

PARK DISTRICT OF HIGHLAND PARK,
ILLINOIS



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
MARCH 31, 2013

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
MARCH 31, 2013**

Prepared by:

Finance Department
Elliott Becker, Director of Finance

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

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PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

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INTRODUCTORY SECTION

This section includes miscellaneous data regarding the Park District of Highland Park including:

- Principal Officials
- Organizational Chart
- Letter of Transmittal
- Certificate of Achievement for Excellence in Financial Reporting

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Principal Officials

March 31, 2013

BOARD OF PARK COMMISSIONERS

Scott Meyers, President

Brian Kaplan, Vice President

Calvin A. Bernstein, Commissioner

Elaine Waxman, Commissioner

Lori Flores Weisskopf, Commissioner

ADMINISTRATIVE

Liza McElroy, Executive Director of Parks and Recreation

Elliott Becker, Director of Finance

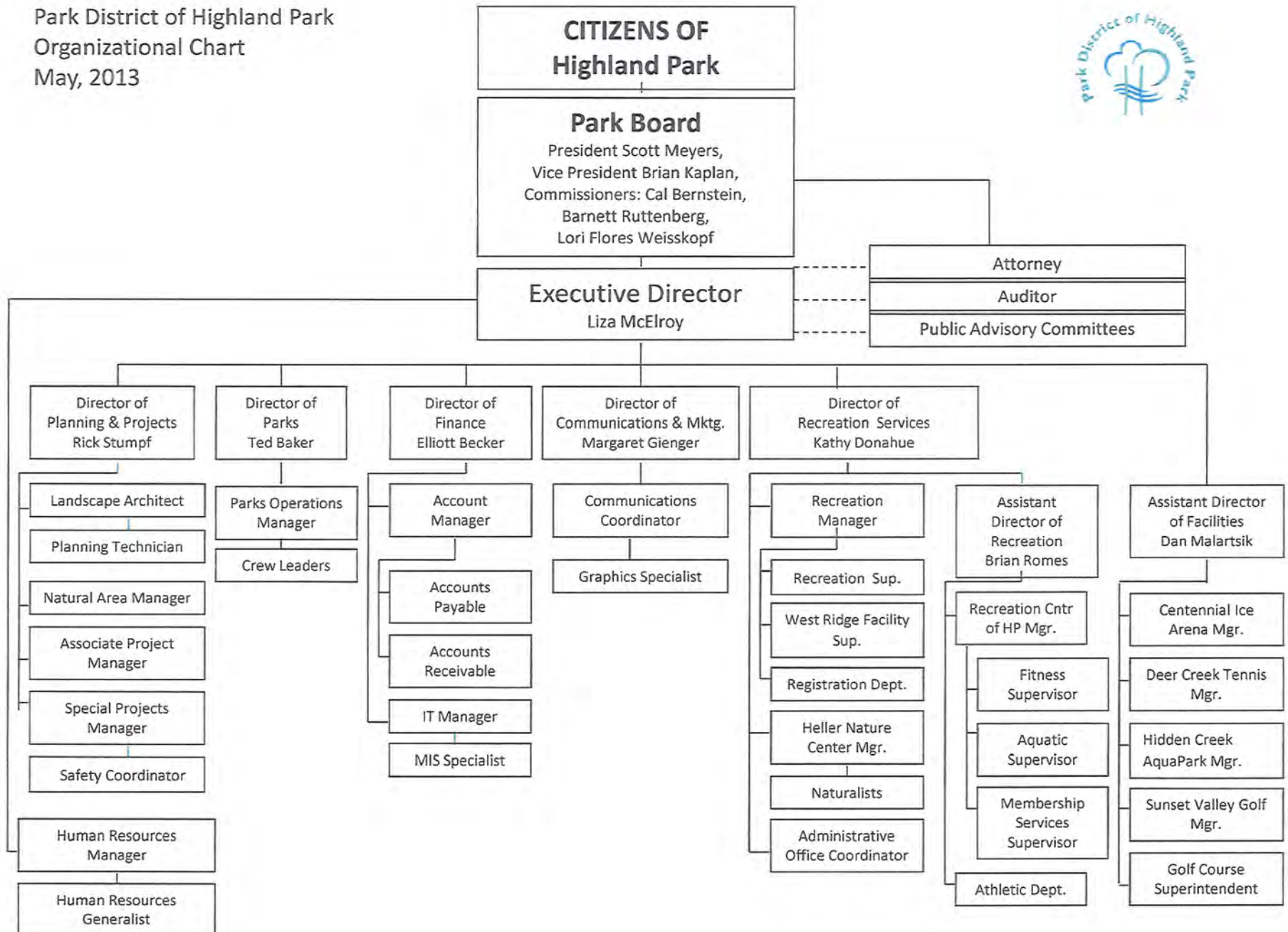
Kathy Donahue, Director of Recreation Services

Rick Stumpf, Director of Planning and Special Projects

Ted Baker, Director of Parks

Margaret Behlow, Director of Communications

Park District of Highland Park
Organizational Chart
May, 2013





Administration Office
West Ridge Center
636 Ridge Road
Highland Park, IL 60035
847-831-3810
FAX: 847-831-0818
WEB: www.pdhp.org

July 8, 2013

To: Board of Park Commissioners and Citizens of the Park District of the Park District of Highland Park

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended March 31, 2013.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that is established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Lauterbach and Amen, LLP, Certified Public Accountants, has issued an unqualified ("clean") opinion on the Park District of Highland Park's financial statements for the year ended March 31, 2013. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD & A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Park District of Highland Park

The District was founded in 1909 and is located in the City of Highland Park, Illinois along the north shore of Lake Michigan. The District serves the City of Highland Park and a small portion of the Village of Deerfield. The District owns and operates more than 650 acres of land in 44 park areas while also helping other municipal agencies manage some land and is located approximately 25 miles north of Chicago.

The Park District operates under a Board-Director form of government serving a population of approximately 30,000. Educational services for the residents of the District are provided by North Shore School District Number 112 and Township High School District Number 113. Route 41 traverses the District and Interstate 94 is along its western boundary. METRA rail service to downtown Chicago is available with stations in Deerfield, Highland Park, Ft. Sheridan, and Highwood.

The District offers over 3,000 programs annually. These programs include athletics, pre-school, art and dance, ice skating, tennis, swimming, golf, gymnastics, and tennis. The District also offers general youth and adult variety programs throughout its facilities and parks. To support these programs, the District parks contain baseball and softball fields (16), basketball courts (10), soccer fields (5), tennis courts (7), disc golf courses (2), and fishing areas (6).



The Comprehensive Annual Financial Report, which follows this transmittal letter, includes all funds of governmental operations and component units based on financial accountability. The accompanying financial statements include only those funds of the Park District, as there are no other organizations for which it has financial accountability. The Park District participates in the Illinois Municipal Retirement Fund (IMRF), the Northern Suburban Special Recreation Association (NSSRA), and the Park District Risk Management Agency (PDRMA). These organizations are not included in this report. However, such statements are available upon request from their respective business offices.

The Board of Commissioners is required to adopt a final budget by no later than three months after the close of the fiscal year. This annual budget serves as the foundation for the Park District of Highland Park's financial planning and control. The budget is prepared by fund and state law prohibits further appropriation at anytime within the same fiscal year. The Board of Commissioners has the authority, after the first six months of the fiscal year, to make transfers between various items in any fund in the appropriation ordinance with a two-thirds (2/3) vote. Additionally, if circumstances warrant it, a supplemental budget and appropriations ordinance can be prepared. Transfers cannot exceed 10%, in the aggregate, of the total amount appropriated for the fund or item that is having funds reallocated.

A supplemental budget and appropriations ordinance was prepared primarily to account for a bond refunding, the payoff of a \$6.2 million unfunded liability, and a transfer of excess fund balance in the Recreation Fund to the Capital Projects Fund. The Supplemental Budget and Appropriations Ordinance was passed after its hearing on March 4, 2013.

Local Economy

The City of Highland Park has a well-established reputation as a preeminent community located in the northern corridor of the Chicago metropolitan area. The area encompassing the Park District of Highland Park is an outstanding place in which to live and work as the city has a large residential base and a booming downtown. The residents of Highland Park receive excellent municipal and educational services. From an educational standpoint, over one-third of its residents have an advanced degree and an additional third have a bachelor's degree. This is well above the norm for the County (Lake) as well as the State of Illinois. Many hospitals, including Highland Park Hospital, the District's largest employer, are nearby so that residents have several options from which to choose.

From a pure economic position, the District serves a highly affluent community as nearly 60% of its residents live in homes valued in excess of \$500,000 as opposed to a state average of just over 9%. In light of difficult economic conditions, the median household income of \$114,600, represents a slight increase from the prior year.

Long-term Planning

As expected, the District completed its board approved five year Capital Plan in fiscal 2013. Combined with the Strategic Plan (currently in year two) and the soon to be developed Master Plan (estimated completion date of December, 2013) the District will have a road map to guide it through 2024.

The Board of Commissioners turned its focus to sustainability in 2013. To insure that resources are available years into the future, nearly \$11 million in excess fund balances from the Recreation Fund have been transferred to the Capital Project Fund.

However, the largest impact on sustainability came through a reassessment of its debt. In the summer of 2012, the Park District executed an advanced refunding of its 2004/2005 debt generating a savings of \$600,000. Additionally, the District used existing resources to pay off a \$6.2 million Unfunded Actuarial Accrued Liability with IMRF. From an actuarial standpoint, this liability was growing at an interest rate of 7.5% which is far above current market rates. This decision is expected to save in excess of \$16 (present value savings over \$6 million) or an average of \$562,000 over the next several years. Finally, at the end of the fiscal year, the District issued \$9 million in additional debt at a very favorable interest rate. With the savings generated from the IMRF payoff, annual debt service will be essentially unaffected. The District was able to obtain these rates due to receiving a Aaa rating from Moody's Investor Services.

As mentioned in last year's transmittal letter, the District had planned to expend considerable resources completing the work at Rosewood Beach. Due to unanticipated delays however, the bulk of the project has been deferred to the fall of 2013. However, the District did complete renovations of Fink and West Ridge Parks, and Phase II of the Ravine Restoration Project at Millard Park and is in the process of completing projects at Mooney and Olson Parks and at West Ridge Center, its administration building. Finally, resources were expended to ensure that the District's fleet was maintained. This included an Ice Surfacing Machine at Centennial Ice Arena.

Operationally, the Park District of Highland Park exceeded expectations in the Corporate Fund by over \$200,000 exclusive of the aforementioned pay off of the IMRF Liability. Likewise, the Recreation Fund exceeded expectations by \$388,000. Much of the Recreation Fund's success was due to an extremely hot summer and mild fall conditions which helped the Hidden Creek Aqua Park and Sunset Valley Golf Course have successful seasons.

Factors Affecting Financial Condition

The District, while still robust financially, has many challenges in the upcoming fiscal year. The Park Board, deciding that current economic conditions placed restrictions on its taxpayers has not raised its tax levy in three years. During that same period of time, the District has also refrained from taking advantage of its annual bonding authority based on its Debt Service Extension Base. Since costs continue to increase, the District must continue to place a premium on prudent decision making.

The Master Plan will also challenge the District Board, Staff, and Residents. Despite significant cash reserves, the District is over one hundred years old and many of the District's facilities need significant repair. As indicated earlier, the Master Plan will assist the Park Board in prioritizing its capital needs by drawing from a multitude of constituencies within the community.

Other Information

Independent Audit: The District is required by Illinois Compiled Statutes to have an annual audit conducted by an independent certified public accountant selected by the Board of Park Commissioners. The audit firm, Lauterbach & Amen, LLP, Certified Public Accountants' report on the general-purpose financial statements and combining and individual fund statements and schedules are included in the financial section of this report.

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Park District of Highland Park for its comprehensive annual financial report for the fiscal year ended March 31, 2012. This was the eleventh consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

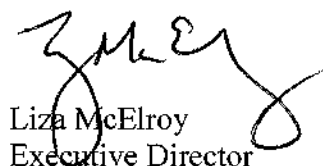
The District has also been accredited since 1996 for Excellence in Park and Recreation Management by the Illinois Association of Park Districts and Illinois Park and Recreation Association as an Illinois Distinguished Agency. It will apply for reaccreditation in fiscal 2014.

At its annual conference, the Illinois Association of Park Districts (IAPD) along with the Illinois Parks and Recreation Association (IPRA) bestowed the Outstanding Sustainability/Conservation Award for its Trout in the Classroom Program. The Exceptional Workplace Award was also received at the annual conference.


Affiliations: The District is a member of the National Recreation and Park Association (NRPA), the Illinois Association of Park Districts (IAPD), the Illinois Park and Recreation Association (IPRA), the Park District Risk Management Agency (PDRMA) and the Northern Suburban Special Recreation Association (NSSRA).

The timely preparation of this comprehensive annual financial report was made possible by the dedicated staff of the entire Park District and coordinated by the Finance staff. We would like to express our sincere appreciation for their contributions not only to this report, but also to their commitment of abiding to policies and procedures to ensure the high integrity of the information presented in this financial report. We thank the Board of Park Commissioners for their leadership and support as it relates to the financial operations and policies of the District.

Sincerely,



Liza McElroy
Executive Director



Elliott F. Becker
Director of Finance



Government Finance Officers Association

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

Presented to

**Park District of Highland Park
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

March 31, 2012

Executive Director/CEO

FINANCIAL SECTION

This section includes:

- Independent Auditors' Report
- Management's Discussion and Analysis
- Basic Financial Statements
- Required Supplementary Information
- Combining and Individual Fund Statements and Schedules

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the District's independent auditing firm.

