

CITY OF  
HIGHLAND PARK  
ILLINOIS



COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

FOR YEAR ENDED  
DECEMBER 31, 2017

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
CITY OF HIGHLAND PARK, ILLINOIS**  
As of and for the Year Ended December 31, 2017

Prepared by Finance Department

Julie Logan, Finance Director

# CITY OF HIGHLAND PARK

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May 23, 2018

To the Mayor, City Council and the Citizens of Highland Park:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. The attached report is published to fulfill that requirement for the fiscal year ended December 31, 2017.

This Comprehensive Annual Financial Report (CAFR) consists of Senior Staff's representations concerning the City's finances. Senior Staff assumes full responsibility for the completeness and reliability of the information presented herein. Senior Staff has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in accordance with Generally Accepted Accounting Principles (GAAP), which allows for providing a reasonable basis for making these representations. The City's objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements, given the cost of internal controls should not outweigh the anticipated benefits of such controls. We assert that, to the best of our knowledge and belief, this CAFR is complete and reliable in all material respects.

Baker Tilly Virchow Krause, LLP, Independent Certified Public Accountants, issued an unmodified opinion on the City's financial statements for the fiscal year ended December 31, 2017, along with communications to the City Council and Senior Staff that they did not identify any deficiencies in internal control that they consider to be material weaknesses. This is the highest standard of opinion and internal controls communications that a municipality can achieve. The independent auditors' report is presented at the front of the financial section of this report.

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

***Profile of the Government***

The City of Highland Park, incorporated in 1869, has a long-standing heritage as one of the prestigious communities within Chicagoland's Lake Michigan north shore. The City occupies a land area of 12.25 square miles, located 26 miles north of Chicago, and serves a population of 29,902. The City automatically became a home-rule unit of government when the 1970 Illinois Constitution was adopted because it had a population in excess of 25,000. As a home-rule entity, the City does not have tax rate limits or debt limits, and is not required to conduct a referendum to authorize the issuance of debt or to increase property taxes.

The City has operated under the council-manager form of government since 1955. Policy-making and legislative authority are vested in a seven-member Council composed of a mayor and six council members elected on an at-large basis for four year, staggered terms. The City Council appoints the City Manager, City Clerk, and Corporation Counsel. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the directors of the City's six departments (City Manager's Office, Community Development, Finance, Fire, Police and Public Works).



The City provides police and fire protection; community and business development; construction and maintenance of streets and other infrastructure; water, sewer, and parking services; local transit service, and youth and senior services. The CAFR includes the activities of the Public Safety Pension Funds and the Highland Park Public Library, although independent boards control these funds.

The annual budget is the foundation for the City's financial planning and control. City departments submit requests for appropriation to the City's Finance Director so that a budget may be prepared. Based on input from the public, City Council and Senior Staff establish a budget based on proposed objectives that are fiscally responsible, have the highest priority and the greatest positive impact on the community. The City Manager presents the resulting proposed budget to the City Council for review in October. The City Council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than December 31, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager is authorized to transfer budgeted amounts within departments of any fund. Any revisions that alter the total expenditures of any department or fund must be approved by the City Council. Budget-to-actual comparisons are provided in this CAFR for each individual governmental and proprietary fund for which an appropriated annual budget has been adopted. A schedule of detailed expenditures comparing budget and actual information for the General Fund at the function, department, and program level, is also provided.

### ***Local Economy***

The City continued to realize consistent economic strength in 2017, with strong economic conditions in construction and real estate, consumer spending and business spending. Trends in these sectors have an impact on City revenues such as sales tax, building permits and real estate transfer tax.

Building permit revenues continued, for the sixth consecutive year, to exceed the recession levels in 2009 through 2011. Real estate transfer tax revenues increased 8.6% compared to calendar year 2016, with the number of taxable real estate transfer tax transactions increasing by 2.2%. The City's assessed valuation increased 4.1% from 2016 to 2017, after increasing 6.2% from 2015 to 2016 and 6.1% from 2014 to 2015, reflecting continued upward trend in property value for the City's tax base properties.

Sales and sales tax revenue was stable and flat compared to the prior year, with sales tax revenue increases in Automotive and Filing Stations, Drinking and Eating Places, and Manufacturers, offset by declines in retail store categories.

Retail occupancy increased from 88% at the start of 2017 to 89% at the close of 2017. The City has an aggressive Business Development Strategic Plan that guides activities to enhance the business and economic climate of the City. The City's Business Development Office (BDO) coordinated with property owners to attract and retain community businesses by providing support, economic development incentives, and resources. In 2017, the BDO hosted a roundtable event for real estate professionals to discuss real estate trends, their needs, client needs and City growth opportunities. Efforts to maintain and enhance the desirability and economic vitality of the City's three main business districts included three Special Service Areas (SSA), which are self-imposed taxes by property owners in the area to fund such activities, and a new Tax Increment Financing (TIF) district for redevelopment of one of the areas:

- SSA 16 focuses on the Central Business District (CBD) comprised of 204 properties, was enacted in 2007, expired and was not renewed in 2016. The Downtown Highland Park Alliance, a public-private partnership, continues to operate through October 2018 utilizing accumulated SSA funds to enhance CBD economic vitality, including 2017 marketing efforts.
- SSA 17 focuses on the Ravinia Business District (RBD) comprised of 29 properties, was enacted in 2013, and was renewed for another three-year term through December 2019. RBD property owners initiated a new special event to market the RBD.
- SSA 18 focuses on the Briergate Business District (BBD), comprised of 68 properties, and was enacted in 2013 for a 10-year term. Briergate Business Association District property owners continued to fund marketing and physical improvement efforts during the year.
- TIF 4 focuses on underdeveloped areas of the BBD and was enacted in December of 2017 to encourage future redevelopment of certain sites for more market oriented commercial, industrial

and residential uses of the properties that will enhance their value and improve their contributions to the City and its surrounding areas. Illinois law allows local governments to designate areas within their jurisdiction as TIF districts. These specially-designated districts are used to spur economic growth. The concept behind TIF is that by making infrastructure and other improvements to a district, additional private sector investment will be drawn to the district, thereby increasing property values and property tax revenue in the area. TIF captures the difference in existing property tax revenue within a district and future (higher) property tax revenue, after improvements have been made, to finance the cost of the improvements.

Deliberate action by the City's elected officials and staff in times of economic growth have continued to ensure adequate reserves for sustaining service levels during periods of economic and state legislative uncertainty. With a clear emphasis on maintaining healthy reserves and a desire to ensure operating expenditures can be sustained at the current level of revenues, the 2017 budget was developed under a comprehensive set of Financial and Budgetary Policies. Significant effort was made to ensure transparency, clarity and long-term financial sustainability, as well as connectivity between revenue sources and expenditures within the fund structure.

The City's long-term economic outlook remains favorable. The 2017 average unemployment rate for the City was 3.6% compared to the State of Illinois rate of 4.8% and Lake County rate of 4.9%, sourced from the Bureau of Labor Statistics. The U.S. Census Bureau 5-year estimated median family and household incomes for the City were \$161,266 and \$130,355, respectively, according to the latest census, which placed the City among the nation's wealthiest communities with populations of 25,000 or more.

Economic and state legislative trends are monitored to gauge the potential impact on the City's budget. Expenditures are consistently reduced and deferred whenever necessary and possible, and privatization and shared services are considered when a cost savings and consistent level of service can be achieved.

### ***Long-Term Financial Planning***

The City continues to plan for its future to preserve the outstanding quality of life enjoyed by the residents and to ensure a high level of service to the community. The City continues to impose an additional one-half percent home-rule sales tax on the sale of general merchandise. This incremental tax yields approximately \$4 million in additional sales tax revenue per year, and has been used to fund infrastructure and operating improvements.

The City continues an aggressive investment in its capital plan for infrastructure improvements, committing \$17 million in 2018 for street, bridge, sanitary sewer, ravine remediation, storm sewer, water utility, water meter replacement, and other infrastructure improvements. A portion of water revenues are pledged for capital improvements, and related debt service, to the water production and distribution systems each year. These amounts increase annually by the Construction Cost Index to ensure that the funding commitments keep pace with inflationary construction cost increases. Incorporated within the annual budget preparation process is the development of a five-year capital improvement program, as of the 2018 budget, increasing to a ten-year capital improvement program for the 2019 budget, to ensure adequate long-term financial planning.

### ***Relevant Financial Policies***

Unassigned fund balance in the general fund at December 31, 2017, is \$17.6 million, which represents 53% of 2017 general fund operating expenditures, exceeding the City's policy guidelines set by the City Council. These reserves are vital for ensuring the City's ability to sustain service levels during periods of economic and state legislative uncertainty which may result in unanticipated revenue shortfalls and to address pension funding requirements. In 2018, the City budgeted a \$1.2 million reduction in general fund balance reserves for infrastructure and priority 1 facility improvements, consistent with the City's financial and budgetary policies. Priority 1 improvements are significant updates for the life safety and health of the public. The resulting unassigned fund balance, as a percent of general fund operating expenditures, is expected to continue to exceed the City's policy guidelines.

The City accounts for its annual other postemployment benefits (OPEB) obligation per GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than

Pensions. The City Council has set aside almost \$7.5 million to meet future requirements associated with OPEB. Please refer to the notes to the financial statements for additional information.

### **Major Initiatives**

The City completed a major water infrastructure improvement project replacing more than 6,000 water meters and installing an Automated Meter Reading (AMR) system. The AMR system is a fixed-base network system which enables meters to be read remotely. The project included installation of more than 10,000 meter interphase units and automatic meter reader devices in each meter.

The City continued its aggressive approach to infrastructure investment consistent with City priorities. Approximately 10 miles of asphalt roadways were rehabilitated, including resurfacing, reconstruction, patching, and utility infrastructure construction. More than 6,500 square yards each of concrete streets and sidewalk repairs were completed. More than 22,000 feet of sanitary sewers and more than 5,000 feet of storm sewers were excavation-less pipe-lined. By lining these old clay sewers, the pipe capacity is preserved and the functional life of these pipes has been extended to 50 years. The City continued its strong sustainability initiatives. Approximately 1,150 length of alley was paved with permeable pavers. The pavers provide stormwater water quality benefits and are easier to maintain, as compared to concrete or asphalt streets.

The City is proud to have three nationally accredited departments in Police, Fire and Public Works. This is a testament to the City's commitment to public safety and the highest level of practices. The City completed more than 150 major projects and initiatives in this audit year, with public-facing or otherwise significant initiatives outside of the City's day-to-day operations. The list of major projects can be reviewed on the City's web site at [www.cityhpil.com](http://www.cityhpil.com).

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Highland Park for its CAFR for the fiscal year ended December 31, 2016. This was the 33rd consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2017. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device. A Distinguished Budget Presentation Award is valid for a period of one year only. We believe that our annual budget document for the fiscal year beginning January 1, 2018 continues to meet the Distinguished Budget Presentation Award program requirements and we have submitted it to the GFOA to determine its eligibility for another award.

The preparation of this report would not have been possible without the efficient, professional, and dedicated service of the City's department staffs. We wish to express our appreciation to all members of the City's departments who assisted and contributed to the preparation of this CAFR. Credit also goes to the Mayor and the City Council for their unwavering support for maintaining the highest standards of professionalism in the management of the City of Highland Park's finances.

Respectfully submitted,



Ghida S. Neukirch  
City Manager



Julie Logan  
Finance Director



Government Finance Officers Association

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

Presented to

**City of Highland Park  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

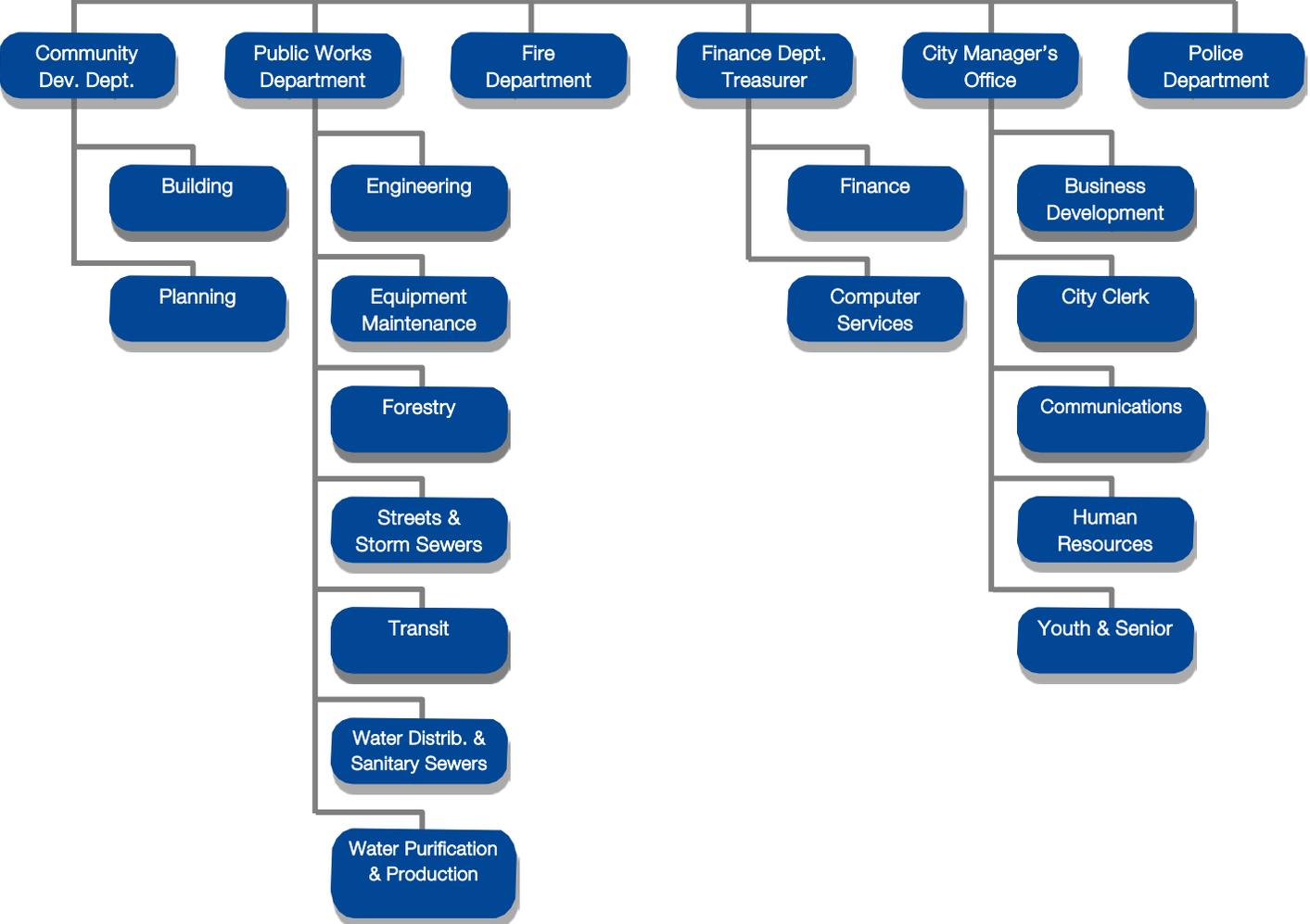
**December 31, 2016**

*Christopher P. Morrell*

Executive Director/CEO

# THE CITIZENS OF HIGHLAND PARK

Mayor and City Council



# CITY OF HIGHLAND PARK, ILLINOIS

## PRINCIPAL OFFICIALS

December 31, 2017

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### LEGISLATIVE

Nancy R. Rotering, Mayor

#### City Council

Anthony E. Blumberg

Daniel A. Kaufman

Michelle L. Holleman

Alyssa Knobel

Adam Stolberg

Kim Stone

### ADMINISTRATIVE

Ghida S. Neukirch, City Manager

Julie Logan, Finance Director

## INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council  
City of Highland Park, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Highland Park, Illinois, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Highland Park's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City of Highland Park's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City of Highland Park's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

To the Mayor and City Council  
City of Highland Park

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Highland Park, Illinois, as of December 31, 2017 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

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

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Highland Park's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

To the Mayor and City Council  
City of Highland Park

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Highland Park's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Baker Tilly Virchow Krause, LLP*

Oak Brook, Illinois  
May 23, 2018

## Management's Discussion and Analysis (Unaudited)

The purpose of this Discussion and Analysis is to offer readers a narrative overview and analysis of the financial activities of the City of Highland Park (City) for the twelve months ended December 31, 2017. We encourage readers to consider this information along with additional information provided in the letter of transmittal, located in the Introductory Section of this report.

### Financial Highlights

- Total revenues were \$62.8 million, an increase of 0.5%, in comparison with the prior year. The increase was significantly due to an increase in property taxes related to the City's accelerated contribution to public safety pensions. Consistent with State Statute, City policy is to fund public safety pensions to 90% by year 2040, as determined by a third party actuary, from a combination of property tax levy and other identified revenue sources. The City began accelerating public safety pension funding in 2016 and then again in 2017, to minimize long-term pension cost to the property tax payer.
- Total expenses were \$66.3 million, a decrease of \$0.5 million, or 0.7%, in comparison with the prior year. The decrease was significantly due to reduced Proprietary Water Fund expenditures related to the City's water meter replacement and automated meter reading fixed base system project, which completed during 2017 but had higher expenses during 2016.
- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$79.3 million (net position). The City's total net position declined \$3.4 million as compared to the prior year, primarily due to capital-related expenditures, which are not capitalized for reporting purposes, from continued acceleration of the City's capital improvement program, as budgeted, and differences between expected and actual experience of the City's deferred inflows of resources related to pensions.
- Governmental funds combined ending fund balance was \$32.0 million, a decrease of \$0.8 million in comparison with the prior year, significantly due to a strategic drawdown of reserves for infrastructure and priority 1 facility improvements, consistent with the City's financial and budgetary policies. Priority 1 improvements are significant updates for the life safety and health of the public. The resulting fund balances, as a percent of operating expenditures, continue to exceed the City's policy guidelines.
- Long-term liabilities were \$147.1 million, a \$1 million decrease in comparison with the prior year, significantly due to a \$1.7 million decrease in net public safety pension and other liabilities from updated assumptions and differences between expected and actual experience, net of a \$1 million increase in capital-related bonds and notes payable, related to the City's continuing infrastructure investments, consistent with City priorities.
- The general fund unrestricted and unassigned fund balance was \$17.6 million, or 56% of 2017 general fund projected operating expenditures, exceeding the City's policy to maintain a minimum balance of 35%. As part of its 2018 budget process, the City estimated five years of General Fund balance, showing the City Council's decision to gradually and strategically draw down fund balance, over five years, to approximately 35% by year 2022, to fund capital and other postemployment benefits (OPEB) expenditures.

## Overview of the Financial Statements

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

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

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. Changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The government-wide financial statements distinguish City functions which are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The City's governmental activities include general government, public safety, public works, economic and physical development, transit, commissions and interest costs. The City's business-type activities include water utility, sewer utility and a parking system.

The government-wide financial statements include City funds (primary government) and a legally separate library, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government. The government-wide financial statements can be found on pages 15-17 of this report.

**Fund financial statements.** A fund is a group of related accounts used to maintain control over resources segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting in compliance with finance-related legal requirements. City funds are divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

Readers may better understand the long-term impact of the government's near-term financing decisions by comparing the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues,

Expenditures and Changes in Fund Balances provide reconciliations for comparison between governmental funds and governmental activities.

Eleven individual governmental funds are reported in 2017. Information is presented separately in the Governmental Fund Balance sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, Public Safety Pension Levy Fund and Capital Projects Fund, which are considered major funds. Data for the other governmental funds are combined into a single, aggregated presentation labeled nonmajor governmental funds. Individual fund data for each nonmajor governmental fund is provided in the combining statements and schedules provided on pages 108-111 of this report.

The City adopts an annual appropriated budget for its governmental funds, with the exception of the Foreign Fire Insurance Tax Fund. Budgetary comparisons are provided to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 18-22 of this report.

**Proprietary funds.** The City maintains two types of proprietary funds labeled Enterprise funds and Internal Service funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. Enterprise funds account for water, sewer and parking operations. Internal service funds accumulate and allocate costs internally to the City's various functions. Internal service funds account for equipment maintenance and replacement, as well as certain insurance activities. These services predominantly benefit governmental, rather than business-type functions, and are included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, however in more detail. The proprietary fund financial statements provide separate information for water, sewer and parking operations, which are major funds. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the combining and individual fund statements and schedules on pages 123-129 in this report. The basic proprietary fund financial statements can be found on pages 23-27 of this report.

**Fiduciary funds.** Fiduciary funds account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reflected in the government-wide financial statements because the fund resources are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 28-29 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential for 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 30-88 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information. Budgetary comparisons for the general fund and major special revenue funds are provided, as well as information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information can be found on pages 89-104 of this report.

The comparison of budget-to-actual, the combining statements and related schedules are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 105-132 of this report.

### Government-wide Financial Analysis

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$79.3 million (net position). The City's total net position declined \$3.4 million as compared to the prior year, primarily due to capital-related expenditures, which are not capitalized for reporting purposes, from continued acceleration of the City's capital improvement program, as budgeted, and differences between expected and actual experience of the City's deferred inflows of resources related to pensions.

The largest portion of the City's net position is investment in capital assets, which is land, buildings, machinery, and equipment, less outstanding debt used to acquire those assets. Capital assets are used to provide services to citizens. The assets are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources needed to repay the debt are provided from other sources. The capital assets themselves cannot be used to liquidate these liabilities. The City adopted a philosophy of funding capital improvements, to a large extent, on a pay-as-you-go basis, and retires debt obligations quickly, resulting in positive net position.

A portion of the net position includes resources which are subject to external restrictions on usage. Unrestricted net position, if positive, may be used to meet ongoing obligations to citizens and creditors. The City's total unrestricted net position was negative \$47.8 million as of December 31, 2017, which changed \$2.1 million versus the prior year due to a decrease of \$5.1 million in Deferred Outflows related to Pensions, net of a \$1.7 million decline in Long-term and Other Liabilities.

### Condensed Statement of Net Position as of December 31, 2016 and 2017 (in Millions – Rounded)

	Governmental Activities			Business-Type Activities			Total Primary Government		
	2016	2017	Change	2016	2017	Change	2016	2017	Change
Current and Other Assets	\$56.4	\$56.7	\$0.3	\$9.7	\$10.0	\$0.3	\$66.2	\$66.7	\$0.5
Capital Assets	91.0	88.8	(2.2)	82.0	82.7	0.7	172.9	171.5	(1.5)
<b>Total Assets</b>	<b>147.4</b>	<b>145.5</b>	<b>(1.9)</b>	<b>91.7</b>	<b>92.7</b>	<b>1.0</b>	<b>239.1</b>	<b>238.2</b>	<b>(0.9)</b>
Deferred Outflows related to Pensions	19.8	15.2	(4.6)	1.6	1.1	(0.5)	21.4	16.3	(5.1)
Other Deferred Outflows	0.1	0.0	(0.0)	0.6	0.6	(0.0)	0.7	0.6	(0.1)
<b>Deferred Outflows of Resources</b>	<b>19.9</b>	<b>15.2</b>	<b>(4.6)</b>	<b>2.2</b>	<b>1.7</b>	<b>(0.5)</b>	<b>22.0</b>	<b>16.9</b>	<b>(5.1)</b>
Long-Term Liabilities Outstanding	99.6	95.8	(3.9)	48.4	51.3	2.9	148.1	147.1	(1.0)
Other Liabilities	3.9	3.9	(0.0)	1.9	1.3	(0.6)	5.8	5.2	(0.7)
<b>Total Liabilities</b>	<b>103.6</b>	<b>99.7</b>	<b>(3.9)</b>	<b>50.3</b>	<b>52.6</b>	<b>2.2</b>	<b>153.9</b>	<b>152.3</b>	<b>(1.7)</b>
<b>Deferred Inflows of Resources</b>	<b>24.5</b>	<b>23.5</b>	<b>(1.0)</b>	<b>0.0</b>	<b>0.0</b>	<b>(0.0)</b>	<b>24.5</b>	<b>23.5</b>	<b>(1.0)</b>
<b>Net Position:</b>									
Net Investment in Capital Assets	85.6	84.8	(0.8)	40.2	39.6	(0.6)	125.7	124.4	(1.3)
Restricted	2.7	2.7	0.1	0.0	0.0	0.0	2.7	2.7	0.1
Unrestricted	(49.0)	(49.9)	(0.9)	3.4	2.2	(1.2)	(45.6)	(47.8)	(2.1)
<b>Total Net Position</b>	<b>\$39.2</b>	<b>\$37.6</b>	<b>(\$1.7)</b>	<b>\$43.5</b>	<b>\$41.7</b>	<b>(\$1.8)</b>	<b>\$82.7</b>	<b>\$79.3</b>	<b>(\$3.4)</b>

The City reports positive balances in two of the three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities, as of December 31, 2017. The negative unrestricted net position in governmental activities is due to net pension liabilities reported in compliance with GASB Nos. 68 and 71. Details of the net pension liabilities can be found in Note III.A to the Financial Statements on pages 66-81 of this report.

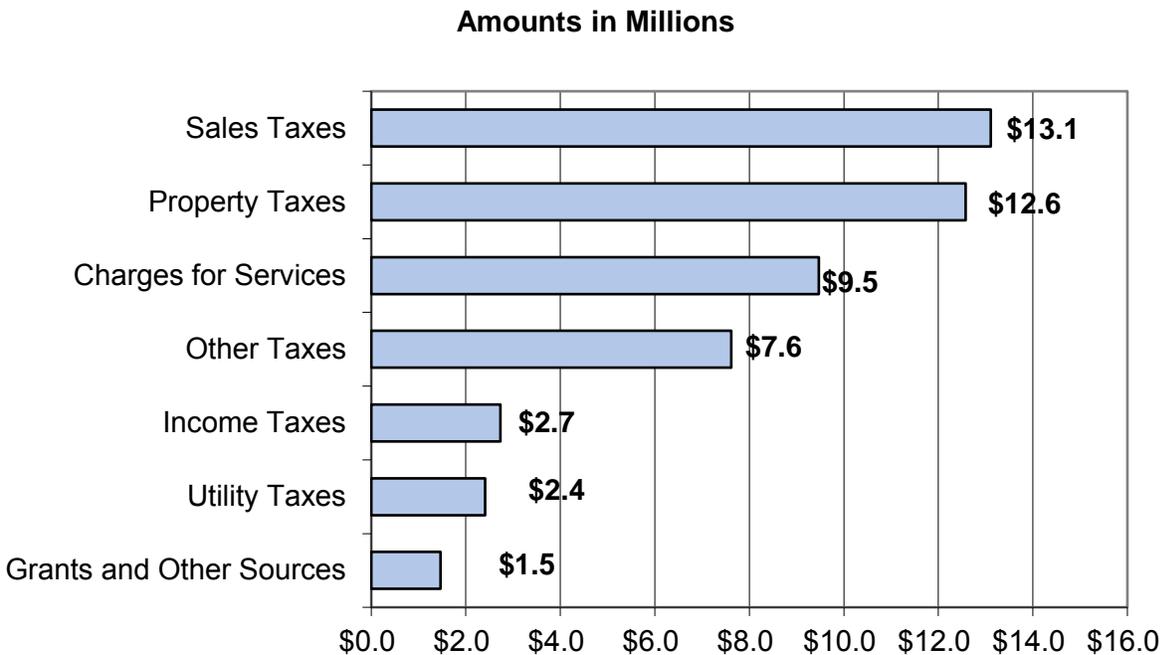
**Condensed Statement of Activities  
as of December 31, 2016 and 2017  
(in Millions – Rounded)**

	Governmental Activities		Business-Type Activities		Total Primary Government		
	2016	2017	2016	2017	2016	2017	Change
Program Revenues:							
Charges for Services	\$9.4	\$9.5	\$13.5	\$13.2	\$22.9	\$22.7	(\$0.2)
Operating Grants	0.8	0.9	0.1	0.1	0.9	1.0	0.1
Capital Grants	0.1	0.2			0.1	0.2	0.1
General Revenues:							
Sales Taxes	13.2	13.1			13.2	13.1	(0.1)
Property Taxes	12.4	12.6			12.4	12.6	0.2
Other Taxes	11.9	11.9			11.9	11.9	0.0
Payment in Lieu of Taxes	0.8	0.8			0.8	0.8	0.0
Other	0.3	0.4	0.1	0.1	0.3	0.5	0.1
<b>Total Revenues</b>	<b>48.9</b>	<b>49.4</b>	<b>13.6</b>	<b>13.4</b>	<b>62.5</b>	<b>62.8</b>	<b>0.3</b>
Expenses:							
Public Safety	27.1	26.1			27.1	26.1	(0.9)
Economic/Physical Development	7.2	7.9			7.2	7.9	0.8
Public Works	7.5	7.5			7.5	7.5	0.0
General Government	7.1	7.5			7.1	7.5	0.4
Transit	1.3	1.3			1.3	1.3	0.0
Commissions	0.4	0.4			0.4	0.4	(0.0)
Interest	0.3	0.2			0.3	0.2	(0.1)
Water			10.9	9.4	10.9	9.4	(1.4)
Sewer			4.1	4.8	4.1	4.8	0.8
Parking			0.9	0.9	0.9	0.9	0.0
<b>Total Expenses</b>	<b>50.9</b>	<b>51.0</b>	<b>15.9</b>	<b>15.2</b>	<b>66.7</b>	<b>66.3</b>	<b>(0.5)</b>
Increase/(Decrease) in Net Assets before Transfers	(1.9)	(1.7)	(2.3)	(1.8)	(4.2)	(3.4)	0.8
Transfers	(0.1)		0.1				
<b>Change in Net Position</b>	<b>(\$2.0)</b>	<b>(\$1.7)</b>	<b>(\$2.2)</b>	<b>(\$1.8)</b>	<b>(\$4.2)</b>	<b>(\$3.4)</b>	<b>\$0.8</b>

Total revenues were \$62.8 million, an increase of 0.5%, in comparison with the prior year. The increase was significantly due to an increase in property taxes related to the City's accelerated contribution to public safety pensions. Consistent with State Statute, City policy is to fund public safety pensions to 90% by year 2040, as determined by a third party actuary, from a combination of property tax levy and other identified revenue sources. The City began accelerating public safety pension funding in 2016 and then again in 2017, to minimize long-term pension cost to the property tax payer.

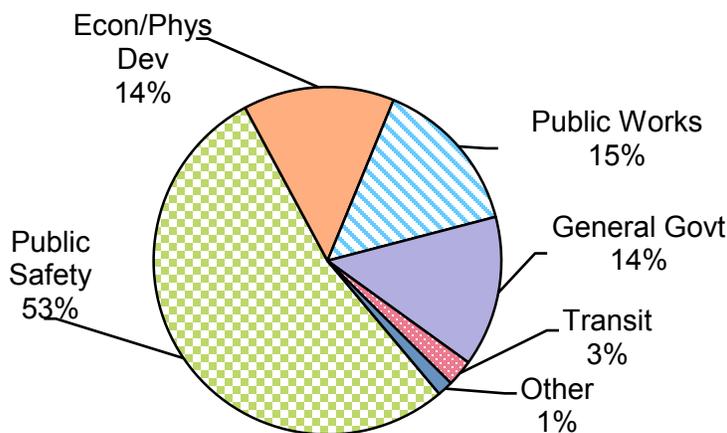
Total expenditures were \$66.3 million, a decrease of \$0.5 million, or 0.7%, in comparison with the prior year. The decrease was significantly due to reduced Proprietary Water Fund expenditures related to the City's water meter replacement and automated meter reading fixed base system project, which completed during 2017 but had higher expenditures during 2016.

## Revenues by Source — Governmental Activities



Sales taxes account for the greatest proportion of funding for governmental activities, followed by property taxes, charges for services, and other taxes. The City has a continued conservative approach to managing expenses, with growth in expenses closely monitored each year and operating departments encouraged to contain non-personnel related operating costs. However, the City has continued an aggressive capital improvement plan, consistent with City priorities, investing \$7.6 million during 2017 in infrastructure and facilities improvements from governmental revenues.

