

CITY OF
HIGHLAND PARK
ILLINOIS



ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FOR YEAR ENDED
DECEMBER 31, 2022

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
OF THE
CITY OF HIGHLAND PARK, ILLINOIS**

As of and for the Year Ended December 31, 2022

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 12, 2023

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

This Annual Comprehensive Financial Report (Financial Report) details information from the City of Highland Park's (City) audited financial statements for the fiscal year ending December 31, 2022. The Financial Report is prepared and published within six months of the close of the City's 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 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 Financial Report is complete and reliable in all material respects.

Baker Tilly US, LLP, Independent Certified Public Accountants, issued an unmodified opinion for these financial statements. 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 Financial 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.

Profile of the Government

The City was incorporated in 1869 and has a long-standing heritage as one of the prestigious communities within Chicagoland's Lake Michigan north shore. The City occupies 12.25 square miles of land area, located 26 miles north of Chicago, and serves a population of 30,245. 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 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, ordinances, and resolutions 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 has priorities of fiscal stability, public safety, infrastructure investment, and community vibrancy. The City provides police service; 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 Financial Report includes the activities of the Public Safety Pension Funds, the Highland Park Public Library, and the Housing Associations, although independent boards manage these funds.

The City's strategic plan and annual budget are 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. City Council and Senior Staff establish a budget based on the City's priorities, input from the public, and proposed objectives that are fiscally responsible, while having the highest priority and the greatest positive community impact. The budget process begins in the spring and City staff present the proposed budget to the City Council 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. The City Council must approve budget revisions that alter the total expenditures of any department or fund. Budget-to-actual comparisons are provided in this Financial Report 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.

Mass Shooting

The City experienced a mass shooting on July 4, 2022 during its July 4th parade (incident). The shooter killed seven people and injured dozens more. The City is heartbroken by this tragic incident. As a community, all share in grieving those who were killed or injured, with hearts aching for their loved ones. The grief experienced by staff, residents, and businesses has been felt by people across the nation. City staff have been working closely with the Department of Justice Office for Victims of Crimes (OVC), who advises that the magnitude of devastation will last for years.

The City developed a new Resiliency Division, within the City Manager's Office, focused on victim-related operational impacts of the incident. The division includes a full-time Resiliency Manager, a full-time Victim Liaison, a contracted part-time Grant Analyst, and the potential for a part-time Administrative and Customer Service Specialist. The nature of these positions is based on feedback from staff, government and resource partners, the Federal Bureau of Investigation Victim Specialists, and from the OVC. It is anticipated that these positions will be in place for three years, although on-going review and assessment will be conducted by the City Manager, Human Resources Manager, and designees.

The City is seeking a grant from the federal Antiterrorism and Emergency Assistance Program (AEAP) to pay for incident-related costs, although it is anticipated that AEAP may not cover all incremental personnel costs, other operating expenditures and post-incident security-related capital improvements incurred or anticipated for the three-year life of the Resiliency Division. General Fund revenue and fund balance will finance any Resiliency Division expenditures which grants will not pay for.

The incident reinforced the vital role of the City's local government. The City's mission has never been more important. The Mayor, City Council, and the City's exceptional staff, working with area governments and resource partners, have risen to the challenge by addressing the immediate challenges. The City is working diligently and ensuring the City is firmly positioned to continue advancing its mission of providing high-quality municipal services in an efficient and fiscally-responsible manner through effective, transparent, and collaborative governance.

Local Economy

The City continued to realize strong economic conditions in construction and real estate, consumer spending, and business spending, with 2022 revenue 5% higher than 2021 revenue. Strong economic conditions and higher interest rates resulted in increases in revenue from interest income, income tax, sales tax, personal property replacement tax, licenses and permits, and other revenue. Part of the increase in sales and income taxes was due to genuine economic growth and part was due to legislative changes. The income tax changes impacted both income tax and personal property replacement taxes. Parking operations revenue improved, although continued lower than the pre-pandemic level, with underutilized parking lots from workers continuing to work from home and otherwise under using public transportation, consistent with national and regional trends.



Sales were strong with sales tax revenue of \$17 million in 2022, which was almost 5% higher than 2021, significantly due to improvement in Manufacturers, Drugs & Misc. Retail, General Merchandise, and Agriculture & All Others.

Real estate transfer tax revenue of \$2.8 million and transactions of 727 continued strong. Real estate transfer tax revenue was 20%, 31%, and 46% higher than the prior 3-year, 5-year, and 10-year annual average revenue, respectively, although it was lower than 2021, which was a record high year, given pent-up demand from the pandemic. The City continued strength in property value with assessed valuation 4% higher than 2022.

Retail occupancy increased to 92% at the close of 2022, from 91% at the start of 2022, reflecting a 1% decrease in vacancies. 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 three 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 2022 and then again through December 2023. 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. BBAD property owners continued to fund physical improvement efforts during the year.
- SSA 19 focuses on marketing and improving the economic vitality of the City's Central Business District (CBD). Collaboration between businesses, property owners, a CBD Alliance, and the City encourages local spending, tourism, and a sense of community through promotion of the CBD.
- TIFs 3 and 4 focus on streetscape for the RBD and underdeveloped areas of the Briergate Business District, respectively. TIF 4 was enacted in 2018 to encourage 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 local crisis, such as the 2022 mass shooting, and 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 2023 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 2023 budget reflects input from the community and the commitment of the City Council and Staff to fiscal stability, public safety, and continued investment in the City's infrastructure, while supporting this vibrant community.

The City's long-term economic outlook remains favorable. The average unemployment rate for the City of 3.8%, was below the State of Illinois rate of 4.6% and the Lake County rate of 4.1%, as sourced from the Bureau of Labor Statistics. The median value of the City's owner-occupied homes was \$523,500,



according to the U.S. Census Bureau American Community Survey estimates 2017 to 2021. This compares to \$279,500 for the County and \$212,600 for the State. The City had median household income of \$153,226, according to the U.S. Census Bureau American Community Survey estimates 2017 to 2021, which placed the City among the nation's wealthiest communities with populations of 25,000 or more. This compares to \$97,127 for Lake County and \$72,563 for the State.

Economic and state legislative trends are monitored to gauge the potential impact on the City's budget. Expenditures are carefully considered and deferred whenever necessary and possible. 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 percent home-rule sales tax on the sale of general merchandise. This incremental tax yields approximately \$4-5 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 and facility improvements, committing over \$29 million in 2023 for street, bridge, sewer utility, water utility, ravine remediation, and other infrastructure and facility improvements. A portion of water revenues are pledged for capital improvements and related debt service, in addition to the water production and distribution systems, each year. The annual budget preparation process includes the development of a 10-year capital improvement program to ensure adequate long-term financial planning.

Relevant Financial Policies

Unassigned fund balance in the General Fund at December 31, 2022, was \$45 million, which represents 119% and 104% of 2022 actual and 2023 budgeted General Fund operating expenditures, respectively, 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 local crisis, such as the 2022 mass shooting, and economic and state legislative uncertainty, such as the prior pandemic, which may result in unanticipated revenue shortfalls and to address pension funding requirements. In 2023, the City budgeted a \$5 million decrease in General Fund balance to pay for capital improvements, consistent with the City's financial and budgetary policies. 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 \$31 million increase in net pension obligation significantly from investment losses consistent with national market conditions and change of assumptions, net of the City's accelerated contribution. 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 accelerated contributions through 2022, 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 \$11 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 investing in infrastructure improvements consistent with its core priorities. The City managed installation of approximately 2,500 feet of new water main, traffic signal upgrades, and new roadway, curbs and sidewalk sections on Half Day Road. The upsized water main improves system water flow and exceeds hydrant fire flow capacity. The City continued the two-year Clavey Road improvement project with anticipated substantial completion by July 2023. These infrastructure improvements include removal and replacement of the bridge that carries Clavey Road over the Skokie River, construction of



new water main, upgrades to utilities including fiber installation and high pressure gas lines, and construction of new pavement and a multi-use path. The City managed construction of approximately 24,816 feet of new asphalt roadway as part of the annual pavement rehabilitation program. The City upgraded the Villas sanitary lift station with the addition of remote monitoring and a continuous operation generator. The City lined approximately 4,800 feet of sanitary and storm sewers. Lining of old clay sanitary sewers preserves pipe capacity and extends the sewer functional life by approximately 50 years, while being environmentally friendly and minimizing inconvenience to residents, as no excavation is performed during the sewer lining operation. The City upsized storm sewers, as needed, to meet the revised rainfall intensity design and the 10-year flooding standards, as part of the mentioned improvements projects. The City continued implementation of green infrastructure consistent with the City's sustainability goals by planting approximately 289 new trees and installing permeable pavers in the parking area of the City's new Fuel Station on Half Day Road, which also includes placement of conduit for future electric-vehicle charging needs.

The City is proud to have best-in-class service departments, especially 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 managed 127 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 for its Financial Report for the fiscal year ended December 31, 2021. This was the 38th consecutive year that the City received this prestigious award. The City published an easily readable and efficiently organized Financial Report that satisfied both generally accepted accounting principles and applicable legal requirements to qualify for a Certificate of Achievement. A Certificate of Achievement is valid for a period of one year only. The City believes that its current Financial Report continues to meet the Certificate of Achievement program requirements and is 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, 2022. This was the 28th consecutive year that the City received this prestigious 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 in order to qualify for the Distinguished Budget Presentation Award. A Distinguished Budget Presentation Award is valid for a period of one year only. The City believes that its annual budget document for the fiscal year beginning January 1, 2023 continues to meet the Distinguished Budget Presentation Award program requirements and submitted it to the GFOA to determine its eligibility for another award.

The preparation of this Financial 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 Financial Report. 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'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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

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
Highland Park H.S. Advisory Grp.
Historic Preservation Commission
Housing Commission
Human Relations Advisory Group

Library Board of Trustees
Liquor Control Commission
Plan and Design Commission
Sustainability Advisory Group
Police Pension Board
Ravinia Neighborhood Meetings
Senior Services Advisory Group
Transportation Advisory Group
Wolters Field 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

PRINCIPAL OFFICIALS

City Council



Nancy R. Rotering
Mayor



Anthony E. Blumberg
Councilmember



Michelle Holleman
Councilmember



Annette Lidawer
Councilmember



Andrés Tapia
Councilmember



Adam Stolberg
Councilmember



Kim Stone
Councilmember

Independent Auditors' Report

To the City Council of
City of Highland Park

Report on the Audit of the Financial Statements

Opinions

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 (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying 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 as of December 31, 2022 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.

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 opinions, insofar as it relates to the amounts included for the Highland Park Housing Associations are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Sunset Woods Association, a component of the Highland Park Housing Associations, were not audited in accordance with *Government Auditing Standards*.

Emphasis of Matter

As discussed in Note I, the City adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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'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

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2023 on our consideration of the City'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'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's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Oak Brook, Illinois
May 31, 2023

Management's Discussion and Analysis (Unaudited)

This Discussion and Analysis offers readers a narrative overview and analysis of the financial activities of the City of Highland Park (City) as of and for the 12 months ended December 31, 2022. 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 \$83 million, an increase of 5% in comparison with the prior year. Strong economic conditions and higher interest rates resulted in increases in revenue from interest income, income tax, sales tax, personal property replacement tax, licenses and permits, and other revenue. Part of the increase in sales and income taxes was due to genuine economic growth and part was due to legislative changes. The income tax changes impacted both income tax and personal property replacement taxes. Parking operations revenue improved, although continued lower than the pre-pandemic level, with underutilized parking lots from workers continuing to work from home and otherwise under using public transportation, consistent with national and regional trends.
- Total expenditures were \$70 million, an increase of 15% in comparison with the prior year. The increase was due to compensation plan and collective bargaining agreement adjustments; a return to pre-pandemic expenditure levels across all expenditure types, given revenue recovery in 2021, continued revenue strength in 2022, and strong fund balances; and incremental resiliency expenditures for recovery from a 2022 mass shooting discussed in the Letter of Transmittal.
- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$114 million (net position). The City's net position increased \$13 million as compared to the prior year, primarily due to the revenue improvements previously discussed, debt proceeds received in 2022 to be expended through 2023, and capital expenditures less than anticipated with capital projects carrying-over into 2023.
- Governmental funds combined ending fund balance was \$74 million, an increase of \$15 million in comparison with the prior year, significantly due to the revenue improvements previously discussed; the issuance and receipt of debt proceeds in 2022, which were partially expended in 2022 with the remaining balance of proceeds to be expended in 2023; and capital expenditures less than anticipated with capital projects carrying-over into 2023. The resulting fund balances, as a percent of operating expenditures, continue to exceed the City's policy guidelines.
- Long-term liabilities were \$174 million, a \$33 million increase in comparison with the prior year due a \$31 million increase in net pension liability from investment losses consistent with national market conditions, net of the City's accelerated contribution plan; a \$9 million increase in general obligation debt due to the issuance of planned new debt for capital improvements related to a fire station replacement and water and street improvements consistent with the City's capital improvement plan, net of payments consistent with the City's debt service schedule for previously issued debt; and net of a \$7 million reduction in the City's other post-employment benefits (OPEB) liability from an increase in actuarially assumed market interest rate.
- The General Fund unrestricted and unassigned fund balance was \$45 million, which represents 119% and 104% of 2022 actual and 2023 budgeted General Fund operating expenditures, respectively, exceeding the City's policy guidelines. As part of its 2023 budget process, the City estimated 10 years of General Fund balance, showing the City's decision to gradually and strategically draw down fund balance, to approximately 35% within the 10-year period, to fund capital, OPEB, and resiliency expenditures.

- In June 2017, the Governmental Accounting Standards Board issued statement No. 87 - Leases. This Statement establishes a single model for lease accounting based on foundational principle that leases are financings of the right to use an underlying asset. The statement requires lessees to recognize a lease liability and an intangible right-to-use lease asset and lessors to recognize a lease receivable and a deferred inflow of resources. This standard was implemented January 1, 2022. The resulting impact with the City as lessor was the addition of a \$2 million lease receivable, net of a \$2 million deferred inflow, for zero net impact to net position. The resulting impact with the City as lessee was the addition of a \$596,400 lease asset, a \$640,800 lease liability, and net lease expenditures of \$44,400, for a net \$44,400 reduction in net position.

Overview of the Financial Statements

This discussion and analysis is an introduction to the City's basic financial statements, which include government-wide financial statements, fund financial statements, and 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 and sewer utilities.

The government-wide financial statements include City funds (primary government) and legally separate component units, for which the City is financially accountable. Financial information for component units is reported separately from the financial information presented for the primary government. The government-wide financial statements can be found on pages 15-18 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 fund categories: governmental, proprietary, and fiduciary.

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 13 individual governmental funds reported in 2022. 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 114-117 of this report.

The City adopts an annual appropriated budget for its governmental funds, with the exception of Foreign Fire Insurance. Budgetary comparisons are provided to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 19-22 of this report.

Proprietary funds. The City maintains two types of proprietary funds labeled Enterprise funds and Internal Service funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements. Enterprise funds account for water and sewer utilities. In previous years, the Enterprise funds also accounted for Parking operations, which were transferred into the General Fund during the fiscal year. 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 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 and sewer utilities. 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 130-136 in this report. The basic proprietary fund financial statements can be found on pages 23-27 of this report.

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

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-93 of this report.

Other information. This report presents required supplementary information, in addition to the basic financial statements and accompanying notes. 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. The comparison of budget-to-actual, the combining statements and related schedules are presented immediately following the required supplementary information. Required supplementary information can be found on pages 94-109 and combining and individual fund statements and schedules can be found on pages 114-138 of this report.

Government-wide Financial Analysis

Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$114 million (net position). The City's net position increased \$13 million as compared to the prior year, primarily due to the revenue improvements discussed in the Financial Highlights and capital expenditures less than anticipated with capital projects carrying-over into 2023.

The largest portion of the City's net position is investment in capital assets, which consists of land, buildings, machinery, and equipment, less outstanding debt used to acquire some capital 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. A portion of the net position includes resources which are subject to external restrictions on usage.

Condensed Statement of Net Position as of December 31, 2021 and 2022 (in Millions – Rounded)

| | Governmental Activities | | | Business-Type Activities | | | Total Primary | | |
|--|-------------------------|---------------|---------------|--------------------------|---------------|--------------|----------------|----------------|---------------|
| | 2021 | 2022 | Change | 2021 | 2022 | Change | 2021 | 2022 | Change |
| Current and Other Assets | \$96.6 | \$123.7 | \$27.1 | \$10.5 | \$13.9 | \$3.5 | \$107.0 | \$137.7 | \$30.7 |
| Capital Assets | 82.3 | 87.9 | 5.6 | 79.1 | 79.9 | 0.8 | 161.4 | 167.8 | 6.4 |
| Total Assets | 178.9 | 211.6 | 32.7 | 89.6 | 93.8 | 4.3 | 268.4 | 305.4 | 37.0 |
| Deferred Outflows related to Pensions | 17.1 | 33.2 | 16.1 | 0.7 | 0.7 | - | 17.8 | 33.9 | 16.1 |
| Other Deferred Outflows | - | - | - | 0.4 | 0.4 | - | 0.4 | 0.4 | - |
| Deferred Outflows of Resources | 17.1 | 33.2 | 16.1 | 1.1 | 1.1 | 0.0 | 18.2 | 34.3 | 16.1 |
| Long-Term Liabilities Outstanding | 99.4 | 132.9 | 33.5 | 42.0 | 41.4 | (0.6) | 141.4 | 174.4 | 33.0 |
| Other Liabilities | 6.3 | 7.4 | 1.1 | 0.6 | 1.0 | 0.4 | 6.9 | 8.4 | 1.5 |
| Total Liabilities | 105.7 | 140.3 | 34.6 | 42.6 | 42.4 | (0.2) | 148.3 | 182.7 | 34.5 |
| Property Taxes Levied for Future Periods | 16.8 | 17.9 | 1.2 | - | - | - | 16.8 | 17.9 | 1.2 |
| Deferred Inflows related to Pensions | 18.6 | 19.6 | 1.0 | 2.2 | 3.7 | 1.4 | 20.8 | 23.2 | 2.4 |
| Other Deferred Inflows | - | 2.1 | 2.1 | 0.1 | 0.1 | - | 0.1 | 2.1 | 2.0 |
| Deferred Inflows of Resources | 35.4 | 39.6 | 4.2 | 2.3 | 3.7 | 1.4 | 37.7 | 43.3 | 5.6 |
| Net Position: | | | | | | | | | |
| Net Investment in Capital Assets | 73.7 | 75.1 | 1.4 | 40.7 | 41.4 | 0.8 | 114.4 | 116.5 | 2.2 |
| Restricted - Municipal Pension | 6.7 | 14.3 | 7.5 | 2.3 | 4.5 | 2.2 | 9.0 | 18.8 | 9.8 |
| Restricted - Other | 7.1 | 6.6 | (0.4) | - | - | - | 7.1 | 6.6 | (0.5) |
| Unrestricted | (32.6) | (31.1) | 1.5 | 2.8 | 2.9 | 0.1 | (29.8) | (28.2) | 1.6 |
| Total Net Position | \$54.9 | \$64.9 | \$10.0 | \$45.8 | \$48.8 | \$3.1 | \$100.7 | \$113.7 | \$13.1 |

The City reports positive balances in two of the three net position categories as of December 31, 2022. Unrestricted net position, if positive, may be used to meet ongoing obligations to residents and creditors. The negative unrestricted net position in governmental activities is due to net pension and OPEB obligations reported in compliance with GASB Nos. 68, 71, and 75. Details of the net pension obligations can be found in Notes III A. and C. to the Financial Statements on pages 69-91 of this report. The unrestricted net position improved \$1.6 million versus the prior year, primarily due to the reasons discussed in the first paragraph of this section.

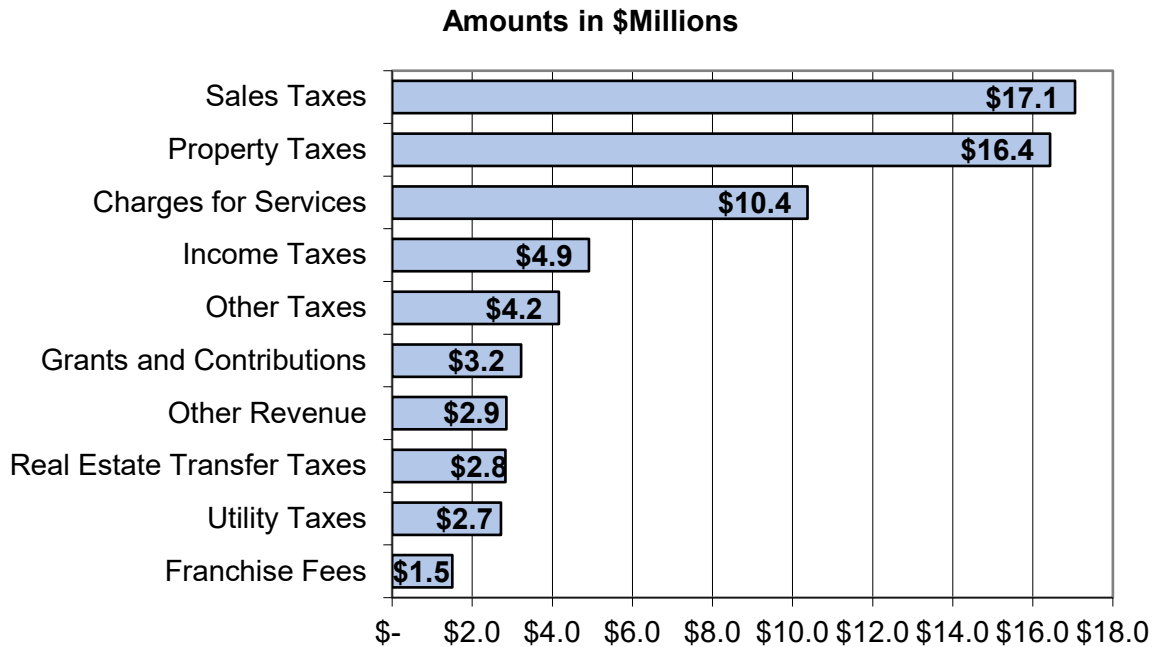
Condensed Statement of Activities
as of December 31, 2021 and 2022
(in Millions – Rounded)

| | Government Activities | | Business Activities | | Total Primary Government | | |
|-------------------------------|-----------------------|---------------|---------------------|--------------|--------------------------|---------------|----------------|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | Change |
| Program Revenues: | | | | | | | |
| Charges for Services | \$9.9 | \$10.4 | \$16.3 | \$16.2 | \$26.3 | \$26.6 | \$0.3 |
| Grants & Contributions | 2.4 | 3.2 | 1.5 | 0.5 | 3.9 | 3.7 | (0.2) |
| General Revenues: | | | | | | | |
| Property Taxes | 16.7 | 16.4 | | | 16.7 | 16.4 | (0.3) |
| Sales Taxes | 16.3 | 17.1 | | | 16.3 | 17.1 | 0.8 |
| Other Taxes | 14.4 | 16.1 | | | 14.4 | 16.1 | 1.8 |
| Payment in Lieu of Taxes | 1.0 | 1.1 | | | 1.0 | 1.1 | - |
| Other | 0.4 | 1.8 | | 0.1 | 0.4 | 1.9 | 1.5 |
| Total Revenues | 61.2 | 66.1 | 17.8 | 16.8 | 79.0 | 82.9 | 3.9 |
| Expenses: | | | | | | | |
| Public Safety | 24.5 | 33.1 | | | 24.5 | 33.1 | 8.6 |
| Public Works | 8.1 | 9.3 | | | 8.1 | 9.3 | 1.2 |
| General Government | 6.8 | 7.4 | | | 6.8 | 7.4 | 0.6 |
| Economic/Physical Development | 5.5 | 6.5 | | | 5.5 | 6.5 | 1.0 |
| Transit | 1.6 | 1.1 | | | 1.6 | 1.2 | (0.5) |
| Commissions | 0.1 | 0.1 | | | 0.1 | 0.1 | - |
| Interest | 0.2 | 0.7 | | | 0.2 | 0.7 | 0.4 |
| Water | | | 8.2 | 7.7 | 8.2 | 7.7 | (0.5) |
| Sewer | | | 4.8 | 3.9 | 4.8 | 3.9 | (0.9) |
| Parking | | | 0.6 | - | 0.6 | - | (0.6) |
| Total Expenses | 46.9 | 58.2 | 13.6 | 11.6 | 60.6 | 69.8 | 9.2 |
| Transfers | | 2.1 | | (2.1) | | | |
| Change in Net Position | \$14.2 | \$10.0 | \$4.2 | \$3.1 | \$18.4 | \$13.1 | (\$5.3) |

Total revenue was \$83 million, an increase of 5% in comparison with the prior year. The improvement was significantly due to increases in revenue from interest income, income tax, sales tax, personal property replacement tax, and licenses and permits, including building permits. These increases were driven by continued strong economic conditions and market strength in areas such as interest rates. Part of the increase in sales and income taxes was due to genuine economic growth and part was due to legislative changes. The income tax changes impacted both income tax and personal property replacement taxes. Parking operations revenue improved, although continued lower than the pre-pandemic level, with underutilized parking lots from workers continuing to work from home and otherwise under using public transportation, consistent with national and regional trends.

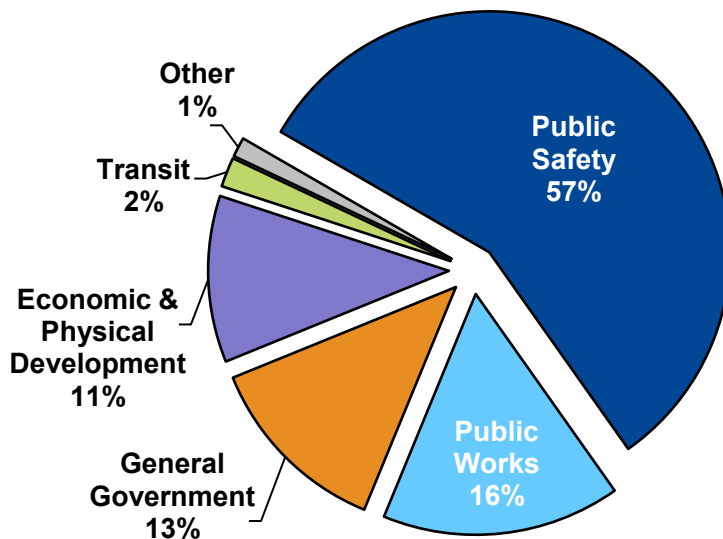
Total expenditures were \$70 million, an increase of 15% in comparison with the prior year. The increase was due to compensation plan and collective bargaining agreement adjustments; a return to pre-pandemic expenditure levels across all expenditure types, given revenue recovery in 2021, continued revenue strength in 2022, and strong fund balances; and incremental resiliency expenditures for recovery from a 2022 mass shooting discussed in the Letter of Transmittal.

Revenues by Source — Governmental Activities



Sales taxes, property taxes, and charges for services account for the greatest proportion of funding for governmental activities, followed by income taxes, other taxes, and grants and contributions. Charges for services include parking revenue, given transfer of parking operations into the General Fund in the fiscal year. Parking revenue continued to be negatively impacted by post-pandemic conditions, with underutilized parking lots from workers continuing to work from home and otherwise under use public transportation, consistent with national and regional trends. The City has a 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 a robust capital improvement plan, consistent with City priorities, investing over \$11 million during 2022 in infrastructure, facilities, and equipment improvements, including a fire station replacement, from governmental activities.

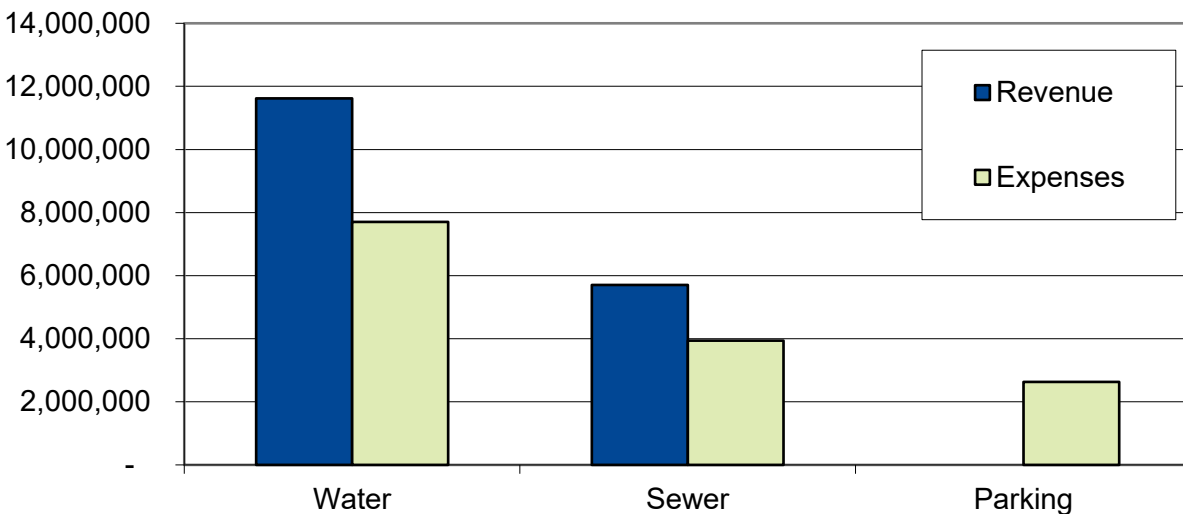
Expenses by Activity — Governmental Activities



Public Safety expenses (police and fire) account for the greatest percent of governmental activities, followed by Public Works, General Government, and Economic/Physical Development.

Business-Type Activities

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. Business-type activities improved the City's net position by \$3.1 million, primarily due to Water and Sewer utilities capital expenditures less than anticipated with capital projects carrying-over into 2023. The parking operations expense of \$2.6 million was a net transfer into the General Fund. The Parking Fund was closed out, with revenue, expenditures, and fund balance transferred into the General Fund in the fiscal year. The following graph shows a comparison of revenues and expenses of each business-type activity:



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.

Governmental funds combined ending fund balance was \$74 million, an increase of \$15 million in comparison with the prior year, significantly due to the revenue improvements previously discussed; the issuance and receipt of debt proceeds in 2022, which were partially expended in 2022 with the remaining balance of proceeds to be expended in 2023; and capital expenditures less than anticipated with capital projects carrying-over into 2023. 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, \$45 million was unassigned fund balance available for spending at the government's discretion. It is useful to compare unassigned fund balance to total fund expenditures, as a measure of the General Fund's liquidity. 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 such as the prior pandemic or recent mass shooting.

Unassigned fund balance represents 119% and 104% of 2022 actual and 2023 budgeted General Fund operating expenditures, respectively, exceeding the City's policy guidelines. As part of its 2023 budget process, the City estimated 10 years of General Fund balance, showing the City's decision to gradually and strategically draw down fund balance, to approximately 35% within the 10-year period, to fund capital, OPEB, and resiliency expenditures.

Committed fund balance totaling \$3.5 million is not available for discretionary spending as it is targeted for transportation and sustainability initiatives. The City reports an assigned fund balance of \$11.4 million in the general fund to meet future obligations for other post-employment benefits and capital projects. Please refer to page 19 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 total fund balance of \$6.5 million at December 31, 2022, greater than the City's target of zero. The fund balance increased \$4.6 million, versus the prior year, due debt proceeds received in 2022 to be expended through 2023, and capital expenditures less than anticipated with capital projects carrying-over into 2023.

Nonmajor governmental funds (NMGF) combined fund balance of \$11 million at year-end improved \$0.9 million from the prior year, due to accumulation in the City's Tax Increment Financing and Affordable Housing Funds for planned future fund drawdowns to pay for capital improvements and other expenditures consistent with long-term plans. The Debt Service and Multi-Modal Transportation Funds are included in NMFG and had total fund balances of \$0.9 million and \$2.7 million, respectively.

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 and Sewer Funds were \$25.4 million and \$23.4 million, respectively. The improvement in net position for Water and Sewer Funds, combined, was \$5.7 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 revenue was higher than budget by \$6 million due to increases in revenue from interest income, income tax, sales tax, personal property replacement tax, and licenses and permits, including building permits. These increases were driven by better than anticipated strong economic conditions and market strength in areas such as interest rates. Part of the increase in sales and income taxes was due to genuine economic growth and part was due to legislative changes. The income tax changes impacted both income tax and personal property replacement taxes. Parking operations revenue improved, although continued lower than the pre-pandemic level, with underutilized parking lots from workers continuing to work from home and otherwise under use public transportation, consistent with national and regional trends.

The General Fund budget was amended during the fiscal year to transfer appropriations between operating departments and to provide for unanticipated expenditures, such as the resiliency expenditures resulting from the mass shooting discussed in the Transmittal Letter. Actual expenditures were lower than budget by \$3 million, driven by \$2 million lower operating expenditures and \$1 million lower personnel expenditures. Actual expenditures reflect the City's conservative approach to cost containment when possible, even in situations where costs were budgeted. General Government, Public Safety, and Public Works accounted for 98% of the \$3 million variance to budget.