INDEPENDENT AUDITORS' REPORT

July 8, 2013

Members of the Board of Commissioners
Park District of Highland Park
Highland Park, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Park District of Highland Park, Illinois, as of and for the year ended March 31, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Park District of Highland Park, Illinois, as of March 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Park District of Highland Park, Illinois', financial statements as a whole. The introductory section, individual fund financial statements and schedules, supplemental schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The individual fund financial statements and schedules and supplemental schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



LAUTERBACH & AMEN, LLP

MANAGEMENT'S DISCUSSION AND ANALYSIS

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Management's Discussion and Analysis March 31, 2013

Our discussion and analysis of the Park District of Highland Park's financial performance provides an overview of the District's financial activities for the fiscal year ended March 31, 2013. Please read it in conjunction with the transmittal letter, which begins on page iii and the District's financial statements, which begin on page 3.

FINANCIAL HIGHLIGHTS

- The Park District of Highland Park's net position decreased as a result of this year's operations. Net position of the governmental activities decreased by \$7,928,084 which is approximately 17.4% from the prior year.
- During the year, government-wide revenues for the primary government totaled \$18,618,165 while expenses totaled \$26,546,249, resulting in a decrease to net position of \$7,928,084.
- The Park District of Highland Park's net position totaled \$37,698,505 on March 31, 2013, which includes \$20,340,870 net investment in capital assets, \$3,165,145 subject to external restrictions, and \$14,192,490 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported a deficit this year of \$6,911,570 exclusive of net transfers in of \$725,445. The net change in fund balance of \$6,186,125 brings the fund balance in the General Fund to \$1,142,711, resulting in a decrease of 84.4%. This decrease, though large, was planned and approved by the Board to pay off the Unfunded Accrued Actuarial Liability (UAAL) discussed below.
- There were four events that shaped the financial condition of the Park District of Highland Park in Fiscal 2013. In reviewing the details that follow, these four items should be considered:
 - After analyzing its Unfunded Accrued Actuarial Liability (UAAL) with respect to its pension plan (IMRF) the District determined that paying off the liability, with its implied interest rate of 7.5%, would in the long run save the District in excess of \$16 million (present value savings over \$6 million) or an average of \$562,000 over the next several years. The District used accumulated resources in the General Fund to make this transaction. The payoff was an unbudgeted item at the beginning of the fiscal year and led to a substantial deficit in the General Fund.
 - At the time the District prepared its 2012 tax levy, the levy for the Special Recreation Fund was reduced in order to adjust the Fund Balance to be in compliance with the District's GASB 54 Fund Balance Policy. This led to a planned deficit of \$253,945.
 - The Recreation Fund also complied with its GASB 54 Fund Balance Policy by transferring \$9,933,735 to the Capital Projects Fund. This transfer led to a reduction in fund balance of \$7,631,222 despite a surplus at the operating level of \$2,302,513.
 - Finally and also anticipated, the Capital Projects Fund generated a deficit of \$1,589,300 in 2013 as this fund has minimal revenue and expended just over \$1,750,000.
- The District issued Debt Certificates in the amount \$8,755,000 just subsequent to the 2013 fiscal year end to replace resources lost from the \$6.2 million IMRF payment and to provide resources for future capital assets.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Management's Discussion and Analysis

March 31, 2013

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 3-5) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements begin on page 6. 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 District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the District's finances, in a matter similar to a private-sector business. The government wide financial statements can be found on pages 3-5 of this report.

The Statement of Net Position reports information on all of the District's assets/deferred outflows and liabilities/deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Consideration of other nonfinancial factors, such as changes in the District's property tax base and the condition of the District's infrastructure, is needed to assess the overall health of the District.

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

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and government and recreation services. There are no business-type activities reported by the District.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are reported as governmental funds.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Management's Discussion and Analysis March 31, 2013

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements – Continued

Governmental Funds

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

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

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balances sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Recreation Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered to be major funds, and the Special Recreation Fund, the District's only nonmajor fund.

The District adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison schedule for these funds has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 6 - 11 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12 - 37 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's I.M.R.F. employee pension obligations, as well as budgetary comparison schedules for the General Fund and Recreation Funds. These items can be found on pages 38 - 40.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Management's Discussion and Analysis

March 31, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the District, assets/deferred outflows exceeded liabilities/deferred inflows by \$37,698,505.

	Net Position	
	Governmental	
	Activities	
	2013	2012
Current and Other Assets	\$ 30,910,234	37,606,551
Capital Assets	28,744,429	27,667,428
Total Assets	59,654,663	65,273,979
Long-Term Debt	8,318,182	8,426,904
Other Liabilities/Deferred Inflows	13,637,976	13,195,448
Total Liabilities/Deferred Inflows	21,956,158	21,622,352
Net Position		
Net Investment in Capital Assets	20,340,870	19,172,217
Restricted	3,165,145	3,526,882
Unrestricted	14,192,490	20,952,528
Total Net Position	37,698,505	43,651,627

A large portion of the District's net position, \$20,340,870 or 54.0%, reflects its investment in capital assets (for example, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, \$3,165,145 or 8.4%, of the District's net position represents resources that are subject to external restrictions on how they may be used. Essentially, these restrictions represent property taxes levied for a specific purpose. The remaining 37.6%, or \$14,192,490, represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Management's Discussion and Analysis March 31, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

	<u>Changes in Net Position</u>	
	<u>Governmental</u>	
	<u>Activities</u>	
	<u>2013</u>	<u>2012</u>
Revenues		
Program Revenues		
Charges for Services	\$ 8,306,731	8,190,406
Operating Grants/Contrib.	176,675	238,034
Capital Grants/Contrib.	-	-
General Revenues		
Property Taxes	9,604,889	9,757,439
Replacement Taxes	137,129	138,583
Other General Revenues	392,741	396,167
Total Revenues	<u>18,618,165</u>	<u>18,720,629</u>
Expenses		
General Government	11,825,208	4,413,988
Recreation	13,937,646	12,881,240
Interest on Long-Term Debt	<u>783,395</u>	<u>367,934</u>
Total Expenses	<u>26,546,249</u>	<u>17,663,162</u>
Change in Net Position	(7,928,084)	1,057,467
Net Position-Beginning as Restated	<u>45,626,589</u>	<u>42,594,160</u>
Net Position-Ending	<u>37,698,505</u>	<u>43,651,627</u>

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Management's Discussion and Analysis March 31, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

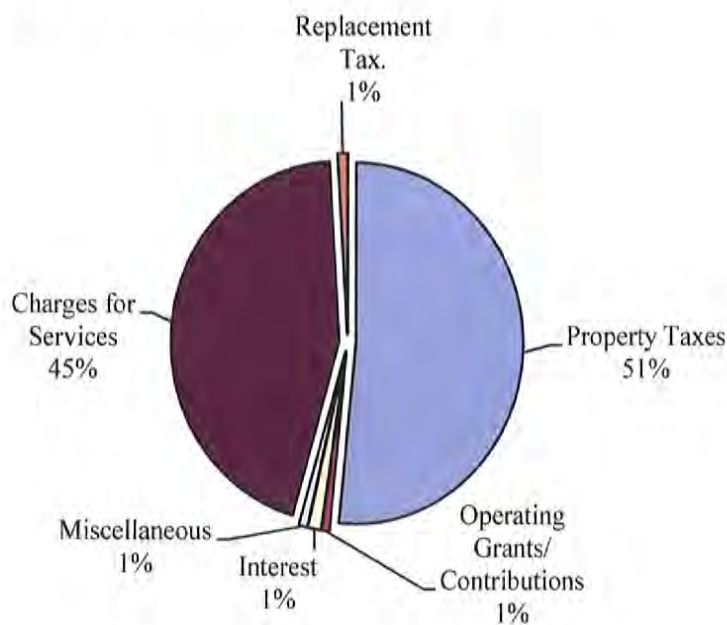
Net position of the District's governmental activities decreased by 17.4 per cent (\$37,698,505 in 2013 compared to a restated \$45,626,589 in 2012). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$14,192,490 at March 31, 2013.

Governmental Activities

Revenues for governmental activities totaled \$18,618,165, while the cost of all governmental functions totaled \$26,546,249. This results in a deficit of \$7,928,084. In 2012, revenues of \$18,720,769 exceeded expenses of \$17,663,162, resulting in a surplus of \$1,057,467. Revenues are essentially flat with the small increase due to an increase in program and facility revenue as a result of increases in fees. The increase in expenses is specifically related to the District's decision to pay off its Unfunded Actuarial Accrued Liability to IMRF. The decision to pay off this \$6.2 million liability will ultimately save the District millions of dollars.

The following table graphically depicts the major revenue sources of the District. This graph illustrates that, despite not increasing its property tax levy, more than half of the District's revenues come from property tax.

Revenues by Source - Governmental Activities



PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

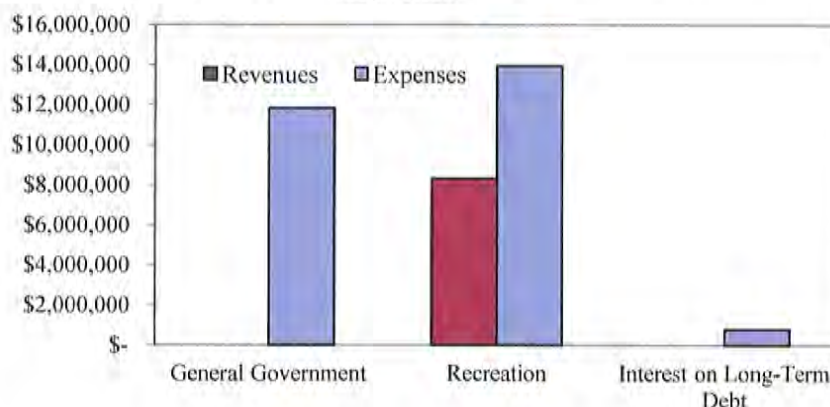
Management's Discussion and Analysis March 31, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Governmental Activities – Continued

The 'Expenses and Program Revenues Table identifies those governmental functions where program expenses greatly exceed revenues. Although in the government-wide statements expenses normally exceed revenues, general revenues such as property and replacement taxes support the general government expenses, a portion of recreation expenses, and interest expenses. However, as was mentioned earlier, this is not the case in 2013 as the reduction in the Unfunded Actuarial Accrued Liability with IMRF greatly increased General Government expenses. The Board of Commissioners supported this decision as the return on investment is significant.

Expenses and Program Revenues - Governmental Activities



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The ending fund balance when the District's Governmental Funds combined is \$18,084,696 which is \$7,101,759, or 28.2%, less than last year's total of \$25,186,455. Of that amount, \$18,261,982, of the total is either committed, assigned, restricted or nonspendable. The District's intent is to remain true to its fund balance policy that is discussed in the Notes to the Financial Statements, by transferring a large portion of the excess balances to the Capital Projects Fund to assure that the District's existing assets are well maintained moving forward. The District transferred, from its Recreation Fund to the Capital Projects Fund \$9,933,735 in excess fund balance to the Capital Projects Fund.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Management's Discussion and Analysis

March 31, 2013

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS – Continued

Governmental Funds – Continued

The General Fund is the chief operating fund of the District. Due to the \$6.2 million payment on its unfunded liability, the Fund Balance in the General Fund reflected a negative change for the year of \$6,186,125 or 84.4%. The Board of Commissioners recognize that the unassigned fund balance is insufficient to cover the Fund Balance Policy and, as part of its fiscal year 2014 budget process, have made changes to rectify that situation.

The Recreation Fund reported a negative change in fund balance for the year of \$7,631,222, to \$4,617,290. This is a decrease of 62.3%. As part of the District's focus on sustainability, this decrease is specific to a \$9,933,735 transfer to the Capital Project Fund. The amount of the transfer is consistent with the Park District's Fund Balance Policy. Absent this transfer, the Recreation Fund's operating surplus totaled \$2,302,513.

The Capital Projects Fund reported an increase in fund balance of \$6,969,533 for the year due primarily to the Recreation Fund transferring \$9,933,735 to the fund in order to build up reserves for future Park District capital projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District made one amendment to the budget in the General Fund during the year to reflect the Unfunded Accrued Actuarial Liability (UAAL) IMRF payment. General Fund revenues, for which there were no amendments, exceeded the budgeted revenues by \$78,542. The General Fund expenditures were less than budget by \$126,565 due primarily to salaries being less than anticipated in the current year.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Management's Discussion and Analysis

March 31, 2013

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of March 31, 2013 was \$28,744,429 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, and recreational equipment and improvements.

	Capital Assets - Net of Depreciation	
	Governmental	
	Activities	
	2013	2012
Land	\$ 3,248,634	3,248,634
Buildings	17,528,395	18,273,042
Improvements	4,003,681	3,826,141
Equipment	3,316,922	3,858,576
Construction in Progress	444,447	205,991
Vehicles	202,350	230,006
Total	28,744,429	29,642,390

This year's major additions included:

Construction in Progress	\$ 444,447
Improvements	619,535
Equipment	230,198
Vehicles	46,672
Total	1,340,852

Additional information on the District's capital assets can be found in note 3 on page 24 of this report.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Management's Discussion and Analysis

March 31, 2013

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt Administration

At year-end, the District had total outstanding debt of \$7,880,000 as compared to \$8,375,000 the previous year, a decrease of 5.9 per cent. The following is a comparative statement of outstanding debt:

	<u>Long-Term Debt Outstanding</u>	
	<u>Governmental</u>	
	<u>Activities</u>	
	<u>2013</u>	<u>2013</u>
General Obligation Bonds	\$ 7,880,000	8,375,000

Part of the decrease is the result of an advanced refunding executed during the summer of 2012. At that time, the two outstanding issues were essentially refunded into one large debt issuance. Over time, this will save the District approximately \$570,000.

