

CITY OF HIGHLAND, ILLINOIS
REPORT AND FINANCIAL STATEMENTS
APRIL 30, 2011

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 STATEMENT OF NET ASSETS - FIDUCIARY FUND	29
11 STATEMENT OF CHANGES IN NET ASSETS - FIDUCIARY FUND	30
NOTES TO FINANCIAL STATEMENTS	31-56
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE	
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, AND POLICE PENSION	60-63

STATISTICAL SECTION

TABLE

1	GENERAL GOVERNMENTAL REVENUES BY SOURCE	64
2	INTERGOVERNMENTAL TAX REVENUES BY SOURCE	65
3	GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION	66
4	ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY, PROPERTY TAX RATES PER \$100 OF ASSESSED VALUATION, AND TAX EXTENSIONS	67
5	PROPERTY TAX RATES PER \$100 OF ASSESSED VALUATION ALL DIRECT AND OVERLAPPING GOVERNMENTS	68
6	COMPUTATION OF LEGAL DEBT MARGIN	69
7	RATIO OF NET GENERAL DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA	70
8	RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES	71
9	COMPUTATION OF DIRECT AND OVERLAPPING DEBT	72
10	REVENUE BOND COVERAGE - WATER BONDS	73
11	REVENUE BOND COVERAGE - ELECTRIC BONDS	74
12	PRINCIPAL TAXPAYERS	75
13	PROPERTY VALUE AND CONSTRUCTION INFORMATION	76
14	LIGHT AND POWER FUND - COMPARATIVE SUMMARY OF OPERATIONS	77
15	WATER FUND - COMPARATIVE SUMMARY OF OPERATIONS	78
16	SEWER FUND - COMPARATIVE SUMMARY OF OPERATIONS	79
17	MISCELLANEOUS STATISTICS	80



Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

September 28, 2011

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, 2011, 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 2010 financial statements and, in our report dated August 6, 2010, 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. As disclosed in Note 2 to the financial statements, the City of Highland, Illinois has restated its financial statements to conform with generally accepted accounting principles. We have not performed any auditing procedures with respect to the 2010 financial statements since the date of our previous report.

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, 2011, 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, and the schedules of funding progress on pages 61 through 63 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.

Scheffel & Company, P.C.

CITY OF HIGHLAND, ILLINOIS
FY 2011 Audit - Management's Discussion & Analysis

CITY OF HIGHLAND, ILLINOIS
Council/Manager - Form of Government
April 30, 2011

MAYOR

Joseph Michaelis

CITY MANAGER

Mark Latham

CITY COUNCIL MEMBERS

Chris Bardill

Peg Bellm

Aaron Schwarz

Ruth Zobrist

CITY CLERK

Barbara Bellm

CITY TREASURER

Dennis Foehner

DEPARTMENT DIRECTORS

Daniel Cook

Sharon Rusteberg

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
FY 2011 Audit - 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, 2011 with comparative information for the fiscal year ended April 30, 2010.

FINANCIAL HIGHLIGHTS

- Total assets exceeded liabilities at the close of the fiscal year by approximately \$62.1 million (net assets). Of this amount, the unrestricted amount of \$16.9 million may be used to meet the City's ongoing obligations to citizens and creditors.
- City-wide net assets increased 2.1% during the fiscal year. An increase of 4.1% was realized in governmental activities while a .1% decrease occurred within enterprise activities. The overall increase was realized despite an overall increase in City expenditures of 5.8% 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 2011 is \$68.3 million (net of depreciation). This is comprised of \$35.4 million for governmental activities plus \$32.9 million for business-type activities. The 21% increase in fixed assets is largely represented by the City's investment in street and fiber projects.
- Receipts of the traditional sales tax, shown within the "Intergovernmental" revenue line item, increased 3.3% during FY 2011. This is an improvement over the prior year's slight decrease. 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 2011 was the fourth 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 \$1.3 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
FY 2011 Audit - 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
FY 2011 Audit - Management's Discussion & Analysis

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison between the activities for FY '11 and the activities for FY '10 under the GASB statement #34 model. The city-wide total for revenues increased \$2 million and expenditures increased \$1.7 million compared to the previous fiscal year. In the case of both governmental and business-type activities, revenues exceeded expenditures for both fiscal years. 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.

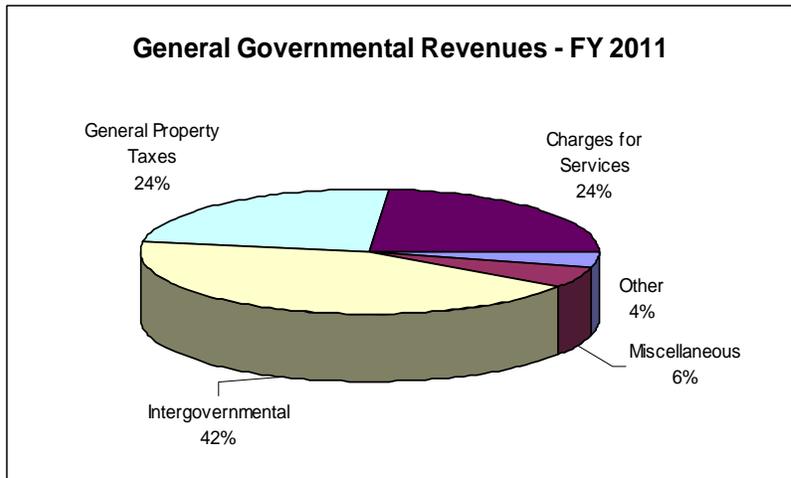
Changes in the City of Highland's Activities
(in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	Fiscal Year 2011	2010	Fiscal Year 2011	2010	Fiscal Year 2011	2010
Revenues						
Program Revenues						
Charges for Services	\$ 3.4	\$ 3.4	\$ 17.9	\$ 16.5	\$ 21.3	\$ 19.9
Operating Grants and Contributions	0.1	0.2			0.1	0.2
General Revenues						
Property Taxes, General Purposes	3.1	3.0			3.1	3.0
Intergovernmental	5.6	5.1			5.6	5.1
Miscellaneous	0.5	1.1	1.2	0.5	1.7	1.6
Total Revenues	\$ 12.7	\$ 12.8	\$ 19.1	\$ 17.0	\$ 31.8	\$ 29.8
Expenditures						
General Government	\$ 1.4	\$ 1.3			\$ 1.4	\$ 1.3
Public Safety	4.2	4.2			4.2	4.2
Highways and Streets	1.8	2.8			1.8	2.8
Culture and Recreation	2.5	2.3			2.5	2.3
Economic Development	0.3	0.1			0.3	0.1
Employer's Cont. to Retirement Fund	0.7	0.6			0.7	0.6
Interest on Long-Term Debt	0.5	0.5			0.5	0.5
Electric			\$ 13.4	\$ 11.7	13.4	11.7
Water			2.4	2.4	2.4	2.4
Sewer			2.0	1.9	2.0	1.9
Solid Waste			1.3	1.0	1.3	1.0
Total Expenditures	\$ 11.4	\$ 11.8	\$ 19.1	\$ 17.0	\$ 30.5	\$ 28.8
Excess of Revenues Over Expenditures	\$ 1.3	\$ 1.0	\$ -	\$ -	\$ 1.3	\$ 1.0

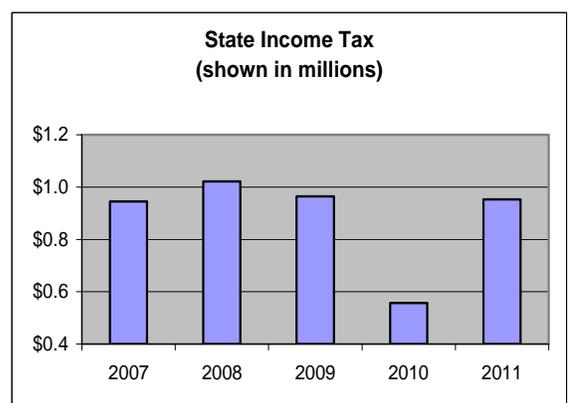
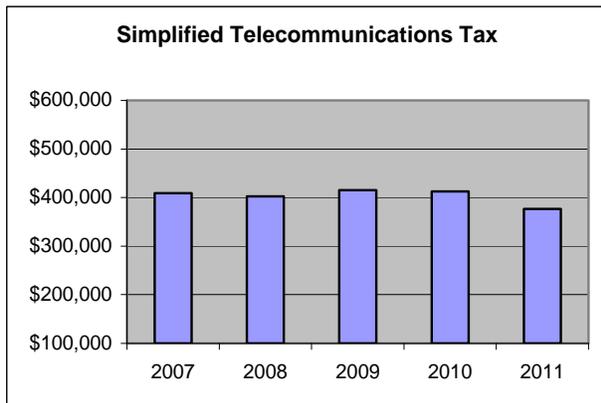
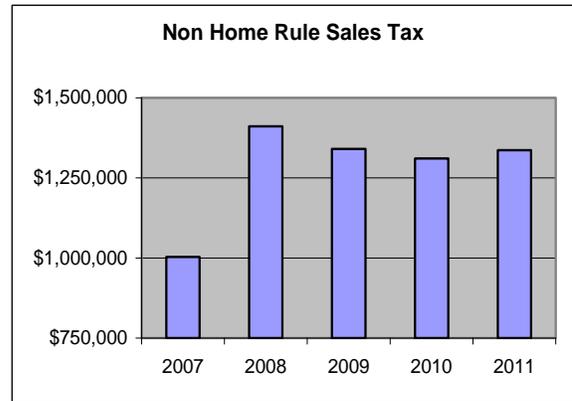
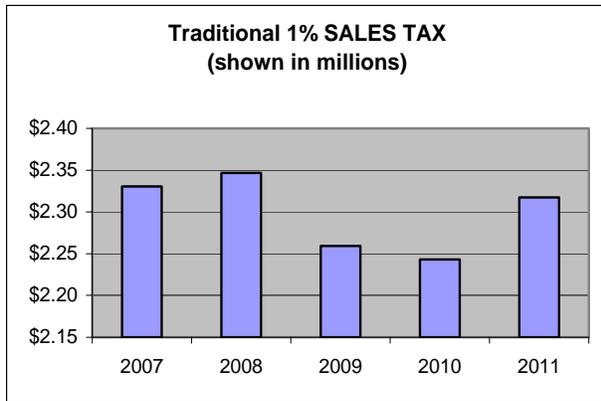
CITY OF HIGHLAND, ILLINOIS
FY 2011 Audit - Management's Discussion & Analysis

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.