Capital Asset and Debt Administration

Capital Assets. Capital assets include land, buildings, other improvements, machinery and equipment, streets, bridges, sanitary and storm sewers, water production and distribution systems, and right-to-use lease assets. The combined investment in capital assets for governmental and business-type activities as of December 31, 2022 was almost \$168 million net of accumulated depreciation.

A \$2.5 million reduction in buildings and improvements resulted from \$2.5 million of depreciation. An \$8.2 million increase in construction in progress resulted from projects which started prior to or during 2022 and will be completed in 2023 or future years, with the largest increase for a fire station replacement project planned for 2023 completion. The right-to-use lease assets are reported consistent with GASB Statement No. 87, Leases, which was implemented during the fiscal year. 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, 2021 and 2022 (in Millions – Rounded)

| | Government Activities | | Business Activities | | Total Primary Government | | |
|---------------------------|-----------------------|---------------|---------------------|---------------|--------------------------|----------------|--------------|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | Change |
| Land | \$13.1 | \$14.3 | \$1.4 | \$0.1 | \$14.5 | \$14.4 | (\$0.1) |
| Buildings & improvements | 34.4 | 33.4 | 34.8 | 33.3 | 69.2 | 66.7 | (2.5) |
| Machinery & equipment | 7.2 | 7.3 | 1.5 | 1.6 | 8.7 | 8.9 | 0.2 |
| Infrastructure | 25.4 | 25.0 | 39.0 | 39.3 | 64.4 | 64.3 | (0.1) |
| Construction in progress | 2.2 | 7.3 | 2.5 | 5.6 | 4.7 | 12.9 | 8.2 |
| Right-to-use lease assets | - | 0.6 | - | - | - | 0.6 | 0.6 |
| Total | \$82.3 | \$87.9 | \$79.1 | \$79.9 | \$161.4 | \$167.8 | \$6.4 |

Long-term debt. At the end of 2022, long-term debt outstanding was \$59 million, of which \$18 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, 2021 and 2022**
(in Millions – Rounded)

| | Government Activities | | Business Activities | | Total Primary Government | | |
|------------------------------------|-----------------------|----------------|---------------------|---------------|--------------------------|----------------|---------------|
| | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | Change |
| General Obligation Debt | \$8.8 | \$18.1 | \$36.7 | \$36.7 | \$45.5 | \$54.8 | \$9.3 |
| IEPA Loan Payable | - | - | 4.2 | 4.0 | 4.2 | 4.0 | (0.2) |
| Total Long-term Debt | \$8.8 | \$18.1 | \$40.9 | \$40.7 | \$49.7 | \$58.8 | \$9.1 |
| Net Pension Liability | 68.5 | 99.5 | - | - | 68.5 | 99.5 | 31.0 |
| Other Long-term Liabilities | 22.1 | 15.3 | 1.1 | 0.7 | 23.2 | 16.0 | (7.2) |
| Total Long-term Liabilities | \$99.4 | \$132.9 | \$42.0 | \$41.4 | \$141.4 | \$174.3 | \$32.9 |

Total long-term debt increased by \$9 million due to the issuance of planned new debt for capital improvements related to a fire station replacement and water and street improvements consistent with the City's capital improvement plan, net of payments consistent with the City's debt service schedule for previously issued debt. 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 \$31 million increase in net pension liability resulted significantly from investment losses consistent with national market conditions and change of assumptions, net of the City's accelerated contribution. 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 strong, with revenue growth in 2022. The City experienced strength in interest income, income tax, sales tax, personal property replacement tax, and licenses and permits, including building permits. Retail occupancy increased to 92% at the close of 2022, from 91% at the start of 2022, reflecting a 1% decrease in vacancies. Property and sales tax continue to be the largest revenue sources for general fund operations, along with charges for services, income tax, and other general taxes. The City continues to monitor 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. The City continues to take steps to enhance retail sales in the City. Other economic factors impacting the City's budget are as follows.

- The average unemployment rate for the City of 3.8%, was below the State of Illinois rate of 4.6% and the Lake County rate of 4.1%, as sourced from the Bureau of Labor Statistics.
- The median value of the City's owner-occupied homes was \$523,500, according to the U.S. Census Bureau American Community Survey estimates 2017 to 2021. This compares to \$279,500 for the County and \$212,600 for the State.
- The City had median household income of \$153,226, according to the U.S. Census Bureau American Community Survey estimates 2017 to 2021, which placed the City among the

nation's wealthiest communities with populations of 25,000 or more. This compares to \$97,127 for Lake County and \$72,563 for the State.

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

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 2023-2032, developed as part of the 2023 Budget. Included in the 2023 budget are investments into City infrastructure, facilities, equipment, HPMove improvements, tree replacement, and funding for other post-employment benefits.

The City's 2023 budget reflects a balanced operating budget with revenue and expenditure changes which are consistent with continued revenue strength, strong fund balances; and incremental resiliency expenditures for recovery from a 2022 mass shooting discussed in the Letter of Transmittal. Changes are detailed in the 2023 Budget document, which can be found on the City's website. All City staff remain committed to providing responsive and high quality customer service.

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, 2022

| | Primary Government | | | Component Units | |
|---|----------------------------|---------------------------------|--------------------|---------------------------------|--|
| | Governmental Activities | Business- Type Activities | Totals | Highland Park Public Library | Highland Park Housing Associations |
| ASSETS | | | | | |
| Cash | \$ 80,234,653 | \$ 6,694,855 | \$ 86,929,508 | \$ 1,910,489 | \$ 2,054,467 |
| Investments | - | - | - | 4,772,000 | - |
| Receivables (net) | | | | | |
| Property taxes | 18,110,020 | - | 18,110,020 | 5,252,966 | - |
| Motor fuel tax allotments | 176,640 | - | 176,640 | - | - |
| Intergovernmental | 5,641,226 | - | 5,641,226 | - | - |
| Loans | 225,000 | - | 225,000 | - | - |
| Accounts | 814,865 | 2,730,034 | 3,544,899 | - | 15,344 |
| Leases | 2,054,126 | - | 2,054,126 | - | - |
| Other | 1,933,194 | - | 1,933,194 | 12,156 | 45,681 |
| Prepaid items | 1,306 | - | 1,306 | 2,686 | 95,298 |
| Deposits | 269,055 | - | 269,055 | - | - |
| Net pension asset | 14,276,695 | 4,542,011 | 18,818,706 | 3,816,242 | - |
| Restricted assets | - | - | - | - | 599,355 |
| Capital assets | | | | | |
| Capital assets not being depreciated / amortized | 21,587,873 | 5,686,888 | 27,274,761 | 500,000 | - |
| Capital assets being depreciated / amortized, net | 66,290,304 | 74,194,610 | 140,484,914 | 6,292,438 | 3,407,820 |
| Total Assets | <u>211,614,957</u> | <u>93,848,398</u> | <u>305,463,355</u> | <u>22,558,977</u> | <u>6,217,965</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Unamortized loss on refunding | - | 415,096 | 415,096 | - | - |
| Deferred outflows related to pensions | 25,880,053 | 441,558 | 26,321,611 | 371,001 | - |
| Deferred outflows related to OPEB | 7,292,189 | 277,683 | 7,569,872 | 168,701 | - |
| Total Deferred Outflows of Resources | <u>33,172,242</u> | <u>1,134,337</u> | <u>34,306,579</u> | <u>539,702</u> | <u>-</u> |
| LIABILITIES | | | | | |
| Accounts payable | 3,766,575 | 865,019 | 4,631,594 | 130,262 | 69,176 |
| Accrued payroll | 257,208 | 28,436 | 285,644 | 45,000 | - |
| Accrued interest payable | 1,555 | 10,486 | 12,041 | - | 31,425 |
| Due to fiduciary funds | 70,529 | - | 70,529 | - | - |
| Unearned revenues | 2,555,205 | 61,566 | 2,616,771 | 35,000 | 28,945 |
| Deposits | 732,147 | 38,000 | 770,147 | - | - |
| Other | - | - | - | - | 37,500 |
| Noncurrent Liabilities | | | | | |
| Due within one year | 1,834,045 | 2,802,302 | 4,636,347 | 50,000 | 174,730 |
| Due in more than one year | 131,108,186 | 38,607,206 | 169,715,392 | 1,052,075 | 4,099,115 |
| Total Liabilities | <u>140,325,450</u> | <u>42,413,015</u> | <u>182,738,465</u> | <u>1,312,337</u> | <u>4,440,891</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property taxes levied for future periods | 17,930,300 | - | 17,930,300 | 5,194,900 | - |
| Deferred inflows related to leases | 2,054,126 | - | 2,054,126 | - | - |
| Deferred inflows related to pensions | 11,221,021 | 3,350,728 | 14,571,749 | 2,815,313 | - |
| Deferred gain on refunding | - | 72,855 | 72,855 | - | - |
| Deferred inflows related to OPEB | 8,351,997 | 318,039 | 8,670,036 | 193,219 | - |
| Total Deferred Inflows of Resources | <u>39,557,444</u> | <u>3,741,622</u> | <u>43,299,066</u> | <u>8,203,432</u> | <u>-</u> |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF NET POSITION As of December 31, 2022

| | Primary Government | | | Component Units | |
|----------------------------------|----------------------------|---------------------------------|----------------------|---------------------------------|--|
| | Governmental Activities | Business- Type Activities | Totals | Highland Park Public Library | Highland Park Housing Associations |
| NET POSITION | | | | | |
| Net investment in capital assets | \$ 75,106,994 | \$ 41,423,300 | \$116,530,294 | \$ 6,117,438 | \$ (866,025) |
| Restricted for | | | | | |
| Economic development | 3,643,185 | - | 3,643,185 | - | - |
| Public safety | 854,346 | - | 854,346 | - | - |
| Streets | 467,829 | - | 467,829 | - | - |
| Affordable housing | 1,634,854 | - | 1,634,854 | - | - |
| Municipal retirement | 14,276,695 | 4,542,011 | 18,818,706 | 3,816,242 | - |
| Library materials | - | - | - | 50,192 | - |
| Working cash | - | - | - | 375,150 | - |
| Unrestricted (deficit) | <u>(31,079,598)</u> | <u>2,862,787</u> | <u>(28,216,811)</u> | <u>3,223,888</u> | <u>2,643,099</u> |
| TOTAL NET POSITION | <u>\$ 64,904,305</u> | <u>\$ 48,828,098</u> | <u>\$113,732,403</u> | <u>\$ 13,582,910</u> | <u>\$ 1,777,074</u> |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2022

| Functions/Programs | Expenses | Program Revenues | | |
|------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental Activities | | | | |
| General government | \$ 7,350,860 | \$ 2,941,202 | \$ 1,258,096 | \$ - |
| Public safety | 33,089,248 | 3,567,613 | 15,349 | - |
| Public works | 9,315,187 | 680,049 | 1,857,913 | 80,104 |
| Transit | 1,153,760 | 1,219,157 | - | 8,857 |
| Commissions | 72,121 | - | - | - |
| Economic and physical development | 6,503,889 | 1,964,243 | - | - |
| Interest and fiscal charges | 694,064 | - | - | - |
| Total Governmental Activities | <u>58,179,129</u> | <u>10,372,264</u> | <u>3,131,358</u> | <u>88,961</u> |
| Business-type Activities | | | | |
| Water | 7,698,293 | 11,468,316 | 48,791 | - |
| Sewer | 3,939,380 | 4,765,074 | 402,649 | - |
| Total Business-type Activities | <u>11,637,673</u> | <u>16,233,390</u> | <u>451,440</u> | <u>-</u> |
| Total Primary Government | <u>\$ 69,816,802</u> | <u>\$ 26,605,654</u> | <u>\$ 3,582,798</u> | <u>\$ 88,961</u> |
| Component Unit | | | | |
| Highland Park Public Library | \$ 3,614,842 | \$ 23,438 | \$ 180,199 | \$ - |
| Highland Park Housing Associations | 1,536,117 | 1,609,736 | - | - |
| Total Component Unit | <u>\$ 5,150,959</u> | <u>\$ 1,633,174</u> | <u>\$ 180,199</u> | <u>\$ -</u> |

General Revenues

Taxes

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

Intergovernmental - unrestricted

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

Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - 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 |
| \$ (3,151,562) | \$ - | \$ (3,151,562) | \$ - | \$ - |
| (29,506,286) | - | (29,506,286) | - | - |
| (6,697,121) | - | (6,697,121) | - | - |
| 74,254 | - | 74,254 | - | - |
| (72,121) | - | (72,121) | - | - |
| (4,539,646) | - | (4,539,646) | - | - |
| (694,064) | - | (694,064) | - | - |
| <u>(44,586,546)</u> | <u>-</u> | <u>(44,586,546)</u> | <u>-</u> | <u>-</u> |
| - | 3,818,814 | 3,818,814 | - | - |
| - | <u>1,228,343</u> | <u>1,228,343</u> | - | - |
| - | <u>5,047,157</u> | <u>5,047,157</u> | - | - |
| <u>(44,586,546)</u> | <u>5,047,157</u> | <u>(39,539,389)</u> | <u>-</u> | <u>-</u> |
| - | - | - | (3,411,205) | - |
| - | - | - | - | <u>73,619</u> |
| - | - | - | <u>(3,411,205)</u> | <u>73,619</u> |
| 16,434,529 | - | 16,434,529 | 5,168,278 | - |
| 11,742,211 | - | 11,742,211 | - | - |
| 5,310,638 | - | 5,310,638 | - | - |
| 2,718,273 | - | 2,718,273 | - | - |
| 1,501,711 | - | 1,501,711 | - | - |
| 2,831,985 | - | 2,831,985 | - | - |
| 3,030,082 | - | 3,030,082 | - | - |
| 4,917,098 | - | 4,917,098 | - | - |
| 1,132,395 | - | 1,132,395 | 159,335 | - |
| 1,075,407 | - | 1,075,407 | - | - |
| 1,462,725 | 149,844 | 1,612,569 | 46,443 | 1,785 |
| 298,730 | - | 298,730 | - | - |
| <u>13,685</u> | <u>-</u> | <u>13,685</u> | <u>-</u> | <u>(132)</u> |
| <u>52,469,469</u> | <u>149,844</u> | <u>52,619,313</u> | <u>5,374,056</u> | <u>1,653</u> |
| <u>2,143,491</u> | <u>(2,143,491)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| 10,026,414 | 3,053,510 | 13,079,924 | 1,962,851 | 75,272 |
| <u>54,877,891</u> | <u>45,774,588</u> | <u>100,652,479</u> | <u>11,620,059</u> | <u>1,701,802</u> |
| <u>\$ 64,904,305</u> | <u>\$ 48,828,098</u> | <u>\$ 113,732,403</u> | <u>\$ 13,582,910</u> | <u>\$ 1,777,074</u> |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2022

| | General | Public Safety Pension Levy | Capital Projects | Nonmajor Governmental Funds | Totals |
|--|----------------------|-------------------------------|---------------------|-----------------------------------|-----------------------|
| ASSETS | | | | | |
| Cash | \$ 56,276,230 | \$ - | \$ 7,258,283 | \$ 10,439,534 | \$ 73,974,047 |
| Receivables (net) | | | | | |
| Property taxes | 5,538,690 | 6,340,529 | - | 6,230,801 | 18,110,020 |
| Motor fuel tax allotments | - | - | - | 176,640 | 176,640 |
| Intergovernmental | 5,594,390 | - | 46,836 | - | 5,641,226 |
| Loans | - | - | 225,000 | - | 225,000 |
| Accounts | 606,279 | - | 35,618 | 180,347 | 822,244 |
| Leases | 2,054,126 | - | - | - | 2,054,126 |
| Other | 938,723 | - | - | - | 938,723 |
| Deposits | - | - | - | 269,055 | 269,055 |
| Prepaid items | 1,306 | - | - | - | 1,306 |
| Due from other funds | 15,512 | - | - | - | 15,512 |
| TOTAL ASSETS | \$ 71,025,256 | \$ 6,340,529 | \$ 7,565,737 | \$ 17,296,377 | \$ 102,227,899 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | |
| Liabilities | | | | | |
| Accounts payable | \$ 2,504,651 | \$ - | \$ 1,027,738 | \$ 76,887 | \$ 3,609,276 |
| Accrued liabilities | 230,032 | - | - | 16,431 | 246,463 |
| Due to other funds | - | - | - | 15,512 | 15,512 |
| Unearned revenue | 2,547,071 | - | - | - | 2,547,071 |
| Deposits | 729,147 | - | 3,000 | - | 732,147 |
| Due to fiduciary funds | - | 70,529 | - | - | 70,529 |
| Total Liabilities | 6,010,901 | 70,529 | 1,030,738 | 108,830 | 7,220,998 |
| Deferred Inflows of Resources | | | | | |
| Property taxes levied for future periods | 5,476,500 | 6,270,000 | - | 6,183,800 | 17,930,300 |
| Unavailable revenue for other | 995,140 | - | 59,422 | 9,657 | 1,064,219 |
| Deferred inflows related to leases | 2,054,126 | - | - | - | 2,054,126 |
| Total Deferred Inflows of Resources | 8,525,766 | 6,270,000 | 59,422 | 6,193,457 | 21,048,645 |
| Fund Balances | | | | | |
| Nonspendable for prepaid items | 1,306 | - | - | - | 1,306 |
| Restricted for | | | | | |
| Streets | - | - | - | 467,829 | 467,829 |
| Public safety | - | - | - | 853,987 | 853,987 |
| Economic development | - | - | - | 3,643,185 | 3,643,185 |
| Affordable housing | - | - | - | 1,634,854 | 1,634,854 |
| Capital projects | - | - | 4,830,752 | - | 4,830,752 |
| Committed for | | | | | |
| Sustainability initiatives | - | - | - | 861,115 | 861,115 |
| Transportation | - | - | - | 2,660,813 | 2,660,813 |
| Assigned for | | | | | |
| Capital projects | 307,129 | - | 1,644,825 | - | 1,951,954 |
| Other postemployment benefits | 11,121,195 | - | - | - | 11,121,195 |
| Debt service | - | - | - | 872,307 | 872,307 |
| Unassigned for | | | | | |
| General fund | 45,058,959 | - | - | - | 45,058,959 |
| Total Fund Balances | 56,488,589 | - | 6,475,577 | 10,994,090 | 73,958,256 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 71,025,256 | \$ 6,340,529 | \$ 7,565,737 | \$ 17,296,377 | \$ 102,227,899 |

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, 2022

| | |
|--|-----------------------------|
| Total Fund Balances - Governmental Funds | \$ 73,958,256 |
| 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. | 87,878,177 |
| Less amount reported in internal service funds below. | (6,322,962) |
| 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. | 1,064,219 |
| Unamortized premiums/discounts on bonds are reported as liabilities on the statement of net position. | (1,098,583) |
| Accrued interest on long-term liabilities is shown as a liability on the statement of net position. | (1,555) |
| Net pension assets related to pensions do not relate to current financial resources and are not reported in the governmental funds. | 14,276,695 |
| Less amount reported in internal service funds below | (1,602,153) |
| Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. | 25,880,053 |
| Less amount reported in internal service funds below. | (155,756) |
| Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds. | (11,221,021) |
| Less amount reported in internal service funds below. | 1,181,936 |
| Deferred outflows related to other post employment benefits do not relate to current financial resources and are not reported in the governmental funds. | 7,292,189 |
| Less amount reported in internal service funds below. | (162,242) |
| Deferred inflows related to other post employment benefits do not relate to current financial resources and are not reported in the governmental funds. | (8,351,997) |
| Less amount reported in internal service funds below. | 185,821 |
| 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 | (17,025,860) |
| Net pension liability - Firefighters' Pension | (45,536,288) |
| Net pension liability - Police Pension | (53,952,243) |
| Lease liability | (640,840) |
| Claims payable | (174,729) |
| Total OPEB liability | (12,804,383) |
| Compensated absences | (1,709,305) |
| Less amount reported in internal service funds below. | 412,656 |
| The net position of the internal service funds are included in the governmental activities in the statement of net position. | <u>13,534,220</u> |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ 64,904,305</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, 2022

| | General | Public Safety Pension Levy | Capital Projects | Nonmajor Governmental Funds | Totals |
|---|----------------------|-------------------------------|---------------------|-----------------------------------|----------------------|
| REVENUES | | | | | |
| Property taxes | \$ 5,209,563 | \$ 6,301,744 | \$ - | \$ 4,923,222 | \$ 16,434,529 |
| Personal property replacement tax | 1,132,395 | - | - | - | 1,132,395 |
| Licenses and permits | 2,461,774 | - | - | 57,448 | 2,519,222 |
| Public charges for services | 3,240,060 | - | - | 1,169,461 | 4,409,521 |
| Municipal sales tax | 16,466,119 | - | 586,730 | - | 17,052,849 |
| Utility taxes | 2,718,273 | - | - | - | 2,718,273 |
| Real estate transfer tax | 2,831,985 | - | - | - | 2,831,985 |
| Intergovernmental | 1,273,445 | - | - | 196,221 | 1,469,666 |
| State income tax | 4,917,098 | - | - | - | 4,917,098 |
| Franchise tax | 1,501,711 | - | - | - | 1,501,711 |
| Payments in lieu of taxes and affordable units | 825,407 | - | - | 250,000 | 1,075,407 |
| Other taxes | 2,430,566 | - | - | 403,295 | 2,833,861 |
| Reimbursements | 389,516 | - | 80,104 | 1,219,157 | 1,688,777 |
| Fines, forfeitures and penalties | 102,402 | - | - | - | 102,402 |
| Motor fuel tax | - | - | - | 1,857,913 | 1,857,913 |
| Interest income | 1,036,504 | - | 160,070 | 170,456 | 1,367,030 |
| Miscellaneous | 582,689 | - | - | 140,926 | 723,615 |
| Total Revenues | <u>47,119,507</u> | <u>6,301,744</u> | <u>826,904</u> | <u>10,388,099</u> | <u>64,636,254</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 8,155,421 | - | - | - | 8,155,421 |
| Public safety | 23,114,503 | 6,301,744 | - | 124,061 | 29,540,308 |
| Public works | 2,853,093 | - | - | 2,871,945 | 5,725,038 |
| Transit | - | - | - | 1,050,306 | 1,050,306 |
| Commissions | 72,121 | - | - | - | 72,121 |
| Economic and physical development | 4,292,795 | - | - | 1,472,842 | 5,765,637 |
| Capital Outlay | - | - | 8,282,008 | - | 8,282,008 |
| Debt Service | | | | | |
| Principal | 138,245 | - | 39,892 | 730,010 | 908,147 |
| Interest and fiscal charges | 60,955 | - | 27,609 | 668,762 | 757,326 |
| Total Expenditures | <u>38,687,133</u> | <u>6,301,744</u> | <u>8,349,509</u> | <u>6,917,926</u> | <u>60,256,312</u> |
| Excess (deficiency) of revenues over expenditures | <u>8,432,374</u> | <u>-</u> | <u>(7,522,605)</u> | <u>3,470,173</u> | <u>4,379,942</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| General obligation debt issued | - | - | 9,230,000 | - | 9,230,000 |
| Premium on debt issued | - | - | 892,268 | - | 892,268 |
| Lease proceeds | 669,530 | - | - | - | 669,530 |
| Transfers in | 1,038,169 | - | 1,964,000 | 286,470 | 3,288,639 |
| Transfers out | (720,337) | - | - | (2,813,500) | (3,533,837) |
| Sales of capital assets | 256,788 | - | - | - | 256,788 |
| Total Other Financing Sources (Uses) | <u>1,244,150</u> | <u>-</u> | <u>12,086,268</u> | <u>(2,527,030)</u> | <u>10,803,388</u> |
| Net Change in Fund Balances | 9,676,524 | - | 4,563,663 | 943,143 | 15,183,330 |
| FUND BALANCES - Beginning of Year | <u>46,812,065</u> | <u>-</u> | <u>1,911,914</u> | <u>10,050,947</u> | <u>58,774,926</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 56,488,589</u> | <u>\$ -</u> | <u>\$ 6,475,577</u> | <u>\$ 10,994,090</u> | <u>\$ 73,958,256</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, 2022

| | |
|--|-----------------------------|
| Net change in fund balances - total governmental funds | \$ 15,183,330 |
| 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 | 6,729,555 |
| Depreciation is reported in the government-wide financial statements | (4,195,021) |
| Net book value of assets retired | (88,296) |
| Transfer of capital assets from the Motor Vehicle Parking System Fund | 2,461,212 |
| 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. | |
| | 19,997 |
| 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. | |
| Debt issued | (9,230,000) |
| Principal repaid | 730,010 |
| 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 | (815,820) |
| 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 | (152,337) |
| Net pension asset - IMRF | 6,812,959 |
| Net pension liability - Police Pension | (17,806,269) |
| Net pension liability - Firefighters' Pension | (13,133,444) |
| Total OPEB liability | 7,384,892 |
| Deferred outflows of resources related to OPEB | (972,362) |
| Deferred inflows of resources related to OPEB | (7,217,992) |
| Deferred outflows of resources related to pensions | 17,097,954 |
| Deferred inflows of resources related to pensions | 6,748,648 |
| Accrued interest on debt | (866) |
| Lease liability | (609,555) |
| The change in claims payable is shown as an expense on the statement of activities. | (5,612) |
| 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. | 1,085,431 |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | <u>\$ 10,026,414</u> |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2022

| | 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 | \$ 3,436,479 | \$ 3,258,376 | \$ - | \$ 6,694,855 | \$ 6,260,606 |
| Accounts receivable (net) | <u>1,903,715</u> | <u>826,319</u> | <u>-</u> | <u>2,730,034</u> | <u>987,092</u> |
| Total Current Assets | <u>5,340,194</u> | <u>4,084,695</u> | <u>-</u> | <u>9,424,889</u> | <u>7,247,698</u> |
| Noncurrent Assets | | | | | |
| Net pension asset | 3,107,695 | 1,434,316 | - | 4,542,011 | 1,602,153 |
| Capital Assets | | | | | |
| Land | 66,958 | - | - | 66,958 | - |
| Construction in progress | 1,632,456 | 3,987,474 | - | 5,619,930 | 1,142,675 |
| Lease asset - right to use | - | - | - | - | 36,436 |
| Water and sewer plant and equipment | 96,949,832 | 81,718,501 | - | 178,668,333 | - |
| Improvements other than buildings | - | 663,905 | - | 663,905 | - |
| Machinery, equipment and furnishings | - | - | - | - | 15,370,024 |
| Less: Accumulated depreciation | <u>(43,426,221)</u> | <u>(61,711,407)</u> | <u>-</u> | <u>(105,137,628)</u> | <u>(10,226,173)</u> |
| Total Noncurrent Assets | <u>58,330,720</u> | <u>26,092,789</u> | <u>-</u> | <u>84,423,509</u> | <u>7,925,115</u> |
| Total Assets | <u>63,670,914</u> | <u>30,177,484</u> | <u>-</u> | <u>93,848,398</u> | <u>15,172,813</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Unamortized loss on advanced refunding | 415,096 | - | - | 415,096 | - |
| Deferred outflows related to pensions | 302,118 | 139,440 | - | 441,558 | 155,756 |
| Deferred outflows related to OPEB | <u>188,414</u> | <u>89,269</u> | <u>-</u> | <u>277,683</u> | <u>162,242</u> |
| Total Deferred Outflows of Resources | <u>905,628</u> | <u>228,709</u> | <u>-</u> | <u>1,134,337</u> | <u>317,998</u> |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2022

| | 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 | \$ 263,616 | \$ 601,403 | \$ - | \$ 865,019 | \$ 157,299 |
| Accrued liabilities | 30,144 | 8,778 | - | 38,922 | 10,745 |
| Deposits | 38,000 | - | - | 38,000 | - |
| Unearned revenue | 61,566 | - | - | 61,566 | 8,134 |
| Long-term debt - due within one year | <u>2,254,789</u> | <u>547,513</u> | <u>-</u> | <u>2,802,302</u> | <u>26,642</u> |
| Total Current Liabilities | <u>2,648,115</u> | <u>1,157,694</u> | <u>-</u> | <u>3,805,809</u> | <u>202,820</u> |
| Noncurrent Liabilities | | | | | |
| Long-Term Debt | | | | | |
| Due in more than one year | <u>33,974,982</u> | <u>4,632,224</u> | <u>-</u> | <u>38,607,206</u> | <u>386,014</u> |
| Total Noncurrent Liabilities | <u>33,974,982</u> | <u>4,632,224</u> | <u>-</u> | <u>38,607,206</u> | <u>386,014</u> |
| Total Liabilities | <u>36,623,097</u> | <u>5,789,918</u> | <u>-</u> | <u>42,413,015</u> | <u>588,834</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred gain on refunding | - | 72,855 | - | 72,855 | - |
| Deferred inflows related to pensions | 2,292,606 | 1,058,122 | - | 3,350,728 | 1,181,936 |
| Deferred inflows related to OPEB | <u>215,796</u> | <u>102,243</u> | <u>-</u> | <u>318,039</u> | <u>185,821</u> |
| Total Deferred Inflows of Resources | <u>2,508,402</u> | <u>1,233,220</u> | <u>-</u> | <u>3,741,622</u> | <u>1,367,757</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 21,798,104 | 19,625,196 | - | 41,423,300 | 6,322,962 |
| Restricted for | | | | | |
| Municipal retirement | 3,107,695 | 1,434,316 | - | 4,542,011 | 1,602,153 |
| Unrestricted | <u>539,244</u> | <u>2,323,543</u> | <u>-</u> | <u>2,862,787</u> | <u>5,609,105</u> |
| TOTAL NET POSITION | <u>\$ 25,445,043</u> | <u>\$ 23,383,055</u> | <u>\$ -</u> | <u>\$ 48,828,098</u> | <u>\$ 13,534,220</u> |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2022

| | Business-type Activities - Enterprise Funds | | | | |
|---|---|----------------------|--|----------------------|---|
| | Water | Sewer | Nonmajor Enterprise Fund - Motor Vehicle Parking System | Totals | Governmental Activities - Internal Service Funds |
| OPERATING REVENUES | | | | | |
| Water sales | \$ 11,290,249 | \$ - | \$ - | \$ 11,290,249 | \$ - |
| Sanitary sewer charges | - | 2,332,608 | - | 2,332,608 | - |
| Stormwater management fees | - | 2,316,955 | - | 2,316,955 | - |
| Water/sewer permit fees | 103,192 | 48,564 | - | 151,756 | - |
| Charges for goods and services | - | - | - | - | 9,654,325 |
| Miscellaneous | 74,875 | 66,947 | - | 141,822 | 43,981 |
| Total Operating Revenues | <u>11,468,316</u> | <u>4,765,074</u> | <u>-</u> | <u>16,233,390</u> | <u>9,698,306</u> |
| OPERATING EXPENSES | | | | | |
| Personnel services | 1,749,324 | 834,497 | - | 2,583,821 | 945,052 |
| Contractual services | 1,216,882 | 626,042 | - | 1,842,924 | 5,853,958 |
| Materials and supplies | 472,640 | 73,541 | - | 546,181 | 624,809 |
| Small tools and equipment | 107,991 | 199,490 | - | 307,481 | (20,606) |
| Administrative reimbursements | 1,438,000 | - | - | 1,438,000 | - |
| Repairs and maintenance | - | - | - | - | 510,070 |
| Depreciation | 1,779,768 | 2,096,097 | - | 3,875,865 | 824,908 |
| Total Operating Expenses | <u>6,764,605</u> | <u>3,829,667</u> | <u>-</u> | <u>10,594,272</u> | <u>8,738,191</u> |
| Operating Income | <u>4,703,711</u> | <u>935,407</u> | <u>-</u> | <u>5,639,118</u> | <u>960,115</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment income | 74,492 | 75,352 | - | 149,844 | 95,695 |
| Intergovernmental | 48,791 | 402,649 | - | 451,440 | - |
| Gain on sale of capital assets | - | - | - | - | 41,942 |
| Interest and fiscal charges | (933,688) | (109,713) | - | (1,043,401) | (12,321) |
| Total Nonoperating Revenues (Expenses) | <u>(810,405)</u> | <u>368,288</u> | <u>-</u> | <u>(442,117)</u> | <u>125,316</u> |
| Income Before Transfers | <u>3,893,306</u> | <u>1,303,695</u> | <u>-</u> | <u>5,197,001</u> | <u>1,085,431</u> |
| TRANSFERS | | | | | |
| Transfers in | 25,000 | 458,867 | - | 483,867 | - |
| Transfers out | - | - | (2,627,358) | (2,627,358) | - |
| Change in Net Position | 3,918,306 | 1,762,562 | (2,627,358) | 3,053,510 | 1,085,431 |
| NET POSITION - Beginning of Year | <u>21,526,737</u> | <u>21,620,493</u> | <u>2,627,358</u> | <u>45,774,588</u> | <u>12,448,789</u> |
| NET POSITION - END OF YEAR | <u>\$ 25,445,043</u> | <u>\$ 23,383,055</u> | <u>\$ -</u> | <u>\$ 48,828,098</u> | <u>\$ 13,534,220</u> |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Year Ended December 31, 2022

| | 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 | \$ 11,371,159 | \$ 4,674,809 | \$ - | \$ 16,045,968 | \$ 9,575,943 |
| Paid to suppliers | (3,317,654) | (1,022,328) | - | (4,339,982) | (6,406,383) |
| Paid to employees | (2,510,581) | (1,175,187) | - | (3,685,768) | (1,319,806) |
| Net Cash Flows From Operating Activities | <u>5,542,924</u> | <u>2,477,294</u> | <u>-</u> | <u>8,020,218</u> | <u>1,849,754</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Investment income | <u>74,492</u> | <u>75,352</u> | <u>-</u> | <u>149,844</u> | <u>95,695</u> |
| Net Cash Flows From Investing Activities | <u>74,492</u> | <u>75,352</u> | <u>-</u> | <u>149,844</u> | <u>95,695</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Operating transfers | 25,000 | 458,867 | (240,865) | 243,002 | - |
| Operating grants received | <u>48,791</u> | <u>402,649</u> | <u>-</u> | <u>451,440</u> | <u>-</u> |
| Net Cash Flows From Noncapital Financing Activities | <u>73,791</u> | <u>861,516</u> | <u>(240,865)</u> | <u>694,442</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Bonds issued | - | 2,310,000 | - | 2,310,000 | - |
| Premium on bonds sold | - | 223,309 | - | 223,309 | - |
| Debt retired | (2,080,335) | (390,000) | - | (2,470,335) | (5,151) |
| Interest paid | (1,145,708) | (150,466) | - | (1,296,174) | (12,321) |
| Acquisition and construction of capital assets | (2,981,043) | (3,559,938) | - | (6,540,981) | (1,430,367) |
| Sale of capital assets | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>60,952</u> |
| Net Cash Flows From Capital and Related Financing Activities | <u>(6,207,086)</u> | <u>(1,567,095)</u> | <u>-</u> | <u>(7,774,181)</u> | <u>(1,386,887)</u> |
| Net Change in Cash and Cash Equivalents | (515,879) | 1,847,067 | (240,865) | 1,090,323 | 558,562 |
| CASH AND CASH EQUIVALENTS - Beginning of Year | <u>3,952,358</u> | <u>1,411,309</u> | <u>240,865</u> | <u>5,604,532</u> | <u>5,702,044</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u>\$ 3,436,479</u> | <u>\$ 3,258,376</u> | <u>\$ -</u> | <u>\$ 6,694,855</u> | <u>\$ 6,260,606</u> |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Year Ended December 31, 2022

