

PARK DISTRICT OF HIGHLAND PARK,
ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL
REPORT



FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2016**

Prepared by:

Finance Department
Annette Curtis, 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
December 31, 2016**

BOARD OF PARK COMMISSIONERS

Scott Meyers, President

Barnett Ruttenberg, Vice President

Calvin A. Bernstein, Commissioner

Brian Kaplan, Commissioner

Lori Flores Weisskopf, Commissioner

ADMINISTRATIVE

Liza McElroy, Executive Director of Parks and Recreation

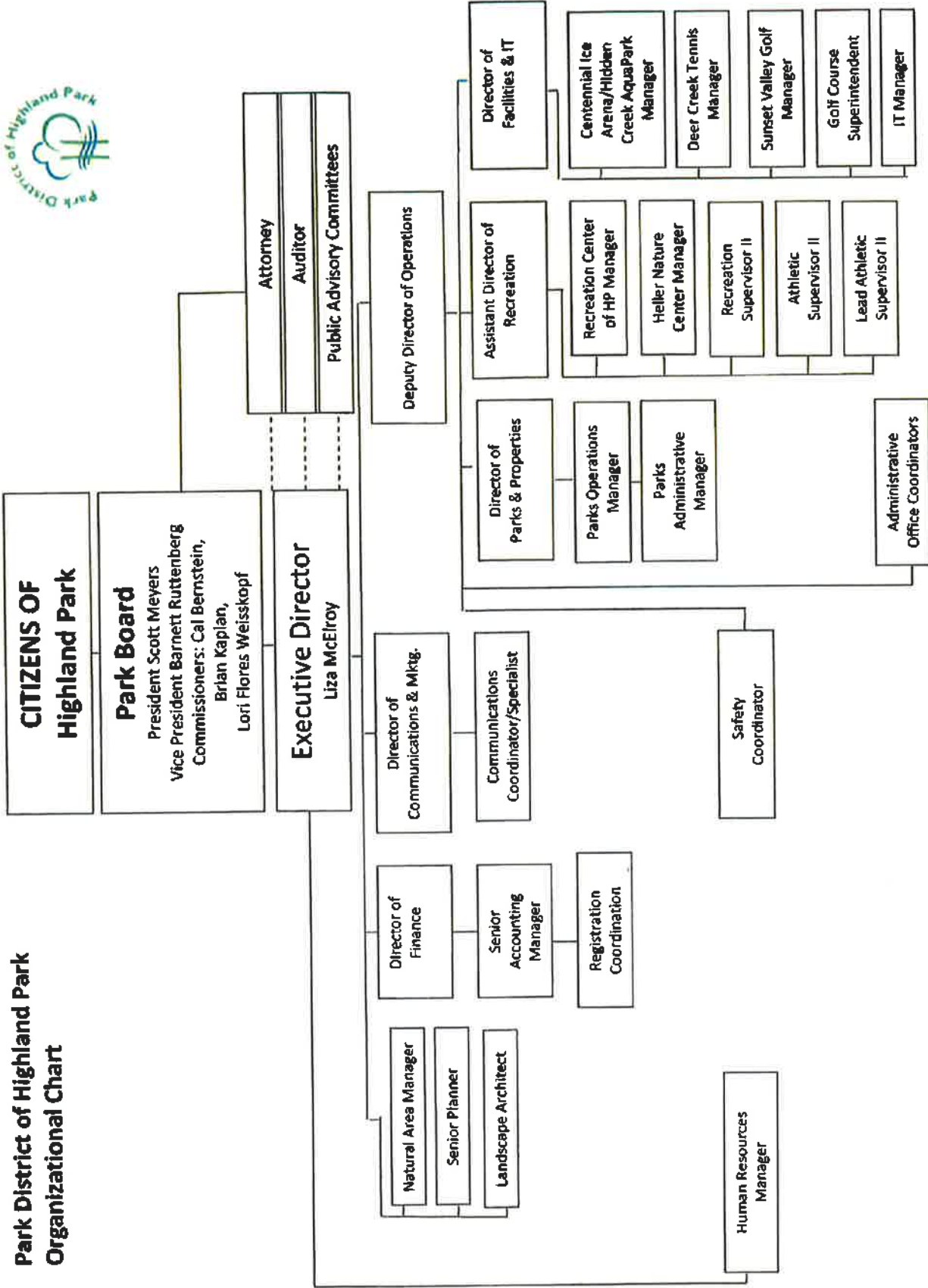
Annette Curtis, Director of Finance

Kathy Donahue, Deputy Director of Operations

Daniel Voss, Director of Parks and Properties

Liz Gogola, Director of Communications

Park District of Highland Park Organizational Chart





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

May 1, 2017

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 December 31, 2016.

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 & Amen, LLP, Certified Public Accountants, has issued an unmodified (“clean”) opinion on the Park District of Highland Park’s financial statements for the year ended December 31, 2016. 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 700 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 (29), outdoor basketball courts (10), football/soccer fields (14), indoor/outdoor tennis courts (52), disc golf courses (2), and fishing areas (3).



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 and appropriation ordinance 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.

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.

From a pure economic position, the District serves a highly affluent community as nearly 52% of its residents live in homes valued in excess of \$500,000 as opposed to a state average of just over 7%. The median household income of \$115,382 is approximately 50% higher than the states median household income.

Long-term Planning

GreenPrint 2024, the district's comprehensive master plan, was adopted at the December 2015 Board Meeting. It establishes a clear set of goals, policies and standards for all Park District facilities, open space, and programs. A framework for investment in the park system over the next ten years, GreenPrint will ensure that resources are aligned with current and future resident needs, community values, and the District's changing demographics. Four major capital initiatives have begun, construction of a new Golf/Parks Maintenance facility, renovation of Sunset Valley Golf Course and Club House, and renovation of the Recreation Center of Highland Park's fitness area. Additional GreenPrint initiatives include the development of a four year Strategic Plan, and creation of a the Parks Foundation of Highland Park which were completed during 2016.

In preparation for funding future capital projects, General Obligation Limited Tax Park Bonds, Series 2016 were sold in early 2016 and Series 2017 were sold in early 2017. The District has maintained its Aaa rating from Moody's Investor Services.

Beginning with 2014, the fiscal year end of the District is December 31st. This report summarizes the 12 month fiscal year beginning January 1st and ending December 31st. There were no financial policy changes that had a significant impact on the current period's financial statements.

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 of this report.

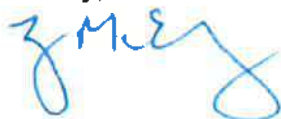
Awards: During 2016, Rosewood Beach earned three awards. The American Shore and Beach Preservation Association (ASBPC) Best Restored Beach, the Chicago Building Congress (CBC) Merit Award and the American Institute of Architects (AIA) Chicago's Distinguished Building Award. Previously, the Illinois Park and Recreation Association (IPRA) awarded Rosewood beach 2015's Outstanding Facility of the Year.

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 December 31, 2015. This was the twenty seventh 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 organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current 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.

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 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



Annette Curtis
Director of Finance and IT



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

December 31, 2015

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
- Supplemental Schedules

INDEPENDENT AUDITORS' REPORT

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



INDEPENDENT AUDITORS' REPORT

May 1, 2017

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 December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as listed in the table of contents and budgetary information reported in the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Park District of Highland Park, Illinois, Illinois' basic financial statements. The introductory section, individual fund financial statements and budgetary comparison 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 budgetary comparison 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. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements and budgetary comparison schedules and supplemental schedules are fairly stated, in all material respects, in relation to the basic 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 December 31, 2016

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 December 31, 2016. 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 increased \$1,245,155, which is approximately 2.4% from the prior year, as a result of operations.
- During the year, government-wide revenues for the primary government totaled \$23,355,027 while expenses totaled \$22,109,872, resulting in an increase to net position of \$1,245,155.
- The Park District of Highland Park's net position totaled \$52,837,312 on December 31, 2016, which includes \$31,103,670 net investment in capital assets, \$685,612 subject to external restrictions, and \$21,048,030 unrestricted net position that may be used to meet the ongoing obligations to citizens and creditors.
- The General Fund reported excess revenue for the year of \$1,656,282 exclusive of net transfers out of \$624,545. The net change in fund balance of \$1,031,737 brings the fund balance in the General Fund to \$2,850,163, resulting in an increase of 56.7%.

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.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Management's Discussion and Analysis December 31, 2016

USING THIS ANNUAL REPORT – Continued

Government-Wide Financial Statements – Continued

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 the funds of the District are reported as governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, 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.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Management's Discussion and Analysis December 31, 2016

USING THIS ANNUAL REPORT – Continued

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 - 40 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 Fund. These items can be found on pages 41 - 44.

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 \$52,837,312.

	Net Position	
	2016	2015
Current and Other Assets	\$ 37,840,381	33,537,871
Capital Assets	43,197,049	43,234,455
Deferred Outflows	2,809,235	3,078,077
Total Assets/ Deferred Outflows	<u>83,846,665</u>	<u>79,850,403</u>
Long-Term Debt	13,023,387	12,610,094
Other Liabilities	5,282,225	4,165,676
Deferred Inflows	12,703,741	11,482,476
Total Liabilities/ Deferred Inflows	<u>31,009,353</u>	<u>28,258,246</u>
Net Investment in Capital Assets	31,103,670	29,698,684
Restricted	685,612	345,073
Unrestricted	21,048,030	21,548,400
Total Net Position	<u>52,837,312</u>	<u>51,592,157</u>

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Management's Discussion and Analysis December 31, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

A large portion of the District's net position, \$31,103,670 or 58.9%, 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, \$685,612 or 1.3%, 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 39.8%, or \$21,048,030, represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

	Changes in Net Position	
	2016	2015
Revenues		
Program Revenues		
Charges for Services	\$ 10,978,534	10,812,993
Capital Grants/Contributions	45,441	6,509,467
General Revenues		
Property Taxes	11,468,120	10,526,931
Replacement Taxes	146,418	146,241
Other General Revenues	716,514	466,201
Total Revenues	<u>23,355,027</u>	<u>28,461,833</u>
Expenses		
General Government	5,603,504	7,390,876
Recreation	16,211,473	16,445,750
Interest on Long-Term Debt	294,895	332,236
Total Expenses	<u>22,109,872</u>	<u>24,168,862</u>
Change in Net Position	1,245,155	4,292,971
Net Position-Beginning	<u>51,592,157</u>	<u>47,299,186</u>
Net Position-Ending	<u>52,837,312</u>	<u>51,592,157</u>