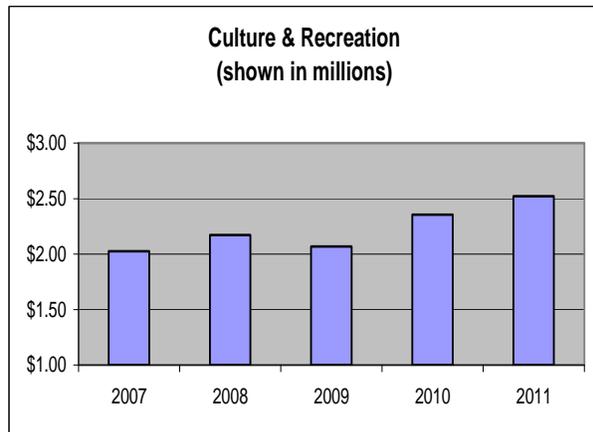
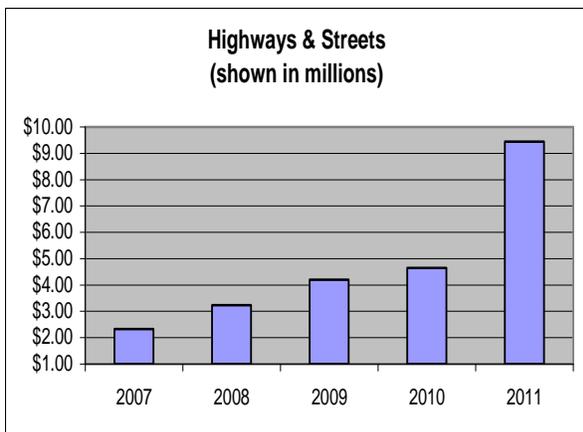
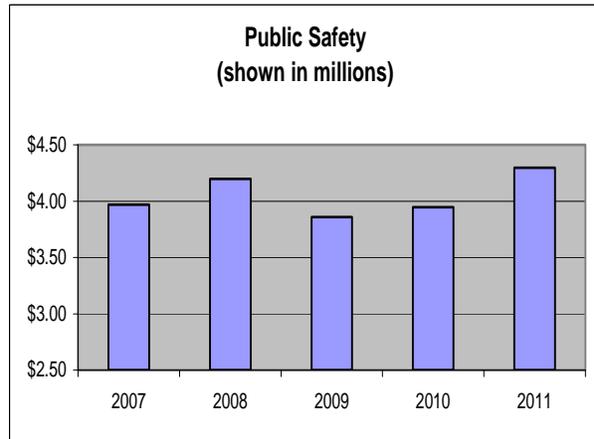
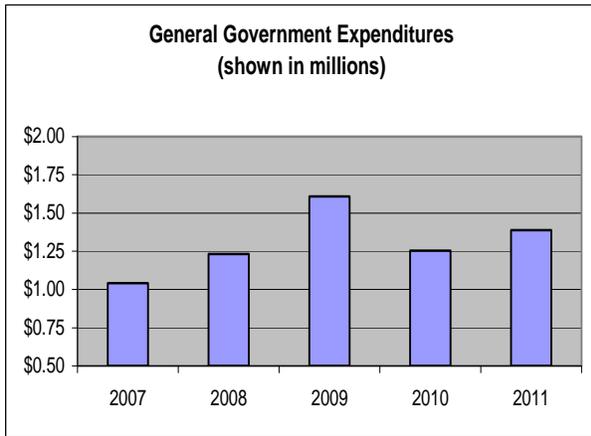
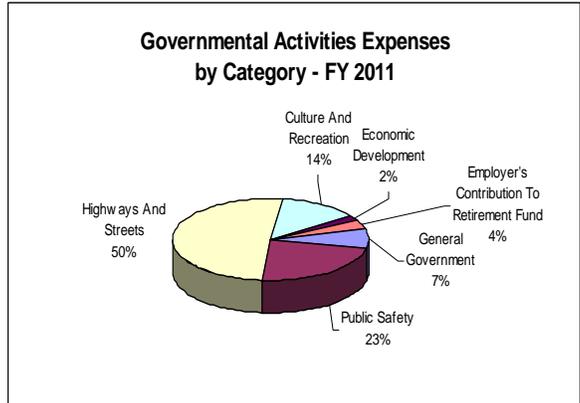


Intergovernmental revenues include revenues due to the City of Highland that pass through the State of Illinois. These include, but are not limited to, sales tax, income tax, and the simplified telecommunications tax. Corporate replacement tax as well as fines and forfeitures are included within the “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
FY 2011 Audit - Management's Discussion & Analysis

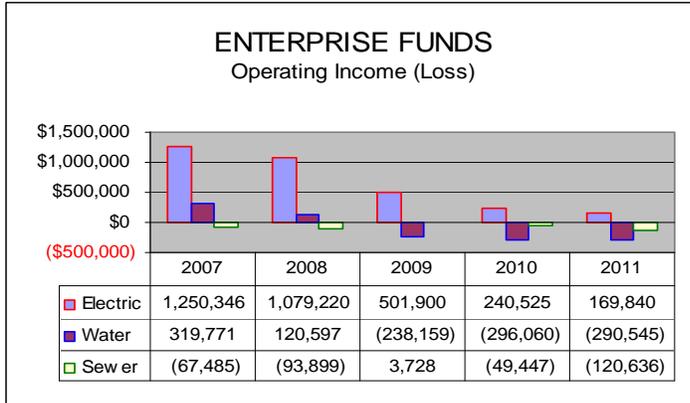
Expenditures of Governmental Activities are spread among a wide variety of functions. Among these are public safety functions of police, fire, and EMS. Also included are the activities of highways and streets as well as culture and recreation (parks & recreation / library). These areas are funded with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



CITY OF HIGHLAND, ILLINOIS
FY 2011 Audit - Management's Discussion & Analysis

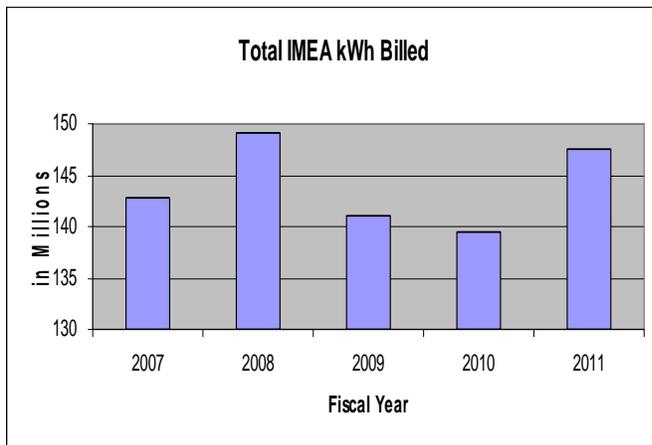
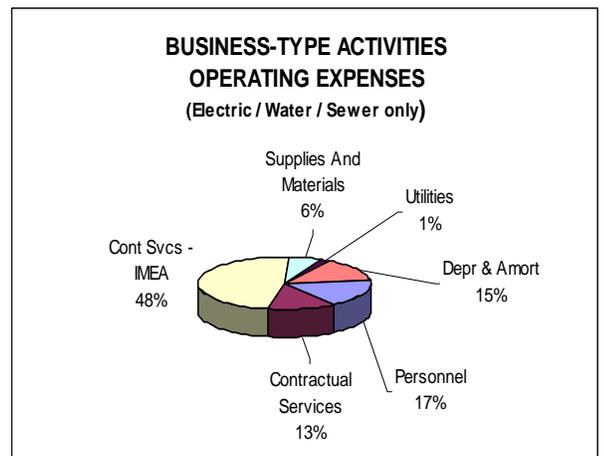
Business-Type Activities

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 2011 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 will begin generating revenue during the next fiscal year.

No major changes were noted among operating expenses of the Electric, Water or Sewer fund. An increase in personnel costs was noted due to the addition of the Fiber fund that is included within the electric line item. Water fund operating expenses only decreased by .01% and the Sewer fund's operational expenses increased by 3.3%. While not depicted in the graph, solid waste experienced a 28% increase in operating costs primarily due to the purchase of dumpsters for the contracted hauler to use.



For the Electric Fund, total operating revenues increased 11% during FY '11. Total operating expenditures increased 12%, primarily due to an increase in the power purchased.

CITY OF HIGHLAND, ILLINOIS
FY 2011 Audit - Management's Discussion & Analysis

STATUS OF CITY RESERVES

The governmental funds reported a *combined* fund balance of \$11.6 million. The recent bond issuance for street projects is reserved funds shown within the “Bldg Construction and Improvements” line. Those funds are designed to be spent on specific projects per the bond covenant, and as such are designed to be spent down. City departments contribute annually to the unreserved “capital projects” line per the City’s budgeting guidelines.

City of Highland
Statement of Governmental Fund Balances

	Fiscal Year 2011	Fiscal Year 2010	Percent Change
<u>Reserved Funds</u>			
Maintenance and Upkeep	\$ 680,830	\$ 695,336	-2.09%
Bldg Construction and Improvements	799,792	5,303,566	-84.92%
<u>Unreserved Funds</u>			
General	2,738,442	2,879,835	-4.91%
Special Revenue	1,764,726	1,499,589	17.68%
Capital Projects	4,666,172	4,441,305	5.06%
Debt Service	965,357	1,209,961	-20.22%
Totals	\$ 11,615,319	\$ 16,029,592	-27.54%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2011, the City had \$68.4 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.

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

	Governmental Activities		Business-type Activities		Totals	
	Fiscal Year 2011	2010	Fiscal Year 2011	2010	2011	2010
Land	\$ 7.7	\$ 3.5	\$ 0.6	\$ 0.6	\$ 8.3	\$ 4.1
Construction in Progress	8.1	4.0	4.7	0.8	12.8	4.8
Bldgs & Improvements	5.9	6.2	7.2	6.7	13.1	12.9
Other Improvements	1.9	1.6	5.2	4.7	7.1	6.3
Equipment	0.6	0.7	2.1	2.1	2.7	2.8
Infrastructure	11.2	11.4			11.2	11.4
Lines			8.7	9.2	8.7	9.2
Interconnect			4.5	4.7	4.5	4.7
Totals	\$ 35.4	\$ 27.4	\$ 33.0	\$ 28.8	\$ 68.4	\$ 56.2

CITY OF HIGHLAND, ILLINOIS
FY 2011 Audit - 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.

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

	Governmental Activities		Business-type Activities		Totals	
	Fiscal Year		Fiscal Year			
	2011	2010	2011	2010	2011	2010
Revenue Bonds	\$ 14.6	\$ 12.5	\$ 11.9	\$ 12.7	\$ 26.5	\$ 25.2
Notes Payable			\$ 2.8	\$ 3.3	\$ 2.8	\$ 3.3
Totals	\$ 14.6	\$ 12.5	\$ 14.7	\$ 16.0	\$ 29.3	\$ 28.5

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 '11, with a brief look ahead into FY '12.

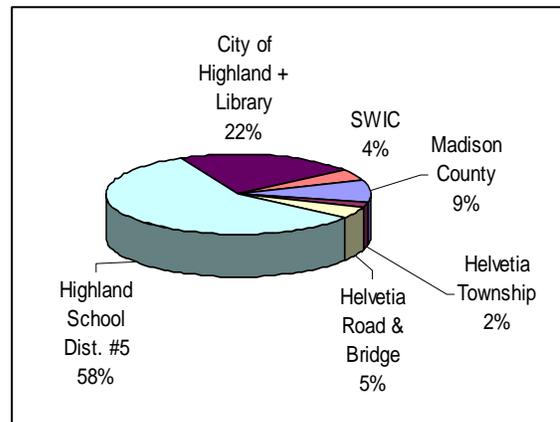
FY 2008 was the first full year of receipts from the Non-Home Rule Sales Tax Referendum (passed in March of 2006). This 1% increase in sales tax was estimated to bring in an additional \$1.3 - \$1.5 million annually to the City for street projects. Receipts for the year equaled \$1.3 million. 80% of the new revenue has been pledged to support new street construction projects. 20% of the revenue will be used towards the maintenance of existing streets and sidewalks. The City Council issued alternate revenue bonds against this new revenue stream during FY '07 in order to expedite the \$10 million in street projects forecasted in the next five years. Foremost of these projects is the "peripheral route project". The northwest quadrant of the route began construction towards the end of FY 2009. The Hemlock addition was completed in FY 2010 and now the Koepfli Lane has also been completed and opened for traffic. Land acquisition in order for construction of the northeast quadrant to occur was completed during FY 2011 and a 2010 Street Bond was issued in order to finance the purchase of land for that portion of the peripheral route. Other projects funded by the Non-Home Rule Sales Tax in process at this time include the Iberg Road Reconstruction which was completed in FY 2011. The 20% portion was used to resurface Main and Walnut Streets in FY 2011 and Cypress Street in the upcoming year and to correct the uneven surface on Troxler Avenue. This Troxler work was completed in time for school to start in late summer 2011.

CITY OF HIGHLAND, ILLINOIS
FY 2011 Audit - Management's Discussion & Analysis

One additional major project, that is gaining ground as we move forward, is the Fiber to the Premise Project. Bonds were issued in February 2010 and a Headend Building was purchased in May 2010. Fiber has been installed along the main corridors to provide high speed (1 GB) voice, data, and video service to businesses and industries in order to complete Phase 1 of this project. Services were offered to consumers in FY 2011 and revenue began generating May 1, 2011 as customers began using the services. Employees were hired in order to provide the highest level of customer service to our citizens. There are currently about 140 customers using phone, internet or both services and cable television will be offered soon. Phase 2 is currently being constructed and new services areas are added continuously. This project will continue to grow and provide the top level service that our citizens have come to expect from the City of Highland.

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.

