

CITY OF
HIGHLAND PARK
ILLINOIS



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR YEAR ENDED
DECEMBER 31, 2015

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF HIGHLAND PARK, ILLINOIS**
As of and for the Year Ended December 31, 2015

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

May 27, 2016

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. The attached report is published to fulfill that requirement for the fiscal year ended December 31, 2015.

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, 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). The City's objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements, given the cost of internal controls should not outweigh their anticipated benefits. We assert 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, issued an unmodified opinion on the City's financial statements for the fiscal year ended December 31, 2015, along with communications to the City Council and Senior Staff that they did not identify any deficiencies in internal control that they consider to be material weaknesses. This is the highest standard of opinion and internal controls communications that a municipality can achieve. 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 and the heart of Chicagoland's north shore along Lake Michigan. The City occupies a land area of 12.25 square miles, located 26 miles north of Chicago, and serves a population of 29,902. 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, 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 directors of the six departments that represent the City.

The City provides a full range of services, including police and fire protection; community and business development; construction and maintenance of the City's streets and other infrastructure; water, sewer, and parking services; local transit service, and youth and senior services. The Comprehensive Annual Financial Report (CAFR) also includes the activities of the Public Safety Pension Funds and 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. Based on input from the public, City Council and staff, the City Senior Staff establish a budget based on proposed objectives that are fiscally responsible, have the highest priority and the greatest positive impact on the community. 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 program level.

Local Economy

The City realized economic improvement in 2015 over the prior year and is beginning to move past some of the impacts of national economic conditions in recent years. 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.

Building permit revenues were up 32% compared to calendar year 2014 and exceeded the pre-recession levels in 2007 and 2006, for the first time. Real estate transfer tax revenues posted a 5% decrease compared to calendar year 2014, with the number of taxable real estate transfer tax transactions decreasing by 1%. The City's assessed valuation increased 6.1% from 2014 to 2015 as the impacts of the County's triennial reassessments reflect higher property values for a greater proportion of properties within the City's tax base.

Retail sales for 2015 decreased compared to the prior year. Sales tax revenue decreased 3.7% compared to the prior year, with the automotive, drugs and other retail markets contributing the greatest dollar decreases. Municipal sales tax revenue, exclusive of home rule sales tax revenue, decreased 3.6% compared to the prior year. Increases were posted in the Agriculture (20%), Manufacturers (19%), Lumber, Building and Hardware (6%), and Drinking and Eating Places (1%) categories, while declines were reported in the Drugs and Miscellaneous Retail (-17%), Automotive (-7%), General Merchandise (-6%), Furniture, Household and Radio (-4%), Food (-4%), and Apparel (-2%) categories.

Business spending remained stable in 2015. Retail occupancy improved from 89.7% at the start of the year to 90.2% at the close of 2015. Retail property inquiries remain strong. The City's Business Development Office is working to attract and retain businesses in all of the City's business districts. The Downtown Highland Park Alliance, a public-private partnership, 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 supported a self-imposed tax to fund the activities of the CBD Alliance, thereby resulting in the City Council approving a Special Service Area (SSA) in 2007. The CBD Special Service Area is

comprised of 204 properties. This Special Service Area was renewed in 2013 for a second three-year term. The CBD Alliance launched several marketing efforts in 2015 to promote business in the CBD. The Briergate Business Association District (BBAD) continues efforts to improve the desirability and economic vitality of the Briergate Business District. In 2013, BBAD property owners supported a self-imposed tax to fund the activities of the BBAD and thereby the City Council approved an SSA for a ten-year term. The Briergate SSA is comprised of 68 properties. In 2013, Ravinia Business District (RBD) property owners supported, and again, the City Council voted to approve an SSA comprised of 29 properties to fund activities to maintain and improve the economic vitality of the District. In 2015, the RBD property owners initiated several events to market the District.

Deliberate action by the City's elected officials and staff in times of economic growth have continued to ensure adequate reserves for sustaining service levels during the recent period of economic and state legislative uncertainty. With a clear emphasis on maintaining healthy reserves and a desire to ensure operating expenditures can be sustained at the current level of revenues, the 2015 budget was developed under a comprehensive set of Financial and Budgetary Policies. Significant effort was made to ensure transparency, clarity and long-term financial sustainability, as well as connectivity between revenue sources and expenditures within the fund structure.

The City's long-term economic outlook remains favorable. The 2015 average unemployment rate for the City was 4.3% compared to the State of Illinois rate of 5.3% and Lake County rate of 5.1%. The median family and household incomes for the City were \$143,402 and \$115,382, respectively, according to the latest census, which placed the City among the nation's wealthiest communities with populations of 25,000 or more.

Economic and state legislative trends are being monitored closely to gauge the potential impact on the City's budget in 2016. Expenditures are being reduced and deferred whenever necessary and possible, and privatization and shared services are 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 continues to impose an additional one-half percent home-rule sales tax on the sale of general merchandise, which was first effective on January 1, 2003. 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 almost \$12 million in 2016 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, and related debt service, 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, 2015, is \$20.3 million, which represents 63% of 2015 general fund operating expenditures, exceeding the City's policy guidelines set by the Council. 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 2016, the City budgeted to draw down general fund balance reserves by \$2.4 million in accordance with the City's financial and budgetary policies.

During Fiscal Year 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement Nos. 68 – Accounting and Financial Reporting for Pensions and 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date. These statements require the net pension

asset/related deferred outflows and net pension liability/related deferred inflows to be reported in the financial statements. These statements also require the restatement of the City's net position as of December 31, 2014. Please refer to the notes to the financial statements for additional information.

During Fiscal Year 2007, the City implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The City Council has set aside nearly \$6.0 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 entailed replacement of aging infrastructure as well as an increase in plant capacity and upgraded treatment technology. This project was completed in early 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.

The City began implementation of the water meter replacement and Automated Meter Reading fixed base system. This project will continue in 2016 and 2017, resulting in the installation and replacement of more than 10,500 meters throughout the City's water distribution system.

The City completed more than 100 major projects and initiatives in this audit year, with public-facing or otherwise significant initiatives outside of the City's day-to-day operations. The list of major projects can be reviewed on the City's web site.

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, 2014. This was the thirty-first 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.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2015. 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, 2016 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, professional, and dedicated service of the City's Department staffs. We wish to express our appreciation to all members of the City's departments 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**

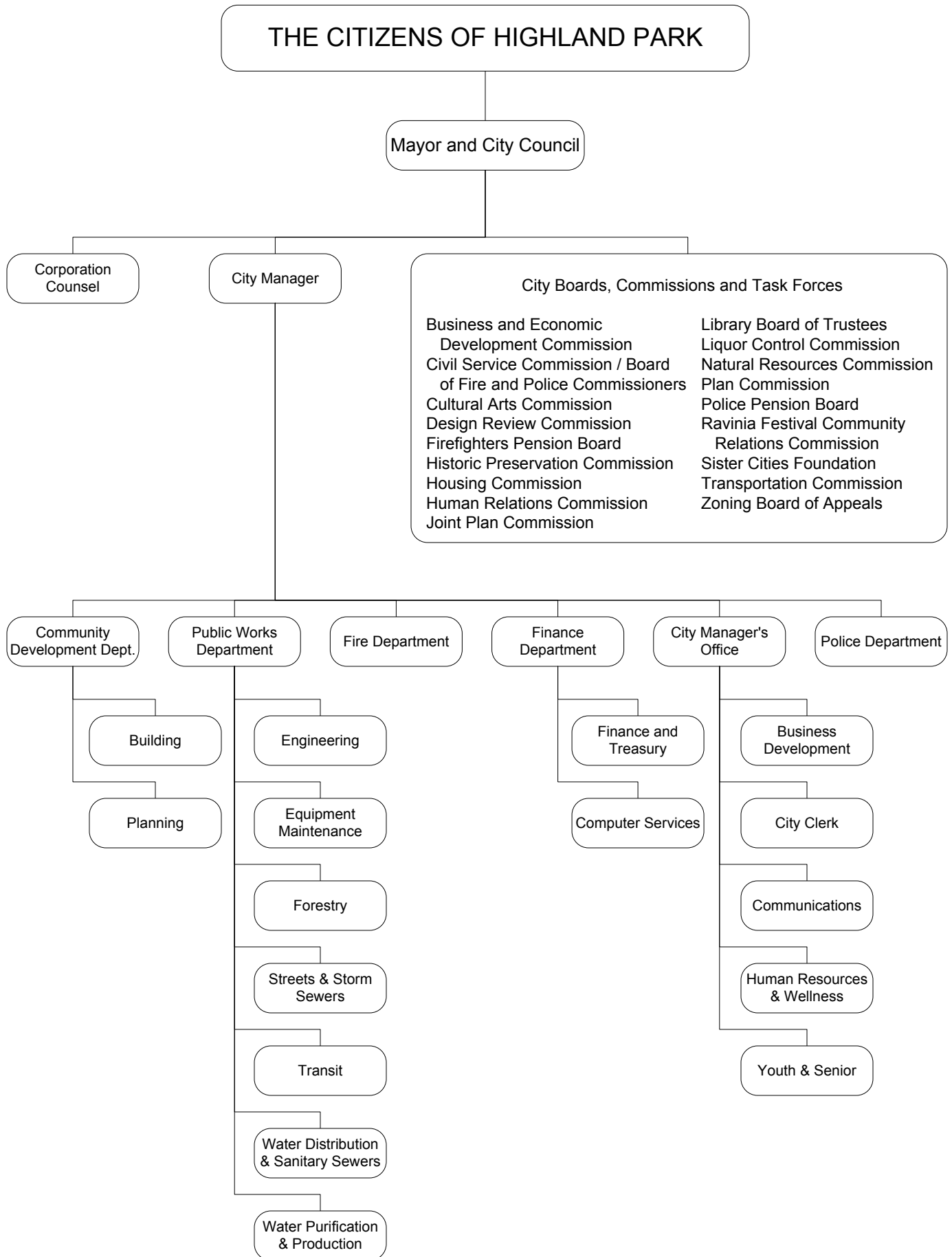
Presented to

**City of Highland Park
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO



CITY OF HIGHLAND PARK, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2015

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, 2015, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Highland Park Public Library were not audited in accordance with *Government Auditing Standards*.

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 over financial reporting 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.

To the Mayor and City Council
City of Highland Park

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, 2015 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. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, effective January 1, 2015. Net position has been restated as of December 31, 2014 as a result. 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.

To the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2016 on our consideration of the City of Highland Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Highland Park's internal control over financial reporting and compliance.



Oak Brook, Illinois
May 27, 2016

Management's Discussion and Analysis (Unaudited)

The purpose of this Discussion and Analysis is to offer readers a narrative overview and analysis of the financial activities of the City of Highland Park (City) for the twelve months ended December 31, 2015. 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

- During the year, the City implemented GASB Statement Nos. 68 and 71. This required the City to record net pension liability; deferred outflows related to pensions and deferred inflows related to pensions as of December 31, 2015. The implementation of the new standards also required a restatement of beginning net position. The restatement resulted in a decrease of beginning net position of \$72.8 million, significantly driven by an increase in long-term liabilities of \$72 million for the net pension liability, from balances originally reported as of December 31, 2014.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of December 31, 2015 by \$86.9 million (net position). The City's total net position this fiscal year decreased \$8.7 million as compared to the previous year (after restatement).
- During 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's books as an investment. The City's results from the full and simultaneous pension bonds redemption were a net cash receipt of almost \$0.5 million and a \$3.2 million loss from the net change in fair value of investments.
- As of December 31, 2015, the City's governmental funds reported combined ending fund balances of \$32.4 million, a decrease of \$17.8 million in comparison with the prior fiscal year. This decrease is significantly due to \$14.5 million of principal and interest payment and the \$3.15 million net change in fair value of investments, both related to the pension bonds redemption.
- Effective January 1, 2015, the City leased the Highland Park Country Club to the Park District of Highland Park for a term of 99 years in accordance with a 1996 Intergovernmental Agreement between the parties. The Park District pays the City annual rent equal to one half of the net revenue per year each year of the term of the lease. This transaction resulted in the dissolution of the Country Club fund, with transfer of \$8.5 million of net position from nonmajor enterprise funds (where the Highland Park Country Club Fund was previously reported) to the General Fund.
- The City's long-term liabilities increased \$6.3 million in comparison with the prior fiscal year, significantly due to the City issuing \$5.88 million in General Obligation Bonds for the purpose of funding improvements to the City-owned waterworks system, sewer system, and streets.
- At the end of the current fiscal year, unrestricted and unassigned fund balance of the general fund was \$20.3 million, or 63% of 2015 general fund projected operating expenditures, exceeding the City's policy to maintain a minimum balance of 35%. As part of its 2016 budget process, the City estimated five years of General Fund balance, showing the City Council's decision to gradually and strategically draw down fund balance over the five years to 35%-40% by year 2020, to fund capital and OPEB expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the City's is improving or deteriorating.

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.

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 water utility, sewer utility and a parking system.

The government-wide financial statements include the funds of the City (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 2015. 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 106-115 of 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 water, sewer and parking 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 water, sewer and parking 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 126-131 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 32-87 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 88-101 of this report.

The comparison of budget vs. actual, the combining statements and related schedules are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 102-117 of this report.

Government-wide Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$86.9 million at the close of 2015, which represents a decrease of \$8.7 million compared to the previous year, after factoring in the restatement of net position due to the implementation of GASB Statement Nos. 68 and 71. The decrease is significantly due to increases in business activity capital-related expenditures, which are not capitalized for reporting purposes, and net change in fair value of pension bond investments.

The largest portion of the City's net position is its investment in capital assets, which is – 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. Therefore the assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, the resources needed to repay this debt are provided from other sources. The capital assets themselves cannot be used to liquidate these liabilities. 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 positive net position calculations.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens and creditors. The City's unrestricted net position was negative \$43.3 million as of December 31, 2015 as compared to negative \$40.4 million as of December 31, 2014, after factoring in the restatement of net position due to the implementation of GASB Statement Nos. 68 and 71.

Condensed Statement of Net Position as of December 31, 2015 and 2014 (in Millions – Rounded)

	Governmental Activities		Business-Type Activities		Total Primary Government		
	2014*	2015	2014*	2015	2014*	2015	Change
Current and Other Assets	\$76.1	\$55.3	\$3.7	\$5.8	\$79.8	\$61.1	(\$18.7)
Capital Assets	81	89	92	82	173	171	(2)
Total Assets	157.0	144.5	95.7	87.8	252.6	232.3	(20.3)
Deferred Outflows related to Pensions		19.5	0.7	1.1	0.7	20.6	19.9
Other Deferred Outflows	0.1	0.1		0.7	0.1	0.7	0.6
Deferred Outflows of Resources	0.1	19.6	0.7	1.8	0.8	21.3	20.6
Long-Term Liabilities Outstanding	30.5	102.6	37.0	43.2	67.5	145.7	78.3
Other Liabilities	2.7	3.3	2.4	0.7	5.1	4.0	(1.1)
Total Liabilities	33.2	105.9	39.4	43.9	72.6	149.8	77.2
Deferred Outflows of Resources	12.4	17.0	0.0	0.0	12.4	17.0	4.6
Net Position:							
Net Investment in Capital Assets	74.6	85.0	59.1	43.2	133.6	128.2	(5.4)
Restricted	2.4	2.3	0.0	0.0	2.4	2.3	(0.1)
Unrestricted	34.5	(46.1)	(2.1)	2.5	32.4	(43.6)	(76.0)
Total Net Position	\$111.5	\$41.2	\$57.0	\$45.7	\$168.4	\$86.9	(\$81.5)

*Prior year information has not been updated for the effects of restatement due to the implementation of GASB Statement Nos. 68 and 71 in fiscal year 2015.

The City reports positive balances in two of the three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities, as of December 31, 2015. The negative unrestricted net position in governmental activities is the result of implementation of GASB Nos. 68 and 71. Details of the restatement can be found in Note III.F. to the Financial Statements on pages 62-63 of this report.

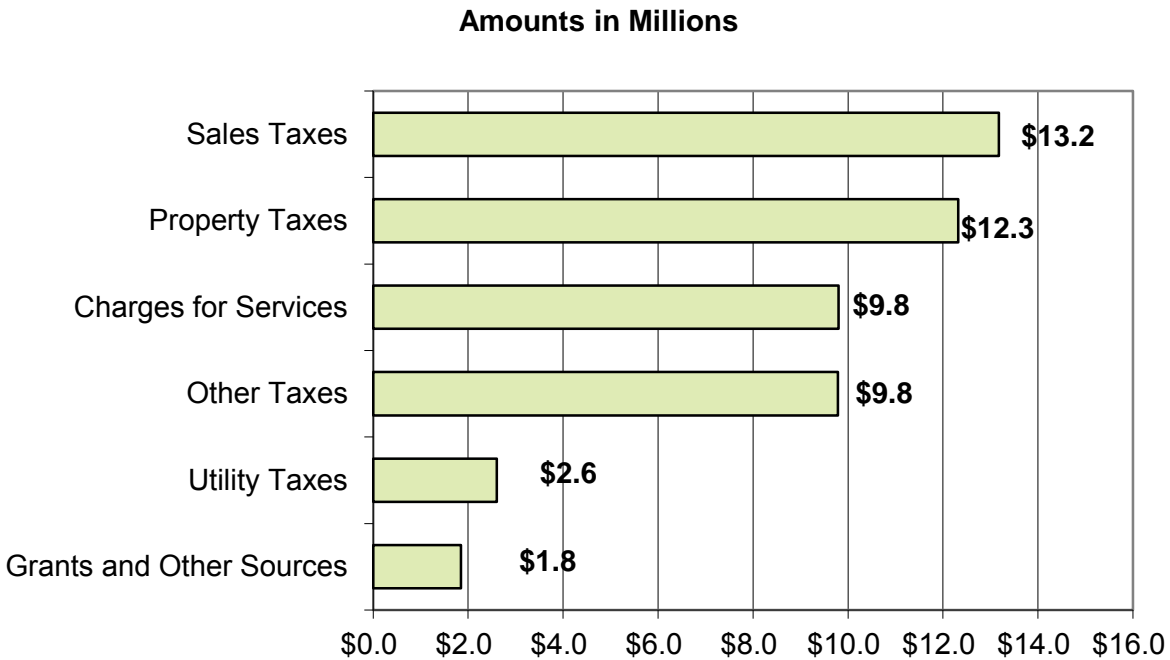
Condensed Statement of Activities
as of December 31, 2015 and 2014
(in Millions – Rounded)

	Governmental Activities		Business-Type Activities		Total Primary Government		
	2014*	2015	2014*	2015	2014*	2015	Change
Program Revenues:							
Charges for Services	\$9.8	\$9.8	\$13.7	\$12.2	\$23.5	\$22.0	(\$1.5)
Operating Grants	1.1	0.8	0.1	0.1	1.2	0.8	(0.4)
Capital Grants	-	0.2	-	-	-	0.2	0.2
General Revenues:							
Sales Taxes	13.7	13.2	-	-	13.7	13.2	(0.5)
Property Taxes	12.3	12.3	-	-	12.3	12.3	0.0
Other Taxes	12.3	12.4	-	-	12.3	12.4	0.1
Payment in Lieu of Taxes	0.8	0.8	-	-	0.8	0.8	(0.0)
Other	0.7	0.1	0.0	0.0	0.8	0.1	(0.7)
Total Revenues	50.8	49.5	13.9	12.3	64.6	61.8	(2.8)
Expenses:							
Public Safety	22.8	27.1	-	-	22.8	27.1	4.3
General Government	7.5	7.6	-	-	7.5	7.6	0.1
Public Works	7.1	7.4	-	-	7.1	7.4	0.2
Economic/Physical Dev	6.2	7.2	-	-	6.2	7.2	1.0
Transit	1.3	1.2	-	-	1.3	1.2	(0.1)
Commissions	0.4	0.5	-	-	0.4	0.5	0.1
Interest	0.9	0.3	-	-	0.9	0.3	(0.6)
Parking	-	-	1.0	1.0	1.0	1.0	0.0
Water	-	-	7.1	10.1	7.1	10.1	3.0
Sewer	-	-	4.2	4.9	4.2	4.9	0.6
Country Club	-	-	2.8	0.0	2.8	0.0	(2.8)
Other	0.6	3.2	-	-	0.6	3.2	2.5
Total Expenses	46.9	54.5	15.2	16.0	62.1	70.5	8.4
Increase/(Decrease) in Net Assets before Transfers, Special Items and Contributions	3.8	(4.9)	(1.3)	(3.8)	2.5	(8.7)	(11.2)
Transfers	-	8.5	-	(8.5)	-	-	-
Change in Net Position	\$3.8	\$3.6	(\$1.3)	(\$12.3)	\$2.5	(\$8.7)	(\$11.2)

- Total Revenue declined \$2.8 million (4.3%), significantly due to declines in Charges for Services \$1.6 million (6.8%), Interest Income \$656,000 (89.4%), and Sales Tax Revenue \$501,000 (3.7%).
- The 2015 transfer of \$8.5 million is for the dissolution of the Highland Park Country Club Fund, with transfer of \$8.5 million in net position from Business Activities to the General Fund.

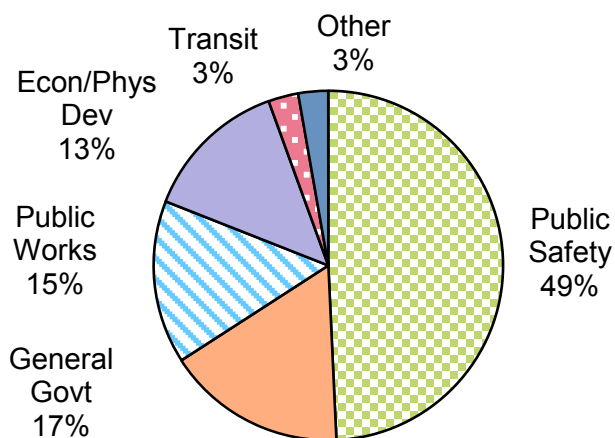
Total expenses increased by \$8.4 million (13.6%), for 2015 compared to 2014, without 2014 restated for GASB Statement Nos. 68 and 71. The year-to-year increases include pension expense for implementation of GASB Statement Nos. 68 and 71, acceleration of the City's five-year capital improvement program, and net change in fair value of pension bonds investments upon redemption. Details of the GASB Statement Nos. 68 and 71 prior year net position restatement can be found in Note III.F. to the Financial Statements on pages 62-63 of this report. Details of the pension bonds redemption can be found in the General Fund Budgetary Highlights section of this Management, Discussion and Analysis.

Revenues by Source — Governmental Activities



Sales taxes account for the greatest proportion of funding for governmental activities, 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 2015 in street and other improvements from governmental revenues.

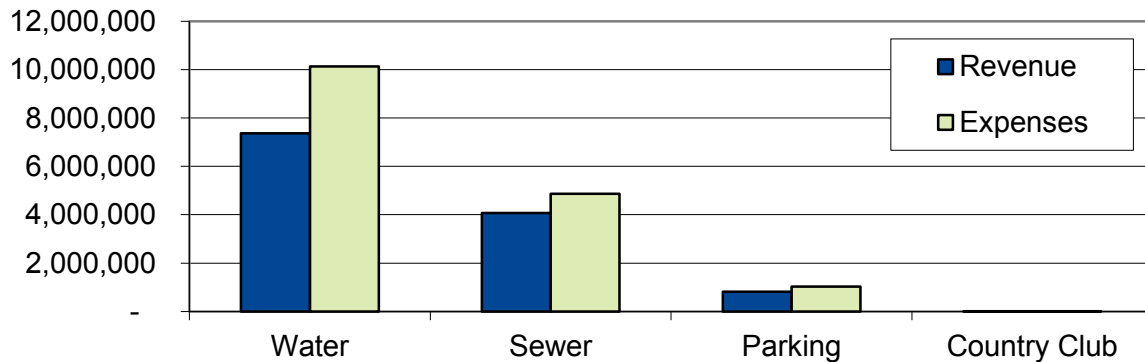
Expenses by Activity — Governmental Activities



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

Business-Type Activities

Business-type activities decreased the City's net position by \$3.8 million, before transfers. This decrease is primarily due to the acceleration of the City's five-year capital improvement program. Business-type activities are intended to be self-sufficient, meaning – charges for services should be sufficient to cover costs associated with the operation. The following graph shows a comparison of revenues and expenses of each business-type activity:



- The water utility fund net position declined by \$2.8 million, primarily to due to the acceleration of the City's five-year capital improvement program related to the City's water treatment plant, water meter replacement, and Automated Meter Reading fixed base system.
- Net position in the sewer utility fund declined by \$0.8 million, primarily due 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 parking operations fund declined by \$0.2 million in the current fiscal year, the majority of which is due to depreciation.
- Net position of the country club fund declined by \$8.5 million in the current fiscal year, due to dissolution of the fund, with transfer of \$8.5 million in net position to the general fund.
- Revenue of business-type activities is almost exclusively charges for services. During the current fiscal year, revenues, other than charges for services, net of expenses totaled \$1.1 million.

