

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

New Issue

Date of Sale: Wednesday, February 26, 2025
 Between 10:45 and 11:00 A.M., C.S.T.
 (Open Speer Auction)

Investment Rating:

Moody's Investors Service ...
 (Rating Requested)

Official Statement

Subject to compliance by the City with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel"), under present law, interest on the Bonds is excludible from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX EXEMPTION" herein for a more complete discussion. The Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein



\$8,880,000*
CITY OF HIGHLAND PARK
 Lake County, Illinois
General Obligation Bonds, Series 2025

Dated Date of Delivery Bank Qualified Book-Entry Due Serially December 30, 2026-2039

The \$8,880,000* General Obligation Bonds, Series 2025 (the "Bonds"), are being issued by the City of Highland Park, Lake County, Illinois (the "City"). Interest is payable semiannually on June 30 and December 30 of each year, commencing December 30, 2025. Interest is calculated based on a 360-day year of twelve 30-day months. The Bonds will be issued using a book-entry system. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. So long as DTC or its nominee is the owner of the Bonds, principal and interest on the Bonds will be paid directly to DTC by Amalgamated Bank of Chicago, Chicago, Illinois, as paying agent and bond registrar. The Bonds will mature on December 30 in the following years and amounts.

AMOUNTS*, MATURITIES, INTEREST RATES, PRICES OR YIELDS AND CUSIP NUMBERS⁽¹⁾

Principal Amount*	Due Dec. 30	Interest Rate	Yield or Price	CUSIP Number(1)	Principal Amount*	Due Dec. 30	Interest Rate	Yield or Price	CUSIP Number(1)
\$490,000	2026	—%	—%	—	\$675,000	2033	—%	—%	—
510,000	2027	—%	—%	—	710,000	2034	—%	—%	—
535,000	2028	—%	—%	—	655,000	2035	—%	—%	—
560,000	2029	—%	—%	—	680,000	2036	—%	—%	—
590,000	2030	—%	—%	—	710,000	2037	—%	—%	—
615,000	2031	—%	—%	—	740,000	2038	—%	—%	—
645,000	2032	—%	—%	—	765,000	2039	—%	—%	—

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

OPTIONAL REDEMPTION

The Bonds due December 30, 2026-2033, inclusive, are not subject to redemption prior to maturity. The Bonds due December 30, 2034-2039, inclusive, are callable in whole or in part at the option of the City on any date on or after December 30, 2033, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot. See "OPTIONAL REDEMPTION" herein.

PURPOSE, LEGALITY AND SECURITY

The proceeds of the Bonds will be used to (i) finance certain capital improvements in the City, including streets, facilities and sewer improvements, and an expansion of the Highland Park Library, and (ii) pay the costs of issuing the Bonds. See "THE PROJECT" herein.

In the opinion of Bond Counsel, the Bonds are valid and legally binding upon the City and are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

This Official Statement is dated February 13, 2025, and has been prepared under the authority of the City. An electronic copy of this Official Statement is available from the www.speerfinancial.com web site under "Debt Auction Center/Official Statements Sales Calendars/Competitive". Additional copies may be obtained from Ms. Kristi McCaulou, Finance Director/City Treasurer, City of Highland Park, 1707 St. Johns Avenue, Highland Park, Illinois 60035-3593, or from the Municipal Advisor to the City:



(1) CUSIP numbers appearing in this Official Statement have been provided by the CUSIP Global Services ("CGS"), CGS is managed on behalf of the American Bankers Association by S&P Capital IQ, a part of McGraw Hill Financial Inc. The City is not responsible for the selection of CUSIP numbers and makes no representation as to their correctness on the Bonds or as set forth on the cover of this Official Statement.

*Subject to change.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”), this document, as the same may be supplemented or corrected by the City from time to time (collectively, the “Official Statement”), may be treated as an Official Statement with respect to the Bonds described herein that is “deemed final” as of the date hereof (or the date of any such supplement or correction) by the City, except for the omission of certain information permitted to be omitted pursuant to the Rule.

This Official Statement shall be supplemented following the sale of the Bonds to include the final terms of the Bonds and other information, and, as supplemented by such final terms and any other information required by law or deemed appropriate by the City, shall constitute a “Final Official Statement” of the City with respect to the Bonds, as that term is defined in the Rule.

No dealer, broker, salesman or other person has been authorized by the City to give any information or to make any representations with respect to the Bonds other than as contained in the Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Bonds, nor shall there be any offer to sell or solicitation of an offer to buy the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement is submitted in connection with the sale of the securities described in it and may not be reproduced or used, in whole or in part, for any other purposes.

Unless otherwise indicated, the City is the source of all tables and statistical and financial information contained in this Official Statement. The information contained in this Official Statement concerning DTC has been obtained from DTC. Certain information contained in the Official Statement and the Final Official Statement may have been obtained from sources other than records of the City and, while believed to be reliable, is not guaranteed as to completeness. **THE INFORMATION AND EXPRESSIONS OF OPINION IN THE OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT NOR ANY SALE MADE UNDER EITHER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE RESPECTIVE DATES THEREOF.**

This Official Statement should be considered in its entirety and no one factor considered more or less important than any other by reason of its position in this Official Statement. References herein to laws, rules, regulations, ordinances, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to the Official Statement, they will be furnished on request.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the City’s beliefs as well as assumptions made by and information currently available to the City. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SECURITIES OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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BOND ISSUE SUMMARY

This Bond Issue Summary is expressly qualified by the entire Official Statement, including the Official Notice of Sale and the Official Bid Form, which are provided for the convenience of potential investors and which should be reviewed in their entirety by potential investors.

Issuer:	City of Highland Park, Lake County, Illinois.
Issue:	\$8,880,000* General Obligation Bonds, Series 2025.
Dated Date:	Date of delivery (expected to be on or about March 11, 2025).
Interest Due:	Each June 30 and December 30, commencing December 30, 2025.
Principal Due:	Serially each December 30, commencing December 30, 2026 through 2039, as detailed on the front page of this Official Statement.
Optional Redemption:	The Bonds maturing on or after December 30, 2034, are callable at the option of the City in whole or in part on December 30, 2033, and on any date thereafter, at a price of par and accrued interest. See “ OPTIONAL REDEMPTION ” herein.
Authorization:	The Bonds are being issued pursuant to the home-rule powers of the City under Section 6, Article VII of the 1970 Constitution of the State of Illinois, and a bond ordinance adopted by the City Council of the City on the 10 th day of February, 2025, as supplemented by a notification of sale.
Security:	The Bonds are valid and legally binding upon the City and are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount.
Investment Rating:	An investment rating for the Bonds has been requested from Moody’s Investors Service, New York, New York. See “ INVESTMENT RATING ” herein.
Purpose:	The proceeds of the Bonds will be used to (i) finance certain capital improvements in the City, including streets, facilities and sewer improvements, and an expansion of the Highland Park Library, and (ii) pay the costs of issuing the Bonds. See “ THE PROJECT ” herein.
Tax Exemption:	Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, will provide an opinion as to the federal tax exemption of the interest on the Bonds as discussed under “ TAX EXEMPTION ” in this Official Statement. Interest on the Bonds is not exempt from present State of Illinois income taxes. See also APPENDIX C for the proposed form of opinion of Bond Counsel.
Bank Qualified:	The Bonds are “qualified tax-exempt obligations” under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See “ QUALIFIED TAX-EXEMPT OBLIGATIONS ” herein.
Bond Registrar/Paying Agent:	Amalgamated Bank of Chicago, Chicago, Illinois.
Delivery:	The Bonds are expected to be delivered on or about March 11, 2025.
Book-Entry Form:	The Bonds will be registered in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository of the Bonds. See APPENDIX B herein.
Denomination:	\$5,000 or integral multiples thereof.
Municipal Advisor:	Speer Financial, Inc., Chicago, Illinois.

*Subject to change.

CITY OF HIGHLAND PARK
Lake County, Illinois

Nancy R. Rotering
Mayor

Council Members

Anthony E. Blumberg
Barisa Meckler Bruckman

Annette Lidawer
Yumi Ross

Kim Stone
Andres Tapia

Officials

Ghida S. Neukirch
City Clerk/City Manager

Kristi McCaulou
Director of Finance/City Treasurer

Steven M. Elrod, Esq.
Elrod Friedman LLP
Corporation Counsel

THE BONDS

The General Obligation Bonds, Series 2025 (the “Bonds”), are being issued pursuant to the home-rule powers of the City of Highland Park, Lake County, Illinois (the “City”), under Section 6, Article VII of the 1970 Constitution of the State of Illinois, and a bond ordinance adopted by the City Council of the City on the 10th day of February, 2025 (as supplemented by a notification of sale, the “Bond Ordinance”). The Bonds constitute valid and legally binding full faith and credit general obligations of the City, payable from ad valorem taxes levied on all taxable property in the City, without limitation as to rate or amount (the “Pledged Taxes”). The Bond Ordinance provides for the levy of the Pledged Taxes in amounts sufficient to pay, as and when due, all principal of and interest on the Bonds, except that the City will use lawfully available funds of the City to pay the interest due on the Bonds on December 30, 2025, and, as such, the Pledged Taxes will not be levied for such payment. The Bond Ordinance will be filed with the County Clerk of The County of Lake, Illinois (the “County Clerk”), and will serve as authorization to the County Clerk to extend and collect the Pledged Taxes.

The Bonds will be dated the date of issuance thereof, will be in fully registered form, without coupons, and will be in denominations of \$5,000 or any integral multiple thereof under a book-entry only system operated by The Depository Trust Company, New York, New York (“DTC”). The ownership of one fully registered Bond for each maturity will be registered in the name of Cede & Co., as nominee for DTC and no physical delivery of Bonds will be made to purchasers. So long as DTC or its nominee is the owner of the Bonds, principal and interest on the Bonds will be paid directly to DTC by Amalgamated Bank of Chicago, Chicago, Illinois, as paying agent and bond registrar (the “Bond Registrar”).

The Bonds will mature as shown on the cover page hereof. Interest on the Bonds will be payable each June 30 and December 30, beginning December 30, 2025.

The Bonds will bear interest from their dated date, or from the most recent interest payment date to which interest has been paid or provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Bond Registrar. Interest on each Bond will be paid by check or draft of the Bond Registrar payable upon presentation in lawful money of the United States of America to the person in whose name such Bond is registered at the close of business on the 15th day of the month of the interest payment date (known as the record date).

The Bonds are subject to optional redemption prior to maturity as described in “**OPTIONAL REDEMPTION**” herein.

Proceeds of the Bonds will be used to (i) finance certain capital improvements in the City, including streets, facilities and sewer improvements, and an expansion of the Highland Park Library (collectively, the “Project”), and (ii) pay the costs of issuing the Bonds. See “**THE PROJECT**” herein.

SOURCES AND USES

The sources and uses of funds resulting from the Bonds are shown below:

SOURCES:	
Principal Amount	\$
Net Reoffering Premium	
Total Sources	\$
 USES:	
Pay Costs of the Project	\$
Costs of Issuance(1)	
Total Uses	\$

Note: (1) Includes Underwriter’s discount and other issuance costs.

RISK FACTORS

The purchase of the Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of the entirety of the information presented in this Official Statement and its appendices and exhibits in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

Construction Risks

There are potential risks that could affect the ability of the City to timely complete the Project. While preliminary costs have been projected by the City’s consulting architects, not all of the construction contracts have been let by the City. No assurance can be given that the cost of completing the Project will not exceed available funds. Completion of the Project involves many risks common to construction projects such as shortages or delays in the availability of materials and labor, work stoppages, labor disputes, contractual disputes with contractors or suppliers, weather interferences, construction accidents, delays in obtaining legal approvals, unforeseen engineering, archeological or environmental problems and unanticipated cost increases, any of which could give rise to significant delays or cost overruns.

Finances of the State of Illinois

While the finances of the State of Illinois (the “State”) have significantly improved in recent years, the State continues to deal with a severe underfunding of its pension systems, which, based on the comprehensive annual financial reports of the State’s five retirement systems, have a combined unfunded pension liability of approximately \$140 billion and a combined funded ratio of approximately 45%. Also, despite nine credit rating upgrades since June 2021, the State’s long term general obligation bonds carry the lowest ratings of all states.

The State enacted full budgets for the State fiscal years ending June 30, 2018 (the “Fiscal Year 2018 Budget”), June 30, 2019 (the “Fiscal Year 2019 Budget”), June 30, 2020 (the “Fiscal Year 2020 Budget”), June 30, 2021 (the “Fiscal Year 2021 Budget”), June 30, 2022 (the “Fiscal Year 2022 Budget”), June 30, 2023 (the “Fiscal Year 2023 Budget”) and June 7, 2024 (the “Fiscal Year 2024 Budget”). On June 5, 2024, the Governor signed the State’s budget for the fiscal year ending June 30, 2025 (the “Fiscal Year 2025 Budget”), which includes a base general fund surplus of \$13 million after a Budget Stabilization Fund contribution of \$198 million. Additionally, the Fiscal Year 2025 Budget eliminates the 1% grocery sales tax that is dedicated for local governments, including the City, effective January 1, 2026.

Under current law, the State shares a portion of sales tax, income tax and motor fuel tax revenue with municipalities, including the City. The State’s general fiscal condition and the underfunding of the State’s pension systems have materially adversely affected the State’s financial condition and may result in decreased or delayed revenues allocated to the City in future years. Over time, the State has reduced the share of certain of these revenue sources, particularly income tax revenues, that are distributed to local governments, such as the City, through the Local Government Distributive Fund. With respect to income tax revenues, prior to State fiscal year 2011, 10% of income tax revenues were divided among municipalities in the State. That amount was reduced to 5.45% by State fiscal year 2015. In the Fiscal Year 2023 Budget, the portions distributed to local governments were 6.16% and 6.845% of individual and corporate income taxes, respectively. In the Fiscal Year 2024 Budget, the State distributed 6.47% of individual income tax revenues and 6.845% of corporate income tax revenues to local governments. In the Fiscal Year 2025 Budget, the portions distributed to local governments are 6.47% and 6.845% of individual and corporate income taxes, respectively.

The Fiscal Year 2018 Budget, and each budget thereafter, also includes a service fee for collection and processing of local imposed sales taxes. Such fee was 2% of such sales taxes for State Fiscal Year 2018 and was reduced to 1.5% of such sales taxes for State Fiscal Years 2019 through 2025.

The City cannot determine at this time the financial impact of these provisions on its overall financial condition, but such provisions may result in lower income tax revenues and sales tax revenues distributed to the City. The City can give no assurance that there will not be additional changes in applicable law modifying the manner in which local revenue sharing is allocated by the State, nor can the City predict the effect the State’s financial problems, including those caused by the Novel Coronavirus 2019 (“COVID 19”) or the various governmental or private actions in reaction thereto, may have on the City’s future finances.

Future Pension Plan Funding Requirements

The City participates in the Police Pension Plan and the Fire Pension Plan, both as hereinafter defined. Under the Illinois Pension Code, as amended (the “Pension Code”), the City is required to contribute to each plan in order to achieve a Funded Ratio of 90% by 2040. In order to achieve the 90% Funded Ratio for both plans by 2040, it is expected that the annual employer contributions required by the City will increase over time.

The Pension Code allows the State Comptroller, after proper procedures have taken place, to divert State payments intended for the City to the Police Pension Plan and the Fire Pension Plan to satisfy contribution shortfalls by the City. If the City does not make 100% of its annual required contributions to the Police Pension Plan and Fire Pension Plan, the City may have revenues withheld by the State Comptroller. Such withholdings by the State Comptroller could adversely affect the City's financial health and operations. See **"EMPLOYEE RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS OBLIGATIONS"** herein for a more complete discussion.

The City also participates in the Illinois Municipal Retirement Plan (the "IMRF Plan"), which is a defined benefit pension plan administered by the Illinois Municipal Retirement Fund ("IMRF"); employer contributions are projected by the IMRF to increase over time. Increasing annual required employer contributions for the City could have a material adverse effect on the finances of the City.

Cybersecurity

Computer networks and data transmission and collection are vital to the efficient operation of the City. Despite the implementation of network security measures by the City, its information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware or computer virus, or may otherwise be breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored thereon could be disrupted, accessed, publicly disclosed, lost or stolen. Although the City does not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly situated governmental entities, any such disruption, access, disclosure or other loss of information could have an adverse effect on the City's operations and financial health.

Further, as cybersecurity threats continue to evolve, the City may be required to expend additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks. The City continues to strengthen security measures. During 2021, as part of its long-term security plan, the City implemented endpoint detection and response with 24/7 monitoring, multi-factor authentication for user network access, and added off-site back-up protocols to the City's already robust back-up policy and procedures. In 2022 the City expanded its endpoint detection and response 24/7 monitoring services. As the digital landscape evolves, the City recognizes the critical importance of safeguarding its digital infrastructure. In response to the ever-growing threats in the cyber world, the City continually searches for and explores additional mechanisms to protect the City and its residents' data. This proactive approach ensures the security and integrity of the City's digital assets, reflecting the City's commitment to staying ahead in the realm of cyber defense.

Local Economy

The financial health of the City is in part dependent on the strength of the local economy. Many factors affect the local economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur and what impact such changes would have on the finances of the City.

Loss or Change of Bond Rating

The Bonds have received a credit rating from Moody's Investors Service, Inc., New York, New York ("Moody's"). The rating can be changed or withdrawn at any time for reasons both under and outside the City's control. Any change, withdrawal or combination thereof could adversely affect the ability of investors to sell the Bonds or may affect the price at which they can be sold.

Secondary Market for the Bonds

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The hereinafter-defined Underwriter is not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof.

Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Continuing Disclosure

A failure by the City to comply with the Undertaking for continuing disclosure (see “**CONTINUING DISCLOSURE**” and “**APPENDIX D – FORM OF CONTINUING DISCLOSURE UNDERTAKING**” herein) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission (the “Commission”) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and may adversely affect the transferability and liquidity of the Bonds and their market price.

Suitability of Investment

The interest rate borne by the Bonds is intended to compensate the investor for assuming the risk of investing in the Bonds. As such, the value of the interest compensation to any particular investor will vary with individual tax rates and circumstances. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

Future Changes in Laws

Various state and federal laws, regulations and constitutional provisions apply to the City and to the Bonds. The City can give no assurance that there will not be a change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the City, or the taxing authority of the City. For example, many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by state government. Future actions of the State may affect the overall financial conditions of the City, the taxable value of property within the City, and the ability of the City to levy property taxes or collect revenues for its ongoing operations.

Factors Relating to Tax Exemption

As discussed under “**TAX EXEMPTION**” herein, interest on the Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants made in connection with the issuance of the Bonds. Should such an event of taxability occur, the Bonds are not subject to any special redemption.

There are or may be pending in the Congress of the United States (“Congress”) legislative proposals relating to the federal tax treatment of interest on the Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to Bonds issued prior to enactment. Finally, reduction or elimination of the tax-exempt status of obligations such as the Bonds could have an adverse effect on the City’s ability to access the capital markets to finance future capital or operational needs by reducing market demand for such obligations or materially increasing borrowing costs of the City.

The tax-exempt bond office of the Internal Revenue Service (the “Service”) is conducting audits of tax-exempt bonds, both compliance checks and full audits, with increasing frequency to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether the Service will commence any such audit. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Bondholders may have no right to participate in such proceeding. The commencement of an audit with respect to any tax-exempt obligations of the City could adversely affect the market value and liquidity of the Bonds, regardless of the ultimate outcome.

Bankruptcy

The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors’ rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The opinion of Bond Counsel to be delivered with respect to the Bonds will be similarly qualified.

Climate Change Risk

There are potential risks to the State, the City and their respective financial condition that are associated with changes to the climate over time and with increases in the frequency, timing and severity of extreme weather events, causing or increasing the severity of flooding and other natural disasters. The City cannot predict how or when various climate change risks may occur, nor can it quantify the impact on the State or the City, its population or its financial condition. Over time, the costs could be significant and could have a material adverse effect on the City’s finances.

CITY OF HIGHLAND PARK

The City spans an area of 12.25 square miles and is located in the heart of the North Shore along Lake Michigan. The City is located 26 miles north of Chicago’s central business district and neighbors Lake Forest and Highwood to the north; Deerfield and Bannockburn to the west; and Northbrook and Glencoe to the south. The City’s southern boundary is the Lake County-Cook County boundary.

The first settlers came to the area in 1845 and developed two villages, St. Johns and Port Clinton. In 1851, the first railroad tracks were laid (the present commuter rail line), with a depot located just south of Port Clinton and identified as Highland Park, in recognition of the area’s dense woods, ravines, and lake-view bluffs. In 1868, the Highland Park Building Company began planning construction of a village. In 1869, the City was incorporated with a population of 500 and an area slightly less than two square miles, including the St. Johns and Port Clinton areas. By 1891, two of the present four private country clubs in the City had been formed and the City’s reputation as a welcoming and open residential area had been established. Annexations in the 1922-1926 period increased the City to an area of 12 square miles. After the annexation of a portion of Fort Sheridan, the current area, as measured by the City’s geographical information system, is 12.25 miles.

The opening of the Edens Expressway in the 1950's from Chicago to Highland Park, contributed to a 52% population increase from 16,808 in 1950 to 25,532 per the 1960 Census. Subsequent Census measurements were 32,263 (1970), 30,611 (1980), 30,575 (1990), 30,262 (2000), and 29,763 (2010). The City's current population is 30,176 per the 2020 Census.

The City became a home-rule unit, when the 1970 Illinois Constitution was adopted because it had a population in excess of 25,000. As a home-rule unit the City has no tax rate or debt limits, nor is it required to conduct a referendum to authorize the issuance of debt or to increase property taxes. The City celebrated its sesquicentennial anniversary in 2019.

Government Services

The City is governed by a seven-member Council including a mayor and six council members elected on an at-large basis for staggered four-year terms. The City operates under the Managerial Form of Government with an appointed City Manager responsible for the administration of policy set by the Mayor and Council, and day-to-day operations of the City. The City employs approximately 273 full time equivalents ("FTEs"). The City's firefighters, fire lieutenants, police officers, police sergeants, and selected public works employees are represented by collective bargaining agreements. The police sergeants' collective bargaining agreement runs through December 31, 2027. All other collective bargaining agreements expired December 31, 2024; the City has reached agreement with the bargaining units representing police officers and police sergeants; other agreements are being negotiated.

The City has 25 facilities including parking decks, a water tower, and various structures. The Fire Department operates from three fire stations, each having paramedics on duty with mobile intensive care units/ambulances. In 2023, construction of the new, state of the art Ravinia Fire Station #32 was completed. The Fire Department's dive rescue team provides immediate response of highly trained personnel and specialized equipment to open water and ice incidents.

The City operates the Highland Park Senior Center which provides residents ages 50+ with educational, cultural, and social activities, as well as a medical equipment loan program. The Senior Center relocated to the 1201 Park Avenue West building in 2021 to better facilitate in-person programming. The City modernized the facility in 2024 for Senior Center activity and general public events and banquets. The process began in 2016 with a space needs assessment and public engagement.

The Highland Park Public Library (the "Library") is a component unit of the City, administered by a nine-person Library Board appointed by the Mayor with consent of the City Council. The Library provides access to approximately 508,336 physical and digital resources, consisting of 167,625 volumes, 184,271 eBooks, 130,411 audio recordings (physical and downloadable), 25,457 videos (physical and downloadable), and 602 other circulating physical items. The number of card holders is approximately 12,684. A portion of the Bond proceeds is expected to be used to finance an expansion of the Library. The expansion project will add 7,850 square feet of space to the existing Library building, increasing space for Youth Services and adding meeting room space for Library programs and community use. In addition, several existing areas will be renovated to provide a creative studio for community use, an updated archive, and improved accessibility in the Library. See "**THE PROJECT**" herein.

The City operates a fixed-route scheduled bus service, the Ravinia Festival Park-n-Ride bus program, and a free Connector shuttle bus operation. The City operates the fixed-route and Park-n-Ride programs under a direct subsidy agreement with Pace, the Suburban Bus Division of the Regional Transportation Authority. Moraine Township operates a door-to-door van program for seniors and individuals with disabilities. West Deerfield Township subsidizes taxi rides to anywhere within West Deerfield Township for senior residents not near a bus route. Ride Lake County is a paratransit service for seniors age 60+ and people with disabilities.

City Water System

The City draws water from Lake Michigan and is the sole source of potable water supply for the City, the adjacent Villages of Deerfield, Bannockburn, and Lincolnshire, and the Glenbrook Sanitary District. The City has the capability to provide water on an emergency basis to Northbrook, Glencoe, Highwood, and Lake Forest. The City's water service area is 23 square miles, serving approximately 60,000 people in residential areas and growing commercial developments, the latter primarily in Deerfield and Lincolnshire. The City water plant can supply potable water to approximately 120,000 individuals. Information about the water plant's state-of-the-art filtration system is available at cityhpil.com/waterplant.

City Tax Increment Financing Districts

The City has two active tax increment financing ("TIF") districts: the Ravinia TIF district number 3 and the Briergate TIF district number 4. These districts were established 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. To entice development in the TIF districts, the City has financed certain public improvements in the TIF districts. Construction and development in the TIF districts are the responsibility of developers.

The Ravinia TIF was designated on July 25, 2005 with a frozen base EAV of \$6,437,551. The Briergate TIF was designated on December 11, 2017 with a frozen base EAV of \$29,103,332. For the tax year 2023, the most recent available, the Ravinia TIF and Briergate TIF had total EAVs (including the base EAVs) of \$14,627,469 and \$41,090,274, respectively.

Education

The school districts serving the City are independent units of government, not under the authority of the City. North Shore School District 112 ("NSSD 112") serves the majority of City residents. Bannockburn School District 106 and Deerfield Public School District 109 also serve a small portion of Highland Park. Township High School District 113 ("THSD 113") provides secondary education for City resident children. NSSD 112 enrollment is approximately 3,739 and THSD 113 enrollment is approximately 3,300, sourced from the Illinois State Board of Education. Local higher education is provided by the College of Lake County, which is a two-year community college with enrollment of nearly 12,000.

Recreation and Community Services

The Park District of Highland Park is an independent unit of government, not under the authority of the City, providing recreational facilities. Extensive public facilities, on over 700 acres of land in 44 park areas, feature an outdoor aqua park, five miles of Lake Michigan beaches; the Sunset Valley 18-hole public golf course; a miniature golf course; a driving range; an indoor ice-skating rink; and an indoor tennis and racquetball facility.

The City's former Highland Park Country Club golf course grounds were inaugurated in 2022 as a passive recreational area known as The Preserve of Highland Park, featuring walking and biking trails around the property. The City retained the 1201 Park Avenue West building as the home of the Senior Center, and also offers banquet services.

Ravinia Festival is the oldest and most programmatically diverse music festival in the country, typically presenting over 140 events during its summer season from June through September, including a wide array of classical and popular music. Ravinia has three concert venues: The Pavilion, which seats 3,400; the Martin Theatre, an 850-seat, arts-and-crafts chamber hall that dates back to Ravinia's original 1904 construction; and the state-of-the-art, 450-seat Bennett Gordon Hall, home to Ravinia's Steans Music Institute which is an on-campus conservatory. Bennett Gordon Hall presents indoor concerts between October and May. Ravinia includes a lawn, where up to 12,500 ticket-buyers can enjoy music under the stars. Ravinia features a full-service dining pavilion and food carts. Ravinia offers a variety of educational programs under the umbrella REACH*TEACH*PLAY serving 85,000 people in Cook and Lake counties annually. Ravinia is a not-for-profit entity with 60% of its revenue from ticket sales and 40% from private donations. Ravinia pays for the City services it uses, such as police staffing at concerts, and donates five percent of ticket revenue to the City each year.

The City has been home to Highland Park Hospital since 1918. A non-profit entity, the hospital is part of Endeavor Health and also operates a 30,000 square foot medical office building at the hospital complex.

Historic Preservation

The City is empowered to designate local historic landmarks by a locally-adopted preservation ordinance. This local landmark designation affords properties more protection than State or National programs. Once a property is locally designated, most exterior alterations, construction, demolition, or removal requiring a building permit is reviewed by the Highland Park Historic Preservation Commission. The City has a wealth of historically and culturally significant properties, with 29 individual properties and five historic districts listed on the National Register of Historic Places. 77 properties are designated as local landmarks. The City's three Local Landmark Districts include 44 contributing properties. The City strives to preserve its distinctive historic, architectural, and landscape characteristics.

Sustainability

The City is a regional municipal leader in environmental sustainability, focusing on initiatives that help protect the City's environment and natural beauty. It has a goal to reduce total greenhouse gases GHG (MtCO₂e) 45% by 2030, with interim reductions of 2.7% per year. The City is a SolSmart Silver community reflecting the City's actions toward reducing local barriers to solar energy. The League of American Bicyclists recognized the City as a Bronze level Bicycle Friendly Community, recognizing the community's efforts to encourage bicycling in the City. The City seeks intergovernmental opportunities and takes action to protect the environment through varied initiatives, including air quality, land use, and water resource protection. The City's Sustainability Plan guides the City's sustainability efforts. The plan is updated regularly and is on the City's website. The Sustainability and Climate Plans outline objectives for reducing greenhouse gas emissions and protecting the City's natural environment.

