	\$ 645	\$ 575	\$ 789
Due to others	833,857	31,362	-	865,219
Deposits payable	1,136,526	1,528,690	915,923	1,749,293
TOTAL LIABILITIES	<u><u>\$ 1,971,102</u></u>	<u><u>\$ 1,560,697</u></u>	<u><u>\$ 916,498</u></u>	<u><u>\$ 2,615,301</u></u>
 GENERAL DEPOSIT FUND				
ASSETS				
Cash and cash equivalents	\$ 1,123,865	\$ 2,186,680	\$ 1,575,413	\$ 1,735,132
Accounts receivable	12,661	1,850,157	1,848,657	14,161
TOTAL ASSETS	<u><u>\$ 1,136,526</u></u>	<u><u>\$ 4,036,837</u></u>	<u><u>\$ 3,424,070</u></u>	<u><u>\$ 1,749,293</u></u>
LIABILITIES				
Deposits payable	\$ 1,136,526	\$ 1,528,690	\$ 915,923	\$ 1,749,293
TOTAL LIABILITIES	<u><u>\$ 1,136,526</u></u>	<u><u>\$ 1,528,690</u></u>	<u><u>\$ 915,923</u></u>	<u><u>\$ 1,749,293</u></u>
 HOUSING TRUST FUND				
ASSETS				
Cash and cash equivalents	\$ 834,577	\$ 472,819	\$ 441,388	\$ 866,008
TOTAL ASSETS	<u><u>\$ 834,577</u></u>	<u><u>\$ 472,819</u></u>	<u><u>\$ 441,388</u></u>	<u><u>\$ 866,008</u></u>
LIABILITIES				
Accrued payroll	\$ 719	\$ 645	\$ 575	\$ 789
Due to others	833,857	31,362	-	865,219
TOTAL LIABILITIES	<u><u>\$ 834,576</u></u>	<u><u>\$ 32,007</u></u>	<u><u>\$ 575</u></u>	<u><u>\$ 866,008</u></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.	124 - 130
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	131 - 136
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.	137 - 139
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.	140 - 141
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.	142 - 144



FINANCIAL TRENDS

CITY OF HIGHLAND PARK, ILLINOIS

STATEMENT OF NET POSITION BY COMPONENT

Last Ten Fiscal Years

	2006	2007	2007*	2008	2009	2010	2011	2012	2013	2014
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 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	\$ 74,583,376
Restricted	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	2,402,234
Unrestricted	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	34,469,095
TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS	\$ 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	\$ 111,454,705
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 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	\$ 59,065,125
Unrestricted	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)	(2,094,006)
TOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS	\$ 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	\$ 56,971,119
PRIMARY GOVERNMENT										
Net investment in capital assets	\$ 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	\$ 133,648,501
Restricted	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	2,402,234
Unrestricted	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	32,375,089
TOTAL PRIMARY GOVERNMENT	\$ 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	\$ 168,425,824

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	2006	2007	2007*	2008	2009	2010	2011	2012	2013	2014
GENERAL FUND										
Reserved	\$ 16,518,436	\$ 16,340,000	\$ 17,128,260	\$ 22,309,500	\$ 16,212,900	\$ 16,831,100	\$ -	\$ -	\$ -	\$ -
Unreserved	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	18,150,000
Assigned	-	-	-	-	-	-	4,375,495	4,775,495	5,175,495	5,575,495
Unassigned	-	-	-	-	-	-	15,762,287	14,111,753	19,032,489	19,744,246
Subtotal general fund	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	43,469,741
% Change from prior year	1.7%	8.9%	10.3%	19.3%	-17.9%	2.6%	9.8%	10.5%	1.8%	2.4%
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	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	-	-	-	-	(44,272)	(8,497)	-	-	-	-
Debt Service Funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	349,985	106,738	6,408	6,408
Restricted	-	-	-	-	-	-	1,676,953	1,778,085	1,930,549	2,402,234
Unrestricted										
Committed	-	-	-	-	-	-	570,002	1,115,109	1,191,451	1,221,503
Assigned	-	-	-	-	-	-	2,852,016	2,822,330	2,973,522	3,186,138
Unassigned	-	-	-	-	-	-	(53,493)	(65,787)	(53,194)	(52,514)
Special Revenue Funds (deficit)	-	-	-	-	-	-	-	-	-	-
Subtotal all other funds	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	6,763,769
TOTAL GOVERNMENTAL FUNDS	\$ 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	\$ 50,233,510
% Change from prior year	12.4%	-5.0%	13.9%	10.6%	-20.0%	4.2%	7.3%	10.1%	2.2%	3.6%