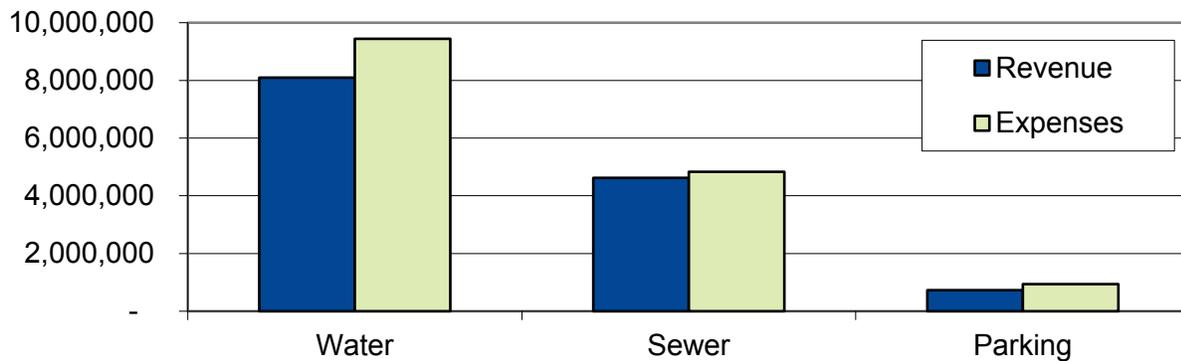
## Expenses by Activity — Governmental Activities



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

## Business-Type Activities

Business-type activities decreased the City's net position by \$1.8 million. This decrease is primarily due to business activity capital-related expenditures, which are not capitalized for reporting purposes, from continued acceleration of the City's capital improvement program, as budgeted and consistent with City priorities. Business-type activities are intended to be self-sufficient, meaning charges for services and other revenues should be sufficient to cover costs associated with the operation and debt service for capital-related debt, over time. The following graph shows a comparison of revenues and expenses of each business-type activity:



The water utility fund, sewer utility fund, and parking operations fund net positions declined by \$1.3 million, \$0.2 million and \$0.2 million, respectively, primarily to due to the continued acceleration of the City's capital improvement program and depreciation.

## Financial Analysis of the City's Funds

The City utilizes fund accounting in compliance with finance-related legal requirements.

**Governmental funds.** The City's governmental funds provide information on near-term inflows, outflows and balances of spendable resources, which is useful in assessing a government's financing requirements. In particular, unrestricted or unassigned fund balance is a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2017, the governmental funds combined ending fund balance was \$32.0 million, a decrease of \$0.8 million in comparison with the prior year, significantly due to a strategic drawdown of reserves for infrastructure and priority 1 facility improvements, consistent with the City's financial and budgetary policies. Priority 1 improvements are significant updates for the life safety and health of the public. The resulting fund balances, as a percent of operating expenditures, continues to exceed the City's policy guidelines.

The general fund is the primary operating fund of the City. Of the total fund balance, \$17.6 million is unassigned fund balance available for spending at the government's discretion. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total fund expenditures. It is prudent for a government to maintain an appropriate level of fund balance, generally based on the historical and projected stability and predictability of the underlying revenues and expenditures, to meet unanticipated revenue shortfalls, small increases in service delivery costs or emergency situations. Unassigned fund balance represents 56% of 2017 total general fund operating expenditures, exceeding the City's policy target of 35%. As part of its 2018 budget process, the City estimated five years of General Fund balance, showing the City Council's decision to gradually and strategically draw down fund balance, over five years, to approximately 35% by year 2022, to fund capital and other postemployment benefits (OPEB) expenditures.

Committed fund balance totaling \$1.3 million is not available for discretionary spending as it is committed for transportation and sustainability initiatives. The City also reports an assigned fund balance of \$8.2 million in the general fund to meet future obligations for other post-employment benefits and capital projects. Please refer to page 18 for a detailed description and amounts of assigned and committed fund balance.

The public safety pension levy fund has a total fund balance of \$0, equal to the City's target. This fund accounts for property tax revenues that are restricted to fund the City's public safety pension liability.

The capital projects fund has a fund balance of \$0.2 million at December 31, 2017, greater than the City's target of zero. During 2017, the fund balance declined \$2.3 million due capital improvements expended over a two-year period, consistent with the City's capital improvement program, funded by the 2016 issuance of general obligation bonds.

Nonmajor governmental funds combined fund balance of \$6.1 million at year end increased \$0.6 million from the prior year, significantly due to revenue in excess of expenditures in several funds. The debt service fund is included in nonmajor governmental funds and had a total fund balance of \$2.1 million, which is assigned for the payment of debt service.

**Proprietary funds.** The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, however in more detail.

Net positions of the water utility, sewer utility, and parking system funds were \$17.6 million, \$20.5 million, and \$3.6 million, respectively. The total reduction in net position for proprietary funds, combined, was \$1.8 million. Factors concerning the finances of these funds have been addressed in the discussion of the City's Financial Highlights and Business-type Activities sections of this Management, Discussion and Analysis.

### **General Fund Budgetary Highlights**

Actual revenues exceeded budget by \$42,600. Highlights of revenue variances to budget are noted below.

- Positive revenue variances of significance were realized in charges for services, reimbursements, utility taxes, licenses and permits, payments in lieu of taxes, and miscellaneous revenues.
- Shortfalls were realized in state income taxes, fines and forfeitures, and franchise tax.

The General Fund budget was amended during the fiscal year to transfer appropriations between operating departments and to provide for unanticipated expenditures. Total General Fund expenditures were 91% of budget, resulting in a budgetary savings of \$3.5 million. The City continued to closely monitor economic and state legislative trends to gauge the potential impact on the City's budget in 2017. Expenditures continued to be reduced and deferred whenever possible, and privatization of services was considered when a cost savings and consistent level of service could be achieved. Additionally, some capital projects originally budgeted for completion in 2017 will extend into and complete in 2018. Highlights of expenditure variances to budget are noted below.

- Reserve and contingency was \$0.9 million less than budget. The variance is due to the City's reserve for OPEB, which is treated as an expenditure for budget purposes and an assignment of general fund balance for financial reporting purposes.
- Expenditure variances less than budget were also realized in other General Government (\$2.2 million), Economic and Physical Development (\$0.5 million), Public Safety (\$0.3 million), Public Works (\$0.3 million), and Commissions (\$0.1 million), significantly due to efficiency improvements and expenditure deferrals.

## Capital Asset and Debt Administration

**Capital Assets.** The combined investment in capital assets for governmental and business-type activities as of December 31, 2017 was \$171.5 million, net of accumulated depreciation and \$117.5 million, net of both accumulated depreciation and outstanding related debt. Capital assets include land, buildings, other improvements, machinery and equipment, streets, bridges, sanitary and storm sewers, and water production and distribution systems. A \$4.5 million decline in buildings and improvements resulted from \$1.9 million less assets and \$2.6 million additional depreciation. A \$1.6 million increase in construction in progress resulted from projects started in 2017 which will be complete in 2018. Additional information on the City's capital assets can be found in the Notes to Financial Statements Note II.C of this report.

### Capital Assets, Net of Depreciation as of December 31, 2016 and 2017 (in Millions – Rounded)

	Governmental activities		Business-type activities		Total Primary Government		
	2016	2017	2016	2017	2016	2017	Change
Land	\$13.6	\$13.6	\$1.4	\$1.4	\$15.0	\$15.0	0.0
Buildings & improvements	49.7	46.4	39.8	38.6	89.5	85.1	(4.5)
Machinery & equipment	3.9	4.2	0.7	0.7	4.6	4.8	0.2
Infrastructure	22.8	23.3	38.0	38.8	60.8	62.0	1.2
Construction in progress	1.0	1.4	2.1	3.2	3.0	4.6	1.6
<b>Total</b>	<b>\$91.0</b>	<b>\$88.8</b>	<b>\$82.0</b>	<b>\$82.7</b>	<b>\$172.9</b>	<b>\$171.5</b>	<b>(1.5)</b>

**Long-term debt.** At the end of 2017, long-term debt outstanding was \$53.9 million, of which \$4.1 million will be paid by the debt service fund from general governmental revenues. The remainder of the debt will be paid from revenue of business-type activities.

### Total Long-Term Debt Outstanding as of December 31, 2016 and 2017 (in Millions – Rounded)

	Governmental activities		Business-type activities		Total Primary Government		
	2016	2017	2016	2017	2016	2017	Change
General Obligation Debt	\$6.2	\$4.1	\$43.2	\$44.8	\$49.4	\$48.8	(\$0.6)
IEPA Loan Payable	0.0	0.0	3.8	5.1	3.8	5.1	1.3
<b>Total Long-term Debt</b>	<b>\$6.2</b>	<b>\$4.1</b>	<b>\$47.0</b>	<b>\$49.9</b>	<b>\$53.2</b>	<b>\$53.9</b>	<b>\$0.8</b>
Net Pension Obligation	84.0	82.5	1.1	1.0	85.1	83.5	-1.7
Other Long-term Liabilities	9.4	9.2	0.3	0.4	9.7	9.7	-0.1
<b>Total Long-term Liabilities</b>	<b>\$99.6</b>	<b>\$95.8</b>	<b>\$48.4</b>	<b>\$51.3</b>	<b>\$148.1</b>	<b>\$147.1</b>	<b>(\$1.0)</b>

Total debt increased by \$0.8 million to fund capital improvements consistent with the City's capital improvement program. The City's general obligation bonds maintain a "Aaa" rating from Moody's Investors Service. Starting in 2016, Moody's assigned a negative outlook to the rating, reflecting risk that unfunded pension liabilities will grow further should asset returns remain weak relative to plan assumptions or the City raises contributions more slowly than anticipated. The Aaa rating reflects the city's sizable and affluent tax base, stable financial operations underpinned by healthy reserves, and moderate bonded debt burden. The rating also incorporates the City's large unfunded pension liabilities and the City's plans, which started in 2016, to substantially increase pension contributions.

In 2017, the City issued \$3.4 million in general obligation bonds to fund capital improvements to the City's Water System and Streets. General Obligation Bonds were used to obtain the lowest interest rate possible. Over \$2.7 million of the levy on these bonds will be abated with revenue from the water system used to pay the debt. The City also received a low-rate Illinois Environmental Protection Agency (IEPA) loan, starting in 2015 and continuing into 2017, to fund implementation of water meter replacement and an automated meter reading fixed base system.

Under the 1970 Illinois Constitution, there is no legal debt limit for home rule municipalities, except as set by the General Assembly. If the City were subject to such a limitation, outstanding indebtedness could not exceed 8.625% of equalized assessed valuation. Currently, the City's debt of \$53.9 million represents 2.2% of the City's equalized assessed valuation. Additional information on the City's long-term debt can be found in the Notes to Financial Statements Note II.E of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The City has a long-standing heritage as one of the prestigious communities along Chicagoland's "north shore" of Lake Michigan. The long-term economic outlook remains strong as the City's stable property tax base consists of over 90% residential property. Economic trends continue to be strong, with gradual annual increases in revenues driven by the economic climate. The City has experienced continued strength in 2017 for sales tax, building permit and real estate transfer tax revenues. Assessed valuations are gradually increasing. Sales tax continues to be the primary revenue source for general fund operations. The City continues to monitor this revenue closely and continues to take steps to enhance retail sales in the City. Other economic factors impacting the City's budget are as follows.

- The unemployment rate for the City is consistently lower than that of Lake County and the State of Illinois. The 2017 average unemployment rate for the City was 3.6% compared to the State of Illinois rate of 4.8% and Lake County rate of 4.9%, as sourced from the Bureau of Labor Statistics.
- The City had median family and household incomes of \$161,266 and \$130,355, respectively, according to the U.S. Census Bureau American Community Survey estimates 2012 to 2017, which placed the City among the nation's wealthiest communities with populations of 25,000 or more.

The City monitors sales tax, building permit and real estate transfer tax revenue on a monthly basis, as these three revenue sources are impacted by national economic conditions. This practice allows the City to continually assess the need for reduced expenditures to offset revenue shortfalls.

The City is mindful of the ongoing budget crisis at the State of Illinois and its growing pension liabilities. The Mayor and City Council continue to urge State lawmakers to pass a balanced budget that protects local government revenues. The City has proactively prepared in the event of potential loss of these revenues.

In response to national economic conditions, the City continued to take steps to ensure fiscal sustainability in preparing the 2018 budget, deferring non-essential expenditures, pursuing shared services, joint bidding and increased efficiency in operations, and analyzing fees to achieve greater cost recovery.

As a result of conservative efforts, the City has been able to accumulate a General Fund Balance in excess of the City's policy of a 35% reserve. The Mayor and City Council have elected to strategically and gradually drawdown excess reserves to complete one-time capital

improvements, over the capital improvement period 2018-2022, developed as part of the 2018 Budget. Included in the 2018 plan are investments into City facilities and equipment, Bike Walk Plan 2030 improvements, funding for Special Service Area 18 Briergate improvements, and funding for other post-employment benefits.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Office of the Finance Director, City of Highland Park, 1707 St. Johns Avenue, Highland Park, Illinois 60035.

# CITY OF HIGHLAND PARK

## STATEMENT OF NET POSITION As of December 31, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	Highland Park Public Library
<b>ASSETS</b>				
Cash	\$ 37,032,626	\$ 8,228,845	\$ 45,261,471	\$ 1,144,009
Investments	-	-	-	3,309,000
Receivables (net)				
Property taxes	13,161,740	-	13,161,740	4,893,600
Motor fuel tax allotments	161,509	-	161,509	-
Intergovernmental	4,586,572	53,577	4,640,149	-
Loans	275,000	-	275,000	-
Accounts	782,995	1,718,150	2,501,145	-
Other	-	-	-	2,480
Prepaid items	266,706	-	266,706	3,060
Deposits	425,212	-	425,212	-
Capital Assets				
Capital assets not being depreciated	14,926,033	4,627,127	19,553,160	500,000
Capital assets being depreciated, net of accumulated depreciation	<u>73,870,246</u>	<u>78,066,090</u>	<u>151,936,336</u>	<u>5,016,066</u>
Total Assets	<u>145,488,639</u>	<u>92,693,789</u>	<u>238,182,428</u>	<u>14,868,215</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized loss on refunding	45,841	577,096	622,937	-
Deferred outflows related to pensions	<u>15,191,407</u>	<u>1,086,190</u>	<u>16,277,597</u>	<u>1,047,047</u>
Total Deferred Outflows of Resources	<u>15,237,248</u>	<u>1,663,286</u>	<u>16,900,534</u>	<u>1,047,047</u>
<b>LIABILITIES</b>				
Accounts payable	3,128,034	1,102,848	4,230,882	84,853
Accrued payroll	502,031	59,360	561,391	133,531
Accrued interest payable	277	12,295	12,572	-
Unearned revenue	223,485	72,788	296,273	-
Deposits	59,453	12,000	71,453	-
Noncurrent Liabilities				
Due within one year	808,216	1,826,843	2,635,059	45,000
Due in more than one year	<u>94,947,725</u>	<u>49,495,454</u>	<u>144,443,179</u>	<u>2,118,851</u>
Total Liabilities	<u>99,669,221</u>	<u>52,581,588</u>	<u>152,250,809</u>	<u>2,382,235</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes levied for future periods	13,161,740	-	13,161,740	4,893,600
Deferred inflows related to pensions	<u>10,327,364</u>	<u>27,126</u>	<u>10,354,490</u>	<u>26,149</u>
Total Deferred Inflows of Resources	<u>23,489,104</u>	<u>27,126</u>	<u>23,516,230</u>	<u>4,919,749</u>
<b>NET POSITION</b>				
Net investment in capital assets	84,778,317	39,597,032	124,375,349	4,990,440
Restricted for				
Economic development	1,450,641	-	1,450,641	-
Public safety	864,162	-	864,162	-
Streets	393,290	-	393,290	-
Library materials	-	-	-	49,399
Working cash	-	-	-	375,000
Unrestricted (deficit)	<u>(49,918,848)</u>	<u>2,151,329</u>	<u>(47,767,519)</u>	<u>3,198,439</u>
<b>TOTAL NET POSITION</b>	<u>\$ 37,567,562</u>	<u>\$ 41,748,361</u>	<u>\$ 79,315,923</u>	<u>\$ 8,613,278</u>

See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2017

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 7,523,811	\$ 2,172,696	\$ -	\$ -
Public safety	26,147,707	3,252,583	1,594	-
Public works	7,531,938	1,317,634	868,467	232,948
Transit	1,289,937	1,421,764	-	-
Commissions	412,175	-	-	-
Economic and physical development	7,921,665	1,306,682	-	-
Interest and fiscal charges	213,593	-	-	-
Total Governmental Activities	51,040,826	9,471,359	870,061	232,948
Business-type Activities				
Water	9,443,272	7,944,693	71,497	-
Sewer	4,833,045	4,580,105	13,297	-
Motor Vehicle Parking System	940,746	725,178	-	-
Total Business-type Activities	15,217,063	13,249,976	84,794	-
Total Primary Government	\$ 66,257,889	\$ 22,721,335	\$ 954,855	\$ 232,948
Component Unit				
Highland Park Public Library	\$ 5,132,059	\$ 137,778	\$ 209,779	\$ -

### General Revenues

#### Taxes

- Property taxes
- Sales taxes
- Home rule sales tax
- Utility taxes
- Franchise fees
- Real estate transfer tax
- Other taxes

#### Intergovernmental

- Income taxes
- Personal property replacement taxes

#### Payment in lieu of taxes

#### Interest income

#### Miscellaneous

#### Total General Revenues

#### **Change in net position**

NET POSITION - Beginning of Year

**NET POSITION - END OF YEAR**

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Totals	Highland Park Public Library
\$ (5,351,115)	\$ -	\$ (5,351,115)	\$ -
(22,893,530)	-	(22,893,530)	-
(5,112,889)	-	(5,112,889)	-
131,827	-	131,827	-
(412,175)	-	(412,175)	-
(6,614,983)	-	(6,614,983)	-
(213,593)	-	(213,593)	-
<u>(40,466,458)</u>	<u>-</u>	<u>(40,466,458)</u>	<u>-</u>
-	(1,427,082)	(1,427,082)	-
-	(239,643)	(239,643)	-
-	(215,568)	(215,568)	-
-	<u>(1,882,293)</u>	<u>(1,882,293)</u>	<u>-</u>
<u>(40,466,458)</u>	<u>(1,882,293)</u>	<u>(42,348,751)</u>	<u>-</u>
-	-	-	(4,784,502)
12,574,374	-	12,574,374	4,799,920
9,087,440	-	9,087,440	-
4,023,675	-	4,023,675	-
2,410,931	-	2,410,931	-
2,019,029	-	2,019,029	-
2,003,188	-	2,003,188	-
2,433,279	-	2,433,279	-
2,733,707	-	2,733,707	-
315,598	-	315,598	44,407
846,221	-	846,221	-
363,329	130,490	493,819	26,418
-	(16,225)	(16,225)	-
<u>38,810,771</u>	<u>114,265</u>	<u>38,925,036</u>	<u>4,870,745</u>
(1,655,687)	(1,768,028)	(3,423,715)	86,243
<u>39,223,249</u>	<u>43,516,389</u>	<u>82,739,638</u>	<u>8,527,035</u>
<u>\$ 37,567,562</u>	<u>\$ 41,748,361</u>	<u>\$ 79,315,923</u>	<u>\$ 8,613,278</u>

See accompanying notes to financial statements.

**CITY OF HIGHLAND PARK**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
As of December 31, 2017

	General	Public Safety Pension Levy	Capital Projects	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>					
Cash	\$ 23,662,158	\$ -	\$ 701,341	\$ 5,510,285	\$ 29,873,784
Receivables (net)					
Property taxes	3,797,200	6,271,040	637,900	2,455,600	13,161,740
Motor fuel tax allotments	-	-	-	161,509	161,509
Intergovernmental	4,573,047	-	13,525	-	4,586,572
Loans	-	-	275,000	-	275,000
Accounts	341,966	-	35,538	127,428	504,932
Deposits	-	-	-	425,212	425,212
Prepaid items	4,753	-	-	-	4,753
Due from other funds	28,760	-	-	-	28,760
<b>TOTAL ASSETS</b>	<b><u>\$ 32,407,884</u></b>	<b><u>\$ 6,271,040</u></b>	<b><u>\$ 1,663,304</u></b>	<b><u>\$ 8,680,034</u></b>	<b><u>\$ 49,022,262</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 2,131,851	\$ -	\$ 823,748	\$ 78,076	\$ 3,033,675
Accrued liabilities	434,437	-	-	48,537	482,974
Due to other funds	-	-	-	28,760	28,760
Unearned revenue	215,210	-	-	-	215,210
Deposits	56,453	-	3,000	-	59,453
Total Liabilities	<u>2,837,951</u>	<u>-</u>	<u>826,748</u>	<u>155,373</u>	<u>3,820,072</u>
Deferred Inflows of Resources					
Property taxes levied for future periods	3,797,200	6,271,040	637,900	2,455,600	13,161,740
Unavailable revenue for other	22,000	-	-	-	22,000
Total Deferred Inflows of Resources	<u>3,819,200</u>	<u>6,271,040</u>	<u>637,900</u>	<u>2,455,600</u>	<u>13,183,740</u>
Fund Balances					
Nonspendable for prepaid items	4,753	-	-	-	4,753
Restricted for:					
Streets	-	-	-	393,290	393,290
Public safety	-	-	-	864,162	864,162
Economic development	-	-	-	1,450,641	1,450,641
Committed for:					
Sustainability initiatives	-	-	-	282,168	282,168
Transportation	-	-	-	999,514	999,514
Assigned for:					
Capital projects	693,134	-	198,656	-	891,790
Other postemployment benefits	7,496,195	-	-	-	7,496,195
Debt service	-	-	-	2,079,286	2,079,286
Unassigned:					
General fund	17,556,651	-	-	-	17,556,651
Total Fund Balances	<u>25,750,733</u>	<u>-</u>	<u>198,656</u>	<u>6,069,061</u>	<u>32,018,450</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b><u>\$ 32,407,884</u></b>	<b><u>\$ 6,271,040</u></b>	<b><u>\$ 1,663,304</u></b>	<b><u>\$ 8,680,034</u></b>	<b><u>\$ 49,022,262</u></b>

See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK

## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2017

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Total Fund Balances - Governmental Funds	\$ 32,018,450
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II.C.	88,796,279
Less amount reported in internal service funds below.	(1,918,589)
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	22,000
Loss on refunding on bonds is reported as a deferred outflow on the statement of net position.	45,841
Unamortized premiums/discounts on bonds are reported as liabilities on the statement of net position.	(215,187)
Accrued interest on long-term liabilities is shown as a liability on the statement of net position.	(277)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	15,191,407
Less amount reported in internal service funds below.	(368,076)
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(10,327,364)
Less amount reported in internal service funds below.	9,192
The net other postemployment benefit obligation is shown as a liability on the statement of net position.	(6,607,277)
The compensated absences liability for the City and certain claims payable are not due and payable in the current period and, therefore, not reported in the governmental funds.	(1,648,531)
Less amount reported in internal service funds below.	58,299
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds and notes payable	(3,850,862)
Net pension liability - Firefighters' Pension	(35,532,791)
Net pension liability - Police Pension	(43,424,359)
Net pension liability - Illinois Municipal Retirement Fund	(3,495,921)
Claims payable	(981,013)
Less amount reported in internal service funds below.	344,168
The net position of the internal service funds are included in the governmental activities in the statement of net position.	<u>9,452,173</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 37,567,562</u></b>

See accompanying notes to financial statements.

## CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2017

	General	Public Safety Pension Levy	Capital Projects	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>					
Property taxes	\$ 2,082,584	\$ 5,708,470	\$ 503,543	\$ 4,279,777	\$ 12,574,374
Personal property replacement tax	315,598	-	-	-	315,598
Licenses and permits	1,651,122	-	-	1,104,128	2,755,250
Public charges for services	2,667,521	-	-	674,710	3,342,231
Municipal sales tax	12,669,525	-	441,590	-	13,111,115
Utility taxes	2,410,931	-	-	-	2,410,931
Real estate transfer tax	2,003,188	-	-	-	2,003,188
Intergovernmental	80,696	-	-	164,499	245,195
State income tax	2,733,707	-	-	-	2,733,707
Franchise tax	2,019,029	-	-	-	2,019,029
Payments in lieu of taxes	846,221	-	-	-	846,221
Other taxes	1,797,279	-	-	501,713	2,298,992
Reimbursements	226,714	-	240,867	1,421,764	1,889,345
Fines, forfeitures and penalties	410,867	-	-	12,420	423,287
Motor fuel tax	-	-	-	759,153	759,153
Interest income	239,175	-	34,090	48,987	322,252
Miscellaneous	607,441	-	-	51,364	658,805
Total Revenues	<u>32,761,598</u>	<u>5,708,470</u>	<u>1,220,090</u>	<u>9,018,515</u>	<u>48,708,673</u>
<b>EXPENDITURES</b>					
Current					
General government	6,684,877	-	-	-	6,684,877
Public safety	19,817,713	5,708,470	-	153,323	25,679,506
Public works	2,926,358	-	-	2,811,595	5,737,953
Transit	-	-	-	1,294,057	1,294,057
Commissions	163,101	-	-	-	163,101
Economic and physical development	3,681,633	-	-	84,419	3,766,052
Capital Outlay	-	-	4,951,600	-	4,951,600
Debt Service					
Principal	-	-	-	2,793,950	2,793,950
Interest and fiscal charges	-	-	-	240,967	240,967
Total Expenditures	<u>33,273,682</u>	<u>5,708,470</u>	<u>4,951,600</u>	<u>7,378,311</u>	<u>51,312,063</u>
Excess (deficiency) of revenues over expenditures	<u>(512,084)</u>	<u>-</u>	<u>(3,731,510)</u>	<u>1,640,204</u>	<u>(2,603,390)</u>

See accompanying notes to financial statements.

## CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2017

	General	Public Safety Pension Levy	Capital Projects	Nonmajor Governmental Funds	Totals
<b>OTHER FINANCING SOURCES (USES)</b>					
General obligation debt issued	\$ -	\$ -	\$ 705,162	\$ -	\$ 705,162
Premium on debt issued	-	-	12,600	-	12,600
Transfers in	350,000	-	720,000	170,705	1,240,705
Transfers out	(75,705)	-	-	(1,165,000)	(1,240,705)
Sales of capital assets	1,102,047	-	-	-	1,102,047
Total Other Financing Sources (Uses)	<u>1,376,342</u>	<u>-</u>	<u>1,437,762</u>	<u>(994,295)</u>	<u>1,819,809</u>
<b>Net Change in Fund Balances</b>	864,258	-	(2,293,748)	645,909	(783,581)
FUND BALANCES - Beginning of Year	<u>24,886,475</u>	<u>-</u>	<u>2,492,404</u>	<u>5,423,152</u>	<u>32,802,031</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 25,750,733</u>	<u>\$ -</u>	<u>\$ 198,656</u>	<u>\$ 6,069,061</u>	<u>\$ 32,018,450</u>

See accompanying notes to financial statements.

## CITY OF HIGHLAND PARK

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds	\$ (783,581)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.</p>	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	2,843,166
Depreciation is reported in the government-wide financial statements	(3,542,603)
Net book value of assets retired	(1,763,874)
<p>Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.</p>	
	(187,188)
<p>Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	
Debt issued	(705,162)
Principal repaid	2,793,950
<p>Governmental funds report debt premiums and discounts as other financing sources (uses) or financing source or uses. However, in the statement of net position, these are reported as additions to or deductions from long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.</p>	
Bond premium	26,135
Deferred charge on refunding	(11,461)
<p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Compensated absences	92,231
Net pension liability - IMRF	176,995
Net pension liability - Police Pension	(664,551)
Net pension liability - Firefighters' Pension	1,977,514
Deferred outflows of resources related to pensions	(4,363,372)
Deferred inflows of resources related to pensions	1,499,671
Accrued interest on debt	101
Other postemployment benefits obligation	14,356
<p>The change in claims payable is shown as an expense on the statement of activities.</p>	
	77,284
<p>Internal service funds are used by management to charge self insurance costs to individual funds. The change in net position of the internal service fund reported with governmental activities.</p>	
	864,702
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (1,655,687)</u></b>

See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2017

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Fund - Motor Vehicle Parking System	Totals	
<b>ASSETS</b>					
Current Assets					
Cash and cash equivalents	\$ 4,803,667	\$ 2,757,114	\$ 668,064	\$ 8,228,845	\$ 7,158,842
Accounts receivable (net)	1,073,308	644,842	-	1,718,150	20,321
Due from other organizations	-	-	53,577	53,577	-
Prepaid items	-	-	-	-	261,953
Other	-	-	-	-	257,742
Total Current Assets	<u>5,876,975</u>	<u>3,401,956</u>	<u>721,641</u>	<u>10,000,572</u>	<u>7,698,858</u>
Noncurrent Assets					
Capital Assets					
Land	66,958	-	1,319,165	1,386,123	-
Construction in progress	1,771,579	1,469,425	-	3,241,004	-
Infrastructure	-	-	608,196	608,196	-
Parking facilities and equipment	-	-	4,380,632	4,380,632	-
Water and sewer plant and equipment	87,932,115	72,736,305	-	160,668,420	-
Improvements other than buildings	-	-	58,439	58,439	-
Machinery, equipment and furnishings	-	-	-	-	11,127,660
Less: Accumulated depreciation	<u>(32,442,007)</u>	<u>(51,835,568)</u>	<u>(3,372,022)</u>	<u>(87,649,597)</u>	<u>(9,209,071)</u>
Total Noncurrent Assets	<u>57,328,645</u>	<u>22,370,162</u>	<u>2,994,410</u>	<u>82,693,217</u>	<u>1,918,589</u>
Total Assets	<u>63,205,620</u>	<u>25,772,118</u>	<u>3,716,051</u>	<u>92,693,789</u>	<u>9,617,447</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Unamortized loss on advanced refunding	577,096	-	-	577,096	-
Deferred outflows related to pensions	<u>747,757</u>	<u>338,433</u>	<u>-</u>	<u>1,086,190</u>	<u>368,076</u>
Total Deferred Outflows of Resources	<u>1,324,853</u>	<u>338,433</u>	<u>-</u>	<u>1,663,286</u>	<u>368,076</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Fund - Motor Vehicle Parking System	Totals	
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	\$ 394,039	\$ 620,149	\$ 88,660	\$ 1,102,848	\$ 94,359
Accrued liabilities	49,813	17,783	4,059	71,655	19,057
Deposits	12,000	-	-	12,000	-
Unearned revenue	72,788	-	-	72,788	8,275
Long-term debt - due within one year	1,446,855	379,988	-	1,826,843	11,660
Total Current Liabilities	<u>1,975,495</u>	<u>1,017,920</u>	<u>92,719</u>	<u>3,086,134</u>	<u>133,351</u>
Noncurrent Liabilities					
Long-Term Debt					
Due in more than one year	44,936,293	4,559,161	-	49,495,454	390,807
Total Noncurrent Liabilities	<u>44,936,293</u>	<u>4,559,161</u>	<u>-</u>	<u>49,495,454</u>	<u>390,807</u>
Total Liabilities	<u>46,911,788</u>	<u>5,577,081</u>	<u>92,719</u>	<u>52,581,588</u>	<u>524,158</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions	18,674	8,452	-	27,126	9,192
Total Deferred Inflows of Resources	<u>18,674</u>	<u>8,452</u>	<u>-</u>	<u>27,126</u>	<u>9,192</u>
<b>NET POSITION</b>					
Net investment in capital assets	18,407,485	18,195,137	2,994,410	39,597,032	1,918,589
Unrestricted	(807,474)	2,329,881	628,922	2,151,329	7,533,584
<b>TOTAL NET POSITION</b>	<u>\$ 17,600,011</u>	<u>\$ 20,525,018</u>	<u>\$ 3,623,332</u>	<u>\$ 41,748,361</u>	<u>\$ 9,452,173</u>

See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Fund - Motor Vehicle Parking System	Totals	
<b>OPERATING REVENUES</b>					
Water sales	\$ 7,762,777	\$ -	\$ -	\$ 7,762,777	\$ -
Sanitary sewer charges	-	2,315,312	-	2,315,312	-
Stormwater management fees	-	2,177,350	-	2,177,350	-
Water/sewer permit fees	107,319	49,205	-	156,524	-
Parking lot collections	-	-	550,724	550,724	-
Parking violations	-	-	174,454	174,454	-
Charges for goods and services	-	-	-	-	8,755,273
Miscellaneous	74,597	38,238	-	112,835	48,518
Total Operating Revenues	<u>7,944,693</u>	<u>4,580,105</u>	<u>725,178</u>	<u>13,249,976</u>	<u>8,803,791</u>
<b>OPERATING EXPENSES</b>					
Personal services	2,554,717	1,190,430	327,775	4,072,922	1,333,094
Contractual services	1,207,858	624,163	215,146	2,047,167	4,988,587
Materials and supplies	343,753	75,206	19,717	438,676	524,431
Small tools and equipment	613,271	1,036,366	22,296	1,671,933	227,038
Administrative reimbursements	1,316,700	-	99,000	1,415,700	-
Repairs and maintenance	-	-	-	-	413,840
Depreciation	1,814,875	1,786,252	225,449	3,826,576	466,639
Total Operating Expenses	<u>7,851,174</u>	<u>4,712,417</u>	<u>909,383</u>	<u>13,472,974</u>	<u>7,953,629</u>
Operating Income (Loss)	<u>93,519</u>	<u>(132,312)</u>	<u>(184,205)</u>	<u>(222,998)</u>	<u>850,162</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	95,648	29,609	5,233	130,490	41,077
Intergovernmental	71,497	13,297	-	84,794	-
Gain (loss) on sale of capital assets	(16,225)	-	(31,363)	(47,588)	(26,537)
Interest and fiscal charges	(1,592,098)	(120,628)	-	(1,712,726)	-
Total Nonoperating Revenues (Expenses)	<u>(1,441,178)</u>	<u>(77,722)</u>	<u>(26,130)</u>	<u>(1,545,030)</u>	<u>14,540</u>
Change in Net Position	<u>(1,347,659)</u>	<u>(210,034)</u>	<u>(210,335)</u>	<u>(1,768,028)</u>	<u>864,702</u>
NET POSITION - Beginning of Year	<u>18,947,670</u>	<u>20,735,052</u>	<u>3,833,667</u>	<u>43,516,389</u>	<u>8,587,471</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 17,600,011</u>	<u>\$ 20,525,018</u>	<u>\$ 3,623,332</u>	<u>\$ 41,748,361</u>	<u>\$ 9,452,173</u>

See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Fund - Motor Vehicle Parking System	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers	\$ 8,096,563	\$ 4,598,726	\$ 725,178	\$ 13,420,467	\$ 8,906,929
Paid to suppliers	(3,626,658)	(1,446,866)	(293,213)	(5,366,737)	(6,168,512)
Paid to employees	(2,212,986)	(1,023,811)	(328,010)	(3,564,807)	(1,189,632)
Net Cash Flows From Operating Activities	<u>2,256,919</u>	<u>2,128,049</u>	<u>103,955</u>	<u>4,488,923</u>	<u>1,548,785</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	95,648	29,609	5,233	130,490	41,077
Net Cash Flows From Investing Activities	<u>95,648</u>	<u>29,609</u>	<u>5,233</u>	<u>130,490</u>	<u>41,077</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Repayment (advance) to other funds	-	-	13,291	13,291	-
Operating grants received	71,497	13,297	-	84,794	-
Net Cash Flows From Noncapital Financing Activities	<u>71,497</u>	<u>13,297</u>	<u>13,291</u>	<u>98,085</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Bonds issued	2,709,838	-	-	2,709,838	-
IEPA loans issued	1,414,939	-	-	1,414,939	-
Premium on bonds sold	48,421	-	-	48,421	-
Bonds retired	(856,307)	(362,417)	-	(1,218,724)	-
Interest paid	(1,610,932)	(136,274)	-	(1,747,206)	-
Acquisition and construction of capital assets	(3,129,651)	(2,100,300)	(102,979)	(5,332,930)	(795,154)
Sale of capital assets	-	-	-	-	30,291
Net Cash Flows From Capital and Related Financing Activities	<u>(1,423,692)</u>	<u>(2,598,991)</u>	<u>(102,979)</u>	<u>(4,125,662)</u>	<u>(764,863)</u>
<b>Net Change in Cash and Cash Equivalents</b>	1,000,372	(428,036)	19,500	591,836	824,999
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,803,295</u>	<u>3,185,150</u>	<u>648,564</u>	<u>7,637,009</u>	<u>6,333,843</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 4,803,667</u>	<u>\$ 2,757,114</u>	<u>\$ 668,064</u>	<u>\$ 8,228,845</u>	<u>\$ 7,158,842</u>

See accompanying notes to financial statements.

