

CITY OF HIGHLAND, ILLINOIS
ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS
APRIL 30, 2012

CITY OF HIGHLAND, ILLINOIS

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-13
BASIC FINANCIAL STATEMENTS	
<u>EXHIBIT</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
1 STATEMENTS OF NET ASSETS	14
2 STATEMENTS OF ACTIVITIES	15-16
FUND FINANCIAL STATEMENTS	
3 BALANCE SHEETS - GOVERNMENTAL FUNDS	17-18
4 RECONCILIATIONS OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE STATEMENTS OF NET ASSETS	19
5 STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	20-21
6 RECONCILIATIONS OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES	22
7 BALANCE SHEETS - ENTERPRISE FUNDS	23-24
8 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS - ENTERPRISE FUNDS	25-26
9 STATEMENTS OF CASH FLOWS - ENTERPRISE FUNDS	27-28
10 STATEMENTS OF NET ASSETS - FIDUCIARY FUND	29
11 STATEMENTS OF CHANGES IN NET ASSETS - FIDUCIARY FUND	30
NOTES TO FINANCIAL STATEMENTS	31-56
REQUIRED SUPPLEMENTARY INFORMATION	
<u>SCHEDULE</u>	
1 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS	57-60
2 SCHEDULES OF FUNDING PROGRESS: IMRF, SLEP, POLICE PENSION, AND OPEB; SCHEDULE OF EMPLOYER CONTRIBUTIONS: OPEB	61-65

STATISTICAL SECTION

TABLE

1	GENERAL GOVERNMENTAL REVENUES BY SOURCE	66
2	INTERGOVERNMENTAL TAX REVENUES BY SOURCE	67
3	GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION	68
4	ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY, PROPERTY TAX RATES PER \$100 OF ASSESSED VALUATION, AND TAX EXTENSIONS	69
5	PROPERTY TAX RATES PER \$100 OF ASSESSED VALUATION ALL DIRECT AND OVERLAPPING GOVERNMENTS	70
6	COMPUTATION OF LEGAL DEBT MARGIN	71
7	RATIO OF NET GENERAL DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA	72
8	RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES	73
9	REVENUE BOND COVERAGE - ELECTRIC AND FTTP BONDS	74
10	PRINCIPAL TAXPAYERS	75
11	PROPERTY VALUE AND CONSTRUCTION INFORMATION	76
12	LIGHT AND POWER FUND - COMPARATIVE SUMMARY OF OPERATIONS	77
13	WATER FUND - COMPARATIVE SUMMARY OF OPERATIONS	78
14	SEWER FUND - COMPARATIVE SUMMARY OF OPERATIONS	79
15	MISCELLANEOUS STATISTICS	80



Richard C. Scheffel, CPA
Dennis E. Ulrich, CPA
Ronald C. Schneider, CPA
Michael E. Fitzgerald, CPA
Kimberly S. Loy, CPA
Steven P. Langendorf, CPA
Steven C. Pembroke, CPA
Scott A. Weber, CPA
Mark J. Korte, CPA

INDEPENDENT AUDITOR'S REPORT

September 10, 2012

To the City Council
City of Highland
Highland, IL 62249

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Highland, Illinois, as of and for the year ended April 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Highland, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the City's 2011 financial statements, and in our report dated September 28, 2011, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Highland, Illinois, as of April 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

- 322 State Street • Alton, IL 62002 • o 618.465.4288 • f 618.462.3818
- 143 North Kansas • P.O. Box 633 • Edwardsville, IL 62025 • o 618.656.1206 • f 618.656.3536
- #2 Woodcrest Professional Park • P.O. Box 374 • Highland, IL 62249 • o 618.654.9895 • f 618.654.9898
- 106 County Road • Jerseyville, IL 62052 • o 618.498.6841 • f 618.498.6842
- RR 3, Box 129BA • US Hwy 267 N • Carrollton, IL 62016 • o 217.942.3821 • f 217.942.6614



Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13, the budgetary comparison information on pages 57 through 60, the schedules of funding progress on pages 61 through 64, and the schedule of employer contributions on page 65 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 obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Highland, Illinois' financial statements as a whole. The statistical section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information, except that portion which has been marked "unaudited", has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The tables within the statistical section that have been marked "unaudited" have 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 assurance on them.

Scheffle & Company P.C.

CITY OF HIGHLAND, ILLINOIS
April 30, 2012 - Management's Discussion & Analysis

CITY OF HIGHLAND, ILLINOIS
Council/Manager - Form of Government
April 30, 2012

MAYOR

Joseph Michaelis

CITY MANAGER

Mark Latham

CITY COUNCIL MEMBERS

Chris Bardill

Peg Bellm

Aaron Schwarz

Neill Nicolaides

CITY CLERK

Barbara Bellm

CITY TREASURER

Dennis Foehner

DEPARTMENT DIRECTORS

Daniel Cook

Kelly Korte

Lisa Schoeck

Angela Kim

Mark Rosen

Terry Bell

Joe Gillespie

Electric

Finance

Human Resources

Library

Parks & Recreation

Police Chief

Public Works

CITY OF HIGHLAND, ILLINOIS
April 30, 2012 - Management's Discussion & Analysis

This section of the City of Highland's annual financial report presents discussion and analysis from City management regarding the City's financial performance during the fiscal year that ended on April 30, 2012 with comparative information for the fiscal year ended April 30, 2011.

FINANCIAL HIGHLIGHTS

- Total assets exceeded liabilities at the close of the fiscal year by approximately \$62.9 million (net assets). Of this amount, the unrestricted amount of \$17.9 million may be used to meet the City's ongoing obligations to citizens and creditors.
- City-wide net assets increased 1.3% during the fiscal year. An increase of 4.8% was realized in governmental activities while a 2.4% decrease occurred within enterprise activities. The overall increase was realized despite an overall increase in City expenditures of 1.0% and the additional activity of the Fiber fund as construction continues and operations begin.
- The City of Highland is compliant with the GASB 34 reporting model, which requires accounting for depreciation of fixed assets within governmental activities. Shown within the Statement of Net Assets, the fixed assets year-end balance for fiscal year 2012 is \$71.1 million (net of depreciation). This is comprised of \$35.6 million for governmental activities plus \$35.5 million for business-type activities. The 4% increase in fixed assets is largely represented by the City's continued investment in street and fiber projects.
- Receipts of the traditional sales tax, shown within the "Intergovernmental" revenue line item, increased 1.3% during FY 2012. According to City estimates, the number of retailers in Highland has not changed dramatically. The increase in sales tax growth is hopefully indicative of an upturn in the retail economic climate in our community.
- FY 2012 was the fifth full year of receipts from the 2006 Non-Home Rule Sales Tax Referendum. This 1% NHR sales tax was estimated to bring in an additional \$1.3 - \$1.5 million annually to the City for street projects. Receipts for the year equaled \$1.4 million.
- Building permit activity has slowed down, following the national economic downturn, and connection fee revenues remained constant. The growth rate of the City's equalized assessed value (EAV), which is an important component in property tax calculations, is difficult to predict for the future with ever increasing economic concerns.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements.

- The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances.
- For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.
- The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole – The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Reporting the City's Most Significant Funds - Fund Financial Statements

Some funds are required to be established by State law and bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes (such as the 2006 Electric Bonds for Infrastructure Improvements) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

The City's three types of funds use different accounting approaches:

- *Governmental Funds* – Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow into and out of these funds and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in the reconciliations within exhibits #4 and #6 of the "Basic Financial Statements" section.
- *Enterprise Funds* – Services for which the City charges customers for the full cost of the services it provides are generally reported in enterprise funds. These business-type activities, like the government-wide statements, provide both long- and short-term financial information. Business-type activities are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities.

CITY OF HIGHLAND, ILLINOIS
April 30, 2012 - Management's Discussion & Analysis

- *Fiduciary Funds* – The City has fiduciary responsibility for other assets that – because of trust arrangements – can be used only for the trust beneficiaries. The City is responsible for ensuring the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

In the supplemental information section, the City has provided detailed schedules of revenues, expenditures, and changes in fund balances for three funds. In addition, detailed historical data can be found regarding tax levies, building permits, and property values. Information regarding principal taxpayers, overlapping debt, and miscellaneous statistics about the City of Highland are also included. The reports are intended to provide the user with information beyond the realm of the traditional auditing requirements.

CITY OF HIGHLAND, ILLINOIS
April 30, 2012 - Management's Discussion & Analysis

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison between the activities for FY '12 and the activities for FY '11 under the GASB Statement No. 34 model. The city-wide total for revenues decreased \$0.4 million and expenditures increased \$0.1 million compared to the previous fiscal year. Governmental revenues exceeded expenditures for both fiscal years and this year the business-type activities experienced slightly more expenditures than revenue. The surplus is utilized by the City of Highland to meet the City's fiscal policy in relation to reserves for operations, maintenance, and capital projects and any deficits are covered by surplus created in prior years.

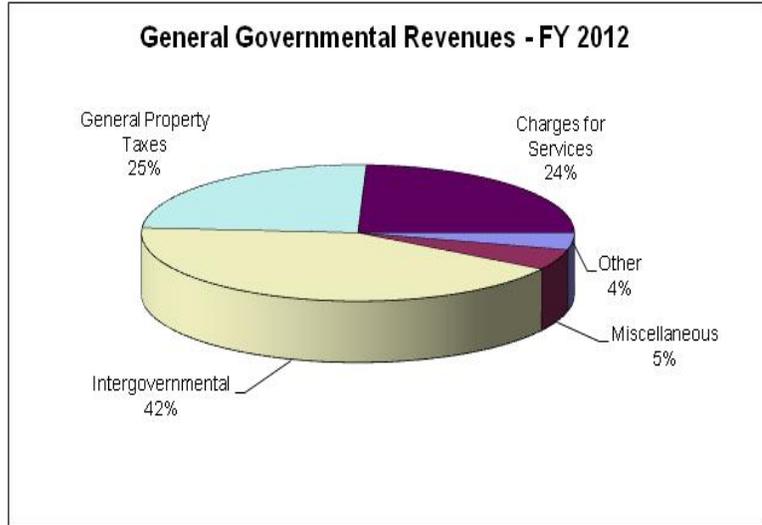
Changes in the City of Highland's Activities
(in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	Fiscal Year 2012	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2011
Revenues						
Program Revenues						
Charges for Services	\$ 3.6	\$ 3.4	\$ 17.6	\$ 17.9	\$ 21.2	\$ 21.3
Operating Grants and Contributions	0.1	0.1			0.1	0.1
General Revenues						
Property Taxes, General Purposes	3.2	3.1			3.2	3.1
Intergovernmental	5.8	5.6			5.8	5.6
Miscellaneous	0.4	0.7	0.7	1.0	1.1	1.7
Interfund Transfers	0.2	(0.2)	(0.2)	0.2	0.0	0.0
Total Revenues	\$ 13.3	\$ 12.7	\$ 18.1	\$ 19.1	\$ 31.4	\$ 31.8
Expenditures						
General Government	\$ 1.4	\$ 1.4			\$ 1.4	\$ 1.4
Public Safety	4.2	4.2			4.2	4.2
Highways and Streets	2.0	1.8			2.0	1.8
Culture and Recreation	2.5	2.5			2.5	2.5
Economic Development	0.4	0.3			0.4	0.3
Employer's Cont. to Retirement Fund	0.7	0.7			0.7	0.7
Interest on Long-Term Debt	0.6	0.5			0.6	0.5
Electric			\$ 13.4	\$ 13.4	13.4	13.4
Water			2.3	2.4	2.3	2.4
Sewer			2.0	2.0	2.0	2.0
Solid Waste			1.1	1.3	1.1	1.3
Total Expenditures	\$ 11.8	\$ 11.4	\$ 18.8	\$ 19.1	\$ 30.6	\$ 30.5
Change In Net Assets	1.5	1.3	(0.7)	-	0.8	1.3
Beginning Net Assets	32.1	30.8	30.0	30.0	62.1	60.8
Ending Net Assets	\$ 33.6	\$ 32.1	\$ 29.3	\$ 30.0	\$ 62.9	\$ 62.1

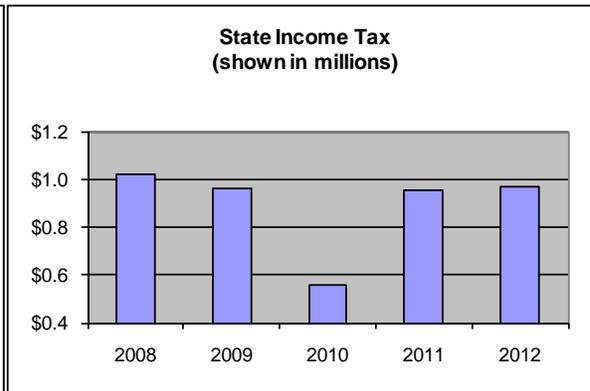
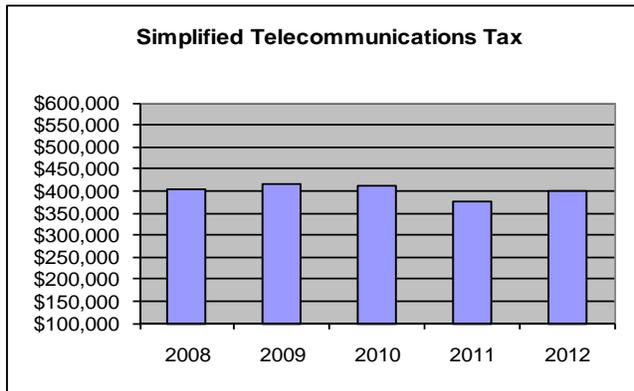
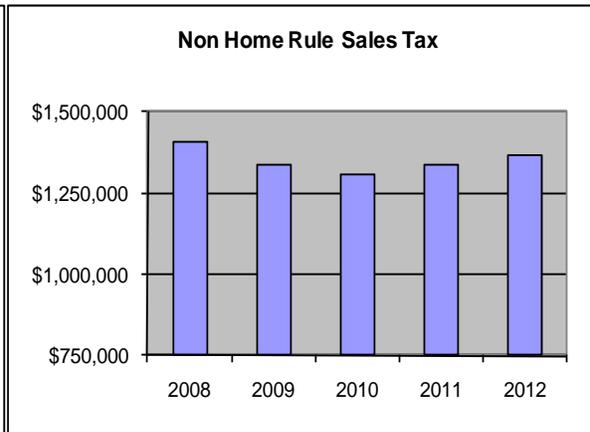
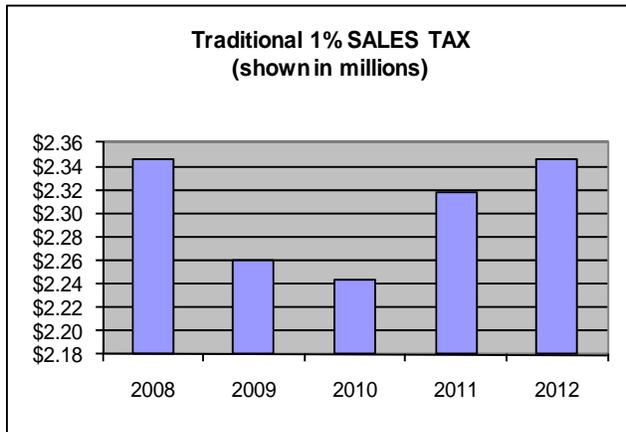
CITY OF HIGHLAND, ILLINOIS
April 30, 2012 - Management's Discussion & Analysis

Governmental Activities

Governmental Activities include all funds except Business-Type Activities and the Police Pension Fiduciary Fund. Examples include the following: General Fund (which includes the Police Dept, Fire Dept, Building and Zoning, General Administration, and PW Admin / Streets Dept among others), Ambulance Fund, Parks and Recreation, and the various Library Funds.

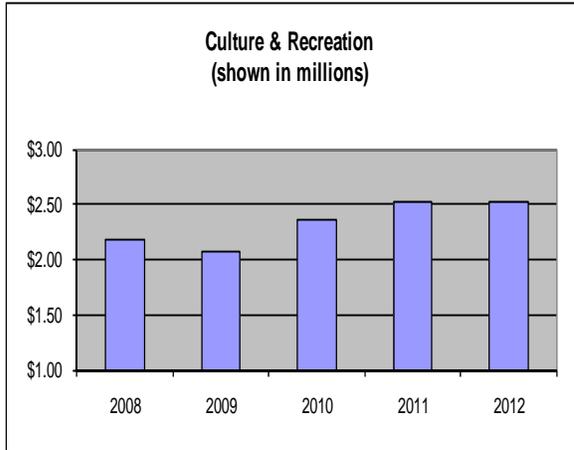
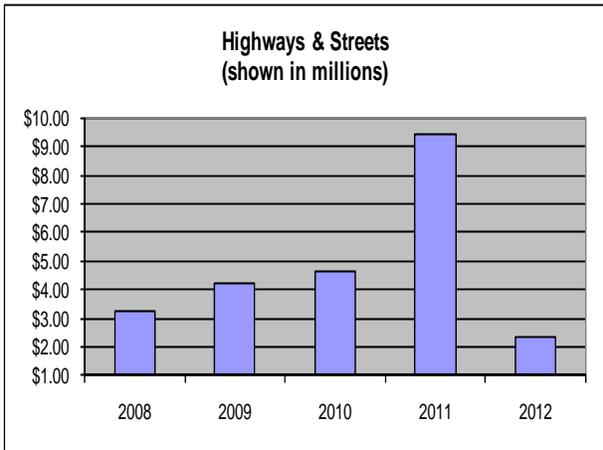
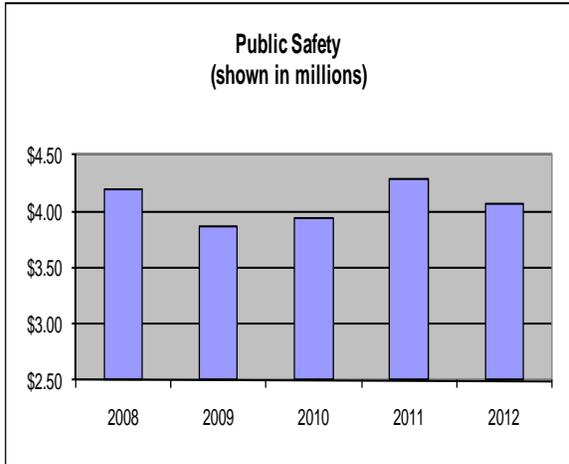
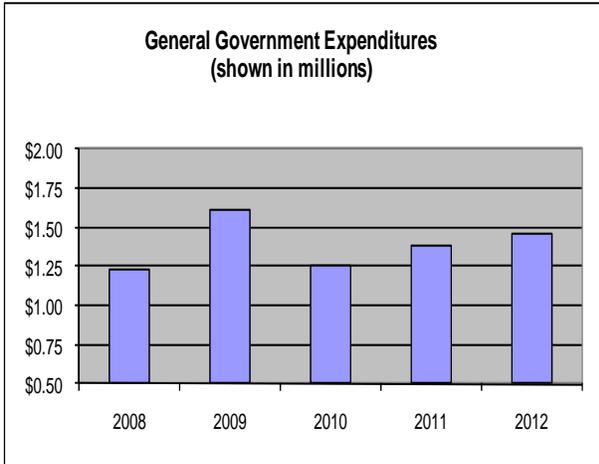
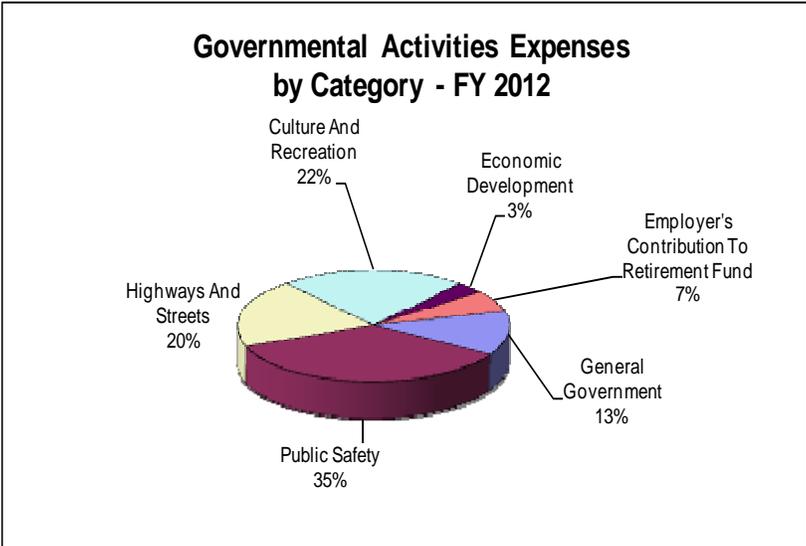


Intergovernmental revenues include revenues due to the City of Highland that pass through the State of Illinois. These include, but are not limited to, sales tax, income tax, and the simplified telecommunications tax. Corporate replacement tax as well as fines and forfeitures are included within the “other” category. The “miscellaneous” category includes interest income. “Charges for Services” includes billings from the City’s Ambulance service and user fees from Parks & Recreation.