Arts and Human Services

The City has an active arts community, in part, due to its support for the arts and its acquisition and maintenance of a 21-piece public art collection. The collection includes a sculpture, "Ingress," which commemorates the City's 2019 sesquicentennial anniversary. The Park District and Library own additional public art. The City supports local arts organizations, as well as health and human service agencies through a funding agreement with the Highland Park Community Foundation. The City also partners with The Art Center and local arts organizations to promote and recognize City art and artists. The City's Cultural Arts Strategic Plan provides direction for the promotion and enhancement of the arts as a matter of City practice and throughout the community as a whole. In 2023, the City launched a new Poet Laureate program.

The City is dedicated to providing human services for residents of all ages. The City has an agreement and provides funding to the Highland Park Community Foundation which supports social service, cultural, and educational agencies serving the community. The City's Senior Center supports the community's senior population with health, recreational, cultural, educational, and counseling services.

Enjoy Highland Park

Enjoy Highland Park is the City's digital-first marketing campaign designed to position Highland Park as a regional destination for dining, retail, and entertainment. The campaign website, enjoyhighlandpark.com, is home to interactive dining and shopping guides, special event information, and more. The City posts regularly to Enjoy Highland Park Instagram and Facebook accounts @enjoyhighlandpark. The City created an al fresco dining and entertainment space and welcomed more than 25,000 visitors per year in 2022, 2023 and 2024. An exciting new season of festivals, amazing live music, and delicious food is planned for 2025. The Taste of Highland Park, the Vintage Car Show, a Friday night concert series, Stews & Brews and more are hosted at Port Clinton Square and the surrounding area in downtown Highland Park. All City-sponsored events are strategically located to enhance economic development by building awareness of City businesses, drawing people to town, and creating community vibrancy. More information about special events is available at enjoyhighlandpark.com.

SOCIOECONOMIC INFORMATION

Overview

While primarily a residential community, the City has three main commercial business districts and five additional business districts. The three main commercial business districts are the Central Business District (CBD), the Skokie Corridor, and the Ravinia Business District (RBD). The City has a home rule municipal sales tax rate of 1%. Sales tax receipts typically provide approximately 15% of City revenue.

The City has two special service areas (SSAs) for attracting and promoting business. An SSA is an economic development mechanism to provide funding from property owners for a wide range of special or additional services and/or physical improvements in a defined geographic area. The City's SSAs are located in the CBD and the RBD. The CBD and RBD SSAs fund marketing, beautification, and events. The CBD SSA is administered by the Downtown Highland Park Alliance. The City has two tax increment financing (TIF) Districts, in the RBD and the Briergate Business District, which fund utility, street, streetscape, infrastructure improvements, and RBD special events.

As part of the core priority of Economic Development, the City employs a number of business attraction and retention strategies, as detailed in the City's Business Development Strategic Plan. The Plan incorporates a number of incentives to attract and retain high-quality businesses. The City's Sales Tax Rebate Program assists new businesses investing \$250,000+ in capital investment and generating a minimum of \$1,000,000 in annual sales tax revenue or existing businesses investing \$75,000+ in capital improvements and generating a minimum of \$1,000,000 in annual sales tax revenue. The City's Exterior Improvement Grant Program provides financial incentives to property owners and sales tax-generating businesses for improving the look and functionality of their property or business. The City's Food & Beverage (F&B) Interior Improvement Incentive Program, provides financial assistance to existing and new restaurant and F&B operators toward the costs associated with buildout of new, expanded, or updated sites. The City designated funds for boutique incentive packages of grants and/or low-interest loans for sought-after restaurant groups that meet established criteria, including minimum gross revenue of \$3,000,000 per existing restaurant. Boutique incentive packages are developed through negotiations between the City, the property owner, and the prospective business owner.

The City hosts a variety of events such as the Ravinia Farmers Market, Food Truck Thursdays, the annual Arbor Day Celebration, Independence Day festivities, an annual holiday tree lighting event, Port Clinton Art Festival, and the Chamber Sidewalk Sale, which offer fun opportunities for residents and visitors to attend family-friendly events within the City’s business districts. Such events are strategically located to build awareness of City businesses and to generate foot traffic.

Employment

The City is primarily residential in character, with a few significant employers. Employment opportunities in neighboring towns are significant, as are opportunities throughout the Chicago metropolitan area. Following are large employers located in the City and in immediately surrounding communities.

Major City Employers(1)

Name	Product/Service	Approximate Employment
Highland Park Hospital	General Hospital	1,200
Ravinia Festival	Music Festival	752(2)
Township High School District No. 113	High School District	652(2)
North Shore School District No. 112	Elementary School District	535
TruNorth Educational Cooperative 804	Education Cooperative	420
City of Highland Park	Government Services	271
First Bank of Highland Park	Community Bank	128
Dick Blick Holdings	Distributor of Arts and Crafts Supplies	100
Highland Park Post Office	Post Office	85(2)
Aspiritech, NFP	Software and QA Testing	75
Highland Park Public Library	Public Library	75(2)
Studio41	Kitchen and Bath Fixtures, Hardware & Cabinetry	75

- Notes: (1) Source: the 2024 Illinois Manufacturers Directory, the 2024 Illinois Services Directory, the City and a selected telephone survey.
 (2) Includes full and part-time employees.

Major Area Employers(1)

Location	Name	Product/Service	Approximate Employment
North Chicago	Great Lakes Naval Training Center	Department of the Navy	11,000(2)
Deerfield	Walgreens Boots Alliance, Inc.	Holding Company	5,700
Multiple	Baxter Healthcare Corp.	Medical and Hospital Equipment	3,600(3)
North Chicago	AbbVie	Pharmaceutical Company Headquarters	3,400
Gurnee	Six Flags Great America	Theme Park	3,000(4)
Lake Forest	W.W. Grainger Co., Inc.	Industrial Machinery	3,000
Waukegan	Lake County	Government	2,500(5)
Deerfield	Walgreen Company	Drug Stores Corporate Office	2,500
Lake Forest	Pfizer, Inc.	Pharmaceuticals	1,350
North Chicago/Abbot Park	Abbott Laboratories	Medical Devices	1,300
Waukegan	Southwire Co., LLC	Electronics and Electric Wires and Cables	1,200
Lincolnshire	HydraForce, Inc.	Fluid Power Valves and Hose Fittings	1,100
Lake Zurich	Dovenmuehle Mortgage, Inc.	Mortgage Servicing	1,000
Vernon Hills	Antylia Scientific	Company Headquarters; Scientific Equipment	1,000

- Notes: (1) Source: The County, the 2024 Illinois Services Directory, the 2024 Illinois Manufacturers Directory and a selected telephone survey.
 (2) Includes civilian and military personnel.
 (3) Includes 1,900 in Round Lake and 1,700 in Deerfield.
 (4) Employment is seasonal.
 (5) The County employs a total of approximately 2,500 persons, of which approximately 2,000 are employed in Waukegan.

The following tables show employment by industry and by occupation for the City, Lake County (the “County”) and the State as reported by the U.S. Census Bureau 2019-2023 American Community Survey 5-Year Estimates (the “2019-2023 ACS”) released by the U.S. Census Bureau in December 2024.

Employment By Industry(I)

Classification	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing and Hunting, and Mining.....	18	0.1%	1,184	0.3%	64,288	1.0%
Construction.....	512	3.5%	17,826	5.0%	338,825	5.4%
Manufacturing.....	1,263	8.6%	56,167	15.7%	728,327	11.6%
Wholesale Trade.....	628	4.3%	14,130	4.0%	168,508	2.7%
Retail Trade.....	1,200	8.2%	40,438	11.3%	650,779	10.4%
Transportation and Warehousing, and Utilities.....	336	2.3%	15,502	4.3%	433,291	6.9%
Information.....	377	2.6%	5,050	1.4%	103,644	1.7%
Finance and Insurance, and Real Estate and Rental and Leasing.....	1,659	11.3%	28,899	8.1%	462,565	7.4%
Professional, Scientific, and Management, and Administrative and Waste Management Services.....	2,945	20.0%	51,170	14.3%	794,813	12.7%
Educational Services and Health Care and Social Assistance.....	3,650	24.8%	72,173	20.2%	1,470,742	23.5%
Arts, Entertainment and Recreation and Accommodation and Food Services.....	1,523	10.3%	30,187	8.4%	516,702	8.3%
Other Services, Except Public Administration.....	415	2.8%	13,668	3.8%	285,896	4.6%
Public Administration.....	189	1.3%	10,945	3.1%	234,863	3.8%
Total.....	14,715	100.0%	357,339	100.0%	6,253,243	100.0%

Note: (1) Source: 2019-2023 ACS.

Employment By Occupation(I)

Classification	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Management, Business, Science and Arts.....	9,824	66.8%	169,315	47.4%	2,660,678	42.5%
Service.....	1,334	9.1%	50,380	14.1%	996,806	15.9%
Sales and Office.....	2,648	18.0%	72,463	20.3%	1,235,237	19.8%
Natural Resources, Construction, and Maintenance.....	387	2.6%	20,112	5.6%	443,661	7.1%
Production, Transportation, and Material Moving.....	522	3.5%	45,069	12.6%	916,861	14.7%
Total.....	14,715	100.0%	357,339	100.0%	6,253,243	100.0%

Note: (1) Source: 2019-2023 ACS.

Unemployment rates for the City are well below the County and the State levels, as shown below.

Annual Average Unemployment Rates(I)

Calendar Year	The City	The County	The State
2014.....	5.0%	6.5%	7.1%
2015.....	4.3%	5.1%	5.3%
2016.....	4.2%	5.2%	5.9%
2017.....	3.5%	4.6%	4.9%
2018.....	3.5%	4.5%	4.3%
2019.....	2.9%	4.0%	4.0%
2020(2).....	6.7%	8.2%	9.3%
2021(2).....	3.8%	5.4%	6.1%
2022.....	3.1%	4.2%	4.6%
2023.....	4.0%	5.0%	4.5%
2024(3).....	4.1%	4.4%	4.8%

- Notes: (1) Source: Illinois Department of Employment Security.
 (2) The City attributes the increase in unemployment rates to the COVID-19 pandemic.
 (3) Preliminary rates for the month of November, 2024.

Housing

The 2019-2023 ACS reported that the median value of the City’s owner-occupied homes was \$594,400. This compares to \$326,600 for the County and \$250,500 for the State. The following table represents the five-year average market value of specified owner-occupied units for the City, the County and the State at the time of the 2019-2023 ACS.

Home Values(1)

Value	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Under \$50,000.....	133	1.4%	5,826	3.1%	179,713	5.4%
\$50,000 to \$99,999.....	37	0.4%	3,494	1.8%	293,418	8.8%
\$100,000 to \$149,999.....	181	1.8%	11,705	6.1%	373,012	11.2%
\$150,000 to \$199,999.....	114	1.2%	22,520	11.8%	402,625	12.0%
\$200,000 to \$299,999.....	576	5.8%	43,436	22.7%	796,642	23.8%
\$300,000 to \$499,999.....	2,926	29.7%	55,491	29.1%	836,453	25.0%
\$500,000 to \$999,999.....	4,313	43.8%	38,891	20.4%	373,844	11.2%
\$1,000,000 or more.....	1,567	15.9%	9,600	5.0%	87,327	2.6%
Total.....	9,847	100.0%	190,963	100.0%	3,343,034	100.0%

Note: (1) Source: 2019-2023 ACS.

Mortgage Status(1)

	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Housing Units with a Mortgage.....	6,723	68.3%	124,587	65.2%	2,056,770	61.5%
Housing Units without a Mortgage.....	3,124	31.7%	66,376	34.8%	1,286,264	38.5%
Total.....	9,847	100.0%	190,963	100.0%	3,343,034	100.0%

Note: (1) Source: 2019-2023 ACS.

Income

Per Capita Personal Income for the Highest Income Counties in the State(1)

Ranking	County	2019 to 2023
1.....	DuPage County.....	\$57,051
2.....	Lake County.....	55,756
3.....	Monroe County.....	49,438
4.....	McHenry County.....	48,275
5.....	Cook County.....	47,801
6.....	Will County.....	46,216
7.....	Kane County.....	46,013
8.....	Grundy County.....	43,744
9.....	Piatt County.....	43,547
10.....	Kendall County.....	43,127

Note: (1) Source: 2019-2023 ACS.

The following shows the median family income for counties in the State.

Ranking of Median Family Income(I)

County	Family Income	Ranking
DuPage County.....	\$136,376	1
Lake County.....	132,828	2
Monroe County.....	128,922	3
Will County.....	124,227	4
McHenry County.....	121,624	5
Kendall County.....	119,150	6
Kane County.....	116,477	7
Cook County.....	102,297	12

Note: (1) Source: 2019-2023 ACS.

The 2019-2023 ACS reported that the City had a median family income of \$213,024. This compares to \$132,828 for the County and \$103,504 for the State. The following table represents the distribution of family incomes for the City, the County and the State at the time of the 2019-2023 ACS.

Family Income(I)

Value	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Under \$10,000.....	77	0.9%	3,204	1.7%	92,276	2.9%
\$10,000 to \$14,999.....	11	0.1%	1,575	0.9%	49,504	1.6%
\$15,000 to \$24,999.....	96	1.1%	5,006	2.7%	115,394	3.7%
\$25,000 to \$34,999.....	102	1.2%	5,400	2.9%	144,347	4.6%
\$35,000 to \$49,999.....	219	2.6%	10,543	5.7%	255,343	8.2%
\$50,000 to \$74,999.....	550	6.5%	19,460	10.6%	440,350	14.1%
\$75,000 to \$99,999.....	477	5.6%	20,782	11.3%	413,051	13.2%
\$100,000 to \$149,999.....	1,438	16.9%	38,026	20.7%	664,299	21.2%
\$150,000 to \$199,999.....	1,120	13.1%	26,873	14.6%	404,823	12.9%
\$200,000 or more.....	<u>4,433</u>	<u>52.0%</u>	<u>53,070</u>	<u>28.9%</u>	<u>552,865</u>	<u>17.7%</u>
Total.....	8,523	100.0%	183,939	100.0%	3,132,252	100.0%

Note: (1) Source: 2019-2023 ACS.

The 2019-2023 ACS reported that the City had a median household income of \$161,875. This compares to \$108,917 for the County and \$81,702 for the State. The following table represents the distribution of household incomes for the City, the County and the State at the time of the 2019-2023 ACS.

Household Income(I)

Value	The City		The County		The State	
	Number	Percent	Number	Percent	Number	Percent
Under \$10,000.....	292	2.5%	8,797	3.4%	262,472	5.2%
\$10,000 to \$14,999.....	154	1.3%	4,678	1.8%	167,954	3.4%
\$15,000 to \$24,999.....	269	2.3%	11,869	4.6%	312,209	6.2%
\$25,000 to \$34,999.....	764	6.5%	11,956	4.7%	325,873	6.5%
\$35,000 to \$49,999.....	529	4.5%	18,864	7.3%	493,412	9.9%
\$50,000 to \$74,999.....	944	8.0%	32,059	12.5%	755,975	15.1%
\$75,000 to \$99,999.....	749	6.4%	29,945	11.7%	637,303	12.7%
\$100,000 to \$149,999.....	1,863	15.8%	48,521	18.9%	896,614	17.9%
\$150,000 to \$199,999.....	1,383	11.8%	31,225	12.2%	494,802	9.9%
\$200,000 or more.....	<u>4,814</u>	<u>40.9%</u>	<u>58,746</u>	<u>22.9%</u>	<u>655,290</u>	<u>13.1%</u>
Total.....	11,761	100.0%	256,660	100.0%	5,001,904	100.0%

Note: (1) Source: 2019-2023 ACS.

Retail Activity

The table below shows sales tax receipts collected by the City over the past ten years as an indicator of commercial activity.

Retailers’ Occupation, Service Occupation and Use Tax(I)

<u>Calendar Year Ending December 31</u>	<u>State Sales Tax Distribution (2)</u>	<u>Annual Change + (-)</u>
2016.....	13,230,707	0.43%(3)
2017.....	13,111,115	(0.90%)
2018.....	13,991,902	6.72%
2019.....	13,576,047	(2.97%)
2020.....	12,324,127	(9.22%)
2021.....	16,299,258	32.25%
2022.....	17,052,849	4.62%
2023.....	18,052,141	5.86%
2024.....	17,485,437	(3.14%)
Growth from 2016 to 2024.....		32.16%

- Notes: (1) Source: Illinois Department of Revenue (the “Department”) and the City. Includes home rule sales tax.
 (2) Tax distributions are based on records of the Department relating to the 1% municipal portion of the Retailers’ Occupation, Service Occupation and Use Tax, collected on behalf of the City, less a State administration fee. The municipal 1% includes tax receipts from the sale of food and drugs which are not taxed by the State.
 (3) The 2016 percentage is based on a 2015 sales tax of \$13,173,534.

The State Statutes allow home rule municipalities to increase sales taxes at a minimum of 0.25%. The City’s home-rule sale tax has been 1.00% since 2003.

THE PROJECT

Proceeds received from the sale of the Bonds will be used to finance certain capital improvements in the City, such improvements constituting the Project. The Project is expected to include the financing of street and facility improvements (approximately \$4,000,000), sewer system improvements (approximately \$1,500,000), and an expansion of the Highland Park Library (approximately \$4,000,000). The remaining proceeds of the Bonds will be used to pay the costs of issuing the Bonds.

DEFAULT RECORD

The City has no record of default and has met its debt repayment obligations promptly.

SHORT-TERM BORROWING

The City has not issued tax anticipation warrants or revenue anticipation notes during the last five years to meet its short-term current year cash flow requirements.

DEBT INFORMATION

After issuance of the Bonds, the City will have outstanding \$61,940,000 (subject to change) principal amount of general obligation debt, of which \$34,104,163 (subject to change) is self-supporting.

General Obligation Bonded Debt(1)(2) (Principal Only)

Calendar Year(3) (12-31)	Outstanding Bonds								
	Series 2012 (12-30)	Series 2015 (12-30)	Series 2016 (12-30)	Series 2017 (12-30)	Series 2018 (12-30)	Series 2020 (12-30)	Series 2021 (12-30)	Series 2022 (12-30)	Series 2022 (12-30)
2025	\$ 420,000	\$ 0	\$ 290,000	\$ 245,000	\$ 575,000	\$ 380,000	\$ 1,510,000	\$ 710,000	\$ 710,000
2026	430,000	0	290,000	250,000	610,000	395,000	1,580,000	735,000	735,000
2027	440,000	0	110,000	215,000	620,000	0	1,690,000	765,000	765,000
2028	455,000	0	110,000	230,000	620,000	0	1,775,000	795,000	795,000
2029	470,000	0	110,000	235,000	620,000	0	1,865,000	830,000	830,000
2030	475,000	0	120,000	245,000	630,000	1,420,000	475,000	860,000	860,000
2031	490,000	0	120,000	250,000	630,000	1,455,000	465,000	895,000	895,000
2032	0	0	120,000	195,000	660,000	0	2,555,000	870,000	870,000
2033	0	2,125,000	1,250,000	0	0	0	0	895,000	895,000
2034	0	2,200,000	1,285,000	0	0	0	0	920,000	920,000
2035	0	0	0	0	0	0	0	950,000	950,000
2036	0	0	0	0	0	0	0	975,000	975,000
2037	0	0	0	0	0	0	0	0	0
2038	0	0	0	0	0	0	0	0	0
2039	0	0	0	0	0	0	0	0	0
Total	\$3,180,000	\$4,325,000	\$3,805,000	\$1,865,000	\$4,965,000	\$3,650,000	\$11,915,000	\$10,200,000	\$10,200,000

Calendar Year (12-31)(3)	Series 2024 (12-30)	The Bonds(4)	Total GO Bonded Debt(4)	Net Principal to be Abated(4)(5)	Tax Supported Bonds(4)	Property Tax Supported Cumulative Principal Retired(4) Amount Percent
2025	\$ 500,000	\$ 0	\$ 4,630,000	\$ 2,699,988	\$ 1,930,012	\$ 1,930,012 6.93%
2026	525,000	490,000	5,305,000	3,084,988	2,220,012	4,150,023 14.91%
2027	550,000	510,000	4,900,000	2,799,988	2,100,012	6,250,035 22.45%
2028	580,000	535,000	5,100,000	2,929,987	2,170,013	8,420,047 30.25%
2029	605,000	560,000	5,295,000	3,064,987	2,230,013	10,650,060 38.26%
2030	635,000	590,000	5,450,000	3,129,986	2,320,014	12,970,074 46.59%
2031	670,000	615,000	5,590,000	3,194,986	2,395,014	15,365,087 55.20%
2032	700,000	645,000	5,745,000	3,355,000	2,390,000	17,755,087 63.78%
2033	735,000	675,000	5,680,000	3,641,250	2,038,750	19,793,837 71.11%
2034	670,000	710,000	5,785,000	3,768,000	2,017,000	21,810,837 78.36%
2035	705,000	655,000	2,310,000	565,000	1,745,000	23,555,837 84.62%
2036	730,000	680,000	2,385,000	585,000	1,800,000	25,355,837 91.09%
2037	760,000	710,000	1,470,000	410,000	1,060,000	26,415,837 94.90%
2038	790,000	740,000	1,530,000	430,000	1,100,000	27,515,837 98.85%
2039	0	765,000	765,000	445,000	320,000	27,835,837 100.00%
Total.....	\$9,155,000	\$8,880,000	\$61,940,000	\$34,104,163	\$27,835,837	

- Notes: (1) Source: the City.
 (2) Mandatory redemption amounts are shown for term bonds.
 (3) Calendar year and fiscal year are both 12/31.
 (4) Subject to change.
 (5) Net Principal to Be Abated indicates the principal amounts corresponding to debt service that is expected to be paid from City funds other than property taxes.

General Obligation Summary Bonded Debt - By Issue(1)

<u>Issue</u>	<u>Amount Outstanding</u>	<u>Expected Source of Debt Service Payments(3)</u>
Series 2012	\$ 3,180,000	Property Taxes, Home Rule Sales Taxes and Water Revenues
Series 2015	4,325,000	Water Revenues, Sewer Revenues and Property Taxes
Series 2016	3,805,000	Water Revenues, Sewer Revenues and Property Taxes
Series 2017	1,865,000	Water Revenues and Property Taxes
Series 2018	4,965,000	Property Taxes
Series 2020	3,650,000	Water Revenues and Sewer Revenues
Series 2021	11,915,000	Water Revenues
Series 2022	10,200,000	Property Taxes and Sewer Revenues
Series 2024	9,155,000	Property Taxes
The Bonds(2).....	<u>8,880,000</u>	Property Taxes and Sewer Revenues
Total(2).....	<u>\$61,940,000</u>	

Notes: (1) Source: the City.
 (2) Subject to change.
 (3) Because all series of bonds are general obligation bonds, the listed expected sources of debt service payments, other than property taxes, are not specifically pledged to payment of debt service on such bonds.

Detailed Overlapping Bonded Debt(1) (As of January 10, 2025)

	<u>Outstanding Debt</u>	<u>Applicable to the City</u>	
		<u>Percent(2)</u>	<u>Amount(3)</u>
Schools:			
School District No. 109	\$ 15,310,000	3.93%	\$ 602,001
School District No. 112	144,940,000	93.94%	136,159,778
High School District No. 113.....	103,680,000	55.16%	57,189,596
College of Lake County No. 532.....	71,000,000	8.86%	6,289,059
Total Schools.....			<u>\$200,240,433</u>
Others:			
Lake County	\$131,535,000	8.45%	\$11,111,170
Lake County Forest Preserve District.....	149,920,000	8.45%	12,664,208
Deerfield Park District.....	4,765,000	0.004%	186
Park District of Highland Park.....	13,615,000	98.64%	13,430,187
Total Other			<u>\$ 37,205,751</u>
Total Overlapping Debt.....			<u>\$237,446,185</u>

Notes: (1) Source: Lake County Clerk and the MSRB's Electronic Municipal Market Access website ("EMMA").
 (2) Overlapping debt percentages based on 2023 EAV, the most current available.
 (3) Due to rounding, totals may not be exact sums.

Statement of Bonded Indebtedness(1)

	<u>Amount Applicable</u>	<u>Ratio To</u>		<u>Per Capita (2020 Census 30,176)</u>
		<u>Equalized Assessed</u>	<u>Estimated Actual</u>	
City EAV of Taxable Property, 2023(2)	\$2,580,489,664	100.00%	33.33%	\$ 85,514.64
Estimated Actual Value, 2023(2)	\$7,741,468,992	300.00%	100.00%	\$256,543.91
Direct Bonded Debt	\$ 61,940,000	2.40%	0.80%	\$ 2,052.62
Less: Self Supporting	<u>(34,104,163)</u>	<u>(1.32%)</u>	<u>(0.44%)</u>	<u>(1,130.18)</u>
Net Direct Bonded Debt.....	\$ 27,835,837	1.08%	0.36%	\$ 922.45
Overlapping Bonded Debt:(3)				
Schools	\$ 200,240,433	7.76%	2.59%	\$ 6,635.75
All Others	<u>37,205,751</u>	<u>1.44%</u>	<u>0.48%</u>	<u>1,232.96</u>
Total Overlapping Bonded Debt.....	<u>\$ 237,446,185</u>	<u>9.20%</u>	<u>3.07%</u>	<u>\$ 7,868.71</u>
Total Net Direct & Overlapping Bonded Debt.....	\$ 265,282,021	10.28%	3.43%	\$ 8,791.16

Notes: (1) Source: Lake County Clerk and the City.
 (2) Excludes 2023 incremental EAV of \$20,176,860.
 (3) Overlapping bonded debt as of January 10, 2025.

Trend of Debt Ratios and Per Capita Debt(1)

City Issue	Ratio to Estimated Actual Value				Per Capita(2)		
	Direct Debt		Direct and Overlapping Debt		Direct and Overlapping Debt		
	Including Self-Supporting	Excluding Self-Supporting(3)	Including Self-Supporting	Excluding Self-Supporting(3)	Including Self-Supporting	Excluding Self-Supporting(3)	
Sale Date	Amount						
December 10, 2012	\$ 9,295,000	0.72%	0.22%	1.65%	1.15%	\$ 3,867.77	\$ 2,699.68
May 13, 2013	9,960,000	0.85%	0.19%	1.87%	1.20%	4,067.80	2,613.12
January 27, 2014	9,955,000	0.94%	0.14%	2.36%	1.57%	5,155.66	3,418.37
January 12, 2015	5,880,000	1.01%	0.10%	2.58%	1.67%	5,366.69	3,467.38
January 11, 2016	9,075,000	0.87%	0.16%	2.51%	1.81%	5,205.13	3,740.45
January 23, 2017	3,415,000	0.81%	0.12%	2.35%	1.65%	5,145.66	3,628.16
January 22, 2020	7,900,000	0.82%	0.30%	2.31%	1.79%	5,388.21	4,173.64
August 4, 2020	5,375,000	0.73%	0.16%	2.17%	1.60%	5,149.39	3,792.81
November 16, 2021	15,950,000	0.68%	0.15%	2.55%	2.02%	5,910.64	4,677.77
February 23, 2022	11,540,000	0.80%	0.27%	2.55%	2.02%	5,900.20	4,679.08
February 22, 2024	9,155,000	0.80%	0.35%	3.29%	2.84%	7,810.01	6,749.09
February 26, 2025(4)	8,880,000	0.80%	0.36%	3.87%	3.43%	9,921.33	8,791.16

- Notes: (1) Taken from applicable Final Official Statements of the City.
 (2) Based on 2010 Census City population of 29,763 for bonds sold on or before 2022 and on 2020 Census City population for bonds sold on or after 2024.
 (3) Excludes bonds expected to be abated from various sources.
 (4) Preliminary and subject to change.

PROPERTY ASSESSMENT AND TAX INFORMATION

City Equalized Assessed Valuation(1)

Property Class	Levy Years				
	2019	2020	2021	2022	2023
Residential	\$2,093,191,544	\$2,055,603,901	\$2,049,956,208	\$2,121,368,354	\$2,274,563,706
Farm	972,370	958,367	957,872	2,246	1,679,301
Commercial	254,156,305	239,253,308	243,905,915	266,318,526	299,514,018
Industrial	489,659	488,055	488,055	494,435	489,084
Railroad	3,204,766	3,332,597	3,332,597	3,940,056	4,243,555
Total	\$2,352,014,644	\$2,299,636,228	\$2,298,640,647	\$2,392,123,617	\$2,580,489,664
TIF Incremental EAV	16,148,274	14,593,087	15,024,553	14,824,343	20,176,860
Total	\$2,368,162,918	\$2,314,229,315	\$2,313,665,200	\$2,406,947,960	\$2,600,666,524
Percent change +(-)	(1.63%)(2)	(2.28%)	(0.02%)	4.03%	8.05%

- Notes: (1) Source: Lake County Clerk.
 (2) Percentage based on a 2018 EAV of \$2,407,283,904.