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Management's Discussion and Analysis December 31, 2016

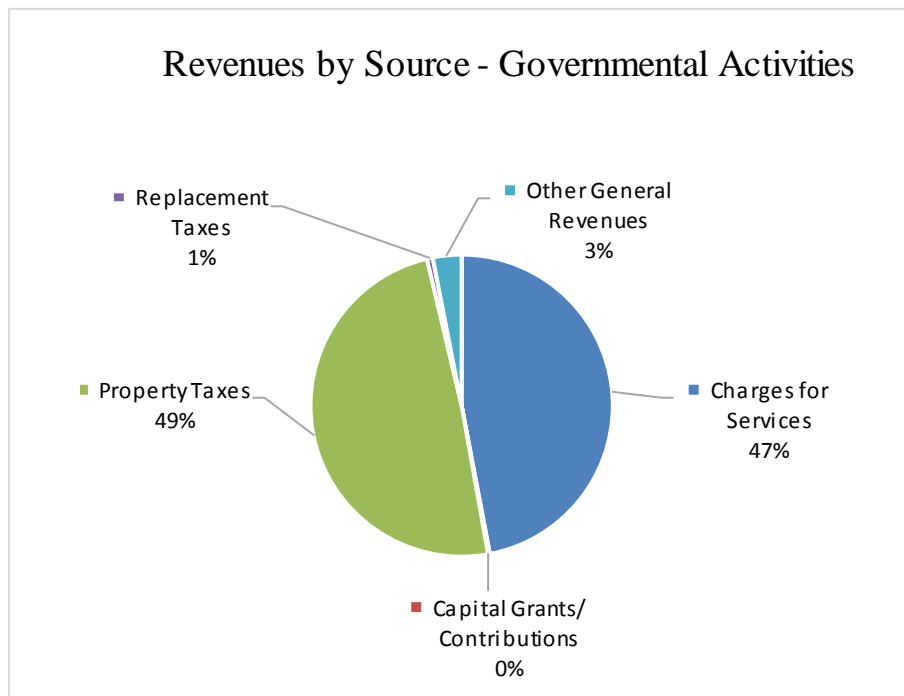
GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Net position of the District's governmental activities increased by 2.4% (\$52,837,312 at December 31, 2016 compared to \$51,592,157 at December 31, 2015). Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, totaled \$21,048,030 at December 31, 2016.

Governmental Activities

Revenues for governmental activities totaled \$23,355,027, while the cost of all governmental functions totaled \$22,109,872. This results in a gain of \$1,245,155. For the year ended December 31, 2015, revenue of \$28,461,833 exceeded expenses of \$24,168,862, resulting in a gain of \$4,292,971. During 2015, the larger than normal capital contribution is related to the completion of Rosewood Beach. This was a joint under taking with the Army Corp. of Engineers, resulting in a contribution of \$6,214,330. The year ended December 31, 2016 revenues are essentially flat with a small increase in charges for services.

The following chart graphically depicts the major revenue sources of the District. This graph illustrates that, more than half of the District's revenues come from property tax.



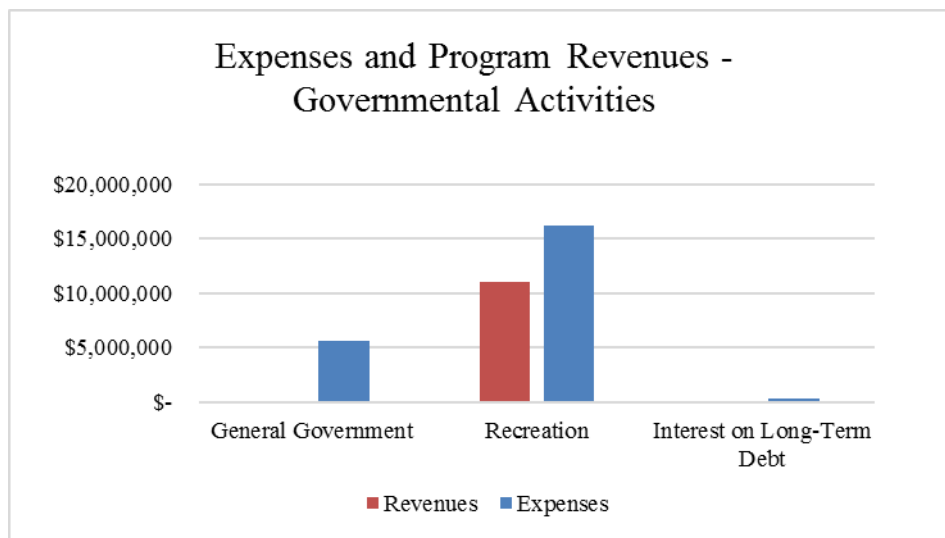
PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Management’s Discussion and Analysis December 31, 2016

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Governmental Activities – Continued

The Expenses and Program Revenues Chart 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. During 2016, staff controlled spending resulting in a favorable savings compared to budget.



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 \$20,090,610 which is \$3,056,469, or 17.9%, more than last year’s total of \$17,034,141. Of that amount, \$19,259,490, of the total is committed, assigned, or unassigned. 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 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 \$950,000 from the Recreation Fund to the Capital Projects Fund in excess fund balance.

The General Fund is the chief operating fund of the District. At December 31, 2016, unassigned fund balance in the General Fund was \$2,781,215, which represents 97.6% of the total fund balance of the General Fund.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Management’s Discussion and Analysis
December 31, 2016**

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS – Continued

Governmental Funds – Continued

The Recreation Fund reported a positive change in fund balance at December 31, 2016 of \$80,935, to \$3,770,020. This is an increase of 2.2% and is due to lower than budgeted expenditures in the fiscal year.

The Debt Service Fund reported an increase of \$5,552, to \$157,039 and was due to property taxes earned in the current year. The fund balance in the Debt Service Fund is restricted for future debt service payments.

The Capital Projects Fund reported an increase in fund balance of \$1,573,362 to \$12,828,116. This increase is due primarily issuance of General Obligation Bonds Series 2016.

GENERAL FUND BUDGETARY HIGHLIGHTS

During 2016, the District did not revise the annual operating budget of the General Fund. The fund is reported as a major fund, and accounts for the routine park operations of the District. The overall performance of the fund was greater than budgeted. The actual revenues for the year total \$6,479,346, compared to budgeted revenue of \$6,240,425. There was a \$238,921 difference in projected revenues and actual revenues and was mainly due to revenue received from City Impact Fees. The expenditures had a favorable budget variance by \$782,730 and this was due to a majority of the expenditures being under budget for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District’s investment in capital assets for its governmental activities as of December 31, 2016 was \$43,197,049 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, equipment, and vehicles.

	Capital Assets - Net of Depreciation	
	2016	2015
Land	\$ 3,248,634	3,248,634
Construction in Progress	1,644,590	10,663
Buildings	19,135,037	19,786,434
Improvements	15,074,209	15,881,367
Equipment	3,675,279	3,863,317
Vehicles	419,300	444,040
Total	<u>43,197,049</u>	<u>43,234,455</u>

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Management’s Discussion and Analysis
December 31, 2016**

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Capital Assets – Continued

This year’s major additions included:

Construction in Progress	\$ 1,644,590
Buildings	-
Improvements	152,549
Equipment	173,977
Vehicles	<u>68,193</u>
Total	<u><u>2,039,309</u></u>

Additional information on the District’s capital assets can be found in note 3 on page 23 of this report.

Debt Administration

At year-end, the District had total outstanding debt of \$14,195,000 as compared to \$13,155,000 the previous year, a increase of 7.9%. The following is a comparative statement of outstanding debt:

	Long-Term Debt Outstanding	
	<u>2016</u>	<u>2015</u>
General Obligation Bonds	<u>\$ 14,195,000</u>	<u>13,155,000</u>

The increase is the result of issuing General Obligation Bond Series 2016.

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 \$50,292,874.

Additional information on the District’s long-term debt can be found in Note 3 on pages 24 - 26 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

For the first time in several years the District’s EAV increased. 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 begun implementation of GreenPrint 2024, a comprehensive master plan focusing on capital and operational improvements.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Management's Discussion and Analysis December 31, 2016

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 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

December 31, 2016

See Following Page

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Statement of Net Position

December 31, 2016

	<u>Governmental Activities</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 22,415,310
Receivables - Net of Allowances	13,347,938
Inventory	67,386
Prepays	<u>62,209</u>
Total Current Assets	<u>35,892,843</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	4,893,224
Depreciable	61,161,488
Accumulated Depreciation	<u>(22,857,663)</u>
Total Capital Assets	43,197,049
Other Assets	
Net Pension Asset	<u>1,947,538</u>
Total Noncurrent Assets	<u>45,144,587</u>
Total Assets	81,037,430
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Items - IMRF	<u>2,809,235</u>
Total Assets and Deferred Outflows of Resources	<u>83,846,665</u>

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

	<u>Governmental Activities</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 1,178,870
Accrued Payroll	277,477
Accrued Interest	15,913
Other Payables	1,642,145
Current Portion of Long-Term Debt	
Compensated Absences Payable	397,820
General Obligation Limited Tax Debt Certificates	1,770,000
Total Current Liabilities	<u>5,282,225</u>
Noncurrent Liabilities	
Compensated Absences Payable	265,213
General Obligation Limited Tax Debt Certificates - Net	12,758,174
Total Noncurrent Liabilities	<u>13,023,387</u>
Total Liabilities	<u>18,305,612</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	12,703,741
Total Liabilities and Deferred Inflows of Resources	<u>31,009,353</u>
NET POSITION	
Net Investment in Capital Assets	31,103,670
Restricted	
Property Tax Levies	
Audit	59,214
Special Recreation	485,272
Debt Service	141,126
Unrestricted	<u>21,048,030</u>
Total Net Position	<u><u>52,837,312</u></u>

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

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Statement of Activities

For the Fiscal Year Ended December 31, 2016

	Expenses	Program Revenues		Net (Expenses)/ Revenues
		Charges for Services	Capital Grants/ Contributions	
Governmental Activities				
General Government	\$ 5,603,504	-	-	(5,603,504)
Recreation	16,211,473	10,978,534	45,441	(5,187,498)
Interest on Long-Term Debt	294,895	-	-	(294,895)
Total Governmental Activities	<u>22,109,872</u>	<u>10,978,534</u>	<u>45,441</u>	<u>(11,085,897)</u>

