

CITY OF
HIGHLAND PARK
ILLINOIS



COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FOR YEAR ENDED
DECEMBER 31, 2019

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
OF THE
CITY OF HIGHLAND PARK, ILLINOIS**
As of and for the Year Ended December 31, 2019

Prepared by Finance Department

Julie Logan, Finance Director

CITY OF HIGHLAND PARK

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City of Highland Park

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Highland Park, Illinois 60035
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June 1, 2020

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

This Comprehensive Annual Financial Report (CAFR) details information from the audited financial statements of the City of Highland Park for the fiscal year ending December 31, 2019. The CAFR is prepared and published within six months of the close of each fiscal year, consistent with State law. The City Manager and Department Directors operate based on a comprehensive internal control framework designed to protect the City's assets from loss, theft, or misuse of public funds. Comprehensive financial policies and procedures are adhered to and financial statements are prepared consistent 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, 2019. This is the highest standard of opinion 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.

In response to the coronavirus pandemic economic conditions occurring in 2020, the City is conducting a comprehensive analysis of the City's 2020 budget and developing a preliminary proposed budget for 2021 that may reflect decreases in revenue and fund balances. The City will continue to take steps to ensure fiscal sustainability in 2020, in preparing the 2021 budget, and in estimating longer term impacts by reducing expenditures, deferring non-essential expenditures, pursuing shared services, joint bidding and increased efficiency in operations, and analyzing fees to achieve greater cost recovery. As previously noted, this CAFR details information from the audited financial statements of the City for the fiscal year ending December 31, 2019.

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 29,622. The City 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 is guided by its priorities of fiscal stability, public safety, infrastructure investment, and community vibrancy. The City provides police; fire and emergency medical services; community and business development; construction and maintenance of streets and other public infrastructure; water, sewer, and parking services; local transit service; and senior services. The CAFR includes the activities of the Public Safety Pension Funds, the Highland Park Public Library, and the Housing Associations, although independent boards control these funds. The annual budget is the foundation for the City's financial planning and control. City staff submit requests for appropriation to the City Manager and 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 proposed budget is presented 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 no later than December 31, the close of the City's fiscal year. The 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 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 2019, 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.

Sales were robust with increases in sales tax revenue in three of the City's largest sectors which combined account for almost 63% of the City's sales tax revenue - Automotive and Filing Stations, Drinking and Eating Places, and Drugs and Miscellaneous Retail.

Building permit and real estate transfer tax revenues remained strong and continued, for the eighth consecutive year, to significantly exceed the recession levels in 2009 through 2011. The City's assessed valuation was 2.2% lower from 2018 to 2019, after being relatively flat from 2017 to 2018 and increasing for three consecutive years between 2014 and 2017. The City has continued stability in property value for the City's tax base properties, although is being impacted by national and regional economic impacts to higher end property value.

Retail occupancy decreased from 90.8% at the start of 2019 to 88.3% at the close of 2019. This 2.5% decrease in occupancy includes retail properties currently under contract that will go through change of use as they are redeveloped. 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 and businesses to attract and retain businesses by providing support, economic development incentives, and resources. Efforts to maintain and enhance the desirability and economic vitality of the City's main business districts included two Special Service Areas (SSA), which are self-imposed taxes by property owners in the area to fund such activities, and two Tax Increment Financing (TIF) districts for redevelopment of one the areas within the TIF boundaries:

- 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 and then again through December 2022. RBD property owners initiated special events to market the RBD.
- SSA 18 focuses on the Briergate Business Association District (BBAD), comprised of 68 properties, and was enacted in 2013 for a 10-year term. Briergate Business Association District property owners continued to fund physical improvement efforts during the year.
- TIFs 3 and 4 focus on streetscape for the RBD and underdeveloped areas of the BBAD, respectively. TIF 4 was enacted in December of 2018 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. Through a TIF, private sector investment is incentivized to advance infrastructure and other improvements to a district thereby increasing property values and tax revenue in the area. TIF captures the difference in existing property tax revenue and future (higher) property tax revenue, after improvements have been made, to finance the cost of the improvements.

Proactive efforts 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 2020 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 2019 average unemployment rate for the City was 2.6% compared to the State of Illinois rate of 3.5% and Lake County rate of 4.1%, as sourced from the Bureau of Labor Statistics. The City had median family and household incomes of \$179,381 and \$147,962, respectively, according to the U.S. Census Bureau American Community Survey estimates 2014 to 2018, 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 infrastructure improvements, committing \$9.5 million in 2020 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, each year, in addition to the water production and distribution systems. The annual budget preparation process includes the development of a 10-year capital improvement program to ensure adequate long-term financial planning. The City's 2020 and 10-year capital improvement program may be updated due to the coronavirus pandemic economic conditions.

Relevant Financial Policies

Unassigned fund balance in the general fund at December 31, 2019, is \$25.9 million, which represents 71.1% of 2020 budgeted 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 2020, the City budgeted a \$4 million decrease in general fund balance reserves for infrastructure, Priority 1 facility improvements, and reserves, 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 realized a \$2.2 million decrease in net pension obligation from the City's accelerated contribution plan and investment gains. 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, continuing its accelerated contributions through 2019, to minimize long-term pension cost to the property tax payer.

The City accounts for its annual other postemployment benefits (OPEB) obligation per GASB Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The City Council has set aside approximately \$9.5 million to meet future requirements associated with OPEB. Please refer to the notes to the financial statements for additional information.

Major Initiatives

The City continued to invest in infrastructure improvements consistent with its core priorities. Approximately 2,300 feet of undersized water main was updated to new 8-inch ductile iron water main for improved water distribution and fire flow capacity. Approximately two and half miles of asphalt roadways were rehabilitated, including resurfacing, reconstruction, and patching. The City repaired approximately 2,000 lineal feet of concrete streets and replaced approximately 160 concrete sidewalk panels. As part of sewer infrastructure improvements, the City lined approximately 14,000 feet of sanitary and storm sewers. Lining of old clay sanitary sewers preserves pipe capacity and extends the functional life of sewers by 50 years, while being environmentally friendly and minimizing inconvenience to residents, given no excavation is performed during sewer lining operation. City upsized approximately 1,200 feet of new storm sewers as part of implementing projects prioritized in the Storm Sewer Master Plan. The City continued implementation of sustainable practices consistent with the City's sustainability goals by planting approximately 365 new trees and replacing existing parking and street light bulbs to LED bulbs.

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 approximately 150 major projects and initiatives in this audit year. These major projects are primarily public-facing and significant internal 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.

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, 2018. This was the 35th 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, 2019. 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, 2020 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 City employees. 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, 2018

Christopher P. Morill

Executive Director/CEO

THE CITIZENS OF HIGHLAND PARK

Mayor and City Council

Corporation
Counsel

City Manager

City Commissions, Boards, Advisory Groups, and Task Forces

Business and Economic
Development Advisory Group
Board of Fire and Police
Commissioners
Cultural Arts Advisory Group
Firefighters Pension Board
Historic Preservation Commission
Housing Commission
Human Relations Advisory Group
Joint Plan Commission

Library Board of Trustees
Liquor Control Commission
Plan and Design Commission
Sustainability Advisory Group
Police Pension Board
Ravinia Neighborhood Meetings
Dist. 113 Neighborhood Meetings
Senior Services Advisory Group
Transportation Advisory Group
Zoning Board of Appeals

Community
Dev. Dept.

Public Works
Department

Fire
Department

Finance Dept.
Treasurer

City Manager's
Office

Police
Department

Building

Planning

Engineering

Equipment
Maintenance

Forestry/
Facilities

Streets &
Storm Sewers

Transit

Water Distrib. &
Sanitary Sewers

Water Purification
& Production

Finance

Information
Technology

Business
Development

City Clerk

Communications

Human
Resources

Senior Services

CITY OF HIGHLAND PARK, ILLINOIS

PRINCIPAL OFFICIALS

December 31, 2019

LEGISLATIVE

Nancy R. Rotering, Mayor

City Council

Anthony E. Blumberg

Michelle Holleman

Daniel A. Kaufman

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 units, 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, 2019, 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 did not audit the financial statements of the Highland Park Housing Associations, a discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Highland Park Housing Associations, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Sunset Woods Association, a component of the Highland Park Housing Associations, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

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 over financial reporting 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.

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To the Mayor and City Council
City of Highland Park

Opinions

In our opinion, based on our audit and the report of other auditors, 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 units, each major fund, and the aggregate remaining fund information of the City of Highland Park, Illinois, as of December 31, 2019 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.

Emphasis of Matter

As discussed in Note I, the City of Highland Park adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, effective January 1, 2019. Our opinions are not modified with respect to this matter.

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.

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.

To the Mayor and City Council
City of Highland Park

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2020 on our consideration of the City of Highland Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Highland Park's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Highland Park's internal control over financial reporting and compliance.

Baker Tilly Virchow Krause, LLP

Oak Brook, Illinois
June 1, 2020

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, 2019. 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 revenue was \$72.2 million, an increase of 9.7% in comparison with the prior year. The increase was due to increases in charges for services \$1.2 million, property taxes \$1.1 million, investment income \$0.8 million, payments in lieu of taxes and affordable units \$0.8 million, and gain on the sale of capital assets \$2.3 million. The increase in charges for services was significantly due to higher Water Fund revenue resulting from a water rate increase which was effective January 1, 2019. The property tax increase related to street and bridge capital improvements, consistent with the City's 10-year capital improvement program.
- Total expenses were \$65.6 million, a decrease of 1.1% in comparison with the prior year. The City realized expense decreases across all operating units due to asserted operational cost efficiencies and capital changes consistent with the City's 10-year capital improvement plan. The Water Fund and Public Safety accounted for almost 80% of the decrease.
- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$71.6 million (net position). The City's net position improved \$6.6 million as compared to the prior year, primarily due to an increase in cash on hand resulting from a \$2.3 million gain on the sale of capital assets, higher revenue, reduced expenditures, and reduction in the City's net pension liability.
- Governmental funds combined ending fund balance was \$42.9 million, an increase of \$5.1 million in comparison with the prior year, significantly due to an increase in the General Fund balance, given revenues in excess of expenditures. The resulting fund balances, as a percent of operating expenditures, continue to exceed the City's policy guidelines.
- Long-term liabilities were \$155.5 million, a \$2.1 million decrease in comparison with the prior year, due \$3.0 million in debt service payments and a \$2.2 million decrease in net pension liability from the City's accelerated contribution plan and investment gains; net of a \$3.2 million increase in other long-term liabilities, significantly due to an increase in the City's other postemployment benefits liability resulting from a change in actuarial assumptions. 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, continuing its accelerated contributions through 2019, to minimize long-term pension cost to the property tax payer.
- The General Fund unrestricted and unassigned fund balance was \$25.9 million, or 71.1% of 2020 General Fund projected operating expenditures, exceeding the City's policy to maintain a minimum balance of 35%. As part of its 2020 budget process, the City estimated 10 years of General Fund balance, showing the City Council's decision to gradually and strategically draw down fund balance, to approximately 35% within the 10-year period, to fund capital and 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.

The City has 12 individual governmental funds reported in 2019. 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 109-112 of this report.

The City adopts an annual appropriated budget for its governmental funds, with the exception of the Foreign Fire Insurance Tax Fund. Additionally, a budget was not appropriated for the Tax Increment Financing – Briergate Fund in 2019, but the City anticipates adopting a budget in future years. Budgetary comparisons are provided to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 18-21 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 124-130 in this report. The basic proprietary fund financial statements can be found on pages 22-26 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 27-28 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 29-92 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 93-105 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 106-132 of this report.

Government-wide Financial Analysis

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$71.6 million (net position). The City's net position improved \$6.6 million as compared to the prior year, primarily due to an increase in cash on hand resulting from a \$2.3 million gain on the sale of capital assets, higher revenue, reduced expenditures, and reduction in the City's net pension liability.

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 \$42.7 million as of December 31, 2019, which improved \$9.2 million versus the prior year, primarily due to an increase in cash on hand resulting from a \$2.3 million gain on the sale of capital assets, higher revenue, reduced expenditures, and reduction in the City's net pension liability.

Condensed Statement of Net Position as of December 31, 2018 and 2019 (in Millions – Rounded)

	Governmental Activities			Business-Type Activities			Total Primary Government		
	2018	2019	Change	2018	2019	Change	2018	2019	Change
Current and Other Assets	\$71.2	\$73.2	\$2.0	\$9.9	\$8.0	(\$1.9)	\$81.1	\$81.2	\$0.1
Capital Assets	84.8	84.7	(0.1)	78.6	77.9	(0.7)	163.4	162.6	(0.8)
Total Assets	156.0	157.9	1.9	88.5	85.9	(2.6)	244.5	243.8	(0.7)
Deferred Outflows related to Pensions	15.5	12.8	(2.7)	0.3	1.9	1.6	15.8	14.7	(1.1)
Other Deferred Outflows	0.0	2.8	2.8	0.5	0.6	0.1	0.5	3.4	2.9
Deferred Outflows of Resources	15.5	15.6	0.1	0.8	2.5	1.7	16.3	18.1	1.8
Long-Term Liabilities Outstanding	108.9	107.2	(1.7)	48.7	48.3	(0.4)	157.6	155.5	(2.1)
Other Liabilities	8.4	9.0	0.6	1.0	0.8	(0.2)	9.4	9.8	0.4
Total Liabilities	117.3	116.2	(1.1)	49.7	49.1	(0.6)	167.0	165.3	(1.7)
Deferred Inflows of Resources	27.3	24.8	(2.5)	1.5	0.2	(1.3)	28.8	25.0	(3.8)
Net Position:									
Net Investment in Capital Assets	78.2	75.5	(2.7)	36.0	36.0	0.0	114.2	111.5	(2.7)
Restricted	2.7	2.8	0.1	0.0	0.0	0.0	2.7	2.8	0.1
Unrestricted	(54.0)	(45.8)	8.2	2.1	3.1	1.0	(51.9)	(42.7)	9.2
Total Net Position	\$26.9	\$32.4	\$5.6	\$38.1	\$39.1	\$1.0	\$65.0	\$71.6	\$6.6

* Amounts for 2018 have been adjusted for the City's implementation of GASB No. 84 in 2019.

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, 2019. The negative unrestricted net position in governmental activities is due to net pension and OPEB liabilities reported in compliance with GASB Nos. 68, 71, and 75. Details of the net pension liabilities can be found in Notes III.A. and C. to the Financial Statements on pages 69-90 of this report.

**Condensed Statement of Activities
as of December 31, 2018 and 2019**
(in Millions – Rounded)

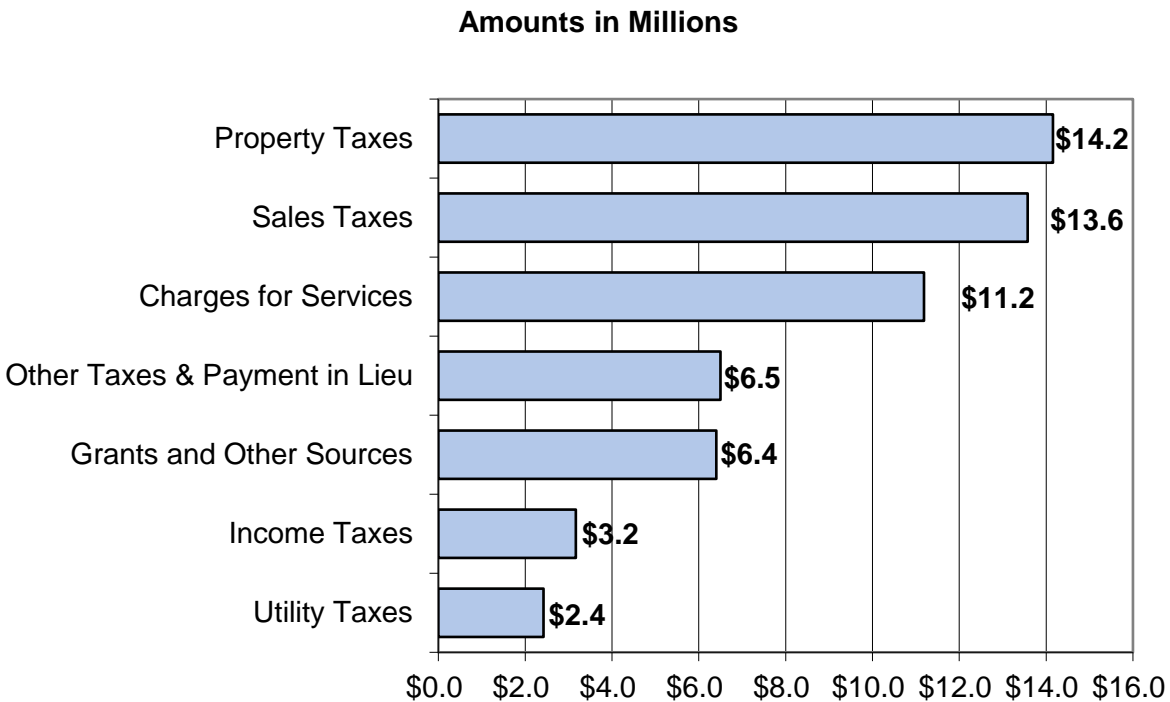
	Government Activities		Business Activities		Total Primary Government		
	2018	2019	2018	2019	2018	2019	Change
Program Revenues:							
Charges for Services	\$10.7	\$11.2	\$13.5	\$14.2	\$24.2	\$25.4	\$1.2
Grants	1.1	1.1	0.1	0.3	1.2	1.4	0.2
General Revenues:							
Sales Taxes	14.0	13.6			14.0	13.6	(0.4)
Property Taxes	13.1	14.2			13.1	14.2	1.1
Other Taxes	11.9	12.1			11.9	12.1	0.2
Payment in Lieu of Taxes	0.7	1.5			0.7	1.5	0.8
Other	0.9	3.8	0.1	0.2	1.0	4.1	3.1
Total Revenues	52.4	57.5	13.7	14.7	66.1	72.2	6.0
Expenses:							
Public Safety	28.7	27.4			28.7	27.4	(1.3)
Economic/Physical Development	8.4	8.1			8.4	8.1	(0.3)
Public Works	7.2	6.9			7.2	6.9	(0.3)
General Government	6.8	7.7			6.8	7.7	0.9
Transit	1.4	1.4			1.4	1.4	(0.0)
Commissions	0.1	0.1			0.1	0.1	(0.0)
Interest	0.4	0.3			0.4	0.3	(0.1)
Water			10.9	8.2	10.9	8.2	(2.7)
Sewer			5.2	4.6	5.2	4.6	(0.6)
Parking			0.9	0.9	0.9	0.9	(0.1)
Total Expenses	53.0	51.9	17.1	13.7	70.1	65.6	(1.1)
Increase/(Decrease) in Net Assets before Transfers	(0.6)	5.6	(3.3)	1.0	(3.9)	6.6	7.2
Transfers	-		-				
Change in Net Position	(\$0.6)	\$5.6	(\$3.3)	\$1.0	(\$3.9)	\$6.6	\$10.5

* Amounts for 2018 have been adjusted for the City's implementation of GASB No. 84 in 2019.

Total revenue was \$72.2 million, an increase of 9.1% in comparison with the prior year. The increase was due to increases in charges for services \$1.2 million, property taxes \$1.1 million, investment income \$0.8 million, payments in lieu of taxes and affordable units \$0.8 million, and gain on sale of property \$2.3 million. The increase in charges for services was significantly due to higher Water Fund revenue resulting from a water rate increase which was effective January 1, 2019. The property tax increase related to street and bridge capital improvements, consistent with the City's 10-year capital improvement program.

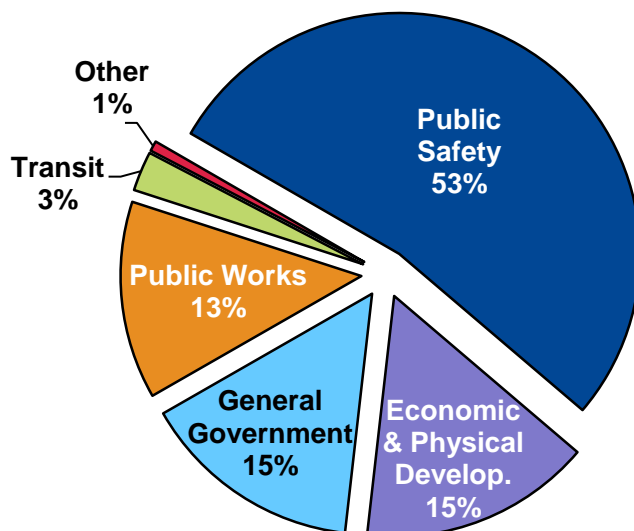
Total expenses were \$65.6 million, a decrease of 1.1% in comparison with the prior year. The City realized expense decreases across all operating units due to asserted operational cost efficiencies and capital changes consistent with the City's 10-year capital improvement plan. The Water Fund and Public Safety accounted for almost 80% of the decrease.

Revenues by Source — Governmental Activities



Property taxes account for the greatest proportion of funding for governmental activities, followed by sales taxes, charges for services, other taxes and payment in lieu, and grants and other sources. 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 \$6.9 million during 2019 in infrastructure, facilities, and equipment improvements from governmental revenues.

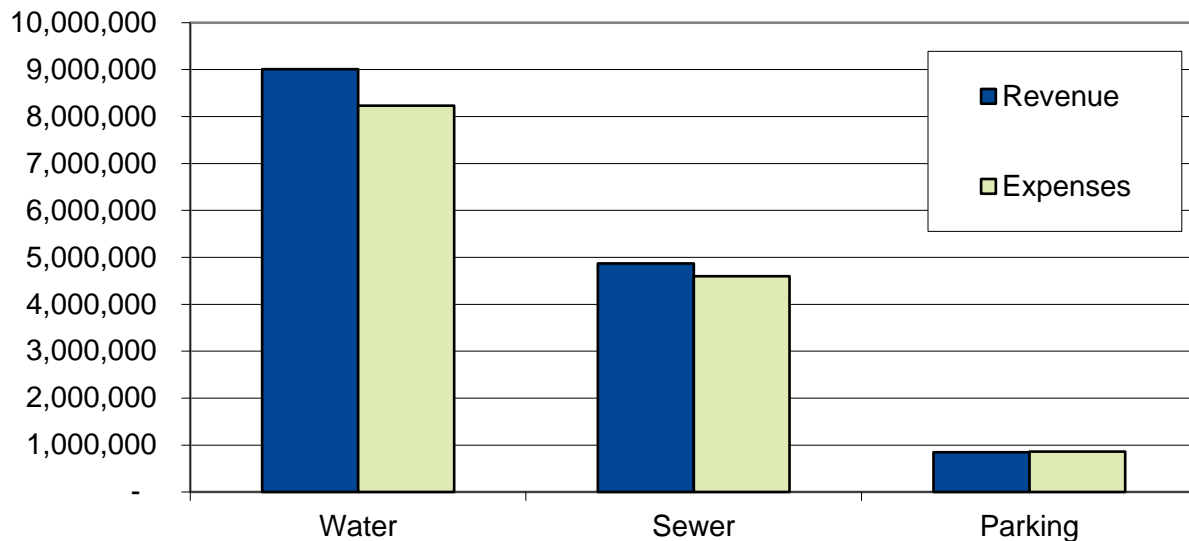
Expenses by Activity — Governmental Activities



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

Business-Type Activities

Business-type activities improved the City's net position by \$1 million, primarily due to a decrease in the City's net pension liability resulting from the City's accelerated contribution plan and investment gains. 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 and sewer utility fund net positions improved by \$0.8 million and \$0.3 million, respectively, and the parking operations fund net position was relatively flat, due to higher revenue resulting from a water rate increase which was effective January 1, 2019 and reduced expenses, primarily capital, consistent with the City's 10-year capital improvement plan.

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, 2019, the governmental funds combined ending fund balance was \$42.9 million, an increase of \$5.1 million in comparison with the prior year, due to \$3.7 million proceeds from the sale of capital assets, higher general revenues, an increase in property taxes, and lower expenditures, partially due to capital spending less than anticipated given infrastructure projects continuing into 2020. The resulting fund balances, as a percent of operating expenditures, continue to exceed the City's policy guidelines.

The General Fund is the primary operating fund of the City. Of the total fund balance, \$25.9 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 71.1% of 2020 budgeted general fund operating expenditures, exceeding the City's policy target of 35%. As part of its 2020 budget process, the City estimated 10 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 2029, to fund capital improvements and other postemployment benefits (OPEB) expenditures.

Committed fund balance totaling \$2.5 million is not available for discretionary spending as it is targeted for transportation and sustainability initiatives. The City also reports an assigned fund balance of \$9.5 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 \$1 million at December 31, 2019, greater than the City's target of zero. During 2019, the fund balance decreased \$1.8 million due infrastructure capital improvements consistent with the City's capital improvement plan. Nonmajor governmental funds combined fund balance of \$6.2 million at year end improved \$0.6 million from the prior year, with improvements in all funds except the Ravinia Tax Increment Financing (TIF) Fund, which decreased \$0.7 million due to a planned fund drawdown to pay for capital improvements consistent with the TIF plan. The Debt Service Fund is included in nonmajor governmental funds and had a total fund balance of \$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 \$15.5 million, \$20.3 million, and \$3.4 million, respectively. The improvement in net position for proprietary funds, combined, was \$1 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 \$1.6 million, with almost all General Fund revenues either exceeding or relatively flat with budget. The largest positive variances to budget were realized in state income tax, investments, and licenses and permits. Utility tax revenue was less than budget.

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 93% of budget, resulting in a budgetary savings of \$2.7 million. The City continued to closely monitor economic and state legislative trends to gauge the potential impact on the City's budget in 2019. 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 2019 will extend into and be completed in 2020. Highlights of expenditure variances to budget are noted below.

- Reserve and contingency was \$1 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 General Government (\$1.7 million), Economic and Physical Development (\$0.4 million), Public Safety (\$0.3 million), Public Works (\$0.2 million), and Commissions (less than \$0.1 million), significantly due to efficiency improvements and expenditure deferrals.