Financial Analysis of the City's Funds

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, 2015, the City's governmental funds reported combined ending fund balances of \$32.4 million, a decrease of \$17.8 million in comparison with the prior fiscal year, significantly due to \$14.5 million of principal and interest payment and the \$3.15 million net change in fair value of investments, both related to the pension bonds redemption. Of the total fund balance, \$20.3 million constitutes unassigned fund balance in the General Fund, which is available for spending at the government's discretion. Committed fund balance totaling \$1.1 million is not available for discretionary spending because it has already been committed for transportation and sustainability initiatives. The City also reports an assigned fund balance of \$6.0 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 \$20.3 million. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 63% of 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 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 balance remained relatively flat with the prior year.

The capital projects fund has a fund balance of \$0.6 million at December 31, 2015. 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 \$3.3 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 positions of the water utility, sewer utility, and parking system funds were \$21.7 million, \$20.1 million, and \$3.9 million, respectively. The country club operations fund was dissolved during 2015, with net position transferred to the General Fund, as discussed in the Financial Highlights section. The total reduction in net position for all proprietary funds was \$12.3 million. Factors concerning the finances of these funds have been addressed in the discussion of the City's Financial Highlights and Business-type Activities sections of this Management, Discussion and Analysis.

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 \$1.1 million, excluding a \$3.15 million net change in fair value of investments. The City does not forecast or budget for the net change in fair value of investments. Highlights of revenue variances to budget included:

- Revenues from licenses and permits were \$0.7 million more than anticipated during the budget process.
- Positive variances of significance were also reported in charges for services, state income tax, municipal sales tax, real estate transfer tax, other taxes, and miscellaneous revenues.

- Shortfalls were reported in payments in lieu of taxes, utility taxes, reimbursements (IRMA reserve not received, given open claims), intergovernmental revenue, and franchise tax (telecommunication taxes refunds).

Total General Fund expenditures were 90% of budget, resulting in a budgetary savings of \$3.5 million. The City continued to closely monitor economic and state legislative trends to gauge the potential impact on the City's budget in 2015. Expenditures were reduced and deferred whenever possible, and privatization of services was considered when a cost savings and consistent level of service could be achieved. Highlights of expenditure variances to budget included:

- Reserve and contingency was \$0.5 million less than budget related to the City's reserve for other post-employment benefits, which is treated as an expenditure for budget purposes and an assignment of general fund balance for financial reporting purposes.
- Capital and all other General Government expenditures were \$0.6 million and \$1.2 million, respectively, less than anticipated during the budget process.
- Expenditures variances less than budget were also reported in Public Safety (\$0.2 million), Public Works (\$0.5 million), Economic and Physical Development (\$0.2 million), and Commissions (\$0.1 million).

Also impacting the General Fund were net change in fair value of investments of \$3.15 million and transfers out of \$15.8 million, significantly due to the change in value realized and 2015 redemption of 2004 pension bonds, which was a one-time event:

- On January 12, 2015, the City Council authorized the call for redemption of the City's Taxable General Obligation Pension Funding Bonds, Series 2004A, and Taxable General Obligation Pension Funding Bonds, Series 2004B, held by the Village of Northbrook, and directed the Finance Director to provide, upon certain conditions, for the giving of proper notice to Northbrook of such call. On January 13, 2015, both the Village of Northbrook and the City of Highland Park gave formal notice for the call of the Pension Funding Bonds for full redemption on February 13, 2015.
- Given coordinated bond calls occurring on February 13, 2015, the net cash impact on Fiscal Year 2015 was as follows. The City had been paying greater than required principal payments, while the Village had been paying at the rate of required principal payments. Therefore, for the redemption, the Village paid the City greater cash than the City paid the Village, resulting in a net cash receipt of almost \$0.5 million, which was contributed to the Public Safety Pension Funds.

General Fund:

Receipt of Cash	\$15.0 million
Transfer-out to Debt Service Fund	(\$15.0 million)
Transfer-in from Debt Service Fund	\$0.5 million
Transfer-out to Public Safety Pension Funds	(\$0.5 million)

Debt Service Fund:

Transfers-in from General Fund	\$15.0 million
Principal and Interest Expenditures	(\$14.5 million)
Transfers-out to General Fund	(\$0.5 million)

Public Safety Funds:

Transfer-in from General Fund	\$0.5 million
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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, 2015, amounts to \$171.2 million, net of accumulated depreciation and \$128.2 million, net of both 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. The increase in buildings and improvements and decrease in construction in progress are both significantly due to completion of water treatment plant improvements during 2015. Additional information on the City's capital assets can be found in the Notes to Financial Statements Note III C. of this report.

Capital Assets, Net of Depreciation as of December 31, 2015 and 2014 (in Millions – Rounded)

	Governmental activities		Business-type activities		Total Primary Government		
	2014	2015	2014	2015	2014	2015	Change
Land	\$9.1	\$12.7	\$5.0	\$1.4	\$14.0	\$14.0	0.00
Buildings & improvements	45.6	49.6	11.1	40.7	56.8	90.4	33.60
Machinery & equipment	2.9	4.0	0.2	0.6	3.2	4.6	1.41
Infrastructure	23.1	22.2	39.6	39.0	62.7	61.2	(1.50)
Construction in progress	0.2	0.7	36.0	0.3	36.2	1.0	(35.18)
Total	\$80.9	\$89.2	\$92.0	\$82.0	\$172.9	\$171.2	(1.68)

Long-term debt. At the end of the current fiscal year, the City had total long-term debt outstanding of \$45.7 million. Of this amount, \$4.0 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.

General Obligation Debt Outstanding as of December 31, 2015 and 2014 (in Millions – Rounded)

	Governmental activities		Business-type activities		Total Primary Government		
	2014	2015	2014	2015	2014	2015	Change
General Obligation Debt	\$20.7	\$4.0	\$35.9	\$40.3	\$56.6	\$44.3	(\$12.3)
IEPA Loan Payable	0.0	0.0	0.0	1.4	0.0	1.4	1.4
Total Debt Long-Term Debt	\$20.7	\$4.0	\$35.9	\$41.6	\$56.6	\$45.7	(\$11.0)

The City's total debt decreased by \$11 million during the current fiscal year, significantly due to the 2015 redemption of 2004 pension bonds. See further discussion of the pension bond redemption under the Financial Highlights and General Fund Budgetary Highlights sections. The City's general obligation bonds maintain an "Aaa" rating from Moody's Investors Service. In 2015, the City issued \$5.88 million in general obligation bonds to fund capital improvements to the City's Water Treatment Plant, Streets, and Sewer System. General Obligation Bonds were used to obtain the lowest interest rate possible. Over \$5.2 million of the levy on these bonds will be abated with revenue from the water and sewer systems used to pay off this debt. The City also received an Illinois Environmental Protection Agency (IEPA) loan, starting in 2015, to fund implementation of water meter replacement and an automated meter reading fixed base system.

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 debt of \$44.3 million represents 2.1% 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, since 2009. 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 enhance 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 2015 average unemployment rate for the City was 4.3%, compared to 5.1% for Lake County and 5.3% for the State of Illinois.
- The City had median family and household incomes of \$143,402 and \$115,382, respectively, according to the U.S. Census Bureau American Community Survey 5-year estimates 2010 to 2014, 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 proactively prepared in the event of potential loss of these revenues.

In response to national economic conditions, the City has taken several steps to ensure fiscal sustainability in preparing the 2016 budget, including 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 strategically drawdown \$2.4 million of these excess reserves to complete one-time capital improvements, as part of the 2016 Budget. Included in this plan are investments into City facilities, Bike Walk Plan 2030 improvements, Emerald Ash-Borer removal and tree planting, funding for 2015 Special Service Area 18 Briergate improvements, a new Ravinia Firehouse preliminary design and location consulting fees, and funding for other post-employment benefits.

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, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	Highland Park Public Library
ASSETS				
Cash	\$ 35,952,263	\$ 3,881,087	\$ 39,833,350	\$ 1,033,829
Investments	-	-	-	2,417,000
Receivables (net)				
Property taxes	12,330,634	-	12,330,634	4,639,000
Motor fuel tax allotments	86,600	-	86,600	-
Intergovernmental	5,362,717	59,624	5,422,341	-
Loans	287,500	-	287,500	-
Accounts	1,030,671	1,857,783	2,888,454	-
Due to fiduciary funds	119,471	-	119,471	-
Other	-	-	-	6,886
Prepaid items	188,434	-	188,434	2,181
Capital Assets				
Capital assets not being depreciated	13,337,803	1,721,680	15,059,483	500,000
Capital assets being depreciated, net of accumulated depreciation	75,826,787	80,285,449	156,112,236	4,379,951
Total Assets	<u>144,522,880</u>	<u>87,805,623</u>	<u>232,328,503</u>	<u>12,978,847</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on refunding	68,762	665,449	734,211	-
Deferred outflows related to pensions	19,522,682	1,091,016	20,613,698	807,629
Total Deferred Outflows of Resources	<u>19,591,444</u>	<u>1,756,465</u>	<u>21,347,909</u>	<u>807,629</u>
LIABILITIES				
Accounts payable	2,667,719	568,316	3,236,035	106,822
Accrued payroll	445,550	45,428	490,978	86,254
Accrued interest payable	359	3,381	3,740	-
Due to fiduciary funds	119,471	-	119,471	-
Unearned revenue	53,369	75,730	129,099	80,482
Deposits	60,600	-	60,600	-
Noncurrent Liabilities				
Due within one year	1,981,349	1,077,253	3,058,602	-
Due in more than one year	100,606,992	42,081,662	142,688,654	516,347
Total Liabilities	<u>105,935,409</u>	<u>43,851,770</u>	<u>149,787,179</u>	<u>789,905</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes levied for future periods	12,349,058	-	12,349,058	4,639,000
Deferred inflows related to pensions	4,608,522	-	4,608,522	-
Total Deferred Inflows of Resources	<u>16,957,580</u>	<u>-</u>	<u>16,957,580</u>	<u>4,639,000</u>
NET POSITION				
Net investment in capital assets	85,027,909	43,217,124	128,245,033	4,879,951
Restricted for				
Economic development	1,046,851	-	1,046,851	-
Public safety	683,531	-	683,531	-
Streets	535,147	-	535,147	-
Library materials	-	-	-	46,927
Working cash	-	-	-	375,000
Unrestricted (deficit)	<u>(46,072,103)</u>	<u>2,493,194</u>	<u>(43,578,909)</u>	<u>3,055,693</u>
TOTAL NET POSITION	<u>\$ 41,221,335</u>	<u>\$ 45,710,318</u>	<u>\$ 86,931,653</u>	<u>\$ 8,357,571</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 7,648,490	\$ 2,665,330	\$ -	\$ -
Public safety	27,060,284	2,737,190	5,644	-
Public works	7,377,966	1,182,321	757,160	245,365
Transit	1,230,364	1,312,436	-	-
Commissions	467,014	-	-	-
Economic and physical development	7,249,956	1,935,153	-	-
Interest and fiscal charges	287,932	-	-	-
Total Governmental Activities	<u>51,322,006</u>	<u>9,832,430</u>	<u>762,804</u>	<u>245,365</u>
Business-type Activities				
Water	10,128,640	7,286,222	70,270	-
Sewer	4,872,731	4,066,211	-	-
Highland Park Country Club	10,047	5,381	-	-
Motor Vehicle Parking System	1,031,108	816,753	-	-
Total Business-type Activities	<u>16,042,526</u>	<u>12,174,567</u>	<u>70,270</u>	<u>-</u>
Total Primary Government	<u>\$ 67,364,532</u>	<u>\$ 22,006,997</u>	<u>\$ 833,074</u>	<u>\$ 245,365</u>
Component Unit				
Highland Park Public Library	<u>\$ 4,744,356</u>	<u>\$ 97,335</u>	<u>\$ 136,353</u>	<u>\$ -</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				
Transfers				
Total General Revenues and Transfers				
Change in net position				
NET POSITION - Beginning of Year (as restated)				
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
\$ (4,983,160)	\$ -	\$ (4,983,160)	\$ -
(24,317,450)	-	(24,317,450)	-
(5,193,120)	-	(5,193,120)	-
82,072	-	82,072	-
(467,014)	-	(467,014)	-
(5,314,803)	-	(5,314,803)	-
(287,932)	-	(287,932)	-
<u>(40,481,407)</u>	<u>-</u>	<u>(40,481,407)</u>	<u>-</u>
-	(2,772,148)	(2,772,148)	-
-	(806,520)	(806,520)	-
-	(4,666)	(4,666)	-
-	<u>(214,355)</u>	<u>(214,355)</u>	<u>-</u>
-	<u>(3,797,689)</u>	<u>(3,797,689)</u>	<u>-</u>
<u>(40,481,407)</u>	<u>(3,797,689)</u>	<u>(44,279,096)</u>	<u>-</u>
-	-	-	(4,510,668)
12,319,262	-	12,319,262	4,621,378
8,992,430	-	8,992,430	-
4,181,104	-	4,181,104	-
2,603,391	-	2,603,391	-
2,200,943	-	2,200,943	-
1,695,540	-	1,695,540	-
2,385,053	-	2,385,053	-
3,166,878	-	3,166,878	-
337,267	-	337,267	49,408
762,038	-	762,038	-
78,163	9,112	87,275	4,562
<u>(3,150,000)</u>	<u>-</u>	<u>(3,150,000)</u>	<u>-</u>
<u>35,572,069</u>	<u>9,112</u>	<u>35,581,181</u>	<u>4,675,348</u>
<u>8,523,384</u>	<u>(8,523,384)</u>	<u>-</u>	<u>-</u>
<u>44,095,453</u>	<u>(8,514,272)</u>	<u>35,581,181</u>	<u>4,675,348</u>
3,614,046	(12,311,961)	(8,697,915)	164,680
37,607,289	58,022,279	95,629,568	8,192,891
<u>\$ 41,221,335</u>	<u>\$ 45,710,318</u>	<u>\$ 86,931,653</u>	<u>\$ 8,357,571</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2015

	General	Public Safety Pension Levy	Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
ASSETS						
Cash	\$ 23,619,871	\$ -	\$ 2,150,647	\$ 301,004	\$ 3,334,675	\$ 29,406,197
Receivables (net)						
Property taxes	2,405,461	5,239,700	2,934,799	507,174	1,243,500	12,330,634
Motor fuel tax allotments	-	-	-	-	86,600	86,600
Intergovernmental	5,273,976	-	-	88,741	-	5,362,717
Loans	-	-	-	287,500	-	287,500
Accounts	288,207	-	-	90,135	211,685	590,027
Prepaid items	-	-	-	4,800	1,608	6,408
Due from other funds	59,096	-	-	-	-	59,096
Due from fiduciary funds	119,471	-	-	-	-	119,471
TOTAL ASSETS	<u>\$ 31,766,082</u>	<u>\$ 5,239,700</u>	<u>\$ 5,085,446</u>	<u>\$ 1,279,354</u>	<u>\$ 4,878,068</u>	<u>\$ 48,248,650</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2015

	General	Public Safety Pension Levy	Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 2,075,218	\$ -	\$ 600	\$ 173,354	\$ 258,560	\$ 2,507,732
Accrued liabilities	396,053	-	-	-	31,435	427,488
Due to other funds	-	-	-	-	59,096	59,096
Unearned revenue	36,232	-	-	10,000	-	46,232
Deposits	57,600	-	-	3,000	-	60,600
Due to fiduciary funds	119,471	-	-	-	-	119,471
Total Liabilities	<u>2,684,574</u>	<u>-</u>	<u>600</u>	<u>186,354</u>	<u>349,091</u>	<u>3,220,619</u>
Deferred Inflows of Resources						
Property taxes levied for future periods	2,423,885	5,239,700	2,934,799	507,174	1,243,500	12,349,058
Unavailable revenue for other	22,441	-	-	-	-	22,441
Unavailable revenue for IRMA member reserve	191,841	-	-	-	-	191,841
Total Deferred Inflows of Resources	<u>2,638,167</u>	<u>5,239,700</u>	<u>2,934,799</u>	<u>507,174</u>	<u>1,243,500</u>	<u>12,563,340</u>
Fund Balances						
Nonspendable for prepaid items	-	-	-	4,800	1,608	6,408
Restricted for:						
Streets	-	-	-	-	535,147	535,147
Public safety	-	-	-	-	683,531	683,531
Economic development	-	-	-	-	1,046,851	1,046,851
Committed for:						
Sustainability initiatives	-	-	-	-	296,020	296,020
Transportation	-	-	-	-	783,485	783,485
Assigned for:						
Capital projects	145,000	-	-	581,026	-	726,026
Other postemployment benefits	5,975,495	-	-	-	-	5,975,495
Debt service	-	-	2,150,047	-	-	2,150,047
Unassigned:						
General fund	20,322,846	-	-	-	-	20,322,846
Special revenue funds (deficit)	-	-	-	-	(61,165)	(61,165)
Total Fund Balances	<u>26,443,341</u>	<u>-</u>	<u>2,150,047</u>	<u>585,826</u>	<u>3,285,477</u>	<u>32,464,691</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 31,766,082</u>	<u>\$ 5,239,700</u>	<u>\$ 5,085,446</u>	<u>\$ 1,279,354</u>	<u>\$ 4,878,068</u>	<u>\$ 48,248,650</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, 2015

Total Fund Balances - Governmental Funds	\$ 32,464,691
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.	89,164,590
Less amount reported in internal service funds below.	(2,178,528)
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.	214,282
Loss on refunding on bonds is reported as a deferred outflow on the statement of net position.	68,762
Unamortized premiums/discounts on bonds are reported as liabilities on the statement of net position.	(198,643)
Accrued interest on long-term liabilities is shown as a liability on the statement of net position.	(359)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	19,522,682
Less amount reported in internal service funds below.	(342,189)
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(4,608,522)
The net other postemployment benefit obligation is shown as a liability on the statement of net position.	(6,267,951)
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.	(1,695,993)
Less amount reported in internal service funds below.	53,290
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	(4,006,800)
Net pension liability - Firefighters' Pension	(40,837,385)
Net pension liability - Police Pension	(47,149,135)
Net pension liability - Illinois Municipal Retirement Fund	(1,179,208)
Claims payable	(1,253,226)
Less amount reported in internal service funds below.	136,668
The net position of the internal service funds are included in the governmental activities in the statement of net position.	<u>9,314,309</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 41,221,335</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2015

	General	Public Safety Pension Levy	Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
REVENUES						
Property taxes	\$ 2,771,762	\$ 4,731,926	\$ 2,954,973	\$ 548,130	\$ 1,312,471	\$ 12,319,262
Personal property replacement tax	337,267	-	-	-	-	337,267
Licenses and permits	2,213,941	-	-	-	957,030	3,170,971
Public charges for services	1,823,194	-	-	-	585,759	2,408,953
Municipal sales tax	12,543,861	-	175,049	454,624	-	13,173,534
Utility taxes	2,603,391	-	-	-	-	2,603,391
Real estate transfer tax	1,695,540	-	-	-	-	1,695,540
Intergovernmental	35,176	-	-	-	118,849	154,025
State income tax	3,166,878	-	-	-	-	3,166,878
Franchise tax	2,200,943	-	-	-	-	2,200,943
Payments in lieu of taxes	762,038	-	-	-	-	762,038
Other taxes	1,710,738	-	-	-	555,466	2,266,204
Reimbursements	161,749	-	-	244,765	1,317,436	1,723,950
Fines, forfeitures and penalties	855,106	-	-	-	12,550	867,656
Motor fuel tax	-	-	-	-	727,628	727,628
Interest income	62,221	-	7,080	2,359	365	72,025
Net change in fair value of investments	(3,150,000)	-	-	-	-	(3,150,000)
Miscellaneous	622,512	-	-	-	58,527	681,039
Total Revenues	<u>30,416,317</u>	<u>4,731,926</u>	<u>3,137,102</u>	<u>1,249,878</u>	<u>5,646,081</u>	<u>45,181,304</u>
EXPENDITURES						
Current						
General government	7,192,989	-	-	-	-	7,192,989
Public safety	18,225,183	4,731,926	-	-	238,101	23,195,210
Public works	3,104,443	-	-	-	3,043,981	6,148,424
Transit	2,052	-	-	-	1,249,720	1,251,772
Commissions	217,940	-	-	-	-	217,940
Economic and physical development	3,655,637	-	-	-	381,633	4,037,270
Capital Outlay	-	-	-	3,100,533	-	3,100,533
Debt Service						
Principal	-	-	17,319,486	-	-	17,319,486
Interest and fiscal charges	-	-	318,931	6,724	-	325,655
Total Expenditures	<u>32,398,244</u>	<u>4,731,926</u>	<u>17,638,417</u>	<u>3,107,257</u>	<u>4,913,435</u>	<u>62,789,279</u>
Excess (deficiency) of revenues over expenditures	<u>(1,981,927)</u>	<u>-</u>	<u>(14,501,315)</u>	<u>(1,857,379)</u>	<u>732,646</u>	<u>(17,607,975)</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2015

	General	Public Safety Pension Levy	Debt Service	Capital Projects	Nonmajor Governmental Funds	Totals
OTHER FINANCING SOURCES (USES)						
General obligation debt issued	\$ -	\$ -	\$ -	\$ 646,800	\$ -	\$ 646,800
Premium on debt issued	-	-	-	27,004	-	27,004
Transfers in	790,175	-	15,000,000	720,000	30,000	16,540,175
Transfers out	(15,841,648)	-	(490,175)	-	(1,050,000)	(17,381,823)
Sales of capital assets	7,000	-	-	-	-	7,000
Total Other Financing Sources (Uses)	<u>(15,044,473)</u>	<u>-</u>	<u>14,509,825</u>	<u>1,393,804</u>	<u>(1,020,000)</u>	<u>(160,844)</u>
Net Change in Fund Balances	(17,026,400)	-	8,510	(463,575)	(287,354)	(17,768,819)
FUND BALANCES - Beginning of Year	<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>
FUND BALANCES - END OF YEAR	<u>\$ 26,443,341</u>	<u>\$ -</u>	<u>\$ 2,150,047</u>	<u>\$ 585,826</u>	<u>\$ 3,285,477</u>	<u>\$ 32,464,691</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2015

Net change in fund balances - total governmental funds	\$ (17,768,819)
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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	2,125,650
Depreciation is reported in the government-wide financial statements	(3,402,534)
Net book value of assets retired	(7,348)
Transfer of capital assets from the Highland Park Country Club Fund	9,365,032

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.	22,441
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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.	
Debt issued	(646,800)
Principal repaid	17,319,486

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	(3,911)
Bond premium	31,728
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	59,420
Net pension liability - IMRF	(2,515,131)
Net pension liability - Police Pension	(7,661,884)
Net pension liability - Fire Pension	(7,669,406)
Deferred outflows of resources related to pensions	18,396,750
Deferred inflows of resources related to pensions	(4,608,522)
Accrued interest on debt	1,998
Other postemployment benefits obligation	(331,519)

The change in claims payable is shown as an expense on the statement of activities.	82,063
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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.