CITY OF HIGHLAND, ILLINOIS
April 30, 2012 - Management's Discussion & Analysis

Expenditures of Governmental Activities are spread among a wide variety of functions. Among these are public safety functions of police, fire, and EMS. Also included are the activities of highways and streets as well as culture and recreation (parks & recreation / library). These areas are funded with the aforementioned revenues such as property taxes and intergovernmental revenues. The charts included on this page depict the governmental activities expense amounts for the various functions.

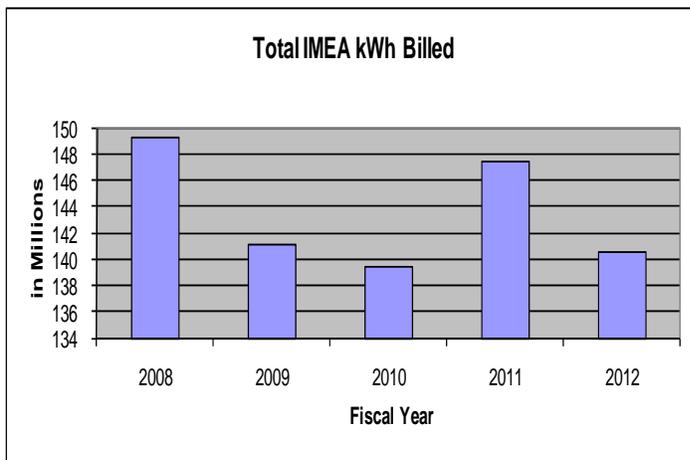
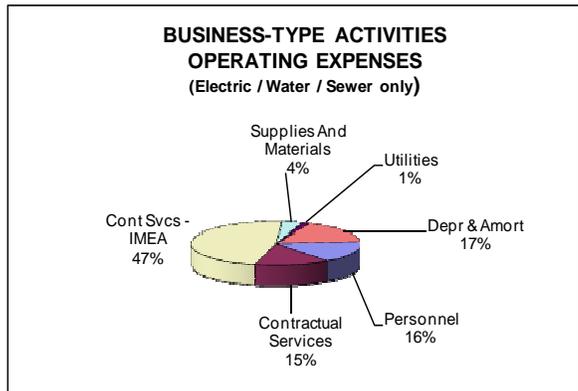
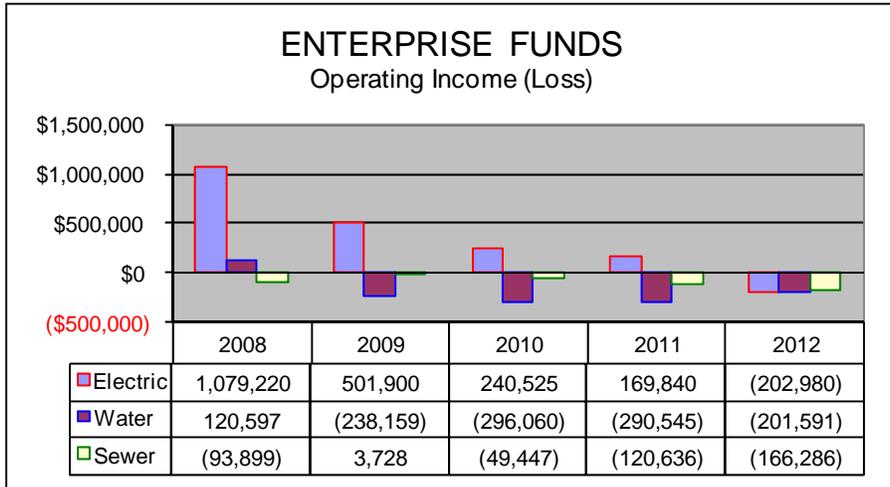


Business-Type Activities

Business-type activities include revenues and expenditures related to the Electric, Water, Sewer, and Solid Waste funds. Business-type activities do not receive property or intergovernmental taxes. Each enterprise fund operates as an independent entity, relying solely on user fees for operations. Decreases in FY 2012 resulted from increased

rainfall throughout the year yielding less water consumption and increased costs to treat storm water. The electric fund also includes expenditures for installation of the new fiber infrastructure and operations which was in startup mode but is now increasing revenues on a monthly basis.

No major changes were noted among operating expenses of the Electric, Water or Sewer fund. The operating expenses for the three funds listed above actually decreased by less than 1%. City staff works hard to maintain expenses at a level that can be maintained by current revenues.



For the Electric Fund, total operating revenues decreased by 3% during FY '12. Total operating expenditures remained fairly consistent due to additional start up costs for fiber operations that will be recovered as revenues continue to grow for this endeavor.

CITY OF HIGHLAND, ILLINOIS
April 30, 2012 - Management's Discussion & Analysis

STATUS OF CITY RESERVES

The governmental funds reported a *combined* fund balance of \$12.0 million. The City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, in this fiscal year. This creates five new classifications for fund balance reporting including non-spendable, restricted, committed, assigned and unassigned. The classifications are important in determining the order of use for fund balances remaining at year end.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2012, the City had \$71.1 million (net of depreciation) invested in a range of capital assets that include equipment, building and structures, and infrastructure. Infrastructure is valued based on the composite cost. The straight-line depreciation method is used, with a salvage value always being zero. More detailed information about the City's capital assets can be found in Note 5 of the Notes to the Financial Statements.

City of Highland's Capital Assets
(net of depreciation, in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	Fiscal Year 2012	2011	Fiscal Year 2012	2011	2012	2011
Land	\$ 7.7	\$ 7.7	\$ 0.8	\$ 0.6	\$ 8.5	\$ 8.3
Construction in Progress	1.2	8.1	1.6	4.7	2.8	12.8
Bldgs & Improvements	5.7	5.9	6.4	7.2	12.1	13.1
Other Improvements	1.9	1.9	5.2	5.2	7.1	7.1
Equipment	0.7	0.6	4.1	2.1	4.8	2.7
Infrastructure	18.4	11.2			18.4	11.2
Lines			13.1	8.7	13.1	8.7
Interconnect			4.3	4.5	4.3	4.5
Totals	\$ 35.6	\$ 35.4	\$ 35.5	\$ 33.0	\$ 71.1	\$ 68.4

The City of Highland transfers amounts between funds for the main purpose of saving for future capital expenditures. Each fund transfers excess funds at year-end to the City Property Replacement Fund where it remains, until needed, to be transferred back for eligible capital purchases. Transfers also exist among funds in order to allocate the general administrative expenses among the appropriate fund. For more information on these interfund transfers see Note 8 in the Notes to the Financial Statements.

CITY OF HIGHLAND, ILLINOIS
April 30, 2012 - Management's Discussion & Analysis

Debt Administration

The City of Highland has no general obligation debt counting against its legal debt limit because the City does not require the use of property taxes for repayment of debt. Debt repayment is accomplished primarily with sales tax revenue and utility sales. The passage of the 2006 Non-Home Rule Sales Tax Referendum is a major reason for this accomplishment. The City of Highland's legal debt limit of \$16.0 million is now fully available upon approval of voter referendum approval. Total City debt per capita is approximately \$3,000. More detailed information about the City's debt can be located in Note 6 of the Notes to Financial Statements.

City of Highland's Outstanding Debt
(in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	Fiscal Year		Fiscal Year			
	2012	2011	2012	2011	2012	2011
Revenue Bonds	\$ 13.5	\$ 14.6	\$ 15.3	\$ 11.9	\$ 28.8	\$ 26.5
Notes Payable			2.5	2.8	2.5	2.8
Maintenance Agreements Payable			0.6	0.7	0.6	0.7
Totals	\$ 13.5	\$ 14.6	\$ 18.4	\$ 15.4	\$ 31.9	\$ 30.0

CURRENT EVENTS AND NEXT YEAR'S BUDGET

The City of Highland has taken an aggressive approach towards managing the growth of the community. The following is a brief description of some of the actions taken in FY '12, with a brief look ahead into FY '13.

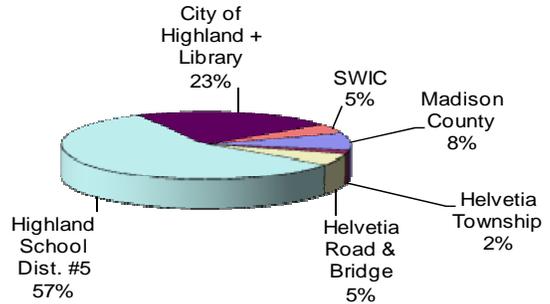
Many of the street projects that began with the adoption of the non-home rule sales tax have now been completed and the citizens are utilizing these improvements on a daily basis. The Northwest Quadrant of the peripheral route was completed along with the Iberg Road Parkway. Trees were planted along each of these areas to add to the improved streetscape of these areas. The Fiber-to-the-Premise (FTTP) project began billing for services this past year and continues to gain customers each week as the second phase of the project was completed and the third phase began near the end of April 2012. This exciting project continues to grow as customers are added and more citizens realize how valuable these community provided services can be. We look forward to watching this project continue to grow.

Steps have been taken to improve daily operations and help the City become more efficient. The City uses aspects of various performance management tools for budgeting and trend analysis. Under the direction of the City Manager, various committees have been established to review policies and procedures and to take an active role in assisting the City with its management. For example, a Growth Management Committee, comprised of key city staff members, created a growth plan that accounts for the short and long-term needs for each department to ensure that adequate infrastructure and services are available concurrently with new development.

CITY OF HIGHLAND, ILLINOIS
April 30, 2012 - Management's Discussion & Analysis

As of April 2012, the City's Equalized Assessed Value dropped 1.24% to a total of \$183.1 million. This is only the second decrease of any amount in recent history due to the declining economy and property values nationwide. The EAV is used in conjunction with the 2011 Property Tax Levy for the collection of property taxes during FY 2012-2013. The City of Highland's property tax rate for 2012 represents 23% of the total property tax rate in Helvetia Township (Saline Township is nearly identical).

The City's portion of the total property tax rate for Highland residents has remained relatively the same for the past few years. The City strives to maintain its property tax rate at the lowest amount possible while providing the highest quality of service.



CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance, City of Highland, PO Box 218, Highland, IL 62249.

General information relating to the City of Highland may be found at www.highlandil.gov.

CITY OF HIGHLAND, ILLINOIS

STATEMENTS OF NET ASSETS

ASSETS	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	APRIL 30,		APRIL 30,		APRIL 30,	
	2012	2011	2012	2011	2012	2011
Current Assets						
Cash And Investments	\$ 10,205,530	\$ 10,348,838	\$ 7,978,638	\$ 6,932,572	\$ 18,184,168	\$ 17,281,410
Receivables (Net, Where Applicable Of Allowance For Uncollectibles):						
Property Taxes	3,178,447	3,134,111			3,178,447	3,134,111
Replacement Tax Receivable	23,313	23,879			23,313	23,879
Accounts Receivable	553,151	443,123	547,732	639,183	1,100,883	1,082,306
Income Tax Receivable	233,369	103,855			233,369	103,855
Sales Tax Receivable	578,400	563,139			578,400	563,139
Unbilled Revenue			1,263,769	1,215,682	1,263,769	1,215,682
Due From Other Fund	150,000		70,000		220,000	
Other	154,791	119,579	28,475	27,951	183,266	147,530
Inventory			81,205		81,205	
Prepaid Expenses	244,318	209,253	200,070	173,801	444,388	383,054
Restricted Assets:						
Cash And Investments	306,069	352,605	4,502,411	5,392,678	4,808,480	5,745,283
Capital Assets, (Net Of Accumulated Depreciation)	35,637,651	35,371,421	35,547,196	32,953,230	71,184,847	68,324,651
Other Assets, (Net Of Accumulated Amortization)	538,383	598,497	461,630	351,722	1,000,013	950,219
Total Assets	<u>\$ 51,803,422</u>	<u>\$ 51,268,300</u>	<u>\$ 50,681,126</u>	<u>\$ 47,686,819</u>	<u>\$ 102,484,548</u>	<u>\$ 98,955,119</u>
<u>LIABILITIES</u>						
Current Liabilities:						
Accounts Payable	\$ 262,798	\$ 443,348	\$ 2,071,263	\$ 1,604,149	\$ 2,334,061	\$ 2,047,497
Accrued Salaries And Benefits	137,516	105,604	69,635	55,191	207,151	160,795
Due To Other Fund	70,000		150,000		220,000	
Accrued Interest	100,824	112,346	198,597	201,330	299,421	313,676
Customer Deposits			58,165	59,729	58,165	59,729
Premium On Revenue Bonds	6,997	8,046	5,702	7,222	12,699	15,268
Deferred Property Taxes	3,178,447	3,134,111			3,178,447	3,134,111
Deposits Payable			55,000		55,000	
Long-Term Liabilities						
Portion Due Or Payable Within One Year:						
Bonds Payable	1,200,000	1,130,000	725,000	700,000	1,925,000	1,830,000
Notes Payable			382,507	371,687	382,507	371,687
Maintenance Agreement Payable			134,027	154,827	134,027	154,827
Portion Due Or Payable After One Year:						
Compensated Absences	556,544	555,459	336,240	323,536	892,784	878,995
Other Post Employment Benefits Payable	126,173	96,226	46,848	35,729	173,021	131,955
Bonds Payable	12,324,367	13,524,367	14,620,000	11,120,000	26,944,367	24,644,367
Notes Payable			2,086,173	2,468,680	2,086,173	2,468,680
Long-Term Accrued Interest	219,227	75,726			219,227	75,726
Maintenance Agreement Payable			437,977	551,204	437,977	551,204
Total Liabilities	<u>18,182,893</u>	<u>19,185,233</u>	<u>21,377,134</u>	<u>17,653,284</u>	<u>39,560,027</u>	<u>36,838,517</u>
<u>NET ASSETS</u>						
Invested In Capital Assets, Net Of Related Debt	22,113,284	20,717,054	17,161,512	17,586,832	39,274,796	38,303,886
Restricted For:						
Special Revenue Purposes	1,799,815	680,830			1,799,815	680,830
Other Purposes	87,341	965,357	3,532,281	4,445,003	3,619,622	5,410,360
Long-Term Debt	306,069	799,792			306,069	799,792
Unrestricted	9,314,020	8,920,034	8,610,199	8,001,700	17,924,219	16,921,734
Total Net Assets	<u>33,620,529</u>	<u>32,083,067</u>	<u>29,303,992</u>	<u>30,033,535</u>	<u>62,924,521</u>	<u>62,116,602</u>
Total Liabilities And Net Assets	<u>\$ 51,803,422</u>	<u>\$ 51,268,300</u>	<u>\$ 50,681,126</u>	<u>\$ 47,686,819</u>	<u>\$ 102,484,548</u>	<u>\$ 98,955,119</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HIGHLAND, ILLINOIS

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue And Changes In Net Assets		
	Expenses	Charges For Services	Operating Grants And Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
General Government	\$ 1,432,352	\$ 1,577,875	\$ 4,205	\$ 149,728	\$	\$ 149,728
Public Safety	4,228,985	1,039,309	1,800	(3,187,876)		(3,187,876)
Highways And Streets	2,016,052		16,055	(1,999,997)		(1,999,997)
Culture And Recreation	2,510,454	984,384	48,253	(1,477,817)		(1,477,817)
Economic Development	386,747			(386,747)		(386,747)
Employer's Contribution To Retirement Fund	747,756			(747,756)		(747,756)
Interest On Long-Term Debt	576,265			(576,265)		(576,265)
Total Governmental Activities	<u>11,898,611</u>	<u>3,601,568</u>	<u>70,313</u>	<u>(8,226,730)</u>	<u>0</u>	<u>(8,226,730)</u>
Business-Type Activities:						
Electric	13,389,961	12,625,213			(764,748)	(764,748)
Water	2,258,364	2,056,773			(201,591)	(201,591)
Sewer	1,983,372	1,739,417			(243,955)	(243,955)
Other Programs	1,110,776	1,158,785			48,009	48,009
Total Business-Type Activities	<u>18,742,473</u>	<u>17,580,188</u>	<u>0</u>	<u>0</u>	<u>(1,162,285)</u>	<u>(1,162,285)</u>
Total Primary Government	<u>\$ 30,641,084</u>	<u>\$ 21,181,756</u>	<u>\$ 70,313</u>	<u>(8,226,730)</u>	<u>(1,162,285)</u>	<u>(9,389,015)</u>
General Revenues:						
Taxes:						
Property Taxes, Levied For General Purposes				3,241,161		3,241,161
Intergovernmental				5,752,853		5,752,853
Interest And Miscellaneous Income				580,178	622,742	1,202,920
Transfers				190,000	(190,000)	0
Total General Revenues				<u>9,764,192</u>	<u>432,742</u>	<u>10,196,934</u>
Change In Net Assets				1,537,462	(729,543)	807,919
Net Assets Beginning				32,083,067	30,033,535	62,116,602
Net Assets Ending				<u>\$ 33,620,529</u>	<u>\$ 29,303,992</u>	<u>\$ 62,924,521</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HIGHLAND, ILLINOIS

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue And Changes In Net Assets		
	Expenses	Charges For Services	Operating Grants And Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities:						
General Government	\$ 1,435,118	\$ 1,498,597	\$ 4,658	\$ 68,137	\$	\$ 68,137
Public Safety	4,156,903	924,218	500	(3,232,185)		(3,232,185)
Highways And Streets	1,818,335		149	(1,818,186)		(1,818,186)
Culture And Recreation	2,454,056	961,523	78,645	(1,413,888)		(1,413,888)
Economic Development	348,201			(348,201)		(348,201)
Employer's Contribution To Retirement Fund	679,285			(679,285)		(679,285)
Interest On Long-Term Debt	547,108			(547,108)		(547,108)
Total Governmental Activities	<u>11,439,006</u>	<u>3,384,338</u>	<u>83,952</u>	<u>(7,970,716)</u>	<u>0</u>	<u>(7,970,716)</u>
Business-Type Activities:						
Electric	13,442,194	13,033,343			(408,851)	(408,851)
Water	2,357,434	2,056,911			(300,523)	(300,523)
Sewer	1,963,479	1,752,109			(211,370)	(211,370)
Other Programs	1,297,036	1,006,998			(290,038)	(290,038)
Total Business-Type Activities	<u>19,060,143</u>	<u>17,849,361</u>	<u>0</u>	<u>0</u>	<u>(1,210,782)</u>	<u>(1,210,782)</u>
Total Primary Government	<u>\$ 30,499,149</u>	<u>\$ 21,233,699</u>	<u>\$ 83,952</u>	<u>(7,970,716)</u>	<u>(1,210,782)</u>	<u>(9,181,498)</u>
General Revenues:						
Taxes:						
Property Taxes, Levied For General Purposes				3,078,983		3,078,983
Intergovernmental				5,664,221		5,664,221
Interest and Miscellaneous Income				636,986	1,075,459	1,712,445
Transfers				(160,000)	160,000	0
Total General Revenues				<u>9,220,190</u>	<u>1,235,459</u>	<u>10,455,649</u>
Change In Net Assets				1,249,474	24,677	1,274,151
Net Assets Beginning (Restated)				30,833,593	30,008,858	60,842,451
Net Assets Ending (Restated)				<u>\$ 32,083,067</u>	<u>\$ 30,033,535</u>	<u>\$ 62,116,602</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HIGHLAND, ILLINOISBALANCE SHEETS
GOVERNMENTAL FUNDS
APRIL 30, 2012

	GENERAL CORPORATE	CITY PROPERTY REPLACEMENT	AMBULANCE	STREET IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>						
Cash And Investments	\$ 2,167,788	\$ 5,176,501	\$ 232,877	\$ 443,117	\$ 2,185,247	\$ 10,205,530
Receivables (Net, Where Applicable Of Allowance For Uncollectibles):						
Property Taxes	1,269,483		437,506		1,471,458	3,178,447
Replacement Tax Receivable	15,902		2,192		5,219	23,313
Accounts Receivable	28,409		524,742			553,151
Income Tax Receivable	233,369					233,369
Sales Tax Receivable	369,643			208,757		578,400
Other	112,469	15,923	716	1,363	24,320	154,791
Due From Other Fund	62,202	587,500				649,702
Prepaid Expenses	66,526		3,311		174,481	244,318
Restricted Cash				306,069		306,069
Total	\$ 4,325,791	\$ 5,779,924	\$ 1,201,344	\$ 959,306	\$ 3,860,725	\$ 16,127,090
<u>LIABILITIES</u>						
Accounts Payable	\$ 211,793		\$ 18,485	\$ 30,129	\$ 2,391	\$ 262,798
Accrued Salaries And Benefits	94,142		19,822	1,252	22,300	137,516
Due To Other Fund	170,000			250,000	149,702	569,702
Deferred Revenue	1,269,483		437,506		1,471,458	3,178,447
Total Liabilities	1,745,418	\$ 0	475,813	281,381	1,645,851	4,148,463
<u>FUND BALANCES</u>						
Nonspendable	66,526		3,311		174,481	244,318
Restricted	20,815			543,002	1,385,090	1,948,907
Assigned		5,779,924	722,220	134,923	813,856	7,450,923
Unassigned	2,493,032				(158,553)	2,334,479
Total Fund Balances	2,580,373	5,779,924	725,531	677,925	2,214,874	11,978,627
Total	\$ 4,325,791	\$ 5,779,924	\$ 1,201,344	\$ 959,306	\$ 3,860,725	\$ 16,127,090

The accompanying notes are an integral part of the financial statements.