As of April 2011, the City's Equalized Assessed Value dropped 1.84% to a total of \$185.4 million. This is the first decrease of any amount in recent history due to the declining economy and property values nationwide. The EAV is used in conjunction with the 2010 Property Tax Levy for the collection of property taxes during FY 2011-2012. The City of Highland's property tax rate for 2011 represents 22% 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 four years. The total property tax rate for Highland residents has decreased by .2%. This was accomplished with the declining EAV due to the conservative nature of the City. 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,	
	2011	2010	2011	2010	2011	2010
Current Assets						
Cash And Investments	\$ 10,348,838	\$ 10,233,809	\$ 6,932,572	\$ 6,874,358	\$ 17,281,410	\$ 17,108,167
Receivables (Net, Where Applicable Of Allowance For Uncollectibles):						
Property Taxes	3,134,111	2,991,202			3,134,111	2,991,202
Replacement Tax Receivable	23,879	20,457			23,879	20,457
Accounts Receivable	443,123	470,917	639,183	496,862	1,082,306	967,779
Income Tax Receivable	103,855	88,371			103,855	88,371
Sales Tax Receivable	563,139	570,555			563,139	570,555
Unbilled Revenue			1,215,682	1,126,953	1,215,682	1,126,953
Due From Other Fund				60,000		60,000
Other	119,579	126,737	27,951	29,770	147,530	156,507
Prepaid Expenses	209,253	184,255	173,801	158,544	383,054	342,799
Restricted Assets:						
Cash And Investments	352,605	4,862,876	5,392,678	10,378,058	5,745,283	15,240,934
Capital Assets, (Net Of Accumulated Depreciation)	35,371,421	27,442,714	32,953,230	28,799,798	68,324,651	56,242,512
Other Assets, (Net Of Accumulated Amortization)	598,497	597,057	351,722	394,039	950,219	991,096
Total Assets	\$ 51,268,300	\$ 47,588,950	\$ 47,686,819	\$ 48,318,382	\$ 98,955,119	\$ 95,907,332
<u>LIABILITIES</u>						
Current Liabilities:						
Accounts Payable	\$ 443,348	\$ 366,784	\$ 1,604,149	\$ 1,463,599	\$ 2,047,497	\$ 1,830,383
Accrued Salaries And Benefits	105,604	101,601	55,191	47,400	160,795	149,001
Due To Other Fund		60,000				60,000
Accrued Interest	112,346	123,104	201,330	175,942	313,676	299,046
Customer Deposits			59,729	57,857	59,729	57,857
Premium On Revenue Bonds	8,046	9,096	7,222	8,743	15,268	17,839
Deferred Property Taxes	3,134,111	2,991,202			3,134,111	2,991,202
Long-Term Liabilities						
Portion Due Or Payable Within One Year:						
Bonds Payable	1,130,000	1,075,000	700,000	830,000	1,830,000	1,905,000
Notes Payable			371,687	442,157	371,687	442,157
Maintenance Agreement Payable			154,827	83,198	154,827	83,198
Portion Due Or Payable After One Year:						
Compensated Absences	555,459	512,952	323,536	289,983	878,995	802,935
Other Post Employment Benefits Payable	96,226	60,618	35,729	22,508	131,955	83,126
Bonds Payable	13,524,367	11,455,000	11,120,000	11,820,000	24,644,367	23,275,000
Notes Payable			2,468,680	2,840,367	2,468,680	2,840,367
Long-Term Accrued Interest	75,726				75,726	
Maintenance Agreement Payable			551,204	227,770	551,204	227,770
Total Liabilities	19,185,233	16,755,357	17,653,284	18,309,524	36,838,517	35,064,881
<u>NET ASSETS</u>						
Invested In Capital Assets, Net Of Related Debt	20,717,054	14,912,714	17,586,832	12,556,306	38,303,886	27,469,020
Restricted For:						
Maintenance And Upkeep	680,830	695,336			680,830	695,336
Long-Term Debt	965,357	1,209,961	4,445,003	9,331,089	5,410,360	10,541,050
Building Construction And Improvements	799,792	5,303,566			799,792	5,303,566
Unrestricted	8,920,034	8,712,016	8,001,700	8,121,463	16,921,734	16,833,479
Total Net Assets	32,083,067	30,833,593	30,033,535	30,008,858	62,116,602	60,842,451
Total Liabilities And Net Assets	\$ 51,268,300	\$ 47,588,950	\$ 47,686,819	\$ 48,318,382	\$ 98,955,119	\$ 95,907,332

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				<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, ILLINOIS

STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2010

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	\$ 1,294,766	\$ 1,566,352	\$ 11,800	\$ 283,386	\$	\$ 283,386
Public Safety	4,190,746	905,245	1,950	(3,283,551)		(3,283,551)
Highways And Streets	2,764,320		149,565	(2,614,755)		(2,614,755)
Culture And Recreation	2,262,808	962,569	42,574	(1,257,665)		(1,257,665)
Economic Development	143,942			(143,942)		(143,942)
Employer's Contribution To Retirement Fund	632,887			(632,887)		(632,887)
Interest On Long-Term Debt	509,259			(509,259)		(509,259)
Total Governmental Activities	<u>11,798,728</u>	<u>3,434,166</u>	<u>205,889</u>	<u>(8,158,673)</u>	<u>0</u>	<u>(8,158,673)</u>
Business-Type Activities:						
Electric	11,717,265	11,715,095			(2,170)	(2,170)
Water	2,377,307	2,054,813			(322,494)	(322,494)
Sewer	1,917,267	1,762,689			(154,578)	(154,578)
Other Programs	1,014,332	1,031,556			17,224	17,224
Total Business-Type Activities	<u>17,026,171</u>	<u>16,564,153</u>	<u>0</u>	<u>0</u>	<u>(462,018)</u>	<u>(462,018)</u>
Total Primary Government	<u>\$ 28,824,899</u>	<u>\$ 19,998,319</u>	<u>\$ 205,889</u>	<u>(8,158,673)</u>	<u>(462,018)</u>	<u>(8,620,691)</u>
General Revenues:						
Taxes:						
Property Taxes, Levied For General Purposes				2,990,932		2,990,932
Intergovernmental				5,113,111		5,113,111
Interest and Miscellaneous Income				945,658	569,829	1,515,487
Transfers				77,063	(77,063)	0
Total General Revenues				<u>9,126,764</u>	<u>492,766</u>	<u>9,619,530</u>
Change In Net Assets				968,091	30,748	998,839
Net Assets Beginning (Restated)				29,865,502	29,978,110	59,843,612
Net Assets Ending (Restated)				<u>\$ 30,833,593</u>	<u>\$ 30,008,858</u>	<u>\$ 60,842,451</u>

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	\$ 4,392,077	\$ 4,771,992	\$ 1,171,601	\$ 1,521,374	\$ 3,762,245	\$ 15,619,289
<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	1,653,635	0	449,175	233,213	1,667,947	4,003,970
<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	2,738,442	4,771,992	722,426	1,288,161	2,094,298	11,615,319
Total	\$ 4,392,077	\$ 4,771,992	\$ 1,171,601	\$ 1,521,374	\$ 3,762,245	\$ 15,619,289

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

CITY OF HIGHLAND, ILLINOIS

BALANCE SHEETS
GOVERNMENTAL FUNDS
APRIL 30, 2010

	GENERAL CORPORATE	CITY PROPERTY REPLACEMENT	AMBULANCE	STREET IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>						
Cash And Investments	\$ 2,329,121	\$ 4,366,334	\$ 430,919	\$ 1,206,023	\$ 1,901,412	\$ 10,233,809
Receivables (Net, Where Applicable Of Allowance For Uncollectibles):						
Property Taxes	1,309,866		416,346		1,264,990	2,991,202
Replacement Tax Receivable	13,938		1,923		4,596	20,457
Accounts Receivable	201,941		268,976			470,917
Income Tax Receivable	88,371					88,371
Sales Tax Receivable	360,060			210,495		570,555
Other	82,872	13,151	1,636	5,176	23,902	126,737
Due From Other Fund		82,000				82,000
Prepaid Expenses	60,630		2,085		121,540	184,255
Restricted Cash				4,862,876		4,862,876
Total	<u>\$ 4,446,799</u>	<u>\$ 4,461,485</u>	<u>\$ 1,121,885</u>	<u>\$ 6,284,570</u>	<u>\$ 3,316,440</u>	<u>\$ 19,631,179</u>
<u>LIABILITIES</u>						
Liabilities:						
Accounts Payable	\$ 123,000	\$	\$ 5,459	\$ 237,486	\$ 839	\$ 366,784
Accrued Salaries And Benefits	74,098		11,946	970	14,587	101,601
Due To Other Fund	60,000				82,000	142,000
Deferred Revenue	1,309,866		416,346		1,264,990	2,991,202
Total Liabilities	<u>1,566,964</u>	<u>0</u>	<u>433,751</u>	<u>238,456</u>	<u>1,362,416</u>	<u>3,601,587</u>
<u>FUND BALANCES</u>						
Reserved For:						
Maintenance And Upkeep					695,336	695,336
Building Construction And Improvements				4,836,153	467,413	5,303,566
Unreserved, Reported In:						
General Corporate Fund	2,879,835					2,879,835
Special Revenue Funds			688,134		811,455	1,499,589
Capital Projects Funds		4,461,485			(20,180)	4,441,305
Debt Service Funds				1,209,961		1,209,961
Total Fund Balance	<u>2,879,835</u>	<u>4,461,485</u>	<u>688,134</u>	<u>6,046,114</u>	<u>1,954,024</u>	<u>16,029,592</u>
Total	<u>\$ 4,446,799</u>	<u>\$ 4,461,485</u>	<u>\$ 1,121,885</u>	<u>\$ 6,284,570</u>	<u>\$ 3,316,440</u>	<u>\$ 19,631,179</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, 2011
WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2010

	2011	2010
Total fund balances for governmental funds	\$ 11,615,319	\$ 16,029,592
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	\$ 7,648,515	\$ 3,471,272
Construction In Progress	8,111,756	4,001,503
Infrastructure, net of accumulated depreciation	11,210,570	11,472,166
Buildings and improvements, net of accumulated depreciation	5,916,024	6,192,001
Other improvements, net of accumulated depreciation	1,869,247	1,614,160
Equipment, net of accumulated depreciation	615,309	691,612
	35,371,421	27,442,714
Bond Issuance Costs, net of accumulated amortization	598,497	597,057
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	\$ (188,072)	\$ (123,104)
Bonds and notes payable	(14,654,367)	(12,530,000)
Bond premium, net of accumulated amortization	(8,046)	(9,096)
Other Post Employment Benefits	(96,226)	(60,618)
Compensated absences	(555,459)	(512,952)
	(15,502,170)	(13,235,770)
Total net assets of governmental activities	\$ 32,083,067	\$ 30,833,593

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, 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	<u>7,993,107</u>	<u>153,924</u>	<u>1,551,687</u>	<u>1,433,830</u>	<u>1,715,932</u>	<u>12,848,480</u>
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	<u>7,512,659</u>	<u>0</u>	<u>1,608,561</u>	<u>9,391,150</u>	<u>1,789,750</u>	<u>20,302,120</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>480,448</u>	<u>153,924</u>	<u>(56,874)</u>	<u>(7,957,320)</u>	<u>(73,818)</u>	<u>(7,453,640)</u>
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)	<u>(621,841)</u>	<u>156,583</u>	<u>91,166</u>	<u>3,199,367</u>	<u>214,092</u>	<u>3,039,367</u>
Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures And Other Uses	<u>(141,393)</u>	<u>310,507</u>	<u>34,292</u>	<u>(4,757,953)</u>	<u>140,274</u>	<u>(4,414,273)</u>
Fund Balance, Beginning Of Year (Restated)	<u>2,879,835</u>	<u>4,461,485</u>	<u>688,134</u>	<u>6,046,114</u>	<u>1,954,024</u>	<u>16,029,592</u>
Fund Balance, End 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>