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

844,448
<u>\$ 3,614,046</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Totals	
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 905,153	\$ 1,922,868	\$ 1,053,066	\$ 3,881,087	\$ 6,546,066
Accounts receivable (net)	1,308,087	549,696	-	1,857,783	82,042
Due from other organizations	-	-	59,624	59,624	-
Prepaid items	-	-	-	-	182,026
Other	-	-	-	-	358,602
Total Current Assets	<u>2,213,240</u>	<u>2,472,564</u>	<u>1,112,690</u>	<u>5,798,494</u>	<u>7,168,736</u>
Noncurrent Assets					
Capital Assets					
Land	66,958	-	1,319,165	1,386,123	-
Construction in progress	184,260	151,297	-	335,557	-
Infrastructure	-	-	32,196	32,196	-
Parking facilities and equipment	-	-	4,468,945	4,468,945	-
Water and sewer plant and equipment	86,156,936	70,004,316	-	156,161,252	-
Machinery, equipment and furnishings	-	-	-	-	11,154,513
Less: Accumulated depreciation	<u>(29,067,451)</u>	<u>(48,295,885)</u>	<u>(3,013,608)</u>	<u>(80,376,944)</u>	<u>(8,975,985)</u>
Total Noncurrent Assets	<u>57,340,703</u>	<u>21,859,728</u>	<u>2,806,698</u>	<u>82,007,129</u>	<u>2,178,528</u>
Total Assets	<u>59,553,943</u>	<u>24,332,292</u>	<u>3,919,388</u>	<u>87,805,623</u>	<u>9,347,264</u>
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized loss on advanced refunding	665,449	-	-	665,449	-
Deferred outflows related to pensions	<u>793,611</u>	<u>297,405</u>	<u>-</u>	<u>1,091,016</u>	<u>342,189</u>
Total Deferred Outflows of Resources	<u>1,459,060</u>	<u>297,405</u>	<u>-</u>	<u>1,756,465</u>	<u>342,189</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Totals	
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 494,378	\$ 56,151	\$ 17,787	\$ 568,316	\$ 159,987
Accrued liabilities	29,538	15,381	3,890	48,809	18,062
Unearned revenue	75,730	-	-	75,730	7,137
Long-term debt - due within one year	768,456	308,797	-	1,077,253	10,658
Total Current Liabilities	<u>1,368,102</u>	<u>380,329</u>	<u>21,677</u>	<u>1,770,108</u>	<u>195,844</u>
Noncurrent Liabilities					
Long-Term Debt					
Due in more than one year	37,968,672	4,112,990	-	42,081,662	179,300
Total Noncurrent Liabilities	<u>37,968,672</u>	<u>4,112,990</u>	<u>-</u>	<u>42,081,662</u>	<u>179,300</u>
Total Liabilities	<u>39,336,774</u>	<u>4,493,319</u>	<u>21,677</u>	<u>43,851,770</u>	<u>375,144</u>
NET POSITION					
Net investment in capital assets	22,752,145	17,658,281	2,806,698	43,217,124	2,178,528
Unrestricted	<u>(1,075,916)</u>	<u>2,478,097</u>	<u>1,091,013</u>	<u>2,493,194</u>	<u>7,135,781</u>
TOTAL NET POSITION	<u>\$ 21,676,229</u>	<u>\$ 20,136,378</u>	<u>\$ 3,897,711</u>	<u>\$ 45,710,318</u>	<u>\$ 9,314,309</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, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Totals	
OPERATING REVENUES					
Water sales	\$ 7,133,694	\$ -	\$ -	\$ 7,133,694	\$ -
Sanitary sewer charges	-	2,068,091	-	2,068,091	-
Stormwater management fees	-	1,916,210	-	1,916,210	-
Water/sewer permit fees	103,315	48,300	-	151,615	-
Parking lot collections	-	-	603,548	603,548	-
Parking violations	-	-	208,917	208,917	-
Charges for goods and services	-	-	-	-	9,518,261
Miscellaneous	49,213	33,610	8,469	91,292	40,070
Total Operating Revenues	<u>7,286,222</u>	<u>4,066,211</u>	<u>820,934</u>	<u>12,173,367</u>	<u>9,558,331</u>
OPERATING EXPENSES					
Personal services	2,476,939	1,227,918	339,531	4,044,388	1,368,381
Contractual services	1,203,728	576,052	224,747	2,004,527	5,210,003
Materials and supplies	372,589	92,723	15,960	481,272	583,625
Small tools and equipment	2,697,201	1,125,969	122,786	3,945,956	660,484
Administrative reimbursements	1,126,100	-	101,600	1,227,700	-
Repairs and maintenance	-	-	-	-	356,801
Depreciation	1,359,689	1,732,586	229,532	3,321,807	525,994
Total Operating Expenses	<u>9,236,246</u>	<u>4,755,248</u>	<u>1,034,156</u>	<u>15,025,650</u>	<u>8,705,288</u>
Operating Income (Loss)	<u>(1,950,024)</u>	<u>(689,037)</u>	<u>(213,222)</u>	<u>(2,852,283)</u>	<u>853,043</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	3,414	3,744	1,954	9,112	6,138
Intergovernmental	70,270	-	-	70,270	-
Gain (loss) on sale of capital assets	(6,999)	-	1,200	(5,799)	(14,733)
Interest and fiscal charges	(892,394)	(117,483)	-	(1,009,877)	-
Total Nonoperating Revenues (Expenses)	<u>(825,709)</u>	<u>(113,739)</u>	<u>3,154</u>	<u>(936,294)</u>	<u>(8,595)</u>
Income (Loss) Before Transfers	<u>(2,775,733)</u>	<u>(802,776)</u>	<u>(210,068)</u>	<u>(3,788,577)</u>	<u>844,448</u>
TRANSFERS					
Transfers in	-	-	841,648	841,648	-
Transfers out	-	-	(9,365,032)	(9,365,032)	-
Total Transfers	<u>-</u>	<u>-</u>	<u>(8,523,384)</u>	<u>(8,523,384)</u>	<u>-</u>
Change in Net Position	<u>(2,775,733)</u>	<u>(802,776)</u>	<u>(8,733,452)</u>	<u>(12,311,961)</u>	<u>844,448</u>
NET POSITION - Beginning of Year (as restated)	<u>24,451,962</u>	<u>20,939,154</u>	<u>12,631,163</u>	<u>58,022,279</u>	<u>8,469,861</u>
NET POSITION - END OF YEAR	<u>\$ 21,676,229</u>	<u>\$ 20,136,378</u>	<u>\$ 3,897,711</u>	<u>\$ 45,710,318</u>	<u>\$ 9,314,309</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 6,924,155	\$ 4,010,960	\$ 809,551	\$ 11,744,666	\$ 9,482,607
Paid to suppliers	(5,299,334)	(1,830,770)	(497,359)	(7,627,463)	(6,308,976)
Paid to employees	(2,312,574)	(1,137,721)	(356,764)	(3,807,059)	(1,276,727)
Net Cash Flows From Operating Activities	<u>(687,753)</u>	<u>1,042,469</u>	<u>(44,572)</u>	<u>310,144</u>	<u>1,896,904</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investments sold and matured	283	-	-	283	-
Investment income	<u>3,414</u>	<u>3,744</u>	<u>1,954</u>	<u>9,112</u>	<u>6,138</u>
Net Cash Flows From Investing Activities	<u>3,697</u>	<u>3,744</u>	<u>1,954</u>	<u>9,395</u>	<u>6,138</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating transfers	-	-	841,648	841,648	-
Repayment (advance) to other funds	(602,832)	-	(1,030,747)	(1,633,579)	-
Operating grants received	<u>70,270</u>	<u>-</u>	<u>-</u>	<u>70,270</u>	<u>-</u>
Net Cash Flows From Noncapital Financing Activities	<u>(532,562)</u>	<u>-</u>	<u>(189,099)</u>	<u>(721,661)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Bonds issued	5,135,200	98,000	-	5,233,200	-
IEPA loans issued	1,366,055	-	-	1,366,055	-
Premium on bonds sold	214,398	4,092	-	218,490	-
Bonds retired	(595,000)	(285,000)	-	(880,000)	-
Interest paid	(917,855)	(132,192)	-	(1,050,047)	-
Acquisition and construction of capital assets	(3,151,397)	(1,149,123)	(26,103)	(4,326,623)	(744,539)
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>2,051,401</u>	<u>(1,464,223)</u>	<u>(26,103)</u>	<u>561,075</u>	<u>(737,539)</u>
Net Change in Cash and Cash Equivalents	\$ 834,783	\$ (418,010)	\$ (257,820)	\$ 158,953	\$ 1,165,503
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>70,370</u>	<u>2,340,878</u>	<u>1,310,886</u>	<u>3,722,134</u>	<u>5,380,563</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 905,153</u>	<u>\$ 1,922,868</u>	<u>\$ 1,053,066</u>	<u>\$ 3,881,087</u>	<u>\$ 6,546,066</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Funds	Totals	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income (loss)	\$ (1,950,024)	\$ (689,037)	\$ (213,222)	\$ (2,852,283)	\$ 853,043
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Depreciation	1,359,689	1,732,586	229,532	3,321,807	525,994
Gain (loss) on sale of equipment	-	-	1,200	1,200	-
Changes in assets and liabilities					
Accounts receivable	(351,158)	(55,251)	46,866	(359,543)	(73,736)
Inventory	-	-	36,735	36,735	-
Prepaid expense	-	-	13,666	13,666	456,510
Accounts payable	100,284	(36,026)	(83,867)	(19,609)	45,427
Accrued salaries	751	1,270	(17,233)	(15,212)	2,060
Net pension liability	764,675	286,562	-	1,051,237	329,712
Deferred outflows related to pensions	(595,457)	(201,028)	-	(796,485)	(235,972)
Net OPEB obligation	3,869	2,476	-	6,345	-
Compensated absences	(9,473)	917	-	(8,556)	(4,146)
Unearned revenue	(10,909)	-	(58,249)	(69,158)	(1,988)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ (687,753)</u>	<u>\$ 1,042,469</u>	<u>\$ (44,572)</u>	<u>\$ 310,144</u>	<u>\$ 1,896,904</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Transfer of capital assets from the Highland Park Country Club to Governmental Activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,365,032</u>		<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2015

	<u>Pension Trusts</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 2,222,867	\$ 3,222,690
Investments		
Corporate bonds	6,884,248	-
U.S. Government and agency obligations	17,692,737	-
Mutual funds	21,720,111	-
Stocks	20,622,542	-
Receivables		
Accounts	-	19,659
Accrued interest	174,256	-
Due from primary government	119,471	-
Prepaid items	961	-
Total Assets	<u>69,437,193</u>	<u>3,242,349</u>
LIABILITIES		
Accounts payable	43,016	-
Accrued wages	-	627
Due to others	-	747,173
Due to primary government	119,471	-
Deposits	-	2,494,549
Total Liabilities	<u>162,487</u>	<u>3,242,349</u>
NET POSITION		
Restricted for pension benefits	<u>\$ 69,274,706</u>	<u>\$ -</u>

CITY OF HIGHLAND PARK

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Year Ended December 31, 2015

	<u>Pension Trusts</u>
ADDITIONS	
Contributions	
Employer	\$ 5,281,159
Plan members	<u>1,018,161</u>
Total Contributions	<u>6,299,320</u>
Investment income	
Investment income	1,540,809
Net appreciation in fair value of investments	<u>(669,244)</u>
Total Investment Income	871,565
Less Investment expense	<u>197,011</u>
Net Investment Income	<u>674,554</u>
Total Additions	<u>6,973,874</u>
DEDUCTIONS	
Benefits	7,269,663
Administration	<u>68,992</u>
Total Deductions	<u>7,338,655</u>
Change in Net Position	(364,781)
NET POSITION - Beginning of Year	<u>69,639,487</u>
NET POSITION - END OF YEAR	<u><u>\$ 69,274,706</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, 2015

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, 2015

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Unit

Highland Park Public Library

The government-wide financial statements include the Highland Park Public Library (Library) as a component unit. The Library is a legally separate organization. The nine-member board of the Library is appointed by the Mayor. Statutes provide for circumstances whereby the City can impose its will on the Library, and also create a potential financial benefit to or burden on the City. See Note III.G. 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, 2015. Separately issued financial statements of the Highland Park Public Library may be obtained from the Library's office.

Pension Trust Component Unit

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 Mayor, one pension beneficiary elected by the membership, and two police employees elected by the membership constitute the pension board. The City and the PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund and the data for the 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 Mayor, 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, 2015

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In June 2012, the GASB issued statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing assets, liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to pensions. In November 2013, the GASB issued statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This statement addresses an issue regarding application of the transition provisions of Statement No. 68. These standards were implemented January 1, 2015.

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, 2015

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.

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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 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	Emergency 911 System
Foreign Fire Insurance Tax	Highland Park Theater
Environmental Sustainability	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 Funds - 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.

Highland Park Country Club
Parking

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Fund Financial Statements (cont.)

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.

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Fund Financial Statements (cont.)

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.

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, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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 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.

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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, 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.

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

1. Deposits and Investments (cont.)

Interest Rate Risk

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

In accordance with its investment policy, the Police Pension Fund and Firefighters' Pension Fund limit its exposure to interest rate risk by structuring the portfolio to provide liquidity for operating funds and maximizing yields for funds not needed within a one-year period. The investment policies do not limit the maximum maturity length of investments in the funds. The Firefighters' Pension Fund's investment policy requires that the portfolio be structured to provide sufficient cash flows to avoid selling debt securities before maturity.

Credit Risk

The City, Police Pension Fund, and Firefighters' Pension Fund limits its exposure to credit risk, the risk that the issuer of a debt security will not pay its par value upon maturity, by primarily investing in obligations guaranteed by the United States Government or securities issued by agencies of the United States Government that are explicitly or implicitly guaranteed by the United States Government.

Concentration of Credit Risk

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

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

1. Deposits and Investments (cont.)

Custodial Credit Risk - Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the City will not be able to recover the value of its investments that are in possession of the outside party. The City's investment policy does not address custodial credit risk.

The Police Pension Fund's investment policy requires investments to be held by a separate third party custodian. The Firefighters' Pension Fund's investment policy requires that all security transactions that are exposed to custodial credit risk are processed on a delivery versus payment (DVP) basis with the underlying investment held by a third party acting as the Firefighters' Pension Fund's agent separate from where the investment was purchased.

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

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

See Note III. A. for further information.

2. Receivables

Property taxes for levy year 2015 attaches as an enforceable lien on January 1, 2015, 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 2015 are prepared by Lake County and issued in May 2016, and are payable in two installments, on or about June 3, 2016 and September 3, 2016 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2015 property tax levy is recognized as a receivable and deferral in fiscal 2015, net the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2015, the property taxes receivable and property taxes levied for future periods consisted of the estimated amount collectible from the 2015 levy.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

2. Receivables (cont.)

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

3. Inventories and Prepaid Items

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

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

4. Capital Assets

Government-Wide Statements

Capital assets, which include property, plant 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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

4. Capital Assets (cont.)

Government-Wide Statements (cont.)

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

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

Fund Financial Statements

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

5. Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position/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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

6. Compensated Absences

The City's policy for vacation pay states that vacation time is earned each pay period. Vacation credits carryover into future years up to a maximum of 30 days. Any accumulated time in excess of 30 days is lost. Unused sick time may be used toward time off and/or converted to pre-tax dollars and deposited into the Section 125 Flexible Spending Program or 457 deferred compensation account. Vested or accumulated sick and vacation leave (including related social security and medicare) of proprietary funds is recorded as an expense and liability of those funds and in the governmental activities column in the government-wide financial statements as they are earned. 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.

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

9. Equity Classifications

Government-Wide Statements

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

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

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

Fund Statements

Governmental fund 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.
- 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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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.)

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City has adopted a resolution authorizing the Budget Officer to assign amounts for a specific purpose. 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%), Highland Park Theater Fund (10%), Environmental Sustainability (10%), and Debt Service Fund (15%).

NOTE II - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. DEFICIT BALANCES

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

As of December 31, 2015, the following individual funds held a deficit balance:

<u>Fund</u>	<u>Amount</u>	<u>Reason</u>
Highland Park Theater	\$ 59,557	Excess expenditures over revenues

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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	\$ 37,653,297	\$ 39,197,177	Custodial credit risk - deposits
Money market - Illinois Funds	5,779,128	3,779,128	Credit risk
Money market - other	1,840,812	1,840,812	Credit risk, interest rate risk
Corporate bonds	6,884,248	6,884,248	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
U.S. Treasury obligations	14,880,515	14,880,515	Custodial credit risk - investments, interest rate risk
U.S. Agency obligations	2,812,222	2,812,222	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Mutual funds - other	21,720,111	21,720,111	N/A
Stocks	20,622,542	20,622,542	Custodial credit risk - investments, concentration of credit risk
Petty cash	5,670	-	N/A
Total Deposits and Investments	<u>\$112,198,545</u>	<u>\$111,736,755</u>	

Reconciliation to financial statements

Per statement of net position

Cash \$ 39,833,350

Per statement of net position - fiduciary funds

Cash and cash equivalents - pension trust 2,222,867

Cash and cash equivalents - agency funds 3,222,690

Corporate bonds 6,884,248

U.S. government and agency obligations 17,692,737

Mutual Funds 21,720,111

Stocks 20,622,542

Total Deposits and Investments \$112,198,545

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

A. DEPOSITS AND INVESTMENTS (cont.)

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.

As of December 31, 2015, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poors</u>	<u>Moody's Investors Services</u>
Money market - Illinois Funds	AAAm	N/A
Money market - other	AAAm	Aaa
Corporate bonds	N/A	Baa3 - Aaa
Federal farm credit bank	AA+	Aaa

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At December 31, 2015, there were no investments subject to concentration of credit risk.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2015, the City's investments were as follows:

Police Pension Fund Investments

Investment Type	Fair Value	Maturity (In Years)			
		< 1	1-5	6-10	> 10
U.S. Treasury obligations	\$ 6,961,671	\$ 378,758	\$ 4,284,124	\$ 2,298,789	\$ -
U.S. Agency obligations	1,517,253	552,552	865,573	-	99,128
Money market - other	1,146,616	1,146,616	-	-	-
Corporate bonds	3,051,951	481,790	2,039,959	530,202	-
Totals	<u>\$ 12,677,491</u>	<u>\$ 2,559,716</u>	<u>\$ 7,189,656</u>	<u>\$ 2,828,991</u>	<u>\$ 99,128</u>

Firefighters' Pension Fund Investments

Investment Type	Fair Value	Maturity (In Years)			
		< 1	1-5	6-10	> 10
U.S. Treasury obligations	\$ 7,918,844	\$ 1,863,371	\$ 4,859,013	\$ 1,196,460	\$ -
U.S. Agency obligations	1,294,969	-	538,525	438,416	318,028
Money market - other	694,196	694,196	-	-	-
Corporate bonds	3,832,297	-	1,274,785	2,522,389	35,123
Totals	<u>\$ 13,740,306</u>	<u>\$ 2,557,567</u>	<u>\$ 6,672,323</u>	<u>\$ 4,157,265</u>	<u>\$ 353,151</u>

Money-Weighted Rate of Return

Police Pension Fund

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (0.23)%. 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, 2015

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

A. DEPOSITS AND INVESTMENTS (cont.)

Money-Weighted Rate of Return (cont.)

Firefighters' Pension Fund

For the year ended December 31, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 1.99%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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:

	General Fund
Intergovernmental receivables	
Sales tax	\$ 2,246,769
State income tax	356,829
Utility tax	889,260
Home rule sales tax	1,102,848
Local use tax	240,828
Circuit court fines	<u>437,442</u>
Total	<u>\$ 5,273,976</u>

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

B. RECEIVABLES (cont.)

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	\$ 12,349,058	\$ -
IRMA member reserve	-	191,841
Other	<u>46,232</u>	<u>22,441</u>
 Total Unearned/Unavailable Revenue for Governmental Funds	 <u><u>\$ 12,395,290</u></u>	 <u><u>\$ 214,282</u></u>
 Unearned revenue included in liabilities	 \$ 46,232	
Unearned revenue included in deferred inflows	<u>12,349,058</u>	
 Total Unearned Revenue for Governmental Funds	 <u><u>\$ 12,395,290</u></u>	

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015, was as follows:

	Beginning Balance	Transfers*	Additions	Deletions	Ending Balance
Governmental Activities					
Capital assets not being depreciated					
Land	\$ 8,797,013	\$ 3,595,200	\$ -	\$ -	\$ 12,392,213
Land right of way	260,190	-	-	-	260,190
Construction in progress	190,980	-	494,420	-	685,400
Total Capital Assets Not Being Depreciated	<u>9,248,183</u>	<u>3,595,200</u>	<u>494,420</u>	<u>-</u>	<u>13,337,803</u>
Capital assets being depreciated					
Buildings and land improvements	72,646,369	10,879,012	160,058	-	83,685,439
Machinery and equipment	14,867,858	601,089	1,783,766	679,472	16,573,241
Infrastructure	52,321,265	-	431,946	-	52,753,211
Total Capital Assets Being Depreciated	<u>139,835,492</u>	<u>11,480,101</u>	<u>2,375,770</u>	<u>679,472</u>	<u>153,011,891</u>
Total Capital Assets	<u>149,083,675</u>	<u>15,075,301</u>	<u>2,870,190</u>	<u>679,472</u>	<u>166,349,694</u>
Less: Accumulated depreciation for					
Buildings and land improvements	27,039,667	5,162,091	1,845,450	-	34,047,208
Machinery and equipment	11,941,688	548,178	770,811	650,390	12,610,287
Infrastructure	29,215,342	-	1,312,267	-	30,527,609
Total Accumulated Depreciation	<u>68,196,697</u>	<u>5,710,269</u>	<u>3,928,528</u>	<u>650,390</u>	<u>77,185,104</u>
Net Capital Assets Being Depreciated	<u>71,638,795</u>	<u>5,769,832</u>	<u>(1,552,758)</u>	<u>29,082</u>	<u>75,826,787</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 80,886,978</u>	<u>\$ 9,365,032</u>	<u>\$ (1,058,338)</u>	<u>\$ 29,082</u>	<u>\$ 89,164,590</u>

* On January 1, 2015, the City transferred operations of Highland Park Country Club to the Highland Park Park District. The City maintains ownership of the capital assets associated with the country club; however, as the assets are no longer associated with enterprise operations, the assets were transferred to Governmental Activities.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

C. CAPITAL ASSETS (cont.)

Depreciation expense was charged to functions as follows:

Governmental Activities

General government	\$ 450,136
Public safety	769,426
Public works	2,241,673
Economic development	218,219
Commission	<u>249,074</u>

Total Governmental Activities Depreciation Expense	<u><u>\$ 3,928,528</u></u>
--	----------------------------

	Beginning Balance	Transfers*	Additions	Deletions	Ending Balance
Business-type Activities					
Capital assets not being depreciation					
Land	\$ 4,981,323	\$ (3,595,200)	\$ -	\$ -	\$ 1,386,123
Construction in progress	<u>36,013,251</u>	<u>-</u>	<u>151,297</u>	<u>35,828,991</u>	<u>335,557</u>
Total Capital Assets Not Being Depreciation	<u>40,994,574</u>	<u>(3,595,200)</u>	<u>151,297</u>	<u>35,828,991</u>	<u>1,721,680</u>
Capital assets being depreciated					
Buildings and land improvements	27,430,785	(10,879,012)	36,090,451	-	52,642,224
Machinery and equipment	4,088,761	(601,089)	491,667	196,100	3,783,239
Infrastructure	<u>102,404,338</u>	<u>-</u>	<u>1,832,592</u>	<u>-</u>	<u>104,236,930</u>
Total Capital Assets Being Depreciated	<u>133,923,884</u>	<u>(11,480,101)</u>	<u>38,414,710</u>	<u>196,100</u>	<u>160,662,393</u>
Total Capital Assets	<u>174,918,458</u>	<u>(15,075,301)</u>	<u>38,566,007</u>	<u>36,025,091</u>	<u>162,384,073</u>
Less: Accumulated depreciation for					
Buildings and land improvements	16,285,735	(5,162,090)	805,920	-	11,929,565
Machinery and equipment	3,856,261	(548,179)	59,709	189,100	3,178,691
Infrastructure	<u>62,812,510</u>	<u>-</u>	<u>2,456,178</u>	<u>-</u>	<u>65,268,688</u>
Total Accumulated Depreciation	<u>82,954,506</u>	<u>(5,710,269)</u>	<u>3,321,807</u>	<u>189,100</u>	<u>80,376,944</u>
Net Capital Assets Being Depreciated	<u>50,969,378</u>	<u>(5,769,832)</u>	<u>35,092,903</u>	<u>7,000</u>	<u>80,285,449</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 91,963,952</u></u>	<u><u>\$ (9,365,032)</u></u>	<u><u>\$35,244,200</u></u>	<u><u>\$35,835,991</u></u>	<u><u>\$ 82,007,129</u></u>

* On January 1, 2015, the City transferred operations of Highland Park Country Club to the Highland Park Park District. The City maintains ownership of the capital assets associated with the country club; however, as the assets are no longer associated with enterprise operations, the assets were transferred to Governmental Activities.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Highland Park Country Club	Highland Park Theatre	<u>\$ 59,096</u>
Total - Fund Financial Statements		59,096
Less: Government-wide eliminations		<u>(59,096)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

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

Transfers

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
			Reallocation of excess assigned funds after debt redemption
General	Debt Service	\$ 490,175	
General	Nonmajor Governmental	300,000	Fund E-911 costs
Debt Service	General Fund	15,000,000	Debt redemption
			Fund street and bridge improvements
Capital Projects	Nonmajor Governmental	720,000	
			Fund street and bridge improvements
Nonmajor Governmental	Nonmajor Governmental	30,000	
Nonmajor Enterprise	General	<u>841,648</u>	Country club close-out
Total - Fund Financial Statements		17,381,823	
Less: Government-wide eliminations		(18,223,471)	
Transfer of Highland Park Country Club Fund capital assets to Governmental Activities		<u>9,365,032</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ 8,523,384</u>	

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

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2015, was as follows:

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 20,679,486	\$ 646,800	\$ 17,319,486	\$ 4,006,800	\$ 1,642,150
(Discounts)/Premiums	226,460	27,004	54,821	198,643	-
Sub-totals	<u>20,905,946</u>	<u>673,804</u>	<u>17,374,307</u>	<u>4,205,443</u>	<u>1,642,150</u>
Other Liabilities					
Compensated absences	1,759,559	1,256,103	1,319,669	1,695,993	339,199
Other postemployment benefits	5,936,432	331,519	-	6,267,951	-
Claims payable	1,335,289	-	82,063	1,253,226	-
Net pension liability - IMRF	-	1,179,208	-	1,179,208	-
Net pension liability - Fire	33,167,979	7,669,406	-	40,837,385	-
Net pension liability - Police	<u>39,487,251</u>	<u>7,661,884</u>	<u>-</u>	<u>47,149,135</u>	<u>-</u>
Total Other Liabilities	<u>81,686,510</u>	<u>18,098,120</u>	<u>1,401,732</u>	<u>98,382,898</u>	<u>339,199</u>
Total Governmental Activities Long- Term Liabilities	<u>\$102,592,456</u>	<u>\$ 18,771,924</u>	<u>\$ 18,776,039</u>	<u>\$102,588,341</u>	<u>\$ 1,981,349</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 35,925,000	\$ 5,233,200	\$ 880,000	\$ 40,278,200	\$ 1,047,850
IEPA loan	-	1,366,055	-	1,366,055	-
(Discounts)/Premiums	632,819	218,490	80,395	770,914	-
Sub-totals	<u>36,557,819</u>	<u>6,817,745</u>	<u>960,395</u>	<u>42,415,169</u>	<u>1,047,850</u>
Other Liabilities					
Compensated absences	\$ 155,568	\$ 108,120	\$ 116,675	\$ 147,013	\$ 29,402
Other postemployment benefits	154,644	6,344	-	160,988	-
Net pension liability - IMRF	-	435,745	-	435,745	-
Total Other Liabilities	<u>310,212</u>	<u>550,209</u>	<u>116,675</u>	<u>743,746</u>	<u>29,402</u>
Total Business-type Activities Long- Term Liabilities	<u>\$ 36,868,031</u>	<u>\$ 7,367,954</u>	<u>\$ 1,077,070</u>	<u>\$ 43,158,915</u>	<u>\$ 1,077,252</u>