General Revenues	
Taxes	
Property Taxes	11,468,120
Replacement Taxes	146,418
Interest	154,603
Miscellaneous	561,911
	<u>12,331,052</u>
Change in Net Position	1,245,155
Net Position - Beginning	<u>51,592,157</u>
Net Position - Ending	<u>52,837,312</u>

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

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Balance Sheet - Governmental Funds

December 31, 2016

See Following Page

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Balance Sheet - Governmental Funds
December 31, 2016**

	General	Special Revenue Recreation
ASSETS		
Cash and Investments	\$ 2,928,151	5,664,622
Receivables - Net of Allowances		
Taxes	5,100,196	5,150,137
Accrued Interest	81,009	-
Programs	-	147,855
Other	309,636	91,258
Inventory	-	67,386
Prepays	9,734	52,475
	<hr/>	<hr/>
Total Assets	8,428,726	11,173,733
LIABILITIES		
Accounts Payable	411,214	401,440
Retainage Payable	-	-
Accrued Payroll	55,609	221,868
Other Payables	11,740	1,630,405
Total Liabilities	<hr/> 478,563	<hr/> 2,253,713
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	5,100,000	5,150,000
Total Liabilities and Deferred Inflows of Resources	<hr/> 5,578,563	<hr/> 7,403,713
FUND BALANCES		
Nonspendable	9,734	119,861
Restricted	59,214	-
Committed	-	3,650,159
Assigned	-	-
Unassigned	2,781,215	-
Total Fund Balances	<hr/> 2,850,163	<hr/> 3,770,020
	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	8,428,726	11,173,733

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

Debt Service	Capital Projects	Nonmajor Special Recreation	Totals
157,014	13,180,281	485,242	22,415,310
1,499,766	-	954,030	12,704,129
-	14,051	-	95,060
-	-	-	147,855
-	-	-	400,894
-	-	-	67,386
-	-	-	62,209
1,656,780	13,194,332	1,439,272	35,892,843
-	347,645	-	1,160,299
-	18,571	-	18,571
-	-	-	277,477
-	-	-	1,642,145
-	366,216	-	3,098,492
1,499,741	-	954,000	12,703,741
1,499,741	366,216	954,000	15,802,233
-	-	-	129,595
157,039	-	485,272	701,525
-	-	-	3,650,159
-	12,828,116	-	12,828,116
-	-	-	2,781,215
157,039	12,828,116	485,272	20,090,610
1,656,780	13,194,332	1,439,272	35,892,843

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**

December 31, 2016

Total Governmental Fund Balances	\$ 20,090,610
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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.	43,197,049
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A net pension asset is not considered to represent a financial resource and therefore is not reported in the funds.	1,947,538
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Deferred outflows (inflows) of resources related to the pensions not reported in the funds. Deferred Items - IMRF	2,809,235
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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	(663,033)
General Obligation Limited Tax Debt Certificates Payable	(14,195,000)
Unamortized Bond Premiums	(333,174)
Accrued Interest Payable	<u>(15,913)</u>

Net Position of Governmental Activities	<u>52,837,312</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
For the Fiscal Year Ended December 31, 2016**

See Following Page

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2016**

	General	Special Revenue Recreation
Revenues		
Taxes	\$ 5,939,185	4,044,941
Charges for Services	90,372	10,888,162
Grants and Donations	6,895	24,664
Interest	138,310	-
Miscellaneous	304,584	257,327
Total Revenues	<u>6,479,346</u>	<u>15,215,094</u>
Expenditures		
Current		
General Government	4,823,064	-
Recreation	-	13,239,931
Capital Outlay	-	7,410
Debt Service		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
Total Expenditures	<u>4,823,064</u>	<u>13,247,341</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,656,282</u>	<u>1,967,753</u>
Other Financing Sources (Uses)		
Bond Proceeds	-	-
Premium on Debt Issue	-	-
Disposal of Capital Assets	-	-
Transfers In	-	-
Transfers Out	(624,545)	(1,886,818)
	<u>(624,545)</u>	<u>(1,886,818)</u>
Net Change in Fund Balances	1,031,737	80,935
Fund Balances - Beginning	<u>1,818,426</u>	<u>3,689,085</u>
Fund Balances - Ending	<u><u>2,850,163</u></u>	<u><u>3,770,020</u></u>

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

Debt Service	Capital Projects	<u>Nonmajor Special Recreation</u>	Totals
748,763	-	881,649	11,614,538
-	-	-	10,978,534
-	13,882	-	45,441
-	16,293	-	154,603
-	-	-	561,911
748,763	30,175	881,649	23,355,027
-	-	-	4,823,064
-	-	409,138	13,649,069
-	2,502,860	23,128	2,533,398
1,895,000	-	-	1,895,000
409,574	-	-	409,574
2,304,574	2,502,860	432,266	23,310,105
(1,555,811)	(2,472,685)	449,383	44,922
-	2,935,000	-	2,935,000
-	68,147	-	68,147
-	8,400	-	8,400
1,561,363	1,034,500	-	2,595,863
-	-	(84,500)	(2,595,863)
1,561,363	4,046,047	(84,500)	3,011,547
5,552	1,573,362	364,883	3,056,469
151,487	11,254,754	120,389	17,034,141
157,039	12,828,116	485,272	20,090,610

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

For the Fiscal Year Ended December 31, 2016

Net Change in Fund Balances - Total Governmental Funds **\$ 3,056,469**

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	2,039,309
Depreciation Expense	(2,067,916)
Disposals - Cost	(162,122)
Disposals - Accumulated Depreciation	153,323

A change to a net pension asset is not considered to be a change in a financial asset in the governmental funds.

Decrease to Net Pension Asset	(197,719)
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The net effect of deferred outflows (inflows) of resources related to the pensions not reported in the funds.

Change in Deferred Items - IMRF	(268,842)
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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.

Additions to Compensated Absences Payable	(313,879)
Retirement of Debt	1,895,000
Issuance of Debt	(2,935,000)
Amortization of Bond Premiums	47,597

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.

<u>(1,065)</u>

Changes in Net Position of Governmental Activities

<u><u>1,245,155</u></u>

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

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements December 31, 2016

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. 61, “The Financial Reporting Omnibus – an Amendment of GASB Statements No. 14 and No. 34,” 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. 61, 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 December 31, 2016

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 December 31, 2016

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
December 31, 2016**

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 inflow 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 generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. All of the District's investments are in 2a7-like investment pools that are measured at the net asset value per share determined by the pool.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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 prepaids/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 prepaids 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
Equipment	3 - 15 Years
Vehicles	5 - 10 Years

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Deferred Outflows/Inflows of Resources

Deferred outflow/inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an outflow of resources (expense)/inflow of resources (revenue) until that future time.

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 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 December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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

Net Position

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 December 31 the Director submits to the Board of Commissioners a proposed operating budget for the upcoming fiscal year commencing January 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
December 31, 2016**

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 though 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. One supplemental appropriation was required during the fiscal year 2016.
- 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	\$ 742

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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 Park District Liquid Asset Fund allows Illinois park districts, forest preserves and joint recreational programs to pool their funds for investment purposes. The Illinois Park District Liquid Asset Fund is composed of finance officials and treasurers all of whom are employees of the Illinois public agencies, which are investors in the Illinois Park District Liquid Asset Fund. 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 \$22,291,571 and the bank balances totaled \$22,374,414.

Investment Instrument	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Illinois Park District Liquid Asset Fund	\$ 123,739	123,739	-	-	-

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 (1) structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and (2) investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

DEPOSITS AND INVESTMENTS – Continued

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Park District's investment policy limits its exposure to credit risk by (1) limiting investments to the safest type of investments, (2) pre-qualifying the financial institutions, brokers/dealers, intermediaries and advisors with which the district will do business, and (3) diversifying the investment portfolio so that potential losses on individual securities will be minimized. At year-end, the District's investment in the Illinois Park District Liquid Asset Fund was rated AAAM by Standard & Poor's.

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 limits concentration risk by diversifying investments by (1) limiting investments to avoid overconcentration of securities from a specific issuer or business sector (excluding U.S. Treasuries), (2) limiting investments in securities that have higher credit risks, (3) investing in securities with varying maturities, and (4) continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPs), money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

At December 31, 2016 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 has no investments over 5 percent of the total cash and investment portfolio.

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 investment in the Illinois Park District Liquid Asset Fund is not subject to custodial credit risk.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

PROPERTY TAXES

Property taxes for 2015 attach as an enforceable lien on January 1, 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, and September 1. 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>
Debt Service	General	\$ 624,545 (1)
Debt Service	Recreation	936,818 (1)
Capital Projects	Recreation	950,000 (2)
Capital Projects	Nonmajor Governmental	<u>84,500 (3)</u>
		<u><u>2,595,863</u></u>

Transfers are used to (1) fund the debt service associated with the IMRF pay down from 2013, (2) to fund capital projects, and (3) to fund the Special Recreation portion of capital items.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

CAPITAL ASSETS

Governmental Activities

Governmental capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Nondepreciable Capital Assets				
Land	\$ 3,248,634	-	-	3,248,634
Construction in Progress	10,663	1,644,590	10,663	1,644,590
	<u>3,259,297</u>	<u>1,644,590</u>	<u>10,663</u>	<u>4,893,224</u>
Depreciable Capital Assets				
Buildings	30,010,016	-	-	30,010,016
Improvements	22,785,614	163,212	-	22,948,826
Equipment	6,993,824	173,977	88,359	7,079,442
Vehicles	1,128,774	68,193	73,763	1,123,204
	<u>60,918,228</u>	<u>405,382</u>	<u>162,122</u>	<u>61,161,488</u>
Less Accumulated Depreciation				
Buildings	10,223,582	651,397	-	10,874,979
Improvements	6,904,247	970,370	-	7,874,617
Equipment	3,130,507	353,216	79,560	3,404,163
Vehicles	684,734	92,933	73,763	703,904
	<u>20,943,070</u>	<u>2,067,916</u>	<u>153,323</u>	<u>22,857,663</u>
Total Net Depreciable Capital Assets	<u>39,975,158</u>	<u>(1,662,534)</u>	<u>8,799</u>	<u>38,303,825</u>
Total Net Capital Assets	<u>43,234,455</u>	<u>(17,944)</u>	<u>19,462</u>	<u>43,197,049</u>

Depreciation expense was charged to governmental activities as follows:

Recreation	<u>\$ 2,067,916</u>
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PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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 Refunding Debt Certificates of 2012, \$6,770,000 due in annual installments of \$35,000 to \$825,000 through December 15, 2023 plus interest at 2.00% to 3.00%.	\$ 5,980,000	-	675,000	5,305,000
Debt Certificates of 2013, \$8,755,000 due in annual installments of \$505,000 to \$685,000 through December 15, 2027 plus interest at 2.00% to 3.00%.	7,175,000	-	530,000	6,645,000
General Obligation Limited Tax Park Bond of 2016, \$2,935,000 due in annual installments of \$540,000 to \$690,000 through December 15, 2020 plus interest at 2.00% to 3.00%.	-	2,935,000	690,000	2,245,000
	<u>13,155,000</u>	<u>2,935,000</u>	<u>1,895,000</u>	<u>14,195,000</u>

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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	\$ 349,154	627,758	313,879	663,033	397,820
General Obligation Limited Tax Debt Certificates	13,155,000	2,935,000	1,895,000	14,195,000	1,770,000
Unamortized Bond Premium	380,771	-	47,597	333,174	-
	<u>13,884,925</u>	<u>3,562,758</u>	<u>2,256,476</u>	<u>15,191,207</u>	<u>2,167,820</u>

For the governmental activities, compensated absences and net pension liability are generally liquidated by the General Fund or the Recreation Fund. Payments on the general obligation limited tax debt certificates are made by the Debt Service 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
2017	\$ 1,770,000	381,913
2018	1,820,000	339,613
2019	1,860,000	296,063
2020	1,915,000	244,463
2021	1,365,000	191,288
2022	1,400,000	154,725
2023	1,440,000	115,725
2024	630,000	75,600
2025	645,000	59,850
2026	665,000	40,500
2027	685,000	20,544
Total	<u>14,195,000</u>	<u>1,920,284</u>

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

LONG-TERM DEBT – Continued

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 that .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 - 2015	<u>\$ 2,206,882,564</u>
Legal Debt Limit - 2.875% of Equalized Assessed Value	63,447,874
Amount of Debt Applicable to Limit	<u>14,195,000</u>
Legal Debt Margin	<u>49,252,874</u>
Non-Referendum Legal Debt Limit	
.575% of Equalized Assessed Valuation	12,689,575
Amount of Debt Applicable to Debt Limit	<u>2,245,000</u>
Non-Referendum Legal Debt Margin	<u>10,444,575</u>

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

NET POSITION CLASSIFICATIONS

Net investment in capital assets consisted of the following as of December 31, 2016:

Governmental Activities	
Capital Assets - Net of Accumulated Depreciation	\$ 43,197,049
Plus: Unspent Bond Proceeds	2,434,795
Less Capital Related Debt:	
General Obligation Limited Tax Refunding Debt Certificates of 2012	(5,305,000)
Debt Certificates of 2013	(6,645,000)
General Obligation Limited Park Bond of 2016	(2,245,000)
Unamortized Bond Premiums	<u>(333,174)</u>
Net Investment in Capital Assets	<u><u>31,103,670</u></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.

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.

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 (Director of Finance), 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.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 3 – DETAIL NOTES ON ALL FUNDS – Continued

FUND BALANCE CLASSIFICATIONS – Continued

Committed Fund Balance. The District reports committed fund balance in the Recreation Fund, a major fund. Formal Board action through passing an ordinance is required to establish, modify, or rescind a fund balance commitment. The District’s Board has committed these funds to future culture and recreation expenditures.

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						
Inventory	\$ -	60,605	-	-	-	60,605
Prepays	9,734	59,256	-	-	-	68,990
	<u>9,734</u>	<u>119,861</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,595</u>
Restricted						
Property Tax Levies						
Audit	59,214	-	-	-	-	59,214
Special Recreation	-	-	-	-	485,272	485,272
Debt Service Reserves	-	-	157,039	-	-	157,039
	<u>59,214</u>	<u>-</u>	<u>157,039</u>	<u>-</u>	<u>485,272</u>	<u>701,525</u>
Committed						
Recreational Programming, Facility Maintenance, and Future Recreation Capital	-	3,650,159	-	-	-	3,650,159
Assigned						
Capital Repair of Current Facilities and Development of Future Projects	-	-	-	12,828,116	-	12,828,116
Unassigned						
	<u>2,781,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,781,215</u>
Total Fund Balances	<u>2,850,163</u>	<u>3,770,020</u>	<u>157,039</u>	<u>12,828,116</u>	<u>485,272</u>	<u>20,090,610</u>

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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, 2016 to January 1, 2017:

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
Flood/Except Zones A&V	\$1,000	\$1,000,000	\$250,000,000/Occurrence/Ann. Aggr.
Flood/Zones A&V	\$1,000	\$1,000,000	\$200,000,000/Occurrence/Ann. Aggr.
Earthquake Shock	\$1,000	\$100,000	\$100,000,000/Occurrence/Ann. Aggr.
Auto Physical Damage			
Comprehensive and Collision	\$1,000	\$1,000,000	Included
Construction/Builders Risk	\$1,000	Included	\$25,000,000
Business Interruption, Rental			\$100,000,000/Reported Values
Income, Tax Income			\$500,000/\$2,500,000/
Combined	\$1,000		Non-Reported Values
Service Interruption	24 Hours	N/A	\$25,000,000
Boiler and Machinery			\$100,000,000 Equip. 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/Occurrence
Seasonal Employees	\$1,000	\$9,000	\$1,000,000/Occurrence
Blanket Bond	\$1,000	\$24,000	\$2,000,000/Occurrence
WORKERS COMPENSATION			
Workers Compensation	N/A	\$500,000	\$3,500,000 Employers Liability

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

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
Auto Liability	None	\$500,000	\$21,500,000/Occurrence
Employment Practices	None	\$500,000	\$21,500,000/Occurrence
Public Officials' Liability	None	\$500,000	\$21,500,000/Occurrence
Law Enforcement Liability	None	\$500,000	\$21,500,000/Occurrence
Uninsured/Underinsured Motorists	None	\$500,000	\$1,000,000/Occurrence
POLLUTION LIABILITY			
Liability - Third Party	None	\$25,000	\$5,000,000/Occurrence
Property - First Party	\$1,000	\$24,000	\$30,000,000 3 Year Aggregate
OUTBREAK EXPENSE			
Outbreak Expense	24 Hours	N/A	\$15,000/day, \$1,000,000 Aggr.
INFORMATION SECURITY AND PRIVACY INSURANCE WITH ELECTRONIC MEDIA LIABILITY			
Information Security & Privacy Liability	None	\$100,000	\$2,000,000/Occurrence/Annual Aggr.
Privacy Notification Costs	None	\$100,000	\$500,000/Occurrence/Annual Aggr.
Regulatory Defense & Penalties	None	\$100,000	\$2,000,000/Occurrence/Annual Aggr.
Website Media Content Liability	None	\$100,000	\$2,000,000/Occurrence/Annual Aggr.
Cyber Extortion	None	\$100,000	\$2,000,000/Occurrence/Annual Aggr.
Data Protection & Business Interruption	\$1,000	\$100,000	\$2,000,000/Occurrence/Annual Aggr.
First Party Business Interruption	8 Hours	\$100,000	\$50,000 Hourly Sublimit/\$50,000 Forensic
			Exp/\$150,000 Dependent Business 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 December 31, 2016

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, 2015 and the statement of revenues and expenses for the period ending December 31, 2015.

Assets	\$63,181,823
Liabilities	23,063,014
Member Balances	40,708,211
Revenues	18,585,098
Expenditures	19,500,046

The District's portion of the overall equity in the pool is 3.067% or \$1,248,546.

Since 95.90% 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 December 31, 2016

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 \$250,000. 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, 2015 and the statement of revenues and expenses for the period ending December 31, 2015.

Assets	\$17,141,280
Liabilities	5,510,343
Member Balances	11,883,538
Revenues	36,926,788
Expenditures	34,071,062

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 December 31, 2016

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 District does not provide an explicit benefit to employees. Therefore, the District has not recorded a liability as of December 31, 2016.

COMMITMENTS

SERVICE CONCESSION ARRANGEMENT FOR THE HIGHLAND PARK COUNTRY CLUB

On December 31, 2014, the District entered into an agreement with the City of Highland Park, Illinois (the "City"), under which the District will be given the rights and assume the obligations for the planning, establishing, managing, operating and maintaining of the Highland Park Country Club (the "Country Club") for 99 years commencing on the date hereof and ending December 31, 2113. The District is required to use the Country Club for the recreational needs of the City as outlined by the agreement, including the 18-hole golf course, the golf driving range, unless approved with the City's advance written consent. The District is also required to maintain the Country Club in accordance with the agreement. The District will pay to the City as rent for the County Club a sum equal to 50% of the net revenue per year for the length of the agreement and if there is a loss it is solely the District's responsibility. No payment was owed to the City from the District for the fiscal year ended December 31, 2016.

Beginning January 1, 2015, the District has agreed to use Kemper Sports Management, Inc. (Kemper) to operate all activities of the County Club until December 31, 2015 unless extended by both parties. The District will pay Kemper a fixed management fee and an incentive fee if the conditions of the agreement are met. For the fiscal year ended December 31, 2016 the District paid a fixed management fee of \$103,000 and was not required to pay an incentive management fee.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

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 \$281,702 to the Association during the fiscal year ended December 31, 2016. 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 amount 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.

SUBSEQUENT EVENT

On March 20, 2017, the District issued \$8,635,000 of General Obligation Limited Park Bonds, due in annual installments of \$85,000 to \$1,060,000, plus interest at 3.0 to 4.0% through December 15, 2028.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Notes to the Financial Statements December 31, 2016

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN

Illinois Municipal Retirement (IMRF)

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. The benefits, benefit levels, employee contributions, and employer contributions are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly.

Plan Descriptions

Plan Administration. All employees hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. The plan is accounted for on the economic resources measurement focus and the accrual basis of accounting. Employer and employee contributions are recognized when earned in the year that the contributions are required, benefits and refunds are recognized as an expense and liability when due and payable.

Benefits Provided. IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

IMRF provides two tiers of pension benefits. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement (IMRF) – Continued

Plan Descriptions – Continued

Benefits Provided – Continued. Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Plan Membership. As of December 31, 2016, the measurement date, the following employees were covered by the benefit terms:

Inactive Plan Members Currently Receiving Benefits	102
Inactive Plan Members Entitled to but not yet Receiving Benefits	135
Active Plan Members	<u>123</u>
Total	<u><u>360</u></u>

Contributions. As set by statute, the District’s Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District’s annual contribution rate for calendar year 2016 was 3.39% of covered payroll.