CITY OF HIGHLAND, ILLINOIS

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2010

	GENERAL CORPORATE	CITY PROPERTY REPLACEMENT	AMBULANCE	STREET IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:						
General Property Taxes	\$ 1,395,628		\$ 427,397		\$ 1,167,908	\$ 2,990,933
Corporate Personal Property Replacement Taxes	96,981		12,183		37,385	146,549
Intergovernmental	3,235,122		171,433	\$ 1,310,534	255,765	4,972,854
Charges For Services	2,125,553		905,245		28,494	3,059,292
Licenses, Permits And Other Taxes	225,803					225,803
Fines And Forfeitures	49,769				4,923	54,692
Revenue From Use Of Property	94,381					94,381
Miscellaneous And Interest Income	492,675	\$ 158,227	23,694	355,448	115,211	1,145,255
Total Revenues	<u>7,715,912</u>	<u>158,227</u>	<u>1,539,952</u>	<u>1,665,982</u>	<u>1,609,686</u>	<u>12,689,759</u>
Expenditures:						
Current-						
General Government	1,070,553				183,054	1,253,607
Public Safety	2,620,202		1,327,069			3,947,271
Highways And Streets	1,298,375			3,074,793	271,412	4,644,580
Culture And Recreation	1,990,262				363,925	2,354,187
Economic Development	109,946				10,303	120,249
Employer's Contribution To Retirement Fund					632,887	632,887
Debt Service Expenditures-						
Principal Retirement	295,000			357,850		652,850
Interest And Fixed Charges	161,585			720,862		882,447
Total Expenditures	<u>7,545,923</u>	<u>0</u>	<u>1,327,069</u>	<u>4,153,505</u>	<u>1,461,581</u>	<u>14,488,078</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>169,989</u>	<u>158,227</u>	<u>212,883</u>	<u>(2,487,523)</u>	<u>148,105</u>	<u>(1,798,319)</u>
Other Financing Sources (Uses):						
Operating Transfers In	1,155,306	923,500			44,000	2,122,806
Operating Transfers Out	(1,220,202)	(307,000)	(177,500)		(341,041)	(2,045,743)
Total Other Financing Sources (Uses)	<u>(64,896)</u>	<u>616,500</u>	<u>(177,500)</u>	<u>0</u>	<u>(297,041)</u>	<u>77,063</u>
Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures And Other Uses	<u>105,093</u>	<u>774,727</u>	<u>35,383</u>	<u>(2,487,523)</u>	<u>(148,936)</u>	<u>(1,721,256)</u>
Fund Balance, Beginning Of Year (Restated)	<u>2,774,742</u>	<u>3,686,758</u>	<u>652,751</u>	<u>8,533,637</u>	<u>2,102,960</u>	<u>17,750,848</u>
Fund Balance, End Of Year	<u>\$ 2,879,835</u>	<u>\$ 4,461,485</u>	<u>\$ 688,134</u>	<u>\$ 6,046,114</u>	<u>\$ 1,954,024</u>	<u>\$ 16,029,592</u>

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, 2011
 WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2010

	<u>2011</u>	<u>2010</u>
Net change in fund balances - total governmental funds	\$ (4,414,273)	\$ (1,721,256)
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.	7,928,704	1,810,292
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.	2,490	(55,921)
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)	0
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.	(107,472)	(19,406)
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.	(35,608)	(60,618)
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statements of Net Assets.	<u>1,075,000</u>	<u>1,015,000</u>
Changes in Net Assets of Governmental Activities	<u>\$ 1,249,474</u>	<u>\$ 968,091</u>

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

CITY OF HIGHLAND, ILLINOIS

BALANCE SHEETS
ENTERPRISE FUNDS
APRIL 30, 2011

<u>ASSETS</u>	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
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
Other Receivable	15,104	2,160	3,044	7,643	27,951
Prepaid Expenses	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
Capital 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 Notes 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
Notes 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>

CITY OF HIGHLAND, ILLINOIS

BALANCE SHEETS
ENTERPRISE FUNDS
APRIL 30, 2010

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
<u>ASSETS</u>					
Current Assets:					
Cash And Investments	\$ 4,441,061	\$ 864,825	\$ 1,273,928	\$ 294,544	\$ 6,874,358
Receivables:					
Accounts	342,186	52,816	63,136	38,724	496,862
Due From Other Funds		60,000			60,000
Unbilled Revenue	777,300	157,476	124,462	67,715	1,126,953
Accrued Interest Receivable	21,681	2,967	4,160	962	29,770
Prepaid Expenses	95,100	38,523	24,921		158,544
Total Current Assets	<u>5,677,328</u>	<u>1,176,607</u>	<u>1,490,607</u>	<u>401,945</u>	<u>8,746,487</u>
Restricted Assets:					
Cash And Investments	10,176,713	201,345			10,378,058
Fixed Assets (Net Of Accumulated Depreciation)	13,311,420	8,698,023	6,790,355		28,799,798
Other Assets (Net Of Accumulated Amortization)	371,663	22,376			394,039
Total Noncurrent Assets	<u>23,859,796</u>	<u>8,921,744</u>	<u>6,790,355</u>	<u>0</u>	<u>39,571,895</u>
Total Assets	<u>\$ 29,537,124</u>	<u>\$ 10,098,351</u>	<u>\$ 8,280,962</u>	<u>\$ 401,945</u>	<u>\$ 48,318,382</u>
<u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities (Payable From Current Assets):					
Accounts Payable	\$ 1,090,227	\$ 175,900	\$ 122,540	\$ 74,932	\$ 1,463,599
Accrued Interest Payable			16,831		16,831
Current Portion Note Payable			442,157		442,157
Current Portion Maintenance Agreement Payable		83,198			83,198
Accrued Salaries And Benefits	26,832	11,608	8,960		47,400
Premium On Revenue Bonds	8,743				8,743
Total Current Liabilities (Payable From Current Assets)	<u>1,125,802</u>	<u>270,706</u>	<u>590,488</u>	<u>74,932</u>	<u>2,061,928</u>
Current Liabilities (Payable From Restricted Assets):					
Customer Deposits	57,857				57,857
Current Portion Revenue Bonds	625,000	205,000			830,000
Accrued Interest On Revenue Bonds	158,231	880			159,111
Total Current Liabilities (Payable From Restricted Assets)	<u>841,088</u>	<u>205,880</u>	<u>0</u>	<u>0</u>	<u>1,046,968</u>
Long-Term Liabilities:					
Revenue Bonds (Net Of Current Portion)	11,820,000				11,820,000
Note Payable (Net of Current Portion)			2,840,367		2,840,367
Maintenance Agreement Payable (Net of Current Portion)		227,770			227,770
Compensated Absences	162,225	68,199	59,559		289,983
Other Post Employment Benefits Payable	13,240	4,634	4,634		22,508
Total Long-Term Liabilities	<u>11,995,465</u>	<u>300,603</u>	<u>2,904,560</u>	<u>0</u>	<u>15,200,628</u>
Total Liabilities	<u>13,962,355</u>	<u>777,189</u>	<u>3,495,048</u>	<u>74,932</u>	<u>18,309,524</u>
Net Assets:					
Invested In Capital Assets, Net Of Related Debt	866,420	8,182,055	3,507,831		12,556,306
Restricted For Long Term Debt	9,335,625	(4,536)			9,331,089
Unrestricted	5,372,724	1,143,643	1,278,083	327,013	8,121,463
Total Net Assets	<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 Liabilities And Net Assets	<u>\$ 29,537,124</u>	<u>\$ 10,098,351</u>	<u>\$ 8,280,962</u>	<u>\$ 401,945</u>	<u>\$ 48,318,382</u>

CITY OF HIGHLAND, ILLINOISSTATEMENTS 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 From (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 (Restated)	<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, ILLINOISSTATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED APRIL 30, 2010

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
Operating Revenues:					
Charges For Services	\$ 11,699,970	\$ 2,032,510	\$ 1,732,738	\$ 1,031,273	\$ 16,496,491
Connection Fees	15,125	22,303	29,951	283	67,662
Total Operating Revenues	<u>11,715,095</u>	<u>2,054,813</u>	<u>1,762,689</u>	<u>1,031,556</u>	<u>16,564,153</u>
Operating Expenses:					
Personnel Services	1,200,536	675,365	516,176		2,392,077
Contractual Services	1,552,720	457,915	450,727	1,014,332	3,475,694
Purchase Power (Less Generating Capacity Credit)	7,409,834				7,409,834
Supplies And Materials	235,358	292,862	95,862		624,082
Utilities	87,093	161,488	4,479		253,060
Depreciation And Amortization	989,029	763,243	744,892		2,497,164
Total Operating Expenses	<u>11,474,570</u>	<u>2,350,873</u>	<u>1,812,136</u>	<u>1,014,332</u>	<u>16,651,911</u>
Operating Income (Loss)	<u>240,525</u>	<u>(296,060)</u>	<u>(49,447)</u>	<u>17,224</u>	<u>(87,758)</u>
Non-Operating Revenues (Expenses):					
Interest Income	286,638	48,340	51,207	13,146	399,331
Miscellaneous	18,630	151,270	907	(309)	170,498
Interest Expense	(242,358)	(25,834)	(105,131)		(373,323)
Service Charges	(337)	(600)			(937)
Total Non-Operating Revenues (Expenses)	<u>62,573</u>	<u>173,176</u>	<u>(53,017)</u>	<u>12,837</u>	<u>195,569</u>
Income (Loss) Before Operating Transfers	303,098	(122,884)	(102,464)	30,061	107,811
Total Operating Transfers To Other Funds:	<u>(37,063)</u>	<u>0</u>	<u>0</u>	<u>(40,000)</u>	<u>(77,063)</u>
Increase (Decrease) In Net Assets	266,035	(122,884)	(102,464)	(9,939)	30,748
Total Net Assets, Beginning Of Year (Restated)	<u>15,308,734</u>	<u>9,444,046</u>	<u>4,888,378</u>	<u>336,952</u>	<u>29,978,110</u>
Total Net Assets, End 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>

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, 2011

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
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 From (To) Other Funds	200,000			60,000	260,000
Repayment of Loans From Other Funds		30,000			30,000
Net Cash Provided 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) Loans	(625,000)	(205,000)	(442,157)		(1,272,157)
Net Cash 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	(4,643,935)	(133,811)	40,252	(189,672)	(4,927,166)
CASH AND INVESTMENTS, BEGINNING OF YEAR	14,617,774	1,066,170	1,273,928	294,544	17,252,416
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 (Used) By Operating Activities:					
Depreciation And Amortization Expense	1,014,283	839,724	760,937		2,614,944
Miscellaneous Revenues (Expenses)	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) In Notes Receivable				(7,400)	(7,400)
Decrease (Increase) in Prepaid Expenses	(8,812)	(1,111)	(4,886)	(448)	(15,257)
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>