Capital Asset and Debt Administration

Capital Assets. Capital assets include land, buildings, other improvements, machinery and equipment, streets, bridges, sanitary and storm sewers, and water production and distribution systems. The combined investment in capital assets for governmental and business-type activities as of December 31, 2019 was \$162.6 million and \$111.5 million, respectively, net of accumulated depreciation and net of both accumulated depreciation and outstanding related debt. A \$1.8 million reduction in buildings and improvements resulted from \$2.5 million of additional depreciation and a disposal of \$0.9 million for an asset sold, net of \$1.6 million of new assets. A \$1.6 million increase in infrastructure resulted from \$6.0 million of infrastructure improvements, net of \$4.4 million of additional depreciation. A \$1.6 million decrease in construction in progress resulted from projects started in 2018 and were completed in 2019 which resulted in a corresponding increase in machinery and equipment. 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, 2018 and 2019 (in Millions – Rounded)

	Government Activities		Business Activities		Total Primary Government		
	2018	2019	2018	2019	2018	2019	Change
Land	\$13.6	\$13.1	\$1.4	\$1.4	\$15.0	\$14.5	(\$0.5)
Buildings & improvements	38.4	37.1	35.6	35.1	74.0	72.2	(1.8)
Machinery & equipment	4.5	6.1	1.1	1.1	5.6	7.2	1.6
Infrastructure	25.7	27.3	38.9	38.9	64.6	66.2	1.6
Construction in progress	2.6	1.1	1.5	1.4	4.1	2.5	(1.6)
Total	\$84.8	\$84.7	\$78.5	\$77.9	\$163.3	\$162.6	(\$0.7)

Long-term debt. At the end of 2019, long-term debt outstanding was \$56.7 million, of which \$10.4 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, 2018 and 2019**
(in Millions – Rounded)

	Government Activities		Business Activities		Total Primary Government		
	2018	2019	2018	2019	2018	2019	Change
General Obligation Debt	\$11.7	\$10.8	\$43.1	\$41.2	\$54.8	\$52.0	(\$2.8)
IEPA Loan Payable	-	-	4.9	4.7	4.9	4.7	(0.2)
Total Long-term Debt	\$11.7	\$10.8	\$48.0	\$45.9	\$59.7	\$56.7	(\$3.0)
Net Pension Liabilities	85.4	81.6	-	1.6	85.4	83.2	(2.2)
Other Long-term Liabilities	11.8	14.9	0.7	0.8	12.5	15.7	3.2
Total Long-term Liabilities	\$108.9	\$107.2	\$48.7	\$48.3	\$157.6	\$155.5	(\$2.1)

Total debt decreased by \$3.0 million due to payments consistent with the City's debt service schedule for previously issued debt. The City did not issue new debt in 2019, consistent with the City's capital improvement program. The City's general obligation bonds maintain an "Aaa" rating from Moody's Investors Service. The Aaa rating reflects the city's affluent tax base, stable financial operations, healthy reserves, moderate bonded debt burden, and sound financial practices and policies.

A \$2.2 million decrease in net pension liabilities resulted from the City's accelerated contribution plan and investment gains. A \$3.2 million increase in other long-term liabilities was significantly due to an increase in the City's other postemployment benefits liability resulting from a change in actuarial assumptions. Additional information on the City's long-term obligations 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 stable to strong, with gradual annual increases in revenues driven by the economic climate. The City experienced continued strength in 2019 for most general revenues. Retail occupancy decreased from 90.8% at the start of 2019 to 88.3% at the close of 2019. This 2.5% decrease in occupancy includes retail properties currently under contract that will go through change of use as they are redeveloped. Assessed valuations down 2% as compared to the prior year, reflecting regional, rather than local, economic impact for higher end real estate value. Property and sales tax continue to be the largest revenue sources for general fund operations, along with other general taxes. The City continues to monitor sales tax 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 well below Lake County and the State of Illinois. The 2019 average unemployment rate for the City was 2.6% compared to the State of Illinois rate of 3.5% and Lake County rate of 4.1%, as sourced from the Bureau of Labor Statistics.
- The U.S. Census Bureau five-year estimated values reported that the median value of the City's owner-occupied homes was \$575,800. This compares to \$259,900 for the County and \$187,200 for the State.

- The City had median family and household incomes of \$179,381 and \$147,962, respectively, according to the U.S. Census Bureau American Community Survey estimates 2014 to 2018, which placed the City among the nation's wealthiest communities with populations of 25,000 or more.

The City monitors all revenue on a monthly basis, notably sales tax, building permit and real estate transfer tax revenue, 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 2020 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 approved policies to strategically and gradually drawdown excess reserves to complete one-time capital improvements, over the capital improvement period 2020-2029, developed as part of the 2020 Budget. Included in the 2020 budget are investments into City facilities and equipment, Bike Walk Plan 2030 improvements, tree replacement, and funding for other post-employment benefits.

In response to the coronavirus pandemic economic conditions occurring in 2020, the City is conducting a comprehensive analysis of the City's 2020 budget and developing a preliminary proposed budget for 2021 that may reflect decreases in revenue and fund balances. The City will continue to take steps to ensure fiscal sustainability in 2020, in preparing the 2021 budget, and in estimating longer term impacts by reducing expenditures, deferring non-essential expenditures, pursuing shared services, joint bidding and increased efficiency in operations, and analyzing fees to achieve greater cost recovery.

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, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Totals	Highland Park Public Library	Highland Park Housing Associations
ASSETS					
Cash	\$ 51,753,211	\$ 6,147,935	\$ 57,901,146	\$ 1,462,993	\$ 1,743,321
Investments	-	-	-	3,626,000	-
Receivables (net)					
Property taxes	14,453,026	-	14,453,026	5,162,329	-
Motor fuel tax allotments	244,880	-	244,880	-	-
Intergovernmental	4,556,262	74,672	4,630,934	-	-
Loans	237,500	-	237,500	-	-
Accounts	1,711,922	1,776,730	3,488,652	-	32,166
Other	-	-	-	34,547	8,181
Prepaid items	7,062	-	7,062	1,608	55,708
Deposits	165,563	-	165,563	-	-
Restricted assets	-	-	-	-	1,030,686
Capital Assets					
Capital assets not being depreciated	14,157,026	2,773,974	16,931,000	676,483	220,000
Capital assets being depreciated, net	70,562,961	75,174,299	145,737,260	5,201,015	4,490,045
Total Assets	<u>157,849,413</u>	<u>85,947,610</u>	<u>243,797,023</u>	<u>16,164,975</u>	<u>7,580,107</u>
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized loss on refunding	22,921	488,743	511,664	-	-
Deferred outflows related to pensions	12,783,816	1,907,002	14,690,818	1,655,234	-
Deferred outflows related to OPEB	2,793,138	139,769	2,932,907	51,217	-
Total Deferred Outflows of Resources	<u>15,599,875</u>	<u>2,535,514</u>	<u>18,135,389</u>	<u>1,706,451</u>	<u>-</u>
LIABILITIES					
Accounts payable	5,079,559	605,226	5,684,785	138,627	121,684
Accrued payroll	626,775	72,726	699,501	102,711	-
Accrued interest payable	831	11,690	12,521	-	1,331
Due to fiduciary funds	17,808	-	17,808	-	-
Unearned revenues	337,870	56,589	394,459	67,770	205,905
Deposits	2,922,730	26,000	2,948,730	-	-
Accrued real estate taxes	-	-	-	-	126,851
Noncurrent Liabilities					
Due within one year	1,233,546	2,371,969	3,605,515	45,000	342,878
Due in more than one year	105,987,701	45,930,113	151,917,814	2,513,905	7,626,266
Total Liabilities	<u>116,206,820</u>	<u>49,074,313</u>	<u>165,281,133</u>	<u>2,868,013</u>	<u>8,424,915</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes levied for future periods	14,413,901	-	14,413,901	5,148,300	-
Deferred inflows related to pensions	9,874,103	232,522	10,106,625	201,824	-
Deferred inflows related to OPEB	534,985	26,771	561,756	9,810	-
Total Deferred Inflows of Resources	<u>24,822,989</u>	<u>259,293</u>	<u>25,082,282</u>	<u>5,359,934</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	75,455,357	36,008,982	111,464,339	5,062,498	(3,259,099)
Restricted for					
Economic development	932,685	-	932,685	-	-
Public safety	524,409	-	524,409	-	-
Streets	280,857	-	280,857	-	-
Affordable housing	1,032,198	-	1,032,198	-	-
Library materials	-	-	-	49,069	-
Working cash	-	-	-	375,000	-
Unrestricted (deficit)	<u>(45,806,027)</u>	<u>3,140,536</u>	<u>(42,665,491)</u>	<u>4,156,912</u>	<u>2,414,291</u>
TOTAL NET POSITION	<u>\$ 32,419,479</u>	<u>\$ 39,149,518</u>	<u>\$ 71,568,997</u>	<u>\$ 9,643,479</u>	<u>\$ (844,808)</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 7,737,099	\$ 2,766,614	\$ -	\$ -
Public safety	27,435,033	3,801,221	30,231	-
Public works	6,882,251	1,511,471	976,402	67,783
Transit	1,379,367	1,532,544	-	-
Commissions	73,711	-	-	-
Economic and physical development	8,072,546	1,573,980	-	-
Interest and fiscal charges	281,688	-	-	-
Total Governmental Activities	<u>51,861,695</u>	<u>11,185,830</u>	<u>1,006,633</u>	<u>67,783</u>
Business-type Activities				
Water	8,229,552	8,806,707	71,026	-
Sewer	4,599,743	4,583,554	235,865	-
Motor Vehicle Parking System	861,071	824,906	-	-
Total Business-type Activities	<u>13,690,366</u>	<u>14,215,167</u>	<u>306,891</u>	<u>-</u>
Total Primary Government	<u>\$ 65,552,061</u>	<u>\$ 25,400,997</u>	<u>\$ 1,313,524</u>	<u>\$ 67,783</u>
Component Unit				
Highland Park Public Library	\$ 4,678,646	\$ 64,192	\$ 126,127	\$ -
Highland Park Housing Associations	2,473,657	2,688,209	-	-
Total Component Unit	<u>\$ 7,152,303</u>	<u>\$ 2,752,401</u>	<u>\$ 126,127</u>	<u>\$ -</u>

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 and affordable units

Interest income

Gain on disposal of assets

Miscellaneous

Total General Revenues

Change in net position

NET POSITION (Deficit) - Beginning of Year (as restated)

NET POSITION (DEFICIT) - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Totals	Highland Park Public Library	Highland Park Housing Associations
\$ (4,970,485)	\$ -	\$ (4,970,485)	\$ -	\$ -
(23,603,581)	-	(23,603,581)	-	-
(4,326,595)	-	(4,326,595)	-	-
153,177	-	153,177	-	-
(73,711)	-	(73,711)	-	-
(6,498,566)	-	(6,498,566)	-	-
(281,688)	-	(281,688)	-	-
<u>(39,601,449)</u>	<u>-</u>	<u>(39,601,449)</u>	<u>-</u>	<u>-</u>
-	648,181	648,181	-	-
-	219,676	219,676	-	-
-	(36,165)	(36,165)	-	-
-	<u>831,692</u>	<u>831,692</u>	-	-
<u>(39,601,449)</u>	<u>831,692</u>	<u>(38,769,757)</u>	<u>-</u>	<u>-</u>
-	-	-	(4,488,327)	-
-	-	-	-	<u>214,552</u>
-	-	-	<u>(4,488,327)</u>	<u>214,552</u>
14,155,087	-	14,155,087	4,918,573	-
9,581,404	-	9,581,404	-	-
3,994,643	-	3,994,643	-	-
2,423,838	-	2,423,838	-	-
1,731,838	-	1,731,838	-	-
1,665,318	-	1,665,318	-	-
2,740,431	-	2,740,431	-	-
3,167,946	-	3,167,946	-	-
356,704	-	356,704	50,190	-
1,462,484	-	1,462,484	-	-
1,381,579	198,078	1,579,657	87,020	18,522
2,307,185	-	2,307,185	-	52,604
201,740	<u>6,565</u>	<u>208,305</u>	-	<u>4,536</u>
<u>45,170,197</u>	<u>204,643</u>	<u>45,374,840</u>	<u>5,055,783</u>	<u>75,662</u>
5,568,748	1,036,335	6,605,083	567,456	290,214
<u>26,850,731</u>	<u>38,113,183</u>	<u>64,963,914</u>	<u>9,076,023</u>	<u>(1,135,022)</u>
<u>\$ 32,419,479</u>	<u>\$ 39,149,518</u>	<u>\$ 71,568,997</u>	<u>\$ 9,643,479</u>	<u>\$ (844,808)</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2019

	General	Public Safety Pension Levy	Capital Projects	Nonmajor Governmental Funds	Totals
ASSETS					
Cash	\$ 37,313,651	\$ -	\$ 864,298	\$ 6,850,063	\$ 45,028,012
Receivables (net)					
Property taxes	3,714,132	6,287,809	1,426,908	3,024,177	14,453,026
Motor fuel tax allotments	-	-	-	244,880	244,880
Intergovernmental	4,506,151	-	50,111	-	4,556,262
Loans	-	-	237,500	-	237,500
Accounts	1,104,591	-	128,358	68,749	1,301,698
Deposits	-	-	-	165,563	165,563
Prepaid items	7,062	-	-	-	7,062
Due from other funds	164,910	-	-	-	164,910
TOTAL ASSETS	\$ 46,810,497	\$ 6,287,809	\$ 2,707,175	\$ 10,353,432	\$ 66,158,913
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 3,766,048	\$ -	\$ 327,048	\$ 658,506	\$ 4,751,602
Accrued liabilities	554,363	-	-	46,285	600,648
Due to other funds	-	-	-	164,910	164,910
Unearned revenue	300,900	-	-	-	300,900
Deposits	2,690,325	-	3,000	229,405	2,922,730
Due to fiduciary funds	-	17,808	-	-	17,808
Total Liabilities	<u>7,311,636</u>	<u>17,808</u>	<u>330,048</u>	<u>1,099,106</u>	<u>8,758,598</u>
Deferred Inflows of Resources					
Property taxes levied for future periods	3,703,700	6,270,001	1,423,500	3,016,700	14,413,901
Unavailable revenue for other	46,000	-	-	-	46,000
Total Deferred Inflows of Resources	<u>3,749,700</u>	<u>6,270,001</u>	<u>1,423,500</u>	<u>3,016,700</u>	<u>14,459,901</u>
Fund Balances					
Nonspendable for prepaid items	7,062	-	-	-	7,062
Restricted for:					
Streets	-	-	-	280,857	280,857
Public safety	-	-	-	524,409	524,409
Economic development	-	-	-	932,685	932,685
Affordable housing	-	-	-	1,032,198	1,032,198
Capital projects	-	-	953,627	-	953,627
Committed for:					
Sustainability initiatives	-	-	-	414,885	414,885
Transportation	-	-	-	2,053,236	2,053,236
Assigned for:					
Capital projects	392,643	-	-	-	392,643
Other postemployment benefits	9,483,595	-	-	-	9,483,595
Debt service	-	-	-	999,356	999,356
Unassigned:					
General fund	25,865,861	-	-	-	25,865,861
Total Fund Balances	<u>35,749,161</u>	<u>-</u>	<u>953,627</u>	<u>6,237,626</u>	<u>42,940,414</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 46,810,497	\$ 6,287,809	\$ 2,707,175	\$ 10,353,432	\$ 66,158,913

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, 2019

Total Fund Balances - Governmental Funds	\$ 42,940,414
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.	84,719,987
Less amount reported in internal service funds below.	(4,158,141)
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.	46,000
Loss on refunding on bonds is reported as a deferred outflow on the statement of net position.	22,921
Unamortized premiums/discounts on bonds are reported as liabilities on the statement of net position.	(395,591)
Accrued interest on long-term liabilities is shown as a liability on the statement of net position.	(831)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	12,783,816
Less amount reported in internal service funds below.	(639,599)
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(9,874,103)
Less amount reported in internal service funds below.	77,987
Deferred outflows related to other post employment benefits do not relate to current financial resources and are not reported in the governmental funds.	2,793,138
Less amount reported in internal service funds below.	(53,386)
Deferred inflows related to other post employment benefits do not relate to current financial resources and are not reported in the governmental funds.	(534,985)
Less amount reported in internal service funds below.	10,225
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.	(1,626,180)
Less amount reported in internal service funds below.	72,951
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	(10,359,192)
Net pension liability - Firefighters' Pension	(34,362,680)
Net pension liability - Police Pension	(41,857,044)
Net pension liability - Illinois Municipal Retirement Fund	(5,343,482)
Claims payable	(581,370)
Total OPEB liability	(12,695,708)
Less amount reported in internal service funds below.	778,871
The net position of the internal service funds are included in the governmental activities in the statement of net position.	<u>10,655,461</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 32,419,479</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, 2019

	General	Public Safety Pension Levy	Capital Projects	Nonmajor Governmental Funds	Totals
REVENUES					
Property taxes	\$ 3,828,685	\$ 6,235,280	\$ 1,193,045	\$ 2,898,077	\$ 14,155,087
Personal property replacement tax	356,704	-	-	-	356,704
Licenses and permits	1,832,859	-	-	1,131,045	2,963,904
Public charges for services	3,150,435	-	-	914,289	4,064,724
Municipal sales tax	13,134,042	-	442,005	-	13,576,047
Utility taxes	2,423,838	-	-	-	2,423,838
Real estate transfer tax	1,665,318	-	-	-	1,665,318
Intergovernmental	30,231	-	-	148,207	178,438
State income tax	3,167,946	-	-	-	3,167,946
Franchise tax	1,731,838	-	-	-	1,731,838
Payments in lieu of taxes and affordable units	1,049,984	-	-	412,500	1,462,484
Other taxes	2,033,049	-	-	559,175	2,592,224
Reimbursements	344,920	-	164,804	1,734,284	2,244,008
Fines, forfeitures and penalties	541,764	-	-	17,612	559,376
Motor fuel tax	-	-	-	976,402	976,402
Interest income	680,415	-	121,044	114,273	915,732
Net change in fair value of investments	328,193	-	-	-	328,193
Miscellaneous	425,884	-	-	74,160	500,044
Total Revenues	<u>36,726,105</u>	<u>6,235,280</u>	<u>1,920,898</u>	<u>8,980,024</u>	<u>53,862,307</u>
EXPENDITURES					
Current					
General government	7,326,231	-	-	-	7,326,231
Public safety	20,456,857	6,235,280	-	135,653	26,827,790
Public works	2,748,828	-	-	2,998,033	5,746,861
Transit	-	-	-	1,370,188	1,370,188
Commissions	73,711	-	-	-	73,711
Economic and physical development	3,895,075	-	-	1,521,126	5,416,201
Capital Outlay	-	-	4,472,927	-	4,472,927
Debt Service					
Principal	-	-	-	913,160	913,160
Interest and fiscal charges	-	-	-	326,712	326,712
Total Expenditures	<u>34,500,702</u>	<u>6,235,280</u>	<u>4,472,927</u>	<u>7,264,872</u>	<u>52,473,781</u>
Excess (deficiency) of revenues over expenditures	<u>2,225,403</u>	<u>-</u>	<u>(2,552,029)</u>	<u>1,715,152</u>	<u>1,388,526</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	685,000	-	750,400	484,848	1,920,248
Transfers out	(291,127)	-	-	(1,629,121)	(1,920,248)
Sales of capital assets	3,739,457	-	-	-	3,739,457
Total Other Financing Sources (Uses)	<u>4,133,330</u>	<u>-</u>	<u>750,400</u>	<u>(1,144,273)</u>	<u>3,739,457</u>
Net Change in Fund Balances	6,358,733	-	(1,801,629)	570,879	5,127,983
FUND BALANCES - Beginning of Year (as restated)	<u>29,390,428</u>	<u>-</u>	<u>2,755,256</u>	<u>5,666,747</u>	<u>37,812,431</u>
FUND BALANCES - END OF YEAR	<u>\$ 35,749,161</u>	<u>\$ -</u>	<u>\$ 953,627</u>	<u>\$ 6,237,626</u>	<u>\$ 42,940,414</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, 2019

Net change in fund balances - total governmental funds	\$ 5,127,983
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of 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.	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	4,535,272
Depreciation is reported in the government-wide financial statements	(3,598,552)
Net book value of assets retired	(1,432,272)
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.	
	24,000
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.	
Principal repaid	913,160
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.	
Bond premium	56,414
Deferred charge on refunding	(11,460)
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.	
Compensated absences	(14,834)
Net pension asset - IMRF	(3,333,977)
Net pension liability - IMRF	(4,807,267)
Net pension liability - Police Pension	4,609,676
Net pension liability - Firefighters' Pension	4,562,446
Total OPEB liability	(3,183,135)
Deferred outflows of resources related to OPEB	2,739,752
Deferred inflows of resources related to OPEB	74,162
Deferred outflows of resources related to pensions	(3,245,566)
Deferred inflows of resources related to pensions	2,357,464
Accrued interest on debt	70
The change in claims payable is shown as an expense on the statement of activities.	207,623
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.	
	(12,211)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 5,568,748

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Fund - Motor Vehicle Parking System	Totals	
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 3,274,029	\$ 2,082,829	\$ 791,077	\$ 6,147,935	\$ 6,725,199
Accounts receivable (net)	1,266,497	510,233	-	1,776,730	410,224
Due from other organizations	-	-	74,672	74,672	-
Total Current Assets	<u>4,540,526</u>	<u>2,593,062</u>	<u>865,749</u>	<u>7,999,337</u>	<u>7,135,423</u>
Noncurrent Assets					
Capital Assets					
Land	66,958	-	1,319,165	1,386,123	-
Construction in progress	1,145,389	242,462	-	1,387,851	396,227
Infrastructure	-	-	608,196	608,196	-
Parking facilities and equipment	-	-	4,380,632	4,380,632	-
Water and sewer plant and equipment	90,614,746	77,203,218	-	167,817,964	-
Improvements other than buildings	-	-	58,439	58,439	-
Machinery, equipment and furnishings	-	-	-	-	13,383,755
Less: Accumulated depreciation	<u>(38,375,869)</u>	<u>(55,605,125)</u>	<u>(3,709,938)</u>	<u>(97,690,932)</u>	<u>(9,621,841)</u>
Total Noncurrent Assets	<u>53,451,224</u>	<u>21,840,555</u>	<u>2,656,494</u>	<u>77,948,273</u>	<u>4,158,141</u>
Total Assets	<u>57,991,750</u>	<u>24,433,617</u>	<u>3,522,243</u>	<u>85,947,610</u>	<u>11,293,564</u>
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized loss on advanced refunding	488,743	-	-	488,743	-
Deferred outflows related to pensions	1,283,266	623,736	-	1,907,002	639,599
Deferred outflows related to OPEB	<u>72,784</u>	<u>36,166</u>	<u>30,819</u>	<u>139,769</u>	<u>53,386</u>
Total Deferred Outflows of Resources	<u>1,844,793</u>	<u>659,902</u>	<u>30,819</u>	<u>2,535,514</u>	<u>692,985</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Nonmajor Enterprise Fund - Motor Vehicle Parking System	Totals	Governmental Activities - Internal Service Funds
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 289,552	\$ 268,511	\$ 47,163	\$ 605,226	\$ 327,957
Accrued liabilities	56,855	23,690	3,871	84,416	26,127
Deposits	26,000	-	-	26,000	-
Unearned revenue	56,589	-	-	56,589	36,970
Long-term debt - due within one year	1,971,866	400,103	-	2,371,969	14,590
Total Current Liabilities	<u>2,400,862</u>	<u>692,304</u>	<u>51,034</u>	<u>3,144,200</u>	<u>405,644</u>
Noncurrent Liabilities					
Long-Term Debt					
Due in more than one year	<u>41,768,999</u>	<u>4,021,032</u>	<u>140,082</u>	<u>45,930,113</u>	<u>837,232</u>
Total Noncurrent Liabilities	<u>41,768,999</u>	<u>4,021,032</u>	<u>140,082</u>	<u>45,930,113</u>	<u>837,232</u>
Total Liabilities	<u>44,169,861</u>	<u>4,713,336</u>	<u>191,116</u>	<u>49,074,313</u>	<u>1,242,876</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	156,469	76,053	-	232,522	77,987
Deferred inflows related to OPEB	<u>13,941</u>	<u>6,927</u>	<u>5,903</u>	<u>26,771</u>	<u>10,225</u>
Total Deferred Inflows of Resources	<u>170,410</u>	<u>82,980</u>	<u>5,903</u>	<u>259,293</u>	<u>88,212</u>
NET POSITION					
Net investment in capital assets	14,961,277	18,391,211	2,656,494	36,008,982	4,158,141
Unrestricted	<u>534,995</u>	<u>1,905,992</u>	<u>699,549</u>	<u>3,140,536</u>	<u>6,497,320</u>
TOTAL NET POSITION	<u>\$ 15,496,272</u>	<u>\$ 20,297,203</u>	<u>\$ 3,356,043</u>	<u>\$ 39,149,518</u>	<u>\$ 10,655,461</u>

CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				
			Nonmajor Enterprise Fund - Motor Vehicle Parking System		Governmental Activities - Internal Service Funds
	Water	Sewer	Totals		
OPERATING REVENUES					
Water sales	\$ 8,653,716	\$ -	\$ -	\$ 8,653,716	\$ -
Sanitary sewer charges	-	2,210,397	-	2,210,397	-
Stormwater management fees	-	2,311,066	-	2,311,066	-
Water/sewer permit fees	103,122	30,030	-	133,152	-
Parking lot collections	-	-	553,967	553,967	-
Parking violations	-	-	270,939	270,939	-
Charges for goods and services	-	-	-	-	8,417,042
Miscellaneous	49,869	32,061	6,565	88,495	166,662
Total Operating Revenues	<u>8,806,707</u>	<u>4,583,554</u>	<u>831,471</u>	<u>14,221,732</u>	<u>8,583,704</u>
OPERATING EXPENSES					
Personnel services	2,235,733	1,094,161	340,365	3,670,259	1,243,683
Contractual services	1,188,438	561,068	230,580	1,980,086	5,743,975
Materials and supplies	358,501	68,987	18,677	446,165	575,373
Small tools and equipment	208,853	857,370	9,203	1,075,426	178,336
Administrative reimbursements	1,287,600	-	99,000	1,386,600	-
Repairs and maintenance	-	-	-	-	463,419
Depreciation	1,723,296	1,918,628	163,246	3,805,170	543,435
Total Operating Expenses	<u>7,002,421</u>	<u>4,500,214</u>	<u>861,071</u>	<u>12,363,706</u>	<u>8,748,221</u>
Operating Income (Loss)	<u>1,804,286</u>	<u>83,340</u>	<u>(29,600)</u>	<u>1,858,026</u>	<u>(164,517)</u>
NONOPERATING REVENUES (EXPENSES)					
Investment income	134,526	51,528	12,024	198,078	137,654
Intergovernmental	71,026	235,865	-	306,891	-
Gain (loss) on sale of capital assets	-	-	-	-	14,652
Interest and fiscal charges	(1,227,131)	(99,529)	-	(1,326,660)	-
Total Nonoperating Revenues (Expenses)	<u>(1,021,579)</u>	<u>187,864</u>	<u>12,024</u>	<u>(821,691)</u>	<u>152,306</u>
Change in Net Position	<u>782,707</u>	<u>271,204</u>	<u>(17,576)</u>	<u>1,036,335</u>	<u>(12,211)</u>
NET POSITION - Beginning of Year	<u>14,713,565</u>	<u>20,025,999</u>	<u>3,373,619</u>	<u>38,113,183</u>	<u>10,667,672</u>
NET POSITION - END OF YEAR	<u>\$ 15,496,272</u>	<u>\$ 20,297,203</u>	<u>\$ 3,356,043</u>	<u>\$ 39,149,518</u>	<u>\$ 10,655,461</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Year Ended December 31, 2019