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|---|---------------------|--|---------------------|---|
| | Water | Sewer | Nonmajor Enterprise Fund - Motor Vehicle Parking System | Totals | |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | \$ 4,703,711 | \$ 935,407 | \$ - | \$ 5,639,118 | \$ 960,115 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities | | | | | |
| Depreciation | 1,779,768 | 2,096,097 | - | 3,875,865 | 824,908 |
| Changes in assets and liabilities | | | | | |
| Accounts receivable | (110,714) | (90,265) | - | (200,979) | (119,440) |
| Prepaid expense | - | - | - | - | 649,493 |
| Accounts payable | (82,141) | (123,255) | - | (205,396) | (87,645) |
| Accrued salaries | 3,539 | 10 | - | 3,549 | 1,651 |
| Deferred outflows related to pensions | (46,072) | (25,866) | - | (71,938) | (14,858) |
| Deferred inflows related to pensions | 773,417 | 384,253 | - | 1,157,670 | 345,937 |
| Compensated absences | (3,726) | 9,567 | - | 5,841 | 5,011 |
| Unearned revenue | 13,557 | - | - | 13,557 | (2,923) |
| Total OPEB liability | (179,520) | (74,989) | - | (254,509) | (171,989) |
| Deferred outflows related to OPEB | 19,332 | 5,062 | - | 24,394 | 23,732 |
| Deferred inflows related to OPEB | 191,484 | 91,204 | - | 282,688 | 164,057 |
| Net pension asset | (1,519,711) | (729,931) | - | (2,249,642) | (728,295) |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u>\$ 5,542,924</u> | <u>\$ 2,477,294</u> | <u>\$ -</u> | <u>\$ 8,020,218</u> | <u>\$ 1,849,754</u> |
| NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Change in capital-related accounts payable | <u>\$ 89,651</u> | <u>\$ 493,101</u> | <u>\$ -</u> | | <u>\$ 40,001</u> |
| Transfer of capital assets, total OPEB liability, and deferred outflows/inflows related to OPEB from the Motor Vehicle Parking Fund to Governmental Activities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,388,689</u> | | <u>\$ -</u> |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2022

| | <u>Pension Trusts</u> |
|--|-----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 6,199,856 |
| Investments | |
| Police officers' pension investment fund | 44,240,236 |
| Firefighters' pension investment fund | 48,109,591 |
| Prepaid items | 2,370 |
| Due from primary government | <u>70,529</u> |
| Total Assets | <u>98,622,582</u> |
| LIABILITIES | |
| Accounts payable | <u>9,079</u> |
| Total Liabilities | <u>9,079</u> |
| NET POSITION | |
| Restricted for pension benefits | <u>98,613,503</u> |
| TOTAL NET POSITION | <u><u>\$ 98,613,503</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, 2022

| | <u>Pension Trusts</u> |
|---|-----------------------|
| ADDITIONS | |
| Contributions | |
| Employer | \$ 8,084,223 |
| Plan members | <u>1,160,006</u> |
| Total Contributions | <u>9,244,229</u> |
| Investment income (loss) | |
| Investment income | 904,385 |
| Net depreciation in fair value of investments | <u>(18,306,549)</u> |
| Total Investment Income (loss) | <u>(17,402,164)</u> |
| Less Investment expense | <u>79,333</u> |
| Net investment income (loss) | <u>(17,481,497)</u> |
| Total Additions | <u>(8,237,268)</u> |
| DEDUCTIONS | |
| Benefits | 10,891,032 |
| Administration | <u>109,757</u> |
| Total Deductions | <u>11,000,789</u> |
| Change in Fiduciary Net Position | (19,238,057) |
| NET POSITION - Beginning of Year | <u>117,851,560</u> |
| NET POSITION - END OF YEAR | <u>\$ 98,613,503</u> |

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

INDEX TO NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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, 2022

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, 2022. 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 three distinct housing associations. These are the Ravinia Housing Association, the Peers Housing Association, and the Sunset Woods Housing Association. The Ravinia Housing Association is comprised of two separate developments at two separate locations. 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 three 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 three 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, 2022. 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, 2022

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 June 2017, the Governmental Accounting Standards Board issued statement No. 87 - Leases. This Statement establishes a single model for lease accounting based on foundational principle that leases are financings of the right to use an underlying asset. The statement requires lessees to recognize a lease liability and an intangible right-to-use lease asset and lessors to recognize a lease receivable and a deferred inflow of resources. This standard was implemented January 1, 2022.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS **As of and for the Year Ended December 31, 2022**

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, 2022

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, 2022

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, 2022

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, 2022

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.

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 and Firefighters' Pension Fund investment policies allow funds to be invested in any type of security authorized by the Illinois Pension Code.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

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

1. Deposits and Investments (cont.)

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

Illinois Public Act 101 0610 consolidated the assets of the state's more than 650 downstate and suburban public safety pension funds into two consolidated investment funds and required the Police Pension Fund and Firefighters' Pension Fund to pool their funds for investment purposes. During the year, the investments of the Police Pension Fund were transferred to Illinois Police Officers' Pension Investment Fund and the investments of the Firefighters' Pension Fund were transferred to Illinois Firefighters' Pension Investment Fund. The Illinois Police Officers' Pension Investment Fund and the Illinois Firefighters' Pension Investment Fund are external investment pools valued at share price, the price for which the investments could be sold. The Illinois Police Officers' Pension Investment Fund's investment policy statement has an investment objective to earn a long-term, net-of-fees, investment return that meets or exceeds the actuarial assumed rate of return and the return of the Policy Benchmark consistent with the risk level expected from the asset allocation. In the March 4, 2022 actuarial experience study the Illinois Police Officers' Pension Investment Fund's actuaries recommended an investment return of 6.75%.

The Illinois Firefighters' Pension Investment Fund's investment policy has an investment objective that seeks to maximize the likelihood of meeting long-term return objectives, while (i) maintaining prudent risk exposure, (ii) controlling fees and expenses related to management of the Fund and (iii) complying with the governing provisions of the Illinois Pension Code (40 ILCS 5 et seq.) and other applicable laws and regulations. Long-term return objectives are based on an assumed rate of return as set forth by the Illinois Firefighters' Pension Investment Fund's actuary. In the December 1, 2021 actuarial experience study the Illinois Firefighters' Pension Investment Fund's actuaries recommended an investment return of 7.125%.

Additional information related to the Illinois Police Officers' Pension Investment Fund can be found at <https://www.ipopif.org>. Additional information related to the Illinois Firefighters' Pension Investment Fund can be found at <https://ifpif.org>.

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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 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.

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.

The Police and Firefighters' Pension Funds do not hold any investments susceptible to this risk as of December 31, 2022.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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 - 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.

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

Property taxes for levy year 2022 attach as an enforceable lien, as of January 1, 2022, 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 2022 are prepared by Lake County, issued in May 2023, and are payable in two installments, on or about June 6, 2023 and September 6, 2023 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2022 property tax levy is recognized as a receivable and a deferral in fiscal 2022, net of the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2022, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2022 levy and amounts from the 2021 levy not collected until after year-end.

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 three years for City-owned assets and two years for leased assets. 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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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.)

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, and overhead. 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.

Depreciation and amortization of exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation and amortization reflected in the statement of net position. Depreciation and amortization 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 |

Lease assets are typically amortized over the lease term.

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 assets that applies to future periods 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, 2022

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, leases, 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. Leases

The City is a lessor because it leases capital assets to other entities. As a lessor, the City reports a lease receivable and corresponding deferred inflow of resources in both the fund financial statements and government-wide financial statements. The City continues to report and depreciate the capital assets being leased as capital assets of the primary government.

The City is a lessee because it leases capital assets from other entities. As a lessee, the City reports a lease liability and an intangible right-to-use capital asset (known as the lease asset) on the government-wide financial statements and proprietary fund statements. In the governmental fund financial statements, the City recognizes lease proceeds and capital outlay at initiation of the lease, and the outflow of resources for the lease liability as a debt service payment.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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. Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net assets that applies to future periods and therefore will not be recognized as an inflow of resources (revenue) until that future time.

10. 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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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.)

10. Equity Classifications

Fund Statements (cont.)

- 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.
- 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, 2022

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 | \$ 73,946,116 | \$ 74,625,872 | Custodial credit risk - deposits |
| Money market - Illinois Funds | 13,299,332 | 13,299,332 | Credit risk |
| Money market - other | 5,878,446 | 5,878,446 | Credit risk, interest rate risk |
| Firefighters' pension investment fund | 48,109,591 | 48,109,591 | Credit Risk |
| Police officers' pension investment fund | 44,240,236 | 44,240,236 | Credit Risk |
| Petty cash | 5,470 | - | N/A |
| Total Deposits and Investments | <u>\$185,479,191</u> | <u>\$186,153,477</u> | |

Reconciliation to financial statements

Per statement of net position

Cash \$ 86,929,508

Per statement of net position - fiduciary funds

Cash and cash equivalents 6,199,856

Police officers' pension investment fund 44,240,236

Firefighters' pension investment fund 48,109,591

Total Deposits and Investments \$185,479,191

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, 2022

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, 2022, the City's investments were measured using valuation inputs as follows:

Police Pension Fund

| Investment Type | December 31, 2022 | | | |
|----------------------|---------------------|-------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Money market - other | \$ 3,515,526 | \$ - | \$ - | \$ 3,515,526 |
| Total | <u>\$ 3,515,526</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,515,526</u> |

Firefighters' Pension Fund

| Investment Type | December 31, 2022 | | | |
|----------------------|---------------------|-------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Money market - other | \$ 2,362,920 | \$ - | \$ - | \$ 2,362,920 |
| Total | <u>\$ 2,362,920</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,362,920</u> |

The Police Pension Investment Fund of \$44,240,236 and the Firefighters' Pension Investment Fund of \$48,109,591 are measured at net asset value.

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Investments

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

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, 2022, the City's investments were rated as follows:

| Investment Type | Standard & Poors | Moody's Investors Services |
|-------------------------------|---------------------|----------------------------------|
| Money market - Illinois Funds | AAAm | NR |
| Money market - other | AAAm | Aaa |

The Pension Funds held investments in the following external pools which are not rated:

Illinois Police Officers' Pension Investment Fund

Illinois Firefighters' Pension Investment Fund

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, 2022, 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, 2022

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

A. DEPOSITS AND INVESTMENTS (cont.)

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, 2022, 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 | \$ 3,515,526 | \$ 3,515,526 | \$ - | \$ - | \$ - |
| Totals | <u>\$ 3,515,526</u> | <u>\$ 3,515,526</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Firefighters' Pension Fund

| Investment Type | Fair Value | Maturity (In Years) | | | |
|----------------------|---------------------|---------------------|-------------|-------------|-------------|
| | | < 1 | 1-5 | 6-10 | > 10 |
| Money market - other | \$ 2,362,920 | \$ 2,362,920 | \$ - | \$ - | \$ - |
| Totals | <u>\$ 2,362,920</u> | <u>\$ 2,362,920</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Money-Weighted Rate of Return

Police Pension Fund

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (15.69)%. 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, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (14.20)%. 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, 2022

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 | \$ 3,162,313 |
| Utility tax | 626,101 |
| Home rule sales tax | 1,401,403 |
| Local use tax | <u>404,573</u> |
| Total | <u><u>\$ 5,594,390</u></u> |

| | <u>General Fund</u> |
|------------------------------------|--------------------------|
| Accounts receivable | |
| Local sales | \$ 173,756 |
| Rent | 8,869 |
| Grants | 10,549 |
| Permits | 58,161 |
| Court fines | 11,945 |
| Miscellaneous | <u>660,880</u> |
| Gross receivables | 924,160 |
| Less: Allowance for uncollectibles | <u>(317,881)</u> |
| Net accounts receivable | <u><u>\$ 606,279</u></u> |

All of the receivables on the balance sheet are expected to be collected within one year, except for \$900,000 in other receivables in the General Fund, which represents air rights sold to a developer and payable in three annual installments of \$300,000 beginning in 2024, and \$1,989,232 of the \$2,054,126 in leases receivable.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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 | \$ 17,930,300 | \$ - |
| Other | 2,547,071 | 938,723 |
| Grants | <u>-</u> | <u>125,496</u> |
| Total Unearned/Unavailable Revenue for Governmental Funds | <u><u>\$ 20,477,371</u></u> | <u><u>\$ 1,064,219</u></u> |
| Unearned revenue included in liabilities | \$ 2,547,071 | |
| Unearned revenue included in deferred inflows | <u>17,930,300</u> | |
| Total Unearned Revenue for Governmental Funds | <u><u>\$ 20,477,371</u></u> | |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022, was as follows:

| | Beginning Balance | Adjustments* | Additions | Deletions | Ending Balance |
|--|----------------------|--------------|--------------|------------|-------------------|
| Governmental Activities | | | | | |
| Capital assets not being depreciated/ amortized | | | | | |
| Land | \$ 12,796,044 | \$ 1,280,442 | \$ - | \$ - | \$ 14,076,486 |
| Land right of way | 260,190 | - | - | - | 260,190 |
| Construction in progress | 2,211,236 | - | 5,378,541 | 338,580 | 7,251,197 |
| Total Capital Assets Not Being Depreciated/ Amortized | 15,267,470 | 1,280,442 | 5,378,541 | 338,580 | 21,587,873 |
| Capital assets being depreciated/amortized | | | | | |
| Buildings and land improvements | 69,971,430 | 4,525,885 | 141,022 | 96,839 | 74,541,498 |
| Machinery and equipment | 20,842,477 | 85,356 | 1,386,269 | 566,607 | 21,747,495 |
| Infrastructure | 65,447,438 | 608,196 | 844,978 | - | 66,900,612 |
| Buildings - right-to-use | - | 83,443 | - | - | 83,443 |
| Equipment - right-to-use | - | 740,685 | - | - | 740,685 |
| Total Capital Assets Being Depreciated/Amortized | 156,261,345 | 6,043,565 | 2,372,269 | 663,446 | 164,013,733 |
| Total Capital Assets | 171,528,815 | 7,324,007 | 7,750,810 | 1,002,026 | 185,601,606 |
| Less: Accumulated depreciation/ amortization for | | | | | |
| Buildings and land improvements | 35,554,606 | 3,932,502 | 1,662,359 | 19,529 | 41,129,938 |
| Machinery and equipment | 13,597,658 | 59,701 | 1,309,313 | 536,612 | 14,430,060 |
| Infrastructure | 40,068,709 | 46,464 | 1,820,513 | - | 41,935,686 |
| Buildings - right-to-use | - | - | 55,775 | - | 55,775 |
| Equipment - right-to-use | - | - | 171,970 | - | 171,970 |
| Total Accumulated Depreciation/ Amortization | 89,220,973 | 4,038,667 | 5,019,930 | 556,141 | 97,723,429 |
| Net Capital Assets Being Depreciated/Amortized | 67,040,372 | 2,004,898 | (2,647,661) | 107,305 | 66,290,304 |
| Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization | \$ 82,307,842 | \$ 3,285,340 | \$ 2,730,880 | \$ 445,885 | \$ 87,878,177 |

* The adjustments column represents amounts to be reported as right-to-use lease assets in accordance with GASB Statement No. 87 and assets transferred from the Motor Vehicle Parking Fund to Governmental Activities at the beginning of the year.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

C. CAPITAL ASSETS (cont.)

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities

| | |
|----------------------|------------------|
| General government | \$ 412,156 |
| Public safety | 778,071 |
| Public works | 2,221,293 |
| Economic development | <u>1,608,410</u> |

| | |
|---|----------------------------|
| Total Governmental Activities Depreciation/Amortization Expense | <u><u>\$ 5,019,930</u></u> |
|---|----------------------------|

| | <u>Beginning Balance</u> | <u>Adjustments*</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|---|------------------------------|------------------------------|----------------------------|--------------------------|-----------------------------|
| Business-type Activities | | | | | |
| Capital assets not being depreciation | | | | | |
| Land | \$ 1,347,400 | \$ (1,280,442) | \$ - | \$ - | \$ 66,958 |
| Construction in progress | <u>2,527,455</u> | <u>-</u> | <u>3,393,743</u> | <u>301,268</u> | <u>5,619,930</u> |
| Total Capital Assets Not Being Depreciation | <u>3,874,855</u> | <u>(1,280,442)</u> | <u>3,393,743</u> | <u>301,268</u> | <u>5,686,888</u> |
| Capital assets being depreciated | | | | | |
| Buildings and land improvements | 55,611,751 | (4,525,885) | - | - | 51,085,866 |
| Machinery and equipment | 4,888,271 | (85,356) | 362,657 | - | 5,165,572 |
| Infrastructure | <u>120,020,395</u> | <u>(608,196)</u> | <u>3,668,601</u> | <u>-</u> | <u>123,080,800</u> |
| Total Capital Assets Being Depreciated | <u>180,520,417</u> | <u>(5,219,437)</u> | <u>4,031,258</u> | <u>-</u> | <u>179,332,238</u> |
| Total Capital Assets | <u>184,395,272</u> | <u>(6,499,879)</u> | <u>7,425,001</u> | <u>301,268</u> | <u>185,019,126</u> |
| Less: Accumulated depreciation for | | | | | |
| Buildings and land improvements | 20,819,851 | (3,932,502) | 907,251 | - | 17,794,600 |
| Machinery and equipment | 3,433,220 | (59,701) | 159,867 | - | 3,533,386 |
| Infrastructure | <u>81,047,359</u> | <u>(46,464)</u> | <u>2,808,747</u> | <u>-</u> | <u>83,809,642</u> |
| Total Accumulated depreciation | <u>105,300,430</u> | <u>(4,038,667)</u> | <u>3,875,865</u> | <u>-</u> | <u>105,137,628</u> |
| Net Capital Assets Being Depreciated | <u>75,219,987</u> | <u>(1,180,770)</u> | <u>155,393</u> | <u>-</u> | <u>74,194,610</u> |
| Business-type Capital Assets, Net of Accumulated depreciation | <u><u>\$ 79,094,842</u></u> | <u><u>\$ (2,461,212)</u></u> | <u><u>\$ 3,549,136</u></u> | <u><u>\$ 301,268</u></u> | <u><u>\$ 79,881,498</u></u> |

* The adjustments column represents assets transferred from the Motor Vehicle Parking Fund to Governmental Activities at the beginning of the year.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

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

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|--|-----------------------|------------------|
| General | Nonmajor Governmental | \$ <u>15,512</u> |
| Total - Fund Financial Statements | | 15,512 |
| Less: Government-wide eliminations | | <u>(15,512)</u> |
| Total Internal Balances - Government-Wide Statement of Net Position | | <u>\$ -</u> |

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

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

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 | \$ 625,000 | E-911 costs |
| General | Nonmajor Enterprise | 238,669 | Closing of fund to General Fund |
| General | Nonmajor Governmental | 174,500 | Funding of operating expenditures associated with the pandemic's economic impact |
| Capital Projects | Nonmajor Governmental | 1,814,000 | Street and bridge improvements |
| Capital Projects | Nonmajor Governmental | 100,000 | Funding of Ravinia Fire Station energy saving measures |
| Capital Projects | Nonmajor Governmental | 50,000 | Street and bridge improvements |
| Nonmajor Governmental | General | 39,477 | ARPA funding for capital project improvements |
| Nonmajor Governmental | General | 246,993 | Proceeds from property sold |
| Water | Nonmajor Governmental | 25,000 | Street and bridge improvements |
| Sewer | General | 433,867 | ARPA funding for capital project improvements |
| Sewer | Nonmajor Governmental | <u>25,000</u> | Street and bridge improvements |
| Total - Fund Financial Statements | | 3,772,506 | |
| Less: Government-wide eliminations | | (4,090,227) | |
| Transfer of Motor Vehicle Parking Fund capital assets to Governmental Activities | | <u>2,461,212</u> | |
| Total Transfers - Government-Wide Statement of Activities | | <u><u>\$ 2,143,491</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, 2022

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

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2022, was as follows:

| | Beginning Balance | Adjustments | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|--|----------------------|-------------------|----------------------|----------------------|-----------------------|-----------------------------------|
| Governmental Activities | | | | | | |
| Bonds and Notes Payable | | | | | | |
| General obligation debt | \$ 8,525,871 | \$ - | \$ 9,230,000 | \$ 730,011 | \$ 17,025,860 | \$ 1,315,012 |
| (Discounts)/Premiums | 282,763 | - | 892,268 | 76,448 | 1,098,583 | - |
| Sub-totals | <u>8,808,634</u> | <u>-</u> | <u>10,122,268</u> | <u>806,459</u> | <u>18,124,443</u> | <u>1,315,012</u> |
| Other Liabilities | | | | | | |
| Compensated absences | 1,551,957 | - | 1,321,316 | 1,163,968 | 1,709,305 | 341,861 |
| Lease liabilities | - | 824,129 | - | 183,289 | 640,840 | 177,172 |
| Total OPEB liability | 20,361,264 | - | 1,222,043 | 8,778,924 | 12,804,383 | - |
| Claims payable | 169,117 | - | 62,258 | 56,646 | 174,729 | - |
| Net pension liability - Firefighters' | 32,402,844 | - | 18,458,591 | 5,325,147 | 45,536,288 | - |
| Net pension liability - Police | 36,145,974 | - | 23,372,154 | 5,565,885 | 53,952,243 | - |
| Total Other Liabilities | <u>90,631,156</u> | <u>824,129</u> | <u>44,436,362</u> | <u>21,073,859</u> | <u>114,817,788</u> | <u>519,033</u> |
| Total Governmental Activities Long-Term Liabilities | <u>\$ 99,439,790</u> | <u>\$ 824,129</u> | <u>\$ 54,558,630</u> | <u>\$ 21,880,318</u> | <u>\$ 132,942,231</u> | <u>\$ 1,834,045</u> |
| Business-type Activities | | | | | | |
| Bonds and Notes Payable | | | | | | |
| General obligation debt | \$ 34,034,129 | \$ - | \$ 2,310,000 | \$ 2,234,990 | \$ 34,109,139 | \$ 2,524,988 |
| IEPA loan - direct borrowing | 4,229,082 | - | - | 235,345 | 3,993,737 | 240,064 |
| (Discounts)/Premiums | 2,655,613 | - | 223,309 | 246,125 | 2,632,797 | - |
| Sub-totals | <u>40,918,824</u> | <u>-</u> | <u>2,533,309</u> | <u>2,716,460</u> | <u>40,735,673</u> | <u>2,765,052</u> |
| Other Liabilities | | | | | | |
| Compensated absences | 180,410 | - | 141,148 | 135,307 | 186,251 | 37,250 |
| Total OPEB liability | 855,308 | - | 46,535 | 414,259 | 487,584 | - |
| Total Other Liabilities | <u>1,035,718</u> | <u>-</u> | <u>187,683</u> | <u>549,566</u> | <u>673,835</u> | <u>37,250</u> |
| Total Business-type Activities Long-Term Liabilities | <u>\$ 41,954,542</u> | <u>\$ -</u> | <u>\$ 2,720,992</u> | <u>\$ 3,266,026</u> | <u>\$ 41,409,508</u> | <u>\$ 2,802,302</u> |

The adjustment column represents the addition of lease liabilities in accordance with GASB Statement No. 87.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

E. LONG-TERM OBLIGATIONS (cont.)

Compensated absences, other postemployment benefits, claims payable, lease liabilities, 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, 2022 |
|--|----------------------|-----------------------|-----------------------|------------------------------|----------------------------------|
| General Obligation Debt | | | | | |
| 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 | \$ 475,750 |
| 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 | 745,000 |
| 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 | 480,110 |
| 2018 General Obligation Bonds due in annual installments of \$395,000 to \$660,000 | 2/8/2018 | 12/30/2031 | 3.00% | 7,900,000 | 6,095,000 |
| 2022 General Obligation Bonds due in annual installments of \$520,000 to \$785,000 | 2/23/2022 | 12/30/2036 | 3.00% - 4.00% | 9,230,000 | <u>9,230,000</u> |
| Total Governmental Activities - General Obligation Debt | | | | | <u>\$ 17,025,860</u> |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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, 2022 |
|--|--------------------------|---------------------------|---------------------------|----------------------------------|--|
| General Obligation Debt | | | | | |
| 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 | \$ 3,995,000 |
| 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 | 3,777,167 |
| 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 | 72,083 |
| 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 | 675,000 |
| 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 | 1,859,889 |
| Water Fund - 2020 General Obligation Refunding Bonds in annual installments of \$320,000 to \$395,000 | 8/4/2020 | 12/31/2031 | 2.00%- 4.00% | 2,875,000 | 2,875,000 |
| Sewer Fund - 2020 General Obligation Refunding Bonds in annual installments of \$0 to \$1,455,000 | 8/4/2020 | 12/31/2031 | 2.00%- 4.00% | 2,500,000 | 1,495,000 |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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, 2022 |
|---|------------------|-------------------|-------------------|--------------------------|---------------------------------|
| Water Fund - 2021 General Obligation Refunding Bonds in annual installments of \$0 to \$2,555,000 | 11/16/2021 | 12/31/2032 | 2.00%- 4.00% | \$ 15,950,000 | \$ 14,775,000 |
| Sewer Fund - 2022 General Obligation Bonds due in annual installments of \$135,000 to \$190,000 | 2/23/2022 | 12/30/2036 | 3.00% - 4.00% | 2,310,000 | <u>2,310,000</u> |
| Total Business-type Activities - General Obligation Debt | | | | | <u><u>\$ 34,109,139</u></u> |

Debt service requirements to maturity are as follows:

| Years | Governmental Activities General Obligation Debt | | Business-type Activities General Obligation Debt | |
|-----------|--|----------------------------|---|----------------------------|
| | Principal | Interest | Principal | Interest |
| 2023 | \$ 1,315,012 | \$ 559,893 | \$ 2,524,988 | \$ 1,075,032 |
| 2024 | 1,345,011 | 517,042 | 2,619,988 | 984,983 |
| 2025 | 1,380,012 | 473,092 | 2,699,988 | 893,958 |
| 2026 | 1,435,011 | 427,942 | 2,804,989 | 800,058 |
| 2027 | 1,280,011 | 380,941 | 2,504,989 | 702,334 |
| 2028-2032 | 6,785,053 | 1,213,859 | 13,969,947 | 2,174,311 |
| 2033-2036 | <u>3,485,750</u> | <u>252,377</u> | <u>6,984,250</u> | <u>352,986</u> |
| Totals | <u><u>\$ 17,025,860</u></u> | <u><u>\$ 3,825,146</u></u> | <u><u>\$ 34,109,139</u></u> | <u><u>\$ 6,983,662</u></u> |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

E. LONG-TERM OBLIGATIONS (cont.)

Business-type Activities

| Other Bonds or Notes or Loans Payable | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance December 31, 2022 |
|--|------------------|-------------------|-------------------|--------------------------|---------------------------------|
| Water Fund - IEPA Loan, Preliminary Series 2015 - 2017, due in annual installments of \$157,701 to \$310,744 | 11/1/2015 | 12/1/2037 | 1.995% | \$ 3,812,839 | \$ <u>3,993,737</u> |
| Total Business-type Activities Other Bonds or Notes or Loans Payable | | | | | \$ <u>3,993,737</u> |

Debt service requirements to maturity are as follows:

| Years | Business-type Activities Other Bonds or Notes or Loans Payable | |
|-----------|--|-------------------|
| | Principal | Interest |
| 2023 | \$ 240,064 | \$ 78,484 |
| 2024 | 244,877 | 73,670 |
| 2025 | 249,787 | 68,761 |
| 2026 | 254,795 | 63,753 |
| 2027 | 259,903 | 240,057 |
| 2028-2032 | 1,379,802 | 98,906 |
| 2033-2037 | <u>1,364,509</u> | <u>1,573</u> |
| Totals | \$ <u>3,993,737</u> | \$ <u>625,204</u> |

Lease Liabilities

The City has entered into lease agreements as a lessee for financing the temporary acquisition of equipment and parking lots. These agreements qualify as leases for accounting purposes and, therefore, the assets and obligations have been recorded at the present value of the future minimum lease payments as of the inception date. The obligations will be repaid from the General Fund and the Equipment Maintenance and Replacement Fund.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

E. LONG-TERM OBLIGATIONS (cont.)

Lease Liabilities (cont.)

| Governmental Activities Lease Liabilities | Date of Issue | Final Maturity | Interest Rates | Original Indebtedness | Balance December 31, 2022 |
|---|------------------|-------------------|-------------------|--------------------------|---------------------------------|
| Fire house equipment | 12/6/2021 | 3/9/2023 | 7.00% | \$ 38,690 | \$ 7,177 |
| Fire house building | 12/10/2021 | 1/25/2023 | 6.00% | 16,075 | 3,034 |
| Copiers | 12/5/2020 | 12/5/2025 | 3.00% | 40,296 | 31,285 |
| Police body cameras | 1/1/2022 | 12/31/2027 | 6.00% | 640,481 | 526,862 |
| | | | 2.00% - | | |
| Parking lot | Various | Various | 4.00% | - | 44,246 |
| Mailing equipment | Various | Various | 5.00% | 29,050 | 28,236 |
| Total Governmental Activities Lease Liabilities | | | | | <u>\$ 640,840</u> |

Debt service requirements to maturity are as follows:

| Years | Governmental Activities Lease Liabilities | |
|--------|--|-------------------|
| | Principal | Interest |
| 2023 | \$ 177,172 | \$ 62,932 |
| 2024 | 145,293 | 36,598 |
| 2025 | 157,141 | 23,294 |
| 2026 | 153,200 | 11,218 |
| 2027 | 8,034 | 1,029 |
| Totals | <u>\$ 640,840</u> | <u>\$ 135,071</u> |

F. LEASE DISCLOSURES

Lessor - Lease Receivables

| Governmental Activities Lease Receivables Description | Date of Inception | Final Maturity | Interest Rates | Receivable Balance December 31, 2022 |
|--|----------------------|----------------|----------------|---|
| Parking facilities | 4/26/2021 | 4/30/2025 | 3.00% | \$ 596,299 |
| Water treatment plant antenna | 2/13/2017 | 2/28/2032 | 3.00% | 125,609 |
| Cell tower | 10/28/2013 | 12/31/2038 | 3.00% | 783,175 |
| Art building | 11/10/2020 | 11/15/20238 | 3.00% | 549,043 |
| Total governmental activities | | | | <u>\$ 2,054,126</u> |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

F. LEASE DISCLOSURES (cont.)

The City recognized \$56,416 of lease revenue during the fiscal year.

The City recognized \$88,022 of interest revenue during the fiscal year.

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 | \$ 4,981,195 | \$ 5,045,668 | Custodial credit risk |
| Money market mutual funds | 1,694,549 | 1,694,549 | Credit risk, interest rate risk |
| Illinois funds | 6,311 | 6,311 | Credit risk |
| Petty cash | <u>434</u> | <u>-</u> | N/A |
| Total Deposits and Investments | <u>\$ 6,682,489</u> | <u>\$ 6,746,528</u> | |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

G. COMPONENT UNIT (cont.)

HIGHLAND PARK PUBLIC LIBRARY (cont.)

b. Deposits and Investments (cont.)