* Eight months ended December 31, 2007

Note: GASB 54 was implemented as of December 31, 2011. Prior years have not been adjusted.

CITY OF HIGHLAND PARK, ILLINOIS

CHANGE IN NET POSITION

Last Ten Fiscal Years

	2006	2007	2007*	2008	2009	2010	2011	2012	2013	2014
GOVERNMENTAL ACTIVITIES										
Program Revenues										
Charges for services										
General government	\$ 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	\$ 2,771,791
Public safety	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	2,869,862
Public works	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	1,248,525
Economic/physical development	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	1,516,752
Transit	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	1,416,630
Operating grants	872,489	891,528	652,180	796,375	1,020,613	938,199	1,007,110	900,045	1,012,404	1,123,140
Capital grants	537,489	2,450,790	408,052	780,469	658,069	95,485	565,452	-	-	-
General Revenues										
Property taxes	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	12,300,826
Sales taxes	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	13,674,254
Other taxes	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	9,970,403
Payment in lieu of taxes	-	-	-	-	496,932	530,676	546,459	559,173	804,573	796,308
Other	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	2,434,222
Total revenues	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	50,122,713
Expenses										
General government	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	7,543,013
Public safety	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	22,784,673
Public works	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	7,147,559
Economic/physical development	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	6,249,818
Transit	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	1,288,343
Commissions	1,050,967	650,680	354,650	432,611	432,148	413,921	331,347	407,388	327,835	394,871
Interest	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	886,246
Total expenses	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	46,294,523
INCREASE (DECREASE) IN NET POSITION BEFORE TRANSFERS AND SPECIAL ITEM	\$ (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	\$ 3,828,190
Transfers	987,300	100,000	100,000	100,000	100,000	100,000	(25,677,141)	(246,300)	(244,400)	-
Special item	-	-	1,306,489	-	-	-	-	-	-	-
INCREASE (DECREASE) IN NET POSITION	\$ (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	\$ 3,828,190

CITY OF HIGHLAND PARK, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

	2006	2007	2007*	2008	2009	2010	2011	2012	2013	2014
BUSINESS-TYPE ACTIVITIES										
Program Revenues										
Charges for services										
Parking system	\$ 898,751	\$ 950,111	\$ 599,376	\$ 1,070,944	\$ 916,139	\$ 902,896	\$ 805,363	\$ 804,608	\$ 751,331	\$ 782,300
Water	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	7,193,756
Sewer	-	-	-	-	-	-	2,477,341	2,984,243	3,225,609	3,517,779
Country Club	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	2,220,787
Operating grants	-	-	-	-	-	74,800	137,100	156,940	70,533	118,280
Capital grants	-	214,392	297,608	289,084	150,000	-	167,331	-	121,000	-
Other	2,120,460	337,866	127,500	393,686	294,151	192,935	41,652	14,649	19,717	17,520
Total revenues	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	13,850,422
Expenses										
Parking	736,329	893,709	568,121	1,160,791	974,973	995,796	1,156,266	1,006,413	922,176	988,547
Water	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	7,101,394
Sewer	-	-	-	-	-	-	4,518,395	4,385,887	4,182,723	4,224,626
Country Club	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	2,837,047
Total expenses	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	15,151,614
INCREASE IN NET POSITION BEFORE TRANSFERS AND CONTRIBUTIONS	4,541,635	1,837,628	1,652,249	118,859	(405,400)	(371,882)	(1,660,831)	(554,076)	(840,953)	(1,301,192)
Transfers	(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	\$ 3,554,335	\$ 1,737,628	\$ 1,961,576	\$ 18,859	\$ (505,400)	\$ (471,882)	\$ 24,016,310	\$ (307,776)	\$ (596,553)	\$ (1,301,192)