**CITY OF HIGHLAND PARK**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Fund - Motor Vehicle Parking System	Totals	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 93,519	\$ (132,312)	\$ (184,205)	\$ (222,998)	\$ 850,162
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Depreciation	1,814,875	1,786,252	225,449	3,826,576	466,639
Changes in assets and liabilities					
Accounts receivable	287,753	18,621	-	306,374	103,286
Prepaid expense	-	-	-	-	99,608
Accounts payable	(145,076)	288,869	62,946	206,739	(114,224)
Accrued salaries	5,254	(1,842)	(235)	3,177	(3,189)
Net pension liability	(45,759)	(48,974)	-	(94,733)	(86,505)
Deferred outflows related to pensions	306,131	178,539	-	484,670	241,205
Deferred inflows related to pensions	(634)	(1,020)	-	(1,654)	(1,971)
Compensated absences	20,112	3,502	-	23,614	(6,078)
Unearned revenue	(139,883)	-	-	(139,883)	(148)
Deposits	4,000	-	-	4,000	-
Net OPEB obligation	56,627	36,414	-	93,041	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 2,256,919</u>	<u>\$ 2,128,049</u>	<u>\$ 103,955</u>	<u>\$ 4,488,923</u>	<u>\$ 1,548,785</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Change in capital-related accounts payable	<u>\$ (724,162)</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>

See accompanying notes to financial statements.

## CITY OF HIGHLAND PARK

### STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2017

	<u>Pension Trusts</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,629,652	\$ 3,051,158
Investments		
Corporate bonds	7,668,597	-
U.S. Government and agency obligations	20,991,332	-
Mutual funds	49,367,239	-
Municipal bonds	1,926,470	-
Receivables		
Accounts	-	42,265
Accrued interest	208,512	-
Other	1,201	-
Prepaid items	1,045	-
Total Assets	82,794,048	3,093,423
<b>LIABILITIES</b>		
Accounts payable	27,084	12,292
Due to others	-	555,762
Deposits	-	2,525,369
Total Liabilities	27,084	3,093,423
<b>NET POSITION</b>		
Restricted for pension benefits	\$ 82,766,964	\$ -

See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS For the Year Ended December 31, 2017

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	<u>Pension Trusts</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 7,500,684
Plan members	<u>1,006,496</u>
Total Contributions	<u>8,507,180</u>
Investment income	
Investment income	3,654,456
Net appreciation in fair value of investments	<u>6,048,758</u>
Total Investment Income	9,703,214
Less Investment expense	<u>149,205</u>
Net Investment Income	<u>9,554,009</u>
Total Additions	<u>18,061,189</u>
<b>DEDUCTIONS</b>	
Benefits	8,161,054
Administration	<u>81,200</u>
Total Deductions	<u>8,242,254</u>
 <b>Change in Net Position</b>	 9,818,935
NET POSITION - Beginning of Year	<u>72,948,029</u>
<b>NET POSITION - END OF YEAR</b>	<b><u>\$ 82,766,964</u></b>

See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK

## INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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### **NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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The City of Highland Park, Illinois (the City) was incorporated in 1869. The City is a home-rule municipality, under the 1970 Illinois Constitution, located in Lake County, Illinois. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, health, social, and cultural services; water and sanitation; public improvements; planning and zoning; and general administrative services.

The accounting policies of the City of Highland Park, Illinois conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

#### ***A. REPORTING ENTITY***

This report includes all of the funds of the City. The reporting entity for the City consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if (1) it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization, (2) it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government, (3) the organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. Certain legally separate, tax exempt organizations should also be reported as a component unit if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government or its component units, is entitled to, or has the ability to access, a majority of the economic resources received or held by the separate organization; and (3) the economic resources received or held by an individual organization that the primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Component units are reported using one of two methods, discrete presentation or blending. Generally, component units should be discretely presented in a separate column in the financial statements. A component unit should be reported as part of the primary government using the blending method if it meets any one of the following criteria: (1) the primary government and the component unit have substantively the same governing body and a financial benefit or burden relationship exists, (2) the primary government and the component unit have substantively the same governing body and management of the primary government has operational responsibility for the component unit, (3) the component unit serves or benefits, exclusively or almost exclusively, the primary government rather than its citizens, or (4) the total debt of the component unit will be paid entirely or almost entirely from resources of the primary government.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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#### A. REPORTING ENTITY (cont.)

##### ***Discretely Presented Component Unit***

###### *Highland Park Public Library*

The government-wide financial statements include the Highland Park Public Library (Library) as a component unit. The Library is a legally separate organization. The nine-member board of the Library is appointed by the Mayor. Statutes provide for circumstances whereby the City can impose its will on the Library, and also create a potential financial benefit to or burden on the City. See Note II.F. As a component unit, the Library's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2017. Separately issued financial statements of the Highland Park Public Library may be obtained from the Library's office.

##### ***Pension Trust Funds***

###### *Police Pension*

The Police Pension Employees Retirement System (PPERS) is established for the City's police employees. PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one pension beneficiary elected by the membership, and two police employees elected by the membership constitute the pension board. The City and the PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund and the data for the pension is included in the government's fiduciary fund financial statements. No separate annual financial report is issued for the PPERS.

###### *Firefighters' Pension*

The Firefighters' Pension Employees Retirement System (FPERS) is established for the City's firefighters. FPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one pension beneficiary elected by the membership, and two fire employees elected by the membership constitute the pension board. The City and the FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many of the characteristics of a legally separate government, FPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's firefighters and because of the fiduciary nature of such activities. FPERS is reported as a pension trust fund and the data for the pension is included in the government's fiduciary fund financial statements. No separate annual financial report is issued for the FPERS.

# CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

---

### ***B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS***

#### ***Government-Wide Financial Statements***

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed, in whole or in part, by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

#### ***Fund Financial Statements***

Financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balance, revenues, and expenditures/expenses.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

---

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

---

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

##### ***Fund Financial Statements (cont.)***

Funds are organized as major funds or nonmajor funds within the governmental and proprietary statements. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. The same element of the individual governmental or enterprise fund that met the 10% test is at least 5% of the corresponding total for all governmental and enterprise funds combined.
- c. In addition, any other governmental or enterprise fund that the City believes is particularly important to financial statement users may be reported as a major fund.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

- General Fund - accounts for the City's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.
- Public Safety Pension Levy Fund - used to account for the portion of the property tax levy restricted to funding police and firefighters' pensions, which is transferred to the Police and Firefighters' Pension Funds.
- Capital Projects Fund - used to account for funds restricted, committed, or assigned to alleviate storm drainage problems, finance street improvements, and provide other facility and infrastructure improvements. The City has chosen to report this fund as a major fund.

The City reports the following major enterprise funds:

- Water Fund - accounts for operations of the water facilities and services owned and provided by the City to its residents. The activities are entirely or predominantly self-supported by user charges.
- Sewer Fund - accounts for operations of the sanitary sewer facilities and services owned and provided by the City to its residents. The activities are entirely or predominantly self-supported by user charges.

# CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

---

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

---

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

#### ***Fund Financial Statements (cont.)***

The City reports the following nonmajor governmental and enterprise funds:

Special Revenue Funds - used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes (other than debt service or capital projects).

Motor Fuel Tax	Emergency 911 System
Foreign Fire Insurance Tax	Highland Park Theater
Environmental Sustainability	Multi-Modal Transportation

Debt Service Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the payment of general long-term debt principal, interest, and related costs.

Debt Service

Capital Projects Fund - used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Tax Increment Financing

Enterprise Fund - used to account for and report any activity for which a fee is charged to external users for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Motor Vehicle Parking System

In addition, the City reports the following fund types:

Internal Service Funds - used to account for and report the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units, on a cost-reimbursement basis.

Equipment Maintenance and Replacement  
Insurance

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

---

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

---

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

##### ***Fund Financial Statements (cont.)***

Pension Trust Funds - used to account for and report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans.

Police Pension  
Firefighters' Pension

Agency Funds - used to account for and report assets held by the City in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units.

General Deposit  
Housing Trust

#### ***C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION***

##### ***Government-Wide Financial Statements***

The government-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues in the year for which they are levied. Taxes receivable for the following year are recorded as receivables and deferred inflows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met. Special assessments are recorded as revenue when earned. Unbilled receivables are recorded as revenues when services are provided.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

##### ***Fund Financial Statements***

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days (except sales and telecommunications taxes which use 90 days) of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences, and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

---

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

---

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

##### ***Fund Financial Statements (cont.)***

Property taxes are recorded in the year levied as receivables and deferred inflows. They are recognized as revenues in the succeeding year when services financed by the levy are being provided.

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled the resources and the amounts are available. Amounts owed to the City which are not available are recorded as receivables and unavailable revenues. Amounts received before eligibility requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include property taxes, miscellaneous taxes, public charges for services, special assessments and interest. Other general revenues such as fines and forfeitures, inspection fees, recreation fees, and miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

Proprietary and fiduciary fund financial statements (other than agency funds) are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note. Agency funds follow the accrual basis of accounting, and do not have a measurement focus.

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Special assessments are recorded as receivables and contribution revenue when levied. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### ***All Financial Statements***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### ***D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION OR EQUITY***

##### ***1. Deposits and Investments***

For purposes of the statement of cash flows, the City considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

---

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

---

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

##### ***1. Deposits and Investments (cont.)***

Illinois Statutes authorize the City to make deposits/investments in insured commercial banks, savings and loan institutions, obligations of the U.S. Treasury and U.S. Agencies, insured credit union shares, money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreement to repurchase these same obligations, repurchase agreements, short-term commercial paper rated within the three highest classifications by at least two standard rating services, and the Illinois Funds Investment Pool.

Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and the Illinois insurance company general and separate accounts, mutual funds meeting certain requirements, equity securities, and corporate bonds meeting certain requirements. Pension funds with net assets in excess of \$10,000,000 and an appointed investment advisor may invest an additional portion of its assets in common and preferred stocks and mutual funds, that meet certain requirements. The police pension fund's investment policy allows investments in all of the above listed accounts, but does exclude any repurchase agreements. The firefighters' pension fund allows funds to be invested in any type of security authorized by the Illinois Pension Code.

The Police Pension Fund's investment policy, in accordance with Illinois Statutes, establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income and Cash	40%	2.5%
Large-Cap Domestic Equity	42%	5.5%
Mid-Cap / Small-Cap Domestic Equity	12%	5.5%
International Equity	6%	5.5%

Illinois Compiled Statutes (ILCS) limit the police pension fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The Police Pension Fund's investment policy does not include formalized long-term expected rate of returns by asset class. The Police Pension Fund uses the actuarial assumptions listed above for each asset class, which were determined using a building-block method in which expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. Additionally, the Police Pension Fund has developed formal expectations that fixed income investments outperform the Barclay's U.S. Government Bond Index, large-cap domestic equity investments outperform the S&P 500 Index, small-cap domestic equity investments outperform the Russell 2000 Stock Index, and international equity investments outperform the MSCI Europe/Australia/Far East Index on a total return basis.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

---

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

---

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

##### ***1. Deposits and Investments (cont.)***

The Firefighters' Pension Fund's investment policy, in accordance with Illinois Statutes, establishes the following target allocation across asset classes:

Asset Class	Target	Long-Term Expected Real Rate of Return
Fixed Income and Cash	40%	2.5%
Large Cap Domestic Equity	46.5%	5.5%
Mid-Cap / Small-Cap Domestic Equity	7.5%	5.5%
International Equity	6%	5.5%

Illinois Compiled Statutes (ILCS) limit the firefighters' pension fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

The Firefighters' Pension Fund's investment policy does not include formalized long-term expected rate of returns by asset class. The Firefighters' Pension Fund uses the actuarial assumptions listed above for each asset class, which were determined using a building-block method in which expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. Additionally, the Firefighters' Pension Fund has developed formal expectations that fixed income investments outperform the Barclay's Intermediate Govt/Credit A or Better Index, large-cap domestic equity investments outperform the S&P 500 Index, mid-cap domestic equity investments outperform the Russell Mid Cap Index, small-cap domestic equity investments outperform the Russell 2000 Index, and international equity investments outperform the MSCI All-Country World Index, excluding the United States, on a total return basis.

The City's investment policy authorizes the City to make deposits/invest in insured commercial banks; savings and loan institutions; obligations of the U.S. Treasury, U.S. agency, and U.S. instrumentality; money market mutual funds regulated by the SEC and whose portfolios consist only of domestic debt securities; investment-grade obligations of state, provincial, and local governments and public authorities; certificates of deposits and other evidences of deposit at financial institutions, bankers' acceptances, and commercial paper, rated in the highest tier by a nationally recognized rating agency; local government investment pools, either state administered or through joining powers statutes, and other intergovernmental agreement legislation; and Illinois Funds.

The City has adopted an investment policy. It is the policy of the City to invest its funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds, using the "prudent person" standard for managing the overall portfolio. The primary objective of the policy is safety (preservation of capital and protection of investment principal), liquidity, and yield.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

##### ***1. Deposits and Investments (cont.)***

#### **Interest Rate Risk**

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

In accordance with investment policies, the Police Pension Fund and Firefighters' Pension Fund limit exposure to interest rate risk by structuring the portfolios to provide liquidity for operating funds and maximizing yields for funds not needed within a one-year period. The investment policies do not limit the maximum maturity length of investments in the funds. The investment policies require that the portfolios be structured to meet the actuarially determined cash flow requirements of the funds.

#### **Credit Risk**

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

#### **Concentration of Credit Risk**

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

#### **Custodial Credit Risk - Deposits**

The City's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of FDIC insurable limits to be secured with collateralization pledged by the applicable financial institution to the extent of 110% of the value of the deposit. The Police and Firefighters' Pension Fund investment policies require pledging of collateral with a fair value of 110% of all bank balances in excess of federal depository insurance with the collateral held by the Police and Firefighters' Pension Funds or their respective agents in the name of the Police and Firefighters' Pension Fund.

# CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

---

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

#### ***1. Deposits and Investments (cont.)***

##### **Custodial Credit Risk - Investments**

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

The Police and Firefighters' Pension Fund investment policies require investments to be held by a separate third party custodian to safe-keep the assets of the funds, complying with provisions of the Illinois Pension Code.

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

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

See Note II. A. for further information.

#### ***2. Receivables***

Property taxes for levy year 2017 attach as an enforceable lien, as of January 1, 2017, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). Tax bills for levy year 2017 are prepared by Lake County, issued in May 2018, and are payable in two installments, on or about June 3, 2018 and September 3, 2018 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2017 property tax levy is recognized as a receivable and a deferral in fiscal 2017, net of the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2017, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2017 levy.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

##### ***2. Receivables (cont.)***

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

##### ***3. Inventories and Prepaid Items***

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

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

##### ***4. Capital Assets***

###### ***Government-Wide Statements***

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial cost of more than \$5,000 for general capital assets and \$50,000 for infrastructure assets, and having an estimated useful life in excess of five years. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at acquisition value at the date of donation.

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. For tax-exempt debt, the amount of interest capitalized equals the interest expense incurred during construction netted against any interest revenue from temporary investment of borrowed fund proceeds. No interest was capitalized during the current year. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

# CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

---

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

#### ***4. Capital Assets (cont.)***

##### ***Government-Wide Statements (cont.)***

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

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

##### ***Fund Financial Statements***

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

#### ***5. Deferred Outflows of Resources***

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

A deferred charge on refunding arises from the advance refunding of debt. The difference between the cost of the securities placed in trust for future payments of the refunded debt and the net carrying value of that debt is deferred and amortized as a component of interest expense over the shorter of the term of the refunding issue or the original term of the refunded debt. The unamortized amount is reported as a deferred outflow of resources in the government-wide and proprietary fund financial statements.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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

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

##### ***6. Compensated Absences***

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

##### ***7. Long-Term Obligations***

Long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of notes and bonds payable, accrued compensated absences, claims payable, net pension liabilities, and OPEB obligations.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of debts (plus any premiums) are reported as other financing sources and payments of principal and interest are reported as expenditures. The accounting in proprietary funds is the same as it is in the government-wide statements.

For the government-wide statements and proprietary fund statements, bond premiums and discounts are amortized over the life of the issue using the effective interest method. Gains or losses on prior refundings are amortized over the remaining life of the old debt, or the life of the new debt, whichever is shorter. The balance at year end for premiums/discounts is shown as an increase or decrease in the liability section of the statement of net position. The balance at year end for gains/losses is shown as a deferred outflow/inflow in the statement of net position.

##### ***8. Deferred Inflows of Resources***

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

# CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

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

#### **9. Equity Classifications**

##### ***Government-Wide Statements***

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

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

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

##### ***Fund Statements***

Governmental fund balances are displayed as follows:

- a. Nonspendable - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. Restricted - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. Committed - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority. Fund balance amounts are committed through a formal action (resolution) of the City Council. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the City Council that originally created the commitment.

# CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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

---

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

#### **9. Equity Classifications (cont.)**

##### ***Fund Statements (cont.)***

- d. Assigned - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. The City has adopted a resolution authorizing the Budget Officer to assign amounts for a specific purpose. Assignments may take place after the end of the reporting period.
- e. Unassigned - Includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

Proprietary fund equity is classified the same as in the government-wide statements.

The City has not adopted a flow of funds and therefore applies the flow of funds from GASB Statement No. 54, which prescribes that the funds with the highest level of constraint are expended first. The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has established minimum fund balance targets for certain governmental funds which encompass both assigned and unassigned fund balance. The targets, expressed as percentages of operating expenditures as follows: General Fund (35%), Multi-Modal Transportation Fund (10%), Emergency 911 Fund (10%), Highland Park Theater Fund (10%), Environmental Sustainability Fund (10%), and Debt Service Fund (15%).

## CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

### NOTE II - DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

The City's deposits and investments at year end were comprised of the following:

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 39,069,482	\$ 30,036,807	Custodial credit risk - deposits
Money market - Illinois Funds	9,634,056	9,634,056	Credit risk
Money market - other	2,233,273	2,233,273	Credit risk, interest rate risk
Corporate bonds	7,668,597	7,668,597	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
U.S. Treasury obligations	8,245,843	8,245,843	Custodial credit risk - investments, interest rate risk
U.S. Agency obligations	12,745,489	12,745,489	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Mutual funds - other	49,367,239	49,367,239	N/A
Municipal bonds	1,926,470	1,926,470	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Petty cash	5,470	-	N/A
Total Deposits and Investments	<u>\$130,895,919</u>	<u>\$121,857,774</u>	
Reconciliation to financial statements			
Per statement of net position			
Cash	\$ 45,261,471		
Per statement of net position - fiduciary funds			
Cash and cash equivalents - pension trust	2,629,652		
Cash and cash equivalents - agency funds	3,051,158		
Corporate bonds	7,668,597		
U.S. government and agency obligations	20,991,332		
Mutual Funds	49,367,239		
Municipal bonds	1,926,470		
Total Deposits and Investments	<u>\$130,895,919</u>		

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

### **NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)**

#### **A. DEPOSITS AND INVESTMENTS (cont.)**

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts) and \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

The City 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.

The City used the market valuation method for recurring fair value measurements.

As of December 31, 2017, the City's investments were measured using valuation inputs as follows:

#### Police Pension Fund

Investment Type	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Money market - other	\$ 1,276,397	\$ -	\$ -	\$ 1,276,397
Corporate bonds	-	3,517,081	-	3,517,081
U.S. Treasury obligations	4,186,880	-	-	4,186,880
U.S. Agency obligations	-	5,947,571	-	5,947,571
Mutual funds - other	24,105,149	-	-	24,105,149
Municipal bonds	-	958,263	-	958,263
Total	\$ 29,568,426	\$ 10,422,915	\$ -	\$ 39,991,341

#### Firefighters' Pension Fund

Investment Type	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Money market - other	\$ 956,876	\$ -	\$ -	\$ 956,876
Corporate bonds	-	4,151,516	-	4,151,516
U.S. Treasury obligations	4,058,963	-	-	4,058,963
U.S. Agency obligations	-	6,797,918	-	6,797,918
Mutual funds - other	25,262,090	-	-	25,262,090
Municipal bonds	-	968,207	-	968,207
Total	\$ 30,277,929	\$ 11,917,641	\$ -	\$ 42,195,570

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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### NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

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#### A. DEPOSITS AND INVESTMENTS (cont.)

##### **Custodial Credit Risk**

##### **Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the City's deposits may not be returned to the City.

The City does not have any deposits exposed to custodial credit risk.

##### **Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The U.S. Treasury obligations are held in safekeeping at the bank where they are purchased.

##### **Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2017, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Standard &amp; Poors</u>	<u>Moody's Investors Services</u>
Money market - Illinois Funds	AAAm	N/A
Money market - other	AAAm	Aaa
Corporate bonds	A-BBB+	A1-Aaa
U.S. Agency obligations	AA+	Aaa

##### **Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At December 31, 2017, the City held no investments subject to concentration of credit risk.

The Firefighters' Pension Fund had the following applicable investment in excess of 5% of total fund investments.

Federal Farm Credit Bank	\$	2,972,624
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## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

#### **NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)**

##### **A. DEPOSITS AND INVESTMENTS (cont.)**

The Police Pension Fund had the following applicable investments in excess of 5% of total fund investments.

Federal Farm Credit Bank	\$ 3,385,026
Federal Home Loan Bank	1,973,562

##### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2017, the City's investments were as follows:

##### *Police Pension Fund Investments*

Investment Type	Fair Value	Maturity (In Years)			
		< 1	1-5	6-10	> 10
U.S. Treasury obligations	\$ 4,186,880	\$ 250,508	\$ 1,261,513	\$ 2,674,859	\$ -
U.S. Agency obligations	5,947,571	-	832,668	3,790,549	1,324,354
Money market - other	1,276,397	1,276,397	-	-	-
Municipal bonds	958,263	-	300,853	114,672	542,738
Corporate bonds	<u>3,517,081</u>	<u>613,654</u>	<u>2,679,489</u>	<u>223,938</u>	<u>-</u>
Totals	<u>\$ 15,886,192</u>	<u>\$ 2,140,559</u>	<u>\$ 5,074,523</u>	<u>\$ 6,804,018</u>	<u>\$ 1,867,092</u>

##### *Firefighters' Pension Fund Investments*

Investment Type	Fair Value	Maturity (In Years)			
		< 1	1-5	6-10	> 10
U.S. Treasury obligations	\$ 4,058,963	\$ -	\$ 49,844	\$ 3,567,203	\$ 441,916
U.S. Agency obligations	6,797,918	503,844	433,007	4,504,771	1,356,296
Money market - other	956,876	956,876	-	-	-
Municipal bonds	968,207	-	300,853	119,674	547,680
Corporate bonds	<u>4,151,516</u>	<u>339,993</u>	<u>1,888,445</u>	<u>1,923,078</u>	<u>-</u>
Totals	<u>\$ 16,933,480</u>	<u>\$ 1,800,713</u>	<u>\$ 2,672,149</u>	<u>\$ 10,114,726</u>	<u>\$ 2,345,892</u>

**CITY OF HIGHLAND PARK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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**NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)**

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**A. DEPOSITS AND INVESTMENTS (cont.)**

***Money-Weighted Rate of Return***

*Police Pension Fund*

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.50%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Firefighters' Pension Fund*

For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.65%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

See Note I.D.1. for further information on deposit and investment policies.

**B. RECEIVABLES**

Intergovernmental receivables as of year end for the General Fund in the aggregate are as follows:

	<u>General Fund</u>
Intergovernmental receivable	
Sales tax	\$ 2,389,846
Utility tax	865,007
Home rule sales tax	1,083,209
Local use tax	<u>234,985</u>
Total	<u>\$ 4,573,047</u>

**CITY OF HIGHLAND PARK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

**NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)**

**B. RECEIVABLES (cont.)**

	General Fund
Accounts receivable	
Local sales	\$ 96,288
Rent	17,104
Grants	20,839
Permits	6,943
Court fines / red light camera	12,222
Miscellaneous	210,677
Gross receivables	364,073
Less: Allowance for uncollectibles	(22,107)
Net accounts receivable	\$ 341,966

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

Governmental funds report *unavailable or unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Property taxes levied for the subsequent year are not earned and cannot be used to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 13,161,740	\$ -
Other	215,210	22,000
Total Unearned/Unavailable Revenue for Governmental Funds	\$ 13,376,950	\$ 22,000
Unearned revenue included in liabilities	\$ 215,210	
Unearned revenue included in deferred inflows	13,161,740	
Total Unearned Revenue for Governmental Funds	\$ 13,376,950	

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

### NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)

#### C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 13,309,404	\$ -	\$ -	\$ 13,309,404
Land right of way	260,190	-	-	260,190
Construction in progress	970,014	386,425	-	1,356,439
Total Capital Assets Not Being Depreciated	14,539,608	386,425	-	14,926,033
Capital assets being depreciated				
Buildings and land improvements	85,098,075	267,262	2,085,373	83,279,964
Machinery and equipment	16,177,388	1,090,392	826,446	16,441,334
Infrastructure	54,687,761	1,894,242	-	56,582,003
Total Capital Assets Being Depreciated	155,963,224	3,251,896	2,911,819	156,303,301
Total Capital Assets	170,502,832	3,638,321	2,911,819	171,229,334
Less: Accumulated depreciation for				
Buildings and land improvements	35,397,723	1,763,065	321,499	36,839,289
Machinery and equipment	12,228,931	815,953	769,617	12,275,267
Infrastructure	31,888,275	1,430,224	-	33,318,499
Total Accumulated Depreciation	79,514,929	4,009,242	1,091,116	82,433,055
Net Capital Assets Being Depreciated	76,448,295	(757,346)	1,820,703	73,870,246
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	\$ 90,987,903	\$ (370,921)	\$ 1,820,703	\$ 88,796,279

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 336,401
Public safety	795,266
Public works	2,354,052
Economic development	274,449
Commission	249,074
Total Governmental Activities Depreciation Expense	\$ 4,009,242

**CITY OF HIGHLAND PARK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

**NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)**

**C. CAPITAL ASSETS (cont.)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business-type Activities</b>				
Capital assets not being depreciation				
Land	\$ 1,386,123	\$ -	\$ -	\$ 1,386,123
Construction in progress	<u>2,071,372</u>	<u>1,169,632</u>	<u>-</u>	<u>3,241,004</u>
Total Capital Assets Not Being Depreciation	<u>3,457,495</u>	<u>1,169,632</u>	<u>-</u>	<u>4,627,127</u>
Capital assets being depreciated				
Buildings and land improvements	52,940,275	58,439	91,095	52,907,619
Machinery and equipment	3,771,996	58,465	87,756	3,742,705
Infrastructure	<u>105,743,133</u>	<u>3,322,230</u>	<u>-</u>	<u>109,065,363</u>
Total Capital Assets Being Depreciated	<u>162,455,404</u>	<u>3,439,134</u>	<u>178,851</u>	<u>165,715,687</u>
Total Capital Assets	<u>165,912,899</u>	<u>4,608,766</u>	<u>178,851</u>	<u>170,342,814</u>
Less: Accumulated depreciation for				
Buildings and land improvements	13,100,990	1,215,716	50,097	14,266,609
Machinery and equipment	3,097,187	68,749	81,168	3,084,768
Infrastructure	<u>67,756,109</u>	<u>2,542,111</u>	<u>-</u>	<u>70,298,220</u>
Total Accumulated Depreciation	<u>83,954,286</u>	<u>3,826,576</u>	<u>131,265</u>	<u>87,649,597</u>
Net Capital Assets Being Depreciated	<u>78,501,118</u>	<u>(387,442)</u>	<u>47,586</u>	<u>78,066,090</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 81,958,613</u>	<u>\$ 782,190</u>	<u>\$ 47,586</u>	<u>\$ 82,693,217</u>

**D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

**Interfund Receivables/Payables**

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	<u>\$ 28,760</u>
Total - Fund Financial Statements		28,760
Less: Government-wide eliminations		<u>(28,760)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ -</u>

The principal purpose of the interfunds are for short-term cash deficits. Repayment is expected within one year.

**CITY OF HIGHLAND PARK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

**NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)**

***D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS (cont.)***

***Interfund Receivables/Payables (cont.)***

For the statement of net position, interfund balances which are owed within the governmental activities or business-type activities are netted and eliminated.