Just subsequent to the end of the Fiscal year, the District issued \$8,755,000 in debt. The reasons for this issuance is twofold; 1) To replace the resources lost by the \$6.2 million IMRF payment and 2) To provide additional resources for future capital purchases. Given the decrease in interest rates between the two issuances, (7.5% on the IMRF liability and 2.5% on the current issuance) the District will expend little, if any, additional resources annually and will see significant net reductions in future years.

For each of the two issuances, the District applied for and received an Aaa rating from Moody's which is reflective of its strong financial base. The current legal debt margin for the District is \$59,808,522.

Additional information on the District's long-term debt can be found in Note 3 on pages 25 - 27 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

As was the case the prior year, the District's tax levy was flat. However, should the economy continue to improve, management is hopeful that recreation revenues will increase. Managing its resources in a conservative manner will force the District to monitor expenses closely. The District anticipates the completion of its Master Plan in late fall which will assist in the prioritization of capital projects and determine how the District will spend its resources.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to Office of the Finance Director, Park District of Highland Park, 636 Ridge Road, Highland Park, IL 60035.

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the Governmental Accounting Standards Board (GASB). The sets of statements include:

- Government-Wide Financial Statements
- Fund Financial Statements
 - Governmental Funds

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Statement of Net Position

March 31, 2013

See Following Page

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Statement of Net Position

March 31, 2013

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 20,673,370
Receivables - Net of Allowances	10,013,689
Inventory	11,468
Prepays	<u>211,707</u>
Total Current Assets	<u>30,910,234</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	3,693,081
Depreciable	44,699,045
Accumulated Depreciation	<u>(19,647,697)</u>
Total Noncurrent Assets	<u>28,744,429</u>
Total Assets	<u>59,654,663</u>

The notes to the financial statements are an integral part of this statement.

	<u>Governmental Activities</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 641,967
Accrued Payroll	313,839
Accrued Interest	71,282
Other Payables	2,122,205
Current Portion Long-Term Debt	
Compensated Absences Payable	131,156
General Obligation Limited Tax Debt Certificates	610,000
Total Current Liabilities	<u>3,890,449</u>
Noncurrent Liabilities	
Compensated Absences Payable	524,623
General Obligation Limited Tax Debt Certificates- Net	7,793,559
Total Noncurrent Liabilities	<u>8,318,182</u>
Total Liabilities	<u>12,208,631</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	<u>9,747,527</u>
Total Liabilities and Deferred Inflows of Resources	<u>21,956,158</u>
NET POSITION	
Net Investment in Capital Assets	20,340,870
Restricted	
Property Tax Levies	
IMRF	556,280
Liability Insurance	299,017
Audit	138,166
Police Protection	318,732
Museum	966,137
Special Recreation	617,558
Debt Service	269,255
Unrestricted	<u>14,192,490</u>
Total Net Position	<u>37,698,505</u>

The notes to the financial statements are an integral part of this statement.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Statement of Activities

Fiscal Year Ended March 31, 2013

		Program Revenues		
		Charges	Capital	Net
	Expenses	for	Grants/	Expense/
		Services	Contributions	Revenue
Governmental Activities				
General Government	\$ 11,825,208	-	-	(11,825,208)
Recreation	13,937,646	8,306,731	176,675	(5,454,240)
Interest on Long-Term Debt	783,395	-	-	(783,395)
Total Governmental Activities	26,546,249	8,306,731	176,675	(18,062,843)

General Revenues

Taxes

Property Taxes 9,604,889

Replacement Taxes 137,129

Interest 241,443

Miscellaneous 151,298

10,134,759

Change in Net Position (7,928,084)

Net Position - Beginning as Restated 45,626,589

Net Position - Ending 37,698,505

The notes to the financial statements are an integral part of this statement.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Balance Sheet - Governmental Funds

March 31, 2013

See Following Page

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Balance Sheet - Governmental Funds
March 31, 2013**

	General	Special Revenue Recreation
ASSETS		
Cash and Investments	\$ 1,320,521	6,716,694
Receivables - Net of Allowances		
Taxes	5,607,566	3,745,679
Programs	-	147,110
Other	13,019	23,777
Inventory	-	11,468
Prepays	7,802	72,601
Total Assets	6,948,908	10,717,329
LIABILITIES		
Accounts Payable	102,449	189,598
Retainage Payable	-	-
Accrued Payroll	93,658	220,181
Other Payables	2,524	1,944,581
Total Liabilities	198,631	2,354,360
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	5,607,566	3,745,679
Total Liabilities and Deferred Inflows of Resources	5,806,197	6,100,039
FUND BALANCES		
Nonspendable	7,802	84,069
Restricted	1,312,195	966,137
Committed	-	3,567,084
Assigned	-	-
Unassigned	(177,286)	-
Total Fund Balances	1,142,711	4,617,290
Total Liabilities, Deferred Inflows of Resources and Fund Balances	6,948,908	10,717,329

The notes to the financial statements are an integral part of this statement.

Debt Service	Capital Projects	Nonmajor Special Recreation	Totals
515,637	11,354,430	766,088	20,673,370
-	-	394,282	9,747,527
-	-	-	147,110
-	75,884	6,372	119,052
-	-	-	11,468
-	-	131,304	211,707
515,637	11,430,314	1,298,046	30,910,234
-	162,119	135,068	589,234
-	32,899	19,834	52,733
-	-	-	313,839
175,100	-	-	2,122,205
175,100	195,018	154,902	3,078,011
-	-	394,282	9,747,527
175,100	195,018	549,184	12,825,538
-	-	131,304	223,175
340,537	-	617,558	3,236,427
-	-	-	3,567,084
-	11,235,296	-	11,235,296
-	-	-	(177,286)
340,537	11,235,296	748,862	18,084,696
515,637	11,430,314	1,298,046	30,910,234

The notes to the financial statements are an integral part of this statement.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities**

March 31, 2013

Total Governmental Fund Balances	\$ 18,084,696
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Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	28,744,429
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Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds.

Compensated Absences Payable	(655,779)
General Obligation Limited Tax Debt Certificates Payable	(7,880,000)
Unamortized Bond Premiums	(523,559)
Accrued Interest Payable	<u>(71,282)</u>

Net Position of Governmental Activities	<u>37,698,505</u>
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The notes to the financial statement are an integral part of this statement.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Fiscal Year Ended March 31, 2013

See Following Page

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Fiscal Year Ended March 31, 2013

	General	Special Revenue Recreation
Revenues		
Taxes	\$ 4,541,322	4,544,752
Charges for Services	50,700	8,256,031
Grants and Donations	69,000	31,698
Interest	55,658	90,995
Miscellaneous	20,562	126,296
Total Revenues	<u>4,737,242</u>	<u>13,049,772</u>
Expenditures		
Current		
General Government	11,648,812	-
Recreation	-	10,641,899
Capital Outlay	-	105,360
Debt Service		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
Total Expenditures	<u>11,648,812</u>	<u>10,747,259</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,911,570)</u>	<u>2,302,513</u>
Other Financing Sources (Uses)		
Debt Issuance	-	-
Premium on Debt Issuance	-	-
Discount on Debt Issuance	-	-
Payment to Escrow Agent	-	-
Transfers In	6,217,370	-
Transfers Out	(5,491,925)	(9,933,735)
	<u>725,445</u>	<u>(9,933,735)</u>
Net Change in Fund Balances	(6,186,125)	(7,631,222)
Fund Balances - Beginning	<u>7,328,836</u>	<u>12,248,512</u>
Fund Balances - Ending	<u>1,142,711</u>	<u>4,617,290</u>

The notes to the financial statements are an integral part of this statement.

Debt Service	Capital Projects	Nonmajor Special Recreation	Totals
-	-	655,944	9,742,018
-	-	-	8,306,731
-	75,977	-	176,675
837	85,269	8,684	241,443
-	4,440	-	151,298
837	165,686	664,628	18,618,165
-	122,733	-	11,771,545
-	-	383,851	11,025,750
-	1,632,253	276,322	2,013,935
610,000	-	-	610,000
402,318	-	-	402,318
1,012,318	1,754,986	660,173	25,823,548
(1,011,481)	(1,589,300)	4,455	(7,205,383)
6,770,000	-	-	6,770,000
571,155	-	-	571,155
(33,769)	-	-	(33,769)
(7,203,762)	-	-	(7,203,762)
907,857	15,684,060	-	22,809,287
-	(7,125,227)	(258,400)	(22,809,287)
1,011,481	8,558,833	(258,400)	103,624
-	6,969,533	(253,945)	(7,101,759)
340,537	4,265,763	1,002,807	25,186,455
340,537	11,235,296	748,862	18,084,696

The notes to the financial statements are an integral part of this statement.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Fiscal Year Ended March 31, 2013

Net Change in Fund Balances - Total Governmental Funds	\$ (7,101,759)
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Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the
Statement of Activities the cost of those assets is allocated over their estimated
useful lives and reported as depreciation expense.

Capital Outlays	1,134,861
Depreciation Expense	(1,371,787)

The net effect of various miscellaneous transactions involving capital assets
is to increase net assets

Disposals - Cost	(1,933,957)
Disposals - Accumulated Depreciation	1,272,922

The issuance of long-term debt provides current financial resources to
governmental funds, while the repayment of the principal on long-term
debt consumes the current financial resources of the governmental funds.

Retirement of Debt	7,265,000
Additions to Compensated Absences Payable	(53,663)
Additions to Bond Premiums	(571,155)
Amortization of Bond Premiums	167,807
Debt Issuance	(6,770,000)

Changes to accrued interest on long-term debt in the Statement of Activities
does not require the use of current financial resources and, therefore, are not
reported as expenditures in the governmental funds.

33,647

Changes in Net Position of Governmental Activities	<u>(7,928,084)</u>
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The notes to the financial statements are an integral part of this statement.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Park District of Highland Park of Illinois (District) was incorporated July 9, 1909. The District operates under a Board-Manager form of government, providing recreation and other services to the residents of Highland Park which include: recreation programs, park management, capital development, and general administration.

REPORTING ENTITY

In determining the financial reporting entity, the District complies with the provisions of GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14," and includes all component units that have a significant operational or financial relationship with the District. Based upon the criteria set forth in the GASB Statement No. 39, there are no component units included in the reporting entity.

BASIS OF PRESENTATION

Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). The District's recreation and general administrative services are classified as governmental activities.

In the government-wide Statement of Net Position, the governmental activities columns are: (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resource basis, which recognizes all long-term assets/deferred outflows and receivables as well as long-term debt/deferred inflows and obligations. The District's net position is reported in three parts: net investment in capital assets; restricted; and unrestricted. The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions (general government, recreation, etc.) These functions are supported by general government revenues (property taxes and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, which include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

The net costs (by function) are normally covered by general revenue (property tax, interest income, etc.). The District does not allocate indirect costs. An administrative service fee is charged by the General Fund to the other operating funds, which is recorded as a transfer.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets/deferred outflows, liabilities/deferred inflows, fund equity, revenues and expenditures/expenses. The District's funds are all reported as governmental funds. The emphasis in fund financial statements is on the major funds.

GASB Statement No. 34 sets forth minimum criteria (percentage of the assets/deferred outflows, liabilities/deferred inflows, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The District electively added funds, as major funds, which either had debt outstanding or specific community focus. The nonmajor funds are combined in a column in the fund financial statements.

A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

Total assets/deferred outflows, liabilities/deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The various funds are reported by generic classification within the financial statements. The following fund types are used by the District:

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the District:

General fund is the general operating fund of the District. It accounts for all revenues and expenditures of the District which are not accounted for in other funds. The General Fund is a major fund.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

BASIS OF PRESENTATION – Continued

Fund Financial Statements – Continued

Governmental Funds – Continued

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The District maintains two special revenue funds. The Recreation Fund, a major special revenue fund, is used to account for the operations of the recreation programs. Financing is provided primarily from an annual property tax levy, and from fees charged for programs and activities.

Debt service funds are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt. The Debt Service Fund is treated as a major fund and records the District's general obligation debt activity.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities. The Capital Projects Fund is treated as a major fund and is used to account for financial resources acquired through bond issue which are to be used for improvements to existing park facilities and for maintenance supplies and staff for the general upkeep of all parks within the District.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), and financial position. All assets/deferred outflows and liabilities/deferred inflows (whether current or noncurrent) associated with their activities are reported.

All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets/deferred outflows and liabilities/deferred inflows are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements

March 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING – Continued

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability/deferred inflows is incurred or economic asset used. Revenues, expenses, gains, losses, assets/deferred outflows, and liabilities/deferred inflows resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. The District recognizes property taxes when they become both measurable and available in accordance with GASB Codification Section P70. A sixty day availability period is used for revenue recognition for all other governmental fund revenues. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are recognized when due.

In applying the susceptible to accrual concept under the modified accrual basis, those revenues susceptible to accrual are property taxes, interest revenue, and charges for services. All other revenues are not susceptible to accrual because generally they are not measurable until received in cash.

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY

Cash and Investments

For purpose of the Statement of Net Position, the District's cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agent.

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have any established market, if any, are reported at estimated fair value.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Interfund Receivables, Payables and Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. At year-end, the District only reports transfers

Prepays/Inventories

Prepays/inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type prepays/inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepays in both the government-wide and fund financial statements.

Capital Assets

Capital assets purchased or acquired with an original cost of more than \$5,000, are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses as incurred.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement costs.