CITY OF HIGHLAND PARK, ILLINOIS

CHANGE IN NET POSITION (Continued)

Last Ten Fiscal Years

	2006	2007	2007*	2008	2009	2010	2011	2012	2013	2014
TOTAL NET POSITION										
Program Revenues										
Charges for services	\$ 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	\$ 23,538,182
Operating grants	872,489	891,528	652,180	796,375	1,020,613	1,012,999	1,144,210	1,056,985	1,082,937	1,241,420
Capital grants	537,489	2,665,182	705,660	1,069,553	808,069	95,485	732,783	-	121,000	-
General Revenues										
Property taxes	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	12,300,826
Sales taxes	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	13,674,254
Other taxes	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	9,970,403
Payment in lieu of taxes	-	-	-	-	496,932	530,676	546,459	559,173	804,573	796,308
Other	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	2,451,742
Total revenues	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	63,973,135
Expenses										
General government	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	7,543,013
Public safety	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	22,784,673
Public works	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	7,147,559
Economic/physical development	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	6,249,818
Transit	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	1,288,343
Commissions	1,050,967	650,680	354,650	432,611	432,148	413,921	331,347	407,388	327,835	394,871
Interest	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	886,246
Parking	736,329	893,709	568,121	1,160,791	974,973	995,796	1,156,266	1,006,413	922,176	988,547
Water	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	7,101,394
Sewer	-	-	-	-	-	-	4,518,395	4,385,887	4,182,723	4,224,626
Country Club	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	2,837,047
Total expenses	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	61,446,137
INCREASE (DECREASE) IN NET POSITION	\$ 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	\$ 2,526,998
NET (EXPENSE) REVENUE										
Governmental Activities	(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	3,828,190
Business Type Activities	3,554,335	1,737,628	1,961,576	18,859	(505,400)	(471,882)	24,016,310	(554,076)	(840,953)	(1,301,192)
TOTAL NET (EXPENSE) REVENUE	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	2,526,998

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

	2006	2007	2007*	2008	2009	2010	2011	2012	2013	2014
REVENUES										
Property taxes	\$ 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	\$ 12,300,826
Illinois state replacement taxes	311,520	339,577	250,779	345,105	291,142	313,917	276,627	277,134	307,228	316,285
Licenses and permits	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	2,774,721
Charges for current services	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	2,383,476
Municipal sales tax	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	13,674,254
Fines and forfeitures	387,891	315,385	214,996	411,633	381,141	832,175	874,396	965,723	1,188,128	1,078,662
Utility tax	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	2,863,573
Real estate transfer tax	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	1,786,963
Motor fuel tax allotment	872,489	878,063	571,450	794,755	775,017	899,821	883,360	857,238	859,650	1,000,150
Intergovernmental	363,846	784,245	486,513	196,075	345,474	141,036	245,769	143,993	263,124	236,260
Illinois state income tax	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	2,849,624
Regional Transportation Authority reimbursement	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	1,416,630
Franchise fees	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	2,153,958
Payment in lieu of taxes	-	-	-	-	496,932	530,676	546,459	559,173	804,573	796,308
Other taxes	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	2,221,094
Reimbursements-other agencies	372,481	1,265,655	1,436,917	781,517	151,022	839,051	952,477	1,724,366	299,243	171,621
Investment income	960,347	1,911,974	2,609,552	1,153,313	793,992	748,755	715,602	757,419	714,584	735,415
Net appreciation (depreciation) in fair value of investments	-	-	-	5,571,520	(5,863,860)	868,839	964,461	2,591,200	(1,575,000)	(636,166)
Miscellaneous	1,106,491	1,004,510	481,553	2,332,267	954,326	963,825	826,413	529,170	509,537	587,444
Total revenues	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	48,711,098
EXPENDITURES										
General government	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	6,309,182
Public safety	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	23,094,151
Public works	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	5,566,327
Capital outlay	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	2,765,778
Economic and physical development	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	3,662,506
Transit	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	1,301,161
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Commissions	263,188	402,459	190,504	179,815	181,066	157,802	94,225	158,314	143,580	145,798
Debt service										
Principal	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	3,147,657
Interest and fiscal charges	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	979,411
Total expenditures	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	46,971,971
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(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	1,739,127