***Transfers***

The following is a schedule of interfund transfers:

<u>Fund Transferred To</u>	<u>Fund Transferred From</u>	<u>Amount</u>	<u>Principal Purpose</u>
General	Nonmajor Governmental	\$ 350,000	Fund E-911 costs
Capital Projects	Nonmajor Governmental	720,000	Fund street and bridge improvements
Nonmajor Governmental	Nonmajor Governmental	95,000	Fund street and bridge improvements
Nonmajor Governmental	General Fund	<u>75,705</u>	Close out Highland Park Theater Fund
Total - Fund Financial Statements		1,240,705	
Less: Government-wide eliminations		<u>(1,240,705)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ -</u>	

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

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

**CITY OF HIGHLAND PARK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

**NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)**

**E. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 5,939,650	\$ 705,162	\$ 2,793,950	\$ 3,850,862	\$ 478,510
(Discounts)/Premiums	<u>241,322</u>	<u>12,600</u>	<u>38,735</u>	<u>215,187</u>	<u>-</u>
Sub-totals	<u>6,180,972</u>	<u>717,762</u>	<u>2,832,685</u>	<u>4,066,049</u>	<u>478,510</u>
Other Liabilities					
Compensated absences	1,746,840	1,211,821	1,310,130	1,648,531	329,706
Other postemployment benefits	6,621,633	420,960	435,316	6,607,277	-
Claims payable	1,058,297	348,722	426,006	981,013	-
Net pension liability - IMRF	3,759,421	656,291	919,791	3,495,921	-
Net pension liability - Firefighters'	37,510,305	1,762,982	3,740,496	35,532,791	-
Net pension liability - Police	<u>42,759,808</u>	<u>4,424,739</u>	<u>3,760,188</u>	<u>43,424,359</u>	<u>-</u>
Total Other Liabilities	<u>93,456,304</u>	<u>8,825,515</u>	<u>10,591,927</u>	<u>91,689,892</u>	<u>329,706</u>
Total Governmental Activities Long- Term Liabilities	<u>\$ 99,637,276</u>	<u>\$ 9,543,277</u>	<u>\$ 13,424,612</u>	<u>\$ 95,755,941</u>	<u>\$ 808,216</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 42,455,350	\$ 2,709,838	\$ 1,116,050	\$ 44,049,138	\$ 1,576,490
IEPA loan	3,812,839	1,414,939	102,674	5,125,104	217,381
(Discounts)/Premiums	<u>743,448</u>	<u>48,421</u>	<u>87,409</u>	<u>704,460</u>	<u>-</u>
Sub-totals	<u>47,011,637</u>	<u>4,173,198</u>	<u>1,306,133</u>	<u>49,878,702</u>	<u>1,793,871</u>
Other Liabilities					
Compensated absences	141,246	129,549	105,935	164,860	32,972
Other postemployment benefits	170,058	110,375	17,334	263,099	-
Net pension liability - IMRF	<u>1,110,369</u>	<u>172,485</u>	<u>267,218</u>	<u>1,015,636</u>	<u>-</u>
Total Other Liabilities	<u>1,421,673</u>	<u>412,409</u>	<u>390,487</u>	<u>1,443,595</u>	<u>32,972</u>
Total Business-type Activities Long- Term Liabilities	<u>\$ 48,433,310</u>	<u>\$ 4,585,607</u>	<u>\$ 1,696,620</u>	<u>\$ 51,322,297</u>	<u>\$ 1,826,843</u>

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

**CITY OF HIGHLAND PARK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

**NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)**

**E. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt**

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

**Governmental Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2017</u>
2012 General Obligation Refunding Bonds due in annual installments of \$230,000 to \$1,435,000	12/27/2012	12/30/2021	2.00% - 4.00%	\$ 3,410,000	\$ 960,000
2015 General Obligation Bonds due in annual installments of \$30,000 to \$2,125,000	1/27/2015	12/30/2034	3.00% - 3.25%	646,800	590,700
2016 General Obligation Bonds due in annual installments of \$110,000 to \$2,070,000	1/29/2016	12/30/2034	2.00% - 3.00%	4,650,000	1,595,000
2017 General Obligation Bonds due in annual installments of \$45,010 to \$60,014	2/7/2017	12/31/2032	2.00% - 3.25%	705,162	<u>705,162</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 3,850,862</u>

**CITY OF HIGHLAND PARK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

**NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)**

**E. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt (cont.)**

**Business-type Activities**

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
Water Fund - 2005B General Obligation Refunding Bonds due in annual installments of \$38,858 to \$142,478	12/15/2005	12/30/2018	3.75% - 4.05%	\$ 1,075,000	\$ 105,000
Water Fund - 2010 General Obligation Bonds due in annual installments of \$50,000 to \$325,000	4/15/2010	12/30/2021	1.00% - 4.00%	2,425,000	755,000
Water Fund - 2010A Taxable General Obligation Bonds due in annual installments of \$1,475,000 to \$1,525,000. Pursuant to the American Recovery and Reinvestment Act, the City is eligible to receive a rebate from the U.S. Treasury Department of 45% of the interest paid each year. The net interest rate for the 2010A Recovery Zone Economic Development Bonds, after rebate is 3.08%	5/10/2010	12/30/2031	5.60%	3,000,000	3,000,000
Water Fund - 2011B General Obligation Refunding Bonds due in annual installments of \$90,000 to \$100,000	12/31/2011	12/30/2022	2.00% - 2.75%	895,000	460,000

**CITY OF HIGHLAND PARK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

**NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)**

**E. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt (cont.)**

Business-type Activities General Obligation Debt (cont.)	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
Water Fund - 2012 General Obligation Refunding Bonds due in annual installments of \$70,000 to \$490,000	12/27/2012	12/30/2031	2.00% - 4.00%	\$ 5,885,000	\$ 5,815,000
Sewer Fund - 2011A General Obligation Bonds due in annual installments of \$230,000 to \$425,000	12/31/2011	12/30/2026	2.00% - 3.25%	5,000,000	3,330,000
Water Fund - 2013 General Obligation Bonds due in annual installments of \$385,000 to \$2,675,000	5/28/2013	12/30/2032	2.13% - 3.00%	9,960,000	9,960,000
Water Fund - 2014 General Obligation Bonds due in annual installments of \$845,000 to \$1,700,000	2/10/2014	12/30/2026	2.25% - 3.05%	9,955,000	9,955,000

**CITY OF HIGHLAND PARK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

**NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)**

**E. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt (cont.)**

Business-type Activities General Obligation Debt (cont.)	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
Water Fund - 2015					
General Obligation					
Bonds due in annual					
installments of					
\$30,000 to \$2,125,000	1/27/2015	12/30/2034	3.00% - 3.25%	\$ 5,135,200	\$ 4,689,800
Sewer Fund - 2015					
General Obligation					
Bonds due in annual					
installments of					
\$30,000 to \$2,125,000	1/27/2015	12/30/2034	3.00% - 3.25%	98,000	89,500
Water Fund - 2016					
General Obligation					
Bonds due in annual					
installments of					
\$110,000 to \$2,070,000	1/29/2016	12/30/2034	2.00% - 3.00%	2,275,000	2,275,000
Sewer Fund - 2016					
General Obligation					
Bonds due in annual					
installments of					
\$110,000 to \$2,070,000	1/29/2016	12/30/2034	2.00% - 3.00%	995,000	905,000
Water Fund - 2017					
General Obligation					
Bonds due in annual					
installments of					
\$159,990 to 195,000	2/7/2017	12/31/2032	2.00% - 3.25%	2,709,838	<u>2,709,838</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 44,049,138</u>

**CITY OF HIGHLAND PARK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

**NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)**

**E. LONG-TERM OBLIGATIONS (cont.)**

**General Obligation Debt (cont.)**

Debt service requirements to maturity are as follows:

Years	Governmental Activities General Obligation Debt		Business-type Activities General Obligation Debt	
	Principal	Interest	Principal	Interest
2018	\$ 478,510	\$ 99,592	\$ 1,576,490	\$ 1,416,251
2019	518,160	87,337	1,791,840	1,366,753
2020	458,310	73,893	2,111,690	1,309,177
2021	475,010	62,293	2,419,990	1,247,753
2022	220,010	49,793	2,564,990	1,179,778
2023-2027	995,058	172,810	13,504,942	4,777,214
2028-2032	230,054	95,459	13,824,946	2,715,129
2033-2034	475,750	23,327	6,254,250	366,441
Totals	<u>\$ 3,850,862</u>	<u>\$ 664,504</u>	<u>\$ 44,049,138</u>	<u>\$ 14,378,496</u>

**Business-type Activities**

Other Bonds or Notes or Loans Payable	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2017
Water Fund - IEPA Loan, Preliminary Series 2015 - 2017, due in annual installments of \$157,701 to \$310,744	11/1/2015	12/30/2036	1.995%	\$ 3,812,839	<u>\$ 5,125,104</u>
Total Business-type Activities Other Bonds or Notes or Loans Payable					<u>\$ 5,125,104</u>

**CITY OF HIGHLAND PARK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

**NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)**

**E. LONG-TERM OBLIGATIONS (cont.)**

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Other Bonds or Notes or Loans Payable	
	<u>Principal</u>	<u>Interest</u>
	2018	\$ 217,381
2019	221,739	96,809
2020	226,185	92,363
2021	230,720	87,828
2022	235,345	83,202
2023-2027	1,249,425	343,312
2028-2032	1,379,801	212,936
2033-2036	<u>1,364,508</u>	<u>68,955</u>
Totals	<u>\$ 5,125,104</u>	<u>\$ 1,084,065</u>

**F. COMPONENT UNIT**

**HIGHLAND PARK PUBLIC LIBRARY**

This report contains the Highland Park Public Library (Library), which is included as a component unit.

In addition to the basic financial statements and the preceding applicable notes to financial statements, the following additional disclosures are considered necessary for a fair presentation.

a. Basis of Accounting/Measurement Focus

The Library follows the modified accrual basis of accounting and the flow of economic resources measurement focus.

b. Deposits and Investments

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits with financial institutions	\$ 3,323,011	\$ 3,347,123	Custodial credit risk
Money market mutual fund	1,127,947	1,127,947	Credit risk, interest rate risk
Illinois Funds	1,579	1,579	Credit risk
Petty cash	<u>472</u>	<u>472</u>	N/A
Total Deposits and Investments	<u>\$ 4,453,009</u>	<u>\$ 4,477,121</u>	

**CITY OF HIGHLAND PARK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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**NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)**

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**F. COMPONENT UNIT (cont.)**

**HIGHLAND PARK PUBLIC LIBRARY (cont.)**

b. Deposits and Investments (cont.)

The Library 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.

The Library used the market valuation method for all recurring fair value measurements.

As of December 31, 2017, the Library's investments were measured using valuation inputs as follows:

Investment Type	December 31, 2017			Total
	Level 1	Level 2	Level 3	
Money market mutual funds	\$ 1,127,947	\$ -	\$ -	\$ 1,127,947
Total	<u>\$ 1,127,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,127,947</u>

**Custodial Credit Risk**

**Deposits**

Custodial credit risk is the risk that in the event of a financial institution failure, the Library's deposits may not be returned to the Library.

The Library does not have any deposits exposed to custodial credit risk.

**CITY OF HIGHLAND PARK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

**NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)**

**F. COMPONENT UNIT (cont.)**

**HIGHLAND PARK PUBLIC LIBRARY (cont.)**

b. Deposits and Investments (cont.)

**Custodial Credit Risk (cont.)**

**Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Library does not have any investments exposed to custodial credit risk.

**Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment.

As of December 31, 2017, the Library's investments were as follows:

Investment Type	Maturity (In Years)	
	Fair Value	< 1
Money market mutual fund	\$ 1,127,947	\$ 1,127,947
Totals	<u>\$ 1,127,947</u>	<u>\$ 1,127,947</u>

See Note I.D.1. for further information on deposit and investment policies.

c. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 500,000	\$ -	\$ -	\$ 500,000
Construction in progress	278,592	117,086	395,678	-
Land Improvements	69,249	-	-	69,249
Buildings and improvements	6,891,799	482,611	-	7,374,410
Machinery and equipment	1,215,839	35,199	-	1,251,038
Less: Accumulated depreciation	<u>(3,441,519)</u>	<u>(237,112)</u>	<u>-</u>	<u>(3,678,631)</u>
Totals	<u>\$ 5,513,960</u>	<u>\$ 397,784</u>	<u>\$ 395,678</u>	<u>\$ 5,516,066</u>

**CITY OF HIGHLAND PARK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

**NOTE II - DETAILED NOTES ON ALL FUNDS (cont.)**

**F. COMPONENT UNIT (cont.)**

**HIGHLAND PARK PUBLIC LIBRARY (cont.)**

d. Long-Term Obligations

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
General obligation debt	\$ 950,000	\$ -	\$ 45,000	\$ 905,000	\$ 45,000
Vested compensated absences	120,256	174,766	172,566	122,456	-
Other postemployment benefits	79,147	83,924	5,713	157,358	-
Net pension liability - IMRF	<u>1,063,266</u>	<u>173,360</u>	<u>257,589</u>	<u>979,037</u>	<u>-</u>
 Totals	 <u>\$ 2,212,669</u>	 <u>\$ 432,050</u>	 <u>\$ 480,868</u>	 <u>\$ 2,163,851</u>	 <u>\$ 45,000</u>

	<u>General Obligation Debt</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2018	\$ 45,000	\$ 22,025	\$ 67,025
2019	45,000	21,125	66,125
2020	45,000	20,225	65,225
2021	45,000	19,325	64,325
2022	50,000	18,425	68,425
2023-2027	255,000	77,125	332,125
2028-2032	290,000	45,225	335,225
2033-2034	<u>130,000</u>	<u>5,850</u>	<u>135,850</u>
 Totals	 <u>\$ 905,000</u>	 <u>\$ 229,325</u>	 <u>\$ 1,134,325</u>

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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### NOTE III - OTHER INFORMATION

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#### **A. EMPLOYEES' RETIREMENT SYSTEM**

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and the Firefighters' Pension Plan which is a single-employer pension plan. The benefits, benefits levels, employee contributions and employer contributions for the plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. The Police Pension Plan and the Firefighters' Pension Plan do not issue separate reports on the pension plans. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

#### **Illinois Municipal Retirement Fund**

**Plan description.** All employees (other than those covered by the Police and Firefighters' Pension plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF has a two tier plan. Members who first participated in IMRF or an Illinois Reciprocal System prior to January 1, 2011 participate in Tier 1. All other members participate in Tier 2. For Tier 1 participants, pension benefits vest after 8 years of service. Participating members who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with 8 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3% of their final rate of earnings (average of the highest 48 consecutive months' earnings during the last 10 years) for credited service up to 15 years and 3% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 participants, pension benefits vest after 10 years of service. Participating members who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with 10 years of service are entitled to an annual retirement benefit, payable monthly for life in an amount equal to 1-2/3% of their final rate of earnings for the first 15 years of service credit, plus 2% for each year of service 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 ever 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.

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

**Plan membership.** At December 31, 2016, the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	254
Inactive, non-retired members	158
Active members	<u>194</u>
Total	<u><u>606</u></u>

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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### NOTE III - OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Contributions.** As set by statute, City and Library employees participating in IMRF are required to contribute 4.50% of their annual covered salary. The statute requires the City and Library to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City and Library's actuarially determined contribution rate for calendar year 2016 was 11.69% of annual covered payroll for IMRF. The City and Library also contribute for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

**Net Pension Liability/(Asset).** The net pension liability/(asset) was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

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

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

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

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

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

### NOTE III - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

Asset Class	Target Allocation	Projected Returns/Risks	
		One Year Arithmetic	Ten Year Geometric
Equities	38.00%	8.30%	6.85%
International equities	17.00%	8.45%	6.75%
Fixed income	27.00%	3.05%	3.00%
Real estate	8.00%	6.90%	5.75%
Alternatives	9.00%		
Private equity		12.45%	7.35%
Hedge funds		5.35%	5.25%
Commodities		4.25%	2.65%
Cash equivalents	1.00%	2.25%	2.25%

**Discount rate.** The discount rate used to measure the total pension liability for IMRF was 7.50%. The discount rate calculated using the December 31, 2015 measurement date was 7.49%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City and Library contributions will be made at rates equal to the difference between actuarially determined contribution rate and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

**CITY OF HIGHLAND PARK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

**NOTE III - OTHER INFORMATION (cont.)**

**A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

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

	1% Decrease	Current Discount Rate	1% Increase
<i>City:</i>			
Total pension liability	\$ 89,746,671	\$ 80,509,879	\$ 72,882,920
Plan fiduciary net pension	<u>75,998,322</u>	<u>75,998,322</u>	<u>75,998,322</u>
Net pension liability/(asset)	<u>\$ 13,748,349</u>	<u>\$ 4,511,557</u>	<u>\$ (3,115,402)</u>
<i>Library:</i>			
Total pension liability	\$ 18,066,503	\$ 16,207,085	\$ 14,671,736
Plan fiduciary net pension	<u>15,228,048</u>	<u>15,228,048</u>	<u>15,228,048</u>
Net pension liability/(asset)	<u>\$ 2,838,455</u>	<u>\$ 979,037</u>	<u>\$ (556,312)</u>
<i>Total:</i>			
Total pension liability	\$ 107,813,174	\$ 96,716,964	\$ 87,554,656
Plan fiduciary net pension	<u>91,226,370</u>	<u>91,226,370</u>	<u>91,226,370</u>
Net pension liability/(asset)	<u>\$ 16,586,804</u>	<u>\$ 5,490,594</u>	<u>\$ (3,671,714)</u>

**CITY OF HIGHLAND PARK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

**NOTE III - OTHER INFORMATION (cont.)**

**A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

**Changes in net pension liability/(asset).** The changes in net pension liability/(asset) for the calendar year ended December 31, 2016 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
<i>City:</i>			
Balances at December 31, 2015	\$ 78,057,049	\$ 73,187,259	\$ 4,869,790
Service cost	1,026,536	-	1,026,536
Interest on total pension liability	5,649,003	-	5,649,003
Differences between expected and actual experience of the total pension liability	89,228	-	89,228
Change of assumptions	(79,196)	-	(79,196)
Benefit payments, including refunds of employee contributions	(4,232,741)	(4,232,741)	-
Contributions - employer	-	1,187,009	(1,187,009)
Contributions - employee	-	456,822	(456,822)
Net investment income	-	4,960,758	(4,960,758)
Other (net transfer)	-	439,215	(439,215)
Balances at December 31, 2016	<u>\$ 80,509,879</u>	<u>\$ 75,998,322</u>	<u>\$ 4,511,557</u>
<i>Library:</i>			
Balances at December 31, 2015	\$ 15,681,295	\$ 14,618,029	\$ 1,063,266
Service cost	222,765	-	222,765
Interest on total pension liability	1,225,870	-	1,225,870
Differences between expected and actual experience of the total pension liability	19,363	-	19,363
Change of assumptions	(23,676)	-	(23,676)
Benefit payments, including refunds of employee contributions	(918,532)	(918,532)	-
Contributions - employer	-	257,589	(257,589)
Contributions - employee	-	99,133	(99,133)
Net investment income	-	1,076,517	(1,076,517)
Other (net transfer)	-	95,312	(95,312)
Balances at December 31, 2016	<u>\$ 16,207,085</u>	<u>\$ 15,228,048</u>	<u>\$ 979,037</u>
<i>Total:</i>			
Balances at December 31, 2015	\$ 93,738,344	\$ 87,805,288	\$ 5,933,056
Service cost	1,249,301	-	1,249,301
Interest on total pension liability	6,874,873	-	6,874,873
Differences between expected and actual experience of the total pension liability	108,591	-	108,591
Change of assumptions	(102,872)	-	(102,872)
Benefit payments, including refunds of employee contributions	(5,151,273)	(5,151,273)	-
Contributions - employer	-	1,444,598	(1,444,598)
Contributions - employee	-	555,955	(555,955)
Net investment income	-	6,037,275	(6,037,275)
Other (net transfer)	-	534,527	(534,527)
Balances at December 31, 2016	<u>\$ 96,716,964</u>	<u>\$ 91,226,370</u>	<u>\$ 5,490,594</u>
Plan fiduciary net position as a percentage of the total pension liability			94.32 %

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

### NOTE III - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions.** For the year ended December 31, 2017, the City and Library recognized pension expense of \$3,338,655 (\$2,743,334 for the City and \$595,321 for the Library). The City and Library reported deferred outflows and inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<i>City:</i>		
Difference between expected and actual experience	\$ 63,752	\$ 63,922
Assumption changes	48,901	56,574
Net difference between projected and actual earnings on pension plan investments	3,726,007	-
Contributions subsequent to the measurement date	<u>986,302</u>	<u>-</u>
Total	<u>\$ 4,824,962</u>	<u>\$ 120,496</u>
<i>Library:</i>		
Difference between expected and actual experience	\$ 13,834	\$ 13,872
Assumption changes	10,612	12,277
Net difference between projected and actual earnings on pension plan investments	808,567	-
Contributions subsequent to the measurement date	<u>214,034</u>	<u>-</u>
Total	<u>\$ 1,047,047</u>	<u>\$ 26,149</u>
<i>Total:</i>		
Difference between expected and actual experience	\$ 77,586	\$ 77,794
Assumption changes	59,513	68,851
Net difference between projected and actual earnings on pension plan investments	4,534,574	-
Contributions subsequent to the measurement date	<u>1,200,336</u>	<u>-</u>
Total	<u>\$ 5,872,009</u>	<u>\$ 146,645</u>

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

### NOTE III - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The amount reported as deferred outflows resulting from contributions subsequent to the measurement date in the above table will be recognized as a reduction in the net pension liability/(asset) for the year ending . The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$4,525,028) will be recognized in pension expense as follows:

Year Ending December 31,	City	Library	Total
2018	\$ 1,273,356	\$ 276,327	\$ 1,549,683
2019	1,282,679	278,349	1,561,028
2020	1,088,175	236,140	1,324,315
2021	<u>73,954</u>	<u>16,048</u>	<u>90,002</u>
Total	<u>\$ 3,718,164</u>	<u>\$ 806,864</u>	<u>\$ 4,525,028</u>

#### Police Pension

**Plan description.** Police sworn personnel are covered by the Police Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

As provided for in the Illinois Compiled Statutes, the Plan provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the Police Pension Fund as provided for in Illinois Compiled Statutes.

*Tier 1* - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of one half of the salary attached to the rank on the last day of service, or for one year prior to the last day, whichever is greater. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75% of such salary. Employees with at least 8 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a police officer who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

*Tier 2* - Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5% of the final average salary for each year of creditable service. The salary is initially capped at \$106,800 but increases annually thereafter and is limited to 75% of final average salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a police shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

**CITY OF HIGHLAND PARK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

**NOTE III - OTHER INFORMATION (cont.)**

**A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

**Plan membership.** At December 31, 2017, the Police Pension membership consisted of:

Retirees and beneficiaries	66
Inactive, non-retired members	3
Active members	55
Total	124

**Contributions.** Covered employees are required to contribute 9.91% of their base salary to the Police Pension Plan. If an employee leaves covered employment with less than 20 years of service, accumulated employee contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the City's contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded by the year 2040. The City's actuarially determined contribution rate for the fiscal year ending December 31, 2017 was 72.61% of annual covered payroll.

**Net Pension Liability/(Asset).** The net pension liability/(asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

**Summary of Significant Accounting Policies.** The financial statements of the Police Pension Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

**Actuarial Assumptions.** The total pension liability was determined by an actuarial valuation performed as of December 31, 2017 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Interest rate, including inflation	7.00%
Inflation	2.50%
Projected salary increases, including inflation	3.00% - 10.50%
Cost-of-living adjustments	3.00% (1.25% for those hired on or after January 1, 2011)

**CITY OF HIGHLAND PARK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

**NOTE III - OTHER INFORMATION (cont.)**

**A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

Mortality rates were based on the RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2017 applied from 2013. The actuarial assumptions were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated October 5, 2017.

**Discount rate.** The discount rate used to measure the total pension liability for the Police Pension Plan was 7.00%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Discount rate sensitivity.** The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 7.00% as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 94,380,831	\$ 83,894,072	\$ 74,572,509
Plan fiduciary net position	40,469,713	40,469,713	40,469,713
Net pension liability	\$ 53,911,118	\$ 43,424,359	\$ 34,102,796

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

#### NOTE III - OTHER INFORMATION (cont.)

##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Changes in net pension liability/(asset).** The City's changes in net pension liability/(asset) for the calendar year ended December 31, 2017 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/Asset (a) - (b)
Balances at December 31, 2016	\$ 78,823,977	\$ 36,064,169	\$ 42,759,808
Service cost	1,030,551	-	1,030,551
Interest on total pension liability	5,438,896	-	5,438,896
Differences between expected and actual experience of the total pension liability	1,228,822	-	1,228,822
Change of assumptions	1,683,870	-	1,683,870
Benefit payments, including refunds of employee contributions	(4,312,044)	(4,312,044)	-
Contributions - employer	-	3,760,188	(3,760,188)
Contributions - employee	-	507,838	(507,838)
Net investment income	-	4,498,017	(4,498,017)
Administration	-	(48,455)	48,455
Balances at December 31, 2017	\$ 83,894,072	\$ 40,469,713	\$ 43,424,359

**Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions.** For the year ended December 31, 2017, the City recognized pension expense of \$4,186,858. The City reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 983,058	\$ 4,103,517
Assumption changes	5,368,309	700,109
Net difference between projected and actual earnings on pension plan investments	-	440,297
Total	\$ 6,351,367	\$ 5,243,923

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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### NOTE III - OTHER INFORMATION (cont.)

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#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The amounts reported as deferred outflows and inflows of resources related to pensions (\$1,107,444) will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2018	\$ 698,050
2019	698,050
2020	214,494
2021	<u>(503,150)</u>
Total	<u>\$ 1,107,444</u>

#### Firefighters' Pension

**Plan description.** Fire sworn personnel are covered by the Firefighters' Pension Plan, which is a defined benefit single-employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contribution levels are governed by Illinois State Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund.

As provided for in the Illinois Compiled Statutes, the Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits to employees grouped into two tiers. Tier 1 is for employees hired prior to January 1, 2011 and Tier 2 is for employees hired after that date. The following is a summary of the Firefighters' Pension Plan as provided for in Illinois Compiled Statutes.

*Tier 1* - Covered employees attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive a monthly retirement benefit of one half of the monthly salary attached to the rank held in the fire service at the date of retirement. The monthly pension shall be increased by one twelfth of 2.5% of such monthly salary for each additional month over 20 years of service through 30 years of service to a maximum of 75% of such monthly salary. Employees with at least 10 years but less than 20 years of credited service may retire at or after age 60 and receive a reduced retirement benefit. The monthly pension of a firefighter who retired with 20 or more years of service after January 1, 1977 shall be increased annually, following the first anniversary date of retirement and paid upon reaching at least the age 55, by 3% of the original pension and 3% compounded annually thereafter.

*Tier 2* - Covered employees attaining the age of 55 or more with 10 or more years of creditable service are entitled to receive a monthly pension of 2.5% of the final average salary for each year of creditable service. The salary is initially capped at \$106,800 but increases annually thereafter and is limited to 75% of final average salary. Employees with 10 or more years of creditable service may retire at or after age 50 and receive a reduced retirement benefit. The monthly pension of a firefighter shall be increased annually on the January 1 occurring either on or after the attainment of age 60 or the first anniversary of the pension start date, whichever is later. Each annual increase shall be calculated at 3% or one-half the annual unadjusted percentage increase in the CPI, whichever is less.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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NOTE III - OTHER INFORMATION (cont.)

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A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Plan membership.** At December 31, 2017, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries	59
Inactive, non-retired members	1
Active members	<u>49</u>
 Total	 <u><u>109</u></u>

**Contributions.** Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2017, the contribution percentage was 9.455%. If a participant leaves covered employment with less than 20 years of service, accumulated participant contributions may be refunded without accumulated interest. The City is required to contribute the remaining amounts necessary to finance the plans as actuarially determined by an enrolled actuary. Effective January 1, 2011 the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded by the year 2040. The City's actuarially determined contribution rate for the fiscal year ending December 31, 2017 was 76.80% of annual covered payroll.

**Net pension liability/(asset).** The net pension liability/(asset) was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

**Summary of significant accounting policies.** The financial statements of the Firefighters' Pension Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The City's contributions are recognized when due and a formal commitment to provide the contributions are made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

### NOTE III - OTHER INFORMATION (cont.)

#### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Actuarial assumptions.** The total pension liability was determined by an actuarial valuation performed as of December 31, 2017 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Interest rate, including inflation	7.00%
Inflation	2.50%
Projected salary increases, including inflation	3.00% - 12.00%
Cost-of-living adjustments	3.00% (1.25% for those hired on or after January 1, 2011)

Mortality rates were based on the RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2017 applied from 2013. The actuarial assumptions were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated October 5, 2017.

**Discount rate.** The discount rate used to measure the total pension liability for the Firefighters' Pension Plan was 7.00%, the same as the prior valuation. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Discount rate sensitivity.** The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the City calculated using the discount rate of 7.00% as well as what the net pension liability would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 87,480,967	\$ 77,830,042	\$ 69,243,809
Plan fiduciary net position	42,297,251	42,297,251	42,297,251
Net pension liability	\$ 45,183,716	\$ 35,532,791	\$ 26,946,558

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

#### NOTE III - OTHER INFORMATION (cont.)

##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

**Changes in net pension liability/(asset).** The City's changes in net pension liability/(asset) for the calendar year ended December 31, 2017 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/Asset (a) - (b)
Balances at December 31, 2016	\$ 74,394,165	\$ 36,883,860	\$ 37,510,305
Service cost	1,094,398	-	1,094,398
Interest on total pension liability	5,149,483	-	5,149,483
Differences between expected and actual experience of the total pension liability	74,405	-	74,405
Change of assumptions	966,601	-	966,601
Benefit payments, including refunds of employee contributions	(3,849,010)	(3,849,010)	-
Contributions - employer	-	3,740,496	(3,740,496)
Contributions - employee	-	498,658	(498,658)
Net investment income	-	5,055,992	(5,055,992)
Administration	-	(32,745)	32,745
Balances at December 31, 2017	\$ 77,830,042	\$ 42,297,251	\$ 35,532,791

**Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions.** For the year ended December 31, 2017, the City recognized pension expense of \$3,528,115. The City reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 62,004	\$ 4,194,728
Assumption changes	5,039,264	258,503
Net difference between projected and actual earnings on pension plan investments	-	536,840
Total	\$ 5,101,268	\$ 4,990,071

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

#### NOTE III - OTHER INFORMATION (cont.)

##### A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The amounts reported as deferred outflows and inflows of resources related to pensions (\$111,197) will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2018	\$ 344,525
2019	344,524
2020	8,155
2021	(759,508)
2022	<u>173,501</u>
Total	<u><u>\$ 111,197</u></u>

#### PENSION SEGMENT INFORMATION

##### *Fiduciary Net Position*

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,661,211	\$ 968,441	\$ 2,629,652
Investments			
Corporate bonds	3,517,081	4,151,516	7,668,597
U.S. Government and agency obligations	10,134,451	10,856,881	20,991,332
Mutual funds	24,105,149	25,262,090	49,367,239
Municipal bonds	958,263	968,207	1,926,470
Prepaid items	250	795	1,045
Receivables			
Accrued interest	105,999	102,513	208,512
Other	617	584	1,201
Total Assets	<u>40,483,021</u>	<u>42,311,027</u>	<u>82,794,048</u>
<b>Liabilities</b>			
Accounts payable	<u>13,308</u>	<u>13,776</u>	<u>27,084</u>
Total Liabilities	<u>13,308</u>	<u>13,776</u>	<u>27,084</u>
<b>Net Position</b>			
Restricted for pension benefits	<u>\$ 40,469,713</u>	<u>\$ 42,297,251</u>	<u>\$ 82,766,964</u>

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

#### **NOTE III - OTHER INFORMATION (cont.)**

##### **A. EMPLOYEES' RETIREMENT SYSTEM (cont.)**

###### *Changes in Plan Net Position*

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
<b>Additions</b>			
Contributions			
Employer	\$ 3,760,188	\$ 3,740,496	\$ 7,500,684
Plan members	<u>507,838</u>	<u>498,658</u>	<u>1,006,496</u>
Total Contributions	<u>4,268,026</u>	<u>4,239,154</u>	<u>8,507,180</u>
Investment Income			
Interest on investments	1,813,403	1,841,053	3,654,456
Net appreciation in fair value of investments	<u>2,736,221</u>	<u>3,312,537</u>	<u>6,048,758</u>
Total Investment income	4,549,624	5,153,590	9,703,214
Less investment income	<u>51,607</u>	<u>97,598</u>	<u>149,205</u>
Net investment income	<u>4,498,017</u>	<u>5,055,992</u>	<u>9,554,009</u>
Total Additions	<u>8,766,043</u>	<u>9,295,146</u>	<u>18,061,189</u>
<b>Deductions</b>			
Benefits	4,312,044	3,849,010	8,161,054
Administration	<u>48,455</u>	<u>32,745</u>	<u>81,200</u>
Total Deductions	<u>4,360,499</u>	<u>3,881,755</u>	<u>8,242,254</u>
Net change in net position	4,405,544	5,413,391	9,818,935
Net Position - Beginning of Year	<u>36,064,169</u>	<u>36,883,860</u>	<u>72,948,029</u>
Net Position - End of Year	<u>\$ 40,469,713</u>	<u>\$ 42,297,251</u>	<u>\$ 82,766,964</u>

##### **B. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The City participates in a public entity risk pool called Intergovernmental Personnel Benefit Cooperative to provide coverage for losses from health care of its employees and a public entity risk pool called the Illinois Public Risk Fund to provide coverage for losses from workers' compensation claims after January 1, 2017. However, other risks, such as liability and workers compensation (prior to January 1, 2017) are accounted for and financed by the City in the general fund. The City has also purchased third party indemnity coverage for property and casualty losses. The City is covered for the replacement cost of insured property, with a deductible of \$100,000 per occurrence for flood and earthquake losses and \$10,000 for all other losses.