CITY OF HIGHLAND, ILLINOIS

BALANCE SHEETS
GOVERNMENTAL FUNDS
APRIL 30, 2011

	GENERAL CORPORATE	CITY PROPERTY REPLACEMENT	AMBULANCE	STREET IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>						
Cash And Investments	\$ 2,398,670	\$ 4,572,399	\$ 358,708	\$ 963,412	\$ 2,055,649	\$ 10,348,838
Receivables (Net, Where Applicable Of Allowance For Uncollectibles):						
Property Taxes	1,281,849		426,850		1,425,412	3,134,111
Replacement Tax Receivable	16,289		2,247		5,343	23,879
Accounts Receivable	62,882		380,241			443,123
Income Tax Receivable	103,855					103,855
Sales Tax Receivable	360,256			202,883		563,139
Other	83,236	10,593	831	2,474	22,445	119,579
Due From Other Fund		189,000			131,907	320,907
Prepaid Expenses	85,040		2,724		121,489	209,253
Restricted Cash				352,605		352,605
Total	<u>\$ 4,392,077</u>	<u>\$ 4,771,992</u>	<u>\$ 1,171,601</u>	<u>\$ 1,521,374</u>	<u>\$ 3,762,245</u>	<u>\$ 15,619,289</u>
<u>LIABILITIES</u>						
Liabilities:						
Accounts Payable	\$ 197,080		\$ 9,244	\$ 232,191	\$ 4,833	\$ 443,348
Accrued Salaries And Benefits	74,706		13,081	1,022	16,795	105,604
Due To Other Fund	100,000				220,907	320,907
Deferred Revenue	1,281,849		426,850		1,425,412	3,134,111
Total Liabilities	<u>1,653,635</u>	<u>\$ 0</u>	<u>449,175</u>	<u>233,213</u>	<u>1,667,947</u>	<u>4,003,970</u>
<u>FUND BALANCES</u>						
Reserved For:						
Maintenance And Upkeep					680,830	680,830
Building Construction And Improvements				322,804	476,988	799,792
Unreserved, Reported In:						
General Corporate Fund	2,738,442					2,738,442
Special Revenue Funds			722,426		1,042,300	1,764,726
Capital Projects Funds		4,771,992			(105,820)	4,666,172
Debt Service Funds				965,357		965,357
Total Fund Balance	<u>2,738,442</u>	<u>4,771,992</u>	<u>722,426</u>	<u>1,288,161</u>	<u>2,094,298</u>	<u>11,615,319</u>
Total	<u>\$ 4,392,077</u>	<u>\$ 4,771,992</u>	<u>\$ 1,171,601</u>	<u>\$ 1,521,374</u>	<u>\$ 3,762,245</u>	<u>\$ 15,619,289</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HIGHLAND, ILLINOIS

RECONCILIATIONS OF THE GOVERNMENTAL FUNDS BALANCE SHEETS
TO THE STATEMENTS OF NET ASSETS
APRIL 30, 2012
WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2011

	2012	2011
Total fund balances for governmental funds	\$ 11,978,627	\$ 11,615,319
Total net assets reported for governmental activities in the Statements of Net Assets is different because:		
Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	\$ 7,650,800	\$ 7,648,515
Construction In Progress	1,203,960	8,111,756
Infrastructure, net of accumulated depreciation	18,427,685	11,210,570
Buildings and improvements, net of accumulated depreciation	5,661,087	5,916,024
Other improvements, net of accumulated depreciation	2,022,679	1,869,247
Equipment, net of accumulated depreciation	671,440	615,309
	35,637,651	35,371,421
Bond Issuance Costs, net of accumulated amortization	538,383	598,497
Certain liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net assets. Those liabilities consist of:		
Accrued interest	\$ (320,051)	\$ (188,072)
Bonds and notes payable	(13,524,367)	(14,654,367)
Bond premium, net of accumulated amortization	(6,997)	(8,046)
Other Post Employment Benefits	(126,173)	(96,226)
Compensated absences	(556,544)	(555,459)
	(14,534,132)	(15,502,170)
Total net assets of governmental activities	\$ 33,620,529	\$ 32,083,067

The accompanying notes are an integral part of the financial statements.

CITY OF HIGHLAND, ILLINOIS

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

	GENERAL CORPORATE	CITY PROPERTY REPLACEMENT	AMBULANCE	STREET IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:						
General Property Taxes	\$ 1,395,851		\$ 425,174		\$ 1,420,136	\$ 3,241,161
Corporate Personal Property Replacement Taxes	105,474		13,388		40,109	158,971
Intergovernmental	3,740,415		185,690	\$ 1,365,968	301,809	5,593,882
Charges For Services	2,170,025		1,039,309		19,218	3,228,552
Licenses, Permits And Other Taxes	253,021					253,021
Fines And Forfeitures	34,555				4,836	39,391
Revenue From Use Of Property	80,604					80,604
Miscellaneous And Interest Income	323,201	\$ 161,152	15,034	44,752	106,351	650,490
Total Revenues	<u>8,103,146</u>	<u>161,152</u>	<u>1,678,595</u>	<u>1,410,720</u>	<u>1,892,459</u>	<u>13,246,072</u>
Expenditures:						
Current-						
General Government	1,218,334				244,971	1,463,305
Public Safety	2,682,349		1,379,490			4,061,839
Highways And Streets	1,212,112			895,750	207,224	2,315,086
Culture And Recreation	2,078,885				443,812	2,522,697
Economic Development	282,739				104,008	386,747
Employer's Contribution To Retirement Fund					747,756	747,756
Debt Service Expenditures-						
Principal Retirement	305,000			825,000		1,130,000
Interest And Fixed Charges	145,128			300,206		445,334
Total Expenditures	<u>7,924,547</u>	<u>0</u>	<u>1,379,490</u>	<u>2,020,956</u>	<u>1,747,771</u>	<u>13,072,764</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>178,599</u>	<u>161,152</u>	<u>299,105</u>	<u>(610,236)</u>	<u>144,688</u>	<u>173,308</u>
Other Financing Sources (Uses):						
Operating Transfers In	157,112	939,780				1,096,892
Operating Transfers Out	(493,780)	(93,000)	(296,000)		(24,112)	(906,892)
Total Other Financing Sources (Uses)	<u>(336,668)</u>	<u>846,780</u>	<u>(296,000)</u>	<u>0</u>	<u>(24,112)</u>	<u>190,000</u>
Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures And Other Uses	<u>(158,069)</u>	<u>1,007,932</u>	<u>3,105</u>	<u>(610,236)</u>	<u>120,576</u>	<u>363,308</u>
Fund Balance, Beginning Of Year	<u>2,738,442</u>	<u>4,771,992</u>	<u>722,426</u>	<u>1,288,161</u>	<u>2,094,298</u>	<u>11,615,319</u>
Fund Balance, End Of Year	<u>\$ 2,580,373</u>	<u>\$ 5,779,924</u>	<u>\$ 725,531</u>	<u>\$ 677,925</u>	<u>\$ 2,214,874</u>	<u>\$ 11,978,627</u>

CITY OF HIGHLAND, ILLINOIS

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2011

	GENERAL CORPORATE	CITY PROPERTY REPLACEMENT	AMBULANCE	STREET IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:						
General Property Taxes	\$ 1,412,921		\$ 412,479		\$ 1,253,583	\$ 3,078,983
Corporate Personal Property Replacement Taxes	120,792		15,365		44,960	181,117
Intergovernmental	3,671,863		179,351	\$ 1,336,366	295,524	5,483,104
Charges For Services	2,093,282		924,218		19,889	3,037,389
Licenses, Permits And Other Taxes	222,856					222,856
Fines And Forfeitures	34,755				4,579	39,334
Revenue From Use Of Property	84,759					84,759
Miscellaneous And Interest Income	351,879	\$ 153,924	20,274	97,464	97,397	720,938
Total Revenues	7,993,107	153,924	1,551,687	1,433,830	1,715,932	12,848,480
Expenditures:						
Current-						
General Government	1,134,206				253,124	1,387,330
Public Safety	2,689,423		1,608,561			4,297,984
Highways And Streets	986,021			8,225,669	236,458	9,448,148
Culture And Recreation	1,911,754				610,982	2,522,736
Economic Development	338,300				9,901	348,201
Employer's Contribution To Retirement Fund					679,285	679,285
Debt Service Expenditures-						
Bond Issue Costs				60,244		60,244
Principal Retirement	300,000			775,000		1,075,000
Interest And Fixed Charges	152,955			330,237		483,192
Total Expenditures	7,512,659	0	1,608,561	9,391,150	1,789,750	20,302,120
Excess (Deficiency) Of Revenues Over (Under) Expenditures	480,448	153,924	(56,874)	(7,957,320)	(73,818)	(7,453,640)
Other Financing Sources (Uses):						
Bond Proceeds				3,199,367		3,199,367
Operating Transfers In	1,193,929	1,180,000	231,166		283,200	2,888,295
Operating Transfers Out	(1,815,770)	(1,023,417)	(140,000)		(69,108)	(3,048,295)
Total Other Financing Sources (Uses)	(621,841)	156,583	91,166	3,199,367	214,092	3,039,367
Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures And Other Uses	(141,393)	310,507	34,292	(4,757,953)	140,274	(4,414,273)
Fund Balance, Beginning Of Year	2,879,835	4,461,485	688,134	6,046,114	1,954,024	16,029,592
Fund Balance, End Of Year	\$ 2,738,442	\$ 4,771,992	\$ 722,426	\$ 1,288,161	\$ 2,094,298	\$ 11,615,319

The accompanying notes are an integral part of the financial statements.

CITY OF HIGHLAND, ILLINOIS

RECONCILIATIONS OF THE STATEMENTS OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENTS OF ACTIVITIES
 FOR THE YEAR ENDED APRIL 30, 2012
 WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2011

	2012	2011
Net change in fund balances - total governmental funds	\$ 363,308	\$ (4,414,273)
Amounts reported for governmental activities in the Statements of Activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation expense in the current period.	266,230	7,928,704
Governmental funds report bond issue costs as expenditures while governmental activities report amortization expense to allocate those expenditures over the life of the bonds. Also, bond premiums are amortized over the life of the bonds and this amortization reduces the amount of interest expense on the bonds. This amount represents the net effect of the amortization of bond issue costs and bond premiums.	(59,065)	2,490
Proceeds from new bond issues are recorded as revenues in the governmental funds but increase liabilities in the Statement of Net Assets		(3,199,367)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(133,064)	(107,472)
Other post employment benefits is a liability held by the City that is not due and payable in the current period and accordingly are not reported as fund liabilities.	(29,947)	(35,608)
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statements of Net Assets.	1,130,000	1,075,000
Changes in Net Assets of Governmental Activities	\$ 1,537,462	\$ 1,249,474

The accompanying notes are an integral part of the financial statements.

CITY OF HIGHLAND, ILLINOIS

BALANCE SHEETS
ENTERPRISE FUNDS
APRIL 30, 2012

<u>ASSETS</u>	<u>LIGHT AND POWER</u>	<u>WATER</u>	<u>SEWER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
Current Assets:					
Cash And Investments	\$ 5,111,228	\$ 1,278,467	\$ 1,430,471	\$ 158,472	\$ 7,978,638
Receivables:					
Accounts	386,314	63,610	57,533	40,275	547,732
Due From Other Funds	70,000				70,000
Unbilled Revenue	892,610	158,792	127,536	84,831	1,263,769
Other Receivable	19,652	3,933	4,401	489	28,475
Inventory		81,205			81,205
Other Current Assets	122,830	35,283	41,502	455	200,070
Total Current Assets	<u>6,602,634</u>	<u>1,621,290</u>	<u>1,661,443</u>	<u>284,522</u>	<u>10,169,889</u>
Restricted Assets:					
Cash And Investments	4,502,411				4,502,411
Capital Assets (Net Of Accumulated Depreciation)	21,749,622	8,391,569	5,406,005		35,547,196
Other Assets (Net Of Accumulated Amortization)	460,150			1,480	461,630
Total Noncurrent Assets	<u>26,712,183</u>	<u>8,391,569</u>	<u>5,406,005</u>	<u>1,480</u>	<u>40,511,237</u>
Total Assets	<u>\$ 33,314,817</u>	<u>\$ 10,012,859</u>	<u>\$ 7,067,448</u>	<u>\$ 286,002</u>	<u>\$ 50,681,126</u>
<u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities (Payable From Current Assets):					
Accounts Payable	\$ 1,848,952	\$ 136,494	\$ 76,973	\$ 8,844	\$ 2,071,263
Accrued Interest Payable			11,632		11,632
Current Portion Notes Payable			382,507		382,507
Current Portion Maintenance Agreement Payable		134,027			134,027
Accrued Salaries And Benefits	42,293	15,680	11,662		69,635
Premium On Revenue Bonds	5,702				5,702
Due To Other Funds				150,000	150,000
Total Current Liabilities (Payable From Current Assets)	<u>1,896,947</u>	<u>286,201</u>	<u>482,774</u>	<u>158,844</u>	<u>2,824,766</u>
Current Liabilities (Payable From Restricted Assets):					
Customer Deposits	58,165				58,165
Deposits Payable				55,000	55,000
Current Portion Revenue Bonds	725,000				725,000
Accrued Interest On Revenue Bonds	186,965				186,965
Total Current Liabilities (Payable From Restricted Assets)	<u>970,130</u>	<u>0</u>	<u>0</u>	<u>55,000</u>	<u>1,025,130</u>
Long-Term Liabilities:					
Revenue Bonds (Net Of Current Portion)	14,620,000				14,620,000
Notes Payable (Net Of Current Portion)			2,086,173		2,086,173
Maintenance Agreement Payable (Net Of Current Portion)		437,977			437,977
Compensated Absences	220,141	61,548	54,551		336,240
Other Post Employment Benefits Payable	27,558	9,645	9,645		46,848
Total Long-Term Liabilities	<u>14,867,699</u>	<u>509,170</u>	<u>2,150,369</u>	<u>0</u>	<u>17,527,238</u>
Total Liabilities	<u>17,734,776</u>	<u>795,371</u>	<u>2,633,143</u>	<u>213,844</u>	<u>21,377,134</u>
Net Assets:					
Invested In Capital Assets, Net Of Related Debt	6,404,622	7,819,565	2,937,325		17,161,512
Restricted For Long Term Debt	3,532,281				3,532,281
Unrestricted	5,643,138	1,397,923	1,496,980	72,158	8,610,199
Total Net Assets	<u>15,580,041</u>	<u>9,217,488</u>	<u>4,434,305</u>	<u>72,158</u>	<u>29,303,992</u>
Total Liabilities And Net Assets	<u>\$ 33,314,817</u>	<u>\$ 10,012,859</u>	<u>\$ 7,067,448</u>	<u>\$ 286,002</u>	<u>\$ 50,681,126</u>

CITY OF HIGHLAND, ILLINOIS

BALANCE SHEETS
ENTERPRISE FUNDS
APRIL 30, 2011

<u>ASSETS</u>	<u>LIGHT AND POWER</u>	<u>WATER</u>	<u>SEWER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
Current Assets:					
Cash And Investments	\$ 4,581,161	\$ 932,359	\$ 1,314,180	\$ 104,872	\$ 6,932,572
Receivables:					
Accounts	464,319	65,250	66,266	43,348	639,183
Due From Other Funds	70,000	30,000			100,000
Unbilled Revenue	857,808	157,208	132,173	68,493	1,215,682
Accrued Interest Receivable	15,104	2,160	3,044	7,643	27,951
Other Current Assets	103,912	39,634	29,807	448	173,801
Total Current Assets	<u>6,092,304</u>	<u>1,226,611</u>	<u>1,545,470</u>	<u>224,804</u>	<u>9,089,189</u>
Restricted Assets:					
Cash And Investments	5,392,678				5,392,678
Fixed Assets (Net Of Accumulated Depreciation)	17,931,818	8,955,454	6,065,958		32,953,230
Other Assets (Net Of Accumulated Amortization)	351,722				351,722
Total Noncurrent Assets	<u>23,676,218</u>	<u>8,955,454</u>	<u>6,065,958</u>	<u>0</u>	<u>38,697,630</u>
Total Assets	<u>\$ 29,768,522</u>	<u>\$ 10,182,065</u>	<u>\$ 7,611,428</u>	<u>\$ 224,804</u>	<u>\$ 47,786,819</u>
<u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities (Payable From Current Assets):					
Accounts Payable	\$ 1,429,452	\$ 59,456	\$ 51,677	\$ 63,564	\$ 1,604,149
Accrued Interest Payable			13,384		13,384
Current Portion Note Payable			371,687		371,687
Current Portion Maintenance Agreement Payable		154,827			154,827
Accrued Salaries And Benefits	33,189	11,976	10,026		55,191
Premium On Revenue Bonds	7,222				7,222
Due To Other Funds				100,000	100,000
Total Current Liabilities (Payable From Current Assets)	<u>1,469,863</u>	<u>226,259</u>	<u>446,774</u>	<u>163,564</u>	<u>2,306,460</u>
Current Liabilities (Payable From Restricted Assets):					
Customer Deposits	59,729				59,729
Current Portion Revenue Bonds	700,000				700,000
Accrued Interest On Revenue Bonds	187,946				187,946
Total Current Liabilities (Payable From Restricted Assets)	<u>947,675</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>947,675</u>
Long-Term Liabilities:					
Revenue Bonds (Net Of Current Portion)	11,120,000				11,120,000
Note Payable (Net Of Current Portion)			2,468,680		2,468,680
Maintenance Agreement Payable (Net Of Current Portion)		551,204			551,204
Compensated Absences	200,919	63,629	58,988		323,536
Other Post Employment Benefits Payable	21,017	7,356	7,356		35,729
Total Long-Term Liabilities	<u>11,341,936</u>	<u>622,189</u>	<u>2,535,024</u>	<u>0</u>	<u>14,499,149</u>
Total Liabilities	<u>13,759,474</u>	<u>848,448</u>	<u>2,981,798</u>	<u>163,564</u>	<u>17,753,284</u>
Net Assets:					
Invested In Capital Assets, Net Of Related Debt	6,111,818	8,249,423	3,225,591		17,586,832
Restricted For Long Term Debt	4,445,003				4,445,003
Unrestricted	5,452,227	1,084,194	1,404,039	61,240	8,001,700
Total Net Assets	<u>16,009,048</u>	<u>9,333,617</u>	<u>4,629,630</u>	<u>61,240</u>	<u>30,033,535</u>
Total Liabilities And Net Assets	<u>\$ 29,768,522</u>	<u>\$ 10,182,065</u>	<u>\$ 7,611,428</u>	<u>\$ 224,804</u>	<u>\$ 47,786,819</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HIGHLAND, ILLINOIS

