

CITY OF  
HIGHLAND PARK  
ILLINOIS



COMPREHENSIVE ANNUAL  
FINANCIAL REPORT

FOR YEAR ENDED  
DECEMBER 31, 2018

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
OF THE  
CITY OF HIGHLAND PARK, ILLINOIS**  
As of and for the Year Ended December 31, 2018

Prepared by Finance Department

Julie Logan, Finance Director

# CITY OF HIGHLAND PARK

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# City of Highland Park

1707 St. Johns Avenue  
Highland Park, Illinois 60035  
847.432.0800  
cityhpil.com

May 31, 2019

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

This Comprehensive Annual Financial Report (CAFR) details information from the audited financial statements of the City of Highland Park for the fiscal year ending December 31, 2018. The CAFR is prepared and published within six months of the close of each fiscal year, consistent with State law. The City Manager, in coordination with the Finance Director and other senior staff members (Assistant City Manager, Community Development Director, Fire Chief, Police Chief and Public Works Director) operate based on a comprehensive internal control framework designed to protect the City's assets from loss, theft or misuse of public funds. Comprehensive financial policies and procedures are adhered to and financial statements are prepared consistent with Generally Accepted Accounting Principles (GAAP), which allows for providing a reasonable basis for making these representations. The City's objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements, given the cost of internal controls should not outweigh the anticipated benefits of such controls. We assert that, to the best of our knowledge and belief, this CAFR is complete and reliable in all material respects.

Baker Tilly Virchow Krause, LLP, Independent Certified Public Accountants, issued an unmodified opinion on the City's financial statements for the fiscal year ended December 31, 2018. This is the highest standard of opinion that a municipality can achieve. The independent auditors' report is presented at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A), which immediately follows the independent auditors' report, provides a narrative introduction, overview, and analysis of the basic financial statements.

## ***Profile of the Government***

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

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



The City is guided by its priorities of fiscal stability, public safety, infrastructure investment and community vibrancy. The City provides police, fire and emergency medical services, community and business development; construction and maintenance of streets and other public infrastructure; water, sewer, and parking services; local transit service, and senior services. The CAFR includes the activities of the Public Safety Pension Funds, the Highland Park Public Library, and the Housing Associations, although independent boards control these funds.

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

### ***Local Economy***

The City continued to realize consistent economic strength in 2018, with strong economic conditions in construction and real estate, consumer spending and business spending. Trends in these sectors have an impact on City revenues such as sales tax, building permits and real estate transfer tax.

Sales were robust with sales tax revenue increasing 7% compared to the prior year, led by increases in sales tax revenue from Manufacturers, Automotive and Filing Stations, Furniture, Household and Radio, and Agriculture and All Others.

Building permit revenues increased 40% and continued, for the seventh consecutive year, to exceed the recession levels in 2009 through 2011. Real estate transfer tax revenues also continued to exceed levels in 2009 through 2011, although revenue was down 15%, given a high level of transfer tax revenue in 2017. The City's assessed valuation was relatively flat from 2017 to 2018, after increasing 4.1% from 2017 to 2018, 6.2% from 2015 to 2016 and 6.1% from 2014 to 2015, reflecting continued stability in property value for the City's tax base properties.

Retail occupancy increased from 89% at the start of 2018 to 90.5% at the close of 2018. The City has an aggressive Business Development Strategic Plan that guides activities to enhance the business and economic climate of the City. The City's Business Development Office (BDO) coordinated with property owners and businesses to attract and retain businesses by providing support, economic development incentives, and resources. Efforts to maintain and enhance the desirability and economic vitality of the City's main business districts included two Special Service Areas (SSA), which are self-imposed taxes by property owners in the area to fund such activities, and two Tax Increment Financing (TIF) districts for redevelopment of one the areas within the TIF boundaries:

- SSA 17 focuses on the Ravinia Business District (RBD) comprised of 29 properties, was enacted in 2013, and was renewed for another three-year term through December 2019. RBD property owners initiated a new special event to market the RBD.
- SSA 18 focuses on the Briergate Business District (BBD), comprised of 68 properties, and was enacted in 2013 for a 10-year term. Briergate Business Association District property owners continued to fund physical improvement efforts during the year.
- TIFs 3 and 4 focus on streetscape for the RBD and underdeveloped areas of the BBD, respectively. TIF 4 was enacted in December of 2017 to encourage future redevelopment of certain sites for more market oriented commercial, industrial and residential uses of the properties that will enhance their value and improve their contributions to the City and its surrounding areas. Illinois law allows local governments to designate areas within their jurisdiction as TIF districts.



These specially-designated districts are used to spur economic growth. The concept behind TIF is that by making infrastructure and other improvements to a district, additional private sector investment will be drawn to the district, thereby increasing property values and property tax revenue in the area. TIF captures the difference in existing property tax revenue within a district and future (higher) property tax revenue, after improvements have been made, to finance the cost of the improvements.

Proactive efforts by the City's elected officials and staff in times of economic growth have continued to ensure adequate reserves for sustaining service levels during periods of economic and state legislative uncertainty. With a clear emphasis on maintaining healthy reserves and a desire to ensure operating expenditures can be sustained at the current level of revenues, the 2018 budget was developed under a comprehensive set of Financial and Budgetary Policies. Significant effort was made to ensure transparency, clarity and long-term financial sustainability, as well as connectivity between revenue sources and expenditures within the fund structure.

The City's long-term economic outlook remains favorable. The 2018 average unemployment rate for the City was 3.3% compared to the State of Illinois rate of 4.3% and Lake County rate of 5.3%, sourced from the Bureau of Labor Statistics. The U.S. Census Bureau 5-year estimated average and median household incomes for the City at \$209,530 and \$137,450, respectively, according to the latest census, which placed the City among the nation's wealthiest communities with populations of 25,000 or more.

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

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

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

The City continues an aggressive investment in its capital plan for infrastructure improvements, committing \$9 million in 2019 for street, bridge, sanitary sewer, ravine remediation, storm sewer, water utility, water meter replacement, and other infrastructure improvements. A portion of water revenues are pledged for capital improvements, and related debt service, each year, in addition to the water production and distribution systems. These amounts increase annually by the Construction Cost Index to ensure that the funding commitments keep pace with inflationary construction cost increases. The annual budget preparation process includes the development of a 10-year capital improvement program, as of the 2019 budget, to ensure adequate long-term financial planning.

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

Unassigned fund balance in the general fund at December 31, 2018, is \$20.5 million, which represents 59% of 2018 general fund operating expenditures, exceeding the City's policy guidelines set by the City Council. These reserves are vital for ensuring the City's ability to sustain service levels during periods of economic and state legislative uncertainty which may result in unanticipated revenue shortfalls and to address pension funding requirements. In 2019, the City budgeted a \$908,900 reduction in general fund balance reserves for infrastructure, Priority 1 facility improvements, and reserves, consistent with the City's financial and budgetary policies. Priority 1 improvements are significant updates for the life safety and health of the public. The resulting unassigned fund balance, as a percent of general fund operating expenditures, is expected to continue to exceed the City's policy guidelines.

The City 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 over \$8.4 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 its aggressive approach to infrastructure investment consistent with its core priorities. Approximately 2,300 feet of undersized watermain was updated to new 8-inch ductile iron watermain for improved water distribution and fire flow capacity. Approximately five miles of asphalt roadways were rehabilitated, including resurfacing, reconstruction, and patching. The City repaired approximately 3,000 lineal feet of concrete streets and replaced approximately 300 concrete sidewalk panels. As part of sewer infrastructure improvements, the City lined approximately 26,000 feet of sanitary and storm sewers. Lining of old clay sewers preserves pipe capacity and extends the functional life of sewers by 50 years, while being environmentally friendly and minimizing inconvenience to residents, given no excavation. The City continued implementation of sustainable practices consistent with the City's sustainability goals. 575 new trees were planted and approximately 225 feet length of alley was paved with permeable pavers. The pavers provide improved stormwater retention and water quality benefits as compared to concrete or asphalt streets.

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

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Highland Park for its CAFR for the fiscal year ended December 31, 2017. This was the 34th consecutive year that the City received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2018. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device. A Distinguished Budget Presentation Award is valid for a period of one year only. We believe that our annual budget document for the fiscal year beginning January 1, 2019 continues to meet the Distinguished Budget Presentation Award program requirements and we have submitted it to the GFOA to determine its eligibility for another award.

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

Respectfully submitted,



Ghida S. Neukirch  
City Manager



Julie Logan  
Finance Director



Government Finance Officers Association

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

Presented to

**City of Highland Park  
Illinois**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2017**

*Christopher P. Morill*

Executive Director/CEO

# THE CITIZENS OF HIGHLAND PARK

Mayor and City Council

Corporation  
Counsel

City Manager

## City Commissions, Boards and Advisory Groups

Business and Economic  
Development Advisory Group  
Civil Service Commission / Board  
of Fire and Police Commissioners  
Cultural Arts Advisory Group  
Firefighters Pension Board  
Historic Preservation Commission  
Human Relations Advisory Group  
Joint Plan Commission  
Library Board of Trustees

Liquor Control Commission  
Natural Resources Advisory Group  
Plan and Design Commission  
Police Pension Board  
Sister Cities Foundation  
Housing Commission  
Senior Services Advisory Group  
Transportation Advisory Group  
Zoning Board of Appeals

Community  
Dev. Dept.

Public Works  
Department

Fire  
Department

Finance Dept.  
Treasurer

City Manager's  
Office

Police  
Department

Building

Planning

Engineering

Equipment  
Maintenance

Forestry

Streets &  
Storm Sewers

Transit

Water Distrib. &  
Sanitary Sewers

Water Purification  
& Production

Finance

Information  
Technology

Business  
Development

City Clerk

Communications

Human  
Resources

Senior Services

# **CITY OF HIGHLAND PARK, ILLINOIS**

## **PRINCIPAL OFFICIALS**

December 31, 2018

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### **LEGISLATIVE**

Nancy R. Rotering, Mayor

#### **City Council**

Anthony E. Blumberg

Daniel A. Kaufman

Michelle L. Holleman

Alyssa Knobel

Adam Stolberg

Kim Stone

### **ADMINISTRATIVE**

Ghida S. Neukirch, City Manager

Julie Logan, Finance Director

## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Highland Park, Illinois, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Highland Park's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

To the Mayor and City Council  
City of Highland Park

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Highland Park, Illinois, as of December 31, 2018 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note I, the City of Highland Park adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective January 1, 2018. Our opinions are not modified with respect to this matter.

As discussed in Note II.F to the financial statements, net position as of December 31, 2017 has been restated to correct a material misstatement. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

#### ***Supplementary Information***

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

To the Mayor and City Council  
City of Highland Park

*Other Information*

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2019 on our consideration of the City of Highland Park's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Highland Park's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Highland Park's internal control over financial reporting and compliance.

*Baker Tilly Virchow Krause, LLP*

Oak Brook, Illinois  
May 31, 2019



## **Management's Discussion and Analysis (Unaudited)**

The purpose of this Discussion and Analysis is to offer readers a narrative overview and analysis of the financial activities of the City of Highland Park (City) for the twelve months ended December 31, 2018. We encourage readers to consider this information along with additional information provided in the letter of transmittal, located in the Introductory Section of this report.

### **Financial Highlights**

- Total revenues were \$65.8 million, an increase of 4.7% in comparison with the prior year. The increase was significantly due to increases in charges for services \$1.5 million, sales taxes \$0.9 million, and property taxes \$0.5 million. The increase in charges for services was due to transfers from the E911 and debt service funds to pay for dispatch and capital expenditures, respectively, incurred in the General Fund. Sales were robust with sales tax increases from Manufacturers, Automotive and Filing Stations, Furniture, Household and Radio, and Agriculture and All Others. The property tax increase related to the City's accelerated contribution to public safety pensions. Consistent with State Statute, City policy is to fund public safety pensions to 90% by year 2040, as determined by a third party actuary, from a combination of property tax levy and other identified revenue sources. The City began accelerating public safety pension funding in 2016 and continued through 2017 and 2018, to minimize long-term pension cost to the property tax payer.
- Total expenditures were \$69.9 million, an increase of 5.5% in comparison with the prior year. The increase was significantly due to increases in Public Safety operating expenditures and capital improvements for Public Safety and the City's water and sewer infrastructure, consistent with the City's 10-year capital improvement plan.
- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$64.4 million (net position). The City's total net position changed \$14.9 million as compared to the prior year, primarily due to capital-related expenditures, which are not capitalized for reporting purposes, from continued acceleration of the City's capital improvement program, as budgeted, differences between expected and actual experience of the City's deferred inflows of resources related to pensions and the implementation of GASB Statement No. 75, with the reporting of the total OPEB liability. GASB Statement No. 75 is for the Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. This change in accounting principle requires the reporting of a total OPEB liability.
- Governmental funds combined ending fund balance was \$37.3 million, an increase of \$5.2 million in comparison with the prior year, significantly due increases in General and Capital Fund balances, given revenues in excess of expenditures with capital projects started in 2018 expected to complete in 2019. The resulting fund balances, as a percent of operating expenditures, continue to exceed the City's policy guidelines.
- Long-term liabilities were \$157.6 million, a \$10.5 million increase in comparison with the prior year, significantly due issuance of \$8.2 million in general obligation bonds to fund capital improvements to the City's streets and for construction of a fiber optic infrastructure network, consistent with the City's capital improvement funding plan, net of \$2.4 million in debt service payments; a \$2.4 million increase in net public safety pension obligation from differences between expected and actual experience; and a \$2.3 million increase in other long-term liabilities.
- The general fund unrestricted and unassigned fund balance was \$20.5 million, or 60.3% of 2019 general fund projected operating expenditures, exceeding the City's policy to maintain a minimum balance of 35%. As part of its 2019 budget process, the City estimated 10 years of General Fund balance, showing the City Council's decision to gradually and strategically draw down fund balance, to approximately 35% by year 2028, to fund capital and OPEB expenditures.

## Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements include City funds (primary government) and a legally separate library, for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government. The government-wide financial statements can be found on pages 14-16 of this report.

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

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

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

Eleven individual governmental funds are reported in 2018. 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 111-114 of this report.

The City adopts an annual appropriated budget for its governmental funds, with the exception of the Foreign Fire Insurance Tax Fund. Budgetary comparisons are provided to demonstrate compliance with the budget. The basic governmental fund financial statements can be found on pages 17-20 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, however in more detail. The proprietary fund financial statements provide separate information for water, sewer and parking operations, which are major funds. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the combining and individual fund statements and schedules on pages 125-131 in this report. The basic proprietary fund financial statements can be found on pages 21-25 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 26-27 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 29-91 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information. Budgetary comparisons for the general fund and major special revenue funds are provided, as well as information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information can be found on pages 92-107 of this report.

The comparison of budget-to-actual, the combining statements and related schedules are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 108-134 of this report.

## Government-wide Financial Analysis

The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$64.4 million (net position). The City's total net position changed \$14.9 million as compared to the prior year, primarily due to capital-related expenditures, which are not capitalized for reporting purposes, from continued acceleration of the City's capital improvement program, as budgeted, differences between expected and actual experience of the City's deferred inflows of resources related to pensions and the implementation of GASB Statement No. 75, with the reporting of the total OPEB liability.

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

A portion of the net position includes resources which are subject to external restrictions on usage. Unrestricted net position, if positive, may be used to meet ongoing obligations to citizens and creditors. The City's total unrestricted net position was negative \$52 million as of December 31, 2018, which changed \$4 million versus the prior year, significantly due to an increase of \$4 million in Deferred Inflows related to Pensions and OPEB.

### Condensed Statement of Net Position as of December 31, 2017 and 2018 (in Millions – Rounded)

	Governmental Activities			Business-Type Activities			Total Primary Government		
	2017	2018	Change	2017	2018	Change	2017	2018	Change
Current and Other Assets	\$56.7	\$67.6	\$10.9	\$10.0	\$9.9	(\$0.1)	\$66.7	\$77.5	\$10.8
Capital Assets	88.8	84.8	(4.0)	82.7	78.6	(4.1)	171.5	163.3	(8.2)
<b>Total Assets</b>	<b>145.5</b>	<b>152.4</b>	<b>6.9</b>	<b>92.7</b>	<b>88.4</b>	<b>(4.2)</b>	<b>238.2</b>	<b>240.8</b>	<b>2.7</b>
Deferred Outflows related to Pensions	15.2	15.5	0.3	1.1	0.3	(0.8)	16.3	15.7	(0.6)
Other Deferred Outflows	0.0	0.0	(0.0)	0.6	0.5	(0.0)	0.6	0.6	(0.1)
<b>Deferred Outflows of Resources</b>	<b>15.2</b>	<b>15.5</b>	<b>0.3</b>	<b>1.7</b>	<b>0.8</b>	<b>(0.9)</b>	<b>16.9</b>	<b>16.3</b>	<b>(0.6)</b>
Long-Term Liabilities Outstanding	95.8	108.9	13.2	51.3	48.7	(2.7)	147.1	157.6	10.5
Other Liabilities	3.9	5.3	1.4	1.3	1.0	(0.2)	5.2	6.4	1.2
<b>Total Liabilities</b>	<b>99.7</b>	<b>114.3</b>	<b>14.6</b>	<b>52.6</b>	<b>49.7</b>	<b>(2.9)</b>	<b>152.3</b>	<b>164.0</b>	<b>11.7</b>
<b>Deferred Inflows of Resources</b>	<b>23.5</b>	<b>27.3</b>	<b>3.8</b>	<b>0.0</b>	<b>1.5</b>	<b>1.4</b>	<b>23.5</b>	<b>28.8</b>	<b>5.3</b>
<b>Net Position:</b>									
Net Investment in Capital Assets	84.8	78.2	(6.6)	39.6	36.0	(3.6)	124.4	114.2	(10.2)
Restricted	2.7	2.2	(0.5)	0.0	0.0	0.0	2.7	2.2	(0.5)
Unrestricted	(49.9)	(54.1)	(4.2)	2.2	2.1	(0.1)	(47.8)	(52.0)	(4.2)
<b>Total Net Position</b>	<b>\$37.6</b>	<b>\$26.3</b>	<b>(\$11.3)</b>	<b>\$41.7</b>	<b>\$38.1</b>	<b>(\$3.6)</b>	<b>\$79.3</b>	<b>\$64.4</b>	<b>(\$14.9)</b>

\* Amounts for 2017 have not been adjusted for the City's implementation of GASB No. 75 in 2018.

The City reports positive balances in two of the three categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities, as of December 31, 2018. 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 and OPEB obligations can be found in Notes III.A. and C. to the Financial Statements on pages 67-82 and 85-89, respectively, of this report.

**Condensed Statement of Activities**  
**as of December 31, 2017 and 2018**  
(in Millions – Rounded)

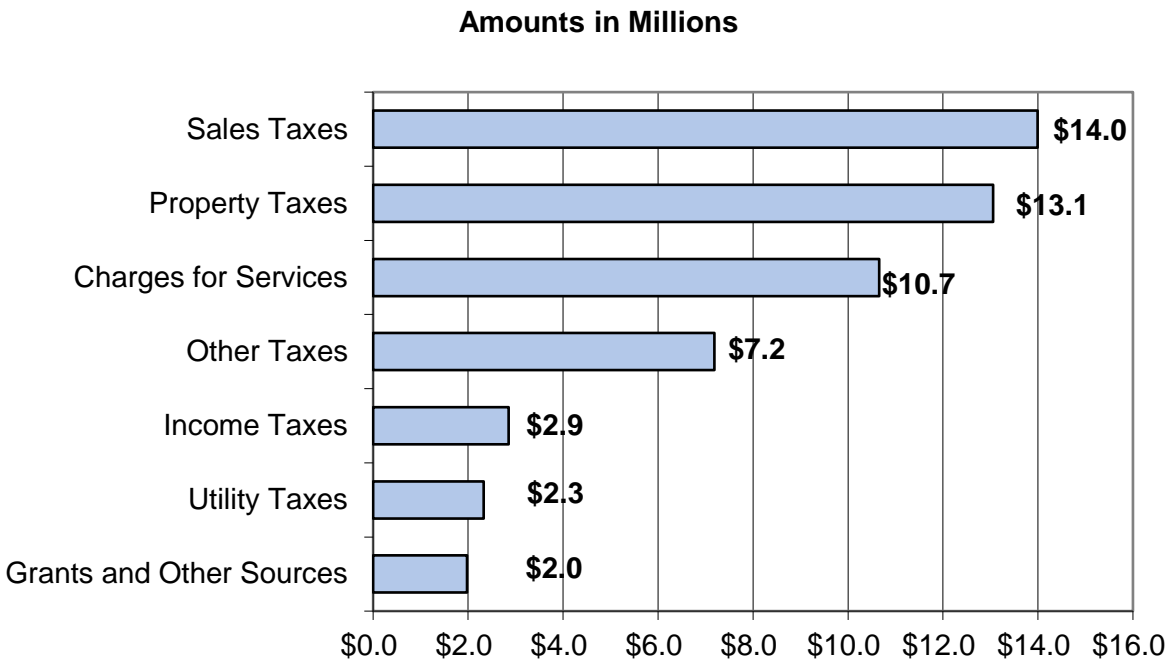
	Governmental Activities		Business-Type Activities		Total Primary Government		
	2017	2018	2017	2018	2017	2018	Change
Program Revenues:							
Charges for Services	\$9.5	\$10.7	\$13.2	\$13.5	\$22.7	\$24.2	\$1.5
Operating Grants	0.9	0.8	0.1	0.1	1.0	0.9	(0.1)
Capital Grants	0.2	0.3			0.2	0.3	0.1
General Revenues:							
Sales Taxes	13.1	14.0			13.1	14.0	0.9
Property Taxes	12.6	13.1			12.6	13.1	0.5
Other Taxes	11.9	11.7			11.9	11.7	(0.3)
Payment in Lieu of Taxes	0.8	0.7			0.8	0.7	(0.1)
Other	0.4	0.9	0.1	0.1	0.5	1.0	0.5
<b>Total Revenues</b>	<b>49.4</b>	<b>52.1</b>	<b>13.4</b>	<b>13.7</b>	<b>62.8</b>	<b>65.8</b>	<b>2.9</b>
Expenses:							
Public Safety	26.1	28.7			26.1	28.7	2.5
Economic/Physical Development	7.9	8.2			7.9	8.2	0.3
Public Works	7.5	7.3			7.5	7.3	(0.3)
General Government	7.5	6.8			7.5	6.8	(0.8)
Transit	1.3	1.4			1.3	1.4	0.1
Commissions	0.4	0.2			0.4	0.2	(0.3)
Interest	0.2	0.4			0.2	0.4	0.2
Water			9.4	10.9	9.4	10.9	1.5
Sewer			4.8	5.2	4.8	5.2	0.4
Parking			0.9	0.9	0.9	0.9	(0.0)
<b>Total Expenses</b>	<b>51.0</b>	<b>52.8</b>	<b>15.2</b>	<b>17.1</b>	<b>66.3</b>	<b>69.9</b>	<b>3.6</b>
Increase/(Decrease) in Net Assets before Transfers	(1.7)	(0.7)	(1.8)	(3.3)	(3.4)	(4.1)	(0.7)
Transfers	-	-	-	-	-	-	-
<b>Change in Net Position</b>	<b>(\$1.7)</b>	<b>(\$0.7)</b>	<b>(\$1.8)</b>	<b>(\$3.3)</b>	<b>(\$3.4)</b>	<b>(\$4.1)</b>	<b>(\$0.7)</b>

\* Amounts for 2017 have not been adjusted for the City's implementation of GASB No. 75 in 2018.

Total revenues were \$65.8 million, an increase of 4.7% in comparison with the prior year. The increase was significantly due to increases in charges for services \$1.5 million, sales taxes \$0.9 million, and property taxes \$0.5 million. The increase in charges for services was due to transfers from the E911 and debt service funds to pay for dispatch and capital expenditures, respectively, incurred in the General Fund. Sales were robust with sales tax increases from Manufacturers, Automotive and Filing Stations, Furniture, Household and Radio, and Agriculture and All Others. The property tax increase related to the City's accelerated contribution to public safety pensions. Consistent with State Statute, City policy is to fund public safety pensions to 90% by year 2040, as determined by a third party actuary, from a combination of property tax levy and other identified revenue sources. The City began accelerating public safety pension funding in 2016 and continued through 2017 and 2018, to minimize long-term pension cost to the property tax payer.

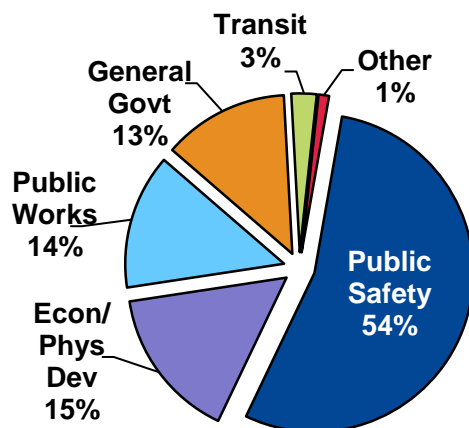
Total expenditures were \$69.9 million, an increase of 5.5% in comparison with the prior year. The increase was significantly due to increases in Public Safety operating expenditures and capital improvements for Public Safety and the City's water and sewer infrastructure, consistent with the City's 10-year capital improvement plan.

## Revenues by Source — Governmental Activities



Sales taxes account for the greatest proportion of funding for governmental activities, followed by property taxes, charges for services, and other taxes. The City has a continued conservative approach to managing expenses, with growth in expenses closely monitored each year and operating departments encouraged to contain non-personnel related operating costs. However, the City has continued an aggressive capital improvement plan, consistent with City priorities, investing \$6.1 million during 2018 in infrastructure, facilities, and equipment improvements from governmental revenues.

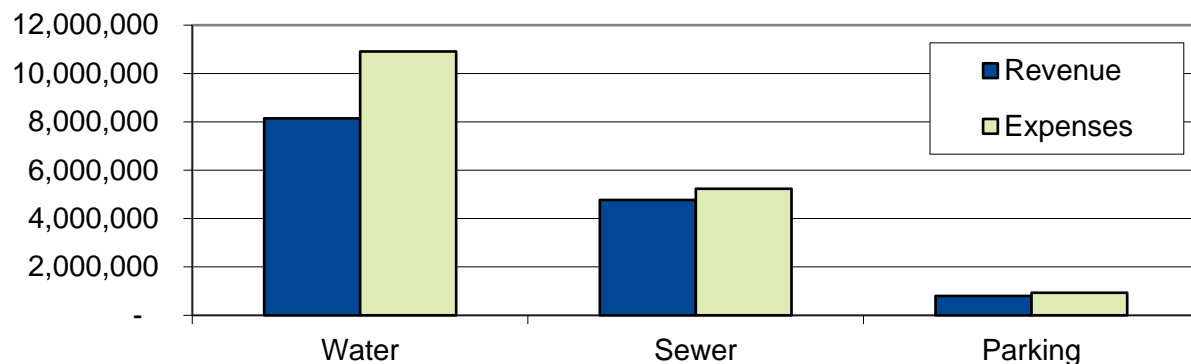
## Expenses by Activity — Governmental Activities



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

## Business-Type Activities

Business-type activities decreased the City's net position by \$3.3 million, primarily due to business activity capital-related expenditures, which are not capitalized for reporting purposes, from continued acceleration of the City's capital improvement program, as budgeted and consistent with City priorities. Business-type activities are intended to be self-sufficient, meaning charges for services and other revenues should be sufficient to cover costs associated with the operation and debt service for capital-related debt, over time. The following graph shows a comparison of revenues and expenses of each business-type activity:



The water utility fund, sewer utility fund, and parking operations fund net positions declined by \$2.7 million, \$0.5 million and \$0.1 million, respectively, primarily to due to the continued acceleration of the City's capital improvement program and depreciation.

## Financial Analysis of the City's Funds

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

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

As of December 31, 2018, the governmental funds combined ending fund balance was \$37.3 million, an increase of \$5.2 million in comparison with the prior year, significantly due to higher general revenues, an increase in property taxes and the receipt of bond proceeds from the issue of general obligation bonds to pay for infrastructure improvements, along with capital spending less than anticipated given infrastructure projects continuing into 2019. 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, \$20.5 million is unassigned fund balance available for spending at the government's discretion. As a measure of the General Fund's liquidity, it is useful to compare unassigned fund balance to total fund expenditures. It is prudent for a government to maintain an appropriate level of fund balance, generally based on the historical and projected stability and predictability of the underlying revenues and expenditures, to meet unanticipated revenue shortfalls, small increases in service delivery costs or emergency situations. Unassigned fund balance represents 59% of 2018 total General Fund operating expenditures, exceeding the City's policy target of 35%. As part of its 2018 budget process, the City estimated 10 years of general fund balance, showing the City Council's decision to gradually and strategically draw down fund balance, over five years, to approximately 35% by year 2029, to fund capital improvements and other postemployment benefits (OPEB) expenditures.