Depreciation on all assets is computed and recorded using the straight-line method of depreciation over the following estimated useful lives:

Buildings	25 - 35 Years
Improvements	10 - 20 Years
Machinery and Equipment	3 - 15 Years
Furniture and Fixtures	10 - 20 Years
Vehicles	5 - 10 Years

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Compensated Absences

The District accrues accumulated unpaid vacation and associated employee-related costs when earned (or estimated to be earned) by the employee. In accordance with GASB Statement No. 16, no liability is recorded for nonvesting accumulation rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulated sick leave that is estimated to be taken as “terminal leave” prior to retirement or resignation.

All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures/expenses at the time of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

ASSETS/DEFERRED OUTFLOWS, LIABILITIES/DEFERRED INFLOWS, AND NET POSITION OR EQUITY – Continued

Fund Equity

In the government-wide financial statements, equity is classified as net position and displayed in three components:

Net investment in capital assets—Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted—Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted—All other net position balances that do not meet the definition of “restricted” or “net investment in capital assets”.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGETARY INFORMATION

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

- Prior to March 31 the Director submits to the Board of Commissioners a proposed operating budget for the upcoming fiscal year commencing April 1.
- The operating budget includes proposed expenditures and the means for financing.
- The District’s budgetary operations are governed by the appropriation law detailed in the Illinois Park District Code and administered by the Director of Finance.
- Notice is given, and public meetings are conducted, to obtain taxpayer comments.
- The Board may add to, subtract from, or change appropriations, but may not change the form of the budget.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

BUDGETARY INFORMATION – Continued

- Prior to the end of the first quarter of each fiscal year, the budget is legally enacted through the passage of an annual combined budget and appropriation ordinance.
- Budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds are legally adopted on a basis consistent with GAAP. Expenditures may not legally exceed appropriations at the fund level. Any expenditure in excess of the legally adopted appropriations must be approved by the District Board through a supplemental appropriation. There were supplemental appropriations during fiscal year 2013.
- After the first six months of any fiscal year, the District Board may, by a two-thirds vote, amend the initially approved appropriation ordinance. Unused appropriations lapse at the end of the fiscal year. Expenditures legally may not exceed the total of appropriations and beginning fund balance at the fund level.
- Management can make transfers between individual expenditure categories of a fund (i.e. services, utilities, etc.) for up to 10% for the budgeted amount, but not alter the total budget of the fund. However, Board of Commissioners approval is required in order for management to make transfers between different funds.
- Encumbrances represent- commitments related to unperformed contracts for goods or services. Encumbrance accounting – under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is utilized in the Governmental funds during the year. All outstanding encumbrances lapse at fiscal year end.

EXCESS OF ACTUAL EXPENDITURES OVER BUDGET IN INDIVIDUAL FUNDS

The following funds had an excess of actual expenditures over budget as of the date of this report:

Fund	Excess
Debt Service	\$ 147,633
Special Recreation	303,500

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements

March 31, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS

DEPOSITS AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "cash and investments". In addition, investments are separately held by several of the District's funds.

Permitted Deposits and Investments – Statutes authorize the District to make deposits/invest in commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, obligations of States and their political subdivisions, credit union shares, repurchase agreements, commercial paper rated within the three highest classifications by at least two standard rating services, the Illinois Funds, the Illinois Metropolitan Investment Fund, and the Illinois Park District Liquid Asset Fund.

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

The Illinois Metropolitan Investment Fund (IMET) is a non-for-profit investment trust formed pursuant to the Illinois Municipal Code. IMET is managed by a Board of Trustees elected from the participating members. IMET is not registered with the SEC as an Investment Company. Investments in IMET are valued at the share price, the price for which the investment could be sold.

The Illinois Park District Liquid Asset Fund allows Illinois park districts, forest preserves and joint recreational programs to pool their funds for investment purposes. Although not registered with the SEC, the Illinois Park District Liquid Asset Fund does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in the Illinois Park District Liquid Asset Fund are valued at the share price, the price for which the investment could be sold.

Interest Rate Risk, Credit Risk, Concentration Risk and Custodial Credit Risk

Deposits. At year-end, the carrying amount of the District's deposits totaled \$16,358,434 and the bank balances totaled \$16,629,830.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Interest Rate Risk, Credit Risk, Concentration Risk and Custodial Credit Risk – Continued

Investment Instrument	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Municipal Bonds	\$ 2,708,566	2,164,930	543,636	-	-
Illinois Funds	12,753	12,753	-	-	-
IMET	735,437	735,437	-	-	-
Illinois Park District Liquid Asset Fund	860,936	860,936	-	-	-
	4,317,692	3,774,056	543,636	-	-

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District limits its exposure to interest rate risk by attempting to coincide its investment maturities with projected cash flow needs. The District will not directly invest in securities maturing more than three (3) years from the date of purchase. Mortgage-backed securities may not have a final maturity date greater than 10 years nor an average life at purchase of five (5) years as calculated on a 100 P.S.A (Public Securities Association.) The maturity of the District's investment in the Illinois Funds, IMET, and the Illinois Park District Liquid Asset Fund is less than one year.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper, corporate bonds and mutual funds to the top two ratings issued by nationally recognized statistical rating organizations. The Park District's investment policy does not further limit its investment choices. At year-end, the District's investment in the Illinois Funds and the Illinois Park District Liquid Asset Fund was rated AAAM by Standard & Poor's and the debt securities ranged from AA+ to AAA (Standard and Poors). The Illinois Metropolitan Investment Trust Convenience Fund is rated AA Af by Standard & Poors and the 1-3 year Fund is rated AA f by Standard & Poors.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

Interest Rate Risk, Credit Risk, Concentration Risk and Custodial Credit Risk – Continued

Concentration Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy states that in no case shall the following diversification limits be exceeded unless specifically authorized by the Board of Commissioners:

- A. Investments in any one particular bank or savings and loan shall not exceed 10% of the investment portfolio, nor 10% of that financial institution's capital unless fully insured.
- B. No commercial paper investment shall exceed 10% of the portfolio and may not exceed 5% of the corporation's outstanding commercial paper debt.
- C. Mortgage-backed securities (U.S. Agency) will not exceed 20% of the total portfolio.

At March 31, 2013 all of the District's investments are in compliance with the guidelines outlined above in the District's investment policy. At year-end, the District does not have any investment that represent over 5 percent of the total cash and investment portfolio (other than U.S. Government guaranteed obligations).

Custodial Credit Risk. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's investment policy requires collateral to be held by a neutral third-party, registered on the District's name, priced to the market on a regular basis and be valued at 102% of the uninsured portion of the deposit. At year-end, the entire amount of the bank balance of the deposits was covered by federal depository or equivalent insurance.

For an investment, this is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not address custodial credit risk for investments. At year-end, the District's investments in the Illinois Funds, IMET, and the Illinois Park District Liquid Asset Fund are not categorizable for custodial credit risk.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

PROPERTY TAXES

Property taxes for 2012 attach as an enforceable lien on January 1, 2013, on property values assessed as of the same date. Taxes are levied by December of the subsequent fiscal year (by passage of a Tax Levy Ordinance). Tax bills are prepared by the County and are payable in two installments on or about June 1, 2013, and September 1, 2013. The County collects such taxes and remits them periodically. The allowance for uncollectible taxes has been stated at 1% of the tax levy, to reflect actual collection experience.

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund Transfers

Interfund transfers for the year consisted of the following:

<u>Transfer In</u>	<u>Transfers Out</u>	<u>Amount</u>
General	Capital Projects	\$ 6,217,370
Debt Service	Capital Projects	907,857
Capital Projects	General	5,491,925
Capital Projects	Recreation	9,933,735
Capital Projects	Nonmajor Governmental	<u>258,400</u>
		<u><u>22,809,287</u></u>

Transfers are used to (1)IMRF UALL paydown for reductions in rate and interest savings in future years, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) to fund Board approved capital items, and (4) to fund Special Recreation portion of capital items.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Notes to the Financial Statements
March 31, 2013**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Restated Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 3,248,634	-	-	3,248,634
Construction in Progress	205,991	444,447	205,991	444,447
	<u>3,454,625</u>	<u>444,447</u>	<u>205,991</u>	<u>3,693,081</u>
Depreciable Capital Assets				
Buildings	26,651,651	-	339,852	26,311,799
Improvements	9,586,183	619,535	479,861	9,725,857
Equipment	8,471,887	230,198	949,317	7,752,768
Vehicles	1,026,876	46,672	164,927	908,621
	<u>45,736,597</u>	<u>896,405</u>	<u>1,933,957</u>	<u>44,699,045</u>
Less Accumulated Depreciation				
Buildings	8,378,609	565,164	160,369	8,783,404
Improvements	5,760,042	326,901	364,767	5,722,176
Equipment	4,613,311	405,394	582,859	4,435,846
Vehicles	796,870	74,328	164,927	706,271
	<u>19,548,832</u>	<u>1,371,787</u>	<u>1,272,922</u>	<u>19,647,697</u>
Total Net Depreciable Capital Assets	<u>26,187,765</u>	<u>(475,382)</u>	<u>661,035</u>	<u>25,051,348</u>
Total Net Capital Assets	<u>29,642,390</u>	<u>(30,935)</u>	<u>867,026</u>	<u>28,744,429</u>

Depreciation expense was charged to governmental activities as follows:

Recreation	<u>\$ 1,371,787</u>
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PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT

General Obligation Limited Tax Debt Certificates

The District issues general obligation limited tax debt certificates to provide funds for the acquisition and construction of major capital facilities. General obligation limited tax debt certificates are direct obligations and pledge the full faith and credit of the District. General obligation limited tax debt certificates currently outstanding are as follows:

Issue	Beginning Balances	Issuances	Retirements	Ending Balances
General Obligation Limited Tax Debt Certificates of 2004, \$7,300,000 due in annual installments of \$110,000 to \$565,000 through December 15, 2015 plus interest at 4.20% to 4.80%.	\$ 5,395,000	-	4,300,000 * 350,000	745,000
General Obligation Limited Tax Debt Certificates of 2005, \$4,150,000 due in annual installments of \$105,000 to \$305,000 through December 15, 2015 plus interest at 3.50% to 4.05%.	2,980,000	-	2,355,000 * 200,000	425,000
General Obligation Limited Tax Refunding Debt Certificates of 2012, \$6,770,000 due in annual installments of \$35,000 to \$825,000 through December 15, 2024 plus interest at 2.00% to 3.00%.	-	6,770,000	60,000	6,710,000
	8,375,000	6,770,000	7,265,000	7,880,000

*Refunded

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Long-Term Liability Activity

Changes in long-term liabilities during the fiscal year were as follows:

Type of Debt	Beginning Balances	Additions	Deductions	Ending Balances	Amounts Due within One Year
Compensated Absences	\$ 602,116	107,326	53,663	655,779	131,156
General Obligation Limited Tax Debt Certificates	8,375,000	6,770,000	7,265,000	7,880,000	610,000
Unamortized Bond Premium	120,211	571,155	167,807	523,559	-
	<u>9,097,327</u>	<u>7,448,481</u>	<u>7,486,470</u>	<u>9,059,338</u>	<u>741,156</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund or the Recreation Fund. Payments on the general obligation limited tax debt certificates are made by the Capital Projects Fund.

Debt Service Requirements to Maturity

The annual debt service requirements to maturity, including principal and interest, are as follows:

Fiscal Year	General Obligation Limited Tax Debt Certificates	
	Principal	Interest
2014	\$ 610,000	244,394
2015	630,000	218,937
2016	660,000	192,600
2017	675,000	179,400
2018	690,000	159,150
2019	715,000	138,450
2020	735,000	117,000
2021	760,000	94,950
2022	780,000	72,150
2023	800,000	48,750
2024	825,000	24,750
Total	<u>7,880,000</u>	<u>1,490,531</u>

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

Defeased Debt

During the current fiscal year, the District issued \$7,500,000 par value General Obligation Limited Tax Refunding Debt Certificates of 2012 to refund \$4,300,000 of the General Obligation Limited Tax Debt Certificates of 2004 and \$2,355,000 of the General Obligation Limited Tax Debt Certificates of 2005. The District defeased bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payment of the old bonds. Since the requirements that normally satisfy defeasance have been met, the financial statements reflect satisfaction of the original liability through the irrevocable transfer to an escrow agent of an amount computed to be adequate to meet the future debt service requirements of the issue. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's basic financial statements. Through this refunding, the District reduced its total debt service by \$643,867 and obtained an economic gain of \$570,457.

Legal Debt Margin

Chapter 70, Section 1205/6-2 of the Illinois Compiled Statutes provides "...for the payment of land condemned or purchased for parks or boulevards, for the building, maintaining, improving and protection of the same and for the payment of the expenses incident thereto, or for the acquisition of real estate and lands to be used as a site for an armory, any park district is authorized to issue the bonds or notes of such park district and pledge its property and credit therefore to an amount including existing indebtedness of such district so that the aggregate indebtedness of such district does not exceed 2.875% of the value of the taxable property therein, to be ascertained by the last assessment for state and county taxes previous to the issue from time to time of such bonds or notes or, until January 1, 1983, if greater, the sum that is produced by multiplying the district's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979, if a petition, signed by voters in number equal to not less than 2% of the voters of the district, who voted at the last general election in the district, asking that the authorized aggregate indebtedness of the district be increased to not more than .575% of the value of the taxable property therein, is presented to the Board and such increase is approved by the voters of the district at a referendum held on the question."