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED APRIL 30, 2012

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
Operating Revenues:					
Charges For Services	\$ 12,611,373	\$ 2,041,625	\$ 1,702,902	\$ 1,158,785	\$ 17,514,685
Connection Fees	13,840	15,148	36,515		65,503
Total Operating Revenues	<u>12,625,213</u>	<u>2,056,773</u>	<u>1,739,417</u>	<u>1,158,785</u>	<u>17,580,188</u>
Operating Expenses:					
Personnel Services	1,477,401	707,053	527,214		2,711,668
Contractual Services	1,641,643	354,796	472,140	1,100,782	3,569,361
Purchase Power (Less Generating Capacity Credit)	7,998,837				7,998,837
Supplies And Materials	297,715	227,641	146,987	9,994	682,337
Utilities	128,034	118,850	3,162		250,046
Depreciation And Amortization	1,284,563	850,024	756,200		2,890,787
Total Operating Expenses	<u>12,828,193</u>	<u>2,258,364</u>	<u>1,905,703</u>	<u>1,110,776</u>	<u>18,103,036</u>
Operating Income (Loss)	<u>(202,980)</u>	<u>(201,591)</u>	<u>(166,286)</u>	<u>48,009</u>	<u>(522,848)</u>
Non-Operating Revenues (Expenses):					
Interest Income	225,439	36,982	46,842	2,901	312,164
Miscellaneous	260,302	48,480	1,788	8	310,578
Interest Expense	(561,331)		(77,669)		(639,000)
Service Charges	(437)				(437)
Total Non-Operating Revenues (Expenses)	<u>(76,027)</u>	<u>85,462</u>	<u>(29,039)</u>	<u>2,909</u>	<u>(16,695)</u>
Income (Loss) Before Operating Transfers	<u>(279,007)</u>	<u>(116,129)</u>	<u>(195,325)</u>	<u>50,918</u>	<u>(539,543)</u>
Total Operating Transfers From (To) Other Funds	<u>(150,000)</u>	<u>0</u>	<u>0</u>	<u>(40,000)</u>	<u>(190,000)</u>
Increase (Decrease) In Net Assets	<u>(429,007)</u>	<u>(116,129)</u>	<u>(195,325)</u>	<u>10,918</u>	<u>(729,543)</u>
Total Net Assets, Beginning Of Year	<u>16,009,048</u>	<u>9,333,617</u>	<u>4,629,630</u>	<u>61,240</u>	<u>30,033,535</u>
Total Net Assets, End Of Year	<u>\$ 15,580,041</u>	<u>\$ 9,217,488</u>	<u>\$ 4,434,305</u>	<u>\$ 72,158</u>	<u>\$ 29,303,992</u>

CITY OF HIGHLAND, ILLINOIS

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED APRIL 30, 2011

	<u>LIGHT AND POWER</u>	<u>WATER</u>	<u>SEWER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
Operating Revenues:					
Charges For Services	\$ 13,017,061	\$ 2,038,761	\$ 1,718,736	\$ 1,006,844	\$ 17,781,402
Connection Fees	16,282	18,150	33,373	154	67,959
Total Operating Revenues	<u>13,033,343</u>	<u>2,056,911</u>	<u>1,752,109</u>	<u>1,006,998</u>	<u>17,849,361</u>
Operating Expenses:					
Personnel Services	1,684,461	708,405	532,035		2,924,901
Contractual Services	1,367,095	381,133	460,206	970,288	3,178,722
Purchase Power (Less Generating Capacity Credit)	8,329,781				8,329,781
Supplies And Materials	374,018	273,832	116,534	326,748	1,091,132
Utilities	93,865	144,362	3,033		241,260
Depreciation And Amortization	1,014,283	839,724	760,937		2,614,944
Total Operating Expenses	<u>12,863,503</u>	<u>2,347,456</u>	<u>1,872,745</u>	<u>1,297,036</u>	<u>18,380,740</u>
Operating Income (Loss)	<u>169,840</u>	<u>(290,545)</u>	<u>(120,636)</u>	<u>(290,038)</u>	<u>(531,379)</u>
Non-Operating Revenues (Expenses):					
Interest Income	336,962	40,427	45,961	3,147	426,497
Miscellaneous	306,168	272,551	9,125	61,118	648,962
Interest Expense	(578,354)	(9,678)	(90,734)		(678,766)
Service Charges	(337)	(300)			(637)
Total Non-Operating Revenues (Expenses)	<u>64,439</u>	<u>303,000</u>	<u>(35,648)</u>	<u>64,265</u>	<u>396,056</u>
Income (Loss) Before Operating Transfers	234,279	12,455	(156,284)	(225,773)	(135,323)
Total Operating Transfers To Other Funds:	<u>200,000</u>	<u>0</u>	<u>0</u>	<u>(40,000)</u>	<u>160,000</u>
Increase (Decrease) In Net Assets	434,279	12,455	(156,284)	(265,773)	24,677
Total Net Assets, Beginning Of Year	<u>15,574,769</u>	<u>9,321,162</u>	<u>4,785,914</u>	<u>327,013</u>	<u>30,008,858</u>
Total Net Assets, End Of Year	<u>\$ 16,009,048</u>	<u>\$ 9,333,617</u>	<u>\$ 4,629,630</u>	<u>\$ 61,240</u>	<u>\$ 30,033,535</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HIGHLAND, ILLINOIS
 STATEMENTS OF CASH FLOWS
 ENTERPRISE FUNDS
 FOR THE YEAR ENDED APRIL 30, 2012

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received From Customers	\$ 12,928,718	\$ 2,109,660	\$ 1,754,575	\$ 1,151,448	\$ 17,944,401
Cash Payments For Goods And Services	(9,667,211)	(624,249)	(608,688)	(1,110,503)	(12,010,651)
Cash Payments To Employees	(1,442,534)	(703,141)	(527,756)		(2,673,431)
Net Cash Provided (Used) By Operating Activities	<u>1,818,973</u>	<u>782,270</u>	<u>618,131</u>	<u>40,945</u>	<u>3,260,319</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Operating Transfers From (To) Other Funds	(150,000)			(40,000)	(190,000)
Repayment Of Loans From Other Funds		30,000			30,000
Proceeds For Loans From Other Funds				50,000	50,000
Net Cash Provided By (Used In) Non-Capital Financing Activities	<u>(150,000)</u>	<u>30,000</u>	<u>0</u>	<u>10,000</u>	<u>(110,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Interest Paid	(564,269)		(79,391)		(643,660)
Payments For Capital Acquisitions	(5,210,795)	(367,344)	(96,247)		(5,674,386)
Repayments Of Loans		(134,027)			(134,027)
Proceeds From Loans	3,525,000		(371,687)		3,153,313
Net Cash Used By Capital And Related Financing Activities	<u>(2,250,064)</u>	<u>(501,371)</u>	<u>(547,325)</u>	<u>0</u>	<u>(3,298,760)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Receipts Of Interest	220,891	35,209	45,485	2,655	304,240
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(360,200)	346,108	116,291	53,600	155,799
CASH AND INVESTMENTS, BEGINNING OF YEAR	9,973,839	932,359	1,314,180	104,872	12,325,250
CASH AND INVESTMENTS, END OF YEAR	<u>\$ 9,613,639</u>	<u>\$ 1,278,467</u>	<u>\$ 1,430,471</u>	<u>\$ 158,472</u>	<u>\$ 12,481,049</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ (202,980)	\$ (201,591)	\$ (166,286)	\$ 48,009	\$ (522,848)
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:					
Depreciation And Amortization Expense	1,284,563	850,024	756,200		2,890,787
Miscellaneous Revenues (Expenses)	260,302	48,480	1,788	8	310,578
Decrease (Increase) In Accounts Receivables	78,005	1,640	8,733	3,073	91,451
Decrease (Increase) In Unbilled Revenue	(34,802)	(1,584)	4,637	(16,338)	(48,087)
Decrease (Increase) In Other Receivable				5,920	5,920
Decrease (Increase) In Prepaid Expenses	(18,918)	4,351	(11,695)	(7)	(26,269)
Increase (Decrease) In Accounts Payable	419,500	77,038	25,296	(54,720)	467,114
Increase (Decrease) In Deposits Payable				55,000	55,000
Increase (Decrease) In Accrued Salaries and Benefits	9,104	3,704	1,606		14,414
Increase (Decrease) In Compensated Absences	19,222	(2,081)	(4,437)		12,704
Increase (Decrease) In Customer Deposits	(1,564)				(1,564)
Increase (Decrease) In Other Post Employment Benefits	6,541	2,289	2,289		11,119
Total Adjustments	<u>2,021,953</u>	<u>983,861</u>	<u>784,417</u>	<u>(7,064)</u>	<u>3,783,167</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 1,818,973</u>	<u>\$ 782,270</u>	<u>\$ 618,131</u>	<u>\$ 40,945</u>	<u>\$ 3,260,319</u>

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED APRIL 30, 2011

	<u>LIGHT AND POWER</u>	<u>WATER</u>	<u>SEWER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received From Customers	\$ 13,138,742	\$ 2,317,296	\$ 1,750,393	\$ 1,055,314	\$ 18,261,745
Cash Payments For Goods And Services	(9,834,345)	(916,882)	(655,522)	(1,308,852)	(12,715,601)
Cash Payments To Employees	(1,631,633)	(709,885)	(528,818)		(2,870,336)
Net Cash Provided (Used) By Operating Activities	<u>1,672,764</u>	<u>690,529</u>	<u>566,053</u>	<u>(253,538)</u>	<u>2,675,808</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Operating Transfers (To) Other Funds	200,000			60,000	260,000
Repayment Of Loans From Other Funds		30,000			30,000
Net Cash Provided (Used) By Non-Capital Financing Activities	<u>200,000</u>	<u>30,000</u>	<u>0</u>	<u>60,000</u>	<u>290,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Interest Paid	(550,497)	(10,858)	(94,181)		(655,536)
Payments For Capital Acquisitions	(5,684,741)	(679,716)	(36,540)		(6,400,997)
Proceeds From (Repayments Of) Loan	(625,000)	(205,000)	(442,157)		(1,272,157)
Net Cash Provided (Used) By Capital And Related Financing Activities	<u>(6,860,238)</u>	<u>(895,574)</u>	<u>(572,878)</u>	<u>0</u>	<u>(8,328,690)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Receipts Of Interest	343,539	41,234	47,077	3,866	435,716
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	<u>(4,643,935)</u>	<u>(133,811)</u>	<u>40,252</u>	<u>(189,672)</u>	<u>(4,927,166)</u>
CASH AND INVESTMENTS, BEGINNING OF YEAR	<u>14,617,774</u>	<u>1,066,170</u>	<u>1,273,928</u>	<u>294,544</u>	<u>17,252,416</u>
CASH AND INVESTMENTS, END OF YEAR	<u>\$ 9,973,839</u>	<u>\$ 932,359</u>	<u>\$ 1,314,180</u>	<u>\$ 104,872</u>	<u>\$ 12,325,250</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 169,840	\$ (290,545)	\$ (120,636)	\$ (290,038)	\$ (531,379)
Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By Operating Activities:					
Depreciation And Amortization Expense	1,014,283	839,724	760,937		2,614,944
Miscellaneous Revenues	306,168	272,551	9,125	61,118	648,962
Decrease (Increase) In Accounts Receivables	(122,133)	(12,434)	(3,130)	(4,624)	(142,321)
Decrease (Increase) In Unbilled Revenue	(80,508)	268	(7,711)	(778)	(88,729)
Decrease (Increase) Decrease In Prepaid Expenses	(8,812)	(1,111)	(4,886)	(448)	(15,257)
Decrease (Increase) Decrease In Notes Receivable				(7,400)	(7,400)
Increase (Decrease) In Accounts Payable	339,226	(116,444)	(70,863)	(11,368)	140,551
Increase (Decrease) In Accrued Salaries and Benefits	6,357	368	1,066		7,791
Increase (Decrease) In Compensated Absences	38,694	(4,570)	(571)		33,553
Increase (Decrease) In Customer Deposits	1,872				1,872
Increase (Decrease) In Other Post Employment Benefits	7,777	2,722	2,722		13,221
Total Adjustments	<u>1,502,924</u>	<u>981,074</u>	<u>686,689</u>	<u>36,500</u>	<u>3,207,187</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 1,672,764</u>	<u>\$ 690,529</u>	<u>\$ 566,053</u>	<u>\$ (253,538)</u>	<u>\$ 2,675,808</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HIGHLAND, ILLINOISSTATEMENTS OF NET ASSETS
FIDUCIARY FUND

	POLICEMEN'S PENSION TRUST FUND APRIL 30,	
<u>ASSETS</u>	<u>2012</u>	<u>2011</u>
Cash	\$ 763,792	\$ 188,768
Receivables:		
Property Taxes, Current Year Levy	334,402	301,688
Interest Receivable	18,985	7,936
Total Receivables	<u>353,387</u>	<u>309,624</u>
Investments:		
Certificates Of Deposit And Interest Bearing Accounts	3,576,673	4,186,044
Municipal Bonds	106,166	
Mutual Funds	3,618,254	3,575,626
Total Investments	<u>7,301,093</u>	<u>7,761,670</u>
Other Assets	<u>1,697</u>	<u>0</u>
Total Assets	<u>\$ 8,419,969</u>	<u>\$ 8,260,062</u>
<u>LIABILITIES</u>		
Deferred Property Taxes	\$ 334,402	\$ 301,688
Total Liabilities	<u>334,402</u>	<u>301,688</u>
<u>NET ASSETS</u>		
Net Assets Held In Trust For Pension Benefits And Other Purposes	<u>8,085,567</u>	<u>7,958,374</u>
Total Net Assets	<u>\$ 8,419,969</u>	<u>\$ 8,260,062</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HIGHLAND, ILLINOISSTATEMENTS OF CHANGES IN NET ASSETS
FIDUCIARY FUND

	POLICEMEN'S PENSION TRUST FUND YEARS ENDED APRIL 30,	
	2012	2011
Additions:		
General Property Taxes:		
Real Estate	\$ 300,505	\$ 352,403
Intergovernmental:		
Corporate Personal Property Replacement Tax	6,900	6,900
Miscellaneous:		
Interest	150,451	168,875
Employee Contributions	135,046	117,011
Realized/Unrealized Gain (Loss) On Investments	(25,630)	595,397
Total Additions	<u>567,272</u>	<u>1,240,586</u>
Deductions:		
Benefit Payments	432,268	426,049
Administration	7,811	6,980
Total Deductions	<u>440,079</u>	<u>433,029</u>
Net Increase	127,193	807,557
Net Assets, Beginning Of Year	<u>7,958,374</u>	<u>7,150,817</u>
Net Assets, End Of Year	<u><u>\$ 8,085,567</u></u>	<u><u>\$ 7,958,374</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The City of Highland, Illinois, was incorporated April 4, 1884. The City is a Non-Home Rule Unit and operates under a managerial council form of government. Under this form of government the City council is legislative, except that it is empowered to approve all expenses and liabilities, and the manager is the administrative and executive head of government.

The accounting policies of the City of Highland conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies:

(a) Principles Used to Determine Scope of Entity

The City's reporting entity includes the City's governing board and all related organizations for which the City exercises significant influence.

The City has developed criteria to determine whether outside agencies with activities which benefit the citizens of the City should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the City exercises significant influence (which includes financial benefit or burden, appoints a voting majority, ability to significantly impose its will, and fiscal independence).

The City has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a component unit in the City's financial statements. In addition, the City is not aware of any entity which would exercise such influence which would result in the City being considered a component unit of the entity.

(b) Basis of Accounting and Financial Statement Presentation

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board pronouncements. Proprietary funds apply guidance by Financial Accounting Standards Board (FASB) Codification Standards originally issued on or before November 30, 1989, unless those standards conflict with or contradict GASB pronouncements, in which case, GASB prevails.

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The City's funds are grouped into three broad fund categories and six generic fund types for financial statement presentation purposes. Governmental funds include the general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The City also has one fiduciary agency fund.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net assets and the statement of activities display information about the City, the primary government, as a whole excluding fiduciary activities such as employee pension plans. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

Net assets should be reported as restricted when constraints placed on the net asset's use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments, imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other purposes result from special revenue funds and the restrictions on their net asset use.

FUND FINANCIAL STATEMENTS

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The City reports the following major governmental funds:

General Fund - The government's primary operating fund. This fund is used to account for and report all financial resources not accounted for or reported in another fund.

Special Revenue – Ambulance - The fund that accounts for proceeds of specific revenue sources (other than those for major capital projects) that are restricted or committed to expenditure for the specified purposes of providing ambulance services.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS (CONTINUED)

Capital Projects - City Property Replacement - This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities (other than those financed by proprietary funds and trust funds).

Capital Projects - Street Improvement – This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of major street and infrastructure improvements (other than those financed by proprietary funds and trust funds).

The City reports the following major proprietary funds:

Light and Power Fund - The light and power fund operates the electrical distribution system and includes the fiber-optic system that provides high-speed internet, television, and telephone services to customers in Highland.

Water Fund - The water fund operates the water distribution system.

Sewer Fund - The sewer fund operates the sewer treatment plant, sewage pumping stations, and collection systems.

Solid Waste Fund - The solid waste fund operates the collection of solid waste pickup.

GOVERNMENTAL FUNDS

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. The length of time to define available is 60 days or less. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available. This concept includes investment earnings, fines and forfeitures, and state-levied locally shared taxes (including motor vehicle fees).

Property taxes and special assessments (in the debt service funds), though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax and special assessment receivables are recorded and deferred until they become available.

Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUNDS (CONTINUED)

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, are recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

PROPRIETARY FUNDS

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. They report charges for services and connection fees as operating revenues, and items such as interest income, grants, and other miscellaneous items as non-operating revenues. The economic resource focus determines costs as a means of maintaining capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled utility receivables are recorded at each year-end.

FIDUCIARY FUNDS

The City currently has one fiduciary fund. The Policemen's Pension Trust Fund is used to account for pension assets held by the City in a trustee capacity. This fund is accounted for and reported in a manner similar to proprietary funds since capital maintenance is critical.