**CITY OF HIGHLAND PARK**

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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**NOTE III - OTHER INFORMATION (cont.)**

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**B. RISK MANAGEMENT (cont.)**

***Self Insurance***

For liability claims, the City's deductible is \$25,000. The City has purchased commercial insurance for claims in excess of those amounts to \$10,000,000. The City's liability insurance carrier administers claims as directed by the City's Finance Director. Settled claims have not exceeded the commercial coverage in any of the past three years.

For workers' compensation claims incurred prior to January 1, 2017, the uninsured risk of loss is \$250,000 per incident. Workers' compensation claims incurred after January 1, 2017 are covered through participation in a risk pool. The City has purchased commercial insurance for claims in excess of those amounts up to the statutory maximum. The City has hired a third party administrator to review, process, and pay claims as directed by the City's Deputy City Manager. Settled claims have not exceeded the commercial coverage in any of the past three years.

All funds of the City participate in the risk management program. Amounts payable to the General Fund are based on estimates of the amounts necessary to pay prior and current year claims.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The City does not allocate overhead costs or other nonincremental costs to the claims liability.

***Claims Liability***

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims - Beginning of Year	\$ 1,253,226	\$ 1,058,297
Current year claims and changes in estimates	(128,998)	348,722
Claim payments	<u>(65,931)</u>	<u>(426,006)</u>
 Unpaid Claims - End of Year	 <u>\$ 1,058,297</u>	 <u>\$ 981,013</u>

# CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended December 31, 2017

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## **NOTE III - OTHER INFORMATION (cont.)**

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### ***B. RISK MANAGEMENT (cont.)***

#### ***Public Entity Risk Pool***

##### **Intergovernmental Personnel Benefit Cooperative**

The City participates in the Intergovernmental Personnel Benefit Cooperative (IPBC). IPBC is a public entity risk pool established by certain units of local government in Illinois to administer some or all of the personnel benefit programs (primarily medical, dental, and life insurance coverage) offered by these members to their officers and employees and to the officers and employees of certain other governmental, quasi governmental, and nonprofit public service entities. IPBC receives, processes and pays such claims as may come within the benefit program of each member. Management consists of a Board of Directors comprised of one appointed representative from each member. In addition, there are two officers, a Benefit Administrator and a Treasurer. The City does not exercise any control over the activities of IPBC beyond its representation on the Board of Directors.

##### **Illinois Public Risk Fund**

Beginning on January 1, 2017, the City participates in the Illinois Public Risk Fund (IPRF). IPRF is a self-funded workers' compensation pool for public entities. The purpose of IPRF is to provide for the defense and payment when due of all compensation and other benefits under the Illinois Workers' Compensation and Occupational Diseases Laws on behalf of state and local governments within the State of Illinois. There are approximately 500 members. A Board of Trustees oversees the operation of IPRF and governs it in accordance with State of Illinois Regulations.

Member costs are proportional, based on contributions developed by payroll audits. Rates and any discounts approved by the Board of Trustees are used to determine standard premiums for each member. Each member's experience modifications are used. Members also participate in policyholder dividends based on IPRF's and individual member's experience. Members can also be assessed if the assets of IPRF are less than the reserves required to be maintained. The City is not aware of any additional amounts due to IPRF as of December 31, 2017.

IPRF does not cover the City's outstanding workers' compensation claims incurred prior to January 1, 2017.

### ***C. OTHER POSTEMPLOYMENT BENEFITS***

The City administers a single-employer defined benefit healthcare plan ("the Other Post Employment Benefit Plan"). The plan provides healthcare and insurance contributions for eligible retirees and their spouses through the City's self insurance plan which covers both active and retired members. Benefits, benefit levels, employee contributions, and employer contributions are established through Council resolution.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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### NOTE III - OTHER INFORMATION (cont.)

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#### **C. OTHER POSTEMPLOYMENT BENEFITS (cont.)**

To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. Elected officials are eligible for benefits of one year health care for each year of service on the City Council, at a selected commencement date upon completion of service as an elected official of the City. Elected officials are also eligible for one year of life insurance coverage at their outgoing salary level for each year of service on the City Council.

The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree reaching age 65 years of age, Medicare becomes the primary insurer and the city's plan becomes secondary. The Other Post Employment Benefit Plan does not issue a publicly available financial report.

Contribution requirements are established through annual resolution by the City Council. For the year ended December 31, 2017, retirees contributed 70% - 90% of the actuarially determined premium to the plan and the City contributes the remainder to cover the cost of providing the benefits to the retirees via the self-insured plan. For the year ended December 31, 2017, the City contributed \$458,364. Active employees do not contribute to the plan until retirement.

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC) The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to plan, and changes in the City's net OPEB obligation to the Other Post Employment Benefit Plan:

Annual required contribution	\$ 603,808
Interest on net OPEB obligation	240,480
Adjustment to annual required contribution	<u>(229,028)</u>
Annual OPEB cost	615,260
Contributions made	<u>(458,364)</u>
Increase in net OPEB obligation	156,896
Net OPEB Obligation - Beginning of Year	<u>6,870,838</u>
Net OPEB Obligation - End of Year	<u><u>\$ 7,027,734</u></u>

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

#### NOTE III - OTHER INFORMATION (cont.)

##### *C. OTHER POSTEMPLOYMENT BENEFITS* (cont.)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2015	\$ 996,547	66%	\$ 6,504,421
December 31, 2016	1,037,041	65%	6,870,838
December 31, 2017	615,260	74%	7,027,734

The funded status of the plan as of January 1, 2017, the most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 11,043,456
Actuarial value of plan assets	-
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 11,043,456</u>
Funded ratio (actuarial value of plan assets/AAL)	-%
Covered payroll (active plan members)	\$ 19,283,723
UAAL as a percentage of covered payroll	57.27%

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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### NOTE III - OTHER INFORMATION (cont.)

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#### **C. OTHER POSTEMPLOYMENT BENEFITS (cont.)**

In the January 1, 2017 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions include a 3.5% investment rate of return and an annual healthcare cost trend rate of 7.5% initially, reduced by decrements to an ultimate rate of 5.0%. Both rates include a 3.5% inflation assumption. The actuarial value of Retiree Health Plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a three-year period. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at January 1, 2017, was 30 years.

#### **D. SUBSEQUENT EVENT**

On February 8, 2018, the City issued General Obligation Bonds, Series 2018, in the amount of \$7,900,000 with an interest rate of 3.00%. This amount will be used to finance design engineering and construction of improvements to City streets and bridges and the installation of a fiber optic infrastructure network for the City.

#### **E. TAX INCREMENT FINANCING DISTRICT**

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

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

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

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

### NOTE III - OTHER INFORMATION (cont.)

#### *F. TAX ABATEMENT*

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City is disclosing all abatement agreements individually.

The City has entered into tax abatement agreements with companies, in the form of sales tax incentive agreements, to stimulate economic development. In exchange for a rebate of sales tax, the companies agreed to operate business enterprises within City boundaries. The abatements are authorized through City Council resolutions and provide for partial reimbursement of land acquisition and eligible other improvement costs in return for the companies providing services within the City. The companies pay sales taxes as they become due, and after meeting the criteria established in the agreements, are entitled to rebates that directly correlate to the sales taxes paid.

Agreement Description	Calculation Method	Maximum Rebate	2017 Payments	Cumulative Payments
North Shore Nissan (Resolution #133-05, initiating on January 1, 2004 and expiring on December 31, 2018)	50% of sales tax generated over annual base amount	\$ 500,000	\$ 38,628	\$ 347,855
Highland Park Ford (Resolution #132-05, initiating on January 1, 2004 and expiring on December 31, 2018)	50% of sales tax generated over annual base amount	500,000	-	91,678
Gregory Hyundai (Resolution #15-13, initiating on January 28, 2013 and expiring on December 31, 2027)	50% of sales tax generated over annual base amount	500,000	58,295	362,501
Semersky Enterprises (Resolution #80-13, initiating on May 28, 2013 and expiring on December 31, 2025)	75% of sales tax generated over annual base amount	9,730,693	254,336	1,036,907
D&R Autoworks (Resolution #139-13, initiating on January 1, 2014 and expiring on December 31, 2023)	40% of sales tax generated over annual base amount	66,940	1,961	6,573
Lexus of Highland Park (Resolution #94-16, initiating on January 1, 2015 and expiring on December 31, 2024)	50% of sales tax generated over annual base amount	4,550,000	50,164	103,474

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2017

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### NOTE III - OTHER INFORMATION (cont.)

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#### ***G. EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS***

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

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*
- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 85, *Omnibus 2017*
- Statement No. 86, *Certain Debt Extinguishment Issues*
- Statement No. 87, *Leases*

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

#### ***H. MAJOR CUSTOMERS***

The Village of Deerfield, Illinois and the Village of Lincolnshire, Illinois purchase water from the City's available supply. During the year ended December 31, 2017, these purchases amounted to \$2,184,300 or 28.14% and \$1,300,462 or 16.75%, respectively, of total water sales in the Water Fund.

**REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF HIGHLAND PARK

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 2,101,856	\$ 2,101,856	\$ 2,082,584	\$ (19,272)
Personal property replacement tax	289,200	289,200	315,598	26,398
Licenses and permits	1,597,020	1,597,020	1,651,122	54,102
Public charges for services	2,369,288	2,377,124	2,667,521	290,397
Municipal sales tax	12,652,200	12,652,200	12,669,525	17,325
Fines, forfeitures and penalties	755,000	755,000	410,867	(344,133)
Utility taxes	2,247,100	2,247,100	2,410,931	163,831
Real estate transfer tax	2,062,700	2,062,700	2,003,188	(59,512)
Intergovernmental	31,722	36,834	80,696	43,862
State income tax	3,192,500	3,192,500	2,733,707	(458,793)
Franchise tax	2,129,400	2,129,400	2,019,029	(110,371)
Payments in lieu of taxes	750,000	750,000	846,221	96,221
Other taxes	1,804,200	1,804,200	1,797,279	(6,921)
Reimbursements	62,300	62,300	226,714	164,414
Investment income	145,200	167,500	239,175	71,675
Miscellaneous	<u>588,400</u>	<u>494,025</u>	<u>607,441</u>	<u>113,416</u>
Total Revenues	<u>32,778,086</u>	<u>32,718,959</u>	<u>32,761,598</u>	<u>42,639</u>
<b>EXPENDITURES</b>				
General government	8,711,852	8,857,003	6,684,877	2,172,126
Public safety	19,755,668	20,166,397	19,817,713	348,684
Public works	3,037,489	3,251,586	2,926,358	325,228
Economic and physical development	4,158,638	4,229,110	3,681,633	547,477
Commissions	<u>232,423</u>	<u>234,288</u>	<u>163,101</u>	<u>71,187</u>
Total Expenditures	<u>35,896,070</u>	<u>36,738,384</u>	<u>33,273,682</u>	<u>3,464,702</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,117,984)</u>	<u>(4,019,425)</u>	<u>(512,084)</u>	<u>3,507,341</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	350,000	350,000	350,000	-
Transfers out	-	-	(75,705)	(75,705)
Proceeds from sale of assets	<u>5,060,000</u>	<u>5,060,000</u>	<u>1,102,047</u>	<u>(3,957,953)</u>
Total Other Financing Sources (Uses)	<u>5,410,000</u>	<u>5,410,000</u>	<u>1,376,342</u>	<u>(4,033,658)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 2,292,016</u>	<u>\$ 1,390,575</u>	864,258	<u>\$ (526,317)</u>
FUND BALANCE - Beginning of Year			<u>24,886,475</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 25,750,733</u>	

See independent auditors' report and accompanying notes to required supplementary information.

## CITY OF HIGHLAND PARK

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - PUBLIC SAFETY PENSION LEVY FUND For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 5,763,868	\$ 5,763,868	\$ 5,708,470	\$ (55,398)
Total Revenues	5,763,868	5,763,868	5,708,470	(55,398)
<b>EXPENDITURES</b>				
<b>PUBLIC SAFETY</b>				
Pension contribution - police	2,962,761	2,962,761	2,933,522	29,239
Pension contribution - fire	2,801,107	2,801,107	2,774,948	26,159
Total Expenditures	5,763,868	5,763,868	5,708,470	55,398
<b>Net Change in Fund Balance</b>	\$ -	\$ -	-	\$ -
FUND BALANCE - Beginning of Year			-	
<b>FUND BALANCE - END OF YEAR</b>			\$ -	

See independent auditors' report and accompanying notes to required supplementary information.

# CITY OF HIGHLAND PARK

## ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS Last Three Fiscal Years

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

**Notes to Schedule:**

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

2016			2017		
City	Library	Total	City	Library	Total
\$ 1,022,406	\$ 204,210	\$ 1,226,616	\$ 1,026,536	\$ 222,765	\$ 1,249,301
5,487,591	1,186,662	6,674,253	5,649,003	1,225,870	6,874,873
(191,516)	(38,252)	(229,768)	89,228	19,363	108,591
84,016	16,781	100,797	(79,196)	(23,676)	(102,872)
<u>(4,018,036)</u>	<u>(802,541)</u>	<u>(4,820,577)</u>	<u>(4,232,741)</u>	<u>(918,532)</u>	<u>(5,151,273)</u>
2,384,461	566,860	2,951,321	2,452,830	525,790	2,978,620
<u>75,672,588</u>	<u>15,114,435</u>	<u>90,787,023</u>	<u>78,057,049</u>	<u>15,681,295</u>	<u>93,738,344</u>
<u>\$ 78,057,049</u>	<u>\$ 15,681,295</u>	<u>\$ 93,738,344</u>	<u>\$ 80,509,879</u>	<u>\$ 16,207,085</u>	<u>\$ 96,716,964</u>
\$ 1,050,302	\$ 209,782	\$ 1,260,084	\$ 1,187,009	\$ 257,589	\$ 1,444,598
497,687	99,405	597,092	456,822	99,133	555,955
364,113	72,726	436,839	4,960,758	1,076,517	6,037,275
(4,018,036)	(802,541)	(4,820,577)	(4,232,741)	(918,532)	(5,151,273)
<u>1,235,558</u>	<u>246,784</u>	<u>1,482,342</u>	<u>439,215</u>	<u>95,312</u>	<u>534,527</u>
(870,376)	(173,844)	(1,044,220)	2,811,063	610,019	3,421,082
<u>74,057,635</u>	<u>14,791,873</u>	<u>88,849,508</u>	<u>73,187,259</u>	<u>14,618,029</u>	<u>87,805,288</u>
<u>\$ 73,187,259</u>	<u>\$ 14,618,029</u>	<u>\$ 87,805,288</u>	<u>\$ 75,998,322</u>	<u>\$ 15,228,048</u>	<u>\$ 91,226,370</u>
<u>\$ 4,869,790</u>	<u>\$ 1,063,266</u>	<u>\$ 5,933,056</u>	<u>\$ 4,511,557</u>	<u>\$ 979,037</u>	<u>\$ 5,490,594</u>

93.67%

94.32%

\$ 11,909,272

\$ 12,354,507

49.82%

44.44%

# CITY OF HIGHLAND PARK

## ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS Last Three Fiscal Years

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

**Notes to Schedule:**

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

**Valuation date:**

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

**Methods and assumptions used to determine contribution rates:**

Actuarial cost method	Aggregate Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	27 Years
Asset valuation method	5-Year Smoothed Market
Inflation	2.75%
Salary increases	3.75% to 14.50% including inflation
Investment rate of return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 CHBCA

**Other information:**

There were no benefit changes during the year.

2016			2017		
City	Library	Total	City	Library	Total
\$ 1,034,196	\$ 225,805	\$ 1,260,001	\$ 1,132,913	\$ 245,850	\$ 1,378,763
(1,050,302)	(209,782)	(1,260,084)	(1,187,009)	(257,589)	(1,444,598)
<u>\$ (16,106)</u>	<u>\$ 16,023</u>	<u>\$ (83)</u>	<u>\$ (54,096)</u>	<u>\$ (11,739)</u>	<u>\$ (65,835)</u>
		\$ 11,909,272			\$ 12,354,507
		10.58%			11.69%

## CITY OF HIGHLAND PARK

### POLICE PENSION FUND

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Total pension liability</b>				
Service cost	\$ 1,182,934	\$ 1,064,486	\$ 1,064,486	\$ 1,030,551
Interest	4,501,578	5,035,873	5,605,033	5,438,896
Differences between expected and actual experience	1,257,742	(3,001,393)	(3,845,761)	1,228,822
Changes of assumptions	4,426,870	7,838,817	(1,050,165)	1,683,870
Benefit payments, including refunds of member contributions	(3,643,922)	(3,828,758)	(3,914,056)	(4,312,044)
<b>Net change in total pension liability</b>	<u>7,725,202</u>	<u>7,109,025</u>	<u>(2,140,463)</u>	<u>5,070,095</u>
<b>Total pension liability - beginning</b>	<u>66,130,213</u>	<u>73,855,415</u>	<u>80,964,440</u>	<u>78,823,977</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 73,855,415</u></u>	<u><u>\$ 80,964,440</u></u>	<u><u>\$ 78,823,977</u></u>	<u><u>\$ 83,894,072</u></u>
<b>Plan fiduciary net position</b>				
Employer contributions	\$ 2,390,587	\$ 2,809,109	\$ 3,611,980	\$ 3,760,188
Employee contributions	493,606	570,105	515,835	507,838
Net investment income	2,055,703	(62,999)	2,082,877	4,498,017
Benefit payments, including refunds of member contributions	(3,643,718)	(3,828,758)	(3,914,056)	(4,312,044)
Administration	(37,527)	(40,316)	(47,772)	(48,455)
<b>Net change in plan fiduciary net position</b>	<u>1,258,651</u>	<u>(552,859)</u>	<u>2,248,864</u>	<u>4,405,544</u>
<b>Plan fiduciary net position - beginning</b>	<u>33,109,513</u>	<u>34,368,164</u>	<u>33,815,305</u>	<u>36,064,169</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 34,368,164</u></u>	<u><u>\$ 33,815,305</u></u>	<u><u>\$ 36,064,169</u></u>	<u><u>\$ 40,469,713</u></u>
<b>City's net pension liability - ending (a) - (b)</b>	<u><u>\$ 39,487,251</u></u>	<u><u>\$ 47,149,135</u></u>	<u><u>\$ 42,759,808</u></u>	<u><u>\$ 43,424,359</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	46.53%	41.77%	45.75%	48.24%
<b>Covered-employee payroll</b>	\$ 4,871,007	\$ 5,100,745	\$ 5,322,381	\$ 5,178,365
<b>City's net pension liability as a percentage of covered-employee payroll</b>	810.66%	924.36%	803.40%	838.57%

**Notes to Schedule:**

The Pension implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

## CITY OF HIGHLAND PARK

### POLICE PENSION FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS Last Ten Fiscal Years

	2008	2009	2010	2011
Actuarially determined contribution	\$ 1,187,508	\$ 1,295,796	\$ 1,714,250	\$ 1,654,070
Contributions in relation to the actuarially determined contribution	1,254,016	1,333,139	1,456,079	1,681,690
Contribution deficiency (excess)	\$ (66,508)	\$ (37,343)	\$ 258,171	\$ (27,620)
Covered-employee payroll	\$ 4,643,888	\$ 4,510,522	\$ 4,396,294	\$ 4,405,140
Contributions as a percentage of covered-employee payroll	27.00%	29.56%	33.12%	38.18%

**Notes to Schedule:**

1) The Plan implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is derived from actuarial valuations developed in conformity with GASB Statement No. 25 and 27.

2) Valuation date: Actuarially determined contributions are calculated as of December 31 of the current fiscal year.

3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit cost method
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years
Asset valuation method	5 year smoothed market
Inflation	2.50%
Salary increases	3.00% to 10.50% (varies by service)
Investment rate of return	7.00%
Mortality	Healthy - RP-2014 Mortality Table with a blue collar adjustment, with generational improvement Scale MP-2017 applied from 2013.
	Disabled - RP-2014 Disabled Mortality Table, with generational improvement scale MP-2017 applied from 2013.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 1,485,807	\$ 1,675,278	\$ 2,200,186	\$ 2,284,900	\$ 2,770,901	\$ 2,899,038
1,508,625	1,704,410	2,390,587	2,809,109	3,611,980	3,760,188
<u>\$ (22,818)</u>	<u>\$ (29,132)</u>	<u>\$ (190,401)</u>	<u>\$ (524,209)</u>	<u>\$ (841,079)</u>	<u>\$ (861,150)</u>
\$ 4,422,555	\$ 4,773,826	\$ 4,871,007	\$ 5,100,745	\$ 5,322,381	\$ 5,178,365
34.11%	35.70%	49.08%	55.07%	67.86%	72.61%

**CITY OF HIGHLAND PARK**

**POLICE PENSION FUND**  
**SCHEDULE OF INVESTMENT RETURNS**  
Last Four Fiscal Years

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	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	6.28%	-0.23%	6.49%	12.50%

**Notes to Schedule:**

The Pension implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

## CITY OF HIGHLAND PARK

### FIREFIGHTERS' PENSION FUND

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b>Total pension liability</b>				
Service cost	\$ 1,270,045	\$ 1,140,851	\$ 1,140,851	\$ 1,094,398
Interest	4,258,893	4,670,319	5,293,408	5,149,483
Differences between expected and actual experience	606,760	(2,482,216)	(4,314,074)	74,405
Changes of assumptions	3,112,667	7,969,435	(387,755)	966,601
Benefit payments, including refunds of member contributions	(3,300,789)	(3,440,905)	(3,635,051)	(3,849,010)
<b>Net change in total pension liability</b>	<u>5,947,576</u>	<u>7,857,484</u>	<u>(1,902,621)</u>	<u>3,435,877</u>
<b>Total pension liability - beginning</b>	<u>62,491,726</u>	<u>68,439,302</u>	<u>76,296,786</u>	<u>74,394,165</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 68,439,302</u></u>	<u><u>\$ 76,296,786</u></u>	<u><u>\$ 74,394,165</u></u>	<u><u>\$ 77,830,042</u></u>
<b>Plan fiduciary net position</b>				
Employer contributions	\$ 2,411,772	\$ 2,472,050	\$ 3,412,844	\$ 3,740,496
Employee contributions	442,972	448,056	456,800	498,658
Net investment income	1,875,768	737,553	1,223,021	5,055,992
Benefit payments, including refunds of member contributions	(3,300,789)	(3,440,905)	(3,635,051)	(3,849,010)
Administration	(29,175)	(28,676)	(33,155)	(32,745)
<b>Net change in plan fiduciary net position</b>	<u>1,400,548</u>	<u>188,078</u>	<u>1,424,459</u>	<u>5,413,391</u>
<b>Plan fiduciary net position - beginning</b>	<u>33,870,775</u>	<u>35,271,323</u>	<u>35,459,401</u>	<u>36,883,860</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 35,271,323</u></u>	<u><u>\$ 35,459,401</u></u>	<u><u>\$ 36,883,860</u></u>	<u><u>\$ 42,297,251</u></u>
<b>City's net pension liability - ending (a) - (b)</b>	<u><u>\$ 33,167,979</u></u>	<u><u>\$ 40,837,385</u></u>	<u><u>\$ 37,510,305</u></u>	<u><u>\$ 35,532,791</u></u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	51.54%	46.48%	49.58%	54.35%
<b>Covered-employee payroll</b>	\$ 4,548,781	\$ 4,770,038	\$ 4,832,832	\$ 4,870,611
<b>City's net pension liability as a percentage of covered-employee payroll</b>	729.16%	856.12%	776.16%	729.53%

**Notes to Schedule:**

The Pension implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

**CITY OF HIGHLAND PARK**

**FIREFIGHTERS' PENSION FUND**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
 Last Ten Fiscal Years

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Actuarially determined contribution	\$ 1,033,130	\$ 1,120,881	\$ 1,533,479	\$ 1,529,803
Contributions in relation to the actuarially determined contribution	1,090,547	1,161,784	1,263,134	1,552,838
Contribution deficiency (excess)	<u>\$ (57,417)</u>	<u>\$ (40,903)</u>	<u>\$ 270,345</u>	<u>\$ (23,035)</u>
Covered-employee payroll	\$ 4,214,709	\$ 3,934,609	\$ 4,007,213	\$ 4,330,427
Contributions as a percentage of covered-employee payroll	25.87%	29.53%	31.52%	35.86%

**Notes to Schedule:**

1) The Plan implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is derived from

2) Valuation date: Actuarially determined contributions are calculated as of December 31 of the current fiscal year.

3) Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit cost method
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years
Asset valuation method	5 year smoothed market
Inflation	2.50%
Salary increases	3.00% to 12.00% (varies by service)
Investment rate of return	7.00%
Mortality	Healthy - RP-2014 Mortality Table with a blue collar adjustment, with generational improvement Scale MP-2017 applied from 2013.
	Disabled - RP-2014 Disabled Mortality Table, with generational improvement scale MP-2017 applied from 2013.

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 1,468,564	\$ 1,644,227	\$ 2,217,940	\$ 2,201,713	\$ 2,619,715	\$ 2,629,419
1,508,267	1,682,861	2,411,772	2,472,050	3,412,844	3,740,496
<u>\$ (39,703)</u>	<u>\$ (38,634)</u>	<u>\$ (193,832)</u>	<u>\$ (270,337)</u>	<u>\$ (793,129)</u>	<u>\$ (1,111,077)</u>
\$ 4,519,476	\$ 4,568,865	\$ 4,548,781	\$ 4,770,038	\$ 4,832,832	\$ 4,870,611
33.37%	36.83%	53.02%	51.82%	70.62%	76.80%

**CITY OF HIGHLAND PARK**

**FIREFIGHTERS' PENSION FUND**  
SCHEDULE OF INVESTMENT RETURNS  
Last Four Fiscal Years

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	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	5.58%	1.99%	3.55%	13.65%

**Notes to Schedule:**

The Pension implemented GASB Statement No. 67 in fiscal year 2014. Information prior to fiscal year 2014 is not available.

## CITY OF HIGHLAND PARK

### OTHER POSTEMPLOYMENT BENEFIT PLAN SCHEDULE OF EMPLOYER'S CONTRIBUTION AND FUNDING PROGRESS For the Year Ended December 31, 2017

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
12/31/2017	\$ 603,808	75.91%
12/31/2016	993,678	67.49%
12/31/2015	955,459	68.58%
12/31/2014	541,068	104.46%
12/31/2013	951,603	49.86%
12/31/2012	951,603	44.27%

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL) Entry Age Normal</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
12/31/2017	\$ -	\$ 11,043,456	\$ 11,043,456	0.00%	\$ 19,283,723	57.27%
12/31/2015	-	13,018,270	13,018,270	0.00%	18,230,261	71.41%
12/31/2013	-	10,570,354	10,570,354	0.00%	17,597,637	60.07%
12/31/2011	-	12,913,455	12,913,455	0.00%	16,984,814	76.03%
12/31/2010	-	14,343,097	14,343,097	0.00%	18,015,248	79.62%
12/31/2009	-	14,565,078	14,565,078	0.00%	17,916,315	81.30%

Note: GASB 45 requires an actuarial valuation every two or three years depending on the size of the plan and whether there were any significant changes made to the plan that affect the results of the valuation, including significant changes in benefit provisions, the size or composition of the population covered by the plan, or other factors that impact long-term assumptions.

# CITY OF HIGHLAND PARK

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2017

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### ***BUDGETARY INFORMATION***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget is as amended by the City Council. All annual appropriations lapse at fiscal year end.

Prior to December 31, the City Finance Director submits to the City Council a proposed operating and capital budget for the fiscal year commencing January 1. The operating and capital budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to March 31, the budget is legally enacted through passage of an ordinance. Formal budgetary integration is employed as a management control device during the year of the general fund and special revenue funds.

The City is authorized to change budgeted amounts within any fund; however, revision must be approved by two-thirds of the members of the City Council. No revisions can be made increasing the budget unless funding is available for the purpose of the revision. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The appropriated budget is prepared by fund, function, and department. The City Finance Director is authorized, with City Manager approval, to transfer budget amounts between departments within any fund; however, the City Council must approve revisions that alter the total expenditures of any fund.