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED APRIL 30, 2010

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received From Customers	\$ 11,765,116	\$ 2,282,212	\$ 1,806,150	\$ 1,037,427	\$ 16,890,905
Cash Payments For Goods And Services	(8,861,327)	(955,534)	(513,115)	(1,076,047)	(11,406,023)
Cash Payments To Employees	(1,182,172)	(659,481)	(505,838)		(2,347,491)
Net Cash Provided (Used) By Operating Activities	<u>1,721,617</u>	<u>667,197</u>	<u>787,197</u>	<u>(38,620)</u>	<u>3,137,391</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Operating Transfers (To) Other Funds	(37,063)			(40,000)	(77,063)
Repayment of Loans From Other Funds		30,000			30,000
Net Cash Provided (Used) By Non-Capital Financing Activities	<u>(37,063)</u>	<u>30,000</u>	<u>0</u>	<u>(40,000)</u>	<u>(47,063)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Interest Paid	(142,639)	(27,823)	(108,451)		(278,913)
Payments For Capital Acquisitions	(1,322,731)	(568,873)	(199,402)		(2,091,006)
Proceeds From (Repayments Of) Loan	8,085,000	(246,802)	(442,656)		7,395,542
Net Cash Provided (Used) By Capital And Related Financing Activities	<u>6,619,630</u>	<u>(843,498)</u>	<u>(750,509)</u>	<u>0</u>	<u>5,025,623</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Receipts Of Interest	281,582	48,743	50,494	13,229	394,048
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	8,585,766	(97,558)	87,182	(65,391)	8,509,999
CASH AND INVESTMENTS, BEGINNING OF YEAR	6,032,008	1,163,728	1,186,746	359,935	8,742,417
CASH AND INVESTMENTS, END 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>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 240,525	\$ (296,060)	\$ (49,447)	\$ 17,224	\$ (87,758)
Adjustments To Reconcile Operating Income (Loss):					
To Net Cash Provided By Operating Activities:					
Depreciation And Amortization Expense	989,029	763,243	744,892		2,497,164
Miscellaneous Revenues	18,630	151,270	907	(309)	170,498
Decrease (Increase) In Accounts Receivable:	14,191	83,817	32,995	7,516	138,519
Decrease (Increase) In Unbilled Revenue	(420)	(7,727)	3,276	(1,336)	(6,207)
Decrease (Increase) Decrease in Prepaid Expense:	17,587	39	6,283		23,909
Increase (Decrease) In Accounts Payable	423,678	(43,269)	37,953	(61,715)	356,647
Increase (Decrease) In Accrued Salaries and Benefit:	10,609	2,674	2,135		15,418
Increase (Decrease) In Compensated Absence:	(5,485)	8,576	3,569		6,660
Increase (Decrease) In Customer Deposits	33				33
Increase (Decrease) In Other Post Employment Benefits	13,240	4,634	4,634		22,508
Total Adjustments	<u>1,481,092</u>	<u>963,257</u>	<u>836,644</u>	<u>(55,844)</u>	<u>3,225,149</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 1,721,617</u>	<u>\$ 667,197</u>	<u>\$ 787,197</u>	<u>\$ (38,620)</u>	<u>\$ 3,137,391</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>2011</u>	<u>2010</u>
Cash	\$ 188,768	\$ 793,003
Receivables:		
Property Taxes, Current Year Levy, Net Of Allowance For Uncollectible Amounts	301,688	355,708
Accounts Receivable		14,194
Interest Receivable	7,936	13,056
Total Receivables	<u>309,624</u>	<u>382,958</u>
Investments:		
Certificates Of Deposit And Interest Bearing Accounts	4,186,044	3,555,834
Mutual Funds	<u>3,575,626</u>	<u>2,775,230</u>
Total Investments	<u>7,761,670</u>	<u>6,331,064</u>
Total Assets	<u>\$ 8,260,062</u>	<u>\$ 7,507,025</u>
<u>LIABILITIES</u>		
Accounts Payable		500
Deferred Property Taxes	<u>301,688</u>	<u>355,708</u>
Total Liabilities	<u>\$ 301,688</u>	<u>\$ 356,208</u>
<u>NET ASSETS</u>		
Net Assets Held In Trust For Pension Benefits And Other Purposes	<u>7,958,374</u>	<u>7,150,817</u>
Total Net Assets	<u>\$ 8,260,062</u>	<u>\$ 7,507,025</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,	
	2011	2010
Additions:		
General Property Taxes:		
Real Estate	\$ 352,403	\$ 246,904
Intergovernmental:		
Corporate Personal Property Replacement	6,900	6,900
Miscellaneous:		
Interest	168,875	167,792
Employee Contributions	117,011	126,886
Realized/Unrealized Gain (Loss) On Investments	595,397	892,597
Total Additions	<u>1,240,586</u>	<u>1,441,079</u>
Deductions:		
Benefit Payments	426,049	363,430
Administration	6,980	5,537
Total Deductions	<u>433,029</u>	<u>368,967</u>
Net Increase	807,557	1,072,112
Net Assets, Beginning Of Year (Restated)	<u>7,150,817</u>	<u>6,078,705</u>
Net Assets, End Of Year (Restated)	<u>\$ 7,958,374</u>	<u>\$ 7,150,817</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, 2011

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, 2011

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. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND FINANCIAL STATEMENTS (CONTINUED)

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

Capital Projects - City Property Replacement - The fund that accounts for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Capital Projects - Street Improvement - The fund that accounts for the financial resources to be used for 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 development of a fiber-optic system that will provide 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.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOVERNMENTAL FUNDS (CONTINUED)

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.

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.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 \$600,912 of benefits, which is non-vesting. However, for the accrued vacation and vested sick pay days, the City is liable in the approximate amount of \$555,459 for payments to qualified employees of the governmental activities and \$323,536 for payments to qualified employees of the business-type activities.

(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.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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 19, 2010 the budget ordinance was legally enacted. The budget ordinance was legally amended on December 6, 2010 and April 18, 2011.
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.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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) Interfund Activity

Interfund debt exists on the governmental fund statements to represent amounts loaned among funds that are expected to be repaid within the next year.

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.

(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.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 2. PRIOR PERIOD ADJUSTMENTS

The accompanying financial statements reflect adjustments resulting from a restatement of the beginning and ending fund balance of the General Corporate Fund and a restatement of the beginning and ending net assets of the Water Fund, the Governmental Activities, the Business-Type Activities, and the Fiduciary Fund for the year ended April 30, 2010. The previously issued financial statements did not properly report repayments of the interfund balance between the General Corporate and Water Fund. Instead the repayments were shown as interfund transfers. The Government-wide presentation of net assets should defer income from non-exchange property taxes until these revenues are available to fund budgeted expenditures. The effects of these corrections on the fund balance of individual funds and the net assets of governmental activities are summarized below.

	Governmental Funds	Enterprise Funds	Fiduciary Fund	Government-Wide Net Assets	
	General Corporate	Water Fund	Police Pension	Governmental Activities	Business-Type Activities
April 30, 2009 Net Assets/Fund Balance- As Previously Reported	\$ 2,714,742	\$9,504,046	\$ 6,330,083	\$ 32,708,154	\$ 30,038,110
Increase (Decrease) For Previously Reported Interfund Transfers	60,000	(60,000)		60,000	(60,000)
Decrease For Prior Deferred Property Tax Revenue			(251,378)	(2,902,652)	
April 30, 2009 Net Assets/Fund Balance - Restated	<u>2,774,742</u>	<u>9,444,046</u>	<u>6,078,705</u>	<u>29,865,502</u>	<u>29,978,110</u>
Change in Net Assets/Fund Balance - As Previously Reported	75,093	(92,884)	1,176,442	1,026,621	60,748
Increase (Decrease) For Repayment of Interfund Balance	30,000	(30,000)		30,000	(30,000)
Decrease For Deferred Property Tax Revenue			(104,330)	(88,550)	
Increase For Adjustment To Beginning Capital Assets				20	
Change In Net Assets/Fund Balance - Restated	<u>105,093</u>	<u>(122,884)</u>	<u>1,072,112</u>	<u>968,091</u>	<u>30,748</u>
April 30, 2010 Net Assets/Fund Balance - Restated	<u>\$ 2,879,835</u>	<u>\$9,321,162</u>	<u>\$ 7,150,817</u>	<u>\$ 30,833,593</u>	<u>\$ 30,008,858</u>

NOTE 3. CASH AND INVESTMENTS

Cash and investments as of April 30, 2011, including fiduciary funds, are classified in the accompanying financial statements as follows:

Total Cash	\$ 2,914,381
Total Investments	<u>28,062,750</u>
Total	<u>\$ 30,977,131</u>

Cash includes \$550 of cash on hand and \$2,913,831 of deposits with financial institutions.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

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.

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.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

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".

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

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.

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, 2011 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
Illinois Funds	\$ 49,471	\$ 49,471		
Illinois Metropolitan Investment Fund	3,353,947	3,353,947		
Mutual Funds	3,582,678	3,582,678		
CDs	21,076,654	3,733,380	\$ 11,097,743	\$ 6,245,531
Total	<u>\$ 28,062,750</u>	<u>\$ 10,719,476</u>	<u>\$ 11,097,743</u>	<u>\$ 6,245,531</u>

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.

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.

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2011

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

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, 2011 is \$49,471.

City deposits at April 30, 2011 consisted of the following:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 19,874,624
Collateralized:	
Held by pledging bank's trust department in the City's name	4,265,747
Total Deposits	<u>\$ 24,140,371</u>

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>
Illinois Metropolitan Investment Fund	Mutual Fund	\$ 3,353,947
First Collinsville Bank	Cash	2,868,748
First Collinsville Bank	Certificates of Deposit	2,657,132
Total		<u>\$ 8,879,827</u>

NOTE 4. PUBLIC ENTITY RISK POOL

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 others too numerous to mention. To reduce the City's risk of loss from damages and claims, the City is a participant in the Illinois Counties Risk Management Trust.

The trust provides insurance coverage for property liability claims for over 200 Illinois Municipalities.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

NOTE 5. 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 2010 levy was passed by the Council on November 15, 2010. Property taxes attach as an enforceable lien on property as of January 1, and are payable in four installments for 2011: July 6, September 6, October 6, and December 6. The County has not mailed tax bills as of April 30, 2011. Past mailing practices of the County have generally been subsequent to April 30 of each year. 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, 2011 and is expected to be collected soon enough after April 30, 2011 to be used to pay liabilities by June 30, 2011 (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	2010	2009	2008	2007	2006
General Government	.3330	.3330	.3330	.3330	.3297	.3274
Police Protection	.0750	.0750	.0750	.0750	.0743	.0738
Fire Protection	.0750	.0750	.0750	.0750	.0743	.0738
Playground & Rec	.0900	.0900	.0900	.0900	.0891	.0885
Band	.0400	.0252	.0247	.0239	.0239	.0256
Social Security		.2055	.1933	.1933	.1977	.2076
Retirement		.2007	.1668	.1510	.1796	.1685
Liability Insurance		.1241	.0874	.0874	.0897	.1015
Crossing Guards	.0200	.0057	.0085	.0085	.0092	.0087
Audit		.0108	.0149	.0149	.0152	.0166
Municipal Ambulance	.2500	.2302	.2204	.2304	.2475	.2458
Community Building	.0750	.0750	.0750	.0750	.0743	.0738
Police Pension		.1627	.1883	.1331	.1217	.1415
Library	.1500	.1500	.1500	.1500	.1485	.1475
Library Liability Ins		.0229	.0175	.0174		.0193
Public Comfort Station	.0333	.0124	.0122	.0121	.0128	
TOTAL		<u>1.7982</u>	<u>1.7320</u>	<u>1.6700</u>	<u>1.6875</u>	<u>1.7199</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended April 30, 2011 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Not Being Depreciated:				
Land	\$ 3,471,272	\$ 4,177,243		\$ 7,648,515
Construction In Progress	4,001,503	4,112,273	\$ (2,020)	8,111,756
Subtotal	<u>7,472,775</u>	<u>8,289,516</u>	<u>(2,020)</u>	<u>15,760,271</u>
Other Capital Assets:				
Buildings And Improvements	11,062,573			11,062,573
Improvements	2,989,363	491,770	(73,141)	3,407,992
Equipment	4,150,013	259,659	(37,272)	4,372,400
Infrastructure	43,434,339	250,714		43,685,053
Subtotal	<u>61,636,288</u>	<u>1,002,143</u>	<u>(110,413)</u>	<u>62,528,018</u>
Accumulated Depreciation:				
Buildings And Improvements	4,870,572	275,977		5,146,549
Improvements	1,375,203	163,542		1,538,745
Equipment	3,458,401	318,107	(19,417)	3,757,091
Infrastructure	31,962,173	512,310		32,474,483
Subtotal	<u>41,666,349</u>	<u>1,269,936</u>	<u>(19,417)</u>	<u>42,916,868</u>
Net Other Capital Assets	19,969,939	(267,793)	(90,996)	19,611,150
Net Capital Assets	<u>\$ 27,442,714</u>	<u>\$ 8,021,723</u>	<u>\$ (93,016)</u>	<u>\$ 35,371,421</u>

Depreciation was charged to functions as follows:

Governmental Activities:	
General Government	\$ 114,922
Public Safety	268,648
Highways And Streets	638,447
Culture And Recreation	247,919
Total Government Activities Depreciation Expense	<u>\$ 1,269,936</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

NOTE 6. CAPITAL ASSETS (CONTINUED)