Committed fund balance totaling \$2 million is not available for discretionary spending as it is targeted for transportation and sustainability initiatives. The City also reports an assigned fund balance of \$8.8 million in the general fund to meet future obligations for other post-employment benefits and capital projects. Please refer to page 17 for a detailed description and amounts of assigned and committed fund balance.

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

The capital projects fund has a fund balance of \$2.8 million at December 31, 2018, greater than the City's target of zero. During 2018, the fund balance increased \$2.6 million due capital the receipt of bond proceeds from the issue of general obligation bonds to pay for infrastructure improvements, along with capital spending less than anticipated given infrastructure projects continuing into 2019.

Nonmajor governmental funds combined fund balance of \$5.2 million at year end declined \$0.9 million from the prior year, significantly due to strategic fund drawdowns of excess reserves from the Motor Fuel Tax and debt service funds to pay for eligible capital improvements and a strategic fund drawdown of excess reserves from the E911 Fund to pay for eligible dispatch costs. The debt service fund is included in nonmajor governmental funds and had a total fund balance of \$1 million, which is assigned for the payment of debt service.

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

Net positions of the water utility, sewer utility, and parking system funds were \$14.7 million, \$20 million, and \$3.4 million, respectively. The total reduction in net position for proprietary funds, combined, was \$3.3 million. Factors concerning the finances of these funds have been addressed in the discussion of the City's Financial Highlights and Business-type Activities sections of this Management, Discussion and Analysis.

### **General Fund Budgetary Highlights**

Actual revenues exceeded budget by \$1.2 million. Highlights of revenue variances to budget include positive revenue variances realized in municipal sales tax, licenses and permits, charges for services, and investment income, net of lower revenue versus budget in real estate transfer tax, fines and forfeitures, and other revenue.

The General Fund budget was amended during the fiscal year to transfer appropriations between operating departments and to provide for unanticipated expenditures. Total General Fund expenditures were 92% of budget, resulting in a budgetary savings of \$2.9 million. The City continued to closely monitor economic and state legislative trends to gauge the potential impact on the City's budget in 2018. Expenditures continued to be reduced and deferred whenever possible, and privatization of services was considered when a cost savings and consistent level of service could be achieved. Additionally, some capital projects originally budgeted for completion in 2018 will extend into and complete in 2019. Highlights of expenditure variances to budget are noted below.

- Reserve and contingency was \$0.9 million less than budget. The variance is due to the City's reserve for OPEB, which is treated as an expenditure for budget purposes and an assignment of general fund balance for financial reporting purposes.
- Expenditure variances less than budget were also realized in General Government (\$0.8 million), Economic and Physical Development (\$0.5 million), Public Works (\$0.4 million), Public Safety (\$0.2 million), and Commissions (\$0.1 million), significantly due to efficiency improvements and expenditure deferrals.



## Capital Asset and Debt Administration

**Capital Assets.** The combined investment in capital assets for governmental and business-type activities as of December 31, 2018 was \$163.3 million and \$103.6 million, respectively, net of both accumulated depreciation and outstanding related debt. Capital assets include land, buildings, other improvements, machinery and equipment, streets, bridges, sanitary and storm sewers, and water production and distribution systems. A \$4 million decline in buildings and improvements resulted from \$5 million of additional depreciation, net of \$1 million of new assets. A \$2.6 million increase in infrastructure resulted from \$6.8 million of infrastructure improvements, net of \$4.2 million of additional depreciation. 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, 2017 and 2018 (in Millions – Rounded)

	Governmental activities		Business-type activities		Total Primary Government		
	2017	2018	2017	2018	2017	2018	Change
Land	\$13.6	\$13.6	\$1.4	\$1.4	\$15.0	\$15.0	(0.0)
Buildings & improvements	39.4	38.4	38.6	35.6	78.0	74.0	(4.0)
Machinery & equipment	4.2	4.5	0.7	1.1	4.8	5.6	0.8
Infrastructure	23.3	25.7	38.8	38.9	62.0	64.6	2.6
Construction in progress	1.4	2.6	3.2	1.5	4.6	4.1	(0.5)
<b>Total</b>	<b>\$81.7</b>	<b>\$84.8</b>	<b>\$82.7</b>	<b>\$78.6</b>	<b>\$164.4</b>	<b>\$163.3</b>	<b>(1.1)</b>

\* Amounts for 2017 have been restated for Governmental Activities.

**Long-term debt.** At the end of 2018, long-term debt outstanding was \$59.7 million, of which \$11.7 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, 2017 and 2018 (in Millions – Rounded)

	Governmental activities		Business-type activities		Total Primary Government		
	2017	2018	2017	2018	2017	2018	Change
General Obligation Debt	\$4.1	\$11.7	\$44.8	\$43.1	\$48.8	\$54.8	\$6.0
IEPA Loan Payable	0.0	0.0	5.1	4.9	5.1	4.9	-0.2
<b>Total Long-term Debt</b>	<b>\$4.1</b>	<b>\$11.7</b>	<b>\$49.9</b>	<b>\$48.0</b>	<b>\$53.9</b>	<b>\$59.7</b>	<b>\$5.8</b>
Net Pension Obligation	82.5	85.4	1.0	0.5	83.5	85.9	2.4
Other Long-term Liabilities	9.2	11.8	0.4	0.2	9.7	12.0	2.3
<b>Total Long-term Liabilities</b>	<b>\$95.8</b>	<b>\$108.9</b>	<b>\$51.3</b>	<b>\$48.7</b>	<b>\$147.1</b>	<b>\$157.6</b>	<b>\$10.5</b>

\* Amounts for 2017 have not been adjusted for the City's implementation of GASB No. 75 in 2018.

Total debt increased by \$5.8 million, consistent with the City's capital improvement program. The City's general obligation bonds maintain a "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.

In 2018, the City issued \$7.9 million in general obligation bonds to fund capital improvements to the City's streets and for construction of a fiber optic infrastructure network. General Obligation Bonds were used to obtain the lowest interest rate possible. Under the 1970 Illinois Constitution, there is no legal debt limit for home rule municipalities, except as set by the General Assembly. If the City were subject to such a limitation, outstanding indebtedness could not exceed 8.625%

of equalized assessed valuation. Currently, the City's debt of \$53.9 million represents 2.5% of the City's equalized assessed valuation. Additional information on the City's long-term debt can be found in the Notes to Financial Statements Note II E. of this report.

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

The City has a long-standing heritage as one of the prestigious communities along Chicagoland's "north shore" of Lake Michigan. The long-term economic outlook remains strong as the City's stable property tax base consists of over 90% residential property. Economic trends continue to be strong, with gradual annual increases in revenues driven by the economic climate. The City has experienced continued strength in 2018 for sales tax, building permit, license, and other tax revenues. Retail occupancy increased from 89% at the start of 2018 to 90.5% at the close of 2018. Assessed valuations are relatively stable as compared to the prior year. Sales tax continues to be the largest revenue source for general fund operations. The City continues to monitor this revenue closely and continues to take steps to enhance retail sales in the City. Other economic factors impacting the City's budget are as follows.

- The unemployment rate for the City is consistently lower than Lake County and the State of Illinois. The 2018 average unemployment rate for the City was 3.3% compared to the State of Illinois rate of 4.3% and Lake County rate of 5.3%, as sourced from the Bureau of Labor Statistics.
- The City had average and median household incomes of \$209,530 and \$137,450, respectively, according to the U.S. Census Bureau American Community Survey estimates 2012 to 2018, which placed the City among the nation's wealthiest communities with populations of 25,000 or more.

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

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

In response to national economic conditions, the City continued to take steps to ensure fiscal sustainability in preparing the 2019 budget, deferring non-essential expenditures, pursuing shared services, joint bidding and increased efficiency in operations, and analyzing fees to achieve greater cost recovery.

As a result of conservative efforts, the City has been able to accumulate a General Fund Balance in excess of the City's policy of a 35% reserve. The Mayor and City Council have approved policies to strategically and gradually drawdown excess reserves to complete one-time capital improvements, over the capital improvement period 2019-2028, developed as part of the 2019 Budget. Included in the 2019 budget are investments into City facilities and equipment, Bike Walk Plan 2030 improvements, tree replacement, and funding for other post-employment benefits.

### **Requests for Information**

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

# CITY OF HIGHLAND PARK

## STATEMENT OF NET POSITION As of December 31, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Totals	Highland Park Public Library	Highland Park Housing Associations
<b>ASSETS</b>					
Cash	\$ 43,295,777	\$ 6,953,419	\$ 50,249,196	\$ 1,888,182	\$ 1,602,616
Investments	-	-	-	2,754,000	-
Receivables (net)					
Property taxes	14,169,398	-	14,169,398	4,948,300	-
Motor fuel tax allotments	177,007	-	177,007	-	-
Intergovernmental	4,939,141	95,558	5,034,699	-	-
Loans	250,000	-	250,000	-	-
Accounts	1,069,726	1,681,833	2,751,559	-	23,957
Other	-	-	-	11,672	8,182
Prepaid items	4,635	-	4,635	1,515	50,037
Deposits	78,924	-	78,924	-	-
Net pension asset	3,655,049	1,164,994	4,820,043	975,332	-
Restricted cash	-	-	-	-	1,102,635
Capital Assets					
Capital assets not being depreciated	16,183,030	2,865,360	19,048,390	500,000	220,000
Capital assets being depreciated, net	68,574,145	75,686,833	144,260,978	5,457,249	4,723,764
Total Assets	<u>152,396,832</u>	<u>88,447,997</u>	<u>240,844,829</u>	<u>16,536,250</u>	<u>7,731,191</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Unamortized loss on refunding	34,381	532,920	567,301	-	-
Deferred outflows related to pensions	15,462,148	262,571	15,724,719	219,825	-
Total Deferred Outflows of Resources	<u>15,496,529</u>	<u>795,491</u>	<u>16,292,020</u>	<u>219,825</u>	<u>-</u>
<b>LIABILITIES</b>					
Accounts payable	4,496,032	701,848	5,197,880	153,446	115,187
Accrued payroll	573,737	68,195	641,932	123,025	-
Accrued interest payable	901	12,162	13,063	-	115,381
Accrued real estate taxes	-	-	-	-	119,452
Unearned revenue	210,965	216,649	427,614	80,804	246,466
Deposits	57,153	12,500	69,653	-	-
Noncurrent Liabilities					
Due within one year	1,234,957	2,043,611	3,278,568	45,000	352,989
Due in more than one year	107,705,833	46,620,452	154,326,285	1,127,089	8,013,031
Total Liabilities	<u>114,279,578</u>	<u>49,675,417</u>	<u>163,954,995</u>	<u>1,529,364</u>	<u>8,962,506</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property taxes levied for future periods	14,169,398	-	14,169,398	4,948,300	-
Deferred inflows related to pensions	12,545,360	1,421,555	13,966,915	1,190,124	-
Deferred inflows related to OPEB	609,046	33,333	642,379	12,264	-
Total Deferred Inflows of Resources	<u>27,323,804</u>	<u>1,454,888</u>	<u>28,778,692</u>	<u>6,150,688</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	78,196,858	36,017,027	114,213,885	5,097,249	-
Restricted for					
Economic development	1,468,596	-	1,468,596	-	-
Public safety	521,164	-	521,164	-	-
Streets	194,194	-	194,194	-	-
Library materials	-	-	-	45,312	-
Working cash	-	-	-	376,902	-
Unrestricted (deficit)	<u>(54,090,833)</u>	<u>2,096,156</u>	<u>(51,994,677)</u>	<u>3,556,560</u>	<u>(1,231,315)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 26,289,979</u>	<u>\$ 38,113,183</u>	<u>\$ 64,403,162</u>	<u>\$ 9,076,023</u>	<u>\$ (1,231,315)</u>

See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK

## STATEMENT OF ACTIVITIES For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 6,756,414	\$ 2,372,699	\$ -	\$ -
Public safety	28,676,247	3,483,336	14,580	-
Public works	7,258,400	1,417,119	761,804	306,139
Transit	1,357,141	1,436,742	-	-
Commissions	157,299	-	-	-
Economic and physical development	8,188,294	1,948,457	-	-
Interest and fiscal charges	404,873	-	-	-
Total Governmental Activities	<u>52,798,668</u>	<u>10,658,353</u>	<u>776,384</u>	<u>306,139</u>
Business-type Activities				
Water	10,907,442	8,017,280	70,762	-
Sewer	5,232,836	4,705,795	28,561	-
Motor Vehicle Parking System	930,884	798,021	-	-
Total Business-type Activities	<u>17,071,162</u>	<u>13,521,096</u>	<u>99,323</u>	<u>-</u>
Total Primary Government	<u>\$ 69,869,830</u>	<u>\$ 24,179,449</u>	<u>\$ 875,707</u>	<u>\$ 306,139</u>
Component Unit				
Highland Park Public Library	\$ 4,805,372	\$ 90,645	\$ 229,841	\$ -
Highland Park Housing Associations	<u>2,263,934</u>	<u>2,645,160</u>	<u>-</u>	<u>-</u>
Total Component Unit	<u>\$ 7,069,306</u>	<u>\$ 2,735,805</u>	<u>\$ 229,841</u>	<u>\$ -</u>
General Revenues				
Taxes				
Property taxes				
Sales taxes				
Home rule sales tax				
Utility taxes				
Franchise fees				
Real estate transfer tax				
Other taxes				
Intergovernmental				
Income taxes				
Personal property replacement taxes				
Payment in lieu of taxes				
Interest income				
Miscellaneous				
Total General Revenues				
Change in net position				
NET POSITION - Beginning of Year (as restated)				
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
\$ (4,383,715)	\$ -	\$ (4,383,715)	\$ -	\$ -
(25,178,331)	-	(25,178,331)	-	-
(4,773,338)	-	(4,773,338)	-	-
79,601	-	79,601	-	-
(157,299)	-	(157,299)	-	-
(6,239,837)	-	(6,239,837)	-	-
(404,873)	-	(404,873)	-	-
<u>(41,057,792)</u>	<u>-</u>	<u>(41,057,792)</u>	<u>-</u>	<u>-</u>
-	(2,819,400)	(2,819,400)	-	-
-	(498,480)	(498,480)	-	-
-	(132,863)	(132,863)	-	-
<u>-</u>	<u>(3,450,743)</u>	<u>(3,450,743)</u>	<u>-</u>	<u>-</u>
<u>(41,057,792)</u>	<u>(3,450,743)</u>	<u>(44,508,535)</u>	<u>-</u>	<u>-</u>
-	-	-	(4,484,886)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>381,226</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,484,886)</u>	<u>381,226</u>
13,056,531	-	13,056,531	4,864,128	-
9,907,422	-	9,907,422	-	-
4,084,480	-	4,084,480	-	-
2,330,522	-	2,330,522	-	-
1,922,755	-	1,922,755	-	-
1,692,383	-	1,692,383	-	-
2,577,041	-	2,577,041	-	-
2,850,286	-	2,850,286	-	-
286,914	-	286,914	40,371	-
704,250	-	704,250	-	-
896,614	177,946	1,074,560	77,475	14,015
-	(66,590)	(66,590)	-	504,420
<u>40,309,198</u>	<u>111,356</u>	<u>40,420,554</u>	<u>4,981,974</u>	<u>518,435</u>
(748,594)	(3,339,387)	(4,087,981)	497,088	899,661
<u>27,038,573</u>	<u>41,452,570</u>	<u>68,491,143</u>	<u>8,578,935</u>	<u>(2,130,976)</u>
<u>\$ 26,289,979</u>	<u>\$ 38,113,183</u>	<u>\$ 64,403,162</u>	<u>\$ 9,076,023</u>	<u>\$ (1,231,315)</u>

See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK

## BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2018

	General	Public Safety Pension Levy	Capital Projects	Nonmajor Governmental Funds	Totals
<b>ASSETS</b>					
Cash	\$ 27,296,112	\$ -	\$ 3,674,766	\$ 5,149,159	\$ 36,120,037
Receivables (net)					
Property taxes	3,849,700	6,270,000	1,200,000	2,849,698	14,169,398
Motor fuel tax allotments	-	-	-	177,007	177,007
Intergovernmental	4,688,840	-	250,301	-	4,939,141
Loans	-	-	250,000	-	250,000
Accounts	484,743	-	35,538	64,382	584,663
Deposits	-	-	-	78,924	78,924
Prepaid items	4,276	-	-	359	4,635
Due from other funds	47,713	-	-	-	47,713
<b>TOTAL ASSETS</b>	<b>\$ 36,371,384</b>	<b>\$ 6,270,000</b>	<b>\$ 5,410,605</b>	<b>\$ 8,319,529</b>	<b>\$ 56,371,518</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 2,431,873	\$ -	\$ 1,452,349	\$ 190,690	\$ 4,074,912
Accrued liabilities	506,179	-	-	43,861	550,040
Due to other funds	-	-	-	47,713	47,713
Unearned revenue	198,623	-	-	-	198,623
Deposits	54,153	-	3,000	-	57,153
Total Liabilities	<u>3,190,828</u>	<u>-</u>	<u>1,455,349</u>	<u>282,264</u>	<u>4,928,441</u>
<b>Deferred Inflows of Resources</b>					
Property taxes levied for future periods	3,849,700	6,270,000	1,200,000	2,849,698	14,169,398
Unavailable revenue for other	22,000	-	-	-	22,000
Total Deferred Inflows of Resources	<u>3,871,700</u>	<u>6,270,000</u>	<u>1,200,000</u>	<u>2,849,698</u>	<u>14,191,398</u>
<b>Fund Balances</b>					
Nonspendable for prepaid items	4,276	-	-	359	4,635
Restricted for:					
Streets	-	-	-	194,194	194,194
Public safety	-	-	-	521,164	521,164
Economic development	-	-	-	1,468,596	1,468,596
Capital projects	-	-	2,755,256	-	2,755,256
Committed for:					
Sustainability initiatives	-	-	-	333,356	333,356
Transportation	-	-	-	1,698,530	1,698,530
Assigned for:					
Capital projects	342,949	-	-	-	342,949
Other postemployment benefits	8,489,895	-	-	-	8,489,895
Debt service	-	-	-	971,368	971,368
Unassigned:					
General fund	<u>20,471,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,471,736</u>
Total Fund Balances	<u>29,308,856</u>	<u>-</u>	<u>2,755,256</u>	<u>5,187,567</u>	<u>37,251,679</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 36,371,384</b>	<b>\$ 6,270,000</b>	<b>\$ 5,410,605</b>	<b>\$ 8,319,529</b>	<b>\$ 56,371,518</b>

See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK

## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION As of December 31, 2018

Total Fund Balances - Governmental Funds	\$ 37,251,679
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. See Note II.C.	84,757,175
Less amount reported in internal service funds below.	(3,699,777)
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.	22,000
Loss on refunding on bonds is reported as a deferred outflow on the statement of net position.	34,381
Unamortized premiums/discounts on bonds are reported as liabilities on the statement of net position.	(452,005)
Accrued interest on long-term liabilities is shown as a liability on the statement of net position.	(901)
Net pension assets related to pensions do not relate to current financial resources and are not reported in the governmental funds.	3,655,049
Less amount reported in internal service funds below	(321,072)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	15,462,148
Less amount reported in internal service funds below.	(72,365)
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.	(12,545,360)
Less amount reported in internal service funds below.	391,780
Deferred inflows related to other post employment benefits do not relate to current financial resources and are not reported in the governmental funds.	(609,046)
Less amount reported in internal service funds below.	10,124
The compensated absences liability for the City and certain claims payable are not due and payable in the current period and, therefore, not reported in the governmental funds.	(1,608,986)
Less amount reported in internal service funds below.	70,591
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	(11,272,352)
Net pension liability - Firefighters' Pension	(38,925,126)
Net pension liability - Police Pension	(46,466,720)
Claims payable	(788,993)
Total OPEB liability	(9,426,608)
Less amount reported in internal service funds below.	156,691
The net position of the internal service funds are included in the governmental activities in the statement of net position.	<u>10,667,672</u>
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 26,289,979</u></b>

See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2018

	General	Public Safety Pension Levy	Capital Projects	Nonmajor Governmental Funds	Totals
<b>REVENUES</b>					
Property taxes	\$ 3,775,235	\$ 6,230,650	\$ 635,048	\$ 2,415,598	\$ 13,056,531
Personal property replacement tax	286,914	-	-	-	286,914
Licenses and permits	2,161,419	-	-	1,103,423	3,264,842
Public charges for services	2,814,414	-	-	848,002	3,662,416
Municipal sales tax	13,542,520	-	449,382	-	13,991,902
Utility taxes	2,330,522	-	-	-	2,330,522
Real estate transfer tax	1,692,383	-	-	-	1,692,383
Intergovernmental	14,580	-	-	141,391	155,971
State income tax	2,850,286	-	-	-	2,850,286
Franchise tax	1,922,755	-	-	-	1,922,755
Payments in lieu of taxes	704,250	-	-	-	704,250
Other taxes	1,911,258	-	-	524,392	2,435,650
Reimbursements	261,691	-	316,089	1,436,742	2,014,522
Fines, forfeitures and penalties	547,822	-	-	14,300	562,122
Motor fuel tax	-	-	-	761,804	761,804
Interest income	456,290	-	192,663	58,785	707,738
Net change in fair value of investments	70,145	-	-	-	70,145
Miscellaneous	471,958	-	-	72,503	544,461
Total Revenues	<u>35,814,442</u>	<u>6,230,650</u>	<u>1,593,182</u>	<u>7,376,940</u>	<u>51,015,214</u>
<b>EXPENDITURES</b>					
Current					
General government	7,253,903	-	-	-	7,253,903
Public safety	20,829,243	6,230,650	-	153,574	27,213,467
Public works	2,873,395	-	-	2,742,359	5,615,754
Transit	-	-	-	1,354,645	1,354,645
Commissions	157,299	-	-	-	157,299
Economic and physical development	3,713,019	-	-	294,829	4,007,848
Capital Outlay	-	-	6,942,117	-	6,942,117
Debt Service					
Principal	-	-	-	478,510	478,510
Interest and fiscal charges	-	-	-	448,082	448,082
Total Expenditures	<u>34,826,859</u>	<u>6,230,650</u>	<u>6,942,117</u>	<u>5,471,999</u>	<u>53,471,625</u>
Excess (deficiency) of revenues over expenditures	<u>987,583</u>	<u>-</u>	<u>(5,348,935)</u>	<u>1,904,941</u>	<u>(2,456,411)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
General obligation debt issued	-	-	7,900,000	-	7,900,000
Premium on debt issued	-	-	292,111	-	292,111
Transfers in	2,036,035	-	750,400	220,000	3,006,435
Transfers out	-	-	(1,036,976)	(3,006,435)	(4,043,411)
Sales of capital assets	534,505	-	-	-	534,505
Total Other Financing Sources (Uses)	<u>2,570,540</u>	<u>-</u>	<u>7,905,535</u>	<u>(2,786,435)</u>	<u>7,689,640</u>
<b>Net Change in Fund Balances</b>	3,558,123	-	2,556,600	(881,494)	5,233,229
FUND BALANCES - Beginning of Year	<u>25,750,733</u>	<u>-</u>	<u>198,656</u>	<u>6,069,061</u>	<u>32,018,450</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 29,308,856</u>	<u>\$ -</u>	<u>\$ 2,755,256</u>	<u>\$ 5,187,567</u>	<u>\$ 37,251,679</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, 2018

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Net change in fund balances - total governmental funds	\$ 5,233,229
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements	4,713,752
Depreciation is reported in the government-wide financial statements	(3,436,963)
Net book value of assets retired	(20,713)
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	(7,900,000)
Principal repaid	478,510
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	(236,818)
Deferred charge on refunding	(11,460)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Compensated absences	51,837
Net pension asset - IMRF	3,333,977
Net pension liability - IMRF	3,151,753
Net pension liability - Police Pension	(3,042,361)
Net pension liability - Firefighters' Pension	(3,392,335)
Total OPEB liability	597,436
Deferred inflows of resources related to OPEB	(598,922)
Deferred outflows of resources related to pensions	566,452
Deferred inflows of resources related to pensions	(1,835,408)
Accrued interest on debt	(624)
The change in claims payable is shown as an expense on the statement of activities.	192,020
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.	1,408,044
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ (748,594)</u></b>

# CITY OF HIGHLAND PARK

## STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Fund - Motor Vehicle Parking System	Totals	
<b>ASSETS</b>					
Current Assets					
Cash and cash equivalents	\$ 3,814,986	\$ 2,521,492	\$ 616,941	\$ 6,953,419	\$ 7,175,740
Accounts receivable (net)	1,134,150	547,683	-	1,681,833	485,063
Due from other organizations	-	-	95,558	95,558	-
Net pension asset	836,003	328,991	-	1,164,994	321,072
Total Current Assets	<u>5,785,139</u>	<u>3,398,166</u>	<u>712,499</u>	<u>9,895,804</u>	<u>7,981,875</u>
Noncurrent Assets					
Capital Assets					
Land	66,958	-	1,319,165	1,386,123	-
Construction in progress	1,164,614	314,623	-	1,479,237	1,938,897
Infrastructure	-	-	608,196	608,196	-
Parking facilities and equipment	-	-	4,380,632	4,380,632	-
Water and sewer plant and equipment	89,486,448	75,046,049	-	164,532,497	-
Improvements other than buildings	-	-	58,439	58,439	-
Machinery, equipment and furnishings	-	-	-	-	11,108,340
Less: Accumulated depreciation	(36,659,742)	(53,686,497)	(3,546,692)	(93,892,931)	(9,347,460)
Total Noncurrent Assets	<u>54,058,278</u>	<u>21,674,175</u>	<u>2,819,740</u>	<u>78,552,193</u>	<u>3,699,777</u>
Total Assets	<u>59,843,417</u>	<u>25,072,341</u>	<u>3,532,239</u>	<u>88,447,997</u>	<u>11,681,652</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Unamortized loss on advanced refunding	532,920	-	-	532,920	-
Deferred outflows related to pensions	188,422	74,149	-	262,571	72,365
Total Deferred Outflows of Resources	<u>721,342</u>	<u>74,149</u>	<u>-</u>	<u>795,491</u>	<u>72,365</u>

See accompanying notes to financial statements.