CITY OF HIGHLAND PARK, ILLINOIS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (Continued)

Last Ten Fiscal Years

	2006	2007	2007*	2008	2009	2010	2011	2012	2013	2014
OTHER FINANCING SOURCES (USES)										
Bonds issued	\$ 11,000,000	\$ -	\$ 2,500,000	\$ -	\$ -	\$ 2,510,000	\$ 3,705,000	\$ 3,410,000	\$ -	\$ -
Proceeds from sale of capital assets	8,200	455,788	-	-	-	-	135,194	14,555	21,054	3,663
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	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	2,514,360
Transfers (out)	(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)	(2,514,360)
Total other financing sources (uses)	10,994,991	(944,212)	2,600,000	100,000	100,000	274,018	(513,891)	(193,108)	(223,346)	3,663
NET CHANGES IN FUND BALANCES	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	1,742,790
FUND BALANCES, BEGINNING 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
Prior period adjustment	234,209	-	-	-	315,287	-	-	-	-	-
FUND BALANCES, BEGINNING OF YEAR	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	48,490,720
FUND BALANCES, END OF YEAR	\$ 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	\$ 50,233,510
DEBT SERVICE AS A % OF NONCAPITAL EXPENDITURES	8.8%	10.5%	14.2%	10.1%	10.5%	10.7%	11.4%	11.8%	10.3%	8.9%

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
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%
2014	1,863,622,335	187,084,550	444,603	665	2,255,482	n/a	2,053,407,635	0.795	6,160,222,905	-0.5%	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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<u>CITY DIRECT RATE</u>										
Bond	0.134	0.127	0.125	0.123	0.127	0.140	0.156	0.170	0.183	0.145
Corporate	0.059	0.054	0.051	0.051	0.055	0.107	0.121	0.141	0.099	0.119
Firefighters Pension	0.043	0.042	0.040	0.041	0.046	0.060	0.064	0.077	0.116	0.116
Library	0.156	0.147	0.140	0.139	0.144	0.160	0.175	0.192	0.218	0.226
Police Pension	0.046	0.049	0.046	0.047	0.053	0.065	0.064	0.078	0.115	0.115
Street and Bridge	0.082	0.075	0.073	0.073	0.068	0.054	0.063	0.051	0.054	0.074
Street Construction	0.041	0.038	0.042	0.041	0.043	-	-	-	-	-
Total Direct Rate	0.561	0.532	0.517	0.515	0.536	0.586	0.643	0.709	0.785	0.795
<u>OVERLAPPING RATES</u>										
County	0.454	0.450	0.444	0.453	0.464	0.505	0.554	0.608	0.663	0.682
Forest Preserve	0.210	0.204	0.201	0.199	0.200	0.198	0.201	0.212	0.218	0.210
Township	0.045	0.044	0.044	0.045	0.047	0.052	0.059	0.066	0.070	0.066
Sanitary	0.132	0.125	0.120	0.121	0.124	0.136	0.150	0.150	0.164	0.169
College of Lake County	0.197	0.195	0.192	0.196	0.200	0.218	0.240	0.272	0.296	0.306
High School	1.686	1.635	1.619	1.660	1.748	1.921	2.167	2.178	2.364	2.421
Elementary School	2.312	2.225	2.186	2.215	2.313	2.437	2.818	2.957	3.076	3.152
Mosquito Abatement	0.012	0.012	0.011	0.011	0.012	0.013	0.014	0.150	0.007	0.013
Park District	0.397	0.378	0.377	0.380	0.394	0.379	0.410	0.445	0.497	0.508
Total Overlapping Rate	5.445	5.268	5.194	5.280	5.502	5.859	6.613	7.038	7.355	7.527
Total Rate	6.006	5.800	5.711	5.795	6.038	6.445	7.256	7.747	8.140	8.322