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Representative Tax Rates(1)
(Per \$100 Equalized Assessed Valuation)

	Levy Years				
	2019	2020	2021	2022	2023
City Rates:					
Corporate	\$0.147	\$0.213	\$0.218	\$0.219	\$0.176
Street and Bridge	0.124	0.113	0.120	0.123	0.126
Library	0.219	0.224	0.226	0.217	0.208
Pensions	0.266	0.273	0.273	0.262	0.269
PTAB/CE Recapture.....	0.000	0.000	0.013	0.008	0.007
Bonds	<u>0.052</u>	<u>0.053</u>	<u>0.055</u>	<u>0.079</u>	<u>0.087</u>
Total City Rate.....	\$0.809	\$0.875	\$0.904	\$0.909	\$0.872
Lake County and Forest Preserve District.....	\$0.777	\$0.780	\$0.777	\$0.762	\$0.754
North Shore Water Reclamation District	0.153	0.157	0.158	0.160	0.159
Park District of Highland Park.....	0.560	0.572	0.608	0.612	0.596
Highland Park Elementary School Dist. No. 112.....	3.039	3.184	3.299	3.676	3.560
Township High School District No. 113.....	2.280	2.391	2.486	2.525	2.477
College of Lake County No. 532.....	0.282	0.290	0.293	0.296	0.294
All Other	<u>0.068</u>	<u>0.067</u>	<u>0.069</u>	<u>0.066</u>	<u>0.060</u>
Total(2).....	\$7.966	\$7.441	\$7.691	\$8.097	\$7.900

Notes: (1) Source: Lake County Clerk.
(2) Representative tax rate is for Moraine Township tax code number 18-7, which represents the largest portion of the City's 2023 EAV, the most current available.

City Tax Extensions and Collections(1)

Levy Year	Coll. Year	Taxes Extensions(2)	Current Collections	
			Amount	Percent
2018.....	2019.....	\$18,556,415	\$18,449,447	99.42%
2019.....	2020.....	19,028,104	18,853,219	99.08%
2020.....	2021.....	20,127,819	19,961,153	99.17%
2021.....	2022.....	20,786,309	20,575,387	98.99%
2022.....	2023.....	21,735,936	21,576,808	99.27%
2023.....	2024.....	22,502,205	22,288,605	99.05%

Notes: (1) Source: Lake County Clerk and the City.
(2) Tax extensions have not been adjusted for abatements.

Principal City Taxpayers(1)

Major Taxpayers	Product or Service	2023 EAV(2)
Chicago Title Land Trust Company.....	Real Property.....	\$ 27,210,996
Albion Jacobs Highland Park LLC.....	Real Property.....	17,290,152
T Renaissance IL LLC.....	Business/Retail Center.....	9,383,160
Federal Realty Investment Trust.....	Real Property.....	8,376,465
Americana Associates.....	Real Property.....	8,332,500
McGovern House.....	Apartment Complex.....	8,268,856
Midwest Family Housing LLC.....	Military Homes and Apartments.....	7,553,288
Target.....	Retail Store.....	6,796,321
Chicagoland Auto Exchange.....	Automobile Dealership.....	5,137,404
Extra Space Properties.....	Self-Storage Facility.....	<u>4,749,525</u>
Total.....		\$103,098,667
Percent of Highland Park 2023 EAV (\$2,580,489,664, exclusive of tax incremental EAV).....		4.31%

Notes: (1) Source: Lake County Clerk.
(2) 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 2023 EAV is the most current available.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Summary of Property Assessment, Tax Levy and Collection Procedures

A separate tax to pay the principal of and certain interest on the Bonds will be levied on all taxable real property within the City. The information under this caption describes the current procedures for real property assessments, tax levies and collections in the County. There can be no assurance that the procedures described herein will not change.

Tax Levy and Collection Procedures

Local assessment officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Illinois Department of Revenue (the "Department") assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local assessment officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year. Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are subject to a penalty of 1-1/2% per month until paid. Unpaid property taxes, together with penalties, interest and costs constitute a lien against the property subject to the tax.

Unpaid Taxes and Annual Tax Sales

Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are deemed delinquent and bear interest at the rate of 1.50% per month (or portion thereof) until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax. If taxes go unpaid for 13 months, each county treasurer is required to sell the delinquent property taxes at the "Annual Tax Sale" — a sale of tax liens, not properties. A public sale is held, at which time successful tax buyers pay the unpaid taxes plus penalties. Taxpayers can redeem their property by paying the amount paid at the sale, plus interest penalties and fees. If no redemption is made within the applicable redemption period, then the tax buyer can secure a court-ordered deed to the home. If a tax buyer can prove the home has been abandoned, the period for seeking a deed can be shortened to two years. Owners of vacant, commercial and industrial properties have six months to redeem their taxes before the tax buyer can seek ownership of the property.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and the property becomes eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes and interest accrued to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale. When taxes go unpaid for more than 20 years, Illinois law states that the property is “forfeited to the state.” As a practical matter, this does not happen. Instead, the taxes are wiped out, as the property remains in its distressed condition barring a change in the owner’s circumstances or it being sold.

Exemptions

The Illinois Property Tax Code, as amended (the “Property Tax Code”), exempts certain property from taxation. Certain property is exempt from taxation on the basis of ownership and/or use, including, but not limited to, public parks, not-for-profit schools, public schools, churches, not-for-profit hospitals and public hospitals. In addition, the Property Tax Code provides a variety of homestead exemptions, which are discussed below.

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes (“Residential Property”) may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$6,000 for tax year 2012 and thereafter.

The Homestead Improvement Exemption applies to Residential Property that has been improved and to properties that have been rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to an annual maximum amount of \$75,000 for up to four years, to the extent the assessed value is attributable solely to such improvements or rebuilding.

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. Beginning with tax year 2013, the maximum exemption is \$5,000.

The Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older, reside in their property as their principal residence and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$55,000 for assessment year 2008 through assessment year 2017. Beginning in assessment year 2018, the maximum income limitation is \$65,000. This exemption grants to qualifying senior citizens an exemption equal to the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen’s residence for the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year.

Beginning January 1, 2015 purchasers of certain single-family homes and residences of one to six units located in certain targeted areas (as defined in the Property Tax Code) can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least \$5 per square foot, adjusted by the Consumer Price Index (“CPI”). Upon meeting the requirements, the assessed value of the improvements is reduced by (a) 90% in the first seven years, (b) 65% in the eighth year and (c) 35% in the ninth year. The benefit ceases in the tenth year. The program will be phased out by June 30, 2029.

The Natural Disaster Homestead Exemption (the “Natural Disaster Exemption”) applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the EAV of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Three exemptions are available to veterans of the United States armed forces. The Veterans with Disabilities Exemption for Specially-Adapted Housing exempts up to \$100,000 of the Assessed Valuation of property owned and used exclusively by veterans with a disability, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran’s disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs or for housing or adaptations donated by a charitable organization to such disabled veteran.

The Standard Homestead Exemption for Veterans with Disabilities provides an annual homestead exemption to veterans with a service-connected disability based on the percentage of such disability. If the veteran has a (a) service-connected disability of 30% or more but less than 50%, the annual exemption is \$2,500, (b) service-connected disability of 50% or more but less than 70%, the annual exemption is \$5,000, and (c) service-connected disability of 70% or more, the property is exempt from taxation.

The Returning Veterans’ Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, and the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time, two-year homestead exemption of \$5,000.

Finally, the Homestead Exemption for Persons with Disabilities provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain disabled persons who meet State-mandated guidelines.

Property Tax Extension Limitation Law

The Property Tax Extension Limitation Law (the “Limitation Law”) limits the amount of the annual increase in property taxes to be extended for certain Illinois non-home rule units of government. In general, the Limitation Law restricts the amount of such increases to the lesser of 5% or the percentage increase in the Consumer Price Index during the calendar year preceding the levy year. Currently, the Limitation Law applies only to and is a limitation upon all non-home rule taxing bodies in Cook County, the five collar counties (DuPage, Kane, Lake, McHenry and Will) and several downstate counties.

Home rule units are exempt from the limitations contained in the Limitation Law. The City is a home rule unit of government and is not subject to the Limitation Law. If the Limitation Law were to apply in the future to the City, the limitations set forth therein will not apply to any taxes levied by the City to pay the principal of and interest on the Bonds. The City has agreed by ordinance to abide by certain provisions of the Limitation Law, with certain exceptions. See “**DEBT INFORMATION**” herein.

Truth in Taxation Law

Legislation known as the Truth in Taxation Law (the “Truth in Taxation Law”) limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Truth in Taxation Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels. The provisions of the Truth in Taxation Law do not apply to levies made to pay principal of and interest on the Bonds.

FINANCIAL INFORMATION

The City’s financial statements are audited annually by certified public accountants. The City’s financial statements are completed on a modified accrual basis of accounting for all governmental fund types and agency funds and are completed on the accrual basis of accounting for the proprietary fund types and pension trust funds consistent with generally accepted accounting principles applicable to governmental entities. See **APPENDIX A** for more detail.

For the 40th consecutive year, the Government Finance Officers Association (the “GFOA”) awarded a certificate of achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2023. For the 30th consecutive year, the City received the GFOA’s Distinguished Budget Presentation Award for the fiscal year beginning January 1, 2024.

Based on the hereinafter defined 2023 Audit, the major General Fund revenues are sales taxes (33.8%), State income taxes (10.0%), property taxes (11.4%), utility taxes (4.9%), license and permits (4.4%), franchise tax (3.1%), charges for current services (7.7%), and real estate transfer tax (3.9%). The City’s utility tax is 5%, though as a home rule municipality such tax could be increased above that level. The City has a 1% food and beverage tax, a 1% package liquor tax, and a \$0.02 per gallon motor fuel tax, utilizing its home-rule authority. The City has other home-rule revenue sources, such as a real estate transfer tax and hotel-motel tax. The City has established fund balance targets for all funds. The minimum fund balance target established in the General Fund is 35% of annual operating expenditures.

Investment Policy

The City’s investment policy applies to general and proprietary fund investments.

Objectives:

- A. Preservation of capital is the most important objective of this policy. The portfolio will be sufficiently diversified with respect to the types of securities held, the number of financial institutions utilized, and the maturities of the individual securities.
- B. Liquidity is the second priority. Investment maturities shall be planned to match expected operating expenditures, in order to avoid the need for short-term borrowing. In no event shall maturities exceed three years.
- C. Maximizing the rate of return is the third priority. The investment portfolio shall be structured to attain a market-average rate of return throughout economic and budgetary cycles. The performance benchmark shall be the average return on a three-month treasury bill.

- D. Maintaining the public's trust is an important objective of this policy. All participants in the investment process shall act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the City.
- E. Consideration shall be given to financial institutions within Highland Park when making investment decisions. When comparable rates are offered, local institutions will be favored, provided the above objectives are met.

Security

It is the policy of the City to only investment in instruments, as allowed for in Illinois statute regarding the investment of public funds, and which reflect the cash flow needs of the fund type being invested.

No Consent or Updated Information Requested of the Auditor

The tables contained in this “**FINANCIAL INFORMATION**” section (the “Excerpted Financial Information”) are from the audited financial statements of the City, including the audited financial statements for the fiscal year ended December 31, 2023 (the “2023 Audit”), which was approved by formal action of the City Council and attached to this Official Statement as **APPENDIX A**. The City has not requested the auditor to update information contained in the Excerpted Financial Information or the 2023 Audit; nor has the City requested that the auditor consent to the use of the Excerpted Financial Information or the 2023 Audit in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Excerpted Financial Information and 2023 Audit has not been updated since the date of the 2023 Audit. The inclusion of the Excerpted Financial Information and 2023 Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the City since the date of the 2023 Audit. Questions or inquiries relating to financial information of the City since the date of the 2023 Audit should be directed to the City.

Summary Financial Information

The City's unassigned General Fund balance for its fiscal year ended December 31, 2023 increased to \$51,629,885. This balance represents an increase of \$6,570,926 from the audited unassigned General Fund balance for the fiscal year ended December 31, 2022. This increase was due, in part, to strong economic conditions and high interest rates resulted in increases in revenue from interest income and sales tax. 2023 expenditures were less than anticipated, with some capital and business incentive projects carrying-over into 2024. The resulting fund balances, as a percent of operating expenditures, continue to exceed the City's policy guidelines. FY2020 actions were taken within the City's response plan to an anticipated net deficit of revenues and transfers in, excluding the additional property tax receipts, less expenditures before cost reduction, resulting from the COVID-19 pandemic negative economic impact on City revenue, consistent with national impacts. The negative impact from the pandemic on City General Fund revenue was not as significant as originally anticipated with revenue growth of 38% from FY2020 to FY2023, while City expenditures grew 33% from FY2020 to FY2023, given the City's conservative view on adding back expenditures slowly and methodically until full revenue recovery, which the City perceived in FY2023. General Fund revenue was also positively impacted by legislative changes impacting online sales tax revenue starting in FY2021 and higher investment income caused by higher interest rates in FY2023.

The FY2024 budget reflected diligent work to ensure the City was firmly positioned to continue advancing its mission of provide high-quality municipal services in an efficient and fiscally-responsible manner through effective, transparent, collaborative, and inclusive governance. The City’s budget reflected community input; feedback from staff, government and resource partners; and the commitment to fiscal stability, public safety, continued investment in the City’s infrastructure, economic development, and environmental sustainability, while supporting its vibrant and healing community.

The FY2025 budget reflects input from the community and the City’s commitment to fiscal stability, public safety, continued investment in the City’s infrastructure, economic development, and environmental sustainability. It also includes continuing a trauma-informed approach of community support following the 2022 shooting; managing City operations related to services and programs for victims, staff, businesses, and the general public; coordinating the City’s ongoing response with local, county, state, and federal agencies; and managing timely and important public and business communications.

The budgets include a wealth of information pertaining to the community, the organization, the City’s priorities, and costs for advancing priorities planned for the fiscal year and long-term. The City’s FY2024 and FY2025 budgets are posted on the City’s website. The City continues its commitment to long-term planning by including a 10-year capital improvement program (CIP) with funding, which guides the City’s infrastructure and facility planning. The budgets reflect the City’s estimates to sustain operations, plan for the future, and continue to address community needs.

The following tables are summaries and do not purport to be the complete audits. See **APPENDIX A** for the City’s 2023 Audit.

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Statement of Net Position Governmental Activities

Audited as of December 31

	2019	2020	2021	2022	2023
ASSETS:					
Cash.....	\$ 51,753,211	\$ 50,412,552	\$ 63,003,579	\$ 80,234,653	\$ 83,684,103
Receivables:					
Property Taxes.....	14,453,026	17,103,021	17,109,910	18,110,020	19,173,260
Motor Fuel Tax Allotments.....	244,880	207,348	221,499	176,640	226,872
Intergovernmental.....	4,556,262	4,825,149	5,472,397	5,641,226	5,600,976
Loans.....	237,500	237,500	237,500	225,000	212,500
Accounts.....	1,711,922	2,412,463	1,163,414	814,865	672,883
Leases.....	0	0	0	2,054,126	1,989,232
Other.....	0	900,000	1,787,058	1,933,194	1,812,800
Prepaid Expenses/Items.....	7,062	917,276	653,306	1,306	14,500
Deposits.....	165,563	197,026	193,291	269,055	383,218
Net Pension Asset.....	0	1,415,685	6,735,441	14,276,695	0
Capital Assets Not Being Depreciated.....	14,157,026	14,332,074	15,267,470	21,587,873	14,499,595
Capital Assets Being Depreciated, Net of Accumulated Depreciation.....	<u>70,562,961</u>	<u>69,040,183</u>	<u>67,040,372</u>	<u>66,290,304</u>	<u>76,445,013</u>
Total Assets.....	<u>\$157,849,413</u>	<u>\$162,000,277</u>	<u>\$178,885,237</u>	<u>\$211,614,957</u>	<u>\$204,714,952</u>
DEFERRED OUTFLOWS OF RESOURCES:					
Unamortized Loss on Refunding.....	\$ 22,921	\$ 11,460	\$ 0	\$ 0	\$ 0
Deferred Outflows Related to Pensions.....	12,783,816	7,068,701	8,767,241	25,880,053	22,637,980
Deferred Outflows Related to OPEB.....	<u>2,793,138</u>	<u>9,237,939</u>	<u>8,288,283</u>	<u>7,292,189</u>	<u>7,125,787</u>
Total Deferred Outflows of Resources.....	<u>\$ 15,599,875</u>	<u>\$ 16,318,100</u>	<u>\$ 17,055,524</u>	<u>\$ 33,172,242</u>	<u>\$ 29,763,767</u>
LIABILITIES:					
Accounts Payable.....	\$ 5,079,559	\$ 2,329,569	\$ 3,463,379	\$ 3,766,575	\$ 4,199,861
Accrued Payroll.....	626,775	154,256	204,569	257,208	322,881
Accrued Interest Payable.....	831	761	689	1,555	1,436
Due to Fiduciary Funds.....	17,808	95,622	142,917	70,529	2,177
Unearned Revenue.....	337,870	268,598	1,807,276	2,555,205	1,642,234
Deposits.....	2,922,730	565,231	632,970	732,147	731,330
Noncurrent Liabilities:					
Due Within One Year.....	1,233,546	1,247,106	1,040,401	1,834,045	1,875,921
Due in More Than One Year.....	<u>105,987,701</u>	<u>100,945,033</u>	<u>98,399,389</u>	<u>131,108,186</u>	<u>126,738,019</u>
Total Liabilities.....	<u>\$116,206,820</u>	<u>\$105,606,176</u>	<u>\$105,691,590</u>	<u>\$140,325,450</u>	<u>\$135,513,859</u>
DEFERRED INFLOWS OF RESOURCES:					
Property Taxes Levied for Future Periods.....	\$ 14,413,901	\$ 16,888,716	\$ 16,777,600	\$ 17,930,300	\$ 19,150,600
Deferred Inflows Related to Pensions.....	9,874,103	14,735,633	17,623,732	11,221,021	389,777
Deferred Inflows Related to Leases.....	0	0	0	2,054,126	1,989,232
Deferred Inflows Related to OPEB.....	<u>534,985</u>	<u>457,177</u>	<u>969,948</u>	<u>8,351,997</u>	<u>7,556,101</u>
Total Deferred Inflows of Resources.....	<u>\$ 24,822,989</u>	<u>\$ 32,081,526</u>	<u>\$ 35,371,280</u>	<u>\$ 39,557,444</u>	<u>\$ 29,085,710</u>
NET POSITION:					
Investment in Capital Assets, Net of Related Debt.....	\$ 75,455,357	\$ 74,318,370	\$ 73,684,327	\$ 75,106,994	\$ 73,706,698
Restricted For:					
Streets.....	280,857	377,145	383,605	467,829	710,703
Public Safety.....	524,409	568,936	617,396	854,346	820,919
Capital Projects.....	0	1,044,230	834,730	0	0
Affordable Housing.....	1,032,198	1,522,925	2,386,240	1,634,854	1,951,584
Economic Development.....	932,685	1,475,796	2,825,731	3,643,185	3,870,413
Municipal Retirement.....	0	0	6,735,441	14,276,695	0
Unrestricted.....	<u>(45,806,027)</u>	<u>(38,676,727)</u>	<u>(32,589,579)</u>	<u>(31,079,598)</u>	<u>(11,181,167)</u>
Total Net Position.....	<u>\$ 32,419,479</u>	<u>\$ 40,630,675</u>	<u>\$ 54,877,891</u>	<u>\$ 64,904,305</u>	<u>\$ 69,879,150</u>

**Statement of Activities
 Governmental Activities
 Net (Expense) Revenue and Changes in Net Position**

	Audited Fiscal Year Ended December 31				
	2019	2020	2021	2022	2023
PRIMARY GOVERNMENT:(1)					
GOVERNMENTAL ACTIVITIES:					
General Government	\$ (4,970,485)	\$ (3,896,661)	\$ (2,562,218)	\$ (3,151,562)	\$ (4,022,038)
Public Safety	(23,603,581)	(22,303,181)	(21,436,421)	(29,506,286)	(29,715,616)
Public Works	(4,326,595)	(4,473,277)	(5,742,767)	(6,697,121)	(9,865,182)
Economic and Physical Development	(6,498,566)	(4,934,075)	(3,958,474)	(4,539,646)	(5,289,780)
Transit	153,177	627,865	(531,794)	74,254	(143,126)
Commissions	(73,711)	(90,573)	(77,042)	(72,121)	(91,773)
Interest and Fiscal Charges	(281,688)	(345,473)	(230,593)	(694,064)	(543,924)
Total Governmental Activities	<u>\$(39,601,449)</u>	<u>\$(35,415,375)</u>	<u>\$(34,539,309)</u>	<u>\$(44,586,546)</u>	<u>\$(49,671,439)</u>
GENERAL REVENUES:					
Taxes:					
Property	\$ 14,155,087	\$ 14,992,697	\$ 16,703,364	\$ 16,434,529	\$ 17,998,020
Replacement	356,704	318,803	559,662	1,132,395	942,102
Home Rule Sales Tax	3,994,643	3,413,279	4,867,917	5,310,638	5,431,074
Sales	9,581,404	8,910,848	11,431,341	11,742,211	12,621,067
Utility	2,423,838	2,242,932	2,401,266	2,718,273	2,370,650
Franchise Fees	1,731,838	1,430,149	1,452,817	1,501,711	1,470,817
Real Estate Transfer	1,665,318	2,291,611	3,147,040	2,831,985	1,854,195
Income	3,167,946	3,234,314	3,934,568	4,917,098	4,819,693
Other	2,740,431	2,790,372	2,877,527	3,030,082	3,191,430
Payment in Lieu of Taxes	1,462,484	837,500	1,036,470	1,075,407	1,203,206
Coronavirus Relief Fund	0	1,365,211	0	0	0
Investment income	1,381,579	554,450	265,979	1,462,725	4,312,090
Gain (loss) on sale of capital assets	2,307,185	0	102,497	298,730	623,900
Miscellaneous	201,740	1,015,000	6,077	13,685	182,502
Transfers	0	0	0	2,143,491	(2,374,462)
Total	<u>\$ 45,170,197</u>	<u>\$ 43,397,166</u>	<u>\$ 48,786,525</u>	<u>\$ 54,612,960</u>	<u>\$ 54,646,284</u>
Change in Net Position	\$ 5,568,748	\$ 7,981,791	\$ 14,247,216	\$ 10,026,414	\$ 4,974,845
Net Position, Beginning	<u>\$ 26,850,731</u>	<u>\$ 32,419,479</u>	<u>\$ 40,630,675</u>	<u>\$ 54,877,891</u>	<u>\$ 64,904,305</u>
Net Position, Ending	<u>\$ 32,419,479</u>	<u>\$ 40,630,675</u>	<u>\$ 54,877,891</u>	<u>\$ 64,904,305</u>	<u>\$ 69,879,150</u>

Note: (1) Expenses less Program Revenues of Charges for Services, Operating Grants, and Capital Grants.

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General Fund Balance Sheet

	Audited as of December 31				
	2019	2020	2021	2022	2023
ASSETS:					
Cash.....	\$37,313,651	\$35,482,062	\$45,747,234	\$56,276,230	\$62,719,891
Receivables:					
Property Taxes.....	3,714,132	5,328,154	5,280,213	5,538,690	4,748,873
Intergovernmental.....	4,506,151	4,342,569	5,420,956	5,594,390	5,572,947
Accounts.....	1,104,591	1,136,188	951,302	606,279	535,576
Lease.....	0	0	0	2,054,126	1,989,232
Other.....	0	900,000	938,723	938,723	938,723
Due from Other Funds.....	164,910	205,581	135,484	15,512	88,485
Prepaid Items.....	<u>7,062</u>	<u>6,658</u>	<u>3,454</u>	<u>1,306</u>	<u>8,700</u>
Total Assets.....	<u>\$46,810,497</u>	<u>\$47,401,212</u>	<u>\$58,477,366</u>	<u>\$71,025,256</u>	<u>\$76,602,427</u>
LIABILITIES:					
Accounts Payable.....	\$ 3,766,048	\$ 1,757,003	\$ 2,907,795	\$ 2,504,651	\$ 2,907,000
Accrued Payroll/Liabilities.....	554,363	134,023	179,617	230,032	286,518
Unearned Revenues.....	300,900	258,217	1,796,219	2,547,071	1,632,309
Deposits.....	<u>2,690,325</u>	<u>562,231</u>	<u>629,970</u>	<u>729,147</u>	<u>728,330</u>
Total Liabilities.....	<u>\$ 7,311,636</u>	<u>\$ 2,711,474</u>	<u>\$ 5,513,601</u>	<u>\$ 6,010,901</u>	<u>\$ 5,554,157</u>
DEFERRED INFLOWS OF RESOURCES:					
Property Taxes Levied for Future Periods.....	\$ 3,703,700	\$ 5,253,543	\$ 5,167,700	\$ 5,476,500	\$ 4,730,100
Deferred Inflows Related to Leases.....	0	0	0	2,054,126	1,989,232
Unavailable Revenue for Other.....	<u>46,000</u>	<u>1,043,787</u>	<u>984,000</u>	<u>995,140</u>	<u>977,640</u>
Total Deferred Inflows of Resources.....	<u>\$ 3,749,700</u>	<u>\$ 6,297,330</u>	<u>\$ 6,151,700</u>	<u>\$ 8,525,766</u>	<u>\$ 7,696,972</u>
FUND BALANCE:					
Reserved for Prepaid Items.....	\$ 7,062	\$ 6,658	\$ 3,454	\$ 1,306	\$ 8,700
Assigned For:					
Other Post-Employment Benefits.....	9,483,595	10,025,995	10,578,800	11,121,195	11,691,250
Capital Projects.....	392,643	286,590	315,569	307,129	21,463
Unassigned.....	<u>25,865,861</u>	<u>28,433,165</u>	<u>35,914,242</u>	<u>45,058,959</u>	<u>51,629,885</u>
Total Fund Balance.....	<u>\$35,749,161</u>	<u>\$38,752,408</u>	<u>\$46,812,065</u>	<u>\$56,488,589</u>	<u>\$63,351,298</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances.....	<u>\$46,810,497</u>	<u>\$47,761,212</u>	<u>\$58,477,366</u>	<u>\$71,025,256</u>	<u>\$76,602,427</u>

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General Fund Revenues and Expenditures

	Audited Fiscal Year Ended December 31				
	2019	2020	2021	2022	2023
REVENUES:					
Property Taxes	\$ 3,828,685	\$ 4,962,508	\$ 5,222,664	\$ 5,209,563	\$ 5,504,010
Illinois State Replacement Taxes	356,704	318,803	559,662	1,132,395	942,102
Licenses and Permits	1,832,859	1,371,636	1,984,272	2,461,774	2,098,408
Municipal Sales Tax	13,134,042	11,936,773	15,815,554	16,466,119	15,318,195
Illinois State Income Tax	3,167,946	3,234,314	3,934,568	4,917,098	4,819,693
Utility Tax	2,423,838	2,242,932	2,401,266	2,718,273	2,370,650
Real Estate Transfer Tax	1,665,318	2,291,611	3,147,040	2,831,985	1,854,195
Charges for Current Services	3,150,435	1,882,572	2,440,017	3,240,060	3,698,855
Investment Income	680,415	427,669	197,235	1,036,504	3,189,232
Net Change in Fair Value of Investments	328,193	0	29,977	0	0
Fines and Forfeiture	541,764	143,644	174,294	102,402	132,740
Intergovernmental	30,231	24,264	412,499	1,273,445	1,305,975
Other Taxes	2,033,049	2,272,218	2,223,669	2,430,566	2,606,851
Franchise Tax	,731,838	1,430,149	1,452,817	1,501,711	1,470,817
Payments In Lieu of Taxes	1,049,984	0	436,470	825,407	943,646
Reimbursements - Other Agencies	344,920	1,844,785	1,362,400	389,516	267,655
Miscellaneous	425,884	492,439	440,938	582,689	1,548,834
Total Revenues	<u>\$36,726,105</u>	<u>\$34,876,317</u>	<u>\$42,235,342</u>	<u>\$47,119,507</u>	<u>\$48,071,858</u>
EXPENDITURES:					
General Government	\$ 7,326,231	\$ 5,867,216	\$ 6,420,169	\$ 8,155,421	\$ 9,530,832
Public Safety	20,456,857	20,359,514	21,713,781	23,114,503	25,587,129
Public Works	2,748,828	2,502,293	2,575,490	2,853,093	3,099,262
Economic and Physical Development	3,895,075	4,079,601	4,064,431	4,292,795	5,192,513
Commissions	73,711	90,573	77,042	72,121	91,773
Debt Service	0	0	0	199,200	250,998
Total Expenditures	<u>\$34,500,702</u>	<u>\$32,899,197</u>	<u>\$34,850,913</u>	<u>\$38,687,133</u>	<u>\$43,752,507</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,225,403	\$ 1,977,120	\$ 7,384,429	\$ 8,432,374	\$ 4,319,351
OTHER FINANCING SOURCES (USES):					
Proceeds from the sale of capital assets	\$ 3,739,457	\$ 0	\$ 15,000	\$ 256,788	\$ 2,450,367
Lease Proceeds	0	0	0	669,530	159,939
Operating Transfers In	685,000	1,026,127	695,000	1,038,169	675,000
Operating Transfers Out	(291,127)	0	(34,772)	(720,337)	(741,948)
Total Operating Transfers	<u>\$ 4,133,330</u>	<u>\$ 1,026,127</u>	<u>\$ 675,228</u>	<u>\$ 1,244,150</u>	<u>\$ 2,543,358</u>
Net Change in Fund Balance	\$ 6,358,733	\$ 3,003,247	\$ 8,059,657	\$ 9,676,524	\$ 6,862,709
Beginning Fund Balance	<u>\$29,390,428</u>	<u>\$35,749,161</u>	<u>\$38,752,408</u>	<u>\$46,812,065</u>	<u>\$56,488,589</u>
Ending Fund Balance	<u>\$35,749,161</u>	<u>\$38,752,408</u>	<u>\$46,812,065</u>	<u>\$56,488,589</u>	<u>\$63,351,298</u>

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General Fund Budget and Preliminary Unaudited Actual Financial Information

	2024 Amended Budget(1)(2)(3)	2024 Preliminary Unaudited Actual(2)(3)	2025 Adopted Budget(2)
REVENUES:			
Sales Tax	\$17,912,900	\$17,485,400	\$18,293,700
Property Tax	5,048,700	5,053,700	4,649,900
State Income Tax.....	5,295,000	5,124,500	5,400,900
Utility Tax.....	3,423,500	3,480,900	3,316,400
Other Taxes.....	5,857,500	5,477,300	6,033,300
Investment, Donation, and Sale of Assets	4,109,700	4,000,000	3,368,700
Other Revenue	<u>12,345,700</u>	<u>11,012,000</u>	<u>13,868,000</u>
Total Revenues	<u>\$53,993,000</u>	<u>\$51,633,800</u>	<u>\$54,930,900</u>
EXPENDITURES:			
City Manager's Office.....	\$ 9,672,200	\$ 7,787,200	\$7,228,900
Finance, Insurance, Reserves.....	15,112,700	13,505,200	7,460,500
Police Department	15,090,000	15,241,900	15,815,800
Fire Department.....	11,140,500	11,065,400	11,696,100
Community Development.....	3,970,900	3,644,500	4,228,100
Public Works	11,579,200	9,178,100	11,545,900
Commissions and Boards	89,800	73,900	128,000
Resiliency Division.....	<u>2,545,600</u>	<u>1,412,900</u>	<u>551,400</u>
Total Expenditures.....	<u>\$69,200,900</u>	<u>\$61,909,100</u>	<u>\$58,654,700</u>
Revenues over (under) Expenditures	(\$15,207,900)	(\$10,275,300)	(\$3,723,800)

- Notes: (1) Includes City Council-approved amendments through December 31, 2024.
 (2) Budgets and Preliminary Unaudited Actual are reported on the cash basis of accounting.
 (3) General Fund reserves are projected at approximately \$36 million as of December 31, 2024, after a strategic budget drawdown of \$15,207,900 (\$10,275,300 on a preliminary unaudited actual basis), significantly to fund capital improvements for the City's parking lots/decks, Senior Center, Second Street infrastructure and Citywide security system upgrade.