Compensated absences, other postemployment benefits, claims payable, and net pension liabilities of governmental activities will be liquidated primarily by the General Fund or by the special revenue fund or internal service fund to which the related employee's salary is paid. Compensated absences, other postemployment benefits, and net pension liabilities of the business-type activities will be liquidated by the respective enterprise fund.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt

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

Governmental Activities

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2015</u>
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	\$ 200,000
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	3,160,000
2015 General Obligation Bonds due in annual installments of \$30,000 to \$2,125,000	1/27/2015	12/30/2034	3.00% - 3.25%	646,800	<u>646,800</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 4,006,800</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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, 2015
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	\$ 300,000
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	260,000
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	1,125,000
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, 2015

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 12/31/15
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	\$ 620,000
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	3,940,000
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	9,955,000
Water Fund - 2015 General Obligation Bonds due in annual installments of \$30,000 to \$2,125,000	1/27/2015	12/30/2034	3.00% - 3.25%	5,135,200	5,135,200
Sewer Fund - 2015 General Obligation Bonds due in annual installments of \$30,000 to \$2,125,000	1/27/2015	12/30/2034	3.00% - 3.25%	98,000	<u>98,000</u>
Total Business-type Activities - General Obligation Debt					<u><u>\$ 40,278,200</u></u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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
2016	\$ 1,642,150	\$ 129,193	\$ 1,047,850	\$ 1,216,993
2017	813,950	64,479	1,071,050	1,184,155
2018	268,500	47,710	1,371,500	1,149,923
2019	308,150	39,655	1,581,850	1,106,376
2020	243,300	30,411	1,896,700	1,057,445
2021-2025	255,000	84,959	11,940,000	4,432,409
2026-2030	-	77,309	12,255,000	2,808,853
2031-2034	475,750	54,251	9,114,250	717,029
Totals	<u>\$ 4,006,800</u>	<u>\$ 527,967</u>	<u>\$ 40,278,200</u>	<u>\$ 13,673,183</u>

Business-type Activities

Other Bonds or Notes or Loans Payable	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2015
Water Fund - IEPA Loan, Preliminary Series 2016, due in annual installments of \$42,025 to \$82,833	11/1/2015	12/30/2036	1.995%	\$ 1,366,055	<u>\$ 1,366,055</u>
Total Business-type Activities Other Bonds or Notes or Loans Payable					<u>\$ 1,366,055</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

E. LONG-TERM OBLIGATIONS (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Other Bonds or Notes or Loans Payable	
	Principal	Interest
2017	\$ 57,946	\$ 26,965
2018	59,113	25,803
2019	60,305	24,618
2020	61,497	23,409
2026-2025	326,487	98,048
2026-2030	360,514	63,982
2031-2035	398,168	26,362
2036	<u>42,025</u>	<u>419</u>
Totals	<u>\$ 1,366,055</u>	<u>\$ 289,606</u>

F. RESTATEMENT OF NET POSITION

Net position has been restated as a result of the implementation of GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and implementation of GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements require the net pension asset/liability and related deferred outflows and deferred inflows, if any, to be reported in the financial statements. The details of this restatement are as follows:

	Governmental Activities	Business-type Activities	Discretely Presented Component Unit
Net Position - December 31, 2014 (as reported)	\$ 111,454,705	\$ 56,971,119	\$ 7,360,344
Add: Prior year IMRF net pension liability	549,428	141,137	135,262
Less: Prior year police and fire pension net pension asset	(4,297,209)	-	-
Add: Net pension asset - IMRF	1,665,635	615,492	455,620
Add: Deferred outflows related to pensions - IMRF	889,960	294,531	241,665
Less: Net pension liability - Police	(39,487,251)	-	-
Less: Net pension liability - Fire	<u>(33,167,979)</u>	<u>-</u>	<u>-</u>
Net position - December 31, 2014 (as restated)	<u>\$ 37,607,289</u>	<u>\$ 58,022,279</u>	<u>\$ 8,192,891</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

F. RESTATEMENT OF NET POSITION (cont.)

	Water Fund	Sewer Fund	Internal Service Funds
Net Position - December 31, 2014 (as reported)	\$ 23,720,406	\$ 20,619,550	\$ 8,115,152
Add: Prior year IMRF net pension liability	85,690	55,447	55,448
Add: Net pension asset - IMRF	447,712	167,780	193,044
Add: Deferred outflows related to pensions - IMRF	<u>198,154</u>	<u>96,377</u>	<u>106,217</u>
Net position - December 31, 2014 (as restated)	<u>\$ 24,451,962</u>	<u>\$ 20,939,154</u>	<u>\$ 8,469,861</u>

G. 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.

b. Deposits and Investments

	Carrying Value	Statement Balances	Associated Risks
Deposits with financial institutions	\$ 2,387,003	\$ 2,456,506	Custodial credit risk
Money market mutual fund	1,062,868	1,062,868	Credit risk, interest rate risk
Illinois Funds	486	486	Credit risk
Petty cash	<u>472</u>	<u>472</u>	N/A
Total Deposits and Investments	<u>\$ 3,450,829</u>	<u>\$ 3,520,332</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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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

G. COMPONENT UNIT (cont.)

HIGHLAND PARK PUBLIC LIBRARY (cont.)

b. Deposits and Investments (cont.)

Custodial Credit Risk (cont.)

The Library 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 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, 2015, the Library's investments were as follows:

Investment Type	Maturity (In Years)	
	Fair Value	< 1
Money market mutual fund	\$ 1,060,488	\$ 1,060,488
Totals	<u>\$ 1,060,488</u>	<u>\$ 1,060,488</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, 2015

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

G. 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	228,463	-	228,463	-
Land Improvements	69,249	-	-	69,249
Buildings and improvements	5,819,153	494,750	-	6,313,903
Machinery and equipment	1,100,575	115,264	-	1,215,839
Less: Accumulated depreciation	<u>(3,014,966)</u>	<u>(204,074)</u>	<u>-</u>	<u>(3,219,040)</u>
Totals	<u>\$ 4,702,474</u>	<u>\$ 405,940</u>	<u>\$ 228,463</u>	<u>\$ 4,879,951</u>

d. Long-Term Obligations

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Vested compensated absences	\$ 113,629	\$ 163,400	\$ 158,726	\$ 118,303	\$ -
Other postemployment benefits	72,069	3,413	-	75,482	-
Net pension liability - IMRF	<u>-</u>	<u>322,562</u>	<u>-</u>	<u>322,562</u>	<u>-</u>
Totals	<u>\$ 185,698</u>	<u>\$ 489,375</u>	<u>\$ 158,726</u>	<u>\$ 516,347</u>	<u>\$ -</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

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

Plan description. All employees (other than those covered by the Police and Firefighters' Pension plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF has a two tier plan. Members who first participated in IMRF or an Illinois Reciprocal System prior to January 1, 2011 participate in Tier 1. All other members participate in Tier 2. For Tier 1 participants, pension benefits vest after 8 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 of earnings (average of the highest 48 consecutive months' earnings during the last 10 years) for credited service up to 15 years and 2% for each year thereafter.

For Tier 2 participants, pension benefits vest after 10 years of service. Participating members who retire at or after age 67 with 10 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 of earnings (average of the highest 96 consecutive months' earnings during the last 10 years, capped at \$106,800) for credited service up to 15 years and 2% for each year thereafter. However, an employee's total pension cannot exceed 75% of their final rate of earnings. If an employee retires after 10 years of service between the ages of 62 and 67, and has less than 30 years of service credit, the pension will be reduced by 1/2% for each month that the employee is under the age of 67. If an employee retires after 10 years of service between the ages of 62 and 67, and has between 30 and 35 years of service credit, the pension will be reduced by the lesser of 1/2% for each month that the employee is under the age of 67 or 1/2% for each month of service credit less than 35 years. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by Illinois Compiled Statutes.

Under the employer number within IMRF, both the City and Library contribute to the plan. As a result, IMRF is considered to be an agent multiple-employer plan through which cost-sharing occurs between the City and Library.

Plan membership. At December 31, 2014, the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	236
Inactive, non-retired members	162
Active members	<u>180</u>
Total	<u><u>578</u></u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Contributions. As set by statute, City and Library employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires the Village to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City and Library's actuarially determined contribution rate for calendar year 2014 was 11.27% of annual covered payroll. The City and Library also contribute for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

Summary of Significant Accounting Policies. For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of IMRF and additions to/deductions from IMRF fiduciary net position have been determined on the same basis as they are reported by IMRF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Actuarial Assumptions. The assumptions used to measure the total pension liability in the December 31, 2014 annual actuarial valuation included a 7.50% investment rate of return, (b) projected salary increases from 3.75% to 14.50%, including inflation, and (c) inflation of 3.50% and price inflation of 2.75%. The retirement age is based on experience-based table of rates that are specific to the type of eligibility condition. The tables were last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Investment Rate of Return	7.50%
Inflation	3.50%
Salary increases	3.75% to 14.50%, including inflation
Price inflation	2.75%

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Mortality. For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Long-Term Expected Real Rate of Return. The long-term expected rate of return on pension plan investments was determined using an asset allocation study in which best-estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) were developed for each major asset class. These ranges were combined to produce long-term expected rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Projected Returns/Risks	
		One Year Arithmetic	Ten Year Geometric
Equities	63.20%	9.15%	7.60%
International Equities	2.60%	9.80%	7.80%
Fixed income	23.50%	3.05%	3.00%
Real estate	4.30%	7.35%	6.15%
Alternatives	4.50%		
Private equity		13.55%	8.50%
Hedge funds		5.55%	5.25%
Commodities		4.40%	2.75%
Cash equivalents	1.90%	2.25%	2.25%

Discount rate. The discount rate used to measure the total pension liability for IMRF was 7.50%. 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 and Library contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments of 7.50% was blended with the index rate of 3.56% for tax exempt 20-year general obligation municipal bonds with an average AA credit rating at December 31, 2014 to arrive at a discount rate of 7.50% used to determine the total pension liability. The year ending December 31, 2095 is the last year in the 2015 to 2114 projection period for which projected benefit payments are fully funded.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Discount rate sensitivity. The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents the pension liability of the City and Library calculated using the discount rate of 7.50% as well as what the net pension liability/(asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City:			
Total pension liability	\$ 84,633,818	\$ 75,672,588	\$ 68,266,273
Plan fiduciary net pension	74,057,635	74,057,635	74,057,635
Net pension liability/(asset)	<u>\$ 10,576,183</u>	<u>\$ 1,614,953</u>	<u>\$ (5,791,362)</u>
Library:			
Total pension liability	\$ 16,904,302	\$ 15,114,435	\$ 13,635,137
Plan fiduciary net pension	14,791,873	14,791,873	14,791,873
Net pension liability/(asset)	<u>\$ 2,112,429</u>	<u>\$ 322,562</u>	<u>\$ (1,156,736)</u>
Total:			
Total pension liability	\$ 101,538,120	\$ 90,787,023	\$ 81,901,410
Plan fiduciary net pension	88,849,508	88,849,508	88,849,508
Net pension liability/(asset)	<u>\$ 12,688,612</u>	<u>\$ 1,937,515</u>	<u>\$ (6,948,098)</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in net pension liability/(asset). The City's and Library changes in net pension liability/(asset) for the calendar year ended December 31, 2014 was as follows:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
City:			
Balances at December 31, 2013	\$ 69,916,203	\$ 72,197,330	\$ (2,281,127)
Service cost	1,139,492	-	1,139,492
Interest on total pension liability	5,146,290	-	5,146,290
Differences between expected and actual experience of the total pension liability	519,699	-	519,699
Change of assumptions	2,688,409	-	2,688,409
Benefit payments, including refunds of employee contributions	(3,737,505)	(3,737,505)	-
Contributions - employer	-	1,137,674	(1,137,674)
Contributions - employee	-	460,920	(460,920)
Net investment income	-	4,338,800	(4,338,800)
Other (net transfer)	-	(339,584)	339,584
Balances at December 31, 2014	<u>\$ 75,672,588</u>	<u>\$ 74,057,635</u>	<u>\$ 1,614,953</u>
Library:			
Balances at December 31, 2013	\$ 13,964,685	\$ 14,420,305	\$ (455,620)
Service cost	227,596	-	227,596
Interest on total pension liability	1,027,892	-	1,027,892
Differences between expected and actual experience of the total pension liability	103,802	-	103,802
Change of assumptions	536,969	-	536,969
Benefit payments, including refunds of employee contributions	(746,509)	(746,509)	-
Contributions - employer	-	227,233	(227,233)
Contributions - employee	-	92,062	(92,062)
Net investment income	-	866,609	(866,609)
Other (net transfer)	-	(67,827)	67,827
Balances at December 31, 2014	<u>\$ 15,114,435</u>	<u>\$ 14,791,873</u>	<u>\$ 322,562</u>
Total:			
Balances at December 31, 2013	\$ 83,880,888	\$ 86,617,635	\$ (2,736,747)
Service cost	1,367,088	-	1,367,088
Interest on total pension liability	6,174,182	-	6,174,182
Differences between expected and actual experience of the total pension liability	623,501	-	623,501
Change of assumptions	3,225,378	-	3,225,378
Benefit payments, including refunds of employee contributions	(4,484,014)	(4,484,014)	-
Contributions - employer	-	1,364,907	(1,364,907)
Contributions - employee	-	552,982	(552,982)
Net investment income	-	5,205,409	(5,205,409)
Other (net transfer)	-	(407,411)	407,411
Balances at December 31, 2014	<u>\$ 90,787,023</u>	<u>\$ 88,849,508</u>	<u>\$ 1,937,515</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2015, the City recognized pension expense of \$2,519,627. The City and Library reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City:		
Difference between expected and actual experience	\$ 347,829	\$ -
Assumption changes	1,799,326	-
Net difference between projected and actual earnings on pension plan investments	786,445	-
Contributions subsequent to the measurement date	1,109,907	-
Total	<u>\$ 4,043,507</u>	<u>\$ -</u>
Library:		
Difference between expected and actual experience	\$ 69,474	\$ -
Assumption changes	359,388	-
Net difference between projected and actual earnings on pension plan investments	157,080	-
Contributions subsequent to the measurement date	221,687	-
Total	<u>\$ 807,629</u>	<u>\$ -</u>
Total:		
Difference between expected and actual experience	\$ 417,303	\$ -
Assumption changes	2,158,714	-
Net difference between projected and actual earnings on pension plan investments	943,525	-
Contributions subsequent to the measurement date	1,331,594	-
Total	<u>\$ 4,851,136</u>	<u>\$ -</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability/(asset) for the year ending December 31, 2015. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$3,519,542) will be recognized in pension expense as follows:

Year Ending December 31,	City	Library	Total
2015	\$ 1,257,564	\$ 251,179	\$ 1,508,743
2016	1,257,564	251,179	1,508,743
2017	221,862	44,314	266,176
2018	196,610	39,270	235,880
Total	<u>\$ 2,933,600</u>	<u>\$ 585,942</u>	<u>\$ 3,519,542</u>

Police Pension

Plan description. 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.

As provided for in the Illinois Compiled Statutes, the Plan 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 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 onehalf 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, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Plan membership. At December 31, 2015, the Police Pension membership consisted of:

Retirees and beneficiaries	61
Inactive, non-retired members	-
Active members	<u>56</u>
Total	<u><u>117</u></u>

Contributions. 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. The City's actuarially determined contribution rate for the fiscal year ending December 31, 2015 was 55.07% of annual covered payroll.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

Summary of Significant Accounting Policies. The financial statements of the Police Pension Plan 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.

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.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed as of December 31, 2015 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Interest rate	7.00%
Inflation	3.00%
Projected salary increases	4.00%
Cost-of-living adjustments	2.50%

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Mortality rates were based on the RP-2000 mortality table for blue collar workers projected to 2014. The actuarial assumptions were based on the results of a 2012 actuarial experience study conducted by Lauterbach & Amen for Illinois Police.

Long-term expected real rate of return. See Note I.D.1 for Police Pension Fund investment policy, including target allocation and long-term expected real rate of return.

Discount rate. 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 Plan'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 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 of the City calculated using the discount rate of 7.00% 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 92,144,034	\$ 80,964,440	\$ 71,775,793
Plan fiduciary net position	<u>33,815,305</u>	<u>33,815,305</u>	<u>33,815,305</u>
Net pension liability	<u>\$ 58,328,729</u>	<u>\$ 47,149,135</u>	<u>\$ 37,960,488</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in net pension liability/(asset). The City's changes in net pension liability/(asset) for the calendar year ended December 31, 2015 was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/Asset
	(a)	(b)	(a) - (b)
Balances at January 1, 2015	\$ 73,855,415	\$ 34,368,164	\$ 39,487,251
Service cost	1,064,486	-	1,064,486
Interest on total pension liability	5,035,873	-	5,035,873
Differences between expected and actual experience of the total pension liability	(3,001,393)	-	(3,001,393)
Change of assumptions	7,838,817	-	7,838,817
Benefit payments, including refunds of employee contributions	(3,828,758)	(3,828,758)	-
Contributions - employer	-	2,809,109	(2,809,109)
Contributions - employee	-	570,105	(570,105)
Net investment income	-	(62,999)	62,999
Administration	-	(40,316)	40,316
Balances at December 31, 2015	<u>\$ 80,964,440</u>	<u>\$ 33,815,305</u>	<u>\$ 47,149,135</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2015, the City recognized pension expense of \$4,484,705. The City reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 2,514,153
Assumption changes	6,566,282	-
Net difference between projected and actual earnings on pension plan investments	<u>1,934,220</u>	<u>-</u>
Total	<u>\$ 8,500,502</u>	<u>\$ 2,514,153</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The amounts reported as deferred outflows and inflows of resources related to pensions (\$5,986,349) will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2015	\$ 1,268,851
2016	1,268,851
2017	1,268,851
2018	1,268,851
2020	785,296
Thereafter	<u>125,649</u>
Total	<u>\$ 5,986,349</u>

Firefighters' Pension

Plan description. 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.

As provided for in the Illinois Compiled Statutes, the Firefighters' Pension Plan 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 Plan 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, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Plan membership. At December 31, 2015, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries	55
Inactive, non-retired members	1
Active members	<u>50</u>
Total	<u><u>106</u></u>

Contributions. Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2015, 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. The City's actuarially determined contribution rate for the fiscal year ending December 31, 2015 was 51.82% of annual covered payroll.

Net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

Summary of significant accounting policies. The financial statements of the Firefighters' Pension Plan 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.

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial assumptions. The total pension liability was determined by an actuarial valuation performed as of December 31, 2015 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Interest rate	7.00%
Inflation	3.00%
Projected salary increases	4.00%
Cost-of-living adjustments	2.50%

Mortality rates were based on the RP-2000 mortality table for blue collar workers projected to 2014. The actuarial assumptions were based on the results of a 2012 actuarial experience study conducted by Lauterbach & Amen for Illinois Firefighters.

Long-term expected real rate of return. See Note I.D.1 for Firefighters' Pension Fund investment policy, including target allocation and long-term expected real rate of return.

Discount rate. 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 Plan'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 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 of the City calculated using the discount rate of 7.00% 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 86,432,497	\$ 76,296,786	\$ 67,895,287
Plan fiduciary net position	<u>35,459,401</u>	<u>35,459,401</u>	<u>35,459,401</u>
Net pension liability	<u>\$ 50,973,096</u>	<u>\$ 40,837,385</u>	<u>\$ 32,435,886</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in net pension liability/(asset). The City's changes in net pension liability/(asset) for the calendar year ended December 31, 2015 was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/Asset
	(a)	(b)	(a) - (b)
Balances at January 1, 2015	\$ 68,439,302	\$ 35,271,323	\$ 33,167,979
Service cost	1,140,851	-	1,140,851
Interest on total pension liability	4,670,319	-	4,670,319
Differences between expected and actual experience of the total pension liability	(2,482,216)	-	(2,482,216)
Change of assumptions	7,969,435	-	7,969,435
Benefit payments, including refunds of employee contributions	(3,440,905)	(3,440,905)	-
Contributions - employer	-	2,472,050	(2,472,050)
Contributions - employee	-	448,056	(448,056)
Net investment income	-	737,553	(737,553)
Administration	-	(28,676)	28,676
Balances at December 31, 2015	<u>\$ 76,296,786</u>	<u>\$ 35,459,401</u>	<u>\$ 40,837,385</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2015, the City recognized pension expense of \$4,166,137. The City reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 2,094,369
Assumption changes	6,724,210	-
Net difference between projected and actual earnings on pension plan investments	<u>1,345,479</u>	<u>-</u>
Total	<u>\$ 8,069,689</u>	<u>\$ 2,094,369</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The amounts reported as deferred outflows and inflows of resources related to pensions (\$5,975,320) will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2015	\$ 1,193,748
2016	1,193,748
2017	1,193,748
2018	1,193,747
2019	857,378
Thereafter	<u>342,951</u>
Total	<u><u>\$ 5,975,320</u></u>

PENSION SEGMENT INFORMATION

Fiduciary Net Position

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
Assets			
Cash and cash equivalents	\$ 1,512,105	\$ 710,762	\$ 2,222,867
Investments			
Corporate bonds	3,051,951	3,832,297	6,884,248
U.S. Government and agency obligations	8,478,924	9,213,813	17,692,737
Mutual funds	18,844,709	2,875,402	21,720,111
Stocks	1,730,579	18,891,963	20,622,542
Due from primary government	119,471	-	119,471
Prepaid items	-	961	961
Receivables - (net allowances for uncollectibles)			
Accrued interest	<u>86,217</u>	<u>88,039</u>	<u>174,256</u>
Total Assets	<u><u>33,823,956</u></u>	<u><u>35,613,237</u></u>	<u><u>69,437,193</u></u>
Liabilities			
Accounts payable	8,651	34,365	43,016
Due to primary government	<u>-</u>	<u>119,471</u>	<u>119,471</u>
Total Liabilities	<u><u>8,651</u></u>	<u><u>153,836</u></u>	<u><u>162,487</u></u>
Net Position			
Restricted for pension benefits	<u><u>\$ 33,815,305</u></u>	<u><u>\$ 35,459,401</u></u>	<u><u>\$ 69,274,706</u></u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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	\$ 2,809,109	\$ 2,472,050	\$ 5,281,159
Plan members	<u>570,105</u>	<u>448,056</u>	<u>1,018,161</u>
Total Contributions	<u>3,379,214</u>	<u>2,920,106</u>	<u>6,299,320</u>
Investment Income			
Interest on investments	867,618	673,191	1,540,809
Net appreciation in fair value of investments	<u>(862,494)</u>	<u>193,250</u>	<u>(669,244)</u>
Total Investment income	<u>5,124</u>	<u>866,441</u>	<u>871,565</u>
Less investment income	<u>68,123</u>	<u>128,888</u>	<u>197,011</u>
Net investment income	<u>(62,999)</u>	<u>737,553</u>	<u>674,554</u>
Total Additions	<u>3,316,215</u>	<u>3,657,659</u>	<u>6,973,874</u>
Deductions			
Benefits	3,828,758	3,440,905	7,269,663
Administration	<u>40,316</u>	<u>28,676</u>	<u>68,992</u>
Total Deductions	<u>3,869,074</u>	<u>3,469,581</u>	<u>7,338,655</u>
Net change in net position	(552,859)	188,078	(364,781)
Net Position - Beginning of Year	<u>34,368,164</u>	<u>35,271,323</u>	<u>69,639,487</u>
Net Position - End of Year	<u>\$ 33,815,305</u>	<u>\$ 35,459,401</u>	<u>\$ 69,274,706</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, 2015

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	\$ 1,237,813	\$ 1,335,289
Current year claims and changes in estimates	449,298	304,729
Claim payments	<u>(351,822)</u>	<u>(386,792)</u>
Unpaid Claims - End of Year	<u>\$ 1,335,289</u>	<u>\$ 1,253,226</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, 2015

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 healthcare 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, 2015, 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, 2015, the city contributed \$655,271. 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) 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 Benefit Plan:

Annual required contribution	\$ 955,459
Interest on net OPEB obligation	246,526
Adjustment to annual required contribution	<u>(205,438)</u>
Annual OPEB cost	996,547
Contributions made	<u>(655,271)</u>
Increase in net OPEB obligation	341,276
Net OPEB Obligation - Beginning of Year	<u>6,163,145</u>
Net OPEB Obligation - End of Year	<u><u>\$ 6,504,421</u></u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

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 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, 2013	\$ 989,146	48%	\$ 6,146,319
December 31, 2014	582,044	97%	6,163,145
December 31, 2015	996,547	66%	6,504,421

The funded status of the plan as of December 31, 2014, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 13,018,270
Actuarial value of plan assets	<u>-</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u><u>\$ 13,018,270</u></u>
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$ 18,230,261
UAAL as a percentage of covered payroll	71.41%

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, 2015

NOTE IV - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

In the December 31, 2014 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% 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, 2015, was 30 years.