The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

As of December 31, 2022, the Library's investments were measured using valuation inputs as follows:

| Investment Type | December 31, 2022 | | | |
|---------------------------|---------------------|-------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Money market mutual funds | \$ 1,694,549 | \$ - | \$ - | \$ 1,694,549 |
| Total | <u>\$ 1,694,549</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,694,549</u> |

Custodial Credit Risk

Deposits

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

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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 (cont.)

Investments

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

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

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, 2022, the Library's investments were rated as follows:

| Investment Type | Standard & Poors | Moody's Investors Services |
|---------------------------|------------------|----------------------------|
| Money market mutual funds | A-1+ to A1 | P-1 |

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, 2022, the Library's debt investments were as follows:

| Investment Type | Maturity (In Years) | |
|---------------------------|---------------------|--------------|
| | Fair Value | < 1 |
| Money market mutual funds | \$ 1,694,549 | \$ 1,694,549 |
| Totals | \$ 1,694,549 | \$ 1,694,549 |

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, 2022

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 |
| Land Improvements | 222,304 | - | - | 222,304 |
| Buildings and improvements | 8,616,454 | 6,538 | - | 8,622,992 |
| Machinery and equipment | 2,370,107 | 40,760 | - | 2,410,867 |
| Less: Accumulated depreciation | (4,684,432) | (279,293) | - | (4,963,725) |
| Totals | \$ 7,024,433 | \$ (231,995) | \$ - | \$ 6,792,438 |

d. Long-Term Obligations

| | Beginning Balance | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|--------------------------------|----------------------|-------------------|-------------------|---------------------|-----------------------------------|
| General obligation debt | \$ 725,000 | \$ - | \$ 50,000 | \$ 675,000 | \$ 50,000 |
| Vested compensated absences | 137,006 | 143,213 | 149,367 | 130,852 | - |
| Total OPEB liability | <u>413,127</u> | <u>27,655</u> | <u>144,559</u> | <u>296,223</u> | <u>-</u> |
| Totals | \$ 1,275,133 | \$ 170,868 | \$ 343,926 | \$ 1,102,075 | \$ 50,000 |

| | General Obligation Debt | | |
|---------------|-------------------------|-------------------|-------------------|
| | Principal | Interest | Totals |
| 2023 | \$ 50,000 | \$ 17,425 | \$ 67,425 |
| 2024 | 50,000 | 16,425 | 66,425 |
| 2025 | 50,000 | 15,425 | 65,425 |
| 2026 | 50,000 | 14,425 | 64,425 |
| 2027 | 55,000 | 13,425 | 68,425 |
| 2028-2032 | 290,000 | 45,225 | 335,225 |
| 2033-2034 | <u>130,000</u> | <u>5,850</u> | <u>135,850</u> |
| Totals | \$ 675,000 | \$ 128,200 | \$ 803,200 |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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 \$2,054,467, consisting of deposits with financial institutions.

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, 2022, restricted cash was \$599,355.

d. Capital Assets

| | Beginning Balance | Additions | Deletions | Ending Balance | Useful Lives (Years) |
|--|----------------------|---------------------|-------------|---------------------|-------------------------|
| Buildings | \$ 9,334,279 | \$ 51,283 | \$ - | \$ 9,385,562 | 15-40 |
| Equipment | 461,678 | - | - | 461,678 | 5-10 |
| Furniture and fixtures | 1,077,056 | 40,822 | - | 1,117,878 | 5-10 |
| Less: Accumulated depreciation/ amortization | (7,266,971) | (290,327) | - | (7,557,298) | |
| Totals | <u>\$ 3,606,042</u> | <u>\$ (198,222)</u> | <u>\$ -</u> | <u>\$ 3,407,820</u> | |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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

G. COMPONENT UNIT (cont.)

HIGHLAND PARK HOUSING ASSOCIATIONS (cont.)

e. Long-Term Obligations

| | Beginning Balance (as restated) | Increases | Decreases | Ending Balance | Amounts Due Within One Year |
|-------------------------------|---------------------------------------|------------------|-------------------|---------------------|-----------------------------------|
| Mortgage loan payable | \$ 4,520,094 | \$ 16,726 | \$ 164,067 | \$ 4,372,753 | \$ 174,730 |
| Unamortized issuance costs | (104,818) | (4,842) | (10,752) | (98,908) | - |
| Totals | <u>\$ 4,415,276</u> | <u>\$ 11,884</u> | <u>\$ 153,315</u> | <u>\$ 4,273,845</u> | <u>\$ 174,730</u> |

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

| | <u>Principal</u> |
|-----------|---------------------|
| 2023 | \$ 174,730 |
| 2024 | 185,032 |
| 2025 | 195,949 |
| 2026 | 85,794 |
| 2027 | 325,570 |
| 2028-2043 | <u>3,405,678</u> |
| Totals | <u>\$ 4,372,753</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), \$371,059 of mortgages would be due on demand. This amount has not been reflected as a liability due to its contingent nature.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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, 2022 totaled \$7,321,234 and (\$878,084), 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.

For the year ended December 31, 2022, the City recognized the following balances in the government-wide financial statements:

| | <u>Total Pension Liability</u> | <u>Net Pension Liability</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Pension Expense</u> |
|-----------------------|------------------------------------|----------------------------------|---|--|----------------------------|
| IMRF - City | \$ 93,007,198 | \$ - | \$ 1,829,488 | \$ 13,882,912 | \$ (4,330,021) |
| Police Pension | 102,050,539 | 53,952,243 | 12,854,649 | 222,373 | 5,937,999 |
| Firefighters' Pension | <u>96,051,495</u> | <u>45,536,288</u> | <u>11,637,474</u> | <u>466,464</u> | <u>5,713,256</u> |
| Total | <u>\$291,109,232</u> | <u>\$ 99,488,531</u> | <u>\$ 26,321,611</u> | <u>\$ 14,571,749</u> | <u>\$ 7,321,234</u> |

At December 31, 2022, the City reported an IMRF net pension asset of \$18,818,706.

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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, 2021, the measurement date, membership in the plan was as follows:

| | |
|-------------------------------|-------------------|
| Retirees and beneficiaries | 301 |
| Inactive, non-retired members | 210 |
| Active members | <u>178</u> |
| Total | <u><u>689</u></u> |

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 2021 was 7.90% 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, 2021, 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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial Assumptions. The total pension liability for IMRF was determined by actuarial valuations performed as of December 31, 2021 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 | 2.25% |
| Salary increases | 2.85% to 13.75%, including inflation |
| Price inflation | 2.25% |

Mortality. For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

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 | 39.00% | 3.25% | 1.90% |
| International equities | 15.00% | 4.89% | 3.15% |
| Fixed income | 25.00% | (0.50)% | (0.60)% |
| Real estate | 10.00% | 4.20% | 3.30% |
| Alternatives | 10.00% | | |
| Private equity | | 8.85% | 5.50% |
| Hedge funds | | N/A | N/A |
| Commodities | | 2.90% | 1.70% |
| Cash equivalents | 1.00% | (0.90)% | (0.90)% |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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, 2020 measurement date was 7.25%. 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.

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 | \$ 102,666,175 | \$ 93,007,198 | \$ 85,244,288 |
| Plan fiduciary net pension | 111,825,904 | 111,825,904 | 111,825,904 |
| Net pension liability/(asset) | <u>\$ (9,159,729)</u> | <u>\$ (18,818,706)</u> | <u>\$ (26,581,616)</u> |
| <i>Library:</i> | | | |
| Total pension liability | \$ 20,738,068 | \$ 18,787,002 | \$ 17,218,932 |
| Plan fiduciary net pension | 22,603,244 | 22,603,244 | 22,603,244 |
| Net pension liability/(asset) | <u>\$ (1,865,176)</u> | <u>\$ (3,816,242)</u> | <u>\$ (5,384,312)</u> |
| <i>Total:</i> | | | |
| Total pension liability | \$ 123,404,243 | \$ 111,794,200 | \$ 102,463,220 |
| Plan fiduciary net pension | 134,429,148 | 134,429,148 | 134,429,148 |
| Net pension liability/(asset) | <u>\$ (11,024,905)</u> | <u>\$ (22,634,948)</u> | <u>\$ (31,965,928)</u> |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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, 2021 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, 2020 | \$ 89,874,100 | \$ 98,901,910 | \$ (9,027,810) |
| Service cost | 977,829 | - | 977,829 |
| Interest on total pension liability | 6,338,330 | - | 6,338,330 |
| Differences between expected and actual experience of the total pension liability | 1,629,915 | - | 1,629,915 |
| Change of assumptions | 60,343 | - | 60,343 |
| Benefit payments, including refunds of employee contributions | (5,873,319) | (5,873,319) | - |
| Contributions - employer | - | 841,511 | (841,511) |
| Contributions - employee | - | 479,899 | (479,899) |
| Net investment income | - | 17,148,615 | (17,148,615) |
| Other (net transfer) | - | 327,288 | (327,288) |
| Balances at December 31, 2021 | <u>\$ 93,007,198</u> | <u>\$ 111,825,904</u> | <u>\$ (18,818,706)</u> |
| <i>Library:</i> | | | |
| Balances at December 31, 2020 | \$ 18,224,221 | \$ 19,982,389 | \$ (1,758,168) |
| Service cost | 198,294 | - | 198,294 |
| Interest on total pension liability | 1,285,349 | - | 1,285,349 |
| Differences between expected and actual experience of the total pension liability | 330,530 | - | 330,530 |
| Change of assumptions | (60,343) | - | (60,343) |
| Benefit payments, including refunds of employee contributions | (1,191,049) | (1,191,049) | - |
| Contributions - employer | - | 170,650 | (170,650) |
| Contributions - employee | - | 97,319 | (97,319) |
| Net investment income | - | 3,477,564 | (3,477,564) |
| Other (net transfer) | - | 66,371 | (66,371) |
| Balances at December 31, 2021 | <u>\$ 18,787,002</u> | <u>\$ 22,603,244</u> | <u>\$ (3,816,242)</u> |
| <i>Total:</i> | | | |
| Balances at December 31, 2020 | \$ 108,098,321 | \$ 118,884,299 | \$ (10,785,978) |
| Service cost | 1,176,123 | - | 1,176,123 |
| Interest on total pension liability | 7,623,679 | - | 7,623,679 |
| Differences between expected and actual experience of the total pension liability | 1,960,445 | - | 1,960,445 |
| Benefit payments, including refunds of employee contributions | (7,064,368) | (7,064,368) | - |
| Contributions - employer | - | 1,012,161 | (1,012,161) |
| Contributions - employee | - | 577,218 | (577,218) |
| Net investment income | - | 20,626,179 | (20,626,179) |
| Other (net transfer) | - | 393,659 | (393,659) |
| Balances at December 31, 2021 | <u>\$ 111,794,200</u> | <u>\$ 134,429,148</u> | <u>\$ (22,634,948)</u> |
| Plan fiduciary net position as a percentage of the total pension liability | | | 120.25 % |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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, 2022, the City and Library recognized pension expense of \$(5,208,105) ((\$4,330,021) for the City and (\$878,084) 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 | \$ 1,229,920 | \$ - |
| Assumption changes | - | 175,038 |
| Net difference between projected and actual earnings on pension plan investments | - | 13,707,876 |
| Contributions subsequent to the measurement date | <u>599,568</u> | <u>-</u> |
| Total | <u>\$ 1,829,488</u> | <u>\$ 13,882,914</u> |
| <i>Library:</i> | | |
| Difference between expected and actual experience | \$ 249,415 | \$ - |
| Assumption changes | - | 35,496 |
| Net difference between projected and actual earnings on pension plan investments | - | 2,779,817 |
| Contributions subsequent to the measurement date | <u>121,586</u> | <u>-</u> |
| Total | <u>\$ 371,001</u> | <u>\$ 2,815,313</u> |
| <i>Total:</i> | | |
| Difference between expected and actual experience | \$ 1,479,335 | \$ - |
| Assumption changes | - | 210,534 |
| Net difference between projected and actual earnings on pension plan investments | - | 16,487,693 |
| Contributions subsequent to the measurement date | <u>721,154</u> | <u>-</u> |
| Total | <u>\$ 2,200,489</u> | <u>\$ 16,698,227</u> |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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, 2023. The remaining amounts reported as deferred outflows and inflows of resources related to pensions \$(15,218,892) will be recognized in pension expense as follows:

| Year Ending December 31, | City | Library | Total |
|--------------------------|------------------------|-----------------------|------------------------|
| 2023 | \$ (2,361,497) | \$ (478,888) | \$ (2,840,385) |
| 2024 | (4,905,594) | (994,804) | (5,900,398) |
| 2025 | (3,358,737) | (681,118) | (4,039,855) |
| 2026 | (2,027,166) | (411,088) | (2,438,254) |
| Total | <u>\$ (12,652,994)</u> | <u>\$ (2,565,898)</u> | <u>\$ (15,218,892)</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, 2022

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Plan membership. At December 31, 2022, the Police Pension membership consisted of:

| | |
|-------------------------------|-------------------|
| Retirees and beneficiaries | 72 |
| Inactive, non-retired members | 9 |
| Active members | <u>60</u> |
| Total | <u><u>141</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, 2022 was 63.95% of annual covered payroll.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2022, 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, 2022

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, 2022 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 | 3.50% - 11.00% |
| Cost-of-living adjustments | 3.00% (1.25% for those hired on or after January 1, 2011) |

Mortality rates were based on the Pub-2010 Public Safety Employee Mortality Table without adjustment, with generational improvement scale MP-2021 applied from 2010. The actuarial assumptions were based on the results of an actuarial experience study conducted by the Illinois Police Officers' Pension Investment Fund dated March 4, 2022.

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 | \$ 115,463,233 | \$ 102,050,539 | \$ 91,040,522 |
| Plan fiduciary net position | <u>48,098,296</u> | <u>48,098,296</u> | <u>48,098,296</u> |
| Net pension liability | <u>\$ 67,364,937</u> | <u>\$ 53,952,243</u> | <u>\$ 42,942,226</u> |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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, 2022 was as follows:

| | Increase (Decrease) | | |
|---|--------------------------------|------------------------------------|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/Asset (a) - (b) |
| Balances at December 31, 2021 | \$ 93,935,951 | \$ 57,789,977 | \$ 36,145,974 |
| Service cost | 1,164,105 | - | 1,164,105 |
| Interest on total pension liability | 6,474,176 | - | 6,474,176 |
| Differences between expected and actual experience of the total pension liability | 1,673,935 | - | 1,673,935 |
| Change of assumptions | 4,368,257 | - | 4,368,257 |
| Benefit payments, including refunds of employee contributions | (5,565,885) | (5,565,885) | - |
| Contributions - employer | - | 4,323,045 | (4,323,045) |
| Contributions - employee | - | 645,909 | (645,909) |
| Net investment income | - | (9,021,158) | 9,021,158 |
| Administration | - | (73,592) | 73,592 |
| Balances at December 31, 2022 | <u>\$ 102,050,539</u> | <u>\$ 48,098,296</u> | <u>\$ 53,952,243</u> |
| Plan fiduciary net position as a percentage of the total pension liability | | | 47.13 % |

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2022, the City recognized pension expense of \$5,937,999. 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 | \$ 2,526,873 | \$ - |
| Assumption changes | 3,619,785 | 222,373 |
| Net difference between projected and actual earnings on pension plan investments | <u>6,707,991</u> | <u>-</u> |
| Total | <u>\$ 12,854,649</u> | <u>\$ 222,373</u> |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The amounts reported as deferred outflows and inflows of resources related to pensions (\$12,632,276) will be recognized in pension expense as follows:

| Year Ending December 31, | Amount |
|--------------------------|----------------------|
| 2023 | \$ 2,188,160 |
| 2024 | 3,070,628 |
| 2025 | 3,561,761 |
| 2026 | <u>3,811,727</u> |
| Total | <u>\$ 12,632,276</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, 2022

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Plan membership. At December 31, 2022, the Firefighters' Pension Plan membership consisted of:

| | |
|-------------------------------|-----------------------|
| Retirees and beneficiaries | 67 |
| Inactive, non-retired members | 3 |
| Active members | <u>50</u> |
| Total | <u><u>120</u></u> |

Contributions. Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2022, 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, 2022 was 67.19% of annual covered payroll.

Net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2022, 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, 2022

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, 2022 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 | 2.25% |
| Projected salary increases, including inflation | 3.50% - 12.00% |
| Cost-of-living adjustments | 3.00% (1.125% for those hired on or after January 1, 2011) |

Mortality rates were based on the Pub-2010 Public Safety Employee Mortality Table without adjustment, with generational improvement scale MP-2020 applied from 2010. The actuarial assumptions were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated December 1, 2021.

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 | \$ 108,808,055 | \$ 96,051,495 | \$ 85,593,726 |
| Plan fiduciary net position | 50,515,207 | 50,515,207 | 50,515,207 |
| Net pension liability | <u>\$ 58,292,848</u> | <u>\$ 45,536,288</u> | <u>\$ 35,078,519</u> |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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, 2022 was as follows:

| | Increase (Decrease) | | |
|---|-------------------------|-----------------------------|-----------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability/Asset |
| | (a) | (b) | (a) - (b) |
| Balances at December 31, 2021 | \$ 92,464,427 | \$ 60,061,583 | \$ 32,402,844 |
| Service cost | 1,158,069 | - | 1,158,069 |
| Interest on total pension liability | 6,377,047 | - | 6,377,047 |
| Differences between expected and actual experience of the total pension liability | 1,205,301 | - | 1,205,301 |
| Change of assumptions | 171,798 | - | 171,798 |
| Benefit payments, including refunds of employee contributions | (5,325,147) | (5,325,147) | - |
| Contributions - employer | - | 3,761,178 | (3,761,178) |
| Contributions - employee | - | 514,097 | (514,097) |
| Net investment income | - | (8,460,339) | 8,460,339 |
| Administration | - | (36,165) | 36,165 |
| Balances at December 31, 2022 | <u>\$ 96,051,495</u> | <u>\$ 50,515,207</u> | <u>\$ 45,536,288</u> |
| Plan fiduciary net position as a percentage of the total pension liability | | | 52.59 % |

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2022, the City recognized pension expense of \$5,713,256. 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 | \$ 2,374,527 | \$ 127,929 |
| Assumption changes | 3,068,643 | 338,535 |
| Net difference between projected and actual earnings on pension plan investments | 6,194,304 | - |
| Total | <u>\$ 11,637,474</u> | <u>\$ 466,464</u> |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The amounts reported as deferred outflows and inflows of resources related to pensions (\$11,171,010) will be recognized in pension expense as follows:

| Year Ending December 31, | Amount |
|--------------------------|----------------------|
| 2023 | \$ 1,670,631 |
| 2024 | 2,749,086 |
| 2025 | 3,242,937 |
| 2026 | <u>3,508,356</u> |
| Total | <u>\$ 11,171,010</u> |

PENSION SEGMENT INFORMATION

Fiduciary Net Position

| | Pension Trust | | |
|--|----------------------|-----------------------|----------------------|
| | Police Pension | Firefighters' Pension | Total |
| Assets | | | |
| Cash and cash equivalents | \$ 3,821,844 | \$ 2,378,012 | \$ 6,199,856 |
| Investments | | | |
| Police officers' pension investment fund | 44,240,236 | - | 44,240,236 |
| Firefighters' pension investment fund | - | 48,109,591 | 48,109,591 |
| Prepaid items | 1,575 | 795 | 2,370 |
| Due from primary government | <u>37,220</u> | <u>33,309</u> | <u>70,529</u> |
| Total Assets | <u>48,100,875</u> | <u>50,521,707</u> | <u>98,622,582</u> |
| Liabilities | | | |
| Accounts payable | <u>2,579</u> | <u>6,500</u> | <u>9,079</u> |
| Total Liabilities | <u>2,579</u> | <u>6,500</u> | <u>9,079</u> |
| Net Position | | | |
| Restricted for pension benefits | <u>\$ 48,098,296</u> | <u>\$ 50,515,207</u> | <u>\$ 98,613,503</u> |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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 | \$ 4,323,045 | \$ 3,761,178 | \$ 8,084,223 |
| Plan members | <u>645,909</u> | <u>514,097</u> | <u>1,160,006</u> |
| Total Contributions | <u>4,968,954</u> | <u>4,275,275</u> | <u>9,244,229</u> |
| Investment income (loss) | | | |
| Interest on investments | 550,276 | 354,109 | 904,385 |
| Net depreciation in fair value of investments | <u>(9,525,063)</u> | <u>(8,781,486)</u> | <u>(18,306,549)</u> |
| Total Investment income (loss) | <u>(8,974,787)</u> | <u>(8,427,377)</u> | <u>(17,402,164)</u> |
| Less investment expense | <u>46,371</u> | <u>32,962</u> | <u>79,333</u> |
| Net investment income (loss) | <u>(9,021,158)</u> | <u>(8,460,339)</u> | <u>(17,481,497)</u> |
| Total Additions | <u>(4,052,204)</u> | <u>(4,185,064)</u> | <u>(8,237,268)</u> |
| Deductions | | | |
| Benefits | 5,565,885 | 5,325,147 | 10,891,032 |
| Administration | <u>73,592</u> | <u>36,165</u> | <u>109,757</u> |
| Total Deductions | <u>5,639,477</u> | <u>5,361,312</u> | <u>11,000,789</u> |
| Net change in net position | (9,691,681) | (9,546,376) | (19,238,057) |
| Net Position - Beginning of Year | <u>57,789,977</u> | <u>60,061,583</u> | <u>117,851,560</u> |
| Net Position - End of Year | <u>\$ 48,098,296</u> | <u>\$ 50,515,207</u> | <u>\$ 98,613,503</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, 2022

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 | \$ 298,904 | \$ 169,117 |
| Current year claims and changes in estimates | 359,567 | 62,258 |
| Claim payments | <u>(489,354)</u> | <u>(56,646)</u> |
| Unpaid Claims - End of Year | <u>\$ 169,117</u> | <u>\$ 174,729</u> |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE III - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool

Intergovernmental Personnel Benefit Cooperative

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, 2022.

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, 2022

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, 2022, the actuarial valuation date, the following employees were covered by the benefit terms:

| | |
|---|-------------------|
| Inactive plan members or beneficiaries currently receiving benefit payments | 49 |
| Active plan members | <u>263</u> |
| Total | <u><u>312</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, 2022 and determined by an actuarial valuation as of that date. 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, 2022, the City and Library's proportions were 97.82% and 2.18%, respectively.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2022 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 - 1/3 of the rate above |
| Healthcare cost trend rates | Initial - 2.40% - 6.60%; Ultimate - 4.75% - 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, 2022

NOTE III - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Actuarial assumptions and other inputs (cont.)

The discount rate was based on High Quality 20 Year Tax-Exempt G.O. Bond Rate as of December 31, 2022.

Mortality rates were based on the PubG-2010(B) Study, with rates improved generationally using MP-2020 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, 2022 valuation were based on the results of an actuarial experience study conducted by the independent actuary.

Discount rate. At December 31, 2022, the discount rate used to measure the total OPEB liability was 3.72%, which was a change from the December 31, 2021 rate of 2.06%. 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, 2021 | \$ 21,216,572 | \$ 413,127 | \$ 21,629,699 |
| Service cost | 811,185 | 18,079 | 829,264 |
| Interest | 429,737 | 9,576 | 439,313 |
| Differences between expected and actual experience | (1,637,049) | (36,483) | (1,673,532) |
| Changes in assumptions or other inputs | (6,934,144) | (94,831) | (7,028,975) |
| Benefit payments | (594,334) | (13,245) | (607,579) |
| Balances at December 31, 2022 | <u>\$ 13,291,967</u> | <u>\$ 296,223</u> | <u>\$ 13,588,190</u> |

Changes of assumptions and other inputs reflect a change in the discount rate from 2.06 percent in 2021 to 3.72 percent in 2022 and the expected increases in medical costs assumptions.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE III - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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 (2.72%) or 1-percentage-point higher (4.72%) than the current discount rate:

| | <u>1% Decrease (2.72%)</u> | <u>Discount Rate (3.72%)</u> | <u>1% Increase (4.72%)</u> |
|--------------------------------|--------------------------------|----------------------------------|--------------------------------|
| Total OPEB liability - City | \$ 15,390,363 | \$ 13,291,967 | \$ 11,634,915 |
| Total OPEB liability - Library | <u>342,988</u> | <u>296,223</u> | <u>259,294</u> |
| Total OPEB liability - Total | <u>\$ 15,733,351</u> | <u>\$ 13,588,190</u> | <u>\$ 11,894,209</u> |

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 or 1-percentage-point higher than the current healthcare cost trend rates:

| | <u>1% Decrease</u> | <u>Healthcare Cost Trend Rates</u> | <u>1% Increase</u> |
|--------------------------------|----------------------|--|----------------------|
| | <u>(Varies)</u> | <u>(Varies)</u> | <u>(Varies)</u> |
| Total OPEB liability - City | \$ 11,384,458 | \$ 13,291,967 | \$ 15,750,552 |
| Total OPEB liability - Library | <u>253,713</u> | <u>296,223</u> | <u>351,015</u> |
| Total OPEB liability - Total | <u>\$ 11,638,171</u> | <u>\$ 13,588,190</u> | <u>\$ 16,101,567</u> |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

NOTE III - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB. For the year ended December 31, 2022, the City and Library recognized OPEB expense of \$1,433,057 and \$31,937, respectively. At December 31, 2022, 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: | | |
| Differences between expected and actual experience | \$ 2,119,149 | \$ 1,500,286 |
| Changes of assumptions or other inputs | <u>5,450,723</u> | <u>7,169,750</u> |
| Total | <u>\$ 7,569,872</u> | <u>\$ 8,670,036</u> |
| Library: | | |
| Differences between expected and actual experience | \$ 47,227 | \$ 33,435 |
| Changes of assumptions or other inputs | <u>121,474</u> | <u>159,784</u> |
| Total | <u>\$ 168,701</u> | <u>\$ 193,219</u> |
| Total: | | |
| Differences between expected and actual experience | \$ 2,166,376 | \$ 1,533,721 |
| Changes of assumptions or other inputs | <u>5,572,197</u> | <u>7,329,534</u> |
| Total | <u>\$ 7,738,573</u> | <u>\$ 8,863,255</u> |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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 |
|-------------------------|-----------------------|--------------------|-----------------------|
| 2023 | \$ 192,134 | \$ 4,282 | \$ 196,416 |
| 2024 | 192,134 | 4,282 | 196,416 |
| 2025 | 192,134 | 4,282 | 196,416 |
| 2026 | 201,890 | 4,499 | 206,389 |
| 2027 | 228,947 | 5,102 | 234,049 |
| Thereafter | <u>(2,107,403)</u> | <u>(46,965)</u> | <u>(2,154,368)</u> |
| Total | <u>\$ (1,100,164)</u> | <u>\$ (24,518)</u> | <u>\$ (1,124,682)</u> |

D. SUBSEQUENT EVENTS

On November 18, 2022, the City of Highland Park entered into a Multi-Board Residential Real Estate Contract for the sale of a portion of the real estate commonly known as 54 Laurel Ave. The closing took place on January 27, 2023, and the sale of the property was for \$2,450,000.

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, 2022

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 | 2022 Payments | Cumulative Payments |
|---|--|-------------------|------------------|------------------------|
| 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 | 264,595 | 2,772,090 |
| 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 | - | 8,638 |
| 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 | - | 209,306 |

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2022

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. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections*
- Statement No. 101, *Compensated Absences*

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, 2022, these purchases amounted to \$3,267,733 or 28.94% and \$1,676,072 or 14.85%, 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, 2022

| | Budgeted Amounts | | | Variance with |
|---|-----------------------|---------------------|-----------------------------|---------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Property taxes | \$ 5,167,700 | \$ 5,167,700 | \$ 5,209,563 | \$ 41,863 |
| Personal property replacement tax | 485,000 | 485,000 | 1,132,395 | 647,395 |
| Licenses and permits | 1,580,044 | 1,580,044 | 2,461,774 | 881,730 |
| Public charges for services | 2,768,477 | 3,307,021 | 3,240,060 | (66,961) |
| Municipal sales tax | 13,119,000 | 15,859,400 | 16,466,119 | 606,719 |
| Fines, forfeitures and penalties | 301,132 | 305,332 | 102,402 | (202,930) |
| Utility taxes | 2,242,900 | 2,242,900 | 2,718,273 | 475,373 |
| Real estate transfer tax | 2,300,000 | 2,300,000 | 2,831,985 | 531,985 |
| Intergovernmental | 1,505,533 | 1,785,539 | 1,273,445 | (512,094) |
| State income tax | 3,377,000 | 3,377,000 | 4,917,098 | 1,540,098 |
| Franchise tax | 1,278,000 | 1,278,000 | 1,501,711 | 223,711 |
| Payments in lieu of taxes and affordable units | 500,000 | 500,000 | 825,407 | 325,407 |
| Other taxes | 2,284,700 | 2,284,700 | 2,430,566 | 145,866 |
| Reimbursements | 240,100 | 251,838 | 389,516 | 137,678 |
| Investment income | 207,000 | 207,000 | 1,036,504 | 829,504 |
| Miscellaneous | 386,500 | 386,500 | 582,689 | 196,189 |
| Total Revenues | <u>37,743,086</u> | <u>41,317,974</u> | <u>47,119,507</u> | <u>5,801,533</u> |
| EXPENDITURES | | | | |
| General government | 8,555,872 | 10,207,761 | 8,155,421 | 2,052,340 |
| Public safety | 22,755,298 | 23,151,447 | 23,114,503 | 36,944 |
| Public works | 2,742,375 | 3,357,795 | 2,853,093 | 504,702 |
| Economic and physical development | 4,709,849 | 5,246,873 | 4,292,795 | 954,078 |
| Commissions | 110,705 | 100,705 | 72,121 | 28,584 |
| Debt Service | - | - | 199,200 | (199,200) |
| Total Expenditures | <u>38,874,099</u> | <u>42,064,581</u> | <u>38,687,133</u> | <u>3,377,448</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,131,013)</u> | <u>(746,607)</u> | <u>8,432,374</u> | <u>9,178,981</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 675,000 | 3,426,857 | 1,038,169 | (2,388,688) |
| Transfers out | (702,000) | (860,334) | (720,337) | 139,997 |
| Lease proceeds | - | - | 669,530 | 669,530 |
| Proceeds from sale of assets | - | - | 256,788 | 256,788 |
| Total Other Financing Sources (Uses) | <u>(27,000)</u> | <u>2,566,523</u> | <u>1,244,150</u> | <u>(1,322,373)</u> |
| Net Change in Fund Balance | <u>\$ (1,158,013)</u> | <u>\$ 1,819,916</u> | <u>9,676,524</u> | <u>\$ 7,856,608</u> |
| FUND BALANCE - Beginning of Year | | | <u>46,812,065</u> | |
| FUND BALANCE - END OF YEAR | | | <u><u>\$ 56,488,589</u></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, 2022