	Business-type Activities - Enterprise Funds				
	Water	Sewer	Nonmajor Enterprise Fund - Motor Vehicle Parking System	Totals	Governmental Activities - Internal Service Funds
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable	\$ 233,087	\$ 417,129	\$ 51,632	\$ 701,848	\$ 421,120
Accrued liabilities	53,129	22,509	4,719	80,357	23,697
Deposits	12,500	-	-	12,500	-
Unearned revenue	216,389	-	260	216,649	12,342
Long-term debt - due within one year	<u>1,650,206</u>	<u>393,405</u>	<u>-</u>	<u>2,043,611</u>	<u>14,118</u>
Total Current Liabilities	<u>2,165,311</u>	<u>833,043</u>	<u>56,611</u>	<u>3,054,965</u>	<u>471,277</u>
Noncurrent Liabilities					
Long-Term Debt					
Due in more than one year	<u>42,648,053</u>	<u>3,876,581</u>	<u>95,818</u>	<u>46,620,452</u>	<u>213,164</u>
Total Noncurrent Liabilities	<u>42,648,053</u>	<u>3,876,581</u>	<u>95,818</u>	<u>46,620,452</u>	<u>213,164</u>
Total Liabilities	<u>44,813,364</u>	<u>4,709,624</u>	<u>152,429</u>	<u>49,675,417</u>	<u>684,441</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions	1,020,112	401,443	-	1,421,555	391,780
Deferred inflows related to OPEB	<u>17,718</u>	<u>9,424</u>	<u>6,191</u>	<u>33,333</u>	<u>10,124</u>
Total Deferred Inflows of Resources	<u>1,037,830</u>	<u>410,867</u>	<u>6,191</u>	<u>1,454,888</u>	<u>401,904</u>
<b>NET POSITION</b>					
Net investment in capital assets	15,342,922	17,854,365	2,819,740	36,017,027	3,699,777
Unrestricted	<u>(629,357)</u>	<u>2,171,634</u>	<u>553,879</u>	<u>2,096,156</u>	<u>6,967,895</u>
<b>TOTAL NET POSITION</b>	<u>\$ 14,713,565</u>	<u>\$ 20,025,999</u>	<u>\$ 3,373,619</u>	<u>\$ 38,113,183</u>	<u>\$ 10,667,672</u>

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, 2018

	Business-type Activities - Enterprise Funds				
			Nonmajor Enterprise Fund - Motor Vehicle Parking System		Governmental Activities - Internal Service Funds
	Water	Sewer		Totals	
<b>OPERATING REVENUES</b>					
Water sales	\$ 7,859,074	\$ -	\$ -	\$ 7,859,074	\$ -
Sanitary sewer charges	-	2,342,169	-	2,342,169	-
Stormwater management fees	-	2,291,825	-	2,291,825	-
Water/sewer permit fees	116,307	42,500	-	158,807	-
Parking lot collections	-	-	609,265	609,265	-
Parking violations	-	-	188,756	188,756	-
Charges for goods and services	-	-	-	-	8,711,505
Miscellaneous	41,899	29,301	-	71,200	31,131
Total Operating Revenues	<u>8,017,280</u>	<u>4,705,795</u>	<u>798,021</u>	<u>13,521,096</u>	<u>8,742,636</u>
<b>OPERATING EXPENSES</b>					
Personal services	2,335,942	1,095,607	312,527	3,744,076	1,182,776
Contractual services	1,166,981	613,548	288,781	2,069,310	5,532,584
Materials and supplies	345,057	63,673	17,725	426,455	535,246
Small tools and equipment	182,604	1,498,874	38,181	1,719,659	279,973
Administrative reimbursements	1,272,000	-	99,000	1,371,000	-
Repairs and maintenance	-	-	-	-	422,179
Depreciation	4,339,044	1,850,929	174,670	6,364,643	467,861
Total Operating Expenses	<u>9,641,628</u>	<u>5,122,631</u>	<u>930,884</u>	<u>15,695,143</u>	<u>8,420,619</u>
Operating Income (Loss)	<u>(1,624,348)</u>	<u>(416,836)</u>	<u>(132,863)</u>	<u>(2,174,047)</u>	<u>322,017</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income	128,802	40,842	8,302	177,946	118,731
Intergovernmental	70,762	28,561	-	99,323	-
Gain (loss) on sale of capital assets	(66,590)	-	-	(66,590)	(69,680)
Interest and fiscal charges	(1,265,814)	(110,205)	-	(1,376,019)	-
Total Nonoperating Revenues (Expenses)	<u>(1,132,840)</u>	<u>(40,802)</u>	<u>8,302</u>	<u>(1,165,340)</u>	<u>49,051</u>
Income (Loss) Before Transfers	<u>(2,757,188)</u>	<u>(457,638)</u>	<u>(124,561)</u>	<u>(3,339,387)</u>	<u>371,068</u>
<b>TRANSFERS</b>					
Transfers in	-	-	-	-	1,036,976
Total Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,036,976</u>
<b>Change in Net Position</b>	<u>(2,757,188)</u>	<u>(457,638)</u>	<u>(124,561)</u>	<u>(3,339,387)</u>	<u>1,408,044</u>
NET POSITION - Beginning of Year (as restated)	<u>17,470,753</u>	<u>20,483,637</u>	<u>3,498,180</u>	<u>41,452,570</u>	<u>9,259,628</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 14,713,565</u>	<u>\$ 20,025,999</u>	<u>\$ 3,373,619</u>	<u>\$ 38,113,183</u>	<u>\$ 10,667,672</u>

See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Fund - Motor Vehicle Parking System	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Received from customers	\$ 8,100,539	\$ 4,802,954	\$ 798,281	\$ 13,701,774	\$ 8,539,703
Paid to suppliers	(3,028,283)	(2,379,115)	(480,715)	(5,888,113)	(6,181,269)
Paid to employees	(2,309,918)	(1,077,236)	(335,010)	(3,722,164)	(1,178,514)
Net Cash Flows From Operating Activities	<u>2,762,338</u>	<u>1,346,603</u>	<u>(17,444)</u>	<u>4,091,497</u>	<u>1,179,920</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	<u>128,802</u>	<u>40,842</u>	<u>8,302</u>	<u>177,946</u>	<u>118,731</u>
Net Cash Flows From Investing Activities	<u>128,802</u>	<u>40,842</u>	<u>8,302</u>	<u>177,946</u>	<u>118,731</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers	-	-	-	-	1,036,976
Repayment (advance) to other funds	-	-	(41,981)	(41,981)	-
Operating grants received	<u>70,762</u>	<u>28,561</u>	<u>-</u>	<u>99,323</u>	<u>-</u>
Net Cash Flows From Noncapital Financing Activities	<u>70,762</u>	<u>28,561</u>	<u>(41,981)</u>	<u>57,342</u>	<u>1,036,976</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Debt retired	(1,423,036)	(370,833)	-	(1,793,869)	-
Interest paid	(1,292,970)	(125,853)	-	(1,418,823)	-
Acquisition and construction of capital assets	(1,234,577)	(1,154,942)	-	(2,389,519)	(2,340,548)
Sale of capital assets	-	-	-	-	21,819
Net Cash Flows From Capital and Related Financing Activities	<u>(3,950,583)</u>	<u>(1,651,628)</u>	<u>-</u>	<u>(5,602,211)</u>	<u>(2,318,729)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(988,681)	(235,622)	(51,123)	(1,275,426)	16,898
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>4,803,667</u>	<u>2,757,114</u>	<u>668,064</u>	<u>8,228,845</u>	<u>7,158,842</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 3,814,986</u>	<u>\$ 2,521,492</u>	<u>\$ 616,941</u>	<u>\$ 6,953,419</u>	<u>\$ 7,175,740</u>

See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Nonmajor Enterprise Fund - Motor Vehicle Parking System	Totals	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (1,624,348)	\$ (416,836)	\$ (132,863)	\$ (2,174,047)	\$ 322,017
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities					
Depreciation	4,339,044	1,850,929	174,670	6,364,643	467,861
Changes in assets and liabilities					
Accounts receivable	(60,842)	97,159	-	36,317	(207,000)
Prepaid expense	-	-	-	-	261,953
Accounts payable	(61,641)	(203,020)	(37,028)	(301,689)	326,761
Accrued salaries	3,419	4,756	660	8,835	4,640
Net pension liability	(699,186)	(316,450)	-	(1,015,636)	(344,168)
Deferred outflows related to pensions	559,335	264,284	-	823,619	295,711
Deferred inflows related to pensions	1,001,438	392,991	-	1,394,429	382,588
Compensated absences	(5,534)	(9,164)	-	(14,698)	12,292
Unearned revenue	143,601	-	260	143,861	4,067
Deposits	500	-	-	500	-
Total OPEB liability	(15,163)	1,521	(29,334)	(42,976)	(35,854)
Deferred inflows related to OPEB	17,718	9,424	6,191	33,333	10,124
Net pension asset/liability	(836,003)	(328,991)	-	(1,164,994)	(321,072)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>\$ 2,762,338</u>	<u>\$ 1,346,603</u>	<u>\$ (17,444)</u>	<u>\$ 4,091,497</u>	<u>\$ 1,179,920</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Change in capital-related accounts payable	<u>\$ (99,311)</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>

See accompanying notes to financial statements.

# CITY OF HIGHLAND PARK

## STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2018

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	<u>Pension Trusts</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,042,574	\$ 3,540,676
Investments		
Corporate bonds	6,093,443	-
U.S. Government and agency obligations	22,763,315	-
Mutual funds	44,971,024	-
Municipal bonds	3,218,311	-
Receivables		
Accounts	-	57,992
Accrued interest	228,074	-
Prepaid items	865	-
Total Assets	<u>79,317,606</u>	<u>3,598,668</u>
<b>LIABILITIES</b>		
Accounts payable	34,540	3,228
Accrued wages	-	1,011
Due to others	-	708,584
Deposits	-	2,885,845
Total Liabilities	<u>34,540</u>	<u>3,598,668</u>
<b>NET POSITION</b>		
Restricted for pension benefits	<u>\$ 79,283,066</u>	<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, 2018

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	<u>Pension Trusts</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 8,022,702
Plan members	<u>995,676</u>
Total Contributions	<u>9,018,378</u>
Investment income	
Investment income	3,581,959
Net appreciation (depreciation) in fair value of investments	<u>(7,261,196)</u>
Total Investment Income	<u>(3,679,237)</u>
Less Investment expense	<u>116,348</u>
Net Investment Income	<u>(3,795,585)</u>
Total Additions	<u>5,222,793</u>
<b>DEDUCTIONS</b>	
Benefits	8,627,482
Administration	<u>79,209</u>
Total Deductions	<u>8,706,691</u>
<b>Change in Net Position</b>	(3,483,898)
NET POSITION - Beginning of Year	<u>82,766,964</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 79,283,066</u></u>

See accompanying notes to financial statements.



# CITY OF HIGHLAND PARK

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# **CITY OF HIGHLAND PARK**

## **NOTES TO FINANCIAL STATEMENTS** As of and for the Year Ended December 31, 2018

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

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

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

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

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

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

# **CITY OF HIGHLAND PARK**

## **NOTES TO FINANCIAL STATEMENTS** **As of and for the Year Ended December 31, 2018**

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### **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, 2018. Separately issued financial statements of the Highland Park Public Library may be obtained from the Library's office.

###### ***Highland Park Housing Associations***

The government-wide financial statements include the Highland Park Housing Associations as a component unit. The seven member Highland Park Housing Commission was created in 1973 to encourage and engage in the development of low-and moderate-income housing. Currently, the Commission operates rental housing in four affordable developments, which are owned and/or operated by four distinct housing associations. These are the Ravinia Housing Association, the Peers Housing Association, the Sunset Woods Housing Association and the Walnut Housing Association. The members of the Housing Commission, which are appointed by the Mayor and confirmed by the City Council, are concurrently the board members of the four individual associations. The Chair of the Housing Commission is also the President of each of the housing associations. Each of the four housing associations is a separate registered not-for-profit entity and has its own bylaws. As a component unit, the Associations' financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2018. Separately issued financial statements of the Highland Park Housing Associations' members may be obtained from the City's office.

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

###### ***Police Pension***

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

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

---

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

##### *Firefighters' Pension*

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

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

In June 2015, the GASB issued statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. This standard was implemented January 1, 2018.

##### **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.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

---

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

##### ***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.

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.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

---

### 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 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.

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  
Foreign Fire Insurance Tax  
Multi-Modal Transportation

Emergency 911 System  
Environmental Sustainability

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

Debt Service

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

Tax Increment Financing

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

Motor Vehicle Parking System

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

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

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

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

Police Pension  
Firefighters' Pension

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

General Deposit  
Housing Trust

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

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

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

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

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

##### ***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.

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

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



# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

##### ***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's investment policy allows investments in all of the above listed accounts, but does exclude any repurchase agreements. The firefighters' pension fund allows funds to be invested in any type of security authorized by the Illinois Pension Code.

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

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

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### 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 the police pension fund's investments in equities, mutual funds and variable annuities to 65%. Securities in any one company should not exceed 5% of the total fund.

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

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

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

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

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

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

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

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

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

#### **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.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

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

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

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

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

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

#### **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, 2018

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

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

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

Property taxes for levy year 2018 attach as an enforceable lien, as of January 1, 2018, 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 2018 are prepared by Lake County, issued in May 2019, and are payable in two installments, on or about June 6, 2019 and September 6, 2019 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2018 property tax levy is recognized as a receivable and a deferral in fiscal 2018, net of the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2018, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2018 levy.

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

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

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

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

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

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

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

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

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

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

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

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

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

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

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

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

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

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

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

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

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

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

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

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

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

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

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

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

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

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

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

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

Governmental fund balances are displayed as follows:

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



# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

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

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

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

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

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

The City has established minimum fund balance targets for certain governmental funds which encompass both assigned and unassigned fund balance. The targets, expressed as percentages of operating expenditures as follows: General Fund (35%), Multi-Modal Transportation Fund (10%), Emergency 911 Fund (10%), 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, 2018

### NOTE II - DETAILED NOTES ON ALL FUNDS

#### A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 39,952,933	\$ 41,050,484	Custodial credit risk - deposits
Money market - Illinois Funds	14,115,915	14,115,915	Credit risk
Money market - other	1,758,128	1,758,128	Credit risk, interest rate risk
Corporate bonds	6,093,443	6,093,443	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
U.S. Treasury obligations	7,327,553	7,327,553	Custodial credit risk - investments, interest rate risk
U.S. Agency obligations	15,435,762	15,435,762	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Mutual funds - other	44,971,024	44,971,024	N/A
Municipal bonds	3,218,311	3,218,311	Credit risk, custodial credit risk - investments, concentration of credit risk, interest rate risk
Petty cash	5,470	-	N/A
<b>Total Deposits and Investments</b>	<b><u>\$132,878,539</u></b>	<b><u>\$133,970,620</u></b>	

#### Reconciliation to financial statements

##### Per statement of net position

Cash \$ 50,249,196

##### Per statement of net position - fiduciary funds

Cash and cash equivalents - pension trust 2,042,574

Cash and cash equivalents - agency funds 3,540,676

Corporate bonds 6,093,443

U.S. government and agency obligations 22,763,315

Mutual Funds 44,971,024

Municipal bonds 3,218,311

**Total Deposits and Investments \$132,878,539**

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, 2018

### 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, 2018, the City's investments were measured using valuation inputs as follows:

#### *Police Pension Fund*

Investment Type	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Money market - other	\$ 966,044	\$ -	\$ -	\$ 966,044
Corporate bonds	-	2,738,482	-	2,738,482
U.S. Treasury obligations	3,773,283	-	-	3,773,283
U.S. Agency obligations	-	7,254,888	-	7,254,888
Mutual funds - other	21,921,562	-	-	21,921,562
Municipal bonds	-	1,604,059	-	1,604,059
Total	<u>\$ 26,660,889</u>	<u>\$ 11,597,429</u>	<u>\$ -</u>	<u>\$ 38,258,318</u>

#### *Firefighters' Pension Fund*

Investment Type	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Money market - other	\$ 792,084	\$ -	\$ -	\$ 792,084
Corporate bonds	-	3,354,961	-	3,354,961
U.S. Treasury obligations	3,554,270	-	-	3,554,270
U.S. Agency obligations	-	8,180,874	-	8,180,874
Mutual funds - other	23,049,462	-	-	23,049,462
Municipal bonds	-	1,614,252	-	1,614,252
Total	<u>\$ 27,395,816</u>	<u>\$ 13,150,087</u>	<u>\$ -</u>	<u>\$ 40,545,903</u>

#### **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.

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

##### ***Custodial Credit Risk*** (cont.)

##### **Deposits** (cont.)

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

##### **Investments**

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

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

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

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

As of December 31, 2018, the City's investments were rated as follows:

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

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

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At December 31, 2018, the City held no investments subject to concentration of credit risk.

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

Federal Home Loan Bank	\$	3,348,597
Federal Farm Credit Banks		3,518,445

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

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

Federal Farm Credit Banks	\$	3,561,801
Federal Home Loan Bank		3,166,055

#### 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, 2018, the City's investments were as follows:

#### Police Pension Fund

Investment Type	Fair Value	Maturity (In Years)			
		< 1	1-5	6-10	> 10
U.S. Treasury obligations	\$ 3,773,283	\$ 250,352	\$ 2,879,978	\$ 642,953	\$ -
U.S. Agency obligations	7,254,888	580,354	1,478,061	5,160,438	36,035
Money market - other	966,044	966,044	-	-	-
Municipal bonds	1,604,059	149,259	569,372	737,805	147,623
Corporate bonds	<u>2,738,482</u>	<u>999,867</u>	<u>1,299,241</u>	<u>439,374</u>	<u>-</u>
Totals	<u>\$ 16,336,756</u>	<u>\$ 2,945,876</u>	<u>\$ 6,226,652</u>	<u>\$ 6,980,570</u>	<u>\$ 183,658</u>

#### Firefighters' Pension Fund

Investment Type	Fair Value	Maturity (In Years)			
		< 1	1-5	6-10	> 10
U.S. Treasury obligations	\$ 3,554,270	\$ 1,711,229	\$ 1,729,479	\$ 113,562	\$ -
U.S. Agency obligations	8,180,874	222,936	1,920,236	5,426,122	611,580
Money market - other	792,084	792,084	-	-	-
Municipal bonds	1,614,252	149,259	574,625	737,805	152,563
Corporate bonds	<u>3,354,961</u>	<u>472,975</u>	<u>1,603,535</u>	<u>1,278,451</u>	<u>-</u>
Totals	<u>\$ 17,496,441</u>	<u>\$ 3,348,483</u>	<u>\$ 5,827,875</u>	<u>\$ 7,555,940</u>	<u>\$ 764,143</u>

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

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

###### *Police Pension Fund*

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (4.53)%. 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, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (4.62)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

#### **B. RECEIVABLES**

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

	General Fund
Intergovernmental receivable	
Sales tax	\$ 2,616,096
Utility tax	718,994
Home rule sales tax	1,082,399
Local use tax	<u>271,351</u>
Total	<u><u>\$ 4,688,840</u></u>

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

#### B. RECEIVABLES (cont.)

	General Fund
Accounts receivable	
Local sales	\$ 106,591
Rent	16,392
Grants	10,224
Permits	8,845
Court fines / red light camera	30,003
Miscellaneous	<u>332,663</u>
Gross receivables	504,718
Less: Allowance for uncollectibles	<u>(19,975)</u>
Net accounts receivable	<u><u>\$ 484,743</u></u>

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

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

	<u>Unearned</u>	<u>Unavailable</u>
Property taxes receivable for subsequent year	\$ 14,169,398	\$ -
Other	<u>198,623</u>	<u>22,000</u>
Total Unearned/Unavailable Revenue for Governmental Funds	<u><u>\$ 14,368,021</u></u>	<u><u>\$ 22,000</u></u>
Unearned revenue included in liabilities	\$ 198,623	
Unearned revenue included in deferred inflows	<u>14,169,398</u>	
Total Unearned Revenue for Governmental Funds	<u><u>\$ 14,368,021</u></u>	

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

#### C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balance (as Restated)	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 13,309,404	\$ -	\$ 1	\$ 13,309,403
Land right of way	260,190	-	-	260,190
Construction in progress	1,356,439	2,244,441	987,443	2,613,437
Total Capital Assets Not Being Depreciated	<u>14,926,033</u>	<u>2,244,441</u>	<u>987,444</u>	<u>16,183,030</u>
Capital assets being depreciated				
Buildings and land improvements	70,826,279	532,443	-	71,358,722
Machinery and equipment	16,441,334	1,317,495	925,462	16,833,367
Infrastructure	56,582,003	3,947,365	-	60,529,368
Total Capital Assets Being Depreciated	<u>143,849,616</u>	<u>5,797,303</u>	<u>925,462</u>	<u>148,721,457</u>
Total Capital Assets	<u>158,775,649</u>	<u>8,041,744</u>	<u>1,912,906</u>	<u>164,904,487</u>
Less: Accumulated depreciation for				
Buildings and land improvements	31,461,972	1,524,781	-	32,986,753
Machinery and equipment	12,275,267	853,938	813,251	12,315,954
Infrastructure	33,318,499	1,526,106	-	34,844,605
Total Accumulated Depreciation	<u>77,055,738</u>	<u>3,904,825</u>	<u>813,251</u>	<u>80,147,312</u>
Net Capital Assets Being Depreciated	<u>66,793,878</u>	<u>1,892,478</u>	<u>112,211</u>	<u>68,574,145</u>
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation	<u>\$ 81,719,911</u>	<u>\$ 4,136,919</u>	<u>\$ 1,099,655</u>	<u>\$ 84,757,175</u>

Depreciation expense was charged to functions as follows:

<b>Governmental Activities</b>	
General government	\$ 336,757
Public safety	822,080
Public works	2,437,911
Economic development	<u>308,077</u>
Total Governmental Activities Depreciation Expense	<u>\$ 3,904,825</u>



# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

#### C. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities</b>				
Capital assets not being depreciation				
Land	\$ 1,386,123	\$ -	\$ -	\$ 1,386,123
Construction in progress	3,241,004	468,537	2,230,304	1,479,237
Total Capital Assets Not Being Depreciation	<u>4,627,127</u>	<u>468,537</u>	<u>2,230,304</u>	<u>2,865,360</u>
Capital assets being depreciated				
Buildings and land improvements	52,907,619	644,666	145,899	53,406,386
Machinery and equipment	3,742,705	570,514	42,000	4,271,219
Infrastructure	109,065,363	2,836,796	-	111,902,159
Total Capital Assets Being Depreciated	<u>165,715,687</u>	<u>4,051,976</u>	<u>187,899</u>	<u>169,579,764</u>
Total Capital Assets	<u>170,342,814</u>	<u>4,520,513</u>	<u>2,418,203</u>	<u>172,445,124</u>
Less: Accumulated depreciation for				
Buildings and land improvements	14,266,609	3,570,786	79,309	17,758,086
Machinery and equipment	3,084,768	126,336	42,000	3,169,104
Infrastructure	70,298,220	2,667,521	-	72,965,741
Total Accumulated Depreciation	<u>87,649,597</u>	<u>6,364,643</u>	<u>121,309</u>	<u>93,892,931</u>
Net Capital Assets Being Depreciated	<u>78,066,090</u>	<u>(2,312,667)</u>	<u>66,590</u>	<u>75,686,833</u>
Business-type Capital Assets, Net of Accumulated Depreciation	<u>\$ 82,693,217</u>	<u>\$ (1,844,130)</u>	<u>\$ 2,296,894</u>	<u>\$ 78,552,193</u>

Sewer Fund capital assets included filters/sedimentation basins which were idle and considered permanently impaired as of the year ended December 31, 2018, due to the implementation of new technology making the existing assets obsolete. These assets had a total carrying value of \$2,645,754 prior to impairment.

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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##### *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>47,713</u>
Total - Fund Financial Statements		47,713
Less: Government-wide eliminations		<u>(47,713)</u>
Total Internal Balances - Government-Wide Statement of Net Position		\$ <u><u>-</u></u>

The principal purpose of the interfunds are 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, 2018

### 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	\$ 54,245	Reimbursement of TIF expenditures
General	Nonmajor Governmental	981,790	E-911 costs
General	Nonmajor Governmental	1,000,000	Capital improvements with unrestricted funds
Capital Projects	Nonmajor Governmental	750,400	Street and bridge improvements
Nonmajor Governmental	Nonmajor Governmental	220,000	Street and bridge improvements
Internal Service	Capital Projects	<u>1,036,976</u>	Internal service project
Total - Fund Financial Statements		4,043,411	
Less: Government-wide eliminations		<u>(4,043,411)</u>	
Total Transfers - Government-Wide Statement of Activities		<u>\$ -</u>	

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

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

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

#### **E. LONG-TERM OBLIGATIONS**

Long-term obligations activity for the year ended December 31, 2018, was as follows:

	Beginning Balance (as restated)	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 3,850,862	\$ 7,900,000	\$ 478,510	\$ 11,272,352	\$ 913,160
(Discounts)/Premiums	215,187	292,111	55,293	452,005	-
Sub-totals	<u>4,066,049</u>	<u>8,192,111</u>	<u>533,803</u>	<u>11,724,357</u>	<u>913,160</u>
Other Liabilities					
Compensated absences	1,648,531	1,196,853	1,236,398	1,608,986	321,797
Other postemployment benefits	10,059,898	567,872	1,201,162	9,426,608	-
Claims payable	981,013	187,644	379,664	788,993	-
Net pension liability - IMRF*	3,495,921	-	3,495,921	-	-
Net pension liability - Firefighters'	35,532,791	7,427,953	4,035,618	38,925,126	-
Net pension liability - Police	43,424,359	7,029,445	3,987,084	46,466,720	-
Total Other Liabilities	<u>95,142,513</u>	<u>16,409,767</u>	<u>14,335,847</u>	<u>97,216,433</u>	<u>321,797</u>
Total Governmental Activities Long- Term Liabilities	<u>\$ 99,208,562</u>	<u>\$ 24,601,878</u>	<u>\$ 14,869,650</u>	<u>\$108,940,790</u>	<u>\$ 1,234,957</u>
<b>Business-type Activities</b>					
Bonds and Notes Payable					
General obligation debt	\$ 44,049,138	\$ -	\$ 1,576,489	\$ 42,472,649	\$ 1,791,840
IEPA loan	5,125,104	-	217,379	4,907,725	221,739
(Discounts)/Premiums	704,460	-	86,847	617,613	-
Sub-totals	<u>49,878,702</u>	<u>-</u>	<u>1,880,715</u>	<u>47,997,987</u>	<u>2,013,579</u>
Other Liabilities					
Compensated absences	164,860	108,947	123,645	150,162	30,032
Other postemployment benefits	558,890	22,763	65,739	515,914	-
Net pension liability - IMRF*	1,015,636	-	1,015,636	-	-
Total Other Liabilities	<u>1,739,386</u>	<u>131,710</u>	<u>1,205,020</u>	<u>666,076</u>	<u>30,032</u>
Total Business-type Activities Long- Term Liabilities	<u>\$ 51,618,088</u>	<u>\$ 131,710</u>	<u>\$ 3,085,735</u>	<u>\$ 48,664,063</u>	<u>\$ 2,043,611</u>

\*As of December 31, 2018, the IMRF net pension liability became a net pension asset.

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

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

##### **General Obligation Debt**

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

#### **Governmental Activities**

<u>General Obligation Debt</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2018</u>
2012 General Obligation Refunding Bonds due in annual installments of \$230,000 to \$1,435,000	12/27/2012	12/30/2021	2.00% - 4.00%	\$ 3,410,000	\$ 730,000
2015 General Obligation Bonds due in annual installments of \$30,000 to \$2,125,000	1/27/2015	12/30/2034	3.00% - 3.25%	646,800	552,200
2016 General Obligation Bonds due in annual installments of \$110,000 to \$2,070,000	1/29/2016	12/30/2034	2.00% - 3.00%	4,650,000	1,430,000
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	660,152
2018 General Obligation Bonds due in annual installments of \$395,000 to \$660,000	2/8/2018	12/30/2031	3.00% - 3.00%	7,900,000	<u>7,900,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 11,272,352</u>

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

##### *General Obligation Debt* (cont.)

#### **Business-type Activities**

General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2018
Water Fund - 2010 General Obligation Bonds due in annual installments of \$50,000 to \$325,000	4/15/2010	12/30/2021	1.00% - 4.00%	\$ 2,425,000	\$ 540,000
Water Fund - 2010A Taxable General Obligation Bonds due in annual installments of \$1,475,000 to \$1,525,000. Pursuant to the American Recovery and Reinvestment Act, the City is eligible to receive a rebate from the U.S. Treasury Department of 45% of the interest paid each year. The net interest rate for the 2010A Recovery Zone Economic Development Bonds, after rebate is 3.08%	5/10/2010	12/30/2031	5.60%	3,000,000	3,000,000
Water Fund - 2011B General Obligation Refunding Bonds due in annual installments of \$90,000 to \$100,000	12/31/2011	12/30/2022	2.00% - 2.75%	895,000	375,000
Water Fund - 2012 General Obligation Refunding Bonds due in annual installments of \$70,000 to \$490,000	12/27/2012	12/30/2031	2.00% - 4.00%	5,885,000	5,480,000

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### 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, 2018
Sewer Fund - 2011A General Obligation Bonds due in annual installments of \$230,000 to \$425,000	12/31/2011	12/30/2026	2.00% - 3.25%	\$ 5,000,000	\$ 3,010,000
Water Fund - 2013 General Obligation Bonds due in annual installments of \$385,000 to \$2,675,000	5/28/2013	12/30/2032	2.13% - 3.00%	9,960,000	9,960,000
Water Fund - 2014 General Obligation Bonds due in annual installments of \$845,000 to \$1,700,000	2/10/2014	12/30/2026	2.25% - 3.05%	9,955,000	9,955,000
Water Fund - 2015 General Obligation Bonds due in annual installments of \$30,000 to \$2,125,000	1/27/2015	12/30/2034	3.00% - 3.25%	5,135,200	4,384,133
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	83,667
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	860,000

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### 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, 2018
Water Fund - 2017 General Obligation Bonds due in annual installments of \$159,990 to \$195,000	2/7/2017	12/31/2032	2.00% - 3.25%	\$ 2,709,838	\$ <u>2,549,849</u>
Total Business-type Activities - General Obligation Debt					\$ <u>42,472,649</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
2019	\$ 913,160	\$ 324,337	\$ 1,791,840	\$ 1,269,944
2020	908,310	299,043	2,111,690	1,216,814
2021	925,010	273,943	2,419,990	1,159,925
2022	730,010	247,943	2,564,990	1,096,576
2023	795,012	227,793	2,639,989	1,031,439
2024-2028	3,810,059	805,158	13,464,940	4,073,904
2029-2033	2,948,791	280,679	14,301,210	2,028,003
2034	<u>242,000</u>	<u>7,865</u>	<u>3,178,000</u>	<u>100,235</u>
Totals	\$ <u>11,272,352</u>	\$ <u>2,466,761</u>	\$ <u>42,472,649</u>	\$ <u>11,976,840</u>

##### **Business-type Activities**

Other Bonds or Notes or Loans Payable	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2018
Water Fund - IEPA Loan, Preliminary Series 2015 - 2017, due in annual installments of \$157,701 to \$310,744	11/1/2015	12/30/2036	1.995%	\$ 3,812,839	\$ <u>4,907,725</u>
Total Business-type Activities Other Bonds or Notes or Loans Payable					\$ <u>4,907,725</u>



# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

Debt service requirements to maturity are as follows:

Years	Business-type Activities Other Bonds or Notes or Loans Payable	
	Principal	Interest
2019	\$ 221,739	\$ 96,809
2020	226,185	92,363
2021	230,720	87,828
2022	235,345	83,202
2023	240,064	78,484
2024-2028	1,274,476	318,262
2029-2033	1,407,466	185,272
2034-2036	<u>1,071,730</u>	<u>43,186</u>
Totals	<u>\$ 4,907,725</u>	<u>\$ 985,406</u>

#### F. RESTATEMENT OF NET POSITION

Net position has been restated due to the implementation of GASB No. 75, removal of Housing Association capital assets from Governmental Activities, and the inclusion of the Highland Park Housing Associations as a discretely presented component unit. Governmental Activities change in net position in the prior year would have increased \$249,074 if the Housing Association capital assets were not reported.