EMPLOYEE RETIREMENT AND OTHER POSTEMPLOYMENT BENEFITS OBLIGATIONS

The City participates in three defined benefit pension plans: (i) the IMRF Plan, (ii) the Police Pension Plan (the “Police Pension Plan”), and (iii) the Firefighters’ Pension Plan (the “Fire Pension Plan” and, together with the IMRF Plan and the Police Pension Plan, the “Pension Plans”). The Pension Plans provide defined benefit pension benefits to the City’s employees, retirees and beneficiaries. The IMRF Plan is an agent multiple-employer public employee retirement system, and the Police Pension Plan and the Fire Pension Plan are single-employer pension plans. The City makes certain contributions to the Pension Plans on behalf of its employees, as further described in this section. The operations of the Pension Plans, including the contributions to be made to the Pension Plans, the benefits provided by the Pension Plans, and the actuarial assumptions and methods employed in generating the liabilities and contributions of the Pension Plans, are governed by the Pension Code. This section first describes certain concepts related to pensions generally, then describes the applicable provisions of Pension Plans. These concepts are more completely described in Note III to the 2023 Audit, as well as the supplementary schedules thereto, attached hereto as **APPENDIX A**.

The Pension Code allows the State Comptroller to divert State payments intended for the City to the Police Pension Plan and the Fire Pension Plan to satisfy contribution shortfalls by the City (the “Recapture Provisions”). If the City fails to contribute to the Police Pension Plan or the Fire Pension Plan as required by the Pension Code, the City will be subject to a reallocation of payments of State funds to the City if (i) the City fails to make the required payment for 90 days past the due date, (ii) the subject retirement fund gives notice of the failure to the City, and (iii) such retirement fund certifies to the State Comptroller that such payment has not been made. Upon the occurrence of these events, the State Comptroller will withhold payments of State funds from the City in an amount not in excess of the delinquent payment amount in the proportion of 100% of the amount of any payments of State funds to the City. Should the Recapture Provisions be enforced as a result of the City’s failure to contribute all of its required contribution, a reduction in payments of State funds may have an adverse impact on the City’s finances.

For fiscal year ending December 31, 2023, the City contributed \$4,362,568 to the Fire Pension Plan, which was approximately 140% of the statutorily required actuarially determined minimum contribution; and \$5,088,635 to the Police Pension Plan, which was approximately 133% of the statutorily required actuarially determined minimum contribution. The City contributed in excess of the statutorily required actuarially determined minimum contributions for each of the public safety pension plans in the most recent five fiscal years. If the City does not contribute at least 100% of its actuarially determined statutorily required minimum contribution to both pension plans in a year, the State Comptroller may withhold State payments otherwise due to the City.

Background Regarding Pension Plans

The Actuarial Valuation

The disclosures in the 2023 Audit related to the Pension Plans are based in part on the actuarial valuations of the Pension Plans. In the actuarial valuations, the actuary for each of the Pension Plans measures the financial position of a Pension Plan, determines the amount to be contributed to a Pension Plan pursuant to statutory requirements, and produces information mandated by the financial reporting standards issued by the Governmental Accounting Standards Board (“GASB”), as described below.

In producing an actuarial valuation, the actuary for a Pension Plan uses demographic data (including employee age, salary and service credits), economic assumptions (including estimated future salary and interest rates), and decrement assumptions (including employee turnover, mortality and retirement rates) and employs various actuarial methods to generate the information required to be included in such valuation.

GASB Standard

Beginning with the City’s fiscal year 2015, the applicable GASB financial reporting standard pursuant to which the City’s financial statement disclosures related to pensions is GASB Statement No. 68 (the “GASB Standard”). The GASB Standard provides standards solely for financial reporting and accounting related to pension plans. The GASB Standard requires calculation and disclosure of a “Net Pension Liability,” which is the difference between the actuarial present value of projected benefit payments that is attributed to past periods of employee service calculated pursuant to the methods and assumptions set forth in the GASB Standard (referred to in such statements as the “Total Pension Liability”) and the fair market value of the pension plan’s assets (referred to as the “Fiduciary Net Position”).

Furthermore, the GASB Standard employs a rate, referred to in such statements as the “Discount Rate,” which is used to discount projected benefit payments to their actuarial present values. The Discount Rate is a blended rate comprised of (1) a long-term expected rate of return on a pension plan’s investments (to the extent that such assets are projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate meeting certain specifications set forth in the GASB Standard.

The GASB Standard requires that the Net Pension Liability be disclosed in the notes to the financial statements of the pension system and that a proportionate share of the Net Pension Liability be recognized on the balance sheet of an employer. In addition, the GASB Standard requires an expense (the “Pension Expense”) to be recognized on the income statement of an employer.

Pension Plans Remain Governed by the Pension Code

As described above, the GASB Standard establishes requirements for financial reporting purposes. However, the Pension Plans are ultimately governed by the provisions of the Pension Code in all respects, including, but not limited to, the amounts to be contributed by the City to the Pension Plans in each year.

Illinois Municipal Retirement Fund

The City participates in the IMRF Plan, which is a defined-benefit, agent multiple employer pension plan administered by the IMRF that acts as a common investment and administrative agent for units of local government and school districts in Illinois. All employees (other than those covered by the Police Pension Plan and the Fire Pension Plan), including Library employees, hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. As of December 31, 2022, the City's membership in the IMRF Plan was 712.

The IMRF Plan is established and administered under statutes adopted by the General Assembly. The Pension Code sets the benefit provisions of the IMRF Plan, which can only be amended by the General Assembly.

Each employer participating in the IMRF Plan, including the City, has an employer reserve account with the IMRF Plan separate and distinct from all other participating employers (the "IMRF Account") along with a unique employer contribution rate determined by the IMRF Board of Trustees (the "IMRF Board"), as described below. The employees of a participating employer receive benefits solely from such employer's IMRF Account. Participating employers are not responsible for funding the deficits of other participating employers.

The IMRF issues a publicly available financial report that includes financial statements and required supplementary information which may be viewed at the IMRF's website.

See Note III to the 2023 Audit for additional information on the IMRF Plan's actuarial methods and assumptions.

Contributions

Both employers and employees contribute to the IMRF Plan. At present, employees contribute 4.50% of their salary to the IMRF Plan, as established by statute. Employers are required to make all additional contributions necessary to fund the benefits provided by the IMRF Plan to its employees. The annual rate at which an employer must contribute to the IMRF Plan is established by the IMRF Board. The City's contribution rates for calendar years 2019, 2020, 2021, 2022 and 2023 were: 5.84%, 8.97%, 7.90%, 5.36% and 2.15% of covered payroll, respectively. For the fiscal years ended December 31, 2019, 2020, 2021, 2022 and 2023, the City contributed: \$645,492, \$1,011,290, \$841,511, \$605,162 and \$259,276, respectively, to the IMRF Plan, as reported in the 2023 Audit with IMRF reporting on a one year lag per State statute.

Measures of Financial Position

The following table presents the measures of the IMRF Account's financial position as of measurement dates ended December 31, 2018, 2019, 2020, 2021 and 2022 which are presented pursuant to the GASB Standards. Such measures were calculated pursuant to the Discount Rates shown below.

MEASUREMENT DATE ENDED DECEMBER 31	TOTAL PENSION LIABILITY	FIDUCIARY NET POSITION	NET PENSION LIABILITY/(ASSET)	FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY	DISCOUNT RATE
2018	\$102,805,947	\$ 94,476,031	\$ 8,329,916	91.90%	7.25%
2019	105,623,343	107,930,462	(2,307,119)	102.18%	7.25%
2020	108,098,321	118,884,299	(10,785,978)	109.98%	7.25%
2021	111,794,200	134,429,148	(22,634,948)	120.25%	7.25%
2022	114,345,494	110,463,534	3,881,960	96.61%	7.25%

Source: the 2023 Audit.

See Note III to the 2023 Audit, and the related required supplementary information disclosures, for a description of the IMRF Plan, the IMRF Account, the City’s funding policy, information on the assumptions and methods used by the Actuary, and the financial reporting information required by the GASB Standard.

Police Pension Plan

The City provides retirement, death and disability benefits to its sworn police personnel and retirees and their beneficiaries through the Police Pension Plan. The Police Pension Plan is a single-employer defined benefit contribution plan. The benefits provided by the Police Pension Plan and the amount of employer and employee contributions to the Police Pension Plan are governed by the Pension Code and may only be amended by the General Assembly. As of December 31, 2023, the Police Pension Plan had a membership of 148.

Contributions

As stated above, both the City and its participating employees make contributions to the Police Pension Plan. At present, employees contribute 9.91% of their base salary to the Police Pension Plan. The City is required to make all additional contributions necessary to fund the benefits provided by the Police Pension Plan to its members.

The Pension Code requires that the City contribute annually the amount necessary to fund the normal cost of the Police Pension Plan for such year plus an amount sufficient to bring the total assets of the Police Pension Plan up to 90% of the total actuarial liabilities of the Police Pension Plan by the end of fiscal year 2040, as determined by an actuary (the “Funding Requirement”). The Pension Code provides a levy of a separate tax annually by the City to generate the funds necessary to make this contribution.

As the Funding Requirement represents an amortization of the unfunded portion of the actuarial liabilities of the Police Pension Plan over a closed period of time, the City’s required contributions to the Police Pension Plan are expected to increase, possibly by a significant margin, during the period of fiscal years leading up to 2040.

For fiscal year ended December 31, 2023, the City’s contribution was 74.64% of covered payroll. For the fiscal years ended December 31, 2019 through 2023, the City contributed the following amounts to the Police Pension Plan:

FISCAL YEAR ENDED DECEMBER 31	ACTUARIALLY DETERMINED CONTRIBUTION	POLICE PENSION PLAN CONTRIBUTION	CONTRIBUTION (DEFICIENCY)/EXCESS
2019	\$3,113,681	\$3,983,501	\$ 869,820
2020	3,227,994	4,144,814	916,620
2021	3,186,094	4,319,500	1,133,406
2022	3,189,123	4,323,045	1,133,922
2023	3,815,865	5,088,635	1,272,770

Source: the 2023 Audit.

Measures of Financial Position

The following table provides statistical information produced pursuant to the GASB Standards with respect to the Police Pension Plan for each of the last five fiscal years. The Total Pension Liability was calculated pursuant to the Discount Rates shown below.

FISCAL YEAR ENDED DECEMBER 31	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET PENSION LIABILITY	FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY	DISCOUNT RATE
2019	\$ 87,655,491	\$ 45,798,447	\$ 41,857,044	52.25%	7.00%
2020	90,566,976	52,038,948	38,528,028	57.46%	7.00%
2021	93,935,951	57,789,977	36,145,974	61.52%	7.00%
2022	102,050,539	48,098,296	53,952,243	47.13%	7.00%
2023	105,951,863	54,134,031	51,817,832	51.09%	7.00%

Source: the 2023 Audit.

See Note III to the 2023 Audit, and the related required supplementary information disclosures, for a description of the Police Pension Plan, the City’s funding policy, information on the assumptions and methods used by the actuary for the Police Pension Plan, and the financial reporting information required by the GASB Standard.

Fire Pension Plan

The City provides retirement, death and disability benefits to its sworn fire personnel and retirees and their beneficiaries through the Fire Pension Plan. The Fire Pension Plan is a single-employer defined benefit contribution plan. The benefits provided by the Fire Pension Plan and the amount of employer and employee contributions to the Fire Pension Plan are governed by the Pension Code and may only be amended by the General Assembly. As of December 31, 2023, the Fire Pension Plan had a membership of 125.

Contributions

As stated above, both the City and its participating employees make contributions to the Fire Pension Plan. At present, employees contribute 9.455% of their salary to the Fire Pension Plan. The City is required to make all additional contributions necessary to fund the benefits provided by the Fire Pension Plan to its members.

The Pension Code requires that the City contribute annually the Funding Requirement, the same being the amount necessary to fund the normal cost of the Fire Pension Plan for such year plus an amount sufficient to bring the total assets of the Fire Pension Plan up to 90% of the total actuarial liabilities of the Fire Pension Plan by the end of fiscal year 2040, as determined by an actuary. The Pension Code provides a levy of a separate tax annually by the City to generate the funds necessary to make this contribution.

As the Funding Requirement represents an amortization of the unfunded portion of the actuarial liabilities of the Fire Pension Plan over a closed period of time, the City's required contributions to the Fire Pension Plan are expected to increase, possibly by a significant margin, during the period of fiscal years leading up to 2040.

For fiscal year ended December 31, 2023, the City's contribution was 73.06% of covered payroll. For the fiscal years ended December 31, 2019 through 2023, the City contributed the following amounts to the Fire Pension Plan:

FISCAL YEAR ENDED DECEMBER 31	ACTUARIALLY DETERMINED CONTRIBUTION	FIRE PENSION PLAN CONTRIBUTION	CONTRIBUTION (DEFICIENCY)/ EXCESS
2019	\$2,570,829	\$4,033,741	\$1,462,912
2020	2,713,800	3,704,421	990,621
2021	2,712,185	3,822,701	1,110,516
2022	2,901,228	3,761,178	859,950
2023	3,115,458	4,362,568	1,247,110

Source: the 2023 Audit.

Measures of Financial Position

The following table provides statistical information produced pursuant to the GASB Standard with respect to the Fire Pension Plan for each of the last five fiscal years. The Total Pension Liability was calculated pursuant to the Discount Rates shown below.

FISCAL YEAR ENDED DECEMBER 31	TOTAL PENSION LIABILITY	PLAN FIDUCIARY NET POSITION	NET PENSION LIABILITY	FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY	DISCOUNT RATE
2019	\$82,747,845	\$48,385,165	\$34,362,680	58.47%	7.00%
2020	86,212,512	54,468,348	31,744,164	63.18%	7.00%
2021	92,464,427	60,061,583	32,402,844	64.96%	7.00%
2022	96,051,495	50,515,207	45,536,288	52.59%	7.00%
2023	98,312,949	57,423,096	40,889,853	58.41%	7.00%

Source: the 2023 Audit.

See Note III to the 2023 Audit, and the related required supplementary information disclosures, for a description of the Fire Pension Plan, the City's funding policy, information on the assumptions and methods used by the actuary for the Fire Pension Plan, and the financial reporting information required by the GASB Standard.

Other Post-Employment Benefits

In addition to providing the pension benefits described above, the City provides post-employment healthcare benefits ("OPEB") for eligible retired employees, City and Library, through a single employer defined benefit plan (the "OPEB Plan"). The benefits, benefit levels, employee contributions and employer contributions are governed by the City Council and can be amended by the City through its personnel manual and union contracts. As of December 31, 2023, the OPEB Plan had a membership of 312. For additional information regarding the OPEB Plan, see Note III to the 2023 Audit. The City does not currently fund the cost of benefits due under the OPEB Plan in advance of the payment of such expenses. Active employees do not contribute to the OPEB Plan until retirement.

The City provides post-employment health care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under one of the City's retirement plans. All health care benefits are provided through the City's health insurance plan. The benefit levels are the same as those afforded to active employees. All retirees contribute 100% of the actuarially determined premium to the plan.

The City's total OPEB liability, excluding the Library's OPEB liability, as of December 31, 2023 was \$14,640,627. For additional information on the City's post-employment benefits other than pensions, see Note III and the required supplementary information to the 2023 Audit.

REGISTRATION, TRANSFER AND EXCHANGE

See also **APPENDIX B** for information on registration, transfer and exchange of book-entry bonds. The Bonds will be initially issued as book-entry bonds.

The City shall cause books (the "Bond Register") for the registration and for the transfer of the Bonds to be kept at the principal corporate trust office of the Bond Registrar in Chicago, Illinois. The City will authorize to be prepared, and the Bond Registrar shall keep custody of, multiple bond blanks executed by the City for use in the transfer and exchange of Bonds.

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Bond Ordinance. Upon surrender for transfer or exchange of any Bond at the principal corporate trust office of the Bond Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Bond Registrar and duly executed by the registered owner or such owner's attorney duly authorized in writing, the City shall execute and the Bond Registrar shall authenticate, date and deliver in the name of the registered owner, transferee or transferees (as the case may be) a new fully registered Bond or Bonds of the same maturity and interest rate of authorized denominations, for a like aggregate principal amount.

The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond, and the Bond Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each maturity authenticated by the Bond Registrar shall not exceed the authorized principal amount of Bonds for such maturity less Bonds previously paid.

The Bond Registrar shall not be required to transfer or exchange any Bond following the close of business on the 15th day of the month in which an interest payment date occurs on such Bond and ending at the opening of business on such interest payment date, nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during any period of fifteen days next preceding mailing of a notice of redemption of any Bonds. Interest is payable to the registered owner of record as of the 15th day of the calendar month of such interest payment date.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bonds shall be made only to or upon the order of the registered owner thereof or such owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the City or the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The City has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludible from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the City's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludible from the gross income of the owners thereof for federal income tax purposes, and is not includible as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the City with respect to certain material facts within the City's knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the "OID Issue Price") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, in the Final Official Statement.

If the OID Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the Bonds (the “OID Bonds”) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the City complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludible from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Code; and (d) the accretion of original issue discount in each year may result in certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Department, under State income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond’s stated redemption price at maturity or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the “Revised Issue Price”), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser’s election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as “bond premium” and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor’s basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond’s basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Service may treat the City as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the Bonds is not exempt from present State income taxes. Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

See **APPENDIX C** for the proposed form of opinion of Bond Counsel.

QUALIFIED TAX-EXEMPT OBLIGATIONS

Subject to the City's compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

CONTINUING DISCLOSURE

The City will enter into a Continuing Disclosure Undertaking (the "Undertaking") for the benefit of the beneficial owners of the Bonds to send certain information annually and to provide notice of certain events to the Municipal Securities Rulemaking Board (the "MSRB") pursuant to the requirements of the Rule. No person, other than the City, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. The information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a summary of other terms of the Undertaking, including termination, amendment and remedies, are set forth in the form of the Undertaking, attached hereto as **APPENDIX D - PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING**.

There have been no instances in the previous five years in which the City failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule. A failure by the City to comply with the Undertaking will not constitute a default under the Bond Ordinance and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. The City must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

OPTIONAL REDEMPTION

The Bonds due December 30, 2026-2033, inclusive, are not subject to redemption prior to maturity. The Bonds due December 30, 2034-2039, inclusive, are callable in whole or in part at the option of the City on December 30, 2033, or on any date thereafter, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot.

The Bond Registrar will give notice of redemption, identifying the Bonds (or portions thereof) to be redeemed, by mailing a copy of the redemption notice by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond (or portion thereof) to be redeemed at the address shown on the registration books maintained by the Bond Registrar. Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed are received by the Bond Registrar prior to the giving of such notice of redemption, such notice may, at the option of the City, state that said redemption will be conditional upon the receipt of such moneys by the Bond Registrar on or prior to the date fixed for redemption. If such moneys are not received, such notice will be of no force and effect, the City will not redeem such Bonds, and the Bond Registrar will give notice, in the same manner in which the notice of redemption has been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the City will deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on the date.

Subject to the provisions for a conditional redemption described above, notice of redemption having been given as described above and in the Bond Ordinance, and notwithstanding failure to receive such notice, the Bonds or portions of Bonds so to be redeemed will, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds will be paid by the Bond Registrar at the redemption price.

LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the issuance or sale thereof.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, as Bond Counsel (the "Bond Counsel"), who has been retained by, and acts as, Bond Counsel to the City. Bond Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or other offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Bond Counsel, Chapman and Cutler LLP, has, at the request of the City, reviewed only those sections of this Official Statement involving the description of the Bonds, the security for the Bonds (excluding forecasts, projections, estimates or any other financial or economic information in connection therewith), and the description of the federal tax exemption of interest on the Bonds. This review was undertaken solely at the request and for the benefit of the City and did not include any obligation to establish or confirm factual matters set forth herein.

OFFICIAL STATEMENT AUTHORIZATION

This Official Statement has been authorized for distribution to prospective purchasers of the Bonds. All statements, information, and statistics herein are believed to be correct but are not guaranteed by the consultants or by the City, and all expressions of opinion, whether or not so stated, are intended only as such.

INVESTMENT RATING

An investment rating for the Bonds has been requested from Moody's. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions by the respective rating agency. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. The City and the Underwriter have undertaken no responsibility either to bring to the attention of the registered owners of the Bonds any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal (other than to comply with any applicable continuing disclosure requirements). An explanation of the significance of investment ratings may be obtained from the rating agency: Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone 212-553-1658.

UNDERWRITING

The Bonds were offered for sale by the City at a public, competitive sale on February 26, 2025. The best bid submitted at the sale was submitted by _____ (the "Underwriter"). The City awarded the contract for sale of the Bonds to the Underwriter at a price of \$_____. The Underwriter has represented to the City that the Bonds have been subsequently re-offered to the public initially at the yields or prices set forth in the Final Official Statement.

MUNICIPAL ADVISOR

The City has engaged Speer Financial, Inc. as municipal advisor (the "Municipal Advisor") in connection with the issuance and sale of the Bonds. The Municipal Advisor is a Registered Municipal Advisor in accordance with the rules of the MSRB. The Municipal Advisor will not participate in the underwriting of the Bonds. The financial information included in the Official Statement has been compiled by the Municipal Advisor. Such information does not purport to be a review, audit or certified forecast of future events and may not conform with accounting principles applicable to compilations of financial information. The Municipal Advisor is not obligated to undertake any independent verification of or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement, nor is the Municipal Advisor obligated by the City's continuing disclosure undertaking.

CERTIFICATION

I have examined this Official Statement dated February 13, 2025, for the \$8,880,000* General Obligation Bonds, Series 2025, believe it to be true and correct and will provide to the purchaser of the Bonds at the time of delivery a certificate confirming to the purchaser that to the best of my knowledge and belief information in the Official Statement was at the time of acceptance of the bid for the Bonds and, including any addenda thereto, was at the time of delivery of the Bonds true and correct in all material respects and does not include any untrue statement of a material fact, nor does it omit the statement of any material fact required to be stated therein, or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

/s/

Director of Finance/Treasurer
CITY OF HIGHLAND PARK
Lake County, Illinois

**Subject to change.*

APPENDIX A

CITY OF HIGHLAND PARK, LAKE COUNTY, ILLINOIS

FISCAL YEAR 2023 ANNUAL COMPREHENSIVE FINANCIAL REPORT

Annual Comprehensive Financial Report

20
23

For Year Ended December 31, 2023



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

As of and for the Year Ended December 31, 2023

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 21, 2024

To the Mayor, City Council, and the Community Members of Highland Park:

This Annual Comprehensive Financial Report (Financial Report) details information from the City of Highland Park’s (City) audited financial statements for the fiscal year ending December 31, 2023. The Financial Report is prepared and published within six months of the close of the City’s fiscal year, consistent with State law. The City Manager and Department Directors operate based on a comprehensive internal control framework designed to protect the City’s assets from loss, theft, or misuse of public funds. Comprehensive financial policies and procedures are adhered to and financial statements are prepared consistent with Generally Accepted Accounting Principles (GAAP), which allows for providing a reasonable basis for making these representations. The City’s objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements, given the cost of internal controls should not outweigh the anticipated benefits of such controls. We assert that, to the best of our knowledge and belief, this Financial Report is complete and reliable in all material respects.

Baker Tilly US, LLP, Independent Certified Public Accountants, issued an unmodified opinion for these financial statements. This is the highest standard of opinion that a municipality can achieve. The independent auditors’ report is presented at the front of the financial section of this Financial Report. Management’s Discussion and Analysis (MD&A), which immediately follows the independent auditors’ report, provides a narrative introduction, overview, and analysis of the basic financial statements.

Profile of the Government

The City was incorporated in 1869 and has a long-standing heritage as one of the prestigious communities within Chicagoland’s Lake Michigan north shore. The City occupies 12.25 square miles of land area, located 26 miles north of Chicago, and serves a population of 30,245. The City became a home-rule unit of government when the 1970 Illinois Constitution was adopted because it had a population in excess of 25,000. As a home-rule entity, the City does not have tax rate or debt limits, and is not required to conduct a referendum to authorize the issuance of debt or to increase property taxes.

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

The City has priorities of fiscal stability, public safety, economic development, infrastructure investment, and environmental sustainability. The City provides police service; fire and emergency medical services; community and business development; construction and maintenance of streets and other public infrastructure; water, sewer, and parking services; local transit service; and senior services. The Financial Report includes the activities of the Public Safety Pension Funds, the Highland Park Public Library, and the Housing Associations, although independent boards manage these funds.



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

Mass Shooting

The Highland Park shooting in 2022 is something that no community should ever have to endure. The shooter killed seven people, injured dozens more, and thousands forever traumatized. The City continues a trauma informed approach of community support following the shooting; managing City operations related to services and programs for victims, staff, businesses, and the general public; coordinating the City's ongoing response with local, county, state, and federal agencies; and managing timely and important public and business communications. The City's mission has never been more important. The City is working diligently and ensuring the City is firmly positioned to continue advancing its mission of providing high-quality municipal services in an efficient and fiscally-responsible manner through effective, transparent, collaborative, and inclusive governance. The City's related expenditures reflect input from the community and the commitment of the City Council and Staff to fiscal stability, public safety, investment in the City's infrastructure, economic development, and environmental sustainability.