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|-----------------------------------|------------------|------------------|------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 6,270,000 | \$ 6,270,000 | \$ 6,301,744 | \$ 31,744 |
| Total Revenues | <u>6,270,000</u> | <u>6,270,000</u> | <u>6,301,744</u> | <u>31,744</u> |
| EXPENDITURES | | | | |
| PUBLIC SAFETY | | | | |
| Pension contribution - police | 3,354,400 | 3,354,400 | 3,370,953 | (16,553) |
| Pension contribution - fire | <u>2,915,600</u> | <u>2,915,600</u> | <u>2,930,791</u> | <u>(15,191)</u> |
| Total Expenditures | <u>6,270,000</u> | <u>6,270,000</u> | <u>6,301,744</u> | <u>(31,744)</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 AND LIBRARY'S NET PENSION LIABILITY AND RELATED RATIOS Last Eight Fiscal Years

| MEASUREMENT DATE ENDED DECEMBER 31, | 2014 | 2015 | 2016 | 2017 |
|--|----------------------|----------------------|----------------------|-----------------------|
| Total pension liability | | | | |
| Service cost | \$ 1,367,088 | \$ 1,226,616 | \$ 1,249,301 | \$ 1,285,892 |
| Interest | 6,174,182 | 6,674,253 | 6,874,873 | 7,097,017 |
| Differences between expected and actual experience | 623,501 | (229,768) | 108,591 | (154,433) |
| Changes of assumptions | 3,225,378 | 100,797 | (102,872) | (3,048,353) |
| Benefit payments, including refunds of member contributions | <u>(4,484,014)</u> | <u>(4,820,577)</u> | <u>(5,151,273)</u> | <u>(5,466,044)</u> |
| Net change in total pension liability | 6,906,135 | 2,951,321 | 2,978,620 | (285,921) |
| Total pension liability - beginning | <u>83,880,888</u> | <u>90,787,023</u> | <u>93,738,344</u> | <u>96,716,964</u> |
| Total pension liability - ending | <u>\$ 90,787,023</u> | <u>\$ 93,738,344</u> | <u>\$ 96,716,964</u> | <u>\$ 96,431,043</u> |
| Plan fiduciary net position | | | | |
| Employer contributions | \$ 1,364,907 | \$ 1,260,084 | \$ 1,444,598 | \$ 1,198,802 |
| Employee contributions | 552,982 | 597,092 | 555,955 | 576,101 |
| Net investment income | 5,205,409 | 436,839 | 6,037,275 | 16,393,120 |
| Benefit payments, including refunds of member contributions | (4,484,014) | (4,820,577) | (5,151,273) | (5,466,044) |
| Other (net transfer) | <u>(407,411)</u> | <u>1,482,342</u> | <u>534,527</u> | <u>(1,701,931)</u> |
| Net change in plan fiduciary net position | 2,231,873 | (1,044,220) | 3,421,082 | 11,000,048 |
| Plan fiduciary net position - beginning | <u>86,617,635</u> | <u>88,849,508</u> | <u>87,805,288</u> | <u>91,226,370</u> |
| Plan fiduciary net position - ending | <u>\$ 88,849,508</u> | <u>\$ 87,805,288</u> | <u>\$ 91,226,370</u> | <u>\$ 102,226,418</u> |
| Employer's net pension liability (asset) | <u>\$ 1,937,515</u> | <u>\$ 5,933,056</u> | <u>\$ 5,490,594</u> | <u>\$ (5,795,375)</u> |
| Segmentation of net pension liability (asset) | | | | |
| Net pension liability (asset) - City | \$ 1,614,953 | \$ 4,869,790 | \$ 4,511,557 | \$ (4,820,043) |
| Net pension liability (asset) - Library | <u>322,562</u> | <u>1,063,266</u> | <u>979,037</u> | <u>(975,332)</u> |
| Net pension liability (asset) - Total | <u>\$ 1,937,515</u> | <u>\$ 5,933,056</u> | <u>\$ 5,490,594</u> | <u>\$ (5,795,375)</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 97.87% | 93.67% | 94.32% | 106.01% |
| Covered payroll | \$ 12,110,977 | \$ 11,909,272 | \$ 12,354,507 | \$ 12,487,524 |
| Employer's net pension liability (asset) as a percentage of covered payroll | 16.00% | 49.82% | 44.44% | -46.41% |

Notes to Schedule:

The City implemented GASB Statement No. 68 in fiscal year 2015. Information prior to fiscal year 2014 is not available. The City utilizes the IMRF report as of the prior fiscal year end date.

| 2018 | 2019 | 2020 | 2021 |
|-----------------------|-----------------------|------------------------|------------------------|
| \$ 1,186,537 | \$ 1,256,211 | \$ 1,338,300 | \$ 1,176,123 |
| 7,056,597 | 7,270,324 | 7,470,594 | 7,623,679 |
| 1,475,984 | 598,304 | 821,506 | 1,960,445 |
| 2,528,501 | - | (655,780) | - |
| (5,872,715) | (6,307,443) | (6,499,642) | (7,064,368) |
| 6,374,904 | 2,817,396 | 2,474,978 | 3,695,879 |
| 96,431,043 | 102,805,947 | 105,623,343 | 108,098,321 |
| <u>\$ 102,805,947</u> | <u>\$ 105,623,343</u> | <u>\$ 108,098,321</u> | <u>\$ 111,794,200</u> |
| \$ 1,281,816 | \$ 774,518 | \$ 1,208,239 | \$ 1,012,161 |
| 571,394 | 616,748 | 618,491 | 577,218 |
| (6,059,904) | 18,329,228 | 15,662,291 | 20,626,179 |
| (5,872,715) | (6,307,443) | (6,499,642) | (7,064,368) |
| 2,329,022 | 41,380 | (35,542) | 393,659 |
| (7,750,387) | 13,454,431 | 10,953,837 | 15,544,849 |
| 102,226,418 | 94,476,031 | 107,930,462 | 118,884,299 |
| <u>\$ 94,476,031</u> | <u>\$ 107,930,462</u> | <u>\$ 118,884,299</u> | <u>\$ 134,429,148</u> |
| <u>\$ 8,329,916</u> | <u>\$ (2,307,119)</u> | <u>\$ (10,785,978)</u> | <u>\$ (22,634,948)</u> |
| \$ 6,942,235 | \$ (1,894,084) | \$ (9,027,810) | \$ (18,818,706) |
| 1,387,681 | (413,035) | (1,758,168) | (3,816,242) |
| <u>\$ 8,329,916</u> | <u>\$ (2,307,119)</u> | <u>\$ (10,785,978)</u> | <u>\$ (22,634,948)</u> |
| 91.90% | 102.18% | 109.98% | 120.25% |
| \$ 12,689,196 | \$ 13,262,311 | \$ 13,468,826 | \$ 12,808,592 |
| 65.65% | -17.40% | -80.08% | -176.72% |

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

CITY OF HIGHLAND PARK

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

| FISCAL YEAR ENDED DECEMBER 31, | 2014 | 2015 | 2016 | 2017 |
|---|--------------------|--------------------|--------------------|--------------------|
| <i>City:</i> | | | | |
| Actuarially determined contribution | \$ 1,137,675 | \$ 1,034,196 | \$ 1,132,913 | \$ 997,050 |
| 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> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ (16,106)</u> | <u>\$ (54,096)</u> | <u>\$ -</u> |
| <i>Library:</i> | | | | |
| Actuarially determined contribution | \$ 227,232 | \$ 225,805 | \$ 245,850 | \$ 201,752 |
| Contributions in relation to the actuarially determined contribution | <u>(227,232)</u> | <u>(209,782)</u> | <u>(257,589)</u> | <u>(201,752)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ 16,023</u> | <u>\$ (11,739)</u> | <u>\$ -</u> |
| <i>Total:</i> | | | | |
| Actuarially determined contribution | \$ 1,364,907 | \$ 1,260,001 | \$ 1,378,763 | \$ 1,198,802 |
| 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> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ (83)</u> | <u>\$ (65,835)</u> | <u>\$ -</u> |
| Covered payroll | \$ 12,110,977 | \$ 11,909,272 | \$ 12,354,507 | \$ 12,487,524 |
| Contributions as a percentage of covered payroll | 11.27% | 10.58% | 11.69% | 9.60% |

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 | 22 Years |
| Asset valuation method | 5-Year smoothed market |
| Inflation | 2.50% |
| Salary increases | 3.35% to 14.25% including inflation |
| Investment rate of return | 7.25% |
| Retirement Age | Experience-based table of rates that are specific to the type of eligibility condition |
| Mortality | MP-2017 |

Other information:

There were no benefit changes during the year.

| <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|--------------------|------------------|--------------------|--------------------|-------------------|
| \$ 1,002,539 | \$ 645,492 | \$ 946,526 | \$ 831,929 | \$ 598,717 |
| <u>(1,068,278)</u> | <u>(645,492)</u> | <u>(1,011,290)</u> | <u>(841,511)</u> | <u>(599,568)</u> |
| <u>\$ (65,739)</u> | <u>\$ -</u> | <u>\$ (64,764)</u> | <u>\$ (9,582)</u> | <u>\$ (851)</u> |
| | | | | |
| \$ 200,397 | \$ 129,027 | \$ 206,405 | \$ 162,018 | \$ 121,413 |
| <u>(213,538)</u> | <u>(129,027)</u> | <u>(196,949)</u> | <u>(170,650)</u> | <u>(121,586)</u> |
| <u>\$ (13,141)</u> | <u>\$ -</u> | <u>\$ 9,456</u> | <u>\$ (8,632)</u> | <u>\$ (173)</u> |
| | | | | |
| \$ 1,202,936 | \$ 774,519 | \$ 1,152,931 | \$ 993,947 | \$ 720,130 |
| <u>(1,281,816)</u> | <u>(774,519)</u> | <u>(1,208,239)</u> | <u>(1,012,161)</u> | <u>(721,154)</u> |
| <u>\$ (78,880)</u> | <u>\$ -</u> | <u>\$ (55,308)</u> | <u>\$ (18,214)</u> | <u>\$ (1,024)</u> |
| | | | | |
| \$ 12,689,196 | \$ 13,262,311 | \$ 13,468,826 | \$ 12,808,592 | \$ 13,435,269 |
| 10.10% | 5.84% | 8.97% | 7.90% | 5.37% |

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

CITY OF HIGHLAND PARK

POLICE PENSION FUND

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

Last Nine Fiscal Years

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

Notes to Schedule:

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

| 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------|----------------------|----------------------|----------------------|-----------------------|
| \$ 977,398 | \$ 1,012,169 | \$ 1,098,327 | \$ 1,121,758 | \$ 1,164,105 |
| 5,784,269 | 5,865,384 | 6,040,111 | 6,256,587 | 6,474,176 |
| - | 120,133 | - | - | - |
| (823,835) | 468,990 | 1,124,121 | 1,073,796 | 1,673,935 |
| (259,864) | (274,852) | (418,504) | 208,631 | 4,368,257 |
| (4,478,088) | (4,630,285) | (4,932,570) | (5,291,797) | (5,565,885) |
| 1,199,880 | 2,561,539 | 2,911,485 | 3,368,975 | 8,114,588 |
| 83,894,072 | 85,093,952 | 87,655,491 | 90,566,976 | 93,935,951 |
| <u>\$ 85,093,952</u> | <u>\$ 87,655,491</u> | <u>\$ 90,566,976</u> | <u>\$ 93,935,951</u> | <u>\$ 102,050,539</u> |
| \$ 3,987,084 | \$ 3,983,517 | \$ 4,144,814 | \$ 4,319,500 | \$ 4,323,045 |
| 529,624 | 560,825 | 706,354 | 615,819 | 645,909 |
| (1,833,032) | 7,305,648 | 6,362,881 | 6,159,853 | (9,021,158) |
| (4,478,088) | (4,630,285) | (4,932,570) | (5,291,797) | (5,565,885) |
| (48,069) | (48,490) | (40,978) | (52,346) | (73,592) |
| (1,842,481) | 7,171,215 | 6,240,501 | 5,751,029 | (9,691,681) |
| 40,469,713 | 38,627,232 | 45,798,447 | 52,038,948 | 57,789,977 |
| <u>\$ 38,627,232</u> | <u>\$ 45,798,447</u> | <u>\$ 52,038,948</u> | <u>\$ 57,789,977</u> | <u>\$ 48,098,296</u> |
| <u>\$ 46,466,720</u> | <u>\$ 41,857,044</u> | <u>\$ 38,528,028</u> | <u>\$ 36,145,974</u> | <u>\$ 53,952,243</u> |
| 45.39% | 52.25% | 57.46% | 61.52% | 47.13% |
| \$ 5,582,970 | \$ 5,825,859 | \$ 5,860,741 | \$ 6,041,918 | \$ 6,701,661 |
| 832.29% | 718.47% | 657.39% | 598.25% | 805.06% |

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

CITY OF HIGHLAND PARK

POLICE PENSION FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS Last Ten Fiscal Years

| | 2013 | 2014 | 2015 | 2016 | 2017 |
|--|---------------------|---------------------|---------------------|-----------------------|-----------------------|
| Actuarially determined contribution | \$ 1,675,278 | \$ 2,200,186 | \$ 2,284,900 | \$ 2,770,901 | \$ 2,899,038 |
| Contributions in relation to the actuarially determined contribution | 1,704,410 | 2,390,587 | 2,809,109 | 3,611,980 | 3,760,188 |
| Contribution deficiency (excess) | <u>\$ (29,132)</u> | <u>\$ (190,401)</u> | <u>\$ (524,209)</u> | <u>\$ (841,079)</u> | <u>\$ (861,150)</u> |
| Covered payroll | \$ 4,773,826 | \$ 4,871,007 | \$ 5,100,745 | \$ 5,322,381 | \$ 5,178,365 |
| Contributions as a percentage of covered payroll | 35.70% | 49.08% | 55.07% | 67.86% | 72.61% |
| | 2018 | 2019 | 2020 | 2021 | 2022 |
| Actuarially determined contribution | \$ 3,055,946 | \$ 3,113,681 | \$ 3,227,994 | \$ 3,186,094 | \$ 3,189,123 |
| Contributions in relation to the actuarially determined contribution | 3,987,084 | 3,983,501 | 4,144,814 | 4,319,500 | 4,323,045 |
| Contribution deficiency (excess) | <u>\$ (931,138)</u> | <u>\$ (869,820)</u> | <u>\$ (916,820)</u> | <u>\$ (1,133,406)</u> | <u>\$ (1,133,922)</u> |
| Covered payroll | \$ 5,582,970 | \$ 5,825,859 | \$ 5,860,741 | \$ 6,041,918 | \$ 6,701,661 |
| Contributions as a percentage of covered payroll | 71.42% | 68.38% | 70.72% | 71.49% | 64.51% |

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 | 19 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-2020 applied from 2013. |
| | Disabled - RP-2014 Disabled Mortality Table, with generational improvement scale MP-2020 applied from 2013. |

CITY OF HIGHLAND PARK

POLICE PENSION FUND SCHEDULE OF INVESTMENT RETURNS Last Nine Fiscal Years

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 6.28% | -0.23% | 6.49% | 12.50% | -4.53% |
| | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | |
| Annual money-weighted rate of return, net of investment expense | 18.96% | 13.92% | 11.89% | -15.69% | |

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 Nine Fiscal Years

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

Notes to Schedule:

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

| 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 1,047,631 | \$ 1,007,419 | \$ 1,120,852 | \$ 1,074,739 | \$ 1,158,069 |
| 5,376,209 | 5,477,719 | 5,701,016 | 5,955,168 | 6,377,047 |
| - | 127,338 | - | - | - |
| (281,132) | 1,355,818 | 1,916,695 | (121,608) | 1,205,301 |
| (242,396) | (259,727) | (423,119) | 4,396,807 | 171,798 |
| (4,149,394) | (4,541,682) | (4,850,777) | (5,053,191) | (5,325,147) |
| 1,750,918 | 3,166,885 | 3,464,667 | 6,251,915 | 3,587,068 |
| 77,830,042 | 79,580,960 | 82,747,845 | 86,212,512 | 92,464,427 |
| <u>\$ 79,580,960</u> | <u>\$ 82,747,845</u> | <u>\$ 86,212,512</u> | <u>\$ 92,464,427</u> | <u>\$ 96,051,495</u> |
| \$ 4,035,618 | \$ 4,033,757 | \$ 3,704,421 | \$ 3,822,701 | \$ 3,761,178 |
| 466,052 | 476,948 | 527,343 | 503,963 | 514,097 |
| (1,962,553) | 7,799,439 | 6,746,379 | 6,357,038 | (8,460,339) |
| (4,149,394) | (4,541,682) | (4,850,777) | (5,053,191) | (5,325,147) |
| (31,140) | (39,131) | (44,183) | (37,276) | (36,165) |
| (1,641,417) | 7,729,331 | 6,083,183 | 5,593,235 | (9,546,376) |
| 42,297,251 | 40,655,834 | 48,385,165 | 54,468,348 | 60,061,583 |
| <u>\$ 40,655,834</u> | <u>\$ 48,385,165</u> | <u>\$ 54,468,348</u> | <u>\$ 60,061,583</u> | <u>\$ 50,515,207</u> |
| <u>\$ 38,925,126</u> | <u>\$ 34,362,680</u> | <u>\$ 31,744,164</u> | <u>\$ 32,402,844</u> | <u>\$ 45,536,288</u> |
| 51.09% | 58.47% | 63.18% | 64.96% | 52.59% |
| \$ 4,817,441 | \$ 5,147,016 | \$ 4,985,305 | \$ 5,351,933 | \$ 5,547,844 |
| 808.00% | 667.62% | 636.75% | 605.44% | 820.79% |

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

CITY OF HIGHLAND PARK

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

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|--|-----------------------|-----------------------|---------------------|-----------------------|-----------------------|
| Actuarially determined contribution | \$ 1,644,227 | \$ 2,217,940 | \$ 2,201,713 | \$ 2,619,715 | \$ 2,629,419 |
| Contributions in relation to the actuarially determined contribution | <u>1,682,861</u> | <u>2,411,772</u> | <u>2,472,050</u> | <u>3,412,844</u> | <u>3,740,496</u> |
| Contribution deficiency (excess) | <u>\$ (38,634)</u> | <u>\$ (193,832)</u> | <u>\$ (270,337)</u> | <u>\$ (793,129)</u> | <u>\$ (1,111,077)</u> |
| Covered payroll | \$ 4,568,865 | \$ 4,548,781 | \$ 4,770,037 | \$ 4,832,832 | \$ 4,870,611 |
| Contributions as a percentage of covered payroll | 36.83% | 53.02% | 51.82% | 70.62% | 76.80% |
| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
| Actuarially determined contribution | \$ 2,608,199 | \$ 2,570,829 | \$ 2,713,800 | \$ 2,712,185 | \$ 2,901,228 |
| Contributions in relation to the actuarially determined contribution | <u>4,035,618</u> | <u>4,033,741</u> | <u>3,704,421</u> | <u>3,822,701</u> | <u>3,761,178</u> |
| Contribution deficiency (excess) | <u>\$ (1,427,419)</u> | <u>\$ (1,462,912)</u> | <u>\$ (990,621)</u> | <u>\$ (1,110,516)</u> | <u>\$ (859,950)</u> |
| Covered payroll | \$ 4,817,441 | \$ 5,147,016 | \$ 4,985,305 | \$ 5,351,933 | \$ 5,547,844 |
| Contributions as a percentage of covered payroll | 83.77% | 78.37% | 74.31% | 71.43% | 67.80% |

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 | 19 years |
| Asset valuation method | 5 year smoothed market |
| Inflation | 2.25% |
| Salary increases | 3.50% to 12.00% (varies by service) |
| Investment rate of return | 7.00% |
| Mortality | Healthy - Pub-2010 Public Safety Employee Mortality Table without adjustment, with generational improvement scale MP-2020 applied from 2010 |
| | Disabled - Pub-2010 Disabled Retiree Mortality Table with 1.178 adjustment for males, with generational improvement scale MP-2020 applied from 2010 |

CITY OF HIGHLAND PARK

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

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 5.58% | 1.99% | 3.55% | 13.65% | -4.62% |
| | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | |
| Annual money-weighted rate of return, net of investment expense | 19.30% | 14.04% | 11.76% | -14.20% | |

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 Last Five Fiscal Years

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total OPEB liability | | | | | |
| Service cost | \$ 239,128 | \$ 217,222 | \$ 267,286 | \$ 826,820 | \$ 829,264 |
| Interest | 362,783 | 404,163 | 364,216 | 451,992 | 439,313 |
| Differences between expected and actual experience | - | - | 2,924,734 | - | (1,673,532) |
| Changes of assumptions | (737,720) | 3,362,820 | 5,027,835 | (684,480) | (7,028,975) |
| Benefit payments, including refunds of member contributions | (542,341) | (552,749) | (542,444) | (570,055) | (607,579) |
| Net change in total OPEB liability | (678,150) | 3,431,456 | 8,041,627 | 24,277 | (8,041,509) |
| Total OPEB liability - beginning | 10,810,489 | 10,132,339 | 13,563,795 | 21,605,422 | 21,629,699 |
| Total OPEB liability - ending | <u>\$ 10,132,339</u> | <u>\$ 13,563,795</u> | <u>\$ 21,605,422</u> | <u>\$ 21,629,699</u> | <u>\$ 13,588,190</u> |
| Total OPEB liability - City | \$ 9,942,522 | \$ 13,331,000 | \$ 21,187,181 | \$ 21,216,572 | \$ 13,291,967 |
| Total OPEB liability - Library | 189,817 | 232,795 | 418,241 | 413,127 | 296,223 |
| Total OPEB liability - Total | <u>\$ 10,132,339</u> | <u>\$ 13,563,795</u> | <u>\$ 21,605,422</u> | <u>\$ 21,629,699</u> | <u>\$ 13,588,190</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Covered-employee payroll | \$ 20,695,903 | \$ 21,794,381 | \$ 23,807,136 | \$ 23,787,148 | \$ 24,878,786 |
| City's total OPEB liability as a percentage of covered-employee payroll | 48.96% | 62.24% | 90.75% | 90.93% | 54.62% |

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 \$11 million to meet future requirements associated with OPEB, representing 46% 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, 2022

BUDGETARY INFORMATION

Annual budgets are adopted on a basis in accordance with generally accepted accounting principles for all governmental funds, except for the Foreign Fire Insurance Tax Fund. 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, 2022

| | Budgeted Amounts | | | Variance with |
|---|------------------|------------|------------|---------------|
| | Original | Final | Actual | Final Budget |
| EXPENDITURES | | | | |
| GENERAL GOVERNMENT | | | | |
| City Council | | | | |
| Personnel services | \$ 162,326 | \$ 162,326 | \$ 161,538 | \$ 788 |
| Materials and supplies | 321,125 | 322,012 | 318,243 | 3,769 |
| Total City Council | 483,451 | 484,338 | 479,781 | 4,557 |
| Administration | | | | |
| Personnel services | 631,212 | 610,845 | 594,052 | 16,793 |
| Contractual services | 130,580 | 130,580 | 92,339 | 38,241 |
| Materials and supplies | 71,664 | 64,110 | 55,378 | 8,732 |
| Total Administration | 833,456 | 805,535 | 741,769 | 63,766 |
| Human resources | | | | |
| Personnel services | 357,539 | 357,726 | 358,265 | (539) |
| Contractual services | 45,438 | 47,308 | 42,617 | 4,691 |
| Materials and supplies | 109,882 | 125,752 | 118,412 | 7,340 |
| Capital outlay | 40,990 | 48,140 | 46,324 | 1,816 |
| Total Human Resources | 553,849 | 578,926 | 565,618 | 13,308 |
| Communications | | | | |
| Personnel services | 165,878 | 180,263 | 174,111 | 6,152 |
| Contractual services | 70,173 | 51,063 | 52,886 | (1,823) |
| Materials and supplies | 64,875 | 74,281 | 72,604 | 1,677 |
| Capital outlay | 2,350 | 5,556 | 3,506 | 2,050 |
| Total Communications | 303,276 | 311,163 | 303,107 | 8,056 |
| City Clerk | | | | |
| Personnel services | 203,058 | 196,051 | 194,214 | 1,837 |
| Contractual services | 42,214 | 42,364 | 30,996 | 11,368 |
| Materials and supplies | 1,730 | 1,110 | 657 | 453 |
| Total City Clerk | 247,002 | 239,525 | 225,867 | 13,658 |
| Senior services | | | | |
| Personnel services | 445,028 | 446,868 | 389,540 | 57,328 |
| Contractual services | 31,467 | 31,232 | 31,028 | 204 |
| Materials and supplies | 111,895 | 125,870 | 104,080 | 21,790 |
| Capital outlay | 13,000 | 2,000 | 1,078 | 922 |
| Total Senior Services | 601,390 | 605,970 | 525,726 | 80,244 |
| Legal Department | | | | |
| Contractual services | 830,225 | 823,225 | 779,633 | 43,592 |
| Total Legal Department | 830,225 | 823,225 | 779,633 | 43,592 |
| Finance Administration And Accounting | | | | |
| Personnel services | 1,143,821 | 1,129,859 | 1,124,221 | 5,638 |
| Contractual services | 2,201,628 | 2,195,347 | 1,879,101 | 316,246 |
| Materials and supplies | 237,339 | 298,050 | 265,065 | 32,985 |
| Reserve & contingency | 542,400 | 542,400 | - | 542,400 |
| Total Finance Administration And Accounting | 4,125,188 | 4,165,656 | 3,268,387 | 897,269 |

CITY OF HIGHLAND PARK

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2022

| | Budgeted Amounts | | | Variance with |
|---|--------------------|--------------------|--------------------|------------------|
| | Original | Final | Actual | Final Budget |
| Facilities | | | | |
| Personnel services | \$ 433,856 | \$ 404,052 | \$ 358,234 | \$ 45,818 |
| Contractual services | 916,749 | 521,646 | 480,876 | 40,770 |
| Materials and supplies | 105,330 | 107,083 | 64,318 | 42,765 |
| Capital outlay | 560,100 | 960,100 | 887,715 | 72,385 |
| Total Facilities | <u>2,016,035</u> | <u>1,992,881</u> | <u>1,791,143</u> | <u>201,738</u> |
| Resiliency | | | | |
| Personnel services | - | 318,542 | 221,504 | 97,038 |
| Contractual services | - | 328,100 | 241,039 | 87,061 |
| Materials and supplies | - | 928,700 | 411,592 | 517,108 |
| Capital outlay | - | 63,200 | 38,255 | 24,945 |
| Total Resiliency | <u>-</u> | <u>1,638,542</u> | <u>912,390</u> | <u>726,152</u> |
| Less Administrative Reimbursements | | | | |
| Administrative reimbursements | <u>(1,438,000)</u> | <u>(1,438,000)</u> | <u>(1,438,000)</u> | <u>-</u> |
| Total Less Administrative Reimbursements | <u>(1,438,000)</u> | <u>(1,438,000)</u> | <u>(1,438,000)</u> | <u>-</u> |
| Total General Government | <u>8,555,872</u> | <u>10,207,761</u> | <u>8,155,421</u> | <u>2,052,340</u> |
| PUBLIC SAFETY | | | | |
| Police Department - Operations | | | | |
| Personnel services | 10,623,550 | 10,706,480 | 10,403,468 | 303,012 |
| Contractual services | 2,035,736 | 2,151,356 | 2,051,653 | 99,703 |
| Materials and supplies | 354,830 | 474,615 | 328,729 | 145,886 |
| Capital outlay | <u>413,000</u> | <u>205,905</u> | <u>766,888</u> | <u>(560,983)</u> |
| Total Police Department - Operations | <u>13,427,116</u> | <u>13,538,356</u> | <u>13,550,738</u> | <u>(12,382)</u> |
| Fire Department - Operations | | | | |
| Personnel services | 7,954,195 | 8,215,563 | 8,169,795 | 45,768 |
| Contractual services | 1,083,692 | 1,077,993 | 1,091,437 | (13,444) |
| Materials and supplies | 198,295 | 240,880 | 223,878 | 17,002 |
| Capital outlay | <u>92,000</u> | <u>78,655</u> | <u>78,655</u> | <u>-</u> |
| Total Fire Department - Operations | <u>9,328,182</u> | <u>9,613,091</u> | <u>9,563,765</u> | <u>49,326</u> |
| Total Public Safety | <u>22,755,298</u> | <u>23,151,447</u> | <u>23,114,503</u> | <u>36,944</u> |
| PUBLIC WORKS | | | | |
| Public Works Administration | | | | |
| Personnel services | 593,171 | 589,811 | 598,883 | (9,072) |
| Contractual services | 141,034 | 141,034 | 140,363 | 671 |
| Materials and supplies | <u>12,520</u> | <u>12,600</u> | <u>8,796</u> | <u>3,804</u> |
| Total Public Works Administration | <u>746,725</u> | <u>743,445</u> | <u>748,042</u> | <u>(4,597)</u> |
| Facilities | | | | |
| Capital outlay | <u>40,000</u> | <u>251,800</u> | <u>43,890</u> | <u>207,910</u> |
| Total Facilities | <u>40,000</u> | <u>251,800</u> | <u>43,890</u> | <u>207,910</u> |

CITY OF HIGHLAND PARK

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2022

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|------------------|------------------|------------------|-------------------------------|
| | Original | Final | | |
| Engineering | | | | |
| Personnel services | \$ 715,139 | \$ 714,556 | \$ 707,661 | \$ 6,895 |
| Contractual services | 175,583 | 175,583 | 155,951 | 19,632 |
| Materials and supplies | 15,180 | 17,832 | 16,441 | 1,391 |
| Total Engineering | <u>905,902</u> | <u>907,971</u> | <u>880,053</u> | <u>27,918</u> |
| Forestry | | | | |
| Personnel services | 336,811 | 333,145 | 301,133 | 32,012 |
| Contractual services | 594,867 | 653,850 | 613,582 | 40,268 |
| Materials and supplies | 23,070 | 43,587 | 24,997 | 18,590 |
| Capital outlay | 95,000 | 95,000 | 94,562 | 438 |
| Total Forestry | <u>1,049,748</u> | <u>1,125,582</u> | <u>1,034,274</u> | <u>91,308</u> |
| Parking Admin | | | | |
| Personnel services | - | 7,743 | 7,404 | 339 |
| Contractual services | - | 231,254 | 109,007 | 122,247 |
| Materials and supplies | - | 15,000 | 11,555 | 3,445 |
| Capital outlay | - | 75,000 | 18,868 | 56,132 |
| Total parking admin | <u>-</u> | <u>328,997</u> | <u>146,834</u> | <u>182,163</u> |
| Total Public Works | <u>2,742,375</u> | <u>3,357,795</u> | <u>2,853,093</u> | <u>504,702</u> |
| COMMISSIONS | | | | |
| Personnel services | 53,125 | 40,875 | 39,499 | 1,376 |
| Contractual services | 47,850 | 49,400 | 24,937 | 24,463 |
| Materials and supplies | 9,730 | 10,430 | 7,685 | 2,745 |
| Total commissions | <u>110,705</u> | <u>100,705</u> | <u>72,121</u> | <u>28,584</u> |
| ECONOMIC AND PHYSICAL DEVELOPMENT | | | | |
| Community Development | | | | |
| Personnel services | 2,679,755 | 2,568,950 | 2,531,310 | 37,640 |
| Contractual services | 605,870 | 787,992 | 531,802 | 256,190 |
| Materials and supplies | 57,745 | 64,374 | 45,243 | 19,131 |
| Community development - capital outlay | <u>344,000</u> | <u>474,421</u> | <u>144,013</u> | <u>330,408</u> |
| Total Community Development | <u>3,687,370</u> | <u>3,895,737</u> | <u>3,252,368</u> | <u>643,369</u> |
| Economic Development | | | | |
| Personnel services | 171,985 | 189,401 | 171,902 | 17,499 |
| Contractual services | 18,939 | 18,864 | 18,301 | 563 |
| Materials and supplies | 341,555 | 605,205 | 585,629 | 19,576 |
| Revenue sharing | 490,000 | 537,666 | 264,595 | 273,071 |
| Total Economic Development | <u>1,022,479</u> | <u>1,351,136</u> | <u>1,040,427</u> | <u>310,709</u> |
| Total Economic and physical development | <u>4,709,849</u> | <u>5,246,873</u> | <u>4,292,795</u> | <u>954,078</u> |

CITY OF HIGHLAND PARK

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|-----------------------------|-------------------------|----------------------|----------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| DEBT SERVICE | | | | |
| Principal | \$ - | \$ - | \$ 138,245 | \$ (138,245) |
| Interest and fiscal charges | - | - | 60,955 | (60,955) |
| Total Debt Service | - | - | 199,200 | (199,200) |
| Total Expenditures | <u>\$ 38,874,099</u> | <u>\$ 42,064,581</u> | <u>\$ 38,687,133</u> | <u>\$ 3,377,448</u> |

CITY OF HIGHLAND PARK

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2022

| | Special Revenue Funds | | | |
|--|-----------------------|-------------------------|-------------------------------|---------------------------------|
| | Motor Fuel Tax | Emergency 911 System | Foreign Fire Insurance Tax | Environmental Sustainability |
| ASSETS | | | | |
| Cash | \$ 350,051 | \$ - | \$ 547,339 | \$ 863,277 |
| Receivables (net) | | | | |
| Property taxes | - | - | - | - |
| Motor fuel tax allotments | 117,778 | 58,862 | - | - |
| Accounts | - | - | - | - |
| Deposits | - | 269,055 | - | - |
| TOTAL ASSETS | <u>\$ 467,829</u> | <u>\$ 327,917</u> | <u>\$ 547,339</u> | <u>\$ 863,277</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ 1,330 | \$ 4,427 | \$ 1,500 |
| Accrued liabilities | - | - | - | 662 |
| Due to other funds | - | 15,512 | - | - |
| Total Liabilities | <u>-</u> | <u>16,842</u> | <u>4,427</u> | <u>2,162</u> |
| Deferred Inflows of Resources | | | | |
| Property taxes levied for future periods | - | - | - | - |
| Unavailable revenue for other | - | - | - | - |
| Total Deferred Inflows of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balances | | | | |
| Restricted for streets | 467,829 | - | - | - |
| Restricted for public safety | - | 311,075 | 542,912 | - |
| Restricted for economic development | - | - | - | - |
| Restricted for affordable housing | - | - | - | - |
| Committed for sustainability initiatives | - | - | - | 861,115 |
| Committed for transportation | - | - | - | - |
| Assigned for debt service | - | - | - | - |
| Total Fund Balances | <u>467,829</u> | <u>311,075</u> | <u>542,912</u> | <u>861,115</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 467,829</u> | <u>\$ 327,917</u> | <u>\$ 547,339</u> | <u>\$ 863,277</u> |

| 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 | |
| \$ 2,523,232 | \$ 1,655,825 | \$ 857,199 | \$ 1,275,104 | \$ 2,367,507 | \$ 10,439,534 |
| 2,971,319 | - | 1,890,008 | 513,974 | 855,500 | 6,230,801 |
| - | - | - | - | - | 176,640 |
| 179,699 | 648 | - | - | - | 180,347 |
| - | - | - | - | - | 269,055 |
| <u>\$ 5,674,250</u> | <u>\$ 1,656,473</u> | <u>\$ 2,747,207</u> | <u>\$ 1,789,078</u> | <u>\$ 3,223,007</u> | <u>\$ 17,296,377</u> |
| | | | | | |
| \$ 48,380 | \$ 21,250 | \$ - | \$ - | \$ - | \$ 76,887 |
| 15,400 | 369 | - | - | - | 16,431 |
| - | - | - | - | - | 15,512 |
| <u>63,780</u> | <u>21,619</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>108,830</u> |
| | | | | | |
| 2,940,000 | - | 1,874,900 | 513,400 | 855,500 | 6,183,800 |
| 9,657 | - | - | - | - | 9,657 |
| <u>2,949,657</u> | <u>-</u> | <u>1,874,900</u> | <u>513,400</u> | <u>855,500</u> | <u>6,193,457</u> |
| | | | | | |
| - | - | - | - | - | 467,829 |
| - | - | - | - | - | 853,987 |
| - | - | - | 1,275,678 | 2,367,507 | 3,643,185 |
| - | 1,634,854 | - | - | - | 1,634,854 |
| - | - | - | - | - | 861,115 |
| 2,660,813 | - | - | - | - | 2,660,813 |
| - | - | 872,307 | - | - | 872,307 |
| <u>2,660,813</u> | <u>1,634,854</u> | <u>872,307</u> | <u>1,275,678</u> | <u>2,367,507</u> | <u>10,994,090</u> |
| | | | | | |
| <u>\$ 5,674,250</u> | <u>\$ 1,656,473</u> | <u>\$ 2,747,207</u> | <u>\$ 1,789,078</u> | <u>\$ 3,223,007</u> | <u>\$ 17,296,377</u> |