A summary of Business-Type Activities at April 30, 2011 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Not Being Depreciated				
Land	\$ 560,462	\$ 155,327	\$ (70,000)	\$ 645,789
Construction In Progress	845,646	3,825,316		4,670,962
Subtotal	1,406,108	3,980,643	(70,000)	5,316,751
Other Capital Assets:				
Buildings	18,532,017	1,290,964		19,822,981
Lines	23,025,058	295,814		23,320,872
Equipment	8,485,046	398,885		8,883,931
Other Improvements	8,686,773	829,752		9,516,525
Interconnect	5,672,510			5,672,510
Subtotal	64,401,404	2,815,415	0	67,216,819
Accumulated Depreciation:				
Buildings	11,794,174	801,788		12,595,962
Lines	13,826,942	767,660		14,594,602
Equipment	6,398,188	429,800		6,827,988
Other Improvements	3,966,929	386,492		4,353,421
Interconnect	1,021,481	186,886		1,208,367
Subtotal	37,007,714	2,572,626	0	39,580,340
Net Other Capital Assets	27,393,690	242,789	0	27,636,479
Net Capital Assets	\$ 28,799,798	\$ 4,223,432	\$ (70,000)	\$ 32,953,230

Depreciation was charged to functions as follows:

Business-Type Activities:

Light And Power	\$ 994,342
Water	817,348
Sewer	760,936
	<u>\$ 2,572,626</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

NOTE 7. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions of the City for the year ended April 30, 2011:

	GOVERNMENTAL FUNDS	BUSINESS-TYPE FUNDS	TOTAL
Payable April 30, 2010	\$ 12,530,000	\$ 15,932,524	\$ 28,462,524
Additions During Year	3,199,367		3,199,367
Retired During Year	(1,075,000)	(1,272,157)	(2,347,157)
Payable April 30, 2011	<u>\$ 14,654,367</u>	<u>\$ 14,660,367</u>	<u>\$ 29,314,734</u>
Current Portion Payable	\$ 1,130,000	\$ 1,071,687	\$ 2,201,687
Long-Term Portion Payable	13,524,367	13,588,680	27,113,047
Payable April 30, 2011	<u>\$ 14,654,367</u>	<u>\$ 14,660,367</u>	<u>\$ 29,314,734</u>

Bonds payable at April 30, 2011 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 \$829,798. \$ 3,720,000

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 \$1,379,450. 7,735,000

2010 Street alternate bonds due in annual installments of \$211,156.20 to 381,786.70 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 \$325,050. 2,835,000

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. The total interest due on the remaining balance is \$6,417,420. 8,985,000

Total Revenue Bonds \$ 26,474,367

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 remaining balance \$317,387. \$ 2,840,367

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

NOTE 7. CHANGES IN LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize all debt outstanding as of April 30, 2011, including interest payments of \$11,959,738 follows:

YEAR ENDING APRIL 30	REVENUE BONDS PAYABLE	NOTES PAYABLE	TOTAL
2012	\$ 2,837,021	\$ 451,108	\$ 3,288,129
2013	2,864,667	451,108	3,315,775
2014	2,908,242	451,108	3,359,350
2015	2,947,224	451,108	3,398,332
2016	2,956,229	451,108	3,407,337
2017	2,509,630	451,108	2,960,738
2018	2,500,907	451,106	2,952,013
2019	2,043,248		2,043,248
2020	1,798,303		1,798,303
2021	1,789,557		1,789,557
2022	1,323,398		1,323,398
2023	1,315,448		1,315,448
2024	1,306,035		1,306,035
2025	1,300,115		1,300,115
2026	1,287,615		1,287,615
2027	1,278,775		1,278,775
2028	1,268,013		1,268,013
2029	1,256,100		1,256,100
2030	1,246,591		1,246,591
2031	695,900		695,900
2032	683,700		683,700
Total	<u>\$ 38,116,718</u>	<u>\$ 3,157,754</u>	<u>\$ 41,274,472</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, 2011

NOTE 8. 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, your employer Regular plan members are required to contribute 4.50 percent 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 2010 used by the employer was 9.80 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2010 was 11.17 percent. 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, 2010, the employer's actual contributions for pension cost for the Regular were \$490,451. Its required contribution for calendar year 2010 was \$559,015. The required contribution was determined as part of the December 31, 2008 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at December 31, 2008 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, 2008 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
12/31/2010	\$ 559,015	88%	\$ 0
12/31/2009	414,632	100%	0
12/31/2008	455,785	100%	0

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

As of December 31, 2010, the most recent actuarial valuation date, the Regular plan was 76.43 percent funded. The actuarial accrued liability for benefits was \$14,303,194 and the actuarial value of assets was \$10,931,925, resulting in an underfunded actuarial accrued liability (UAAL) of \$3,371,269. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$5,004,607 and the ratio of the UAAL to the covered payroll was 67 percent. In conjunction with the December 2009 actuarial valuation, the market value of investments was determined using techniques that spread the effect 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. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30 year basis.

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, your employer Sheriffs Law Enforcement Personnel plan members are required to contribute 7.50 percent 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 2010 used by the employer was 19.34 percent of annual covered payroll. The employer annual required contribution rate for calendar year 2010 was 20.70 percent. 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, 2010, the employer's annual pension cost of \$0 was equal to the City of Highland's required and actual contributions. The required contribution for 2010 was determined as part of the December 31, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2008, included (a) 7.5 percent 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, 2008 is being amortized as a level percentage of projected payroll on an open 30 year basis.

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2011

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

Actuarial Valuation Date	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
12/31/2010	\$ 0		\$ 0
12/31/2009	1,603	100%	0
12/31/2008	19,406	100%	0

As of December 31, 2010, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel Plan was 75.53 percent funded. The actuarial accrued liability for benefits was \$65,133 and the actuarial value of assets was \$75,337, resulting in an overfunded actuarial accrued liability (UAAL) of \$24,407. The covered payroll for calendar year 2010 (annual payroll of active employees covered by the plan) was \$0, and the ratio of the UAAL to the covered payroll was 0 percent.

(b) Social Security

All City employees are covered under Social Security. The City paid \$525,220 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, 2010. The City's payroll for employees covered by the Police Pension Plan for the year ended April 30, 2011 was \$1,411,136 out of a total payroll of \$7,665,248. At April 30, 2011, the Police Pension Plan membership consisted of:

Retirees And Beneficiaries

Currently Receiving Benefits And Terminated Employees
 Entitled To Benefits But Not Yet Receiving Them 9

Current Employees

Vested 10
 Non-vested 9
 Total 19

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

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.

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.

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. 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.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

(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.

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 market 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.

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2011

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

(4) Actuarially Determined Contribution Requirement And Contribution Made

Police Pension

Significant actuarial assumptions used in determining the pension benefit obligation as of April 30, 2010 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	1971 Group Annuity Mortality Table
Decrement Assumption Other Than Mortality	State Of Illinois DOI Experience Tables
Salary Progression Assumption	5.5%
Status Of Social Security In Assumption	None

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 in the current year.

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, 2011, 105 active employees and eight retirees participated in the City's insurance plans.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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 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, 2011 based on the 2010 valuation and are included below.

Fiscal Year Ending	Annual OPEB Expense	Annual OPEB Contributions	Net OPEB Obligation
April 30, 2010	\$83,126	\$0	\$83,126
April 30, 2011	\$81,829	\$33,000	\$131,955

The net OPEB obligation as of April 30, 2011 is as follows:

Annual Required Contribution	\$ 83,126
Interest On Net OPEB Obligation	3,325
Adjustment To Annual Required Contribution	<u>(4,622)</u>
Annual OPEB Expense	81,829
Contributions Made (Implicit)	<u>(33,000)</u>
Estimated Benefit Payments	48,829
Estimated Annual Employer Contribution	<u>0</u>
Change In Net OPEB Obligation	48,829
Net OPEB Obligation As of 4/30/10	<u>83,126</u>
Net OPEB Obligation At 4/30/11	<u><u>\$ 131,955</u></u>

3) Funding Status And Funding Progress

The funding status of the plan as of April 30, 2011 was as follows:

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)
4/30/2010	\$ 0	\$ 773,875	\$ 773,875	0.00%	\$ 6,384,380	12.12%

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2011

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

As of April 30, 2011, the City's expenses exceeded appropriations in the following funds:

Library Fund	\$ 206,962
Police Pension Fund	18,029
Cemetery Land Replacement Fund	11,528

The library fund includes improvements made to the building paid for out of general governmental revenues. Police pension exceeded the budget amount due to the elimination and payout of one officer's contributions. Cemetery land replacement fund expended funds for land for cemetery expansion.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2011

NOTE 11. 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, 2011 and before the date of the auditor's report, the City terminated its agreement with its solid waste service provider. Due to this occurrence the provider stopped making payments to the City for the purchase of equipment and the receivable relating to this sale was deemed uncollectible by the City. The City retained the equipment, and wrote off the remaining \$294,504 of the receivable as of April 30, 2011.