Local Economy

The City continued to realize strong economic conditions in construction and real estate, consumer spending, and business spending, with 2023 revenue 14% higher than 2022 revenue. Strong economic conditions and high interest rates resulted in increases in revenue from interest income and sales tax. Changes in water rate, ambulance support fees, and property tax levy, in order to support a consistent high level of services and the City's capital improvement plan, with inflationary cost impacts, as well as pension contributions, resulted in increases in revenue from charges for services and property taxes. Parking operations revenue continued to improve, although continued lower than the pre-pandemic level, with underutilized parking lots from workers continuing to work from home and otherwise under using public transportation, consistent with national and regional trends. Real estate transfer tax revenue was higher than the annual average for the 10-year period ending December 31, 2019. The revenue was lower than the \$2-3 million annual revenue realized in years 2020-22 when high demand was fueled by a combination of low interest rates and folks looking to make pandemic-inspired moves to larger homes as remote working became the norm for many.

Sales continued to be strong with sales tax revenue of \$18 million in 2023, which was 6% higher than 2022, significantly due to higher sales in Automotive and Filing Stations, Drugs and Miscellaneous Retail, and Agriculture and All Others, somewhat offset by lower sales from Manufacturers.

Real estate transfer tax revenue of \$1.9 million and transactions of 468 continued strong, with revenue 15% higher than the annual average for the 10-year period ending December 31, 2019. The revenue was lower than the \$2-3 million annual revenue realized in years 2020, 2021, and 2022 when high demand was fueled by a combination of low interest rates and folks looking to make pandemic-inspired moves to larger homes as remote working became the norm for many. The City realized continued strength in property value with assessed valuation 8% higher than the prior year.



Retail occupancy was 92% at the close of 2022 and 2023, reflecting consistent year-to-year occupancy. The City has an aggressive Business Development Strategic Plan that guides activities to enhance the business and economic climate of the City. The City's Business Development Office (BDO) coordinated with property owners and businesses to attract and retain businesses by providing support, economic development incentives, and resources. Efforts to maintain and enhance the desirability and economic vitality of the City's main business districts included three Special Service Areas (SSA), which are self-imposed taxes by property owners in the area to fund such activities, and two Tax Increment Financing (TIF) districts for redevelopment of one the areas within the TIF boundaries:

- SSA 17 focuses on the Ravinia Business District (RBD) comprised of 29 properties, was enacted in 2013, and renewed through December 2025. RBD property owners initiated special events to market the RBD.
- SSA 18 focused on the Briergate Business Association District (BBAD), comprised of 68 properties, and was enacted in 2013 for a 10-year term. BBAD property owners continued to fund physical improvement efforts during the year, then voted to close the SSA at the end of the term, given the SSA served its purpose. Further improvements are being coordinated by the City through the Briergate Business District TIF discussed below.
- SSA 19 focuses on marketing and improving the economic vitality of the City's Central Business District (CBD). Collaboration between businesses, property owners, a CBD Alliance, and the City encourages local spending, tourism, and a sense of community through promotion of the CBD.
- TIFs 3 and 4 focus on streetscape for the RBD and underdeveloped areas of the Briergate Business District, respectively. TIF 4 was enacted to encourage redevelopment of certain sites for more market oriented commercial, industrial, and residential uses of the properties that will enhance their value and improve their contributions to the City and its surrounding areas. Illinois law allows local governments to designate areas within their jurisdiction as TIF districts. These specially-designated districts are used to spur economic growth. Through a TIF, private sector investment is incentivized to advance infrastructure and other improvements to a district thereby increasing property values and tax revenue in the area. TIF captures the difference in existing property tax revenue and future (higher) property tax revenue, after improvements have been made, to finance improvement cost.

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 global, regional, and local crisis, such as the pandemic, the 2022 shooting, and economic and state legislative uncertainty. With a clear emphasis on maintaining healthy reserves and a desire to ensure operating expenditures can be sustained at the current level of revenues, the 2024 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 2024 budget reflects input from the community and the City's commitment to fiscal stability, public safety, investment in the City's infrastructure, economic development, and environmental sustainability. It also includes continuing a trauma informed approach of community support following the 2022 shooting; managing City operations related to services and programs for victims, staff, businesses, and the general public; coordinating the City's ongoing response with local, county, state, and federal agencies; and managing timely and important public and business communications.

The City's long-term economic outlook remains favorable. The average 5% City unemployment rate, was below the State of Illinois and Lake County rates of 7.1% and 6.5%, respectively, as sourced from the Bureau of Labor Statistics. The median value of the City's owner-occupied homes was \$593,000, according to the U.S. Census Bureau American Community Survey estimates 2018 to 2022. This compares to \$313,700 for the County and \$239,100 for the State. The City had median family income of \$208,419, according to the U.S. Census Bureau American Community Survey estimates 2018 to 2022,



which placed the City among the nation’s wealthiest communities with populations of 25,000 or more. This compares to \$126,685 for Lake County and \$99,215 for the State.

Economic and state legislative trends are monitored to gauge the potential impact on the City’s budget. Expenditures are carefully considered, expanded to support priorities when appropriate, and deferred whenever necessary and possible. Privatization and shared services are considered when a cost savings and consistent level of service can be achieved.

Long-Term Financial Planning

The City continues to plan for its future to preserve the outstanding quality of life enjoyed by the residents and to ensure a high level of service to the community. The City continues to impose an additional one percent home-rule sales tax on the sale of general merchandise. This incremental tax yields approximately \$4-5 million in additional sales tax revenue per year, and has been used to fund infrastructure and operating improvements.

The City continues an aggressive investment in infrastructure, facility and other capital improvements, committing over \$34 million in 2024 for business district, street, parking, sewer utility, water utility, facility, equipment, bridge, sidewalk, bikewalk, ravine, and other improvements. A portion of water and sewer annual revenues are pledged for capital improvements and related debt service, in addition to the water production and distribution systems and sewer systems. The annual budget preparation process includes the development of a 10-year capital improvement program, 10-year capital improvement funding, and 10-year fund balancing, to ensure adequate long-term financial planning.

Relevant Financial Policies

The General Fund unrestricted and unassigned fund balance was almost \$52 million, which represents 124% and 104% of 2023 actual and 2024 budgeted General Fund operating expenditures, respectively, exceeding the City’s policy guidelines. These reserves are vital for ensuring the City’s ability to sustain service levels during periods of global, regional, and local crisis, such as the pandemic, the 2022 shooting, and economic and state legislative uncertainty, which may result in unanticipated revenue shortfalls and to address pension and capital funding requirements. As part of its 2024 budget process, the City estimated 10 years of General Fund balance, showing the City’s decision to gradually and strategically draw down fund balance, to approximately 35% within the 10-year period, to fund capital, OPEB, and resiliency expenditures.

Long-term liabilities were almost \$7 million lower in comparison with the prior year due to lower net pension obligation from investment gains and the City’s accelerated contribution plan; lower debt from payments consistent with the City’s debt service schedule for previously issued debt; and net of an increase in the City’s other post-employment benefits (OPEB) liability from changes in actuarially assumed assumptions, service cost, and market interest rate. 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 has had annual accelerated public safety pension contributions since 2016 and plans to continue accelerated contributions until the 90% funding level is reached, to minimize long-term pension cost to the property tax payer. The City accounts for its annual OPEB obligation per GASB Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The City Council has set aside approximately \$11.6 million to meet future requirements associated with OPEB. Please refer to the notes to the financial statements for additional information.

Major Initiatives

The City continued investing in infrastructure improvements consistent with its core priorities. The City completed reconstruction of Clavey Road over two years. Clavey Road improvements included removal and replacement of the bridge over the Skokie River, construction of new water main, installation of fiber and high-pressure gas lines, and construction of new pavement and a multi-use path. The City started construction on the Park Avenue bridge replacement and expects to complete the project in 2024. This



project includes replacing the bridge; reconstructing the pavement east and west of the bridge with full-depth asphalt pavement and a rise in the vertical alignment of the roadway to improve water hydraulics at the Skokie River; replacement of the traffic signal at the Byerly intersection, the entrance to Target and Staples; and a partial water main replacement. The City managed construction of approximately 34,548 feet of new asphalt roadway as part of its annual pavement rehabilitation program. The City lined approximately 8,300 feet of sanitary and storm sewers. Lining of old clay sanitary sewers preserves pipe capacity and extends the sewer functional life by approximately 50 years, while being environmentally friendly and minimizing inconvenience to residents, as no excavation is performed during the sewer lining operation. The City upsizes storm sewers, as needed, to meet the revised rainfall intensity design and the 10-year flooding standards, as part of all improvement projects. The City continued implementation of green infrastructure consistent with the City's sustainability goals by planting approximately 348 new trees and reconstructing 1,455 feet of two alleys, converting the pavement from gravel to an environmentally friendly permeable pavement systems. Permeable pavers help to cleanse stormwater runoff and reduce run off rates in order to minimize flooding.

The City is proud to have best-in-class service departments, especially Police, Fire, and Public Works. This is a testament to the City's commitment to public safety and the highest level of practices. The City managed 120 major projects and initiatives in this audit year. These major projects are primarily public-facing and significant internal initiatives outside of the City's day-to-day operations. The list of major projects can be reviewed on the City's web site at www.cityhpil.com.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Financial Report for the fiscal year ended December 31, 2022. This was the 39th consecutive year that the City received this prestigious award. The City published an easily readable and efficiently organized Financial Report that satisfied both generally accepted accounting principles and applicable legal requirements to qualify for a Certificate of Achievement, which is valid for a period of one year. The City believes that its current Financial Report continues to meet the Certificate of Achievement program requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning January 1, 2023. This was the 29th consecutive year that the City received this prestigious award. The City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device in order to qualify for the Distinguished Budget Presentation Award, which is valid for a period of one year. The City believes that its annual budget document for the fiscal year beginning January 1, 2024 continues to meet the Distinguished Budget Presentation Award program requirements and submitted it to the GFOA to determine its eligibility for another award.

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

Respectfully submitted,



Ghida S. Neukirch
City Manager



Julie Logan
Finance Director





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Highland Park
Illinois**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morill

Executive Director/CEO

THE CITIZENS OF HIGHLAND PARK

Mayor and City Council

Corporation
Counsel

City Manager

City Commissions, Boards, Advisory Groups, and Task Forces

Board of Fire and Police Commissioners
 Business and Economic Development Advisory Group
 Cultural Arts Advisory Group
 Firefighters Pension Board
 Highland Park H.S. Advisory Grp.
 Historic Preservation Commission
 Housing Commission
 Human Relations Advisory Group

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

Community
Dev. Dept.

Public Works
Department

Fire
Department

Finance Dept.
Treasurer

City Manager's
Office

Police
Department

Building

Planning

Engineering

Equipment
Maintenance

Forestry &
Facilities

Streets &
Storm Sewers

Transit

Water Distrib. &
Sanitary Sewers

Water Purification
& Production

Finance

Information
Technology

Business
Development

City Clerk

Communications

Resiliency

Human
Resources

Senior Services

PRINCIPAL OFFICIALS

City Council



Nancy R. Rotering
Mayor



Anthony E. Blumberg
Councilmember



Jeff Hoobler
Councilmember



Annette Lidawer
Councilmember



Yumi Ross
Councilmember



Kim Stone
Councilmember



Andrés Tapia
Councilmember

Independent Auditors' Report

To the City Council of
City of Highland Park

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Highland Park (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City as of December 31, 2023 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Highland Park Housing Associations, a discretely presented component unit. Those statements were audited by other auditors, whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Highland Park Housing Associations are based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Oak Brook, Illinois
May 21, 2024

Management's Discussion and Analysis (Unaudited)

This Discussion and Analysis offers readers a narrative overview and analysis of the financial activities of the City of Highland Park (City) as of and for the 12 months ended December 31, 2023. We encourage readers to consider this information along with additional information provided in the letter of transmittal located in the Introductory Section of this report.

Financial Highlights

- Total revenue was \$90 million, an increase of 9% in comparison with the prior year. Strong economic conditions and high interest rates resulted in increases in revenue from interest income and sales tax. Changes in water rate, ambulance support fees, and property tax levy, in order to support a consistent high level of services and the City's capital improvement plan, with inflationary cost impacts, as well as pension contributions, resulted in increases in revenue from charges for services and property taxes. Parking operations revenue continued to improve, although continued lower than the pre-pandemic level, with underutilized parking lots from workers continuing to work from home and otherwise under using public transportation, consistent with national and regional trends. Real estate transfer tax revenue was higher than the annual average for the 10-year period ending December 31, 2019. The revenue was lower than the \$2-3 million annual revenue realized in years 2020-22 when high demand was fueled by a combination of low interest rates and folks looking to make pandemic-inspired moves to larger homes as remote working became the norm for many.
- Total expenses were \$79 million, an increase of 13% in comparison with the prior year. The increase was due to compensation plan and collective bargaining agreement adjustments; continued increase in service and staffing to support City priorities following a 2020-21 staffing reduction of 26.8 FTE employees and other cost reduction due to the City's economic response plan to the negative impact of the pandemic on City revenue as well as additional staffing and other costs to address the long term needs of the community following the 2022 mass shooting discussed in the transmittal letter; continued investment in improvements to support City priorities; and inflationary cost impacts.
- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$125 million (net position), The City's net position increased \$11 million as compared to the prior year, primarily due to the revenue improvements previously discussed and expenses less than anticipated, with some capital and business incentive projects carrying-over into 2024.
- Governmental funds combined ending fund balance was \$76 million, an increase of \$2 million in comparison with the prior year, primarily due to the revenue improvements previously discussed and expenditures less than anticipated, with some capital and business incentive projects carrying-over into 2024. The resulting fund balances, as a percent of operating expenditures, continue to exceed the City's policy guidelines.
- Long-term liabilities were \$168 million, almost \$7 million lower in comparison with the prior year due to lower net pension liability from investment gains and the City's accelerated contribution plan; lower debt from payments consistent with the City's debt service schedule for previously issued debt; and net of an increase in the City's other post-employment benefits (OPEB) liability from changes in actuarially assumed assumptions, service cost, and market interest rate.
- The General Fund unrestricted and unassigned fund balance was almost \$52 million, which represents 124% and 104% of 2023 actual and 2024 budgeted General Fund operating expenditures, respectively, exceeding the City's policy guidelines. As part of its 2024 budget process, the City estimated 10 years of General Fund balance, showing the City's decision to gradually and strategically draw down fund balance, to approximately 35% within the 10-year period, to fund capital, OPEB, and resiliency expenditures.

Overview of the Financial Statements

This discussion and analysis is an introduction to the City's basic financial statements, which include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements.

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

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

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

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

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

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

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

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

The City has 13 individual governmental funds reported in 2023. 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 113-116 of this report.

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, however in more detail. The proprietary fund financial statements provide separate information for water and sewer utilities. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the combining and individual fund statements and schedules on pages 128-134 in this report. The basic proprietary fund financial statements can be found on pages 23-27 of this report.

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

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-91 of this report.

Other information. This report presents required supplementary information, in addition to the basic financial statements and accompanying notes. Budgetary comparisons for the general fund and major special revenue funds are provided, as well as information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. The comparison of budget-to-actual, the combining statements and related schedules are presented immediately following the required supplementary information. Required supplementary information can be found on pages 92-108 and budget-to-actual, combining, and individual fund statements and schedules can be found on pages 109-127 of this report.

Government-wide Financial Analysis

Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$125 million (net position). The City's net position increased \$11 million as compared to the prior year, primarily due to the revenue improvements discussed in the Financial Highlights and

expenses less than anticipated, with some capital and business incentive projects carrying-over into 2024.

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

**Condensed Statement of Net Position
as of December 31, 2022 and 2023
(in Millions – Rounded)**

	Governmental Activities			Business-Type Activities			Total Primary		
	2022	2023	Change	2022	2023	Change	2022	2023	Change
Current and Other Assets	\$123.7	\$113.8	(\$10.0)	\$13.9	\$11.7	(\$2.2)	\$137.7	\$125.5	(\$12.2)
Capital Assets	87.9	90.9	3.1	79.9	82.0	2.1	167.8	172.9	5.1
Total Assets	211.6	204.7	(6.9)	93.8	93.7	(0.1)	305.4	298.4	(7.1)
Deferred Outflows related to Pensions	33.2	29.8	(3.4)	0.7	2.2	1.5	33.9	32.0	(1.9)
Other Deferred Outflows	-	-	-	0.4	0.4	-	0.4	0.4	-
Deferred Outflows of Resources	33.2	29.8	(3.4)	1.1	2.6	1.5	34.3	32.4	(1.9)
Long-Term Liabilities Outstanding	132.9	128.6	(4.3)	41.4	39.1	(2.3)	174.4	167.7	(6.7)
Other Liabilities	7.4	6.9	(0.5)	1.0	1.9	0.9	8.4	8.8	0.4
Total Liabilities	140.3	135.5	(4.8)	42.4	41.0	(1.4)	182.7	176.5	(6.2)
Property Taxes Levied for Future Periods	17.9	19.2	1.3	-	-	-	17.9	19.2	1.3
Deferred Inflows related to Pensions	19.6	7.9	(11.7)	3.7	0.3	(3.4)	23.2	8.2	(15.0)
Other Deferred Inflows	2.1	2.0	(0.1)	0.1	0.1	-	2.1	2.1	(0.1)
Deferred Inflows of Resources	39.6	29.1	(10.5)	3.7	0.3	(3.4)	43.3	29.4	(13.9)
Net Position:									
Net Investment in Capital Assets	75.1	73.7	(1.4)	41.4	46.4	4.9	116.5	120.1	3.5
Restricted - Municipal Pension	14.3	-	(14.3)	4.5	-	(4.5)	18.8	-	(18.8)
Restricted - Other	6.6	7.4	0.8	-	-	-	6.6	7.4	0.8
Unrestricted	(31.1)	(11.2)	20.0	2.9	8.7	5.7	(28.2)	(2.4)	25.7
Total Net Position	\$64.9	\$69.9	\$5.0	\$48.8	\$55.0	\$6.2	\$113.7	\$124.9	\$11.1

The City reports positive balances in two of the three net position categories as of December 31, 2023. Unrestricted net position, if positive, may be used to meet ongoing obligations to residents and creditors. The negative unrestricted net position in governmental activities is due to net pension and OPEB obligations reported in compliance with GASB Nos. 68, 71, and 75. Details of the net pension and OPEB obligations can be found in Notes IV A. and C. to the Financial Statements on pages 69-89 of this report. The unrestricted net position improved \$25.7 million versus the prior year, primarily due to the reasons discussed in the first paragraph of this section.

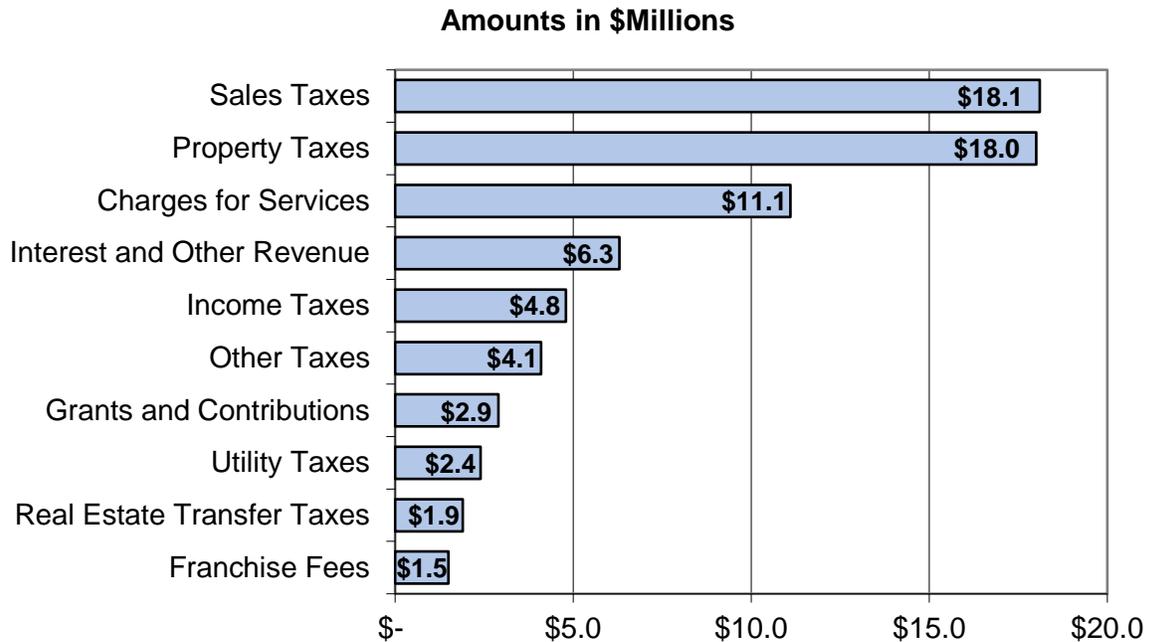
**Condensed Statement of Activities
as of December 31, 2022 and 2023**
(in Millions – Rounded)

	Government Activities		Business Activities		Total Primary Government		
	2022	2023	2022	2023	2022	2023	Change
Program Revenues:							
Charges for Services	\$10.4	\$11.1	\$16.2	\$18.0	\$26.6	\$29.2	\$2.5
Grants & Contributions	3.2	2.9	0.5	0.8	3.7	3.6	-
General Revenues:							
Property Taxes	16.4	18.0			16.4	18.0	1.6
Sales Taxes	17.1	18.1			17.1	18.1	1.0
Other Taxes	16.1	14.7			16.1	14.7	(1.4)
Payment in Lieu of Taxes	1.1	1.2			1.1	1.2	0.1
Other	1.8	5.1		0.5	1.9	5.6	3.7
Total Revenues	66.1	71.1	16.8	19.3	82.9	90.4	7.4
Expenses:							
Public Safety	33.1	33.8			33.1	33.8	0.7
Public Works	9.3	12.2			9.3	12.2	2.9
General Government	7.4	8.8			7.4	8.8	1.4
Economic/Physical Development	6.5	7.0			6.5	7.0	0.5
Transit	1.1	1.3			1.2	1.3	0.1
Commissions	0.1	0.1			0.1	0.1	-
Interest	0.7	0.5			0.7	0.5	(0.2)
Water			7.7	8.9	7.7	8.9	1.2
Sewer			3.9	6.6	3.9	6.6	2.7
Total Expenses	58.2	63.7	11.6	15.5	69.8	79.2	9.4
Transfers	2.1	(2.4)	(2.1)	2.4	-	-	-
Change in Net Position	10.0	5.0	3.0	6.2	13.0	11.2	(2.0)
Beginning Net Position	54.9	64.9	45.8	48.8	100.7	113.7	13.0
Ending Net Position	\$64.9	\$69.9	\$48.8	\$55.0	\$113.7	\$124.9	\$11.2

Total revenue was \$90 million, an increase of 9% in comparison with the prior year. Strong economic conditions and high interest rates resulted in increases in revenue from interest income and sales tax. Changes in water rate, ambulance support fees, and property tax levy, in order to support a consistent high level of services and the City's capital improvement plan, with inflationary cost impacts, as well as pension contributions, resulted in increases in revenue from charges for services and property taxes. Parking operations revenue continued to improve, although continued lower than the pre-pandemic level, with underutilized parking lots from workers continuing to work from home and otherwise under using public transportation, consistent with national and regional trends. Real estate transfer tax revenue was higher than the annual average for the 10-year period ending December 31, 2019. The revenue was lower than the \$2-3 million annual revenue realized in years 2020-22 when high demand was fueled by a combination of low interest rates and folks looking to make pandemic-inspired moves to larger homes as remote working became the norm for many.

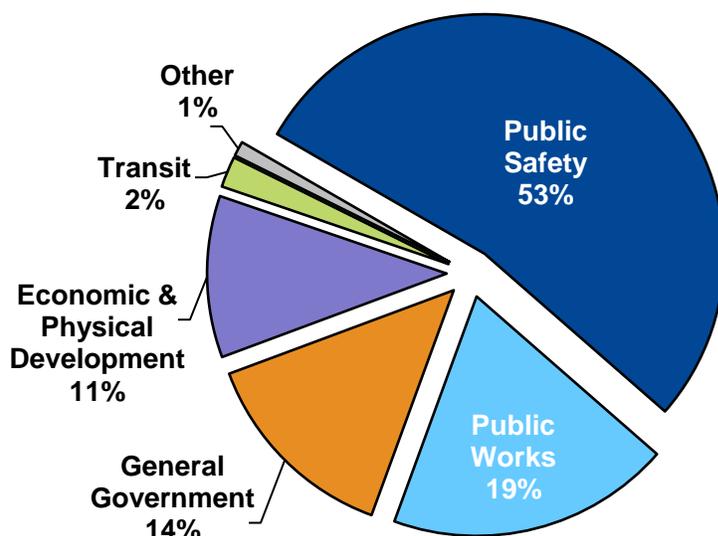
Total expenses were \$79 million, an increase of 13% in comparison with the prior year. The increase was due to compensation plan and collective bargaining agreement adjustments; continued increase in service and staffing to support City priorities following a 2020-21 staffing reduction of 26.8 FTE employees and other cost reduction due to the City's economic response plan to the negative impact of the pandemic on City revenue as well as additional staffing and other costs to address the long term needs of the community following the 2022 mass shooting discussed in the transmittal letter; continued investment in improvements to support City priorities; and inflationary cost impacts.

Revenues by Source — Governmental Activities



Sales taxes, property taxes, and charges for services account for the greatest proportion of funding for governmental activities, followed by Interest and other revenue, income taxes, other taxes, and grants and contributions. The City has a conservative approach to managing expenses, with growth in expenses closely monitored each year and operating departments encouraged to contain non-personnel related operating costs. Personnel and operating costs are expanded, when appropriate, to support City priorities and to address inflationary cost impacts. The City has a robust capital improvement plan, consistent with City priorities, investing over \$14 million during 2023 in infrastructure, facilities, and equipment improvements, including completion of a fire station replacement, from governmental activities.

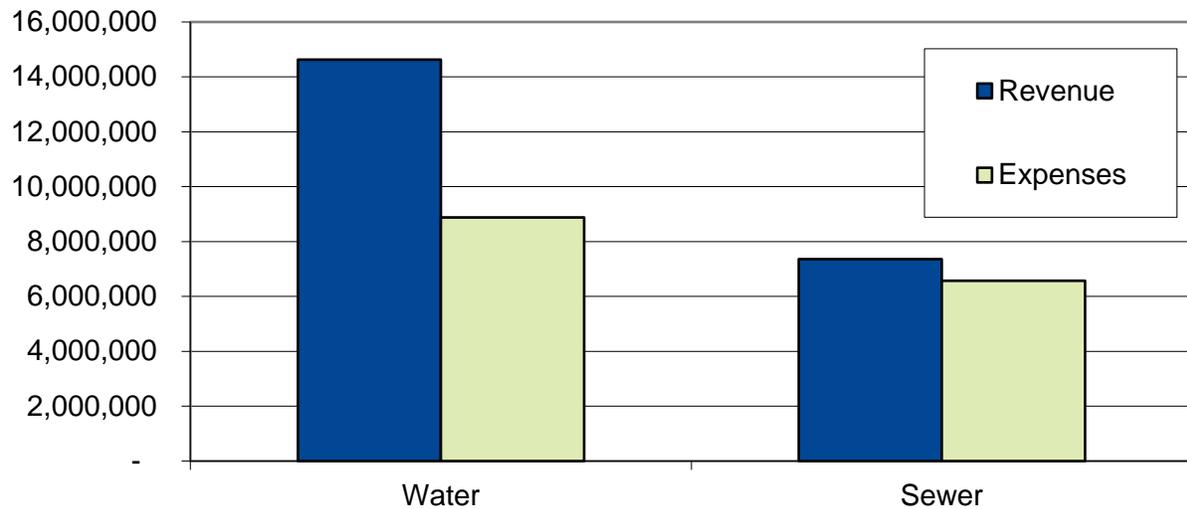
Expenses by Activity — Governmental Activities



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

Business-Type Activities

Business-type activities are intended to be self-sufficient, meaning charges for services and other revenues should be sufficient to cover costs associated with the operation and debt service for capital-related debt, over time. Business-type activities improved the City's net position by \$6.2 million, primarily due to water utility capital expenses less than anticipated with capital projects carrying-over into 2024. The following chart shows a comparison of revenues and expenses of each business-type activity:



Financial Analysis of the City's Funds

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

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

Governmental funds combined ending fund balance was \$76 million, an increase of \$2 million in comparison with the prior year, primarily due to the revenue improvements previously discussed and expenditures less than anticipated, with some capital and business incentive projects carrying-over into 2024. 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, almost \$52 million was unassigned fund balance available for spending at the government's discretion. It is useful to compare unassigned fund balance to total fund expenditures, as a measure of the General Fund's liquidity. It is prudent for a government to maintain an appropriate level of fund balance, generally based on the historical and projected stability and predictability of the underlying revenues and expenditures, to meet unanticipated revenue shortfalls, small increases in service delivery costs, or emergency situations such as the prior pandemic or 2022 shooting.

Unassigned fund balance represents 124% and 104% of 2023 actual and 2024 budgeted General Fund operating expenditures, respectively, exceeding the City's policy guidelines. As part of its 2024 budget process, the City estimated 10 years of General Fund balance, showing the City's decision to gradually and strategically draw down fund balance, to approximately 35% within the 10-year period, to fund capital, OPEB, and resiliency expenditures.