	Governmental Activities	Business-Type Activities	Highland Park Housing Associations
Net position as of December 31, 2017 (as reported)	\$ 37,567,562	\$ 41,748,361	\$ -
Record the total OPEB liability as of December 31, 2017	(10,059,898)	(558,890)	-
Remove prior year net OPEB obligation	6,607,277	263,099	-
Remove Housing Association capital assets from Governmental Activities reported in error	(7,076,368)	-	-
Record Housing Association net position as of December 31, 2017 omitted in error	<u>-</u>	<u>-</u>	<u>(2,130,976)</u>
Net position as of December 31, 2017 (as restated)	<u>\$ 27,038,573</u>	<u>\$ 41,452,570</u>	<u>\$ (2,130,976)</u>

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

#### F. RESTATEMENT OF NET POSITION (cont.)

	Highland Park Public Library	Water Fund	Sewer Fund
Net position as of December 31, 2017 (as reported)	\$ 8,613,278	\$ 17,600,011	\$ 20,525,018
Record the total OPEB liability as of December 31, 2017	(191,701)	(289,406)	(144,332)
Remove prior year net OPEB obligation	<u>157,358</u>	<u>160,148</u>	<u>102,951</u>
Net position as of December 31, 2017 (as restated)	<u>\$ 8,578,935</u>	<u>\$ 17,470,753</u>	<u>\$ 20,483,637</u>
	Nonmajor Enterprise Fund	Internal Service Funds	
Net position as of December 31, 2017 (as reported)	\$ 3,623,332	\$ 9,452,173	
Record the total OPEB liability as of December 31, 2017	<u>(125,152)</u>	<u>(192,545)</u>	
Net position as of December 31, 2017 (as restated)	<u>\$ 3,498,180</u>	<u>\$ 9,259,628</u>	

#### 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	\$ 2,775,289	\$ 2,773,853	Custodial credit risk
Money market mutual funds	1,860,118	1,860,118	Credit risk, interest rate risk
Illinois Funds	6,228	6,228	Credit risk
Petty cash	<u>547</u>	<u>-</u>	N/A
Total Deposits and Investments	<u>\$ 4,642,182</u>	<u>\$ 4,640,199</u>	

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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##### **G. COMPONENT UNITS** (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, 2018, the Library's investments were measured using valuation inputs as follows:

Investment Type	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Money market mutual funds	\$ 1,860,118	\$ -	\$ -	\$ 1,860,118
Total	<u>\$ 1,860,118</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,860,118</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.

##### **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.

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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##### **G. COMPONENT UNITS** (cont.)

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

##### b. 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, 2018, the Library's investments were as follows:

Investment Type	Maturity (In Years)	
	Fair Value	< 1
Money market mutual funds	\$ 1,860,118	\$ 1,860,118
Totals	<u>\$ 1,860,118</u>	<u>\$ 1,860,118</u>

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

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

#### G. COMPONENT UNITS (cont.)

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

##### c. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 500,000	\$ -	\$ -	\$ 500,000
Land Improvements	69,249	-	-	69,249
Buildings and improvements	7,374,410	131,894	-	7,506,304
Machinery and equipment	1,251,038	573,238	-	1,824,276
Less: Accumulated depreciation	(3,678,631)	(263,949)	-	(3,942,580)
Totals	<u>\$ 5,516,066</u>	<u>\$ 441,183</u>	<u>\$ -</u>	<u>\$ 5,957,249</u>

##### d. Long-Term Obligations

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General obligation debt	\$ 905,000	\$ -	\$ 45,000	\$ 860,000	\$ 45,000
Vested compensated absences	122,456	176,875	177,059	122,272	-
Total OPEB liability	191,701	11,276	13,160	189,817	-
Net pension liability - IMRF*	<u>979,037</u>	<u>816,791</u>	<u>1,795,828</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 2,163,851</u>	<u>\$ 1,004,942</u>	<u>\$ 2,031,047</u>	<u>\$ 1,172,089</u>	<u>\$ 45,000</u>

\* As of December 31, 2018, the net pension liability became a net pension asset of \$975,332.

	General Obligation Debt		
	Principal	Interest	Totals
2019	\$ 45,000	\$ 21,125	\$ 66,125
2020	45,000	20,225	65,225
2021	45,000	19,325	64,325
2022	50,000	18,425	68,425
2023	50,000	17,425	67,425
2024-2028	260,000	71,750	331,750
2029-2033	300,000	37,075	337,075
2034	<u>65,000</u>	<u>1,950</u>	<u>66,950</u>
Totals	<u>\$ 860,000</u>	<u>\$ 207,300</u>	<u>\$ 1,067,300</u>

## **CITY OF HIGHLAND PARK**

### **NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018**

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

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##### ***G. COMPONENT UNITS (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 \$2,705,251, consisting of deposits with financial institutions.

##### **c. Restricted Assets**

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

#### G. COMPONENT UNITS (cont.)

#### HIGHLAND PARK HOUSING ASSOCIATIONS (cont.)

##### c. Restricted Assets (cont.)

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, 2018, restricted cash was \$1,102,635.

##### d. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Land	\$ 220,000	\$ -	\$ -	\$ 220,000	N/A
Land improvements	368,918	2,972	-	371,890	27
Buildings	10,346,881	2,050,731	-	12,397,612	15-40
Equipment	960,025	6,792	-	966,817	5-10
Furniture and fixtures	1,233,340	13,432	-	1,246,772	5-10
Less: Accumulated depreciation/ amortization	(9,880,870)	(378,457)	-	(10,259,327)	
<b>Totals</b>	<b>\$ 3,248,294</b>	<b>\$ 1,695,470</b>	<b>\$ -</b>	<b>\$ 4,943,764</b>	

##### e. Long-Term Obligations

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Mortgage loan payable	\$ 8,848,213	\$ -	\$ 320,837	\$ 8,527,376	\$ 346,293
Unamortized issuance costs	(240,546)	-	(17,127)	(223,419)	-
Capital recovery liability	55,367	6,696	-	62,063	6,696
<b>Totals</b>	<b>\$ 8,663,034</b>	<b>\$ 6,696</b>	<b>\$ 303,710</b>	<b>\$ 8,366,020</b>	<b>\$ 352,989</b>

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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##### **G. COMPONENT UNITS** (cont.)

##### **HIGHLAND PARK HOUSING ASSOCIATIONS** (cont.)

##### e. Long-Term Obligations (cont.)

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

	<u>Principal</u>
2019	\$ 346,293
2020	342,878
2021	289,544
2022	654,157
2023	313,020
2024-2035	<u>6,581,484</u>
Totals	<u>\$ 8,527,376</u>

The capital recovery payments represent amounts owed in accordance with a mortgage restructuring note. Payments are due in monthly installments of \$558 for 180 months, bearing an interest rate of 7%. The capital recovery payments may accrue if not paid.

##### 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), \$677,988 of mortgages would be due on demand. This amount has not been reflected as a liability due to its contingent nature.

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#### NOTE III - OTHER INFORMATION

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

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



# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

##### Illinois Municipal Retirement Fund

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

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

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

**Plan membership.** At December 31, 2017, the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	260
Inactive, non-retired members	171
Active members	<u>192</u>
Total	<u><u>623</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 2017 was 9.60% 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.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

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

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

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

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Investment Rate of Return	7.50%
Inflation	2.50%
Salary increases	3.39% to 14.25%, including inflation
Price inflation	2.50%

**Mortality.** For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

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

Asset Class	Target Allocation	Projected Returns/Risks	
		One Year Arithmetic	Ten Year Geometric
Equities	37.00%	8.30%	6.85%
International equities	18.00%	8.45%	6.75%
Fixed income	28.00%	3.05%	3.00%
Real estate	9.00%	6.90%	5.75%
Alternatives	7.00%		
Private equity		12.45%	7.35%
Hedge funds		5.35%	5.05%
Commodities		4.25%	2.65%
Cash equivalents	1.00%	2.25%	2.25%

**Discount rate.** The discount rate used to measure the total pension liability for IMRF was 7.50%. The discount rate calculated using the December 31, 2016 measurement date was 7.50%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City and Library contributions will be made at rates equal to the difference between actuarially determined contribution rate and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
<i>City:</i>			
Total pension liability	\$ 89,044,169	\$ 80,327,075	\$ 73,103,432
Plan fiduciary net pension	85,147,118	85,147,118	85,147,118
Net pension liability/(asset)	<u>\$ 3,897,051</u>	<u>\$ (4,820,043)</u>	<u>\$ (12,043,686)</u>
<i>Library:</i>			
Total pension liability	\$ 17,851,570	\$ 16,103,968	\$ 14,655,773
Plan fiduciary net pension	17,079,300	17,079,300	17,079,300
Net pension liability/(asset)	<u>\$ 772,270</u>	<u>\$ (975,332)</u>	<u>\$ (2,423,527)</u>
<i>Total:</i>			
Total pension liability	\$ 106,895,739	\$ 96,431,043	\$ 87,759,205
Plan fiduciary net pension	102,226,418	102,226,418	102,226,418
Net pension liability/(asset)	<u>\$ 4,669,321</u>	<u>\$ (5,795,375)</u>	<u>\$ (14,467,213)</u>

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### 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, 2017 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, 2016	\$ 80,509,879	\$ 75,998,322	\$ 4,511,557
Service cost	1,069,483	-	1,069,483
Interest on total pension liability	5,902,625	-	5,902,625
Differences between expected and actual experience of the total pension liability	(128,443)	-	(128,443)
Change of assumptions	(2,480,332)	-	(2,480,332)
Benefit payments, including refunds of employee contributions	(4,546,137)	(4,546,137)	-
Contributions - employer	-	997,050	(997,050)
Contributions - employee	-	479,146	(479,146)
Net investment income	-	13,634,242	(13,634,242)
Other (net transfer)	-	(1,415,505)	1,415,505
Balances at December 31, 2017	<u>\$ 80,327,075</u>	<u>\$ 85,147,118</u>	<u>\$ (4,820,043)</u>
<i>Library:</i>			
Balances at December 31, 2016	\$ 16,207,085	\$ 15,228,048	\$ 979,037
Service cost	216,409	-	216,409
Interest on total pension liability	1,194,392	-	1,194,392
Differences between expected and actual experience of the total pension liability	(25,990)	-	(25,990)
Change of assumptions	(568,021)	-	(568,021)
Benefit payments, including refunds of employee contributions	(919,907)	(919,907)	-
Contributions - employer	-	201,752	(201,752)
Contributions - employee	-	96,955	(96,955)
Net investment income	-	2,758,878	(2,758,878)
Other (net transfer)	-	(286,426)	286,426
Balances at December 31, 2017	<u>\$ 16,103,968</u>	<u>\$ 17,079,300</u>	<u>\$ (975,332)</u>
<i>Total:</i>			
Balances at December 31, 2016	\$ 96,716,964	\$ 91,226,370	\$ 5,490,594
Service cost	1,285,892	-	1,285,892
Interest on total pension liability	7,097,017	-	7,097,017
Differences between expected and actual experience of the total pension liability	(154,433)	-	(154,433)
Change of assumptions	(3,048,353)	-	(3,048,353)
Benefit payments, including refunds of employee contributions	(5,466,044)	(5,466,044)	-
Contributions - employer	-	1,198,802	(1,198,802)
Contributions - employee	-	576,101	(576,101)
Net investment income	-	16,393,120	(16,393,120)
Other (net transfer)	-	(1,701,931)	1,701,931
Balances at December 31, 2017	<u>\$ 96,431,043</u>	<u>\$ 102,226,418</u>	<u>\$ (5,795,375)</u>
Plan fiduciary net position as a percentage of the total pension liability			106.01 %

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### 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, 2018, the City and Library recognized pension expense of \$1,471,964 (\$1,224,240 for the City and \$247,724 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	\$ 30,579	\$ 90,000
Assumption changes	659	1,775,828
Net difference between projected and actual earnings on pension plan investments	-	4,015,708
Contributions subsequent to the measurement date	<u>1,055,125</u>	<u>-</u>
Total	<u>\$ 1,086,363</u>	<u>\$ 5,881,536</u>
<i>Library:</i>		
Difference between expected and actual experience	\$ 6,188	\$ 18,212
Assumption changes	133	359,337
Net difference between projected and actual earnings on pension plan investments	-	812,575
Contributions subsequent to the measurement date	<u>213,504</u>	<u>-</u>
Total	<u>\$ 219,825</u>	<u>\$ 1,190,124</u>
<i>Total:</i>		
Difference between expected and actual experience	\$ 36,767	\$ 108,212
Assumption changes	792	2,135,165
Net difference between projected and actual earnings on pension plan investments	-	4,828,283
Contributions subsequent to the measurement date	<u>1,268,629</u>	<u>-</u>
Total	<u>\$ 1,306,188</u>	<u>\$ 7,071,660</u>

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### 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, 2019. The remaining amounts reported as deferred outflows and inflows of resources related to pensions \$(7,034,101) will be recognized in pension expense as follows:

Year Ending December 31,	City	Library	Total
2019	\$ (1,152,489)	\$ (233,205)	\$ (1,385,694)
2020	(1,349,364)	(273,043)	(1,622,407)
2021	(1,726,056)	(349,266)	(2,075,322)
2022	(1,622,389)	(328,289)	(1,950,678)
Total	<u>\$ (5,850,298)</u>	<u>\$ (1,183,803)</u>	<u>\$ (7,034,101)</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, 2018

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

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

**Plan membership.** At December 31, 2018, the Police Pension membership consisted of:

Retirees and beneficiaries	66
Inactive, non-retired members	3
Active members	<u>57</u>
Total	<u><u>126</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, 2018 was 71.42% of annual covered payroll.

**Net Pension Liability/(Asset).** The net pension liability/(asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

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

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

**Actuarial Assumptions.** The total pension liability was determined by an actuarial valuation performed as of December 31, 2018 using the following actuarial methods and assumptions:

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



## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

Mortality rates were based on the RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2018 applied from 2013. The actuarial assumptions were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated October 5, 2017.

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total pension liability	\$ 96,666,680	\$ 85,093,952	\$ 75,649,131
Plan fiduciary net position	<u>38,627,232</u>	<u>38,627,232</u>	<u>38,627,232</u>
Net pension liability	<u>\$ 58,039,448</u>	<u>\$ 46,466,720</u>	<u>\$ 37,021,899</u>

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### 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, 2018 was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/Asset
	(a)	(b)	(a) - (b)
Balances at December 31, 2017	\$ 83,894,072	\$ 40,469,713	\$ 43,424,359
Service cost	977,398	-	977,398
Interest on total pension liability	5,784,269	-	5,784,269
Differences between expected and actual experience of the total pension liability	(823,835)	-	(823,835)
Change of assumptions	(259,864)	-	(259,864)
Benefit payments, including refunds of employee contributions	(4,478,088)	(4,478,088)	-
Contributions - employer	-	3,987,084	(3,987,084)
Contributions - employee	-	529,624	(529,624)
Net investment income	-	(1,833,032)	1,833,032
Administration	-	(48,069)	48,069
Balances at December 31, 2018	<u>\$ 85,093,952</u>	<u>\$ 38,627,232</u>	<u>\$ 46,466,720</u>

**Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions.** For the year ended December 31, 2018, the City recognized pension expense of \$4,861,991. 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	\$ 737,294	\$ 3,634,386
Assumption changes	3,759,000	732,972
Net difference between projected and actual earnings on pension plan investments	<u>3,145,962</u>	<u>-</u>
Total	<u>\$ 7,642,256</u>	<u>\$ 4,367,358</u>

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

The amounts reported as deferred outflows and inflows of resources related to pensions (\$3,274,898) will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2019	\$ 1,414,426
2020	930,870
2021	213,226
2022	716,376
Total	<u>\$ 3,274,898</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, 2018

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

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

**Plan membership.** At December 31, 2018, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries	62
Inactive, non-retired members	1
Active members	<u>48</u>
Total	<u><u>111</u></u>

**Contributions.** Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2018, 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, 2018 was 83.77% of annual covered payroll.

**Net pension liability/(asset).** The net pension liability/(asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability/(asset) was determined by an 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, 2018

### 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, 2018 using the following actuarial methods and assumptions:

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

Mortality rates were based on the RP-2014 Mortality Table with a blue collar adjustment, with generational improvement scale MP-2018 applied from 2013. The actuarial assumptions were based on the results of an actuarial experience study conducted by the Illinois Department of Insurance dated October 5, 2017.

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

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

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 90,153,394	\$ 79,580,960	\$ 70,923,583
Plan fiduciary net position	<u>40,655,834</u>	<u>40,655,834</u>	<u>40,655,834</u>
Net pension liability	<u>\$ 49,497,560</u>	<u>\$ 38,925,126</u>	<u>\$ 30,267,749</u>

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

### 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, 2018 was as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/Asset
	(a)	(b)	(a) - (b)
Balances at December 31, 2017	\$ 77,830,042	\$ 42,297,251	\$ 35,532,791
Service cost	1,047,631	-	1,047,631
Interest on total pension liability	5,376,209	-	5,376,209
Differences between expected and actual experience of the total pension liability	(281,132)	-	(281,132)
Change of assumptions	(242,396)	-	(242,396)
Benefit payments, including refunds of employee contributions	(4,149,394)	(4,149,394)	-
Contributions - employer	-	4,035,618	(4,035,618)
Contributions - employee	-	466,052	(466,052)
Net investment income	-	(1,962,553)	1,962,553
Administration	-	(31,140)	31,140
Balances at December 31, 2018	<u>\$ 79,580,960</u>	<u>\$ 40,655,834</u>	<u>\$ 38,925,126</u>

**Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions.** For the year ended December 31, 2018, the City recognized pension expense of \$4,261,071. 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	\$ 49,603	\$ 3,322,147
Assumption changes	3,632,940	395,874
Net difference between projected and actual earnings on pension plan investments	<u>3,313,557</u>	<u>-</u>
Total	<u>\$ 6,996,100</u>	<u>\$ 3,718,021</u>

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

The amounts reported as deferred outflows and inflows of resources related to pensions (\$3,278,079) will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2019	\$ 1,244,190
2020	907,821
2021	140,158
2022	1,073,168
2023	(87,258)
Total	<u>\$ 3,278,079</u>

### PENSION SEGMENT INFORMATION

#### Fiduciary Net Position

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 1,240,380	\$ 802,194	\$ 2,042,574
Investments			
Corporate bonds	2,738,482	3,354,961	6,093,443
U.S. Government and agency obligations	11,028,171	11,735,144	22,763,315
Mutual funds	21,921,562	23,049,462	44,971,024
Municipal bonds	1,604,059	1,614,252	3,218,311
Prepaid items	-	865	865
Receivables			
Accrued interest	111,469	116,605	228,074
Total Assets	<u>38,644,123</u>	<u>40,673,483</u>	<u>79,317,606</u>
<b>Liabilities</b>			
Accounts payable	16,891	17,649	34,540
Total Liabilities	<u>16,891</u>	<u>17,649</u>	<u>34,540</u>
<b>Net Position</b>			
Restricted for pension benefits	<u>\$ 38,627,232</u>	<u>\$ 40,655,834</u>	<u>\$ 79,283,066</u>

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

##### Changes in Plan Net Position

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
<b>Additions</b>			
Contributions			
Employer	\$ 3,987,084	\$ 4,035,618	\$ 8,022,702
Plan members	<u>529,624</u>	<u>466,052</u>	<u>995,676</u>
Total Contributions	<u>4,516,708</u>	<u>4,501,670</u>	<u>9,018,378</u>
Investment Income			
Interest on investments	1,750,406	1,831,553	3,581,959
Net appreciation (depreciation) in fair value of investments	<u>(3,527,181)</u>	<u>(3,734,015)</u>	<u>(7,261,196)</u>
Total Investment income	<u>(1,776,775)</u>	<u>(1,902,462)</u>	<u>(3,679,237)</u>
Less investment income	<u>56,257</u>	<u>60,091</u>	<u>116,348</u>
Net investment income	<u>(1,833,032)</u>	<u>(1,962,553)</u>	<u>(3,795,585)</u>
Total Additions	<u>2,683,676</u>	<u>2,539,117</u>	<u>5,222,793</u>
<b>Deductions</b>			
Benefits	4,478,088	4,149,394	8,627,482
Administration	<u>48,069</u>	<u>31,140</u>	<u>79,209</u>
Total Deductions	<u>4,526,157</u>	<u>4,180,534</u>	<u>8,706,691</u>
Net change in net position	(1,842,481)	(1,641,417)	(3,483,898)
Net Position - Beginning of Year	<u>40,469,713</u>	<u>42,297,251</u>	<u>82,766,964</u>
Net Position - End of Year	<u>\$ 38,627,232</u>	<u>\$ 40,655,834</u>	<u>\$ 79,283,066</u>

#### B. RISK MANAGEMENT

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



# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

##### ***Self Insurance***

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

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

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

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

##### ***Claims Liability***

	<u>Prior Year</u>	<u>Current Year</u>
Unpaid claims - Beginning of Year	\$ 1,058,297	\$ 981,013
Current year claims and changes in estimates	348,722	187,644
Claim payments	<u>(426,006)</u>	<u>(379,664)</u>
Unpaid Claims - End of Year	<u>\$ 981,013</u>	<u>\$ 788,993</u>

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

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

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

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

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

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

Member costs are proportional, based on contributions developed by payroll audits. Rates and any discounts approved by the Board of Trustees are used to determine standard premiums for each member. Each member's experience modifications are used. Members also participate in policyholder dividends based on IPRF's and individual member's experience. Members can also be assessed if the assets of IPRF are less than the reserves required to be maintained. The City is not aware of any additional amounts due to IPRF as of December 31, 2018.

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

##### ***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, 2018

### 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, 2018, the following employees were covered by the benefit terms:

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

**Total OPEB liability.** The City and Library reported liabilities for the proportionate share of the total OPEB liability measured as of December 31, 2018 and determined by an actuarial valuation as of January 1, 2018. The proportions of the total OPEB liability were based on the share of OPEB cost between the City and Library for the measurement year. At December 31, 2018, the City and Library's proportions were 98.13% and 1.87%, respectively.

**Actuarial assumptions and other inputs.** The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.50%
Healthcare participation rate	Currently participating - 50%; Currently waiving - 0%
Healthcare cost trend rates	Initial - 6.50%; Ultimate - 5.00%
Retirees' share of benefit-related costs	100% (except for PSEBA and certain elected official retirees at 0%)

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

The discount rate was based on High Quality 20 Year Tax-Exempt G.O. Bond Rate as of December 31, 2018.

Mortality rates were based on the RP-2014 Study, with rates improved generationally using MP-2017 Improvement Rates (for IMRF employees) and with Blue Collar Adjustment and MP-2016 Improvement Rates (for Police and Firefighters).

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted by the independent actuary.