**SUPPLEMENTARY INFORMATION**

## CITY OF HIGHLAND PARK

### DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
City Council				
Personal services	\$ 201,661	\$ 201,661	\$ 197,238	\$ 4,423
Contractual services	23,626	15,807	15,807	-
Materials and supplies	24,715	25,930	18,497	7,433
Total city council	<u>250,002</u>	<u>243,398</u>	<u>231,542</u>	<u>11,856</u>
Administration				
Personal services	654,770	638,167	619,829	18,338
Contractual services	45,444	84,569	83,433	1,136
Materials and supplies	32,710	53,661	46,799	6,862
Total administration	<u>732,924</u>	<u>776,397</u>	<u>750,061</u>	<u>26,336</u>
Human resources				
Personal services	313,531	314,611	312,768	1,843
Contractual services	75,636	74,305	59,031	15,274
Materials and supplies	130,487	159,987	87,907	72,080
Capital outlay	16,582	16,582	14,054	2,528
Total human resources	<u>536,236</u>	<u>565,485</u>	<u>473,760</u>	<u>91,725</u>
Communications				
Personal services	151,924	151,924	143,472	8,452
Contractual services	61,439	54,659	48,162	6,497
Materials and supplies	112,617	112,617	96,540	16,077
Capital outlay	1,815	3,515	1,386	2,129
Total communications	<u>327,795</u>	<u>322,715</u>	<u>289,560</u>	<u>33,155</u>
City Clerk				
Personal services	165,000	165,000	164,209	791
Contractual services	36,352	35,508	26,043	9,465
Materials and supplies	1,240	1,240	850	390
Total city clerk	<u>202,592</u>	<u>201,748</u>	<u>191,102</u>	<u>10,646</u>
Youth Services				
Personal services	122,824	122,824	109,006	13,818
Contractual services	34,842	35,255	34,087	1,168
Materials and supplies	8,300	8,300	2,641	5,659
Total youth services	<u>165,966</u>	<u>166,379</u>	<u>145,734</u>	<u>20,645</u>
Senior services				
Personal services	350,382	342,658	329,048	13,610
Contractual services	22,681	23,758	23,321	437
Materials and supplies	107,604	92,604	75,461	17,143
Capital outlay	2,900	2,900	1,836	1,064
Total senior services	<u>483,567</u>	<u>461,920</u>	<u>429,666</u>	<u>32,254</u>
Legal Department				
Contractual services	1,016,270	1,048,518	1,031,472	17,046
Materials and supplies	650	650	875	(225)
Total legal department	<u>1,016,920</u>	<u>1,049,168</u>	<u>1,032,347</u>	<u>16,821</u>

## CITY OF HIGHLAND PARK

### DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Finance administration and accounting				
Personal services	\$ 988,375	\$ 988,375	\$ 926,008	\$ 62,367
Contractual services	1,741,592	1,776,887	1,448,601	328,286
Materials and supplies	158,715	181,015	164,382	16,633
Reserve & contingency	<u>1,101,000</u>	<u>1,101,000</u>	<u>-</u>	<u>1,101,000</u>
Total finance administration and accounting	<u>3,989,682</u>	<u>4,047,277</u>	<u>2,538,991</u>	<u>1,508,286</u>
Facilities				
Personal services	383,656	395,919	397,172	(1,253)
Contractual services	821,607	869,191	644,299	224,892
Materials and supplies	106,605	106,605	94,197	12,408
Capital outlay	<u>1,110,000</u>	<u>1,066,501</u>	<u>882,146</u>	<u>184,355</u>
Total facilities	<u>2,421,868</u>	<u>2,438,216</u>	<u>2,017,814</u>	<u>420,402</u>
Less administrative reimbursements				
Administrative reimbursements	<u>(1,415,700)</u>	<u>(1,415,700)</u>	<u>(1,415,700)</u>	<u>-</u>
Total less administrative reimbursements	<u>(1,415,700)</u>	<u>(1,415,700)</u>	<u>(1,415,700)</u>	<u>-</u>
Total General Government	<u>8,711,852</u>	<u>8,857,003</u>	<u>6,684,877</u>	<u>2,172,126</u>
<b>PUBLIC SAFETY</b>				
Police department - operations				
Personal services	9,352,477	9,307,939	9,028,558	279,381
Contractual services	1,986,117	2,191,005	2,164,212	26,793
Materials and supplies	363,791	374,861	311,229	63,632
Capital outlay	<u>114,414</u>	<u>127,913</u>	<u>70,738</u>	<u>57,175</u>
Total police department - operations	<u>11,816,799</u>	<u>12,001,718</u>	<u>11,574,737</u>	<u>426,981</u>
Fire department - operations				
Personal services	7,264,990	7,292,953	7,383,314	(90,361)
Contractual services	425,069	625,326	623,971	1,355
Materials and supplies	216,810	214,400	203,005	11,395
Capital outlay	<u>32,000</u>	<u>32,000</u>	<u>32,686</u>	<u>(686)</u>
Total fire department - operations	<u>7,938,869</u>	<u>8,164,679</u>	<u>8,242,976</u>	<u>(78,297)</u>
Fire department - facilities				
Total Public Safety	<u>19,755,668</u>	<u>20,166,397</u>	<u>19,817,713</u>	<u>348,684</u>
<b>PUBLIC WORKS</b>				
Public works administration				
Personal services	529,816	529,816	522,645	7,171
Contractual services	78,891	119,720	117,341	2,379
Materials and supplies	<u>19,910</u>	<u>19,910</u>	<u>20,079</u>	<u>(169)</u>
Total public works administration	<u>628,617</u>	<u>669,446</u>	<u>660,065</u>	<u>9,381</u>

## CITY OF HIGHLAND PARK

### DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Facilities				
Capital outlay	\$ 317,910	\$ 496,910	\$ 282,040	\$ 214,870
Total facilities	<u>317,910</u>	<u>496,910</u>	<u>282,040</u>	<u>214,870</u>
Engineering				
Personal services	741,578	748,497	681,843	66,654
Contractual services	166,048	178,970	176,563	2,407
Materials and supplies	5,985	5,985	7,275	(1,290)
Total engineering	<u>913,611</u>	<u>933,452</u>	<u>865,681</u>	<u>67,771</u>
Forestry				
Personal services	327,956	302,129	295,169	6,960
Contractual services	586,336	583,390	565,102	18,288
Materials and supplies	18,059	21,259	26,934	(5,675)
Capital outlay	245,000	245,000	231,367	13,633
Total forestry	<u>1,177,351</u>	<u>1,151,778</u>	<u>1,118,572</u>	<u>33,206</u>
Total Public Works	<u>3,037,489</u>	<u>3,251,586</u>	<u>2,926,358</u>	<u>325,228</u>
<b>ECONOMIC AND PHYSICAL DEVELOPMENT</b>				
Community development				
Personal services	2,692,264	2,669,264	2,484,807	184,457
Contractual services	469,089	561,499	463,520	97,979
Materials and supplies	109,635	109,635	71,116	38,519
Total community development	<u>3,270,988</u>	<u>3,340,398</u>	<u>3,019,443</u>	<u>320,955</u>
Economic development				
Personal services	131,321	146,744	139,444	7,300
Contractual services	11,761	14,219	13,903	316
Materials and supplies	293,568	276,749	105,457	171,292
Revenue sharing	451,000	451,000	403,386	47,614
Total economic development	<u>887,650</u>	<u>888,712</u>	<u>662,190</u>	<u>226,522</u>
Total Economic and physical development	<u>4,158,638</u>	<u>4,229,110</u>	<u>3,681,633</u>	<u>547,477</u>
<b>COMMISSIONS</b>				
Personal services	39,875	39,875	31,042	8,833
Contractual services	85,930	85,930	45,754	40,176
Materials and supplies	106,618	108,483	86,305	22,178
Total commissions	<u>232,423</u>	<u>234,288</u>	<u>163,101</u>	<u>71,187</u>
 Total Expenditures	 <u>\$ 35,896,070</u>	 <u>\$ 36,738,384</u>	 <u>\$ 33,273,682</u>	 <u>\$ 3,464,702</u>

**CITY OF HIGHLAND PARK**

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
As of December 31, 2017

	Special Revenue Funds			
	Motor Fuel Tax	Emergency 911 System	Foreign Fire Insurance Tax	Highland Park Theater
<b>ASSETS</b>				
Cash	\$ 327,524	\$ -	\$ 395,265	\$ -
Receivables (net)				
Property taxes	-	-	-	-
Motor fuel tax allotments	65,766	95,743	-	-
Accounts	-	-	-	-
Deposits	-	425,212	-	-
	-	425,212	-	-
<b>TOTAL ASSETS</b>	<b>\$ 393,290</b>	<b>\$ 520,955</b>	<b>\$ 395,265</b>	<b>\$ -</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 1,178	\$ 22,120	\$ -
Accrued liabilities	-	-	-	-
Due to other funds	-	28,760	-	-
Total Liabilities	-	29,938	22,120	-
<b>Deferred Inflows of Resources</b>				
Property taxes levied for future periods	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
<b>Fund Balances</b>				
Restricted for streets	393,290	-	-	-
Restricted for public safety	-	491,017	373,145	-
Restricted for economic development	-	-	-	-
Committed for sustainability initiatives	-	-	-	-
Committed for transportation	-	-	-	-
Assigned for debt service	-	-	-	-
Total Fund Balances	393,290	491,017	373,145	-
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 393,290</b>	<b>\$ 520,955</b>	<b>\$ 395,265</b>	<b>\$ -</b>

<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	<u>Capital Project Fund</u>	
<u>Environmental Sustainability</u>	<u>Multi-Modal Transportation</u>	<u>Debt Service</u>	<u>Tax Increment Financing</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 284,309	\$ 973,260	\$ 2,079,286	\$ 1,450,641	\$ 5,510,285
-	1,353,500	887,800	214,300	2,455,600
-	-	-	-	161,509
-	127,428	-	-	127,428
-	-	-	-	425,212
<u>\$ 284,309</u>	<u>\$ 2,454,188</u>	<u>\$ 2,967,086</u>	<u>\$ 1,664,941</u>	<u>\$ 8,680,034</u>
\$ 1,680	\$ 53,098	\$ -	\$ -	\$ 78,076
461	48,076	-	-	48,537
-	-	-	-	28,760
<u>2,141</u>	<u>101,174</u>	<u>-</u>	<u>-</u>	<u>155,373</u>
-	1,353,500	887,800	214,300	2,455,600
-	1,353,500	887,800	214,300	2,455,600
-	-	-	-	393,290
-	-	-	-	864,162
-	-	-	1,450,641	1,450,641
282,168	-	-	-	282,168
-	999,514	-	-	999,514
-	-	2,079,286	-	2,079,286
<u>282,168</u>	<u>999,514</u>	<u>2,079,286</u>	<u>1,450,641</u>	<u>6,069,061</u>
<u>\$ 284,309</u>	<u>\$ 2,454,188</u>	<u>\$ 2,967,086</u>	<u>\$ 1,664,941</u>	<u>\$ 8,680,034</u>

## CITY OF HIGHLAND PARK

### COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2017

	Special Revenue Funds				
	Motor Fuel Tax	Emergency 911 System	Foreign Fire Insurance Tax	Highland Park Theater	Environmental Sustainability
<b>REVENUES</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Intergovernmental	-	-	134,287	-	-
Motor fuel tax	759,153	-	-	-	-
Licenses and permits	-	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-
Public charges for services	-	461,304	-	-	143,781
Reimbursements	-	-	-	-	-
Interest income	4,270	4,301	168	-	336
Miscellaneous	-	-	-	-	-
Total Revenues	763,423	465,605	134,455	-	144,117
<b>EXPENDITURES</b>					
Current					
Public safety	-	18,150	135,173	-	-
Public works	-	-	-	-	-
Transit	-	-	-	-	-
Economic and physical development	-	-	-	16,106	68,313
Debt Service					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	-	18,150	135,173	16,106	68,313
Excess (deficiency) of revenues over (under) expenditures	763,423	447,455	(718)	(16,106)	75,804
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	75,705	-
Transfers out	(815,000)	(350,000)	-	-	-
Total Other Financing Sources (Uses)	(815,000)	(350,000)	-	75,705	-
<b>Net Change in Fund Balances</b>	(51,577)	97,455	(718)	59,599	75,804
FUND BALANCES (DEFICIT) - Beginning of Year	444,867	393,562	373,863	(59,599)	206,364
<b>FUND BALANCES - END OF YEAR</b>	\$ 393,290	\$ 491,017	\$ 373,145	\$ -	\$ 282,168

Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
Multi-Modal Transportation	Debt Service	Tax Increment Financing	
\$ 1,117,493	\$ 2,948,297	\$ 213,987	\$ 4,279,777
501,713	-	-	501,713
30,212	-	-	164,499
-	-	-	759,153
1,104,128	-	-	1,104,128
12,420	-	-	12,420
69,625	-	-	674,710
1,421,764	-	-	1,421,764
889	37,394	1,629	48,987
51,364	-	-	51,364
<u>4,309,608</u>	<u>2,985,691</u>	<u>215,616</u>	<u>9,018,515</u>
-	-	-	153,323
2,811,595	-	-	2,811,595
1,294,057	-	-	1,294,057
-	-	-	84,419
-	2,793,950	-	2,793,950
-	240,967	-	240,967
<u>4,105,652</u>	<u>3,034,917</u>	<u>-</u>	<u>7,378,311</u>
<u>203,956</u>	<u>(49,226)</u>	<u>215,616</u>	<u>1,640,204</u>
95,000	-	-	170,705
-	-	-	(1,165,000)
<u>95,000</u>	<u>-</u>	<u>-</u>	<u>(994,295)</u>
298,956	(49,226)	215,616	645,909
<u>700,558</u>	<u>2,128,512</u>	<u>1,235,025</u>	<u>5,423,152</u>
<u>\$ 999,514</u>	<u>\$ 2,079,286</u>	<u>\$ 1,450,641</u>	<u>\$ 6,069,061</u>

## CITY OF HIGHLAND PARK

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MOTOR FUEL TAX FUND For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Motor fuel tax	\$ 750,400	\$ 750,400	\$ 759,153	\$ 8,753
Investment income	500	500	4,270	3,770
Total Revenues	<u>750,900</u>	<u>750,900</u>	<u>763,423</u>	<u>12,523</u>
<b>EXPENDITURES</b>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>750,900</u>	<u>750,900</u>	<u>763,423</u>	<u>12,523</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(815,000)</u>	<u>(815,000)</u>	<u>(815,000)</u>	<u>-</u>
Total Other Financing Uses	<u>(815,000)</u>	<u>(815,000)</u>	<u>(815,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (64,100)</u>	<u>\$ (64,100)</u>	(51,577)	<u>\$ 12,523</u>
FUND BALANCE - Beginning of Year			<u>444,867</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 393,290</u>	

## CITY OF HIGHLAND PARK

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - EMERGENCY 911 SYSTEM FUND For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Public charges for services	\$ 249,240	\$ 249,240	\$ 461,304	\$ 212,064
Investment income	-	-	4,301	4,301
<b>Total Revenues</b>	<u>249,240</u>	<u>249,240</u>	<u>465,605</u>	<u>216,365</u>
<b>EXPENDITURES</b>				
Contractual services	28,400	28,400	14,744	13,656
Materials and supplies	<u>3,650</u>	<u>3,650</u>	<u>3,406</u>	<u>244</u>
<b>Total Expenditures</b>	<u>32,050</u>	<u>32,050</u>	<u>18,150</u>	<u>13,900</u>
Excess (deficiency) of revenues over (under) expenditures	<u>217,190</u>	<u>217,190</u>	<u>447,455</u>	<u>230,265</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(350,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>
<b>Total Other Financing Uses</b>	<u>(350,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (132,810)</u>	<u>\$ (132,810)</u>	97,455	<u>\$ 230,265</u>
FUND BALANCE - Beginning of Year			<u>393,562</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 491,017</u>	

## CITY OF HIGHLAND PARK

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (DEFICIT) - BUDGET AND ACTUAL - HIGHLAND PARK THEATER FUND For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Public charges for services	\$ 8,250	\$ 8,250	\$ -	\$ (8,250)
Total Revenues	8,250	8,250	-	(8,250)
<b>EXPENDITURES</b>				
Contractual services	24,000	24,000	12,205	11,795
Materials and supplies	-	-	3,901	(3,901)
Total Expenditures	24,000	24,000	16,106	7,894
Excess (deficiency) of revenues over (under) expenditures	(15,750)	(15,750)	(16,106)	(356)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	75,705	75,705
Total Other Financing Sources	-	-	75,705	75,705
<b>Net Change in Fund Balance</b>	<b>\$ (15,750)</b>	<b>\$ (15,750)</b>	59,599	<b>\$ 75,349</b>
FUND BALANCE (DEFICIT) - Beginning of Year			(59,599)	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ -</b>	

## CITY OF HIGHLAND PARK

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - ENVIRONMENTAL SUSTAINABILITY FUND For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Public charges for services	\$ 145,000	\$ 145,000	\$ 143,781	\$ (1,219)
Investment income	<u>-</u>	<u>-</u>	<u>336</u>	<u>336</u>
Total Revenues	<u>145,000</u>	<u>145,000</u>	<u>144,117</u>	<u>(883)</u>
<b>EXPENDITURES</b>				
Personal services	24,320	24,320	25,601	(1,281)
Contractual service	<u>118,650</u>	<u>118,650</u>	<u>42,712</u>	<u>75,938</u>
Total Expenditures	<u>142,970</u>	<u>142,970</u>	<u>68,313</u>	<u>74,657</u>
<b>Net Change in Fund Balance</b>	<u>\$ 2,030</u>	<u>\$ 2,030</u>	75,804	<u>\$ 73,774</u>
FUND BALANCE - Beginning of Year			<u>206,364</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 282,168</u>	

## CITY OF HIGHLAND PARK

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MULTI-MODAL TRANSPORTATION FUND For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 1,128,500	\$ 1,128,500	\$ 1,117,493	\$ (11,007)
Other taxes	535,900	535,900	501,713	(34,187)
Licenses and permits	1,101,700	1,101,700	1,104,128	2,428
Intergovernmental	-	-	30,212	30,212
Fines, forfeitures and penalties	11,000	11,000	12,420	1,420
Public charges for services	75,000	68,580	69,625	1,045
PACE RTA fare reimbursement	1,400,000	1,400,000	1,421,764	21,764
Investment income	200	200	889	689
Miscellaneous	58,956	58,956	51,364	(7,592)
<b>Total Revenues</b>	<u>4,311,256</u>	<u>4,304,836</u>	<u>4,309,608</u>	<u>4,772</u>
<b>EXPENDITURES</b>				
<b>PUBLIC WORKS</b>				
Personal services	1,206,967	1,201,614	1,085,516	116,098
Contractual services	1,058,813	1,068,961	1,050,862	18,099
Materials and supplies	691,507	642,637	535,195	107,442
Capital outlay	95,000	223,000	140,022	82,978
<b>Total Public works</b>	<u>3,052,287</u>	<u>3,136,212</u>	<u>2,811,595</u>	<u>324,617</u>
<b>TRANSIT</b>				
Personal services	1,222,865	1,252,088	1,225,184	26,904
Contractual services	46,880	43,247	35,269	7,978
Materials and supplies	61,498	61,498	33,604	27,894
<b>Total Transit</b>	<u>1,331,243</u>	<u>1,356,833</u>	<u>1,294,057</u>	<u>62,776</u>
<b>Total Expenditures</b>	<u>4,383,530</u>	<u>4,493,045</u>	<u>4,105,652</u>	<u>387,393</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(72,274)</u>	<u>(188,209)</u>	<u>203,956</u>	<u>392,165</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	95,000	95,000	95,000	-
<b>Total Other Financing Sources</b>	<u>95,000</u>	<u>95,000</u>	<u>95,000</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 22,726</u>	<u>\$ (93,209)</u>	298,956	<u>\$ 392,165</u>
FUND BALANCE - Beginning of Year			<u>700,558</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 999,514</u>	

## CITY OF HIGHLAND PARK

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 2,934,799	\$ 2,934,799	\$ 2,948,297	\$ 13,498
Investment income	12,700	12,700	37,394	24,694
Reimbursements	<u>67,925</u>	<u>67,925</u>	<u>-</u>	<u>(67,925)</u>
Total Revenues	<u>3,015,424</u>	<u>3,015,424</u>	<u>2,985,691</u>	<u>(29,733)</u>
<b>EXPENDITURES</b>				
Principal	2,838,950	2,838,950	2,793,950	45,000
Interest and fiscal charges	<u>253,312</u>	<u>243,828</u>	<u>240,967</u>	<u>2,861</u>
Total Expenditures	<u>3,092,262</u>	<u>3,082,778</u>	<u>3,034,917</u>	<u>47,861</u>
<b>Net Change in Fund Balance</b>	<b><u>\$ (76,838)</u></b>	<b><u>\$ (67,354)</u></b>	(49,226)	<b><u>\$ 18,128</u></b>
FUND BALANCE - Beginning of Year			<u>2,128,512</u>	
<b>FUND BALANCE - END OF YEAR</b>			<b><u><u>\$ 2,079,286</u></u></b>	

## CITY OF HIGHLAND PARK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - TAX INCREMENT FINANCING FUND  
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 216,600	\$ 216,600	\$ 213,987	\$ (2,613)
Investment income	-	-	1,629	1,629
Total Revenues	<u>216,600</u>	<u>216,600</u>	<u>215,616</u>	<u>(984)</u>
<b>EXPENDITURES</b>				
Contractual services	<u>120,000</u>	<u>120,000</u>	-	<u>120,000</u>
Total Expenditures	<u>120,000</u>	<u>120,000</u>	-	<u>120,000</u>
<b>Net Change in Fund Balance</b>	<u>\$ 96,600</u>	<u>\$ 96,600</u>	215,616	<u>\$ 119,016</u>
FUND BALANCE - Beginning of Year			<u>1,235,025</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 1,450,641</u>	

## CITY OF HIGHLAND PARK

### SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$ 507,174	\$ 507,174	\$ 503,543	\$ (3,631)
Municipal sales tax	453,700	453,700	441,590	(12,110)
Reimbursements	744,689	744,689	240,867	(503,822)
Investment income	25,400	25,400	34,090	8,690
Total Revenues	<u>1,730,963</u>	<u>1,730,963</u>	<u>1,220,090</u>	<u>(510,873)</u>
<b>EXPENDITURES</b>				
Capital Outlay	<u>5,229,500</u>	<u>5,425,500</u>	<u>4,951,600</u>	<u>473,900</u>
Total Expenditures	<u>5,229,500</u>	<u>5,425,500</u>	<u>4,951,600</u>	<u>473,900</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,498,537)</u>	<u>(3,694,537)</u>	<u>(3,731,510)</u>	<u>(36,973)</u>
<b>OTHER FINANCING SOURCES</b>				
General obligation debt issued	700,000	710,400	705,162	(5,238)
Premium on debt issued	-	-	12,600	12,600
Transfers in	<u>720,000</u>	<u>720,000</u>	<u>720,000</u>	<u>-</u>
Total Other Financing Sources	<u>1,420,000</u>	<u>1,430,400</u>	<u>1,437,762</u>	<u>7,362</u>
<b>Net Change in Fund Balance</b>	<u>\$ (2,078,537)</u>	<u>\$ (2,264,137)</u>	(2,293,748)	<u>\$ (29,611)</u>
FUND BALANCE - Beginning of Year			<u>2,492,404</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 198,656</u>	

## CITY OF HIGHLAND PARK

### SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL WATER FUND - BUDGETARY BASIS For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>OPERATING REVENUES</b>				
Water sales	\$ 7,930,400	\$ 7,930,400	\$ 7,762,777	\$ (167,623)
Water/sewer permit fees	85,000	85,000	107,319	22,319
Miscellaneous	<u>49,230</u>	<u>46,705</u>	<u>74,597</u>	<u>27,892</u>
Total Operating Revenues	<u>8,064,630</u>	<u>8,062,105</u>	<u>7,944,693</u>	<u>(117,412)</u>
<b>OPERATING EXPENSES</b>				
Personal services	2,370,325	2,370,325	2,554,717	(184,392)
Contractual services	1,386,379	1,336,393	1,207,858	128,535
Materials and supplies	386,660	386,660	343,753	42,907
Small tools and equipment	2,690,000	4,745,000	3,018,761	1,726,239
Administrative reimbursements	<u>1,316,700</u>	<u>1,316,700</u>	<u>1,316,700</u>	<u>-</u>
Total Operating Expenses	<u>8,150,064</u>	<u>10,155,078</u>	<u>8,441,789</u>	<u>1,713,289</u>
Operating Income (Loss)	<u>(85,434)</u>	<u>(2,092,973)</u>	<u>(497,096)</u>	<u>1,595,877</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	17,700	17,700	95,648	77,948
Intergovernmental	69,000	69,000	71,497	2,497
Principal	(986,933)	(986,933)	(856,307)	(130,626)
Interest and fiscal charges	(1,356,122)	(1,320,064)	(1,592,098)	(272,034)
Gain (loss) on sale of capital assets	-	-	(16,225)	(16,225)
Bond proceeds	2,690,000	2,729,964	2,709,838	(20,126)
Premium on bonds sold	-	-	48,421	48,421
IEPA loan proceeds	<u>-</u>	<u>-</u>	<u>1,414,939</u>	<u>1,414,939</u>
Total Non-Operating Revenues (Expenses)	<u>433,645</u>	<u>509,667</u>	<u>1,875,713</u>	<u>1,104,794</u>
Net Income - Budgetary Basis	<u>348,211</u>	<u>(1,583,306)</u>	<u>1,378,617</u>	<u>2,700,671</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Capital assets capitalized	-	-	2,405,490	2,405,490
Accrual of bond proceeds	-	-	(2,709,838)	(2,709,838)
Accrual of bond premium	-	-	(48,421)	(48,421)
Accrual of IEPA loan proceeds	-	-	(1,414,939)	(1,414,939)
Depreciation	-	-	(1,814,875)	(1,814,875)
Principal paid	<u>-</u>	<u>-</u>	<u>856,307</u>	<u>856,307</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>(2,726,276)</u>	<u>(2,726,276)</u>
Change in net position	<u>\$ 348,211</u>	<u>\$ (1,583,306)</u>	<u>(1,347,659)</u>	<u>\$ (25,605)</u>
NET POSITION - Beginning of Year			<u>18,947,670</u>	
<b>NET POSITION - END OF YEAR</b>			<u>\$ 17,600,011</u>	

## CITY OF HIGHLAND PARK

### SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL SEWER FUND - BUDGETARY BASIS For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>OPERATING REVENUES</b>				
Sanitary sewer charges	\$ 2,364,100	\$ 2,364,100	\$ 2,315,312	\$ (48,788)
Stormwater management fees	2,098,900	2,098,900	2,177,350	78,450
Water/sewer permit fees	40,000	40,000	49,205	9,205
Miscellaneous	<u>35,000</u>	<u>31,660</u>	<u>38,238</u>	<u>6,578</u>
Total Operating Revenues	<u>4,538,000</u>	<u>4,534,660</u>	<u>4,580,105</u>	<u>45,445</u>
<b>OPERATING EXPENSES</b>				
Personal services	1,158,741	1,158,741	1,190,430	(31,689)
Contractual services	557,723	640,927	624,163	16,764
Materials and supplies	89,050	89,050	75,206	13,844
Small tools and equipment	<u>3,355,000</u>	<u>3,544,000</u>	<u>3,136,667</u>	<u>407,333</u>
Total Operating Expenses	<u>5,160,514</u>	<u>5,432,718</u>	<u>5,026,466</u>	<u>406,252</u>
Operating Income (Loss)	<u>(622,514)</u>	<u>(898,058)</u>	<u>(446,361)</u>	<u>451,697</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Intergovernmental revenue	159,524	159,524	13,297	(146,227)
Investment income	15,300	15,300	29,609	14,309
Principal	(362,417)	(362,417)	(362,417)	-
Interest and fiscal charges	<u>(127,812)</u>	<u>(136,275)</u>	<u>(120,628)</u>	<u>15,647</u>
Total Non-Operating Revenues (Expenses)	<u>(315,405)</u>	<u>(323,868)</u>	<u>(440,139)</u>	<u>(116,271)</u>
Net Income (Loss) - Budgetary Basis	<u>(937,919)</u>	<u>(1,221,926)</u>	<u>(886,500)</u>	<u>335,426</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Capital assets capitalized	-	-	2,100,301	2,100,301
Depreciation	-	-	(1,786,252)	(1,786,252)
Principal paid	<u>-</u>	<u>-</u>	<u>362,417</u>	<u>362,417</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>676,466</u>	<u>676,466</u>
Change in net position	<u>\$ (937,919)</u>	<u>\$ (1,221,926)</u>	(210,034)	<u>\$ 1,011,892</u>
NET POSITION - Beginning of Year			<u>20,735,052</u>	
<b>NET POSITION - END OF YEAR</b>			<u>\$ 20,525,018</u>	

**CITY OF HIGHLAND PARK**

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL  
 MOTOR VEHICLE PARKING SYSTEM FUND - BUDGETARY BASIS  
 For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES</b>				
Charges for services				
Parking lot collections	\$ 562,300	\$ 562,300	\$ 550,724	\$ (11,576)
Parking violations	<u>202,000</u>	<u>202,000</u>	<u>174,454</u>	<u>(27,546)</u>
Total Operating Revenues	<u>764,300</u>	<u>764,300</u>	<u>725,178</u>	<u>(39,122)</u>
<b>OPERATING EXPENSES</b>				
Personal services	359,151	359,151	327,775	31,376
Contractual services	310,723	310,723	215,146	95,577
Materials and supplies	22,390	22,390	19,717	2,673
Small tools and equipment	134,500	134,500	80,735	53,765
Administrative reimbursements	<u>99,000</u>	<u>99,000</u>	<u>99,000</u>	<u>-</u>
Total Operating Expenses	<u>925,764</u>	<u>925,764</u>	<u>742,373</u>	<u>183,391</u>
Operating Income (Loss)	<u>(161,464)</u>	<u>(161,464)</u>	<u>(17,195)</u>	<u>144,269</u>
<b>NON-OPERATING REVENUES</b>				
Investment income	(6,300)	6,300	5,233	(1,067)
Gain (loss) on sale of capital assets	<u>-</u>	<u>-</u>	<u>(31,363)</u>	<u>(31,363)</u>
Total Non-Operating Revenues	<u>(6,300)</u>	<u>6,300</u>	<u>(26,130)</u>	<u>(32,430)</u>
Net Income (Loss) - Budgetary Basis	<u>(167,764)</u>	<u>(155,164)</u>	<u>(43,325)</u>	<u>111,839</u>
<b>ADJUSTMENT TO GAAP BASIS</b>				
Capital assets capitalized	-	-	58,439	58,439
Depreciation	<u>-</u>	<u>-</u>	<u>(225,449)</u>	<u>(225,449)</u>
Total Adjustment to GAAP Basis	<u>-</u>	<u>-</u>	<u>(167,010)</u>	<u>(167,010)</u>
Change in net position	\$ <u>(167,764)</u>	\$ <u>(155,164)</u>	(210,335)	\$ <u>(55,171)</u>
NET POSITION - Beginning of Year			<u>3,833,667</u>	
<b>NET POSITION - END OF YEAR</b>			\$ <u><u>3,623,332</u></u>	

**CITY OF HIGHLAND PARK**

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
As of December 31, 2017

	Equipment Maintenance and Replacement	Insurance	Totals
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 3,825,604	\$ 3,333,238	\$ 7,158,842
Receivables			
Accounts	1,391	18,930	20,321
Prepaid items	181,526	80,427	261,953
Other	<u>-</u>	<u>257,742</u>	<u>257,742</u>
Total Current Assets	<u>4,008,521</u>	<u>3,690,337</u>	<u>7,698,858</u>
Noncurrent Assets			
Capital assets (net of accumulated depreciation)			
Machinery, equipment and furnishings	11,127,660	-	11,127,660
Accumulated depreciation	<u>(9,209,071)</u>	<u>-</u>	<u>(9,209,071)</u>
Total Noncurrent Assets	<u>1,918,589</u>	<u>-</u>	<u>1,918,589</u>
 Total Assets	 <u>5,927,110</u>	 <u>3,690,337</u>	 <u>9,617,447</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>368,076</u>	<u>-</u>	<u>368,076</u>
Total Deferred Outflows of Resources	<u>368,076</u>	<u>-</u>	<u>368,076</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	87,708	6,651	94,359
Accrued wages	19,057	-	19,057
Unearned revenues	<u>-</u>	<u>8,275</u>	<u>8,275</u>
Total Current Liabilities	<u>106,765</u>	<u>14,926</u>	<u>121,691</u>
Noncurrent Liabilities			
Due within one year	10,287	1,373	11,660
Due in more than one year	<u>385,315</u>	<u>5,492</u>	<u>390,807</u>
Total Noncurrent Liabilities	<u>395,602</u>	<u>6,865</u>	<u>402,467</u>
 Total Liabilities	 <u>502,367</u>	 <u>21,791</u>	 <u>524,158</u>

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	Equipment Maintenance and Replacement	Insurance	Totals
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	\$ 9,192	\$ -	\$ 9,192
Total Deferred Inflows of Resources	<u>9,192</u>	<u>-</u>	<u>9,192</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,918,589	-	1,918,589
Unrestricted	<u>3,865,038</u>	<u>3,668,546</u>	<u>7,533,584</u>
<b>TOTAL NET POSITION</b>	<u>\$ 5,783,627</u>	<u>\$ 3,668,546</u>	<u>\$ 9,452,173</u>

## CITY OF HIGHLAND PARK

### COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION INTERNAL SERVICE FUNDS For the Year Ended December 31, 2017

	<u>Equipment Maintenance and Replacement</u>	<u>Insurance</u>	<u>Totals</u>
<b>OPERATING REVENUES</b>			
Charges for goods and services	\$ 3,799,214	\$ 4,956,059	\$ 8,755,273
Miscellaneous	48,518	-	48,518
Total Operating Revenues	<u>3,847,732</u>	<u>4,956,059</u>	<u>8,803,791</u>
<b>OPERATING EXPENSES</b>			
Personal services	1,333,140	(46)	1,333,094
Contractual services	229,958	4,758,629	4,988,587
Materials and supplies	522,884	1,547	524,431
Repairs and maintenance	413,357	483	413,840
Small tools and equipment	189,941	37,097	227,038
Depreciation	466,639	-	466,639
Total Operating Expenses	<u>3,155,919</u>	<u>4,797,710</u>	<u>7,953,629</u>
Operating Income (Loss)	<u>691,813</u>	<u>158,349</u>	<u>850,162</u>
<b>NONOPERATING REVENUES</b>			
Investment income	37,310	3,767	41,077
Gain (loss) on sale of capital assets	(26,537)	-	(26,537)
Total Nonoperating Revenues	<u>10,773</u>	<u>3,767</u>	<u>14,540</u>
<b>Change in net position</b>	702,586	162,116	864,702
NET POSITION - Beginning of Year	<u>5,081,041</u>	<u>3,506,430</u>	<u>8,587,471</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 5,783,627</u>	<u>\$ 3,668,546</u>	<u>\$ 9,452,173</u>

**CITY OF HIGHLAND PARK**

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2017

	Equipment Maintenance and Replacement	Insurance	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 3,850,212	\$ 5,056,717	\$ 8,906,929
Paid to suppliers for goods and services	(1,269,224)	(4,899,288)	(6,168,512)
Paid to employees for services	<u>(1,189,632)</u>	<u>-</u>	<u>(1,189,632)</u>
Net Cash Flows From Operating Activities	<u>1,391,356</u>	<u>157,429</u>	<u>1,548,785</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	<u>37,310</u>	<u>3,767</u>	<u>41,077</u>
Net Cash Flows From Investing Activities	<u>37,310</u>	<u>3,767</u>	<u>41,077</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(795,154)	-	(795,154)
Cash from sale of assets	<u>30,291</u>	<u>-</u>	<u>30,291</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(764,863)</u>	<u>-</u>	<u>(764,863)</u>
<b>Net Change in Cash and Cash Equivalents</b>	663,803	161,196	824,999
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,161,801</u>	<u>3,172,042</u>	<u>6,333,843</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 3,825,604</u></u>	<u><u>\$ 3,333,238</u></u>	<u><u>\$ 7,158,842</u></u>