Assessed Valuation - 2012	<u>\$ 2,354,383,357</u>
Legal Debt Limit - 2.875% of Equalized Assessed Value	67,688,522
Amount of Debt Applicable to Limit	<u>7,880,000</u>
Legal Debt Margin	<u>59,808,522</u>

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE/NET POSITION

Net investment in capital assets consisted of the following as of March 31, 2013:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 28,744,429
Less Capital Related Debt:	
General Obligation Limited Tax Debt Certificates of 2004	(745,000)
General Obligation Limited Tax Debt Certificates of 2005	(425,000)
General Obligation Limited Tax Refunding Debt Certificates of 2012	(6,710,000)
Unamortized Bond Premiums	<u>(523,559)</u>
Net Investment in Capital Assets	<u>20,340,870</u>

FUND BALANCE CLASSIFICATIONS

In the governmental funds financial statements, the District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District first utilizes committed, then assigned and then unassigned fund balance when an expenditure is incurred for purposes for which all three unrestricted fund balances are available.

Committed Fund Balance. The District reports committed fund balance in the Recreation Fund, a major fund. The District's Board has committed these funds through formal Board action (ordinance and/or resolution), to future culture and recreation expenditures.

Assigned Fund Balance. The District reports assigned fund balance in the Capital Projects Fund, a major fund. The District's Board, through the District's adopted fund balance policy, has given authority to management to assign these funds to future park improvement projects and equipment and vehicle purchases based on approved Board/management expenditures as determined through the annual budget process.

Minimum Fund Balance Policy. The District's policy manual states that the General Fund should maintain a minimum assigned fund balance level of three to four months (25-33%) and unassigned fund balance of four months (33%) of annual budgeted expenditures not including capital, debt service and interfund transfers. The District's policy manual states that the Recreation Fund should maintain a minimum assigned fund balance equal to 25% of budgeted expenditures not including capital, debt service and interfund transfers. Fund balances in excess of said levels may be transferred to the Capital Projects Fund at the discretion of the Board.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATIONS – Continued

The following is a schedule of fund balance classifications for the governmental funds as of the date of this report:

	General	Recreation	Debt Service	Capital Projects	Nonmajor Special Recreation	Totals
Fund Balances						
Nonspendable	\$ 7,802	84,069	-	-	131,304	223,175
Restricted						
Property Tax Levies						
IMRF	556,280	-	-	-	-	556,280
Liability Insurance	299,017	-	-	-	-	299,017
Audit	138,166	-	-	-	-	138,166
Police Protection	318,732	-	-	-	-	318,732
Museum	-	966,137	-	-	-	966,137
Special Recreation	-	-	-	-	617,558	617,558
Debt Service Reserves	-	-	340,537	-	-	340,537
	1,312,195	966,137	340,537	-	617,558	3,236,427
Committed						
Recreation	-	3,567,084	-	-	-	3,567,084
Assigned						
Capital Projects	-	-	-	11,235,296	-	11,235,296
Unassigned	(177,286)	-	-	-	-	(177,286)
Total Fund Balances	1,142,711	4,617,290	340,537	11,235,296	748,862	18,084,696

NET POSITION RESTATEMENT

The District has restated its financial statements \$1,974,962 (from \$43,651,627 to \$45,626,589) for governmental activities due to the District having an asset valuation completed during the current year resulting in differences between recorded assets and assets actually owned.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 4 – OTHER INFORMATION

RISK MANAGEMENT

Park District Risk Management Agency (PDRMA)

The District is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and net income losses. Since 1984, the District has been a member of the Park District Risk Management Agency (PDRMA) Property/Casualty Program, a joint risk management pool of park and forest preserve districts, and special recreation associations through which property, general liability, automobile liability, crime, boiler and machinery, public officials', employment practices liability and workers compensation coverage is provided in excess of specified limits for the members, acting as a single insurable unit. The following table is a summary of the coverage in effect for the period January 1, 2013 to January 1, 2014:

Coverage	Member Deductible	PDRMA Self- Insured Retention	Limits
PROPERTY			
Property/Bldg/Contents			
All Losses Per Occurrence	\$1,000	\$1,000,000	\$1,000,000,000/All Members
All Losses Annual Aggregate		\$3,000,000	
Flood/except Zones A & V	\$1,000	\$100,000	\$250,000,000/Occurrence/Annual Aggregate
Flood, Zones A & V	\$1,000	\$250,000	\$200,000,000/Occurrence/Annual Aggregate
Earthquake Shock	\$1,000	\$100,000	\$100,000,000/Occurrence/Annual Aggregate
Auto Physical Damage			
Comprehensive and Collision	\$1,000	\$1,000,000	Included
Course of Construction/Builders Risk	\$1,000	Included	\$25,000,000
Business Interruption, Rental			
Income, Tax Income Combined	\$1,000		\$100,000,000/Reported Values
			\$500,000/\$2,500,000/Non-Reported Values
Service Interruption	24 hours	N/A	\$10,000,000
Boiler and Machinery			\$100,000,000 Equipment Breakdown
Property Damage	\$1,000	\$9,000	Property Damage - Included
Business Income	48 hours	N/A	Included
Fidelity and Crime	\$1,000	\$24,000	\$2,000,000
Seasonal Employees	\$1,000	\$9,000	\$1,000,000
Blanket Bond	\$1,000	\$24,000	\$2,000,000
WORKERS COMPENSATION			
Employers Liability	N/A	\$500,000	\$3,500,000 Employers Liability

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Park District Risk Management Agency (PDRMA) – Continued

Coverage	Member Deductible	PDRMA Self- Insured Retention	Limits
LIABILITY			
General	None	\$500,000	\$21,500,000/Occurrence/Annual Aggregate
Auto Liability	None	\$500,000	\$21,500,000/Occurrence/Annual Aggregate
Employment Practices	None	\$500,000	\$21,500,000/Occurrence/Annual Aggregate
Public Officials' Liability	None	\$500,000	\$21,500,000/Occurrence/Annual Aggregate
Law Enforcement Liability	None	\$500,000	\$21,500,000/Occurrence/Annual Aggregate
Uninsured/Underinsured Motorists	None	Included	\$1,000,000/Occurrence
POLLUTION LIABILITY			
Liability - Third party	None	\$25,000	\$5,000,000/Occurrence
Property - First party	\$1,000	\$24,000	\$10,000,000 General Aggregate
OUTBREAK EXPENSE			
Outbreak Expense	24 hours	N/A	\$15,000 per Day, \$450,000 per Location, \$1,000,000 Aggregate Policy Limit
INFORMATION SECURITY AND PRIVACY INSURANCE WITH ELECTRONIC MEDIA			
LIABILITY COVERAGE			
Information Security & Privacy			
Liability	None	\$100,000	\$2,000,000/Occurrence/Annual Aggregate
Privacy Notification, Costs			\$500,000/Occurrence/Annual Aggregate
Regulatory Defense & Penalties	None	\$100,000	\$2,000,000/Occurrence/Annual Aggregate
Website Media Content Liability	None	\$100,000	\$2,000,000/Occurrence/Annual Aggregate
Cyber Extortion	None	\$100,000	\$2,000,000/Occurrence/Annual Aggregate
Data Protection & Business			
Interruption	\$1,000	\$100,000	\$2,000,000/Occurrence/Annual Aggregate
First Party Business Interruption	8 Hours	\$100,000	\$25,000 Hourly Sublimit/\$25,000 Forensic Exp./\$100,000 Dependent Bus. Interruption
VOLUNTEER MEDICAL ACCIDENT			
Volunteer Medical Accident	None	\$5,000	\$5,000 Medical Expense and AD&D Excess of any other Collectible Insurance
UNDERGROUND STORAGE TANK LIABILITY			
Underground Storage Tank Liability	None	N/A	\$10,000, Follows Illinois Leaking Underground Tank Fund
UNEMPLOYMENT COMPENSATION			
Unemployment Compensation	N/A	N/A	Statutory

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Park District Risk Management Agency (PDRMA) – Continued

Losses exceeding the per occurrence self-insured and reinsurance limit would be the responsibility of the District.

As a member of PDRMA's Property/Casualty Program, the District is represented on the Property/Casualty Program Council and the Membership Assembly and is entitled to one vote on each. The relationship between the District and PDRMA is governed by a contract and by-laws that have been adopted by resolution of the District's governing body.

The District is contractually obligated to make all annual and supplementary contributions to PDRMA, to report claims on a timely basis, cooperate with PDRMA, its claims administrator and attorneys in claims investigations and settlement, and to follow risk management procedures as outlined by PDRMA. Members have a contractual obligation to fund any deficit of PDRMA attributable to a membership year during which they were a member.

PDRMA is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Program Council. PDRMA also provides its members with risk management services, including the defense of and settlement of claims, and establishes reasonable and necessary loss reduction and prevention procedures to be followed by the members.

The following represents a summary of PDRMA's Property/Casualty Program balance sheet at December 31, 2012 and the statement of revenues and expenses for the period ending December 31, 2012.

Assets	\$58,731,852
Liabilities	22,007,198
Member Balances	36,724,654
Revenues	21,144,568
Expenditures	17,586,080

The District's portion of the overall equity in the pool is 3.153% or \$1,157,844.

Since 97% of PDRMA's liabilities are reserves for losses and loss adjustment expenses which are based on an actuarial estimate of the ultimate losses incurred, the Member Balances are adjusted annually as more recent loss information becomes available.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 4 – OTHER INFORMATION – Continued

RISK MANAGEMENT – Continued

Park District Risk Management Agency (PDRMA) Health Program

Since September 1, 1992, the District has been a member of the Park District Risk Management Agency (PDRMA) Health Program, a health insurance pool of park districts, special recreation associations, and public service organizations through which medical, vision, dental, life and prescription drug coverages are provided in excess of specified limits for the members, acting as a single insurable unit. The pool purchases excess insurance covering single claims over \$225,000. Until January 1, 2001 the PDRMA Health Program was a separate legal entity formerly known as the Illinois Park Employees Health Network (IPEHN).

Members can choose to provide any combination of coverages available to their employees, and pay premiums accordingly.

As a member of the PDRMA Health Program, the District is represented on the Health Program Council as well as the Membership Assembly and is entitled to one vote on each. The relationship between the member agency and PDRMA Health Program is governed by a contract and by-laws that have been adopted by a resolution of each member's governing body. Members are contractually obligated to make all monthly payments to the PDRMA Health Program and to fund any deficit of the PDRMA Health Program upon dissolution of the pool. They will share in any surplus of the pool based on a decision by the Health Program Council.

The following represents a summary of PDRMA's Health Program balance sheet at December 31, 2012 and the statement of revenues and expenses for the period ending December 31, 2012.

Assets	\$12,097,161
Liabilities	5,303,695
Member Balances	6,793,466
Revenues	27,286,495
Expenditures	25,678,129

A large percentage of PDRMA's liabilities are reserves for losses and loss adjustment expenses, which are based on an actuarial estimate of the ultimate losses incurred.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 4 – OTHER INFORMATION – Continued

POST-EMPLOYMENT BENEFITS

In addition to providing pension benefits, the District provides certain health care insurance benefits for retired employees. In accordance with the personnel policy substantially all of the District's employees may become eligible for those benefits if they reach normal retirement age while working for the District. The retirees pay 100 percent of the annual premium for health insurance. The District's health insurance provider, PDRMA utilizes community based rates, which adjust for the demographics of the District's pool of participants, including age, etc. Therefore, there is no implicit subsidy to calculate in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. Additionally, the amount related to the explicit cost of former employees is immaterial to the financial statements.

JOINT VENTURE

Northern Suburban Special Recreation Association (NSSRA)

The District, along with eleven other park districts, has entered into a joint agreement to provide cooperative recreational programs and other activities for handicapped and impaired individuals. Each member agency shares equally in the Association and generally provides funding based on up to .0400 cents per \$100 of its equalized assessed valuation. The District contributed \$254,225 to the Association during the current fiscal year. The District does not have a direct financial interest in the Association and, therefore, its investment therein is not reported within the financial statements. Upon dissolution of the Association, the assets, if any, shall be divided among the members in accordance with an equitable formula as determined by a unanimous vote of the Board of Directors of the Association.

A complete, separate financial statement for the Association can be obtained from the Association's administrative offices at 3104 MacArthur Blvd., Northbrook, Illinois 60062.

CONTINGENT LIABILITIES

Litigation

The District is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the District's attorney the resolution of these matters will not have a material adverse effect on the financial condition of the District.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

Plan Descriptions, Provisions and Funding Policies

The District contributes to the Illinois Municipal Retirement Fund (IMRF), a defined benefit agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan; those provisions can only be amended by the Illinois General Assembly. IMRF provides retirement, disability, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. IMRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole, but not by individual employer. That report may be obtained at www.imrf.org.

All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. Participating members hired before January 1, 2011 who retire at or after age 60 with 8 years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3 percent of their final rate (average of the highest 48 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service up to 15 years, and 2 percent for each year thereafter. For participating members hired on or after January 1, 2011 who retire at or after age 67 with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3 percent of their final rate (average of the highest 96 consecutive months' earnings during the last 10 years) of earnings, for each year of credited service, with a maximum salary cap of \$106,800 at January 1, 2011. The maximum salary cap increases each year thereafter. The monthly pension of a member hired on or after January 1, 2011, shall be increased annually, following the later of the first anniversary date of retirement or the month following the attainment of age 62, by the lesser of 3% or ½ of the consumer price index. Employees with at least 10 years of credited service may retire at or after age 62 and receive a reduced benefit. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute. Employees participating in the plan are required to contribute 4.50 percent of their annual covered salary to IMRF. The employees' contribution rate is established by state statute. The District is required to contribute the remaining amount necessary to fund the IMRF plan as specified by statute. The employer contribution and annual required contribution rate for calendar year 2012 was 13.76 percent.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements March 31, 2013

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Funding Policy and Annual Pension Cost

For March 31, 2013, the District's annual pension cost of \$891,050 was equal to the District's required and actual contributions. The required contribution was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5% 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 10.0% per year, depending on age and service, attributable to seniority/merit and (d) post-retirement benefit increases of 3% annually. The actuarial value of IMRF 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. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at March 31, 2013 was 30 years.