D. SUBSEQUENT EVENTS

On January 11, 2016, the City issued \$8,915,000 of General Obligation Bonds of which \$1,000,000 will be used to for Highland Park Public Library improvements and the remaining balance of \$7,915,000 will be used for the City's Water Distribution System, Streets, and Sewer System projects. The bonds are due in installments of \$110,000 to \$2,070,000, with interest rates from 2.0% to 3.0%, and maturing on December 30, 2034.

E. TAX INCREMENT FINANCING DISTRICT

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

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

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

F. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 72, *Fair Value Measurement and Application*
- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*
- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Government*
- Statement No. 77, *Tax Abatement Disclosures*
- Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*
- Statement No. 79, *Certain External Investment Pools and Pool Participants*
- Statement No. 80, *Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14*
- Statement No. 81, *Irrevocable Split-Interest Agreements*
- Statement No. 82, *Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2015

NOTE IV - OTHER INFORMATION (cont.)

G. 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 \$13,673,196, including interest through December 31, 2015. The total expenditures incurred to date in existing rebates as of December 31, 2015 is \$9,514,845.

H. 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, 2015, these purchases amounted to \$2,144,241 or 30.06% and \$1,174,600 or 16.47%, 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, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 2,881,152	\$ 2,781,152	\$ 2,771,762	\$ (9,390)
Personal property replacement tax	320,000	320,000	337,267	17,267
Licenses and permits	1,488,745	1,488,745	2,213,941	725,196
Public charges for services	1,586,251	1,588,095	1,823,194	235,099
Municipal sales tax	12,420,000	12,420,000	12,543,861	123,861
Fines, forfeitures and penalties	825,000	825,000	855,106	30,106
Utility taxes	2,918,267	2,918,267	2,603,391	(314,876)
Real estate transfer tax	1,600,000	1,600,000	1,695,540	95,540
Intergovernmental	103,217	114,097	35,176	(78,921)
State income tax	2,934,000	2,934,000	3,166,878	232,878
Franchise tax	2,245,000	2,245,000	2,200,943	(44,057)
Payments in lieu of taxes	1,094,000	1,094,000	762,038	(331,962)
Other taxes	1,459,692	1,459,692	1,710,738	251,046
Reimbursements	255,100	290,480	161,749	(128,731)
Investment income	7,500	7,500	62,221	54,721
Net appreciation in fair value of investments	-	-	(3,150,000)	(3,150,000)
Miscellaneous	378,250	378,250	622,512	244,262
Total Revenues	<u>32,516,174</u>	<u>32,464,278</u>	<u>30,416,317</u>	<u>(2,047,961)</u>
EXPENDITURES				
General government	9,328,616	9,620,295	7,192,989	2,427,306
Public safety	17,850,224	18,512,957	18,225,183	287,774
Public works	3,566,005	3,644,736	3,104,443	540,293
Economic and physical development	3,794,332	3,826,709	3,655,637	171,072
Transit	-	-	2,052	(2,052)
Commissions	310,495	310,495	217,940	92,555
Total Expenditures	<u>34,849,672</u>	<u>35,915,192</u>	<u>32,398,244</u>	<u>3,516,948</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,333,498)</u>	<u>(3,450,914)</u>	<u>(1,981,927)</u>	<u>1,468,987</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	790,175	790,175	-
Transfers out	(1)	(1)	(15,841,648)	(15,841,647)
Proceeds from sale of assets	-	-	7,000	7,000
Total Other Financing Sources (Uses)	<u>299,999</u>	<u>790,174</u>	<u>(15,044,473)</u>	<u>(15,834,647)</u>
Net Change in Fund Balance	<u>\$ (2,033,499)</u>	<u>\$ (2,660,740)</u>	<u>(17,026,400)</u>	<u>\$ (14,365,660)</u>
FUND BALANCE - Beginning of Year			<u>43,469,741</u>	
FUND BALANCE - END OF YEAR			<u>\$ 26,443,341</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 4,749,486	\$ 4,749,486	\$ 4,731,926	\$ (17,560)
Total Revenues	<u>4,749,486</u>	<u>4,749,486</u>	<u>4,731,926</u>	<u>(17,560)</u>
EXPENDITURES				
PUBLIC SAFETY				
Pension contribution - police	2,365,200	2,365,200	2,476,493	(111,293)
Pension contribution - fire	<u>2,384,286</u>	<u>2,384,286</u>	<u>2,255,433</u>	<u>128,853</u>
Total Expenditures	<u>4,749,486</u>	<u>4,749,486</u>	<u>4,731,926</u>	<u>17,560</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 CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS Most Recent Fiscal Year

	2015		
	City	Library	Total
Total pension liability			
Service cost	\$ 1,139,492	\$ 227,596	\$ 1,367,088
Interest	5,146,290	1,027,892	6,174,182
Differences between expected and actual experience	519,699	103,802	623,501
Changes of assumptions	2,688,409	536,969	3,225,378
Benefit payments, including refunds of member contributions	(3,737,505)	(746,509)	(4,484,014)
Net change in total pension liability	5,756,385	1,149,750	6,906,135
Total pension liability - beginning	69,916,203	13,964,685	83,880,888
Total pension liability - ending (a)	<u>\$ 75,672,588</u>	<u>\$ 15,114,435</u>	<u>\$ 90,787,023</u>
Plan fiduciary net position			
Employer contributions	\$ 1,137,674	\$ 227,233	\$ 1,364,907
Employee contributions	460,920	92,062	552,982
Net investment income	4,338,800	866,609	5,205,409
Benefit payments, including refunds of member contributions	(3,737,505)	(746,509)	(4,484,014)
Other (net transfer)	(339,584)	(67,827)	(407,411)
Net change in plan fiduciary net position	1,860,305	371,568	2,231,873
Plan fiduciary net position - beginning	72,197,330	14,420,305	86,617,635
Plan fiduciary net position - ending (b)	<u>\$ 74,057,635</u>	<u>\$ 14,791,873</u>	<u>\$ 88,849,508</u>
Employer's net pension liability - ending (a) - (b)	<u>\$ 1,614,953</u>	<u>\$ 322,562</u>	<u>\$ 1,937,515</u>
Plan fiduciary net position as a percentage of the total pension liability	97.87%	97.87%	97.87%
Covered-employee payroll			\$ 12,110,977
Employer's net pension liability as a percentage of covered-employee payroll			16.00%

Notes to Schedule:

The City implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

CITY OF HIGHLAND PARK

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS Most Recent Fiscal Year

	2015		
	City	Library	Total
Actuarially determined contribution	\$ 1,137,675	\$ 227,232	\$ 1,364,907
Contributions in relation to the actuarially determined contribution	(1,137,675)	(227,232)	(1,364,907)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll			\$ 12,110,977
Contributions as a percentage of covered-employee payroll			11.27%

Notes to Schedule:

The City implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available.

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 of the year prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	29 years
Asset valuation method	5-Year Smoothed Market
Inflation	3.00%
Salary increases	4.40% to 16.00% including inflation
Investment rate of return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
	RP-2000
Mortality	CHBCA

Other information:

There were no benefit changes during the year.

CITY OF HIGHLAND PARK

POLICE PENSION FUND

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS Last Two Fiscal Years

	<u>2014</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 1,182,934	\$ 1,064,486
Interest	4,501,578	5,035,873
Differences between expected and actual experience	1,257,742	(3,001,393)
Changes of assumptions	4,426,870	7,838,817
Benefit payments, including refunds of member contributions	(3,643,922)	(3,828,758)
Net change in total pension liability	<u>7,725,202</u>	<u>7,109,025</u>
Total pension liability - beginning	66,130,213	73,855,415
Total pension liability - ending (a)	<u><u>\$ 73,855,415</u></u>	<u><u>\$ 80,964,440</u></u>
Plan fiduciary net position		
Employer contributions	\$ 2,390,587	\$ 2,809,109
Employee contributions	493,606	570,105
Net investment income	2,055,703	(62,999)
Benefit payments, including refunds of member contributions	(3,643,718)	(3,828,758)
Administration	(37,527)	(40,316)
Net change in plan fiduciary net position	<u>1,258,651</u>	<u>(552,859)</u>
Plan fiduciary net position - beginning	33,109,513	34,368,164
Plan fiduciary net position - ending (b)	<u><u>\$ 34,368,164</u></u>	<u><u>\$ 33,815,305</u></u>
City's net pension liability - ending (a) - (b)	<u><u>\$ 39,487,251</u></u>	<u><u>\$ 47,149,135</u></u>
Plan fiduciary net position as a percentage of the total pension liability	46.53%	41.77%
Covered-employee payroll	\$ 4,871,007	\$ 5,100,745
City's net pension liability as a percentage of covered-employee payroll	810.66%	924.36%

Notes to Schedule:

The Pension 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 Last Ten Fiscal Years

	<u>2007⁴</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Actuarially determined contribution	\$ 1,050,606	\$ 1,211,426	\$ 1,187,508	\$ 1,295,796
Contributions in relation to the actuarially determined contribution	1,078,760	1,223,513	1,254,016	1,333,139
Contribution deficiency (excess)	<u>\$ (28,154)</u>	<u>\$ (12,087)</u>	<u>\$ (66,508)</u>	<u>\$ (37,343)</u>
Covered-employee payroll	\$ 4,242,439	\$ 4,637,171	\$ 4,643,888	\$ 4,510,522
Contributions as a percentage of covered-employee payroll	25.43%	26.38%	27.00%	29.56%

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	25 years
Asset valuation method	Market value
Inflation	3.00%
Salary increases	4.00%
Investment rate of return	7.00%
Mortality	RP-2000 mortality table for blue collar workers projected to 2014
- 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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,714,250	\$ 1,654,070	\$ 1,485,807	\$ 1,675,278	\$ 2,200,186	\$ 2,284,900
1,456,079	1,681,690	1,508,625	1,704,410	2,390,587	2,809,109
<u>\$ 258,171</u>	<u>\$ (27,620)</u>	<u>\$ (22,818)</u>	<u>\$ (29,132)</u>	<u>\$ (190,401)</u>	<u>\$ (524,209)</u>
\$ 4,396,294	\$ 4,405,140	\$ 4,422,555	\$ 4,773,826	\$ 4,871,007	\$ 5,100,745
33.12%	38.18%	34.11%	35.70%	49.08%	55.07%

CITY OF HIGHLAND PARK
POLICE PENSION FUND
SCHEDULE OF INVESTMENT RETURNS
Last Two Fiscal Years

	<u>2014</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	6.28%	-0.23%

Notes to Schedule:

The Pension 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 Last Two Fiscal Years

	<u>2014</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 1,270,045	\$ 1,140,851
Interest	4,258,893	4,670,319
Differences between expected and actual experience	606,760	(2,482,216)
Changes of assumptions	3,112,667	7,969,435
Benefit payments, including refunds of member contributions	(3,300,789)	(3,440,905)
Net change in total pension liability	<u>5,947,576</u>	<u>7,857,484</u>
Total pension liability - beginning	<u>62,491,726</u>	<u>68,439,302</u>
Total pension liability - ending (a)	<u><u>\$ 68,439,302</u></u>	<u><u>\$ 76,296,786</u></u>
Plan fiduciary net position		
Employer contributions	\$ 2,411,772	\$ 2,472,050
Employee contributions	442,972	448,056
Net investment income	1,875,768	737,553
Benefit payments, including refunds of member contributions	(3,300,789)	(3,440,905)
Administration	(29,175)	(28,676)
Net change in plan fiduciary net position	<u>1,400,548</u>	<u>188,078</u>
Plan fiduciary net position - beginning	<u>33,870,775</u>	<u>35,271,323</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 35,271,323</u></u>	<u><u>\$ 35,459,401</u></u>
City's net pension liability - ending (a) - (b)	<u><u>\$ 33,167,979</u></u>	<u><u>\$ 40,837,385</u></u>
Plan fiduciary net position as a percentage of the total pension liability	51.54%	46.48%
Covered-employee payroll	\$ 4,548,781	\$ 4,770,038
City's net pension liability as a percentage of covered-employee payroll	729.16%	856.12%

Notes to Schedule:

The Pension 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
Last Ten Fiscal Years

	<u>2007⁴</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Actuarially determined contribution	\$ 980,964	\$ 1,049,890	\$ 1,033,130	\$ 1,120,881
Contributions in relation to the actuarially determined contribution	1,007,738	1,048,156	1,090,547	1,161,784
Contribution deficiency (excess)	<u>\$ (26,774)</u>	<u>\$ 1,734</u>	<u>\$ (57,417)</u>	<u>\$ (40,903)</u>
Covered-employee payroll	\$ 4,122,230	\$ 4,197,306	\$ 4,214,709	\$ 3,934,609
Contributions as a percentage of covered-employee payroll	24.45%	24.97%	25.87%	29.53%

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	25 years
Asset valuation method	Market value
Inflation	3.00%
Salary increases	4.00%
Investment rate of return	7.00%
Mortality	RP-2000 mortality table for blue collar workers projected to 2014
- 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>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 1,533,479	\$ 1,529,803	\$ 1,468,564	\$ 1,644,227	\$ 2,217,940	\$ 2,201,713
1,263,134	1,552,838	1,508,267	1,682,861	2,411,772	2,472,050
<u>\$ 270,345</u>	<u>\$ (23,035)</u>	<u>\$ (39,703)</u>	<u>\$ (38,634)</u>	<u>\$ (193,832)</u>	<u>\$ (270,337)</u>
\$ 4,007,213	\$ 4,330,427	\$ 4,519,476	\$ 4,568,865	\$ 4,548,781	\$ 4,770,038
31.52%	35.86%	33.37%	36.83%	53.02%	51.82%

CITY OF HIGHLAND PARK

FIREFIGHTERS' PENSION FUND
SCHEDULE OF INVESTMENT RETURNS
Last Two Fiscal Years

	<u>2014</u>	<u>2015</u>
Annual money-weighted rate of return, net of investment expense	5.58%	1.99%

Notes to Schedule:

The Pension 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, 2015

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>				
12/31/2015	\$ 955,459	68.58%				
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%				

<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>
12/31/2015	\$ -	\$ 13,018,270	\$ 13,018,270	0.00%	\$ 18,230,261	71.41%
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%

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, 2015

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
GENERAL GOVERNMENT				
City Council				
Personal services	\$ 215,577	\$ 218,677	\$ 214,873	\$ 3,804
Contractual services	31,667	31,667	31,667	-
Materials and supplies	29,835	26,735	19,104	7,631
Capital outlay	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Total city council	<u>317,079</u>	<u>317,079</u>	<u>305,644</u>	<u>11,435</u>
Administration				
Personal services	639,784	649,047	644,031	5,016
Contractual services	42,925	42,925	36,735	6,190
Materials and supplies	<u>34,700</u>	<u>34,700</u>	<u>194,365</u>	<u>(159,665)</u>
Total administration	<u>717,409</u>	<u>726,672</u>	<u>875,131</u>	<u>(148,459)</u>
Human resources				
Personal services	292,678	305,674	277,875	27,799
Contractual services	80,481	79,781	67,859	11,922
Materials and supplies	146,552	106,152	80,842	25,310
Capital outlay	<u>14,400</u>	<u>56,700</u>	<u>14,866</u>	<u>41,834</u>
Total human resources	<u>534,111</u>	<u>548,307</u>	<u>441,442</u>	<u>106,865</u>
Communications				
Personal services	151,052	158,410	154,255	4,155
Contractual services	69,366	69,366	61,200	8,166
Materials and supplies	119,532	119,532	106,197	13,335
Capital outlay	<u>200</u>	<u>2,100</u>	<u>1,940</u>	<u>160</u>
Total communications	<u>340,150</u>	<u>349,408</u>	<u>323,592</u>	<u>25,816</u>
City Clerk				
Personal services	181,792	181,112	154,430	26,682
Contractual services	43,448	43,448	11,155	32,293
Materials and supplies	2,507	2,507	1,813	694
Capital outlay	<u>-</u>	<u>1,900</u>	<u>1,724</u>	<u>176</u>
Total city clerk	<u>227,747</u>	<u>228,967</u>	<u>169,122</u>	<u>59,845</u>
Youth Services				
Personal services	103,143	114,054	109,807	4,247
Contractual services	47,250	44,250	39,430	4,820
Materials and supplies	<u>10,500</u>	<u>4,500</u>	<u>3,578</u>	<u>922</u>
Total youth services	<u>160,893</u>	<u>162,804</u>	<u>152,815</u>	<u>9,989</u>
Senior services				
Personal services	347,677	353,810	329,618	24,192
Contractual services	26,311	26,311	25,990	321
Materials and supplies	100,618	100,618	92,825	7,793
Capital outlay	<u>3,300</u>	<u>3,300</u>	<u>3,620</u>	<u>(320)</u>
Total senior services	<u>477,906</u>	<u>484,039</u>	<u>452,053</u>	<u>31,986</u>
Legal Department				
Contractual services	860,598	1,010,598	944,962	65,636
Materials and supplies	<u>850</u>	<u>850</u>	<u>982</u>	<u>(132)</u>
Total legal department	<u>861,448</u>	<u>1,011,448</u>	<u>945,944</u>	<u>65,504</u>

CITY OF HIGHLAND PARK

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Finance administration and accounting				
Personal services	\$ 939,540	\$ 948,481	\$ 883,266	\$ 65,215
Contractual services	1,850,260	1,860,260	1,578,466	281,794
Materials and supplies	158,650	164,030	141,804	22,226
Reserve & contingency	545,500	545,500	-	545,500
Total finance administration and accounting	3,493,950	3,518,271	2,603,536	914,735
Facilities				
Personal services	372,499	345,296	320,727	24,569
Contractual services	865,324	865,324	731,877	133,447
Materials and supplies	161,400	161,400	127,021	34,379
Capital outlay	1,513,000	1,615,580	971,785	643,795
Total facilities	2,912,223	2,987,600	2,151,410	836,190
Less administrative reimbursements				
Administrative reimbursements	(714,300)	(714,300)	(1,227,700)	513,400
Total less administrative reimbursements	(714,300)	(714,300)	(1,227,700)	513,400
Total General Government	9,328,616	9,620,295	7,192,989	2,427,306
PUBLIC SAFETY				
Police department - operations				
Personal services	8,247,776	8,712,487	8,507,796	204,691
Contractual services	1,826,584	1,826,284	1,798,713	27,571
Materials and supplies	339,555	341,739	293,831	47,908
Capital outlay	288,732	288,732	254,686	34,046
Total police department - operations	10,702,647	11,169,242	10,855,026	314,216
Fire department - operations				
Personal services	6,435,374	6,643,512	6,680,928	(37,416)
Contractual services	463,138	451,138	444,305	6,833
Materials and supplies	215,065	215,065	201,674	13,391
Capital outlay	34,000	34,000	38,795	(4,795)
Total fire department - operations	7,147,577	7,343,715	7,365,702	(21,987)
Fire department - facilities				
Fire facilities - contractual services	-	-	4,455	(4,455)
Total fire department - facilities	-	-	4,455	(4,455)
Total Public Safety	17,850,224	18,512,957	18,225,183	287,774

CITY OF HIGHLAND PARK

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
PUBLIC WORKS				
Public works administration				
Personal services	\$ 538,059	\$ 547,974	\$ 554,585	\$ (6,611)
Contractual services	48,686	48,686	49,628	(942)
Materials and supplies	<u>15,170</u>	<u>15,170</u>	<u>21,052</u>	<u>(5,882)</u>
Total public works administration	<u>601,915</u>	<u>611,830</u>	<u>625,265</u>	<u>(13,435)</u>
Facilities				
Capital outlay	<u>940,000</u>	<u>940,000</u>	<u>573,238</u>	<u>366,762</u>
Total facilities	<u>940,000</u>	<u>940,000</u>	<u>573,238</u>	<u>366,762</u>
Engineering				
Personal services	691,671	712,222	671,946	40,276
Contractual services	174,331	174,331	165,671	8,660
Materials and supplies	<u>7,835</u>	<u>7,835</u>	<u>6,808</u>	<u>1,027</u>
Total engineering	<u>873,837</u>	<u>894,388</u>	<u>844,425</u>	<u>49,963</u>
Forestry				
Personal services	215,981	264,246	252,714	11,532
Contractual services	593,097	593,097	514,621	78,476
Materials and supplies	16,175	16,175	19,556	(3,381)
Capital outlay	<u>325,000</u>	<u>325,000</u>	<u>274,624</u>	<u>50,376</u>
Total forestry	<u>1,150,253</u>	<u>1,198,518</u>	<u>1,061,515</u>	<u>137,003</u>
Total Public Works	<u>3,566,005</u>	<u>3,644,736</u>	<u>3,104,443</u>	<u>540,293</u>
TRANSIT				
Facilities				
Contractual services	-	-	<u>2,052</u>	<u>(2,052)</u>
Total facilities	-	-	<u>2,052</u>	<u>(2,052)</u>
Total Transit	-	-	<u>2,052</u>	<u>(2,052)</u>
ECONOMIC AND PHYSICAL DEVELOPMENT				
Community development				
Personal services	2,222,232	2,230,100	2,157,216	72,884
Contractual services	401,376	461,376	395,840	65,536
Materials and supplies	<u>92,629</u>	<u>97,629</u>	<u>65,099</u>	<u>32,530</u>
Total community development	<u>2,716,237</u>	<u>2,789,105</u>	<u>2,618,155</u>	<u>170,950</u>
Economic development				
Personal services	122,149	124,341	121,364	2,977
Contractual services	9,572	9,572	9,355	217
Materials and supplies	587,374	544,691	444,722	99,969
Revenue sharing	<u>359,000</u>	<u>359,000</u>	<u>462,041</u>	<u>(103,041)</u>
Total economic development	<u>1,078,095</u>	<u>1,037,604</u>	<u>1,037,482</u>	<u>122</u>
Total Economic and physical development	<u>3,794,332</u>	<u>3,826,709</u>	<u>3,655,637</u>	<u>171,072</u>

CITY OF HIGHLAND PARK

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
COMMISSIONS				
Personal services	\$ 50,875	\$ 50,875	\$ 25,870	\$ 25,005
Contractual services	145,670	148,780	102,253	46,527
Materials and supplies	<u>113,950</u>	<u>110,840</u>	<u>89,817</u>	<u>21,023</u>
Total commissions	<u>310,495</u>	<u>310,495</u>	<u>217,940</u>	<u>92,555</u>
 Total Expenditures	 <u>\$ 34,849,672</u>	 <u>\$ 35,915,192</u>	 <u>\$ 32,398,244</u>	 <u>\$ 3,516,948</u>

CITY OF HIGHLAND PARK

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2015

	Special Revenue Funds			
	Motor Fuel Tax	Emergency 911 System	Foreign Fire Insurance Tax	Highland Park Theater
ASSETS				
Cash and cash equivalents	\$ 467,975	\$ 290,836	\$ 464,869	\$ -
Receivables (net)				
Property taxes	-	-	-	-
Motor fuel tax allotments	67,172	19,428	-	-
Accounts	-	-	-	-
Prepaid items	-	-	-	1,608
TOTAL ASSETS	<u>\$ 535,147</u>	<u>\$ 310,264</u>	<u>\$ 464,869</u>	<u>\$ 1,608</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 1,178	\$ 90,424	\$ 2,069
Accrued wages	-	-	-	-
Due to other funds	-	-	-	59,096
Total Liabilities	<u>-</u>	<u>1,178</u>	<u>90,424</u>	<u>61,165</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	535,147	-	-	-
Restricted for public safety	-	309,086	374,445	-
Restricted for economic development	-	-	-	-
Committed for sustainability initiatives	-	-	-	-
Committed for transportation	-	-	-	-
Unassigned, special revenue funds (deficit)	-	-	-	(61,165)
Total Fund Balances (deficit)	<u>535,147</u>	<u>309,086</u>	<u>374,445</u>	<u>(59,557)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 535,147</u>	<u>\$ 310,264</u>	<u>\$ 464,869</u>	<u>\$ 1,608</u>

<u>Special Revenue Funds</u>		<u>Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>Environmental Sustainability</u>	<u>Multi-Modal Transportation</u>	<u>Tax Increment Financing</u>	
\$ 277,333	\$ 764,653	\$ 1,069,009	\$ 3,334,675
-	1,128,500	115,000	1,243,500
-	-	-	86,600
19,447	192,238	-	211,685
-	-	-	1,608
<u>\$ 296,780</u>	<u>\$ 2,085,391</u>	<u>\$ 1,184,009</u>	<u>\$ 4,878,068</u>
\$ -	\$ 142,731	\$ 22,158	\$ 258,560
760	30,675	-	31,435
-	-	-	59,096
<u>760</u>	<u>173,406</u>	<u>22,158</u>	<u>349,091</u>
-	1,128,500	115,000	1,243,500
-	1,128,500	115,000	1,243,500
-	-	-	1,608
-	-	-	535,147
-	-	-	683,531
-	-	1,046,851	1,046,851
296,020	-	-	296,020
-	783,485	-	783,485
-	-	-	(61,165)
<u>296,020</u>	<u>783,485</u>	<u>1,046,851</u>	<u>3,285,477</u>
<u>\$ 296,780</u>	<u>\$ 2,085,391</u>	<u>\$ 1,184,009</u>	<u>\$ 4,878,068</u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2015