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2022

| | <u>Motor Fuel Tax</u> | <u>Emergency 911 System</u> | <u>Foreign Fire Insurance Tax</u> | <u>Environmental Sustainability</u> |
|--|---------------------------|---------------------------------|---------------------------------------|---|
| REVENUES | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Other taxes | - | - | - | - |
| Intergovernmental | - | - | 196,221 | - |
| Motor fuel tax | 1,857,913 | - | - | - |
| Payments in lieu of taxes and affordable units | - | - | - | - |
| Licenses and permits | - | - | - | - |
| Public charges for services | - | 788,511 | - | 277,332 |
| Reimbursements | - | - | - | - |
| Interest income | 40,311 | 698 | 222 | 7,320 |
| Miscellaneous | - | - | - | - |
| Total Revenues | <u>1,898,224</u> | <u>789,209</u> | <u>196,443</u> | <u>284,652</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| Public safety | - | 20,469 | 103,592 | - |
| Public works | - | - | - | - |
| Transit | - | - | - | - |
| Economic and physical development | - | - | - | 76,776 |
| Debt Service | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total Expenditures | <u>-</u> | <u>20,469</u> | <u>103,592</u> | <u>76,776</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,898,224</u> | <u>768,740</u> | <u>92,851</u> | <u>207,876</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (1,814,000) | (625,000) | - | (274,500) |
| Total Other Financing Sources (Uses) | <u>(1,814,000)</u> | <u>(625,000)</u> | <u>-</u> | <u>(274,500)</u> |
| Net Change in Fund Balances | 84,224 | 143,740 | 92,851 | (66,624) |
| FUND BALANCES - Beginning of Year | <u>383,605</u> | <u>167,335</u> | <u>450,061</u> | <u>927,739</u> |
| FUND BALANCES - END OF YEAR | <u>\$ 467,829</u> | <u>\$ 311,075</u> | <u>\$ 542,912</u> | <u>\$ 861,115</u> |

| Multi-Modal Transportation | Affordable Housing | Debt Service | Tax Increment Financing - Ravinia | Tax Increment Financing - Briergate | Total Nonmajor Governmental Funds |
|-------------------------------|-----------------------|-------------------|---|---|--|
| \$ 2,725,598 | \$ - | \$ 1,314,806 | \$ 504,768 | \$ 378,050 | \$ 4,923,222 |
| 303,295 | 100,000 | - | - | - | 403,295 |
| - | - | - | - | - | 196,221 |
| - | - | - | - | - | 1,857,913 |
| - | 250,000 | - | - | - | 250,000 |
| 44,177 | 13,271 | - | - | - | 57,448 |
| 103,618 | - | - | - | - | 1,169,461 |
| 1,219,157 | - | - | - | - | 1,219,157 |
| 28,434 | 34,416 | 24,419 | 11,571 | 23,065 | 170,456 |
| 140,926 | - | - | - | - | 140,926 |
| <u>4,565,205</u> | <u>397,687</u> | <u>1,339,225</u> | <u>516,339</u> | <u>401,115</u> | <u>10,388,099</u> |
| - | - | - | - | - | 124,061 |
| 2,871,945 | - | - | - | - | 2,871,945 |
| 1,050,306 | - | - | - | - | 1,050,306 |
| - | 1,396,066 | - | - | - | 1,472,842 |
| - | - | 730,010 | - | - | 730,010 |
| - | - | 668,762 | - | - | 668,762 |
| <u>3,922,251</u> | <u>1,396,066</u> | <u>1,398,772</u> | <u>-</u> | <u>-</u> | <u>6,917,926</u> |
| <u>642,954</u> | <u>(998,379)</u> | <u>(59,547)</u> | <u>516,339</u> | <u>401,115</u> | <u>3,470,173</u> |
| 39,477 | 246,993 | - | - | - | 286,470 |
| - | - | - | - | (100,000) | (2,813,500) |
| <u>39,477</u> | <u>246,993</u> | <u>-</u> | <u>-</u> | <u>(100,000)</u> | <u>(2,527,030)</u> |
| 682,431 | (751,386) | (59,547) | 516,339 | 301,115 | 943,143 |
| <u>1,978,382</u> | <u>2,386,240</u> | <u>931,854</u> | <u>759,339</u> | <u>2,066,392</u> | <u>10,050,947</u> |
| <u>\$ 2,660,813</u> | <u>\$ 1,634,854</u> | <u>\$ 872,307</u> | <u>\$ 1,275,678</u> | <u>\$ 2,367,507</u> | <u>\$ 10,994,090</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, 2022

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|--------------------|--------------------|--------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Motor fuel tax | \$ 1,736,900 | \$ 1,736,900 | \$ 1,857,913 | \$ 121,013 |
| Investment income | 200 | 200 | 40,311 | 40,111 |
| Total Revenues | <u>1,737,100</u> | <u>1,737,100</u> | <u>1,898,224</u> | <u>161,124</u> |
| EXPENDITURES | | | | |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of revenues over expenditures | <u>1,737,100</u> | <u>1,737,100</u> | <u>1,898,224</u> | <u>161,124</u> |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>(1,814,000)</u> | <u>(1,814,000)</u> | <u>(1,814,000)</u> | <u>-</u> |
| Total Other Financing Uses | <u>(1,814,000)</u> | <u>(1,814,000)</u> | <u>(1,814,000)</u> | <u>-</u> |
| Net Change in Fund Balance | <u>\$ (76,900)</u> | <u>\$ (76,900)</u> | 84,224 | <u>\$ 161,124</u> |
| FUND BALANCE - Beginning of Year | | | <u>383,605</u> | |
| FUND BALANCE - END OF YEAR | | | <u>\$ 467,829</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, 2022

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--------------------------------------|--------------------|--------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Public charges for services | \$ 645,200 | \$ 645,200 | \$ 788,511 | \$ 143,311 |
| Investment income | 400 | 400 | 698 | 298 |
| Total Revenues | <u>645,600</u> | <u>645,600</u> | <u>789,209</u> | <u>143,609</u> |
| EXPENDITURES | | | | |
| Contractual services | 15,000 | 15,000 | 15,187 | (187) |
| Materials and supplies | 7,282 | 7,282 | 5,282 | 2,000 |
| Capital outlay | <u>10,000</u> | <u>10,000</u> | - | <u>10,000</u> |
| Total Expenditures | <u>32,282</u> | <u>32,282</u> | <u>20,469</u> | <u>11,813</u> |
| Excess of revenues over expenditures | <u>613,318</u> | <u>613,318</u> | <u>768,740</u> | <u>155,422</u> |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>(625,000)</u> | <u>(625,000)</u> | <u>(625,000)</u> | - |
| Total Other Financing Uses | <u>(625,000)</u> | <u>(625,000)</u> | <u>(625,000)</u> | - |
| Net Change in Fund Balance | <u>\$ (11,682)</u> | <u>\$ (11,682)</u> | 143,740 | <u>\$ 155,422</u> |
| FUND BALANCE - Beginning of Year | | | <u>167,335</u> | |
| FUND BALANCE - END OF YEAR | | | <u>\$ 311,075</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, 2022

| | Budgeted Amounts | | | Variance with |
|--|------------------|--------------------|-------------------|--------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Public charges for services | \$ 320,600 | \$ 320,600 | \$ 277,332 | \$ (43,268) |
| Investment income | - | - | 7,320 | 7,320 |
| Total Revenues | <u>320,600</u> | <u>320,600</u> | <u>284,652</u> | <u>(35,948)</u> |
| EXPENDITURES | | | | |
| Personnel services | 31,412 | 39,727 | 39,148 | 579 |
| Contractual service | <u>66,600</u> | <u>45,473</u> | <u>37,628</u> | <u>7,845</u> |
| Total Expenditures | <u>98,012</u> | <u>85,200</u> | <u>76,776</u> | <u>8,424</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>222,588</u> | <u>235,400</u> | <u>207,876</u> | <u>(27,524)</u> |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>(150,000)</u> | <u>(274,500)</u> | <u>(274,500)</u> | <u>-</u> |
| Total Other Financing Uses | <u>(150,000)</u> | <u>(274,500)</u> | <u>(274,500)</u> | <u>-</u> |
| Net Change in Fund Balance | <u>\$ 72,588</u> | <u>\$ (39,100)</u> | <u>(66,624)</u> | <u>\$ (27,524)</u> |
| FUND BALANCE - Beginning of Year | | | <u>927,739</u> | |
| FUND BALANCE - END OF YEAR | | | <u>\$ 861,115</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, 2022

| | Budgeted Amounts | | | Variance with |
|---|--------------------|---------------------|---------------------|-------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Property taxes | \$ 2,753,100 | \$ 2,753,100 | \$ 2,725,598 | \$ (27,502) |
| Other taxes | 336,000 | 336,000 | 303,295 | (32,705) |
| Licenses and permits | 27,000 | 27,000 | 44,177 | 17,177 |
| Intergovernmental | 100 | 100 | - | (100) |
| Fines, forfeitures and penalties | 400 | 400 | - | (400) |
| Public charges for services | 72,740 | 72,740 | 103,618 | 30,878 |
| PACE RTA fare reimbursement | 1,400,000 | 1,200,000 | 1,219,157 | 19,157 |
| Investment income | 300 | 300 | 28,434 | 28,134 |
| Miscellaneous | 77,163 | 77,163 | 140,926 | 63,763 |
| Total Revenues | <u>4,666,803</u> | <u>4,466,803</u> | <u>4,565,205</u> | <u>98,402</u> |
| EXPENDITURES | | | | |
| PUBLIC WORKS | | | | |
| Personnel services | 1,362,615 | 1,143,099 | 995,602 | 147,497 |
| Contractual services | 1,097,310 | 1,431,813 | 1,221,960 | 209,853 |
| Materials and supplies | 681,300 | 681,300 | 533,887 | 147,413 |
| Capital outlay | 220,000 | 260,000 | 120,496 | 139,504 |
| Total Public works | <u>3,361,225</u> | <u>3,516,212</u> | <u>2,871,945</u> | <u>644,267</u> |
| TRANSIT | | | | |
| Personnel services | 1,428,689 | 1,215,035 | 983,946 | 231,089 |
| Contractual services | 49,241 | 46,239 | 36,510 | 9,729 |
| Materials and supplies | 47,576 | 50,320 | 29,850 | 20,470 |
| Total Transit | <u>1,525,506</u> | <u>1,311,594</u> | <u>1,050,306</u> | <u>261,288</u> |
| Total Expenditures | <u>4,886,731</u> | <u>4,827,806</u> | <u>3,922,251</u> | <u>905,555</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(219,928)</u> | <u>(361,003)</u> | <u>642,954</u> | <u>1,003,957</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 202,000 | 68,000 | 39,477 | (28,523) |
| Total Other Financing Sources | <u>202,000</u> | <u>68,000</u> | <u>39,477</u> | <u>(28,523)</u> |
| Net Change in Fund Balance | <u>\$ (17,928)</u> | <u>\$ (293,003)</u> | <u>682,431</u> | <u>\$ 975,434</u> |
| FUND BALANCE - Beginning of Year | | | <u>1,978,382</u> | |
| FUND BALANCE - END OF YEAR | | | <u>\$ 2,660,813</u> | |

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, 2022

| | Budgeted Amounts | | | Variance with |
|---|---------------------|-----------------------|---------------------|-------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Payments in lieu of taxes and affordable units | \$ 350,000 | \$ 50,000 | \$ 250,000 | \$ 200,000 |
| Other taxes | 130,000 | 60,000 | 100,000 | 40,000 |
| Licenses and permits | 20,000 | 20,000 | 13,271 | (6,729) |
| Investment income | 3,800 | 3,800 | 34,416 | 30,616 |
| Total Revenues | <u>503,800</u> | <u>133,800</u> | <u>397,687</u> | <u>263,887</u> |
| EXPENDITURES | | | | |
| Economic and physical development | <u>1,131,469</u> | <u>1,398,014</u> | <u>1,396,066</u> | <u>1,948</u> |
| Total Expenditures | <u>1,131,469</u> | <u>1,398,014</u> | <u>1,396,066</u> | <u>1,948</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(627,669)</u> | <u>(1,264,214)</u> | <u>(998,379)</u> | <u>265,835</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | - | 246,993 | 246,993 | - |
| Total Other Financing Sources | - | 246,993 | 246,993 | - |
| Net Change in Fund Balance | <u>\$ (627,669)</u> | <u>\$ (1,017,221)</u> | <u>(751,386)</u> | <u>\$ 265,835</u> |
| FUND BALANCE - Beginning of Year | | | <u>2,386,240</u> | |
| FUND BALANCE - END OF YEAR | | | <u>\$ 1,634,854</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, 2022

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|-----------------------------------|---------------------|---------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 1,321,000 | \$ 1,321,000 | \$ 1,314,806 | \$ (6,194) |
| Investment income | 11,000 | 11,000 | 24,419 | 13,419 |
| Reimbursements | 68,425 | 68,425 | - | (68,425) |
| Total Revenues | <u>1,400,425</u> | <u>1,400,425</u> | <u>1,339,225</u> | <u>(61,200)</u> |
| EXPENDITURES | | | | |
| Principal | 780,000 | 780,000 | 730,010 | 49,990 |
| Interest and fiscal charges | <u>772,200</u> | <u>772,200</u> | <u>668,762</u> | <u>103,438</u> |
| Total Expenditures | <u>1,552,200</u> | <u>1,552,200</u> | <u>1,398,772</u> | <u>153,428</u> |
| Net Change in Fund Balance | <u>\$ (151,775)</u> | <u>\$ (151,775)</u> | (59,547) | <u>\$ 92,228</u> |
| FUND BALANCE - Beginning of Year | | | <u>931,854</u> | |
| FUND BALANCE - END OF YEAR | | | <u>\$ 872,307</u> | |

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, 2022

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|-----------------------------------|-------------------|-------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 356,200 | \$ 356,200 | \$ 504,768 | \$ 148,568 |
| Investment income | 200 | 200 | 11,571 | 11,371 |
| Total Revenues | <u>356,400</u> | <u>356,400</u> | <u>516,339</u> | <u>159,939</u> |
| EXPENDITURES | | | | |
| Capital outlay | <u>65,000</u> | <u>65,000</u> | - | <u>65,000</u> |
| Total Expenditures | <u>65,000</u> | <u>65,000</u> | - | <u>65,000</u> |
| Net Change in Fund Balance | <u>\$ 291,400</u> | <u>\$ 291,400</u> | 516,339 | <u>\$ 224,939</u> |
| FUND BALANCE - Beginning of Year | | | <u>759,339</u> | |
| FUND BALANCE - END OF YEAR | | | <u>\$ 1,275,678</u> | |

CITY OF HIGHLAND PARK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TAX INCREMENT FINANCING - BRIERGATE FUND For the Year Ended December 31, 2022

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|-------------------|-------------------|---------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 909,600 | \$ 909,600 | \$ 378,050 | \$ (531,550) |
| Investment income | 500 | 500 | 23,065 | 22,565 |
| Total Revenues | <u>910,100</u> | <u>910,100</u> | <u>401,115</u> | <u>(508,985)</u> |
| EXPENDITURES | | | | |
| Total Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>910,100</u> | <u>910,100</u> | <u>401,115</u> | <u>(508,985)</u> |
| Other Financing Uses | | | | |
| Transfers out | <u>(340,000)</u> | <u>(100,000)</u> | <u>(100,000)</u> | <u>-</u> |
| Total other financing uses | <u>(340,000)</u> | <u>(100,000)</u> | <u>(100,000)</u> | <u>-</u> |
| Net Change in Fund Balance | <u>\$ 570,100</u> | <u>\$ 810,100</u> | 301,115 | <u>\$ (508,985)</u> |
| FUND BALANCE, Beginning of Year | | | <u>2,066,392</u> | |
| FUND BALANCE, END OF YEAR | | | <u>\$ 2,367,507</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, 2022

| | Budgeted Amounts | | | Variance with |
|---|---------------------|---------------------|---------------------|---------------------|
| | Original | Final | Actual | Final Budget |
| REVENUES | | | | |
| Municipal sales tax | \$ 443,000 | \$ 443,000 | \$ 586,730 | \$ 143,730 |
| Reimbursements | 263,100 | 263,100 | 80,104 | (182,996) |
| Investment income | 4,800 | 4,800 | 160,070 | 155,270 |
| Total Revenues | <u>710,900</u> | <u>710,900</u> | <u>826,904</u> | <u>116,004</u> |
| EXPENDITURES | | | | |
| Capital Outlay | <u>11,836,000</u> | <u>9,649,446</u> | <u>8,282,008</u> | <u>1,367,438</u> |
| Debt Service | | | | |
| Principal | - | - | 39,892 | (39,892) |
| Interest and fiscal charges | - | - | 27,609 | (27,609) |
| Total Expenditures | <u>11,836,000</u> | <u>9,649,446</u> | <u>8,349,509</u> | <u>1,299,937</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(11,125,100)</u> | <u>(8,938,546)</u> | <u>(7,522,605)</u> | <u>1,415,941</u> |
| OTHER FINANCING SOURCES | | | | |
| General obligation debt issued | 10,000,000 | 10,000,000 | 9,230,000 | (770,000) |
| Premium on debt issued | - | - | 892,268 | 892,268 |
| Transfers in | <u>1,964,000</u> | <u>1,964,000</u> | <u>1,964,000</u> | - |
| Total Other Financing Sources | <u>11,964,000</u> | <u>11,964,000</u> | <u>12,086,268</u> | <u>122,268</u> |
| Net Change in Fund Balance | <u>\$ 838,900</u> | <u>\$ 3,025,454</u> | 4,563,663 | <u>\$ 1,538,209</u> |
| FUND BALANCE - Beginning of Year | | | <u>1,911,914</u> | |
| FUND BALANCE - END OF YEAR | | | <u>\$ 6,475,577</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, 2022

| | Budgeted Amounts | | | Variance with |
|--|------------------|----------------|---------------|---------------|
| | Original | Final | Actual | Final Budget |
| OPERATING REVENUES | | | | |
| Water sales | \$ 11,464,000 | \$ 11,167,800 | \$ 11,290,249 | \$ 122,449 |
| Water/sewer permit fees | 60,000 | 60,000 | 103,192 | 43,192 |
| Miscellaneous | 40,400 | 45,400 | 74,875 | 29,475 |
| Total Operating Revenues | 11,564,400 | 11,273,200 | 11,468,316 | 195,116 |
| OPERATING EXPENSES | | | | |
| Personnel services | 2,556,429 | 2,577,776 | 1,749,324 | 828,452 |
| Contractual services | 1,333,855 | 1,339,389 | 1,216,882 | 122,507 |
| Materials and supplies | 388,649 | 541,603 | 472,640 | 68,963 |
| Small tools and equipment | 3,725,000 | 4,755,759 | 3,178,684 | 1,577,075 |
| Administrative reimbursements | 1,438,000 | 1,438,000 | 1,438,000 | - |
| Total Operating Expenses | 9,441,933 | 10,652,527 | 8,055,530 | 2,596,997 |
| Operating Income | 2,122,467 | 620,673 | 3,412,786 | 2,792,113 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment income | 10,200 | 10,200 | 74,492 | 64,292 |
| Intergovernmental | 267,000 | 767,000 | 48,791 | (718,209) |
| Principal | (2,100,350) | (2,080,335) | (2,080,335) | - |
| Interest and fiscal charges | (1,156,500) | (1,146,501) | (933,688) | 212,813 |
| Total Nonoperating Revenues (Expenses) | (2,979,650) | (2,449,636) | (2,890,740) | (441,104) |
| Net Income (Loss) Before Transfers and Adjustments to GAAP Basis | (857,183) | (1,828,963) | 522,046 | 2,351,009 |
| TRANSFERS | | | | |
| Transfers in | 100,000 | 25,000 | 25,000 | - |
| Net Transfers | 100,000 | 25,000 | 25,000 | - |
| ADJUSTMENTS TO GAAP BASIS | | | | |
| Capital assets capitalized | - | - | 3,070,693 | 3,070,693 |
| Depreciation | - | - | (1,779,768) | (1,779,768) |
| Principal paid | - | - | 2,080,335 | 2,080,335 |
| Total Adjustments to GAAP Basis | - | - | 3,371,260 | 3,371,260 |
| Change in net position | \$ (757,183) | \$ (1,803,963) | 3,918,306 | \$ 5,722,269 |
| NET POSITION - Beginning of Year | | | 21,526,737 | |
| NET POSITION - END OF YEAR | | | \$ 25,445,043 | |

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, 2022

| | Budgeted Amounts | | | Variance with |
|--|------------------|----------------|---------------|---------------|
| | Original | Final | Actual | Final Budget |
| OPERATING REVENUES | | | | |
| Sanitary sewer charges | \$ 2,434,800 | \$ 2,434,800 | \$ 2,332,608 | \$ (102,192) |
| Stormwater management fees | 2,295,600 | 2,295,600 | 2,316,955 | 21,355 |
| Water/sewer permit fees | 25,000 | 25,000 | 48,564 | 23,564 |
| Miscellaneous | 34,681 | 34,681 | 66,947 | 32,266 |
| Total Operating Revenues | 4,790,081 | 4,790,081 | 4,765,074 | (25,007) |
| OPERATING EXPENSES | | | | |
| Personnel services | 1,254,105 | 1,216,454 | 834,497 | 381,957 |
| Contractual services | 631,553 | 632,005 | 626,042 | 5,963 |
| Materials and supplies | 76,450 | 76,240 | 73,541 | 2,699 |
| Small tools and equipment | 6,720,000 | 7,696,629 | 4,252,529 | 3,444,100 |
| Total Operating Expenses | 8,682,108 | 9,621,328 | 5,786,609 | 3,834,719 |
| Operating Income (Loss) | (3,892,027) | (4,831,247) | (1,021,535) | 3,809,712 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Intergovernmental revenue | 1,237,000 | 1,237,000 | 402,649 | (834,351) |
| Investment income | 15,400 | 15,400 | 75,352 | 59,952 |
| Principal | (390,000) | (390,000) | (390,000) | - |
| Interest and fiscal charges | (152,300) | (152,300) | (109,713) | 42,587 |
| General obligation bonds issued | 2,500,000 | 2,500,000 | - | (2,500,000) |
| Total Nonoperating Revenues (Expenses) | 3,210,100 | 3,210,100 | (21,712) | (3,231,812) |
| Net Income (Loss) Before Transfers and Adjustments to GAAP Basis | (681,927) | (1,621,147) | (1,043,247) | 577,900 |
| TRANSFERS | | | | |
| Transfers in | 690,000 | 570,341 | 458,867 | (111,474) |
| Net Transfers | 690,000 | 570,341 | 458,867 | (111,474) |
| ADJUSTMENTS TO GAAP BASIS | | | | |
| Capital assets capitalized | - | - | 4,053,039 | 4,053,039 |
| Depreciation | - | - | (2,096,097) | (2,096,097) |
| Principal paid | - | - | 390,000 | 390,000 |
| Total Adjustments to GAAP Basis | - | - | 2,346,942 | 2,346,942 |
| Change in net position | \$ 8,073 | \$ (1,050,806) | 1,762,562 | \$ 2,813,368 |
| NET POSITION - Beginning of Year | | | 21,620,493 | |
| NET POSITION - END OF YEAR | | | \$ 23,383,055 | |

CITY OF HIGHLAND PARK

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL MOTOR VEHICLE PARKING SYSTEM FUND For the Year Ended December 31, 2022

| | Budgeted Amounts | | | Variance with |
|--|------------------|-----------------------|--------------------|---------------|
| | Original | Final | Actual | Final Budget |
| OPERATING REVENUES | | | | |
| Charges for services | | | | |
| Parking lot collections | \$ 389,600 | \$ - | \$ - | \$ - |
| Parking violations | <u>84,615</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Operating Revenues | <u>474,215</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| OPERATING EXPENSES | | | | |
| Personnel services | 101,228 | - | - | - |
| Contractual services | 271,704 | - | - | - |
| Materials and supplies | 15,450 | - | - | - |
| Small tools and equipment | <u>75,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Operating Expenses | <u>463,382</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Operating Income (Loss) | <u>10,833</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NONOPERATING REVENUES | | | | |
| Investment income | <u>5,800</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Nonoperating Revenues | <u>5,800</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Income Before Transfers and Adjustment to GAAP Basis | <u>16,633</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TRANSFERS | | | | |
| Transfers out | <u>-</u> | <u>(2,627,358)</u> | <u>(2,627,358)</u> | <u>-</u> |
| Net Transfers | <u>-</u> | <u>(2,627,358)</u> | <u>(2,627,358)</u> | <u>-</u> |
| Change in net position | <u>\$ 16,633</u> | <u>\$ (2,627,358)</u> | <u>(2,627,358)</u> | <u>\$ -</u> |
| NET POSITION - Beginning of Year | | | <u>2,627,358</u> | |
| NET POSITION - END OF YEAR | | | <u>\$ -</u> | |

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2022

| | Equipment Maintenance and Replacement | Insurance | Totals |
|--|--|------------------|-------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 4,009,509 | \$ 2,251,097 | \$ 6,260,606 |
| Receivables | | | |
| Accounts | (1,153) | 988,245 | 987,092 |
| Total Current Assets | <u>4,008,356</u> | <u>3,239,342</u> | <u>7,247,698</u> |
| Noncurrent Assets | | | |
| Net pension asset | 1,602,153 | - | 1,602,153 |
| Capital assets (net of accumulated depreciation) | | | |
| Construction in progress | 1,142,675 | - | 1,142,675 |
| Lease asset - right to use | 36,436 | - | 36,436 |
| Machinery, equipment and furnishings | 15,370,024 | - | 15,370,024 |
| Accumulated depreciation | (10,226,173) | - | (10,226,173) |
| Total Noncurrent Assets | <u>7,925,115</u> | <u>-</u> | <u>7,925,115</u> |
| Total Assets | <u>11,933,471</u> | <u>3,239,342</u> | <u>15,172,813</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions | 155,756 | - | 155,756 |
| Deferred outflows related to OPEB | <u>162,242</u> | <u>-</u> | <u>162,242</u> |
| Total Deferred Outflows of Resources | <u>317,998</u> | <u>-</u> | <u>317,998</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | 156,450 | 849 | 157,299 |
| Accrued liabilities | 10,745 | - | 10,745 |
| Unearned revenue | - | 8,134 | 8,134 |
| Total Current Liabilities | <u>167,195</u> | <u>8,983</u> | <u>176,178</u> |
| Noncurrent Liabilities | | | |
| Due within one year | 22,237 | 4,405 | 26,642 |
| Due in more than one year | <u>368,394</u> | <u>17,620</u> | <u>386,014</u> |
| Total Noncurrent Liabilities | <u>390,631</u> | <u>22,025</u> | <u>412,656</u> |
| Total Liabilities | <u>557,826</u> | <u>31,008</u> | <u>588,834</u> |

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2022

| | Equipment Maintenance and Replacement | Insurance | Totals |
|--------------------------------------|--|---------------------|----------------------|
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to pensions | \$ 1,181,936 | \$ - | \$ 1,181,936 |
| Deferred inflows related to OPEB | <u>185,821</u> | <u>-</u> | <u>185,821</u> |
| Total Deferred Inflows of Resources | <u>1,367,757</u> | <u>-</u> | <u>1,367,757</u> |
| NET POSITION | | | |
| Net investment in capital assets | 6,322,962 | - | 6,322,962 |
| Restricted for | | | |
| Municipal retirement | 1,602,153 | - | 1,602,153 |
| Unrestricted | <u>2,400,771</u> | <u>3,208,334</u> | <u>5,609,105</u> |
| TOTAL NET POSITION | <u>\$ 10,325,886</u> | <u>\$ 3,208,334</u> | <u>\$ 13,534,220</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, 2022

| | Equipment Maintenance and Replacement | Insurance | Totals |
|---|--|----------------------------|-----------------------------|
| OPERATING REVENUES | | | |
| Charges for goods and services | \$ 3,996,730 | \$ 5,657,595 | \$ 9,654,325 |
| Miscellaneous | <u>43,981</u> | <u>-</u> | <u>43,981</u> |
| Total Operating Revenues | <u>4,040,711</u> | <u>5,657,595</u> | <u>9,698,306</u> |
| OPERATING EXPENSES | | | |
| Personnel services | 942,067 | 2,985 | 945,052 |
| Contractual services | 330,810 | 5,523,148 | 5,853,958 |
| Materials and supplies | 613,071 | 11,738 | 624,809 |
| Repairs and maintenance | 506,804 | 3,266 | 510,070 |
| Small tools and equipment | (24,617) | 4,011 | (20,606) |
| Depreciation | <u>824,908</u> | <u>-</u> | <u>824,908</u> |
| Total Operating Expenses | <u>3,193,043</u> | <u>5,545,148</u> | <u>8,738,191</u> |
| Operating Income | <u>847,668</u> | <u>112,447</u> | <u>960,115</u> |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment income | 72,855 | 22,840 | 95,695 |
| Gain on sale of capital assets | 41,942 | - | 41,942 |
| Interest and fiscal charges | <u>(12,321)</u> | <u>-</u> | <u>(12,321)</u> |
| Total Nonoperating Revenues (Expenses) | <u>102,476</u> | <u>22,840</u> | <u>125,316</u> |
| Change in net position | 950,144 | 135,287 | 1,085,431 |
| NET POSITION - Beginning of Year | <u>9,375,742</u> | <u>3,073,047</u> | <u>12,448,789</u> |
| NET POSITION - END OF YEAR | <u><u>\$ 10,325,886</u></u> | <u><u>\$ 3,208,334</u></u> | <u><u>\$ 13,534,220</u></u> |

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2022

| | Equipment Maintenance and Replacement | Insurance | Totals |
|---|--|----------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Received from customers | \$ 4,038,942 | \$ 5,537,001 | \$ 9,575,943 |
| Paid to suppliers for goods and services | (858,347) | (5,548,036) | (6,406,383) |
| Paid to employees for services | (1,319,806) | - | (1,319,806) |
| Net Cash Flows From Operating Activities | <u>1,860,789</u> | <u>(11,035)</u> | <u>1,849,754</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment income | <u>72,855</u> | <u>22,840</u> | <u>95,695</u> |
| Net Cash Flows From Investing Activities | <u>72,855</u> | <u>22,840</u> | <u>95,695</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Lease principal paid | (5,151) | - | (5,151) |
| Interest paid | (12,321) | - | (12,321) |
| Acquisition and construction of capital assets | (1,430,367) | - | (1,430,367) |
| Sale of capital assets | <u>60,952</u> | <u>-</u> | <u>60,952</u> |
| Net Cash Flows From Capital and Related Financing Activities | <u>(1,386,887)</u> | <u>-</u> | <u>(1,386,887)</u> |
| Net Change in Cash and Cash Equivalents | 546,757 | 11,805 | 558,562 |
| CASH AND CASH EQUIVALENTS - Beginning of Year | <u>3,462,752</u> | <u>2,239,292</u> | <u>5,702,044</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u><u>\$ 4,009,509</u></u> | <u><u>\$ 2,251,097</u></u> | <u><u>\$ 6,260,606</u></u> |