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Fund - Motor Vehicle Parking System	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from customers	\$ 8,528,060	\$ 4,621,004	\$ 831,211	\$ 13,980,275	\$ 8,683,171
Paid to suppliers	(3,071,034)	(1,636,043)	(361,929)	(5,069,006)	(7,054,266)
Paid to employees	(2,289,282)	(1,124,747)	(328,056)	(3,742,085)	(1,229,953)
Net Cash Flows From Operating Activities	<u>3,167,744</u>	<u>1,860,214</u>	<u>141,226</u>	<u>5,169,184</u>	<u>398,952</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	<u>134,526</u>	<u>51,528</u>	<u>12,024</u>	<u>198,078</u>	<u>137,654</u>
Net Cash Flows From Investing Activities	<u>134,526</u>	<u>51,528</u>	<u>12,024</u>	<u>198,078</u>	<u>137,654</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Repayment (advance) to other funds	-	-	20,886	20,886	-
Operating grants received	<u>71,026</u>	<u>235,865</u>	<u>-</u>	<u>306,891</u>	<u>-</u>
Net Cash Flows From Noncapital Financing Activities	<u>71,026</u>	<u>235,865</u>	<u>20,886</u>	<u>327,777</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Debt retired	(1,627,495)	(386,084)	-	(2,013,579)	-
Interest paid	(1,254,623)	(115,178)	-	(1,369,801)	-
Acquisition and construction of capital assets	(1,032,135)	(2,085,008)	-	(3,117,143)	(1,000,438)
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,291</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(3,914,253)</u>	<u>(2,586,270)</u>	<u>-</u>	<u>(6,500,523)</u>	<u>(987,147)</u>
Net Change in Cash and Cash Equivalents	(540,957)	(438,663)	174,136	(805,484)	(450,541)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,814,986</u>	<u>2,521,492</u>	<u>616,941</u>	<u>6,953,419</u>	<u>7,175,740</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 3,274,029</u>	<u>\$ 2,082,829</u>	<u>\$ 791,077</u>	<u>\$ 6,147,935</u>	<u>\$ 6,725,199</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds					
			Nonmajor Enterprise Fund - Motor Vehicle Parking System		Governmental Activities - Internal Service Funds	
	Water	Sewer		Totals		
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES						
Operating income (loss)	\$ 1,804,286	\$ 83,340	\$ (29,600)	\$ 1,858,026	\$ (164,517)	
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities						
Depreciation	1,723,296	1,918,628	163,246	3,805,170	543,435	
Changes in assets and liabilities						
Accounts receivable	(132,347)	37,450	-	(94,897)	74,839	
Accounts payable	(27,642)	(148,618)	(4,469)	(180,729)	(93,163)	
Accrued salaries	4,167	1,212	(848)	4,531	2,430	
Net pension liability	1,911,841	851,906	-	2,763,747	857,287	
Deferred outflows related to pensions	(1,094,844)	(549,587)	-	(1,644,431)	(567,234)	
Deferred inflows related to pensions	(863,643)	(325,390)	-	(1,189,033)	(313,793)	
Compensated absences	8,907	11,406	-	20,313	2,360	
Unearned revenue	(159,800)	-	(260)	(160,060)	24,628	
Deposits	13,500	-	-	13,500	-	
Total OPEB liability	56,584	18,530	44,264	119,378	85,965	
Deferred outflows related to OPEB	(72,784)	(36,166)	(30,819)	(139,769)	(53,386)	
Deferred inflows related to OPEB	(3,777)	(2,497)	(288)	(6,562)	101	
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 3,167,744</u>	<u>\$ 1,860,214</u>	<u>\$ 141,226</u>	<u>\$ 5,169,184</u>	<u>\$ 398,952</u>	
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Change in capital-related accounts payable	\$ 84,107	\$ -	\$ -		\$ -	

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2019

	<u>Pension Trusts</u>
ASSETS	
Cash and cash equivalents	\$ 1,600,683
Investments	
Corporate bonds	6,198,078
U.S. Government and agency obligations	24,860,133
Mutual funds	57,568,679
Municipal bonds	3,740,960
Receivables	
Accrued interest	230,828
Prepaid items	250
Due from primary government	17,808
Total Assets	<u>94,217,419</u>
LIABILITIES	
Accounts payable	<u>33,807</u>
Total Liabilities	<u>33,807</u>
NET POSITION	
Restricted for pension benefits	<u>94,183,612</u>
TOTAL NET POSITION	<u><u>\$ 94,183,612</u></u>

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, 2019

	<u>Pension Trusts</u>
ADDITIONS	
Contributions	
Employer	\$ 8,017,274
Plan members	<u>1,037,773</u>
Total Contributions	<u>9,055,047</u>
Investment income	
Investment income	2,555,845
Net appreciation in fair value of investments	<u>12,660,843</u>
Total Investment Income	<u>15,216,688</u>
Less Investment expense	<u>111,601</u>
Net investment income	<u>15,105,087</u>
Total Additions	<u>24,160,134</u>
DEDUCTIONS	
Benefits	9,171,967
Administration	<u>87,621</u>
Total Deductions	<u>9,259,588</u>
Change in Fiduciary Net Position	14,900,546
NET POSITION - Beginning of Year	<u>79,283,066</u>
NET POSITION - END OF YEAR	<u><u>\$ 94,183,612</u></u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

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CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 three methods: discrete presentation, blended, or fiduciary. 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, 2019

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

A. REPORTING ENTITY (cont.)

Discretely Presented Component Units

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.G. 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, 2019. Separately issued financial statements of the Highland Park Public Library may be obtained from the Library's office.

Highland Park Housing Associations

The government-wide financial statements include the Highland Park Housing Associations as a component unit. The seven member Highland Park Housing Commission was created in 1973 to encourage and engage in the development of low-and moderate-income housing. Currently, the Commission operates rental housing in four affordable developments, which are owned and/or operated by four distinct housing associations. These are the Ravinia Housing Association, the Peers Housing Association, the Sunset Woods Housing Association and the Walnut Housing Association. The members of the Housing Commission, which are appointed by the Mayor and confirmed by the City Council, are concurrently the board members of the four individual associations. The City has the ability to impose its will over the Highland Park Housing Associations for the following reasons: (1) the Mayor has the ability to remove members at will without cause and (2) the Housing Commission budget and all projects are required to be approved by City Council. The Chair of the Housing Commission is also the President of each of the housing associations. Each of the four housing associations is a separate registered not-for-profit entity and has its own bylaws. As a component unit, the Associations' financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2019. Separately issued financial statements of the Highland Park Housing Associations' members may be obtained from the City's office.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

A. REPORTING ENTITY (cont.)

Fiduciary Component Units

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. A municipality is considered to have a financial burden if it is legally obligated or has otherwise assumed the obligation to make contributions to the pension plan. 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. PPERS is reported as a fiduciary component unit and the data for the pension is included in the government's fiduciary fund financial statements as a pension trust fund. 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. A municipality is considered to have a financial burden if it is legally obligated or has otherwise assumed the obligation to make contributions to the pension plan. 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. FPERS is reported as a fiduciary component unit and the data for the pension is included in the government's fiduciary fund financial statements as a pension trust fund. No separate annual financial report is issued for the FPERS.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

In January 2017, the GASB issued statement No. 84 - *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. This standard was implemented January 1, 2019.

In March 2018, the GASB issued statement No. 88 - *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This standard was implemented January 1, 2019.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

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, 2019

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, 2019

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	Environmental Sustainability
Multi-Modal Transportation	Affordable Housing

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 Funds - 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 - Ravinia
Tax Increment Financing - Briergate

Enterprise Fund - used to account for and report any activity for which a fee is charged to external uses 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, 2019

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

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. Exceptions to this general rule are charges between the City's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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.

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Fund Financial Statements (cont.)

Proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as described previously in this note.

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.

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.)

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, 2019

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	42%	5.5%
Mid-Cap / Small-Cap Domestic Equity	12%	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 US Government Bond Index, large-cap domestic equity investments outperform the S&P 500 Index, small-cap domestic equity investments outperform the Russell Stock 2000 Index, and international equity investments outperform the MSCI Europe/Australia/Far East Index, 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, 2019

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.)

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, 2019

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 2019 attach as an enforceable lien, as of January 1, 2019, 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 2019 are prepared by Lake County, issued in May 2020, and are payable in two installments, on or about June 6, 2020 and September 6, 2020 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2019 property tax levy is recognized as a receivable and a deferral in fiscal 2019, net of the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2019, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2019 levy.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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.)

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, 2019

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, 2019

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.)

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 total OPEB liabilities.

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, 2019

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

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, 2019

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

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%), 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, 2019

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	\$ 43,104,184	\$ 44,130,421	Custodial credit risk - deposits
Money market - Illinois Funds	15,078,781	15,078,781	Credit risk
Money market - other	1,313,394	1,313,394	Credit risk, interest rate risk
Corporate bonds	6,198,078	6,198,078	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
U.S. Treasury obligations	4,830,255	4,830,255	Custodial credit risk - investments, interest rate risk
U.S. Agency obligations - explicitly guaranteed	3,535	3,535	Custodial credit risk - investments, concentration of credit risk, interest rate risk
U.S. Agency obligation - implicitly guaranteed	20,026,343	20,026,343	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Mutual funds - other	57,568,679	57,568,679	N/A
Municipal bonds	3,740,960	3,740,960	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Petty cash	5,470	-	N/A
Total Deposits and Investments	<u>\$151,869,679</u>	<u>\$152,890,446</u>	

Reconciliation to financial statements

Per statement of net position

Cash \$ 57,901,146

Per statement of net position - fiduciary funds

Cash and cash equivalents - pension trust 1,600,683
Corporate bonds 6,198,078
U.S. government and agency obligations 24,860,133
Mutual Funds 57,568,679
Municipal bonds 3,740,960

Total Deposits and Investments \$151,869,679

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2019, the City's investments were measured using valuation inputs as follows:

Police Pension Fund

Investment Type	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Money market - other	\$ 508,014	\$ -	\$ -	\$ 508,014
Corporate bonds	-	2,648,189	-	2,648,189
U.S. Treasury obligations	2,893,005	-	-	2,893,005
U.S. Agency obligations - explicit	-	3,535	-	3,535
U.S. Agency obligations - implicit	-	9,554,563	-	9,554,563
Municipal bonds	-	1,863,794	-	1,863,794
Mutual funds - other	27,933,658	-	-	27,933,658
Total	<u>\$ 31,334,677</u>	<u>\$ 14,070,081</u>	<u>\$ -</u>	<u>\$ 45,404,758</u>

Firefighters' Pension Fund

Investment Type	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Money market - other	\$ 805,380	\$ -	\$ -	\$ 805,380
Corporate bonds	-	3,549,889	-	3,549,889
U.S. Treasury obligations	1,937,250	-	-	1,937,250
U.S. Agency obligations - implicit	-	10,471,780	-	10,471,780
Municipal bonds	-	1,877,166	-	1,877,166
Mutual funds - other	29,635,021	-	-	29,635,021
Total	<u>\$ 32,377,651</u>	<u>\$ 15,898,835</u>	<u>\$ -</u>	<u>\$ 48,276,486</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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, 2019, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poors</u>	<u>Moody's Investors Services</u>
Money market - Illinois Funds	AAAm	N/A
Money market - other	AAAm	Aaa
Corporate bonds	AAA - BBB	Aaa - Baa2
U.S. Agency obligations	AA+	Aaa
Municipal bonds	AAA - AA, NR	Aaa - A1, NR

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, 2019, the City held no investments subject to concentration of credit risk.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

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

Federal Home Loan Bank	\$	2,861,479
Federal Farm Credit Banks		6,349,912

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

Federal Farm Credit Banks	\$	6,357,379
Federal Home Loan Bank		3,011,183

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, 2019, the City's investments were as follows:

Police Pension Fund

Investment Type	Fair Value	Maturity (In Years)			
		< 1	1-5	6-10	> 10
Money market - other	\$ 508,014	\$ 508,014	\$ -	\$ -	\$ -
Corporate bonds	2,648,189	473,319	1,339,356	835,514	-
U.S. Treasury obligations	2,893,005	-	2,238,348	654,657	-
U.S. Agency obligations - explicit	3,535	-	-	-	3,535
U.S. Agency obligations - implicit	9,554,563	250,597	988,159	7,980,662	335,145
Municipal bonds	1,863,794	150,825	580,364	980,867	151,738
Totals	<u>\$ 17,471,100</u>	<u>\$ 1,382,755</u>	<u>\$ 5,146,227</u>	<u>\$ 10,451,700</u>	<u>\$ 490,418</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk (cont.)

Firefighters' Pension Fund

Investment Type	Fair Value	Maturity (In Years)			
		< 1	1-5	6-10	> 10
Money market - other	\$ 805,380	\$ 805,380	\$ -	\$ -	\$ -
Corporate bonds	3,549,889	105,159	1,670,353	1,774,377	-
U.S. Treasury obligations	1,937,250	811,520	1,005,528	120,202	-
U.S. Agency obligations - implicit	10,471,780	-	1,340,712	8,289,719	841,349
Municipal bonds	1,877,166	150,825	588,654	980,867	156,820
Totals	<u>\$ 18,641,465</u>	<u>\$ 1,872,884</u>	<u>\$ 4,605,247</u>	<u>\$ 11,165,165</u>	<u>\$ 998,169</u>

Money-Weighted Rate of Return

Police Pension Fund

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 18.96%. 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, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 19.30%. 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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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	\$ 2,492,140
Utility tax	661,314
Home rule sales tax	1,058,818
Local use tax	<u>293,879</u>
Total	<u>\$ 4,506,151</u>

	<u>General Fund</u>
Accounts receivable	
Local sales	\$ 98,301
Rent	7,401
Grants	40,778
Permits	54,703
Court fines / red light camera	18,802
Miscellaneous	<u>910,245</u>
Gross receivables	1,130,230
Less: Allowance for uncollectibles	<u>(25,639)</u>
Net accounts receivable	<u>\$ 1,104,591</u>

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

B. RECEIVABLES (cont.)

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:

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 14,413,901	\$ -
Other	<u>300,900</u>	<u>46,000</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u>\$ 14,714,801</u>	<u>\$ 46,000</u>
Unearned revenue included in liabilities	\$ 300,900	
Unearned revenue included in deferred inflows	<u>14,413,901</u>	
Total Unearned Revenue for Governmental Funds	<u>\$ 14,714,801</u>	

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 13,309,403	\$ -	\$ 513,359	\$ 12,796,044
Land right of way	260,190	-	-	260,190
Construction in progress	<u>2,613,437</u>	<u>430,958</u>	<u>1,943,603</u>	<u>1,100,792</u>
Total Capital Assets Not Being depreciated	<u>16,183,030</u>	<u>430,958</u>	<u>2,456,962</u>	<u>14,157,026</u>
Capital assets being depreciated				
Buildings and land improvements	71,358,722	1,151,645	2,924,220	69,586,147
Machinery and equipment	16,833,367	2,569,946	418,551	18,984,762
Infrastructure	<u>60,529,368</u>	<u>3,326,765</u>	<u>-</u>	<u>63,856,133</u>
Total Capital Assets Being Depreciated	<u>148,721,457</u>	<u>7,048,356</u>	<u>3,342,771</u>	<u>152,427,042</u>
Total Capital Assets	<u>164,904,487</u>	<u>7,479,314</u>	<u>5,799,733</u>	<u>166,584,068</u>
Less: Accumulated depreciation for				
Buildings and land improvements	32,986,753	1,518,198	2,020,105	32,484,846
Machinery and equipment	12,315,954	951,032	405,113	12,861,873
Infrastructure	<u>34,844,605</u>	<u>1,672,757</u>	<u>-</u>	<u>36,517,362</u>
Total Accumulated depreciation	<u>80,147,312</u>	<u>4,141,987</u>	<u>2,425,218</u>	<u>81,864,081</u>
Net Capital Assets Being Depreciated	<u>68,574,145</u>	<u>2,906,369</u>	<u>917,553</u>	<u>70,562,961</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 84,757,175</u>	<u>\$ 3,337,327</u>	<u>\$ 3,374,515</u>	<u>\$ 84,719,987</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government	\$ 291,754
Public safety	358,550
Public works	1,974,708
Economic development	<u>1,516,975</u>
Total Governmental Activities Depreciation Expense	<u>\$ 4,141,987</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

C. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciation				
Land	\$ 1,386,123	\$ -	\$ -	\$ 1,386,123
Construction in progress	1,479,237	-	91,386	1,387,851
Total Capital Assets Not Being depreciation	<u>2,865,360</u>	<u>-</u>	<u>91,386</u>	<u>2,773,974</u>
Capital assets being depreciated				
Buildings and land improvements	53,406,386	415,004	-	53,821,390
Machinery and equipment	4,271,219	127,742	7,169	4,391,792
Infrastructure	111,902,159	2,749,890	-	114,652,049
Total Capital Assets Being Depreciated	<u>169,579,764</u>	<u>3,292,636</u>	<u>7,169</u>	<u>172,865,231</u>
Total Capital Assets	<u>172,445,124</u>	<u>3,292,636</u>	<u>98,555</u>	<u>175,639,205</u>
Less: Accumulated depreciation for				
Buildings and land improvements	17,758,086	997,540	-	18,755,626
Machinery and equipment	3,169,104	116,088	7,169	3,278,023
Infrastructure	72,965,741	2,691,542	-	75,657,283
Total Accumulated depreciation	<u>93,892,931</u>	<u>3,805,170</u>	<u>7,169</u>	<u>97,690,932</u>
Net Capital Assets Being Depreciated	<u>75,686,833</u>	<u>(512,534)</u>	<u>-</u>	<u>75,174,299</u>
Business-type Capital Assets, Net of Accumulated depreciation	<u>\$ 78,552,193</u>	<u>\$ (512,534)</u>	<u>\$ 91,386</u>	<u>\$ 77,948,273</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:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental	\$ 164,910
Total - Fund Financial Statements		164,910
Less: Government-wide eliminations		<u>(164,910)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ -</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

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

Interfund Receivables/Payables (cont.)

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

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	\$ 685,000	E-911 costs
Capital Projects	Nonmajor Governmental	750,400	Street and bridge improvements
Nonmajor Governmental	General	291,127	Reimbursement of TIF expenditures
			Street and bridge improvements; transfer of Briergate TIF property tax revenue from the Ravinia TIF Fund to track TIFs separately
Nonmajor Governmental	Nonmajor Governmental	<u>193,721</u>	
Total - Fund Financial Statements		1,920,248	
Less: Government-wide eliminations		<u>(1,920,248)</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, 2019

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

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 11,272,352	\$ -	\$ 913,160	\$ 10,359,192	\$ 908,310
(Discounts)/Premiums	452,005	-	56,414	395,591	-
Sub-totals	<u>11,724,357</u>	<u>-</u>	<u>969,574</u>	<u>10,754,783</u>	<u>908,310</u>
Other Liabilities					
Compensated absences	1,608,986	1,223,934	1,206,740	1,626,180	325,236
Other postemployment benefits	9,426,608	3,795,508	526,408	12,695,708	-
Claims payable	788,993	34,091	241,714	581,370	-
Net pension liability - IMRF*	-	5,343,482	-	5,343,482	-
Net pension liability - Firefighters'	38,925,126	3,166,885	7,729,331	34,362,680	-
Net pension liability - Police	46,466,720	2,561,539	7,171,215	41,857,044	-
Total Other Liabilities	<u>97,216,433</u>	<u>16,125,439</u>	<u>16,875,408</u>	<u>96,466,464</u>	<u>325,236</u>
Total Governmental Activities Long- Term Liabilities	<u>\$108,940,790</u>	<u>\$ 16,125,439</u>	<u>\$ 17,844,982</u>	<u>\$107,221,247</u>	<u>\$ 1,233,546</u>
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 42,472,649	\$ -	\$ 1,791,840	\$ 40,680,809	\$ 2,111,689
IEPA loan - direct borrowing	4,907,725	-	221,739	4,685,986	226,185
(Discounts)/Premiums	617,613	-	86,846	530,767	-
Sub-totals	<u>47,997,987</u>	<u>-</u>	<u>2,100,425</u>	<u>45,897,562</u>	<u>2,337,874</u>
Other Liabilities					
Compensated absences	150,162	132,935	112,622	170,475	34,095
Other postemployment benefits	515,914	145,719	26,341	635,292	-
Net pension liability - IMRF*	-	1,598,753	-	1,598,753	-
Total Other Liabilities	<u>666,076</u>	<u>1,877,407</u>	<u>138,963</u>	<u>2,404,520</u>	<u>34,095</u>
Total Business-type Activities Long- Term Liabilities	<u>\$ 48,664,063</u>	<u>\$ 1,877,407</u>	<u>\$ 2,239,388</u>	<u>\$ 48,302,082</u>	<u>\$ 2,371,969</u>

*As of December 31, 2019, the IMRF net pension asset became a net pension liability.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

E. LONG-TERM OBLIGATIONS (cont.)

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.

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	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
General Obligation Debt					
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	\$ 495,000
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	479,050
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	1,265,000
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	615,142
2018 General Obligation Bonds due in annual installments of \$395,000 to \$660,000	2/8/2018	12/30/2031	3.00% - 3.00%	7,900,000	<u>7,505,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 10,359,192</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Business-type Activities	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
General Obligation Debt					
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	\$ 325,000
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	285,000
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	5,125,000
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	\$ 2,680,000

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019
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
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	3,803,367
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	72,583
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	815,000
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>\$ 2,384,859</u>
Total Business-type Activities - General Obligation Debt					<u><u>\$ 40,680,809</u></u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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
2020	\$ 908,310	\$ 299,043	\$ 2,111,689	\$ 1,216,814
2021	925,010	273,943	2,419,990	1,159,925
2022	730,010	247,943	2,564,990	1,096,576
2023	795,012	227,793	2,639,989	1,031,439
2024	800,012	205,742	2,709,988	964,889
2025-2029	3,685,060	696,507	13,439,940	3,716,406
2030-2034	<u>2,515,778</u>	<u>191,454</u>	<u>14,794,223</u>	<u>1,520,847</u>
Totals	<u>\$ 10,359,192</u>	<u>\$ 2,142,425</u>	<u>\$ 40,680,809</u>	<u>\$ 10,706,896</u>

Business-type Activities

Other Bonds or Notes or Loans Payable	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2019
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>\$ 4,685,986</u>
Total Business-type Activities Other Bonds or Notes or Loans Payable					<u>\$ 4,685,986</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

E. LONG-TERM OBLIGATIONS (cont.)

Debt service requirements to maturity are as follows:

Years	Business-type Activities Other Bonds or Notes or Loans Payable	
	Principal	Interest
2020	\$ 226,185	\$ 92,363
2021	230,720	87,828
2022	235,345	83,202
2023	240,064	78,484
2024	244,877	73,670
2025-2029	1,300,029	292,709
2030-2034	1,435,685	157,053
2035-2036	<u>773,081</u>	<u>23,287</u>
Totals	<u>\$ 4,685,986</u>	<u>\$ 888,596</u>

F. RESTATEMENT OF FUND BALANCES/NET POSITION

Governmental Activities net position and fund balances in the General Fund and Affordable Housing Fund, a nonmajor special revenue fund, have been restated due to the implementation of GASB No. 84.

	Governmental Activities	General Fund	Nonmajor Governmental Funds
Net position / fund balance as of December 31, 2018 (as reported)	\$ 26,289,979	\$ 29,308,856	\$ 5,187,567
Record the General Deposit Fund, previously reported as an agency fund, as a sub-fund of the General Fund	81,572	81,572	-
Record the Affordable Housing Fund as a nonmajor special revenue fund	<u>479,180</u>	<u>-</u>	<u>479,180</u>
Net position / fund balance as of December 31, 2018 (as restated)	<u>\$ 26,850,731</u>	<u>\$ 29,390,428</u>	<u>\$ 5,666,747</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

G. COMPONENT UNITS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits with financial institutions	\$ 3,883,687	\$ 3,964,939	Custodial credit risk
Money market mutual funds	1,200,259	1,200,259	Credit risk, interest rate risk
Illinois Funds	4,485	4,485	Credit risk
Petty cash	562	-	N/A
Total Deposits and Investments	<u>\$ 5,088,993</u>	<u>\$ 5,169,683</u>	

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, 2019, the Library's investments were measured using valuation inputs as follows:

Investment Type	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Money market mutual funds	<u>\$ 1,200,259</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,200,259</u>
Total	<u>\$ 1,200,259</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,200,259</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

G. COMPONENT UNIT (cont.)

HIGHLAND PARK PUBLIC LIBRARY (cont.)

b. Deposits and Investments (cont.)

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.

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, 2019, the Library's investments were as follows:

Investment Type	Maturity (In Years)	
	Fair Value	< 1
Money market mutual funds	\$ 1,200,259	\$ 1,200,259
Totals	<u>\$ 1,200,259</u>	<u>\$ 1,200,259</u>

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

G. COMPONENT UNIT (cont.)

HIGHLAND PARK PUBLIC LIBRARY (cont.)

c. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 500,000	\$ -	\$ -	\$ 500,000
Construction in progress	-	176,483	-	176,483
Land Improvements	69,249	-	-	69,249
Buildings and improvements	7,506,304	-	-	7,506,304
Machinery and equipment	1,824,276	6,320	-	1,830,596
Less: Accumulated depreciation	(3,942,580)	(262,554)	-	(4,205,134)
Totals	\$ 5,957,249	\$ (79,751)	\$ -	\$ 5,877,498

d. Long-Term Obligations

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General obligation debt	\$ 860,000	\$ -	\$ 45,000	\$ 815,000	\$ 45,000
Vested compensated absences	122,272	175,805	174,648	123,429	-
Total OPEB liability	189,817	75,291	32,313	232,795	-
Net pension liability - IMRF*	-	2,050,212	662,531	1,387,681	-
Totals	\$ 1,172,089	\$ 2,301,308	\$ 914,492	\$ 2,558,905	\$ 45,000

* As of December 31, 2019, the net pension asset of \$975,332 became a net pension liability.