Committed fund balance totaling \$3.1 million is not available for discretionary spending as it is targeted for transportation and sustainability initiatives. The City reports an assigned fund balance of \$11.7 million in the General Fund to meet future obligations for other post-employment benefits and capital projects. Please refer to page 19 for a detailed description and amounts of assigned and committed fund balance.

The Public Safety Pension Levy Fund has a zero fund balance as of December 31, 2023, which is 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 \$1.5 million fund balance as of December 31, 2023, greater than the City's target of zero. The fund balance is appropriately lower versus the prior year, due debt proceeds received in 2022 which were partially expended through 2023, with capital projects carrying-over into 2024.

Nonmajor governmental funds (NMGF) combined fund balance of \$11 million as of December 31, 2023 was significantly flat with the prior year, due to accumulation in the City's Tax Increment Financing and Affordable Housing Funds for planned future fund drawdowns to pay for capital improvements and other expenditures consistent with long-term plans. The Debt Service and Multi-Modal Transportation Funds are included in NMFG and had total fund balances of almost \$1 million and \$3 million, respectively.

Proprietary funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, however in more detail. Net positions of the Water and Sewer Funds were \$31 million and \$24 million, respectively. The improvement in net position for Water and Sewer Funds, combined, was \$6.2 million. Factors concerning the finances of these funds have been addressed in the discussion of the City's Financial Highlights and Business-type Activities sections of this Management, Discussion and Analysis.

General Fund Budgetary Highlights

Actual revenue was higher than budget by almost \$1.5 million due to strong economic conditions and high interest rates resulting in higher in revenue from interest income and sales tax. Changes in ambulance support fees, in order to support a consistent high level of services with inflationary cost increases, resulted in higher revenue from charges for services. Parking operations revenue continued to improve, although continued lower than the pre-pandemic level, with underutilized parking lots from workers continuing to work from home and otherwise under using public transportation, consistent with national and regional trends. Real estate transfer tax revenue was higher than the annual average for the 10-year period ending December 31, 2019. The revenue was lower than the \$2-3 million annual revenue realized in years 2020-22 when high demand was fueled by a combination of low interest rates and folks looking to make pandemic-inspired moves to larger homes as remote working became the norm for many.

The General Fund budget was amended during the fiscal year to transfer appropriations between operating departments and to provide for unanticipated expenditures. Actual expenditures were lower than budget by over \$9 million, driven by lower operating and capital expenditures significantly due to business incentive and capital projects carrying over into 2024. Actual expenditures also reflect the City's conservative approach to cost containment when possible, even in situations where costs were budgeted. General Government, Public Works, and Economic and Physical Development accounted for 94% of the \$9 million variance to budget.

Capital Asset and Debt Administration

Capital Assets. Capital assets include land, buildings, other improvements, machinery and equipment, streets, bridges, sanitary and storm sewers, water production and distribution systems, and right-to-use lease assets. The combined investment in capital assets for governmental and business-type activities as of December 31, 2023 was almost \$173 million net of accumulated depreciation.

A \$1.7 million reduction in land resulted from the sale of a City property no longer in use. A \$7.5 million increase in buildings and improvements resulted from \$10 million of improvements, including completion of a fire station replacement, net of annual depreciation. A \$7.2 million increase in infrastructure resulted significantly from completion of infrastructure improvement projects which were construction in progress as of December 31, 2022. 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, 2022 and 2023 (in Millions – Rounded)

	Government Activities		Business Activities		Total Primary Government		
	2022	2023	2022	2023	2022	2023	Change
Land	\$14.3	\$12.6	\$0.1	\$0.1	\$14.4	\$12.7	(\$1.7)
Buildings & improvements	33.4	41.5	33.3	32.7	66.7	74.2	7.5
Machinery & equipment	7.3	8.0	1.6	1.4	8.9	9.4	0.5
Infrastructure	25.0	26.4	39.3	45.1	64.3	71.5	7.2
Construction in progress	7.3	1.9	5.6	2.7	12.9	4.6	(8.3)
Right-to-use lease assets	0.6	0.5	-	-	0.6	0.5	(0.1)
Total	\$87.9	\$90.9	\$79.9	\$82.0	\$167.8	\$172.9	\$5.1

Long-term debt. At the end of 2023, long-term debt outstanding was \$54 million, of which \$17 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, 2022 and 2023 (in Millions – Rounded)

	Government Activities		Business Activities		Total Primary Government		
	2022	2023	2022	2023	2022	2023	Change
General Obligation Debt	\$18.1	\$16.7	\$36.7	\$34.0	\$54.8	\$50.7	(\$4.1)
IEPA Loan Payable	-	-	4.0	3.8	4.0	3.8	(0.2)
Total Long-term Debt	\$18.1	\$16.7	\$40.7	\$37.7	\$58.8	\$54.4	(\$4.4)
Net Pension Obligation	99.5	95.2	-	0.7	99.5	95.9	(3.6)
Other Long-term Liabilities	15.3	16.7	0.7	0.7	16.0	17.4	1.4
Total Long-term Liabilities	\$132.9	\$128.6	\$41.4	\$39.1	\$174.3	\$167.7	(\$6.6)

Total long-term debt decreased by \$4 million, in comparison with the prior year, due to payments consistent with the City's debt service schedule for previously issued debt. The City's general obligation bonds maintain an "Aaa" rating from Moody's Investors Service. The Aaa rating reflects the city's affluent tax base, stable financial operations, healthy reserves, moderate bonded debt burden, and sound financial practices and policies.

Other long-term liabilities were net \$2 million lower, in comparison with the prior year, due to lower net pension obligation from investment gains and the City's accelerated contribution plan,

net of an increase in the City's other post-employment benefits (OPEB) liability from changes in actuarially assumed assumptions, service cost, and market interest rate.

Economic Factors and Next Year's Budgets and Rates

The City has a long-standing heritage as one of the prestigious communities along Chicagoland's "north shore" of Lake Michigan. The long-term economic outlook remains strong as the City's stable property tax base consists of over 90% residential property. Economic trends continue to be strong, with revenue growth in 2023. The City experienced strength in interest income and sales tax revenue. Retail occupancy was 92% at the close of 2022 and 2023, reflecting consistent year-to-year occupancy. Sales taxes, property taxes, and charges for services account for the greatest proportion of funding for governmental activities, followed by Interest and other revenue, income taxes, other taxes, and grants and contributions. The City continues to monitor revenue on a monthly basis, notably sales tax, building permit, and real estate transfer tax revenue, as these three revenue sources are impacted by national economic conditions. The City continues to take steps to enhance retail sales in the City. Other economic factors impacting the City's budget are as follows.

- The average 5% City unemployment rate, was below the State of Illinois and Lake County rates of 7.1% and 6.5%, respectively, as sourced from the Bureau of Labor Statistics.
- The median value of the City's owner-occupied homes was \$593,000, according to the U.S. Census Bureau American Community Survey estimates 2018 to 2022. This compares to \$313,700 for the County and \$239,100 for the State.
- The City had median family income of \$208,419, according to the U.S. Census Bureau American Community Survey estimates 2018 to 2022, which placed the City among the nation's wealthiest communities with populations of 25,000 or more. This compares to \$126,685 for Lake County and \$99,215 for the State.

The City is mindful of the State of Illinois budget situation, its sizable pension liabilities, and its budget decisions. The Mayor and City Council continue to urge State lawmakers to pass balanced budgets that protect local government revenues. The City proactively prepares in the event of potential loss of these revenues. Subsequent to completion of the 2024 budget, the State proposed to permanently eliminate the 1% state tax on groceries, starting with the State FY2025 budget. The City's estimated annual impact from this State decision is approximately an \$830,000 revenue loss in the General Fund, which staff will monitor during 2024 and assess during the 2025 budget process.

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 2024-2033, developed as part of the 2024 Budget. Included in the 2024 budget are \$34 million of investments for business district, street, parking, sewer utility, water utility, facility, equipment, bridge, sidewalk, bikewalk, ravine, and other capital improvements.

The City's 2024 budget reflects a balanced operating budget with revenue and expenditure changes which are consistent with continued revenue strength, support of City priorities, strong fund balances, and continued resiliency expenditures for recovery from the 2022 shooting discussed in the Letter of Transmittal. Changes are detailed in the 2024 Budget document, which can be found on the City's website. All City staff remain committed to providing responsive and high quality customer service.

Requests for Information

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

CITY OF HIGHLAND PARK

STATEMENT OF NET POSITION As of December 31, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Totals	Highland Park Public Library	Highland Park Housing Associations
ASSETS					
Cash	\$ 83,684,103	\$ 8,765,192	\$ 92,449,295	\$ 1,338,181	\$ 2,287,171
Investments	-	-	-	6,406,000	-
Receivables (net)					
Property taxes	19,173,260	-	19,173,260	5,368,104	-
Motor fuel tax allotments	226,872	-	226,872	-	-
Intergovernmental	5,600,976	-	5,600,976	-	-
Loans	212,500	-	212,500	-	-
Accounts	672,883	2,909,834	3,582,717	-	11,623
Leases	1,989,232	-	1,989,232	-	-
Other	1,812,800	-	1,812,800	88,849	45,681
Prepaid items	14,500	-	14,500	1,442	95,190
Deposits	383,218	-	383,218	-	-
Restricted assets	-	-	-	-	565,291
Capital assets					
Capital assets not being depreciated / amortized	14,499,595	2,780,664	17,280,259	529,372	-
Capital assets being depreciated / amortized, net	<u>76,445,013</u>	<u>79,238,996</u>	<u>155,684,009</u>	<u>6,037,379</u>	<u>3,296,260</u>
Total Assets	<u>204,714,952</u>	<u>93,694,686</u>	<u>298,409,638</u>	<u>19,769,327</u>	<u>6,301,216</u>
DEFERRED OUTFLOWS OF RESOURCES					
Unamortized loss on refunding	-	413,462	413,462	-	-
Deferred outflows related to pensions	22,637,980	2,003,017	24,640,997	1,665,775	-
Deferred outflows related to OPEB	<u>7,125,787</u>	<u>249,784</u>	<u>7,375,571</u>	<u>162,830</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>29,763,767</u>	<u>2,666,263</u>	<u>32,430,030</u>	<u>1,828,605</u>	<u>-</u>
LIABILITIES					
Accounts payable	4,199,861	1,676,727	5,876,588	111,288	74,404
Accrued payroll	322,881	32,080	354,961	62,263	-
Accrued interest payable	1,436	10,235	11,671	-	14,643
Due to fiduciary funds	2,177	-	2,177	-	-
Unearned revenues	1,642,234	95,405	1,737,639	-	23,867
Deposits	731,330	41,000	772,330	-	-
Other	-	-	-	-	37,428
Noncurrent Liabilities					
Due within one year	1,875,921	2,902,035	4,777,956	50,000	185,032
Due in more than one year	<u>126,738,019</u>	<u>36,246,624</u>	<u>162,984,643</u>	<u>1,670,324</u>	<u>3,848,120</u>
Total Liabilities	<u>135,513,859</u>	<u>41,004,106</u>	<u>176,517,965</u>	<u>1,893,875</u>	<u>4,183,494</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes levied for future periods	19,150,600	-	19,150,600	5,366,300	-
Deferred inflows related to leases	1,989,232	-	1,989,232	-	-
Deferred inflows related to pensions	389,777	-	389,777	-	-
Deferred gain on refunding	-	64,760	64,760	-	-
Deferred inflows related to OPEB	<u>7,556,101</u>	<u>264,868</u>	<u>7,820,969</u>	<u>172,662</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>29,085,710</u>	<u>329,628</u>	<u>29,415,338</u>	<u>5,538,962</u>	<u>-</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF NET POSITION As of December 31, 2023

	Primary Government			Component Units	
	Governmental Activities	Business- Type Activities	Totals	Highland Park Public Library	Highland Park Housing Associations
NET POSITION					
Net investment in capital assets	\$ 73,706,698	\$ 46,371,315	\$120,078,013	\$ 5,941,751	\$ (736,892)
Restricted for					
Economic development	3,870,413	-	3,870,413	-	-
Public safety	820,919	-	820,919	-	-
Streets	710,703	-	710,703	-	-
Affordable housing	1,951,584	-	1,951,584	-	-
Library materials	-	-	-	54,637	-
Working cash	-	-	-	375,000	-
Unrestricted (deficit)	<u>(11,181,167)</u>	<u>8,655,900</u>	<u>(2,525,267)</u>	<u>7,793,707</u>	<u>2,854,614</u>
 TOTAL NET POSITION	 <u>\$ 69,879,150</u>	 <u>\$ 55,027,215</u>	 <u>\$124,906,365</u>	 <u>\$ 14,165,095</u>	 <u>\$ 2,117,722</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2023

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 8,761,976	\$ 3,711,925	\$ 1,028,013	\$ -
Public safety	33,826,102	3,853,924	256,562	-
Public works	12,190,104	717,950	1,324,841	282,131
Transit	1,330,574	1,185,474	-	1,974
Commissions	91,773	-	-	-
Economic and physical development	6,952,763	1,662,983	-	-
Interest and fiscal charges	543,924	-	-	-
Total Governmental Activities	63,697,216	11,132,256	2,609,416	284,105
Business-type Activities				
Water	8,879,353	13,218,935	386,168	-
Sewer	6,574,364	4,800,955	364,168	-
Total Business-type Activities	15,453,717	18,019,890	750,336	-
Total Primary Government	\$ 79,150,933	\$ 29,152,146	\$ 3,359,752	\$ 284,105
Component Unit				
Highland Park Public Library	\$ 5,178,432	\$ 23,092	\$ 181,535	\$ -
Highland Park Housing Associations	1,574,792	1,784,265	-	-
Total Component Unit	\$ 6,753,224	\$ 1,807,357	\$ 181,535	\$ -

General Revenues

Taxes

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

Intergovernmental - unrestricted

- Income taxes
- Personal property replacement taxes
- Payment in lieu of taxes and affordable units
- Investment income
- Gain on disposal of assets
- Miscellaneous

Total General Revenues

Transfers

Change in net position

NET POSITION - Beginning of Year

NET POSITION - END OF YEAR

See accompanying notes to financial statements.

Net (Expenses) Revenues and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Totals	Highland Park Public Library	Highland Park Housing Associations
\$ (4,022,038)	\$ -	\$ (4,022,038)	\$ -	\$ -
(29,715,616)	-	(29,715,616)	-	-
(9,865,182)	-	(9,865,182)	-	-
(143,126)	-	(143,126)	-	-
(91,773)	-	(91,773)	-	-
(5,289,780)	-	(5,289,780)	-	-
(543,924)	-	(543,924)	-	-
<u>(49,671,439)</u>	<u>-</u>	<u>(49,671,439)</u>	<u>-</u>	<u>-</u>
-	4,725,750	4,725,750	-	-
-	(1,409,241)	(1,409,241)	-	-
-	<u>3,316,509</u>	<u>3,316,509</u>	-	-
<u>(49,671,439)</u>	<u>3,316,509</u>	<u>(46,354,930)</u>	<u>-</u>	<u>-</u>
-	-	-	(4,973,805)	-
-	-	-	-	209,473
-	-	-	<u>(4,973,805)</u>	<u>209,473</u>
17,998,020	-	17,998,020	5,206,130	-
12,621,067	-	12,621,067	-	-
5,431,074	-	5,431,074	-	-
2,370,650	-	2,370,650	-	-
1,470,817	-	1,470,817	-	-
1,854,195	-	1,854,195	-	-
3,191,430	-	3,191,430	-	-
4,819,693	-	4,819,693	-	-
942,102	-	942,102	132,560	-
1,203,206	-	1,203,206	-	-
4,312,090	508,146	4,820,236	217,300	23,554
623,900	-	623,900	-	-
182,502	-	182,502	-	107,621
<u>57,020,746</u>	<u>508,146</u>	<u>57,528,892</u>	<u>5,555,990</u>	<u>131,175</u>
<u>(2,374,462)</u>	<u>2,374,462</u>	<u>-</u>	<u>-</u>	<u>-</u>
4,974,845	6,199,117	11,173,962	582,185	340,648
<u>64,904,305</u>	<u>48,828,098</u>	<u>113,732,403</u>	<u>13,582,910</u>	<u>1,777,074</u>
<u>\$ 69,879,150</u>	<u>\$ 55,027,215</u>	<u>\$ 124,906,365</u>	<u>\$ 14,165,095</u>	<u>\$ 2,117,722</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

BALANCE SHEET GOVERNMENTAL FUNDS As of December 31, 2023

	General	Public Safety Pension Levy	Capital Projects	Nonmajor Governmental Funds	Totals
ASSETS					
Cash	\$ 62,719,891	\$ -	\$ 2,175,439	\$ 10,940,564	\$ 75,835,894
Receivables (net)					
Property taxes	4,748,873	6,933,577	-	7,490,810	19,173,260
Motor fuel tax allotments	-	-	-	226,872	226,872
Intergovernmental	5,572,947	-	28,029	-	5,600,976
Loans	-	-	212,500	-	212,500
Accounts	535,576	-	35,538	152,031	723,145
Leases	1,989,232	-	-	-	1,989,232
Other	938,723	-	-	-	938,723
Deposits	-	-	-	383,218	383,218
Prepaid items	8,700	-	-	5,800	14,500
Due from other funds	88,485	-	-	-	88,485
	<u>\$ 76,602,427</u>	<u>\$ 6,933,577</u>	<u>\$ 2,451,506</u>	<u>\$ 19,199,295</u>	<u>\$ 105,186,805</u>
TOTAL ASSETS					
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 2,907,000	\$ -	\$ 900,509	\$ 173,803	\$ 3,981,312
Accrued liabilities	286,518	-	-	22,531	309,049
Due to other funds	-	-	-	88,485	88,485
Unearned revenue	1,632,309	-	-	-	1,632,309
Deposits	728,330	-	3,000	-	731,330
Due to fiduciary funds	-	2,177	-	-	2,177
Total Liabilities	<u>5,554,157</u>	<u>2,177</u>	<u>903,509</u>	<u>284,819</u>	<u>6,744,662</u>
Deferred Inflows of Resources					
Property taxes levied for future periods	4,730,100	6,931,400	-	7,489,100	19,150,600
Unavailable revenue for other	977,640	-	71,053	-	1,048,693
Deferred inflows related to leases	1,989,232	-	-	-	1,989,232
Total Deferred Inflows of Resources	<u>7,696,972</u>	<u>6,931,400</u>	<u>71,053</u>	<u>7,489,100</u>	<u>22,188,525</u>
Fund Balances					
Nonspendable for prepaid items	8,700	-	-	5,800	14,500
Restricted for					
Streets	-	-	-	710,703	710,703
Public safety	-	-	-	820,919	820,919
Economic development	-	-	-	3,870,413	3,870,413
Affordable housing	-	-	-	1,951,584	1,951,584
Committed for					
Sustainability initiatives	-	-	-	39,588	39,588
Transportation	-	-	-	3,067,169	3,067,169
Assigned for					
Capital projects	21,463	-	1,476,944	-	1,498,407
Other postemployment benefits	11,691,250	-	-	-	11,691,250
Debt service	-	-	-	959,200	959,200
Unassigned for					
General fund	51,629,885	-	-	-	51,629,885
Total Fund Balances	<u>63,351,298</u>	<u>-</u>	<u>1,476,944</u>	<u>11,425,376</u>	<u>76,253,618</u>
	<u>\$ 76,602,427</u>	<u>\$ 6,933,577</u>	<u>\$ 2,451,506</u>	<u>\$ 19,199,295</u>	<u>\$ 105,186,805</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					

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, 2023

Total Fund Balances - Governmental Funds	\$	76,253,618
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 III.C.		90,944,608
Less amount reported in internal service funds below.		(6,226,588)
Some receivables that are not currently available are reported as unavailable revenues in the fund financial statements but are recognized as revenue when earned in the government-wide statements.		1,048,693
Unamortized premiums/discounts on bonds are reported as liabilities on the statement of net position.		(1,014,453)
Accrued interest on long-term liabilities is shown as a liability on the statement of net position.		(1,436)
Deferred outflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		22,637,980
Less amount reported in internal service funds below.		(739,691)
Deferred inflows of resources related to pensions do not relate to current financial resources and are not reported in the governmental funds.		(389,777)
Deferred outflows related to other post employment benefits do not relate to current financial resources and are not reported in the governmental funds.		7,125,787
Less amount reported in internal service funds below.		(166,290)
Deferred inflows related to other post employment benefits do not relate to current financial resources and are not reported in the governmental funds.		(7,556,101)
Less amount reported in internal service funds below.		176,332
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		(15,710,849)
Net pension liability - IMRF		(2,516,991)
Net pension liability - Firefighters' Pension		(40,889,853)
Net pension liability - Police Pension		(51,817,832)
Lease liability		(577,699)
Claims payable		(194,867)
Total OPEB liability		(14,144,802)
Compensated absences		(1,746,594)
Less amount reported in internal service funds below.		723,995
The net position of the internal service funds are included in the governmental activities in the statement of net position.		<u>14,661,960</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>69,879,150</u></u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

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

For the Year Ended December 31, 2023

	General	Public Safety Pension Levy	Capital Projects	Nonmajor Governmental Funds	Totals
REVENUES					
Property taxes	\$ 5,504,010	\$ 6,283,546	\$ -	\$ 6,210,464	\$ 17,998,020
Personal property replacement tax	942,102	-	-	-	942,102
Licenses and permits	2,098,408	-	-	34,598	2,133,006
Public charges for services	3,698,855	-	-	1,164,787	4,863,642
Municipal sales tax	15,318,195	-	2,733,946	-	18,052,141
Utility taxes	2,370,650	-	-	-	2,370,650
Real estate transfer tax	1,854,195	-	-	-	1,854,195
Intergovernmental	1,305,975	-	-	188,443	1,494,418
State income tax	4,819,693	-	-	-	4,819,693
Franchise tax	1,470,817	-	-	-	1,470,817
Payments in lieu of taxes and affordable units	943,646	-	-	259,560	1,203,206
Other taxes	2,606,851	-	-	396,136	3,002,987
Reimbursements	267,655	-	282,131	1,186,474	1,736,260
Fines, forfeitures and penalties	132,740	-	-	227	132,967
Motor fuel tax	-	-	-	1,302,441	1,302,441
Interest income	3,189,232	-	260,769	552,064	4,002,065
Miscellaneous	1,548,834	-	-	221,290	1,770,124
Total Revenues	<u>48,071,858</u>	<u>6,283,546</u>	<u>3,276,846</u>	<u>11,516,484</u>	<u>69,148,734</u>
EXPENDITURES					
Current					
General government	9,530,832	-	-	-	9,530,832
Public safety	25,587,129	6,283,546	-	330,351	32,201,026
Public works	3,099,262	-	-	3,299,273	6,398,535
Transit	-	-	-	1,099,251	1,099,251
Commissions	91,773	-	-	-	91,773
Economic and physical development	5,192,513	-	-	436,744	5,629,257
Capital outlay	-	-	9,978,499	-	9,978,499
Debt service					
Principal	196,778	-	10,212	1,315,011	1,522,001
Interest and fiscal charges	54,220	-	1,038	562,784	618,042
Total Expenditures	<u>43,752,507</u>	<u>6,283,546</u>	<u>9,989,749</u>	<u>7,043,414</u>	<u>67,069,216</u>
Excess (deficiency) of revenues over expenditures	<u>4,319,351</u>	<u>-</u>	<u>(6,712,903)</u>	<u>4,473,070</u>	<u>2,079,518</u>
OTHER FINANCING SOURCES (USES)					
Lease issuance	159,939	-	-	-	159,939
Transfers in	675,000	-	1,714,270	80,194	2,469,464
Transfers out	(741,948)	-	-	(4,121,978)	(4,863,926)
Sales of capital assets	2,450,367	-	-	-	2,450,367
Total Other Financing Sources (Uses)	<u>2,543,358</u>	<u>-</u>	<u>1,714,270</u>	<u>(4,041,784)</u>	<u>215,844</u>
Net Change in Fund Balances	6,862,709	-	(4,998,633)	431,286	2,295,362
FUND BALANCES - Beginning of Year	<u>56,488,589</u>	<u>-</u>	<u>6,475,577</u>	<u>10,994,090</u>	<u>73,958,256</u>
FUND BALANCES - END OF YEAR	<u>\$ 63,351,298</u>	<u>\$ -</u>	<u>\$ 1,476,944</u>	<u>\$ 11,425,376</u>	<u>\$ 76,253,618</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, 2023

Net change in fund balances - total governmental funds	\$	2,295,362
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		9,352,365
Depreciation is reported in the government-wide financial statements		(4,317,167)
Net book value of assets retired		(1,872,393)
Receivables not currently available are reported as revenue when collected or currently available in the fund financial statements but are recognized as revenue when earned in the government-wide financial statements.		
		(15,526)
Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal repaid		1,315,011
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		84,130
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		(39,012)
Net pension asset - IMRF		(12,674,542)
Net pension liability - IMRF		(2,241,792)
Net pension liability - Police Pension		2,134,411
Net pension liability - Firefighters' Pension		4,646,435
Total OPEB liability		(1,295,213)
Deferred outflows of resources related to OPEB		(170,450)
Deferred inflows of resources related to OPEB		786,407
Deferred outflows of resources related to pensions		(3,826,008)
Deferred inflows of resources related to pensions		9,649,308
Accrued interest on debt		119
Lease liability		55,798
The change in claims payable is shown as an expense on the statement of activities.		(20,138)
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.		<u>1,127,740</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 4,974,845</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2023

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>	
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 6,696,458	\$ 2,068,734	\$ 8,765,192	\$ 7,848,209
Accounts receivable (net)	2,180,621	729,213	2,909,834	823,815
Total Current Assets	<u>8,877,079</u>	<u>2,797,947</u>	<u>11,675,026</u>	<u>8,672,024</u>
Noncurrent Assets				
Capital Assets				
Land	66,958	-	66,958	-
Construction in progress	1,193,633	1,520,073	2,713,706	804,541
Lease asset - right-to-use	-	-	-	36,436
Water and sewer plant and equipment	99,439,267	87,600,572	187,039,839	-
Improvements other than buildings	-	999,305	999,305	-
Machinery, equipment and furnishings	-	-	-	16,489,344
Less: Accumulated depreciation	<u>(44,900,010)</u>	<u>(63,900,138)</u>	<u>(108,800,148)</u>	<u>(11,103,733)</u>
Total Noncurrent Assets	<u>55,799,848</u>	<u>26,219,812</u>	<u>82,019,660</u>	<u>6,226,588</u>
Total Assets	<u>64,676,927</u>	<u>29,017,759</u>	<u>93,694,686</u>	<u>14,898,612</u>
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on advanced refunding	413,462	-	413,462	-
Deferred outflows related to pensions	1,373,923	629,094	2,003,017	739,691
Deferred outflows related to OPEB	<u>167,507</u>	<u>82,277</u>	<u>249,784</u>	<u>166,290</u>
Total Deferred Outflows of Resources	<u>1,954,892</u>	<u>711,371</u>	<u>2,666,263</u>	<u>905,981</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF NET POSITION PROPRIETARY FUNDS As of December 31, 2023

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>	
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 918,929	\$ 757,798	\$ 1,676,727	\$ 218,549
Accrued liabilities	31,498	10,817	42,315	13,832
Deposits	41,000	-	41,000	-
Unearned revenue	75,405	20,000	95,405	9,925
Long-term debt - due within one year	<u>2,331,507</u>	<u>570,528</u>	<u>2,902,035</u>	<u>29,423</u>
Total Current Liabilities	<u>3,398,339</u>	<u>1,359,143</u>	<u>4,757,482</u>	<u>271,729</u>
Noncurrent Liabilities				
Long-Term Debt				
Due in more than one year	<u>31,977,297</u>	<u>4,269,327</u>	<u>36,246,624</u>	<u>694,572</u>
Total Noncurrent Liabilities	<u>31,977,297</u>	<u>4,269,327</u>	<u>36,246,624</u>	<u>694,572</u>
Total Liabilities	<u>35,375,636</u>	<u>5,628,470</u>	<u>41,004,106</u>	<u>966,301</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred gain on refunding	-	64,760	64,760	-
Deferred inflows related to OPEB	<u>177,623</u>	<u>87,245</u>	<u>264,868</u>	<u>176,332</u>
Total Deferred Inflows of Resources	<u>177,623</u>	<u>152,005</u>	<u>329,628</u>	<u>176,332</u>
NET POSITION				
Net investment in capital assets	24,606,104	21,765,211	46,371,315	6,226,588
Unrestricted	<u>6,472,456</u>	<u>2,183,444</u>	<u>8,655,900</u>	<u>8,435,372</u>
TOTAL NET POSITION	<u>\$ 31,078,560</u>	<u>\$ 23,948,655</u>	<u>\$ 55,027,215</u>	<u>\$ 14,661,960</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, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Totals	
OPERATING REVENUES				
Water sales	\$ 12,624,071	\$ -	\$ 12,624,071	\$ -
Sanitary sewer charges	-	2,373,249	2,373,249	-
Stormwater management fees	-	2,330,730	2,330,730	-
Water/sewer permit fees	135,845	31,961	167,806	-
Charges for goods and services	-	-	-	10,606,845
Miscellaneous	459,019	65,015	524,034	33,485
Total Operating Revenues	13,218,935	4,800,955	18,019,890	10,640,330
OPERATING EXPENSES				
Personnel services	2,736,987	1,249,872	3,986,859	1,528,196
Contractual services	1,437,178	679,773	2,116,951	6,328,931
Materials and supplies	589,042	56,979	646,021	609,784
Small tools and equipment	309,343	2,290,599	2,599,942	76,272
Administrative reimbursements	1,540,600	-	1,540,600	-
Repairs and maintenance	-	-	-	457,669
Depreciation	1,473,789	2,188,731	3,662,520	877,560
Total Operating Expenses	8,086,939	6,465,954	14,552,893	9,878,412
Operating Income (Loss)	5,131,996	(1,664,999)	3,466,997	761,918
NONOPERATING REVENUES (EXPENSES)				
Investment income	307,590	200,556	508,146	310,025
Intergovernmental	386,168	364,168	750,336	-
Gain on sale of capital assets	-	-	-	45,926
Interest and fiscal charges	(792,414)	(108,410)	(900,824)	(10,129)
Total Nonoperating Revenues (Expenses)	(98,656)	456,314	357,658	345,822
Income (Loss) Before Transfers	5,033,340	(1,208,685)	3,824,655	1,107,740
TRANSFERS				
Transfers in	600,177	1,774,285	2,374,462	20,000
Change in Net Position	5,633,517	565,600	6,199,117	1,127,740
NET POSITION - Beginning of Year	25,445,043	23,383,055	48,828,098	13,534,220
NET POSITION - END OF YEAR	\$ 31,078,560	\$ 23,948,655	\$ 55,027,215	\$ 14,661,960