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2022

| | Equipment Maintenance and Replacement | Insurance | Totals |
|--|--|--------------------|---------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ 847,668 | \$ 112,447 | \$ 960,115 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities | | | |
| Depreciation | 824,908 | - | 824,908 |
| Changes in assets and liabilities | | | |
| Accounts receivable | (13) | (119,427) | (119,440) |
| Prepaid expense | 649,493 | - | 649,493 |
| Accounts payable | (81,772) | (5,873) | (87,645) |
| Accrued salaries | 1,651 | - | 1,651 |
| Net pension asset | (728,295) | - | (728,295) |
| Deferred outflows related to pensions | (14,858) | - | (14,858) |
| Deferred inflows related to pensions | 345,937 | - | 345,937 |
| Unearned revenue | (1,756) | (1,167) | (2,923) |
| Compensated absences | 2,026 | 2,985 | 5,011 |
| Deferred outflows related to OPEB | 23,732 | - | 23,732 |
| Deferred inflows related to OPEB | 164,057 | - | 164,057 |
| Total OPEB liability | <u>(171,989)</u> | <u>-</u> | <u>(171,989)</u> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u>\$ 1,860,789</u> | <u>\$ (11,035)</u> | <u>\$ 1,849,754</u> |

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

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, 2022**

| | Budgeted Amounts | | | Variance with |
|---|--------------------|---------------------|-----------------------------|---------------------|
| | Original | Final | Actual | Final Budget |
| OPERATING REVENUES | | | | |
| Charges for goods and services | \$ 3,996,730 | \$ 3,996,730 | \$ 3,996,730 | \$ - |
| Miscellaneous | 30,000 | 41,560 | 43,981 | 2,421 |
| Public charges for services | <u>600</u> | <u>600</u> | <u>-</u> | <u>(600)</u> |
| Total Operating Revenues | <u>4,027,330</u> | <u>4,038,890</u> | <u>4,040,711</u> | <u>1,821</u> |
| OPERATING EXPENSES | | | | |
| Personnel services | 1,374,359 | 1,378,899 | 942,067 | 436,832 |
| Contractual services | 327,057 | 328,699 | 330,810 | (2,111) |
| Materials and supplies | 607,530 | 648,200 | 613,071 | 35,129 |
| Repairs and maintenance | 532,989 | 564,668 | 506,804 | 57,864 |
| Small tools and equipment | <u>1,274,067</u> | <u>1,835,324</u> | <u>1,445,750</u> | <u>389,574</u> |
| Total Operating Expenses | <u>4,116,002</u> | <u>4,755,790</u> | <u>3,838,502</u> | <u>917,288</u> |
| Operating Income (Loss) | <u>(88,672)</u> | <u>(716,900)</u> | <u>202,209</u> | <u>919,109</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment income | 24,400 | 24,400 | 72,855 | 48,455 |
| Gain on sale of capital assets | 13,000 | 43,000 | 41,942 | (1,058) |
| Interest and fiscal charges | <u>-</u> | <u>-</u> | <u>(12,321)</u> | <u>(12,321)</u> |
| Total Nonoperating Revenues (Expenses) | <u>37,400</u> | <u>67,400</u> | <u>102,476</u> | <u>35,076</u> |
| Net Income (Loss) Before Adjustments to GAAP Basis | <u>(51,272)</u> | <u>(649,500)</u> | <u>304,685</u> | <u>954,185</u> |
| ADJUSTMENTS TO GAAP BASIS | | | | |
| Capital assets capitalized | - | - | 1,470,367 | 1,470,367 |
| Depreciation | <u>-</u> | <u>-</u> | <u>(824,908)</u> | <u>(824,908)</u> |
| Total Adjustments to GAAP Basis | <u>-</u> | <u>-</u> | <u>645,459</u> | <u>645,459</u> |
| Change in net position | <u>\$ (51,272)</u> | <u>\$ (649,500)</u> | <u>950,144</u> | <u>\$ 1,599,644</u> |
| NET POSITION - Beginning of Year | | | <u>9,375,742</u> | |
| NET POSITION - END OF YEAR | | | <u><u>\$ 10,325,886</u></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, 2022

| | Budgeted Amounts | | | Variance with |
|-----------------------------------|------------------|--------------|---------------------|---------------|
| | Original | Final | Actual | Final Budget |
| OPERATING REVENUES | | | | |
| Charges for services | | | | |
| Charges for goods and services | \$ 5,545,700 | \$ 5,525,950 | \$ 5,657,595 | \$ 131,645 |
| Total Operating Revenues | 5,545,700 | 5,525,950 | 5,657,595 | 131,645 |
| OPERATING EXPENSES | | | | |
| Personnel services | - | - | 2,985 | (2,985) |
| Contractual services | 5,797,930 | 5,749,624 | 5,523,148 | 226,476 |
| Materials and supplies | 6,875 | 15,875 | 11,738 | 4,137 |
| Repairs and maintenance | 2,050 | 3,275 | 3,266 | 9 |
| Small tools and equipment | 5,250 | 4,100 | 4,011 | 89 |
| Total Operating Expenses | 5,812,105 | 5,772,874 | 5,545,148 | 227,726 |
| Operating Income (Loss) | (266,405) | (246,924) | 112,447 | 359,371 |
| NONOPERATING REVENUES | | | | |
| Investment income | 900 | 900 | 22,840 | 21,940 |
| Total Nonoperating Revenues | 900 | 900 | 22,840 | 21,940 |
| Change in net position | \$ (265,505) | \$ (246,024) | 135,287 | \$ 381,311 |
| NET POSITION - Beginning of Year | | | 3,073,047 | |
| NET POSITION - END OF YEAR | | | <u>\$ 3,208,334</u> | |

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS As of December 31, 2022

| | Police Pension | Firefighters' Pension | Total |
|--|----------------------|--------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 3,821,844 | \$ 2,378,012 | \$ 6,199,856 |
| Investments | | | |
| Police officers' pension investment fund | 44,240,236 | - | 44,240,236 |
| Firefighters' pension investment fund | - | 48,109,591 | 48,109,591 |
| Prepaid items | 1,575 | 795 | 2,370 |
| Due from primary government | <u>37,220</u> | <u>33,309</u> | <u>70,529</u> |
| Total Assets | <u>48,100,875</u> | <u>50,521,707</u> | <u>98,622,582</u> |
| LIABILITIES | | | |
| Accounts payable | <u>2,579</u> | <u>6,500</u> | <u>9,079</u> |
| Total Liabilities | <u>2,579</u> | <u>6,500</u> | <u>9,079</u> |
| NET POSITION | | | |
| Restricted for pension benefits | <u>\$ 48,098,296</u> | <u>\$ 50,515,207</u> | <u>\$ 98,613,503</u> |

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

For the Year Ended December 31, 2022

| | Police Pension | Firefighters' Pension | Total |
|---|----------------------|--------------------------|----------------------|
| ADDITIONS | | | |
| Contributions | | | |
| Employer | \$ 4,323,045 | \$ 3,761,178 | \$ 8,084,223 |
| Plan members | 645,909 | 514,097 | 1,160,006 |
| Total Contributions | <u>4,968,954</u> | <u>4,275,275</u> | <u>9,244,229</u> |
| Investment income (loss) | | | |
| Investment income | 550,276 | 354,109 | 904,385 |
| Net depreciation in fair value of investments | <u>(9,525,063)</u> | <u>(8,781,486)</u> | <u>(18,306,549)</u> |
| Total Investment Income (Loss) | <u>(8,974,787)</u> | <u>(8,427,377)</u> | <u>(17,402,164)</u> |
| Less Investment expenses | <u>46,371</u> | <u>32,962</u> | <u>79,333</u> |
| Net Investment Income (Loss) | <u>(9,021,158)</u> | <u>(8,460,339)</u> | <u>(17,481,497)</u> |
| Total Additions | <u>(4,052,204)</u> | <u>(4,185,064)</u> | <u>(8,237,268)</u> |
| DEDUCTIONS | | | |
| Benefits | 5,565,885 | 5,325,147 | 10,891,032 |
| Administration | <u>73,592</u> | <u>36,165</u> | <u>109,757</u> |
| Total Deductions | <u>5,639,477</u> | <u>5,361,312</u> | <u>11,000,789</u> |
| Change in Net Position | (9,691,681) | (9,546,376) | (19,238,057) |
| NET POSITION - Beginning of Year | <u>57,789,977</u> | <u>60,061,583</u> | <u>117,851,560</u> |
| NET POSITION - END OF YEAR | <u>\$ 48,098,296</u> | <u>\$ 50,515,207</u> | <u>\$ 98,613,503</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 | 139 - 145 |
| Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. | 146 - 151 |
| 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. | 152 - 155 |
| 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. | 156 - 157 |
| 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. | 158 - 160 |



FINANCIAL TRENDS

CITY OF HIGHLAND PARK

STATEMENT OF NET POSITION BY COMPONENT

Last Ten Fiscal Years

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| GOVERNMENTAL ACTIVITIES | | | | | | | | | | |
| Net investment in capital assets | \$ 74,393,563 | \$ 74,583,376 | \$ 85,027,909 | \$ 85,567,313 | \$ 84,778,317 | \$ 78,196,858 | \$ 75,455,357 | \$ 74,318,370 | \$ 73,684,327 | \$ 75,106,994 |
| Restricted | 1,930,549 | 2,402,234 | 2,265,529 | 2,654,529 | 2,708,093 | 2,183,954 | 2,770,149 | 4,989,032 | 13,783,143 | 20,876,909 |
| Unrestricted | 31,302,403 | 34,469,095 | (46,072,103) | (48,998,593) | (49,918,848) | (54,090,833) | (45,806,027) | (38,676,727) | (32,589,579) | (31,079,598) |
| TOTAL GOVERNMENTAL ACTIVITIES NET POSITION | \$ 107,626,515 | \$ 111,454,705 | \$ 41,221,335 | \$ 39,223,249 | \$ 37,567,562 | \$ 26,289,979 | \$ 32,419,479 | \$ 40,630,675 | \$ 54,877,891 | \$ 64,904,305 |
| BUSINESS-TYPE ACTIVITIES | | | | | | | | | | |
| Net investment in capital assets | \$ 60,756,229 | \$ 59,065,125 | \$ 43,217,124 | \$ 40,152,956 | \$ 39,597,032 | \$ 36,017,027 | \$ 36,008,982 | \$ 37,384,128 | \$ 40,672,937 | \$ 41,423,300 |
| Restricted | - | - | - | - | - | - | - | - | 2,292,369 | 4,542,011 |
| Unrestricted | (2,483,918) | (2,094,006) | 2,493,194 | 3,363,433 | 2,151,329 | 2,096,156 | 3,140,536 | 4,206,837 | 2,809,282 | 2,862,787 |
| TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION | \$ 58,272,311 | \$ 56,971,119 | \$ 45,710,318 | \$ 43,516,389 | \$ 41,748,361 | \$ 38,113,183 | \$ 39,149,518 | \$ 41,590,965 | \$ 45,774,588 | \$ 48,828,098 |
| PRIMARY GOVERNMENT | | | | | | | | | | |
| Net investment in capital assets | \$ 135,149,792 | \$ 133,648,501 | \$ 128,245,033 | \$ 125,720,269 | \$ 124,375,349 | \$ 114,213,885 | \$ 111,464,339 | \$ 111,702,498 | \$ 114,357,264 | \$ 116,530,294 |
| Restricted | 1,930,549 | 2,402,234 | 2,265,529 | 2,654,529 | 2,708,093 | 2,183,954 | 2,770,149 | 4,989,032 | 16,075,512 | 25,418,920 |
| Unrestricted | 28,818,485 | 32,375,089 | (43,578,909) | (45,635,160) | (47,767,519) | (51,994,677) | (42,665,491) | (34,469,890) | (29,780,297) | (28,216,811) |
| TOTAL PRIMARY GOVERNMENT | \$ 165,898,826 | \$ 168,425,824 | \$ 86,931,653 | \$ 82,739,638 | \$ 79,315,923 | \$ 64,403,162 | \$ 71,568,997 | \$ 82,221,640 | \$ 100,652,479 | \$ 113,732,403 |

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 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| GENERAL FUND | | | | | | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ 4,753 | \$ 4,276 | \$ 7,062 | \$ 6,658 | \$ 3,454 | \$ 1,306 |
| Unrestricted | | | | | | | | | | |
| Committed | 18,234,000 | 18,150,000 | - | - | - | - | - | - | - | - |
| Assigned | 5,175,495 | 5,575,495 | 6,120,495 | 6,831,695 | 8,189,329 | 8,832,844 | 9,876,238 | 10,312,585 | 10,894,369 | 11,428,324 |
| Unassigned | 19,032,489 | 19,744,246 | 20,322,846 | 18,054,780 | 17,556,651 | 20,471,736 | 25,865,861 | 28,433,165 | 35,914,242 | 45,058,959 |
| Subtotal general fund | 42,441,984 | 43,469,741 | 26,443,341 | 24,886,475 | 25,750,733 | 29,308,856 | 35,749,161 | 38,752,408 | 46,812,065 | 56,488,589 |
| % Change from prior year | 1.8% | 2.4% | -39.2% | -5.9% | 3.5% | 13.8% | 22.0% | 8.4% | 30.9% | 45.8% |
| ALL OTHER GOVERNMENTAL FUNDS | | | | | | | | | | |
| Nonspendable | 6,408 | 6,408 | 6,408 | 6,408 | - | 359 | - | 359 | 359 | - |
| Restricted | 1,930,549 | 2,402,234 | 2,265,529 | 3,343,630 | 2,708,093 | 4,939,210 | 3,723,776 | 5,773,666 | 7,226,502 | 11,430,607 |
| Unrestricted | | | | | | | | | | |
| Committed | 1,191,451 | 1,221,503 | 1,079,505 | 906,922 | 1,281,682 | 2,031,886 | 2,468,121 | 1,991,917 | 2,906,121 | 3,521,928 |
| Assigned | 2,973,522 | 3,186,138 | 2,731,073 | 3,719,803 | 2,277,942 | 971,368 | 999,356 | 1,304,570 | 1,829,879 | 2,517,132 |
| Unassigned | | | | | | | | | | |
| Special Revenue Funds (deficit) | (53,194) | (52,514) | (61,165) | (61,207) | - | - | - | - | - | - |
| Subtotal all other funds | 6,048,736 | 6,763,769 | 6,021,350 | 7,915,556 | 6,267,717 | 7,942,823 | 7,191,253 | 9,070,512 | 11,962,861 | 17,469,667 |
| TOTAL GOVERNMENTAL FUNDS | \$ 48,490,720 | \$ 50,233,510 | \$ 32,464,691 | \$ 32,802,031 | \$ 32,018,450 | \$ 37,251,679 | \$ 42,940,414 | \$ 47,822,920 | \$ 58,774,926 | \$ 73,958,256 |
| % Change from prior year | 2.2% | 3.6% | -35.4% | 1.0% | -2.4% | 16.3% | 15.3% | 11.4% | 22.9% | 25.8% |

CITY OF HIGHLAND PARK

CHANGE IN NET POSITION
Last Ten Fiscal Years

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---------------------|---------------------|-----------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| GOVERNMENTAL ACTIVITIES | | | | | | | | | | |
| Program Revenues | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | \$ 2,682,498 | \$ 2,771,791 | \$ 2,665,330 | \$ 2,348,267 | \$ 2,172,696 | \$ 2,372,699 | \$ 2,766,614 | \$ 2,595,913 | \$ 3,837,328 | \$ 2,941,202 |
| Public safety | 3,082,011 | 2,869,862 | 2,737,190 | 2,789,821 | 3,252,583 | 3,483,336 | 3,801,221 | 2,586,179 | 3,080,967 | 3,567,613 |
| Public works | 1,081,656 | 1,248,525 | 1,182,321 | 1,220,394 | 1,317,634 | 1,417,119 | 1,511,471 | 237,806 | 311,771 | 680,049 |
| Economic/physical development | 1,236,569 | 1,516,752 | 1,935,153 | 1,707,560 | 1,306,682 | 1,948,457 | 1,573,980 | 1,049,684 | 1,588,169 | 1,964,243 |
| Transit | 1,367,708 | 1,416,630 | 1,312,436 | 1,342,009 | 1,421,764 | 1,436,742 | 1,532,544 | 1,090,786 | 1,101,609 | 1,219,157 |
| Operating grants | 1,012,404 | 1,123,140 | 762,804 | 795,560 | 870,061 | 776,384 | 1,006,633 | 1,761,212 | 2,232,505 | 3,131,358 |
| Capital grants | - | - | 245,365 | 84,464 | 232,948 | 306,139 | 67,783 | 951,179 | 214,957 | 88,961 |
| General Revenues | | | | | | | | | | |
| Property taxes | 11,723,266 | 12,300,826 | 12,319,262 | 12,412,788 | 12,574,374 | 13,056,531 | 14,155,087 | 14,992,697 | 16,703,364 | 16,434,529 |
| Sales taxes | 12,904,569 | 13,674,254 | 13,173,534 | 13,230,707 | 13,111,115 | 13,991,902 | 13,576,047 | 12,324,127 | 16,299,258 | 17,052,849 |
| Other taxes | 9,706,318 | 9,970,403 | 10,004,019 | 11,915,256 | 11,915,732 | 15,744,381 | 12,086,075 | 12,308,181 | 14,372,880 | 16,131,544 |
| Coronavirus Relief Fund | - | - | - | - | - | - | - | 1,365,211 | - | - |
| Payment in lieu of taxes ¹ | 804,573 | 796,308 | 762,038 | 822,131 | 846,221 | 704,250 | 1,462,484 | 837,500 | 1,036,470 | 1,075,407 |
| Other | 1,461,767 | 2,434,222 | (686,784) | 269,876 | 363,329 | 896,614 | 3,890,504 | 1,569,450 | 374,553 | 1,775,140 |
| Total revenues | 47,063,339 | 50,122,713 | 46,412,668 | 48,938,833 | 49,385,139 | 56,134,554 | 57,430,443 | 53,669,925 | 61,153,831 | 66,062,052 |
| Expenses | | | | | | | | | | |
| General government | 8,449,022 | 7,543,013 | 7,648,490 | 7,136,341 | 7,523,811 | 6,756,414 | 7,737,099 | 6,492,574 | 6,795,345 | 7,350,860 |
| Public safety | 21,797,867 | 22,784,673 | 27,060,284 | 27,094,758 | 26,147,707 | 28,676,247 | 27,435,033 | 24,913,624 | 24,534,088 | 33,089,248 |
| Public works | 6,297,452 | 7,147,559 | 7,377,966 | 7,491,480 | 7,531,938 | 7,258,400 | 6,882,251 | 6,907,639 | 8,089,501 | 9,315,187 |
| Economic/physical development | 5,689,964 | 6,249,818 | 7,249,956 | 7,155,683 | 7,921,665 | 8,188,294 | 8,072,546 | 5,983,759 | 5,546,643 | 6,503,889 |
| Transit | 1,359,599 | 1,288,343 | 1,230,364 | 1,265,741 | 1,289,937 | 1,357,141 | 1,379,367 | 954,492 | 1,633,403 | 1,153,760 |
| Commissions | 327,835 | 394,871 | 467,014 | 448,794 | 412,175 | 157,299 | 73,711 | 90,573 | 77,042 | 72,121 |
| Interest | 1,070,849 | 886,246 | 287,932 | 276,122 | 213,593 | 404,873 | 281,688 | 345,473 | 230,593 | 694,064 |
| Total expenses | 44,992,588 | 46,294,523 | 51,322,006 | 50,868,919 | 51,040,826 | 52,798,668 | 51,861,695 | 45,688,134 | 46,906,615 | 58,179,129 |
| INCREASE (DECREASE) IN NET POSITION BEFORE TRANSFERS | \$ 2,070,751 | \$ 3,828,190 | \$ (4,909,338) | \$ (1,930,086) | \$ (1,655,687) | \$ 3,335,886 | \$ 5,568,748 | \$ 7,981,791 | \$ 14,247,216 | \$ 7,882,923 |
| Transfers | (244,400) | - | 8,523,384 | (68,000) | - | - | - | - | - | 2,143,491 |
| INCREASE (DECREASE) IN NET POSITION | \$ 1,826,351 | \$ 3,828,190 | \$ 3,614,046 | \$ (1,998,086) | \$ (1,655,687) | \$ 3,335,886 | \$ 5,568,748 | \$ 7,981,791 | \$ 14,247,216 | \$ 10,026,414 |

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

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|---------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|
| BUSINESS-TYPE ACTIVITIES | | | | | | | | | | |
| Program Revenues | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Parking system | \$ 751,331 | \$ 782,300 | \$ 816,753 | \$ 795,851 | \$ 725,178 | \$ 798,021 | \$ 824,906 | \$ 241,873 | \$ 281,720 | \$ - |
| Water | 7,595,773 | 7,193,756 | 7,286,222 | 8,038,625 | 7,944,693 | 8,017,280 | 8,806,707 | 10,641,590 | 11,146,891 | 11,468,316 |
| Sewer | 3,225,609 | 3,517,779 | 4,066,211 | 4,639,293 | 4,580,105 | 4,705,795 | 4,583,554 | 4,777,415 | 4,919,853 | 4,765,074 |
| Country Club | 2,415,774 | 2,220,787 | 5,381 | - | - | - | - | - | - | - |
| Operating grants | 70,533 | 118,280 | 70,270 | 78,919 | 84,794 | 99,323 | 306,891 | 227,277 | 1,459,257 | 451,440 |
| Capital grants | 121,000 | - | - | - | - | - | - | - | - | - |
| Other | 19,717 | 17,520 | 9,112 | 57,742 | 114,265 | 111,356 | 204,643 | 83,668 | 24,502 | 149,844 |
| Total revenues | 14,199,737 | 13,850,422 | 12,253,949 | 13,610,430 | 13,449,035 | 13,731,775 | 14,726,701 | 15,971,823 | 17,832,223 | 16,834,674 |
| Expenses | | | | | | | | | | |
| Parking | 922,176 | 988,547 | 1,031,108 | 935,125 | 940,746 | 930,884 | 861,071 | 631,353 | 634,908 | - |
| Water | 6,977,513 | 7,101,394 | 10,128,640 | 10,868,120 | 9,443,272 | 10,907,442 | 8,229,552 | 8,342,095 | 8,180,339 | 7,698,293 |
| Sewer | 4,182,723 | 4,224,626 | 4,872,731 | 4,069,114 | 4,833,045 | 5,232,836 | 4,599,743 | 4,556,928 | 4,833,353 | 3,939,380 |
| Country Club | 2,958,278 | 2,837,047 | 10,047 | - | - | - | - | - | - | - |
| Total expenses | 15,040,690 | 15,151,614 | 16,042,526 | 15,872,359 | 15,217,063 | 17,071,162 | 13,690,366 | 13,530,376 | 13,648,600 | 11,637,673 |
| INCR./((DECR.) IN NET POSITION BEFORE TRANSFERS | (840,953) | (1,301,192) | (3,788,577) | (2,261,929) | (1,768,028) | (3,339,387) | 1,036,335 | 2,441,447 | 4,183,623 | 5,197,001 |
| Transfers | 244,400 | - | (8,523,384) | 68,000 | - | - | - | - | - | (2,143,491) |
| INCR./((DECR.) IN NET POSITION | \$ (596,553) | \$ (1,301,192) | \$ (12,311,961) | \$ (2,193,929) | \$ (1,768,028) | \$ (3,339,387) | \$ 1,036,335 | \$ 2,441,447 | \$ 4,183,623 | \$ 3,053,510 |

CITY OF HIGHLAND PARK

CHANGE IN NET POSITION (Continued)
Last Ten Fiscal Years

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------------------|---------------------|---------------------|-----------------------|-----------------------|-----------------------|-------------------|---------------------|----------------------|----------------------|----------------------|
| TOTAL NET POSITION | | | | | | | | | | |
| Program Revenues | | | | | | | | | | |
| Charges for services | \$ 23,438,929 | \$ 23,538,182 | \$ 22,006,997 | \$ 22,881,820 | \$ 22,721,335 | \$ 24,179,449 | \$ 25,400,997 | \$ 23,221,246 | \$ 26,268,308 | \$ 26,605,654 |
| Operating grants | 1,082,937 | 1,241,420 | 833,074 | 874,479 | 954,855 | 875,707 | 1,313,524 | 1,988,489 | 3,691,762 | 3,582,798 |
| Capital grants | 121,000 | - | 245,365 | 84,464 | 232,948 | 306,139 | 67,783 | 951,179 | 214,957 | 88,961 |
| General Revenues | | | | | | | | | | |
| Property taxes | 11,723,266 | 12,300,826 | 12,319,262 | 12,412,788 | 12,574,374 | 13,056,531 | 14,155,087 | 14,992,697 | 16,703,364 | 16,434,529 |
| Sales taxes | 12,904,569 | 13,674,254 | 13,173,534 | 13,230,707 | 13,111,115 | 13,991,902 | 13,576,047 | 12,324,127 | 16,299,258 | 17,052,849 |
| Other taxes | 9,706,318 | 9,970,403 | 10,004,019 | 11,915,256 | 11,915,732 | 15,744,381 | 12,086,075 | 12,308,181 | 14,372,880 | 16,131,544 |
| Coronavirus Relief Fund | - | - | - | - | - | - | - | 1,365,211 | - | - |
| Payment in lieu of taxes | 804,573 | 796,308 | 762,038 | 822,131 | 846,221 | 704,250 | 1,462,484 | 837,500 | 1,036,470 | 1,075,407 |
| Other | 1,481,484 | 2,451,742 | (677,672) | 327,618 | 477,594 | 1,007,970 | 4,095,147 | 1,653,118 | 399,055 | 1,924,984 |
| Total revenues | 61,263,076 | 63,973,135 | 58,666,617 | 62,549,263 | 62,834,174 | 69,866,329 | 72,157,144 | 69,641,748 | 78,986,054 | 82,896,726 |
| Expenses | | | | | | | | | | |
| General government | 8,449,022 | 7,543,013 | 7,648,490 | 7,136,341 | 7,523,811 | 6,756,414 | 7,737,099 | 6,492,574 | 6,795,345 | 7,350,860 |
| Public safety | 21,797,867 | 22,784,673 | 27,060,284 | 27,094,758 | 26,147,707 | 28,676,247 | 27,435,033 | 24,913,624 | 24,534,088 | 33,089,248 |
| Public works | 6,297,452 | 7,147,559 | 7,377,966 | 7,491,480 | 7,531,938 | 7,258,400 | 6,882,251 | 6,907,639 | 8,089,501 | 9,315,187 |
| Economic/physical development | 5,689,964 | 6,249,818 | 7,249,956 | 7,155,683 | 7,921,665 | 8,188,294 | 8,072,546 | 5,983,759 | 5,546,643 | 6,503,889 |
| Transit | 1,359,599 | 1,288,343 | 1,230,364 | 1,265,741 | 1,289,937 | 1,357,141 | 1,379,367 | 954,492 | 1,633,403 | 1,153,760 |
| Commissions | 327,835 | 394,871 | 467,014 | 448,794 | 412,175 | 157,299 | 73,711 | 90,573 | 77,042 | 72,121 |
| Interest | 1,070,849 | 886,246 | 287,932 | 276,122 | 213,593 | 404,873 | 281,688 | 345,473 | 230,593 | 694,064 |
| Parking | 922,176 | 988,547 | 1,031,108 | 935,125 | 940,746 | 930,884 | 861,071 | 631,353 | 634,908 | - |
| Water | 6,977,513 | 7,101,394 | 10,128,640 | 10,868,120 | 9,443,272 | 10,907,442 | 8,229,552 | 8,342,095 | 8,180,339 | 7,698,293 |
| Sewer | 4,182,723 | 4,224,626 | 4,872,731 | 4,069,114 | 4,833,045 | 5,232,836 | 4,599,743 | 4,556,928 | 4,833,353 | 3,939,380 |
| Country Club | 2,958,278 | 2,837,047 | 10,047 | - | - | - | - | - | - | - |
| Total expenses | 60,033,278 | 61,446,137 | 67,364,532 | 66,741,278 | 66,257,889 | 69,869,830 | 65,552,061 | 59,218,510 | 60,555,215 | 69,816,802 |
| Prior period adjustment | - | - | - | - | - | - | - | - | - | - |
| INCR./((DECR.) IN NET POSITION | \$ 1,229,798 | \$ 2,526,998 | \$ (8,697,915) | \$ (4,192,015) | \$ (3,423,715) | \$ (3,501) | \$ 6,605,083 | \$ 10,423,238 | \$ 18,430,839 | \$ 13,079,924 |
| NET REVENUE/(EXPENSE) | | | | | | | | | | |
| Governmental Activities | 1,826,351 | 3,828,190 | 3,614,046 | (1,998,086) | (1,655,687) | 3,335,886 | 5,568,748 | 7,981,791 | 14,247,216 | 10,026,414 |
| Business-Type Activities | (596,553) | (1,301,192) | (12,311,961) | (2,193,929) | (1,768,028) | (3,339,387) | 1,036,335 | 2,441,447 | 4,183,623 | 3,053,510 |
| TOTAL NET REVENUE/(EXPENSE) | 1,229,798 | 2,526,998 | (8,697,915) | (4,192,015) | (3,423,715) | (3,501) | 6,605,083 | 10,423,238 | 18,430,839 | 13,079,924 |

CITY OF HIGHLAND PARK

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|---------------------|---------------------|------------------------|-----------------------|-----------------------|-----------------------|---------------------|---------------------|----------------------|---------------------|
| REVENUES | | | | | | | | | | |
| Property taxes | \$ 11,723,266 | \$ 12,300,826 | \$ 12,319,262 | \$ 12,412,788 | \$ 12,574,374 | \$ 13,056,531 | \$ 14,155,087 | \$ 14,992,697 | \$ 16,703,364 | \$ 16,434,529 |
| Personal property replacement taxes | 307,228 | 316,285 | 337,267 | 298,849 | 315,598 | 286,914 | 356,704 | 318,803 | 559,662 | 1,132,395 |
| Licenses and permits | 2,301,094 | 2,774,721 | 3,170,971 | 2,877,456 | 2,755,250 | 3,264,842 | 2,963,904 | 1,429,358 | 2,057,305 | 2,519,222 |
| Public charges for services | 2,400,261 | 2,383,476 | 2,408,953 | 2,944,657 | 3,342,231 | 3,662,416 | 4,064,724 | 2,898,618 | 3,699,706 | 4,409,521 |
| Municipal sales tax | 12,904,569 | 13,674,254 | 13,173,534 | 13,230,707 | 13,111,115 | 13,991,902 | 13,576,047 | 12,324,127 | 16,299,258 | 17,052,849 |
| Utility tax | 2,448,175 | 2,863,573 | 2,603,391 | 2,365,250 | 2,410,931 | 2,330,522 | 2,423,838 | 2,242,932 | 2,401,266 | 2,718,273 |
| Real estate transfer tax | 1,778,247 | 1,786,963 | 1,695,540 | 1,843,768 | 2,003,188 | 1,692,383 | 1,665,318 | 2,291,611 | 3,147,040 | 2,831,985 |
| Intergovernmental | 263,124 | 236,260 | 154,025 | 159,333 | 245,195 | 155,971 | 178,438 | 207,113 | 596,914 | 1,469,666 |
| State income tax | 2,835,830 | 2,849,624 | 3,166,878 | 2,897,250 | 2,733,707 | 2,850,286 | 3,167,946 | 3,234,314 | 3,934,568 | 4,917,098 |
| Franchise tax | 2,336,838 | 2,153,958 | 2,200,943 | 2,158,947 | 2,019,029 | 1,922,755 | 1,731,838 | 1,430,149 | 1,452,817 | 1,501,711 |
| Payment in lieu ¹ | 804,573 | 796,308 | 762,038 | 822,131 | 846,221 | 704,250 | 1,462,484 | 418,750 | 1,455,220 | 1,075,407 |
| Other taxes | 2,210,845 | 2,221,094 | 2,266,204 | 2,229,634 | 2,298,992 | 2,435,650 | 2,592,224 | 2,607,523 | 2,693,112 | 2,833,861 |
| RTA ² reimbursement | 1,367,708 | 1,416,630 | 1,317,436 | 1,342,009 | 1,421,764 | 1,436,742 | 1,532,544 | 1,090,786 | 1,101,609 | 1,219,157 |
| Reimbursements-other agencies | 299,243 | 171,621 | 406,514 | 317,187 | 467,581 | 577,780 | 711,464 | 2,329,159 | 1,639,971 | 469,620 |
| Fines, forfeitures, and penalties | 1,188,128 | 1,078,662 | 867,656 | 514,271 | 423,287 | 562,122 | 559,376 | 146,786 | 174,516 | 102,402 |
| Motor fuel tax | 859,650 | 1,000,150 | 727,628 | 757,785 | 759,153 | 761,804 | 976,402 | 1,736,948 | 1,820,006 | 1,857,913 |
| Interest income | 714,584 | 735,415 | 72,025 | 244,636 | 322,252 | 707,738 | 915,732 | 499,588 | 215,804 | 1,367,030 |
| Net change in fair value of investments | (1,575,000) | (636,166) | (3,150,000) | - | - | 70,145 | 328,193 | - | 29,977 | - |
| Miscellaneous | 509,537 | 587,444 | 681,039 | 691,671 | 658,805 | 544,461 | 500,044 | 524,475 | 513,129 | 723,615 |
| Total revenues | 45,677,900 | 48,711,098 | 45,181,304 | 48,108,329 | 48,708,673 | 51,015,214 | 53,862,307 | 50,723,737 | 60,495,244 | 64,636,254 |
| EXPENDITURES | | | | | | | | | | |
| Current | | | | | | | | | | |
| General government | 6,869,099 | 6,309,182 | 7,192,989 | 8,975,291 | 6,684,877 | 7,253,903 | 7,326,231 | 5,867,216 | 6,420,169 | 8,155,421 |
| Public safety | 20,661,440 | 23,094,151 | 23,195,210 | 24,467,111 | 25,679,506 | 27,213,467 | 26,827,790 | 26,567,770 | 28,294,059 | 29,540,308 |
| Public works | 5,131,940 | 5,566,327 | 6,148,424 | 5,994,720 | 5,737,953 | 5,615,754 | 5,746,861 | 5,179,840 | 5,315,964 | 5,725,038 |
| Transit | 1,360,622 | 1,301,161 | 1,251,772 | 1,258,440 | 1,294,057 | 1,354,645 | 1,370,188 | 953,199 | 1,007,116 | 1,050,306 |
| Commissions | 143,580 | 145,798 | 217,940 | 186,720 | 163,101 | 157,299 | 73,711 | 90,573 | 77,042 | 72,121 |
| Economic and physical development | 3,299,488 | 3,662,506 | 4,037,270 | 3,941,297 | 3,766,052 | 4,007,848 | 5,416,201 | 4,865,954 | 4,376,049 | 5,765,637 |
| Capital outlay | 2,460,469 | 2,765,778 | 3,100,533 | 4,607,980 | 4,951,600 | 6,942,117 | 4,472,927 | 1,237,278 | 2,844,551 | 8,282,008 |
| Debt service | | | | | | | | | | |
| Principal | 3,401,848 | 3,147,657 | 17,319,486 | 2,717,150 | 2,793,950 | 478,510 | 913,160 | 908,311 | 925,010 | 908,147 |
| Interest and fiscal charges | 1,088,749 | 979,411 | 325,655 | 302,340 | 240,967 | 448,082 | 326,712 | 390,495 | 275,618 | 757,326 |
| Total expenditures | 44,417,235 | 46,971,971 | 62,789,279 | 52,451,049 | 51,312,063 | 53,471,625 | 52,473,781 | 46,060,636 | 49,535,578 | 60,256,312 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ 1,260,665 | \$ 1,739,127 | \$ (17,607,975) | \$ (4,342,720) | \$ (2,603,390) | \$ (2,456,411) | \$ 1,388,526 | \$ 4,663,101 | \$ 10,959,666 | \$ 4,379,942 |