**CITY OF HIGHLAND PARK**

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended December 31, 2016

	Equipment Maintenance and Replacement	Insurance	Totals
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 691,813	\$ 158,349	\$ 850,162
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	466,639	-	466,639
Changes in assets and liabilities			
Accounts receivable	2,480	100,806	103,286
Prepaid expense	180,035	(80,427)	99,608
Accounts payable	(93,119)	(21,105)	(114,224)
Accrued salaries	(3,189)	-	(3,189)
Net pension liability	(86,505)	-	(86,505)
Deferred outflows related to pensions	241,205	-	241,205
Deferred inflows related to pensions	(1,971)	-	(1,971)
Unearned revenue	-	(148)	(148)
Compensated absences	<u>(6,032)</u>	<u>(46)</u>	<u>(6,078)</u>
 <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	 <u>\$ 1,391,356</u>	 <u>\$ 157,429</u>	 <u>\$ 1,548,785</u>

**NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES**

None

## CITY OF HIGHLAND PARK

### SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL EQUIPMENT MAINTENANCE AND REPLACEMENT FUND - BUDGETARY BASIS

For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES</b>				
Charges for goods and services	\$ 3,612,922	\$ 3,799,214	\$ 3,799,214	\$ -
Miscellaneous	<u>30,000</u>	<u>30,000</u>	<u>48,518</u>	<u>18,518</u>
Total Operating Revenues	<u>3,642,922</u>	<u>3,829,214</u>	<u>3,847,732</u>	<u>18,518</u>
<b>OPERATING EXPENSES</b>				
Personal services	1,268,405	1,268,405	1,333,140	(64,735)
Contractual services	357,387	411,405	229,958	181,447
Materials and supplies	759,473	759,473	522,884	236,589
Repairs and maintenance	462,150	462,150	413,357	48,793
Small tools and equipment	<u>1,082,825</u>	<u>1,109,645</u>	<u>985,095</u>	<u>124,550</u>
Total Operating Expenses	<u>3,930,240</u>	<u>4,011,078</u>	<u>3,484,434</u>	<u>526,644</u>
Operating Income (Loss)	<u>(287,318)</u>	<u>(181,864)</u>	<u>363,298</u>	<u>545,162</u>
<b>NON-OPERATING REVENUES</b>				
Investment income	16,500	16,500	37,310	20,810
Gain (loss) on sale of capital assets	<u>25,000</u>	<u>25,000</u>	<u>(26,537)</u>	<u>(51,537)</u>
Total Non-Operating Revenues	<u>41,500</u>	<u>41,500</u>	<u>10,773</u>	<u>(30,727)</u>
Net Income (Loss) - Budgetary Basis	<u>(245,818)</u>	<u>(140,364)</u>	<u>374,071</u>	<u>514,435</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Capital assets capitalized	-	-	795,154	795,154
Depreciation	<u>-</u>	<u>-</u>	<u>(466,639)</u>	<u>(466,639)</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>328,515</u>	<u>328,515</u>
Change in net position	<u>\$ (245,818)</u>	<u>\$ (140,364)</u>	702,586	<u>\$ 842,950</u>
NET POSITION - Beginning of Year			<u>5,081,041</u>	
<b>NET POSITION - END OF YEAR</b>			<u>\$ 5,783,627</u>	

## CITY OF HIGHLAND PARK

### SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL INSURANCE FUND

For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>OPERATING REVENUES</b>				
Charges for services				
Charges for goods and services	\$ 4,880,500	\$ 4,880,500	\$ 4,956,059	\$ 75,559
Total Operating Revenues	<u>4,880,500</u>	<u>4,880,500</u>	<u>4,956,059</u>	<u>75,559</u>
<b>OPERATING EXPENSES</b>				
Personal services	-	-	(46)	46
Contractual services	4,977,840	4,962,840	4,758,629	204,211
Materials and supplies	6,050	6,050	1,547	4,503
Repairs and maintenance	2,200	2,200	483	1,717
Small tools and equipment	<u>29,500</u>	<u>44,500</u>	<u>37,097</u>	<u>7,403</u>
Total Operating Expenses	<u>5,015,590</u>	<u>5,015,590</u>	<u>4,797,710</u>	<u>217,880</u>
Operating Income (Loss)	<u>(135,090)</u>	<u>(135,090)</u>	<u>158,349</u>	<u>(142,321)</u>
<b>NON-OPERATING REVENUES</b>				
Investment income	<u>-</u>	<u>-</u>	<u>3,767</u>	<u>(3,767)</u>
Total Non-Operating Revenues	<u>-</u>	<u>-</u>	<u>3,767</u>	<u>(3,767)</u>
Change in net position	<u>(135,090)</u>	<u>(135,090)</u>	162,116	<u>(146,088)</u>
NET POSITION - Beginning of Year			<u>3,506,430</u>	
<b>NET POSITION - END OF YEAR</b>			<u>\$ 3,668,546</u>	

## CITY OF HIGHLAND PARK

### COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS As of December 31, 2017

	Police Pension	Firefighters' Pension	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,661,211	\$ 968,441	\$ 2,629,652
Investments			
U.S. Government and agency obligations	10,134,451	10,856,881	20,991,332
Corporate bonds	3,517,081	4,151,516	7,668,597
Mutual funds	24,105,149	25,262,090	49,367,239
Municipal bonds	958,263	968,207	1,926,470
Receivables			
Accrued interest	105,999	102,513	208,512
Other	617	584	1,201
Prepaid items	250	795	1,045
Total Assets	40,483,021	42,311,027	82,794,048
<b>LIABILITIES</b>			
Accounts payable	13,308	13,776	27,084
Total Liabilities	13,308	13,776	27,084
<b>NET POSITION</b>			
Restricted for pension benefits	\$ 40,469,713	\$ 42,297,251	\$ 82,766,964

## CITY OF HIGHLAND PARK

### COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

For the Year Ended December 31, 2017

	Police Pension	Firefighters' Pension	Total
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 3,760,188	\$ 3,740,496	\$ 7,500,684
Plan members	507,838	498,658	1,006,496
Total Contributions	4,268,026	4,239,154	8,507,180
Investment income			
Investment income	1,813,403	1,841,053	3,654,456
Net appreciation in fair value of investments	2,736,221	3,312,537	6,048,758
Total Investment Income	4,549,624	5,153,590	9,703,214
Less Investment expenses	51,607	97,598	149,205
Net Investment Income	4,498,017	5,055,992	9,554,009
Total Additions	8,766,043	9,295,146	18,061,189
<b>DEDUCTIONS</b>			
Benefits	4,312,044	3,849,010	8,161,054
Administration	48,455	32,745	81,200
Total Deductions	4,360,499	3,881,755	8,242,254
<b>Change in Net Position</b>	4,405,544	5,413,391	9,818,935
NET POSITION - Beginning of Year	36,064,169	36,883,860	72,948,029
<b>NET POSITION - END OF YEAR</b>	\$ 40,469,713	\$ 42,297,251	\$ 82,766,964

# CITY OF HIGHLAND PARK

## COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES AGENCY FUNDS

For the Year Ended December 31, 2017

	Balances January 1	Additions	Deductions	Balances December 31
<b>ALL FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,171,846	\$ 3,175,926	\$ 3,296,614	\$ 3,051,158
Accounts receivable	281,365	2,164,437	2,403,537	42,265
TOTAL ASSETS	\$ 3,453,211	\$ 5,340,363	\$ 5,700,151	\$ 3,093,423
<b>LIABILITIES</b>				
Accrued payroll	\$ 1,009	\$ 620,209	\$ 621,218	\$ -
Accounts payable	-	182,338	170,046	12,292
Due to others	883,649	596,961	924,848	555,762
Deposits payable	2,568,553	1,141,367	1,184,551	2,525,369
TOTAL LIABILITIES	\$ 3,453,211	\$ 2,540,875	\$ 2,900,663	\$ 3,093,423
 <b>GENERAL DEPOSIT FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,537,188	\$ 2,023,937	\$ 2,065,729	\$ 2,495,396
Accounts receivable	31,365	1,873,437	1,862,537	42,265
TOTAL ASSETS	\$ 2,568,553	\$ 3,897,374	\$ 3,928,266	\$ 2,537,661
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 182,338	\$ 170,046	\$ 12,292
Deposits payable	2,568,553	1,141,367	1,184,551	2,525,369
TOTAL LIABILITIES	\$ 2,568,553	\$ 1,323,705	\$ 1,354,597	\$ 2,537,661
 <b>HOUSING TRUST FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 634,658	\$ 1,151,989	\$ 1,230,885	\$ 555,762
Accounts receivable	250,000	291,000	541,000	-
TOTAL ASSETS	\$ 884,658	\$ 1,442,989	\$ 1,771,885	\$ 555,762
<b>LIABILITIES</b>				
Accrued payroll	\$ 1,009	\$ 620,209	\$ 621,218	\$ -
Due to others	883,649	596,961	924,848	555,762
TOTAL LIABILITIES	\$ 884,658	\$ 1,217,170	\$ 1,546,066	\$ 555,762



**CITY OF HIGHLAND PARK, ILLINOIS**  
***Statistical Section***  
***(Unaudited)***

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over	133 - 139
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	140 - 145
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the Government's current levels of outstanding debt and the City's ability to issue additional debt in the future.	146 - 149
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within the City's financial activities take place.	150 - 151
<b>Operating Information</b> These schedules contain information about the City's service and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	152 - 154



## FINANCIAL TRENDS

**CITY OF HIGHLAND PARK**

STATEMENT OF NET POSITION BY COMPONENT  
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>GOVERNMENTAL ACTIVITIES</b>										
Invested in capital assets, net of related debt	\$ 96,490,406	\$ 97,194,831	\$ 95,361,548	\$ 71,825,055	\$ 73,059,813	\$ 74,393,563	\$ 74,583,376	\$ 85,027,909	\$ 85,567,313	\$ 84,778,317
Restricted	7,107,210	5,139,201	5,746,288	1,676,953	1,778,085	1,930,549	2,402,234	2,265,529	2,654,529	2,708,093
Unrestricted	26,827,748	18,739,402	19,638,083	26,354,712	30,962,266	31,302,403	34,469,095	(46,072,103)	(48,998,593)	(49,918,848)
<b>TOTAL GOVERNMENTAL ACTIVITIES NET ASSETS</b>	<b>\$ 130,425,364</b>	<b>\$ 121,073,434</b>	<b>\$ 120,745,919</b>	<b>\$ 99,856,720</b>	<b>\$ 105,800,164</b>	<b>\$ 107,626,515</b>	<b>\$ 111,454,705</b>	<b>\$ 41,221,335</b>	<b>\$ 39,223,249</b>	<b>\$ 37,567,562</b>
<b>BUSINESS-TYPE ACTIVITIES</b>										
Invested in capital assets, net of related debt	\$ 30,126,135	\$ 29,453,502	\$ 29,534,781	\$ 54,109,919	\$ 48,582,193	\$ 60,756,229	\$ 59,065,125	\$ 43,217,124	\$ 40,152,956	\$ 39,597,032
Unrestricted	4,679,172	4,846,405	5,625,549	5,066,721	10,286,671	(2,483,918)	(2,094,006)	2,493,194	3,363,433	2,151,329
<b>TOTAL BUSINESS-TYPE ACTIVITIES NET ASSETS</b>	<b>\$ 34,805,307</b>	<b>\$ 34,299,907</b>	<b>\$ 35,160,330</b>	<b>\$ 59,176,640</b>	<b>\$ 58,868,864</b>	<b>\$ 58,272,311</b>	<b>\$ 56,971,119</b>	<b>\$ 45,710,318</b>	<b>\$ 43,516,389</b>	<b>\$ 41,748,361</b>
<b>PRIMARY GOVERNMENT</b>										
Invested in capital assets, net of related debt	\$ 126,616,541	\$ 126,648,333	\$ 124,896,329	\$ 125,934,974	\$ 121,642,006	\$ 135,149,792	\$ 133,648,501	\$ 128,245,033	\$ 125,720,269	\$ 124,375,349
Restricted	7,107,210	5,139,201	5,746,288	1,676,953	1,778,085	1,930,549	2,402,234	2,265,529	2,654,529	2,708,093
Unrestricted	31,506,920	23,585,807	25,263,632	31,421,433	41,248,937	28,818,485	32,375,089	(43,578,909)	(45,635,160)	(47,767,519)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 165,230,671</b>	<b>\$ 155,373,341</b>	<b>\$ 155,906,249</b>	<b>\$ 159,033,360</b>	<b>\$ 164,669,028</b>	<b>\$ 165,898,826</b>	<b>\$ 168,425,824</b>	<b>\$ 86,931,653</b>	<b>\$ 82,739,638</b>	<b>\$ 79,315,923</b>

Notes:

- (1) An enterprise fund was created in CY 2011 to account for activities relating to sewer facilities and maintenance, creating a substantial change in fund balance totals between Governmental and Business Type activities.
- (2) Beginning in 2015, the City implemented GASB 68 which resulted in the inclusion of a net pension liability.

**CITY OF HIGHLAND PARK**

**FUND BALANCES OF GOVERNMENTAL FUNDS**  
Last Ten Fiscal Years

Fiscal Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>GENERAL FUND</b>										
Reserved	\$ 22,309,500	\$ 16,212,900	\$ 16,831,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	18,485,787	17,263,332	17,529,356	-	-	-	-	-	-	-
Nonspendable										4,753
Unrestricted										
Committed	-	-	-	17,582,800	22,809,678	18,234,000	18,150,000	-	-	-
Assigned	-	-	-	4,375,495	4,775,495	5,175,495	5,575,495	6,120,495	6,831,695	8,189,329
Unassigned	-	-	-	15,762,287	14,111,753	19,032,489	19,744,246	20,322,846	18,054,780	17,556,651
Subtotal general fund	40,795,287	33,476,232	34,360,456	37,720,582	41,696,926	42,441,984	43,469,741	26,443,341	24,886,475	25,750,733
% Change from prior year	19.3%	-17.9%	2.6%	9.8%	10.5%	1.8%	2.4%	-39.2%	-5.9%	3.5%
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Reserved	7,107,210	5,139,201	5,825,875	-	-	-	-	-	-	-
Unreserved, reported in										
Capital Projects Fund	320,059	-	-	-	-	-	-	-	-	-
Special Revenue Funds	-	(44,272)	(8,497)	-	-	-	-	-	-	-
Debt Service Funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	349,985	106,738	6,408	6,408	6,408	6,408	-
Restricted	-	-	-	1,676,953	1,778,085	1,930,549	2,402,234	2,265,529	3,343,630	2,708,093
Unrestricted										
Committed	-	-	-	570,002	1,115,109	1,191,451	1,221,503	1,079,505	906,922	1,281,682
Assigned	-	-	-	2,852,016	2,822,330	2,973,522	3,186,138	2,731,073	3,719,803	2,277,942
Unassigned										
Special Revenue Funds (deficit)	-	-	-	(53,493)	(65,787)	(53,194)	(52,514)	(61,165)	(61,207)	-
Subtotal all other funds	7,427,269	5,094,929	5,817,378	5,395,463	5,756,475	6,048,736	6,763,769	6,021,350	7,915,556	6,267,717
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 48,222,556</b>	<b>\$ 38,571,161</b>	<b>\$ 40,177,834</b>	<b>\$ 43,116,045</b>	<b>\$ 47,453,401</b>	<b>\$ 48,490,720</b>	<b>\$ 50,233,510</b>	<b>\$ 32,464,691</b>	<b>\$ 32,802,031</b>	<b>\$ 32,018,450</b>
% Change from prior year	10.6%	-20.0%	4.2%	7.3%	10.1%	2.2%	3.6%	-35.4%	1.0%	-2.4%

(1) Beginning in 2011, the City implemented GASB Statement No. 54.

CITY OF HIGHLAND PARK

CHANGE IN NET POSITION  
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>GOVERNMENTAL ACTIVITIES</b>										
Program Revenues										
Charges for services										
General government	\$ 1,394,081	\$ 1,181,576	\$ 1,343,270	\$ 1,558,688	\$ 3,560,882	\$ 2,682,498	\$ 2,771,791	\$ 2,665,330	\$ 2,348,267	\$ 2,172,696
Public safety	1,678,097	1,788,480	2,587,093	2,714,368	2,775,737	3,082,011	2,869,862	2,737,190	2,789,821	3,252,583
Public works	3,099,321	2,832,744	3,012,443	1,009,252	1,031,414	1,081,656	1,248,525	1,182,321	1,220,394	1,317,634
Economic/physical development	2,240,709	757,302	1,490,589	1,868,519	1,394,696	1,236,569	1,516,752	1,935,153	1,707,560	1,306,682
Transit	1,077,078	1,137,630	1,130,398	1,223,684	1,312,028	1,367,708	1,416,630	1,312,436	1,342,009	1,421,764
Operating grants	796,375	1,020,613	938,199	1,007,110	900,045	1,012,404	1,123,140	762,804	795,560	870,061
Capital grants	780,469	658,069	95,485	565,452	-	-	-	245,365	84,464	232,948
General Revenues										
Property taxes	10,628,574	11,047,744	11,209,516	11,478,560	11,480,575	11,723,266	12,300,826	12,319,262	12,412,788	12,574,374
Sales taxes	12,451,204	11,077,115	11,471,636	11,785,806	12,393,678	12,904,569	13,674,254	13,173,534	13,230,707	13,111,115
Other taxes	11,959,642	10,459,051	11,107,857	8,576,032	9,055,860	9,706,318	9,970,403	10,004,019	11,915,256	11,915,732
Payment in lieu of taxes	-	496,932	530,676	546,459	559,173	804,573	796,308	762,038	822,131	846,221
Other	6,470,264	(5,838,409)	1,873,021	3,107,990	5,286,685	1,461,767	2,434,222	(686,784)	269,876	363,329
<b>Total revenues</b>	<b>52,575,814</b>	<b>36,618,847</b>	<b>46,790,183</b>	<b>45,441,920</b>	<b>49,750,773</b>	<b>47,063,339</b>	<b>50,122,713</b>	<b>46,412,668</b>	<b>48,938,833</b>	<b>49,385,139</b>
Expenses										
General government	5,682,525	4,835,221	6,022,181	5,362,741	8,965,963	8,449,022	7,543,013	7,648,490	7,136,341	7,523,811
Public safety	20,358,646	20,411,508	20,825,900	20,181,540	20,175,202	21,797,867	22,784,673	27,060,284	27,094,758	26,147,707
Public works	15,695,342	14,075,727	12,159,891	8,377,575	6,361,328	6,297,452	7,147,559	7,377,966	7,491,480	7,531,938
Economic/physical development	3,765,001	3,695,884	5,002,364	3,612,168	5,106,635	5,689,964	6,249,818	7,249,956	7,155,683	7,921,665
Transit	1,325,557	1,276,898	1,301,811	1,379,050	1,292,090	1,359,599	1,288,343	1,230,364	1,265,741	1,289,937
Commissions	432,611	432,148	413,921	331,347	407,388	327,835	394,871	467,014	448,794	412,175
Interest	1,764,586	1,658,678	1,491,630	1,409,557	1,252,423	1,070,849	886,246	287,932	276,122	213,593
<b>Total expenses</b>	<b>49,024,268</b>	<b>46,386,064</b>	<b>47,217,698</b>	<b>40,653,978</b>	<b>43,561,029</b>	<b>44,992,588</b>	<b>46,294,523</b>	<b>51,322,006</b>	<b>50,868,919</b>	<b>51,040,826</b>
<b>INCREASE (DECREASE) IN NET ASSETS BEFORE TRANSFERS AND SPECIAL ITEM</b>	<b>\$ 3,551,546</b>	<b>\$ (9,767,217)</b>	<b>\$ (427,515)</b>	<b>\$ 4,787,942</b>	<b>\$ 6,189,744</b>	<b>\$ 2,070,751</b>	<b>\$ 3,828,190</b>	<b>\$ (4,909,338)</b>	<b>\$ (1,930,086)</b>	<b>\$ (1,655,687)</b>
Transfers	100,000	100,000	100,000	(25,677,141)	(246,300)	(244,400)	-	8,523,384	(68,000)	-
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ 3,651,546</b>	<b>\$ (9,667,217)</b>	<b>\$ (327,515)</b>	<b>\$ (20,889,199)</b>	<b>\$ 5,943,444</b>	<b>\$ 1,826,351</b>	<b>\$ 3,828,190</b>	<b>\$ 3,614,046</b>	<b>\$ (1,998,086)</b>	<b>\$ (1,655,687)</b>

**CITY OF HIGHLAND PARK**

CHANGE IN NET POSITION (Continued)  
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>BUSINESS-TYPE ACTIVITIES</b>										
Program Revenues										
Charges for services										
Parking system	\$ 1,070,944	\$ 916,139	\$ 902,896	\$ 805,363	\$ 804,608	\$ 751,331	\$ 782,300	\$ 816,753	\$ 795,851	\$ 725,178
Water	6,756,248	6,557,023	6,935,697	7,033,638	7,756,992	7,595,773	7,193,756	7,286,222	8,038,625	7,944,693
Sewer	-	-	-	2,477,341	2,984,243	3,225,609	3,517,779	4,066,211	4,639,293	4,580,105
Country Club	2,945,849	2,566,482	2,564,650	2,536,071	2,755,685	2,415,774	2,220,787	5,381	-	-
Operating grants	-	-	74,800	137,100	156,940	70,533	118,280	70,270	78,919	84,794
Capital grants	289,084	150,000	-	167,331	-	121,000	-	-	-	-
Other	393,686	294,151	192,935	41,652	14,649	19,717	17,520	9,112	57,742	114,265
<b>Total revenues</b>	<b>11,455,811</b>	<b>10,483,795</b>	<b>10,670,978</b>	<b>13,198,496</b>	<b>14,473,117</b>	<b>14,199,737</b>	<b>13,850,422</b>	<b>12,253,949</b>	<b>13,610,430</b>	<b>13,449,035</b>
Expenses										
Parking	1,160,791	974,973	995,796	1,156,266	1,006,413	922,176	988,547	1,031,108	935,125	940,746
Water	6,993,813	6,843,685	7,232,335	6,407,020	6,645,213	6,977,513	7,101,394	10,128,640	10,868,120	9,443,272
Sewer	-	-	-	4,518,395	4,385,887	4,182,723	4,224,626	4,872,731	4,069,114	4,833,045
Country Club	3,182,348	3,070,537	2,814,729	2,777,646	2,989,680	2,958,278	2,837,047	10,047	-	-
<b>Total expenses</b>	<b>11,336,952</b>	<b>10,889,195</b>	<b>11,042,860</b>	<b>14,859,327</b>	<b>15,027,193</b>	<b>15,040,690</b>	<b>15,151,614</b>	<b>16,042,526</b>	<b>15,872,359</b>	<b>15,217,063</b>
<b>INCREASE IN NET ASSETS BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<b>118,859</b>	<b>(405,400)</b>	<b>(371,882)</b>	<b>(1,660,831)</b>	<b>(554,076)</b>	<b>(840,953)</b>	<b>(1,301,192)</b>	<b>(3,788,577)</b>	<b>(2,261,929)</b>	<b>(1,768,028)</b>
Transfers	(100,000)	(100,000)	(100,000)	25,677,141	246,300	244,400	-	(8,523,384)	68,000	-
<b>INCREASE IN NET ASSETS</b>	<b>\$ 18,859</b>	<b>\$ (505,400)</b>	<b>\$ (471,882)</b>	<b>\$ 24,016,310</b>	<b>\$ (307,776)</b>	<b>\$ (596,553)</b>	<b>\$ (1,301,192)</b>	<b>\$ (12,311,961)</b>	<b>\$ (2,193,929)</b>	<b>\$ (1,768,028)</b>

**CITY OF HIGHLAND PARK**

CHANGE IN NET POSITION (Continued)  
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>TOTAL NET POSITION</b>										
Program Revenues										
Charges for services	\$ 20,262,327	\$ 17,737,376	\$ 19,967,036	\$ 21,226,924	\$ 24,376,285	\$ 23,438,929	\$ 23,538,182	\$ 22,006,997	\$ 22,881,820	\$ 22,721,335
Operating grants	796,375	1,020,613	1,012,999	1,144,210	1,056,985	1,082,937	1,241,420	833,074	874,479	954,855
Capital grants	1,069,553	808,069	95,485	732,783	-	121,000	-	245,365	84,464	232,948
General Revenues										
Property taxes	10,628,574	11,047,744	11,209,516	11,478,560	11,480,575	11,723,266	12,300,826	12,319,262	12,412,788	12,574,374
Sales taxes	12,451,204	11,077,115	11,471,636	11,785,806	12,393,678	12,904,569	13,674,254	13,173,534	13,230,707	13,111,115
Other taxes	11,959,642	10,459,051	11,107,857	8,576,032	9,055,860	9,706,318	9,970,403	10,004,019	11,915,256	11,915,732
Payment in lieu of taxes	-	496,932	530,676	546,459	559,173	804,573	796,308	762,038	822,131	846,221
Other	6,863,950	(5,544,258)	2,065,956	3,149,642	5,301,334	1,481,484	2,451,742	(677,672)	327,618	477,594
<b>Total revenues</b>	<b>64,031,625</b>	<b>47,102,642</b>	<b>57,461,161</b>	<b>58,640,416</b>	<b>64,223,890</b>	<b>61,263,076</b>	<b>63,973,135</b>	<b>58,666,617</b>	<b>62,549,263</b>	<b>62,834,174</b>
Expenses										
General government	5,682,525	4,835,221	6,022,181	5,362,741	8,965,963	8,449,022	7,543,013	7,648,490	7,136,341	7,523,811
Public safety	20,358,646	20,411,508	20,825,900	20,181,540	20,175,202	21,797,867	22,784,673	27,060,284	27,094,758	26,147,707
Public works	15,695,342	14,075,727	12,159,891	8,377,575	6,361,328	6,297,452	7,147,559	7,377,966	7,491,480	7,531,938
Economic/physical development	3,765,001	3,695,884	5,002,364	3,612,168	5,106,635	5,689,964	6,249,818	7,249,956	7,155,683	7,921,665
Transit	1,325,557	1,276,898	1,301,811	1,379,050	1,292,090	1,359,599	1,288,343	1,230,364	1,265,741	1,289,937
Commissions	432,611	432,148	413,921	331,347	407,388	327,835	394,871	467,014	448,794	412,175
Interest	1,764,586	1,658,678	1,491,630	1,409,557	1,252,423	1,070,849	886,246	287,932	276,122	213,593
Parking	1,160,791	974,973	995,796	1,156,266	1,006,413	922,176	988,547	1,031,108	935,125	940,746
Water	6,993,813	6,843,685	7,232,335	6,407,020	6,645,213	6,977,513	7,101,394	10,128,640	10,868,120	9,443,272
Sewer	-	-	-	4,518,395	4,385,887	4,182,723	4,224,626	4,872,731	4,069,114	4,833,045
Country Club	3,182,348	3,070,537	2,814,729	2,777,646	2,989,680	2,958,278	2,837,047	10,047	-	-
<b>Total expenses</b>	<b>60,361,220</b>	<b>57,275,259</b>	<b>58,260,558</b>	<b>55,513,305</b>	<b>58,588,222</b>	<b>60,033,278</b>	<b>61,446,137</b>	<b>67,364,532</b>	<b>66,741,278</b>	<b>66,257,889</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ 3,670,405</b>	<b>\$(10,172,617)</b>	<b>\$ (799,397)</b>	<b>\$ 3,127,111</b>	<b>\$ 5,635,668</b>	<b>\$ 1,229,798</b>	<b>\$ 2,526,998</b>	<b>\$ (8,697,915)</b>	<b>\$ (4,192,015)</b>	<b>\$ (3,423,715)</b>
<b>NET (EXPENSE) REVENUE</b>										
Governmental Activities	3,651,546	(9,667,217)	(327,515)	(20,889,199)	6,189,744	2,070,751	3,828,190	(4,909,338)	(1,930,086)	(1,655,687)
Business Type Activities	18,859	(505,400)	(471,882)	24,016,310	(554,076)	(840,953)	(1,301,192)	(3,788,577)	(2,261,929)	(1,768,028)
<b>TOTAL NET (EXPENSE) REVENUE</b>	<b>3,670,405</b>	<b>(10,172,617)</b>	<b>(799,397)</b>	<b>3,127,111</b>	<b>5,635,668</b>	<b>1,229,798</b>	<b>2,526,998</b>	<b>(8,697,915)</b>	<b>(4,192,015)</b>	<b>(3,423,715)</b>

Notes:  
(1) An enterprise fund was created in CY 2011 to account for activities relating to sewer facilities and maintenance, creating a substantial change in fund balance totals between Governmental and Business Type activities.