Source: Lake County Clerk

CITY OF HIGHLAND PARK, ILLINOIS

PRINCIPAL TAXPAYERS

Current Year and Nine Years Prior

		December 31, 2014				(3) Fiscal year end April 30, 2005	
		(1) Equalized				Equalized	
(2) Taxpayer	Business/Service	Assessed Valuation	as a % of Total EAV	(2) Taxpayer	Business/Service	Assessed Valuation	as a % of Total EAV
Metzler I Renaissance Place LP	Retail Property	\$ 9,874,309	0.48%	Renaissance Place, LLC	Business/Retail Center	7,669,630	0.38%
Midwest Family Housing LLC	Real Property	7,933,281	0.39%	Federal Realty Investment Trust	Business/Retail Center	6,883,716	0.34%
Federal Realty Investment Trust	Business/Retail Center	6,497,935	0.32%	American NB Trust of Chicago	Real Property	4,444,000	0.22%
Highland Park Associates II LLC	Real Property	4,315,565	0.21%	Klaimont Enterprises, Inc.	Business/Retail Center	4,337,825	0.21%
Klaimont Family Associates	Business/Retail Center	4,271,585	0.21%	Solo Cup Company	Business	4,180,442	0.20%
Americana Apartments	Apartments	3,898,505	0.19%	Target Corporation	Retail Store	3,350,000	0.16%
Sunset Food Mart, Inc.	Retail Property - Grocery Store	3,578,858	0.17%	LaSalle Bank	Bank	3,344,726	0.16%
Ameritech-Illinois	Utility	3,556,747	0.17%	American Stores Company	Business/Retail Center	3,207,839	0.16%
RSV Partners	Real Property	3,309,036	0.16%	Sunset Food Mart, Inc.	Retail Store	3,035,972	0.15%
Evergreen Real Estate Services	Real Property	3,087,485	0.15%	Hillco Realty Management	Property Management	2,931,452	0.14%
		<u>\$ 50,323,306</u>	<u>2.45%</u>			<u>\$ 43,385,602</u>	<u>2.12%</u>
	2014 Total EAV	\$ 2,053,407,635			2004 Total EAV	\$ 2,042,643,752	
	Percentage of Total	2.45%			Percentage of Total	2.12%	

Notes:

(1) Source: Lake County Clerk

(2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked. The 2014 EAV is the most

(3) The City of Highland Park modified its fiscal year-end from April 30 to December 31 in 2007.

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				
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%
2013	16,199,337	2014	16,085,461	99.30%	-	16,085,461	99.30%

* 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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General merchandise	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	450,805.21
Food	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	892,526.73
Drinking and eating places	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	580,827.43
Apparel	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	266,662.91
Furniture and HH and radio	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	194,996.45
Lumber, building, and hardware	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	307,274.81
Automotive and filling stations	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	4,256,268.06
Drugs and misc retail	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	1,310,853.93
Agriculture and all others	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	700,732.66
Manufacturers	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	309,187.10

TOTAL	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	9,270,135.29
% increase/decrease from previous year	4.68%	8.84%	-1.38%	-7.72%	-10.13%	4.75%	2.58%	5.78%	5.53%	8.21%