Net Pension Liability. The District’s net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement (IMRF) – Continued

Plan Descriptions – Continued

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation performed, as of December 31, 2016, using the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market
Actuarial Assumptions	
Interest Rate	7.50%
Salary Increases	3.75% - 14.50%
Cost of Living Adjustments	2.75%
Inflation	2.75%

For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality tables was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement (IMRF) – Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.50%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Based on those assumptions, the Fund’s fiduciary net position was projected to be available to make all project future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

Discount Rate Sensitivity

The following presents the plan’s net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan’s net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability/(Asset) \$	3,135,277	(1,947,538)	(6,103,303)

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement (IMRF) – Continued

Changes in the Net Pension Asset

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (Asset) (A) - (B)
Balances at December 31, 2015	\$ 37,732,271	39,877,528	(2,145,257)
Changes for the Year:			
Service Cost	671,502	-	671,502
Interest on the Total Pension Liability	2,784,030	-	2,784,030
Difference Between Expected and Actual Experience of the Total Pension Liability	574,888	-	574,888
Changes of Assumptions	-	-	-
Contributions - Employer	-	224,954	(224,954)
Contributions - Employees	-	301,272	(301,272)
Net Investment Income	-	2,727,218	(2,727,218)
Benefit Payments, including Refunds of Employee Contributions	(1,895,237)	(1,895,237)	-
Other (Net Transfer)	-	579,257	(579,257)
Net Changes	2,135,183	1,937,464	197,719
Balances at December 31, 2016	39,867,454	41,814,992	(1,947,538)

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Notes to the Financial Statements
December 31, 2016**

NOTE 4 – OTHER INFORMATION – Continued

EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PENSION PLAN – Continued

Illinois Municipal Retirement (IMRF) – Continued

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2016, the District recognized pension expense of \$691,515. At December 31, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Totals
Difference Between Expected and Actual Experience	\$ 911,280	-	911,280
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>1,897,955</u>	-	<u>1,897,955</u>
Total Deferred Amounts Related to IMRF	<u><u>2,809,235</u></u>	-	<u><u>2,809,235</u></u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Fiscal Year	Net Deferred Outflows of Resources
2017	\$ 1,077,711
2018	968,818
2019	715,909
2020	46,797
2021	-
Thereafter	<u>-</u>
Total	<u><u>2,809,235</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule of Employer Contributions
 Illinois Municipal Retirement Fund

- Schedule of Changes in the Employer's Net Pension Liability
 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 Employer Contributions

December 31, 2016

Calendar Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered-Employee Payroll	Contributions as a Percentage of Covered-Employee Payroll
2015	\$ 433,856	\$ 433,856	\$ -	\$ 6,514,351	6.66%
2016	224,954	224,954	-	6,635,823	3.39%

Notes to the Required Supplementary Information:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level % Pay (Closed)
Remaining Amortization Period	27 Years
Asset Valuation Method	5-Year Smoothed Market
Inflation	2.75%
Salary Increases	3.75% - 14.50%
Investment Rate of Return	7.50%
Retirement Age	See the Notes to the Financial Statements
Mortality	RP-2014 (base year 2012)

Note: This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Illinois Municipal Retirement Fund

**Required Supplementary Information
Schedule of Changes in the Employer's Net Pension Liability
December 31, 2016**

	2015	2016
Total Pension Liability		
Service Cost	\$ 688,654	671,502
Interest	2,582,565	2,784,030
Changes in Benefit Terms	-	-
Differences Between Expected and Actual Experience	1,099,031	574,888
Change of Assumptions	-	-
Benefit Payments, Including Refunds of Member Contributions	(1,455,717)	(1,895,237)
Net Change in Total Pension Liability	2,914,533	2,135,183
Total Pension Liability - Beginning	34,817,738	37,732,271
Total Pension Liability - Ending	37,732,271	39,867,454
Plan Fiduciary Net Position		
Contributions - Employer	\$ 433,856	224,954
Contributions - Members	300,740	301,272
Net Investment Income	207,714	2,727,218
Benefit Payments, Including Refunds of Member Contributions	(1,455,717)	(1,895,237)
Administrative Expense	(1,512,523)	579,257
Net Change in Plan Fiduciary Net Position	(2,025,930)	1,937,464
Plan Net Position - Beginning	41,903,458	39,877,528
Plan Net Position - Ending	39,877,528	41,814,992
Employer's Net Pension Liability (Asset)	\$ (2,145,257)	(1,947,538)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	105.69%	104.89%
Covered-Employee Payroll	\$ 6,514,351	6,635,823
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	(32.93)%	(29.35)%

Note: This schedule is intended to show information for ten years and additional year's information will be displayed as it becomes available.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

General Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 5,800,000	5,800,000	5,792,767
Replacement	150,000	150,000	146,418
Charges for Services			
Fees and Charges	28,000	28,000	35,372
Sales and Rental	55,200	55,200	55,000
Grants and Donations	-	-	6,895
Interest	100,000	100,000	138,310
Miscellaneous	107,225	107,225	304,584
Total Revenues	<u>6,240,425</u>	<u>6,240,425</u>	<u>6,479,346</u>
Expenditures			
General Government			
Salaries	2,664,162	2,664,162	2,422,962
Services	1,124,904	1,124,904	700,849
Insurance	1,052,420	1,052,420	1,007,708
Utilities	112,351	112,351	122,422
Materials and Supplies	285,456	285,456	218,961
Landscape and Maintenance	78,587	78,587	66,845
Pension Contributions	284,914	284,914	283,317
Capital Outlay	3,000	3,000	-
Total Expenditures	<u>5,605,794</u>	<u>5,605,794</u>	<u>4,823,064</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	634,631	634,631	1,656,282
Other Financing (Uses)			
Transfers Out	<u>(624,545)</u>	<u>(624,545)</u>	<u>(624,545)</u>
Net Change in Fund Balance	<u>10,086</u>	<u>10,086</u>	1,031,737
Fund Balance - Beginning			<u>1,818,426</u>
Fund Balance - Ending			<u><u>2,850,163</u></u>

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Recreation - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 4,050,000	4,050,000	4,044,941
Charges for Services			
Fees and Charges	3,688,784	3,688,784	3,542,508
Instruction Fees	4,839,168	4,839,168	4,804,597
Sales and Rental	2,592,004	2,592,004	2,541,057
Grants and Donations	-	-	24,664
Miscellaneous	239,224	239,224	257,327
Total Revenues	<u>15,409,180</u>	<u>15,409,180</u>	<u>15,215,094</u>
Expenditures			
Recreation	13,705,729	13,705,729	13,239,931
Capital Outlay	32,120	32,120	7,410
Total Expenditures	<u>13,737,849</u>	<u>13,737,849</u>	<u>13,247,341</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,671,331	1,671,331	1,967,753
Other Financing (Uses)			
Transfers Out	<u>(1,886,818)</u>	<u>(1,886,818)</u>	<u>(1,886,818)</u>
Net Change in Fund Balance	<u>(215,487)</u>	<u>(215,487)</u>	80,935
Fund Balance - Beginning			<u>3,689,085</u>
Fund Balance - Ending			<u><u>3,770,020</u></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 Schedules – 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
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Recreation			
Salaries	\$ 4,656,826	4,656,826	4,473,576
Services	2,615,771	2,615,771	2,561,747
Insurance	923,979	923,979	823,286
Utilities	736,174	736,174	750,936
Materials and Supplies	821,197	821,197	788,769
Landscape and Maintenance	474,227	474,227	452,226
Program Expenditures	2,985,529	2,985,529	2,919,649
Pension Contributions	492,026	492,026	469,742
Total Recreation	13,705,729	13,705,729	13,239,931
Capital Outlay	32,120	32,120	7,410
Total Expenditures	13,737,849	13,737,849	13,247,341

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Debt Service Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 741,069	741,069	748,763
Expenditures			
Debt Service			
Principal	1,875,000	1,875,000	1,895,000
Interest and Fiscal Charges	428,832	428,832	409,574
Total Expenditures	2,303,832	2,303,832	2,304,574
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,562,763)	(1,562,763)	(1,555,811)
Other Financing Sources			
Transfers In	1,561,363	1,561,363	1,561,363
Net Change in Fund Balance	<u>(1,400)</u>	<u>(1,400)</u>	5,552
Fund Balance - Beginning			<u>151,487</u>
Fund Balance - Ending			<u>157,039</u>

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Capital Projects Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Interest	\$ -	-	16,293
Grants and Donations	-	-	13,882
Total Revenues	-	-	30,175
Expenditures			
General Government	468,060	468,060	-
Capital Outlay	3,102,330	3,102,330	2,502,860
Total Expenditures	3,570,390	3,570,390	2,502,860
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,570,390)	(3,570,390)	(2,472,685)
Other Financing Sources			
Bond Proceeds	3,000,000	3,000,000	2,935,000
Premium on Debt Issue	-	-	68,147
Disposal of Capital Assets	-	-	8,400
Transfers In	1,075,000	1,075,000	1,034,500
	4,075,000	4,075,000	4,046,047
Net Change in Fund Balance	504,610	504,610	1,573,362
Fund Balance - Beginning			11,254,754
Fund Balance - Ending			12,828,116

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Special Recreation - Special Revenue Fund

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended December 31, 2016**

	Budget		Actual
	Original	Final	
Revenues			
Taxes			
Property	\$ 899,842	899,842	881,649
Expenditures			
Recreation			
Services	434,261	434,261	409,138
Capital Outlay	-	-	23,128
Total Expenditures	434,261	434,261	432,266
Excess (Deficiency) of Revenues Over (Under) Expenditures	465,581	465,581	449,383
Other Financing (Uses)			
Transfers Out	(125,000)	(125,000)	(84,500)
Net Change in Fund Balance	340,581	340,581	364,883
Fund Balance - Beginning			120,389
Fund Balance - Ending			485,272

SUPPLEMENTAL SCHEDULES

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Long-Term Debt Requirements

**General Obligation Limited Tax Refunding Debt Certificates of 2012
December 31, 2016**

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
2017	\$ 690,000	159,150	849,150	2017	79,575	2017	79,575
2018	715,000	138,450	853,450	2018	69,225	2018	69,225
2019	735,000	117,000	852,000	2019	58,500	2019	58,500
2020	760,000	94,950	854,950	2020	47,475	2020	47,475
2021	780,000	72,150	852,150	2021	36,075	2021	36,075
2022	800,000	48,750	848,750	2022	24,375	2022	24,375
2023	825,000	24,750	849,750	2023	12,375	2023	12,375
	<u>5,305,000</u>	<u>655,200</u>	<u>5,960,200</u>		<u>327,600</u>		<u>327,600</u>