(c) Vacation and Sick Leave

Vacation leave is accrued for full-time, temporary employees and supervisors of the City at the rate of one average work week upon completion of the first year of continuous service. These employees are granted two average work weeks following completion of the second year of continuous service through the seventh year. For the eighth through the fourteenth year, three average work weeks are earned and four average work weeks are earned following the fifteenth year and thereafter. Employees may accrue a maximum of 160 working hours of vacation time. Sick leave is accrued for full-time City employees at the rate of 13 days a year. These employees can accumulate 30 days of vested sick pay and an additional 60 days of non-vested sick pay. Terminated employees are compensated for sick leave up to 30 days. The City does not accrue the additional 60 days of sick pay, representing \$587,715 of benefits, which are non-vesting. However, for the accrued vacation and vested sick pay days, the City is liable in the approximate amount of \$556,544 for payments to qualified employees of the governmental activities and \$336,240 for payments to qualified employees of the business-type activities.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Cash and Investments

The City maintains an investment pool that is available for use by all funds, except those of certain special revenue and agency funds. The City maintains a separate accounting of each fund's balance in the pool. Additionally, the City participates in the Illinois Fund. Investment income earned on pooled investments is distributed to the appropriate funds based on the average daily balance of the investments of each fund.

Investments are stated at fair value. Fair value for investments is determined by closing market prices at year-end as reported by the investment custodian. Fair value for the Illinois Fund is the same as the value of fund shares.

All cash and investments of the proprietary funds are considered highly liquid, as these funds participate in the City's investment pool. Consequently, these are considered to be cash and cash equivalents for cash flow purposes.

Restricted cash on the financial statements represents cash for customer deposits, street bonds, fiber bonds, and electric bonds.

(e) Governmental Receivables

Long-term receivables due to governmental funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources", since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become current receivables. The City has determined that an allowance for uncollectible receivables is not needed based on prior years' collections.

(f) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. During the first quarter of the calendar year, the City Manager submits to the City Council a proposed budget for the year commencing May 1 of that year. The City budgets for claims and compensated absences only to the extent expected to be paid in cash. Expenditures, interest, and payroll are budgeted to the extent anticipated to be paid in cash.
2. Public hearings are conducted to obtain taxpayer comments.
3. On April 18, 2011 the budget ordinance was legally enacted. The budget ordinance was legally amended on December 5, 2011 and April 16, 2012.
4. The operating budget for the major governmental and special revenue funds is reflected in the financial statements.
5. The formal budget is adopted and used as a management control device during the year for the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds, Enterprise Funds and Pension and Nonexpendable Trust Funds. Budgetary control is at the total individual fund level and is alternatively achieved through bond indenture provisions for the Debt Service Funds. This allows the City Manager and the Finance Department to transfer budgeted amounts within departments; however, any revisions that alter the total expenditures/expenses of any individual fund, by more than 10% must be approved by the City Council.

The City files with the county an annual budget ordinance which is the legally required document that levies a tax on the owners of property located in the City. All appropriations lapse at year end. The budget is the legal document that limits the spending capacity by fund of the City for its services and operations.

(h) Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets, net of related debt are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are legal limitations imposed on their use by City legislation or external restrictions by other governments, creditors or grantors.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in government-wide statements. Infrastructure such as streets, traffic signals and signs are capitalized in the government-wide statements. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated fixed assets are reported at their fair market value as of the date received. The City maintains a capitalization threshold of \$15,000.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for the general capital assets.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 3 to 25 years.

(j) Governmental Fund Balances

The City elected to implement GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the fiscal year ended April 30, 2012. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution. The City had no committed fund balances on April 30, 2012.

Assigned – Amounts that are constrained by an intent to be used for specific purposes but are neither restricted nor committed. The City Council has designated the City Manager and Finance Director the authority to make assignments.

Unassigned – All amounts not included in other spendable classifications.

For the classification of fund balance, the City requires restricted amounts to be spent first when both restricted and unrestricted fund balances are available unless there are legal documents or contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed fund balances, followed by assigned fund balances and then unassigned fund balances when more than one classification for unrestricted fund balances are available.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Comparative Data

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative notes to the financial statements have not been presented since their inclusion would make the notes to the financial statements unduly complex and difficult to read.

NOTE 2. CASH AND INVESTMENTS

Cash and investments as of April 30, 2012, including fiduciary funds, are classified in the accompanying financial statements as follows:

Total Cash	\$ 8,197,582
Total Investments	22,859,951
Total	<u>\$ 31,057,533</u>

Cash includes \$550 of cash on hand and \$8,196,732 of deposits with financial institutions.

The City may invest in any type of security allowed by Illinois Law (Public Funds Investment Act of the State of Illinois: 30 ILCS 235/1 et. Seq. as amended). The summary of the allowable instruments are: Passbook Savings Account; NOW, Super NOW and Money Market Accounts; Commercial Paper – issuer must be a U.S. corporation with more than \$500,000,000 in assets, rating must be within 3 highest qualifications by 2 standard rating services, must mature within 180 days of purchase, and such purchase cannot exceed 10% of the corporation's outstanding obligations, State treasurer's investment pool, Money Market Mutual Funds – registered under the Investment Company Act of 1940, provided the portfolio is limited to bonds, notes, certificates, treasury bills, or other securities which are guaranteed by the federal government as to principal or interest, Repurchase Agreement – collateralized by full faith in credit U.S. Treasury Securities, Certificates of Deposit and time deposits, constituting direct obligations of any bank as defined by the Illinois Banking Act and only those insured by the FDIC, legally issuable by savings and loan associates incorporated under the laws of the State of Illinois or any other state or under the laws of the United States and only in those savings and loan associations insured by SAIF, bonds, notes, certificates of indebtedness, treasury bills or other securities which are guaranteed by the full faith and credit of the United States of America as to principal and interest, Obligations of United States Government agencies which are guaranteed by the full faith and credit of the United States Government, Short term discount obligations of the Federal National Mortgage Association, insured account of Credit Unions whose principal office is in Illinois, various tax-exempt securities, and Illinois liquid assets.

The City's Police Pension Fund is regulated by the Illinois Department of Insurance, Public Pension Division. The Police Pension Fund may invest assets in Treasury Bills, Treasury Notes and Bonds, Bank Loan Deposits, the state investment pool, zero coupon bonds, guaranteed investment contracts, mutual funds containing stocks, bonds, money market instruments and real estate, mortgage pass-through securities, State of Illinois bonds, Tax Anticipation warrants, and credit union investments.

When permitted by law, the City will pool cash from several different funds that are accounted for in the City's annual financial report to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

The primary objectives, in priority order, of investment activity shall be safety, liquidity and yield. Investments shall be made with judgment and care, under circumstances then prevailing, with persons of prudence, discretion and intelligence who exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. City officials and employees shall disclose to the City any material financial interest in financial institutions that conduct business with the City, and they shall further disclose any large personal financial or investment positions that could be related to the performance of the City's portfolio. The City Treasurer, financial officers and others employed in a similar capacity shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of their entity.

Authority to manage the investment program is granted to the Director of Finance and derived from the following: 65 ILCS 5/3.1-35-50 and the City of Highland Code by Resolution No. 99-12-1304.

Third party safekeeping is required for all collateral and for all securities. Safekeeping will be documented by an approved written agreement. This may be in the form of a safekeeping agreement, trust agreement, escrow agreement or custody agreement.

Any financial institution selected by the City shall provide normal banking services, including, but not limited to: checking accounts, wire transfers, purchase and sale of United States Treasury Securities and safekeeping services.

The City will not maintain funds in any financial institution that is not a member of the FDIC or SAIF system. In addition, the City will not maintain funds in any institution not willing to or capable of posting required collateral for funds in excess of FDIC or SAIF insurable limits.

To qualify as a depository, a financial institution must furnish the Director of Finance with copies of the latest two sworn statements of resources and liabilities ("Call Reports") which the bank is required to furnish to the Commissioner of Banks and Real Estate or to the Comptroller of the Currency. Each bank designated as a depository for public funds shall, while acting as such depository, furnish the corporate authorities of a public agency with a copy of all statements of resources and liabilities which it is required to furnish to the Commissioner of Banks and Real Estate or to the Comptroller of the Currency.

Fees for banking services shall be mutually agreed to by an authorized representative of the depository bank and the Director of Finance in consultation with the City Manager and shall not be agreed to for any period exceeding three (3) years. Fees for services shall be substantiated by a monthly account analysis and shall be reimbursed by means of compensating balances.

All financial institutions acting as a depository for the City must enter into a "Depository Agreement". All financial institutions and brokers/dealers who desire to become qualified bidders for investment transactions must supply the following upon request by the Director of Finance or an agent of the Director of Finance: audited financial statements, proof of National Association of Securities Dealers (NASD) certification, proof of state registration, completed broker/dealer questionnaire, and certification of having read the City's investment policy.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

(a) Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, an investment with a longer maturity date will have a greater sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flow from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments to market rate fluctuations is provided in the following table. As of April 30, 2012 the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Months)			
		12 Months or Less	13-36 Months	37-60 Months	> 60 Months
Illinois Funds	\$ 96,804	\$ 96,804			
Bonds	106,166				\$106,166
Illinois Metropolitan Investment Fund	14,411	14,411			
Mutual Funds	3,625,306	3,625,306			
CDs	19,017,264	5,561,354	\$10,913,652	\$ 2,542,258	
Total	\$ 22,859,951	\$ 9,297,875	\$10,913,652	\$ 2,542,258	\$106,166

(b) Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's state investment pool has earned Standard and Poor's highest rating (AAA). The policemen's pension trust fund can also invest in stocks, bonds, and mutual funds. The stock fund holdings of the policemen's pension trust fund are not rated for credit risk. The City's bond holding of the policemen's pension trust fund has earned Standard and Poor's AA rating.

(c) Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. All deposits are carried at cost plus accrued interest.

The City's investment in the state investment pool is fully collateralized. The City maintains a separate investment account representing a proportionate share of the pool assets and respective collateral; therefore no collateral is identified with each individual participant's account. The balance in the City's state investment pool as of April 30, 2012 was \$96,804.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

City deposits at April 30, 2012 consisted of the following:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 18,968,933
Collateralized:	
Held by pledging bank's trust department in the City's name	8,354,843
Total Deposits	\$ 27,323,776

(d) Concentrations of Credit Risk

The City's investment policy limits the amount of funds deposited and/or invested in a financial institution. Deposits/investments shall not exceed 65% of a capital stock and surplus of such institution unless collateral security has been pledged, in which case the amount of such deposits and/or investments shall not exceed 75%.

Investments in any one issuer that represent 5% or more of the total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
First Collinsville Bank	Cash	\$ 8,081,487
First Collinsville Bank	Certificates of Deposit	2,010,385
Total		\$ 10,091,872

NOTE 3. RISK OF LOSS

The City of Highland is exposed to risks of loss from normal items typically applicable to all municipalities. These include liability, worker's injury, property damage and other risks that are too numerous to mention. To reduce the City's risk of loss from damages and claims, the City has purchased commercial insurance from the Illinois Counties Risk Management Trust, which provides insurance coverage for property and liability claims for over 200 Illinois municipalities. Settlement claims have not exceeded insurance coverage for each of the past three fiscal years.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 4. PROPERTY TAXES

The City's property tax is levied each year on all taxable real property located in the City on or before the last Tuesday in December. The 2011 levy was passed by the Council on December 19, 2011. Property taxes attach as an enforceable lien on property as of January 1, and are payable in four installments for 2012: July 5, September 5, October 5, and December 5. The County has not mailed tax bills as of April 30, 2012. The City receives significant distributions of tax receipts approximately one month after the bills are mailed by the County. In conjunction with NCGA Interpretation #3, revenue is accrued in the year of the levy to the extent that it is due to be paid by the taxpayer by April 30, 2012 and is expected to be collected soon enough after April 30, 2012 to be used to pay liabilities by June 30, 2012 (60 days or less) and has been budgeted for the current year.

The following are the tax rates applicable to the various levies per \$100 of assessed valuation:

	MAXIMUM					
	LEVY	2011	2010	2009	2008	2007
General Government	.3330	0.3330	.3330	.3330	.3330	.3297
Police Protection	.0750	0.0750	.0750	.0750	.0750	.0743
Fire Protection	.0750	0.0750	.0750	.0750	.0750	.0743
Playground & Rec	.0900	0.0900	.0900	.0900	.0900	.0891
Band	.0400	0.0257	.0252	.0247	.0239	.0239
Social Security		0.1994	.2055	.1933	.1933	.1977
Retirement		0.2021	.2007	.1668	.1510	.1796
Liability Insurance		0.1611	.1241	.0874	.0874	.0897
Crossing Guards	.0200	0.0069	.0057	.0085	.0085	.0092
Audit		0.0110	.0108	.0149	.0149	.0152
Municipal Ambulance	.2500	0.2389	.2302	.2204	.2304	.2475
Community Building	.0750	0.0750	.0750	.0750	.0750	.0743
Police Pension		0.1826	.1627	.1883	.1331	.1217
Library	.1500	0.1500	.1500	.1500	.1500	.1485
Library Liability Ins		0.0170	.0229	.0175	.0174	
Public Comfort Station	.0333	0.0126	.0124	.0122	.0121	.0128
TOTAL		<u>1.8553</u>	<u>1.7982</u>	<u>1.7320</u>	<u>1.6700</u>	<u>1.6875</u>

The City has established two Tax Increment Financing (TIF) Districts to encourage development of certain areas within the redevelopment project areas and to enhance the value of those properties. In connection with the agreements of the redevelopment project areas, the real estate taxes, which relate to the incremental increase in property values within the redevelopment project areas, are paid directly to the TIF funds.

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2012

NOTE 5. CAPITAL ASSETS

Summary of capital assets for governmental activities for the year ended April 30, 2012:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Not Being Depreciated:				
Land	\$ 7,648,515	\$ 2,285		\$ 7,650,800
Construction In Progress	8,111,756	361,223	\$ (7,269,020)	1,203,959
Subtotal	<u>15,760,271</u>	<u>363,508</u>	<u>(7,269,020)</u>	<u>8,854,759</u>
Other Capital Assets:				
Buildings And Improvements	11,062,573	19,103		11,081,676
Improvements	3,407,992	345,016		3,753,008
Equipment	4,372,400	319,342	(41,555)	4,650,187
Infrastructure	43,685,053	8,013,603		51,698,656
Subtotal	<u>62,528,018</u>	<u>8,697,064</u>	<u>(41,555)</u>	<u>71,183,527</u>
Accumulated Depreciation:				
Buildings And Improvements	5,146,549	274,040		5,420,589
Improvements	1,538,745	191,582		1,730,327
Equipment	3,757,091	263,213	(41,555)	3,978,749
Infrastructure	32,474,483	796,487		33,270,970
Subtotal	<u>42,916,868</u>	<u>1,525,322</u>	<u>(41,555)</u>	<u>44,400,635</u>
Net Other Capital Assets	19,611,150	7,171,742	0	26,782,892
Net Capital Assets	<u>\$ 35,371,421</u>	<u>\$ 7,535,250</u>	<u>\$ (7,269,020)</u>	<u>\$ 35,637,651</u>

Depreciation was charged to functions as follows:

Governmental Activities:	
General Government	\$ 116,823
Public Safety	190,827
Highways And Streets	944,137
Culture And Recreation	273,535
Total Governmental Activities Depreciation Expense	<u>\$ 1,525,322</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 5. CAPITAL ASSETS (CONTINUED)

Summary of capital assets for business-type activities for the year ended April 30, 2012:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Not Being Depreciated				
Land	\$ 645,789	\$ 119,878		\$ 765,667
Construction In Progress	4,670,962	1,570,327	\$ (4,652,912)	1,588,377
Subtotal	<u>5,316,751</u>	<u>1,690,205</u>	<u>(4,652,912)</u>	<u>2,354,044</u>
Other Capital Assets:				
Buildings	19,822,981	16,800		19,839,781
Lines	23,320,872	5,168,519		28,489,391
Equipment	8,883,931	2,662,293		11,546,224
Other Improvements	9,516,525	579,365		10,095,890
Interconnect	5,672,510			5,672,510
Subtotal	<u>67,216,819</u>	<u>8,426,977</u>	<u>0</u>	<u>75,643,796</u>
Accumulated Depreciation:				
Buildings	12,595,962	823,936		13,419,898
Lines	14,594,602	827,333		15,421,935
Equipment	6,827,988	597,455		7,425,443
Other Improvements	4,353,421	434,694		4,788,115
Interconnect	1,208,367	186,886		1,395,253
Subtotal	<u>39,580,340</u>	<u>2,870,304</u>	<u>0</u>	<u>42,450,644</u>
Net Other Capital Assets	<u>27,636,479</u>	<u>5,556,673</u>	<u>0</u>	<u>33,193,152</u>
Net Capital Assets	<u>\$ 32,953,230</u>	<u>\$ 7,246,878</u>	<u>\$ (4,652,912)</u>	<u>\$ 35,547,196</u>

Depreciation was charged to functions as follows:

Business-Type Activities:

Light And Power	\$ 1,264,080
Water	850,024
Sewer	756,200
	<u>\$ 2,870,304</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 6. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended April 30, 2012:

	GOVERNMENTAL FUNDS	BUSINESS-TYPE FUNDS	TOTAL
Payable April 30, 2011	\$ 14,654,367	\$ 15,366,398	\$ 30,020,765
Additions During Year		4,225,000	4,225,000
Retired During Year	(1,130,000)	(1,205,714)	(2,335,714)
Payable April 30, 2012	<u>\$ 13,524,367</u>	<u>\$ 18,385,684</u>	<u>\$ 31,910,051</u>
Current Portion Payable	\$ 1,200,000	\$ 1,241,534	\$ 2,441,534
Long-Term Portion Payable	12,324,367	17,144,150	29,468,517
Payable April 30, 2012	<u>\$ 13,524,367</u>	<u>\$ 18,385,684</u>	<u>\$ 31,910,051</u>

Bonds payable at April 30, 2012 are comprised of the following individual issues:

Revenue Bonds

Governmental Activities:

The City issued bonds for the purchase of the Korte Recreation Center Facility on December 18, 2003 from the Highland Area Community Foundation. The total bond principal amount is \$5,395,000, of which \$895,000 is attributable to bond issue costs. The bonds are being repaid in semi-annual installments representing interest at variable rates of 2.5% to 4.375% and annual principal installments beginning October 1, 2005. The maturity date of the Series 2003 Bonds is October 1, 2020. Total interest due on remaining balance is \$686,528. \$ 3,415,000

2007 Street alternate bonds due in annual installments of \$450,000 to \$1,160,000 through January 2019, interest at 3.875% to 3.9%. Revenue bonds were issued for future improvements to the City's streets. Total interest due on remaining balance is \$1,079,531. 6,910,000

2010 Street alternate bonds due in annual installments of \$211,156 to \$381,787 through January 2030, interest compounding at 3.70% to 4.95% with first payment due January 2020. Revenue bonds were issued for future improvements to the City's streets. Total interest due on remaining balance is \$2,690,633. 3,199,367

Business-Type Activities:

2006 Electric system alternate bonds due in annual installments of \$510,000 to \$960,000 through January 2016, interest at 3.75% to 4.00%. Revenue bonds were issued for future improvements to the City's electric system. Total interest due on remaining balance is \$214,012. 2,235,000

2010 Electric system revenue bonds due in various semi-annual installments. These bonds have an increasing interest rate from 1.5% upon issue to 6% in 2029. Revenue bonds were issued to raise funding for the City's Fiber-To-The-Premises Project. The total bond principal amount is \$8,985,000, of which \$353,376 is attributable to bond issue costs. The maturity date of the Series 2010 Bonds is January 1, 2032. Total interest due on the remaining balance is \$5,964,626. 8,885,000