Home Rule Sales Tax

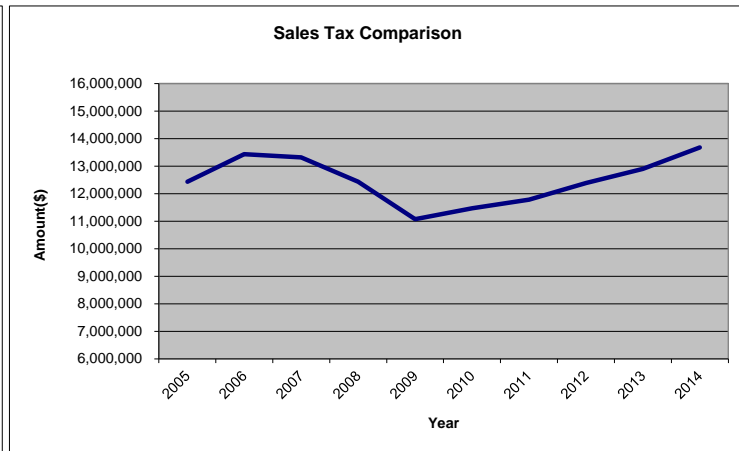
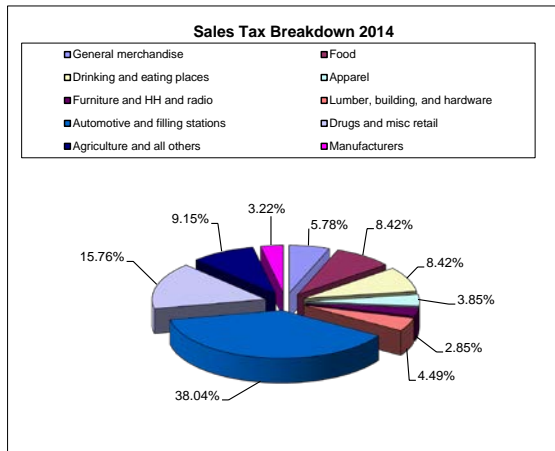
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General merchandise	444,293.03	507,279.50	514,612.17	457,733.57	433,899.24	377,378.31	378,807.75	386,287.84	366,786.82	339,987.64
Food	237,389.05	300,356.54	286,502.27	275,568.13	250,607.05	219,534.73	208,930.57	202,292.46	238,546.98	259,062.05
Drinking and eating places	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	570,765.75
Apparel	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	260,367.49
Furniture and HH and radio	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	194,495.98
Lumber, building, and hardware	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	307,227.69
Automotive and filling stations	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	944,920.92
Drugs and misc retail	789,769.98	810,848.75	833,105.42	837,883.04	755,268.85	743,932.54	757,970.63	791,280.45	818,131.02	844,356.68
Agriculture and all others	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	550,876.22
Manufacturers	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	130,666.90

TOTAL	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	4,402,727.32
% increase/decrease from previous year	6.00%	6.74%	0.06%	-4.62%	-12.41%	1.45%	2.90%	4.13%	1.46%	1.53%

Total Sales Tax

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General merchandise	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	790,792.85
Food	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	1,151,588.78
Drinking and eating places	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	1,151,593.18
Apparel	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	527,030.40
Furniture and HH and radio	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	389,492.43
Lumber, building, and hardware	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	614,502.50
Automotive and filling stations	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	5,201,188.98
Drugs and misc retail	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	2,155,210.61
Agriculture and all others	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	1,251,608.88
Manufacturers	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	439,854.00

TOTAL	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	13,672,862.61
% increase/decrease from previous year	5.14%	8.10%	-0.88%	-6.63%	-10.95%	3.58%	2.69%	5.21%	4.12%	5.96%



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	
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
2014	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
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	51,506,422	0.0250	1,730.55
2014	29,763	2,053,407,635	57,463,765	0.0280	1,930.71