**Discount rate.** At December 31, 2018, the discount rate used to measure the total OPEB liability was a blended rate of 4.10%, which was a change from the December 31, 2017 rate of 3.44%. 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, 2017	\$ 10,618,788	\$ 191,701	\$ 10,810,489
Service cost	234,648	4,480	239,128
Interest	355,987	6,796	362,783
Changes in assumptions or other inputs	(734,720)	(3,000)	(737,720)
Benefit payments	(532,181)	(10,160)	(542,341)
Balances at December 31, 2018	<u>\$ 9,942,522</u>	<u>\$ 189,817</u>	<u>\$ 10,132,339</u>

**Sensitivity of the total OPEB liability to changes in the discount rate.** The following presents the total OPEB liability of the City and Library, as well as what the City and Library's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.10%) or 1-percentage-point higher (5.10%) than the current discount rate:

	1% Decrease (3.10%)	Discount Rate (4.10%)	1% Increase (5.10%)
Total OPEB liability - City	\$ 11,189,467	\$ 9,942,522	\$ 8,904,078
Total OPEB liability - Library	213,623	189,817	169,992
Total OPEB liability - Total	<u>\$ 11,403,090</u>	<u>\$ 10,132,339</u>	<u>\$ 9,074,070</u>

# CITY OF HIGHLAND PARK

## NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	(5.50% Decreasing to 4.00%)	(6.50% Decreasing to 5.00%)	(7.50% Decreasing to 6.00%)
Total OPEB liability - City	\$ 8,800,622	\$ 9,942,522	\$ 11,326,687
Total OPEB liability - Library	168,016	189,817	216,243
Total OPEB liability - Total	<u>\$ 8,968,638</u>	<u>\$ 10,132,339</u>	<u>\$ 11,542,930</u>

**OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB.** For the year ended December 31, 2018, the City and Library recognized OPEB expense of \$509,114 and \$9,720, respectively. At December 31, 2018, 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
<i>City:</i>		
Changes of assumptions or other inputs	\$ -	\$ 642,379
Total	<u>\$ -</u>	<u>\$ 642,379</u>
<i>Library:</i>		
Changes of assumptions or other inputs	\$ -	\$ 12,264
Total	<u>\$ -</u>	<u>\$ 12,264</u>
<i>Total:</i>		
Changes of assumptions or other inputs	\$ -	\$ 654,643
Total	<u>\$ -</u>	<u>\$ 654,643</u>

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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##### **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
2019	\$ (81,521)	\$ (1,556)	\$ (83,077)
2020	(81,521)	(1,556)	(83,077)
2021	(81,521)	(1,556)	(83,077)
2022	(81,521)	(1,556)	(83,077)
2023	(81,521)	(1,556)	(83,077)
Thereafter	(234,774)	(4,484)	(239,258)
Total	<u>\$ (642,379)</u>	<u>\$ (12,264)</u>	<u>\$ (654,643)</u>

##### **D. 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, 2018

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

#### E. 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	2018 Payments	Cumulative Payments
North Shore Nissan (Resolution #133-05, initiating on January 1, 2004 and expiring on December 31, 2018)	50% of sales tax generated over annual base amount	\$ 500,000	\$ 78,911	\$ 426,766
Highland Park Ford (Resolution #132-05, initiating on January 1, 2004 and expiring on December 31, 2019)	50% of sales tax generated over annual base amount	500,000	-	76,398
Gregory Hyundai (Resolution #15-13, initiating on January 28, 2013 and expiring on December 31, 2027)	50% of sales tax generated over annual base amount	500,000	41,724	384,501
Semersky Enterprises (Resolution #80-13, initiating on May 28, 2013 and expiring on December 31, 2025)	75% of sales tax generated over annual base amount	9,730,693	271,189	1,308,096
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	895	7,469
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	62,993	166,467

## CITY OF HIGHLAND PARK

### NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2018

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

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

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

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 87, *Leases*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*

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

##### ***G. 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, 2018, these purchases amounted to \$2,235,302 or 28.44% and \$1,247,467 or 15.87%, 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, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>REVENUES</b>				
Property taxes	\$ 3,797,200	\$ 3,797,200	\$ 3,775,235	\$ (21,965)
Personal property replacement tax	321,900	321,900	286,914	(34,986)
Licenses and permits	1,594,650	1,594,650	2,161,419	566,769
Public charges for services	2,486,304	2,490,459	2,814,414	323,955
Municipal sales tax	12,838,300	12,838,300	13,542,520	704,220
Fines, forfeitures and penalties	727,560	727,560	547,822	(179,738)
Utility taxes	2,316,100	2,316,100	2,330,522	14,422
Real estate transfer tax	2,126,000	2,126,000	1,692,383	(433,617)
Intergovernmental	31,722	44,374	14,580	(29,794)
State income tax	2,976,500	2,976,500	2,850,286	(126,214)
Franchise tax	1,977,800	1,977,800	1,922,755	(55,045)
Payments in lieu of taxes	800,000	800,000	704,250	(95,750)
Other taxes	1,756,200	1,756,200	1,911,258	155,058
Reimbursements	164,900	170,515	261,691	91,176
Investment income	144,400	144,400	456,290	311,890
Net appreciation in fair value of investments	-	-	70,145	70,145
Miscellaneous	495,000	495,000	471,958	(23,042)
<b>Total Revenues</b>	<u>34,554,536</u>	<u>34,576,958</u>	<u>35,814,442</u>	<u>1,237,484</u>
<b>EXPENDITURES</b>				
General government	8,947,624	8,985,235	7,253,903	1,731,332
Public safety	20,667,593	21,010,340	20,829,243	181,097
Public works	3,098,443	3,312,443	2,873,395	439,048
Economic and physical development	4,220,891	4,233,731	3,713,019	520,712
Commissions	221,128	230,493	157,299	73,194
<b>Total Expenditures</b>	<u>37,155,679</u>	<u>37,772,242</u>	<u>34,826,859</u>	<u>2,945,383</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,601,143)</u>	<u>(3,195,284)</u>	<u>987,583</u>	<u>4,182,867</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,350,000	2,036,015	2,036,035	20
Proceeds from sale of assets	-	-	534,505	534,505
<b>Total Other Financing Sources</b>	<u>1,350,000</u>	<u>2,036,015</u>	<u>2,570,540</u>	<u>534,525</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,251,143)</u>	<u>\$ (1,159,269)</u>	<u>3,558,123</u>	<u>\$ 4,717,392</u>
FUND BALANCE - Beginning of Year			<u>25,750,733</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 29,308,856</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 6,270,000	\$ 6,270,000	\$ 6,230,650	\$ (39,350)
Total Revenues	<u>6,270,000</u>	<u>6,270,000</u>	<u>6,230,650</u>	<u>(39,350)</u>
<b>EXPENDITURES</b>				
<b>PUBLIC SAFETY</b>				
Pension contribution - police	3,180,100	3,180,100	3,160,498	19,602
Pension contribution - fire	<u>3,089,900</u>	<u>3,089,900</u>	<u>3,070,152</u>	<u>19,748</u>
Total Expenditures	<u>6,270,000</u>	<u>6,270,000</u>	<u>6,230,650</u>	<u>39,350</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE - Beginning of Year			-	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ -</u>	

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

# CITY OF HIGHLAND PARK

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

	2015			2016		
	City	Library	Total	City	Library	Total
<b>Total pension liability</b>						
Service cost	\$ 1,139,492	\$ 227,596	\$ 1,367,088	\$ 1,022,406	\$ 204,210	\$ 1,226,616
Interest	5,146,290	1,027,892	6,174,182	5,487,591	1,186,662	6,674,253
Differences between expected and actual experience	519,699	103,802	623,501	(191,516)	(38,252)	(229,768)
Changes of assumptions	2,688,409	536,969	3,225,378	84,016	16,781	100,797
Benefit payments, including refunds of member contributions	(3,737,505)	(746,509)	(4,484,014)	(4,018,036)	(802,541)	(4,820,577)
<b>Net change in total pension liability</b>	5,756,385	1,149,750	6,906,135	2,384,461	566,860	2,951,321
<b>Total pension liability - beginning</b>	<u>69,916,203</u>	<u>13,964,685</u>	<u>83,880,888</u>	<u>75,672,588</u>	<u>15,114,435</u>	<u>90,787,023</u>
<b>Total pension liability - ending</b>	<u>\$ 75,672,588</u>	<u>\$ 15,114,435</u>	<u>\$ 90,787,023</u>	<u>\$ 78,057,049</u>	<u>\$ 15,681,295</u>	<u>\$ 93,738,344</u>
<b>Plan fiduciary net position</b>						
Employer contributions	\$ 1,137,674	\$ 227,233	\$ 1,364,907	\$ 1,050,302	\$ 209,782	\$ 1,260,084
Employee contributions	460,920	92,062	552,982	497,687	99,405	597,092
Net investment income	4,338,800	866,609	5,205,409	364,113	72,726	436,839
Benefit payments, including refunds of member contributions	(3,737,505)	(746,509)	(4,484,014)	(4,018,036)	(802,541)	(4,820,577)
Other (net transfer)	(339,584)	(67,827)	(407,411)	1,235,558	246,784	1,482,342
<b>Net change in plan fiduciary net position</b>	1,860,305	371,568	2,231,873	(870,376)	(173,844)	(1,044,220)
<b>Plan fiduciary net position - beginning</b>	<u>72,197,330</u>	<u>14,420,305</u>	<u>86,617,635</u>	<u>74,057,635</u>	<u>14,791,873</u>	<u>88,849,508</u>
<b>Plan fiduciary net position - ending</b>	<u>\$ 74,057,635</u>	<u>\$ 14,791,873</u>	<u>\$ 88,849,508</u>	<u>\$ 73,187,259</u>	<u>\$ 14,618,029</u>	<u>\$ 87,805,288</u>
<b>Employer's net pension (asset) liability</b>	<u>\$ 1,614,953</u>	<u>\$ 322,562</u>	<u>\$ 1,937,515</u>	<u>\$ 4,869,790</u>	<u>\$ 1,063,266</u>	<u>\$ 5,933,056</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>			97.87%			93.67%
<b>Covered payroll</b>			\$ 12,110,977			\$ 11,909,272
<b>Employer's net pension (asset) liability as a percentage of covered payroll</b>			16.00%			49.82%

### Notes to Schedule:

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

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

2017			2018		
City	Library	Total	City	Library	Total
\$ 1,026,536	\$ 222,765	\$ 1,249,301	\$ 1,069,483	\$ 216,409	\$ 1,285,892
5,649,003	1,225,870	6,874,873	5,902,625	1,194,392	7,097,017
89,228	19,363	108,591	(128,443)	(25,990)	(154,433)
(79,196)	(23,676)	(102,872)	(2,480,332)	(568,021)	(3,048,353)
<u>(4,232,741)</u>	<u>(918,532)</u>	<u>(5,151,273)</u>	<u>(4,546,137)</u>	<u>(919,907)</u>	<u>(5,466,044)</u>
2,452,830	525,790	2,978,620	(182,804)	(103,117)	(285,921)
<u>78,057,049</u>	<u>15,681,295</u>	<u>93,738,344</u>	<u>80,509,879</u>	<u>16,207,085</u>	<u>96,716,964</u>
<u>\$ 80,509,879</u>	<u>\$ 16,207,085</u>	<u>\$ 96,716,964</u>	<u>\$ 80,327,075</u>	<u>\$ 16,103,968</u>	<u>\$ 96,431,043</u>
\$ 1,187,009	\$ 257,589	\$ 1,444,598	\$ 997,050	\$ 201,752	\$ 1,198,802
456,822	99,133	555,955	479,146	96,955	576,101
4,960,758	1,076,517	6,037,275	13,634,242	2,758,878	16,393,120
(4,232,741)	(918,532)	(5,151,273)	(4,546,137)	(919,907)	(5,466,044)
<u>439,215</u>	<u>95,312</u>	<u>534,527</u>	<u>(1,415,505)</u>	<u>(286,426)</u>	<u>(1,701,931)</u>
2,811,063	610,019	3,421,082	9,148,796	1,851,252	11,000,048
<u>73,187,259</u>	<u>14,618,029</u>	<u>87,805,288</u>	<u>75,998,322</u>	<u>15,228,048</u>	<u>91,226,370</u>
<u>\$ 75,998,322</u>	<u>\$ 15,228,048</u>	<u>\$ 91,226,370</u>	<u>\$ 85,147,118</u>	<u>\$ 17,079,300</u>	<u>\$102,226,418</u>
<u>\$ 4,511,557</u>	<u>\$ 979,037</u>	<u>\$ 5,490,594</u>	<u>\$ (4,820,043)</u>	<u>\$ (975,332)</u>	<u>\$ (5,795,375)</u>
		94.32%			106.01%
		\$ 12,354,507			\$ 12,487,524
		44.44%			-46.41%

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

# CITY OF HIGHLAND PARK

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

	2014			2015		
	City	Library	Total	City	Library	Total
Actuarially determined contribution	\$ 1,137,675	\$ 227,232	\$ 1,364,907	\$ 1,034,196	\$ 225,805	\$ 1,260,001
Contributions in relation to the actuarially determined contribution	<u>(1,137,675)</u>	<u>(227,232)</u>	<u>(1,364,907)</u>	<u>(1,050,302)</u>	<u>(209,782)</u>	<u>(1,260,084)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,106)</u>	<u>\$ 16,023</u>	<u>\$ (83)</u>
Covered payroll			\$ 12,110,977			\$ 11,909,272
Contributions as a percentage of covered payroll			11.27%			10.58%

### 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	26 Years
Asset valuation method	5-Year Smoothed Market
Inflation	2.75%
Salary increases	3.75% to 14.50% including inflation
Investment rate of return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 CHBCA

### Other information:

There were no benefit changes during the year.

2016			2017			2018		
City	Library	Total	City	Library	Total	City	Library	Total
\$ 1,132,913	\$ 245,850	\$ 1,378,763	\$ 997,050	\$ 201,752	\$ 1,198,802	\$ 1,000,488	\$ 202,448	\$ 1,202,936
<u>(1,187,009)</u>	<u>(257,589)</u>	<u>(1,444,598)</u>	<u>(997,050)</u>	<u>(201,752)</u>	<u>(1,198,802)</u>	<u>(1,000,488)</u>	<u>(202,448)</u>	<u>(1,202,936)</u>
\$ (54,096)	\$ (11,739)	\$ (65,835)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 12,354,507			\$ 12,487,524			\$ 12,689,196		
11.69%			9.60%			9.48%		

# CITY OF HIGHLAND PARK

## POLICE PENSION FUND

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

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

**Notes to Schedule:**

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



# CITY OF HIGHLAND PARK

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Actuarially determined contribution	\$ 1,295,796	\$ 1,714,250	\$ 1,654,070	\$ 1,485,807
Contributions in relation to the actuarially determined contribution	1,333,139	1,456,079	1,681,690	1,508,625
Contribution deficiency (excess)	<u>\$ (37,343)</u>	<u>\$ 258,171</u>	<u>\$ (27,620)</u>	<u>\$ (22,818)</u>
Covered payroll	\$ 4,510,522	\$ 4,396,294	\$ 4,405,140	\$ 4,422,555
Contributions as a percentage of covered payroll	29.56%	33.12%	38.18%	34.11%

**Notes to Schedule:**

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

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

3) Methods and assumptions used to determine contribution rates:

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

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 1,675,278	\$ 2,200,186	\$ 2,284,900	\$ 2,770,901	\$ 2,899,038	\$ 3,055,946
1,704,410	2,390,587	2,809,109	3,611,980	3,760,188	3,987,084
<u>\$ (29,132)</u>	<u>\$ (190,401)</u>	<u>\$ (524,209)</u>	<u>\$ (841,079)</u>	<u>\$ (861,150)</u>	<u>\$ (931,138)</u>
\$ 4,773,826	\$ 4,871,007	\$ 5,100,745	\$ 5,322,381	\$ 5,178,365	\$ 5,582,970
35.70%	49.08%	55.07%	67.86%	72.61%	71.42%

**CITY OF HIGHLAND PARK**

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

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	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Annual money-weighted rate of return, net of investment expense	6.28%	-0.23%	6.49%	12.50%	-4.53%

**Notes to Schedule:**

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

# CITY OF HIGHLAND PARK

## FIREFIGHTERS' PENSION FUND

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

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

**Notes to Schedule:**

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

# CITY OF HIGHLAND PARK

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

	2009	2010	2011	2012
Actuarially determined contribution	\$ 1,120,881	\$ 1,533,479	\$ 1,529,803	\$ 1,468,564
Contributions in relation to the actuarially determined contribution	1,161,784	1,263,134	1,552,838	1,508,267
Contribution deficiency (excess)	<u>\$ (40,903)</u>	<u>\$ 270,345</u>	<u>\$ (23,035)</u>	<u>\$ (39,703)</u>
Covered payroll	\$ 3,934,609	\$ 4,007,213	\$ 4,330,427	\$ 4,519,476
Contributions as a percentage of covered payroll	29.53%	31.52%	35.86%	33.37%

### Notes to Schedule:

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

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

3) Methods and assumptions used to determine contribution rates:

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

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 1,644,227	\$ 2,217,940	\$ 2,201,713	\$ 2,619,715	\$ 2,629,419	\$ 2,608,199
<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>	<u>4,035,618</u>
<u>\$ (38,634)</u>	<u>\$ (193,832)</u>	<u>\$ (270,337)</u>	<u>\$ (793,129)</u>	<u>\$ (1,111,077)</u>	<u>\$ (1,427,419)</u>
\$ 4,568,865	\$ 4,548,781	\$ 4,770,038	\$ 4,832,832	\$ 4,870,611	\$ 4,817,441
36.83%	53.02%	51.82%	70.62%	76.80%	83.77%

**CITY OF HIGHLAND PARK**  
**FIREFIGHTERS' PENSION FUND**  
**SCHEDULE OF INVESTMENT RETURNS**  
Last Five Fiscal Years

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	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Annual money-weighted rate of return, net of investment expense	5.58%	1.99%	3.55%	13.65%	-4.62%

**Notes to Schedule:**

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

**CITY OF HIGHLAND PARK**  
**RETIREE HEALTH INSURANCE PLAN**  
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY  
AND RELATED RATIOS  
Most Recent Fiscal Year

	<u><b>2018</b></u>
<b>Total OPEB liability</b>	
Service cost	\$ 239,128
Interest	362,783
Changes of assumptions	(737,720)
Benefit payments, including refunds of member contributions	<u>(542,341)</u>
<b>Net change in total OPEB liability</b>	(678,150)
<b>Total OPEB liability - beginning</b>	<u>10,810,489</u>
<b>Total OPEB liability - ending</b>	<u><b>\$ 10,132,339</b></u>
<b>Total OPEB liability - City</b>	\$ 9,942,522
<b>Total OPEB liability - Library</b>	<u>189,817</u>
<b>Total OPEB liability - Total</b>	<u><b>\$ 10,132,339</b></u>
 <b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	 0.00%
 <b>Covered payroll</b>	 \$ 20,695,903
 <b>City's total OPEB liability as a percentage of covered payroll</b>	 48.96%

**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 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, 2018**

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#### ***BUDGETARY INFORMATION***

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

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

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

## **SUPPLEMENTARY INFORMATION**

# CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2018

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
<b>EXPENDITURES</b>				
<b>GENERAL GOVERNMENT</b>				
City Council				
Personal services	\$ 201,576	\$ 201,576	\$ 197,152	\$ 4,424
Contractual services	9,237	9,237	9,237	-
Materials and supplies	20,800	20,800	12,886	7,914
Total city council	231,613	231,613	219,275	12,338
Administration				
Personal services	656,317	643,063	642,629	434
Contractual services	85,335	99,940	95,630	4,310
Materials and supplies	54,200	59,700	56,609	3,091
Administration - capital outlay	100,000	98,699	91,667	7,032
Total administration	895,852	901,402	886,535	14,867
Human resources				
Personal services	323,353	323,353	322,616	737
Contractual services	77,802	77,802	68,412	9,390
Materials and supplies	141,502	159,753	106,195	53,558
Capital outlay	16,770	16,770	43,389	(26,619)
Total human resources	559,427	577,678	540,612	37,066
Communications				
Personal services	155,176	155,176	150,826	4,350
Contractual services	47,684	47,684	39,734	7,950
Materials and supplies	112,702	114,702	105,084	9,618
Capital outlay	2,346	2,346	2,120	226
Total communications	317,908	319,908	297,764	22,144
City Clerk				
Personal services	167,913	167,913	167,442	471
Contractual services	38,814	38,814	31,986	6,828
Materials and supplies	1,490	1,490	446	1,044
Total city clerk	208,217	208,217	199,874	8,343
Youth Services				
Personal services	102,885	102,885	74,823	28,062
Contractual services	21,657	21,107	21,053	54
Materials and supplies	7,050	2,050	1,129	921
Total youth services	131,592	126,042	97,005	29,037
Senior services				
Personal services	359,694	359,694	340,388	19,306
Contractual services	27,407	27,407	27,301	106
Materials and supplies	121,425	121,425	90,062	31,363
Capital outlay	2,900	2,900	2,825	75
Total senior services	511,426	511,426	460,576	50,850
Legal Department				
Contractual services	986,237	986,237	913,478	72,759
Materials and supplies	650	650	685	(35)
Total legal department	986,887	986,887	914,163	72,724

# CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Finance administration and accounting				
Personal services	\$ 961,686	\$ 961,686	\$ 947,398	\$ 14,288
Contractual services	1,774,107	1,651,107	1,560,287	90,820
Materials and supplies	180,765	181,125	171,503	9,622
Reserve & contingency	<u>1,139,200</u>	<u>1,139,200</u>	<u>-</u>	<u>1,139,200</u>
Total finance administration and accounting	<u>4,055,758</u>	<u>3,933,118</u>	<u>2,679,188</u>	<u>1,253,930</u>
Facilities				
Personal services	416,318	416,318	394,628	21,690
Contractual services	833,053	833,053	792,842	40,211
Materials and supplies	115,573	115,573	93,560	22,013
Capital outlay	<u>1,055,000</u>	<u>1,195,000</u>	<u>1,048,881</u>	<u>146,119</u>
Total facilities	<u>2,419,944</u>	<u>2,559,944</u>	<u>2,329,911</u>	<u>230,033</u>
Less administrative reimbursements				
Administrative reimbursements	<u>(1,371,000)</u>	<u>(1,371,000)</u>	<u>(1,371,000)</u>	<u>-</u>
Total less administrative reimbursements	<u>(1,371,000)</u>	<u>(1,371,000)</u>	<u>(1,371,000)</u>	<u>-</u>
Total General Government	<u>8,947,624</u>	<u>8,985,235</u>	<u>7,253,903</u>	<u>1,731,332</u>
<b>PUBLIC SAFETY</b>				
Police department - operations				
Personal services	9,490,720	9,434,891	9,329,748	105,143
Contractual services	2,267,246	2,389,056	2,363,658	25,398
Materials and supplies	410,261	486,382	397,207	89,175
Capital outlay	<u>210,834</u>	<u>635,324</u>	<u>474,733</u>	<u>160,591</u>
Total police department - operations	<u>12,379,061</u>	<u>12,945,653</u>	<u>12,565,346</u>	<u>380,307</u>
Fire department - operations				
Personal services	7,378,617	7,378,617	7,612,746	(234,129)
Contractual services	638,273	413,273	409,468	3,805
Materials and supplies	210,642	211,797	184,931	26,866
Capital outlay	<u>61,000</u>	<u>61,000</u>	<u>56,752</u>	<u>4,248</u>
Total fire department - operations	<u>8,288,532</u>	<u>8,064,687</u>	<u>8,263,897</u>	<u>(199,210)</u>
Total Public Safety	<u>20,667,593</u>	<u>21,010,340</u>	<u>20,829,243</u>	<u>181,097</u>
<b>PUBLIC WORKS</b>				
Public works administration				
Personal services	537,886	537,886	524,793	13,093
Contractual services	137,387	137,387	136,124	1,263
Materials and supplies	<u>19,040</u>	<u>19,040</u>	<u>20,197</u>	<u>(1,157)</u>
Total public works administration	<u>694,313</u>	<u>694,313</u>	<u>681,114</u>	<u>13,199</u>

# CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Facilities				
Capital outlay	\$ 335,000	\$ 549,000	\$ 208,864	\$ 340,136
Total facilities	<u>335,000</u>	<u>549,000</u>	<u>208,864</u>	<u>340,136</u>
Engineering				
Personal services	758,210	758,210	711,376	46,834
Contractual services	183,541	183,541	176,863	6,678
Materials and supplies	7,725	7,725	9,505	(1,780)
Total engineering	<u>949,476</u>	<u>949,476</u>	<u>897,744</u>	<u>51,732</u>
Forestry				
Personal services	311,616	311,616	306,633	4,983
Contractual services	581,679	581,679	556,470	25,209
Materials and supplies	21,359	21,359	22,104	(745)
Capital outlay	205,000	205,000	200,466	4,534
Total forestry	<u>1,119,654</u>	<u>1,119,654</u>	<u>1,085,673</u>	<u>33,981</u>
Total Public Works	<u>3,098,443</u>	<u>3,312,443</u>	<u>2,873,395</u>	<u>439,048</u>
<b>ECONOMIC AND PHYSICAL DEVELOPMENT</b>				
Community development				
Personal services	2,722,249	2,691,630	2,421,141	270,489
Contractual services	509,610	544,560	516,696	27,864
Materials and supplies	103,150	111,659	85,149	26,510
Total community development	<u>3,335,009</u>	<u>3,347,849</u>	<u>3,022,986</u>	<u>324,863</u>
Economic development				
Personal services	151,939	151,939	143,445	8,494
Contractual services	19,174	19,174	18,738	436
Materials and supplies	263,769	263,769	72,138	191,631
Revenue sharing	451,000	451,000	455,712	(4,712)
Total economic development	<u>885,882</u>	<u>885,882</u>	<u>690,033</u>	<u>195,849</u>
Total Economic and physical development	<u>4,220,891</u>	<u>4,233,731</u>	<u>3,713,019</u>	<u>520,712</u>
<b>COMMISSIONS</b>				
Personal services	49,375	49,375	37,297	12,078
Contractual services	76,798	81,798	37,626	44,172
Materials and supplies	94,955	99,320	82,376	16,944
Total commissions	<u>221,128</u>	<u>230,493</u>	<u>157,299</u>	<u>73,194</u>
Total Expenditures	<u>\$ 37,155,679</u>	<u>\$ 37,772,242</u>	<u>\$ 34,826,859</u>	<u>\$ 2,945,383</u>

# CITY OF HIGHLAND PARK

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS As of December 31, 2018

	Special Revenue Funds			
	Motor Fuel Tax	Emergency 911 System	Foreign Fire Insurance Tax	Environmental Sustainability
<b>ASSETS</b>				
Cash	\$ 129,550	\$ -	\$ 395,055	\$ 334,229
Receivables (net)				
Property taxes	-	-	-	-
Motor fuel tax allotments	64,644	112,363	-	-
Accounts	-	-	-	-
Prepaid items	-	-	359	-
Deposits	-	78,924	-	-
<b>TOTAL ASSETS</b>	<u>\$ 194,194</u>	<u>\$ 191,287</u>	<u>\$ 395,414</u>	<u>\$ 334,229</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ -	\$ 1,216	\$ 16,249	\$ 310
Accrued liabilities	-	-	-	563
Due to other funds	-	47,713	-	-
Total Liabilities	<u>-</u>	<u>48,929</u>	<u>16,249</u>	<u>873</u>
Deferred Inflows of Resources				
Property taxes levied for future periods	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Nonspendable for prepaid items	-	-	359	-
Restricted for streets	194,194	-	-	-
Restricted for public safety	-	142,358	378,806	-
Restricted for economic development	-	-	-	-
Committed for sustainability initiatives	-	-	-	333,356
Committed for transportation	-	-	-	-
Assigned for debt service	-	-	-	-
Total Fund Balances	<u>194,194</u>	<u>142,358</u>	<u>379,165</u>	<u>333,356</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 194,194</u>	<u>\$ 191,287</u>	<u>\$ 395,414</u>	<u>\$ 334,229</u>

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Special Revenue Funds	Debt Service Fund	Capital Project Fund	Total Nonmajor Governmental Funds
Multi-Modal Transportation	Debt Service	Tax Increment Financing	
\$ 1,817,626	\$ 971,368	\$ 1,501,331	\$ 5,149,159
1,278,500	1,237,598	333,600	2,849,698
-	-	-	177,007
64,382	-	-	64,382
-	-	-	359
-	-	-	78,924
<u>\$ 3,160,508</u>	<u>\$ 2,208,966</u>	<u>\$ 1,834,931</u>	<u>\$ 8,319,529</u>

\$ 140,180	\$ -	\$ 32,735	\$ 190,690
43,298	-	-	43,861
-	-	-	47,713
<u>183,478</u>	<u>-</u>	<u>32,735</u>	<u>282,264</u>

<u>1,278,500</u>	<u>1,237,598</u>	<u>333,600</u>	<u>2,849,698</u>
<u>1,278,500</u>	<u>1,237,598</u>	<u>333,600</u>	<u>2,849,698</u>

-	-	-	359
-	-	-	194,194
-	-	-	521,164
-	-	1,468,596	1,468,596
-	-	-	333,356
1,698,530	-	-	1,698,530
-	971,368	-	971,368
<u>1,698,530</u>	<u>971,368</u>	<u>1,468,596</u>	<u>5,187,567</u>

<u>\$ 3,160,508</u>	<u>\$ 2,208,966</u>	<u>\$ 1,834,931</u>	<u>\$ 8,319,529</u>
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# CITY OF HIGHLAND PARK

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2018

	Motor Fuel Tax	Emergency 911 System	Foreign Fire Insurance Tax	Environmental Sustainability
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Intergovernmental	-	-	141,391	-
Motor fuel tax	761,804	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Public charges for services	-	643,636	-	132,229
Reimbursements	-	-	-	-
Interest income	9,500	7,277	421	1,681
Miscellaneous	-	-	-	-
Total Revenues	<u>771,304</u>	<u>650,913</u>	<u>141,812</u>	<u>133,910</u>
<b>EXPENDITURES</b>				
Current				
Public safety	-	17,782	135,792	-
Public works	-	-	-	-
Transit	-	-	-	-
Economic and physical development	-	-	-	82,722
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>17,782</u>	<u>135,792</u>	<u>82,722</u>
Excess (deficiency) of revenues over (under) expenditures	<u>771,304</u>	<u>633,131</u>	<u>6,020</u>	<u>51,188</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	(970,400)	(981,790)	-	-
Total Other Financing Sources (Uses)	<u>(970,400)</u>	<u>(981,790)</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(199,096)	(348,659)	6,020	51,188
FUND BALANCES - Beginning of Year	393,290	491,017	373,145	282,168
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 194,194</u>	<u>\$ 142,358</u>	<u>\$ 379,165</u>	<u>\$ 333,356</u>