	Special Revenue Funds				
	Motor Fuel Tax	Emergency 911 System	Foreign Fire Insurance Tax	Highland Park Theater	Environmental Sustainability
REVENUES					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-
Intergovernmental	-	-	118,849	-	-
Motor fuel tax	727,628	-	-	-	-
Licenses and permits	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-
Public charges for services	-	369,771	-	27,000	103,920
Reimbursements	-	-	5,000	-	-
Investment income	169	-	197	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	<u>727,797</u>	<u>369,771</u>	<u>124,046</u>	<u>27,000</u>	<u>103,920</u>
EXPENDITURES					
Current					
Public safety	-	63,480	174,621	-	-
Public works	-	-	-	-	-
Transit	-	-	-	-	-
Economic and physical development	-	-	-	35,651	87,464
Total Expenditures	<u>-</u>	<u>63,480</u>	<u>174,621</u>	<u>35,651</u>	<u>87,464</u>
Excess (deficiency) of revenues over expenditures	<u>727,797</u>	<u>306,291</u>	<u>(50,575)</u>	<u>(8,651)</u>	<u>16,456</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(750,000)	(300,000)	-	-	-
Total Other Financing Sources (Uses)	<u>(750,000)</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(22,203)	6,291	(50,575)	(8,651)	16,456
FUND BALANCES (DEFICIT) - Beginning of Year	<u>557,350</u>	<u>302,795</u>	<u>425,020</u>	<u>(50,906)</u>	<u>279,564</u>
FUND BALANCES (DEFICIT) - END OF YEAR	<u>\$ 535,147</u>	<u>\$ 309,086</u>	<u>\$ 374,445</u>	<u>\$ (59,557)</u>	<u>\$ 296,020</u>

Special Revenue Funds	Capital Projects Fund	Total Nonmajor Governmental Funds
Multi-Modal Transportation	Tax Increment Financing	
\$ 1,124,171	\$ 188,300	\$ 1,312,471
555,466	-	555,466
-	-	118,849
-	-	727,628
957,030	-	957,030
12,550	-	12,550
85,068	-	585,759
1,312,436	-	1,317,436
(1)	-	365
58,527	-	58,527
<u>4,105,247</u>	<u>188,300</u>	<u>5,646,081</u>
-	-	238,101
3,043,981	-	3,043,981
1,249,720	-	1,249,720
<u>-</u>	<u>258,518</u>	<u>381,633</u>
<u>4,293,701</u>	<u>258,518</u>	<u>4,913,435</u>
<u>(188,454)</u>	<u>(70,218)</u>	<u>732,646</u>
30,000	-	30,000
<u>-</u>	<u>-</u>	<u>(1,050,000)</u>
<u>30,000</u>	<u>-</u>	<u>(1,020,000)</u>
(158,454)	(70,218)	(287,354)
<u>941,939</u>	<u>1,117,069</u>	<u>3,572,831</u>
<u>\$ 783,485</u>	<u>\$ 1,046,851</u>	<u>\$ 3,285,477</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, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Motor fuel tax	\$ 720,000	\$ 720,000	\$ 727,628	\$ 7,628
Investment income	25	25	169	144
Total Revenues	720,025	720,025	727,797	7,772
EXPENDITURES				
Total Expenditures	-	-	-	-
Excess of revenues over expenditures	720,025	720,025	727,797	7,772
OTHER FINANCING USES				
Transfers out	(840,000)	(750,000)	(750,000)	-
Total Other Financing Uses	(840,000)	(750,000)	(750,000)	-
Net Change in Fund Balance	\$ (119,975)	\$ (29,975)	(22,203)	\$ 7,772
FUND BALANCE - Beginning of Year			557,350	
FUND BALANCE - END OF YEAR			\$ 535,147	

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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Public charges for services	\$ 440,000	\$ 440,000	\$ 369,771	\$ (70,229)
Total Revenues	<u>440,000</u>	<u>440,000</u>	<u>369,771</u>	<u>(70,229)</u>
EXPENDITURES				
Contractual services	62,800	62,800	60,876	1,924
Materials and supplies	<u>4,000</u>	<u>4,000</u>	<u>2,604</u>	<u>1,396</u>
Total Expenditures	<u>66,800</u>	<u>66,800</u>	<u>63,480</u>	<u>3,320</u>
Excess (deficiency) of revenues over (under) expenditures	<u>373,200</u>	<u>373,200</u>	<u>306,291</u>	<u>(66,909)</u>
OTHER FINANCING USES				
Transfers out	-	(300,000)	(300,000)	-
Total Other Financing Uses	<u>-</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 373,200</u>	<u>\$ 73,200</u>	6,291	<u>\$ (66,909)</u>
FUND BALANCE - Beginning of Year			<u>302,795</u>	
FUND BALANCE - END OF YEAR			<u>\$ 309,086</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Public charges for services	<u>\$ 33,000</u>	<u>\$ 33,000</u>	<u>\$ 27,000</u>	<u>\$ (6,000)</u>
Total Revenues	<u>33,000</u>	<u>33,000</u>	<u>27,000</u>	<u>(6,000)</u>
EXPENDITURES				
Contractual services	<u>55,000</u>	<u>55,000</u>	<u>35,651</u>	<u>19,349</u>
Total Expenditures	<u>55,000</u>	<u>55,000</u>	<u>35,651</u>	<u>19,349</u>
Net Change in Fund Balance	<u>\$ (22,000)</u>	<u>\$ (22,000)</u>	<u>(8,651)</u>	<u>\$ 13,349</u>
FUND BALANCE (DEFICIT) - Beginning of Year			<u>(50,906)</u>	
FUND BALANCE (DEFICIT) - END OF YEAR			<u><u>\$ (59,557)</u></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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Public charges for services	<u>\$ 145,000</u>	<u>\$ 145,000</u>	<u>\$ 103,920</u>	<u>\$ (41,080)</u>
Total Revenues	<u>145,000</u>	<u>145,000</u>	<u>103,920</u>	<u>(41,080)</u>
EXPENDITURES				
Personal services	23,080	25,238	23,742	1,496
Contractual service	<u>121,740</u>	<u>122,940</u>	<u>63,722</u>	<u>59,218</u>
Total Expenditures	<u>144,820</u>	<u>148,178</u>	<u>87,464</u>	<u>60,714</u>
Net Change in Fund Balance	<u>\$ 180</u>	<u>\$ (3,178)</u>	16,456	<u>\$ 19,634</u>
FUND BALANCE - Beginning of Year			<u>279,564</u>	
FUND BALANCE - END OF YEAR			<u>\$ 296,020</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, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 1,128,500	\$ 1,128,500	\$ 1,124,171	\$ (4,329)
Other Taxes	620,937	620,937	555,466	(65,471)
Licenses and permits	972,000	972,000	957,030	(14,970)
Intergovernmental	409,600	409,600	-	(409,600)
Fines, forfeitures and penalties	10,000	10,000	12,550	2,550
Public charges for services	88,700	88,700	85,068	(3,632)
PACE RTA fare reimbursement	1,400,000	1,400,000	1,312,436	(87,564)
Investment income	(1,000)	(1,000)	(1)	999
Miscellaneous	56,429	56,429	58,527	2,098
Total Revenues	4,685,166	4,685,166	4,105,247	(579,919)
EXPENDITURES				
PUBLIC WORKS				
Personal services	1,027,712	1,079,802	1,080,182	(380)
Contractual services	1,118,774	1,172,224	1,192,971	(20,747)
Materials and supplies	688,111	688,111	684,416	3,695
Capital outlay	285,000	356,768	86,412	270,356
Total Public works	3,119,597	3,296,905	3,043,981	252,924
TRANSIT				
Personal services	1,195,659	1,277,474	1,163,629	113,845
Contractual services	46,367	46,367	32,329	14,038
Materials and supplies	81,554	81,554	53,762	27,792
Total Transit	1,323,580	1,405,395	1,249,720	155,675
Total Expenditures	4,443,177	4,702,300	4,293,701	408,599
Excess (deficiency) of revenues over (under) expenditures	241,989	(17,134)	(188,454)	(171,320)
OTHER FINANCING SOURCES				
Transfers in	30,000	30,000	30,000	-
Total Other Financing Sources	30,000	30,000	30,000	-
Net Change in Fund Balance	\$ 271,989	\$ 12,866	(158,454)	\$ (171,320)
FUND BALANCE - Beginning of Year			941,939	
FUND BALANCE - END OF YEAR			\$ 783,485	

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, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	<u>\$ 160,000</u>	<u>\$ 160,000</u>	<u>\$ 188,300</u>	<u>\$ 28,300</u>
Total Revenues	<u>160,000</u>	<u>160,000</u>	<u>188,300</u>	<u>28,300</u>
EXPENDITURES				
Contractual services	<u>342,000</u>	<u>342,000</u>	<u>258,518</u>	<u>83,482</u>
Total Expenditures	<u>342,000</u>	<u>342,000</u>	<u>258,518</u>	<u>83,482</u>
Net Change in Fund Balance	<u>\$ (182,000)</u>	<u>\$ (182,000)</u>	(70,218)	<u>\$ 111,782</u>
FUND BALANCE - Beginning of Year			<u>1,117,069</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,046,851</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 2,936,967	\$ 2,936,967	\$ 2,954,973	\$ 18,006
Municipal sales tax	185,000	185,000	175,049	(9,951)
Investment income	400	400	7,080	6,680
Total Revenues	<u>3,122,367</u>	<u>3,122,367</u>	<u>3,137,102</u>	<u>14,735</u>
EXPENDITURES				
Principal	3,033,305	17,319,486	17,319,486	-
Interest and fiscal charges	<u>889,863</u>	<u>361,717</u>	<u>318,931</u>	<u>42,786</u>
Total Expenditures	<u>3,923,168</u>	<u>17,681,203</u>	<u>17,638,417</u>	<u>42,786</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(800,801)</u>	<u>(14,558,836)</u>	<u>(14,501,315)</u>	<u>57,521</u>
OTHER FINANCING SOURCES (USES)				
Premium on debt issued	-	(576,000)	-	576,000
Transfers in	-	14,795,000	15,000,000	205,000
Transfers out	<u>-</u>	<u>(490,175)</u>	<u>(490,175)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>13,728,825</u>	<u>14,509,825</u>	<u>781,000</u>
Net Change in Fund Balance	<u>\$ (800,801)</u>	<u>\$ (830,011)</u>	8,510	<u>\$ 838,521</u>
FUND BALANCE - Beginning of Year			<u>2,141,537</u>	
FUND BALANCE - END OF YEAR			<u>\$ 2,150,047</u>	

CITY OF HIGHLAND PARK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 507,174	\$ 507,174	\$ 548,130	\$ 40,956
Municipal sales tax	481,000	481,000	454,624	(26,376)
Reimbursements	368,300	368,300	244,765	(123,535)
Investment income	1,200	1,200	2,359	1,159
Total Revenues	<u>1,357,674</u>	<u>1,357,674</u>	<u>1,249,878</u>	<u>(107,796)</u>
EXPENDITURES				
Capital Outlay	3,029,500	3,477,868	3,100,533	377,335
Debt Service				
Interest and fiscal charges	-	-	6,724	(6,724)
Total Expenditures	<u>3,029,500</u>	<u>3,477,868</u>	<u>3,107,257</u>	<u>370,611</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,671,826)</u>	<u>(2,120,194)</u>	<u>(1,857,379)</u>	<u>262,815</u>
OTHER FINANCING SOURCES				
General obligation debt issued	660,000	660,000	646,800	(13,200)
Premium on debt issued	-	-	27,004	27,004
Transfers in	720,000	720,000	720,000	-
Total Other Financing Sources	<u>1,380,000</u>	<u>1,380,000</u>	<u>1,393,804</u>	<u>13,804</u>
Net Change in Fund Balance	<u>\$ (291,826)</u>	<u>\$ (740,194)</u>	<u>(463,575)</u>	<u>\$ 276,619</u>
FUND BALANCE - Beginning of Year			<u>1,049,401</u>	
FUND BALANCE - END OF YEAR			<u>\$ 585,826</u>	

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF NET POSITION NONMAJOR ENTERPRISE FUNDS As of December 31, 2015

	<u>Highland Park Country Club</u>	<u>Motor Vehicle Parking System</u>	<u>Total Nonmajor Enterprise Funds</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ -	\$ 1,053,066	\$ 1,053,066
Due from other organizations	-	59,624	59,624
Total Current Assets	<u>-</u>	<u>1,112,690</u>	<u>1,112,690</u>
Noncurrent Assets			
Capital Assets			
Land	-	1,319,165	1,319,165
Infrastructure	-	32,196	32,196
Parking facilities and equipment	-	4,468,945	4,468,945
Less: Accumulated depreciation	-	(3,013,608)	(3,013,608)
Total Noncurrent Assets	<u>-</u>	<u>2,806,698</u>	<u>2,806,698</u>
Total Assets	<u>-</u>	<u>3,919,388</u>	<u>3,919,388</u>
LIABILITIES			
Current Liabilities			
Accounts payable	-	17,787	17,787
Accrued liabilities	-	3,890	3,890
Total Current Liabilities	<u>-</u>	<u>21,677</u>	<u>21,677</u>
Total Liabilities	<u>-</u>	<u>21,677</u>	<u>21,677</u>
NET POSITION			
Net investment in capital assets	-	2,806,698	2,806,698
Unrestricted	<u>-</u>	<u>1,091,013</u>	<u>1,091,013</u>
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ 3,897,711</u>	<u>\$ 3,897,711</u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2015

	Highland Park Country Club	Motor Vehicle Parking System	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Parking lot collections	\$ -	\$ 603,548	\$ 603,548
Parking violations	-	208,917	208,917
Miscellaneous	5,381	3,088	8,469
Total Operating Revenues	<u>5,381</u>	<u>815,553</u>	<u>820,934</u>
OPERATING EXPENSES			
Personal services	-	339,531	339,531
Contractual services	10,047	214,700	224,747
Materials and supplies	-	15,960	15,960
Small tools and equipment	-	122,786	122,786
Administrative reimbursements	-	101,600	101,600
Depreciation	-	229,532	229,532
Total Operating Expenses	<u>10,047</u>	<u>1,024,109</u>	<u>1,034,156</u>
Operating Income (Loss)	<u>(4,666)</u>	<u>(208,556)</u>	<u>(213,222)</u>
NON-OPERATING REVENUES			
Investment income	-	1,954	1,954
Gain on sale of capital assets	-	1,200	1,200
Total Non-Operating Revenues	<u>-</u>	<u>3,154</u>	<u>3,154</u>
Net Income (Loss) Before Transfers	<u>(4,666)</u>	<u>(205,402)</u>	<u>(210,068)</u>
TRANSFERS			
Transfers in	841,648	-	841,648
Transfers out	<u>(9,365,032)</u>	<u>-</u>	<u>(9,365,032)</u>
Total Transfers	<u>(8,523,384)</u>	<u>-</u>	<u>(8,523,384)</u>
Change in Net Position	(8,528,050)	(205,402)	(8,733,452)
NET POSITION - Beginning of Year (as restated)	<u>8,528,050</u>	<u>4,103,113</u>	<u>12,631,163</u>
NET POSITION - END OF YEAR	<u>\$ -</u>	<u>\$ 3,897,711</u>	<u>\$ 3,897,711</u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2015

	Highland Park Country Club	Motor Vehicle Parking System	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ (6,002)	\$ 815,553	\$ 809,551
Paid to suppliers	(35,218)	(462,141)	(497,359)
Paid to employees	(16,852)	(339,912)	(356,764)
Net Cash Flows From Operating Activities	<u>(58,072)</u>	<u>13,500</u>	<u>(44,572)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>-</u>	<u>1,954</u>	<u>1,954</u>
Net Cash Flows From Investing Activities	<u>-</u>	<u>1,954</u>	<u>1,954</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers	841,648	-	841,648
Repayment (advance) to other funds	(1,037,489)	6,742	(1,030,747)
Net Cash Flows From Noncapital Financing Activities	<u>(195,841)</u>	<u>6,742</u>	<u>(189,099)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	<u>-</u>	<u>(26,103)</u>	<u>(26,103)</u>
Net Cash Flows From Capital and Related Financing Activities	<u>-</u>	<u>(26,103)</u>	<u>(26,103)</u>
Net Change in Cash and Cash Equivalents	(253,913)	(3,907)	(257,820)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>253,913</u>	<u>1,056,973</u>	<u>1,310,886</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 1,053,066</u></u>	<u><u>\$ 1,053,066</u></u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the Year Ended December 31, 2015

	Highland Park Country Club	Motor Vehicle Parking System	Totals
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating loss	\$ (4,666)	\$ (208,556)	\$ (213,222)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities			
Depreciation	-	229,532	229,532
Gain (loss) on sale of equipment	-	1,200	1,200
Changes in assets and liabilities			
Accounts receivable	46,866	-	46,866
Inventory	36,735	-	36,735
Prepaid expense	13,666	-	13,666
Accounts payable	(75,572)	(8,295)	(83,867)
Accrued salaries	(16,852)	(381)	(17,233)
Unearned revenue	(58,249)	-	(58,249)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ (58,072)</u></u>	<u><u>\$ 13,500</u></u>	<u><u>\$ (44,572)</u></u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfer of capital assets from the Highland Park Country Club to Governmental Activities	<u><u>\$ 9,365,032</u></u>	<u><u>\$ -</u></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, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
OPERATING REVENUES				
Water sales	\$ 7,017,000	\$ 7,017,000	\$ 7,133,694	\$ 116,694
Water/sewer permit fees	100,000	100,000	103,315	3,315
Miscellaneous	<u>61,256</u>	<u>61,256</u>	<u>49,213</u>	<u>(12,043)</u>
Total Operating Revenues	<u>7,178,256</u>	<u>7,178,256</u>	<u>7,286,222</u>	<u>107,966</u>
OPERATING EXPENSES				
Personal services	2,384,381	2,400,546	2,476,939	(76,393)
Contractual services	1,482,710	1,482,710	1,203,728	278,982
Materials and supplies	534,250	534,250	372,589	161,661
Small tools and equipment	6,417,207	9,240,208	4,258,992	4,981,216
Administrative reimbursements	<u>1,126,100</u>	<u>1,126,100</u>	<u>1,126,100</u>	<u>-</u>
Total Operating Expenses	<u>11,944,648</u>	<u>14,783,814</u>	<u>9,438,348</u>	<u>5,345,466</u>
Operating Income (Loss)	<u>(4,766,392)</u>	<u>(7,605,558)</u>	<u>(2,152,126)</u>	<u>5,453,432</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	10,030	10,030	3,414	(6,616)
Intergovernmental	69,020	69,020	70,270	1,250
Principal	(695,000)	(595,000)	(595,000)	-
Interest and fiscal charges	(1,084,996)	(1,130,871)	(892,394)	238,477
Gain (loss) on sale of capital assets	-	-	(6,999)	(6,999)
Bond proceeds	9,955,000	8,890,000	5,135,200	(3,754,800)
Premium on bonds sold	-	-	214,398	214,398
IEPA loan proceeds	<u>-</u>	<u>-</u>	<u>1,366,055</u>	<u>1,366,055</u>
Total Non-Operating Revenues (Expenses)	<u>8,254,054</u>	<u>7,243,179</u>	<u>5,294,944</u>	<u>(1,948,235)</u>
Net Income (Loss) - Budget Basis	<u>3,487,662</u>	<u>(362,379)</u>	<u>3,142,818</u>	<u>3,505,197</u>
ADJUSTMENTS TO GAAP BASIS				
Capital assets capitalized	-	-	1,561,791	1,561,791
Accrual of bond proceeds	-	-	(5,135,200)	(5,135,200)
Accrual of bond premium	-	-	(214,398)	(214,398)
Accrual of IEPA loan proceeds	-	-	(1,366,055)	(1,366,055)
Depreciation	-	-	(1,359,689)	(1,359,689)
Principal paid	<u>-</u>	<u>-</u>	<u>595,000</u>	<u>595,000</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>(5,918,551)</u>	<u>(5,918,551)</u>
Change in net position	<u>\$ 3,487,662</u>	<u>\$ (362,379)</u>	<u>(2,775,733)</u>	<u>\$ (2,413,354)</u>
NET POSITION - Beginning of Year (as restated)			<u>24,451,962</u>	
NET POSITION - END OF YEAR			<u>\$ 21,676,229</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, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
OPERATING REVENUES				
Sanitary sewer charges	\$ 1,700,000	\$ 1,700,000	\$ 2,068,091	\$ 368,091
Stormwater management fees	1,400,000	1,400,000	1,916,210	516,210
Water/sewer permit fees	35,000	35,000	48,300	13,300
Miscellaneous	<u>51,444</u>	<u>51,444</u>	<u>33,610</u>	<u>(17,834)</u>
Total Operating Revenues	<u>3,186,444</u>	<u>3,186,444</u>	<u>4,066,211</u>	<u>879,767</u>
OPERATING EXPENSES				
Personal services	1,435,850	1,351,478	1,227,918	123,560
Contractual services	577,874	577,874	576,052	1,822
Materials and supplies	111,200	111,200	92,723	18,477
Small tools and equipment	<u>2,647,800</u>	<u>2,785,770</u>	<u>2,275,091</u>	<u>510,679</u>
Total Operating Expenses	<u>4,772,724</u>	<u>4,826,322</u>	<u>4,171,784</u>	<u>654,538</u>
Operating Income (Loss)	<u>(1,586,280)</u>	<u>(1,639,878)</u>	<u>(105,573)</u>	<u>1,534,305</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental revenue	15,000	15,000	-	(15,000)
Investment income	-	-	3,744	3,744
Principal	(285,000)	(285,000)	(285,000)	-
Interest and fiscal charges	(127,812)	(130,712)	(117,483)	13,229
Bond proceeds	100,000	100,000	98,000	(2,000)
Premium on bonds sold	<u>-</u>	<u>-</u>	<u>4,092</u>	<u>4,092</u>
Total Non-Operating Revenues (Expenses)	<u>(297,812)</u>	<u>(300,712)</u>	<u>(296,647)</u>	<u>4,065</u>
Net Income (Loss) - Budget Basis	<u>(1,884,092)</u>	<u>(1,940,590)</u>	<u>(402,220)</u>	<u>1,538,370</u>
ADJUSTMENTS TO GAAP BASIS				
Capital assets capitalized	-	-	1,149,122	1,149,122
Accrual of bond proceeds	-	-	(98,000)	(98,000)
Accrual of bond premium	-	-	(4,092)	(4,092)
Depreciation	-	-	(1,732,586)	(1,732,586)
Principal paid	<u>-</u>	<u>-</u>	<u>285,000</u>	<u>285,000</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>(400,556)</u>	<u>(400,556)</u>
Change in net position	<u>\$ (1,884,092)</u>	<u>\$ (1,940,590)</u>	<u>(802,776)</u>	<u>\$ 1,137,814</u>
NET POSITION - Beginning of Year (as restated)			<u>20,939,154</u>	
NET POSITION - END OF YEAR			<u>\$ 20,136,378</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Charges for goods and services	\$ 2,482,837	\$ -	\$ -	\$ -
Miscellaneous	<u>-</u>	<u>-</u>	<u>5,381</u>	<u>5,381</u>
Total Operating Revenues	<u>2,482,837</u>	<u>-</u>	<u>5,381</u>	<u>5,381</u>
OPERATING EXPENSES				
Personal services	1,333,929	-	-	-
Contractual services	608,224	-	10,047	(10,047)
Materials and supplies	528,299	-	-	-
Small tools and equipment	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>2,570,452</u>	<u>-</u>	<u>10,047</u>	<u>(10,047)</u>
Operating Income (Loss)	<u>(87,615)</u>	<u>-</u>	<u>(4,666)</u>	<u>(4,666)</u>
TRANSFERS				
Transfers in	-	-	841,648	841,648
Transfers out	<u>-</u>	<u>-</u>	<u>(9,365,032)</u>	<u>(9,365,032)</u>
Net Transfers	<u>-</u>	<u>-</u>	<u>(8,523,384)</u>	<u>(8,523,384)</u>
Change in net position	\$ <u>(87,615)</u>	\$ <u>-</u>	(8,528,050)	\$ <u>(8,528,050)</u>
NET POSITION - Beginning of Year			<u>8,528,050</u>	
NET POSITION - END OF YEAR			\$ <u>-</u>	

CITY OF HIGHLAND PARK

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL MOTOR VEHICLE PARKING SYSTEM FUND For the Year Ended December 31, 2015