	General Obligation Debt		
	Principal	Interest	Totals
2020	\$ 45,000	\$ 20,225	\$ 65,225
2021	45,000	19,325	64,325
2022	50,000	18,425	68,425
2023	50,000	17,425	67,425
2024	50,000	16,425	66,425
2025-2029	265,000	66,000	331,000
2030-2034	310,000	28,350	338,350
Totals	\$ 815,000	\$ 186,175	\$ 1,001,175

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

G. COMPONENT UNIT (cont.)

HIGHLAND PARK HOUSING ASSOCIATIONS

This report contains the Highland Park Housing Associations (Association), which is included as a component unit.

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

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

At year end, the carrying amount of the Association's deposits was \$1,743,321, consisting of deposits with financial institutions.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

G. COMPONENT UNIT (cont.)

HIGHLAND PARK HOUSING ASSOCIATIONS (cont.)

c. Restricted Assets

The following represent the balances of the restricted assets:

Restricted cash

The Associations are required to maintain certain escrow deposits and reserves according to partnership, loan and other regulatory agreements. These deposits and reserves include tenant security deposits, real estate tax and insurance escrow, replacement reserves, residual receipts reserves, and working capital reserves. As of December 31, 2019, restricted cash was \$1,030,686.

d. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	\$ 220,000	\$ -	\$ -	\$ 220,000	N/A
Land improvements	371,890	-	-	371,890	27
Buildings	12,397,612	97,044	42,467	12,452,189	15-40
Equipment	966,817	-	-	966,817	5-10
Furniture and fixtures	1,246,772	92,971	-	1,339,743	5-10
Less: Accumulated depreciation/ amortization	(10,259,327)	(406,413)	(25,146)	(10,640,594)	
Totals	\$ 4,943,764	\$ (216,398)	\$ 17,321	\$ 4,710,045	

e. Long-Term Obligations

	Beginning balance (as restated)	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Mortgage loan payable	\$ 8,527,376	\$ -	\$ 351,940	\$ 8,175,436	\$ 342,878
Unamortized issuance costs	(223,419)	-	(17,127)	(206,292)	-
Totals	\$ 8,366,020	\$ -	\$ 334,813	\$ 7,969,144	\$ 342,878

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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

G. COMPONENT UNIT (cont.)

HIGHLAND PARK HOUSING ASSOCIATIONS (cont.)

e. Long-Term Obligations (cont.)

Debt service requirements to maturity for the mortgage loan payable are as follows:

	<u>Principal</u>
2020	\$ 342,878
2021	289,544
2022	654,330
2023	313,020
2024	244,505
2025-2035	<u>6,331,159</u>
Totals	<u><u>\$ 8,175,436</u></u>

f. Contingent Liabilities

If the Association were not in compliance with the stipulated terms of loan agreements with Lake County (through the HOME and Investment Program) and the Illinois Housing Development Authority (IHDA), \$676,788 of mortgages would be due on demand. This amount has not been reflected as a liability due to its contingent nature.

g. Restatement of Net Position

As of December 31, 2018, the financial statements incorrectly overstated an accrual for capital recovery payments, accrued interest and accrued incentive performance fees. The net effect of the correction of the over accrual to the January 1, 2019 net deficit is \$96,293.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - OTHER INFORMATION

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. Total pension expense for the City and Library for the year ending December 31, 2019 totaled \$8,452,281 and \$73,423, respectively. 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 every year after retirement, upon reaching age 67, by the lesser of 3% of the original pension amount or 1/2 of the increase in the Consumer Price Index of the original pension amount.

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, 2018, the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	272
Inactive, non-retired members	184
Active members	193
Total	649

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - OTHER INFORMATION (cont.)

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 2018 was 10.10% 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, 2018, 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, 2018 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Investment Rate of Return	7.25%
Inflation	2.50%
Salary increases	3.39% to 14.25%, including inflation
Price inflation	2.50%

Mortality. For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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-2017 (base year 2015). 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-2017 (base year 2015). 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, 2019

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	37.00%	8.50%	7.15%
International equities	18.00%	9.20%	7.25%
Fixed income	28.00%	3.75%	3.75%
Real estate	9.00%	7.30%	6.25%
Alternatives	7.00%		
Private equity		12.40%	8.50%
Hedge funds		5.75%	5.50%
Commodities		4.75%	3.20%
Cash equivalents	1.00%	2.50%	2.50%

Discount rate. The discount rate used to measure the total pension liability for IMRF was 7.25%. The discount rate calculated using the December 31, 2017 measurement date was 7.50%. 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, 2019

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 7.25% 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 (6.25) or 1 percentage point higher (8.25) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
<i>City:</i>			
Total pension liability	\$ 95,114,349	\$ 85,630,103	\$ 77,743,450
Plan fiduciary net pension	78,687,868	78,687,868	78,687,868
Net pension liability/(asset)	<u>\$ 16,426,481</u>	<u>\$ 6,942,235</u>	<u>\$ (944,418)</u>
<i>Library:</i>			
Total pension liability	\$ 19,078,212	\$ 17,175,844	\$ 15,593,925
Plan fiduciary net pension	15,788,163	15,788,163	15,788,163
Net pension liability/(asset)	<u>\$ 3,290,049</u>	<u>\$ 1,387,681</u>	<u>\$ (194,238)</u>
<i>Total:</i>			
Total pension liability	\$ 114,192,561	\$ 102,805,947	\$ 93,337,375
Plan fiduciary net pension	94,476,031	94,476,031	94,476,031
Net pension liability/(asset)	<u>\$ 19,716,530</u>	<u>\$ 8,329,916</u>	<u>\$ (1,138,656)</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2018 were as follows:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
<i>City:</i>			
Balances at December 31, 2017	\$ 80,327,075	\$ 85,147,118	\$ (4,820,043)
Service cost	988,872	-	988,872
Interest on total pension liability	5,881,037	-	5,881,037
Differences between expected and actual experience of the total pension liability	1,230,100	-	1,230,100
Change of assumptions	2,097,398	-	2,097,398
Benefit payments, including refunds of employee contributions	(4,894,379)	(4,894,379)	-
Contributions - employer	-	1,068,278	(1,068,278)
Contributions - employee	-	476,205	(476,205)
Net investment income	-	(5,050,384)	5,050,384
Other (net transfer)	-	1,941,030	(1,941,030)
Balances at December 31, 2018	<u>\$ 85,630,103</u>	<u>\$ 78,687,868</u>	<u>\$ 6,942,235</u>
<i>Library:</i>			
Balances at December 31, 2017	\$ 16,103,968	\$ 17,079,300	\$ (975,332)
Service cost	197,665	-	197,665
Interest on total pension liability	1,175,560	-	1,175,560
Differences between expected and actual experience of the total pension liability	245,884	-	245,884
Change of assumptions	431,103	-	431,103
Benefit payments, including refunds of employee contributions	(978,336)	(978,336)	-
Contributions - employer	-	213,538	(213,538)
Contributions - employee	-	95,189	(95,189)
Net investment income	-	(1,009,520)	1,009,520
Other (net transfer)	-	387,992	(387,992)
Balances at December 31, 2018	<u>\$ 17,175,844</u>	<u>\$ 15,788,163</u>	<u>\$ 1,387,681</u>
<i>Total:</i>			
Balances at December 31, 2017	\$ 96,431,043	\$ 102,226,418	\$ (5,795,375)
Service cost	1,186,537	-	1,186,537
Interest on total pension liability	7,056,597	-	7,056,597
Differences between expected and actual experience of the total pension liability	1,475,984	-	1,475,984
Change of assumptions	2,528,501	-	2,528,501
Benefit payments, including refunds of employee contributions	(5,872,715)	(5,872,715)	-
Contributions - employer	-	1,281,816	(1,281,816)
Contributions - employee	-	571,394	(571,394)
Net investment income	-	(6,059,904)	6,059,904
Other (net transfer)	-	2,329,022	(2,329,022)
Balances at December 31, 2018	<u>\$ 102,805,947</u>	<u>\$ 94,476,031</u>	<u>\$ 8,329,916</u>
Plan fiduciary net position as a percentage of the total pension liability			91.90 %

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019, the City and Library recognized pension expense of \$440,739 (\$367,316 for the City and \$73,423 for the Library). The City and Library reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<i>City:</i>		
Difference between expected and actual experience	\$ 814,704	\$ 48,652
Assumption changes	1,394,445	961,027
Net difference between projected and actual earnings on pension plan investments	5,411,360	-
Contributions subsequent to the measurement date	660,230	-
Total	<u>\$ 8,280,739</u>	<u>\$ 1,009,679</u>
<i>Library:</i>		
Difference between expected and actual experience	\$ 162,851	\$ 9,725
Assumption changes	278,735	192,099
Net difference between projected and actual earnings on pension plan investments	1,081,675	-
Contributions subsequent to the measurement date	131,973	-
Total	<u>\$ 1,655,234</u>	<u>\$ 201,824</u>
<i>Total:</i>		
Difference between expected and actual experience	\$ 977,555	\$ 58,377
Assumption changes	1,673,180	1,153,126
Net difference between projected and actual earnings on pension plan investments	6,493,035	-
Contributions subsequent to the measurement date	792,203	-
Total	<u>\$ 9,935,973</u>	<u>\$ 1,211,503</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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 December 31, 2020. The remaining amounts reported as deferred outflows and inflows of resources related to pensions \$7,932,267 will be recognized in pension expense as follows:

Year Ending December 31,	City	Library	Total
2020	\$ 2,054,269	\$ 410,627	\$ 2,464,896
2021	1,627,359	325,292	1,952,651
2022	651,743	130,277	782,020
2023	2,277,459	455,241	2,732,700
Total	<u>\$ 6,610,830</u>	<u>\$ 1,321,437</u>	<u>\$ 7,932,267</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, 2019

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Plan membership. At December 31, 2019, the Police Pension membership consisted of:

Retirees and beneficiaries	67
Inactive, non-retired members	4
Active members	<u>57</u>
Total	<u><u>128</u></u>

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, 2019 was 68.38% of annual covered payroll.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2019, 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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019 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)

Mortality rates were based on the RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2019 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	\$ 99,469,529	\$ 87,655,491	\$ 78,002,256
Plan fiduciary net position	45,798,447	45,798,447	45,798,447
Net pension liability	<u>\$ 53,671,082</u>	<u>\$ 41,857,044</u>	<u>\$ 32,203,809</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019 was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/Asset
	(a)	(b)	(a) - (b)
Balances at December 31, 2018	\$ 85,093,952	\$ 38,627,232	\$ 46,466,720
Service cost	1,012,169	-	1,012,169
Interest on total pension liability	5,865,384	-	5,865,384
Changes in benefit terms	120,133	-	120,133
Differences between expected and actual experience of the total pension liability	468,990	-	468,990
Change of assumptions	(274,852)	-	(274,852)
Benefit payments, including refunds of employee contributions	(4,630,285)	(4,630,285)	-
Contributions - employer	-	3,983,517	(3,983,517)
Contributions - employee	-	560,825	(560,825)
Net investment income	-	7,305,648	(7,305,648)
Administration	-	(48,490)	48,490
Balances at December 31, 2019	<u>\$ 87,655,491</u>	<u>\$ 45,798,447</u>	<u>\$ 41,857,044</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2019, the City recognized pension expense of \$4,318,099. 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	\$ 866,722	\$ 2,341,420
Assumption changes	2,149,691	725,853
Net difference between projected and actual earnings on pension plan investments	-	1,618,516
Total	<u>\$ 3,016,413</u>	<u>\$ 4,685,789</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The amounts reported as deferred outflows and inflows of resources related to pensions (\$(1,669,376)) will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2020	\$ 48,409
2021	(669,235)
2022	(166,085)
2023	(882,465)
Total	<u>\$ (1,669,376)</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, 2019

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Plan membership. At December 31, 2019, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries	62
Inactive, non-retired members	2
Active members	<u>50</u>
Total	<u><u>114</u></u>

Contributions. Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2019, 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, 2019 was 78.37% of annual covered payroll.

Net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2019, 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, 2019

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, 2019 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-2019 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	\$ 93,668,573	\$ 82,747,845	\$ 73,794,212
Plan fiduciary net position	<u>48,385,165</u>	<u>48,385,165</u>	<u>48,385,165</u>
Net pension liability	<u>\$ 45,283,408</u>	<u>\$ 34,362,680</u>	<u>\$ 25,409,047</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

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, 2019 was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/Asset
	(a)	(b)	(a) - (b)
Balances at December 31, 2018	\$ 79,580,960	\$ 40,655,834	\$ 38,925,126
Service cost	1,007,419	-	1,007,419
Interest on total pension liability	5,477,719	-	5,477,719
Changes in benefit terms	127,338	-	127,338
Differences between expected and actual experience of the total pension liability	1,355,818	-	1,355,818
Change of assumptions	(259,727)	-	(259,727)
Benefit payments, including refunds of employee contributions	(4,541,682)	(4,541,682)	-
Contributions - employer	-	4,033,757	(4,033,757)
Contributions - employee	-	476,948	(476,948)
Net investment income	-	7,799,439	(7,799,439)
Administration	-	(39,131)	39,131
Balances at December 31, 2019	<u>\$ 82,747,845</u>	<u>\$ 48,385,165</u>	<u>\$ 34,362,680</u>

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2019, the City recognized pension expense of \$3,766,866. 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	\$ 1,167,050	\$ 2,168,434
Assumption changes	2,226,616	507,288
Net difference between projected and actual earnings on pension plan investments	-	1,735,435
Total	<u>\$ 3,393,666</u>	<u>\$ 4,411,157</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The amounts reported as deferred outflows and inflows of resources related to pensions (\$(1,017,491)) will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2020	\$ 99,306
2021	(668,357)
2022	264,653
2023	(895,774)
2024	182,681
Total	<u>\$ (1,017,491)</u>

PENSION SEGMENT INFORMATION

Fiduciary Net Position

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
Assets			
Cash and cash equivalents	\$ 791,943	\$ 808,740	\$ 1,600,683
Investments			
Corporate bonds	2,648,189	3,549,889	6,198,078
U.S. Government and agency obligations	12,451,103	12,409,030	24,860,133
Mutual funds	27,933,658	29,635,021	57,568,679
Municipal bonds	1,863,794	1,877,166	3,740,960
Prepaid items	250	-	250
Receivables			
Accrued interest	115,952	114,876	230,828
Due from primary government	9,032	8,776	17,808
Total Assets	<u>45,813,921</u>	<u>48,403,498</u>	<u>94,217,419</u>
Liabilities			
Accounts payable	15,474	18,333	33,807
Total Liabilities	<u>15,474</u>	<u>18,333</u>	<u>33,807</u>
Net Position			
Restricted for pension benefits	<u>\$ 45,798,447</u>	<u>\$ 48,385,165</u>	<u>\$ 94,183,612</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in Plan Net Position

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
Additions			
Contributions			
Employer	\$ 3,983,517	\$ 4,033,757	\$ 8,017,274
Plan members	<u>560,825</u>	<u>476,948</u>	<u>1,037,773</u>
Total Contributions	<u>4,544,342</u>	<u>4,510,705</u>	<u>9,055,047</u>
Investment Income			
Interest on investments	1,246,389	1,309,456	2,555,845
Net appreciation in fair value of investments	<u>6,113,489</u>	<u>6,547,354</u>	<u>12,660,843</u>
Total Investment income	<u>7,359,878</u>	<u>7,856,810</u>	<u>15,216,688</u>
Less investment income	<u>54,230</u>	<u>57,371</u>	<u>111,601</u>
Net investment income	<u>7,305,648</u>	<u>7,799,439</u>	<u>15,105,087</u>
Total Additions	<u>11,849,990</u>	<u>12,310,144</u>	<u>24,160,134</u>
Deductions			
Benefits	4,630,285	4,541,682	9,171,967
Administration	<u>48,490</u>	<u>39,131</u>	<u>87,621</u>
Total Deductions	<u>4,678,775</u>	<u>4,580,813</u>	<u>9,259,588</u>
Net change in net position	7,171,215	7,729,331	14,900,546
Net Position - Beginning of Year	<u>38,627,232</u>	<u>40,655,834</u>	<u>79,283,066</u>
Net Position - End of Year	<u>\$ 45,798,447</u>	<u>\$ 48,385,165</u>	<u>\$ 94,183,612</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. Starting January 1, 2019, the City joined the Suburban Liability Insurance Pool to provide coverage for general liability and property insurance.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self Insurance

For workers' compensation claims incurred prior to January 1, 2017, the uninsured risk of loss is \$250,000 per incident and these claims are managed by a third party administrator hired by the City as directed by the City's Human Resource Manager. 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. 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	\$ 981,013	\$ 788,993
Current year claims and changes in estimates	187,644	34,091
Claim payments	<u>(379,664)</u>	<u>(241,714)</u>
Unpaid Claims - End of Year	<u>\$ 788,993</u>	<u>\$ 581,370</u>

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool (cont.)

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, 2019.

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

Suburban Liability Insurance Pool

Beginning on January 1, 2019, the City participates in the Suburban Liability Insurance Program (SLIP). SLIP is a self-fund municipal insurance pool to insure property and liability losses. For coverage such as property, auto liability, general liability, and crime losses, the City has assumed a self-insurance retention (SIR) limit per claim. A cap known as the "loss fund" has been used to limit the total exposure under this program.

C. OTHER POSTEMPLOYMENT BENEFITS

Plan description. The City and Library's cost-sharing defined benefit OPEB plan, the Retiree Health Insurance Plan, provides insurance coverage for eligible retirees and their spouses through the City's group health insurance plan, which covers both active employees and retired members (or other qualified terminated employees) participating in the plan at blended rates. The plan is funded on a pay-as-you-go basis and no assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Benefits provided. The City and Library provide continuing healthcare insurance benefits for retirees and their dependents. Benefit provisions and contribution requirements are governed by State Statutes and the City's collective bargaining agreements. To be eligible for benefits, an employee must qualify for retirement under one of the City's or Library's retirement plans. Retired employees, with certain exceptions, are required to pay 100% of the premiums for such coverage. This results in an other postemployment benefit for the retirees, commonly referred to as an implicit rate subsidy. Certain inactive employees qualify for lifetime healthcare benefits under the Public Safety Employee Benefits Act (PSEBA). The City pays the full cost of coverage, including any eligible dependent coverage. Additionally, certain elected officials retired under old contract terms under which the City pays the full cost of coverage for a set post-service period of time.

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 or covered dependent becoming Medicare eligible, Medicare becomes the primary insurer and the City's plan becomes secondary.

Employees covered by benefit terms. At December 31, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	46
Active plan members	<u>246</u>
Total	<u><u>292</u></u>

Total OPEB liability. The City and Library reported liabilities for the proportionate share of the total OPEB liability measured as of December 31, 2019 and determined by an actuarial valuation as of January 1, 2018. The proportions of the total OPEB liability were based on the share of OPEB cost between the City and Library for the measurement year. At December 31, 2019, the City and Library's proportions were 98.28% and 1.72%, respectively.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Healthcare participation rate	Currently participating - 50%; Currently waiving - 0%
Healthcare cost trend rates	Initial - 6.50%; Ultimate - 5.00%
Retirees' share of benefit-related costs	100% (except for PSEBA and certain elected official retirees at 0%)

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

The discount rate was based on High Quality 20 Year Tax-Exempt G.O. Bond Rate as of December 26, 2019.

Mortality rates were based on the RP-2014 Study, with rates improved generationally using MP-2016 Improvement Rates (for IMRF employees) and the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates (for Police and Firefighters).

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study conducted by the independent actuary.

Discount rate. At December 31, 2019, the discount rate used to measure the total OPEB liability was 2.74%, which was a change from the December 31, 2018 rate of 4.10%. Since the plan is financed on a pay-as-you-go basis, the discount rate is based on the 20-year general obligation bond index.

Changes in the total OPEB liability.

	City	Library	Total
Balances at December 31, 2018	\$ 9,942,522	\$ 189,817	\$ 10,132,339
Service cost	213,494	3,728	217,222
Interest	397,226	6,937	404,163
Changes in assumptions or other inputs	3,321,020	41,800	3,362,820
Benefit payments	(543,262)	(9,487)	(552,749)
Balances at December 31, 2019	<u>\$ 13,331,000</u>	<u>\$ 232,795</u>	<u>\$ 13,563,795</u>

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City and Library, as well as what the City and Library's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.74%) or 1-percentage-point higher (3.74%) than the current discount rate:

	1% Decrease (1.74%)	Discount Rate (2.74%)	1% Increase (3.74%)
Total OPEB liability - City	\$ 15,547,613	\$ 13,331,000	\$ 11,557,892
Total OPEB liability - Library	<u>271,503</u>	<u>232,795</u>	<u>201,832</u>
Total OPEB liability - Total	<u>\$ 15,819,116</u>	<u>\$ 13,563,795</u>	<u>\$ 11,759,724</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.50% decreasing to 4.00%) or 1-percentage-point higher (7.50% decreasing to 6.00%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	(5.50% Decreasing to 4.00%)	(6.50% Decreasing to 5.00%)	(7.50% Decreasing to 6.00%)
Total OPEB liability - City	\$ 11,430,042	\$ 13,331,000	\$ 15,714,858
Total OPEB liability - Library	199,599	232,795	274,424
Total OPEB liability - Total	<u>\$ 11,629,641</u>	<u>\$ 13,563,795</u>	<u>\$ 15,989,282</u>

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB. For the year ended December 31, 2019, the City and Library recognized OPEB expense of \$901,265 and \$15,739, respectively. At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City:		
Changes of assumptions or other inputs	\$ 2,932,907	\$ 561,756
Total	<u>\$ 2,932,907</u>	<u>\$ 561,756</u>
Library:		
Changes of assumptions or other inputs	\$ 51,217	\$ 9,810
Total	<u>\$ 51,217</u>	<u>\$ 9,810</u>
Total:		
Changes of assumptions or other inputs	\$ 2,984,124	\$ 571,566
Total	<u>\$ 2,984,124</u>	<u>\$ 571,566</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	City	Library	Total
2020	\$ 290,545	\$ 5,074	\$ 295,619
2021	290,545	5,074	295,619
2022	290,545	5,074	295,619
2023	290,545	5,074	295,619
2024	290,545	5,074	295,619
Thereafter	918,426	16,037	934,463
Total	<u>\$ 2,371,151</u>	<u>\$ 41,407</u>	<u>\$ 2,412,558</u>

D. SUBSEQUENT EVENT

In December 2019, a novel strain of coronavirus was reported in Wuhan, Hubei province, China. In the first several of months of 2020, the virus, SARS-CoV-2, and resulting disease, COVID-19, spread to the United States, including to the area impacting the City. As of the date above, the City's evaluation of the effects of these events is ongoing; however, this situation negatively impacted the fair market value of investments and decreased investment income within the pension fund investment portfolios.

The extent of the impact of COVID-19 on the City's operation and financial performance will depend on future developments, including the duration and spread of the outbreak and related governmental or other regulatory actions.

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, 2019

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	2019 Payments	Cumulative Payments
North Shore Nissan (Resolution #133-05, initiating on January 1, 2004 and expiring on December 31, 2019)	50% of sales tax generated over annual base amount	\$ 500,000	\$ 73,233	\$ 500,000
Highland Park Ford (Resolution #132-05, initiating on January 1, 2004 and expiring on December 31, 2019)	50% of sales tax generated over annual base amount	500,000	-	76,398
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	58,075	442,576
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	319,994	1,628,091
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	826	8,294
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	26,107	192,574

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2019

NOTE III - OTHER INFORMATION (cont.)

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

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

- Statement No. 87, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

The statements listed above through Statement No. 93 had their required effective dates postponed by one year with the issuance of Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance*, with the exception of Statement No. 87, which was postponed by one and a half years.