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Multi-Modal Transportation	Debt Service	Tax Increment Financing	Total Nonmajor Governmental Funds
\$ 1,345,641	\$ 793,821	\$ 276,136	\$ 2,415,598
524,392	-	-	524,392
-	-	-	141,391
-	-	-	761,804
1,103,423	-	-	1,103,423
14,300	-	-	14,300
72,137	-	-	848,002
1,436,742	-	-	1,436,742
6,882	24,853	8,171	58,785
72,503	-	-	72,503
<u>4,576,020</u>	<u>818,674</u>	<u>284,307</u>	<u>7,376,940</u>
-	-	-	153,574
2,742,359	-	-	2,742,359
1,354,645	-	-	1,354,645
-	-	212,107	294,829
-	478,510	-	478,510
-	448,082	-	448,082
<u>4,097,004</u>	<u>926,592</u>	<u>212,107</u>	<u>5,471,999</u>
<u>479,016</u>	<u>(107,918)</u>	<u>72,200</u>	<u>1,904,941</u>
220,000	-	-	220,000
-	(1,000,000)	(54,245)	(3,006,435)
<u>220,000</u>	<u>(1,000,000)</u>	<u>(54,245)</u>	<u>(2,786,435)</u>
699,016	(1,107,918)	17,955	(881,494)
999,514	2,079,286	1,450,641	6,069,061
<u>\$ 1,698,530</u>	<u>\$ 971,368</u>	<u>\$ 1,468,596</u>	<u>\$ 5,187,567</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Motor fuel tax	\$ 750,400	\$ 750,400	\$ 761,804	\$ 11,404
Investment income	-	-	9,500	9,500
Total Revenues	<u>750,400</u>	<u>750,400</u>	<u>771,304</u>	<u>20,904</u>
<b>EXPENDITURES</b>				
Total Expenditures	-	-	-	-
Excess of revenues over expenditures	<u>750,400</u>	<u>750,400</u>	<u>771,304</u>	<u>20,904</u>
<b>OTHER FINANCING USES</b>				
Transfers out	(970,400)	(970,400)	(970,400)	-
Total Other Financing Uses	<u>(970,400)</u>	<u>(970,400)</u>	<u>(970,400)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (220,000)</u>	<u>\$ (220,000)</u>	(199,096)	<u>\$ 20,904</u>
FUND BALANCE - Beginning of Year			<u>393,290</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 194,194</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Public charges for services	\$ 385,000	\$ 594,500	\$ 643,636	\$ 49,136
Investment income	-	4,300	7,277	2,977
Total Revenues	<u>385,000</u>	<u>598,800</u>	<u>650,913</u>	<u>52,113</u>
<b>EXPENDITURES</b>				
Contractual services	28,400	28,400	14,339	14,061
Materials and supplies	<u>4,650</u>	<u>4,650</u>	<u>3,443</u>	<u>1,207</u>
Total Expenditures	<u>33,050</u>	<u>33,050</u>	<u>17,782</u>	<u>15,268</u>
Excess (deficiency) of revenues over (under) expenditures	<u>351,950</u>	<u>565,750</u>	<u>633,131</u>	<u>67,381</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(350,000)</u>	<u>(981,790)</u>	<u>(981,790)</u>	-
Total Other Financing Uses	<u>(350,000)</u>	<u>(981,790)</u>	<u>(981,790)</u>	-
<b>Net Change in Fund Balance</b>	<u>\$ 1,950</u>	<u>\$ (416,040)</u>	<u>(348,659)</u>	<u>\$ 67,381</u>
FUND BALANCE - Beginning of Year			<u>491,017</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 142,358</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, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Public charges for services	\$ 145,000	\$ 145,000	\$ 132,229	\$ (12,771)
Investment income	-	-	1,681	1,681
Total Revenues	145,000	145,000	133,910	(11,090)
EXPENDITURES				
Personal services	25,066	25,066	29,563	(4,497)
Contractual service	89,950	89,950	53,159	36,791
Total Expenditures	115,016	115,016	82,722	32,294
Net Change in Fund Balance	\$ 29,984	\$ 29,984	51,188	\$ 21,204
FUND BALANCE - Beginning of Year			282,168	
FUND BALANCE - END OF YEAR			\$ 333,356	

# 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, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 1,353,500	\$ 1,353,500	\$ 1,345,641	\$ (7,859)
Other taxes	482,400	482,400	524,392	41,992
Licenses and permits	1,097,700	1,097,700	1,103,423	5,723
Intergovernmental	100	100	-	(100)
Fines, forfeitures and penalties	11,000	11,000	14,300	3,300
Public charges for services	68,578	68,578	72,137	3,559
PACE RTA fare reimbursement	1,342,000	1,342,000	1,436,742	94,742
Investment income	-	-	6,882	6,882
Miscellaneous	69,148	70,385	72,503	2,118
Total Revenues	4,424,426	4,425,663	4,576,020	150,357
EXPENDITURES				
PUBLIC WORKS				
Personal services	1,235,757	1,235,757	1,126,203	109,554
Contractual services	1,011,908	1,011,908	958,388	53,520
Materials and supplies	579,861	656,098	561,850	94,248
Capital outlay	220,000	220,000	95,918	124,082
Total Public works	3,047,526	3,123,763	2,742,359	381,404
TRANSIT				
Personal services	1,306,820	1,306,820	1,284,033	22,787
Contractual services	44,512	44,512	40,157	4,355
Materials and supplies	62,048	62,048	30,455	31,593
Total Transit	1,413,380	1,413,380	1,354,645	58,735
Total Expenditures	4,460,906	4,537,143	4,097,004	440,139
Excess (deficiency) of revenues over (under) expenditures	(36,480)	(111,480)	479,016	590,496
OTHER FINANCING SOURCES				
Transfers in	220,000	220,000	220,000	-
Total Other Financing Sources	220,000	220,000	220,000	-
Net Change in Fund Balance	\$ 183,520	\$ 108,520	699,016	\$ 590,496
FUND BALANCE - Beginning of Year			999,514	
FUND BALANCE - END OF YEAR			\$ 1,698,530	

# 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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 954,825	\$ 954,825	\$ 793,821	\$ (161,004)
Investment income	19,300	19,300	24,853	5,553
Reimbursements	67,025	67,025	-	(67,025)
Total Revenues	<u>1,041,150</u>	<u>1,041,150</u>	<u>818,674</u>	<u>(222,476)</u>
<b>EXPENDITURES</b>				
Principal	523,500	523,500	478,510	44,990
Interest and fiscal charges	498,793	472,596	448,082	24,514
Total Expenditures	<u>1,022,293</u>	<u>996,096</u>	<u>926,592</u>	<u>69,504</u>
Excess (deficiency) of revenues over (under) expenditures	<u>18,857</u>	<u>45,054</u>	<u>(107,918)</u>	<u>(152,972)</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
Total Other Financing Uses	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (981,143)</u>	<u>\$ (954,946)</u>	<u>(1,107,918)</u>	<u>\$ (152,972)</u>
FUND BALANCE - Beginning of Year			<u>2,079,286</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 971,368</u>	

# CITY OF HIGHLAND PARK

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TAX INCREMENT FINANCING FUND For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	\$ 214,300	\$ 214,300	\$ 276,136	\$ 61,836
Investment income	-	-	8,171	8,171
Total Revenues	<u>214,300</u>	<u>214,300</u>	<u>284,307</u>	<u>70,007</u>
EXPENDITURES				
Contractual services	<u>590,000</u>	<u>590,000</u>	<u>212,107</u>	<u>377,893</u>
Total Expenditures	<u>590,000</u>	<u>590,000</u>	<u>212,107</u>	<u>377,893</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(375,700)</u>	<u>(375,700)</u>	<u>72,200</u>	<u>447,900</u>
OTHER FINANCING USES				
Transfers out	-	(54,245)	(54,245)	-
Total Other Financing Uses	-	(54,245)	(54,245)	-
Net Change in Fund Balance	<u>\$ (375,700)</u>	<u>\$ (429,945)</u>	17,955	<u>\$ 447,900</u>
FUND BALANCE - Beginning of Year			<u>1,450,641</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,468,596</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 637,900	\$ 637,900	\$ 635,048	\$ (2,852)
Municipal sales tax	453,700	453,700	449,382	(4,318)
Reimbursements	747,000	747,000	316,089	(430,911)
Investment income	28,100	28,100	192,663	164,563
Total Revenues	<u>1,866,700</u>	<u>1,866,700</u>	<u>1,593,182</u>	<u>(273,518)</u>
<b>EXPENDITURES</b>				
Capital Outlay	<u>9,425,000</u>	<u>9,679,000</u>	<u>6,942,117</u>	<u>2,736,883</u>
Total Expenditures	<u>9,425,000</u>	<u>9,679,000</u>	<u>6,942,117</u>	<u>2,736,883</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,558,300)</u>	<u>(7,812,300)</u>	<u>(5,348,935)</u>	<u>2,463,365</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
General obligation debt issued	6,900,000	8,192,111	7,900,000	(292,111)
Premium on debt issued	-	-	292,111	292,111
Transfers in	750,400	750,400	750,400	-
Transfers out	<u>-</u>	<u>(1,036,976)</u>	<u>(1,036,976)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>7,650,400</u>	<u>7,905,535</u>	<u>7,905,535</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ 92,100</u>	<u>\$ 93,235</u>	<u>2,556,600</u>	<u>\$ 2,463,365</u>
FUND BALANCE - Beginning of Year			<u>198,656</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u><u>\$ 2,755,256</u></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, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>OPERATING REVENUES</b>				
Water sales	\$ 8,326,900	\$ 8,326,900	\$ 7,859,074	\$ (467,826)
Water/sewer permit fees	85,000	85,000	116,307	31,307
Miscellaneous	<u>46,203</u>	<u>46,203</u>	<u>41,899</u>	<u>(4,304)</u>
Total Operating Revenues	<u>8,458,103</u>	<u>8,458,103</u>	<u>8,017,280</u>	<u>(440,823)</u>
<b>OPERATING EXPENSES</b>				
Personal services	2,370,577	2,370,577	2,335,942	34,635
Contractual services	1,299,066	1,299,066	1,166,981	132,085
Materials and supplies	378,060	378,060	345,057	33,003
Small tools and equipment	1,550,000	2,390,000	1,317,871	1,072,129
Administrative reimbursements	<u>1,272,000</u>	<u>1,272,000</u>	<u>1,272,000</u>	<u>-</u>
Total Operating Expenses	<u>6,869,703</u>	<u>7,709,703</u>	<u>6,437,851</u>	<u>1,271,852</u>
Operating Income (Loss)	<u>1,588,400</u>	<u>748,400</u>	<u>1,579,429</u>	<u>831,029</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Investment income	40,300	40,300	128,802	88,502
Intergovernmental	69,000	69,000	70,762	1,762
Principal	(1,422,848)	(1,422,848)	(1,423,036)	188
Interest and fiscal charges	(1,293,310)	(1,293,310)	(1,265,814)	27,496
Gain (loss) on sale of capital assets	<u>-</u>	<u>-</u>	<u>(66,590)</u>	<u>(66,590)</u>
Total Non-Operating Revenues (Expenses)	<u>(2,606,858)</u>	<u>(2,606,858)</u>	<u>(2,555,876)</u>	<u>51,358</u>
Net Income - Budgetary Basis	<u>(1,018,458)</u>	<u>(1,858,458)</u>	<u>(976,447)</u>	<u>882,387</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Capital assets capitalized	-	-	1,135,267	1,135,267
Depreciation	-	-	(4,339,044)	(4,339,044)
Principal paid	<u>-</u>	<u>-</u>	<u>1,423,036</u>	<u>1,423,036</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>(1,780,741)</u>	<u>(1,780,741)</u>
Change in net position	<u>\$ (1,018,458)</u>	<u>\$ (1,858,458)</u>	<u>(2,757,188)</u>	<u>\$ (898,354)</u>
NET POSITION - Beginning of Year (as restated)			<u>17,470,753</u>	
<b>NET POSITION - END OF YEAR</b>			<u>\$ 14,713,565</u>	

# CITY OF HIGHLAND PARK

## SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL SEWER FUND - BUDGETARY BASIS For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>OPERATING REVENUES</b>				
Sanitary sewer charges	\$ 2,458,700	\$ 2,458,700	\$ 2,342,169	\$ (116,531)
Stormwater management fees	2,230,100	2,230,100	2,291,825	61,725
Water/sewer permit fees	40,000	40,000	42,500	2,500
Miscellaneous	<u>31,658</u>	<u>31,658</u>	<u>29,301</u>	<u>(2,357)</u>
Total Operating Revenues	<u>4,760,458</u>	<u>4,760,458</u>	<u>4,705,795</u>	<u>(54,663)</u>
<b>OPERATING EXPENSES</b>				
Personal services	1,211,075	1,211,075	1,095,607	115,468
Contractual services	601,891	601,891	613,548	(11,657)
Materials and supplies	89,050	89,050	63,673	25,377
Small tools and equipment	<u>3,270,000</u>	<u>3,632,000</u>	<u>2,653,816</u>	<u>978,184</u>
Total Operating Expenses	<u>5,172,016</u>	<u>5,534,016</u>	<u>4,426,644</u>	<u>1,107,372</u>
Operating Income (Loss)	<u>(411,558)</u>	<u>(773,558)</u>	<u>279,151</u>	<u>1,052,709</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Intergovernmental revenue	157,524	157,524	28,561	(128,963)
Investment income	18,400	18,400	40,842	22,442
Principal	(370,833)	(370,833)	(370,833)	-
Interest and fiscal charges	<u>(127,812)</u>	<u>(125,853)</u>	<u>(110,205)</u>	<u>15,648</u>
Total Non-Operating Revenues (Expenses)	<u>(322,721)</u>	<u>(320,762)</u>	<u>(411,635)</u>	<u>(90,873)</u>
Net Income (Loss) - Budgetary Basis	<u>(734,279)</u>	<u>(1,094,320)</u>	<u>(132,484)</u>	<u>961,836</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Capital assets capitalized	-	-	1,154,942	1,154,942
Depreciation	-	-	(1,850,929)	(1,850,929)
Principal paid	<u>-</u>	<u>-</u>	<u>370,833</u>	<u>370,833</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>(325,154)</u>	<u>(325,154)</u>
Change in net position	\$ <u>(734,279)</u>	\$ <u>(1,094,320)</u>	(457,638)	\$ <u>636,682</u>
NET POSITION - Beginning of Year (as restated)			<u>20,483,637</u>	
<b>NET POSITION - END OF YEAR</b>			<u>\$ 20,025,999</u>	

# CITY OF HIGHLAND PARK

## SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL MOTOR VEHICLE PARKING SYSTEM FUND - BUDGETARY BASIS For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>OPERATING REVENUES</b>				
Charges for services				
Parking lot collections	\$ 583,500	\$ 583,500	\$ 609,265	\$ 25,765
Parking violations	<u>204,000</u>	<u>204,000</u>	<u>188,756</u>	<u>(15,244)</u>
Total Operating Revenues	<u>787,500</u>	<u>787,500</u>	<u>798,021</u>	<u>10,521</u>
<b>OPERATING EXPENSES</b>				
Personal services	348,780	348,780	312,527	36,253
Contractual services	269,260	269,260	288,781	(19,521)
Materials and supplies	24,665	24,665	17,725	6,940
Small tools and equipment	70,000	70,000	38,181	31,819
Administrative reimbursements	<u>99,000</u>	<u>99,000</u>	<u>99,000</u>	<u>-</u>
Total Operating Expenses	<u>811,705</u>	<u>811,705</u>	<u>756,214</u>	<u>55,491</u>
Operating Income (Loss)	<u>(24,205)</u>	<u>(24,205)</u>	<u>41,807</u>	<u>66,012</u>
<b>NON-OPERATING REVENUES</b>				
Investment income	<u>4,300</u>	<u>4,300</u>	<u>8,302</u>	<u>4,002</u>
Total Non-Operating Revenues	<u>4,300</u>	<u>4,300</u>	<u>8,302</u>	<u>4,002</u>
Net Income (Loss) - Budgetary Basis	<u>(19,905)</u>	<u>(19,905)</u>	<u>50,109</u>	<u>70,014</u>
<b>ADJUSTMENT TO GAAP BASIS</b>				
Depreciation	<u>-</u>	<u>-</u>	<u>(174,670)</u>	<u>(174,670)</u>
Total Adjustment to GAAP Basis	<u>-</u>	<u>-</u>	<u>(174,670)</u>	<u>(174,670)</u>
Change in net position	\$ <u>(19,905)</u>	\$ <u>(19,905)</u>	(124,561)	\$ <u>(104,656)</u>
NET POSITION - Beginning of Year (as restated)			<u>3,498,180</u>	
<b>NET POSITION - END OF YEAR</b>			<u>\$ 3,373,619</u>	

# CITY OF HIGHLAND PARK

## COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2018

	Equipment Maintenance and Replacement	Insurance	Totals
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 4,093,978	\$ 3,081,762	\$ 7,175,740
Receivables			
Accounts	-	45,242	45,242
Other	-	439,821	439,821
Net pension asset	321,072	-	321,072
Total Current Assets	<u>4,415,050</u>	<u>3,566,825</u>	<u>7,981,875</u>
Noncurrent Assets			
Capital assets (net of accumulated depreciation)			
Construction in progress	1,938,897	-	1,938,897
Machinery, equipment and furnishings	11,108,340	-	11,108,340
Accumulated depreciation	<u>(9,347,460)</u>	<u>-</u>	<u>(9,347,460)</u>
Total Noncurrent Assets	<u>3,699,777</u>	<u>-</u>	<u>3,699,777</u>
Total Assets	<u>8,114,827</u>	<u>3,566,825</u>	<u>11,681,652</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>72,365</u>	<u>-</u>	<u>72,365</u>
Total Deferred Outflows of Resources	<u>72,365</u>	<u>-</u>	<u>72,365</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	420,674	446	421,120
Accrued liabilities	23,697	-	23,697
Unearned revenue	<u>1,659</u>	<u>10,683</u>	<u>12,342</u>
Total Current Liabilities	<u>446,030</u>	<u>11,129</u>	<u>457,159</u>
Noncurrent Liabilities			
Due within one year	11,384	2,734	14,118
Due in more than one year	<u>202,230</u>	<u>10,934</u>	<u>213,164</u>
Total Noncurrent Liabilities	<u>213,614</u>	<u>13,668</u>	<u>227,282</u>
Total Liabilities	<u>659,644</u>	<u>24,797</u>	<u>684,441</u>

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	Equipment Maintenance and Replacement	Insurance	Totals
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	\$ 391,780	\$ -	\$ 391,780
Deferred inflows related to OPEB	<u>10,124</u>	<u>-</u>	<u>10,124</u>
Total Deferred Inflows of Resources	<u>401,904</u>	<u>-</u>	<u>401,904</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,699,777	-	3,699,777
Unrestricted	<u>3,425,867</u>	<u>3,542,028</u>	<u>6,967,895</u>
<b>TOTAL NET POSITION</b>	<u>\$ 7,125,644</u>	<u>\$ 3,542,028</u>	<u>\$ 10,667,672</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, 2018

	Equipment Maintenance and Replacement	Insurance	Totals
<b>OPERATING REVENUES</b>			
Charges for goods and services	\$ 3,632,084	\$ 5,079,421	\$ 8,711,505
Miscellaneous	<u>31,131</u>	<u>-</u>	<u>31,131</u>
Total Operating Revenues	<u>3,663,215</u>	<u>5,079,421</u>	<u>8,742,636</u>
<b>OPERATING EXPENSES</b>			
Personal services	1,175,972	6,804	1,182,776
Contractual services	340,807	5,191,777	5,532,584
Materials and supplies	535,246	-	535,246
Repairs and maintenance	421,879	300	422,179
Small tools and equipment	256,217	23,756	279,973
Depreciation	<u>467,861</u>	<u>-</u>	<u>467,861</u>
Total Operating Expenses	<u>3,197,982</u>	<u>5,222,637</u>	<u>8,420,619</u>
Operating Income (Loss)	<u>465,233</u>	<u>(143,216)</u>	<u>322,017</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	102,033	16,698	118,731
Gain (loss) on sale of capital assets	<u>(69,680)</u>	<u>-</u>	<u>(69,680)</u>
Total Nonoperating Revenues (Expenses)	<u>32,353</u>	<u>16,698</u>	<u>49,051</u>
Income (Loss) Before Transfers	<u>497,586</u>	<u>(126,518)</u>	<u>371,068</u>
<b>TRANSFERS</b>			
Transfers in	<u>1,036,976</u>	<u>-</u>	<u>1,036,976</u>
Total Transfers	<u>1,036,976</u>	<u>-</u>	<u>1,036,976</u>
<b>Change in net position</b>	1,534,562	(126,518)	1,408,044
NET POSITION - Beginning of Year (as restated)	<u>5,591,082</u>	<u>3,668,546</u>	<u>9,259,628</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 7,125,644</u>	<u>\$ 3,542,028</u>	<u>\$ 10,667,672</u>

# CITY OF HIGHLAND PARK

## COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2018

	Equipment Maintenance and Replacement	Insurance	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Received from customers	\$ 3,666,265	\$ 4,873,438	\$ 8,539,703
Paid to suppliers for goods and services	(1,039,657)	(5,141,612)	(6,181,269)
Paid to employees for services	(1,178,514)	-	(1,178,514)
Net Cash Flows From Operating Activities	<u>1,448,094</u>	<u>(268,174)</u>	<u>1,179,920</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	<u>102,033</u>	<u>16,698</u>	<u>118,731</u>
Net Cash Flows From Investing Activities	<u>102,033</u>	<u>16,698</u>	<u>118,731</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers	<u>1,036,976</u>	<u>-</u>	<u>1,036,976</u>
Net Cash Flows From Noncapital Financing Activities	<u>1,036,976</u>	<u>-</u>	<u>1,036,976</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(2,340,548)	-	(2,340,548)
Sale of capital assets	<u>21,819</u>	<u>-</u>	<u>21,819</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(2,318,729)</u>	<u>-</u>	<u>(2,318,729)</u>
<b>Net Change in Cash and Cash Equivalents</b>	268,374	(251,476)	16,898
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,825,604</u>	<u>3,333,238</u>	<u>7,158,842</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 4,093,978</u></u>	<u><u>\$ 3,081,762</u></u>	<u><u>\$ 7,175,740</u></u>

# CITY OF HIGHLAND PARK

## COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS For the Year Ended December 31, 2018

	Equipment Maintenance and Replacement	Insurance	Totals
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 465,233	\$ (143,216)	\$ 322,017
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	467,861	-	467,861
Changes in assets and liabilities			
Accounts receivable	1,391	(208,391)	(207,000)
Prepaid expense	181,526	80,427	261,953
Accounts payable	332,966	(6,205)	326,761
Accrued salaries	4,640	-	4,640
Net pension liability	(344,168)	-	(344,168)
Deferred outflows related to pensions	295,711	-	295,711
Deferred inflows related to pensions	382,588	-	382,588
Unearned revenue	1,659	2,408	4,067
Compensated absences	5,489	6,803	12,292
Net pension asset/liability	(321,072)	-	(321,072)
Deferred inflows related to OPEB	10,124	-	10,124
Total OPEB liability	<u>(35,854)</u>	<u>-</u>	<u>(35,854)</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u><u>\$ 1,448,094</u></u>	<u><u>\$ (268,174)</u></u>	<u><u>\$ 1,179,920</u></u>

### NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

None



**CITY OF HIGHLAND PARK**

**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - BUDGET AND ACTUAL  
EQUIPMENT MAINTENANCE AND REPLACEMENT FUND - BUDGETARY BASIS  
For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>OPERATING REVENUES</b>				
Charges for goods and services	\$ 3,857,084	\$ 3,632,084	\$ 3,632,084	\$ -
Miscellaneous	<u>30,000</u>	<u>30,708</u>	<u>31,131</u>	<u>423</u>
Total Operating Revenues	<u>3,887,084</u>	<u>3,662,792</u>	<u>3,663,215</u>	<u>423</u>
<b>OPERATING EXPENSES</b>				
Personal services	1,306,605	1,306,605	1,175,972	130,633
Contractual services	353,162	353,162	340,807	12,355
Materials and supplies	766,473	767,181	535,246	231,935
Repairs and maintenance	456,661	456,661	421,879	34,782
Small tools and equipment	<u>2,802,182</u>	<u>3,127,332</u>	<u>2,596,765</u>	<u>530,567</u>
Total Operating Expenses	<u>5,685,083</u>	<u>6,010,941</u>	<u>5,070,669</u>	<u>940,272</u>
Operating Income (Loss)	<u>(1,797,999)</u>	<u>(2,348,149)</u>	<u>(1,407,454)</u>	<u>940,695</u>
<b>NON-OPERATING REVENUES</b>				
Investment income	19,200	19,200	102,033	82,833
Gain (loss) on sale of capital assets	<u>25,000</u>	<u>25,000</u>	<u>(69,680)</u>	<u>(94,680)</u>
Total Non-Operating Revenues	<u>44,200</u>	<u>44,200</u>	<u>32,353</u>	<u>(11,847)</u>
Net Income (Loss) Before Transfers - Budgetary Basis	<u>(1,753,799)</u>	<u>(2,303,949)</u>	<u>(1,375,101)</u>	<u>928,848</u>
<b>TRANSFERS</b>				
Transfers in	<u>-</u>	<u>1,036,976</u>	<u>1,036,976</u>	<u>-</u>
Net Transfers	<u>-</u>	<u>1,036,976</u>	<u>1,036,976</u>	<u>-</u>
<b>ADJUSTMENTS TO GAAP BASIS</b>				
Capital assets capitalized	-	-	2,340,548	2,340,548
Depreciation	-	-	(467,861)	(467,861)
General obligation debt issued	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Adjustments to GAAP Basis	<u>1,000,000</u>	<u>-</u>	<u>1,872,687</u>	<u>1,872,687</u>
Change in net position	\$ <u>(753,799)</u>	\$ <u>(1,266,973)</u>	1,534,562	\$ <u>2,801,535</u>
NET POSITION - Beginning of Year (as restated)			<u>5,591,082</u>	
<b>NET POSITION - END OF YEAR</b>			<u>\$ 7,125,644</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, 2018

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<b>OPERATING REVENUES</b>				
Charges for services				
Charges for goods and services	\$ 4,978,580	\$ 4,978,580	\$ 5,079,421	\$ 100,841
Total Operating Revenues	<u>4,978,580</u>	<u>4,978,580</u>	<u>5,079,421</u>	<u>100,841</u>
<b>OPERATING EXPENSES</b>				
Personal services	-	-	6,804	(6,804)
Contractual services	5,339,536	5,339,536	5,191,777	147,759
Materials and supplies	6,050	6,050	-	6,050
Repairs and maintenance	2,200	2,200	300	1,900
Small tools and equipment	<u>29,500</u>	<u>29,500</u>	<u>23,756</u>	<u>5,744</u>
Total Operating Expenses	<u>5,377,286</u>	<u>5,377,286</u>	<u>5,222,637</u>	<u>154,649</u>
Operating Income (Loss)	<u>(398,706)</u>	<u>(398,706)</u>	<u>(143,216)</u>	<u>(53,808)</u>
<b>NON-OPERATING REVENUES</b>				
Investment income	-	-	16,698	(16,698)
Total Non-Operating Revenues	<u>-</u>	<u>-</u>	<u>16,698</u>	<u>(16,698)</u>
Change in net position	<u>(398,706)</u>	<u>(398,706)</u>	(126,518)	<u>(70,506)</u>
NET POSITION - Beginning of Year			<u>3,668,546</u>	
<b>NET POSITION - END OF YEAR</b>			<u>\$ 3,542,028</u>	

## CITY OF HIGHLAND PARK

### COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS As of December 31, 2018

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	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,240,380	\$ 802,194	\$ 2,042,574
Investments			
U.S. Government and agency obligations	11,028,171	11,735,144	22,763,315
Corporate bonds	2,738,482	3,354,961	6,093,443
Mutual funds	21,921,562	23,049,462	44,971,024
Municipal bonds	1,604,059	1,614,252	3,218,311
Receivables			
Accrued interest	111,469	116,605	228,074
Prepaid items	<u>-</u>	<u>865</u>	<u>865</u>
Total Assets	<u>38,644,123</u>	<u>40,673,483</u>	<u>79,317,606</u>
<b>LIABILITIES</b>			
Accounts payable	<u>16,891</u>	<u>17,649</u>	<u>34,540</u>
Total Liabilities	<u>16,891</u>	<u>17,649</u>	<u>34,540</u>
<b>NET POSITION</b>			
Restricted for pension benefits	<u>\$ 38,627,232</u>	<u>\$ 40,655,834</u>	<u>\$ 79,283,066</u>

# CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2018

	Police Pension	Firefighters' Pension	Total
<b>ADDITIONS</b>			
Contributions			
Employer	\$ 3,987,084	\$ 4,035,618	\$ 8,022,702
Plan members	529,624	466,052	995,676
Total Contributions	<u>4,516,708</u>	<u>4,501,670</u>	<u>9,018,378</u>
Investment income			
Investment income	1,750,406	1,831,553	3,581,959
Net appreciation (depreciation) in fair value of investments	<u>(3,527,181)</u>	<u>(3,734,015)</u>	<u>(7,261,196)</u>
Total Investment Income	<u>(1,776,775)</u>	<u>(1,902,462)</u>	<u>(3,679,237)</u>
Less Investment expenses	<u>56,257</u>	<u>60,091</u>	<u>116,348</u>
Net Investment Income	<u>(1,833,032)</u>	<u>(1,962,553)</u>	<u>(3,795,585)</u>
Total Additions	<u>2,683,676</u>	<u>2,539,117</u>	<u>5,222,793</u>
<b>DEDUCTIONS</b>			
Benefits	4,478,088	4,149,394	8,627,482
Administration	<u>48,069</u>	<u>31,140</u>	<u>79,209</u>
Total Deductions	<u>4,526,157</u>	<u>4,180,534</u>	<u>8,706,691</u>
<b>Change in Net Position</b>	(1,842,481)	(1,641,417)	(3,483,898)
NET POSITION - Beginning of Year	<u>40,469,713</u>	<u>42,297,251</u>	<u>82,766,964</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 38,627,232</u>	<u>\$ 40,655,834</u>	<u>\$ 79,283,066</u>

# CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2018

	Balances January 1	Additions	Deductions	Balances December 31
<b>ALL FUNDS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,051,158	\$ 2,005,591	\$ 1,516,073	\$ 3,540,676
Accounts receivable	42,265	2,193,602	2,177,875	57,992
<b>TOTAL ASSETS</b>	<u><u>\$ 3,093,423</u></u>	<u><u>\$ 4,199,193</u></u>	<u><u>\$ 3,693,948</u></u>	<u><u>\$ 3,598,668</u></u>
<b>LIABILITIES</b>				
Accrued payroll	\$ -	\$ 1,011	\$ -	\$ 1,011
Accounts payable	12,292	210,576	219,640	3,228
Due to others	555,762	363,581	210,759	708,584
Deposits payable	2,525,369	1,353,614	993,138	2,885,845
<b>TOTAL LIABILITIES</b>	<u><u>\$ 3,093,423</u></u>	<u><u>\$ 1,928,782</u></u>	<u><u>\$ 1,423,537</u></u>	<u><u>\$ 3,598,668</u></u>
 <b>GENERAL DEPOSIT FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,495,396	\$ 1,606,873	\$ 1,271,188	\$ 2,831,081
Accounts receivable	42,265	2,193,602	2,177,875	57,992
<b>TOTAL ASSETS</b>	<u><u>\$ 2,537,661</u></u>	<u><u>\$ 3,800,475</u></u>	<u><u>\$ 3,449,063</u></u>	<u><u>\$ 2,889,073</u></u>
<b>LIABILITIES</b>				
Accounts payable	\$ 12,292	\$ 210,576	\$ 219,640	\$ 3,228
Deposits payable	2,525,369	1,353,614	993,138	2,885,845
<b>TOTAL LIABILITIES</b>	<u><u>\$ 2,537,661</u></u>	<u><u>\$ 1,564,190</u></u>	<u><u>\$ 1,212,778</u></u>	<u><u>\$ 2,889,073</u></u>
 <b>HOUSING TRUST FUND</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 555,762	\$ 398,718	\$ 244,885	\$ 709,595
<b>TOTAL ASSETS</b>	<u><u>\$ 555,762</u></u>	<u><u>\$ 398,718</u></u>	<u><u>\$ 244,885</u></u>	<u><u>\$ 709,595</u></u>
<b>LIABILITIES</b>				
Accrued payroll	\$ -	\$ 1,011	\$ -	\$ 1,011
Due to others	555,762	363,581	210,759	708,584
<b>TOTAL LIABILITIES</b>	<u><u>\$ 555,762</u></u>	<u><u>\$ 364,592</u></u>	<u><u>\$ 210,759</u></u>	<u><u>\$ 709,595</u></u>



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

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over	135 - 141
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	142 - 147
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the Government's current levels of outstanding debt and the City's ability to issue additional debt in the future.	148 - 151
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within the City's financial activities take place.	152 - 153
<b>Operating Information</b> These schedules contain information about the City's service and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	154 - 156



## FINANCIAL TRENDS

**CITY OF HIGHLAND PARK**

**STATEMENT OF NET POSITION BY COMPONENT**

Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>GOVERNMENTAL ACTIVITIES</b>										
Net investment in capital assets	\$ 97,194,831	\$ 95,361,548	\$ 71,825,055	\$ 73,059,813	\$ 74,393,563	\$ 74,583,376	\$ 85,027,909	\$ 85,567,313	\$ 84,778,317	\$ 78,196,858
Restricted	5,139,201	5,746,288	1,676,953	1,778,085	1,930,549	2,402,234	2,265,529	2,654,529	2,708,093	2,183,954
Unrestricted	18,739,402	19,638,083	26,354,712	30,962,266	31,302,403	34,469,095	(46,072,103)	(48,998,593)	(49,918,848)	(54,090,833)
<b>TOTAL GOVERNMENTAL ACTIVITIES NET POSITION</b>	<b>\$ 121,073,434</b>	<b>\$ 120,745,919</b>	<b>\$ 99,856,720</b>	<b>\$ 105,800,164</b>	<b>\$ 107,626,515</b>	<b>\$ 111,454,705</b>	<b>\$ 41,221,335</b>	<b>\$ 39,223,249</b>	<b>\$ 37,567,562</b>	<b>\$ 26,289,979</b>
<b>BUSINESS-TYPE ACTIVITIES</b>										
Net investment in capital assets	\$ 29,453,502	\$ 29,534,781	\$ 54,109,919	\$ 48,582,193	\$ 60,756,229	\$ 59,065,125	\$ 43,217,124	\$ 40,152,956	\$ 39,597,032	\$ 36,017,027
Unrestricted	4,846,405	5,625,549	5,066,721	10,286,671	(2,483,918)	(2,094,006)	2,493,194	3,363,433	2,151,329	2,096,156
<b>TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION</b>	<b>\$ 34,299,907</b>	<b>\$ 35,160,330</b>	<b>\$ 59,176,640</b>	<b>\$ 58,868,864</b>	<b>\$ 58,272,311</b>	<b>\$ 56,971,119</b>	<b>\$ 45,710,318</b>	<b>\$ 43,516,389</b>	<b>\$ 41,748,361</b>	<b>\$ 38,113,183</b>
<b>PRIMARY GOVERNMENT</b>										
Net investment in capital assets	\$ 126,648,333	\$ 124,896,329	\$ 125,934,974	\$ 121,642,006	\$ 135,149,792	\$ 133,648,501	\$ 128,245,033	\$ 125,720,269	\$ 124,375,349	\$ 114,213,885
Restricted	5,139,201	5,746,288	1,676,953	1,778,085	1,930,549	2,402,234	2,265,529	2,654,529	2,708,093	2,183,954
Unrestricted	23,585,807	25,263,632	31,421,433	41,248,937	28,818,485	32,375,089	(43,578,909)	(45,635,160)	(47,767,519)	(51,994,677)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 155,373,341</b>	<b>\$ 155,906,249</b>	<b>\$ 159,033,360</b>	<b>\$ 164,669,028</b>	<b>\$ 165,898,826</b>	<b>\$ 168,425,824</b>	<b>\$ 86,931,653</b>	<b>\$ 82,739,638</b>	<b>\$ 79,315,923</b>	<b>\$ 64,403,162</b>

Notes:

- (1) An enterprise fund was created in CY 2011 to account for activities relating to sewer facilities and maintenance, creating a substantial change in fund balance totals between Governmental and Business Type activities.
- (2) Beginning in 2015, the City implemented GASB 68 which resulted in the inclusion of a net pension liability.
- (3) Beginning in 2018, the City implemented GASB 75 which resulted in the inclusion of a total OPEB liability.



**CITY OF HIGHLAND PARK**

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

Fiscal Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>GENERAL FUND</b>										
Reserved	\$ 16,212,900	\$ 16,831,100	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -
Unreserved	17,263,332	17,529,356	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	4,753	4,276
Unrestricted										
Committed	-	-	17,582,800	22,809,678	18,234,000	18,150,000	-	-	-	-
Assigned	-	-	4,375,495	4,775,495	5,175,495	5,575,495	6,120,495	6,831,695	8,189,329	8,832,844
Unassigned	-	-	15,762,287	14,111,753	19,032,489	19,744,246	20,322,846	18,054,780	17,556,651	20,471,736
Subtotal general fund	33,476,232	34,360,456	37,720,582	41,696,926	42,441,984	43,469,741	26,443,341	24,886,475	25,750,733	29,308,856
% Change from prior year	-17.9%	2.6%	9.8%	10.5%	1.8%	2.4%	-39.2%	-5.9%	3.5%	17.8%
<b>ALL OTHER GOVERNMENTAL FUNDS</b>										
Reserved	5,139,201	5,825,875	-	-	-	-	-	-	-	-
Unreserved, reported in										
Capital Projects Fund	-	-	-	-	-	-	-	-	-	-
Special Revenue Funds	(44,272)	(8,497)	-	-	-	-	-	-	-	-
Debt Service Funds	-	-	-	-	-	-	-	-	-	-
Nonspendable	-	-	349,985	106,738	6,408	6,408	6,408	6,408	-	359
Restricted	-	-	1,676,953	1,778,085	1,930,549	2,402,234	2,265,529	3,343,630	2,708,093	4,939,210
Unrestricted										
Committed	-	-	570,002	1,115,109	1,191,451	1,221,503	1,079,505	906,922	1,281,682	2,031,886
Assigned	-	-	2,852,016	2,822,330	2,973,522	3,186,138	2,731,073	3,719,803	2,277,942	971,368
Unassigned	-	-	-	-	-	-	-	-	-	-
Special Revenue Funds (deficit)	-	-	(53,493)	(65,787)	(53,194)	(52,514)	(61,165)	(61,207)	-	-
Subtotal all other funds	5,094,929	5,817,378	5,395,463	5,756,475	6,048,736	6,763,769	6,021,350	7,915,556	6,267,717	7,942,823
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>\$38,571,161</b>	<b>\$40,177,834</b>	<b>\$43,116,045</b>	<b>\$47,453,401</b>	<b>\$48,490,720</b>	<b>\$50,233,510</b>	<b>\$32,464,691</b>	<b>\$32,802,031</b>	<b>\$32,018,450</b>	<b>\$37,251,679</b>
% Change from prior year	-20.0%	4.2%	7.3%	10.1%	2.2%	3.6%	-35.4%	1.0%	-2.4%	13.6%

**CITY OF HIGHLAND PARK**

CHANGE IN NET POSITION  
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>GOVERNMENTAL ACTIVITIES</b>										
Program Revenues										
Charges for services										
General government	\$ 1,181,576	\$ 1,343,270	\$ 1,558,688	\$ 3,560,882	\$ 2,682,498	\$ 2,771,791	\$ 2,665,330	\$ 2,348,267	\$ 2,172,696	\$ 2,372,699
Public safety	1,788,480	2,587,093	2,714,368	2,775,737	3,082,011	2,869,862	2,737,190	2,789,821	3,252,583	3,483,336
Public works	2,832,744	3,012,443	1,009,252	1,031,414	1,081,656	1,248,525	1,182,321	1,220,394	1,317,634	1,417,119
Economic/physical development	757,302	1,490,589	1,868,519	1,394,696	1,236,569	1,516,752	1,935,153	1,707,560	1,306,682	1,948,457
Transit	1,137,630	1,130,398	1,223,684	1,312,028	1,367,708	1,416,630	1,312,436	1,342,009	1,421,764	1,436,742
Operating grants	1,020,613	938,199	1,007,110	900,045	1,012,404	1,123,140	762,804	795,560	870,061	776,384
Capital grants	658,069	95,485	565,452	-	-	-	245,365	84,464	232,948	306,139
General Revenues										
Property taxes	11,047,744	11,209,516	11,478,560	11,480,575	11,723,266	12,300,826	12,319,262	12,412,788	12,574,374	13,056,531
Sales taxes	11,077,115	11,471,636	11,785,806	12,393,678	12,904,569	13,674,254	13,173,534	13,230,707	13,111,115	9,907,422
Other taxes	10,459,051	11,107,857	8,576,032	9,055,860	9,706,318	9,970,403	10,004,019	11,915,256	11,915,732	15,744,381
Payment in lieu of taxes	496,932	530,676	546,459	559,173	804,573	796,308	762,038	822,131	846,221	704,250
Other	(5,838,409)	1,873,021	3,107,990	5,286,685	1,461,767	2,434,222	(686,784)	269,876	363,329	896,614
Total revenues	<u>36,618,847</u>	<u>46,790,183</u>	<u>45,441,920</u>	<u>49,750,773</u>	<u>47,063,339</u>	<u>50,122,713</u>	<u>46,412,668</u>	<u>48,938,833</u>	<u>49,385,139</u>	<u>52,050,074</u>
Expenses										
General government	4,835,221	6,022,181	5,362,741	8,965,963	8,449,022	7,543,013	7,648,490	7,136,341	7,523,811	6,756,414
Public safety	20,411,508	20,825,900	20,181,540	20,175,202	21,797,867	22,784,673	27,060,284	27,094,758	26,147,707	28,676,247
Public works	14,075,727	12,159,891	8,377,575	6,361,328	6,297,452	7,147,559	7,377,966	7,491,480	7,531,938	7,258,400
Economic/physical development	3,695,884	5,002,364	3,612,168	5,106,635	5,689,964	6,249,818	7,249,956	7,155,683	7,921,665	8,188,294
Transit	1,276,898	1,301,811	1,379,050	1,292,090	1,359,599	1,288,343	1,230,364	1,265,741	1,289,937	1,357,141
Commissions	432,148	413,921	331,347	407,388	327,835	394,871	467,014	448,794	412,175	157,299
Interest	1,658,678	1,491,630	1,409,557	1,252,423	1,070,849	886,246	287,932	276,122	213,593	404,873
Total expenses	<u>46,386,064</u>	<u>47,217,698</u>	<u>40,653,978</u>	<u>43,561,029</u>	<u>44,992,588</u>	<u>46,294,523</u>	<u>51,322,006</u>	<u>50,868,919</u>	<u>51,040,826</u>	<u>52,798,668</u>
INCREASE (DECREASE) IN NET POSITION BEFORE TRANSFERS	(9,767,217)	(427,515)	4,787,942	6,189,744	2,070,751	3,828,190	(4,909,338)	(1,930,086)	(1,655,687)	(748,594)
Transfers	100,000	100,000	(25,677,141)	(246,300)	(244,400)	-	8,523,384	(68,000)	-	-
INCREASE (DECREASE) IN NET POSITION	<u>\$ (9,667,217)</u>	<u>\$ (327,515)</u>	<u>\$ (20,889,199)</u>	<u>\$ 5,943,444</u>	<u>\$ 1,826,351</u>	<u>\$ 3,828,190</u>	<u>\$ 3,614,046</u>	<u>\$ (1,998,086)</u>	<u>\$ (1,655,687)</u>	<u>\$ (748,594)</u>

**CITY OF HIGHLAND PARK**

CHANGE IN NET POSITION (Continued)  
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>BUSINESS-TYPE ACTIVITIES</b>										
Program Revenues										
Charges for services										
Parking system	\$ 916,139	\$ 902,896	\$ 805,363	\$ 804,608	\$ 751,331	\$ 782,300	\$ 816,753	\$ 795,851	\$ 725,178	\$ 798,021
Water	6,557,023	6,935,697	7,033,638	7,756,992	7,595,773	7,193,756	7,286,222	8,038,625	7,944,693	8,017,280
Sewer	-	-	2,477,341	2,984,243	3,225,609	3,517,779	4,066,211	4,639,293	4,580,105	4,705,795
Country Club	2,566,482	2,564,650	2,536,071	2,755,685	2,415,774	2,220,787	5,381	-	-	-
Operating grants	-	74,800	137,100	156,940	70,533	118,280	70,270	78,919	84,794	99,323
Capital grants	150,000	-	167,331	-	121,000	-	-	-	-	-
Other	294,151	192,935	41,652	14,649	19,717	17,520	9,112	57,742	114,265	111,356
<b>Total revenues</b>	<b>10,483,795</b>	<b>10,670,978</b>	<b>13,198,496</b>	<b>14,473,117</b>	<b>14,199,737</b>	<b>13,850,422</b>	<b>12,253,949</b>	<b>13,610,430</b>	<b>13,449,035</b>	<b>13,731,775</b>
Expenses										
Parking	974,973	995,796	1,156,266	1,006,413	922,176	988,547	1,031,108	935,125	940,746	930,884
Water	6,843,685	7,232,335	6,407,020	6,645,213	6,977,513	7,101,394	10,128,640	10,868,120	9,443,272	10,907,442
Sewer	-	-	4,518,395	4,385,887	4,182,723	4,224,626	4,872,731	4,069,114	4,833,045	5,232,836
Country Club	3,070,537	2,814,729	2,777,646	2,989,680	2,958,278	2,837,047	10,047	-	-	-
<b>Total expenses</b>	<b>10,889,195</b>	<b>11,042,860</b>	<b>14,859,327</b>	<b>15,027,193</b>	<b>15,040,690</b>	<b>15,151,614</b>	<b>16,042,526</b>	<b>15,872,359</b>	<b>15,217,063</b>	<b>17,071,162</b>
<b>INCREASE (DECREASE) IN NET POSITION BEFORE TRANSFERS</b>	<b>(405,400)</b>	<b>(371,882)</b>	<b>(1,660,831)</b>	<b>(554,076)</b>	<b>(840,953)</b>	<b>(1,301,192)</b>	<b>(3,788,577)</b>	<b>(2,261,929)</b>	<b>(1,768,028)</b>	<b>(3,339,387)</b>
Transfers	(100,000)	(100,000)	25,677,141	246,300	244,400	-	(8,523,384)	68,000	-	-
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ (505,400)</b>	<b>\$ (471,882)</b>	<b>\$ 24,016,310</b>	<b>\$ (307,776)</b>	<b>\$ (596,553)</b>	<b>\$ (1,301,192)</b>	<b>\$ (12,311,961)</b>	<b>\$ (2,193,929)</b>	<b>\$ (1,768,028)</b>	<b>\$ (3,339,387)</b>

**CITY OF HIGHLAND PARK**

CHANGE IN NET POSITION (Continued)  
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>TOTAL NET POSITION</b>										
Program Revenues										
Charges for services	\$ 17,737,376	\$ 19,967,036	\$ 21,226,924	\$ 24,376,285	\$ 23,438,929	\$ 23,538,182	\$ 22,006,997	\$ 22,881,820	\$ 22,721,335	\$ 24,179,449
Operating grants	1,020,613	1,012,999	1,144,210	1,056,985	1,082,937	1,241,420	833,074	874,479	954,855	875,707
Capital grants	808,069	95,485	732,783	-	121,000	-	245,365	84,464	232,948	306,139
General Revenues										
Property taxes	11,047,744	11,209,516	11,478,560	11,480,575	11,723,266	12,300,826	12,319,262	12,412,788	12,574,374	13,056,531
Sales taxes	11,077,115	11,471,636	11,785,806	12,393,678	12,904,569	13,674,254	13,173,534	13,230,707	13,111,115	9,907,422
Other taxes	10,459,051	11,107,857	8,576,032	9,055,860	9,706,318	9,970,403	10,004,019	11,915,256	11,915,732	15,744,381
Payment in lieu of taxes	496,932	530,676	546,459	559,173	804,573	796,308	762,038	822,131	846,221	704,250
Other	(5,544,258)	2,065,956	3,149,642	5,301,334	1,481,484	2,451,742	(677,672)	327,618	477,594	1,007,970
<b>Total revenues</b>	<b>47,102,642</b>	<b>57,461,161</b>	<b>58,640,416</b>	<b>64,223,890</b>	<b>61,263,076</b>	<b>63,973,135</b>	<b>58,666,617</b>	<b>62,549,263</b>	<b>62,834,174</b>	<b>65,781,849</b>
Expenses										
General government	4,835,221	6,022,181	5,362,741	8,965,963	8,449,022	7,543,013	7,648,490	7,136,341	7,523,811	6,756,414
Public safety	20,411,508	20,825,900	20,181,540	20,175,202	21,797,867	22,784,673	27,060,284	27,094,758	26,147,707	28,676,247
Public works	14,075,727	12,159,891	8,377,575	6,361,328	6,297,452	7,147,559	7,377,966	7,491,480	7,531,938	7,258,400
Economic/physical development	3,695,884	5,002,364	3,612,168	5,106,635	5,689,964	6,249,818	7,249,956	7,155,683	7,921,665	8,188,294
Transit	1,276,898	1,301,811	1,379,050	1,292,090	1,359,599	1,288,343	1,230,364	1,265,741	1,289,937	1,357,141
Commissions	432,148	413,921	331,347	407,388	327,835	394,871	467,014	448,794	412,175	157,299
Interest	1,658,678	1,491,630	1,409,557	1,252,423	1,070,849	886,246	287,932	276,122	213,593	404,873
Parking	974,973	995,796	1,156,266	1,006,413	922,176	988,547	1,031,108	935,125	940,746	930,884
Water	6,843,685	7,232,335	6,407,020	6,645,213	6,977,513	7,101,394	10,128,640	10,868,120	9,443,272	10,907,442
Sewer	-	-	4,518,395	4,385,887	4,182,723	4,224,626	4,872,731	4,069,114	4,833,045	5,232,836
Country Club	3,070,537	2,814,729	2,777,646	2,989,680	2,958,278	2,837,047	10,047	-	-	-
<b>Total expenses</b>	<b>57,275,259</b>	<b>58,260,558</b>	<b>55,513,305</b>	<b>58,588,222</b>	<b>60,033,278</b>	<b>61,446,137</b>	<b>67,364,532</b>	<b>66,741,278</b>	<b>66,257,889</b>	<b>69,869,830</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$(10,172,617)</b>	<b>\$ (799,397)</b>	<b>\$ 3,127,111</b>	<b>\$ 5,635,668</b>	<b>\$ 1,229,798</b>	<b>\$ 2,526,998</b>	<b>\$ (8,697,915)</b>	<b>\$ (4,192,015)</b>	<b>\$ (3,423,715)</b>	<b>\$ (4,087,981)</b>
<b>NET (EXPENSE) REVENUE</b>										
Governmental Activities	\$ (9,667,217)	\$ (327,515)	\$(20,889,199)	\$ 6,189,744	\$ 2,070,751	\$ 3,828,190	\$ (4,909,338)	\$ (1,930,086)	\$ (1,655,687)	\$ (748,594)
Business Type Activities	(505,400)	(471,882)	24,016,310	(554,076)	(840,953)	(1,301,192)	(3,788,577)	(2,261,929)	(1,768,028)	(3,339,387)
<b>TOTAL NET (EXPENSE) REVENUE</b>	<b>(10,172,617)</b>	<b>(799,397)</b>	<b>3,127,111</b>	<b>5,635,668</b>	<b>1,229,798</b>	<b>2,526,998</b>	<b>(8,697,915)</b>	<b>(4,192,015)</b>	<b>(3,423,715)</b>	<b>(4,087,981)</b>

Notes:

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

**CITY OF HIGHLAND PARK**

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>REVENUES</b>										
Property taxes	\$ 11,047,743	\$ 11,209,517	\$ 11,478,560	\$ 11,480,575	\$ 11,723,266	\$ 12,300,826	\$ 12,319,262	\$ 12,412,788	\$ 12,574,374	\$ 13,056,531
Personal property replacement taxes	291,142	313,917	276,627	277,134	307,228	316,285	337,267	298,849	315,598	286,914
Licenses and permits	1,839,326	2,076,892	2,224,164	2,337,334	2,301,094	2,774,721	3,170,971	2,877,456	2,755,250	3,264,842
Public charges for services	3,699,703	4,268,149	2,810,348	1,206,575	2,400,261	2,383,476	2,408,953	2,944,657	3,342,231	3,662,416
Municipal sales tax	11,077,114	11,471,636	11,785,806	12,393,678	12,904,569	13,674,254	13,173,534	13,230,707	13,111,115	13,991,902
Utility tax	2,595,912	2,495,100	2,422,569	2,254,875	2,448,175	2,863,573	2,603,391	2,365,250	2,410,931	2,330,522
Real estate transfer tax	812,399	1,133,803	1,136,595	1,458,037	1,778,247	1,786,963	1,695,540	1,843,768	2,003,188	1,692,383
Intergovernmental	345,474	141,036	245,769	143,993	263,124	236,260	154,025	159,333	245,195	155,971
State income tax	2,447,710	2,393,639	2,354,555	2,615,197	2,835,830	2,849,624	3,166,878	2,897,250	2,733,707	2,850,286
Franchise tax	2,542,276	2,370,616	2,385,686	2,450,617	2,336,838	2,153,958	2,200,943	2,158,947	2,019,029	1,922,755
Payment in lieu of taxes	496,932	530,676	546,459	559,173	804,573	796,308	762,038	822,131	846,221	704,250
Other taxes	1,670,735	1,840,111	1,833,144	1,835,512	2,210,845	2,221,094	2,266,204	2,229,634	2,298,992	2,435,650
Regional Transportation Authority reimbursement	1,137,630	1,130,398	1,222,434	1,312,028	1,367,708	1,416,630	1,317,436	1,342,009	1,421,764	1,436,742
Reimbursements-other agencies	151,022	839,051	952,477	1,724,366	299,243	171,621	406,514	317,187	467,581	577,780
Fines, forfeitures, and penalties	381,141	832,175	874,396	965,723	1,188,128	1,078,662	867,656	514,271	423,287	562,122
Motor fuel tax	775,017	899,821	883,360	857,238	859,650	1,000,150	727,628	757,785	759,153	761,804
Interest income	793,992	748,755	715,602	757,419	714,584	735,415	72,025	244,636	322,252	707,738
Net change in fair value of investments	(5,863,860)	868,839	964,461	2,591,200	(1,575,000)	(636,166)	(3,150,000)	-	-	70,145
Miscellaneous	954,326	963,825	826,413	529,170	509,537	587,444	681,039	691,671	658,805	544,461
<b>Total revenues</b>	<b>37,195,734</b>	<b>46,527,956</b>	<b>45,939,425</b>	<b>47,749,844</b>	<b>45,677,900</b>	<b>48,711,098</b>	<b>45,181,304</b>	<b>48,108,329</b>	<b>48,708,673</b>	<b>51,015,214</b>
<b>EXPENDITURES</b>										
<b>Current</b>										
General government	4,821,067	5,738,520	5,084,358	6,997,163	6,869,099	6,309,182	7,192,989	8,975,291	6,684,877	7,253,903
Public safety	19,378,342	19,192,935	19,733,861	19,409,913	20,661,440	23,094,151	23,195,210	24,467,111	25,679,506	27,213,467
Public works	7,792,379	7,255,882	4,973,124	4,918,865	5,131,940	5,566,327	6,148,424	5,994,720	5,737,953	5,615,754
Transit	1,269,275	1,303,843	1,403,907	1,303,013	1,360,622	1,301,161	1,251,772	1,258,440	1,294,057	1,354,645
Commissions	181,066	157,802	94,225	158,314	143,580	145,798	217,940	186,720	163,101	157,299
Economic and physical development	3,344,248	3,664,925	3,610,662	3,485,321	3,299,488	3,662,506	4,037,270	3,941,297	3,766,052	4,007,848
Capital outlay	5,833,163	3,087,474	2,778,501	2,104,881	2,460,469	2,765,778	3,100,533	4,607,980	4,951,600	6,942,117
Debt service										
Principal	2,989,988	3,265,468	3,355,970	3,576,497	3,401,848	3,147,657	17,319,486	2,717,150	2,793,950	478,510
Interest and fiscal charges	1,652,888	1,528,452	1,452,715	1,265,413	1,088,749	979,411	325,655	302,340	240,967	448,082
<b>Total expenditures</b>	<b>47,262,416</b>	<b>45,195,301</b>	<b>42,487,323</b>	<b>43,219,380</b>	<b>44,417,235</b>	<b>46,971,971</b>	<b>62,789,279</b>	<b>52,451,049</b>	<b>51,312,063</b>	<b>53,471,625</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>										
	\$ (10,066,682)	\$ 1,332,655	\$ 3,452,102	\$ 4,530,464	\$ 1,260,665	\$ 1,739,127	\$ (17,607,975)	\$ (4,342,720)	\$ (2,603,390)	\$ (2,456,411)