	<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				
Parking lot collections	\$ 524,580	\$ 524,580	\$ 603,548	\$ 78,968
Parking violations	250,000	250,000	208,917	(41,083)
Miscellaneous	<u>-</u>	<u>-</u>	<u>3,088</u>	<u>3,088</u>
Total Operating Revenues	<u>774,580</u>	<u>774,580</u>	<u>815,553</u>	<u>40,973</u>
OPERATING EXPENSES				
Personal services	345,839	352,710	339,531	13,179
Contractual services	313,523	313,523	214,700	98,823
Materials and supplies	17,314	17,314	15,960	1,354
Small tools and equipment	228,000	335,680	122,786	212,894
Administrative reimbursements	<u>101,600</u>	<u>101,600</u>	<u>101,600</u>	<u>-</u>
Total Operating Expenses	<u>1,006,276</u>	<u>1,120,827</u>	<u>794,577</u>	<u>326,250</u>
Operating Income (Loss)	<u>(231,696)</u>	<u>(346,247)</u>	<u>20,976</u>	<u>367,223</u>
NON-OPERATING REVENUES				
Investment income	(75)	75	1,954	1,879
Gain (loss) on sale of capital assets	<u>-</u>	<u>-</u>	<u>1,200</u>	<u>1,200</u>
Total Non-Operating Revenues	<u>(75)</u>	<u>75</u>	<u>3,154</u>	<u>3,079</u>
Net Income (Loss) - Budget Basis	<u>(231,771)</u>	<u>(346,172)</u>	<u>24,130</u>	<u>370,302</u>
ADJUSTMENT TO GAAP BASIS				
Depreciation	<u>-</u>	<u>-</u>	<u>(229,532)</u>	<u>(229,532)</u>
Total Adjustment to GAAP Basis	<u>-</u>	<u>-</u>	<u>(229,532)</u>	<u>(229,532)</u>
Change in net position	\$ <u>(231,771)</u>	\$ <u>(346,172)</u>	(205,402)	\$ <u>140,770</u>
NET POSITION - Beginning of Year			<u>4,103,113</u>	
NET POSITION - END OF YEAR			<u>\$ 3,897,711</u>	

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2015

	Equipment Maintenance and Replacement	Insurance	Totals
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 3,314,691	\$ 3,231,375	\$ 6,546,066
Receivables			
Accounts	7,195	74,847	82,042
Prepaid items	182,026	-	182,026
Other	-	358,602	358,602
Total Current Assets	<u>3,503,912</u>	<u>3,664,824</u>	<u>7,168,736</u>
Noncurrent Assets			
Capital assets (net of accumulated depreciation)			
Machinery, equipment and furnishings	11,154,513	-	11,154,513
Accumulated depreciation	<u>(8,975,985)</u>	<u>-</u>	<u>(8,975,985)</u>
Total Noncurrent Assets	<u>2,178,528</u>	<u>-</u>	<u>2,178,528</u>
Total Assets	<u>5,682,440</u>	<u>3,664,824</u>	<u>9,347,264</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	<u>342,189</u>	<u>-</u>	<u>342,189</u>
Total Deferred Outflows of Resources	<u>342,189</u>	<u>-</u>	<u>342,189</u>
LIABILITIES			
Current Liabilities			
Accounts payable	145,870	14,117	159,987
Accrued wages	18,062	-	18,062
Unearned revenues	-	7,137	7,137
Total Current Liabilities	<u>163,932</u>	<u>21,254</u>	<u>185,186</u>
Noncurrent Liabilities			
Due within one year	9,472	1,186	10,658
Due in more than one year	174,554	4,746	179,300
Total Noncurrent Liabilities	<u>184,026</u>	<u>5,932</u>	<u>189,958</u>
Total Liabilities	<u>347,958</u>	<u>27,186</u>	<u>375,144</u>
NET POSITION			
Net investment in capital assets	2,178,528	-	2,178,528
Unrestricted	<u>3,498,143</u>	<u>3,637,638</u>	<u>7,135,781</u>
TOTAL NET POSITION	<u>\$ 5,676,671</u>	<u>\$ 3,637,638</u>	<u>\$ 9,314,309</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, 2015

	Equipment Maintenance and Replacement	Insurance	Totals
OPERATING REVENUES			
Charges for goods and services	\$ 3,508,109	\$ 6,010,152	\$ 9,518,261
Miscellaneous	40,070	-	40,070
Total Operating Revenues	<u>3,548,179</u>	<u>6,010,152</u>	<u>9,558,331</u>
OPERATING EXPENSES			
Personal services	1,364,944	3,437	1,368,381
Contractual services	315,490	4,894,513	5,210,003
Materials and supplies	583,441	184	583,625
Repairs and maintenance	356,501	300	356,801
Small tools and equipment	656,154	4,330	660,484
Depreciation	525,994	-	525,994
Total Operating Expenses	<u>3,802,524</u>	<u>4,902,764</u>	<u>8,705,288</u>
Operating Income	<u>(254,345)</u>	<u>1,107,388</u>	<u>853,043</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	6,138	-	6,138
Gain (loss) on sale of capital assets	(14,733)	-	(14,733)
Total Nonoperating Revenues (Expenses)	<u>(8,595)</u>	<u>-</u>	<u>(8,595)</u>
Change in net position	(262,940)	1,107,388	844,448
NET ASSETS - Beginning of Year (as restated)	<u>5,939,611</u>	<u>2,530,250</u>	<u>8,469,861</u>
NET POSITION - END OF YEAR	<u>\$ 5,676,671</u>	<u>\$ 3,637,638</u>	<u>\$ 9,314,309</u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2015

	Equipment Maintenance and Replacement	Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 3,542,141	\$ 5,940,466	\$ 9,482,607
Paid to suppliers for goods and services	(1,418,293)	(4,890,683)	(6,308,976)
Paid to employees for services	(1,276,727)	-	(1,276,727)
Net Cash Flows From Operating Activities	<u>847,121</u>	<u>1,049,783</u>	<u>1,896,904</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>6,138</u>	-	<u>6,138</u>
Net Cash Flows From Investing Activities	<u>6,138</u>	-	<u>6,138</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(744,539)	-	(744,539)
Cash from sale of assets	<u>7,000</u>	-	<u>7,000</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(737,539)</u>	-	<u>(737,539)</u>
Net Change in Cash and Cash Equivalents	115,720	1,049,783	1,165,503
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,198,971</u>	<u>2,181,592</u>	<u>5,380,563</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 3,314,691</u></u>	<u><u>\$ 3,231,375</u></u>	<u><u>\$ 6,546,066</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 (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (254,345)	\$ 1,107,388	\$ 853,043
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	525,994	-	525,994
Changes in assets and liabilities			
Accounts receivable	(6,038)	(67,698)	(73,736)
Prepaid expense	456,510	-	456,510
Accounts payable	36,783	8,644	45,427
Accrued salaries	2,060	-	2,060
Net pension liability	329,712	-	329,712
Deferred outflows related to pensions	(235,972)	-	(235,972)
Compensated absences	(7,583)	3,437	(4,146)
Unearned revenue	-	(1,988)	(1,988)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u><u>\$ 847,121</u></u>	<u><u>\$ 1,049,783</u></u>	<u><u>\$ 1,896,904</u></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, 2015

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
OPERATING REVENUES				
Charges for goods and services	\$ 3,508,109	\$ 3,508,109	\$ 3,508,109	\$ -
Miscellaneous	<u>52,900</u>	<u>52,900</u>	<u>40,070</u>	<u>(12,830)</u>
Total Operating Revenues	<u>3,561,009</u>	<u>3,561,009</u>	<u>3,548,179</u>	<u>(12,830)</u>
OPERATING EXPENSES				
Personal services	1,354,397	1,375,276	1,364,944	10,332
Contractual services	343,935	343,935	315,490	28,445
Materials and supplies	831,393	835,393	583,441	251,952
Repairs and maintenance	388,787	388,787	356,501	32,286
Small tools and equipment	<u>1,448,550</u>	<u>1,851,655</u>	<u>1,329,488</u>	<u>522,167</u>
Total Operating Expenses	<u>4,367,062</u>	<u>4,795,046</u>	<u>3,949,864</u>	<u>845,182</u>
Operating Loss	<u>(806,053)</u>	<u>(1,234,037)</u>	<u>(401,685)</u>	<u>832,352</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	300	300	6,138	5,838
Gain (loss) on sale of capital assets	<u>-</u>	<u>-</u>	<u>(14,733)</u>	<u>(14,733)</u>
Total Non-Operating Revenues (Expenses)	<u>300</u>	<u>300</u>	<u>(8,595)</u>	<u>(8,895)</u>
Net Income (Loss) - Budget Basis	<u>(805,753)</u>	<u>(1,233,737)</u>	<u>(410,280)</u>	<u>823,457</u>
ADJUSTMENTS TO GAAP BASIS				
Capital assets capitalized	-	-	673,334	673,334
Depreciation	<u>-</u>	<u>-</u>	<u>(525,994)</u>	<u>(525,994)</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>147,340</u>	<u>147,340</u>
Change in net position	\$ <u>(805,753)</u>	\$ <u>(1,233,737)</u>	(262,940)	\$ <u>970,797</u>
NET POSITION - Beginning of Year (as restated)			<u>5,939,611</u>	
NET POSITION - END OF YEAR			<u>\$ 5,676,671</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, 2015

	<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>6,557,406</u>	\$ <u>6,557,406</u>	\$ <u>6,010,152</u>	\$ <u>(547,254)</u>
Total Operating Revenues	<u>6,557,406</u>	<u>6,557,406</u>	<u>6,010,152</u>	<u>(547,254)</u>
OPERATING EXPENSES				
Personal services	-	-	3,437	(3,437)
Contractual services	6,005,057	6,005,057	4,894,513	1,110,544
Materials and supplies	7,500	7,500	184	7,316
Repairs and maintenance	3,000	3,000	300	2,700
Small tools and equipment	<u>4,000</u>	<u>4,000</u>	<u>4,330</u>	<u>(330)</u>
Total Operating Expenses	<u>6,019,557</u>	<u>6,019,557</u>	<u>4,902,764</u>	<u>1,116,793</u>
Operating Income	\$ <u>537,849</u>	\$ <u>537,849</u>	<u>1,107,388</u>	\$ <u>569,539</u>
NET POSITION - Beginning of Year			<u>2,530,250</u>	
NET POSITION - END OF YEAR			\$ <u><u>3,637,638</u></u>	

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS As of December 31, 2015

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 1,512,105	\$ 710,762	\$ 2,222,867
Investments			
U.S. Government and agency obligations	8,478,924	9,213,813	17,692,737
Corporate bonds	3,051,951	3,832,297	6,884,248
Mutual funds	18,844,709	2,875,402	21,720,111
Stocks	1,730,579	18,891,963	20,622,542
Receivables			
Accrued interest	86,217	88,039	174,256
Due from primary government	119,471	-	119,471
Prepaid items	<u>-</u>	<u>961</u>	<u>961</u>
Total Assets	<u>33,823,956</u>	<u>35,613,237</u>	<u>69,437,193</u>
LIABILITIES			
Accounts payable	8,651	34,365	43,016
Due to primary government	<u>-</u>	<u>119,471</u>	<u>119,471</u>
Total Liabilities	<u>8,651</u>	<u>153,836</u>	<u>162,487</u>
NET POSITION			
Held in trust for pension benefits	<u>\$ 33,815,305</u>	<u>\$ 35,459,401</u>	<u>\$ 69,274,706</u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

For the Year Ended December 31, 2015

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
ADDITIONS			
Contributions			
Employer	\$ 2,809,109	\$ 2,472,050	\$ 5,281,159
Plan members	<u>570,105</u>	<u>448,056</u>	<u>1,018,161</u>
Total Contributions	<u>3,379,214</u>	<u>2,920,106</u>	<u>6,299,320</u>
Investment income			
Investment income	867,618	673,191	1,540,809
Net appreciation in fair value of investments	<u>(862,494)</u>	<u>193,250</u>	<u>(669,244)</u>
Total Investment Income	5,124	866,441	871,565
Less Investment expenses	<u>68,123</u>	<u>128,888</u>	<u>197,011</u>
Net Investment Income	<u>(62,999)</u>	<u>737,553</u>	<u>674,554</u>
Total Additions	<u>3,316,215</u>	<u>3,657,659</u>	<u>6,973,874</u>
DEDUCTIONS			
Benefits	3,828,758	3,440,905	7,269,663
Administration	<u>40,316</u>	<u>28,676</u>	<u>68,992</u>
Total Deductions	<u>3,869,074</u>	<u>3,469,581</u>	<u>7,338,655</u>
Change in Net Position	(552,859)	188,078	(364,781)
NET POSITION - Beginning of Year	<u>34,368,164</u>	<u>35,271,323</u>	<u>69,639,487</u>
NET POSITION - END OF YEAR	<u><u>\$ 33,815,305</u></u>	<u><u>\$ 35,459,401</u></u>	<u><u>\$ 69,274,706</u></u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

For the Year Ended December 31, 2015

	Balances January 1	Additions	Deductions	Balances December 31
ALL FUNDS				
ASSETS				
Cash and cash equivalents	\$ 2,601,140	\$ 4,411,819	\$ 3,790,269	\$ 3,222,690
Accounts receivable	14,161	2,249,568	2,244,070	19,659
TOTAL ASSETS	<u>\$ 2,615,301</u>	<u>\$ 6,661,387</u>	<u>\$ 6,034,339</u>	<u>\$ 3,242,349</u>
LIABILITIES				
Accrued payroll	\$ 789	\$ -	\$ 162	\$ 627
Due to others	865,219	538,476	656,522	747,173
Deposits payable	1,749,293	1,719,132	973,876	2,494,549
TOTAL LIABILITIES	<u>\$ 2,615,301</u>	<u>\$ 2,257,608</u>	<u>\$ 1,630,560</u>	<u>\$ 3,242,349</u>
 GENERAL DEPOSIT FUND				
ASSETS				
Cash and cash equivalents	\$ 1,735,132	\$ 2,928,474	\$ 2,249,716	\$ 2,413,890
Accounts receivable	14,161	2,249,568	2,244,070	19,659
TOTAL ASSETS	<u>\$ 1,749,293</u>	<u>\$ 5,178,042</u>	<u>\$ 4,493,786</u>	<u>\$ 2,433,549</u>
LIABILITIES				
Deposits payable	\$ 1,749,293	\$ 1,658,132	\$ 973,876	\$ 2,433,549
TOTAL LIABILITIES	<u>\$ 1,749,293</u>	<u>\$ 1,658,132</u>	<u>\$ 973,876</u>	<u>\$ 2,433,549</u>
 HOUSING TRUST FUND				
ASSETS				
Cash and cash equivalents	\$ 866,008	\$ 1,483,345	\$ 1,540,553	\$ 808,800
TOTAL ASSETS	<u>\$ 866,008</u>	<u>\$ 1,483,345</u>	<u>\$ 1,540,553</u>	<u>\$ 808,800</u>
LIABILITIES				
Accrued payroll	\$ 789	\$ -	\$ 162	\$ 627
Deposits payable	-	61,000	-	61,000
Due to others	865,219	538,476	656,522	747,173
TOTAL LIABILITIES	<u>\$ 866,008</u>	<u>\$ 599,476</u>	<u>\$ 656,684</u>	<u>\$ 808,800</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.

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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.	135 - 141
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	142 - 147
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.	148 - 151
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.	152 - 153
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.	154 - 156



FINANCIAL TRENDS

CITY OF HIGHLAND PARK

STATEMENT OF NET POSITION BY COMPONENT
Last Ten Fiscal Years

	2007	2007 ¹	2008	2009	2010	2011	2012	2013	2014	2015
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 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	\$ 85,027,909
Restricted	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	2,265,529
Unrestricted	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	(46,072,103)
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	\$ 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	\$ 41,221,335
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 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	\$ 43,217,124
Unrestricted	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)	2,493,194
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	\$ 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	\$ 45,710,318
PRIMARY GOVERNMENT										
Net investment in capital assets	\$ 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	\$ 128,245,033
Restricted	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	2,265,529
Unrestricted	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	(43,578,909)
TOTAL PRIMARY GOVERNMENT	\$ 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	\$ 86,931,653

Notes:

(1) Eight months ended December 31, 2007

(2) 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.

(3) Beginning in 2015, the City implemented GASB 68 which resulted in the inclusion of a net pension liability.

CITY OF HIGHLAND PARK

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

Fiscal Year	2007	2007 ¹	2008	2009	2010	2011	2012	2013	2014	2015
GENERAL FUND										
Reserved	\$ 16,340,000	\$ 17,128,260	\$ 22,309,500	\$ 16,212,900	\$ 16,831,100	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	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	6,120,495
Unassigned	-	-	-	-	-	15,762,287	14,111,753	19,032,489	19,744,246	20,322,846
Subtotal general fund	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	26,443,341
% Change from prior year	8.9%	10.3%	19.3%	-17.9%	2.6%	9.8%	10.5%	1.8%	2.4%	-39.2%
ALL OTHER GOVERNMENTAL FUNDS										
Reserved	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	6,408
Restricted	-	-	-	-	-	1,676,953	1,778,085	1,930,549	2,402,234	2,265,529
Unrestricted										
Committed	-	-	-	-	-	570,002	1,115,109	1,191,451	1,221,503	1,079,505
Assigned	-	-	-	-	-	2,852,016	2,822,330	2,973,522	3,186,138	2,731,073
Unassigned										
Special Revenue Funds (deficit)	-	-	-	-	-	(53,493)	(65,787)	(53,194)	(52,514)	(61,165)
Subtotal all other funds	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	6,021,350
TOTAL GOVERNMENTAL FUNDS	\$ 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	\$ 32,464,691
% Change from prior year	-5.0%	13.9%	10.6%	-20.0%	4.2%	7.3%	10.1%	2.2%	3.6%	-35.4%

Notes:

(1) Eight months ended December 31, 2007

CITY OF HIGHLAND PARK

CHANGE IN NET POSITION
Last Ten Fiscal Years

	2007	2007 ¹	2008	2009	2010	2011	2012	2013	2014	2015
GOVERNMENTAL ACTIVITIES										
Program Revenues										
Charges for services										
General government	\$ 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	\$ 2,665,330
Public safety	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	2,737,190
Public works	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	1,182,321
Economic/physical development	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	1,935,153
Transit	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	1,312,436
Operating grants	891,528	652,180	796,375	1,020,613	938,199	1,007,110	900,045	1,012,404	1,123,140	762,804
Capital grants	2,450,790	408,052	780,469	658,069	95,485	565,452	-	-	-	245,365
General Revenues										
Property taxes	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	12,319,262
Sales taxes	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	13,173,534
Other taxes	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	10,004,019
Payment in lieu of taxes	-	-	-	496,932	530,676	546,459	559,173	804,573	796,308	762,038
Other	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	(686,784)
Total revenues	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	46,412,668
Expenses										
General government	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	7,648,490
Public safety	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	27,060,284
Public works	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	7,377,966
Economic/physical development	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	7,249,956
Transit	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	1,230,364
Commissions	650,680	354,650	432,611	432,148	413,921	331,347	407,388	327,835	394,871	467,014
Interest	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	287,932
Total expenses	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	51,322,006
INCREASE (DECREASE) IN NET POSITION BEFORE TRANSFERS AND SPECIAL ITEM	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	(4,909,338)
Transfers	100,000	100,000	100,000	100,000	100,000	(25,677,141)	(246,300)	(244,400)	-	8,523,384
Special item	-	1,306,489	-	-	-	-	-	-	-	-
INCREASE (DECREASE) IN NET POSITION	\$ 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	\$ 3,614,046

CITY OF HIGHLAND PARK

CHANGE IN NET POSITION (Continued)
Last Ten Fiscal Years

	2007	2007 ¹	2008	2009	2010	2011	2012	2013	2014	2015
BUSINESS-TYPE ACTIVITIES										
Program Revenues										
Charges for services										
Parking system	\$ 950,111	\$ 599,376	\$ 1,070,944	\$ 916,139	\$ 902,896	\$ 805,363	\$ 804,608	\$ 751,331	\$ 782,300	\$ 816,753
Water	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	7,286,222
Sewer	-	-	-	-	-	2,477,341	2,984,243	3,225,609	3,517,779	4,066,211
Country Club	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	5,381
Operating grants	-	-	-	-	74,800	137,100	156,940	70,533	118,280	70,270
Capital grants	214,392	297,608	289,084	150,000	-	167,331	-	121,000	-	-
Other	337,866	127,500	393,686	294,151	192,935	41,652	14,649	19,717	17,520	9,112
Total revenues	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	12,253,949
Expenses										
Parking	893,709	568,121	1,160,791	974,973	995,796	1,156,266	1,006,413	922,176	988,547	1,031,108
Water	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	10,128,640
Sewer	-	-	-	-	-	4,518,395	4,385,887	4,182,723	4,224,626	4,872,731
Country Club	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	10,047
Total expenses	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	16,042,526
INCREASE IN NET POSITION BEFORE TRANSFERS AND CONTRIBUTIONS	1,837,628	1,652,249	118,859	(405,400)	(371,882)	(1,660,831)	(554,076)	(840,953)	(1,301,192)	(3,788,577)
Transfers	(100,000)	(100,000)	(100,000)	(100,000)	(100,000)	25,677,141	246,300	244,400	-	(8,523,384)
Contributions	-	409,327	-	-	-	-	-	-	-	-
INCREASE IN NET POSITION	\$ 1,737,628	\$ 1,961,576	\$ 18,859	\$ (505,400)	\$ (471,882)	\$ 24,016,310	\$ (307,776)	\$ (596,553)	\$ (1,301,192)	\$ (12,311,961)

CITY OF HIGHLAND PARK

CHANGE IN NET POSITION (Continued)
Last Ten Fiscal Years

	2007	2007 ¹	2008	2009	2010	2011	2012	2013	2014	2015
TOTAL NET POSITION										
Program Revenues										
Charges for services	\$ 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	\$ 22,006,997
Operating grants	891,528	652,180	796,375	1,020,613	1,012,999	1,144,210	1,056,985	1,082,937	1,241,420	833,074
Capital grants	2,665,182	705,660	1,069,553	808,069	95,485	732,783	-	121,000	-	245,365
General Revenues										
Property taxes	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	12,319,262
Sales taxes	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	13,173,534
Other taxes	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	10,004,019
Payment in lieu of taxes	-	-	-	496,932	530,676	546,459	559,173	804,573	796,308	762,038
Other	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	(677,672)
Total revenues	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	58,666,617
Expenses										
General government	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	7,648,490
Public safety	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	27,060,284
Public works	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	7,377,966
Economic/physical development	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	7,249,956
Transit	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	1,230,364
Commissions	650,680	354,650	432,611	432,148	413,921	331,347	407,388	327,835	394,871	467,014
Interest	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	287,932
Parking	893,709	568,121	1,160,791	974,973	995,796	1,156,266	1,006,413	922,176	988,547	1,031,108
Water	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	10,128,640
Sewer	-	-	-	-	-	4,518,395	4,385,887	4,182,723	4,224,626	4,872,731
Country Club	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	10,047
Total expenses	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	67,364,532
INCREASE (DECREASE) IN NET POSITION	\$ 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	\$ (8,697,915)
NET (EXPENSE) REVENUE										
Governmental Activities	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	(4,909,338)
Business Type Activities	1,737,628	1,961,576	18,859	(505,400)	(471,882)	24,016,310	(554,076)	(840,953)	(1,301,192)	(3,788,577)
TOTAL NET (EXPENSE) REVENUE	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	(8,697,915)

Notes:

(1) Eight months ended December 31, 2007

(2) 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.

CITY OF HIGHLAND PARK

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	2007	2007 ¹	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES										
Property taxes	\$ 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	\$ 12,319,262
Personal property replacement taxes	339,577	250,779	345,105	291,142	313,917	276,627	277,134	307,228	316,285	337,267
Licenses and permits	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	3,170,971
Public charges for services	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	2,408,953
Municipal sales tax	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	13,173,534
Utility tax	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	2,603,391
Real estate transfer tax	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	1,695,540
Intergovernmental	784,245	486,513	196,075	345,474	141,036	245,769	143,993	263,124	236,260	154,025
State income tax	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	3,166,878
Franchise tax	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	2,200,943
Payment in lieu of taxes	-	-	-	496,932	530,676	546,459	559,173	804,573	796,308	762,038
Other taxes	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	2,266,204
Regional Transportation Authority reimbursement	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	1,317,436
Reimbursements-other agencies	1,265,655	1,436,917	781,517	151,022	839,051	952,477	1,724,366	299,243	171,621	406,514
Fines, forfeitures, and penalties	315,385	214,996	411,633	381,141	832,175	874,396	965,723	1,188,128	1,078,662	867,656
Motor fuel tax	878,063	571,450	794,755	775,017	899,821	883,360	857,238	859,650	1,000,150	727,628
Interest income	1,911,974	2,609,552	1,153,313	793,992	748,755	715,602	757,419	714,584	735,415	72,025
Net change in fair value of investments	-	-	5,571,520	(5,863,860)	868,839	964,461	2,591,200	(1,575,000)	(636,166)	(3,150,000)
Miscellaneous	1,004,510	481,553	2,332,267	954,326	963,825	826,413	529,170	509,537	587,444	681,039
Total revenues	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	45,181,304
EXPENDITURES										
Current										
General government	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	7,192,989
Public safety	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	23,195,210
Public works	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	6,148,424
Transit	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	1,251,772
Commissions	402,459	190,504	179,815	181,066	157,802	94,225	158,314	143,580	145,798	217,940
Economic and physical development	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	4,037,270
Capital outlay	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	3,100,533
Debt service										
Principal	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	17,319,486
Interest and fiscal charges	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	325,655
Total expenditures	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	62,789,279
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(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	(17,607,975)

CITY OF HIGHLAND PARK

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

	2007	2007 ¹	2008	2009	2010	2011	2012	2013	2014	2015
OTHER FINANCING SOURCES (USES)										
General obligation debt issued	\$ -	\$ 2,500,000	\$ -	\$ -	\$ 2,510,000	\$ 3,705,000	\$ 3,410,000	\$ -	\$ -	\$ 646,800
Premium on debt Issued	-	-	-	-	137,757	115,335	256,780	-	-	27,004
Payments to escrow agent	-	-	-	-	(2,473,739)	(3,785,543)	(3,628,143)	-	-	-
Transfers in	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	16,540,175
Transfers (out)	(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)	(17,381,823)
Sale of capital assets	455,788	-	-	-	-	135,194	14,555	21,054	3,663	7,000
Total other financing sources (uses)	(944,212)	2,600,000	100,000	100,000	274,018	(513,891)	(193,108)	(223,346)	3,663	(160,844)
NET CHANGES IN FUND BALANCES	(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	(17,768,819)
FUND BALANCES, BEGINNING 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
Prior period adjustment	-	-	-	315,287	-	-	-	-	-	-
FUND BALANCES, BEGINNING OF YEAR, RESTATED	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	50,233,510
FUND BALANCES, END OF YEAR	\$ 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	\$ 32,464,691
DEBT SERVICE AS A % OF NONCAPITAL EXPENDITURES²	10.5%	14.2%	10.1%	10.5%	10.7%	11.4%	11.8%	10.3%	8.9%	29.1%

Notes:

(1) Eight months ended December 31, 2007

(2) Calculated 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.