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, 2019, these purchases amounted to \$2,387,800 or 27.59% and \$1,386,713 or 16.02%, 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, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 3,849,700	\$ 3,849,700	\$ 3,828,685	\$ (21,015)
Personal property replacement tax	293,300	293,300	356,704	63,404
Licenses and permits	1,610,900	1,610,900	1,832,859	221,959
Public charges for services	2,891,434	2,966,384	3,150,435	184,051
Municipal sales tax	13,122,100	13,122,100	13,134,042	11,942
Fines, forfeitures and penalties	513,020	513,020	541,764	28,744
Utility taxes	2,522,300	2,522,300	2,423,838	(98,462)
Real estate transfer tax	1,599,300	1,599,300	1,665,318	66,018
Intergovernmental	10,136	10,136	30,231	20,095
State income tax	2,752,900	2,752,900	3,167,946	415,046
Franchise tax	1,746,100	1,746,100	1,731,838	(14,262)
Payments in lieu of taxes and affordable units	810,100	1,060,100	1,049,984	(10,116)
Other taxes	1,904,700	1,904,700	2,033,049	128,349
Reimbursements	178,300	179,390	344,920	165,530
Investment income	297,800	565,000	680,415	115,415
Net appreciation in fair value of investments	-	-	328,193	328,193
Miscellaneous	379,050	404,050	425,884	21,834
Total Revenues	<u>34,481,140</u>	<u>35,099,380</u>	<u>36,726,105</u>	<u>1,626,725</u>
EXPENDITURES				
General government	8,322,399	9,046,453	7,326,231	1,720,222
Public safety	20,490,915	20,784,938	20,456,857	328,081
Public works	2,634,859	2,964,034	2,748,828	215,206
Economic and physical development	4,374,407	4,279,449	3,895,075	384,374
Commissions	156,415	131,984	73,711	58,273
Total Expenditures	<u>35,978,995</u>	<u>37,206,858</u>	<u>34,500,702</u>	<u>2,706,156</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,497,855)</u>	<u>(2,107,478)</u>	<u>2,225,403</u>	<u>4,332,881</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	589,000	685,000	685,000	-
Transfers out	-	(291,127)	(291,127)	-
Proceeds from sale of assets	-	-	3,739,457	3,739,457
Total Other Financing Sources (Uses)	<u>589,000</u>	<u>393,873</u>	<u>4,133,330</u>	<u>3,739,457</u>
Net Change in Fund Balance	<u>\$ (908,855)</u>	<u>\$ (1,713,605)</u>	6,358,733	<u>\$ 8,072,338</u>
FUND BALANCE - Beginning of Year (as restated)			29,390,428	
FUND BALANCE - END OF YEAR			<u>\$ 35,749,161</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 6,270,000	\$ 6,270,000	\$ 6,235,280	\$ (34,720)
Total Revenues	<u>6,270,000</u>	<u>6,270,000</u>	<u>6,235,280</u>	<u>(34,720)</u>
EXPENDITURES				
PUBLIC SAFETY				
Pension contribution - police	3,180,100	3,180,100	3,162,490	17,610
Pension contribution - fire	<u>3,089,900</u>	<u>3,089,900</u>	<u>3,072,790</u>	<u>17,110</u>
Total Expenditures	<u>6,270,000</u>	<u>6,270,000</u>	<u>6,235,280</u>	<u>34,720</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE - Beginning of Year			-	
FUND BALANCE - END OF YEAR			<u>\$ -</u>	

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 Five Fiscal Years

MEASUREMENT DATE ENDED DECEMBER 31,	2014			2015		
	City	Library	Total	City	Library	Total
Total pension liability						
Service cost	\$ 1,139,492	\$ 227,596	\$ 1,367,088	\$ 1,022,406	\$ 204,210	\$ 1,226,616
Interest	5,146,290	1,027,892	6,174,182	5,487,591	1,186,662	6,674,253
Differences between expected and actual experience	519,699	103,802	623,501	(191,516)	(38,252)	(229,768)
Changes of assumptions	2,688,409	536,969	3,225,378	84,016	16,781	100,797
Benefit payments, including refunds of member contributions	(3,737,505)	(746,509)	(4,484,014)	(4,018,036)	(802,541)	(4,820,577)
Net change in total pension liability	<u>5,756,385</u>	<u>1,149,750</u>	<u>6,906,135</u>	<u>2,384,461</u>	<u>566,860</u>	<u>2,951,321</u>
Total pension liability - beginning	<u>69,916,203</u>	<u>13,964,685</u>	<u>83,880,888</u>	<u>75,672,588</u>	<u>15,114,435</u>	<u>90,787,023</u>
Total pension liability - ending	<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>
Plan fiduciary net position						
Employer contributions	\$ 1,137,674	\$ 227,233	\$ 1,364,907	\$ 1,050,302	\$ 209,782	\$ 1,260,084
Employee contributions	460,920	92,062	552,982	497,687	99,405	597,092
Net investment income	4,338,800	866,609	5,205,409	364,113	72,726	436,839
Benefit payments, including refunds of member contributions	(3,737,505)	(746,509)	(4,484,014)	(4,018,036)	(802,541)	(4,820,577)
Other (net transfer)	(339,584)	(67,827)	(407,411)	1,235,558	246,784	1,482,342
Net change in plan fiduciary net position	<u>1,860,305</u>	<u>371,568</u>	<u>2,231,873</u>	<u>(870,376)</u>	<u>(173,844)</u>	<u>(1,044,220)</u>
Plan fiduciary net position - beginning	<u>72,197,330</u>	<u>14,420,305</u>	<u>86,617,635</u>	<u>74,057,635</u>	<u>14,791,873</u>	<u>88,849,508</u>
Plan fiduciary net position - ending	<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>
Employer's net pension (asset) liability	<u>\$ 1,614,953</u>	<u>\$ 322,562</u>	<u>\$ 1,937,515</u>	<u>\$ 4,869,790</u>	<u>\$ 1,063,266</u>	<u>\$ 5,933,056</u>
Plan fiduciary net position as a percentage of the total pension liability			97.87%			93.67%
Covered payroll			\$ 12,110,977			\$ 11,909,272
Employer's net pension (asset) liability as a percentage of covered payroll			16.00%			49.82%

Notes to Schedule:

The City implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2015 is not available. The City utilizes the IMRF report as of the prior fiscal year end date.

2016			2017			2018		
City	Library	Total	City	Library	Total	City	Library	Total
\$ 1,026,536	\$ 222,765	\$ 1,249,301	\$ 1,069,483	\$ 216,409	\$ 1,285,892	\$ 988,872	\$ 197,665	\$ 1,186,537
5,649,003	1,225,870	6,874,873	5,902,625	1,194,392	7,097,017	5,881,037	1,175,560	7,056,597
89,228	19,363	108,591	(128,443)	(25,990)	(154,433)	1,230,100	245,884	1,475,984
(79,196)	(23,676)	(102,872)	(2,480,332)	(568,021)	(3,048,353)	2,097,398	431,103	2,528,501
(4,232,741)	(918,532)	(5,151,273)	(4,546,137)	(919,907)	(5,466,044)	(4,894,379)	(978,336)	(5,872,715)
2,452,830	525,790	2,978,620	(182,804)	(103,117)	(285,921)	5,303,028	1,071,876	6,374,904
78,057,049	15,681,295	93,738,344	80,509,879	16,207,085	96,716,964	80,327,075	16,103,968	96,431,043
<u>\$ 80,509,879</u>	<u>\$ 16,207,085</u>	<u>\$ 96,716,964</u>	<u>\$ 80,327,075</u>	<u>\$ 16,103,968</u>	<u>\$ 96,431,043</u>	<u>\$ 85,630,103</u>	<u>\$ 17,175,844</u>	<u>\$102,805,947</u>
\$ 1,187,009	\$ 257,589	\$ 1,444,598	\$ 997,050	\$ 201,752	\$ 1,198,802	\$ 1,068,278	\$ 213,538	\$ 1,281,816
456,822	99,133	555,955	479,146	96,955	576,101	476,205	95,189	571,394
4,960,758	1,076,517	6,037,275	13,634,242	2,758,878	16,393,120	(5,050,384)	(1,009,520)	(6,059,904)
(4,232,741)	(918,532)	(5,151,273)	(4,546,137)	(919,907)	(5,466,044)	(4,894,379)	(978,336)	(5,872,715)
439,215	95,312	534,527	(1,415,505)	(286,426)	(1,701,931)	1,941,030	387,992	2,329,022
2,811,063	610,019	3,421,082	9,148,796	1,851,252	11,000,048	(6,459,250)	(1,291,137)	(7,750,387)
73,187,259	14,618,029	87,805,288	75,998,322	15,228,048	91,226,370	85,147,118	17,079,300	102,226,418
<u>\$ 75,998,322</u>	<u>\$ 15,228,048</u>	<u>\$ 91,226,370</u>	<u>\$ 85,147,118</u>	<u>\$ 17,079,300</u>	<u>\$102,226,418</u>	<u>\$ 78,687,868</u>	<u>\$ 15,788,163</u>	<u>\$ 94,476,031</u>
<u>\$ 4,511,557</u>	<u>\$ 979,037</u>	<u>\$ 5,490,594</u>	<u>\$ (4,820,043)</u>	<u>\$ (975,332)</u>	<u>\$ (5,795,375)</u>	<u>\$ 6,942,235</u>	<u>\$ 1,387,681</u>	<u>\$ 8,329,916</u>

CITY OF HIGHLAND PARK

ILLINOIS MUNICIPAL RETIREMENT FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS Last Six Fiscal Years

FISCAL YEAR ENDED DECEMBER 31,	2014	2015	2016	2017	2018	2019
<i>City:</i>						
Actuarially determined contribution	\$ 1,137,675	\$ 1,034,196	\$ 1,132,913	\$ 997,050	\$ 1,002,539	\$ 645,492
Contributions in relation to the actuarially determined contribution	<u>(1,137,675)</u>	<u>(1,050,302)</u>	<u>(1,187,009)</u>	<u>(997,050)</u>	<u>(1,068,278)</u>	<u>(645,492)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (16,106)</u>	<u>\$ (54,096)</u>	<u>\$ -</u>	<u>\$ (65,739)</u>	<u>\$ -</u>
<i>Library:</i>						
Actuarially determined contribution	\$ 227,232	\$ 225,805	\$ 245,850	\$ 201,752	\$ 200,397	\$ 129,027
Contributions in relation to the actuarially determined contribution	<u>(227,232)</u>	<u>(209,782)</u>	<u>(257,589)</u>	<u>(201,752)</u>	<u>(213,538)</u>	<u>(129,027)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 16,023</u>	<u>\$ (11,739)</u>	<u>\$ -</u>	<u>\$ (13,141)</u>	<u>\$ -</u>
<i>Total:</i>						
Actuarially determined contribution	\$ 1,364,907	\$ 1,260,001	\$ 1,378,763	\$ 1,198,802	\$ 1,202,936	\$ 774,519
Contributions in relation to the actuarially determined contribution	<u>(1,364,907)</u>	<u>(1,260,084)</u>	<u>(1,444,598)</u>	<u>(1,198,802)</u>	<u>(1,281,816)</u>	<u>(774,519)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (83)</u>	<u>\$ (65,835)</u>	<u>\$ -</u>	<u>\$ (78,880)</u>	<u>\$ -</u>
Covered payroll	\$ 12,110,977	\$ 11,909,272	\$ 12,354,507	\$ 12,487,524	\$ 12,689,196	\$ 13,262,311
Contributions as a percentage of covered payroll	11.27%	10.58%	11.69%	9.60%	10.10%	5.84%

Notes to Schedule:

The City implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2014 is not available.

Valuation date:

Actuarially determined contribution rates are calculated as of December 31.

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	25 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.

CITY OF HIGHLAND PARK

POLICE PENSION FUND

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

	2014	2015	2016	2017	2018	2019
Total pension liability						
Service cost	\$ 1,182,934	\$ 1,064,486	\$ 1,064,486	\$ 1,030,551	\$ 977,398	\$ 1,012,169
Interest	4,501,578	5,035,873	5,605,033	5,438,896	5,784,269	5,865,384
Change of benefit terms	-	-	-	-	-	120,133
Differences between expected and actual experience	1,257,742	(3,001,393)	(3,845,761)	1,228,822	(823,835)	468,990
Changes of assumptions	4,426,870	7,838,817	(1,050,165)	1,683,870	(259,864)	(274,852)
Benefit payments, including refunds of member contributions	(3,643,922)	(3,828,758)	(3,914,056)	(4,312,044)	(4,478,088)	(4,630,285)
Net change in total pension liability	7,725,202	7,109,025	(2,140,463)	5,070,095	1,199,880	2,561,539
Total pension liability - beginning	66,130,213	73,855,415	80,964,440	78,823,977	83,894,072	85,093,952
Total pension liability - ending	\$ 73,855,415	\$ 80,964,440	\$ 78,823,977	\$ 83,894,072	\$ 85,093,952	\$ 87,655,491
Plan fiduciary net position						
Employer contributions	\$ 2,390,587	\$ 2,809,109	\$ 3,611,980	\$ 3,760,188	\$ 3,987,084	\$ 3,983,517
Employee contributions	493,606	570,105	515,835	507,838	529,624	560,825
Net investment income	2,055,703	(62,999)	2,082,877	4,498,017	(1,833,032)	7,305,648
Benefit payments, including refunds of member contributions	(3,643,718)	(3,828,758)	(3,914,056)	(4,312,044)	(4,478,088)	(4,630,285)
Administration	(37,527)	(40,316)	(47,772)	(48,455)	(48,069)	(48,490)
Net change in plan fiduciary net position	1,258,651	(552,859)	2,248,864	4,405,544	(1,842,481)	7,171,215
Plan fiduciary net position - beginning	33,109,513	34,368,164	33,815,305	36,064,169	40,469,713	38,627,232
Plan fiduciary net position - ending	\$ 34,368,164	\$ 33,815,305	\$ 36,064,169	\$ 40,469,713	\$ 38,627,232	\$ 45,798,447
City's net pension liability	\$ 39,487,251	\$ 47,149,135	\$ 42,759,808	\$ 43,424,359	\$ 46,466,720	\$ 41,857,044
Plan fiduciary net position as a percentage of the total pension liability	46.53%	41.77%	45.75%	48.24%	45.39%	52.25%
Covered payroll	\$ 4,871,007	\$ 5,100,745	\$ 5,322,381	\$ 5,178,365	\$ 5,582,970	\$ 5,825,859
City's net pension liability as a percentage of covered payroll	810.66%	924.36%	803.40%	838.57%	832.29%	718.47%

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

	2010	2011	2012	2013	2014
Actuarially determined contribution	\$ 1,714,250	\$ 1,654,070	\$ 1,485,807	\$ 1,675,278	\$ 2,200,186
Contributions in relation to the actuarially determined contribution	1,456,079	1,681,690	1,508,625	1,704,410	2,390,587
Contribution deficiency (excess)	<u>\$ 258,171</u>	<u>\$ (27,620)</u>	<u>\$ (22,818)</u>	<u>\$ (29,132)</u>	<u>\$ (190,401)</u>
Covered payroll	\$ 4,396,294	\$ 4,405,140	\$ 4,422,555	\$ 4,773,826	\$ 4,871,007
Contributions as a percentage of covered payroll	33.12%	38.18%	34.11%	35.70%	49.08%
	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 2,284,900	\$ 2,770,901	\$ 2,899,038	\$ 3,055,946	\$ 3,113,681
Contributions in relation to the actuarially determined contribution	2,809,109	3,611,980	3,760,188	3,987,084	3,983,501
Contribution deficiency (excess)	<u>\$ (524,209)</u>	<u>\$ (841,079)</u>	<u>\$ (861,150)</u>	<u>\$ (931,138)</u>	<u>\$ (869,820)</u>
Covered payroll	\$ 5,100,745	\$ 5,322,381	\$ 5,178,365	\$ 5,582,970	\$ 5,825,859
Contributions as a percentage of covered payroll	55.07%	67.86%	72.61%	71.42%	68.38%

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	22 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-2018 applied from 2013.
	Disabled - RP-2014 Disabled Mortality Table, with generational improvement scale MP-2018 applied from 2013.

CITY OF HIGHLAND PARK

POLICE PENSION FUND SCHEDULE OF INVESTMENT RETURNS Last Six Fiscal Years

	2014	2015	2016	2017	2018	2019
Annual money-weighted rate of return, net of investment expense	6.28%	-0.23%	6.49%	12.50%	-4.53%	18.96%

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 Six Fiscal Years

	2014	2015	2016	2017	2018	2019
Total pension liability						
Service cost	\$ 1,270,045	\$ 1,140,851	\$ 1,140,851	\$ 1,094,398	\$ 1,047,631	\$ 1,007,419
Interest	4,258,893	4,670,319	5,293,408	5,149,483	5,376,209	5,477,719
Change of benefit terms	-	-	-	-	-	127,338
Differences between expected and actual experience	606,760	(2,482,216)	(4,314,074)	74,405	(281,132)	1,355,818
Changes of assumptions	3,112,667	7,969,435	(387,755)	966,601	(242,396)	(259,727)
Benefit payments, including refunds of member contributions	(3,300,789)	(3,440,905)	(3,635,051)	(3,849,010)	(4,149,394)	(4,541,682)
Net change in total pension liability	5,947,576	7,857,484	(1,902,621)	3,435,877	1,750,918	3,166,885
Total pension liability - beginning	62,491,726	68,439,302	76,296,786	74,394,165	77,830,042	79,580,960
Total pension liability - ending	\$68,439,302	\$76,296,786	\$74,394,165	\$77,830,042	\$79,580,960	\$82,747,845
Plan fiduciary net position						
Employer contributions	\$ 2,411,772	\$ 2,472,050	\$ 3,412,844	\$ 3,740,496	\$ 4,035,618	\$ 4,033,757
Employee contributions	442,972	448,056	456,800	498,658	466,052	476,948
Net investment income	1,875,768	737,553	1,223,021	5,055,992	(1,962,553)	7,799,439
Benefit payments, including refunds of member contributions	(3,300,789)	(3,440,905)	(3,635,051)	(3,849,010)	(4,149,394)	(4,541,682)
Administration	(29,175)	(28,676)	(33,155)	(32,745)	(31,140)	(39,131)
Net change in plan fiduciary net position	1,400,548	188,078	1,424,459	5,413,391	(1,641,417)	7,729,331
Plan fiduciary net position - beginning	33,870,775	35,271,323	35,459,401	36,883,860	42,297,251	40,655,834
Plan fiduciary net position - ending	\$35,271,323	\$35,459,401	\$36,883,860	\$42,297,251	\$40,655,834	\$48,385,165
City's net pension liability	\$33,167,979	\$40,837,385	\$37,510,305	\$35,532,791	\$38,925,126	\$34,362,680
Plan fiduciary net position as a percentage of the total pension liability	51.54%	46.48%	49.58%	54.35%	51.09%	58.47%
Covered payroll	\$ 4,548,781	\$ 4,770,038	\$ 4,832,832	\$ 4,870,611	\$ 4,817,441	\$ 5,147,016
City's net pension liability as a percentage of covered payroll	729.16%	856.12%	776.16%	729.53%	808.00%	667.62%

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

	2010	2011	2012	2013	2014
Actuarially determined contribution	\$ 1,533,479	\$ 1,529,803	\$ 1,468,564	\$ 1,644,227	\$ 2,217,940
Contributions in relation to the actuarially determined contribution	1,263,134	1,552,838	1,508,267	1,682,861	2,411,772
Contribution deficiency (excess)	<u>\$ 270,345</u>	<u>\$ (23,035)</u>	<u>\$ (39,703)</u>	<u>\$ (38,634)</u>	<u>\$ (193,832)</u>
Covered payroll	\$ 4,007,213	\$ 4,330,427	\$ 4,519,476	\$ 4,568,865	\$ 4,548,781
Contributions as a percentage of covered payroll	31.52%	35.86%	33.37%	36.83%	53.02%
	2015	2016	2017	2018	2019
Actuarially determined contribution	\$ 2,201,713	\$ 2,619,715	\$ 2,629,419	\$ 2,608,199	\$ 2,570,829
Contributions in relation to the actuarially determined contribution	2,472,050	3,412,844	3,740,496	4,035,618	4,033,741
Contribution deficiency (excess)	<u>\$ (270,337)</u>	<u>\$ (793,129)</u>	<u>\$ (1,111,077)</u>	<u>\$ (1,427,419)</u>	<u>\$ (1,462,912)</u>
Covered payroll	\$ 4,770,038	\$ 4,832,832	\$ 4,870,611	\$ 4,817,441	\$ 5,147,016
Contributions as a percentage of covered payroll	51.82%	70.62%	76.80%	83.77%	78.37%

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	22 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-2018 applied from 2013.
	Disabled - RP-2014 Disabled Mortality Table, with generational improvement scale MP-2018 applied from 2013.

CITY OF HIGHLAND PARK

FIREFIGHTERS' PENSION FUND SCHEDULE OF INVESTMENT RETURNS Last Six Fiscal Years

	2014	2015	2016	2017	2018	2019
Annual money-weighted rate of return, net of investment expense	5.58%	1.99%	3.55%	13.65%	-4.62%	19.30%

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

RETIREE HEALTH INSURANCE PLAN SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS Two Most Recent Fiscal Years

	<u>2018</u>	<u>2019</u>
Total OPEB liability		
Service cost	\$ 239,128	\$ 217,222
Interest	362,783	404,163
Changes of assumptions	(737,720)	3,362,820
Benefit payments, including refunds of member contributions	(542,341)	(552,749)
Net change in total OPEB liability	(678,150)	3,431,456
Total OPEB liability - beginning	10,810,489	10,132,339
Total OPEB liability - ending	<u>\$ 10,132,339</u>	<u>\$ 13,563,795</u>
Total OPEB liability - City	\$ 9,942,522	\$ 13,331,000
Total OPEB liability - Library	189,817	232,795
Total OPEB liability - Total	<u>\$ 10,132,339</u>	<u>\$ 13,563,795</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%
Covered payroll	\$ 20,695,903	\$ 21,794,381
City's total OPEB liability as a percentage of covered payroll	48.96%	62.24%

Notes to Schedule:

The City implemented GASB Statement No. 75 in fiscal year 2018. Information prior to fiscal year 2018 is not available.

There is no ADC or employer contribution related to the ADC as the total OPEB liability is currently an unfunded obligation.

The City assigns General Fund balance each year equivalent to the actuarial valuation. The City Council has set aside approximately \$9.5 million to meet future requirements associated with OPEB, representing 70% of the total OPEB liability.

The information presented above includes the total OPEB liability for the City and Library.

CITY OF HIGHLAND PARK

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2019

BUDGETARY INFORMATION

Annual budgets are adopted on a basis in accordance 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 department 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 within any department or fund; however, the City Council must approve revisions that alter the total expenditures within any department of any fund.

SUPPLEMENTARY INFORMATION

CITY OF HIGHLAND PARK

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
EXPENDITURES				
GENERAL GOVERNMENT				
City Council				
Personnel services	\$ 199,010	\$ 199,010	\$ 196,054	\$ 2,956
Materials and supplies	66,870	316,045	313,840	2,205
Total city council	<u>265,880</u>	<u>515,055</u>	<u>509,894</u>	<u>5,161</u>
Administration				
Personnel services	668,495	646,804	655,802	(8,998)
Contractual services	78,902	118,604	118,482	122
Materials and supplies	<u>150,800</u>	<u>145,490</u>	<u>120,219</u>	<u>25,271</u>
Total administration	<u>898,197</u>	<u>910,898</u>	<u>894,503</u>	<u>16,395</u>
Human resources				
Personnel services	323,098	318,365	317,391	974
Contractual services	93,674	80,689	82,927	(2,238)
Materials and supplies	125,398	97,883	72,977	24,906
Capital outlay	<u>32,963</u>	<u>37,730</u>	<u>25,328</u>	<u>12,402</u>
Total human resources	<u>575,133</u>	<u>534,667</u>	<u>498,623</u>	<u>36,044</u>
Communications				
Personnel services	155,138	175,313	175,395	(82)
Contractual services	60,049	60,049	55,175	4,874
Materials and supplies	112,952	111,514	96,915	14,599
Capital outlay	<u>2,346</u>	<u>2,127</u>	<u>2,225</u>	<u>(98)</u>
Total communications	<u>330,485</u>	<u>349,003</u>	<u>329,710</u>	<u>19,293</u>
City Clerk				
Personnel services	168,318	172,900	173,221	(321)
Contractual services	40,529	36,193	31,304	4,889
Materials and supplies	<u>1,375</u>	<u>1,375</u>	<u>1,078</u>	<u>297</u>
Total city clerk	<u>210,222</u>	<u>210,468</u>	<u>205,603</u>	<u>4,865</u>
Senior services				
Personnel services	417,691	430,198	402,836	27,362
Contractual services	34,219	37,219	35,850	1,369
Materials and supplies	125,260	148,632	121,100	27,532
Capital outlay	<u>1,000</u>	<u>35,000</u>	<u>10,768</u>	<u>24,232</u>
Total senior services	<u>578,170</u>	<u>651,049</u>	<u>570,554</u>	<u>80,495</u>
Legal Department				
Contractual services	<u>969,769</u>	<u>1,002,545</u>	<u>1,018,335</u>	<u>(15,790)</u>
Total legal department	<u>969,769</u>	<u>1,002,545</u>	<u>1,018,335</u>	<u>(15,790)</u>
Finance administration and accounting				
Personnel services	959,265	963,241	949,975	13,266
Contractual services	2,040,614	1,906,188	1,499,612	406,576
Materials and supplies	183,660	203,830	186,329	17,501
Reserve & contingency	<u>993,700</u>	<u>993,700</u>	<u>-</u>	<u>993,700</u>
Total finance administration and accounting	<u>4,177,239</u>	<u>4,066,959</u>	<u>2,635,916</u>	<u>1,431,043</u>

CITY OF HIGHLAND PARK

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Facilities				
Personnel services	\$ 421,483	\$ 397,358	\$ 392,704	\$ 4,654
Contractual services	801,876	893,006	864,497	28,509
Materials and supplies	103,945	103,945	97,555	6,390
Capital outlay	376,600	798,100	694,937	103,163
Total facilities	<u>1,703,904</u>	<u>2,192,409</u>	<u>2,049,693</u>	<u>142,716</u>
Less administrative reimbursements				
Administrative reimbursements	<u>(1,386,600)</u>	<u>(1,386,600)</u>	<u>(1,386,600)</u>	<u>-</u>
Total less administrative reimbursements	<u>(1,386,600)</u>	<u>(1,386,600)</u>	<u>(1,386,600)</u>	<u>-</u>
Total General Government	<u>8,322,399</u>	<u>9,046,453</u>	<u>7,326,231</u>	<u>1,720,222</u>
PUBLIC SAFETY				
Police department - operations				
Personnel services	9,628,103	9,759,254	9,553,929	205,325
Contractual services	2,302,179	2,338,524	2,326,429	12,095
Materials and supplies	379,608	388,746	327,572	61,174
Capital outlay	<u>20,584</u>	<u>20,584</u>	<u>26,008</u>	<u>(5,424)</u>
Total police department - operations	<u>12,330,474</u>	<u>12,507,108</u>	<u>12,233,938</u>	<u>273,170</u>
Fire department - operations				
Personnel services	7,528,451	7,609,240	7,580,558	28,682
Contractual services	387,165	418,865	409,597	9,268
Materials and supplies	209,825	215,225	198,570	16,655
Capital outlay	<u>35,000</u>	<u>34,500</u>	<u>34,194</u>	<u>306</u>
Total fire department - operations	<u>8,160,441</u>	<u>8,277,830</u>	<u>8,222,919</u>	<u>54,911</u>
Total Public Safety	<u>20,490,915</u>	<u>20,784,938</u>	<u>20,456,857</u>	<u>328,081</u>
PUBLIC WORKS				
Public works administration				
Personnel services	535,528	535,528	507,751	27,777
Contractual services	141,097	141,097	139,433	1,664
Materials and supplies	<u>19,862</u>	<u>19,862</u>	<u>16,957</u>	<u>2,905</u>
Total public works administration	<u>696,487</u>	<u>696,487</u>	<u>664,141</u>	<u>32,346</u>
Facilities				
Capital outlay	<u>10,000</u>	<u>350,000</u>	<u>242,467</u>	<u>107,533</u>
Total facilities	<u>10,000</u>	<u>350,000</u>	<u>242,467</u>	<u>107,533</u>
Engineering				
Personnel services	709,982	652,198	643,849	8,349
Contractual services	164,483	212,538	172,003	40,535
Materials and supplies	<u>26,350</u>	<u>26,350</u>	<u>26,194</u>	<u>156</u>
Total engineering	<u>900,815</u>	<u>891,086</u>	<u>842,046</u>	<u>49,040</u>