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Long-Term Debt Requirements

Debt Certificates of 2013

December 31, 2016

Date of Issue	April 9, 2013
Date of Maturity	December 15, 2027
Authorized Issue	\$8,755,000
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
2017	\$ 540,000	166,363	706,363	2017	83,181	2017	83,182
2018	550,000	155,563	705,563	2018	77,781	2018	77,782
2019	560,000	144,563	704,563	2019	72,281	2019	72,282
2020	570,000	131,963	701,963	2020	65,981	2020	65,982
2021	585,000	119,138	704,138	2021	59,569	2021	59,569
2022	600,000	105,975	705,975	2022	52,987	2022	52,988
2023	615,000	90,975	705,975	2023	45,487	2023	45,488
2024	630,000	75,600	705,600	2024	37,800	2024	37,800
2025	645,000	59,850	704,850	2025	29,925	2025	29,925
2026	665,000	40,500	705,500	2026	20,250	2026	20,250
2027	685,000	20,544	705,544	2027	10,272	2027	10,272
	<u>6,645,000</u>	<u>1,111,034</u>	<u>7,756,034</u>		<u>555,514</u>		<u>555,520</u>

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Long-Term Debt Requirements

General Obligation Limited Tax Bonds of 2016

December 31, 2016

Date of Issue	July 17, 2016
Date of Maturity	December 15, 2020
Authorized Issue	\$2,935,000
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
2017	\$ 540,000	56,400	596,400	2017	28,200	2017	28,200
2018	555,000	45,600	600,600	2018	22,800	2018	22,800
2019	565,000	34,500	599,500	2019	17,250	2019	17,250
2020	585,000	17,550	602,550	2020	8,775	2020	8,775
	<u>2,245,000</u>	<u>154,050</u>	<u>2,399,050</u>		<u>77,025</u>		<u>77,025</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*
December 31, 2016 (Unaudited)

See Following Page

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Net Position by Component - Last Ten Fiscal Years*
December 31, 2016 (Unaudited)

	Fiscal Year Ended 3/31/2008	Fiscal Year Ended 3/31/2009	Fiscal Year Ended 3/31/2010
Governmental Activities			
Net Investment in Capital Assets	\$ 17,015,571	16,980,051	17,324,368
Restricted	-	-	-
Unrestricted	28,829,690	25,718,231	33,970,537
	<hr/>	<hr/>	<hr/>
Total Primary Government	45,845,261	42,698,282	51,294,905

* Accrual Basis of Accounting

Fiscal Year Ended	Fiscal Year Ended	Fiscal Year Ended	Fiscal Year Ended	Nine Months Ended	Fiscal Year Ended	Fiscal Year Ended
3/31/2011	3/31/2012	3/31/2013	3/31/2014	12/31/2014	12/31/2015	12/31/2016
18,453,824	19,172,217	20,340,870	20,263,950	21,471,792	29,698,684	31,103,670
5,665,680	3,526,882	3,165,145	892,981	490,281	345,073	685,612
18,474,656	20,952,528	14,192,490	15,923,143	17,817,537	21,548,400	21,048,030
42,594,160	43,651,627	37,698,505	37,080,074	39,779,610	51,592,157	52,837,312

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Changes in Net Position - Last Ten Fiscal Years*
December 31, 2016 (Unaudited)

	Fiscal Year Ended 3/31/2008	Fiscal Year Ended 3/31/2009	Fiscal Year Ended 3/31/2010
Expenses			
General Government	\$ -	-	4,375,300
Recreation	17,502,723	22,443,337	13,260,341
Interest on Long-Term Debt	744,770	444,921	455,332
Total Primary Government Expenses	18,247,493	22,888,258	18,090,973
Program Revenues			
Charges for Services			
Recreation	8,850,572	9,420,692	8,972,249
Operating Grants/Contributions	327,872	268,125	335,767
Capital Grants/Contributions	-	-	-
Total Primary Government Program Revenues	9,178,444	9,688,817	9,308,016
Total Primary Government Net (Expenses) Revenues	(9,069,049)	(13,199,441)	(8,782,957)
General Revenues and Other Changes in Net Position			
Taxes			
Property	10,205,163	10,633,998	10,667,644
Replacement	176,501	158,269	144,136
Impact Fees	134,826	13,600	9,500
Interest	878,417	798,124	432,492
Miscellaneous	386,711	381,612	346,370
Total Primary Government	11,781,618	11,985,603	11,600,142
Changes in Net Position Total Primary Government	2,712,569	(1,213,838)	2,817,185

* Accrual Basis of Accounting

Fiscal Year Ended 3/31/2011	Fiscal Year Ended 3/31/2012	Fiscal Year Ended 3/31/2013	Fiscal Year Ended 3/31/2014	Nine Months Ended 12/31/2014	Fiscal Year Ended 12/31/2015	Fiscal Year Ended 12/31/2016
4,280,808	4,413,988	11,825,208	5,706,274	3,907,202	7,390,876	5,603,504
13,511,109	12,881,240	13,937,646	13,081,135	10,795,143	16,445,750	16,211,473
401,313	367,934	783,395	325,218	264,587	332,236	294,895
18,193,230	17,663,162	26,546,249	19,112,627	14,966,932	24,168,862	22,109,872
8,705,561	8,190,406	8,306,731	8,153,219	6,940,048	10,812,993	10,978,534
246,781	238,034	176,675	260,254	-	-	-
-	-	-	-	71,017	6,509,467	45,441
8,952,342	8,428,440	8,483,406	8,413,473	7,011,065	17,322,460	11,023,975
(9,240,888)	(9,234,722)	(18,062,843)	(10,699,154)	(7,955,867)	(6,846,402)	(11,085,897)
10,737,943	9,757,439	9,604,889	9,609,488	10,313,220	10,526,931	11,468,120
151,796	138,583	137,129	157,206	121,086	146,241	146,418
-	-	-	-	-	-	-
205,327	228,671	241,443	147,297	75,929	58,568	154,603
248,165	167,496	151,298	166,732	145,168	407,633	561,911
11,343,231	10,292,189	10,134,759	10,080,723	10,655,403	11,139,373	12,331,052
2,102,343	1,057,467	(7,928,084)	(618,431)	2,699,536	4,292,971	1,245,155

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Fund Balances of Governmental Funds - Last Ten Fiscal Years*
December 31, 2016 (Unaudited)**

	Fiscal Year Ended 3/31/2008	Fiscal Year Ended 3/31/2009	Fiscal Year Ended 3/31/2010	Fiscal Year Ended 3/31/2011
General Fund				
Reserved	-	15,542	7,563	2,483,765
Unreserved	\$ 3,465,744	3,975,834	4,462,548	2,397,067
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	3,465,744	3,991,376	4,470,111	4,880,832
All Other Governmental Funds				
Reserved	-	187,176	200,327	3,379,208
Unreserved, Reported in				
Special Revenue Funds	9,665,287	11,162,636	13,032,810	10,869,322
Debt Service Funds	230,296	279,909	321,114	-
Capital Projects Funds	5,612,213	5,789,486	5,909,615	5,681,538
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	15,507,796	17,419,207	19,463,866	19,930,068
Total Governmental Funds	18,973,540	21,410,583	23,933,977	24,810,900

* Modified Accrual Basis of Accounting

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

Fiscal Year Ended 3/31/2012	Fiscal Year Ended 3/31/2013	Fiscal Year Ended 3/31/2014	Nine Months Ended 12/31/2014	Fiscal Year Ended 12/31/2015	Fiscal Year Ended 12/31/2016
-	-	-	-	-	-
-	-	-	-	-	-
8,691	7,802	6,778	4,965	6,255	9,734
1,828,620	1,312,195	301,814	206,342	88,045	59,214
2,471,600	-	-	-	-	-
3,019,925	(177,286)	608,099	759,649	1,724,126	2,781,215
7,328,836	1,142,711	916,691	970,956	1,818,426	2,850,163
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
198,174	215,373	225,039	62,898	173,333	119,861
1,803,191	1,924,232	712,587	299,767	271,876	642,311
11,290,491	3,567,084	5,250,834	7,340,426	3,571,072	3,650,159
4,565,763	11,235,296	13,749,983	10,010,443	11,199,434	12,828,116
-	-	(98,695)	-	-	-
17,857,619	16,941,985	19,839,748	17,713,534	15,215,715	17,240,447
25,186,455	18,084,696	20,756,439	18,684,490	17,034,141	20,090,610

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years*
December 31, 2016 (Unaudited)

	Fiscal Year Ended 3/31/2008	Fiscal Year Ended 3/31/2009	Fiscal Year Ended 3/31/2010
Revenues			
Taxes	\$ 9,769,372	10,307,816	10,811,780
Charges for Services	9,313,270	9,702,417	8,985,791
Interest	878,416	798,124	432,492
Grants and Donations	-	-	-
Miscellaneous	386,711	381,612	678,291
Total Revenues	<u>20,347,769</u>	<u>21,189,969</u>	<u>20,908,354</u>
Expenditures			
General Government	3,795,556	4,208,532	4,026,970
Recreation	10,438,784	11,208,100	10,423,472
Pension Contributions	1,232,339	1,354,522	1,368,432
Capital Outlay	1,753,128	1,418,003	1,389,837
Debt Service			
Principal Retirement	1,915,000	1,935,000	1,960,000
Interest and Fiscal Charges	533,380	508,338	528,807
Total Expenditures	<u>19,668,187</u>	<u>20,632,495</u>	<u>19,697,518</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>679,582</u>	<u>557,474</u>	<u>1,210,836</u>
Other Financing Sources (Uses)			
Debt Issuance	1,277,264	1,270,000	1,300,000
Premium on Debt Issuance	-	24,765	12,558
Discount on Debt Issuance	-	-	-
Disposal of Capital Assets	-	-	-
Payment to Escrow Agent	-	-	-
Transfers In	-	1,240,087	1,362,015
Transfers Out	-	(1,240,087)	(1,362,015)
Total Other Financing Sources (Uses)	<u>1,277,264</u>	<u>1,294,765</u>	<u>1,312,558</u>
Net Change in Fund Balances	<u>1,956,846</u>	<u>1,852,239</u>	<u>2,523,394</u>
Debt Service as a Percentage of Noncapital Expenditures	<u>12%</u>	<u>12%</u>	<u>13%</u>