Data Sources

(a) U.S. Census Bureau

(b) County Clerk

(c) City of Highland Park Finance Department

*Eight months ended December 31, 2007

CITY OF HIGHLAND PARK, ILLINOIS

OUTSTANDING DEBT BY TYPE AND RATIO OF TOTAL DEBT

Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities		Total Debt
	General Obligation Bonds	Other Payable	Capital Leases	General Obligation Bonds		
2006	46,354,216	1,160,000 (1)	238,114	7,726,778 (2)		55,479,108
2007	43,735,538	-	106,459	7,134,308 (2)		50,976,305
2007*	43,466,444	-	18,689	13,944,403 (2)		57,429,536
2008	40,506,914	-	-	13,225,248 (2)		53,732,162
2009	37,516,926	-	-	12,462,322 (2)		49,979,248
2010	34,326,458	-	-	14,910,937 (2)		49,237,395
2011	30,920,488	-	-	18,895,000 (2)		49,815,488
2012	27,228,991	-	-	18,095,000 (2)		45,323,991
2013	24,108,263	-	-	27,506,220 (2)		51,614,483
2014	20,905,946	-	-	36,557,819 (2)		57,463,765

Fiscal Year	Total Personal Income	Debt as a % of Total Personal Income	EAV	Debt to EAV Ratio	Estimated Population	Per Capita
2006	1,674,426,722	3.31%	2,292,119,591	0.0242	30,262	1,833
2007	1,674,426,722	3.04%	2,510,402,825	0.0203	30,262	1,684
2007*	1,674,426,722	3.43%	2,675,494,212	0.0215	30,262	1,898
2008	1,740,547,267	3.09%	2,780,479,845	0.0193	31,457	1,708
2009	1,740,547,267	2.87%	2,704,410,111	0.0185	31,457	1,589
2010	1,740,547,267	2.83%	2,551,775,455	0.0193	31,457	1,565
2011	1,824,084,981	2.73%	2,323,098,926	0.0214	29,763	1,674
2012	2,024,003,052	2.24%	2,163,303,908	0.0210	29,763	1,523
2013	2,002,067,721	2.58%	2,063,609,750	0.0250	29,763	1,734
2014	1,951,113,465	2.95%	2,053,407,635	0.0280	29,763	1,931

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 AND LEGAL DEBT MARGIN

December 31, 2014

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	\$ 57,463,765	100.00%	\$ 57,463,765
Lake County	110,575,000	8.84%	9,774,830
Lake County Forest Preserve District	289,835,000	8.84%	25,621,414
North Shore Sanitary District	-	27.24%	-
Deerfield Park District	3,875,000	0.005%	194
Park District of Highland Park	-	97.18%	-
School Districts			
District No. 106	-	2.88%	-
District No. 109	15,890,000	3.23%	513,247
District No. 112	4,940,000	93.74%	4,630,756
District No. 113	91,020,000	54.08%	49,223,616
College of Lake County	78,010,000	9.32%	7,270,532
	<u>594,145,000</u>		<u>97,034,589</u>
	<u><u>\$ 651,608,765</u></u>		<u><u>\$ 154,498,354</u></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.

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

Data Source

Lake County Clerk's office



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%
2014	29,763	65,555	6,236	5.0%	1,951,113,465	45.2	67.6%

Notes:

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

*Eight months ended December 31, 2007

CITY OF HIGHLAND PARK, ILLINOIS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Prior

2014		
Employer	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	244	1.69%
Highland Park Public Library	94	0.65%
Highland Park Post Office	85	0.59%
First Bank of Highland Park	84	0.58%
Mesirow Financial	70	0.48%
	<u>4,111</u>	<u>28.44%</u>

2005		
Employer	Employees	Percentage of Total Municipal Employment
Highland Park Hospital	1,200	7.65%
Ravinia Festival	690 (1)	4.40%
School District 112	615	3.92%
Solo Cup Co	600	3.83%
School District 113	525	3.35%
Aqua Belle Mfg	103	0.66%
Franklin Capital Corp	100	0.64%
Opportunity Medical	90	0.57%
Highland Park Library	78	0.50%
Chase	70	0.45%
	<u>4,071</u>	<u>25.96%</u>