CITY OF HIGHLAND PARK

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Forestry				
Personnel services	\$ 311,489	\$ 314,666	\$ 307,752	\$ 6,914
Contractual services	578,298	573,298	561,079	12,219
Materials and supplies	22,770	23,497	21,093	2,404
Capital outlay	115,000	115,000	110,250	4,750
Total forestry	<u>1,027,557</u>	<u>1,026,461</u>	<u>1,000,174</u>	<u>26,287</u>
Total Public Works	<u>2,634,859</u>	<u>2,964,034</u>	<u>2,748,828</u>	<u>215,206</u>
ECONOMIC AND PHYSICAL DEVELOPMENT				
Community development				
Personnel services	2,656,496	2,587,127	2,482,205	104,922
Contractual services	558,398	544,369	463,367	81,002
Materials and supplies	81,741	66,910	46,695	20,215
Total community development	<u>3,296,635</u>	<u>3,198,406</u>	<u>2,992,267</u>	<u>206,139</u>
Economic development				
Personnel services	153,592	156,862	149,461	7,401
Contractual services	17,589	21,014	20,635	379
Materials and supplies	455,591	452,167	254,477	197,690
Revenue sharing	451,000	451,000	478,235	(27,235)
Total economic development	<u>1,077,772</u>	<u>1,081,043</u>	<u>902,808</u>	<u>178,235</u>
Total Economic and physical development	<u>4,374,407</u>	<u>4,279,449</u>	<u>3,895,075</u>	<u>384,374</u>
COMMISSIONS				
Personnel services	49,875	44,475	19,856	24,619
Contractual services	93,830	76,460	45,698	30,762
Materials and supplies	12,710	11,049	8,157	2,892
Total commissions	<u>156,415</u>	<u>131,984</u>	<u>73,711</u>	<u>58,273</u>
 Total Expenditures	<u>\$ 35,978,995</u>	<u>\$ 37,206,858</u>	<u>\$ 34,500,702</u>	<u>\$ 2,706,156</u>

CITY OF HIGHLAND PARK

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2019

	Special Revenue Funds			
	Motor Fuel Tax	Emergency 911 System	Foreign Fire Insurance Tax	Environmental Sustainability
ASSETS				
Cash	\$ 150,207	\$ -	\$ 419,494	\$ 385,105
Receivables (net)				
Property taxes	-	-	-	-
Motor fuel tax allotments	130,650	114,230	-	-
Accounts	-	-	1,355	30,288
Deposits	-	165,563	-	-
TOTAL ASSETS	<u>\$ 280,857</u>	<u>\$ 279,793</u>	<u>\$ 420,849</u>	<u>\$ 415,393</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 1,216	\$ 10,107	\$ -
Accrued liabilities	-	-	-	508
Due to other funds	-	164,910	-	-
Deposits	-	-	-	-
Total Liabilities	<u>-</u>	<u>166,126</u>	<u>10,107</u>	<u>508</u>
Deferred Inflows of Resources				
Property taxes levied for future periods	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Restricted for streets	280,857	-	-	-
Restricted for public safety	-	113,667	410,742	-
Restricted for economic development	-	-	-	-
Affordable housing	-	-	-	-
Committed for sustainability initiatives	-	-	-	414,885
Committed for transportation	-	-	-	-
Assigned for debt service	-	-	-	-
Total Fund Balances	<u>280,857</u>	<u>113,667</u>	<u>410,742</u>	<u>414,885</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 280,857</u>	<u>\$ 279,793</u>	<u>\$ 420,849</u>	<u>\$ 415,393</u>

CITY OF HIGHLAND PARK

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2019

Special Revenue Funds		Debt Service Fund	Capital Project Funds		Total Nonmajor Governmental Funds
Multi-Modal Transportation	Affordable Housing	Debt Service	Tax Increment Financing - Ravinia	Tax Increment Financing - Briergate	
\$ 2,182,651	\$ 1,329,103	\$ 995,806	\$ 1,198,837	\$ 188,860	\$ 6,850,063
1,506,731	-	1,210,950	179,881	126,615	3,024,177
-	-	-	-	-	244,880
37,106	-	-	-	-	68,749
-	-	-	-	-	165,563
<u>\$ 3,726,488</u>	<u>\$ 1,329,103</u>	<u>\$ 2,206,756</u>	<u>\$ 1,378,718</u>	<u>\$ 315,475</u>	<u>\$ 10,353,432</u>
\$ 124,375	\$ 67,500	\$ -	\$ 455,308	\$ -	\$ 658,506
45,777	-	-	-	-	46,285
-	-	-	-	-	164,910
-	229,405	-	-	-	229,405
<u>170,152</u>	<u>296,905</u>	<u>-</u>	<u>455,308</u>	<u>-</u>	<u>1,099,106</u>
<u>1,503,100</u>	<u>-</u>	<u>1,207,400</u>	<u>179,700</u>	<u>126,500</u>	<u>3,016,700</u>
<u>1,503,100</u>	<u>-</u>	<u>1,207,400</u>	<u>179,700</u>	<u>126,500</u>	<u>3,016,700</u>
-	-	-	-	-	280,857
-	-	-	-	-	524,409
-	-	-	743,710	188,975	932,685
-	1,032,198	-	-	-	1,032,198
-	-	-	-	-	414,885
2,053,236	-	-	-	-	2,053,236
-	-	999,356	-	-	999,356
<u>2,053,236</u>	<u>1,032,198</u>	<u>999,356</u>	<u>743,710</u>	<u>188,975</u>	<u>6,237,626</u>
<u>\$ 3,726,488</u>	<u>\$ 1,329,103</u>	<u>\$ 2,206,756</u>	<u>\$ 1,378,718</u>	<u>\$ 315,475</u>	<u>\$ 10,353,432</u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2019

	Motor Fuel Tax	Emergency 911 System	Foreign Fire Insurance Tax	Environmental Sustainability
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Intergovernmental	-	-	148,207	-
Motor fuel tax	976,402	-	-	-
Payments in lieu of taxes and affordable units	-	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Public charges for services	-	672,067	-	167,387
Reimbursements	-	-	-	-
Interest income	10,661	2,795	470	4,868
Miscellaneous	-	-	-	-
Total Revenues	<u>987,063</u>	<u>674,862</u>	<u>148,677</u>	<u>172,255</u>
EXPENDITURES				
Current				
Public safety	-	18,553	117,100	-
Public works	-	-	-	-
Transit	-	-	-	-
Economic and physical development	-	-	-	90,726
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>18,553</u>	<u>117,100</u>	<u>90,726</u>
Excess (deficiency) of revenues over (under) expenditures	<u>987,063</u>	<u>656,309</u>	<u>31,577</u>	<u>81,529</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(900,400)	(685,000)	-	-
Total Other Financing Sources (Uses)	<u>(900,400)</u>	<u>(685,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	86,663	(28,691)	31,577	81,529
FUND BALANCES - Beginning of Year (as restated)	<u>194,194</u>	<u>142,358</u>	<u>379,165</u>	<u>333,356</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 280,857</u></u>	<u><u>\$ 113,667</u></u>	<u><u>\$ 410,742</u></u>	<u><u>\$ 414,885</u></u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2019

<u>Multi-Modal Transportation</u>	<u>Affordable Housing</u>	<u>Debt Service</u>	<u>Tax Increment Financing - Ravinia</u>	<u>Tax Increment Financing - Briergate</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 1,271,090	\$ -	\$ 1,242,645	\$ 240,404	\$ 143,938	\$ 2,898,077
459,170	100,005	-	-	-	559,175
-	-	-	-	-	148,207
-	-	-	-	-	976,402
-	412,500	-	-	-	412,500
1,118,295	12,750	-	-	-	1,131,045
17,612	-	-	-	-	17,612
74,835	-	-	-	-	914,289
1,532,544	201,740	-	-	-	1,734,284
25,221	22,270	25,215	21,457	1,316	114,273
74,160	-	-	-	-	74,160
<u>4,572,927</u>	<u>749,265</u>	<u>1,267,860</u>	<u>261,861</u>	<u>145,254</u>	<u>8,980,024</u>
-	-	-	-	-	135,653
2,998,033	-	-	-	-	2,998,033
1,370,188	-	-	-	-	1,370,188
-	196,247	-	1,234,153	-	1,521,126
-	-	913,160	-	-	913,160
-	-	<u>326,712</u>	-	-	<u>326,712</u>
<u>4,368,221</u>	<u>196,247</u>	<u>1,239,872</u>	<u>1,234,153</u>	<u>-</u>	<u>7,264,872</u>
<u>204,706</u>	<u>553,018</u>	<u>27,988</u>	<u>(972,292)</u>	<u>145,254</u>	<u>1,715,152</u>
150,000	-	-	291,127	43,721	484,848
-	-	-	<u>(43,721)</u>	-	<u>(1,629,121)</u>
<u>150,000</u>	<u>-</u>	<u>-</u>	<u>247,406</u>	<u>43,721</u>	<u>(1,144,273)</u>
354,706	553,018	27,988	(724,886)	188,975	570,879
<u>1,698,530</u>	<u>479,180</u>	<u>971,368</u>	<u>1,468,596</u>	<u>-</u>	<u>5,666,747</u>
<u>\$ 2,053,236</u>	<u>\$ 1,032,198</u>	<u>\$ 999,356</u>	<u>\$ 743,710</u>	<u>\$ 188,975</u>	<u>\$ 6,237,626</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Motor fuel tax	\$ 750,400	\$ 750,400	\$ 976,402	\$ 226,002
Investment income	4,700	4,700	10,661	5,961
Total Revenues	<u>755,100</u>	<u>755,100</u>	<u>987,063</u>	<u>231,963</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>755,100</u>	<u>755,100</u>	<u>987,063</u>	<u>231,963</u>
OTHER FINANCING USES				
Transfers out	<u>(900,400)</u>	<u>(900,400)</u>	<u>(900,400)</u>	<u>-</u>
Total Other Financing Uses	<u>(900,400)</u>	<u>(900,400)</u>	<u>(900,400)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (145,300)</u>	<u>\$ (145,300)</u>	86,663	<u>\$ 231,963</u>
FUND BALANCE - Beginning of Year			<u>194,194</u>	
FUND BALANCE - END OF YEAR			<u>\$ 280,857</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Public charges for services	\$ 594,500	\$ 594,500	\$ 672,067	\$ 77,567
Investment income	2,000	2,000	2,795	795
Total Revenues	<u>596,500</u>	<u>596,500</u>	<u>674,862</u>	<u>78,362</u>
EXPENDITURES				
Contractual services	21,600	15,000	14,596	404
Materials and supplies	<u>4,650</u>	<u>4,650</u>	<u>3,957</u>	<u>693</u>
Total Expenditures	<u>26,250</u>	<u>19,650</u>	<u>18,553</u>	<u>1,097</u>
Excess of revenues over expenditures	<u>570,250</u>	<u>576,850</u>	<u>656,309</u>	<u>79,459</u>
OTHER FINANCING USES				
Transfers out	<u>(589,000)</u>	<u>(685,000)</u>	<u>(685,000)</u>	<u>-</u>
Total Other Financing Uses	<u>(589,000)</u>	<u>(685,000)</u>	<u>(685,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (18,750)</u>	<u>\$ (108,150)</u>	<u>(28,691)</u>	<u>\$ 79,459</u>
FUND BALANCE - Beginning of Year			<u>142,358</u>	
FUND BALANCE - END OF YEAR			<u>\$ 113,667</u>	

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Public charges for services	\$ 135,000	\$ 135,000	\$ 167,387	\$ 32,387
Investment income	-	-	4,868	4,868
Total Revenues	<u>135,000</u>	<u>135,000</u>	<u>172,255</u>	<u>37,255</u>
EXPENDITURES				
Personnel services	25,946	29,741	28,198	1,543
Contractual service	<u>63,700</u>	<u>62,028</u>	<u>62,528</u>	<u>(500)</u>
Total Expenditures	<u>89,646</u>	<u>91,769</u>	<u>90,726</u>	<u>1,043</u>
Net Change in Fund Balance	<u>\$ 45,354</u>	<u>\$ 43,231</u>	81,529	<u>\$ 38,298</u>
FUND BALANCE - Beginning of Year			<u>333,356</u>	
FUND BALANCE - END OF YEAR			<u>\$ 414,885</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, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 1,278,500	\$ 1,278,500	\$ 1,271,090	\$ (7,410)
Other taxes	419,700	419,700	459,170	39,470
Licenses and permits	1,098,700	1,098,700	1,118,295	19,595
Intergovernmental	100	100	-	(100)
Fines, forfeitures and penalties	12,000	12,000	17,612	5,612
Public charges for services	68,578	68,578	74,835	6,257
PACE RTA fare reimbursement	1,400,000	1,400,000	1,532,544	132,544
Investment income	1,340	21,183	25,221	4,038
Miscellaneous	76,148	76,148	74,160	(1,988)
Total Revenues	4,355,066	4,374,909	4,572,927	198,018
EXPENDITURES				
PUBLIC WORKS				
Personnel services	1,242,178	1,289,366	1,217,679	71,687
Contractual services	913,756	964,756	965,703	(947)
Materials and supplies	574,085	714,085	638,572	75,513
Capital outlay	220,000	238,000	176,079	61,921
Total Public works	2,950,019	3,206,207	2,998,033	208,174
TRANSIT				
Personnel services	1,267,311	1,319,324	1,302,739	16,585
Contractual services	40,687	40,062	36,298	3,764
Materials and supplies	62,000	51,750	31,151	20,599
Total Transit	1,369,998	1,411,136	1,370,188	40,948
Total Expenditures	4,320,017	4,617,343	4,368,221	249,122
Excess (deficiency) of revenues over (under) expenditures	35,049	(242,434)	204,706	447,140
OTHER FINANCING SOURCES				
Transfers in	150,000	150,000	150,000	-
Total Other Financing Sources	150,000	150,000	150,000	-
Net Change in Fund Balance	\$ 185,049	\$ (92,434)	354,706	\$ 447,140
FUND BALANCE - Beginning of Year			1,698,530	
FUND BALANCE - END OF YEAR			\$ 2,053,236	

CITY OF HIGHLAND PARK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - AFFORDABLE HOUSING FUND For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other Taxes	\$ 145,000	\$ 145,000	\$ 100,005	\$ (44,995)
Payments in lieu of taxes and affordable units	-	-	412,500	412,500
Licenses and permits	28,700	28,700	12,750	(15,950)
Reimbursements	-	-	201,740	201,740
Investment income	8,400	8,400	22,270	13,870
Total Revenues	<u>182,100</u>	<u>182,100</u>	<u>749,265</u>	<u>567,165</u>
EXPENDITURES				
Economic and physical development	<u>344,456</u>	<u>323,839</u>	<u>196,247</u>	<u>127,592</u>
Total Expenditures	<u>344,456</u>	<u>323,839</u>	<u>196,247</u>	<u>127,592</u>
Net Change in Fund Balance	<u>\$ (162,356)</u>	<u>\$ (141,739)</u>	553,018	<u>\$ 694,757</u>
FUND BALANCE - Beginning of Year (as restated)			<u>479,180</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,032,198</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, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 1,237,600	\$ 1,237,600	\$ 1,242,645	\$ 5,045
Investment income	20,900	20,900	25,215	4,315
Reimbursements	66,125	66,125	-	(66,125)
Total Revenues	1,324,625	1,324,625	1,267,860	(56,765)
EXPENDITURES				
Principal	958,200	958,200	913,160	45,040
Interest and fiscal charges	371,000	350,000	326,712	23,288
Total Expenditures	1,329,200	1,308,200	1,239,872	68,328
Net Change in Fund Balance	\$ (4,575)	\$ 16,425	27,988	\$ 11,563
FUND BALANCE - Beginning of Year			971,368	
FUND BALANCE - END OF YEAR			\$ 999,356	

CITY OF HIGHLAND PARK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TAX INCREMENT FINANCING - RAVINIA FUND For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 333,600	\$ 333,600	\$ 240,404	\$ (93,196)
Investment income	-	-	21,457	21,457
Total Revenues	<u>333,600</u>	<u>333,600</u>	<u>261,861</u>	<u>(71,739)</u>
EXPENDITURES				
Contractual services	<u>450,000</u>	<u>1,913,702</u>	<u>1,234,153</u>	<u>679,549</u>
Total Expenditures	<u>450,000</u>	<u>1,913,702</u>	<u>1,234,153</u>	<u>679,549</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(116,400)</u>	<u>(1,580,102)</u>	<u>(972,292)</u>	<u>607,810</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	291,127	291,127	-
Transfers out	-	-	(43,721)	(43,721)
Total Other Financing Sources (Uses)	<u>-</u>	<u>291,127</u>	<u>247,406</u>	<u>(43,721)</u>
Net Change in Fund Balance	<u>\$ (116,400)</u>	<u>\$ (1,288,975)</u>	<u>(724,886)</u>	<u>\$ 564,089</u>
FUND BALANCE - Beginning of Year			<u>1,468,596</u>	
FUND BALANCE - END OF YEAR			<u>\$ 743,710</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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,193,045	\$ (6,955)
Municipal sales tax	451,400	451,400	442,005	(9,395)
Reimbursements	616,100	616,100	164,804	(451,296)
Investment income	33,500	124,000	121,044	(2,956)
Total Revenues	<u>2,301,000</u>	<u>2,391,500</u>	<u>1,920,898</u>	<u>(470,602)</u>
EXPENDITURES				
Capital Outlay	<u>3,436,500</u>	<u>5,610,000</u>	<u>4,472,927</u>	<u>1,137,073</u>
Total Expenditures	<u>3,436,500</u>	<u>5,610,000</u>	<u>4,472,927</u>	<u>1,137,073</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,135,500)</u>	<u>(3,218,500)</u>	<u>(2,552,029)</u>	<u>666,471</u>
OTHER FINANCING SOURCES				
Transfers in	<u>750,400</u>	<u>750,400</u>	<u>750,400</u>	<u>-</u>
Total Other Financing Sources	<u>750,400</u>	<u>750,400</u>	<u>750,400</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (385,100)</u>	<u>\$ (2,468,100)</u>	<u>(1,801,629)</u>	<u>\$ 666,471</u>
FUND BALANCE - Beginning of Year			<u>2,755,256</u>	
FUND BALANCE - END OF YEAR			<u>\$ 953,627</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, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
OPERATING REVENUES				
Water sales	\$ 8,958,900	\$ 8,958,900	\$ 8,653,716	\$ (305,184)
Water/sewer permit fees	85,000	85,000	103,122	18,122
Miscellaneous	<u>45,900</u>	<u>45,900</u>	<u>49,869</u>	<u>3,969</u>
Total Operating Revenues	<u>9,089,800</u>	<u>9,089,800</u>	<u>8,806,707</u>	<u>(283,093)</u>
OPERATING EXPENSES				
Personnel services	2,369,054	2,361,491	2,235,733	125,758
Contractual services	1,230,470	1,215,955	1,188,438	27,517
Materials and supplies	383,625	335,490	358,501	(23,011)
Small tools and equipment	985,000	1,940,000	1,325,095	614,905
Administrative reimbursements	<u>1,287,600</u>	<u>1,287,600</u>	<u>1,287,600</u>	<u>-</u>
Total Operating Expenses	<u>6,255,749</u>	<u>7,140,536</u>	<u>6,395,367</u>	<u>745,169</u>
Operating Income	<u>2,834,051</u>	<u>1,949,264</u>	<u>2,411,340</u>	<u>462,076</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	35,700	111,000	134,526	23,526
Intergovernmental	69,000	69,000	71,026	2,026
Principal	(1,627,500)	(1,627,500)	(1,627,495)	(5)
Interest and fiscal charges	<u>(1,255,100)</u>	<u>(1,255,100)</u>	<u>(1,227,131)</u>	<u>27,969</u>
Total Non-Operating Revenues (Expenses)	<u>(2,777,900)</u>	<u>(2,702,600)</u>	<u>(2,649,074)</u>	<u>53,516</u>
Net Income (Loss) - Budgetary Basis	<u>56,151</u>	<u>(753,336)</u>	<u>(237,734)</u>	<u>515,592</u>
ADJUSTMENTS TO GAAP BASIS				
Capital assets capitalized	-	-	1,116,242	1,116,242
Depreciation	-	-	(1,723,296)	(1,723,296)
Principal paid	<u>-</u>	<u>-</u>	<u>1,627,495</u>	<u>1,627,495</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>1,020,441</u>	<u>1,020,441</u>
Change in net position	<u>\$ 56,151</u>	<u>\$ (753,336)</u>	<u>782,707</u>	<u>\$ 1,536,033</u>
NET POSITION - Beginning of Year			<u>14,713,565</u>	
NET POSITION - END OF YEAR			<u>\$ 15,496,272</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, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
OPERATING REVENUES				
Sanitary sewer charges	\$ 2,389,600	\$ 2,389,600	\$ 2,210,397	\$ (179,203)
Stormwater management fees	2,307,400	2,307,400	2,311,066	3,666
Water/sewer permit fees	35,000	35,000	30,030	(4,970)
Miscellaneous	<u>31,658</u>	<u>31,658</u>	<u>32,061</u>	<u>403</u>
Total Operating Revenues	<u>4,763,658</u>	<u>4,763,658</u>	<u>4,583,554</u>	<u>(180,104)</u>
OPERATING EXPENSES				
Personnel services	1,200,350	1,196,694	1,094,161	102,533
Contractual services	547,624	547,766	561,068	(13,302)
Materials and supplies	81,300	78,300	68,987	9,313
Small tools and equipment	<u>2,655,000</u>	<u>3,635,000</u>	<u>2,942,378</u>	<u>692,622</u>
Total Operating Expenses	<u>4,484,274</u>	<u>5,457,760</u>	<u>4,666,594</u>	<u>791,166</u>
Operating Income (Loss)	<u>279,384</u>	<u>(694,102)</u>	<u>(83,040)</u>	<u>611,062</u>
NON-OPERATING REVENUES (EXPENSES)				
Intergovernmental revenue	87,500	87,500	235,865	148,365
Investment income	29,200	29,200	51,528	22,328
Principal	(386,100)	(386,100)	(386,084)	16
Interest and fiscal charges	<u>(115,200)</u>	<u>(115,200)</u>	<u>(99,529)</u>	<u>15,671</u>
Total Non-Operating Revenues (Expenses)	<u>(384,600)</u>	<u>(384,600)</u>	<u>(198,220)</u>	<u>186,380</u>
Net Income (Loss) - Budgetary Basis	<u>(105,216)</u>	<u>(1,078,702)</u>	<u>(281,260)</u>	<u>797,442</u>
ADJUSTMENTS TO GAAP BASIS				
Capital assets capitalized	-	-	2,085,008	2,085,008
Depreciation	-	-	(1,918,628)	(1,918,628)
Principal paid	<u>-</u>	<u>-</u>	<u>386,084</u>	<u>386,084</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>552,464</u>	<u>552,464</u>
Change in net position	\$ <u>(105,216)</u>	\$ <u>(1,078,702)</u>	271,204	\$ <u>1,349,906</u>
NET POSITION - Beginning of Year			<u>20,025,999</u>	
NET POSITION - END OF YEAR			<u>\$ 20,297,203</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, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
OPERATING REVENUES				
Charges for services				
Parking lot collections	\$ 578,800	\$ 578,800	\$ 553,967	\$ (24,833)
Parking violations	220,800	220,800	270,939	50,139
Miscellaneous	-	-	6,565	6,565
Total Operating Revenues	<u>799,600</u>	<u>799,600</u>	<u>831,471</u>	<u>31,871</u>
OPERATING EXPENSES				
Personnel services	347,851	351,605	340,365	11,240
Contractual services	266,702	266,160	230,580	35,580
Materials and supplies	20,390	20,390	18,677	1,713
Small tools and equipment	30,000	30,000	9,203	20,797
Administrative reimbursements	<u>99,000</u>	<u>99,000</u>	<u>99,000</u>	<u>-</u>
Total Operating Expenses	<u>763,943</u>	<u>767,155</u>	<u>697,825</u>	<u>69,330</u>
Operating Income	<u>35,657</u>	<u>32,445</u>	<u>133,646</u>	<u>101,201</u>
NON-OPERATING REVENUES				
Investment income	<u>6,800</u>	<u>6,800</u>	<u>12,024</u>	<u>5,224</u>
Total Non-Operating Revenues	<u>6,800</u>	<u>6,800</u>	<u>12,024</u>	<u>5,224</u>
Net Income - Budgetary Basis	<u>42,457</u>	<u>39,245</u>	<u>145,670</u>	<u>106,425</u>
ADJUSTMENT TO GAAP BASIS				
Depreciation	<u>-</u>	<u>-</u>	<u>(163,246)</u>	<u>(163,246)</u>
Total Adjustment to GAAP Basis	<u>-</u>	<u>-</u>	<u>(163,246)</u>	<u>(163,246)</u>
Change in net position	\$ <u>42,457</u>	\$ <u>39,245</u>	(17,576)	\$ <u>(56,821)</u>
NET POSITION - Beginning of Year			<u>3,373,619</u>	
NET POSITION - END OF YEAR			<u>\$ 3,356,043</u>	

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2019

	Equipment Maintenance and Replacement	Insurance	Totals
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 3,927,861	\$ 2,797,338	\$ 6,725,199
Receivables			
Accounts	579	6,963	7,542
Other	-	402,682	402,682
Total Current Assets	<u>3,928,440</u>	<u>3,206,983</u>	<u>7,135,423</u>
Noncurrent Assets			
Capital assets (net of accumulated depreciation)			
Construction in progress	396,227	-	396,227
Machinery, equipment and furnishings	13,383,755	-	13,383,755
Accumulated depreciation	<u>(9,621,841)</u>	<u>-</u>	<u>(9,621,841)</u>
Total Noncurrent Assets	<u>4,158,141</u>	<u>-</u>	<u>4,158,141</u>
Total Assets	<u>8,086,581</u>	<u>3,206,983</u>	<u>11,293,564</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	639,599	-	639,599
Deferred outflows related to OPEB	<u>53,386</u>	<u>-</u>	<u>53,386</u>
Total Deferred Outflows of Resources	<u>692,985</u>	<u>-</u>	<u>692,985</u>
LIABILITIES			
Current Liabilities			
Accounts payable	316,654	11,303	327,957
Accrued liabilities	26,127	-	26,127
Unearned revenue	<u>27,756</u>	<u>9,214</u>	<u>36,970</u>
Total Current Liabilities	<u>370,537</u>	<u>20,517</u>	<u>391,054</u>
Noncurrent Liabilities			
Due within one year	12,773	1,817	14,590
Due in more than one year	<u>829,965</u>	<u>7,267</u>	<u>837,232</u>
Total Noncurrent Liabilities	<u>842,738</u>	<u>9,084</u>	<u>851,822</u>
Total Liabilities	<u>1,213,275</u>	<u>29,601</u>	<u>1,242,876</u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2019

	Equipment Maintenance and Replacement	Insurance	Totals
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	\$ 77,987	\$ -	\$ 77,987
Deferred inflows related to OPEB	<u>10,225</u>	<u>-</u>	<u>10,225</u>
Total Deferred Inflows of Resources	<u>88,212</u>	<u>-</u>	<u>88,212</u>
NET POSITION			
Net investment in capital assets	4,158,141	-	4,158,141
Unrestricted	<u>3,319,938</u>	<u>3,177,382</u>	<u>6,497,320</u>
TOTAL NET POSITION	<u>\$ 7,478,079</u>	<u>\$ 3,177,382</u>	<u>\$ 10,655,461</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, 2019