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

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| General obligation debt issued | \$ - | \$ - | \$ 646,800 | \$ 4,650,000 | \$ 705,162 | \$ 7,900,000 | \$ - | \$ - | \$ - | \$ 9,230,000 |
| Premium on debt Issued | - | - | 27,004 | 80,375 | 12,600 | 292,111 | - | - | - | 892,268 |
| Lease proceeds | - | - | - | - | - | - | - | - | - | 669,530 |
| Transfers in | 2,143,240 | 2,514,360 | 16,540,175 | 1,200,000 | 1,240,705 | 3,006,435 | 1,920,248 | 2,669,627 | 2,533,772 | 3,288,639 |
| Transfers (out) | (2,387,640) | (2,514,360) | (17,381,823) | (1,268,000) | (1,240,705) | (4,043,411) | (1,920,248) | (2,679,627) | (2,556,432) | (3,533,837) |
| Sale of capital assets | 21,054 | 3,663 | 7,000 | 17,655 | 1,102,047 | 534,505 | 3,739,457 | - | 15,000 | 256,788 |
| Total other financing sources (uses) | (223,346) | 3,663 | (160,844) | 4,680,030 | 1,819,809 | 7,689,640 | 3,739,457 | (10,000) | (7,660) | 10,803,388 |
| NET CHANGES IN FUND BALANCES | 1,037,319 | 1,742,790 | (17,768,819) | 337,310 | (783,581) | 5,233,229 | 5,127,983 | 4,653,101 | 10,952,006 | 15,183,330 |
| FUND BALANCES, BEGINNING OF YEAR | 47,453,401 | 48,490,720 | 50,233,510 | 32,464,691 | 32,802,031 | 32,018,480 | 37,251,679 | 42,940,414 | 47,822,920 | 58,774,926 |
| Prior period adjustment | - | - | - | - | - | - | 560,752 | 229,405 | - | - |
| FUND BALANCES, BEGINNING OF YEAR, RESTATED | 47,453,401 | 48,490,720 | 50,233,510 | 32,464,691 | 32,802,031 | 32,018,480 | 37,812,431 | 43,169,819 | 47,822,920 | 58,774,926 |
| FUND BALANCES, END OF YEAR | \$ 48,490,720 | \$ 50,233,510 | \$ 32,464,691 | \$ 32,802,001 | \$ 32,018,450 | \$ 37,251,709 | \$ 42,940,414 | \$ 47,822,920 | \$ 58,774,926 | \$ 73,958,256 |
| DEBT SERVICE AS A % OF NONCAPITAL EXPENDITURES ¹ | 10.6% | 9.2% | 29.1% | 6.5% | 6.3% | 1.9% | 2.6% | 3.0% | 2.5% | 3.1% |

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 |
|--------------|-------------------------|------------------------|------------------------|--------------------------|----------------------|--------------------------------|---------------------------------|-------------|---------------------------|--------------------|---|
| 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% |
| 2020 | 2,055,603,901 | 239,253,308 | 488,055 | 958,367 | 3,332,597 | n/a | 2,299,636,228 | 0.875 | 6,898,908,684 | -2.2% | 33% |
| 2021 | 2,049,956,208 | 243,905,915 | 488,055 | 956,015 | 3,332,597 | n/a | 2,298,638,790 | 0.904 | 6,895,916,370 | 0.0% | 33% |
| 2022 | 2,121,368,354 | 266,318,526 | 494,435 | 2,246 | 3,940,056 | n/a | 2,392,123,617 | 0.909 | 7,176,370,851 | 4.1% | 33% |

Notes:

(1) Source: Lake County

CITY OF HIGHLAND PARK

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Levy Years
(Cents per hundred dollars)

| Tax Levy Year | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <u>CITY DIRECT RATE</u> | | | | | | | | | | |
| Bond | 0.183 | 0.145 | 0.136 | 0.129 | 0.033 | 0.052 | 0.052 | 0.053 | 0.055 | 0.079 |
| Corporate | 0.099 | 0.119 | 0.084 | 0.085 | 0.152 | 0.150 | 0.147 | 0.213 | 0.218 | 0.219 |
| Firefighters Pension | 0.116 | 0.116 | 0.113 | 0.121 | 0.128 | 0.129 | 0.125 | 0.128 | 0.128 | 0.125 |
| Library | 0.218 | 0.226 | 0.213 | 0.209 | 0.203 | 0.206 | 0.219 | 0.224 | 0.226 | 0.217 |
| Police Pension | 0.115 | 0.115 | 0.128 | 0.128 | 0.132 | 0.132 | 0.141 | 0.145 | 0.145 | 0.137 |
| Street and Bridge | 0.054 | 0.074 | 0.075 | 0.065 | 0.077 | 0.103 | 0.124 | 0.113 | 0.120 | 0.123 |
| PTAB/CE Recapture | - | - | - | - | - | - | - | - | 0.013 | 0.008 |
| Street Construction | - | - | - | - | - | - | - | - | - | - |
| IMRF | - | - | - | - | - | - | - | - | - | - |
| School Crossing Guard | - | - | - | - | - | - | - | - | - | - |
| Public Benefit | - | - | - | - | - | - | - | - | - | - |
| Audit | - | - | - | - | - | - | - | - | - | - |
| Total Direct Rate | 0.785 | 0.795 | 0.749 | 0.737 | 0.726 | 0.772 | 0.809 | 0.875 | 0.904 | 0.909 |
| <u>OVERLAPPING RATES</u> | | | | | | | | | | |
| County | 0.663 | 0.682 | 0.663 | 0.632 | 0.622 | 0.612 | 0.597 | 0.598 | 0.598 | 0.589 |
| Forest Preserve | 0.218 | 0.210 | 0.208 | 0.193 | 0.187 | 0.182 | 0.180 | 0.182 | 0.179 | 0.173 |
| Township | 0.070 | 0.066 | 0.063 | 0.056 | 0.054 | 0.054 | 0.056 | 0.055 | 0.056 | 0.054 |
| Sanitary | 0.164 | 0.169 | 0.166 | 0.157 | 0.153 | 0.153 | 0.153 | 0.157 | 0.158 | 0.160 |
| College of Lake County | 0.296 | 0.306 | 0.299 | 0.285 | 0.281 | 0.282 | 0.282 | 0.290 | 0.293 | 0.296 |
| High School | 2.364 | 2.421 | 2.309 | 2.187 | 2.164 | 2.222 | 2.280 | 2.391 | 2.486 | 2.525 |
| Elementary School | 3.076 | 3.152 | 3.006 | 2.862 | 2.826 | 2.914 | 3.039 | 3.184 | 3.299 | 3.676 |
| Mosquito Abatement | 0.007 | 0.013 | 0.012 | 0.012 | 0.011 | 0.011 | 0.012 | 0.012 | 0.013 | 0.012 |
| Park District | 0.497 | 0.508 | 0.520 | 0.529 | 0.521 | 0.535 | 0.560 | 0.572 | 0.608 | 0.612 |
| Total Overlapping Rate | 7.355 | 7.527 | 7.246 | 6.913 | 6.818 | 6.966 | 7.157 | 7.442 | 7.691 | 8.097 |
| Total Rate | 8.140 | 8.322 | 7.995 | 7.650 | 7.544 | 7.738 | 7.966 | 8.317 | 8.595 | 9.005 |

Notes:

(1) Source: Lake County

CITY OF HIGHLAND PARK

PRINCIPAL TAXPAYERS
Current Year and Nine Years Prior

| December 31, 2022 | | | | December 31, 2013 | | | |
|---------------------------------------|------------------------|---|------------------------|---------------------------------|---------------------------------|------------------------------------|------------------------|
| 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 |
| Albion Jacobs Highland Park LLC | Real Property | \$ 14,980,109 | 0.63% | Metzler I Renaissance Place LP | Retail Property | \$ 9,930,977 | 0.48% |
| T Renaissance IL LLC | Business/Retail Center | 8,849,115 | 0.37% | Midwest Family Housing LLC | Real Property | 8,892,593 | 0.43% |
| SE McGovern House Transitory LLC | Real Property | 8,554,811 | 0.36% | Federal Realty Investment Trust | Business/Retail Center | 6,535,843 | 0.32% |
| Federal Realty Investment Trust | Business/Retail Center | 7,862,703 | 0.33% | Highland Park Associates II LLC | Real Property | 4,340,741 | 0.21% |
| Midwest Family Housing LLC | Real Property | 7,778,875 | 0.33% | Klaimont Family Associates | Business/Retail Center | 4,296,505 | 0.21% |
| One Highland Park LLC | Real Property | 7,242,474 | 0.30% | Americana Apartments | Apartments | 3,921,248 | 0.19% |
| Americana Associates | Real Property | 6,917,996 | 0.29% | Sunset Food Mart, Inc. | Retail Property - Grocery Store | 3,599,737 | 0.17% |
| Elston Avenue Real Estate Company LLC | Real Property | 5,799,875 | 0.24% | Ameritech-Illinois | Utility | 3,577,495 | 0.17% |
| 799 Central Ave 10775611 LLC | Real Property | 4,960,343 | 0.21% | Evergreen Real Estate Services | Real Property | 3,097,201 | 0.15% |
| James & Wendy Abrams | Real Property | 4,610,328 | 0.19% | RSV Partners | Real Property | 2,767,485 | 0.13% |
| | | <u>\$ 77,556,629</u> | <u>3.24%</u> | | | <u>\$ 50,959,825</u> | <u>2.47%</u> |
| | 2022 Total EAV | \$ 2,392,123,617 | | | 2013 Total EAV | \$ 2,063,609,750 | |
| | Percentage of Total | 3.24% | | | Percentage of Total | 2.47% | |

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 2022 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 | | | | |
| 2012 | \$ 15,337,825 | 2013 | \$ 15,235,177 | 99.33% | \$ - | \$ 15,235,177 | 99.33% |
| 2013 | 16,199,337 | 2014 | 16,085,461 | 99.30% | - | 16,085,461 | 99.30% |
| 2014 | 16,316,623 | 2015 | 16,254,541 | 99.62% | - | 16,254,541 | 99.62% |
| 2015 | 16,316,594 | 2016 | 16,294,280 | 99.86% | - | 16,294,280 | 99.86% |
| 2016 | 17,061,848 | 2017 | 16,898,118 | 99.04% | - | 16,898,118 | 99.04% |
| 2017 | 17,482,295 | 2018 | 17,374,483 | 99.38% | - | 17,374,483 | 99.38% |
| 2018 | 18,556,415 | 2019 | 18,449,447 | 99.42% | - | 18,449,447 | 99.42% |
| 2019 | 19,028,104 | 2020 | 18,853,219 | 99.08% | - | 18,853,219 | 99.08% |
| 2020 | 20,127,819 | 2021 | 19,961,153 | 99.17% | - | 19,961,153 | 99.17% |
| 2021 | 20,551,725 | 2022 | 20,575,387 | 100.12% | - | 20,575,387 | 100.12% |

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.

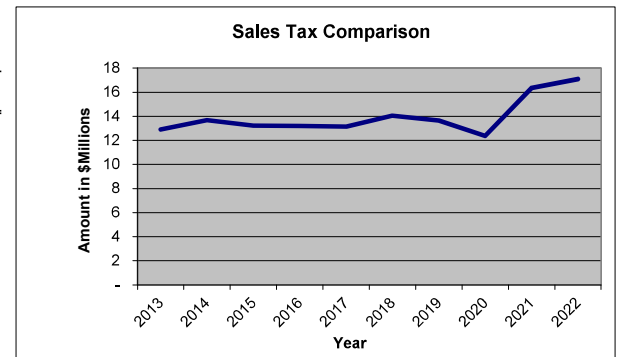
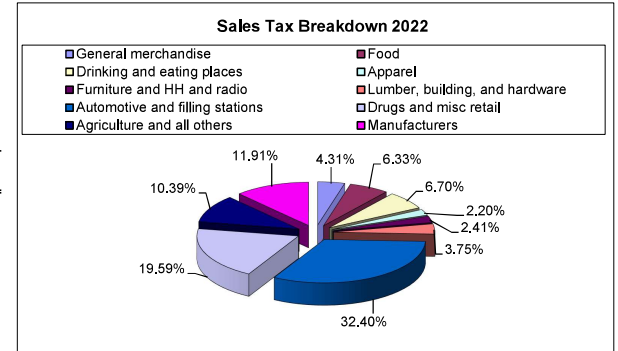
CITY OF HIGHLAND PARK

SALES TAX ANALYSIS BY SIC CODE
Last Ten Calendar Years

| Municipal Sales Tax | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General merchandise | 468,255 | 450,805 | 424,722 | 376,713 | 360,540 | 349,402 | 327,815 | 302,842 | 336,698 | 401,189 |
| Food | 833,519 | 892,527 | 848,504 | 785,021 | 793,953 | 749,836 | 744,541 | 798,115 | 778,352 | 831,346 |
| Drinking and eating places | 568,131 | 580,827 | 588,112 | 589,970 | 610,370 | 604,583 | 634,746 | 438,679 | 529,818 | 577,140 |
| Apparel | 270,411 | 266,663 | 260,993 | 231,345 | 197,947 | 196,188 | 162,282 | 86,798 | 156,260 | 188,532 |
| Furniture and HH and radio | 200,024 | 194,996 | 187,393 | 194,400 | 187,107 | 196,551 | 172,100 | 166,564 | 215,714 | 206,625 |
| Lumber, building, and hardware | 288,983 | 307,275 | 324,682 | 321,871 | 288,996 | 266,003 | 254,990 | 286,283 | 317,635 | 320,477 |
| Automotive and filling stations | 3,944,283 | 4,256,268 | 4,051,315 | 3,925,825 | 4,050,446 | 4,359,345 | 4,498,233 | 4,008,239 | 4,882,740 | 4,571,963 |
| Drugs and misc retail | 1,247,724 | 1,310,854 | 1,109,919 | 1,278,384 | 1,206,582 | 1,149,203 | 1,185,317 | 1,224,630 | 2,023,860 | 1,962,775 |
| Agriculture and all others | 629,981 | 700,733 | 842,241 | 725,046 | 714,869 | 768,559 | 770,403 | 685,964 | 894,537 | 958,637 |
| Manufacturers | 115,723 | 309,187 | 403,709 | 684,361 | 677,172 | 1,262,615 | 842,949 | 894,515 | 1,295,726 | 1,723,525 |
| TOTAL | 8,567,033 | 9,270,135 | 9,041,588 | 9,112,937 | 9,087,983 | 9,902,285 | 9,593,375 | 8,892,630 | 11,431,341 | 11,742,211 |
| % Inc./Dec. from prev. year | 5.53% | 8.21% | -2.47% | 0.79% | -0.27% | 8.96% | -3.12% | -7.30% | 28.55% | 2.72% |
| Home Rule Sales Tax | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| General merchandise | 366,787 | 339,988 | 321,670 | 298,828 | 294,033 | 281,712 | 261,670 | 239,904 | 267,470 | 334,754 |
| Food | 238,547 | 259,062 | 261,177 | 221,744 | 212,651 | 203,551 | 196,656 | 186,945 | 228,955 | 251,446 |
| Drinking and eating places | 558,559 | 570,766 | 578,180 | 580,581 | 601,154 | 597,607 | 626,500 | 430,410 | 520,669 | 567,376 |
| Apparel | 264,977 | 260,367 | 254,457 | 226,511 | 197,899 | 195,841 | 162,284 | 86,798 | 156,001 | 188,338 |
| Furniture and HH and radio | 199,652 | 194,496 | 186,823 | 193,796 | 186,657 | 196,096 | 171,674 | 166,294 | 215,428 | 206,172 |
| Lumber, building, and hardware | 288,923 | 307,228 | 324,651 | 321,370 | 288,811 | 266,002 | 254,988 | 286,218 | 317,478 | 320,456 |
| Automotive and filling stations | 979,596 | 944,921 | 783,633 | 716,884 | 797,223 | 885,035 | 865,015 | 676,098 | 799,992 | 967,070 |
| Drugs and misc retail | 818,131 | 844,357 | 680,829 | 811,952 | 738,672 | 724,671 | 740,785 | 679,381 | 1,443,146 | 1,386,083 |
| Agriculture and all others | 505,781 | 550,876 | 663,022 | 555,023 | 562,801 | 599,406 | 591,187 | 543,649 | 734,789 | 818,343 |
| Manufacturers | 115,437 | 130,667 | 118,371 | 146,910 | 180,087 | 189,811 | 182,662 | 179,439 | 256,951 | 312,614 |
| TOTAL | 4,336,391 | 4,402,727 | 4,172,814 | 4,073,599 | 4,059,986 | 4,139,733 | 4,053,420 | 3,475,136 | 4,940,880 | 5,352,651 |
| % Inc./Dec. from prev. year | 1.46% | 1.53% | -5.22% | -2.38% | -0.33% | 1.96% | -2.08% | -14.27% | 42.18% | 8.33% |
| Total Sales Tax | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| General merchandise | 835,042 | 790,793 | 746,392 | 675,541 | 654,574 | 631,114 | 589,485 | 542,746 | 604,168 | 735,943 |
| Food | 1,072,066 | 1,151,589 | 1,109,681 | 1,006,765 | 1,006,604 | 953,388 | 941,197 | 985,060 | 1,007,307 | 1,082,793 |
| Drinking and eating places | 1,126,690 | 1,151,593 | 1,166,292 | 1,170,550 | 1,211,523 | 1,202,190 | 1,261,246 | 869,090 | 1,050,487 | 1,144,516 |
| Apparel | 535,388 | 527,030 | 515,449 | 457,857 | 395,846 | 392,029 | 324,566 | 173,596 | 312,261 | 376,870 |
| Furniture and HH and radio | 399,676 | 389,492 | 374,216 | 388,196 | 373,764 | 392,647 | 343,773 | 332,858 | 431,143 | 412,796 |
| Lumber, building, and hardware | 577,906 | 614,503 | 649,333 | 643,242 | 577,808 | 532,005 | 509,978 | 572,501 | 635,113 | 640,934 |
| Automotive and filling stations | 4,923,879 | 5,201,189 | 4,834,947 | 4,642,709 | 4,847,669 | 5,244,380 | 5,363,248 | 4,684,337 | 5,682,733 | 5,539,033 |
| Drugs and misc retail | 2,065,855 | 2,155,211 | 1,790,749 | 2,090,336 | 1,945,254 | 1,873,874 | 1,926,102 | 1,904,011 | 3,467,006 | 3,348,858 |
| Agriculture and all others | 1,135,762 | 1,251,609 | 1,505,263 | 1,280,069 | 1,277,670 | 1,367,965 | 1,361,590 | 1,229,613 | 1,629,326 | 1,776,980 |
| Manufacturers | 231,160 | 439,854 | 522,080 | 831,271 | 857,258 | 1,452,427 | 1,025,611 | 1,073,954 | 1,552,677 | 2,036,139 |
| TOTAL | 12,903,424 | 13,672,863 | 13,214,402 | 13,186,536 | 13,147,969 | 14,042,018 | 13,646,795 | 12,367,766 | 16,372,222 | 17,094,863 |
| % Inc./Dec. from prev. year | 4.12% | 5.96% | -3.35% | -0.21% | -0.29% | 6.80% | -2.81% | -9.37% | 32.38% | 4.41% |

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 | |
| 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 |
| 2020 | 1.00 | 1.00 | 2.00 | 5.00 | 0.25 | 0.75 | 8.00 |
| 2021 | 1.00 | 1.00 | 2.00 | 5.00 | 0.25 | 0.75 | 8.00 |
| 2022 | 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 |
|----------------|--------------------------------------|---|--|---|--------------------------------------|
| 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 |
| 2020 | 29,628 | 2,299,636,228 | 53,282,479 | 0.0232 | 1,798 |
| 2021 | 30,176 | 2,298,640,647 | 49,727,458 | 0.0216 | 1,648 |
| 2022 | 30,245 | 2,392,123,617 | 58,860,116 | 0.0246 | 1,946 |

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**

| <hr/> | | | | | | | | | |
|---|----------------------------|-----------------------------|---------------|-----------------------------|--|------------------|-------------------------|-------------------------|---------------|
| <hr/> | | | | | | | | | |
| General Obligation Bonds ^{1,2} | | | | | | | | | |
| <hr/> | | | | | | | | | |
| Fiscal Year | Governmental Activities | Business-Type Activities | Total Debt | Total Personal Income | Debt as a % of Total Personal Income | EAV | Debt to EAV Ratio | Estimated Population | Per Capita |
| <hr/> | | | | | | | | | |
| 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 |
| 2020 | 9,790,058 | 43,492,421 ³ | 53,282,479 | 2,679,615,576 | 1.99% | 2,299,636,228 | 0.0232 | 29,628 | 1,798 |
| 2021 | 8,808,634 | 40,918,824 ³ | 49,727,458 | 2,719,853,408 | 1.83% | 2,298,640,647 | 0.0216 | 30,176 | 1,648 |
| 2022 | 18,124,443 | 40,735,673 ³ | 58,860,116 | 2,822,130,705 | 2.09% | 2,392,123,617 | 0.0246 | 30,245 | 1,946 |

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, 2022

| 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 | \$ 18,124,443 | 100.0% | \$ 18,124,443 |
| Lake County | 199,123,100 | 8.3% | 16,515,835 |
| Lake County Forest Preserve District | 174,488,500 | 8.3% | 14,472,571 |
| North Shore Sanitary District | - | 0.0% | - |
| Deerfield Park District | 7,009,300 | 0.0% | 306 |
| Park District of Highland Park | 10,097,500 | 98.5% | 9,947,441 |
| School Districts | | | |
| District No. 106 | - | 0.0% | - |
| District No. 109 | 17,284,200 | 4.0% | 699,397 |
| District No. 112 | 131,201,700 | 94.6% | 124,057,582 |
| District No. 113 | 144,356,000 | 54.5% | 78,672,737 |
| College of Lake County | 90,423,300 | 8.7% | 7,865,775 |
| | 773,983,600 | | 252,231,644 |
| | \$ 792,108,043 | | \$ 270,356,087 |

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, 2022

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 |
|----------------|-------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------------|----------------------------|--------------------------------|
| 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% |
| 2020 | 29,628 | 90,442 | 5,292 | 3.0% | 2,679,615,576 | 47.1 | 73.8% |
| 2021 | 30,176 | 90,133 | 5,014 | 3.7% | 2,719,853,408 | 47.2 | 75.6% |
| 2022 | 30,245 | 93,309 | 5,102 | 3.1% | 2,822,130,705 | 48.4 | 76.4% |

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

| 2022 | | | 2013 | | |
|---------------------------------------|-----------------------|--|---|-----------------------|--|
| Employer | Approximate Employees | Percentage of Total Municipal Employment | Employer | Approximate Employees | Percentage of Total Municipal Employment |
| Highland Park Hospital | 1,200 | 8.3% | Highland Park Hospital | 1,200 | 8.3% |
| Ravinia Festival | 752 ¹ | 5.2% | School District No. 112 | 740 | 5.1% |
| Township High School District 113 | 652 ¹ | 4.5% | Ravinia Festival | 690 ¹ | 4.8% |
| North Shore School District 112 | 535 | 3.7% | North Suburban Special Education District | 506 | 3.5% |
| TrueNorth Educational Cooperative 804 | 420 | 2.9% | Township High School District No. 113 | 398 | 2.8% |
| City of Highland Park | 259 ¹ | 1.8% | City of Highland Park | 246 | 1.7% |
| First Bank of Highland Park | 128 | 0.9% | Highland Park Public Library | 97 | 0.7% |
| Dick Blick Holdings | 100 | 0.7% | Highland Park Post Office | 85 | 0.6% |
| Highland Park Post Office | 85 ¹ | 0.6% | First Bank of Highland Park | 84 | 0.6% |
| Ravinia Plumbing & Heating | 80 | 0.6% | Mesirow Financial | 70 | 0.5% |
| | <u>4,211</u> | <u>29.1%</u> | | <u>4,116</u> | <u>28.6%</u> |

Notes:

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

(2) Source: the Illinois Manufacturers Directory, the Illinois Services Directory, selected telephone survey and City records.



OPERATING INFORMATION

CITY OF HIGHLAND PARK

OPERATING INFORMATION AND INDICATORS Last Ten Fiscal Years

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| FIRE PROTECTION | | | | | | | | | | |
| Emergency responses | 4,657 | 5,220 | 4,859 | 5,146 | 5,450 | 5,556 | 5,669 | 5,104 | 5,609 | 5,998 |
| Fires extinguished | 43 | 28 | 31 | 18 | 29 | 42 | 46 | 45 | 57 | 45 |
| PUBLIC WORKS | | | | | | | | | | |
| Asphalt placed (square yards) | 2,154 | 3,120 | 3,644 | 3,450 | 3,000 | 2,800 | 3,086 | 2,045 | 3,998 | 2,747 |
| Crack sealing (street miles) | 3 | 5 | 4 | 4 | 6 | 6 | - | - | - | - |
| Street-sweeping (hours) ² | 57 | 93 | 312 | 36 | 92 | 28 | 136 | 8 | - | - |
| Number of mainbreaks repaired | 104 | 106 | 44 | 49 | 50 | 57 | 52 | 63 | 83 | 56 |
| POLICE PROTECTION | | | | | | | | | | |
| Parking violations | 8,060 | 6,673 | 6,502 | 6,082 | 5,536 | 4,487 | 5,261 | 2,302 | 2,513 | 2,236 |
| Number of charges | 1,696 | 1,611 | 1,424 | 1,200 | 1,073 | 757 | 816 | 684 | 646 | 548 |
| Number of traffic citations | 4,626 | 3,439 | 2,837 | 2,317 | 1,650 | 1,889 | 1,718 | 1,651 | 3,600 | 2,719 |
| FINANCE | | | | | | | | | | |
| Number of water bills | 42,324 | 42,320 | 42,424 | 42,380 | 42,413 | 42,371 | 42,232 | 42,173 | 42,273 | 42,337 |
| Number of vendor checks | 5,578 | 5,873 | 5,724 | 5,895 | 5,413 | 5,368 | 5,253 | 4,876 | 4,143 | 4,367 |
| MUNICIPAL WATER SYSTEM | | | | | | | | | | |
| Number of customers | 10,445 | 10,443 | 10,422 | 10,422 | 10,469 | 10,441 | 10,434 | 10,430 | 10,430 | 10,434 |
| Average daily consumption (million gallons) | 8.6 | 7.9 | 7.7 | 8.6 | 7.5 | 8.1 | 9.0 | 9.0 | 8.8 | 8.2 |
| Plant capacity (rated) - per day (million gallons) | 21 | 21 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| Miles of water mains (approximate) | 168 | 168 | 172 | 171 | 171 | 171 | 171 | 171 | 180 | 180 |
| Number of fire hydrants (approximate) | 1,680 | 1,680 | 1,700 | 1,773 | 1,773 | 1,773 | 1,773 | 1,773 | 1,804 | 1,805 |

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

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 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 | 2 | 2 |
| Aerial Ladder Truck | - | - | - | - | 1 | 1 | 1 | 1 | 1 | 1 |
| Squad/Engine | - | - | - | 1 | 1 | 1 | 1 | 1 | 2 | 2 |
| Ambulances | 3 | 3 | 3 | 4 | 4 | 4 | 4 | 4 | 3 | 3 |
| POLICE PROTECTION | | | | | | | | | | |
| Number of stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 | 14 |
| PUBLIC WORKS | | | | | | | | | | |
| Miles of water mains (approximate) | 168 | 168 | 172 | 171 | 171 | 171 | 171 | 171 | 180 | 180 |
| Number of fire hydrants (approximate) | 1,680 | 1,680 | 1,700 | 1,773 | 1,773 | 1,773 | 1,773 | 1,773 | 1,804 | 1,805 |
| Miles of storm sewer (approximate) | 178 | 178 | 178 | 182 | 182 | 185 | 185 | 185 | 187 | 188 |
| Number of street lights (approximate) | 1,420 | 1,420 | 1,473 | 1,473 | 1,473 | 1,473 | 1,473 | 1,473 | 1,484 | 1,674 |
| Miles of sanitary sewer (approximate) | 130 | 130 | 130 | 131 | 131 | 131 | 131 | 131 | 134 | 134 |
| MILES OF STREET | | | | | | | | | | |
| Paved | 154 | 154 | 154 | 154 | 154 | 156 | 156 | 156 | 157 | 162 |
| Graded | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 5 | 7 | 10 |
| TOTAL | 156 | 156 | 156 | 156 | 156 | 158 | 158 | 161 | 164 | 173 |

Notes:

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

CITY OF HIGHLAND PARK

FULL-TIME EQUIVALENT EMPLOYEES Last Ten Fiscal Years

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| GENERAL GOVERNMENT | 20.4 | 20.4 | 20.7 | 20.7 | 20.8 | 20.8 | 19.7 | 20.7 | 16.8 | 17.3 |
| COMMUNITY DEVELOPMENT | 21.1 | 22.1 | 22.6 | 24.6 | 27.3 | 27.3 | 27.3 | 27.3 | 23.1 | 24.1 |
| FINANCE | 13.3 | 13.3 | 13.3 | 13.0 | 13.3 | 13.3 | 13.3 | 13.3 | 12.0 | 13.0 |
| FIRE | | | | | | | | | | |
| Firefighters and officers | 48.0 | 48.0 | 48.0 | 48.0 | 48.0 | 50.0 | 50.0 | 50.0 | 50.0 | 50.0 |
| Civilians | 6.5 | 6.7 | 6.7 | 6.7 | 4.0 | 2.0 | 2.0 | 2.0 | 1.6 | 2.0 |
| POLICE | | | | | | | | | | |
| Sworn personnel | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 57.0 | 56.0 | 57.0 |
| Civilians | 27.2 | 27.2 | 20.2 | 20.2 | 20.8 | 20.8 | 20.8 | 20.8 | 10.0 | 11.5 |
| PUBLIC WORKS | | | | | | | | | | |
| Operations | 78.4 | 77.4 | 78.8 | 76.8 | 76.3 | 76.8 | 76.8 | 76.8 | 70.9 | 74.3 |
| Engineering | 4.0 | 4.0 | 4.0 | 5.0 | 5.7 | 5.7 | 5.7 | 5.7 | 5.7 | 5.7 |
| Administration | 4.1 | 4.1 | 4.1 | 4.1 | 4.1 | 4.1 | 4.1 | 4.1 | 4.1 | 4.1 |
| Total Employees | 280.0 | 280.2 | 275.4 | 276.1 | 277.3 | 277.8 | 276.7 | 277.8 | 250.2 | 259.0 |

Notes:

(1) City Records