**CITY OF HIGHLAND PARK**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>REVENUES</b>										
Property taxes	\$ 10,628,575	\$ 11,047,743	\$ 11,209,517	\$ 11,478,560	\$ 11,480,575	\$ 11,723,266	\$ 12,300,826	\$ 12,319,262	\$ 12,412,788	\$ 12,574,374
Personal property replacement taxes	345,105	291,142	313,917	276,627	277,134	307,228	316,285	337,267	298,849	315,598
Licenses and permits	2,156,328	1,839,326	2,076,892	2,224,164	2,337,334	2,301,094	2,774,721	3,170,971	2,877,456	2,755,250
Public charges for services	3,422,291	3,699,703	4,268,149	2,810,348	1,206,575	2,400,261	2,383,476	2,408,953	2,944,657	3,342,231
Municipal sales tax	12,451,204	11,077,114	11,471,636	11,785,806	12,393,678	12,904,569	13,674,254	13,173,534	13,230,707	13,111,115
Utility tax	3,106,464	2,595,912	2,495,100	2,422,569	2,254,875	2,448,175	2,863,573	2,603,391	2,365,250	2,410,931
Real estate transfer tax	1,202,395	812,399	1,133,803	1,136,595	1,458,037	1,778,247	1,786,963	1,695,540	1,843,768	2,003,188
Intergovernmental	196,075	345,474	141,036	245,769	143,993	263,124	236,260	154,025	159,333	245,195
State income tax	2,864,722	2,447,710	2,393,639	2,354,555	2,615,197	2,835,830	2,849,624	3,166,878	2,897,250	2,733,707
Franchise tax	2,612,081	2,542,276	2,370,616	2,385,686	2,450,617	2,336,838	2,153,958	2,200,943	2,158,947	2,019,029
Payment in lieu of taxes	-	496,932	530,676	546,459	559,173	804,573	796,308	762,038	822,131	846,221
Other taxes	1,723,064	1,670,735	1,840,111	1,833,144	1,835,512	2,210,845	2,221,094	2,266,204	2,229,634	2,298,992
Regional Transportation Authority reimbursement	1,077,078	1,137,630	1,130,398	1,222,434	1,312,028	1,367,708	1,416,630	1,317,436	1,342,009	1,421,764
Reimbursements-other agencies	781,517	151,022	839,051	952,477	1,724,366	299,243	171,621	406,514	317,187	467,581
Fines, forfeitures, and penalties	411,633	381,141	832,175	874,396	965,723	1,188,128	1,078,662	867,656	514,271	423,287
Motor fuel tax	794,755	775,017	899,821	883,360	857,238	859,650	1,000,150	727,628	757,785	759,153
Interest income	1,153,313	793,992	748,755	715,602	757,419	714,584	735,415	72,025	244,636	322,252
Net change in fair value of investments	5,571,520	(5,863,860)	868,839	964,461	2,591,200	(1,575,000)	(636,166)	(3,150,000)	-	-
Miscellaneous	2,332,267	954,326	963,825	826,413	529,170	509,537	587,444	681,039	691,671	658,805
<b>Total revenues</b>	<b>52,830,387</b>	<b>37,195,734</b>	<b>46,527,956</b>	<b>45,939,425</b>	<b>47,749,844</b>	<b>45,677,900</b>	<b>48,711,098</b>	<b>45,181,304</b>	<b>48,108,329</b>	<b>48,708,673</b>
<b>EXPENDITURES</b>										
<b>Current</b>										
General government	5,456,559	4,821,067	5,738,520	5,084,358	6,997,163	6,869,099	6,309,182	7,192,989	8,975,291	6,684,877
Public safety	19,222,999	19,378,342	19,192,935	19,733,861	19,409,913	20,661,440	23,094,151	23,195,210	24,467,111	25,679,506
Public works	8,469,091	7,792,379	7,255,882	4,973,124	4,918,865	5,131,940	5,566,327	6,148,424	5,994,720	5,737,953
Transit	1,340,683	1,269,275	1,303,843	1,403,907	1,303,013	1,360,622	1,301,161	1,251,772	1,258,440	1,294,057
Commissions	179,815	181,066	157,802	94,225	158,314	143,580	145,798	217,940	186,720	163,101
Economic and physical development	3,885,286	3,344,248	3,664,925	3,610,662	3,485,321	3,299,488	3,662,506	4,037,270	3,941,297	3,766,052
Capital outlay	5,028,153	5,833,163	3,087,474	2,778,501	2,104,881	2,460,469	2,765,778	3,100,533	4,607,980	4,951,600
Debt service										
Principal	2,959,531	2,989,988	3,265,468	3,355,970	3,576,497	3,401,848	3,147,657	17,319,486	2,717,150	2,793,950
Interest and fiscal charges	1,758,795	1,652,888	1,528,452	1,452,715	1,265,413	1,088,749	979,411	325,655	302,340	240,967
<b>Total expenditures</b>	<b>48,300,912</b>	<b>47,262,416</b>	<b>45,195,301</b>	<b>42,487,323</b>	<b>43,219,380</b>	<b>44,417,235</b>	<b>46,971,971</b>	<b>62,789,279</b>	<b>52,451,049</b>	<b>51,312,063</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 4,529,475</b>	<b>\$ (10,066,682)</b>	<b>\$ 1,332,655</b>	<b>\$ 3,452,102</b>	<b>\$ 4,530,464</b>	<b>\$ 1,260,665</b>	<b>\$ 1,739,127</b>	<b>\$ (17,607,975)</b>	<b>\$ (4,342,720)</b>	<b>\$ (2,603,390)</b>

**CITY OF HIGHLAND PARK**

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>OTHER FINANCING SOURCES (USES)</b>										
General obligation debt issued	\$ -	\$ -	\$ 2,510,000	\$ 3,705,000	\$ 3,410,000	\$ -	\$ -	\$ 646,800	\$ 4,650,000	\$ 705,162
Premium on debt Issued	-	-	137,757	115,335	256,780	-	-	27,004	80,375	12,600
Payments to escrow agent	-	-	(2,473,739)	(3,785,543)	(3,628,143)	-	-	-	-	-
Transfers in	3,606,660	3,257,774	2,777,568	1,910,040	1,866,880	2,143,240	2,514,360	16,540,175	1,200,000	1,240,705
Transfers (out)	(3,506,660)	(3,157,774)	(2,677,568)	(2,593,917)	(2,113,180)	(2,387,640)	(2,514,360)	(17,381,823)	(1,268,000)	(1,240,705)
Sale of capital assets	-	-	-	135,194	14,555	21,054	3,663	7,000	17,655	1,102,047
<b>Total other financing sources (uses)</b>	<b>100,000</b>	<b>100,000</b>	<b>274,018</b>	<b>(513,891)</b>	<b>(193,108)</b>	<b>(223,346)</b>	<b>3,663</b>	<b>(160,844)</b>	<b>4,680,030</b>	<b>1,819,809</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>4,629,475</b>	<b>(9,966,682)</b>	<b>1,606,673</b>	<b>2,938,211</b>	<b>4,337,356</b>	<b>1,037,319</b>	<b>1,742,790</b>	<b>(17,768,819)</b>	<b>337,310</b>	<b>(783,581)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>43,593,081</b>	<b>48,222,556</b>	<b>38,571,161</b>	<b>40,177,834</b>	<b>43,116,045</b>	<b>47,453,401</b>	<b>48,490,720</b>	<b>50,233,510</b>	<b>32,464,691</b>	<b>32,802,031</b>
Prior period adjustment	-	315,287	-	-	-	-	-	-	-	-
<b>FUND BALANCES, BEGINNING OF YEAR, RESTATED</b>	<b>43,593,081</b>	<b>48,537,843</b>	<b>38,571,161</b>	<b>40,177,834</b>	<b>43,116,045</b>	<b>47,453,401</b>	<b>48,490,720</b>	<b>50,233,510</b>	<b>32,464,691</b>	<b>32,802,031</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 48,222,556</b>	<b>\$ 38,571,161</b>	<b>\$ 40,177,834</b>	<b>\$ 43,116,045</b>	<b>\$ 47,453,401</b>	<b>\$ 48,490,720</b>	<b>\$ 50,233,510</b>	<b>\$ 32,464,691</b>	<b>\$ 32,802,001</b>	<b>\$ 32,018,450</b>
<b>DEBT SERVICE AS A % OF NONCAPITAL EXPENDITURES<sup>1</sup></b>	<b>10.1%</b>	<b>10.5%</b>	<b>10.7%</b>	<b>11.4%</b>	<b>11.8%</b>	<b>10.6%</b>	<b>9.2%</b>	<b>29.1%</b>	<b>6.5%</b>	<b>6.3%</b>

Notes:

(1) Calculated based on capitalized expenditures reflected in Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Governmental Activities in the Statement of Activities schedule.



**REVENUE CAPACITY**

**CITY OF HIGHLAND PARK**

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

Levy Year	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Railroad Property	Less Tax Exempt Property	Total Taxable Assessed Value	Tax Rate	Estimated Actual Value	Annual % Change	Ratio of Total Assessed Valuation to Estimated Actual Value of Real Property
2008	2,541,673,622	237,246,008	470,017	7,820	1,082,378	n/a	2,780,479,845	0.515	8,341,439,535	3.9%	33%
2009	2,476,244,375	226,335,788	567,093	413	1,262,442	n/a	2,704,410,111	0.536	8,113,230,333	-2.7%	33%
2010	2,336,636,829	213,064,426	545,760	454	1,527,986	n/a	2,551,775,455	0.586	7,655,326,365	-5.6%	33%
2011	2,115,645,944	205,558,934	476,191	499	1,417,358	n/a	2,323,098,926	0.643	6,969,296,778	-9.0%	33%
2012	1,967,614,286	193,428,436	464,616	549	1,796,021	n/a	2,163,303,908	0.709	6,489,911,724	-6.9%	33%
2013	1,874,011,718	186,978,939	447,194	603	2,171,296	n/a	2,063,609,750	0.785	6,190,829,250	-4.6%	33%
2014	1,863,622,335	187,084,550	444,603	665	2,255,482	n/a	2,053,407,635	0.795	6,160,222,905	-0.5%	33%
2015	1,972,901,914	202,847,928	439,359	772	2,667,731	n/a	2,178,857,704	0.749	6,536,573,112	6.1%	33%
2016	2,098,472,765	212,302,541	472,885	1,257	2,710,878	n/a	2,313,960,326	0.737	6,941,880,978	6.2%	33%
2017	2,181,515,147	223,651,158	481,655	1,497	2,761,689	n/a	2,408,411,146	0.726	7,225,233,438	4.1%	33%

Notes:

(1) Source: Lake County

**CITY OF HIGHLAND PARK**

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years

(Cents per hundred dollars)

<b>Tax Levy Year</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b><u>CITY DIRECT RATE</u></b>										
Bond	0.123	0.127	0.140	0.156	0.170	0.183	0.145	0.136	0.129	0.033
Corporate	0.051	0.055	0.107	0.121	0.141	0.099	0.119	0.084	0.085	0.152
Firefighters Pension	0.041	0.046	0.060	0.064	0.077	0.116	0.116	0.113	0.121	0.128
Library	0.139	0.144	0.160	0.175	0.192	0.218	0.226	0.213	0.209	0.203
Police Pension	0.047	0.053	0.065	0.064	0.078	0.115	0.115	0.128	0.128	0.132
Street and Bridge	0.073	0.068	0.054	0.063	0.051	0.054	0.074	0.075	0.065	0.077
Street Construction	0.041	0.043	-	-	-	-	-	-	-	-
<b>Total Direct Rate</b>	<b>0.515</b>	<b>0.536</b>	<b>0.586</b>	<b>0.643</b>	<b>0.709</b>	<b>0.785</b>	<b>0.795</b>	<b>0.749</b>	<b>0.737</b>	<b>0.726</b>
<b><u>OVERLAPPING RATES</u></b>										
County	0.453	0.464	0.505	0.554	0.608	0.663	0.682	0.663	0.632	0.622
Forest Preserve	0.199	0.200	0.198	0.201	0.212	0.218	0.210	0.208	0.193	0.187
Township	0.045	0.047	0.052	0.059	0.066	0.070	0.066	0.063	0.056	0.054
Sanitary	0.121	0.124	0.136	0.150	0.150	0.164	0.169	0.166	0.157	0.153
College of Lake County	0.196	0.200	0.218	0.240	0.272	0.296	0.306	0.299	0.285	0.281
High School	1.660	1.748	1.921	2.167	2.178	2.364	2.421	2.309	2.187	2.164
Elementary School	2.215	2.313	2.437	2.818	2.957	3.076	3.152	3.006	2.862	2.826
Mosquito Abatement	0.011	0.012	0.013	0.014	0.015	0.007	0.013	0.012	0.012	0.011
Park District	0.380	0.394	0.379	0.410	0.445	0.497	0.508	0.520	0.529	0.521
<b>Total Overlapping Rate</b>	<b>5.280</b>	<b>5.502</b>	<b>5.859</b>	<b>6.613</b>	<b>6.903</b>	<b>7.355</b>	<b>7.527</b>	<b>7.246</b>	<b>6.913</b>	<b>6.818</b>
<b>Total Rate</b>	<b>5.795</b>	<b>6.038</b>	<b>6.445</b>	<b>7.256</b>	<b>7.612</b>	<b>8.140</b>	<b>8.322</b>	<b>7.995</b>	<b>7.650</b>	<b>7.544</b>

Notes:

(1) Source: Lake County

CITY OF HIGHLAND PARK

PRINCIPAL TAXPAYERS  
Current Year and Nine Years Prior

December 31, 2017				December 31, 2008			
Taxpayer <sup>1</sup>	Business/Service	Equalized Assessed Valuation <sup>2</sup>	as a % of Total EAV	Taxpayer <sup>1</sup>	Business/Service	Equalized Assessed Valuation	as a % of Total EAV
T Renaissance IL LLC	Business/Retail Center	\$ 10,907,595	0.45%	Renaissance Place, LLC	Business/Retail Center	\$ 16,871,246	0.61%
Midwest Family Housing LLC	Real Property	9,252,425	0.38%	Federal Realty Investment Trust	Business/Retail Center	8,446,179	0.30%
Federal Realty Investment Trust	Business/Retail Center	7,254,494	0.30%	Solo Cup Company	Business	5,630,284	0.20%
Americana Apartments	Apartments	5,289,611	0.22%	Klairmont Enterprises, Inc.	Business/Retail Center	5,475,193	0.20%
Highland Park Associates II LLC	Real Property	4,818,029	0.20%	Sunset Food Mart, Inc.	Retail Store	5,301,625	0.19%
Klairmont Family Associates	Business/Retail Center	4,379,649	0.18%	Highland Park Associates II LLC	Business	4,859,481	0.17%
Elston Avenue Real Estate Company LLC	Real Property	4,169,038	0.17%	Americana Apartments	Real Property	4,686,918	0.17%
Sunset Food Mart, Inc.	Retail Store	3,770,265	0.16%	Semersky Enterprises, Inc.	Business/Retail Center	3,777,312	0.14%
Semersky Enterprises, Inc.	Business/Retail Center	3,520,662	0.15%	First Highland, LLC	Real Property	3,606,368	0.13%
LB&M Real Estate Management, Inc.	Real Property	3,289,021	0.14%	Target Corporation	Retail Store	3,499,650	0.13%
		<u>\$ 56,650,789</u>	<u>2.35%</u>			<u>\$ 62,154,256</u>	<u>2.24%</u>
	2017 Total EAV	\$ 2,408,411,146		2008 Total EAV		\$ 2,780,479,845	
	Percentage of Total		2.35%	Percentage of Total			2.24%

Notes:

(1) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked. The 2017 EAV is the most current available for all taxpayers.

(2) Source: Lake County Clerk

**CITY OF HIGHLAND PARK**

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Tax Levy Year	Tax Levy as Abated <sup>1</sup>	Current Taxes Collected		Percent of Levy Collected	Delinquent Taxes Collected in Current Year <sup>2</sup>	Total Collections	Percent of Total Collections to Tax Levy
		Fiscal Year Collected	Amount				
2007	13,832,305	2008	13,733,907	99.29%	-	13,733,907	99.29%
2008	14,319,471	2009	14,257,416	99.57%	-	14,257,416	99.57%
2009	14,495,638	2010	14,406,632	99.39%	-	14,406,632	99.39%
2010	14,953,404	2011	14,217,063	95.08%	-	14,217,063	95.08%
2011	14,937,526	2012	14,871,344	99.56%	-	14,871,344	99.56%
2012	15,337,825	2013	15,235,177	99.33%	-	15,235,177	99.33%
2013	16,199,337	2014	16,085,461	99.30%	-	16,085,461	99.30%
2014	16,316,623	2015	16,254,541	99.62%	-	16,254,126	99.62%
2015	16,316,594	2016	16,294,280	99.86%	-	16,294,280	99.86%
2016	17,061,848	2017	16,898,118	99.04%	-	16,898,118	99.04%

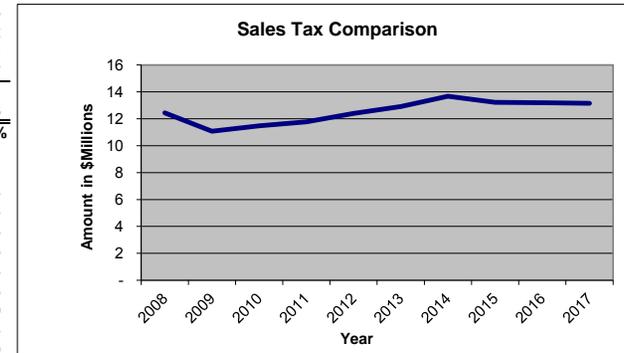
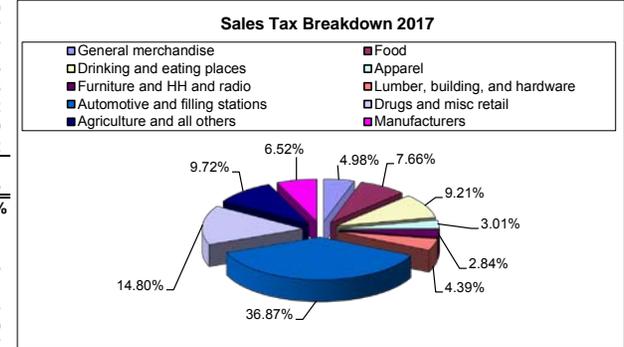
Notes:

(1) Tax levy as abated represents total assessments extended by the City tax rate and excludes levies on the special service areas and the tax increment financing area.

(2) Lake County does not furnish information relating to delinquent taxes collected for the applicable levy year. Amounts shown in this column are collections in the year indicated of delinquent taxes applicable to prior years' tax levies.

**CITY OF HIGHLAND PARK**  
**SALES TAX ANALYSIS BY SIC CODE**  
 Last Ten Calendar Years

<b>Municipal Sales Tax</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General merchandise	519,739	493,422	449,602	476,610	487,633	468,255	450,805	424,722	376,713	360,540
Food	998,425	939,234	868,116	844,137	825,884	833,519	892,527	848,504	785,021	793,953
Drinking and eating places	539,964	508,437	505,918	530,179	567,295	568,131	580,827	588,112	589,970	610,370
Apparel	367,146	316,748	403,224	409,753	386,460	270,411	266,663	260,993	231,345	197,947
Furniture and HH and radio	265,038	219,493	180,446	183,420	178,688	200,024	194,996	187,393	194,400	187,107
Lumber, building, and hardware	419,233	324,784	282,815	287,753	265,696	288,983	307,275	324,682	321,871	288,996
Automotive and filling stations	2,897,032	2,592,226	2,935,635	3,146,580	3,524,876	3,944,283	4,256,268	4,051,315	3,925,825	4,050,446
Drugs and misc retail	1,204,089	1,129,186	1,040,667	1,107,907	1,196,527	1,247,724	1,310,854	1,109,919	1,278,384	1,206,582
Agriculture and all others	523,773	447,584	631,631	602,865	583,516	629,981	700,733	842,241	725,046	714,869
Manufacturers	212,643	170,936	183,264	85,390	101,612	115,723	309,187	403,709	684,361	677,172
<b>TOTAL</b>	<b>7,947,082</b>	<b>7,142,048</b>	<b>7,481,317</b>	<b>7,674,594</b>	<b>8,118,187</b>	<b>8,567,033</b>	<b>9,270,135</b>	<b>9,041,588</b>	<b>9,112,937</b>	<b>9,087,983</b>
% Inc./Dec. from prev. year	-7.72%	-10.13%	4.75%	2.58%	5.78%	5.53%	8.21%	-2.47%	0.79%	-0.27%
<b>Home Rule Sales Tax</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General merchandise	457,734	433,899	377,378	378,808	386,288	366,787	339,988	321,670	298,828	294,033
Food	275,568	250,607	219,535	208,931	202,292	238,547	259,062	261,177	221,744	212,651
Drinking and eating places	529,680	500,033	497,689	521,369	557,106	558,559	570,766	578,180	580,581	601,154
Apparel	367,145	316,273	402,726	406,167	380,597	264,977	260,367	254,457	226,511	197,899
Furniture and HH and radio	265,028	219,498	180,449	183,251	178,506	199,652	194,496	186,823	193,796	186,657
Lumber, building, and hardware	418,345	324,686	282,767	287,713	265,638	288,923	307,228	324,651	321,370	288,811
Automotive and filling stations	626,501	540,179	621,418	803,846	949,692	979,596	944,921	783,633	716,884	797,223
Drugs and misc retail	837,883	755,269	743,933	757,971	791,280	818,131	844,357	680,829	811,952	738,672
Agriculture and all others	500,027	421,181	479,828	471,318	461,354	505,781	550,876	663,022	555,023	562,801
Manufacturers	210,914	170,207	182,984	85,176	101,320	115,437	130,667	118,371	146,910	180,087
<b>TOTAL</b>	<b>4,488,824</b>	<b>3,931,832</b>	<b>3,988,716</b>	<b>4,104,550</b>	<b>4,274,073</b>	<b>4,336,391</b>	<b>4,402,727</b>	<b>4,172,814</b>	<b>4,073,599</b>	<b>4,059,986</b>
% Inc./Dec. from prev. year	-4.62%	-12.41%	1.45%	2.90%	4.13%	1.46%	1.53%	-5.22%	-2.38%	-0.33%
<b>Total Sales Tax</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
General merchandise	977,472	927,321	826,980	855,418	873,921	835,042	790,793	746,392	675,541	654,574
Food	1,273,994	1,189,841	1,087,650	1,053,067	1,028,177	1,072,066	1,151,589	1,109,681	1,006,765	1,006,604
Drinking and eating places	1,069,644	1,008,469	1,003,616	1,051,548	1,124,401	1,126,690	1,151,593	1,166,292	1,170,550	1,211,523
Apparel	734,292	633,020	805,950	815,920	767,056	535,388	527,030	515,449	457,857	395,846
Furniture and HH and radio	530,066	438,990	360,895	366,672	357,194	399,676	389,492	374,216	388,196	373,764
Lumber, building, and hardware	837,579	649,470	565,582	575,467	531,334	577,906	614,503	649,333	643,242	577,808
Automotive and filling stations	3,523,532	3,132,404	3,557,053	3,950,426	4,474,568	4,923,879	5,201,189	4,834,947	4,642,709	4,847,669
Drugs and misc retail	2,041,972	1,884,454	1,784,600	1,865,878	1,987,808	2,065,855	2,155,211	1,790,749	2,090,336	1,945,254
Agriculture and all others	1,023,800	868,766	1,111,459	1,074,183	1,044,870	1,135,762	1,251,609	1,505,263	1,280,069	1,277,670
Manufacturers	423,556	341,144	366,248	170,566	202,932	231,160	439,854	522,080	831,271	857,258
<b>TOTAL</b>	<b>12,435,907</b>	<b>11,073,880</b>	<b>11,470,033</b>	<b>11,779,144</b>	<b>12,392,261</b>	<b>12,903,424</b>	<b>13,672,863</b>	<b>13,214,402</b>	<b>13,186,536</b>	<b>13,147,969</b>
% Inc./Dec. from prev. year	-6.63%	-10.95%	3.58%	2.69%	5.21%	4.12%	5.96%	-3.35%	-0.21%	-0.29%



Notes:  
 (1) Source: Illinois Department of Revenue

**CITY OF HIGHLAND PARK**

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

Fiscal Year	Direct			Overlapping			Total Tax
	City Home Rule	City	Total Direct	State of Illinois	Lake County	Regional Transit Authority	
2008	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2009	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2010	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2011	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2012	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2013	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2014	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2015	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2016	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2017	1.00	1.00	2.00	5.00	0.25	0.75	8.00

Notes:

(1) Source: City Records



**DEBT CAPACITY**

**CITY OF HIGHLAND PARK**

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

Fiscal Year	Estimated Population <sup>1</sup>	Equalized Assessed Valuation <sup>2</sup>	General Bonded Debt <sup>3</sup>	Ratio of General Bonded Debt to Equalized Assessed Valuation	General Bonded Debt Per Capita
2008	31,457	2,780,479,845	53,732,162	0.0193	1,708.11
2009	31,457	2,704,410,111	49,979,248	0.0185	1,588.81
2010	31,457	2,551,775,455	49,237,395	0.0193	1,565.23
2011	29,763	2,323,098,926	49,815,488	0.0214	1,673.74
2012	29,763	2,163,303,908	45,323,991	0.0210	1,522.83
2013	29,763	2,063,609,750	50,647,143	0.0245	1,701.68
2014	29,763	2,053,407,635	56,604,486	0.0276	1,901.84
2015	29,871	2,178,857,704	45,651,055	0.0210	1,528.27
2016	29,743	2,313,960,326	53,192,609	0.0230	1,788.41
2017	29,641	2,408,411,146	53,944,751	0.0224	1,819.94

Notes:

- (1) Source: U.S. Census Bureau
- (2) Source: Lake County Clerk
- (3) Source: City records

CITY OF HIGHLAND PARK

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

Fiscal Year	Governmental Activities			Business-Type Activities		Total Personal Income	Debt as a % of Total Personal Income	EAV	Debt to EAV Ratio	Estimated Population	Per Capita
	General Obligation Bonds <sup>1,2</sup>	Other Payable	Capital Leases	General Obligation Bonds <sup>1,2</sup>	Total Debt						
2008	40,506,914	-	-	13,225,248	53,732,162	1,740,547,267	3.09%	2,780,479,845	0.0193	31,457	1,708
2009	37,516,926	-	-	12,462,322	49,979,248	1,740,547,267	2.87%	2,704,410,111	0.0185	31,457	1,589
2010	34,326,458	-	-	14,910,937	49,237,395	1,740,547,267	2.83%	2,551,775,455	0.0193	31,457	1,565
2011	30,920,488	-	-	18,895,000	49,815,488	1,824,084,981	2.73%	2,323,098,926	0.0214	29,763	1,674
2012	27,228,991	-	-	18,095,000	45,323,991	2,024,003,052	2.24%	2,163,303,908	0.0210	29,763	1,523
2013	23,827,143	-	-	26,820,000	50,647,143	2,002,067,721	2.53%	2,063,609,750	0.0245	29,763	1,702
2014	20,679,486	-	-	35,925,000	56,604,486	1,951,113,465	2.90%	2,053,407,635	0.0276	29,763	1,902
2015	4,006,800	-	-	41,644,255	45,651,055	2,051,779,248	2.22%	2,178,857,704	0.0210	29,871	1,528
2016	6,180,972	-	-	47,011,637 <sup>3</sup>	53,192,609	2,172,904,608	2.45%	2,313,960,326	0.0230	29,743	1,788
2017	4,066,049	-	-	49,878,702 <sup>3</sup>	53,944,751	2,297,503,551	2.35%	2,408,411,146	0.0224	29,641	1,820

Notes:

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

**CITY OF HIGHLAND PARK**

SCHEDULE OF DIRECT AND OVERLAPPING DEBT  
December 31, 2017

Governmental Unit	General Bonded Debt	Percentage Debt Applicable to the City of Highland Park <sup>1</sup>	City of Highland Park Share of Debt
City of Highland Park	\$ 4,066,049	100.00%	\$ 4,066,049
Lake County	182,235,000	9.15%	16,674,503
Lake County Forest Preserve District	255,895,000	9.15%	23,414,393
North Shore Sanitary District	-	0.00%	-
Deerfield Park District	1,425,000	0.005%	71
Park District of Highland Park	9,650,000	97.15%	9,374,975
School Districts			
District No. 106	-	0.00%	-
District No. 109	18,685,000	3.02%	564,287
District No. 112	-	0.00%	-
District No. 113	88,145,000	53.85%	47,466,083
College of Lake County	64,070,000	9.63%	6,169,941
	<u>620,105,000</u>		<u>103,664,252</u>
	<u>\$ 624,171,049</u>		<u>\$ 107,730,301</u>

Notes:

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

(2) Source: Lake County Clerk

**CITY OF HIGHLAND PARK**

**SCHEDULE OF LEGAL DEBT MARGIN**

December 31, 2017

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



**DEMOGRAPHIC AND ECONOMIC INFORMATION**

**CITY OF HIGHLAND PARK**

**DEMOGRAPHIC STATISTICS**

Last Ten Fiscal Years

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Fiscal Year	Population <sup>1</sup>	Per Capita Income <sup>1</sup>	School Enrollment <sup>2</sup>	Unemployment Rate <sup>3</sup>	Total Personal Income <sup>4</sup>	Median Age <sup>1</sup>	College Degree <sup>1</sup>
2008	31,457	55,331	6,259	4.4%	1,740,547,267	40.6	61.6%
2009	31,457	55,331	6,091	6.9%	1,740,547,267	40.6	61.6%
2010	31,457	55,331	6,134	5.6%	1,740,547,267	40.6	61.6%
2011	29,763	61,287	5,850	6.0%	1,824,084,981	40.6	61.6%
2012	29,763	68,004	6,526	5.7%	2,024,003,052	45.4	66.9%
2013	29,763	67,267	6,351	6.3%	2,002,067,721	45.4	68.2%
2014	29,763	65,555	6,236	5.0%	1,951,113,465	45.2	67.6%
2015	29,871	68,688	6,475	5.1%	2,051,779,248	45.4	69.5%
2016	29,743	73,056	6,133	3.9%	2,172,904,608	45.8	71.1%
2017	29,641	77,511	6,101	3.2%	2,297,503,551	45.0	71.0%

Notes:

- (1) Source: U.S. Census Bureau
- (2) Source: Illinois State Board of Education
- (3) Source: Illinois Department of Employment Security
- (4) Source: Population times Per Capita Income

**CITY OF HIGHLAND PARK**

PRINCIPAL EMPLOYERS  
Current Year and Nine Years Prior

2017			2008		
Employer	Approximate Employees	Percentage of Total Municipal Employment	Employer	Approximate Employees	Percentage of Total Municipal Employment
Highland Park Hospital	1,200	8.30%	Highland Park Hospital	1,200	7.65%
School District No. 112	750	5.19%	Solo Cup Co	844	5.38%
Ravinia Festival	690 <sup>1</sup>	4.77%	School District 112	740 <sup>1</sup>	4.72%
North Suburban Special Education District	595	4.12%	Ravinia Festival	690	4.40%
Township High School District No. 113	400	2.77%	Northern Suburban Special Education District	506	3.23%
City of Highland Park	237	1.64%	School District 113	398 <sup>1</sup>	2.54%
First Bank of Highland Park	103	0.71%	City of Highland Park	328	2.09%
Dick Blick Holdings	100	0.69%	Manor Care of Highland Park	120	0.77%
Highland Park Public Library	98 <sup>1</sup>	0.68%	Guy Scapolleti Landscaping	90 <sup>1</sup>	0.57%
Highland Park Post Office	85	0.59%	Highland Park Post Office	85	0.54%
	<u>4,258</u>	<u>29.46%</u>		<u>5,001</u>	<u>31.90%</u>

Notes:

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

(2) Source: 2017/2008 IL Manufacturers Directory, 2017/2008 IL Services Directory and City records



**OPERATING INFORMATION**

**CITY OF HIGHLAND PARK**

OPERATING INFORMATION AND INDICATORS  
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>FIRE PROTECTION</b>										
Emergency responses	4,673	4,542	4,480	4,777	4,832	4,657	5,220	4,859	5,146	5,450
Fires extinguished	34	25	31	47	46	43	28	31	18	29
<b>PUBLIC WORKS</b>										
Asphalt placed (square yards)	1,963	3,438	7,608	3,033	2,035	2,154	3,120	3,644	3,450	3,000
Crack sealing (street miles)	5	-	7	3	3	3	5	4	4	6
Street-sweeping (hours) <sup>2</sup>	2,109	1,802	-	39	79	57	93	312	36	92
Number of mainbreaks repaired	64	59	102	92	101	104	106	44	49	50
<b>POLICE PROTECTION</b>										
Parking violations	12,643	12,173	11,032	6,192	8,730	8,060	6,673	6,502	6,082	5,536
Number of arrests	1,139	1,470	1,189	227	1,648	1,696	1,611	1,424	1,200	1,073
Number of traffic citations	9,442	5,430	4,348	3,980	4,725	4,626	3,439	2,837	2,317	1,650
<b>FINANCE</b>										
Number of water bills	41,267	41,634	41,788	42,244	42,248	42,324	42,320	42,424	42,380	41,659
Number of vendor checks	6,809	6,256	7,229	6,000	5,741	5,578	5,873	5,724	5,895	5,413
<b>MUNICIPAL WATER SYSTEM</b>										
Number of customers	10,300	10,300	10,300	10,434	10,436	10,445	10,443	10,422	10,422	10,469
Average daily consumption (million gallons)	9.6	9.2	9.8	9.6	9.0	8.6	7.9	7.7	8.6	7.5
Plant capacity (rated) - per day (million gallons)	21	21	21	21	21	21	21	30	30	30
Miles of water mains (approximate)	168	168	168	168	168	168	168	172	171	171
Number of fire hydrants (approximate)	1,680	1,680	1,680	1,680	1,680	1,680	1,680	1,700	1,773	1,773

Notes:

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

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

**CITY OF HIGHLAND PARK**

CAPITAL ASSET STATISTICS  
Last Ten Fiscal Years

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	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
AREA - SQUARE MILES	12	12	12	12	12	12	12	12	12	12
FIRE PROTECTION										
Number of stations	3	3	3	3	3	3	3	3	3	3
Fire engines	3	3	3	3	3	3	3	3	3	3
Aerial Ladder Truck	0	0	0	0	0	0	0	0	0	1
Squad/Engine	0	0	0	0	0	0	0	0	1	1
Ambulances	3	3	3	3	3	3	3	3	4	4
POLICE PROTECTION										
Number of stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	14	13	13	14	14	14	14	14
PUBLIC WORKS										
Miles of water mains (approximate)	168	168	168	168	168	168	168	172.3	171	171
Number of fire hydrants (approximate)	1680	1680	1680	1680	1680	1680	1680	1700	1773	1773
Miles of storm sewer (approximate)	178	178	178	178	178	178	178	178	182	182
Number of street lights (approximate)	1420	1420	1420	1420	1420	1420	1420	1473	1473	1473
Miles of sanitary sewer (approximate)	130	130	130	130	130	130	130	130	131	131
MILES OF STREET										
Paved	154	154	154	154	154	154	154	154	154	154
Graded	2	2	2	2	2	2	2	2	2	2
TOTAL	156	156	156	156	156	156	156	156	156	156

Notes:

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

**CITY OF HIGHLAND PARK**

FULL-TIME EQUIVALENT EMPLOYEES  
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
GENERAL GOVERNMENT	23.3	24.3	23.3	23.3	20.1	20.4	20.4	20.7	20.7	20.8
COMMUNITY DEVELOPMENT	29.5	28.8	23.8	20.8	20.8	21.1	22.1	22.6	24.6	27.3
FINANCE	13.5	13.5	13.5	13.3	13.3	13.3	13.3	13.3	13.0	13.3
FIRE										
Firefighters and officers	53.0	53.0	51.0	49.0	48.0	48.0	48.0	48.0	48.0	48.0
Civilians	5.0	5.0	5.0	5.0	5.5	6.5	6.7	6.7	6.7	4.0
POLICE										
Sworn personnel	60.0	60.0	58.0	55.0	55.0	57.0	57.0	57.0	57.0	57.0
Civilians	30.3	28.7	28.7	25.7	26.7	27.2	27.2	20.2	20.2	20.8
PUBLIC WORKS										
Maintenance workers	66.3	66.0	64.5	60.0	58.5	58.8	57.5	58.9	57.9	58.1
Engineering	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Administration	28.0	28.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
<b>Total Employees</b>	<b>312.8</b>	<b>311.3</b>	<b>295.8</b>	<b>280.1</b>	<b>275.9</b>	<b>280.2</b>	<b>280.2</b>	<b>275.3</b>	<b>276.1</b>	<b>277.3</b>

Notes:

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