	Equipment Maintenance and Replacement	Insurance	Totals
OPERATING REVENUES			
Charges for goods and services	\$ 3,303,125	\$ 5,113,917	\$ 8,417,042
Miscellaneous	<u>166,662</u>	<u>-</u>	<u>166,662</u>
Total Operating Revenues	<u>3,469,787</u>	<u>5,113,917</u>	<u>8,583,704</u>
OPERATING EXPENSES			
Personnel services	1,248,267	(4,584)	1,243,683
Contractual services	248,006	5,495,969	5,743,975
Materials and supplies	571,321	4,052	575,373
Repairs and maintenance	463,419	-	463,419
Small tools and equipment	153,390	24,946	178,336
Depreciation	<u>543,435</u>	<u>-</u>	<u>543,435</u>
Total Operating Expenses	<u>3,227,838</u>	<u>5,520,383</u>	<u>8,748,221</u>
Operating Income (Loss)	<u>241,949</u>	<u>(406,466)</u>	<u>(164,517)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	95,834	41,820	137,654
Gain (loss) on sale of capital assets	<u>14,652</u>	<u>-</u>	<u>14,652</u>
Total Nonoperating Revenues (Expenses)	<u>110,486</u>	<u>41,820</u>	<u>152,306</u>
Change in net position	352,435	(364,646)	(12,211)
NET POSITION - Beginning of Year	<u>7,125,644</u>	<u>3,542,028</u>	<u>10,667,672</u>
NET POSITION - END OF YEAR	<u>\$ 7,478,079</u>	<u>\$ 3,177,382</u>	<u>\$ 10,655,461</u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2019

	Equipment Maintenance and Replacement	Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 3,495,305	\$ 5,187,866	\$ 8,683,171
Paid to suppliers for goods and services	(1,540,156)	(5,514,110)	(7,054,266)
Paid to employees for services	(1,229,953)	-	(1,229,953)
Net Cash Flows From Operating Activities	<u>725,196</u>	<u>(326,244)</u>	<u>398,952</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>95,834</u>	<u>41,820</u>	<u>137,654</u>
Net Cash Flows From Investing Activities	<u>95,834</u>	<u>41,820</u>	<u>137,654</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(1,000,438)	-	(1,000,438)
Sale of capital assets	<u>13,291</u>	-	<u>13,291</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(987,147)</u>	<u>-</u>	<u>(987,147)</u>
Net Change in Cash and Cash Equivalents	(166,117)	(284,424)	(450,541)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>4,093,978</u>	<u>3,081,762</u>	<u>7,175,740</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 3,927,861</u></u>	<u><u>\$ 2,797,338</u></u>	<u><u>\$ 6,725,199</u></u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2019

	Equipment Maintenance and Replacement	Insurance	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 241,949	\$ (406,466)	\$ (164,517)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	543,435	-	543,435
Changes in assets and liabilities			
Accounts receivable	(579)	75,418	74,839
Accounts payable	(104,020)	10,857	(93,163)
Accrued salaries	2,430	-	2,430
Net pension liability	857,287	-	857,287
Deferred outflows related to pensions	(567,234)	-	(567,234)
Deferred inflows related to pensions	(313,793)	-	(313,793)
Unearned revenue	26,097	(1,469)	24,628
Compensated absences	6,944	(4,584)	2,360
Deferred outflows related to OPEB	(53,386)	-	(53,386)
Deferred inflows related to OPEB	101	-	101
Total OPEB liability	<u>85,965</u>	<u>-</u>	<u>85,965</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>\$ 725,196</u>	<u>\$ (326,244)</u>	<u>\$ 398,952</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, 2019**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
OPERATING REVENUES				
Charges for goods and services	\$ 3,303,125	\$ 3,303,125	\$ 3,303,125	\$ -
Miscellaneous	<u>99,000</u>	<u>168,517</u>	<u>166,662</u>	<u>(1,855)</u>
Total Operating Revenues	<u>3,402,125</u>	<u>3,471,642</u>	<u>3,469,787</u>	<u>(1,855)</u>
OPERATING EXPENSES				
Personnel services	1,281,196	1,294,600	1,248,267	46,333
Contractual services	290,453	267,910	248,006	19,904
Materials and supplies	588,293	571,861	571,321	540
Repairs and maintenance	500,567	509,221	463,419	45,802
Small tools and equipment	<u>1,032,685</u>	<u>1,854,918</u>	<u>1,153,828</u>	<u>701,090</u>
Total Operating Expenses	<u>3,693,194</u>	<u>4,498,510</u>	<u>3,684,841</u>	<u>813,669</u>
Operating Income (Loss)	<u>(291,069)</u>	<u>(1,026,868)</u>	<u>(215,054)</u>	<u>811,814</u>
NON-OPERATING REVENUES				
Investment income	37,500	37,500	95,834	58,334
Gain (loss) on sale of capital assets	<u>13,000</u>	<u>13,000</u>	<u>14,652</u>	<u>1,652</u>
Total Non-Operating Revenues	<u>50,500</u>	<u>50,500</u>	<u>110,486</u>	<u>59,986</u>
Net Loss Before Adjustments to GAAP Basis	<u>(240,569)</u>	<u>(976,368)</u>	<u>(104,568)</u>	<u>871,800</u>
ADJUSTMENTS TO GAAP BASIS				
Capital assets capitalized	-	-	1,000,438	1,000,438
Depreciation	<u>-</u>	<u>-</u>	<u>(543,435)</u>	<u>(543,435)</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>457,003</u>	<u>457,003</u>
Change in net position	\$ <u>(240,569)</u>	\$ <u>(976,368)</u>	352,435	\$ <u>1,328,803</u>
NET POSITION - Beginning of Year			<u>7,125,644</u>	
NET POSITION - END OF YEAR			<u>\$ 7,478,079</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, 2019

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
OPERATING REVENUES				
Charges for services				
Charges for goods and services	\$ 4,986,888	\$ 4,986,888	\$ 5,113,917	\$ 127,029
Total Operating Revenues	<u>4,986,888</u>	<u>4,986,888</u>	<u>5,113,917</u>	<u>127,029</u>
OPERATING EXPENSES				
Personnel services	-	-	(4,584)	4,584
Contractual services	5,593,188	5,485,357	5,495,969	(10,612)
Materials and supplies	6,810	5,860	4,052	1,808
Repairs and maintenance	2,200	1,200	-	1,200
Small tools and equipment	<u>25,000</u>	<u>25,000</u>	<u>24,946</u>	<u>54</u>
Total Operating Expenses	<u>5,627,198</u>	<u>5,517,417</u>	<u>5,520,383</u>	<u>(2,966)</u>
Operating Income (Loss)	<u>(640,310)</u>	<u>(530,529)</u>	<u>(406,466)</u>	<u>129,995</u>
NON-OPERATING REVENUES				
Investment income	-	-	41,820	(41,820)
Total Non-Operating Revenues	-	-	41,820	(41,820)
Change in net position	<u>(640,310)</u>	<u>(530,529)</u>	<u>(364,646)</u>	<u>88,175</u>
NET POSITION - Beginning of Year			<u>3,542,028</u>	
NET POSITION - END OF YEAR			<u>\$ 3,177,382</u>	

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS As of December 31, 2019

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 791,943	\$ 808,740	\$ 1,600,683
Investments			
U.S. Government and agency obligations	12,451,103	12,409,030	24,860,133
Corporate bonds	2,648,189	3,549,889	6,198,078
Mutual funds	27,933,658	29,635,021	57,568,679
Municipal bonds	1,863,794	1,877,166	3,740,960
Receivables			
Accrued interest	115,952	114,876	230,828
Prepaid items	250	-	250
Due from primary government	<u>9,032</u>	<u>8,776</u>	<u>17,808</u>
Total Assets	<u>45,813,921</u>	<u>48,403,498</u>	<u>94,217,419</u>
LIABILITIES			
Accounts payable	<u>15,474</u>	<u>18,333</u>	<u>33,807</u>
Total Liabilities	<u>15,474</u>	<u>18,333</u>	<u>33,807</u>
NET POSITION			
Restricted for pension benefits	<u>\$ 45,798,447</u>	<u>\$ 48,385,165</u>	<u>\$ 94,183,612</u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

For the Year Ended December 31, 2019

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
ADDITIONS			
Contributions			
Employer	\$ 3,983,517	\$ 4,033,757	\$ 8,017,274
Plan members	560,825	476,948	1,037,773
Total Contributions	<u>4,544,342</u>	<u>4,510,705</u>	<u>9,055,047</u>
Investment income			
Investment income	1,246,389	1,309,456	2,555,845
Net appreciation in fair value of investments	6,113,489	6,547,354	12,660,843
Total Investment Income	7,359,878	7,856,810	15,216,688
Less Investment expenses	54,230	57,371	111,601
Net Investment Income	7,305,648	7,799,439	15,105,087
Total Additions	<u>11,849,990</u>	<u>12,310,144</u>	<u>24,160,134</u>
DEDUCTIONS			
Benefits	4,630,285	4,541,682	9,171,967
Administration	48,490	39,131	87,621
Total Deductions	<u>4,678,775</u>	<u>4,580,813</u>	<u>9,259,588</u>
Change in Net Position	7,171,215	7,729,331	14,900,546
NET POSITION - Beginning of Year	<u>38,627,232</u>	<u>40,655,834</u>	<u>79,283,066</u>
NET POSITION - END OF YEAR	<u><u>\$ 45,798,447</u></u>	<u><u>\$ 48,385,165</u></u>	<u><u>\$ 94,183,612</u></u>



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.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over	133 - 139
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	140 - 145
Debt Capacity 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
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within the City's financial activities take place.	150 - 151
Operating Information 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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 95,361,548	\$ 71,825,055	\$ 73,059,813	\$ 74,393,563	\$ 74,583,376	\$ 85,027,909	\$ 85,567,313	\$ 84,778,317	\$ 78,196,858	\$ 75,455,357
Restricted	5,746,288	1,676,953	1,778,085	1,930,549	2,402,234	2,265,529	2,654,529	2,708,093	2,183,954	2,770,149
Unrestricted	19,638,083	26,354,712	30,962,266	31,302,403	34,469,095	(46,072,103)	(48,998,593)	(49,918,848)	(54,090,833)	(45,806,027)
Total	\$ 120,745,919	\$ 99,856,720	\$ 105,800,164	\$ 107,626,515	\$ 111,454,705	\$ 41,221,335	\$ 39,223,249	\$ 37,567,562	\$ 26,289,979	\$ 32,419,479
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 29,534,781	\$ 54,109,919	\$ 48,582,193	\$ 60,756,229	\$ 59,065,125	\$ 43,217,124	\$ 40,152,956	\$ 39,597,032	\$ 36,017,027	\$ 36,008,982
Unrestricted	5,625,549	5,066,721	10,286,671	(2,483,918)	(2,094,006)	2,493,194	3,363,433	2,151,329	2,096,156	3,140,536
Total	\$ 35,160,330	\$ 59,176,640	\$ 58,868,864	\$ 58,272,311	\$ 56,971,119	\$ 45,710,318	\$ 43,516,389	\$ 41,748,361	\$ 38,113,183	\$ 39,149,518
PRIMARY GOVERNMENT										
Net investment in capital assets	\$ 124,896,329	\$ 125,934,974	\$ 121,642,006	\$ 135,149,792	\$ 133,648,501	\$ 128,245,033	\$ 125,720,269	\$ 124,375,349	\$ 114,213,885	\$ 111,464,339
Restricted	5,746,288	1,676,953	1,778,085	1,930,549	2,402,234	2,265,529	2,654,529	2,708,093	2,183,954	2,770,149
Unrestricted	25,263,632	31,421,433	41,248,937	28,818,485	32,375,089	(43,578,909)	(45,635,160)	(47,767,519)	(51,994,677)	(42,665,491)
Total	\$ 155,906,249	\$ 159,033,360	\$ 164,669,028	\$ 165,898,826	\$ 168,425,824	\$ 86,931,653	\$ 82,739,638	\$ 79,315,923	\$ 64,403,162	\$ 71,568,997

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.
- (3) Beginning in 2018, the City implemented GASB 75 which resulted in the inclusion of a total OPEB liability.
- (4) Beginning in 2019, the City implemented GASB 84 which resulted in the inclusion of the Affordable Housing and General Deposit Funds previously reported as agency funds.

CITY OF HIGHLAND PARK

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

Fiscal Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GENERAL FUND										
Reserved	\$ 16,831,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	17,529,356	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	4,753	4,276	7,062
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	8,832,844	9,876,238
Unassigned	-	15,762,287	14,111,753	19,032,489	19,744,246	20,322,846	18,054,780	17,556,651	20,471,736	25,865,861
Subtotal General Fund	34,360,456	37,720,582	41,696,926	42,441,984	43,469,741	26,443,341	24,886,475	25,750,733	29,308,856	35,749,161
% Change from prior year	2.6%	9.8%	10.5%	1.8%	2.4%	-39.2%	-5.9%	3.5%	13.8%	22.0%
OTHER GOVERNMENTAL FUNDS										
Reserved	5,825,875	-	-	-	-	-	-	-	-	-
Unreserved, reported in										
Special Revenue Funds	(8,497)	-	-	-	-	-	-	-	-	-
Nonspendable	-	349,985	106,738	6,408	6,408	6,408	6,408	-	359	-
Restricted	-	1,676,953	1,778,085	1,930,549	2,402,234	2,265,529	3,343,630	2,708,093	4,939,210	3,723,776
Unrestricted										
Committed	-	570,002	1,115,109	1,191,451	1,221,503	1,079,505	906,922	1,281,682	2,031,886	2,468,121
Assigned	-	2,852,016	2,822,330	2,973,522	3,186,138	2,731,073	3,719,803	2,277,942	971,368	999,356
Unassigned										
Special Revenue Funds (deficit)	-	(53,493)	(65,787)	(53,194)	(52,514)	(61,165)	(61,207)	-	-	-
Subtotal Other Governmental Funds	5,817,378	5,395,463	5,756,475	6,048,736	6,763,769	6,021,350	7,915,556	6,267,717	7,942,823	7,191,253
TOTAL GOVERNMENTAL FUNDS	\$ 40,177,834	\$ 43,116,045	\$ 47,453,401	\$ 48,490,720	\$ 50,233,510	\$ 32,464,691	\$ 32,802,031	\$ 32,018,450	\$ 37,251,679	\$ 42,940,414
% Change from prior year	4.2%	7.3%	10.1%	2.2%	3.6%	-35.4%	1.0%	-2.4%	16.3%	15.3%

CITY OF HIGHLAND PARK

CHANGE IN NET POSITION
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GOVERNMENTAL ACTIVITIES										
Program Revenues										
Charges for services										
General government	\$ 1,343,270	\$ 1,558,688	\$ 3,560,882	\$ 2,682,498	\$ 2,771,791	\$ 2,665,330	\$ 2,348,267	\$ 2,172,696	\$ 2,372,699	\$ 2,766,614
Public safety	2,587,093	2,714,368	2,775,737	3,082,011	2,869,862	2,737,190	2,789,821	3,252,583	3,483,336	3,801,221
Public works	3,012,443	1,009,252	1,031,414	1,081,656	1,248,525	1,182,321	1,220,394	1,317,634	1,417,119	1,511,471
Econ./physical development	1,490,589	1,868,519	1,394,696	1,236,569	1,516,752	1,935,153	1,707,560	1,306,682	1,948,457	1,573,980
Transit	1,130,398	1,223,684	1,312,028	1,367,708	1,416,630	1,312,436	1,342,009	1,421,764	1,436,742	1,532,544
Operating grants	938,199	1,007,110	900,045	1,012,404	1,123,140	762,804	795,560	870,061	776,384	1,006,633
Capital grants	95,485	565,452	-	-	-	245,365	84,464	232,948	306,139	67,783
General Revenues										
Property taxes	11,209,516	11,478,560	11,480,575	11,723,266	12,300,826	12,319,262	12,412,788	12,574,374	13,056,531	14,155,087
Sales taxes	11,471,636	11,785,806	12,393,678	12,904,569	13,674,254	13,173,534	13,230,707	13,111,115	13,991,902	13,576,047
Other taxes	11,107,857	8,576,032	9,055,860	9,706,318	9,970,403	10,004,019	11,915,256	11,915,732	11,659,901	12,086,075
Payment in lieu ¹	530,676	546,459	559,173	804,573	796,308	762,038	822,131	846,221	704,250	1,462,484
Other	1,873,021	3,107,990	5,286,685	1,461,767	2,434,222	(686,784)	269,876	363,329	896,614	3,890,504
Total revenues	46,790,183	45,441,920	49,750,773	47,063,339	50,122,713	46,412,668	48,938,833	49,385,139	52,050,074	57,430,443
Expenses										
General government	6,022,181	5,362,741	8,965,963	8,449,022	7,543,013	7,648,490	7,136,341	7,523,811	6,756,414	7,737,099
Public safety	20,825,900	20,181,540	20,175,202	21,797,867	22,784,673	27,060,284	27,094,758	26,147,707	28,676,247	27,435,033
Public works	12,159,891	8,377,575	6,361,328	6,297,452	7,147,559	7,377,966	7,491,480	7,531,938	7,258,400	6,882,251
Econ./physical development	5,002,364	3,612,168	5,106,635	5,689,964	6,249,818	7,249,956	7,155,683	7,921,665	8,188,294	8,072,546
Transit	1,301,811	1,379,050	1,292,090	1,359,599	1,288,343	1,230,364	1,265,741	1,289,937	1,357,141	1,379,367
Commissions	413,921	331,347	407,388	327,835	394,871	467,014	448,794	412,175	157,299	73,711
Interest	1,491,630	1,409,557	1,252,423	1,070,849	886,246	287,932	276,122	213,593	404,873	281,688
Total expenses	47,217,698	40,653,978	43,561,029	44,992,588	46,294,523	51,322,006	50,868,919	51,040,826	52,798,668	51,861,695
INCR./(DECR.) IN NET POSITION BEFORE TRANSFERS	\$ (427,515)	\$ 4,787,942	\$ 6,189,744	\$ 2,070,751	\$ 3,828,190	\$ (4,909,338)	\$ (1,930,086)	\$ (1,655,687)	\$ (748,594)	\$ 5,568,748
Transfers	100,000	(25,677,141)	(246,300)	(244,400)	-	8,523,384	(68,000)	-	-	-
INCR./(DECR.) IN NET POSITION	\$ (327,515)	\$ (20,889,199)	\$ 5,943,444	\$ 1,826,351	\$ 3,828,190	\$ 3,614,046	\$ (1,998,086)	\$ (1,655,687)	\$ (748,594)	\$ 5,568,748

Notes:

(1) Payment in lieu is Payment in lieu of taxes and affordable units.

CITY OF HIGHLAND PARK

CHANGE IN NET POSITION (Continued)
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
BUSINESS-TYPE ACTIVITIES										
Program Revenues										
Charges for services										
Parking system	\$ 902,896	\$ 805,363	\$ 804,608	\$ 751,331	\$ 782,300	\$ 816,753	\$ 795,851	\$ 725,178	\$ 798,021	\$ 824,906
Water	6,935,697	7,033,638	7,756,992	7,595,773	7,193,756	7,286,222	8,038,625	7,944,693	8,017,280	8,806,707
Sewer	-	2,477,341	2,984,243	3,225,609	3,517,779	4,066,211	4,639,293	4,580,105	4,705,795	4,583,554
Country Club	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	99,323	306,891
Capital grants	-	167,331	-	121,000	-	-	-	-	-	-
Other	192,935	41,652	14,649	19,717	17,520	9,112	57,742	114,265	111,356	204,643
Total revenues	10,670,978	13,198,496	14,473,117	14,199,737	13,850,422	12,253,949	13,610,430	13,449,035	13,731,775	14,726,701
Expenses										
Parking	995,796	1,156,266	1,006,413	922,176	988,547	1,031,108	935,125	940,746	930,884	861,071
Water	7,232,335	6,407,020	6,645,213	6,977,513	7,101,394	10,128,640	10,868,120	9,443,272	10,907,442	8,229,552
Sewer	-	4,518,395	4,385,887	4,182,723	4,224,626	4,872,731	4,069,114	4,833,045	5,232,836	4,599,743
Country Club	2,814,729	2,777,646	2,989,680	2,958,278	2,837,047	10,047	-	-	-	-
Total expenses	11,042,860	14,859,327	15,027,193	15,040,690	15,151,614	16,042,526	15,872,359	15,217,063	17,071,162	13,690,366
INCR./(DECR.) IN NET POSITION BEFORE TRANSFERS	\$ (371,882)	\$ (1,660,831)	\$ (554,076)	\$ (840,953)	\$ (1,301,192)	\$ (3,788,577)	\$ (2,261,929)	\$ (1,768,028)	\$ (3,339,387)	\$ 1,036,335
Transfers	(100,000)	25,677,141	246,300	244,400	-	(8,523,384)	68,000	-	-	-
INCR./(DECR.) IN NET POSITION	\$ (471,882)	\$ 24,016,310	\$ (307,776)	\$ (596,553)	\$ (1,301,192)	\$ (12,311,961)	\$ (2,193,929)	\$ (1,768,028)	\$ (3,339,387)	\$ 1,036,335

CITY OF HIGHLAND PARK

CHANGE IN NET POSITION (Continued)
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
TOTAL NET POSITION										
Program Revenues										
Charges for services	\$ 19,967,036	\$ 21,226,924	\$ 24,376,285	\$ 23,438,929	\$ 23,538,182	\$ 22,006,997	\$ 22,881,820	\$ 22,721,335	\$ 24,179,449	\$ 25,400,997
Operating grants	1,012,999	1,144,210	1,056,985	1,082,937	1,241,420	833,074	874,479	954,855	875,707	1,313,524
Capital grants	95,485	732,783	-	121,000	-	245,365	84,464	232,948	306,139	67,783
General Revenues										
Property taxes	11,209,516	11,478,560	11,480,575	11,723,266	12,300,826	12,319,262	12,412,788	12,574,374	13,056,531	14,155,087
Sales taxes	11,471,636	11,785,806	12,393,678	12,904,569	13,674,254	13,173,534	13,230,707	13,111,115	13,991,902	13,576,047
Other taxes	11,107,857	8,576,032	9,055,860	9,706,318	9,970,403	10,004,019	11,915,256	11,915,732	11,659,901	12,086,075
Payment in lieu of taxes	530,676	546,459	559,173	804,573	796,308	762,038	822,131	846,221	704,250	1,462,484
Other	2,065,956	3,149,642	5,301,334	1,481,484	2,451,742	(677,672)	327,618	477,594	1,007,970	4,095,147
Total revenues	57,461,161	58,640,416	64,223,890	61,263,076	63,973,135	58,666,617	62,549,263	62,834,174	65,781,849	72,157,144
Expenses										
General government	6,022,181	5,362,741	8,965,963	8,449,022	7,543,013	7,648,490	7,136,341	7,523,811	6,756,414	7,737,099
Public safety	20,825,900	20,181,540	20,175,202	21,797,867	22,784,673	27,060,284	27,094,758	26,147,707	28,676,247	27,435,033
Public works	12,159,891	8,377,575	6,361,328	6,297,452	7,147,559	7,377,966	7,491,480	7,531,938	7,258,400	6,882,251
Econ./physical development	5,002,364	3,612,168	5,106,635	5,689,964	6,249,818	7,249,956	7,155,683	7,921,665	8,188,294	8,072,546
Transit	1,301,811	1,379,050	1,292,090	1,359,599	1,288,343	1,230,364	1,265,741	1,289,937	1,357,141	1,379,367
Commissions	413,921	331,347	407,388	327,835	394,871	467,014	448,794	412,175	157,299	73,711
Interest	1,491,630	1,409,557	1,252,423	1,070,849	886,246	287,932	276,122	213,593	404,873	281,688
Parking	995,796	1,156,266	1,006,413	922,176	988,547	1,031,108	935,125	940,746	930,884	861,071
Water	7,232,335	6,407,020	6,645,213	6,977,513	7,101,394	10,128,640	10,868,120	9,443,272	10,907,442	8,229,552
Sewer	-	4,518,395	4,385,887	4,182,723	4,224,626	4,872,731	4,069,114	4,833,045	5,232,836	4,599,743
Country Club	2,814,729	2,777,646	2,989,680	2,958,278	2,837,047	10,047	-	-	-	-
Total expenses	58,260,558	55,513,305	58,588,222	60,033,278	61,446,137	67,364,532	66,741,278	66,257,889	69,869,830	65,552,061
INCR./(DECR.) IN NET POSITION	\$ (799,397)	\$ 3,127,111	\$ 5,635,668	\$ 1,229,798	\$ 2,526,998	\$ (8,697,915)	\$ (4,192,015)	\$ (3,423,715)	\$ (4,087,981)	\$ 6,605,083
NET REVENUE/(EXPENSE)										
Governmental Activities	(327,515)	(20,889,199)	6,189,744	2,070,751	3,828,190	(4,909,338)	(1,930,086)	(1,655,687)	(748,594)	5,568,748
Business Type Activities	(471,882)	24,016,310	(554,076)	(840,953)	(1,301,192)	(3,788,577)	(2,261,929)	(1,768,028)	(3,339,387)	1,036,335
TOTAL NET REVENUE/(EXPENSE)	(799,397)	3,127,111	5,635,668	1,229,798	2,526,998	(8,697,915)	(4,192,015)	(3,423,715)	(4,087,981)	6,605,083