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the Year Ended December 31, 2023

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>	
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 12,958,868	\$ 4,918,061	\$ 17,876,929	\$ 10,805,398
Paid to suppliers	(3,886,139)	(2,926,721)	(6,812,860)	(7,463,701)
Paid to employees	(2,487,061)	(1,138,543)	(3,625,604)	(1,383,682)
Net Cash Flows From Operating Activities	<u>6,585,668</u>	<u>852,797</u>	<u>7,438,465</u>	<u>1,958,015</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>307,590</u>	<u>200,556</u>	<u>508,146</u>	<u>310,025</u>
Net Cash Flows From Investing Activities	<u>307,590</u>	<u>200,556</u>	<u>508,146</u>	<u>310,025</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating transfers	600,177	1,774,285	2,374,462	20,000
Operating grants received	<u>386,168</u>	<u>364,168</u>	<u>750,336</u>	<u>-</u>
Net Cash Flows From Noncapital Financing Activities	<u>986,345</u>	<u>2,138,453</u>	<u>3,124,798</u>	<u>20,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Debt retired	(2,230,052)	(535,000)	(2,765,052)	-
Interest paid	(1,004,249)	(152,143)	(1,156,392)	(10,129)
Lease principal paid	-	-	-	(7,343)
Acquisition and construction of capital assets	(1,385,323)	(3,694,305)	(5,079,628)	(728,891)
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,926</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(4,619,624)</u>	<u>(4,381,448)</u>	<u>(9,001,072)</u>	<u>(700,437)</u>
Net Change in Cash and Cash Equivalents	3,259,979	(1,189,642)	2,070,337	1,587,603
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>3,436,479</u>	<u>3,258,376</u>	<u>6,694,855</u>	<u>6,260,606</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 6,696,458</u>	<u>\$ 2,068,734</u>	<u>\$ 8,765,192</u>	<u>\$ 7,848,209</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Year Ended December 31, 2023

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Sewer	Totals	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 5,131,996	\$ (1,664,999)	\$ 3,466,997	\$ 761,918
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities				
Depreciation	1,473,789	2,188,731	3,662,520	877,560
Changes in assets and liabilities				
Accounts receivable	(276,906)	97,106	(179,800)	163,277
Accounts payable	(9,976)	100,630	90,654	8,955
Accrued salaries	1,548	2,096	3,644	3,087
Net pension liability	511,167	234,053	745,220	275,199
Deferred outflows related to pensions	(1,071,805)	(489,654)	(1,561,459)	(583,935)
Deferred inflows related to pensions	(2,292,606)	(1,058,122)	(3,350,728)	(1,181,936)
Compensated absences	9,523	(9,925)	(402)	(1,723)
Unearned revenue	13,839	20,000	33,839	1,791
Deposits	3,000	-	3,000	-
Total OPEB liability	1,670	6,571	8,241	45,206
Deferred outflows related to OPEB	20,907	6,992	27,899	(4,048)
Deferred inflows related to OPEB	(38,173)	(14,998)	(53,171)	(9,489)
Net pension asset	<u>3,107,695</u>	<u>1,434,316</u>	<u>4,542,011</u>	<u>1,602,153</u>
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 6,585,668</u>	 <u>\$ 852,797</u>	 <u>\$ 7,438,465</u>	 <u>\$ 1,958,015</u>
 NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Change in capital-related accounts payable	<u>\$ 665,289</u>	<u>\$ 55,765</u>		<u>\$ 55,295</u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS As of December 31, 2023

	<u>Pension Trusts</u>
ASSETS	
Cash and cash equivalents	\$ 1,507,916
Investments	
Police officers' pension investment fund	53,227,115
Firefighters' pension investment fund	56,832,827
Due from primary government	<u>2,177</u>
Total Assets	<u>111,570,035</u>
LIABILITIES	
Accounts payable	<u>12,908</u>
Total Liabilities	<u>12,908</u>
NET POSITION	
Restricted for pension benefits	<u>111,557,127</u>
TOTAL NET POSITION	<u>\$ 111,557,127</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, 2023

	<u>Pension Trusts</u>
ADDITIONS	
Contributions	
Employer	\$ 9,451,203
Plan members	<u>1,278,472</u>
Total Contributions	<u>10,729,675</u>
Investment income	
Investment income	107,190
Net appreciation in fair value of investments	<u>13,818,525</u>
Total Investment Income	<u>13,925,715</u>
Less investment expense	<u>137,634</u>
Net investment income	<u>13,788,081</u>
Total Additions	<u>24,517,756</u>
DEDUCTIONS	
Benefits	11,486,022
Administration	<u>88,110</u>
Total Deductions	<u>11,574,132</u>
Change in Fiduciary Net Position	12,943,624
NET POSITION - Beginning of Year	<u>98,613,503</u>
NET POSITION - END OF YEAR	<u><u>\$ 111,557,127</u></u>

See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

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See accompanying notes to financial statements.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

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

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

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, 2023. Separately issued financial statements of the Highland Park Public Library may be obtained from the Library's office.

Highland Park Housing Associations

The government-wide financial statements include the Highland Park Housing Associations as a component unit. The seven member Highland Park Housing Commission was created in 1973 to encourage and engage in the development of low-and moderate-income housing. Currently, the Commission operates rental housing in four affordable developments, which are owned and/or operated by three distinct housing associations. These are the Ravinia Housing Association, the Peers Housing Association, and the Sunset Woods Housing Association. The Ravinia Housing Association is comprised of two separate developments at two separate locations. The members of the Housing Commission, which are appointed by the Mayor and confirmed by the City Council, are concurrently the board members of the three individual associations. The City has the ability to impose its will over the Highland Park Housing Associations for the following reasons: (1) the Mayor has the ability to remove members at will without cause and (2) the Housing Commission budget and all projects are required to be approved by City Council. The Chair of the Housing Commission is also the President of each of the housing associations. Each of the three housing associations is a separate registered not-for-profit entity and has its own bylaws. As a component unit, the Associations' financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended December 31, 2023. Separately issued financial statements of the Highland Park Housing Associations' members may be obtained from the City's office.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

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

A. REPORTING ENTITY (cont.)

Fiduciary Component Units

Police Pension

The Police Pension Employees Retirement System (PPERS) is established for the City's police employees. PPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one pension beneficiary elected by the membership, and two police employees elected by the membership constitute the pension board. The City and the PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. A municipality is considered to have a financial burden if it is legally obligated or has otherwise assumed the obligation to make contributions to the pension plan. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. PPERS is reported as a fiduciary component unit and the data for the pension is included in the government's fiduciary fund financial statements as a pension trust fund. No separate annual financial report is issued for the PPERS.

Firefighters' Pension

The Firefighters' Pension Employees Retirement System (FPERS) is established for the City's firefighters. FPERS functions for the benefit of these employees and is governed by a five-member pension board. Two members appointed by the City's Mayor, one pension beneficiary elected by the membership, and two fire employees elected by the membership constitute the pension board. The City and the FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. A municipality is considered to have a financial burden if it is legally obligated or has otherwise assumed the obligation to make contributions to the pension plan. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. FPERS is reported as a fiduciary component unit and the data for the pension is included in the government's fiduciary fund financial statements as a pension trust fund. No separate annual financial report is issued for the FPERS.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

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

Government-Wide Financial Statements (cont.)

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

Fund Financial Statements

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

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

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 governmental funds:

General Fund - accounts for the City's primary operating activities. It is used to account for and report all financial resources except those accounted for and reported in another fund.

Public Safety Pension Levy Fund - used to account for the portion of the property tax levy restricted to funding police and firefighters' pensions, which is transferred to the Police and Firefighters' Pension Funds.

Capital Projects Fund - used to account for funds restricted, committed, or assigned to alleviate storm drainage problems, finance street improvements, and provide other facility and infrastructure improvements. The City has chosen to report this fund as a major fund.

The City reports the following major enterprise funds:

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

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

The City reports the following nonmajor governmental 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
Affordable Housing

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

Debt Service

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

Tax Increment Financing - Ravinia
Tax Increment Financing - Briergate

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

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

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

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

Government-Wide Financial Statements

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

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

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

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

Fund Financial Statements (cont.)

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

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

All Financial Statements

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

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

1. Deposits and Investments

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

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

1. Deposits and Investments (cont.)

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

Pension funds may also invest in certain non-U.S. obligations, Illinois municipal corporations tax anticipation warrants, veteran's loans, obligations of the State of Illinois and its political subdivisions, and the Illinois insurance company general and separate accounts, mutual funds meeting certain requirements, equity securities, and corporate bonds meeting certain requirements. Pension funds with net assets in excess of \$10,000,000 and an appointed investment advisor may invest an additional portion of its assets in common and preferred stocks and mutual funds, that meet certain requirements. The Police Pension Fund and Firefighters' Pension Fund investment policies allow funds to be invested in any type of security authorized by the Illinois Pension Code.

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

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

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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.)

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

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

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, 2023

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.)

Concentration of Credit Risk

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

The Police and Firefighters' Pension Funds do not hold any investments susceptible to this risk as of December 31, 2023.

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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.)

See Note II. A. for further information.

2. Receivables

Property taxes for levy year 2023 attach as an enforceable lien, as of January 1, 2023, 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 2023 are prepared by Lake County, issued in May 2024, and are payable in two installments, on or about June 6, 2024 and September 6, 2024 or within 30 days of the tax bills being issued.

The county collects such taxes and remits them periodically. The 2023 property tax levy is recognized as a receivable and a deferral in fiscal 2023, net of the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues. At December 31, 2023, the property taxes receivable and related deferred inflows consisted of the estimated amount collectible from the 2023 levy and amounts from the 2022 levy not collected until after year-end.

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

3. Inventories and Prepaid Items

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

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

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

4. Capital Assets

Government-Wide Statements

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

Additions to and replacements of capital assets of business-type activities are recorded at original cost, which includes material, labor, and overhead. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

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

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

Lease assets are typically amortized over the lease term.

Fund Financial Statements

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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.)

5. Deferred Outflows of Resources

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

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

6. Compensated Absences

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

7. Long-Term Obligations

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

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

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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.)

8. Leases

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

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

9. Deferred Inflows of Resources

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

10. Equity Classifications

Government-Wide Statements

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

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

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

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

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

10. Equity Classifications

Fund Statements

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.
- 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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

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

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

10. Equity Classifications

Fund Statements (cont.)

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%), Affordable Housing Trust Fund (150%), and Debt Service Fund (15%).

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE II - DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

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

	Carrying Value	Statement Balances	Associated Risks
Deposits	\$ 73,842,914	\$ 76,408,175	Custodial credit risk - deposits
Money market - Illinois Funds	18,979,695	18,979,695	Credit risk
Money market - other	1,129,132	1,129,132	Credit risk, interest rate risk
Firefighters' pension investment fund	56,832,827	56,832,827	Credit risk
Police officers' pension investment fund	53,227,115	53,227,115	Credit risk
Petty cash	5,470	-	N/A
Total Deposits and Investments	<u>\$204,017,153</u>	<u>\$206,576,944</u>	
Reconciliation to financial statements			
Per statement of net position			
Cash		\$ 92,449,295	
Per statement of net position - fiduciary funds			
Cash and cash equivalents		1,507,916	
Police officers' pension investment fund		53,227,115	
Firefighters' pension investment fund		56,832,827	
Total Deposits and Investments		<u>\$204,017,153</u>	

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, 2023

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, 2023, the City's investments were measured using valuation inputs as follows:

Police Pension Fund

Investment Type	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Money market - other	\$ 569,046	\$ -	\$ -	\$ 569,046
Total	\$ 569,046	\$ -	\$ -	\$ 569,046

Firefighters' Pension Fund

Investment Type	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Money market - other	\$ 560,086	\$ -	\$ -	\$ 560,086
Total	\$ 560,086	\$ -	\$ -	\$ 560,086

The Police Pension Investment Fund of \$53,227,115 and the Firefighters' Pension Investment Fund of \$56,832,827 are measured at net asset value.

Custodial Credit Risk

Deposits

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

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

A. DEPOSITS AND INVESTMENTS (cont.)

Custodial Credit Risk (cont.)

Investments

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

Credit Risk

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

As of December 31, 2023, the City's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poors</u>	<u>Moody's Investors Services</u>
Money market - Illinois Funds	AAAm	NR
Money market - other	AAAm	Aaa

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

Illinois Police Officers' Pension Investment Fund

Illinois Firefighters' Pension Investment Fund

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At December 31, 2023, the City held no investments subject to concentration of credit risk.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

A. DEPOSITS AND INVESTMENTS (cont.)

Interest Rate Risk

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

As of December 31, 2023, the City's investments were as follows:

Police Pension Fund

Investment Type	Fair Value	Maturity (In Years)			
		< 1	1-5	6-10	> 10
Money market - other	\$ 569,046	\$ 569,046	\$ -	\$ -	\$ -
Totals	<u>\$ 569,046</u>	<u>\$ 569,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Firefighters' Pension Fund

Investment Type	Fair Value	Maturity (In Years)			
		< 1	1-5	6-10	> 10
Money market - other	\$ 560,086	\$ 560,086	\$ -	\$ -	\$ -
Totals	<u>\$ 560,086</u>	<u>\$ 560,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Money-Weighted Rate of Return

Police Pension Fund

For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 13.32%. 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, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.90%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

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

B. RECEIVABLES

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

	General Fund
Intergovernmental receivable	
Sales tax	\$ 3,210,926
Utility tax	566,627
Home rule sales tax	1,387,453
Local use tax	407,941
Total	\$ 5,572,947

	General Fund
Accounts receivable	
Local sales	\$ 206,558
Rent	9,109
Grants	122,197
Permits	79,643
Court fines	13,286
Miscellaneous	556,321
Gross receivables	987,114
Less: Allowance for uncollectibles	(451,538)
Net accounts receivable	\$ 535,576

All of the receivables on the balance sheet are expected to be collected within one year, except for \$938,723 in other receivables in the General Fund, which represents air rights sold to a developer and payable in three annual installments of \$312,908 beginning in 2024, and \$1,915,615 of the \$1,989,232 in leases receivable.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

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

B. RECEIVABLES (cont.)

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

	Unearned	Unavailable
Property taxes receivable for subsequent year	\$ 19,150,600	\$ -
Grants	1,443,992	109,970
Other	188,317	938,723
 Total Unearned/Unavailable Revenue for Governmental Funds	 \$ 20,782,909	 \$ 1,048,693
 Unearned revenue included in liabilities	 \$ 1,632,309	
 Unearned revenue included in deferred inflows	 19,150,600	
 Total Unearned Revenue for Governmental Funds	 \$ 20,782,909	

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

C. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated/ amortized				
Land	\$ 14,076,486	\$ -	\$ 1,774,032	\$ 12,302,454
Land right of way	260,190	-	-	260,190
Construction in progress	7,251,197	677,313	5,991,559	1,936,951
Total Capital Assets Not Being Depreciated/ Amortized	21,587,873	677,313	7,765,591	14,499,595
Capital assets being depreciated/amortized				
Buildings and land improvements	74,541,498	9,861,630	277,539	84,125,589
Machinery and equipment	21,747,495	2,114,623	190,347	23,671,771
Infrastructure	66,900,612	3,311,605	-	70,212,217
Buildings - right-to-use	83,443	-	83,443	-
Equipment - right-to-use	740,685	159,939	34,720	865,904
Total Capital Assets Being Depreciated/Amortized	164,013,733	15,447,797	586,049	178,875,481
Total Capital Assets	185,601,606	16,125,110	8,351,640	193,375,076
Less: Accumulated depreciation/ amortization for				
Buildings and land improvements	41,129,938	1,731,048	262,596	42,598,390
Machinery and equipment	14,430,060	1,360,748	114,751	15,676,057
Infrastructure	41,935,686	1,896,253	-	43,831,939
Buildings - right-to-use	55,775	19,846	75,621	-
Equipment - right-to-use	171,970	186,832	34,720	324,082
Total Accumulated Depreciation/ Amortization	97,723,429	5,194,727	487,688	102,430,468
Net Capital Assets Being Depreciated/Amortized	66,290,304	10,253,070	98,361	76,445,013
Total Governmental Activities Capital Assets, Net of Accumulated Depreciation/Amortization	\$ 87,878,177	\$ 10,930,383	\$ 7,863,952	\$ 90,944,608

Depreciation/amortization expense was charged to functions as follows:

Governmental Activities	
General government	\$ 383,688
Public safety	864,822
Public works	2,381,647
Economic development	1,564,570
Total Governmental Activities Depreciation/Amortization Expense	\$ 5,194,727

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

C. CAPITAL ASSETS (cont.)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-type Activities				
Capital assets not being depreciation				
Land	\$ 66,958	\$ -	\$ -	\$ 66,958
Construction in progress	5,619,930	1,553,467	4,459,691	2,713,706
Total Capital Assets Not Being Depreciation	5,686,888	1,553,467	4,459,691	2,780,664
Capital assets being depreciated				
Buildings and land improvements	51,085,866	335,400	-	51,421,266
Machinery and equipment	5,165,572	-	-	5,165,572
Infrastructure	123,080,800	8,371,506	-	131,452,306
Total Capital Assets Being Depreciated	179,332,238	8,706,906	-	188,039,144
Total Capital Assets	185,019,126	10,260,373	4,459,691	190,819,808
Less: Accumulated depreciation for				
Buildings and land improvements	17,794,600	908,040	-	18,702,640
Machinery and equipment	3,533,386	172,442	-	3,705,828
Infrastructure	83,809,642	2,582,038	-	86,391,680
Total Accumulated depreciation	105,137,628	3,662,520	-	108,800,148
Net Capital Assets Being Depreciated	74,194,610	5,044,386	-	79,238,996
Business-type Capital Assets, Net of Accumulated depreciation	\$ 79,881,498	\$ 6,597,853	\$ 4,459,691	\$ 82,019,660

Depreciation expense was charged to functions as follows:

Business-type Activities

Water	\$ 1,473,789
Sewer	2,188,731
Total Business-type Activities Depreciation Expense	\$ 3,662,520

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

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

D. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor Governmental	\$ <u>88,485</u>
Total - Fund Financial Statements		88,485
Less: Government-wide eliminations		<u>(88,485)</u>
Total Internal Balances - Government-Wide Statement of Net Position		<u>\$ -</u>

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

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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	\$ 675,000	E-911 costs
Capital Projects	General	195,467	Funding for capital improvements
Capital Projects	Nonmajor Governmental	1,201,200	Street and bridge improvements
Capital Projects	Nonmajor Governmental	139,000	Funding of Ravinia Fire Station energy saving measures
Capital Projects	Nonmajor Governmental	178,603	Street and bridge improvements
Internal Service	Nonmajor Governmental	20,000	Incremental costs of purchasing public works environmentally friendly vehicles
Nonmajor Governmental	General	80,194	ARPA funding for capital project improvements
Water	General	244,927	ARPA funding for capital project improvements, SSA 18 street and bridge improvements
Water	Nonmajor Governmental	355,250	Street and bridge improvements
Sewer	General	221,360	ARPA funding for capital project improvements, SSA 18 street and bridge improvements
Sewer	Nonmajor Governmental	682,925	Street and bridge improvements
Sewer	Nonmajor Governmental	<u>870,000</u>	Funding of Ravinia Fire Station energy saving measures
Total - Fund Financial Statements		4,863,926	
Less: Government-wide eliminations		<u>(2,489,464)</u>	
Total Transfers - Government-Wide Statement of Activities		<u><u>\$ 2,374,462</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, 2023

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

E. LONG-TERM OBLIGATIONS

Long-term obligations activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds and Notes Payable					
General obligation debt	\$ 17,025,860	\$ -	\$ 1,315,011	\$ 15,710,849	\$ 1,345,012
(Discounts)/Premiums	1,098,583	-	84,130	1,014,453	-
Sub-totals	18,124,443	-	1,399,141	16,725,302	1,345,012
Other Liabilities					
Compensated absences	1,709,305	1,319,268	1,281,979	1,746,594	349,319
Lease liabilities	640,840	159,939	223,080	577,699	181,590
Total OPEB liability	12,804,383	1,827,349	486,930	14,144,802	-
Claims payable	174,729	82,221	62,083	194,867	-
Net pension liability - IMRF	-	13,328,609	10,811,618	2,516,991	-
Net pension liability - Firefighters'	45,536,288	840,570	5,487,005	40,889,853	-
Net pension liability - Police	53,952,243	3,864,606	5,999,017	51,817,832	-
Total Other Liabilities	114,817,788	21,422,562	24,351,712	111,888,638	530,909
Total Governmental Activities Long-Term Liabilities	\$ 132,942,231	\$ 21,422,562	\$ 25,750,853	\$ 128,613,940	\$ 1,875,921
Business-type Activities					
Bonds and Notes Payable					
General obligation debt	\$ 34,109,139	\$ -	\$ 2,524,988	\$ 31,584,151	\$ 2,619,988
IEPA loan - direct borrowing	3,993,737	-	240,064	3,753,673	244,877
(Discounts)/Premiums	2,632,797	-	248,856	2,383,941	-
Sub-totals	40,735,673	-	3,013,908	37,721,765	2,864,865
Other Liabilities					
Compensated absences	186,251	139,286	139,688	185,849	37,170
Total OPEB liability	487,584	64,055	55,814	495,825	-
Net pension liability - IMRF	-	3,946,280	3,201,060	745,220	-
Total Other Liabilities	673,835	4,149,621	3,396,562	1,426,894	37,170
Total Business-type Activities Long-Term Liabilities	\$ 41,409,508	\$ 4,149,621	\$ 6,410,470	\$ 39,148,659	\$ 2,902,035

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

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	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2023
General Obligation Debt					
2015 General Obligation Bonds due in annual installments of \$30,000 to \$2,125,000	1/27/2015	12/30/2034	3.00% - 3.25%	\$ 646,800	\$ 475,750
2016 General Obligation Bonds due in annual installments of \$110,000 to \$2,070,000	1/29/2016	12/30/2034	2.00% - 3.00%	4,650,000	565,000
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	430,099
2018 General Obligation Bonds due in annual installments of \$395,000 to \$660,000	2/8/2018	12/30/2031	3.00%	7,900,000	5,530,000
2022 General Obligation Bonds due in annual installments of \$520,000 to \$785,000	2/23/2022	12/30/2036	3.00% - 4.00%	9,230,000	<u>8,710,000</u>
Total Governmental Activities - General Obligation Debt					<u>\$ 15,710,849</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

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

E. LONG-TERM OBLIGATIONS (cont.)

General Obligation Debt (cont.)

Business-type Activities	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2023
Water Fund - 2012 General Obligation Refunding Bonds due in annual installments of \$70,000 to \$490,000	12/27/2012	12/30/2031	2.00% - 4.00%	\$ 5,885,000	\$ 3,590,000
Water Fund - 2015 General Obligation Bonds due in annual installments of \$30,000 to \$2,125,000	1/27/2015	12/30/2034	3.00% - 3.25%	5,135,200	3,777,167
Sewer Fund - 2015 General Obligation Bonds due in annual installments of \$30,000 to \$2,125,000	1/27/2015	12/30/2034	3.00% - 3.25%	98,000	72,083
Water Fund - 2016 General Obligation Bonds due in annual installments of \$110,000 to \$2,070,000	1/29/2016	12/30/2034	2.00% - 3.00%	2,275,000	2,275,000
Sewer Fund - 2016 General Obligation Bonds due in annual installments of \$110,000 to \$2,070,000	1/29/2016	12/30/2034	2.00% - 3.00%	995,000	625,000
Water Fund - 2017 General Obligation Bonds due in annual installments of \$159,990 to \$195,000	2/7/2017	12/31/2032	2.00% - 3.25%	2,709,838	1,674,901
Water Fund - 2020 General Obligation Refunding Bonds in annual installments of \$320,000 to \$395,000	8/4/2020	12/31/2031	2.00%- 4.00%	2,875,000	2,875,000
Sewer Fund - 2020 General Obligation Refunding Bonds in annual installments of \$0 to \$1,455,000	8/4/2020	12/31/2031	2.00%- 4.00%	2,500,000	1,145,000

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

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, 2023
Water Fund - 2021 General Obligation Refunding Bonds in annual installments of \$0 to \$2,555,000	11/16/2021	12/31/2032	2.00%- 4.00%	\$ 15,950,000	\$ 13,375,000
Sewer Fund - 2022 General Obligation Bonds due in annual installments of \$135,000 to \$190,000	2/23/2022	12/30/2036	3.00% - 4.00%	2,310,000	<u>2,175,000</u>
Total Business-type Activities - General Obligation Debt					<u>\$ 31,584,151</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
2024	\$ 1,345,012	\$ 517,042	\$ 2,619,988	\$ 984,983
2025	1,380,011	473,092	2,699,989	893,958
2026	1,435,011	427,942	2,804,988	800,058
2027	1,280,012	380,941	2,504,989	702,334
2028	1,310,013	336,441	2,619,987	611,209
2029-2033	6,428,790	983,179	14,601,210	1,782,253
2034-2036	<u>2,532,000</u>	<u>146,615</u>	<u>3,733,000</u>	<u>133,835</u>
Totals	<u>\$ 15,710,849</u>	<u>\$ 3,265,252</u>	<u>\$ 31,584,151</u>	<u>\$ 5,908,630</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

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

E. LONG-TERM OBLIGATIONS (cont.)

Business-type Activities

Other Bonds or Notes or Loans Payable	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance December 31, 2023
Water Fund - IEPA Loan, Preliminary Series 2015 - 2017, due in annual installments of \$157,701 to \$310,744	11/1/2015	12/1/2037	1.995%	\$ 3,812,839	<u>\$ 3,753,673</u>
Total Business-type Activities Other Bonds or Notes or Loans Payable					<u>\$ 3,753,673</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	Business-type Activities Other Bonds or Notes or Loans Payable	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 244,877	\$ 73,671
2025	249,787	68,761
2026	254,795	63,753
2027	259,903	58,644
2028	265,114	53,433
2029-2033	1,407,466	185,272
2034-2037	<u>1,071,731</u>	<u>43,186</u>
Totals	<u>\$ 3,753,673</u>	<u>\$ 546,720</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

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

E. LONG-TERM OBLIGATIONS (cont.)

Lease Liabilities

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

<u>Governmental Activities</u>	Date of	Final	Interest	Original	Balance
Lease Liabilities	Issue	Maturity	Rates	Indebtedness	December 31, 2023
Copiers	12/5/2020	12/5/2025	3.00%	\$ 40,296	\$ 23,942
Police body cameras	1/1/2022	12/31/2027	6.00%	640,481	406,426
Mailing equipment	Various	Various	5.00%	29,050	24,555
Police cameras	5/1/2023	12/31/2026	4.9%	159,939	<u>122,776</u>
Total Governmental Activities Lease Liabilities					<u>\$ 577,699</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u>	
	<u>Lease Liabilities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 181,590	\$ 41,993
2025	195,126	27,001
2026	192,949	13,162
2027	<u>8,034</u>	<u>1,029</u>
Totals	<u>\$ 577,699</u>	<u>\$ 83,185</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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

F. LEASE DISCLOSURES

Lessor - Lease Receivables

<u>Governmental Activities</u>	<u>Date of</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Receivable Balance December 31, 2023</u>
<u>Lease Receivables Description</u>	<u>Inception</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>2023</u>
Parking facilities	4/26/2021	4/30/2025	3.00%	\$ 570,204
Water treatment plant antenna	2/13/2017	2/28/2032	3.00%	124,227
Cell tower	10/28/2013	12/31/2038	3.00%	762,026
Art building	11/10/2020	11/15/2038	3.00%	532,775
Total governmental activities				\$ 1,989,232

The City recognized \$64,894 of lease revenue during the fiscal year.