**CITY OF HIGHLAND PARK**

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>OTHER FINANCING SOURCES (USES)</b>										
General obligation debt issued	\$ -	\$ 2,510,000	\$ 3,705,000	\$ 3,410,000	\$ -	\$ -	\$ 646,800	\$ 4,650,000	\$ 705,162	\$ 7,900,000
Premium on debt issued	-	137,757	115,335	256,780	-	-	27,004	80,375	12,600	292,111
Payments to escrow agent	-	(2,473,739)	(3,785,543)	(3,628,143)	-	-	-	-	-	-
Transfers in	3,257,774	2,777,568	1,910,040	1,866,880	2,143,240	2,514,360	16,540,175	1,200,000	1,240,705	3,006,435
Transfers (out)	(3,157,774)	(2,677,568)	(2,593,917)	(2,113,180)	(2,387,640)	(2,514,360)	(17,381,823)	(1,268,000)	(1,240,705)	(4,043,411)
Sale of capital assets	-	-	135,194	14,555	21,054	3,663	7,000	17,655	1,102,047	534,505
<b>Total other financing sources (uses)</b>	<b>100,000</b>	<b>274,018</b>	<b>(513,891)</b>	<b>(193,108)</b>	<b>(223,346)</b>	<b>3,663</b>	<b>(160,844)</b>	<b>4,680,030</b>	<b>1,819,809</b>	<b>7,689,640</b>
<b>NET CHANGES IN FUND BALANCES</b>	<b>(9,966,682)</b>	<b>1,606,673</b>	<b>2,938,211</b>	<b>4,337,356</b>	<b>1,037,319</b>	<b>1,742,790</b>	<b>(17,768,819)</b>	<b>337,310</b>	<b>(783,581)</b>	<b>5,233,229</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>48,222,556</b>	<b>38,571,161</b>	<b>40,177,834</b>	<b>43,116,045</b>	<b>47,453,401</b>	<b>48,490,720</b>	<b>50,233,510</b>	<b>32,464,691</b>	<b>32,802,031</b>	<b>32,018,450</b>
Prior period adjustment	315,287	-	-	-	-	-	-	-	-	-
<b>FUND BALANCES, BEGINNING OF YEAR, RESTATED</b>	<b>48,537,843</b>	<b>38,571,161</b>	<b>40,177,834</b>	<b>43,116,045</b>	<b>47,453,401</b>	<b>48,490,720</b>	<b>50,233,510</b>	<b>32,464,691</b>	<b>32,802,031</b>	<b>32,018,450</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 38,571,161</b>	<b>\$ 40,177,834</b>	<b>\$ 43,116,045</b>	<b>\$ 47,453,401</b>	<b>\$ 48,490,720</b>	<b>\$ 50,233,510</b>	<b>\$ 32,464,691</b>	<b>\$ 32,802,001</b>	<b>\$ 32,018,450</b>	<b>\$ 37,251,679</b>
<b>DEBT SERVICE AS A % OF NONCAPITAL EXPENDITURES<sup>1</sup></b>	<b>10.5%</b>	<b>10.7%</b>	<b>11.4%</b>	<b>11.8%</b>	<b>10.6%</b>	<b>9.2%</b>	<b>29.1%</b>	<b>6.5%</b>	<b>6.3%</b>	<b>1.9%</b>

Notes:

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



REVENUE CAPACITY

**CITY OF HIGHLAND PARK**

**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**

Last Ten Levy Years  
(Cents per hundred dollars)

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

Notes:

(1) Source: Lake County



**CITY OF HIGHLAND PARK**

**PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS**

Last Ten Levy Years  
(Cents per hundred dollars)

<b>Tax Levy Year</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b><u>CITY DIRECT RATE</u></b>										
Bond	0.127	0.140	0.156	0.170	0.183	0.145	0.136	0.129	0.033	0.052
Corporate	0.055	0.107	0.121	0.141	0.099	0.119	0.084	0.085	0.152	0.150
Firefighters Pension	0.046	0.060	0.064	0.077	0.116	0.116	0.113	0.121	0.128	0.129
Library	0.144	0.160	0.175	0.192	0.218	0.226	0.213	0.209	0.203	0.206
Police Pension	0.053	0.065	0.064	0.078	0.115	0.115	0.128	0.128	0.132	0.132
Street and Bridge	0.068	0.054	0.063	0.051	0.054	0.074	0.075	0.065	0.077	0.103
Street Construction	0.043	-	-	-	-	-	-	-	-	-
Total Direct Rate	0.536	0.586	0.643	0.709	0.785	0.795	0.749	0.737	0.726	0.772
<b><u>OVERLAPPING RATES</u></b>										
County	0.464	0.505	0.554	0.608	0.663	0.682	0.663	0.632	0.622	0.612
Forest Preserve	0.200	0.198	0.201	0.212	0.218	0.210	0.208	0.193	0.187	0.182
Township	0.047	0.052	0.059	0.066	0.070	0.066	0.063	0.056	0.054	0.054
Sanitary	0.124	0.136	0.150	0.150	0.164	0.169	0.166	0.157	0.153	0.153
College of Lake County	0.200	0.218	0.240	0.272	0.296	0.306	0.299	0.285	0.281	0.282
High School	1.748	1.921	2.167	2.178	2.364	2.421	2.309	2.187	2.164	2.222
Elementary School	2.313	2.437	2.818	2.957	3.076	3.152	3.006	2.862	2.826	2.914
Mosquito Abatement	0.012	0.013	0.014	0.015	0.007	0.013	0.012	0.012	0.011	0.011
Park District	0.394	0.379	0.410	0.445	0.497	0.508	0.520	0.529	0.521	0.535
Total Overlapping Rate	5.502	5.859	6.613	6.903	7.355	7.527	7.246	6.913	6.818	6.966
<b>Total Rate</b>	<b>6.038</b>	<b>6.445</b>	<b>7.256</b>	<b>7.612</b>	<b>8.140</b>	<b>8.322</b>	<b>7.995</b>	<b>7.650</b>	<b>7.544</b>	<b>7.738</b>

Notes:

(1) Source: Lake County

**CITY OF HIGHLAND PARK**

**PRINCIPAL TAXPAYERS**  
Current Year and Nine Years Prior

December 31, 2018				December 31, 2009			
Taxpayer <sup>1</sup>	Business/Service	Equalized Assessed Valuation <sup>2</sup>	as a % of Total EAV	Taxpayer <sup>1</sup>	Business/Service	Equalized Assessed Valuation	as a % of Total EAV
T Renaissance IL LLC	Business/Retail Center	\$ 10,970,858	0.46%	Metzler I Renaissance Place LP	Business/Retail Center	\$ 15,446,971	0.57%
Federal Realty Investment Trust	Business/Retail Center	6,813,012	0.28%	Federal Realty Investment Trust	Business/Retail Center	8,361,716	0.31%
Midwest Family Housing LLC	Real Property	6,551,264	0.27%	Klaimont Family Associates	Business/Retail Center	5,375,846	0.20%
Americana Apartments	Real Property	5,320,291	0.22%	Sunset Food Mart, Inc.	Retail Store	5,248,608	0.19%
McGovern Flats	Real Property	4,866,180	0.20%	Solo Cup Company	Business	4,984,335	0.18%
Highland Park Associates II LLC	Real Property	4,845,974	0.20%	Highland Park Associates II LLC	Business	4,810,886	0.18%
Elston Avenue Real Estate Company LLC	Real Property	4,070,508	0.17%	Midwest Family Housing LLC	Real Property	4,576,804	0.17%
Sunset Food Mart, Inc.	Retail Store	3,792,132	0.16%	Americana Apartments	Real Property	4,476,037	0.17%
Semersky Enterprises, Inc.	Business/Retail Center	3,532,328	0.15%	First Highland, LLC	Real Property	3,570,305	0.13%
Target Corporation	Retail Store	3,294,992	0.14%	Target Corporation	Retail Store	3,464,654	0.13%
		<u>\$ 54,057,539</u>	<u>2.25%</u>			<u>\$ 60,316,162</u>	<u>2.23%</u>
	2018 Total EAV	\$ 2,404,375,244			2009 Total EAV	\$ 2,704,410,111	
	Percentage of Total	2.25%			Percentage of Total	2.23%	

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 2018 EAV is the most current available for all taxpayers.

(2) Source: Lake County Clerk

# CITY OF HIGHLAND PARK

## PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Tax Levy Year	Tax Levy as Abated <sup>1</sup>	Current Taxes Collected		Percent of Levy Collected	Delinquent Taxes Collected in Current Year <sup>2</sup>	Total Collections	Percent of Total Collections to Tax Levy
		Fiscal Year Collected	Amount				
2008	\$ 14,319,471	2009	\$ 14,257,416	99.57%	\$ -	\$ 14,257,416	99.57%
2009	14,495,638	2010	14,406,632	99.39%	-	14,406,632	99.39%
2010	14,953,404	2011	14,217,063	95.08%	-	14,217,063	95.08%
2011	14,937,526	2012	14,871,344	99.56%	-	14,871,344	99.56%
2012	15,337,825	2013	15,235,177	99.33%	-	15,235,177	99.33%
2013	16,199,337	2014	16,085,461	99.30%	-	16,085,461	99.30%
2014	16,316,623	2015	16,254,541	99.62%	-	16,254,126	99.62%
2015	16,316,594	2016	16,294,280	99.86%	-	16,294,280	99.86%
2016	17,061,848	2017	16,898,118	99.04%	-	16,898,118	99.04%
2017	17,482,295	2018	17,374,483	99.38%	-	17,374,483	99.38%

### Notes:

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

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

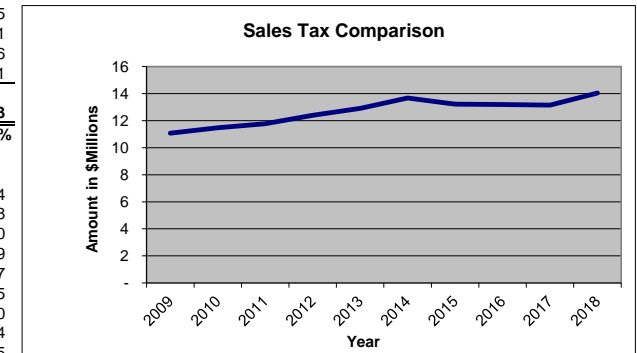
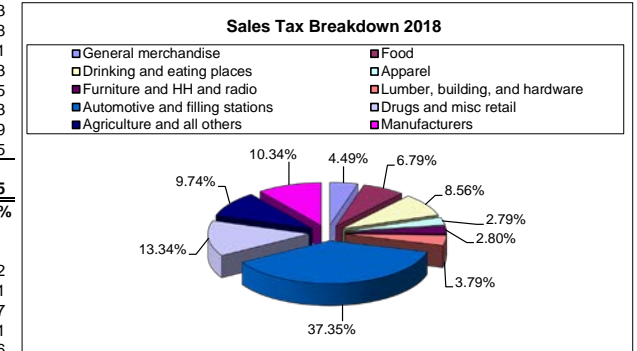
**CITY OF HIGHLAND PARK**

**SALES TAX ANALYSIS BY SIC CODE**  
Last Ten Calendar Years

<b>Municipal Sales Tax</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
General merchandise	493,422	449,602	476,610	487,633	468,255	450,805	424,722	376,713	360,540	349,402
Food	939,234	868,116	844,137	825,884	833,519	892,527	848,504	785,021	793,953	749,836
Drinking and eating places	508,437	505,918	530,179	567,295	568,131	580,827	588,112	589,970	610,370	604,583
Apparel	316,748	403,224	409,753	386,460	270,411	266,663	260,993	231,345	197,947	196,188
Furniture and HH and radio	219,493	180,446	183,420	178,688	200,024	194,996	187,393	194,400	187,107	196,551
Lumber, building, and hardware	324,784	282,815	287,753	265,696	288,983	307,275	324,682	321,871	288,996	266,003
Automotive and filling stations	2,592,226	2,935,635	3,146,580	3,524,876	3,944,283	4,256,268	4,051,315	3,925,825	4,050,446	4,359,345
Drugs and misc retail	1,129,186	1,040,667	1,107,907	1,196,527	1,247,724	1,310,854	1,109,919	1,278,384	1,206,582	1,149,203
Agriculture and all others	447,584	631,631	602,865	583,516	629,981	700,733	842,241	725,046	714,869	768,559
Manufacturers	170,936	183,264	85,390	101,612	115,723	309,187	403,709	684,361	677,172	1,262,615
<b>TOTAL</b>	<b>7,142,048</b>	<b>7,481,317</b>	<b>7,674,594</b>	<b>8,118,187</b>	<b>8,567,033</b>	<b>9,270,135</b>	<b>9,041,588</b>	<b>9,112,937</b>	<b>9,087,983</b>	<b>9,902,285</b>
% Inc./Dec. from prev. year	-10.13%	4.75%	2.58%	5.78%	5.53%	8.21%	-2.47%	0.79%	-0.27%	8.96%
<b>Home Rule Sales Tax</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
General merchandise	433,899	377,378	378,808	386,288	366,787	339,988	321,670	298,828	294,033	281,712
Food	250,607	219,535	208,931	202,292	238,547	259,062	261,177	221,744	212,651	203,551
Drinking and eating places	500,033	497,699	521,369	557,106	558,559	570,766	578,180	580,581	601,154	597,607
Apparel	316,273	402,726	406,167	380,597	264,977	260,367	254,457	226,511	197,899	195,841
Furniture and HH and radio	219,498	180,449	183,251	178,506	199,652	194,496	186,823	193,796	186,657	196,096
Lumber, building, and hardware	324,686	282,767	287,713	265,638	288,923	307,228	324,651	321,370	288,811	266,002
Automotive and filling stations	540,179	621,418	803,846	949,692	979,596	944,921	783,633	716,884	797,223	885,035
Drugs and misc retail	755,269	743,933	757,971	791,280	818,131	844,357	680,829	811,952	738,672	724,671
Agriculture and all others	421,181	479,828	471,318	461,354	505,781	550,876	663,022	555,023	562,801	599,406
Manufacturers	170,207	182,984	85,176	101,320	115,437	130,667	118,371	146,910	180,087	189,811
<b>TOTAL</b>	<b>3,931,832</b>	<b>3,988,716</b>	<b>4,104,550</b>	<b>4,274,073</b>	<b>4,336,391</b>	<b>4,402,727</b>	<b>4,172,814</b>	<b>4,073,599</b>	<b>4,059,986</b>	<b>4,139,733</b>
% Inc./Dec. from prev. year	-12.41%	1.45%	2.90%	4.13%	1.46%	1.53%	-5.22%	-2.38%	-0.33%	1.96%
<b>Total Sales Tax</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
General merchandise	927,321	826,980	855,418	873,921	835,042	790,793	746,392	675,541	654,574	631,114
Food	1,189,841	1,087,650	1,053,067	1,028,177	1,072,066	1,151,589	1,109,681	1,006,765	1,006,604	953,388
Drinking and eating places	1,008,469	1,003,616	1,051,548	1,124,401	1,126,690	1,151,593	1,166,292	1,170,550	1,211,523	1,202,190
Apparel	633,020	805,950	815,920	767,056	535,388	527,030	515,449	457,857	395,846	392,029
Furniture and HH and radio	438,990	360,895	366,672	357,194	399,676	389,492	374,216	388,196	373,764	392,647
Lumber, building, and hardware	649,470	565,582	575,467	531,334	577,906	614,503	649,333	643,242	577,808	532,005
Automotive and filling stations	3,132,404	3,557,053	3,950,426	4,474,568	4,923,879	5,201,189	4,834,947	4,642,709	4,847,669	5,244,380
Drugs and misc retail	1,884,454	1,784,600	1,865,878	1,987,808	2,065,855	2,155,211	1,790,749	2,090,336	1,945,254	1,873,874
Agriculture and all others	868,766	1,111,459	1,074,183	1,044,870	1,135,762	1,251,609	1,505,263	1,280,069	1,277,670	1,367,965
Manufacturers	341,144	366,248	170,566	202,932	231,160	439,854	522,080	831,271	857,258	1,452,427
<b>TOTAL</b>	<b>11,073,880</b>	<b>11,470,033</b>	<b>11,779,144</b>	<b>12,392,261</b>	<b>12,903,424</b>	<b>13,672,863</b>	<b>13,214,402</b>	<b>13,186,536</b>	<b>13,147,969</b>	<b>14,042,018</b>
% Inc./Dec. from prev. year	-10.95%	3.58%	2.69%	5.21%	4.12%	5.96%	-3.35%	-0.21%	-0.29%	6.80%

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	
2009	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2010	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2011	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2012	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2013	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2014	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2015	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2016	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2017	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2018	1.00	1.00	2.00	5.00	0.25	0.75	8.00

### Notes:

(1) Source: City Records



DEBT CAPACITY

# CITY OF HIGHLAND PARK

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

Fiscal Year	Estimated Population <sup>1</sup>	Equalized Assessed Valuation <sup>2</sup>	General Bonded Debt <sup>3</sup>	Ratio of General Bonded Debt to Equalized Assessed Valuation	General Bonded Debt Per Capita
2009	31,457	\$ 2,704,410,111	\$ 49,979,248	0.0185	\$ 1,589
2010	31,457	2,551,775,455	49,237,395	0.0193	1,565.23
2011	29,763	2,323,098,926	49,815,488	0.0214	1,673.74
2012	29,763	2,163,303,908	45,323,991	0.0210	1,522.83
2013	29,763	2,063,609,750	50,647,143	0.0245	1,701.68
2014	29,763	2,053,407,635	56,604,486	0.0276	1,901.84
2015	29,871	2,178,857,704	45,651,055	0.0210	1,528.27
2016	29,743	2,313,960,326	53,192,609	0.0230	1,788.41
2017	29,641	2,408,411,146	53,944,751	0.0224	1,819.94
2018	29,767	2,404,375,244	59,722,344	0.0248	2,006.33

### Notes:

(1) Source: U.S. Census Bureau

(2) Source: Lake County Clerk

(3) Source: City records

**CITY OF HIGHLAND PARK**

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

Fiscal Year	Governmental Activities			Business-Type Activities	Total Debt	Total Personal Income	Debt as a % of Total Personal Income	EAV	Debt to EAV Ratio	Estimated Population	Per Capita
	General Obligation Bonds <sup>1,2</sup>	Other Payable	Capital Leases	General Obligation Bonds <sup>1,2</sup>							
2009	\$ 37,516,926	\$ -	\$ -	\$ 12,462,322	\$ 49,979,248	\$ 1,740,547,267	2.87%	\$ 2,704,410,111	0.0185	31,457	\$ 1,589
2010	34,326,458	-	-	14,910,937	49,237,395	1,740,547,267	2.83%	2,551,775,455	0.0193	31,457	1,565
2011	30,920,488	-	-	18,895,000	49,815,488	1,824,084,981	2.73%	2,323,098,926	0.0214	29,763	1,674
2012	27,228,991	-	-	18,095,000	45,323,991	2,024,003,052	2.24%	2,163,303,908	0.0210	29,763	1,523
2013	23,827,143	-	-	26,820,000	50,647,143	2,024,003,052	2.50%	2,063,609,750	0.0245	29,763	1,702
2014	20,679,486	-	-	35,925,000	56,604,486	2,002,067,721	2.83%	2,053,407,635	0.0276	29,763	1,902
2015	4,006,800	-	-	41,644,255	45,651,055	1,951,113,465	2.34%	2,178,857,704	0.0210	29,871	1,528
2016	6,180,972	-	-	47,011,637 <sup>3</sup>	53,192,609	2,051,779,248	2.59%	2,313,960,326	0.0230	29,743	1,788
2017	4,066,049	-	-	49,878,702 <sup>3</sup>	53,944,751	2,297,503,551	2.35%	2,408,411,146	0.0224	29,641	1,820
2018	11,724,357	-	-	47,997,987 <sup>3</sup>	59,722,344	2,430,505,317	2.46%	2,404,375,244	0.0248	29,767	2,006

**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, 2018

Governmental Unit	General Bonded Debt	Percentage Debt Applicable to the City of Highland Park <sup>1</sup>	City of Highland Park Share of Debt
City of Highland Park	\$ 11,724,357	100.00%	\$ 11,724,357
Lake County	174,530,000	9.03%	15,760,059
Lake County Forest Preserve District	240,365,000	9.03%	21,704,960
North Shore Sanitary District	-	0.00%	-
Deerfield Park District	1,140,000	0.005%	57
Park District of Highland Park	8,430,000	98.57%	8,309,451
School Districts			
District No. 106	-	0.00%	-
District No. 109	18,245,000	3.93%	717,029
District No. 112	-	0.00%	-
District No. 113	87,195,000	54.62%	47,625,909
College of Lake County	58,465,000	9.46%	5,530,789
	<u>588,370,000</u>		<u>99,648,253</u>
	<u>\$ 600,094,357</u>		<u>\$ 111,372,610</u>

### Notes:

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

(2) Source: Lake County Clerk

**CITY OF HIGHLAND PARK**

**SCHEDULE OF LEGAL DEBT MARGIN**

December 31, 2018

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



## DEMOGRAPHIC AND ECONOMIC INFORMATION

## CITY OF HIGHLAND PARK

### DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

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Fiscal Year	Population <sup>1</sup>	Per Capita Income <sup>1</sup>	School Enrollment <sup>2</sup>	Unemployment Rate <sup>3</sup>	Total Personal Income <sup>4</sup>	Median Age <sup>1</sup>	College Degree <sup>1</sup>
2009	31,457	55,331	6,091	6.9%	1,740,547,267	40.6	61.6%
2010	31,457	55,331	6,134	5.6%	1,740,547,267	40.6	61.6%
2011	29,763	61,287	5,850	6.0%	1,824,084,981	40.6	61.6%
2012	29,763	68,004	6,526	5.7%	2,024,003,052	45.4	66.9%
2013	29,763	67,267	6,351	6.3%	2,002,067,721	45.4	68.2%
2014	29,763	65,555	6,236	5.0%	1,951,113,465	45.2	67.6%
2015	29,871	68,688	6,475	5.1%	2,051,779,248	45.4	69.5%
2016	29,743	73,056	6,133	3.9%	2,172,904,608	45.8	71.1%
2017	29,641	77,511	6,101	3.2%	2,297,503,551	45.0	71.0%
2018	29,767	81,651	5,948	3.5%	2,430,505,317	45.0	71.9%

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

2018			2009		
Employer	Approximate Employees	Percentage of Total Municipal Employment	Employer	Approximate Employees	Percentage of Total Municipal Employment
Highland Park Hospital	1,200	8.71%	Highland Park Hospital	1,200	7.15%
Ravinia Festival	690 <sup>1</sup>	5.01%	School District 112	740 <sup>1</sup>	4.41%
Township High School District No. 113	603 <sup>1</sup>	4.38%	Ravinia Festival	690	4.11%
North Suburban Special Education District	595	4.32%	Northern Suburban Special Education District	506	3.01%
School District No. 112	580	4.21%	School District 113	398 <sup>1</sup>	2.37%
City of Highland Park	234	1.70%	City of Highland Park	294 <sup>1</sup>	1.75%
First Bank of Highland Park	128	0.93%	The Picus Cos	100	0.60%
Dick Blick Holdings	100	0.73%	Highland Park Public Library	97 <sup>1</sup>	0.58%
Highland Park Public Library	98 <sup>1</sup>	0.71%	Highland Park Post Office	85	0.51%
Highland Park Post Office	85 <sup>1</sup>	0.62%			
	<u>4,313</u>	<u>31.30%</u>		<u>4,110</u>	<u>24.49%</u>

### Notes:

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

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



## OPERATING INFORMATION

# CITY OF HIGHLAND PARK

## OPERATING INFORMATION AND INDICATORS Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>FIRE PROTECTION</b>										
Emergency responses	4,542	4,480	4,777	4,832	4,657	5,220	4,859	5,146	5,450	5,556
Fires extinguished	25	31	47	46	43	28	31	18	29	42
<b>PUBLIC WORKS</b>										
Asphalt placed (square yards)	3,438	7,608	3,033	2,035	2,154	3,120	3,644	3,450	3,000	2,800
Crack sealing (street miles)	-	7	3	3	3	5	4	4	6	6
Street-sweeping (hours) <sup>2</sup>	1,802	-	39	79	57	93	312	36	92	28
Number of mainbreaks repaired	59	102	92	101	104	106	44	49	50	57
<b>POLICE PROTECTION</b>										
Parking violations	12,173	11,032	6,192	8,730	8,060	6,673	6,502	6,082	5,536	4,487
Number of arrests	1,470	1,189	227	1,648	1,696	1,611	1,424	1,200	1,073	757
Number of traffic citations	5,430	4,348	3,980	4,725	4,626	3,439	2,837	2,317	1,650	1,889
<b>FINANCE</b>										
Number of water bills	41,634	41,788	42,244	42,248	42,324	42,320	42,424	42,380	42,413	42,371
Number of vendor checks	6,256	7,229	6,000	5,741	5,578	5,873	5,724	5,895	5,413	5,368
<b>MUNICIPAL WATER SYSTEM</b>										
Number of customers	10,300	10,300	10,434	10,436	10,445	10,443	10,422	10,422	10,469	10,441
Average daily consumption (million gallons)	9.2	9.8	9.6	9.0	8.6	7.9	7.7	8.6	7.5	8.1
Plant capacity (rated) - per day (million gallons)	21	21	21	21	21	21	30	30	30	30
Miles of water mains (approximate)	168	168	168	168	168	168	172	171	171	171
Number of fire hydrants (approximate)	1,680	1,680	1,680	1,680	1,680	1,680	1,700	1,773	1,773	1,773

**Notes:**

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

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

**CITY OF HIGHLAND PARK**

CAPITAL ASSET STATISTICS  
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
AREA - SQUARE MILES	12	12	12	12	12	12	12	12	12	12
FIRE PROTECTION										
Number of stations	3	3	3	3	3	3	3	3	3	3
Fire engines	3	3	3	3	3	3	3	3	3	3
Aerial Ladder Truck	-	-	-	-	-	-	-	-	1	1
Squad/Engine	-	-	-	-	-	-	-	1	1	1
Ambulances	3	3	3	3	3	3	3	4	4	4
POLICE PROTECTION										
Number of stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	13	13	14	14	14	14	14	14
PUBLIC WORKS										
Miles of water mains (approximate)	168	168	168	168	168	168	172	171	171	171
Number of fire hydrants (approximate)	1,680	1,680	1,680	1,680	1,680	1,680	1,700	1,773	1,773	1,773
Miles of storm sewer (approximate)	178	178	178	178	178	178	178	182	182	185
Number of street lights (approximate)	1,420	1,420	1,420	1,420	1,420	1,420	1,473	1,473	1,473	1,473
Miles of sanitary sewer (approximate)	130	130	130	130	130	130	130	131	131	131
MILES OF STREET										
Paved	154	154	154	154	154	154	154	154	154	156
Graded	2	2	2	2	2	2	2	2	2	2
TOTAL	156	156	156	156	156	156	156	156	156	158

Notes:

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



# CITY OF HIGHLAND PARK

## FULL-TIME EQUIVALENT EMPLOYEES Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GENERAL GOVERNMENT	24.3	23.3	23.3	20.1	20.4	20.4	20.7	20.7	20.8	20.8
COMMUNITY DEVELOPMENT	28.8	23.8	20.8	20.8	21.1	22.1	22.6	24.6	27.3	27.3
FINANCE	13.5	13.5	13.3	13.3	13.3	13.3	13.3	13.0	13.3	13.3
FIRE										
Firefighters and officers	53.0	51.0	49.0	48.0	48.0	48.0	48.0	48.0	48.0	50.0
Civilians	5.0	5.0	5.0	5.5	6.5	6.7	6.7	6.7	4.0	2.0
POLICE										
Sworn personnel	60.0	58.0	55.0	55.0	57.0	57.0	57.0	57.0	57.0	57.0
Civilians	28.7	28.7	25.7	26.7	27.2	27.2	20.2	20.2	20.8	20.8
PUBLIC WORKS										
Maintenance workers	66.0	64.5	60.0	58.5	58.8	57.5	58.9	57.9	57.1	57.6
Engineering	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0
Administration	28.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Total Employees	311.3	295.8	280.1	275.9	280.2	280.2	275.3	276.1	277.3	277.8

### Notes:

(1) City Records