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, 2011			APRIL 30, 2010		
	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget To GAAP Differences		Actual Amounts GAAP Basis
Original Budget	Final Budget	Over (Under)		Actual Amounts GAAP Basis		
Revenues:						
General Property Taxes	\$ 1,400,107	\$ 1,400,107	\$ 1,412,921		\$ 1,412,921	\$ 1,395,628
Corporate Personal Property Taxes	106,490	106,490	120,792		120,792	96,981
Intergovernmental	3,537,541	3,537,541	3,671,863		3,671,863	3,235,122
Charges For Current Services	2,164,643	2,164,643	2,093,282		2,093,282	2,125,553
Licenses And Permits	45,450	45,450	222,856		222,856	225,803
Fines And Forfeitures	86,841	86,841	34,755		34,755	49,769
Revenue From Use Of Property	73,700	73,700	84,759		84,759	94,381
Miscellaneous	146,826	161,826	351,879		351,879	492,675
Total Revenues	<u>7,561,598</u>	<u>7,576,598</u>	<u>7,993,107</u>	<u>\$ 0</u>	<u>7,993,107</u>	<u>7,715,912</u>
Expenditures:						
General Government	1,169,020	1,447,271	1,123,425	10,781	1,134,206	1,070,553
Public Safety	2,989,175	3,077,225	2,660,799	28,624	2,689,423	2,620,202
Highways And Streets	1,117,870	1,117,870	982,803	3,218	986,021	1,298,375
Economic Development	182,000	182,000	338,300		338,300	109,946
Culture And Recreation	1,842,235	1,876,150	1,836,571	75,183	1,911,754	1,990,262
Principal Debt Retirement	285,000	270,000	300,000		300,000	295,000
Interest and Fixed Charges on Debt	169,350	177,035	152,955		152,955	161,585
Total Expenditures	<u>7,754,650</u>	<u>8,147,551</u>	<u>7,394,853</u>	<u>117,806</u>	<u>7,512,659</u>	<u>7,545,923</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>(193,052)</u>	<u>(570,953)</u>	<u>598,254</u>	<u>(117,806)</u>	<u>480,448</u>	<u>169,989</u>
Other Financing Sources (Uses):						
Operating Transfers In	812,770	1,171,121	1,193,929		1,193,929	1,155,306
Operating Transfers Out	(613,570)	(1,374,570)	(1,815,770)		(1,815,770)	(1,220,202)
Total Other Financing (Uses)	<u>199,200</u>	<u>(203,449)</u>	<u>(621,841)</u>	<u>0</u>	<u>(621,841)</u>	<u>(64,896)</u>
Excess Of Revenues And Other Financing Sources Over Expenditures And Other Uses	<u>\$ 6,148</u>	<u>\$ (774,402)</u>	<u>\$ (23,587)</u>	<u>\$ (117,806)</u>	<u>(141,393)</u>	<u>105,093</u>
Fund Balance, Beginning Of Year (Restated)					<u>2,879,835</u>	<u>2,774,742</u>
Fund Balance, End Of Year (Restated)					<u>\$ 2,738,442</u>	<u>\$ 2,879,835</u>
The City budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis					\$ 33,633	\$ 13,763
The City budgets for expenditures to the extent anticipated to be paid in cash, rather than on the modified accrual basis					78,539	(190,940)
The City budgets for payroll to the extent anticipated to be paid in cash, rather than on the modified accrual basis					<u>5,634</u>	<u>27,111</u>
					<u>\$ 117,806</u>	<u>\$ (150,066)</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, 2011			APRIL 30, 2010		
	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:						
Miscellaneous	\$ 43,780	\$ 43,780	\$ 153,924		\$ 153,924	\$ 158,227
Total Revenues	<u>43,780</u>	<u>43,780</u>	<u>153,924</u>	<u>\$ 0</u>	<u>153,924</u>	<u>158,227</u>
Expenditures						
Equipment						
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess Of Revenues Over Expenditures	<u>43,780</u>	<u>43,780</u>	<u>153,924</u>	<u>0</u>	<u>153,924</u>	<u>158,227</u>
Other Financing Sources (Uses):						
Operating Transfers In	487,000	1,262,000	1,180,000		1,180,000	923,500
Operating Transfers Out	(98,000)	(649,418)	(1,023,417)		(1,023,417)	(307,000)
Total Other Financing Sources (Uses)	<u>389,000</u>	<u>612,582</u>	<u>156,583</u>	<u>0</u>	<u>156,583</u>	<u>616,500</u>
Excess Of Revenues And Other Financing Sources Over Expenditures And Other Uses	<u>\$ 432,780</u>	<u>\$ 656,362</u>	<u>\$ 310,507</u>	<u>\$ 0</u>	<u>310,507</u>	<u>774,727</u>
Fund Balance, Beginning Of Year					<u>4,461,485</u>	<u>3,686,758</u>
Fund Balance, End Of Year					<u>\$ 4,771,992</u>	<u>\$ 4,461,485</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, 2011			APRIL 30, 2010		
	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:						
General Property Taxes	\$ 391,323	\$ 391,323	\$ 412,479		\$ 412,479	\$ 427,397
Replacement Taxes	13,600	13,600	15,365		15,365	12,183
Intergovernmental	179,351	179,351	179,351		179,351	171,433
Charges For Current Services	909,000	909,000	924,218		924,218	905,245
Miscellaneous	20,270	20,270	20,274		20,274	23,694
Total Revenues	<u>1,513,544</u>	<u>1,513,544</u>	<u>1,551,687</u>	\$ 0	<u>1,551,687</u>	<u>1,539,952</u>
Expenditures						
Public Safety	1,373,540	1,604,707	1,596,838	11,723	1,608,561	1,327,069
Total Expenditures	<u>1,373,540</u>	<u>1,604,707</u>	<u>1,596,838</u>	<u>11,723</u>	<u>1,608,561</u>	<u>1,327,069</u>
Excess (Deficiency) Of Revenues Over (Under) Expenditures	<u>140,004</u>	<u>(91,163)</u>	<u>(45,151)</u>	<u>11,723</u>	<u>(56,874)</u>	<u>212,883</u>
Other Financing Sources (Uses):						
Operating Transfers In	0	231,167			231,166	
Operating Transfers Out	(140,000)	(140,000)			(140,000)	(177,500)
Total Other Financing Sources (Uses)	<u>(140,000)</u>	<u>91,167</u>	<u>0</u>	<u>0</u>	<u>91,166</u>	<u>(177,500)</u>
Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures And Other Uses	<u>\$ 4</u>	<u>\$ 4</u>	<u>\$ (45,151)</u>	<u>\$ 11,723</u>	<u>34,292</u>	<u>35,383</u>
Fund Balance, Beginning Of Year					<u>688,134</u>	<u>652,751</u>
Fund Balance, End Of Year					<u>\$ 722,426</u>	<u>\$ 688,134</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					\$ 6,804	\$ 11,200
The City budgets for expenditures to the extent anticipated to be paid in cash, rather than on the modified accrual basis					3,784	(12,757)
The City budgets for payroll to the extent anticipated to be paid in cash, rather than on the modified accrual basis					1,135	4,620
					<u>\$ 11,723</u>	<u>\$ 3,063</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, 2011				APRIL 30, 2010	
	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	\$ 1,280,000	\$ 1,280,000	\$ 1,336,366		\$ 1,336,366	\$ 1,310,534
Miscellaneous	184,600	184,600	97,464		97,464	355,448
Total Revenues	<u>1,464,600</u>	<u>1,464,600</u>	<u>1,433,830</u>	\$ 0	<u>1,433,830</u>	<u>1,665,982</u>
Expenditures						
Highways & Streets	5,835,425	9,035,425	8,228,770	(3,101)	8,225,669	3,074,793
Debt & Interest Payments	1,105,452	1,105,452	1,165,481		1,165,481	1,078,712
Total Expenditures	<u>6,940,877</u>	<u>10,140,877</u>	<u>9,394,251</u>	<u>(3,101)</u>	<u>9,391,150</u>	<u>4,153,505</u>
Deficiency Of Revenues Under Expenditures	<u>(5,476,277)</u>	<u>(8,676,277)</u>	<u>(7,960,421)</u>	<u>(3,101)</u>	<u>(7,957,320)</u>	<u>(2,487,523)</u>
Other Financing Sources (Uses):						
Bond Proceeds		3,200,000	3,199,367		3,199,367	
Operating Transfers In						
Operating Transfers Out						
Total Other Financing Sources (Uses)	<u>0</u>	<u>3,200,000</u>	<u>3,199,367</u>	<u>0</u>	<u>3,199,367</u>	<u>0</u>
Deficiency Of Revenues And Other Financing Sources Under Expenditures And Other Uses	<u>\$ (5,476,277)</u>	<u>\$ (5,476,277)</u>	<u>\$ (4,761,054)</u>	<u>\$ (3,101)</u>	<u>(4,757,953)</u>	<u>(2,487,523)</u>
Fund Balance, Beginning Of Year					<u>6,046,114</u>	<u>8,533,637</u>
Fund Balance, End Of Year					<u>\$ 1,288,161</u>	<u>\$ 6,046,114</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					\$ 2,144	\$ 3,682
The City budgets for payroll to the extent anticipated to be paid in cash, rather than on the modified accrual basis					54	195
The City budgets for expenditures to the extent anticipated to be paid in cash, rather than on the modified accrual basis					(5,299)	109,909
					<u>\$ (3,101)</u>	<u>\$ 113,786</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)
12/31/2010	\$ 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%
12/31/2008	9,787,854	12,070,061	2,282,207	81.09%	4,641,392	49.17%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$11,687,135. On a market vasis, the funded ratio would be 81.71%.

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)
12/31/2010	\$ 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%
12/31/2008	68,644	255,422	156,778	30.45%	102,731	152.61%

On a market value basis, the actuarial value of assets as of December 31, 2010 is \$78,445. On a market basis, the funded ratio would be 78.65%.

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)
12/31/2010	\$ 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%
12/31/2008	7,095,639	9,116,302	2,020,663	77.83%	1,116,725	180.95%

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
2002	\$ 1,800,267	\$ 116,316	\$ 2,955,828	\$ 1,740,658	\$ 166,366	\$ 51,368	\$ 290,381	\$ 595,209	\$ 7,716,393
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	12,689,759
2011	3,078,983	181,117	5,483,104	3,037,389	222,856	39,334	438,389	367,308	12,848,480

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

YEAR ENDING APRIL 30	SALES TAX	NON-HOME RULE SALES TAX	ILLINOIS INCOME TAX	FOREIGN FIRE INSURANCE	SIMPLIFIED MUNICIPAL TELECOMM. TAX	MOTOR FUEL TAX	FIRE DIST. AMBULANCE REVENUE	MISC. REVENUE	TOTAL
2002	\$ 1,928,105		\$ 671,107	\$ 7,812		\$ 241,456	\$ 83,527	\$ 23,821	\$ 2,955,828
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

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

YEAR ENDING APRIL 30	GENERAL GOVERN- MENTAL	PUBLIC SAFETY	HIGHWAY AND STREETS	CULTURE AND RECREATION	OTHER	CAPITAL PROJECTS	DEBT SERVICE	TOTAL
2002	\$ 815,778	\$ 2,349,532	\$ 3,099,746	\$ 2,177,242	\$ 575,937	\$ 33,133	\$ 308,866	\$ 9,360,234
2003	657,701	3,035,647	771,307	2,525,444	472,894	0	308,673	7,771,666
2004	841,762	3,020,341	1,567,510	1,964,288	506,853	0	1,413,418 *	9,314,172
2005	1,052,298	3,312,915	1,394,349	1,908,305	551,818	0	357,037	8,576,722
2006	927,844	3,816,909	1,653,543	2,479,275	586,516	0	761,062	10,225,149
2007	1,041,886	3,968,315	2,330,856	2,024,451	818,941	0	761,042	10,945,491
2008	1,231,021	4,198,209	3,233,998	2,172,975	759,983	0	1,103,215	12,699,401
2009	1,608,183	3,859,278	4,201,234	2,068,673	733,147	0	1,279,635	13,750,150
2010	1,253,607	3,947,271	4,644,580	2,354,187	753,136	0	1,535,297	14,488,078
2011	1,387,330	4,297,984	9,448,148	2,522,736	1,027,486	0	1,618,436	20,302,120

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	<u>DEC 2001</u>	<u>DEC 2002</u>	<u>DEC 2003</u>	<u>DEC 2004</u>	<u>DEC 2005</u>	<u>DEC 2006</u>	<u>DEC 2007</u>	<u>DEC 2008</u>	<u>DEC 2009</u>	<u>DEC 2010</u>
ESTIMATED TAXABLE VALUE	\$ 333,920,205	\$ 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
ASSESSED VALUATION	\$ 111,306,735	\$ 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
TAX RATES:										
GENERAL	0.3280	0.3293	0.3320	0.3330	0.3330	0.3274	0.3297	0.3330	0.3330	0.3330
POLICE	0.0739	0.0742	0.0748	0.0750	0.0750	0.0738	0.0743	0.0750	0.0750	0.0750
FIRE	0.0739	0.0742	0.0748	0.0750	0.0750	0.0738	0.0743	0.0750	0.0750	0.0750
COMMUNITY BUILDING	0.0739	0.0742	0.0748	0.0750	0.0750	0.0738	0.0743	0.0750	0.0750	0.0750
PLAYGROUND & REC	0.0887	0.0891	0.0898	0.0900	0.0900	0.0885	0.0891	0.0900	0.0900	0.0900
BAND	0.0324	0.0357	0.0334	0.0333	0.0320	0.0256	0.0239	0.0239	0.0247	0.0252
POLICE PENSION	0.1195	0.1244	0.1371	0.1462	0.1450	0.1415	0.1217	0.1331	0.1883	0.1627
SOCIAL SECURITY	0.2024	0.2120	0.2063	0.2034	0.2254	0.2076	0.1977	0.1933	0.1933	0.2055
AUDIT	0.0180	0.0212	0.0079	0.0074	0.0150	0.0166	0.0152	0.0149	0.0149	0.0108
RETIREMENT	0.1977	0.2120	0.2298	0.2395	0.1909	0.1685	0.1796	0.1510	0.1668	0.2007
LIABILITY INSURANCE	0.0450	0.0424	0.1285	0.1425	0.1114	0.1015	0.0897	0.0874	0.0874	0.1241
SCHOOL CROSSING GUARD	0.0069	0.0094	0.0071	0.0082	0.0104	0.0087	0.0092	0.0085	0.0085	0.0057
AMBULANCE SERVICE	0.1949	0.2024	0.2492	0.2500	0.2500	0.2458	0.2475	0.2304	0.2204	0.2302
BONDS & INTEREST:										
STREET B&I	0.3019	0.2617	0.2462	0.2289						
PUBLIC COMFORT STATION							0.0128	0.0121	0.0122	0.0124
TOTAL RATE-CITY CORP	1.7571	1.7622	1.8917	1.9074	1.6281	1.5531	1.5390	1.5026	1.5645	1.6253
LIBRARY	0.1478	0.1500	0.1496	0.1500	0.1500	0.1475	0.1485	0.1500	0.1500	0.1500
LIBRARY LIABILITY INSURANCE				0.0229	0.0211	0.0193		0.0174	0.0175	0.0229
TOTAL TAX RATE	<u>1.9049</u>	<u>1.9122</u>	<u>2.0413</u>	<u>2.0803</u>	<u>1.7992</u>	<u>1.7199</u>	<u>1.6875</u>	<u>1.6700</u>	<u>1.7320</u>	<u>1.7982</u>
TAX EXTENSIONS:										
GENERAL	\$ 365,086	\$ 388,391	\$ 423,310	\$ 451,235	\$ 489,356	\$ 528,523	\$ 588,737	\$ 628,917	\$ 629,053	\$ 617,468
POLICE	82,256	87,515	95,372	101,630	110,217	119,135	132,676	141,648	141,679	139,069
FIRE	82,256	87,515	95,372	101,630	110,217	119,135	132,676	141,648	141,679	139,069
COMMUNITY BUILDING	82,256	87,515	95,372	101,630	110,217	119,135	132,676	141,648	141,679	139,069
PLAYGROUND & REC	98,729	105,089	114,498	121,955	132,261	142,866	159,104	169,978	170,014	166,883
BAND	36,063	42,106	42,586	45,124	47,026	41,326	42,678	45,139	46,659	46,727
POLICE PENSION	133,012	146,723	174,807	198,110	213,087	228,424	217,316	251,378	355,708	301,688
SOCIAL SECURITY	225,285	250,042	263,039	275,619	331,240	335,129	353,028	365,074	365,153	381,050
AUDIT	20,035	25,004	10,073	10,027	22,043	26,797	27,142	28,141	28,147	20,026
RETIREMENT	220,053	250,042	293,002	324,536	280,540	272,010	320,707	285,185	315,093	372,150
LIABILITY INSURANCE	50,088	50,009	163,841	193,096	163,710	163,852	160,175	165,067	165,103	230,113
SCHOOL CROSSING GUARD	7,680	11,087	9,053	11,112	15,283	14,044	16,428	16,053	16,057	10,569
AMBULANCE SERVICE	216,937	238,720	317,738	338,765	367,391	396,795	441,954	435,143	416,346	426,850
BONDS & INTEREST:										
STREET B&I	336,035	308,661	313,912	310,173						
PUBLIC COMFORT STATION							22,857	22,853	23,046	22,993
TOTAL RATE-CITY CORP	1,955,771	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
LIBRARY	164,511	176,917	190,745	203,259	220,435	238,110	265,173	283,296	283,357	278,139
LIBRARY LIABILITY INSURANCE				31,031	31,008	31,156		32,862	33,058	42,463
TOTAL EXTENSIONS	<u>\$ 2,120,282</u>	<u>\$ 2,255,336</u>	<u>\$ 2,602,720</u>	<u>\$ 2,818,932</u>	<u>\$ 2,644,031</u>	<u>\$ 2,776,437</u>	<u>\$ 3,013,327</u>	<u>\$ 3,154,030</u>	<u>\$ 3,271,831</u>	<u>\$ 3,334,326</u>