Trend Information

Employer annual pension cost (APC), actual contributions and the net pension obligation (NPO) are as follows. The NPO is the cumulative difference between the APC and the contributions actually made.

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 818,795	100.00%	None
2012	830,631	100.00%	None
2013	891,050	100.00%	None

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements

March 31, 2013

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Funded Status and Funding Progress

The District's funded status for the current year and related information for IMRF is as follows:

Actuarial Valuation Date	12/31/12
Percent Funded	100.80%
Actuarial Accrued Liability for Benefits	\$19,130,452
Actuarial Value of Assets	\$19,284,330
Over (Under) Funded Actuarial Accrued Liability (UAAL)	\$153,878
Covered Payroll (Annual Payroll of Active Employees Covered by the Plan)	\$6,475,654
Ratio of UAAL to Covered Payroll	2.38%

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SUBSEQUENT EVENT

On April 9, 2013, the District issued \$8,755,000 of Debt Certificates of 2013. The certificates bear interest at a rate of 2.00% to 3.00% and are due in annual installment of \$505,000 to \$685,000 plus interest through December 15, 2027.

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board (GASB) but are not considered a part of the basic financial statements. Such information includes:

- Schedule of Funding Progress and Employer Contributions
Illinois Municipal Retirement Fund
- Budgetary Comparison Schedules
General Fund
Recreation – Special Revenue Fund

Notes to the Required Supplementary Information

Budgetary Information – Budgets are adopted on a basis consistent with generally accepted accounting principles.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Funding Progress and Employer Contributions
March 31, 2013**

Funding Progress

Actuarial Valuation Date Dec. 31	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (Overfunded) Actuarial Accrued Liability (2) - (1)	(5) Annual Covered Payroll	(6) Unfunded (Overfunded) Actuarial Accrued Liability as a Percentage of Covered Payroll (4) ÷ (5)
2007	\$ 13,963,278	\$ 15,896,418	87.84%	\$ 1,933,140	\$ 5,825,817	33.18%
2008	12,939,753	18,628,372	69.46%	5,688,619	6,489,063	87.66%
2009	11,012,858	17,421,902	63.21%	6,409,044	6,259,653	102.39%
2010	11,066,852	17,021,601	65.02%	5,954,749	6,156,350	96.73%
2011	11,319,036	17,535,406	64.55%	6,216,370	6,040,956	102.90%
2012	19,284,330	19,130,452	100.80%	(153,878)	6,475,654	(2.38)%

Employer Contributions

Fiscal Year	Employer Contributions	Annual Required Contribution	Percent Contributed
2008	\$ 579,086	\$ 579,086	100.00%
2009	633,332	633,332	100.00%
2010	645,996	645,996	100.00%
2011	818,795	818,795	100.00%
2012	830,631	830,631	100.00%
2013	891,050	891,050	100.00%

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS**General Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Fiscal Year Ended March 31, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 4,391,390	4,391,390	4,404,193
Replacement	157,000	157,000	137,129
Charges for Services			
Fees and Charges	-	-	47,286
Sales and Rental	20,700	20,700	3,414
Grants and Donations	3,940	3,940	69,000
Interest	75,970	75,970	55,658
Miscellaneous	9,700	9,700	20,562
Total Revenues	<u>4,658,700</u>	<u>4,658,700</u>	<u>4,737,242</u>
Expenditures			
General Government			
Salaries	2,346,282	2,346,282	2,276,525
Services	802,005	802,005	755,018
Insurance	884,659	884,659	884,778
Utilities	98,013	98,013	102,324
Materials and Supplies	205,247	205,247	220,396
Landscape and Maintenance	101,700	101,700	101,151
Pension Contributions	1,121,101	7,337,471	7,308,620
Total Expenditures	<u>5,559,007</u>	<u>11,775,377</u>	<u>11,648,812</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>(900,307)</u>	<u>(7,116,677)</u>	<u>(6,911,570)</u>
Other Financing Sources (Uses)			
Transfers In	-	6,216,370	6,217,370
Transfers Out	-	(5,491,925)	(5,491,925)
	<u>-</u>	<u>724,445</u>	<u>725,445</u>
Net Change in Fund Balance	<u>(900,307)</u>	<u>(6,392,232)</u>	(6,186,125)
Fund Balance - Beginning			<u>7,328,836</u>
Fund Balance - Ending			<u><u>1,142,711</u></u>

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS**Recreation - Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Fiscal Year Ended March 31, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 4,661,231	4,661,231	4,544,752
Charges for Services			
Fees and Charges	2,450,766	2,450,766	2,386,702
Instruction Fees	4,816,211	4,816,211	4,627,790
Sales and Rental	1,229,863	1,229,863	1,241,539
Grants and Donations	24,500	24,500	31,698
Interest	129,356	129,356	90,995
Miscellaneous	105,850	105,850	126,296
Total Revenues	<u>13,417,777</u>	<u>13,417,777</u>	<u>13,049,772</u>
Expenditures			
Recreation	11,382,749	11,349,635	10,641,899
Capital Outlay	151,410	151,410	105,360
Total Expenditures	<u>11,534,159</u>	<u>11,501,045</u>	<u>10,747,259</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,883,618	1,916,732	2,302,513
Other Financing (Uses)			
Transfers Out	<u>(1,500,000)</u>	<u>(11,433,735)</u>	<u>(9,933,735)</u>
Net Change in Fund Balance	<u>383,618</u>	<u>(9,517,003)</u>	<u>(7,631,222)</u>
Fund Balance - Beginning			<u>12,248,512</u>
Fund Balance - Ending			<u>4,617,290</u>

OTHER SUPPLEMENTARY INFORMATION

Other supplementary information includes financial statements and schedules not required by the GASB, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

Such statements and schedules include:

- Budgetary Comparison Schedules – Major Governmental Funds
 - Recreation – Special Revenue Fund
 - Debt Service Fund
 - Capital Projects Fund
- Budgetary Comparison Schedule – Nonmajor Governmental Fund
 - Special Recreation – Special Revenue Fund

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

GENERAL FUND

The General Fund accounts for all financial resources except those required to be accounted for in another fund.

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than capital projects funds) that are legally restricted to expenditure for specified purposes.

Recreation

The Recreation Fund is used to account for the operations of the recreation programs. Financing is provided primarily from an annual property tax levy, and from fees charged for programs and activities.

Special Recreation

The Special Recreation Fund is used to account for revenues derived from a specific annual property tax levy and expenditures of these monies to the Northern Suburban Special Recreation Association to provide special recreation programs for the physically and mentally handicapped.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for financial resources acquired through bond issue which are to be used for improvements to existing park facilities and for maintenance supplies and staff for the general upkeep of all parks within the District.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Recreation - Special Revenue Fund

**Schedule of Expenditures - Budget and Actual
Fiscal Year Ended March 31, 2013**

	Budget		Actual
	Original	Final	
Recreation			
Salaries	\$ 4,733,273	4,733,273	4,619,163
Services	1,279,878	1,279,878	1,079,206
Insurance	957,745	957,745	749,797
Utilities	634,337	634,337	584,799
Materials and Supplies	373,469	373,469	348,058
Landscape and Maintenance	317,773	317,773	278,731
Program Expenditures	2,588,781	2,555,667	2,494,061
Pension Contributions	497,493	497,493	488,084
Total Recreation	11,382,749	11,349,635	10,641,899
Capital Outlay	151,410	151,410	105,360
Total Expenditures	11,534,159	11,501,045	10,747,259

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Debt Service Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Fiscal Year Ended March 31, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ -	-	837
Expenditures			
Debt Service			
Principal	550,000	550,000	610,000
Interest and Fiscal Charges	359,755	314,685	402,318
Total Expenditures	909,755	864,685	1,012,318
Excess (Deficiency) of Revenues Over (Under) Expenditures	(909,755)	(864,685)	(1,011,481)
Other Financing Sources (Uses)			
Debt Issuance	-	-	6,770,000
Premium on Debt Issuance	-	-	571,155
Discount on Debt Issuance	-	-	(33,769)
Payment to Escrow Agent	-	-	(7,203,762)
Transfers In	-	-	907,857
	-	-	1,011,481
Net Change in Fund Balance	(909,755)	(864,685)	-
Fund Balance - Beginning			340,537
Fund Balance - Ending			340,537

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Fiscal Year Ended March 31, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Grants and Donations	\$ 424,000	424,000	75,977
Interest	-	-	85,269
Miscellaneous	-	-	4,440
Total Revenues	424,000	424,000	165,686
Expenditures			
General Government	-	-	122,733
Capital Outlay	5,557,302	2,583,096	1,632,253
Total Expenditures	5,557,302	2,583,096	1,754,986
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,133,302)	(2,159,096)	(1,589,300)
Other Financing Sources (Uses)			
Transfers In	2,298,200	17,723,860	15,684,060
Transfers Out	-	(6,216,370)	(7,125,227)
	2,298,200	11,507,490	8,558,833
Net Change in Fund Balance	(2,835,102)	9,348,394	6,969,533
Fund Balance - Beginning			4,265,763
Fund Balance - Ending			11,235,296

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Special Recreation - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Fiscal Year Ended March 31, 2013**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 658,056	658,056	655,944
Interest	-	-	8,684
Total Revenues	658,056	658,056	664,628
Expenditures			
Recreation			
Services	356,673	356,673	383,851
Capital Outlay	798,200	-	276,322
Total Expenditures	1,154,873	356,673	660,173
Excess (Deficiency) of Revenues Over (Under) Expenditures	(496,817)	301,383	4,455
Other Financing (Uses)			
Transfers Out	-	(798,200)	(258,400)
Net Change in Fund Balance	(496,817)	(496,817)	(253,945)
Fund Balance - Beginning			1,002,807
Fund Balance - Ending			748,862

SUPPLEMENTAL SCHEDULES

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Long-Term Debt Requirements

**General Obligation Limited Tax Debt Certificates of 2004
March 31, 2013**

Date of Issue	July 15, 2004
Date of Maturity	December 15, 2014
Authorized Issue	\$7,300,000
Interest Rates	4.20% - 4.80%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Amalgamated Bank of Chicago, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 15	Amount	Dec. 15	Amount
2014	\$ 365,000	34,456	399,456	2013	17,228	2013	17,228
2015	380,000	17,575	397,575	2014	8,788	2014	8,787
	745,000	52,031	797,031		26,016		26,015

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Long-Term Debt Requirements

General Obligation Limited Tax Debt Certificates of 2005

March 31, 2013

Date of Issue	February 1, 2005
Date of Maturity	December 15, 2014
Authorized Issue	\$4,150,000
Interest Rates	3.50% - 4.05%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Amalgamated Bank of Chicago, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 15	Amount	Dec. 15	Amount
2014	\$ 210,000	15,938	225,938	2013	7,969	2013	7,969
2015	215,000	8,062	223,062	2014	4,031	2014	4,031
	425,000	24,000	449,000		12,000		12,000

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Long-Term Debt Requirements

General Obligation Limited Tax Refunding Debt Certificates of 2012

March 31, 2013

Date of Issue	July 16, 2012
Date of Maturity	December 15, 2023
Authorized Issue	\$6,770,000
Interest Rates	2.00% - 3.00%
Interest Dates	June 15 and December 15
Principal Maturity Date	December 15
Payable at	Amalgamated Bank of Chicago, Chicago IL

CURRENT AND LONG-TERM PRINCIPAL AND INTEREST REQUIREMENTS

Fiscal Year	Requirements			Interest Due on			
	Principal	Interest	Totals	Jun. 15	Amount	Dec. 15	Amount
2014	\$ 35,000	194,000	229,000	2013	97,000	2013	97,000
2015	35,000	193,300	228,300	2014	96,650	2014	96,650
2016	660,000	192,600	852,600	2015	96,300	2015	96,300
2017	675,000	179,400	854,400	2016	89,700	2016	89,700
2018	690,000	159,150	849,150	2017	79,575	2017	79,575
2019	715,000	138,450	853,450	2018	69,225	2018	69,225
2020	735,000	117,000	852,000	2019	58,500	2019	58,500
2021	760,000	94,950	854,950	2020	47,475	2020	47,475
2022	780,000	72,150	852,150	2021	36,075	2021	36,075
2023	800,000	48,750	848,750	2022	24,375	2022	24,375
2024	825,000	24,750	849,750	2023	12,375	2023	12,375
	<u>6,710,000</u>	<u>1,414,500</u>	<u>8,124,500</u>		<u>707,250</u>		<u>707,250</u>

STATISTICAL SECTION

(Unaudited)

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the District's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Net Position by Component - Last Ten Fiscal Years*
March 31, 2013 (Unaudited)

See Following Page

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Net Position by Component - Last Ten Fiscal Years*
March 31, 2013 (Unaudited)

	2004	2005	2006
Governmental Activities			
Net Investment in Capital Assets	\$ 18,509,311	12,767,588	15,836,824
Restricted	-	-	-
Unrestricted	18,633,005	26,544,777	24,945,355
Total Primary Government	37,142,316	39,312,365	40,782,179

* Accrual Basis of Accounting

The District implemented GASB Statement No. 34 for the fiscal year 2004.