REVENUE CAPACITY

CITY OF HIGHLAND PARK

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Levy Years
(Cents per hundred dollars)

Levy Year	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Railroad Property	Less Tax Exempt Property	Total Taxable Assessed Value	Tax Rate	Estimated Actual Value	Annual % Change	Ratio of Total Assessed Valuation to Estimated Actual Value of Real Property
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%
2015	1,972,901,914	202,847,928	439,359	772	2,667,731	n/a	2,178,857,704	0.749	6,536,573,112	6.1%	33%

Notes:

(1) Source: Lake County

CITY OF HIGHLAND PARK

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

Tax Levy Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>CITY DIRECT RATE</u>										
Bond	0.127	0.125	0.123	0.127	0.140	0.156	0.170	0.183	0.145	0.136
Corporate	0.054	0.051	0.051	0.055	0.107	0.121	0.141	0.099	0.119	0.084
Firefighters Pension	0.042	0.040	0.041	0.046	0.060	0.064	0.077	0.116	0.116	0.113
Library	0.147	0.140	0.139	0.144	0.160	0.175	0.192	0.218	0.226	0.213
Police Pension	0.049	0.046	0.047	0.053	0.065	0.064	0.078	0.115	0.115	0.128
Street and Bridge	0.075	0.073	0.073	0.068	0.054	0.063	0.051	0.054	0.074	0.075
Street Construction	0.038	0.042	0.041	0.043	-	-	-	-	-	-
IMRF	-	-	-	-	-	-	-	-	-	-
School Crossing Guard	-	-	-	-	-	-	-	-	-	-
Public Benefit	-	-	-	-	-	-	-	-	-	-
Audit	-	-	-	-	-	-	-	-	-	-
Total Direct Rate	0.532	0.517	0.515	0.536	0.586	0.643	0.709	0.785	0.795	0.749
<u>OVERLAPPING RATES</u>										
County	0.450	0.444	0.453	0.464	0.505	0.554	0.608	0.663	0.682	0.663
Forest Preserve	0.204	0.201	0.199	0.200	0.198	0.201	0.212	0.218	0.210	0.208
Township	0.044	0.044	0.045	0.047	0.052	0.059	0.066	0.070	0.066	0.063
Sanitary	0.125	0.120	0.121	0.124	0.136	0.150	0.150	0.164	0.169	0.166
College of Lake County	0.195	0.192	0.196	0.200	0.218	0.240	0.272	0.296	0.306	0.299
High School	1.635	1.619	1.660	1.748	1.921	2.167	2.178	2.364	2.421	2.309
Elementary School	2.225	2.186	2.215	2.313	2.437	2.818	2.957	3.076	3.152	3.006
Mosquito Abatement	0.012	0.011	0.011	0.012	0.013	0.014	0.015	0.007	0.013	0.012
Park District	0.378	0.377	0.380	0.394	0.379	0.410	0.445	0.497	0.508	0.520
Total Overlapping Rate	5.268	5.194	5.280	5.502	5.859	6.613	6.903	7.355	7.527	7.246
Total Rate	5.800	5.711	5.795	6.038	6.445	7.256	7.612	8.140	8.322	7.995

Notes:

(1) Source: Lake County

CITY OF HIGHLAND PARK

PRINCIPAL TAXPAYERS
Current Year and Nine Years Prior

December 31, 2015				April 30, 2006 ³			
Taxpayer ¹	Business/Service	Equalized Assessed Valuation ²	as a % of Total EAV	Taxpayer ¹	Business/Service	Equalized Assessed Valuation	as a % of Total EAV
Metzler I Renaissance Place LP	Retail Property	\$ 12,755,847	0.59%	Renaissance Place, LLC	Business/Retail Center	\$ 11,300,570	0.45%
Midwest Family Housing LLC	Real Property	6,438,054	0.30%	Federal Realty Investment Trust	Business/Retail Center	7,668,051	0.31%
Federal Realty Investment Trust	Business/Retail Center	6,416,809	0.29%	Klaimont Enterprises, Inc.	Business/Retail Center	5,051,549	0.20%
Klaimont Family Associates	Business/Retail Center	4,934,848	0.23%	Solo Cup Company	Business	4,499,592	0.18%
Americana Apartments	Apartments	4,678,813	0.21%	Americana Apartments	Real Property	4,584,261	0.18%
Highland Park Associates II LLC	Real Property	4,261,685	0.20%	Target Corporation	Retail Store	3,836,056	0.15%
Elston Avenue Real Estate Company LLC	Real Property	3,687,637	0.17%	American Stores Company	Business/Retail Center	3,428,227	0.14%
Ameritech-Illinois	Utility	3,586,486	0.16%	Sunset Food Mart, Inc.	Retail Store	3,549,365	0.14%
Sunset Food Mart, Inc.	Retail Property - Grocery Store	3,388,740	0.16%	Leonardi Enterprises	Real Property	3,423,931	0.14%
RSV Partners	Real Property	3,186,192	0.15%	Hillco Realty Management	Property Management	3,291,240	0.13%
		<u>\$ 53,335,111</u>	<u>2.45%</u>			<u>\$ 50,632,842</u>	<u>2.02%</u>
	2015 Total EAV	\$ 2,178,857,704			2006 Total EAV	\$ 2,510,402,825	
	Percentage of Total		2.45%		Percentage of Total		2.02%

Notes:

(1) 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 2015 EAV is the most current available for all taxpayers.

(2) Source: Lake County Clerk

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

CITY OF HIGHLAND PARK

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Tax Levy Year	Tax Levy as Abated ¹	Current Taxes Collected		Percent of Levy Collected	Delinquent Taxes Collected in Current Year ²	Total Collections	Percent of Total Collections to Tax Levy
		Fiscal Year Collected	Amount				
2005	12,858,791	2007	12,800,096	99.54%	-	12,800,096	99.54%
2006	13,355,343	2007 ³	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%
2014	16,316,623	2015	16,254,541	99.62%	-	16,254,126	99.62%

Notes:

(1) 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.

(2) 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.

(3) Eight months ended December 31, 2007

CITY OF HIGHLAND PARK

SALES TAX ANALYSIS BY SIC CODE
Last Ten Calendar Years

Municipal Sales Tax	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General merchandise	561,890	578,851	519,739	493,422	449,602	476,610	487,633	468,255	450,805	424,722
Food	968,252	975,243	998,425	939,234	868,116	844,137	825,884	833,519	892,527	848,504
Drinking and eating places	513,235	536,749	539,964	508,437	505,918	530,179	567,295	568,131	580,827	588,112
Apparel	446,822	427,184	367,146	316,748	403,224	409,753	386,460	270,411	266,663	260,993
Furniture and HH and radio	400,071	306,445	265,038	219,493	180,446	183,420	178,688	200,024	194,996	187,393
Lumber, building, and hardware	495,306	457,644	419,233	324,784	282,815	287,753	265,696	288,983	307,275	324,682
Automotive and filling stations	3,466,798	3,345,997	2,897,032	2,592,226	2,935,635	3,146,580	3,524,876	3,944,283	4,256,268	4,051,315
Drugs and misc retail	1,136,444	1,192,348	1,204,089	1,129,186	1,040,667	1,107,907	1,196,527	1,247,724	1,310,854	1,109,919
Agriculture and all others	551,572	582,260	523,773	447,584	631,631	602,865	583,516	629,981	700,733	842,241
Manufacturers	192,174	209,487	212,643	170,936	183,264	85,390	101,612	115,723	309,187	403,709

TOTAL	8,732,564	8,612,208	7,947,082	7,142,048	7,481,317	7,674,594	8,118,187	8,567,033	9,270,135	9,041,588
% Inc./Dec. from prev. year	8.84%	-1.38%	-7.72%	-10.13%	4.75%	2.58%	5.78%	5.53%	8.21%	-2.47%

Home Rule Sales Tax	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General merchandise	507,280	514,612	457,734	433,899	377,378	378,808	386,288	366,787	339,988	321,670
Food	300,357	286,502	275,568	250,607	219,535	208,931	202,292	238,547	259,062	261,177
Drinking and eating places	500,829	519,602	529,680	500,033	497,699	521,369	557,106	558,559	570,766	578,180
Apparel	446,779	426,900	367,145	316,273	402,726	406,167	380,597	264,977	260,367	254,457
Furniture and HH and radio	399,676	305,965	265,028	219,498	180,449	183,251	178,506	199,652	194,496	186,823
Lumber, building, and hardware	495,189	457,617	418,345	324,686	282,767	287,713	265,638	288,923	307,228	324,651
Automotive and filling stations	527,072	596,429	626,501	540,179	621,418	803,846	949,692	979,596	944,921	783,633
Drugs and misc retail	810,849	833,105	837,883	755,269	743,933	757,971	791,280	818,131	844,357	680,829
Agriculture and all others	523,551	555,993	500,027	421,181	479,828	471,318	461,354	505,781	550,876	663,022
Manufacturers	191,769	209,332	210,914	170,207	182,984	85,176	101,320	115,437	130,667	118,371

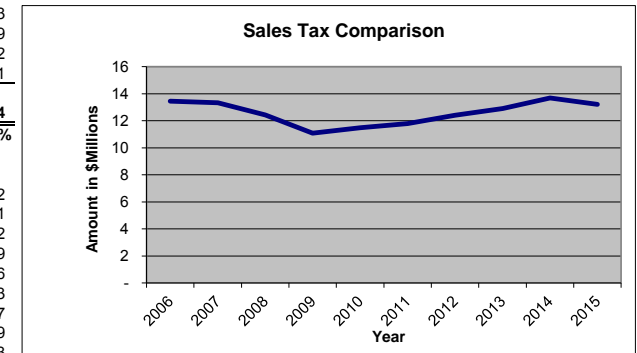
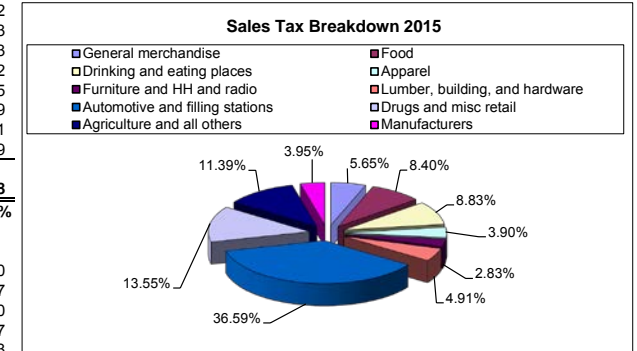
TOTAL	4,703,350	4,706,058	4,488,824	3,931,832	3,988,716	4,104,550	4,274,073	4,336,391	4,402,727	4,172,814
% Inc./Dec. from prev. year	6.74%	0.06%	-4.62%	-12.41%	1.45%	2.90%	4.13%	1.46%	1.53%	-5.22%

Total Sales Tax	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General merchandise	1,069,169	1,093,463	977,472	927,321	826,980	855,418	873,921	835,042	790,793	746,392
Food	1,268,609	1,261,746	1,273,994	1,189,841	1,087,650	1,053,067	1,028,177	1,072,066	1,151,589	1,109,681
Drinking and eating places	1,014,064	1,056,351	1,069,644	1,008,469	1,003,616	1,051,548	1,124,401	1,126,690	1,151,593	1,166,292
Apparel	893,602	854,084	734,292	633,020	805,950	815,920	767,056	535,388	527,030	515,449
Furniture and HH and radio	799,747	612,410	530,066	438,990	360,895	366,672	357,194	399,676	389,492	374,216
Lumber, building, and hardware	990,495	915,261	837,579	649,470	565,582	575,467	531,334	577,906	614,503	649,333
Automotive and filling stations	3,993,870	3,942,425	3,523,532	3,132,404	3,557,053	3,950,426	4,474,568	4,923,879	5,201,189	4,834,947
Drugs and misc retail	1,947,293	2,025,454	2,041,972	1,884,454	1,784,600	1,865,878	1,987,808	2,065,855	2,155,211	1,790,749
Agriculture and all others	1,075,123	1,138,254	1,023,800	868,766	1,111,459	1,074,183	1,044,870	1,135,762	1,251,609	1,505,263
Manufacturers	383,943	418,819	423,556	341,144	366,248	170,566	202,932	231,160	439,854	522,080

TOTAL	13,435,914	13,318,266	12,435,907	11,073,880	11,470,033	11,779,144	12,392,261	12,903,424	13,672,863	13,214,402
% Inc./Dec. from prev. year	8.10%	-0.88%	-6.63%	-10.95%	3.58%	2.69%	5.21%	4.12%	5.96%	-3.35%

Notes:

(1) Source: Illinois Department of Revenue



CITY OF HIGHLAND PARK

SALES TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS Last Ten Fiscal Years (Rates shown in %)

Fiscal Year	Direct			Overlapping			Total Tax
	City Home Rule	City	Total Direct	State of Illinois	Lake County	Regional Transit Authority	
2007	1.00	1.00	2.00	5.00	0.25	0.25	7.50
2007 ¹	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
2015	1.00	1.00	2.00	5.00	0.25	0.75	8.00

Notes:

(1) Eight months ended December 31, 2007

(2) Source: City Records



DEBT CAPACITY

CITY OF HIGHLAND PARK

RATIO OF GENERAL BONDED DEBT TO EQUALIZED ASSESSED VALUATION AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA Last Ten Fiscal Years

Fiscal Year	Estimated Population ¹	Equalized Assessed Valuation ²	General Bonded Debt ³	Ratio of General Bonded Debt to Equalized Assessed Valuation	General Bonded Debt Per Capita
2007	30,262	2,510,402,825	50,869,846	0.0203	1,680.98
2007 ⁴	30,262	2,675,494,212	57,410,847	0.0215	1,897.13
2008	31,457	2,780,479,845	53,732,162	0.0193	1,708.11
2009	31,457	2,704,410,111	49,979,248	0.0185	1,588.81
2010	31,457	2,551,775,455	49,237,395	0.0193	1,565.23
2011	29,763	2,323,098,926	49,815,488	0.0214	1,673.74
2012	29,763	2,163,303,908	45,323,991	0.0210	1,522.83
2013	29,763	2,063,609,750	50,647,143	0.0245	1,701.68
2014	29,763	2,053,407,635	56,604,486	0.0276	1,901.84
2015	29,871	2,178,857,704	45,651,055	0.0210	1,528.27

Notes:

(1) Source: U.S. Census Bureau

(2) Source: Lake County Clerk

(3) Source: City records

(4) Eight months ended December 31, 2007

CITY OF HIGHLAND PARK

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

Fiscal Year	Governmental Activities		Business-Type Activities	Total Debt	Total Personal Income	Debt as a % of Total Personal Income	EAV	Debt to EAV Ratio	Estimated Population	Per Capita
	General Obligation Bonds	Capital Leases	General Obligation Bonds ¹							
2007	43,735,538	106,459	7,134,308	50,976,305	1,674,426,722	3.04%	2,510,402,825	0.0203	30,262	1,684
2007 ³	43,466,444	18,689	13,944,403	57,429,536	1,674,426,722	3.43%	2,675,494,212	0.0215	30,262	1,898
2008	40,506,914	-	13,225,248	53,732,162	1,740,547,267	3.09%	2,780,479,845	0.0193	31,457	1,708
2009	37,516,926	-	12,462,322	49,979,248	1,740,547,267	2.87%	2,704,410,111	0.0185	31,457	1,589
2010	34,326,458	-	14,910,937	49,237,395	1,740,547,267	2.83%	2,551,775,455	0.0193	31,457	1,565
2011	30,920,488	-	18,895,000	49,815,488	1,824,084,981	2.73%	2,323,098,926	0.0214	29,763	1,674
2012	27,228,991	-	18,095,000	45,323,991	2,024,003,052	2.24%	2,163,303,908	0.0210	29,763	1,523
2013	23,827,143	-	26,820,000	50,647,143	2,002,067,721	2.53%	2,063,609,750	0.0245	29,763	1,702
2014	20,679,486	-	35,925,000	56,604,486	1,951,113,465	2.90%	2,053,407,635	0.0276	29,763	1,902
2015	4,006,800	-	41,644,255 ⁴	45,651,055	2,051,779,248	2.22%	2,178,857,704	0.0210	29,871	1,528

Notes:

- (1) Includes unamortized bond premium/discount and unamortized loss on refunding.
- (2) Note payable
- (3) Eight months ended December 31, 2007
- (4) Includes IEPA loan
- (5) Details of the City's debt can be found in the notes to the financial statements.

CITY OF HIGHLAND PARK

SCHEDULE OF DIRECT AND OVERLAPPING DEBT December 31, 2015

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	\$ 4,006,800	100.00%	\$ 4,006,800
Lake County	190,325,000	8.93%	16,996,023
Lake County Forest Preserve District	259,605,000	8.93%	23,182,727
North Shore Sanitary District	-	27.59%	-
Deerfield Park District	2,820,000	0.005%	141
Park District of Highland Park	-	97.22%	-
School Districts			
District No. 106	-	2.94%	-
District No. 109	19,425,000	3.22%	625,485
District No. 112	2,435,000	93.82%	2,284,517
District No. 113	95,840,000	53.97%	51,724,848
College of Lake County	69,265,000	9.74%	6,746,411
	<u>639,715,000</u>		<u>101,560,151</u>
	<u>\$ 643,721,800</u>		<u>\$ 105,566,951</u>

Notes:

(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.

(2) Source: Lake County Clerk

CITY OF HIGHLAND PARK

SCHEDULE OF LEGAL DEBT MARGIN

December 31, 2015

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



DEMOGRAPHIC AND ECONOMIC INFORMATION

CITY OF HIGHLAND PARK

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population ¹	Per Capita Income ¹	School Enrollment ²	Unemployment Rate ³	Total Personal Income ⁴	Median Age ¹	College Degree ¹
2007	30,262	55,331	6,256	2.9%	1,674,426,722	40.6	61.6%
2007 ⁵	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%
2015	29,871	68,688	6,475	5.1%	2,051,779,248	45.4	69.5%

Notes:

(1) Source: U.S. Census Bureau

(2) Source: Highland Park School Districts

(3) Source: Illinois Department of Employment Security

(4) Source: Population times Per Capita Income

(5) Eight months ended December 31, 2007

CITY OF HIGHLAND PARK

PRINCIPAL EMPLOYERS
Current Year and Nine Years Prior

2015			2006		
Employer	Approximate Employees	Percentage of Total Municipal Employment	Employer	Approximate Employees	Percentage of Total Municipal Employment
Highland Park Hospital	1,200	8.30%	Highland Park Hospital	1,200	7.65%
School District No. 112	750	5.19%	Ravinia Festival	690 ¹	4.40%
Ravinia Festival	690 ¹	4.77%	School District 112	670	4.27%
North Suburban Special Education District	595	4.12%	Solo Cup Co	600	3.83%
Township High School District No. 113	400	2.77%	Township High School District No. 113	565	3.60%
City of Highland Park	237	1.64%	City of Highland Park	321	2.05%
Dick Blick Holdings	100	0.69%	Aqua Belle Mfg	103	0.66%
Highland Park Public Library	98 ¹	0.68%	Franklin Capital Corp.	100	0.64%
Highland Park Post Office	85	0.59%	Opportunity Medical	90	0.57%
First Bank of Highland Park	84	0.58%	Highland Park Public Library	78 ¹	0.50%
	<u>4,239</u>	<u>29.33%</u>		<u>4,417</u>	<u>28.17%</u>

Notes:

(1) Includes full-time and part-time employees

(2) Source: 2016/2006 IL Manufacturers Directory, 2016/2006 IL Services Directory and City records



OPERATING INFORMATION

CITY OF HIGHLAND PARK

OPERATING INFORMATION AND INDICATORS Last Ten Fiscal Years

	2007	2007 ¹	2008	2009	2010	2011	2012	2013	2014	2015
FIRE PROTECTION										
Emergency responses	3,098	1,764	4,673	4,542	4,480	4,777	4,832	4,657	5,220	4,859
Fires extinguished	26	29	34	25	31	47	46	43	28	31
PUBLIC WORKS										
Asphalt placed (square yards)	1,500	2,608	1,963	3,438	7,608	3,033	2,035	2,154	3,120	3,644
Crack sealing (street miles)	5	7	5	-	7	3	3	3	5	4
Street-sweeping (hours) ²	2,000	1,650	2,109	1,802	-	39	79	57	93	312
Number of mainbreaks repaired	75	39	64	59	102	92	101	104	106	44
POLICE PROTECTION										
Parking violations	13,894	8,403	12,643	12,173	11,032	6,192	8,730	8,060	6,673	6,502
Number of arrests	1,369	509	1,139	1,470	1,189	227	1,648	1,696	1,611	1,424
Number of traffic citations	7,098	2,589	9,442	5,430	4,348	3,980	4,725	4,626	3,439	2,837
FINANCE										
Number of water bills	41,016	25,973	41,267	41,634	41,788	42,244	42,248	42,324	42,320	42,424
Number of vendor checks	7,700	5,087	6,809	6,256	7,229	6,000	5,741	5,578	5,873	5,724
MUNICIPAL WATER SYSTEM										
Number of customers	10,254	10,254	10,300	10,300	10,300	10,434	10,436	10,445	10,443	10,422
Average daily consumption (million gallons)	11.9	11.9	9.6	9.2	9.8	9.6	9.0	8.6	7.9	7.7
Plant capacity (rated) - per day (million gallons)	21	21	21	21	21	21	21	21	21	30
Miles of water mains (approximate)	168	168	168	168	168	168	168	168	168	172
Number of fire hydrants (approximate)	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,700

Notes:

(1) Eight months ended December 31, 2007

(2) Beginning in 2010, street sweeping provided by contractor.

(3) Source: U.S. Census Bureau and City Records

CITY OF HIGHLAND PARK

CAPITAL ASSET STATISTICS Last Ten Fiscal Years

	2007	2007 ¹	2008	2009	2010	2011	2012	2013	2014	2015
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	13	13	14	14	14
PUBLIC WORKS										
Miles of water mains (approximate)	168	168	168	168	168	168	168	168	168	172
Number of fire hydrants (approximate)	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,700
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	1,473
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

Notes:

(1) Eight months ended December 31, 2007

(2) Source: U.S. Census Bureau and City Records

CITY OF HIGHLAND PARK

FULL-TIME EQUIVALENT EMPLOYEES Last Ten Fiscal Years

	2007	2007 ¹	2008	2009	2010	2011	2012	2013	2014	2015
GENERAL GOVERNMENT	22.5	23.3	23.3	24.0	23.0	23.0	19.8	20.2	20.2	20.4
COMMUNITY DEVELOPMENT	29.8	29.5	29.5	28.1	23.5	20.5	20.5	20.8	22.3	22.3
FINANCE	13.5	13.5	13.5	13.5	13.5	13.3	13.3	13.3	13.3	13.0
FIRE										
Firefighters and officers	53.0	53.0	53.0	53.0	51.0	49.0	48.0	48.0	48.0	48.0
Civilians	5.0	5.0	5.0	5.0	5.0	5.0	5.5	6.5	6.5	6.7
POLICE										
Sworn personnel	60.0	60.0	60.0	60.0	58.0	55.0	55.0	57.0	57.0	57.0
Civilians	33.8	30.3	30.3	28.0	28.0	25.0	26.0	26.5	26.5	19.5
PUBLIC WORKS										
Maintenance workers	67.8	66.3	66.3	65.3	63.8	59.3	57.8	57.8	56.8	58.1
Engineering	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Administration	28.0	28.0	28.0	28.0	24.0	24.0	24.0	24.0	24.0	24.0
Total Employees	317.3	312.8	312.8	308.9	293.8	278.0	273.8	277.9	278.4	273.0

Notes:

(1) Eight months ended December 31, 2007

(2) Source: U.S. Census Bureau and City Records