* Modified Accrual Basis of Accounting

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

Fiscal Year Ended 3/31/2011	Fiscal Year Ended 3/31/2012	Fiscal Year Ended 3/31/2013	Fiscal Year Ended 3/31/2014	Nine Months Ended 12/31/2014	Fiscal Year Ended 12/31/2015	Fiscal Year Ended 12/31/2016
10,889,739	9,896,022	9,742,018	9,766,694	10,434,306	10,673,172	11,614,538
8,705,561	8,190,406	8,306,731	8,153,219	6,940,048	10,812,993	10,978,534
205,327	228,671	176,675	260,254	75,929	295,137	154,603
246,781	238,034	241,443	147,297	71,017	58,568	45,441
248,165	167,496	151,298	166,732	145,168	407,633	561,911
20,295,573	18,720,629	18,618,165	18,494,196	17,666,468	22,247,503	23,355,027
4,358,433	4,370,856	11,771,545	5,779,407	4,129,004	5,106,324	4,823,064
11,638,820	11,354,779	11,025,750	10,750,785	8,960,862	13,854,585	13,649,069
-	-	-	-	-	-	-
1,186,728	1,704,837	2,013,935	6,554,585	5,095,776	3,381,131	2,533,398
1,805,000	530,000	610,000	1,170,000	1,135,000	1,175,000	1,895,000
429,669	384,602	402,318	388,404	417,775	380,812	409,574
19,418,650	18,345,074	25,823,548	24,643,181	19,738,417	23,897,852	23,310,105
876,923	375,555	(7,205,383)	(6,148,985)	(2,071,949)	(1,650,349)	44,922
-	-	6,770,000	8,755,000	-	-	2,935,000
-	-	571,155	65,728	-	-	68,147
-	-	(33,769)	-	-	-	-
-	-	-	-	-	-	8,400
-	-	(7,203,762)	-	-	-	-
3,444,976	4,257,986	22,809,287	2,147,403	3,123,150	5,934,863	2,595,863
(3,444,976)	(4,257,986)	(22,809,287)	(2,147,403)	(3,123,150)	(5,934,863)	(2,595,863)
-	-	103,624	8,820,728	-	-	3,011,547
876,923	375,555	(7,101,759)	2,671,743	(2,071,949)	(1,650,349)	3,056,469
12%	5%	4%	8%	10%	10%	11%

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Assessed Value and Actual Value of Taxable Property - Last Ten Tax Levy Years
December 31, 2016 (Unaudited)**

Tax Levy Year	Residential Property	Farm	Commercial Property
2006	\$ 2,338,099,517	\$ 1,172,950	\$ 203,809,524
2007	2,479,300,011	343	232,316,880
2008	2,580,496,149	7,820	237,246,008
2009	2,514,077,611	413	226,335,788
2010	2,372,304,047	454	213,064,426
2011	2,147,385,990	499	205,558,934
2012	1,995,281,283	549	193,428,436
2013	1,900,644,387	603	186,978,939
2014	1,890,248,722	665	187,084,550
2015	2,001,724,516	772	202,847,928

Industrial Property	Railroad Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
\$ 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
447,194	1,534,284	-	2,089,605,407	0.497
444,603	1,591,213	-	2,079,369,753	0.508
439,359	1,869,989	-	2,206,882,564	0.520

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Direct and Overlapping Property Tax Rates - Last Ten Tax Levy Years
December 31, 2016 (Unaudited)**

	2006	2007	2008	2009
District				
Corporate	0.099	0.100	0.101	0.103
IMRF	0.020	0.019	0.019	0.022
Police Protection	0.007	0.007	0.009	0.010
Audit	0.001	0.001	0.001	0.001
Liability Insurance	0.021	0.017	0.016	0.015
Recreation for Handicapped	0.020	0.025	0.025	0.024
Recreation	0.075	0.075	0.077	0.069
Recreation and Community Center	0.064	0.065	0.065	0.082
Bonds and Interest	0.053	0.050	0.048	0.049
Museum	0.018	0.018	0.019	0.019
Total Direct Rates	0.378	0.377	0.380	0.394
Overlapping Rates				
Lake County	0.450	0.444	0.453	0.464
Lake County Forest Preserve District	0.204	0.201	0.199	0.200
Moraine Township	0.044	0.044	0.045	0.047
City of Highland Park	0.532	0.517	0.515	0.536
North Shore Sanitary District	0.125	0.120	0.121	0.124
South Lake Mosquito Abatement	0.012	0.011	0.011	0.012
Elementary School Districts	2.298	2.198	2.283	2.387
High School District	1.635	1.614	1.660	1.748
Community College District 532	0.195	0.192	0.196	0.200
Total Direct and Overlapping Rates	5.873	5.718	5.863	6.112

Data Source: Office of the County Clerk

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

2010	2011	2012	2013	2014	2015
0.136	0.150	0.256	0.197	0.292	0.263
0.016	0.017	-	-	-	-
0.011	0.012	-	-	-	-
-	-	-	-	-	-
0.008	0.009	-	-	-	-
0.026	0.028	0.018	0.040	0.040	0.040
0.074	0.081	0.171	0.260	0.176	0.184
0.087	0.090	-	-	-	-
-	-	-	-	-	0.034
0.021	0.023	-	-	-	-
0.379	0.410	0.445	0.497	0.508	0.520
0.505	0.554	0.808	0.663	0.683	0.663
0.198	0.201	0.212	0.218	0.210	0.208
0.052	0.059	0.066	0.070	0.066	0.063
0.586	0.643	0.709	0.785	0.795	0.749
0.136	0.150	0.150	0.164	0.169	0.166
0.013	0.014	0.150	0.007	0.013	0.012
2.551	2.818	2.957	3.076	3.152	3.006
1.921	2.167	2.178	2.364	2.421	2.309
0.218	0.240	0.240	0.296	0.306	0.299
6.559	7.256	7.915	8.140	8.323	7.995

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Principal Property Tax Payers - Current Tax Levy Year and Nine Tax Levy Years Ago
December 31, 2016 (Unaudited)**

Taxpayer	Tax Year 2015			Tax Year 2006		
	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	\$ 12,755,847	1	0.58%			
Midwest Family Housing, LLC	6,438,054	2	0.29%			
Federal Realty Investment Trust	6,416,809	3	0.29%	\$ 7,668,051	2	0.30%
Klairmont Family Associates LP	4,934,848	4	0.22%	5,051,549	4	0.20%
Americana Apartments	4,678,813	5	0.21%	4,584,261	5	0.18%
Highland Park Associates	4,261,685	6	0.19%			
Elston Avenue Real Estate Company	3,687,637	7	0.17%			
Ameritech-Illinois	3,586,486	8	0.16%			
Sunset Food Market	3,388,740	9	0.15%	3,549,365	8	0.14%
RSV Partners	3,186,192	10	0.14%			
Renaissance Place c/o Davis Street				11,300,570	1	0.44%
First Lighland LLC				5,640,130	3	0.22%
Solo Cup Company				4,499,592	6	0.18%
Target Corporation				3,836,056	7	0.15%
American Stores Company				3,428,227	9	0.13%
Leonardi Enterprises				3,423,931	10	0.13%
	<u>53,335,111</u>		<u>2.42%</u>	<u>52,981,732</u>		<u>2.08%</u>

Data Source: Office of the County Clerk

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Property Tax Levies and Collections - Last Ten Fiscal Years
December 31, 2016 (Unaudited)**

Fiscal Year Ended	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
3/31/2008	2007	\$ 9,615,524	\$ 9,561,971	99.44%	\$ -	\$ 9,561,971	99.44%
3/31/2009	2007	10,227,819	10,149,547	99.23%	-	10,149,547	99.23%
3/31/2010	2008	10,712,269	10,667,644	99.58%	-	10,667,644	99.58%
3/31/2011	2009	10,803,088	10,737,943	99.40%	-	10,737,943	99.40%
3/31/2012	2010	9,804,783	9,757,439	99.52%	-	9,757,439	99.52%
3/31/2013	2011	9,652,972	9,604,889	99.50%	-	9,604,889	99.50%
3/31/2014	2012	9,747,527	9,609,488	98.58%	-	9,609,488	98.58%
12/31/2014*	2013	10,385,339	10,313,220	99.31%	-	10,313,220	99.31%
12/31/2015	2014	10,566,317	10,526,158	99.62%	-	10,526,158	99.62%
12/31/2016	2015	11,482,476	11,466,892	99.86%	-	11,466,892	99.86%

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

* For the nine month year ended December 31, 2014.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Ratios of Outstanding Debt by Type - Last Ten Fiscal Years
December 31, 2016 (Unaudited)**

Fiscal Year Ended	Governmental Activities General Obligation Bonds	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
3/31/2008	\$ 12,035,000	\$ 12,035,000	0.57%	\$ 385
3/31/2009	11,370,000	11,370,000	0.53%	361
3/31/2010	10,850,245	10,850,245	0.51%	344
3/31/2011	9,035,228	9,035,228	0.42%	287
3/31/2012	8,495,211	8,495,211	0.40%	284
3/31/2013	8,403,559	8,403,559	0.42%	282
3/31/2014	15,940,963	15,940,963	0.80%	536
12/31/2014*	14,758,367	14,758,367	0.74%	496
12/31/2015	13,535,771	13,535,771	0.69%	455
12/31/2016	14,528,174	14,528,174	0.63%	488

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.

* For the nine month year ended December 31, 2014.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years
December 31, 2016 (Unaudited)**

Fiscal Year Ended	General Obligation Bonds	Less Amounts Available	Total	Percentage of Total Taxable Assessed Value of Property (1)	Per Capita (2)
3/31/2008	\$ 12,035,000	\$ 230,296	\$ 11,804,704	0.44%	\$ 378
3/31/2009	11,370,000	279,909	11,090,091	0.39%	352
3/31/2010	10,710,000	321,114	10,388,886	0.38%	330
3/31/2011	8,905,000	228,215	8,676,785	0.34%	275
3/31/2012	8,375,000	110,758	8,264,242	0.35%	277
3/31/2013	8,403,559	269,255	8,134,304	0.37%	273
3/31/2014	15,940,963	240,641	15,700,322	0.75%	528
12/31/2014*	14,758,367	136,608	14,621,759	0.70%	491
12/31/2015	13,535,771	136,639	13,399,132	0.64%	450
12/31/2016	14,528,174	141,126	14,387,048	0.65%	483

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.