2007	2008	2009	2010	2011	2012	2013
16,670,768	17,015,571	16,980,051	17,324,368	18,453,824	19,172,217	20,340,870
-	-	-	-	5,665,680	3,526,882	3,165,145
26,461,923	28,829,690	25,718,231	33,970,537	18,474,656	20,952,528	14,192,490
43,132,691	45,845,261	42,698,282	51,294,905	42,594,160	43,651,627	37,698,505

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years* **March 31, 2013 (Unaudited)**

	2004	2005	2006
Expenses			
General Government	\$ -	-	-
Recreation	13,862,724	13,935,568	16,427,341
Interest on Long-Term Debt	141,155	128,328	657,939
Total Primary Government Expenses	14,003,879	14,063,896	17,085,280
Program Revenues			
Charges for Services			
Recreation	6,633,198	6,600,515	7,907,049
Operating Grants/Contributions	102,798	386,025	294,566
Capital Grants/Contributions	-	-	-
Total Primary Government Program Revenues	6,735,996	6,986,540	8,201,615
Total Primary Government			
Net (Expense) Revenue	(7,267,883)	(7,077,356)	(8,883,665)
General Revenues and Other Changes in Net Position			
Taxes			
Property	8,279,964	8,583,045	9,133,244
Replacement	94,040	101,789	135,415
Impact Fees	156,816	26,250	124,250
Interest	141,064	291,234	659,509
Miscellaneous	270,195	245,587	301,061
Total Primary Government	8,942,079	9,247,905	10,353,479
Changes in Net Position			
Total Primary Government	1,674,196	2,170,549	1,469,814

* Accrual Basis of Accounting

The District implemented GASB Statement No. 34 for the fiscal year 2004.

2007	2008	2009	2010	2011	2012	2013
-	-	-	4,375,300	4,280,808	4,413,988	11,825,208
17,183,796	17,502,723	22,443,337	13,260,341	13,511,109	12,881,240	13,937,646
547,617	744,770	444,921	455,332	401,313	367,934	783,395
17,731,413	18,247,493	22,888,258	18,090,973	18,193,230	17,663,162	26,546,249
8,267,444	8,850,572	9,420,692	8,972,249	8,705,561	8,190,406	8,306,731
401,335	327,872	268,125	335,767	246,781	238,034	176,675
-	-	-	-	-	-	-
8,668,779	9,178,444	9,688,817	9,308,016	8,952,342	8,428,440	8,483,406
(9,062,634)	(9,069,049)	(13,199,441)	(8,782,957)	(9,240,888)	(9,234,722)	(18,062,843)
9,566,128	10,205,163	10,633,998	10,667,644	10,737,943	9,757,439	9,604,889
147,692	176,501	158,269	144,136	151,796	138,583	137,129
153,768	134,826	13,600	9,500	-	-	-
934,331	878,417	798,124	432,492	205,327	228,671	241,443
611,227	386,711	381,612	346,370	248,165	167,496	151,298
11,413,146	11,781,618	11,985,603	11,600,142	11,343,231	10,292,189	10,134,759
2,350,512	2,712,569	(1,213,838)	2,817,185	2,102,343	1,057,467	(7,928,084)

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Fund Balances of Governmental Funds - Last Ten Fiscal Years* March 31, 2013 (Unaudited)

	2004	2005	2006
General Fund			
Reserved	\$ -	-	-
Unreserved	2,380,403	2,290,822	2,543,410
Nonspendable	-	-	-
Restricted	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total General Fund	2,380,403	2,290,822	2,543,410
All Other Governmental Funds			
Reserved	-	-	-
Unreserved, Reported in			
Special Revenue Funds	5,037,034	5,868,081	6,758,127
Debt Service Funds	-	15,336	64,588
Capital Projects Funds	2,840,775	8,525,066	6,330,500
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Total All Other Governmental Funds	7,877,809	14,408,483	13,153,215
Total Governmental Funds	10,258,212	16,699,305	15,696,625

* Modified Accrual Basis of Accounting

The District implemented GASB Statement No. 54 for the fiscal year 2012.

2007	2008	2009	2010	2011	2012	2013
-	-	15,542	7,563	2,483,765	-	-
2,980,887	3,465,744	3,975,834	4,462,548	2,397,067	-	-
-	-	-	-	-	8,691	7,802
-	-	-	-	-	1,828,620	1,312,195
-	-	-	-	-	2,471,600	-
-	-	-	-	-	3,019,925	(177,286)
2,980,887	3,465,744	3,991,376	4,470,111	4,880,832	7,328,836	1,142,711
-	-	187,176	200,327	3,379,208	-	-
8,304,882	9,665,287	11,162,636	13,032,810	10,869,322	-	-
179,361	230,296	279,909	321,114	-	-	-
5,551,565	5,612,213	5,789,486	5,909,615	5,681,538	-	-
-	-	-	-	-	198,174	215,373
-	-	-	-	-	1,803,191	1,924,232
-	-	-	-	-	11,290,491	3,567,084
-	-	-	-	-	4,565,763	11,235,296
14,035,808	15,507,796	17,419,207	19,463,866	19,930,068	17,857,619	16,941,985
17,016,695	18,973,540	21,410,583	23,933,977	24,810,900	25,186,455	18,084,696

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years* March 31, 2013 (Unaudited)

	2004	2005	2006
Revenues			
Taxes	\$ 6,049,481	7,863,632	8,275,653
Charges for Services	6,633,198	6,845,611	7,907,049
Interest	105,242	287,496	373,259
Grants and Donations	-	-	-
Miscellaneous	271,435	412,275	204,121
Total Revenues	13,059,356	15,409,014	16,760,082
Expenditures			
General Government	2,290,586	2,727,186	2,886,088
Recreation	8,108,039	8,212,060	9,476,833
Pension Contributions	739,274	899,529	1,002,950
Capital Outlay	188,969	105,156	93,074
Other	-	-	-
Debt Service			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	21,172	1,067,939
Total Expenditures	11,326,868	11,965,103	14,526,884
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,732,488	3,443,911	2,233,198
Other Financing Sources (Uses)			
Debt Issuance	-	11,640,332	2,266,490
Premium on Debt Issuance	-	-	-
Discount on Debt Issuance	-	-	-
Payment to Escrow Agent	-	-	-
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	11,640,332	2,266,490
Net Change in Fund Balances	1,732,488	15,084,243	4,499,688
Debt Service as a Percentage of Noncapital Expenditures	0%	0%	7%

* Modified Accrual Basis of Accounting

Note: As of March 31, 2011 Pension Contributions are included in General Government expenditures.

2007	2008	2009	2010	2011	2012	2013
9,319,222	9,769,372	10,307,816	10,811,780	10,889,739	9,896,022	9,742,018
8,822,547	9,313,270	9,702,417	8,985,791	8,705,561	8,190,406	8,306,731
934,331	878,416	798,124	432,492	205,327	228,671	176,675
-	-	-	-	246,781	238,034	241,443
611,227	386,711	381,612	678,291	248,165	167,496	151,298
19,687,327	20,347,769	21,189,969	20,908,354	20,295,573	18,720,629	18,618,165
3,602,456	3,795,556	4,208,532	4,026,970	4,358,433	4,370,856	11,771,545
9,823,795	10,438,784	11,208,100	10,423,472	11,638,820	11,354,779	11,025,750
1,096,341	1,232,339	1,354,522	1,368,432	-	-	-
2,690,231	1,753,128	1,418,003	1,389,837	1,186,728	1,704,837	2,013,935
-	-	-	-	-	-	-
-	1,915,000	1,935,000	1,960,000	1,805,000	530,000	610,000
2,430,617	533,380	508,338	528,807	429,669	384,602	402,318
19,643,440	19,668,187	20,632,495	19,697,518	19,418,650	18,345,074	25,823,548
43,887	679,582	557,474	1,210,836	876,923	375,555	(7,205,383)
1,275,880	1,277,264	1,270,000	1,300,000	-	-	6,770,000
-	-	24,765	12,558	-	-	571,155
-	-	-	-	-	-	(33,769)
-	-	-	-	-	-	(7,203,762)
-	-	1,240,087	1,362,015	3,444,976	4,257,986	22,809,287
-	-	(1,240,087)	(1,362,015)	(3,444,976)	(4,257,986)	(22,809,287)
1,275,880	1,277,264	1,294,765	1,312,558	-	-	103,624
1,319,767	1,956,846	1,852,239	2,523,394	876,923	375,555	(7,101,759)
12%	12%	12%	13%	12%	5%	4%

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years March 31, 2013 (Unaudited)

Fiscal Year	Tax Levy Year	Residential Property	Farm	Commercial Property
2004	2003	\$ 1,790,007,335	\$ 440,178	\$ 141,268,775
2005	2004	1,918,417,450	482,657	149,974,820
2006	2005	2,139,644,138	1,083,297	181,409,394
2007	2006	2,338,099,517	1,172,950	203,809,524
2008	2007	2,479,300,011	343	232,316,880
2009	2008	2,580,496,149	7,820	237,246,008
2010	2009	2,514,077,611	413	226,335,788
2011	2010	2,372,304,047	454	213,064,426
2012	2011	2,147,385,990	499	205,558,934
2012	2012	1,995,281,283	549	193,428,436

Data Source: Office of the County Clerk

Industrial Property		Railroad Property		Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
\$	1,672,521	\$	743,304	\$ -	\$ 1,934,132,113	0.433
	1,803,869		537,094	-	2,071,215,890	0.422
	8,230		506,518	-	2,322,651,577	0.397
	8,984		698,651	-	2,543,789,626	0.378
	430,159		901,876	-	2,712,949,269	0.377
	470,017		797,923	-	2,819,017,917	0.380
	567,093		919,688	-	2,741,900,593	0.394
	545,760		1,099,257	-	2,587,013,944	0.379
	476,191		961,743	-	2,354,383,357	0.410
	464,616		1,280,511	-	2,190,455,395	0.445

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years March 31, 2013 (Unaudited)

	2002	2003	2004	2005
District				
Corporate	0.1000	0.0980	0.1000	0.0980
IMRF	0.0230	0.0220	0.0200	0.0200
Police Protection	0.0130	0.0110	0.0090	0.0090
Audit	0.0020	0.0020	0.0020	0.0010
Liability Insurance	0.0200	0.0240	0.0250	0.0250
Recreation for Handicapped	0.0170	0.0260	0.0260	0.0240
Recreation	0.0900	0.0880	0.0860	0.0780
Recreation and Community Center	0.0750	0.0730	0.0710	0.0650
Bonds and Interest	-	0.0700	0.0660	0.0590
Museum	0.0190	0.0190	0.0170	0.0180
Total Direct Rates	0.3590	0.4330	0.4220	0.3970
Overlapping Rates				
Lake County	0.5020	0.4900	0.4650	0.4540
Lake County Forest Preserve District	0.2320	0.2250	0.2190	0.2100
Moraine Township	0.0500	0.0480	0.0470	0.0450
City of Highland Park	0.5050	0.4750	0.6240	0.4050
North Shore Sanitary District	0.1520	0.1440	0.0830	0.1320
South Lake Mosquito Abatement	0.0120	0.0120	0.0120	0.0120
Elementary School Districts	2.5070	2.1980	2.4720	2.3900
High School District	1.9080	1.8250	1.7580	1.6860
Community College District 532	0.2080	0.2010	0.2000	0.1970
Total Direct and Overlapping Rates	6.4350	6.0510	6.3020	5.9280

Data Source: Office of the County Clerk

Note: Rates are per \$1,000 of Assessed Value

2006	2007	2008	2009	2010	2011	2012
0.0990	0.1000	0.1010	0.1030	0.1360	0.1500	0.2560
0.0200	0.0190	0.0190	0.0220	0.0160	0.0170	-
0.0070	0.0070	0.0090	0.0100	0.0110	0.0120	-
0.0010	0.0010	0.0010	0.0010	-	-	-
0.0210	0.0170	0.0160	0.0150	0.0080	0.0090	-
0.0200	0.0250	0.0250	0.0240	0.0260	0.0280	0.0180
0.0750	0.0750	0.0770	0.0690	0.0740	0.0810	0.1710
0.0640	0.0650	0.0650	0.0820	0.0870	0.0900	-
0.0530	0.0500	0.0480	0.0490	-	-	-
0.0180	0.0180	0.0190	0.0190	0.0210	0.0230	-
0.3780	0.3770	0.3800	0.3940	0.3790	0.4100	0.4450
0.4500	0.4440	0.4530	0.4640	0.5050	0.5540	0.8080
0.2040	0.2010	0.1990	0.2000	0.1980	0.2010	0.2120
0.0440	0.0440	0.0450	0.0470	0.0520	0.0590	0.0660
0.5320	0.5170	0.5150	0.5360	0.5860	0.6430	0.7090
0.1250	0.1200	0.1210	0.1240	0.1360	0.1500	0.1500
0.0120	0.0110	0.0110	0.0120	0.0130	0.0140	0.1500
2.2980	2.1980	2.2830	2.3870	2.5505	2.8180	2.9570
1.6350	1.6140	1.6600	1.7480	1.9210	2.1670	2.1780
0.1950	0.1920	0.1960	0.2000	0.2180	0.2400	0.2400
5.8730	5.7180	5.8630	6.1120	6.5585	7.2560	7.9150

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Principal Property Tax Payers - Current Tax Year and Nine Tax Years Ago March 31, 2013 (Unaudited)