2012 Electric system revenue bonds due in various semi-annual installments. These bonds have an increasing interest rate from 2.0% upon issue to 4.1% in 2032. Revenue bonds were issued to increase funding for the City's Fiber-To-The-Premises Project. The total bond principal amount is \$4,225,000 of which \$128,913 is attributable to bond issue costs. The maturity date of the Series 2012 Bonds is January 1, 2032. The total interest due on the remaining balance is \$2,015,136. 4,225,000

Total Revenue Bonds \$ 28,869,367

Notes Payable

Business-Type Activities:

In 1999, the City secured a low interest loan with the Illinois Environmental Protection Agency which funded the construction of the Water Reclamation Facility. The total loan amount was \$6,516,341 and is being repaid in semi-annual installments over a 20 year period at 2.89% interest. Total interest due on the remaining balance is \$237,967. \$ 2,468,680

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 6. CHANGES IN LONG-TERM DEBT (CONTINUED)

Maintenance Agreements Payable

In 2010, the City contracted a private company to renovate and maintain the 200,000 gallon water storage tank on 13th Street. The total amount of this zero-interest contract is \$415,991. The final payment on the contract is due January 2014, at which time the City may either opt out or extend the contract. \$ 165,371

In 2010, the City contracted a private company to renovate and maintain the 1,000,000 gallon water storage tank at Silver Lake Park. The total amount of the zero-interest contract is \$508,290. The final payment on the contract is due September 2019. 406,633

Total Maintenance Agreements \$ 572,004

The annual requirements to amortize all debt outstanding as of April 30, 2012, including interest payments of \$12,888,433 follows:

YEAR ENDING APRIL 30	REVENUE BONDS PAYABLE	NOTES PAYABLE	MAINTENANCE AGREEMENTS PAYABLE	TOTAL
2013	\$ 2,970,578	\$ 451,108	\$ 134,027	\$ 3,555,713
2014	3,055,454	451,108	133,002	3,639,564
2015	3,094,436	451,108	50,829	3,596,373
2016	3,103,441	451,108	50,829	3,605,378
2017	2,866,840	451,108	50,829	3,368,777
2018	2,858,920	451,107	50,829	3,360,856
2019	2,401,207		50,829	2,452,036
2020	2,155,543		50,830	2,206,373
2021	2,145,383			2,145,383
2022	1,677,210			1,677,210
2023	1,671,622			1,671,622
2024	1,663,880			1,663,880
2025	1,653,907			1,653,907
2026	1,641,918			1,641,918
2027	1,632,817			1,632,817
2028	1,621,275			1,621,275
2029	1,613,052			1,613,052
2030	1,601,505			1,601,505
2031	1,053,205			1,053,205
2032	1,037,640			1,037,640
Total	<u>\$ 41,519,833</u>	<u>\$ 2,706,647</u>	<u>\$ 572,004</u>	<u>\$ 44,798,484</u>

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 7. RETIREMENT FUND COMMITMENTS

(a) Illinois Municipal Retirement Fund

The City of Highland's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained online at www.imrf.org.

As set by statute, the City's Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2011 used by the City was 10.78% of annual covered payroll. The City's annual required contribution rate for calendar year 2011 was 11.79%. The employer also contributes 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.

For calendar year ending December 31, 2011, the employer's actual contributions for pension cost for the Regular were \$584,930. Its required contribution for calendar year 2011 was \$639,734. The required contribution for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2009 included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3% annually. The actuarial value of the City's Regular plan assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The City Regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2011	\$ 639,734	91%	\$ 0
12/31/2010	559,015	88%	0
12/31/2009	414,632	100%	0

As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 70.90% funded. The actuarial accrued liability for benefits was \$14,308,593 and the actuarial value of assets was \$10,144,138, resulting in an underfunded actuarial accrued liability (UAAL) of \$4,164,455. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$5,426,072 and the ratio of the UAAL to the covered payroll was 77%.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

In addition to the regular IMRF plan, one employee participated in the Sheriff Law Enforcement Personnel plan (SLEP). All contact information is the same as the above regular IMRF plan.

As set by statute, the City's Sheriffs Law Enforcement Personnel plan members are required to contribute 7.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2011 used by the City was 0% of annual covered payroll. The City's annual required contribution rate for calendar year 2011 was 12.88%. The employer also contributes 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.

For December 31, 2011, the employer's annual pension cost of \$0 was equal to the City of Highland's required and actual contributions. The required contribution for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.50% investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of your employer Sheriffs Law Enforcement Personnel plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The employer Sheriffs Law Enforcement Personnel plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2011	\$ 0	0%	\$ 0
12/31/2010	0	0%	0
12/31/2009	1,603	100%	0

As of December 31, 2011, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel Plan was 73.61% funded. The actuarial accrued liability for benefits was \$105,380 and the actuarial value of assets was \$77,566, resulting in an underfunded actuarial accrued liability (UAAL) of \$27,814. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$0, and the ratio of the UAAL to the covered payroll was 0%.

For both the Regular and SLEP plans, the schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2012

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

(b) Social Security

All City employees are covered under Social Security. The City paid \$538,496 in social security taxes, the total required contribution for the current fiscal year.

(c) Police Pension

(1) 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 contributions level are governed by Illinois Compiled 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. The current actuarial values presented were provided by the Illinois Department of Financial and Professional Regulation, Division of Insurance, for the year ended April 30, 2011. The City's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2012 was \$1,399,412 out of a total payroll of \$7,915,516. At April 30, 2012, the Police Pension Plan membership consisted of:

Retirees and Beneficiaries	
Currently Receiving Benefits and Terminated Employees	
Entitled to Benefits but Not Yet Receiving Them	<u>9</u>
Current Employees	
Vested	10
Non-vested	<u>9</u>
Total	<u>19</u>

The following is a summary of the Police Pension Plan as provided for in Illinois Compiled Statutes. The Police Pension Plan provides retirement benefits as well as death and disability benefits. A police officer age 50 or more with 20 or more years of creditable service, who is not a participant in the self-managed plan under Section 3-109.1 and who is no longer in service as a police officer, shall receive a pension of one-half of the salary attached to the rank held by the officer on the police force for one year immediately prior to retirement or, beginning July 1, 1987 for persons terminating service on or after that date, the salary attached to the rank held on the last day of service or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years of service through 30 years of service, to a maximum of 75% of such salary. The changes made to this subsection (a) by this amendatory act of the 91st General Assembly apply to all pensions that become payable under this subsection on or after January 1, 1999. All pensions payable under this subsection that began on or after January 1, 1999 and before the effective date of this amendatory Act shall be recalculated, and the amount of the increase accruing for that period shall be payable to the pensioner in a lump sum.

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2012

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

A police officer who retires or is separated from service having at least 8 years but less than 20 years of creditable service, who is not mandatorily retired due to age by operation of law, and who does not apply for a refund of contributions at his or her last separation from police service, shall receive a pension upon attaining age 60 equal to 2.5% of the salary attached to the rank held by the police officer on the police force for one year immediately prior to retirement or, beginning July 1, 1987 for persons terminating service on or after that date, the salary attached to the rank held on the last day of service or for one year prior to the last day, whichever is greater, for each year of creditable service.

The monthly pension of a police officer who retires after January 1, 1986, shall be increased, upon either the first of the month following the first anniversary of the date of retirement if the officer is 55 years of age or over, or upon the first day of the month following attainment of age 55 if it occurs after the first anniversary of retirement, by 1/12 of 3% of the originally granted pension for each full month that has elapsed since the pension began, and by an additional 3% of the originally granted pension in January of each year thereafter.

TREND INFORMATION

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
4/30/2011	\$ 341,143	100%	\$ 0
4/30/2010	308,488	100%	0
4/30/2009	362,446	100%	0

Covered employees through December 31, 2000, are required to contribute 9% of their base salary to the Police Pension Plan. Effective, January 1, 2001, required contributions are raised to 9.91% of base salary. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary. As of December 31, 2011, the Police Pension Plan was 73.47% funded. By the year 2033, the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is fully funded.

(2) Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

Method Used to Value Investments

Fixed-income securities are reported at amortized cost with discounts or premiums amortized using the effective interest rate method, subject to adjustment for market declines judged to be other than temporary (lower of cost or market). Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed-income securities are recognized on the transaction date. Equity securities are reported at fair value.

(3) Funding Status and Progress

The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the system on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the System.

(4) Actuarially Determined Contribution Requirement and Contribution Made

Police Pension

Significant actuarial assumptions used in determining the pension benefit obligation as of April 30, 2012 include:

	<u>Actuarial Assumption</u>
Funding Method Used	Entry Age Normal Cost
Amortization Method	Level Percentage Of Payroll In Accordance With Section 3-127 Of The Illinois Pension Code
Interest Rate Assumption	7.0%
Mortality Rate Assumption	RP-2000 Mortality Table (Blue Collar Modification)
Salary Progression Assumption	2.0%
Status Of Social Security In Assumption	None

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 8. INTERFUND ACTIVITY

Interfund debt exists on the governmental and proprietary fund financial statements to represent amounts loaned among the funds that are expected to be repaid within the next year. Interfund receivable and payable balances at April 30, 2012, consisted of the following:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
General Corporate Fund	Other Governmental Funds	\$ 62,202
City Property Replacement Fund	General Corporate Fund	100,000
City Property Replacement Fund	Street Improvement Fund	250,000
City Property Replacement Fund	Other Governmental Funds	87,500
City Property Replacement Fund	Solid Waste Fund	150,000
Light And Power Fund	General Corporate Fund	70,000

Interfund transfers exist due to the allocation of general administrative expenses among the funds and the funding of the economic development fund. The transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Interfund transfers for the year ended April 30, 2012, consisted of the following:

		<u>Transfer From:</u>					
		<u>Governmental Activities</u>			<u>Business Type Activities</u>		
		<u>City</u>			<u>Other</u>		
<u>Transfer To:</u>	<u>General Corporate</u>	<u>Property Replacement</u>	<u>Ambulance</u>	<u>Governmental Funds</u>	<u>Light & Power</u>	<u>Solid Waste</u>	<u>Total</u>
	General Corporate	\$ 93,000		\$ 24,112		\$ 40,000	\$ 157,112
	City Property Replacement	\$ 493,780	\$ 296,000		\$ 150,000		939,780
	Total	<u>\$ 493,780</u>	<u>\$ 93,000</u>	<u>\$ 296,000</u>	<u>\$ 24,112</u>	<u>\$ 150,000</u>	<u>\$ 1,096,892</u>

NOTE 9. OTHER POST EMPLOYMENT BENEFITS

The City allows for retired employees to purchase medical, pharmacy, and dental insurance through the City's single employer, group plans. This constitutes an Other Post Employment Benefit (OPEB) provided to the employees. These benefits are governed by the City Council and can be amended through the City's personnel manual and union contracts. The OPEB plan does not issue a standalone financial report and is not included in the report of another entity. The City has adopted GASB 45 requirements related to OPEB disclosures.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

1) Benefits Provided

Retirees and their spouses or surviving spouses are eligible to purchase medical, pharmacy and dental benefits at the City's group rates. Although retirees pay 100% of the cost of the group premiums the City in effect subsidizes a portion of their insurance costs by allowing them on the group plan. Eligible employees must be least 55 years of age with 20 years service or 60 years of age with 8 year of service for all departments other than the police. Police department retirees must be 50 years of age with 20 years of service or 60 years of age with 8 years of service. Retirees and their spouses may only receive these benefits until reaching the age of 65. As of April 30, 2012, 103 active employees, 7 retirees, and 1 former employee participated in the City's insurance plans.

2) Annual OPEB Costs and Net OPEB Obligation

The City had an actuarial valuation performed as of April 30, 2010 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ending April 30, 2010. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending April 30, 2010 are shown below. 2010 was the first year for which a valuation was performed. These figures were updated for April 30, 2012 based on the 2010 valuation and are included below.

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual OPEB</u> <u>Expense</u>	<u>Percentage of Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
April 30, 2010	\$83,126	0.0%	\$83,126
April 30, 2011	\$81,829	40.3%	\$131,955
April 30, 2012	\$81,067	49.3%	\$173,022

The net OPEB obligation as of April 30, 2012 was as follows:

Annual Required Contribution	\$ 83,126
Interest On Net OPEB Obligation	5,278
Adjustment To Annual Required Contribution	<u>(7,337)</u>
Annual OPEB Expense	81,067
Contributions Made (Implicit)	<u>(40,000)</u>
Estimated Benefit Payments	41,067
Estimated Annual Employer Contribution	0
Change In Net OPEB Obligation	<u>41,067</u>
Net OPEB Obligation As of 4/30/11	131,955
Net OPEB Obligation As of 4/30/12	<u><u>\$ 173,022</u></u>

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2012

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

3) Funded Status and Funding Progress

As of April 30, 2010, the date of the most recent actuarial valuation, the actuarial accrued liability for benefits was \$773,875. The annual covered payroll was approximately \$6,384,380, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 12.1%.

4) Actuarial Methods and Assumptions.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Other key actuarial assumptions include:

Discount Rate	4%
Trend - Immediate	8%
Trend - Ultimate	6%
Funding Method	Projected Unit Credit
Amortization	30 - Year Open, Level Dollar

GASB 45 stipulates that the discount rate should reflect the long-term rate of return expected to be earned on the assets backing the liability. As the City does not expect to fund the liability through a retiree health care trust, the discount rate reflects the long-term rate of investment return expected to be earned on assets in its general fund.

NOTE 10. LEGAL DEBT MARGIN

The legal debt for the City of Highland is \$15,795,284 for general obligation debts. The computations were as follows:

Assessed Valuation As Of April 30, 2012	\$ 183,133,732
Statutory Debt Limitation (8.625% of Assessed Valuation)	\$ 15,795,284
Less, General Obligation Debt	<u>0</u>
Legal Debt Margin	<u>\$ 15,795,284</u>

The total general obligation debt for the City of Highland at April 30, 2012 was \$0.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 11. EXCESS OF EXPENDITURES OVER BUDGETED OR NON-BUDGETED AMOUNTS IN INDIVIDUAL FUNDS

As of April 30, 2012, the City's expenses exceeded budgeted appropriations in the following funds:

Fund	Amount
Street Improvement Fund	\$ 96,236
Ambulance Fund	5,350
TIF #1 Fund	28,008
Library Working Fund	16
Library Endowment Fund	53,497
Solid Waste Fund	84,601

The Street Improvement Fund includes additional costs to continue road projects. The TIF #1 Fund includes start up expenditures for the TIF #2 Fund allowed by TIF guidelines. The Ambulance and Solid Waste funds' additional expenditures were entirely covered by additional revenues generated in these funds. The Library Endowment Fund includes the costs for landscaping and additional parking at the facility reimbursable to the general corporate fund.

NOTE 12. GOVERNMENTAL FUND BALANCES

As of April 30, 2012, governmental fund balances are classified as follows:

	General Corporate Fund	City Property Replacement Fund	Ambulance Fund	Street Improvement Fund	Other Governmental Funds	Totals
Nonspendable:						
Prepaid Expenses	\$ 66,526		\$ 3,311		\$ 174,481	\$ 244,318
Total Nonspendable	66,526	\$ 0	3,311	\$ 0	174,481	244,318
Restricted For:						
Audit Fees					34,839	34,839
Cemetery Operations And Maintenance					689,628	689,628
Economic Development					90,245	90,245
Fire Protection	12,871					12,871
Highways And Streets				543,002	219,340	762,342
Social Security And Pension Contributions					351,038	351,038
School Crossing Guard	7,944					7,944
Total Restricted	20,815	0	0	543,002	1,385,090	1,948,907
Assigned, Reported In:						
Special Revenue Funds			722,220		813,856	1,536,076
Capital Projects Funds		5,779,924		134,923		5,914,847
Total Assigned	0	5,779,924	722,220	134,923	813,856	7,450,923
Unassigned	2,493,032	0	0	0	(158,553)	2,334,479
TOTAL FUND BALANCES	\$ 2,580,373	\$ 5,779,924	\$ 725,531	\$ 677,925	\$ 2,214,874	\$ 11,978,627

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2012

NOTE 12. GOVERNMENTAL FUND BALANCES (CONTINUED)

The City has elected not to retroactively restate governmental fund balances for the year ended April 30, 2011, in accordance with GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. For the year ended April 30, 2011, governmental fund balances are reported as either reserved or unreserved in the fund financial statements.

NOTE 13. SUBSEQUENT EVENTS

The effects of subsequent events on the financial statements have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued. Subsequent events include the following:

After April 30, 2012, and before the date of the auditor's report, the City of Highland closed on a tax increment financing (TIF) bond issuance to fund site construction and improvements for the St. Joseph's Hospital Project. The face value of the bonds issued was \$3,750,000, and they will mature on January 1, 2032 with interest rates ranging from 2-3.5%.

CITY OF HIGHLAND, ILLINOIS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEARS ENDED

	GENERAL CORPORATE FUND					
	APRIL 30, 2012			APRIL 30, 2011		
	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget To GAAP	Actual Amounts	
Original Budget	Final Budget	Differences Over (Under)		GAAP Basis	Actual Amounts GAAP Basis	
Revenues:						
General Property Taxes	\$ 1,372,989	\$ 1,372,989	\$ 1,395,851		\$ 1,395,851	\$ 1,412,921
Corporate Personal Property Taxes	97,082	97,082	105,474		105,474	120,792
Intergovernmental	3,659,000	3,659,000	3,740,415		3,740,415	3,671,863
Charges For Current Services	2,268,520	2,268,520	2,170,025		2,170,025	2,093,282
Licenses And Permits	35,500	35,500	253,021		253,021	222,856
Fines And Forfeitures	76,600	76,600	34,555		34,555	34,755
Revenue From Use Of Property	69,288	69,288	80,604		80,604	84,759
Miscellaneous	190,700	190,700	323,201		323,201	351,879
Total Revenues	<u>7,769,679</u>	<u>7,769,679</u>	<u>8,103,146</u>	<u>\$ 0</u>	<u>8,103,146</u>	<u>7,993,107</u>
Expenditures:						
General Government	1,141,434	1,233,434	1,225,826	(7,492)	1,218,334	1,134,206
Public Safety	2,767,116	2,799,116	2,663,232	19,117	2,682,349	2,689,423
Highways And Streets	1,220,713	1,220,713	1,192,985	19,127	1,212,112	986,021
Economic Development	184,240	353,240	282,739		282,739	338,300
Culture And Recreation	1,801,144	1,970,644	2,087,410	(8,525)	2,078,885	1,911,754
Principal Debt Retirement	305,000	305,000	305,000		305,000	300,000
Interest And Fixed Charges On Debt	143,300	143,300	145,128		145,128	152,955
Total Expenditures	<u>7,562,947</u>	<u>8,025,447</u>	<u>7,902,320</u>	<u>22,227</u>	<u>7,924,547</u>	<u>7,512,659</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>206,732</u>	<u>(255,768)</u>	<u>200,826</u>	<u>(22,227)</u>	<u>178,599</u>	<u>480,448</u>
Other Financing Sources (Uses):						
Operating Transfers In	673,045	858,045	157,112		157,112	1,193,929
Operating Transfers Out	(935,625)	(885,625)	(493,780)		(493,780)	(1,815,770)
Total Other Financing (Uses)	<u>(262,580)</u>	<u>(27,580)</u>	<u>(336,668)</u>	<u>0</u>	<u>(336,668)</u>	<u>(621,841)</u>
Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures And Other Uses	<u>\$ (55,848)</u>	<u>\$ (283,348)</u>	<u>\$ (135,842)</u>	<u>\$ (22,227)</u>	<u>(158,069)</u>	<u>(141,393)</u>
Fund Balance, Beginning Of Year					<u>2,738,442</u>	<u>2,879,835</u>
Fund Balance, End Of Year					<u>\$ 2,580,373</u>	<u>\$ 2,738,442</u>
The City budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis					\$ 4,622	\$ 33,633
The City budgets for expenditures to the extent anticipated to be paid in cash, rather than on the modified accrual basis					(1,104)	78,539
The City budgets for payroll to the extent anticipated to be paid in cash, rather than on the modified accrual basis					18,709	5,634
					<u>\$ 22,227</u>	<u>\$ 117,806</u>