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES										
Property taxes	\$ 11,209,517	\$ 11,478,560	\$ 11,480,575	\$ 11,723,266	\$ 12,300,826	\$ 12,319,262	\$ 12,412,788	\$ 12,574,374	\$ 13,056,531	\$ 14,155,087
Personal property replacement taxes	313,917	276,627	277,134	307,228	316,285	337,267	298,849	315,598	286,914	356,704
Licenses and permits	2,076,892	2,224,164	2,337,334	2,301,094	2,774,721	3,170,971	2,877,456	2,755,250	3,264,842	2,963,904
Public charges for services	4,268,149	2,810,348	1,206,575	2,400,261	2,383,476	2,408,953	2,944,657	3,342,231	3,662,416	4,064,724
Municipal sales tax	11,471,636	11,785,806	12,393,678	12,904,569	13,674,254	13,173,534	13,230,707	13,111,115	13,991,902	13,576,047
Utility tax	2,495,100	2,422,569	2,254,875	2,448,175	2,863,573	2,603,391	2,365,250	2,410,931	2,330,522	2,423,838
Real estate transfer tax	1,133,803	1,136,595	1,458,037	1,778,247	1,786,963	1,695,540	1,843,768	2,003,188	1,692,383	1,665,318
Intergovernmental	141,036	245,769	143,993	263,124	236,260	154,025	159,333	245,195	155,971	178,438
State income tax	2,393,639	2,354,555	2,615,197	2,835,830	2,849,624	3,166,878	2,897,250	2,733,707	2,850,286	3,167,946
Franchise tax	2,370,616	2,385,686	2,450,617	2,336,838	2,153,958	2,200,943	2,158,947	2,019,029	1,922,755	1,731,838
Payment in lieu ¹	530,676	546,459	559,173	804,573	796,308	762,038	822,131	846,221	704,250	1,462,484
Other taxes	1,840,111	1,833,144	1,835,512	2,210,845	2,221,094	2,266,204	2,229,634	2,298,992	2,435,650	2,592,224
RTA ² reimbursement	1,130,398	1,222,434	1,312,028	1,367,708	1,416,630	1,317,436	1,342,009	1,421,764	1,436,742	1,532,544
Reimbursements-other agencies	839,051	952,477	1,724,366	299,243	171,621	406,514	317,187	467,581	577,780	711,464
Fines, forfeitures, and penalties	832,175	874,396	965,723	1,188,128	1,078,662	867,656	514,271	423,287	562,122	559,376
Motor fuel tax	899,821	883,360	857,238	859,650	1,000,150	727,628	757,785	759,153	761,804	976,402
Interest income	748,755	715,602	757,419	714,584	735,415	72,025	244,636	322,252	707,738	915,732
Net change in fair value of investments	868,839	964,461	2,591,200	(1,575,000)	(636,166)	(3,150,000)	-	-	70,145	328,193
Miscellaneous	963,825	826,413	529,170	509,537	587,444	681,039	691,671	658,805	544,461	500,044
Total revenues	46,527,956	45,939,425	47,749,844	45,677,900	48,711,098	45,181,304	48,108,329	48,708,673	51,015,214	53,862,307
EXPENDITURES										
Current										
General government	5,738,520	5,084,358	6,997,163	6,869,099	6,309,182	7,192,989	8,975,291	6,684,877	7,253,903	7,326,231
Public safety	19,192,935	19,733,861	19,409,913	20,661,440	23,094,151	23,195,210	24,467,111	25,679,506	27,213,467	26,827,790
Public works	7,255,882	4,973,124	4,918,865	5,131,940	5,566,327	6,148,424	5,994,720	5,737,953	5,615,754	5,746,861
Transit	1,303,843	1,403,907	1,303,013	1,360,622	1,301,161	1,251,772	1,258,440	1,294,057	1,354,645	1,370,188
Commissions	157,802	94,225	158,314	143,580	145,798	217,940	186,720	163,101	157,299	73,711
Economic and physical development	3,664,925	3,610,662	3,485,321	3,299,488	3,662,506	4,037,270	3,941,297	3,766,052	4,007,848	5,416,201
Capital outlay	3,087,474	2,778,501	2,104,881	2,460,469	2,765,778	3,100,533	4,607,980	4,951,600	6,942,117	4,472,927
Debt service										
Principal	3,265,468	3,355,970	3,576,497	3,401,848	3,147,657	17,319,486	2,717,150	2,793,950	478,510	913,160
Interest and fiscal charges	1,528,452	1,452,715	1,265,413	1,088,749	979,411	325,655	302,340	240,967	448,082	326,712
Total expenditures	45,195,301	42,487,323	43,219,380	44,417,235	46,971,971	62,789,279	52,451,049	51,312,063	53,471,625	52,473,781
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,332,655	\$ 3,452,102	\$ 4,530,464	\$ 1,260,665	\$ 1,739,127	\$ (17,607,975)	\$ (4,342,720)	\$ (2,603,390)	\$ (2,456,411)	\$ 1,388,526

Notes:

(1) Payment in lieu is Payment in lieu of taxes and affordable units.

(2) RTA is Regional Transportation Authority

CITY OF HIGHLAND PARK

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
OTHER FINANCING SOURCES (USES)										
General obligation debt issued	\$ 2,510,000	\$ 3,705,000	\$ 3,410,000	\$ -	\$ -	\$ 646,800	\$ 4,650,000	\$ 705,162	\$ 7,900,000	\$ -
Premium on debt Issued	137,757	115,335	256,780	-	-	27,004	80,375	12,600	292,111	-
Payments to escrow agent	(2,473,739)	(3,785,543)	(3,628,143)	-	-	-	-	-	-	-
Transfers in	2,777,568	1,910,040	1,866,880	2,143,240	2,514,360	16,540,175	1,200,000	1,240,705	3,006,435	1,920,248
Transfers (out)	(2,677,568)	(2,593,917)	(2,113,180)	(2,387,640)	(2,514,360)	(17,381,823)	(1,268,000)	(1,240,705)	(4,043,411)	(1,920,248)
Sale of capital assets	-	135,194	14,555	21,054	3,663	7,000	17,655	1,102,047	534,505	3,739,457
Total other financing sources (uses)	274,018	(513,891)	(193,108)	(223,346)	3,663	(160,844)	4,680,030	1,819,809	7,689,640	3,739,457
NET CHANGES IN FUND BALANCES	1,606,673	2,938,211	4,337,356	1,037,319	1,742,790	(17,768,819)	337,310	(783,581)	5,233,229	5,127,983
FUND BALANCES, BEGINNING OF YEAR	38,571,161	40,177,834	43,116,045	47,453,401	48,490,720	50,233,510	32,464,691	32,802,031	32,018,450	37,251,679
Prior period adjustment	-	-	-	-	-	-	-	-	-	560,752
FUND BALANCES, BEGINNING OF YEAR, RESTATED	38,571,161	40,177,834	43,116,045	47,453,401	48,490,720	50,233,510	32,464,691	32,802,031	32,018,450	37,812,431
FUND BALANCES, END OF YEAR	\$ 40,177,834	\$ 43,116,045	\$ 47,453,401	\$ 48,490,720	\$ 50,233,510	\$ 32,464,691	\$ 32,802,001	\$ 32,018,450	\$ 37,251,679	\$ 42,940,414
DEBT SERVICE AS A % OF NONCAPITAL EXPENDITURES¹	10.7%	11.4%	11.8%	10.6%	9.2%	29.1%	6.5%	6.3%	1.9%	2.6%

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
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%
2018	2,178,026,581	222,911,973	482,480	1,745	2,952,465	n/a	2,404,375,244	0.772	7,213,125,732	-0.2%	33%
2019	2,093,191,544	254,156,305	489,659	972,370	3,204,766	n/a	2,352,014,644	0.809	7,056,043,932	-2.2%	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)

Tax Levy Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>CITY DIRECT RATE</u>										
Bond	0.140	0.156	0.170	0.183	0.145	0.136	0.129	0.033	0.052	0.052
Corporate	0.107	0.121	0.141	0.099	0.119	0.084	0.085	0.152	0.150	0.147
Firefighters Pension	0.060	0.064	0.077	0.116	0.116	0.113	0.121	0.128	0.129	0.125
Library	0.160	0.175	0.192	0.218	0.226	0.213	0.209	0.203	0.206	0.219
Police Pension	0.065	0.064	0.078	0.115	0.115	0.128	0.128	0.132	0.132	0.141
Street and Bridge	0.054	0.063	0.051	0.054	0.074	0.075	0.065	0.077	0.103	0.124
Total Direct Rate	0.586	0.643	0.709	0.785	0.795	0.749	0.737	0.726	0.772	0.809
<u>OVERLAPPING RATES</u>										
County	0.505	0.554	0.608	0.663	0.682	0.663	0.632	0.622	0.612	0.597
Forest Preserve	0.198	0.201	0.212	0.218	0.210	0.208	0.193	0.187	0.182	0.180
Township	0.052	0.059	0.066	0.070	0.066	0.063	0.056	0.054	0.054	0.056
Sanitary	0.136	0.150	0.150	0.164	0.169	0.166	0.157	0.153	0.153	0.153
College of Lake County	0.218	0.240	0.272	0.296	0.306	0.299	0.285	0.281	0.282	0.282
High School	1.921	2.167	2.178	2.364	2.421	2.309	2.187	2.164	2.222	2.280
Elementary School	2.437	2.818	2.957	3.076	3.152	3.006	2.862	2.826	2.914	3.039
Mosquito Abatement	0.013	0.014	0.015	0.007	0.013	0.012	0.012	0.011	0.011	0.012
Park District	0.379	0.410	0.445	0.497	0.508	0.520	0.529	0.521	0.535	0.560
Total Overlapping Rate	5.859	6.613	6.903	7.355	7.527	7.246	6.913	6.818	6.966	7.157
Total Rate	6.445	7.256	7.612	8.140	8.322	7.995	7.650	7.544	7.738	7.966

Notes:

(1) Source: Lake County

CITY OF HIGHLAND PARK

PRINCIPAL TAXPAYERS
Current Year and Nine Years Prior

December 31, 2019				December 31, 2010			
Taxpayer ¹	Business/Service	Equalized Assessed Valuation ²	As a % of Total EAV	Taxpayer ¹	Business/Service	Equalized Assessed Valuation	As a % of Total EAV
T Renaissance IL LLC	Business/Retail Center	\$ 9,960,826	0.42%	Metzler I Renaissance Place LP	Business/Retail Center	\$ 14,196,290	0.56%
Federal Realty Investment Trust	Business/Retail Center	8,331,380	0.35%	Federal Realty Investment Trust	Business/Retail Center	8,180,142	0.32%
Americana Apartments	Real Property	6,745,191	0.29%	Midwest Family Housing LLC	Real Property	8,125,291	0.32%
Midwest Family Housing LLC	Real Property	6,639,051	0.28%	Klaimont Family Associates	Business/Retail Center	5,108,370	0.20%
McGovern Flats LLC	Real Property	5,670,082	0.24%	Highland Park Associates II LLC	Business	4,629,890	0.18%
Highland Park Associates II LLC	Real Property	5,106,654	0.22%	Americana Apartments	Real Property	4,307,637	0.17%
Northmoor Country Club	Real Property	4,780,471	0.20%	Sunset Food Mart, Inc.	Retail Store	4,129,975	0.16%
Sunset Food Mart, Inc.	Retail Store	4,289,632	0.18%	Solo Cup Company	Business	3,493,639	0.14%
Clarion Partners	Real Property	4,091,104	0.17%	LB&M Real Estate Management Inc.	Business/Retail Center	3,202,367	0.13%
Elston Avenue Real Estate Co. LLC	Real Property	3,969,002	0.17%	American Stores Company, LLC	Retail Store	3,174,830	0.12%
		<u>\$ 59,583,393</u>	<u>2.53%</u>			<u>\$ 58,548,431</u>	<u>2.29%</u>
	2019 Total EAV	\$ 2,352,014,644			2010 Total EAV	\$ 2,551,775,455	
	Percentage of Total		2.53%		Percentage of Total		2.29%

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 2019 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 ¹	Current Taxes Collected		Percent of Levy Collected	Delinquent Taxes Collected in Current Year ²	Total Collections	Percent of Total Collections to Tax Levy
		Fiscal Year Collected	Amount				
2009	\$ 14,495,638	2010	\$ 14,406,632	99.4%	\$ -	\$ 14,406,632	99.4%
2010	14,953,404	2011	14,217,063	95.1%	-	14,217,063	95.1%
2011	14,937,526	2012	14,871,344	99.6%	-	14,871,344	99.6%
2012	15,337,825	2013	15,235,177	99.3%	-	15,235,177	99.3%
2013	16,199,337	2014	16,085,461	99.3%	-	16,085,461	99.3%
2014	16,316,623	2015	16,254,541	99.6%	-	16,254,126	99.6%
2015	16,316,594	2016	16,294,280	99.9%	-	16,294,280	99.9%
2016	17,061,848	2017	16,898,118	99.0%	-	16,898,118	99.0%
2017	17,482,295	2018	17,374,483	99.4%	-	17,374,483	99.4%
2018	18,556,415	2019	18,449,447	99.4%	-	18,449,447	99.4%

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.

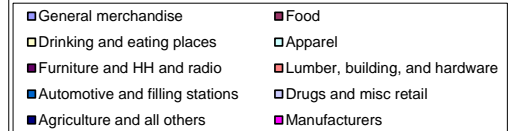
(2) Lake County does not furnish information relating to delinquent taxes collected for the applicable levy year. Amounts shown in this column are collections in the year indicated of delinquent taxes applicable to prior years' tax levies.

CITY OF HIGHLAND PARK

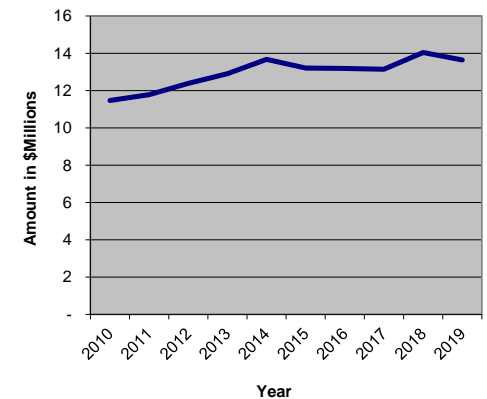
SALES TAX ANALYSIS BY SIC CODE
Last Ten Calendar Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
MUNICIPAL SALES TAX										
General merchandise	449,602	476,610	487,633	468,255	450,805	424,722	376,713	360,540	349,402	327,815
Food	868,116	844,137	825,884	833,519	892,527	848,504	785,021	793,953	749,836	744,541
Drinking and eating places	505,918	530,179	567,295	568,131	580,827	588,112	589,970	610,370	604,583	634,746
Apparel	403,224	409,753	386,460	270,411	266,663	260,993	231,345	197,947	196,188	162,282
Furniture and HH and radio	180,446	183,420	178,688	200,024	194,996	187,393	194,400	187,107	196,551	172,100
Lumber, building, and hardware	282,815	287,753	265,696	288,983	307,275	324,682	321,871	288,996	266,003	254,990
Automotive and filling stations	2,935,635	3,146,580	3,524,876	3,944,283	4,256,268	4,051,315	3,925,825	4,050,446	4,359,345	4,498,233
Drugs and misc retail	1,040,667	1,107,907	1,196,527	1,247,724	1,310,854	1,109,919	1,278,384	1,206,582	1,149,203	1,185,317
Agriculture and all others	631,631	602,865	583,516	629,981	700,733	842,241	725,046	714,869	768,559	770,403
Manufacturers	183,264	85,390	101,612	115,723	309,187	403,709	684,361	677,172	1,262,615	842,949
Total	7,481,317	7,674,594	8,118,187	8,567,033	9,270,135	9,041,588	9,112,937	9,087,983	9,902,285	9,593,375
% Inc./Dec. from prev. year	4.75%	2.58%	5.78%	5.53%	8.21%	-2.47%	0.79%	-0.27%	8.96%	-3.12%
HOME RULE SALES TAX										
General merchandise	377,378	378,808	386,288	366,787	339,988	321,670	298,828	294,033	281,712	261,670
Food	219,535	208,931	202,292	238,547	259,062	261,177	221,744	212,651	203,551	196,656
Drinking and eating places	497,699	521,369	557,106	558,559	570,766	578,180	580,581	601,154	597,607	626,500
Apparel	402,726	406,167	380,597	264,977	260,367	254,457	226,511	197,899	195,841	162,284
Furniture and HH and radio	180,449	183,251	178,506	199,652	194,496	186,823	193,796	186,657	196,096	171,674
Lumber, building, and hardware	282,767	287,713	265,638	288,923	307,228	324,651	321,370	288,811	266,002	254,988
Automotive and filling stations	621,418	803,846	949,692	979,596	944,921	783,633	716,884	797,223	885,035	865,015
Drugs and misc retail	743,933	757,971	791,280	818,131	844,357	680,829	811,952	738,672	724,671	740,785
Agriculture and all others	479,828	471,318	461,354	505,781	550,876	663,022	555,023	562,801	599,406	591,187
Manufacturers	182,984	85,176	101,320	115,437	130,667	118,371	146,910	180,087	189,811	182,662
Total	3,988,716	4,104,550	4,274,073	4,336,391	4,402,727	4,172,814	4,073,599	4,059,986	4,139,733	4,053,420
% Inc./Dec. from prev. year	1.45%	2.90%	4.13%	1.46%	1.53%	-5.22%	-2.38%	-0.33%	1.96%	-2.08%
TOTAL SALES TAX										
General merchandise	826,980	855,418	873,921	835,042	790,793	746,392	675,541	654,574	631,114	589,485
Food	1,087,650	1,053,067	1,028,177	1,072,066	1,151,589	1,109,681	1,006,765	1,006,604	953,388	941,197
Drinking and eating places	1,003,616	1,051,548	1,124,401	1,126,690	1,151,593	1,166,292	1,170,550	1,211,523	1,202,190	1,261,246
Apparel	805,950	815,920	767,056	535,388	527,030	515,449	457,857	395,846	392,029	324,566
Furniture and HH and radio	360,895	366,672	357,194	399,676	389,492	374,216	388,196	373,764	392,647	343,773
Lumber, building, and hardware	565,582	575,467	531,334	577,906	614,503	649,333	643,242	577,808	532,005	509,978
Automotive and filling stations	3,557,053	3,950,426	4,474,568	4,923,879	5,201,189	4,834,947	4,642,709	4,847,669	5,244,380	5,363,248
Drugs and misc retail	1,784,600	1,865,878	1,987,808	2,065,855	2,155,211	1,790,749	2,090,336	1,945,254	1,873,874	1,926,102
Agriculture and all others	1,111,459	1,074,183	1,044,870	1,135,762	1,251,609	1,505,263	1,280,069	1,277,670	1,367,965	1,361,590
Manufacturers	366,248	170,566	202,932	231,160	439,854	522,080	831,271	857,258	1,452,427	1,025,611
Total	11,470,033	11,779,144	12,392,261	12,903,424	13,672,863	13,214,402	13,186,536	13,147,969	14,042,018	13,646,795
% Inc./Dec. from prev. year	3.58%	2.69%	5.21%	4.12%	5.96%	-3.35%	-0.21%	-0.29%	6.80%	-2.81%

Sales Tax Breakdown 2019



Sales Tax Comparison



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	
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
2018	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2019	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 ¹	Equalized Assessed Valuation ²	General Bonded Debt ³	Ratio of General Bonded Debt to Equalized Assessed Valuation	General Bonded Debt Per Capita
2010	31,457	2,551,775,455	49,237,395	0.0193	1,565
2011	29,763	2,323,098,926	49,815,488	0.0214	1,674
2012	29,763	2,163,303,908	45,323,991	0.0210	1,523
2013	29,763	2,063,609,750	50,647,143	0.0245	1,702
2014	29,763	2,053,407,635	56,604,486	0.0276	1,902
2015	29,871	2,178,857,704	45,651,055	0.0210	1,528
2016	29,743	2,313,960,326	53,192,609	0.0230	1,788
2017	29,641	2,408,411,146	53,944,751	0.0224	1,820
2018	29,767	2,404,375,244	59,722,344	0.0248	2,006
2019	29,622	2,352,014,644	56,652,343	0.0241	1,913

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	General Obligation Bonds ^{1,2}		Total Debt	Total Personal Income	Debt as a % of Total Personal Income	EAV	Debt to EAV Ratio	Estimated Population	Per Capita
	Governmental Activities	Business- Type Activities							
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 ³	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 ³	53,944,751	2,297,503,551	2.35%	2,408,411,146	0.0224	29,641	1,820
2018	11,724,357	47,997,987 ³	59,722,344	2,430,505,317	2.46%	2,404,375,244	0.0248	29,767	2,006
2019	10,754,782	45,897,560 ³	56,652,343	2,576,047,608	2.20%	2,352,014,644	0.0241	29,622	1,913

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, 2019

Governmental Unit	General Bonded Debt	% of Debt Applicable to the City of Highland Park ¹	City of Highland Park Share of Debt
City of Highland Park	\$ 10,754,783	100.0%	\$ 10,754,783
Lake County	157,790,000	8.6%	13,601,498
Lake County Forest Preserve District	222,645,000	8.6%	19,191,999
North Shore Sanitary District	-	0.0%	-
Deerfield Park District	850,000	0.0%	34
Park District of Highland Park	13,620,000	98.5%	13,421,148
School Districts			
District No. 106	-	0.0%	-
District No. 109	21,160,000	4.1%	867,560
District No. 112	50,945,000	94.7%	48,234,726
District No. 113	79,475,000	53.8%	42,765,498
College of Lake County	52,995,000	9.1%	4,801,347
	<u>599,480,000</u>		<u>142,883,810</u>
	<u>\$ 610,234,783</u>		<u>\$ 153,638,593</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, 2019

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

Fiscal Year	Population ¹	Per Capita Income ¹	School Enrollment ²	Unemployment Rate ³	Total Personal Income ⁴	Median Age ¹	College Degree ¹
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%
2018	29,767	81,651	5,948	3.5%	2,430,505,317	45.0	71.9%
2019	29,622	86,964	5,389	3.0%	2,576,047,608	46.0	74.4%

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

2019			2010		
Employer	Approximate Employees	Percentage of Total Municipal Employment	Employer	Approximate Employees	Percentage of Total Municipal Employment
Highland Park Hospital	1,200	8.7%	Highland Park Hospital	1,200	7.2%
Ravinia Festival	690 ¹	5.0%	North Shore School District 112	740 ¹	4.4%
Township High School District 113	603 ¹	4.4%	Ravinia Festival	690	4.1%
North Suburban Special Education District	595	4.3%	Northern Suburban Special Education District	506	3.0%
North Shore School District 112	580	4.2%	Township High School District 113	398 ¹	2.4%
City of Highland Park	234	1.7%	City of Highland Park	278 ¹	1.7%
First Bank of Highland Park	103	0.7%	The Picus Cos	100	0.6%
Dick Blick Holdings	100	0.7%	Highland Park Public Library	97 ¹	0.6%
Highland Park Public Library	98 ¹	0.7%	Highland Park Post Office	85	0.5%
Highland Park Post Office	85 ¹	0.6%			
	<u>4,288</u>	<u>31.1%</u>		<u>4,094</u>	<u>24.4%</u>

Notes:

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

(2) Source: 2019/2010 IL Manufacturers Directory, 2018/2009 IL Services Directory and City records



OPERATING INFORMATION

CITY OF HIGHLAND PARK

OPERATING INFORMATION AND INDICATORS
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
FIRE PROTECTION										
Emergency responses	4,480	4,777	4,832	4,657	5,220	4,859	5,146	5,450	5,556	5,669
Fires extinguished	31	47	46	43	28	31	18	29	42	46
PUBLIC WORKS										
Asphalt placed (square yards)	7,608	3,033	2,035	2,154	3,120	3,644	3,450	3,000	2,800	3,086
Crack sealing (street miles)	7	3	3	3	5	4	4	6	6	0
Street-sweeping (hours) ²	0	39	79	57	93	312	36	92	28	136
Number of mainbreaks repaired	102	92	101	104	106	44	49	50	57	52
POLICE PROTECTION										
Parking violations	11,032	6,192	8,730	8,060	6,673	6,502	6,082	5,536	4,487	5,261
Number of arrests	1,189	227	1,648	1,696	1,611	1,424	1,200	1,073	757	816
Number of traffic citations	4,348	3,980	4,725	4,626	3,439	2,837	2,317	1,650	1,889	1,718
FINANCE										
Number of water bills	41,788	42,244	42,248	42,324	42,320	42,424	42,380	42,413	42,371	42,232
Number of vendor checks	7,229	6,000	5,741	5,578	5,873	5,724	5,895	5,413	5,368	5,253
MUNICIPAL WATER SYSTEM										
Number of customers	10,300	10,434	10,436	10,445	10,443	10,422	10,422	10,469	10,441	10,434
Average daily consumption (million gallons)	10	10	9	9	8	8	9	8	8	9
Plant capacity (rated) - per day (million gallons)	21	21	21	21	21	30	30	30	30	30
Miles of water mains (approximate)	168	168	168	168	168	172	171	171	171	171
Number of fire hydrants (approximate)	1,680	1,680	1,680	1,680	1,680	1,700	1,773	1,773	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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	1	1	1
Squad/Engine	0	0	0	0	0	0	1	1	1	1
Ambulances	3	3	3	3	3	3	4	4	4	4
POLICE PROTECTION										
Number of stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	13	13	14	14	14	14	14	14	14
PUBLIC WORKS										
Miles of water mains (approximate)	168	168	168	168	168	172	171	171	171	171
Number of fire hydrants (approximate)	1,680	1,680	1,680	1,680	1,680	1,700	1,773	1,773	1,773	1,773
Miles of storm sewer (approximate)	178	178	178	178	178	178	182	182	185	185
Number of street lights (approximate)	1,420	1,420	1,420	1,420	1,420	1,473	1,473	1,473	1,473	1,473
Miles of sanitary sewer (approximate)	130	130	130	130	130	130	131	131	131	131
MILES OF STREET										
Paved	154	154	154	154	154	154	154	154	156	156
Graded	2	2	2	2	2	2	2	2	2	2
Total	156	156	156	156	156	156	156	156	158	158

Notes:

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

CITY OF HIGHLAND PARK

FULL-TIME EQUIVALENT EMPLOYEES
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GENERAL GOVERNMENT	23.3	23.3	20.1	20.4	20.4	20.7	20.7	20.8	20.8	19.7
COMMUNITY DEVELOPMENT	23.8	20.8	20.8	21.1	22.1	22.6	24.6	27.3	27.3	27.3
FINANCE	13.5	13.3	13.3	13.3	13.3	13.3	13.0	13.3	13.3	13.3
FIRE										
Firefighters and officers	51.0	49.0	48.0	48.0	48.0	48.0	48.0	48.0	50.0	50.0
Civilians	5.0	5.0	5.5	6.5	6.7	6.7	6.7	4.0	2.0	2.0
POLICE										
Sworn personnel	58.0	55.0	55.0	57.0	57.0	57.0	57.0	57.0	57.0	57.0
Civilians	28.7	25.7	26.7	27.2	27.2	20.2	20.2	20.8	20.8	20.8
PUBLIC WORKS										
Maintenance workers	64.5	60.0	58.5	58.8	57.5	58.9	57.9	57.1	57.6	57.6
Engineering	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0
Administration	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Total Employees	295.8	280.1	275.9	280.2	280.2	275.3	276.1	277.3	277.8	276.7

Notes:

(1) City Records