* For the nine month year ended December 31, 2014.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Schedule of Direct and Overlapping Governmental Activities Debt
December 31, 2016 (Unaudited)**

Governmental Unit	Gross Debt	Percentage of Debt Applicable to District (1)	District's Share of Debt
District	\$ 14,528,174	100.00%	\$ 14,528,174
Overlapping Debt			
Lake County Forest Preserve District	270,760,000	9.42%	25,495,708
City of Highland Park	63,920,000	100.00%	63,918,428
Village of Deerfield	55,315,000	2.43%	1,342,026
School District 109	20,020,000	5.93%	1,187,692
Township High School District Number 113	94,970,000	55.33%	52,544,988
Community College District Number 532	15,985,000	9.92%	1,586,108
Total Overlapping Debt	520,970,000		146,074,950
Total Direct and Overlapping Debt	535,498,174		160,603,124

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
December 31, 2016 (Unaudited)**

See Following Page

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Schedule of Legal Debt Margin - Last Ten Fiscal Years
December 31, 2016 (Unaudited)**

	Fiscal Year Ended 3/31/2008	Fiscal Year Ended 3/31/2009	Fiscal Year Ended 3/31/2010	Fiscal Year Ended 3/31/2011
Legal Debt Limit	\$ 24,377,984	25,999,097	27,015,591	26,276,547
Total Net Debt Applicable to Limit	12,035,000	11,370,000	10,710,000	8,905,000
Legal Debt Margin	12,342,984	14,629,097	16,305,591	15,887,217
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	49.37%	43.73%	39.64%	35.92%

Fiscal Year Ended 3/31/2012	Fiscal Year Ended 3/31/2013	Fiscal Year Ended 3/31/2014	Nine Months Ended 12/31/2014	Fiscal Year Ended 12/31/2015	Fiscal Year Ended 12/31/2016
24,792,217	22,562,841	67,688,522	60,076,155	59,781,880	63,447,874
8,375,000	7,880,000	15,465,000	14,330,000	13,155,000	14,195,000
14,187,841	59,808,522	44,611,155	45,451,880	46,626,880	49,252,874
37.12%	11.64%	25.74%	23.97%	22.00%	22.37%

Legal Debt Margin Calculation for the Fiscal Year Ended December 31, 2016

Assessed Value	<u>\$ 2,206,882,564</u>
Bonded Debt Limit - 2.875% of Assessed Value	63,447,874
Amount of Debt Applicable to Limit	<u>14,195,000</u>
Legal Debt Margin	<u>49,252,874</u>

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Demographic and Economic Statistics - Last Ten Fiscal Years
December 31, 2016 (Unaudited)**

Fiscal Year Ended	(1) Population	(2) Personal Income	(3) Per Capita Personal Income	(4) Unemployment Rate
3/31/2008	31,231	\$ 2,123,333,228	\$ 67,988	3.30%
3/31/2009	31,516	2,142,709,808	67,988	4.30%
3/31/2010	31,516	2,142,709,808	67,988	6.20%
3/31/2011	31,516	2,142,709,808	67,988	6.70%
3/31/2012	29,882	1,977,740,170	66,185	5.60%
3/31/2013	29,763	2,024,003,052	68,004	5.70%
3/31/2014	29,763	2,002,067,721	67,267	6.30%
12/31/2014*	29,763	2,002,067,721	67,267	6.30%
12/31/2015	29,763	1,951,113,465	65,555	4.40%
12/31/2016	29,789	2,287,973,934	76,806	3.90%

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>

* For the nine month year ended December 31, 2014.

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Principal Employers - Current Fiscal Year and Nine Fiscal Years Ago
December 31, 2016 (Unaudited)**

Employer	2016			2017		
	Employees	Rank	Percentage of Total District Employment	Employees	Rank	Percentage of Total District Employment
Highland Park Hospital	1,200	1	4.03%	N/A	N/A	N/A
School District 112	750	2 (1)	2.52%	N/A	N/A	N/A
Park District of Highland Park	727	3 (1)	2.44%	N/A	N/A	N/A
Ravinia Festival	690	4 (1)	2.32%	N/A	N/A	N/A
Northern Suburban Special Ed District	595	5 (1)	2.00%	N/A	N/A	N/A
School District 113	400	6 (1)	1.34%	N/A	N/A	N/A
City of Highland Park	237	7	0.80%	N/A	N/A	N/A
Dick Blick Holdings	100	8	0.34%	N/A	N/A	N/A
Highland Park Public Library	98	9	0.33%	N/A	N/A	N/A
First Bank of Highland Park	85	10	0.29%	N/A	N/A	N/A
	<u>4,882</u>		<u>16.39%</u>	<u>N/A</u>		<u>N/A</u>

Note: (1) Includes full-time, part-time and seasonal employees
Data Source: 2015/2006 IL Manufacturers Directory, 2016/2006 IL Services Directory

N/A - Data not available

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Full-Time Equivalent District Government Employees by Function - Last Ten Fiscal Years
December 31, 2016 (Unaudited)**

	Fiscal Year Ended 3/31/2008	Fiscal Year Ended 3/31/2009	Fiscal Year Ended 3/31/2010	Fiscal Year Ended 3/31/2011
General Government				
Administration				
Full-Time	25	24	24	18
Operations				
Full-Time	25	25	25	26
Recreation				
Full-Time	24	23	23	25
Totals	74	72	72	69

Data Source: District Records

Fiscal Year Ended 3/31/2012	Fiscal Year Ended 3/31/2013	Fiscal Year Ended 3/31/2014	Nine Months Ended 12/31/2014	Fiscal Year Ended 12/31/2015	Fiscal Year Ended 12/31/2016
24	24	22	22	20	22
28	26	26	26	28	25
24	24	32	32	30	29
76	74	80	80	78	76

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Operating Indicators by Function/Program - Last Ten Fiscal Years
December 31, 2016 (Unaudited)**

	Fiscal Year Ended 3/31/2008	Fiscal Year Ended 3/31/2009	Fiscal Year Ended 3/31/2010
Recreation Center			
Memberships	1,693	1,691	1,549
Members	3,036	3,300	2,803
Day Passes	3,877	4,508	3,844
Rentals	485	540	274
AquaPark			
Memberships	1,189	937	827
Centennial Ice Area			
Ice Skating Participants	3,141	3,268	2,529
Gymnastics Participants	2,574	2,599	2,500
Arts Program			
Individual Enrollments	744	749	720
West Ridge			
Individual Enrollments	2,380	2,208	1,918
Athletics Programs			
Individual Enrollments	3,515	3,466	3,504
Camps			
Individual Enrollments	1,375	1,345	1,415
Special Events			
Individuals	490	552	532
Boating Beach			
Season Passes	664	667	451
Golf Course			
Annual Rounds Played	30,196	33,134	29,808
Season Passes	2,302	2,259	2,226
Tennis			
Memberships	649	658	600

Data Source: Various District Departments

Fiscal Year Ended 3/31/2011	Fiscal Year Ended 3/31/2012	Fiscal Year Ended 3/31/2013	Fiscal Year Ended 3/31/2014	Nine Months Ended 12/31/2014	Fiscal Year Ended 12/31/2015	Fiscal Year Ended 12/31/2016
1,499	1,897	2,952	1,804	1,744	2,067	2,029
2,736	2,584	2,712	3,050	3,086	3,239	3,129
2,639	2,914	2,235	2,062	1,791	8,180	7,699
192	241	207	193	115	1,261	166
846	872	484	655	856	703	788
3,297	2,453	1,809	1,599	1,158	2,076	2,065
2,714	1,874	2,165	1,791	1,115	1,766	2,252
827	359	363	660	186	183	141
1,973	1,592	1,919	1,799	1,874	1,403	1,664
3,920	2,691	2,455	2,224	1,793	2,222	1,940
1,284	1,275	1,238	1,194	1,371	1,572	1,466
554	1,613	3,215	1,176	8,788	7,120	6,232
357	384	232	199	67	205	160
30,001	30,859	31,635	27,775	24,724	27,127	24,184
2,236	2,252	-	-	-	135	91
591	577	693	704	750	704	708

PARK DISTRICT OF HIGHLAND PARK, ILLINOIS

**Capital Asset Statistics by Function/Program - Last Ten Fiscal Years
December 31, 2016 (Unaudited)**

	Fiscal Year Ended 3/31/2008	Fiscal Year Ended 3/31/2009	Fiscal Year Ended 3/31/2010
Recreation			
Facilities (Number of)			
Adventure Golf Mini-Course	1	1	1
Aqua Park	1	1	1
Ball Diamonds	23	23	23
Boat Launching Ramp	1	1	1
Disc Golf Courses	2	2	2
Dog Off-Leash Exercise Area	1	1	1
Fishing Ponds	3	3	3
Football Fields/Soccer	14	14	14
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	10	10
Nature Center	1	1	1
Nature Preserves	6	6	6
Outdoor Basketball Courts	10	10	10
Outdoor Hard Surface Tennis Courts	39	39	39
Outdoor Ice Skating	1	1	1
Outdoor Soft Surface Tennis Courts	3	3	3
Parking Spaces	1,794	1,922	1,922
Picnic Areas	16	16	16
Picnic Shelters	4	4	4
Playgrounds	39	39	39
Public Park Restrooms	16	11	11
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

Fiscal Year Ended 3/31/2011	Fiscal Year Ended 3/31/2012	Fiscal Year Ended 3/31/2013	Fiscal Year Ended 3/31/2014	Nine Months Ended 12/31/2014	Fiscal Year Ended 12/31/2015	Fiscal Year Ended 12/31/2016
-	-	-	-	-	-	-
1	1	1	1	1	1	1
23	23	23	23	23	23	29
1	1	1	1	1	1	1
2	2	2	2	2	2	2
1	2	3	3	3	3	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
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
10	10	9	9	9	9	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	7	7	7	7	7	7
1,922	1,922	2,149	2,149	2,149	2,149	2,149
16	16	16	16	16	16	16
4	4	4	4	4	4	4
39	39	39	39	39	39	39
11	11	11	11	11	11	12
4	4	4	4	4	4	4
2	1	1	1	1	1	1
1	1	1	1	1	1	1
-	-	1	1	1	1	1
-	-	4	4	4	4	4