CITY OF HIGHLAND, ILLINOIS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEARS ENDED

	CITY PROPERTY REPLACEMENT FUND				
	APRIL 30, 2012			APRIL 30, 2011	
	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget To GAAP	Actual Amounts GAAP Basis
Original Budget	Final Budget	Differences Over (Under)			
Revenues:					
Miscellaneous	\$ 61,862	\$ 61,862	\$ 161,152	\$ 161,152	\$ 153,924
Total Revenues	<u>61,862</u>	<u>61,862</u>	<u>161,152</u>	<u>\$ 0</u>	<u>161,152</u>
Expenditures					
Equipment					
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess Of Revenues Over Expenditures	<u>61,862</u>	<u>61,862</u>	<u>161,152</u>	<u>0</u>	<u>161,152</u>
Other Financing Sources (Uses):					
Operating Transfers In	570,780	520,780	939,780	939,780	1,180,000
Operating Transfers Out	(26,000)	(133,000)	(93,000)	(93,000)	(1,023,417)
Total Other Financing Sources (Uses)	<u>544,780</u>	<u>387,780</u>	<u>846,780</u>	<u>0</u>	<u>156,583</u>
Excess Of Revenues And Other Financing Sources Over Expenditures And Other Uses	<u>\$ 606,642</u>	<u>\$ 449,642</u>	<u>\$ 1,007,932</u>	<u>\$ 0</u>	<u>1,007,932</u>
Fund Balance, Beginning Of Year				4,771,992	4,461,485
Fund Balance, End Of Year				<u>\$ 5,779,924</u>	<u>\$ 4,771,992</u>

CITY OF HIGHLAND, ILLINOIS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEARS ENDED

	AMBULANCE FUND					
	APRIL 30, 2012				APRIL 30, 2011	
	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget To GAAP Differences Over (Under)	Actual Amounts GAAP Basis	Actual Amounts GAAP Basis
Original Budget	Final Budget					
Revenues:						
General Property Taxes	\$ 418,175	\$ 418,175	\$ 425,174		\$ 425,174	\$ 412,479
Replacement Taxes	12,200	12,200	13,388		13,388	15,365
Intergovernmental	185,690	185,690	185,690		185,690	179,351
Charges For Current Services	910,000	910,000	1,039,309		1,039,309	924,218
Miscellaneous	14,400	14,400	15,034		15,034	20,274
Total Revenues	<u>1,540,465</u>	<u>1,540,465</u>	<u>1,678,595</u>	\$ 0	<u>1,678,595</u>	<u>1,551,687</u>
Expenditures						
Public Safety	1,374,140	1,374,140	1,363,934	15,556	1,379,490	1,608,561
Total Expenditures	<u>1,374,140</u>	<u>1,374,140</u>	<u>1,363,934</u>	<u>15,556</u>	<u>1,379,490</u>	<u>1,608,561</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>166,325</u>	<u>166,325</u>	<u>314,661</u>	<u>15,556</u>	<u>299,105</u>	<u>(56,874)</u>
Other Financing Sources (Uses):						
Operating Transfers In						231,166
Operating Transfers Out	(166,000)	(166,000)			(296,000)	(140,000)
Total Other Financing Sources (Uses)	<u>(166,000)</u>	<u>(166,000)</u>	<u>0</u>	<u>0</u>	<u>(296,000)</u>	<u>91,166</u>
Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures And Other Uses	<u>\$ 325</u>	<u>\$ 325</u>	<u>\$ 314,661</u>	<u>\$ 15,556</u>	<u>3,105</u>	<u>34,292</u>
Fund Balance, Beginning Of Year					<u>722,426</u>	<u>688,134</u>
Fund Balance, End Of Year					<u>\$ 725,531</u>	<u>\$ 722,426</u>
(1) The City budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis					\$ (424)	\$ 6,804
The City budgets for expenditures to the extent anticipated to be paid in cash, rather than on the modified accrual basis					9,240	3,784
The City budgets for payroll to the extent anticipated to be paid in cash, rather than on the modified accrual basis					6,740	1,135
					<u>\$ 15,556</u>	<u>\$ 11,723</u>

CITY OF HIGHLAND, ILLINOIS

SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEARS ENDED

	STREET IMPROVEMENT FUND					
	APRIL 30, 2012				APRIL 30, 2011	
	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget To GAAP	Actual Amounts GAAP Basis	Actual Amounts GAAP Basis
Original Budget	Final Budget	Differences Over (Under)				
Revenues:						
Intergovernmental	\$ 1,350,000	\$ 1,350,000	\$ 1,365,968		\$ 1,365,968	\$ 1,336,366
Miscellaneous	42,500	42,500	44,752		44,752	97,464
Total Revenues	<u>1,392,500</u>	<u>1,392,500</u>	<u>1,410,720</u>	\$ 0	<u>1,410,720</u>	<u>1,433,830</u>
Expenditures						
Highways & Streets	595,720	799,220	1,097,748	(201,998)	895,750	8,225,669
Debt & Interest Payments	1,125,500	1,125,500	1,125,206		1,125,206	1,165,481
Total Expenditures	<u>1,721,220</u>	<u>1,924,720</u>	<u>2,222,954</u>	<u>(201,998)</u>	<u>2,020,956</u>	<u>9,391,150</u>
Deficiency Of Revenues Under Expenditures	<u>(328,720)</u>	<u>(532,220)</u>	<u>(812,234)</u>	<u>(201,998)</u>	<u>(610,236)</u>	<u>(7,957,320)</u>
Other Financing Sources (Uses):						
Bond Proceeds						3,199,367
Operating Transfers In		780,000				
Operating Transfers Out		(780,000)				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,199,367</u>
Deficiency Of Revenues And Other Financing Sources Under Expenditures And Other Uses	<u>\$ (328,720)</u>	<u>\$ (532,220)</u>	<u>\$ (812,234)</u>	<u>\$ (201,998)</u>	<u>(610,236)</u>	<u>(4,757,953)</u>
Fund Balance, Beginning Of Year					<u>1,288,161</u>	<u>6,046,114</u>
Fund Balance, End Of Year					<u>\$ 677,925</u>	<u>\$ 1,288,161</u>
(1) The City budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis					\$ (170)	\$ 2,144
The City budgets for payroll to the extent anticipated to be paid in cash, rather than on the modified accrual basis					230	54
The City budgets for expenditures to the extent anticipated to be paid in cash, rather than on the modified accrual basis					(202,058)	(5,299)
					<u>\$ (201,998)</u>	<u>\$ (3,101)</u>

CITY OF HIGHLAND, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
Schedule Of Funding Progress - IMRF

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) ---Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As A Percentage Of Covered Payroll ((b-a)/c)
12/31/2011	\$ 10,144,138	\$ 14,308,593	\$ 4,164,455	70.90%	\$ 5,426,072	76.75%
12/31/2010	10,931,925	14,303,194	3,371,269	76.43%	5,004,607	67.36%
12/31/2009	10,134,841	13,119,763	2,984,922	77.25%	4,653,554	64.14%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$9,591,667. On a market vasis, the funded ratio would be 67.03%.

CITY OF HIGHLAND, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
Schedule Of Funding Progress - SLEP

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) ---Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As A Percentage Of Covered Payroll ((b-a)/c)
12/31/2011	\$ 77,566	\$ 105,380	\$ 27,814	73.61%	\$ 0	0.00%
12/31/2010	75,337	99,744	24,407	75.53%	0	0.00%
12/31/2009	71,526	65,133	(6,393)	109.82%	8,288	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$75,355. On a market basis, the funded ratio would be 71.49%.

CITY OF HIGHLAND, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
Schedule Of Funding Progress - Police Pension

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) ---Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As A Percentage Of Covered Payroll ((b-a)/c)
12/31/2011	\$ 7,594,108	\$ 10,336,920	\$ 2,742,812	73.47%	\$ 1,272,253	215.59%
12/31/2010	7,506,525	9,889,248	2,382,723	75.91%	1,236,250	192.74%
12/31/2009	6,330,084	9,860,035	3,529,951	64.20%	1,248,895	282.65%

CITY OF HIGHLAND, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
Schedule Of Funding Progress - OPEB

Actuarial Valuation Date	Actuarial Value Of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL As A Percentage Of Covered Payroll ((b-a)/c)
4/30/2010	\$ 0	\$ 773,875	\$ 773,875	0.00%	\$ 6,384,380	12.10%

The City of Highland implemented GASB Statement No. 45 for the fiscal year ended April 30, 2010. Information for prior years is not available. The most recent actuarial valuation was performed on April 30, 2010. Information pertaining to the OPEB plan administered by the City can be found in Note 9 to the financial statements.

CITY OF HIGHLAND, ILLINOIS

REQUIRED SUPPLEMENTARY INFORMATION
Schedule Of Employer Contributions - OPEB

<u>Fiscal Year Ended</u>	<u>Employer Contributions</u>	<u>Annual Required Contributions (ARC)</u>	<u>Percentage Contributed</u>
April 30, 2010	\$ 0	\$ 83,126	0.0%
April 30, 2011	33,000	81,829	40.3%
April 30, 2012	40,000	81,067	49.3%

CITY OF HIGHLAND, ILLINOIS
 GENERAL GOVERNMENTAL REVENUES BY SOURCE
 FOR THE LAST TEN FISCAL YEARS
 INCLUDES ALL GOVERNMENTAL FUND TYPES

YEAR ENDING APRIL 30	GENERAL PROPERTY TAX	CORPORATE PERSONAL PROPERTY REPLACEMENT TAX	INTERGOV- ERNMENTAL	CHARGES FOR SERVICES	LICENSE AND PERMITS	FINES AND FORFEITS	INTEREST	MISC.	TOTAL
2003	\$ 2,070,534	\$ 93,678	\$ 3,019,390	\$ 1,830,394	\$ 224,121	\$ 48,880	\$ 349,753	\$ 307,017	\$ 7,943,767
2004	2,181,835	117,026	3,227,045	1,824,275	223,743	58,394	280,717	274,301	8,187,336
2005	2,510,917	126,729	3,699,509	2,088,664	266,769	57,843	251,045	332,090	9,333,566
2006	2,708,932	163,621	3,859,255	2,302,830	251,799	60,465	315,177	660,095	10,322,174
2007	2,522,196	178,808	5,149,295	2,446,985	340,678	67,110	419,710	607,563	11,732,345
2008	2,633,331	208,944	5,655,154	2,646,514	269,795	68,157	920,473	401,148	12,803,516
2009	2,872,178	177,291	5,416,591	2,957,524	225,345	49,042	742,624	713,255	13,153,850
2010	2,990,933	146,549	4,975,854	3,059,292	225,803	54,692	579,848	659,788	12,692,759
2011	3,078,983	181,117	5,483,104	3,037,389	222,856	39,334	438,389	367,308	12,848,480
2012	3,241,161	158,971	5,593,882	3,228,552	253,021	39,391	357,188	373,906	13,246,072

COMMENTS

In fiscal year 2004, under "Intergovernmental", the Simplified Telecommunications Tax Rate increased from 1% to 6%. The Rate increase occurred in January 2004 and fiscal year 2005 is the first full year reflecting this rate increase.

In fiscal year 2007, under "Intergovernmental", the City started receiving a 1% Non-Home Rule Sales Tax

TABLE 2

CITY OF HIGHLAND, ILLINOIS
 INTERGOVERNMENTAL TAX REVENUES BY SOURCE
 FOR THE LAST TEN FISCAL YEARS
 INCLUDES ALL GOVERNMENTAL FUND TYPES

<u>YEAR ENDING APRIL 30</u>	<u>SALES TAX</u>	<u>NON-HOME RULE SALES TAX</u>	<u>ILLINOIS INCOME TAX</u>	<u>FOREIGN FIRE INSURANCE</u>	<u>SIMPLIFIED MUNICIPAL TELECOMM. TAX</u>	<u>MOTOR FUEL TAX</u>	<u>FIRE DIST. AMBULANCE REVENUE</u>	<u>MISC. REVENUE</u>	<u>TOTAL</u>
2003	\$ 1,997,182		\$ 626,819	\$ 8,600		\$ 246,275	\$ 92,756	\$ 47,758	\$ 3,019,390
2004	2,084,879		584,426	10,416	\$ 151,062	245,816	129,858	20,588	3,227,045
2005	2,130,551		690,480	12,634	456,183	252,059	140,262	17,340	3,699,509
2006	2,237,174		736,557	13,225	453,825	257,788	145,172	15,514	3,859,255
2007	2,330,511	\$ 1,003,429	944,456	13,563	409,131	280,738	150,978	16,489	5,149,295
2008	2,346,477	1,410,869	1,020,941	20,321	402,653	270,061	166,559	17,273	5,655,154
2009	2,259,427	1,340,177	964,614	12,826	414,807	252,766	166,439	5,535	5,416,591
2010	2,243,074	1,310,534	556,566	18,535	412,632	244,353	171,433	15,727	4,972,854
2011	2,317,224	1,336,366	952,628	19,484	376,206	285,892	179,351	15,953	5,483,104
2012	2,346,665	1,365,968	971,061	18,632	398,496	292,156	185,690	15,214	5,593,882

COMMENTS

In fiscal year 2004, the Simplified Telecommunications Tax Rate increased from 1% to 6%. The Rate increase occurred in January 2004 and fiscal year 2005 is the first full year reflecting this rate increase.

In fiscal year 2007 the City started receiving a 1% Non-Home Rule Sales Tax

TABLE 3

CITY OF HIGHLAND, ILLINOIS
 GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
 FOR THE LAST TEN FISCAL YEARS
 INCLUDES ALL GOVERNMENTAL FUND TYPES

<u>YEAR ENDING APRIL 30</u>	<u>GENERAL GOVERN- MENTAL</u>	<u>PUBLIC SAFETY</u>	<u>HIGHWAY AND STREETS</u>	<u>CULTURE AND RECREATION</u>	<u>OTHER</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
2003	\$ 657,701	\$ 3,035,647	\$ 771,307	\$ 2,525,444	\$ 472,894	\$ 308,673	\$ 7,771,666
2004	841,762	3,020,341	1,567,510	1,964,288	506,853	1,413,418 *	9,314,172
2005	1,052,298	3,312,915	1,394,349	1,908,305	551,818	357,037	8,576,722
2006	927,844	3,816,909	1,653,543	2,479,275	586,516	761,062	10,225,149
2007	1,041,886	3,968,315	2,330,856	2,024,451	818,941	761,042	10,945,491
2008	1,231,021	4,198,209	3,233,998	2,172,975	759,983	1,103,215	12,699,401
2009	1,608,183	3,859,278	4,201,234	2,068,673	733,147	1,279,635	13,750,150
2010	1,253,607	3,947,271	4,644,580	2,354,187	753,136	1,535,297	14,488,078
2011	1,387,330	4,297,984	9,448,148	2,522,736	1,027,486	1,618,436	20,302,120
2012	1,463,305	4,061,839	2,315,086	2,522,697	1,134,503	1,575,334	13,072,764

COMMENTS

* In fiscal year 2004, the City incurred bond issue costs of \$895,000 in relation to the issuance of alternate revenue bonds.

TABLE 4

CITY OF HIGHLAND, ILLINOIS
 ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY,
 PROPERTY TAX RATES PER \$100 OF ASSESSED VALUATION, AND TAX EXTENSIONS
 FOR THE LAST TEN YEARS

TAXES LEVIED BY CITY IN	DEC 2002	DEC 2003	DEC 2004	DEC 2005	DEC 2006	DEC 2007	DEC 2008	DEC 2009	DEC 2010	DEC 2011
ESTIMATED TAXABLE VALUE	\$ 353,833,698	\$ 382,509,096	\$ 406,518,162	\$ 440,869,377	\$ 484,290,618	\$ 535,702,059	\$ 566,592,132	\$ 566,714,472	\$ 556,277,586	\$ 549,401,196
ASSESSED VALUATION	\$ 117,944,566	\$ 127,503,032	\$ 135,506,054	\$ 146,956,459	\$ 161,430,206	\$ 178,567,353	\$ 188,864,044	\$ 188,904,824	\$ 185,425,862	\$ 183,133,732
TAX RATES:										
GENERAL	0.3293	0.3320	0.3330	0.3330	0.3274	0.3297	0.3330	0.3330	0.3330	0.3330
POLICE	0.0742	0.0748	0.0750	0.0750	0.0738	0.0743	0.0750	0.0750	0.0750	0.0750
FIRE	0.0742	0.0748	0.0750	0.0750	0.0738	0.0743	0.0750	0.0750	0.0750	0.0750
COMMUNITY BUILDING	0.0742	0.0748	0.0750	0.0750	0.0738	0.0743	0.0750	0.0750	0.0750	0.0750
PLAYGROUND & REC	0.0891	0.0898	0.0900	0.0900	0.0885	0.0891	0.0900	0.0900	0.0900	0.0900
BAND	0.0357	0.0334	0.0333	0.0320	0.0256	0.0239	0.0239	0.0247	0.0252	0.0257
POLICE PENSION	0.1244	0.1371	0.1462	0.1450	0.1415	0.1217	0.1331	0.1883	0.1627	0.1826
SOCIAL SECURITY	0.2120	0.2063	0.2034	0.2254	0.2076	0.1977	0.1933	0.1933	0.2055	0.1994
AUDIT	0.0212	0.0079	0.0074	0.0150	0.0166	0.0152	0.0149	0.0149	0.0108	0.0110
RETIREMENT	0.2120	0.2298	0.2395	0.1909	0.1685	0.1796	0.1510	0.1668	0.2007	0.2021
LIABILITY INSURANCE	0.0424	0.1285	0.1425	0.1114	0.1015	0.0897	0.0874	0.0874	0.1241	0.1611
SCHOOL CROSSING GUARD	0.0094	0.0071	0.0082	0.0104	0.0087	0.0092	0.0085	0.0085	0.0057	0.0069
AMBULANCE SERVICE	0.2024	0.2492	0.2500	0.2500	0.2458	0.2475	0.2304	0.2204	0.2302	0.2389
BONDS & INTEREST:										
STREET B&I	0.2617	0.2462	0.2289							
PUBLIC COMFORT STATION						0.0128	0.0121	0.0122	0.0124	0.0126
TOTAL RATE-CITY CORP	1.7622	1.8917	1.9074	1.6281	1.5531	1.5390	1.5026	1.5645	1.6253	1.6883
LIBRARY	0.1500	0.1496	0.1500	0.1500	0.1475	0.1485	0.1500	0.1500	0.1500	0.1500
LIBRARY LIABILITY INSURANCE			0.0229	0.0211	0.0193		0.0174	0.0175	0.0229	0.017
TOTAL TAX RATE	1.9122	2.0413	2.0803	1.7992	1.7199	1.6875	1.6700	1.7320	1.7982	1.8553
TAX EXTENSIONS:										
GENERAL	\$ 388,391	\$ 423,310	\$ 451,235	\$ 489,356	\$ 528,523	\$ 588,737	\$ 628,917	\$ 629,053	\$ 617,468	\$ 609,835
POLICE	87,515	95,372	101,630	110,217	119,135	132,676	141,648	141,679	139,069	137,350
FIRE	87,515	95,372	101,630	110,217	119,135	132,676	141,648	141,679	139,069	137,350
COMMUNITY BUILDING	87,515	95,372	101,630	110,217	119,135	132,676	141,648	141,679	139,069	137,350
PLAYGROUND & REC	105,089	114,498	121,955	132,261	142,866	159,104	169,978	170,014	166,883	164,820
BAND	42,106	42,586	45,124	47,026	41,326	42,678	45,139	46,659	46,727	47,065
POLICE PENSION	146,723	174,807	198,110	213,087	228,424	217,316	251,378	355,708	301,688	334,402
SOCIAL SECURITY	250,042	263,039	275,619	331,240	335,129	353,028	365,074	365,153	381,050	365,169
AUDIT	25,004	10,073	10,027	22,043	26,797	27,142	28,141	28,147	20,026	20,145
RETIREMENT	250,042	293,002	324,536	280,540	272,010	320,707	285,185	315,093	372,150	370,113
LIABILITY INSURANCE	50,009	163,841	193,096	163,710	163,852	160,175	165,067	165,103	230,113	295,028
SCHOOL CROSSING GUARD	11,087	9,053	11,112	15,283	14,044	16,428	16,053	16,057	10,569	12,636
AMBULANCE SERVICE	238,720	317,738	338,765	367,391	396,795	441,954	435,143	416,346	426,850	437,506
BONDS & INTEREST:										
STREET B&I	308,661	313,912	310,173							
PUBLIC COMFORT STATION						22,857	22,853	23,046	22,993	23,075
TOTAL RATE-CITY CORP	2,078,419	2,411,975	2,584,642	2,392,588	2,507,171	2,748,154	2,837,872	2,955,416	3,013,724	3,091,844
LIBRARY	176,917	190,745	203,259	220,435	238,110	265,173	283,296	283,357	278,139	274,701
LIBRARY LIABILITY INSURANCE			31,031	31,008	31,156		32,862	33,058	42,463	31,133
TOTAL EXTENSIONS	\$ 2,255,336	\$ 2,602,720	\$ 2,818,932	\$ 2,644,031	\$ 2,776,437	\$ 3,013,327	\$ 3,154,030	\$ 3,271,831	\$ 3,334,326	\$ 3,397,678