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

Data Source

2014/2005 IL Manufacturers Directory, 2014/2005 IL Services Directory, City records



OPERATING INFORMATION

CITY OF HIGHLAND PARK, ILLINOIS

OPERATING INFORMATION AND INDICATORS

Last Ten Fiscal Years

	2006	2007	2007*	2008	2009	2010	2011	2012	2013	2014
FIRE PROTECTION										
Emergency responses	4,419	3,098	1,764	4,673	4,542	4,480	4,777	4,832	4,657	5,220
Fires extinguished	24	26	29	34	25	31	47	46	43	28
PUBLIC WORKS										
Asphalt placed (square yards)	1,996	1,500	2,608	1,963	3,438	7,608	3,033	2,035	2,154	3,120
Crack sealing (street miles)	-	5	7	5	-	7	3	3	3	5
Street-sweeping (hours)	1,894	2,000	1,650	2,109	1,802	-	39	79	57	93
Number of mainbreaks repaired	99	75	39	64	59	102	92	101	104	106
POLICE PROTECTION										
Parking violations	14,059	13,894	8,403	12,643	12,173	11,032	6,192	8,730	8,060	6,673
Number of arrests	1,258	1,369	509	1,139	1,470	1,189	227	1,648	1,696	1,611
Number of traffic citations	7,331	7,098	2,589	9,442	5,430	4,348	3,980	4,725	4,626	3,439
FINANCE										
Number of water bills	41,016	41,016	25,973	41,267	41,634	41,788	42,244	42,248	42,324	42,320
Number of vendor checks	7,697	7,700	5,087	6,809	6,256	7,229	6,000	5,741	5,578	5,873
MUNICIPAL WATER SYSTEM										
Number of customers	10,254	10,254	10,254	10,300	10,300	10,300	10,434	10,436	10,445	10,443
Average daily consumption (gallons)	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	7,940,000
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)	168	168	168	168	168	168	168	168	168	168
Number of fire hydrants (approximate)	1,680	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

	2006	2007	2007*	2008	2009	2010	2011	2012	2013	2014
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	13	13	14	14
PUBLIC WORKS										
Miles of water mains (approximate)	168	168	168	168	168	168	168	168	168	168
Number of fire hydrants (approximate)	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680
Miles of storm sewer (approximate)	178	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)	130	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

	2006	2007	2007*	2008	2009	2010	2011	2012	2013	2014
GENERAL GOVERNMENT	24.40	22.50	23.25	23.25	24.00	23.00	23.00	19.83	20.16	20.16
COMMUNITY DEVELOPMENT	29.75	29.75	29.50	29.50	28.10	23.50	20.50	20.50	20.75	21.75
FINANCE	13.50	13.50	13.50	13.50	13.50	13.50	13.25	13.25	13.25	14.25
FIRE										
Firefighters and officers	53.00	53.00	53.00	53.00	53.00	51.00	49.00	48.00	48.00	48.00
Civilians	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.50	6.50	6.50
POLICE										
Sworn personnel	60.00	60.00	60.00	60.00	60.00	58.00	55.00	55.00	57.00	57.00
Civilians	33.75	33.75	30.25	30.25	28.00	28.00	25.00	26.00	26.50	26.50
PUBLIC WORKS										
Maintenance workers	69.25	67.75	66.25	66.25	65.25	63.75	59.25	57.75	57.75	57.25
Engineering	4.00	4.00	4.00	4.00	4.00	2.00	2.00	2.00	2.00	2.00
Administration	28.00	28.00	28.00	28.00	28.00	26.00	26.00	26.00	26.00	26.00
Total Employees	320.65	317.25	312.75	312.75	308.85	293.75	278.00	273.83	277.91	279.41

Data Source

City budgets

* Eight months ended December 31, 2007