Taxpayer	Tax Year 2012			Tax Year 2003		
	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Metzler I Renaissance Place, LLC	\$ 12,232,787	1	0.56%	\$ 8,093,194	1	0.42%
Midwest Family Housing, LLC	7,775,874	2	0.35%			
Federal Realty Investment Trust	6,790,504	3	0.31%	5,792,714	2	0.30%
Highland Park Associates II, LLC	4,509,873	4	0.21%			
Klairmont Enterprises, Inc.	4,298,118	5	0.20%	4,337,825	4	0.22%
Americana Apartments	4,074,035	6	0.19%	4,565,244	3	0.24%
Sunset Food Market	3,739,993	7	0.17%	2,704,625	10	0.14%
Evergreen Real Estate	3,188,922	8	0.15%			
RSV Partners	2,875,316	9	0.13%			
LB & M Real Estate Management Inc	2,869,621	10	0.13%			
Solo Cup Company				4,078,497	7	0.21%
Dayton Hudson Corporation				4,315,381	5	0.22%
Jewel Food Stores				4,171,357	6	0.22%
Leonardi Enterprises				2,847,791	8	0.15%
Manor Health Care Services				2,800,011	9	0.14%
	<u>52,355,043</u>		<u>2.39%</u>	<u>43,706,639</u>		<u>2.26%</u>

Data Source: Office of the County Clerk

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Property Tax Levies and Collections - Last Ten Fiscal Years March 31, 2013 (Unaudited)

Fiscal Year	Tax Levy Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2004	2003	\$ 8,374,792	\$ 8,217,311	98.12%	\$ -	\$ 8,217,311	98.12%
2005	2004	8,740,531	8,652,848	99.00%	-	8,652,848	99.00%
2006	2005	9,220,927	9,171,531	99.46%	-	9,171,531	99.46%
2007	2006	9,615,524	9,561,971	99.44%	-	9,561,971	99.44%
2008	2007	10,227,819	10,149,547	99.23%	-	10,149,547	99.23%
2009	2008	10,712,269	10,667,644	99.58%	-	10,667,644	99.58%
2010	2009	10,803,088	10,737,943	99.40%	-	10,737,943	99.40%
2011	2010	9,804,783	9,757,439	99.52%	-	9,757,439	99.52%
2012	2011	9,652,972	9,604,889	99.50%	-	9,604,889	99.50%
2013	2012	9,747,527	-	0.00%	-	-	0.00%

Data Source: Office of the County Clerk/Park District Financial Records

Note: 2012 Tax Levy is Collected in Revenue in Fiscal Year 2014

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Ratios of Outstanding Debt by Type - Last Ten Fiscal Years March 31, 2013 (Unaudited)

Fiscal Year	Governmental Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds				
2004	\$	1,300,000	\$ 1,300,000	0.07%	\$ 42
2005		12,725,000	12,725,000	0.61%	413
2006		13,300,000	13,300,000	0.63%	430
2007		12,680,000	12,680,000	0.60%	408
2008		12,035,000	12,035,000	0.57%	385
2009		11,370,000	11,370,000	0.53%	361
2010		10,710,000	10,710,000	0.50%	340
2011		8,905,000	8,905,000	0.42%	283
2012		8,375,000	8,375,000	0.42%	280
2013		7,880,000	7,880,000	0.39%	265

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years March 31, 2013 (Unaudited)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
2004	\$ 1,300,000	\$ -	\$ 1,300,000	0.07%	\$ 42
2005	12,725,000	15,336	12,709,664	0.61%	412
2006	13,300,000	64,588	13,235,412	0.57%	428
2007	12,680,000	179,361	12,500,639	0.49%	402
2008	12,035,000	230,296	11,804,704	0.44%	378
2009	11,370,000	279,909	11,090,091	0.39%	352
2010	10,710,000	321,114	10,388,886	0.38%	330
2011	8,905,000	228,215	8,676,785	0.34%	275
2012	8,375,000	110,758	8,264,242	0.35%	277
2013	7,880,000	269,255	7,610,745	0.35%	256

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Actual Value of Taxable Property for property value data.

(2) See the Schedule of Demographic and Economic Statistics for population data.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Schedule of Direct and Overlapping Governmental Activities Debt March 31, 2013 (Unaudited)

Governmental Unit	Gross Debt	Percentage of Debt Applicable to District (1)	District's Share of Debt
District	\$ 7,880,000	100.00%	\$ 7,880,000
Overlapping Debt			
Lake County Forest Preserve District	280,420,000	8.81%	24,705,002
City of Highland Park	25,695,000	100.00%	25,694,229
School District 109	12,705,000	6.20%	787,964
Community College District 532	20,535,000	9.28%	1,905,032
High School District 113	15,145,000	55.53%	8,409,413
Village of Deerfield	55,830,000	2.71%	1,510,202
School District 112	1,765,000	94.05%	1,659,965
Total Overlapping Debt	412,095,000	276.57%	64,671,806
Total Direct and Overlapping Debt	419,975,000		72,551,806

Data Source: Lake County Tax Extension Department

(1) Determined by ratio of assessed valuation of property subject to taxation in the District to valuation of property subject to taxation in overlapping unit.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Schedule of Legal Debt Margin - Last Ten Fiscal Years
March 31, 2013 (Unaudited)**

See Following Page

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Schedule of Legal Debt Margin - Last Ten Fiscal Years
March 31, 2013 (Unaudited)**

	2004	2005	2006	2007
Legal Debt Limit	\$ 18,535,433	19,849,152	22,258,744	24,377,984
Total Net Debt Applicable to Limit	1,300,000	12,725,000	13,300,000	12,680,000
Legal Debt Margin	17,235,433	7,124,152	8,958,744	11,697,984
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.01%	64.11%	59.75%	52.01%

2008	2009	2010	2011	2012	2013
25,999,097	27,015,591	26,276,547	24,792,217	22,562,841	67,688,522
12,035,000	11,370,000	10,710,000	8,905,000	8,375,000	7,880,000
13,964,097	15,645,591	15,566,547	15,887,217	14,187,841	59,808,522
46.29%	42.09%	40.76%	35.92%	37.12%	11.64%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Value	<u>\$ 2,354,383,357</u>
Bonded Debt Limit - 2.875% of Assessed Value	67,688,522
Amount of Debt Applicable to Limit	<u>7,880,000</u>
Legal Debt Margin	<u>59,808,522</u>

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Demographic and Economic Statistics - Last Ten Fiscal Years March 31, 2013 (Unaudited)

Fiscal Year	(1) Population	(2) Personal Income	(3) Per Capita Personal Income	(4) Unemployment Rate
2004	30,799	\$ 1,807,285,320	\$ 58,680	3.90%
2005	30,817	2,095,186,196	67,988	3.70%
2006	30,936	2,103,276,768	67,988	3.10%
2007	31,106	2,114,834,728	67,988	2.80%
2008	31,231	2,123,333,228	67,988	3.30%
2009	31,516	2,142,709,808	67,988	4.30%
2010	31,516	2,142,709,808	67,988	6.20%
2011	31,516	2,142,709,808	67,988	6.70%
2012	29,882	1,977,740,170	66,185	5.60%
2013	29,763	2,024,003,052	68,004	5.70%

Data Source: (1) Population: 2000/2010 Lake County "Population and Housing Occupancy-2010" from
U.S. Census Bureau www.lakecountyil.gov/Planning
(2) Personal Income equals (1) x (3): 2010 Census from Census Bureau
(4) Unemployment Rate: Illinois Department of Employment Security (IDES)
<http://lmi.ides.state.il.us/laus/town>

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago
March 31, 2013 (Unaudited)**

Employer	2013			2004		
	Employees	Rank	Percentage of Total District Employment	Employees	Rank	Percentage of Total District Employment
Highland Park Hospital	1,200	1	8.20%			
School District 112	740	2	5.06%	500	4	2.92%
Park District of Highland Park	718	3 (1)	4.91%			
Ravinia Festival	690	4 (1)	4.72%	550	3 (1)	3.22%
Northern Suburban Special Ed District	506	5	3.46%			
School District 113	398	6	2.72%			
City of Highland Park	278	7	1.87%			
Highland Park Public Library	97	8	0.66%			
First Bank of Highland Park	94	9	0.64%			
Highland Park Post Office	85	10	0.58%			
Solo Cup Company				600	2	4.11%
Sunset Food Mart				350	5	2.08%
Opportunity Inc.				100	6	0.51%
Bank One, N.A.				70	7	0.41%
Mesirow Financial				70	8	0.41%
Mutual Building Materials				70	9	0.41%
	<u>4,806</u>		<u>32.82%</u>	<u>2,310</u>		<u>14.07%</u>

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

Data Source: 2010/2001 IL Manufacturers Directory, 2010/2001 IL Services Directory

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Full-Time Equivalent District Government Employees by Function - Last Ten Fiscal Years March 31, 2013 (Unaudited)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Administration										
Full-Time	21	22	18	25	25	24	24	18	24	24
Operations										
Full-Time	26	26	29	25	25	25	25	26	28	26
Recreation										
Full-Time	26	26	30	24	24	23	23	25	24	24
Total	73	74	77	74	74	72	72	69	76	74

Data Source: District Records

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Operating Indicators by Function/Program - Last Ten Fiscal Years
March 31, 2013 (Unaudited)**

See Following Page

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Operating Indicators by Function/Program - Last Ten Fiscal Years March 31, 2013 (Unaudited)

	2004	2005	2006
Recreation Center			
Memberships	N/A	N/A	N/A
Members	N/A	N/A	N/A
Day Passes	N/A	N/A	N/A
Rentals	N/A	N/A	N/A
AquaPark			
Memberships	1,037	1,108	1,149
Centennial Ice Area			
Ice Skating Participants	3,164	3,244	2,918
Gymnastics Participants	2,870	2,917	3,046
Arts Program			
Individual Enrollments	829	866	824
West Ridge			
Individual Enrollments	1,030	932	769
Athletics Programs			
Individual Enrollments	2,688	3,033	3,145
Camps			
Individual Enrollments	1,553	1,583	1,425
Special Events			
Individuals	376	444	510
Boating Beach			
Season Passes	476	470	454
Golf Course			
Annual Rounds Played	37,210	39,707	39,789
Tennis			
Memberships	696	713	682

Data Source: Various District Departments

N/A - Not Available

2007	2008	2009	2010	2011	2012	2013
1,565	1,693	1,691	1,549	1,499	1,897	2,952
2,802	3,036	3,300	2,803	2,736	2,584	2,712
3,776	3,877	4,508	3,844	2,639	2,914	2,235
439	485	540	274	192	241	207
1,229	1,189	937	827	846	872	484
3,208	3,141	3,268	2,529	3,297	2,453	1,809
2,871	2,574	2,599	2,500	2,714	1,874	2,165
836	744	749	720	827	359	363
2,436	2,380	2,208	1,918	1,973	1,592	1,919
3,319	3,515	3,466	3,504	3,920	2,691	2,455
1,528	1,375	1,345	1,415	1,284	1,275	1,238
437	490	552	532	554	1,613	3,215
588	664	667	451	357	384	232
35,705	30,196	33,134	29,808	30,001	30,859	31,635
713	649	658	600	591	577	693

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Capital Asset Statistics by Function/Program - Last Ten Calendar Years March 31, 2013 (Unaudited)

	2003	2004	2005
Recreation			
Facilities (Number of)			
Adventure Golf Mini-Course	1	1	1
Aqua Park	1	1	1
Ball Diamonds	22	22	22
Boat Launching Ramp	1	1	1
Disc Golf Courses	-	-	-
Dog Off-Leash Exercise Area	1	1	1
Fishing Ponds	3	3	3
Football Fields/Soccer	13	13	13
Golf Course	1	1	1
Golf Learning Center (Driving Range)	1	1	1
Gymnastics Studio	1	1	1
Indoor Tennis Courts	6	6	6
Indoor Ice Arena	1	1	1
Indoor Playground	1	1	1
In-Line/Skateboard Park	1	1	1
Walking and Bike Trails (Miles)	4	4	4
Nature Center	1	1	1
Nature Preserves	-	-	-
Outdoor Basketball Courts	10	10	10
Outdoor Hard Surface Tennis Courts	41	41	41
Outdoor Ice Skating	1	1	1
Outdoor Soft Surface Tennis Courts	7	7	7
Parking Spaces	-	-	-
Picnic Areas	8	8	8
Picnic Shelters	-	-	-
Playgrounds	29	29	29
Public Park Restrooms	-	-	-
Racquetball Courts	4	4	4
Recreation Centers	2	2	2
Swimming Beaches	1	1	1
Program Shelter	-	-	-
Public Recreation Beaches	-	-	-

Data Source: District Department Heads

2006	2007	2008	2009	2010	2011	2012
1	1	1	1	-	-	-
1	1	1	1	1	1	1
23	23	23	23	23	23	23
1	1	1	1	1	1	1
2	2	2	2	2	2	2
1	1	1	1	1	2	3
3	3	3	3	3	3	3
14	14	14	14	14	14	14
1	1	1	1	1	1	1
1	1	1	1	-	-	-
1	1	1	1	1	1	1
6	6	6	6	6	6	6
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
4	4	10	10	10	10	9
1	1	1	1	1	1	1
6	6	6	6	6	6	6
10	10	10	10	10	10	10
39	39	39	39	39	39	39
1	1	1	1	1	1	1
3	3	3	3	3	7	7
1,794	1,794	1,922	1,922	1,922	1,922	2,149
16	16	16	16	16	16	16
4	4	4	4	4	4	4
39	39	39	39	39	39	39
16	16	11	11	11	11	11
4	4	4	4	4	4	4
2	2	2	2	2	1	1
1	1	1	1	1	1	1
-	-	-	-	-	-	1
-	-	-	-	-	-	4