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 IN	MADISON COUNTY	SALINE TOWNSHIP	SALINE ROAD & BRIDGE	HIGHLAND SCHOOL DIST. #5	CITY OF HIGHLAND + LIBRARY	S.W.I.C. DIST. #522	TOTAL
2001	0.7893	0.1536	0.3755	4.2476	1.9049	0.3020	7.7729
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

RESIDENTS LIVING IN THE CITY OF HIGHLAND IN HELVETIA TOWNSHIP

YEAR LEVIED IN IN	MADISON COUNTY	HELVETIA TOWNSHIP	HELVETIA ROAD & BRIDGE	HIGHLAND SCHOOL DIST. #5	CITY OF HIGHLAND + LIBRARY	S.W.I.C. DIST. #522	TOTAL
2001	0.7893	0.1285	0.4232	4.2476	1.9049	0.3020	7.7955
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

TABLE 6

CITY OF HIGHLAND, ILLINOIS
COMPUTATION OF LEGAL DEBT MARGIN
APRIL 30, 2011

ASSESSED VALUATION FOR 2010	\$ 185,425,862
STATUTORY DEBT LIMITATION: 8.625% of Assessed Valuation	15,992,981
TOTAL GENERAL OBLIGATION DEBT	<u>0</u>
LEGAL DEBT MARGIN	<u><u>\$ 15,992,981</u></u>

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

<u>YEAR ENDING APRIL 30,</u>	<u>POPULATION</u>	<u>ASSESSED VALUATION</u>	<u>GENERAL BONDED DEBT</u>	<u>RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUATION</u>	<u>BONDED DEBT PER CAPITA</u>
2002	\$ 8,438	\$ 111,306,735	\$ 1,625,000	0.015	\$ 192.58
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

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		
2002	\$ 230,000	\$ 78,066	\$ 308,066	\$ 9,360,234	3.3%
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%

TABLE 9

CITY OF HIGHLAND, ILLINOIS
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 DECEMBER 2010 (UNAUDITED)

	<u>OUTSTANDING OVERLAPPING DEBT</u>	<u>PERCENT LOCATED IN CITY</u>	<u>PORTION ALLOCABLE TO CITY</u>
DIRECT:			
CITY OF HIGHLAND	\$ 26,474,367	100.00%	\$ 26,474,367
OVERLAPPING:			
MADISON COUNTY	1,255,000	4.02%	50,451
HIGHLAND C.U. #5	28,485,000	52.01%	14,815,049
SW IL COLLEGE #522	<u>28,810,000</u>	9.29%	<u>2,676,449</u>
TOTAL OVERLAPPING	\$ 58,550,000		\$ 17,541,949
TOTAL	<u>\$ 85,024,367</u>		<u>\$ 44,016,316</u>

Debt Ratios (estimated):

Direct debt to 2010 Assessed Valuation	14.28%
Net direct/overlapping debt (allocable to City) to 2010 Assessed Valuation	23.74%
Direct debt per capita 9,919 residents	\$ 2,669.06
Net direct and overlapping debt (allocable to City) per capita	\$ 4,437.58

* Excludes overlapping entities with less than 1% assessment in the City.

TABLE 10

CITY OF HIGHLAND, ILLINOIS
 REVENUE BOND COVERAGE
 WATER BONDS
 FOR THE LAST TEN FISCAL YEARS

YEAR ENDING APRIL 30	GROSS REVENUES	OPERATING EXPENSES LESS DEPRECIATION	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			COVERAGE*
				PRINCIPAL	INTEREST	TOTAL	
2002	\$ 1,996,749	\$ 841,213	\$ 1,155,536	\$ 230,000	\$ 124,884	\$ 354,884	3.26
2003	2,093,510	941,485	1,152,025	235,000	115,224	350,224	3.29
2004	2,096,184	1,044,327	1,051,857	245,000	105,118	350,118	3.00
2005	2,146,397	1,068,105	1,078,292	255,000	94,338	349,338	3.09
2006	2,281,979	1,220,954	1,061,025	275,000	82,864	357,864	2.96
2007	2,409,725	1,313,087	1,096,638	285,000	70,214	355,214	3.09
2008	2,327,166	1,385,559	941,607	295,000	56,818	351,818	2.68
2009	2,233,184	1,548,603	684,581	315,000	42,657	357,657	1.91
2010	2,254,423	1,587,630	666,793	330,000	27,223	357,223	1.87
2011	2,369,889	1,507,732	862,157	205,000	10,558	215,558	4.00

*The coverage requirement per the 1996 Water Bond Ordinance is 1.25.

CITY OF HIGHLAND, ILLINOIS
REVENUE BOND COVERAGE
ELECTRIC BONDS
 FOR THE LAST TEN FISCAL YEARS

YEAR ENDING APRIL 30	GROSS REVENUES	OPERATING EXPENSES LESS DEPRECIATION	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			COVERAGE ³
				PRINCIPAL	INTEREST	TOTAL	
2008	\$ 11,530,762	\$ 9,385,305	\$ 2,145,457	\$ 960,000	\$ 240,850	\$ 1,200,850	1.79
2009	11,495,789	9,911,686	1,584,103	930,000	204,850	1,134,850	1.40
2010	12,020,363	10,485,541	1,534,822	900,000	169,975	1,069,975	1.43
2011	13,676,473	11,849,220	1,827,253	625,000	135,100	760,100	2.40

*The coverage requirement per the 2007 Electric Bond Ordinance is 1.25.

TABLE 12

CITY OF HIGHLAND, ILLINOIS
 PRINCIPAL TAXPAYERS
 DECEMBER 2010 (UNAUDITED)

TAXPAYER	TYPE OF BUSINESS	TOTAL ASSESSMENT 2010	PERCENTAGE OF CITY ASSESSED VALUE
Walmart Stores	Department Store	\$ 2,934,790	1.58 %
Retko Group	Rental Property	1,577,960	0.85
Frey Properties	Developer	1,408,460	0.76
Cooper B-Line Systems	Industrial Support Systems	1,292,580	0.70
Jefferson Smurfit Corp.	Corrugated Shipping Containers	1,084,290	0.58
Glik Development Co.	Real Estate Development	1,015,500	0.55
Trouw Nutrition	Feed Additive	969,710	0.52
Dow Jones	Wall Street Journal-MidWest Edition	969,040	0.52
Highland Leasehold / Health	Nursing Care	937,950	0.51
Bonne Terre Construction	Construction	933,520	0.50
Select Highland LLC	Hotel	841,250	0.45
Basler Electric Co.	Electronic Equipment	811,300	0.44
Korte Construction	General Contractor	820,940	0.44
Emerald Point Villas LTD	Apartment Rental	816,660	0.44
Crowne Pointe LTD	Apartment Rental	733,320	0.40
Topmost Development Corp	Retail Operations (Super Valu)	697,770	0.38
Retko Group	12441 US Hwy 40	644,200	0.35
Wilken Development Group	Apartment Rental	623,620	0.34
Highland Machine and Screw	Manufacturing	630,020	0.34
Scott Credit Union	Banking	580,930	0.31
TOTALS		<u>\$ 20,323,810</u>	<u>10.96 %</u>

Source: Madison County Clerk's Office

TABLE 13

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

YEAR ENDING APRIL 30,	CONSTRUCTION					ASSESSMENT YEAR	PROPERTY VALUE (IN 000'S) **			
	<u>RESIDENTIAL</u> NO. OF PERMITS	VALUE (in 000's)	<u>COMMERCIAL AND INDUSTRIAL</u> NO. OF PERMITS	VALUE (in 000's)	TOTAL		<u>RESIDENTIAL</u>	<u>COMMERCE & INDUSTRY</u>	<u>RAILROAD & FARM</u>	TOTAL
2002	85	4,734	41	11,951	16,685	2001	229,467	104,156	297	333,920
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

** 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	GROSS REVENUE	OPERATING EXPENSES INCLUDING DEPRECIATION AND INTEREST EXPENSE		INCOME (LOSS) EXCLUDING OTHER INCOME	
		AMOUNT	PERCENT OF GROSS REVENUE	AMOUNT	PERCENT OF GROSS REVENUE
2002	\$ 8,617,706	\$ 8,772,664	101.80	\$ (154,958)	(1.80)
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)

*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	GROSS REVENUE	OPERATING EXPENSES INCLUDING DEPRECIATION AND INTEREST EXPENSE		INCOME (LOSS) EXCLUDING OTHER INCOME	
		AMOUNT	PERCENT OF GROSS REVENUE	AMOUNT	PERCENT OF GROSS REVENUE
2002	\$ 1,832,400	\$ 1,497,935	81.75	\$ 334,465	18.25
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)

*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
2002	\$ 1,352,320	\$ 1,587,633	117.40	\$ (235,313)	(17.40)
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)

*The City does not budget for depreciation expense.

TABLE 17

CITY OF HIGHLAND, ILLINOIS
 MISCELLANEOUS STATISTICS
 APRIL 30, 2011 (UNAUDITED)

Date of Incorporation	1884		
Form of Government	Council/Manager		
Number of Employees -			
Total	210		
Full Time	107		
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	34 Volunteers		
Fire Insurance Rating	4		
 Police Protection:			
Number of Policemen and Officers	19		
Number of Squad Cars	9		
 Ambulance:			
Number of Ambulances	3		
Number of Paramedics and Emergency Medical Technicians	23		
 Culture and Recreation:			
Public Library (Volume of Books and Audio Visuals)	1 (46,417 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	6,546 customers		
Area Serviced	47.8 square miles		
 Water Service:			
Number of Accounts	4,606 customers		
Average Daily Demand	1.214 MG/day		
Treatment Capacity	4.2 MG/day		
 Sewer Service:			
Number of Accounts	4,243 customers		
Present Flow	1.321 MG/day		
 FACILITIES AND SERVICES NOT INCLUDED IN THE REPORTING ENTITY:			
Education:	Number 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>
Utilities:		227	3,014
Electric, Water, Sewer, Refuse		City of Highland Utilities	
Cable and Satellite TV		Charter Communications, Dish,	
Gas		Ameren IP	
Telephone		Frontier, HCS	
Hospital		1	
Nursing Homes and Assisted Living		2 (240 beds)	