TABLE 5

CITY OF HIGHLAND, ILLINOIS
 PROPERTY TAX RATES PER \$100 OF ASSESSED VALUATION
 ALL DIRECT AND OVERLAPPING GOVERNMENTS
 LAST TEN YEARS (UNAUDITED)

RESIDENTS LIVING IN THE CITY OF HIGHLAND IN SALINE TOWNSHIP

YEAR LEVIED IN <u>IN</u>	<u>MADISON COUNTY</u>	<u>SALINE TOWNSHIP</u>	<u>SALINE ROAD & BRIDGE</u>	<u>HIGHLAND SCHOOL DIST. #5</u>	<u>CITY OF HIGHLAND + LIBRARY</u>	<u>S.W.I.C. DIST. #522</u>	<u>TOTAL</u>
2002	0.7476	0.1480	0.3457	4.2710	1.9122	0.2930	7.7175
2003	0.7360	0.1571	0.3333	4.2516	2.0413	0.3386	7.8579
2004	0.7372	0.1849	0.3295	4.2537	2.0803	0.3429	7.9285
2005	0.7050	0.1681	0.3148	4.4127	1.7992	0.3503	7.7501
2006	0.6758	0.1577	0.3057	4.7648	1.7199	0.3614	7.9853
2007	0.6518	0.1641	0.2960	4.7979	1.6875	0.3734	7.9707
2008	0.6534	0.1598	0.2927	4.7576	1.6700	0.3497	7.8832
2009	0.6781	0.1874	0.2981	4.8080	1.7320	0.3552	8.0588
2010	0.7145	0.1664	0.2989	4.6614	1.7982	0.3638	8.0032
2011	0.6864	0.1494	0.3060	4.6885	1.8553	0.3743	8.0599

RESIDENTS LIVING IN THE CITY OF HIGHLAND IN HELVETIA TOWNSHIP

YEAR LEVIED IN <u>IN</u>	<u>MADISON COUNTY</u>	<u>HELVETIA TOWNSHIP</u>	<u>HELVETIA ROAD & BRIDGE</u>	<u>HIGHLAND SCHOOL DIST. #5</u>	<u>CITY OF HIGHLAND + LIBRARY</u>	<u>S.W.I.C. DIST. #522</u>	<u>TOTAL</u>
2002	0.7476	0.1198	0.4154	4.2710	1.9122	0.2930	7.7590
2003	0.7360	0.1162	0.4128	4.2516	2.0413	0.3386	7.8965
2004	0.7372	0.1158	0.4122	4.2537	2.0803	0.3429	7.9421
2005	0.7050	0.1140	0.4080	4.4127	1.7992	0.3503	7.7892
2006	0.6758	0.1113	0.4022	4.7648	1.7199	0.3614	8.0354
2007	0.6518	0.1383	0.3988	4.7979	1.6875	0.3734	8.0477
2008	0.6534	0.1387	0.3948	4.7576	1.6700	0.3497	7.9642
2009	0.6781	0.1442	0.4040	4.8080	1.7320	0.3552	8.1215
2010	0.7145	0.1527	0.4159	4.6614	1.7982	0.3638	8.1065
2011	0.6864	0.1513	0.4262	4.6885	1.8553	0.3743	8.1820

TABLE 6

CITY OF HIGHLAND, ILLINOIS
 COMPUTATION OF LEGAL DEBT MARGIN
 APRIL 30, 2012

ASSESSED VALUATION FOR 2011	\$ 183,133,732
STATUTORY DEBT LIMITATION: 8.625% of Assessed Valuation	15,795,284
TOTAL GENERAL OBLIGATION DEBT	0
LEGAL DEBT MARGIN	\$ 15,795,284

CITY OF HIGHLAND, ILLINOIS
 RATIO OF NET GENERAL DEBT TO ASSESSED VALUE
 AND NET BONDED DEBT PER CAPITA
 LAST TEN FISCAL YEARS

YEAR ENDING APRIL 30,	POPULATION	ASSESSED VALUATION	GENERAL BONDED DEBT	RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUATION	BONDED DEBT PER CAPITA
2003	8,438	\$ 117,944,566	\$ 1,385,000	0.012	164.14
2004	8,438	127,503,032	1,135,000	0.009	134.51
2005	8,438	135,506,054	870,000	0.006	103.11
2006	9,433	146,956,459	595,000	0.004	63.08
2007	9,433	161,430,206	305,000	0.002	32.33
2008	9,433	178,567,353	0	0.000	0.00
2009	9,433	188,864,044	0	0.000	0.00
2010	9,433	188,904,824	0	0.000	0.00
2011	9,919	185,425,862	0	0.000	0.00
2012	9,919	183,133,732	0	0.000	0.00

CITY OF HIGHLAND, ILLINOIS
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT
 TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
 FOR THE LAST TEN FISCAL YEARS

YEAR ENDING APRIL 30	ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT			TOTAL GENERAL GOVERNMENTAL EXPENDITURES	GENERAL BONDED DEBT SERVICE TO GENERAL EXPENDITURES
	PRINCIPAL	INTEREST AND FIXED CHARGES	TOTAL		
2003	\$ 240,000	\$ 68,223	\$ 308,223	\$ 7,771,666	4.0%
2004	250,000	57,654	307,654	9,314,172	3.3%
2005	265,000	46,226	311,226	8,576,722	3.6%
2006	275,000	34,004	309,004	10,225,149	3.0%
2007	290,000	21,042	311,042	10,945,491	2.8%
2008	305,000	7,168	312,168	12,699,401	2.5%
2009	0	0	0	13,750,150	0.0%
2010	0	0	0	14,488,078	0.0%
2011	0	0	0	20,302,120	0.0%
2012	0	0	0	13,072,764	0.0%

CITY OF HIGHLAND, ILLINOIS
REVENUE BOND COVERAGE
ELECTRIC AND FTTP BONDS

2006 ELECTRIC BONDS

YEAR ENDING APRIL 30	GROSS REVENUES	OPERATING EXPENSES LESS DEPRECIATION	FTTP DEBT SERVICE	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			COVERAGE*
					PRINCIPAL	INTEREST	TOTAL	
2008	\$ 11,530,762	\$ 9,385,305	\$ 0	\$ 2,145,457	\$ 960,000	\$ 240,850	\$ 1,200,850	1.79
2009	11,495,789	9,911,686	0	1,584,103	930,000	204,850	1,134,850	1.40
2010	12,020,363	10,485,541	0	1,534,822	900,000	169,975	1,069,975	1.43
2011	13,676,473	11,849,220	255,074	1,572,179	625,000	135,100	760,100	2.07
2012	13,110,954	11,543,630	552,794	1,014,530	600,000	111,038	711,038	1.43

*The coverage requirement per the 2006 Electric Bond Ordinance is 1.25 after the superior FTTP debt service has been satisfied

2010 and 2012 FTTP BONDS

YEAR ENDING APRIL 30	GROSS REVENUES	OPERATING EXPENSES LESS DEPRECIATION	NET REVENUE AVAILABLE FOR DEBT SERVICE	INTEREST SUBSIDY	DEBT SERVICE REQUIREMENTS			COVERAGE** with Subsidy	COVERAGE*** without Subsidy
					PRINCIPAL	INTEREST	TOTAL		
2011	\$ 13,676,473	\$ 11,849,220	\$ 1,827,253	\$ 155,680	\$ 0	\$ 255,074 (1)	\$ 255,074	7.16	6.55
2012	13,110,954	11,543,630	1,567,324	158,303	100,000	452,794	552,794	2.84	2.55

**The coverage requirement per the 2010 and 2012 FTTP Bond Ordinance is 1.20 with the interest subsidy

***The coverage requirement per the 2010 and 2012 FTTP Bond Ordinance is 1.10 without the interest subsidy

(1) Per the 2010 Ordinance, this excludes amount deposited in the Capitalized Subaccount

ELECTRIC AND FTTP BONDS

YEAR ENDING APRIL 30	GROSS REVENUES	OPERATING EXPENSES LESS DEPRECIATION	NET REVENUE AVAILABLE FOR DEBT SERVICE	INTEREST SUBSIDY	DEBT SERVICE REQUIREMENTS			COVERAGE**** without Subsidy
					PRINCIPAL	INTEREST	TOTAL	
2011	\$ 13,676,473	\$ 11,849,220	\$ 1,827,253	\$ 155,680	\$ 625,000	\$ 390,174 (1)	\$ 1,015,174	1.65
2012	13,110,954	11,543,630	1,567,324	158,303	700,000	563,832	1,263,832	1.11

****The coverage requirement for all electrical system bonds is 1.00 without the interest subsidy

(1) Per the 2010 Ordinance, this excludes amount deposited in the Capitalized Subaccount

TABLE 10

CITY OF HIGHLAND, ILLINOIS
PRINCIPAL TAXPAYERS
 DECEMBER 2011 (UNAUDITED)

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>TOTAL ASSESSMENT 2011</u>	<u>PERCENTAGE OF CITY ASSESSED VALUE</u>
Walmart Stores	Department Store	\$ 2,877,850	1.57 %
Retko Group	Rental Property	2,146,730	1.17
Frey Properties	Developer	1,289,170	0.70
Cooper B-Line Systems	Industrial Support Systems	1,266,730	0.69
Highland Development Group LLC	Developer	1,225,730	0.67
Glik Development Co.	Real Estate Development	995,790	0.54
Trouw Nutrition	Feed Additive	950,690	0.52
Dow Jones	Wall Street Journal-MidWest Edition	949,660	0.52
Highland Leasehold / Health	Nursing Care	921,010	0.50
Bonne Terre Construction	Construction	915,390	0.50
Korte Construction	General Contractor	805,010	0.44
Emerald Point Villas LTD	Apartment Rental	800,330	0.44
Basler Electric Co.	Electronic Equipment	795,840	0.43
Crowne Pointe Ltd	Apartment Rental	719,080	0.39
Jefferson Smurfit Corp.	Corrugated Shipping Containers	691,210	0.38
Topmost Development Corp	Retail Operations (Super Valu)	683,810	0.37
Highland Machine and Screw	Manufacturing	617,810	0.34
Wilken Development Group	Apartment Rental	611,520	0.33
Scott Credit Union	Banking	569,660	0.31
TOTALS		<u>\$ 19,833,020</u>	<u>10.81 %</u>

Source: Madison County Clerk's Office

TABLE 11

CITY OF HIGHLAND, ILLINOIS
PROPERTY VALUE AND CONSTRUCTION INFORMATION
LAST TEN FISCAL YEARS (UNAUDITED)

YEAR ENDING APRIL 30,	CONSTRUCTION					ASSESSMENT YEAR	PROPERTY VALUE (IN 000'S) **			
	RESIDENTIAL		COMMERCIAL AND INDUSTRIAL		TOTAL		RESIDENTIAL	COMMERCE & INDUSTRY	RAILROAD & FARM	TOTAL
	NO. OF PERMITS	VALUE (in 000's)	NO. OF PERMITS	VALUE (in 000's)						
2003	136	\$ 4,097	53	\$ 3,076	\$ 7,173	2002	\$ 245,521	\$ 108,025	\$ 287	\$ 353,833
2004	208	13,658	69	4,800	18,458	2003	265,225	116,921	363	382,509
2005	216	18,321	66	4,300	22,621	2004	279,316	126,929	273	406,518
2006	232	17,640	61	1,997	19,637	2005	311,279	129,357	234	440,870
2007	215	14,130	38	3,657	17,787	2006	344,700	139,359	231	484,290
2008	151	7,019	48	5,359	12,378	2007	388,518	146,922	263	535,703
2009	130	3,051	57	7,690	10,741	2008	412,391	154,960	332	567,683
2010	149	9,558	53	5,812	15,370	2009	404,958	161,262	494	566,714
2011	123	2,909	46	4,905	7,814	2010	400,810	154,937	531	556,278
2012	192	3,922	49	46,115	50,037	2011	395,744	153,025	632	549,401

** Source: Property Value based on County Clerk's information on assessed valuation as 33 1/3 % of fair market value.

CITY OF HIGHLAND, ILLINOIS
 LIGHT AND POWER FUND
 COMPARATIVE SUMMARY OF OPERATIONS
 FOR THE LAST TEN FISCAL YEARS

YEAR ENDING APRIL 30	OPERATING EXPENSES INCLUDING DEPRECIATION AND INTEREST EXPENSE			INCOME (LOSS) EXCLUDING OTHER INCOME	
	OPERATING REVENUE	AMOUNT	PERCENT OF OPERATING REVENUE	AMOUNT	PERCENT OF OPERATING REVENUE
2003	\$ 9,214,741	\$ 9,289,007	100.81	\$ (74,266)	(0.81)
2004	9,017,444	9,133,403	101.29	(115,959)	(1.29)
2005	9,099,917	9,271,484	101.89	(171,567)	(1.89)
2006	9,884,032	10,297,107	104.18	(413,075)	(4.18)
2007	10,232,394	9,221,378	90.12	1,011,016	9.88
2008	11,122,439	10,270,549	92.34	851,890	7.66
2009	11,153,844	10,843,649	97.22	310,195	2.78
2010	11,715,095	11,716,928	100.02	(1,833)	(0.02)
2011	13,033,343	13,441,857	103.13	(408,514)	(3.13)
2012	12,625,213	13,389,524	106.05	(764,311)	(6.05)

*The City does not budget for depreciation expense.

CITY OF HIGHLAND, ILLINOIS
WATER FUND
 COMPARATIVE SUMMARY OF OPERATIONS
 FOR THE LAST TEN FISCAL YEARS

YEAR ENDING APRIL 30	OPERATING EXPENSES INCLUDING DEPRECIATION AND INTEREST EXPENSE		INCOME (LOSS) EXCLUDING OTHER INCOME		
	GROSS REVENUE	PERCENT OF GROSS REVENUE	AMOUNT	PERCENT OF GROSS REVENUE	
2003	\$ 1,898,350	\$ 1,590,747	83.80	\$ 307,603	16.20
2004	1,909,861	1,710,451	89.56	199,410	10.44
2005	1,957,025	1,736,786	88.75	220,239	11.25
2006	2,084,269	1,871,781	89.81	212,488	10.19
2007	2,202,659	1,952,584	88.65	250,075	11.35
2008	2,158,208	2,093,549	97.00	64,659	3.00
2009	2,023,434	2,302,964	113.81	(279,530)	(13.81)
2010	2,054,813	2,376,707	115.67	(321,894)	(15.67)
2011	2,056,911	2,357,134	114.60	(300,223)	(14.60)
2012	2,056,773	2,258,364	109.80	(201,591)	(9.80)

*The City does not budget for depreciation expense.

CITY OF HIGHLAND, ILLINOIS
SEWER FUND
COMPARATIVE SUMMARY OF OPERATIONS
FOR THE LAST TEN FISCAL YEARS

YEAR ENDING APRIL 30	GROSS REVENUE	OPERATING EXPENSES INCLUDING DEPRECIATION AND INTEREST EXPENSE		INCOME (LOSS) EXCLUDING OTHER INCOME	
		AMOUNT	PERCENT OF GROSS REVENUE	AMOUNT	PERCENT OF GROSS REVENUE
2003	\$ 1,448,066	\$ 1,618,496	111.77	\$ (170,430)	(11.77)
2004	1,460,602	1,639,029	112.22	(178,427)	(12.22)
2005	1,651,533	1,768,275	107.07	(116,742)	(7.07)
2006	1,808,227	1,803,285	99.73	4,942	0.27
2007	1,676,604	1,871,934	111.65	(195,330)	(11.65)
2008	1,670,146	1,881,764	112.67	(211,618)	(12.67)
2009	1,695,214	1,803,368	106.38	(108,154)	(6.38)
2010	1,762,689	1,917,267	108.77	(154,578)	(8.77)
2011	1,752,109	1,963,479	112.06	(211,370)	(12.06)
2012	1,739,417	1,983,372	114.03	(243,955)	(14.03)

*The City does not budget for depreciation expense.

TABLE 15

CITY OF HIGHLAND, ILLINOIS
 MISCELLANEOUS STATISTICS
 APRIL 30, 2012 (UNAUDITED)

Date of Incorporation	1884		
Form of Government	Council/Manager		
Number of Employees -			
Total	217		
Full Time	109		
Total Area	7.4 square miles		
Number of Dwelling Units	4,692		
Population	9,919		
CITY OF HIGHLAND FACILITIES AND SERVICES			
Fire Protection:			
Number of Stations	2		
Number of Firemen	32 Volunteers		
Fire Insurance Rating	4		
Police Protection:			
Number of Policemen and Officers	19		
Number of Squad Cars	12		
Ambulance:			
Number of Ambulances	3		
Number of Paramedics and Emergency Medical Technicians	24		
Culture and Recreation:			
Public Library (Volume of Books and Audio Visuals)	1 (60,379 items)		
Parks	10		
Ball Diamonds Available	16		
Tennis Courts Available	11		
Public Pools	2		
Recreation Buildings	2		
Senior Citizen Centers	2		
Skate Park	1		
Electric Service:			
Number of Accounts	6,560 customers		
Area Serviced	47.8 square miles		
Water Service:			
Number of Accounts	4,597 customers		
Average Daily Demand	1.195 MG/day		
Treatment Capacity	4.2 MG/day		
Sewer Service:			
Number of Accounts	4,253 customers		
Present Flow	1.493 MG/day		
FACILITIES AND SERVICES NOT INCLUDED IN THE REPORTING ENTITY:			
Education:	No. of schools	Teachers	Enrollment
Elementary (K-6)	2	113	1,505
Middle School	2	38	500
High School	1	<u>76</u>	<u>1,009</u>
		227	3,014
Utilities:			
Electric, Water, Sewer, Refuse	City of Highland Utilities		
Cable and Satellite TV	HCS, Charter Communications, and Direct TV		
Gas	Ameren IP		
Telephone	HCS, Frontier		
Hospital	1		
Nursing Homes and Assisted Living	2 (240 beds)		