The City recognized \$83,688 of interest revenue during the fiscal year.

G. COMPONENT UNITS

HIGHLAND PARK PUBLIC LIBRARY

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

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

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

	<u>Carrying Value</u>	<u>Statement Balances</u>	<u>Associated Risks</u>
Deposits with financial institutions	\$ 6,580,065	\$ 6,630,649	Custodial credit risk
Money market mutual funds	1,161,309	1,161,309	Credit risk, interest rate risk
Illinois funds	2,373	2,373	Credit risk
Petty cash	434	-	N/A
Total Deposits and Investments	<u>\$ 7,744,181</u>	<u>\$ 7,794,331</u>	

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

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

G. COMPONENT UNIT (cont.)

HIGHLAND PARK PUBLIC LIBRARY (cont.)

b. Deposits and Investments (cont.)

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

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

As of December 31, 2023, the Library's investments were measured using valuation inputs as follows:

Investment Type	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Money market mutual funds	\$ 1,161,309	\$ -	\$ -	\$ 1,161,309
Total	\$ 1,161,309	\$ -	\$ -	\$ 1,161,309

Custodial Credit Risk

Deposits

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

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

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

G. COMPONENT UNIT (cont.)

HIGHLAND PARK PUBLIC LIBRARY (cont.)

b. Deposits and Investments (cont.)

Custodial Credit Risk (cont.)

Investments

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

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

Credit Risk

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

As of December 31, 2023, the Library's investments were rated as follows:

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

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, 2023, the Library's debt investments were as follows:

Investment Type	Maturity (In Years)	
	Fair Value	< 1
Money market mutual funds	\$ 1,161,309	\$ 1,161,309
Totals	<u>\$ 1,161,309</u>	<u>\$ 1,161,309</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, 2023

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

G. COMPONENT UNIT (cont.)

HIGHLAND PARK PUBLIC LIBRARY (cont.)

c. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 500,000	\$ -	\$ -	\$ 500,000
Construction in progress	-	29,372	-	29,372
Land Improvements	222,304	-	-	222,304
Buildings and improvements	8,622,992	6,538	-	8,629,530
Machinery and equipment	2,410,867	12,423	-	2,423,290
Less: Accumulated depreciation	<u>(4,963,725)</u>	<u>(274,020)</u>	-	<u>(5,237,745)</u>
 Totals	 <u>\$ 6,792,438</u>	 <u>\$ (225,687)</u>	 <u>\$ -</u>	 <u>\$ 6,566,751</u>

d. Long-Term Obligations

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
General obligation debt	\$ 675,000	\$ -	\$ 50,000	\$ 625,000	\$ 50,000
Vested compensated absences	130,852	155,807	134,303	152,356	-
Total OPEB liability	296,223	38,978	11,982	323,219	-
Net pension liability - IMRF	<u>-</u>	<u>3,281,852</u>	<u>2,662,103</u>	<u>619,749</u>	<u>-</u>
 Totals	 <u>\$ 1,102,075</u>	 <u>\$ 3,476,637</u>	 <u>\$ 2,858,388</u>	 <u>\$ 1,720,324</u>	 <u>\$ 50,000</u>

General Obligation Debt

	Principal	Interest	Totals
2024	\$ 50,000	\$ 16,425	\$ 66,425
2025	50,000	15,425	65,425
2026	50,000	14,425	64,425
2027	55,000	13,425	68,425
2028	55,000	12,050	67,050
2029-2033	300,000	37,075	337,075
2034	<u>65,000</u>	<u>1,950</u>	<u>66,950</u>
 Totals	 <u>\$ 625,000</u>	 <u>\$ 110,775</u>	 <u>\$ 735,775</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

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

G. COMPONENT UNIT (cont.)

HIGHLAND PARK HOUSING ASSOCIATIONS

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

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

a. Basis of Accounting/Measurement Focus

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

b. Deposits and Investments

At year end, the carrying amount of the Association's deposits was \$2,287,171, consisting of deposits with financial institutions.

c. Restricted Assets

The following represent the balances of the restricted assets:

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, 2023, restricted cash was \$565,291.

d. Capital Assets

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Buildings	\$ 9,385,562	\$ 73,861	\$ -	\$ 9,459,423	15-40
Equipment	461,678	78,386	-	540,064	5-10
Furniture and fixtures	1,117,878	18,940	-	1,136,818	5-10
Less: Accumulated depreciation/ amortization	<u>(7,557,298)</u>	<u>(282,747)</u>	<u>-</u>	<u>(7,840,045)</u>	
Totals	<u>\$ 3,407,820</u>	<u>\$ (111,560)</u>	<u>\$ -</u>	<u>\$ 3,296,260</u>	

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

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

G. COMPONENT UNIT (cont.)

HIGHLAND PARK HOUSING ASSOCIATIONS (cont.)

e. Long-Term Obligations

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Mortgage loan payable	\$ 4,372,753	\$ 12,320	\$ 264,087	\$ 4,120,986	\$ 185,032
Unamortized issuance costs	(98,908)	-	(11,074)	(87,834)	-
Totals	<u>\$ 4,273,845</u>	<u>\$ 12,320</u>	<u>\$ 253,013</u>	<u>\$ 4,033,152</u>	<u>\$ 185,032</u>

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

	Principal
2024	\$ 185,032
2025	195,949
2026	85,787
2027	321,259
2028	14,882
2029-2043	<u>3,318,077</u>
Totals	<u>\$ 4,120,986</u>

f. Contingent Liabilities

If the Association were not in compliance with the stipulated terms of loan agreements with Lake County (through the HOME and Investment Program) and the Illinois Housing Development Authority (IHDA), \$361,139 of mortgages would be due on demand. This amount has not been reflected as a liability due to its contingent nature.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION

A. EMPLOYEES' RETIREMENT SYSTEM

The City contributes to three defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), an agent-multiple-employer public employee retirement system; the Police Pension Plan which is a single-employer pension plan; and the Firefighters' Pension Plan which is a single-employer pension plan. The benefits, benefits levels, employee contributions and employer contributions for the plans are governed by Illinois Compiled Statutes and can only be amended by the Illinois General Assembly. Total pension expense for the City and Library for the year ending December 31, 2023 totaled \$12,580,030 and \$302,161, respectively. The Police Pension Plan and the Firefighters' Pension Plan do not issue separate reports on the pension plans. IMRF does issue a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report can be obtained from IMRF, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

For the year ended December 31, 2023, the City recognized the following balances in the government-wide financial statements:

	Total Pension Liability	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
IMRF - City	\$ 94,948,574	\$ 3,262,211	\$ 8,768,239	\$ -	\$ 1,590,505
Police Pension	105,951,863	51,817,832	9,298,531	83,700	6,370,532
Firefighters' Pension	98,312,949	40,889,853	6,574,227	306,077	4,618,993
Total	\$299,213,386	\$ 95,969,896	\$ 24,640,997	\$ 389,777	\$ 12,580,030

Illinois Municipal Retirement Fund

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

Plan membership. At December 31, 2022, the measurement date, membership in the plan was as follows:

Retirees and beneficiaries	309
Inactive, non-retired members	225
Active members	<u>178</u>
Total	<u><u>712</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 2022 was 5.36% of annual covered payroll for IMRF. The City and Library also contribute for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date.

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Actuarial Assumptions. The total pension liability for IMRF was determined by actuarial valuations performed as of December 31, 2022 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Investment Rate of Return	7.25%
Inflation	2.25%
Salary increases	2.85% to 13.75%, including inflation
Price inflation	2.25%

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

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

Asset Class	Target Allocation	Projected Returns/Risks	
		One Year Arithmetic	Ten Year Geometric
Equities	35.50%	7.82%	6.50%
International equities	18.00%	9.23%	7.60%
Fixed income	25.50%	5.01%	4.90%
Real estate	10.50%	7.10%	6.20%
Alternatives	9.50%		
Private equity		13.43%	9.90%
Hedge funds		N/A	N/A
Commodities		7.42%	6.25%
Cash equivalents	1.00%	4.00%	4.00%

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Discount rate. The discount rate used to measure the total pension liability for IMRF was 7.25%. The discount rate calculated using the December 31, 2021 measurement date was 7.25%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that City and Library contributions will be made at rates equal to the difference between actuarially determined contribution rate and the member rate. Based on those assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

Discount rate sensitivity. The following is a sensitivity analysis of the net pension liability/(asset) to changes in the discount rate. The table below presents net pension liability/(asset) of the City and Library calculated using the discount rate of 7.25% as well as what the net pension liability/(asset) would be if it were to be calculated using a discount rate that is 1 percentage point lower (6.25) or 1 percentage point higher (8.25) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
<i>City:</i>			
Total pension liability	\$ 104,629,601	\$ 94,948,574	\$ 87,182,709
Plan fiduciary net pension	<u>91,686,363</u>	<u>91,686,363</u>	<u>91,686,363</u>
Net pension liability/(asset)	<u>\$ 12,943,238</u>	<u>\$ 3,262,211</u>	<u>\$ (4,503,654)</u>
<i>Library:</i>			
Total pension liability	\$ 21,374,644	\$ 19,396,920	\$ 17,810,441
Plan fiduciary net pension	<u>18,777,171</u>	<u>18,777,171</u>	<u>18,777,171</u>
Net pension liability/(asset)	<u>\$ 2,597,473</u>	<u>\$ 619,749</u>	<u>\$ (966,730)</u>
<i>Total:</i>			
Total pension liability	\$ 126,004,245	\$ 114,345,494	\$ 104,993,150
Plan fiduciary net pension	<u>110,463,534</u>	<u>110,463,534</u>	<u>110,463,534</u>
Net pension liability/(asset)	<u>\$ 15,540,711</u>	<u>\$ 3,881,960</u>	<u>\$ (5,470,384)</u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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, 2022 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, 2021	\$ 93,007,198	\$ 111,825,904	\$ (18,818,706)
Service cost	1,009,221	-	1,009,221
Interest on total pension liability	6,625,601	-	6,625,601
Differences between expected and actual experience of the total pension liability	636,024	-	636,024
Change of assumptions	(202,607)	-	(202,607)
Benefit payments, including refunds of employee contributions	(6,126,863)	(6,126,863)	-
Contributions - employer	-	605,162	(605,162)
Contributions - employee	-	508,067	(508,067)
Net investment income	-	(15,136,704)	15,136,704
Other (net transfer)	-	10,797	(10,797)
Balances at December 31, 2022	<u>\$ 94,948,574</u>	<u>\$ 91,686,363</u>	<u>\$ 3,262,211</u>
<i>Library:</i>			
Balances at December 31, 2021	\$ 18,787,002	\$ 22,603,244	\$ (3,816,242)
Service cost	191,730	-	191,730
Interest on total pension liability	1,258,720	-	1,258,720
Differences between expected and actual experience of the total pension liability	120,831	-	120,831
Change of assumptions	202,607	-	202,607
Benefit payments, including refunds of employee contributions	(1,163,970)	(1,163,970)	-
Contributions - employer	-	114,968	(114,968)
Contributions - employee	-	96,522	(96,522)
Net investment income	-	(2,875,644)	2,875,644
Other (net transfer)	-	2,051	(2,051)
Balances at December 31, 2022	<u>\$ 19,396,920</u>	<u>\$ 18,777,171</u>	<u>\$ 619,749</u>
<i>Total:</i>			
Balances at December 31, 2021	\$ 111,794,200	\$ 134,429,148	\$ (22,634,948)
Service cost	1,200,951	-	1,200,951
Interest on total pension liability	7,884,321	-	7,884,321
Differences between expected and actual experience of the total pension liability	756,855	-	756,855
Benefit payments, including refunds of employee contributions	(7,290,833)	(7,290,833)	-
Contributions - employer	-	720,130	(720,130)
Contributions - employee	-	604,589	(604,589)
Net investment income	-	(18,012,348)	18,012,348
Other (net transfer)	-	12,848	(12,848)
Balances at December 31, 2022	<u>\$ 114,345,494</u>	<u>\$ 110,463,534</u>	<u>\$ 3,881,960</u>
Plan fiduciary net position as a percentage of the total pension liability			96.61 %

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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, 2023, the City and Library recognized pension expense of \$1,892,666 (\$1,590,505 for the City and \$302,161 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	\$ 790,441	\$ -
Net difference between projected and actual earnings on pension plan investments	7,718,522	-
Contributions subsequent to the measurement date	259,276	-
Total	\$ 8,768,239	\$ -
<i>Library:</i>		
Difference between expected and actual experience	\$ 150,167	\$ -
Net difference between projected and actual earnings on pension plan investments	1,466,350	-
Contributions subsequent to the measurement date	49,258	-
Total	\$ 1,665,775	\$ -
<i>Total:</i>		
Difference between expected and actual experience	\$ 940,608	\$ -
Net difference between projected and actual earnings on pension plan investments	9,184,872	-
Contributions subsequent to the measurement date	308,534	-
Total	\$ 10,434,014	\$ -

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, 2024. The remaining amounts reported as deferred outflows and inflows of resources related to pensions \$10,125,480 will be recognized in pension expense as follows:

Year Ending December 31,	City	Library	Total
2024	\$ (88,132)	\$ (16,743)	\$ (104,875)
2025	1,387,880	263,667	1,651,547
2026	2,580,112	490,165	3,070,277
2027	4,629,103	879,428	5,508,531
Total	\$ 8,508,963	\$ 1,616,517	\$ 10,125,480

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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.

Plan membership. At December 31, 2023, the Police Pension membership consisted of:

Retirees and beneficiaries	76
Inactive, non-retired members	12
Active members	<u>60</u>
Total	<u><u>148</u></u>

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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, 2023 was 74.64% of annual covered payroll.

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2023, 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, 2023 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Interest rate, including inflation	7.00%
Inflation	2.50%
Projected salary increases, including inflation	3.50% - 11.00%
Cost-of-living adjustments	3.00% (1.25% for those hired on or after January 1, 2011)

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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

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

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 119,776,928	\$ 105,951,863	\$ 94,608,106
Plan fiduciary net position	54,134,031	54,134,031	54,134,031
Net pension liability	\$ 65,642,897	\$ 51,817,832	\$ 40,474,075

Changes in net pension liability/(asset). The City's changes in net pension liability/(asset) for the calendar year ended December 31, 2023 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/Asset (a) - (b)
Balances at December 31, 2022	\$ 102,050,539	\$ 48,098,296	\$ 53,952,243
Service cost	1,416,795	-	1,416,795
Interest on total pension liability	6,994,059	-	6,994,059
Differences between expected and actual experience of the total pension liability	1,489,487	-	1,489,487
Benefit payments, including refunds of employee contributions	(5,999,017)	(5,999,017)	-
Contributions - employer	-	5,088,635	(5,088,635)
Contributions - employee	-	653,940	(653,940)
Net investment income	-	6,342,377	(6,342,377)
Administration	-	(50,200)	50,200
Balances at December 31, 2023	\$ 105,951,863	\$ 54,134,031	\$ 51,817,832
Plan fiduciary net position as a percentage of the total pension liability			51.09 %

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

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, 2023, the City recognized pension expense of \$6,370,532. The City reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,850,295	\$ -
Assumption changes	2,704,408	83,700
Net difference between projected and actual earnings on pension plan investments	3,743,828	-
Total	\$ 9,298,531	\$ 83,700

The amounts reported as deferred outflows and inflows of resources related to pensions (\$9,214,831) will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2024	\$ 2,763,306
2025	3,254,439
2026	3,504,405
2027	(307,319)
Total	\$ 9,214,831

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.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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.

Plan membership. At December 31, 2023, the Firefighters' Pension Plan membership consisted of:

Retirees and beneficiaries	67
Inactive, non-retired members	5
Active members	53
Total	125

Contributions. Participants contribute a fixed percentage of their base salary to the plans. At December 31, 2023, 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, 2023 was 73.06% of annual covered payroll.

Net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability/(asset) was determined by an annual actuarial valuation as of that date.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

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.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation performed as of December 31, 2023 using the following actuarial methods and assumptions:

Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions	
Interest rate, including inflation	7.00%
Inflation	2.25%
Projected salary increases, including inflation	3.50% - 12.00%
Cost-of-living adjustments	3.00% (1.125% for those hired on or after January 1, 2011)

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

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

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 111,335,389	\$ 98,312,949	\$ 87,630,132
Plan fiduciary net position	57,423,096	57,423,096	57,423,096
Net pension liability	\$ 53,912,293	\$ 40,889,853	\$ 30,207,036

Changes in net pension liability/(asset). The City's changes in net pension liability/(asset) for the calendar year ended December 31, 2023 was as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/Asset (a) - (b)
Balances at December 31, 2022	\$ 96,051,495	\$ 50,515,207	\$ 45,536,288
Service cost	1,238,950	-	1,238,950
Interest on total pension liability	6,582,646	-	6,582,646
Differences between expected and actual experience of the total pension liability	(73,137)	-	(73,137)
Benefit payments, including refunds of employee contributions	(5,487,005)	(5,487,005)	-
Contributions - employer	-	4,362,568	(4,362,568)
Contributions - employee	-	624,532	(624,532)
Net investment income	-	7,445,704	(7,445,704)
Administration	-	(37,910)	37,910
Balances at December 31, 2023	\$ 98,312,949	\$ 57,423,096	\$ 40,889,853
Plan fiduciary net position as a percentage of the total pension liability			58.41 %

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions. For the year ended December 31, 2023, the City recognized pension expense of \$4,618,993. The City reported deferred outflows and inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,588,048	\$ 121,751
Assumption changes	2,301,482	184,326
Net difference between projected and actual earnings on pension plan investments	2,684,697	-
Total	\$ 6,574,227	\$ 306,077

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

The amounts reported as deferred outflows and inflows of resources related to pensions (\$6,268,150) will be recognized in pension expense as follows:

Year Ending December 31,	Amount
2024	\$ 1,944,075
2025	2,437,926
2026	2,703,345
2027	(805,009)
2028	(12,187)
Total	\$ 6,268,150

PENSION SEGMENT INFORMATION

Fiduciary Net Position

	Pension Trust		
	Police Pension	Firefighters' Pension	Total
Assets			
Cash and cash equivalents	\$ 915,087	\$ 592,829	\$ 1,507,916
Investments			
Police officers' pension investment fund	53,227,115	-	53,227,115
Firefighters' pension investment fund	-	56,832,827	56,832,827
Due from primary government	1,137	1,040	2,177
Total Assets	54,143,339	57,426,696	111,570,035
Liabilities			
Accounts payable	9,308	3,600	12,908
Total Liabilities	9,308	3,600	12,908
Net Position			
Restricted for pension benefits	\$ 54,134,031	\$ 57,423,096	\$ 111,557,127

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (cont.)

A. EMPLOYEES' RETIREMENT SYSTEM (cont.)

Changes in Plan Net Position

	Pension Trust		Total
	Police Pension	Firefighters' Pension	
Additions			
Contributions			
Employer	\$ 5,088,635	\$ 4,362,568	\$ 9,451,203
Plan members	<u>653,940</u>	<u>624,532</u>	<u>1,278,472</u>
Total Contributions	<u>5,742,575</u>	<u>4,987,100</u>	<u>10,729,675</u>
Investment income			
Interest on investments	63,903	43,287	107,190
Net appreciation in fair value of investments	<u>6,353,840</u>	<u>7,464,685</u>	<u>13,818,525</u>
Total Investment income	<u>6,417,743</u>	<u>7,507,972</u>	<u>13,925,715</u>
Less investment expense	<u>75,366</u>	<u>62,268</u>	<u>137,634</u>
Net investment income	<u>6,342,377</u>	<u>7,445,704</u>	<u>13,788,081</u>
Total Additions	<u>12,084,952</u>	<u>12,432,804</u>	<u>24,517,756</u>
Deductions			
Benefits	5,999,017	5,487,005	11,486,022
Administration	<u>50,200</u>	<u>37,910</u>	<u>88,110</u>
Total Deductions	<u>6,049,217</u>	<u>5,524,915</u>	<u>11,574,132</u>
Net change in net position	6,035,735	6,907,889	12,943,624
Net Position - Beginning of Year	<u>48,098,296</u>	<u>50,515,207</u>	<u>98,613,503</u>
Net Position - End of Year	<u>\$ 54,134,031</u>	<u>\$ 57,423,096</u>	<u>\$111,557,127</u>

B. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. The City participates in a public entity risk pool called Intergovernmental Personnel Benefit Cooperative to provide coverage for losses from health care of its employees and a public entity risk pool called the Illinois Public Risk Fund to provide coverage for losses from workers' compensation claims after January 1, 2017. However, other risks, such as liability and workers compensation (prior to January 1, 2017) are accounted for and financed by the City in the general fund. Starting January 1, 2019, the City joined the Suburban Liability Insurance Pool to provide coverage for general liability and property insurance.

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Self Insurance

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

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

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

Claims Liability

	Prior Year	Current Year
Unpaid claims - Beginning of Year	\$ 169,117	\$ 174,729
Current year claims and changes in estimates	62,258	82,221
Claim payments	(56,646)	(62,083)
 Unpaid Claims - End of Year	 \$ 174,729	 \$ 194,867

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (cont.)

B. RISK MANAGEMENT (cont.)

Public Entity Risk Pool

Intergovernmental Personnel Benefit Cooperative

Illinois Public Risk Fund

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

Member costs are proportional, based on contributions developed by payroll audits. Rates and any discounts approved by the Board of Trustees are used to determine standard premiums for each member. Each member's experience modifications are used. Members also participate in policyholder dividends based on IPRF's and individual member's experience. Members can also be assessed if the assets of IPRF are less than the reserves required to be maintained. The City is not aware of any additional amounts due to IPRF as of December 31, 2023.

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

Suburban Liability Insurance Pool

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

C. OTHER POSTEMPLOYMENT BENEFITS

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services; mental, nervous, and substance abuse care; vision care; dental care; and prescriptions. Upon a retiree or covered dependent becoming Medicare eligible, Medicare becomes the primary insurer and the City's plan becomes secondary.

Employees covered by benefit terms. At December 31, 2022, the actuarial valuation date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	49
Active plan members	<u>263</u>
 Total	 <u><u>312</u></u>

Total OPEB liability. The City and Library reported liabilities for the proportionate share of the total OPEB liability measured as of December 31, 2023 and determined by an actuarial valuation as of December 31, 2022. 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, 2023, the City and Library's proportions were 97.84% and 2.16%, respectively.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Healthcare participation rate	Currently participating - 50%; Currently waiving - 1/3 of the rate above
Healthcare cost trend rates	Initial - 2.40% - 6.60%; Ultimate - 4.75% - 5.00%
Retirees' share of benefit-related costs	100% (except for PSEBA and certain elected official retirees at 0%)

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

Actuarial assumptions and other inputs (cont.)

The discount rate was based on High Quality 20 Year Tax-Exempt G.O. Bond Rate as of December 31, 2023.

Mortality rates were based on the PubG-2010(B) Study, with rates improved generationally using MP-2020 Improvement Rates (for IMRF employees) and the PubS-2010(A) Study improved to 2017 using MP-2019 Improvement Rates (for Police and Firefighters).

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study conducted by the independent actuary.

Discount rate. At December 31, 2023, the discount rate used to measure the total OPEB liability was 3.26%, which was a change from the December 31, 2022 rate of 3.72%. 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, 2022	\$ 13,291,967	\$ 296,223	\$ 13,588,190
Service cost	479,828	10,592	490,420
Interest	484,467	10,696	495,163
Changes in assumptions or other inputs	927,109	17,690	944,799
Benefit payments	(542,744)	(11,982)	(554,726)
Balances at December 31, 2023	\$ 14,640,627	\$ 323,219	\$ 14,963,846

Changes of assumptions and other inputs reflect a change in the discount rate from 3.72 percent in 2022 to 3.26 percent in 2023 and the expected increases in medical costs assumptions.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City and Library, as well as what the City and Library's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26%) or 1-percentage-point higher (4.26%) than the current discount rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total OPEB liability - City	\$ 17,049,100	\$ 14,640,627	\$ 12,750,873
Total OPEB liability - Library	376,391	323,219	281,499
Total OPEB liability - Total	\$ 17,425,491	\$ 14,963,846	\$ 13,032,372

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

	1% Decrease (Varies)	Healthcare Cost Trend Rates (Varies)	1% Increase (Varies)
Total OPEB liability - City	\$ 12,338,113	\$ 14,640,627	\$ 17,644,062
Total OPEB liability - Library	272,387	323,219	389,525
Total OPEB liability - Total	\$ 12,610,500	\$ 14,963,846	\$ 18,033,587

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB. For the year ended December 31, 2023, the City and Library recognized OPEB expense of \$1,233,695 and \$27,235, respectively. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
City:		
Differences between expected and actual experience	\$ 1,872,256	\$ 1,363,802
Changes of assumptions or other inputs	5,503,315	6,457,167
Total	\$ 7,375,571	\$ 7,820,969
Library:		
Differences between expected and actual experience	\$ 41,334	\$ 30,108
Changes of assumptions or other inputs	121,496	142,554
Total	\$ 162,830	\$ 172,662
Total:		
Differences between expected and actual experience	\$ 1,913,590	\$ 1,393,910
Changes of assumptions or other inputs	5,624,811	6,599,721
Total	\$ 7,538,401	\$ 7,993,631

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (cont.)

C. OTHER POSTEMPLOYMENT BENEFITS (cont.)

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

Year Ended December 31:	City	Library	Total
2024	\$ 269,400	\$ 5,947	\$ 275,347
2025	269,400	5,947	275,347
2026	279,158	6,162	285,320
2027	306,220	6,760	312,980
2028	(19,834)	(438)	(20,272)
Thereafter	(1,549,742)	(34,210)	(1,583,952)
Total	\$ (445,398)	\$ (9,832)	\$ (455,230)

D. SUBSEQUENT EVENT

On February 22, 2024, the City issued General Obligation Bonds, Series 2024, in the amount of \$9,155,000 with an interest rate ranging from 4.00% to 5.00%. This amount will be used to finance certain capital improvements in the City, including street improvements and upgrades to its senior center, and to pay the costs of issuing the Bonds.

E. TAX INCREMENT FINANCING DISTRICT

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

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

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (cont.)

F. TAX ABATEMENT

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

The City is disclosing all abatement agreements individually.

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

Agreement Description	Calculation Method	Maximum Rebate	2023 Payments	Cumulative Payments
Semersky Enterprises (Resolution #80-13, initiating on May 28, 2013 and expiring on December 31, 2025)	75% of sales tax generated over annual base amount	\$ 9,730,693	\$ 560,896	\$ 3,332,986
D&R Autoworks (Resolution #139-13, initiating on January 1, 2014 and expiring on December 31, 2023)	40% of sales tax generated over annual base amount	66,940	-	8,638
Lexus of Highland Park (Resolution #94-16, initiating on January 1, 2015 and expiring on December 31, 2024)	50% of sales tax generated over annual base amount	4,550,000	-	200,675

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

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

- Statement No. 100, *Accounting Changes and Error Corrections*
- Statement No. 101, *Compensated Absences*
- Statement No. 102, *Certain Risk Disclosures*

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

CITY OF HIGHLAND PARK

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

NOTE III - OTHER INFORMATION (cont.)

H. MAJOR CUSTOMERS

The Village of Deerfield, Illinois and the Village of Lincolnshire, Illinois purchase water from the City's available supply. During the year ended December 31, 2023, these purchases amounted to \$3,587,479 or 28.42% and \$1,928,974 or 15.28%, 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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 5,476,500	\$ 5,525,158	\$ 5,504,010	\$ (21,148)
Personal property replacement tax	972,000	972,000	942,102	(29,898)
Licenses and permits	1,702,730	1,702,730	2,098,408	395,678
Public charges for services	3,269,000	3,269,000	3,698,855	429,855
Municipal sales tax	14,018,000	14,018,000	15,318,195	1,300,195
Fines, forfeitures and penalties	306,100	306,100	132,740	(173,360)
Utility taxes	2,401,300	2,401,300	2,370,650	(30,650)
Real estate transfer tax	3,365,000	3,365,000	1,854,195	(1,510,805)
Intergovernmental	920,241	1,189,407	1,305,975	116,568
State income tax	4,760,400	4,760,400	4,819,693	59,293
Franchise tax	1,378,100	1,378,100	1,470,817	92,717
Payments in lieu of taxes and affordable units	823,872	823,872	943,646	119,774
Other taxes	2,291,400	2,291,400	2,606,851	315,451
Reimbursements	303,400	330,900	267,655	(63,245)
Investment income	279,500	2,829,700	3,189,232	359,532
Miscellaneous	407,000	1,452,855	1,548,834	95,979
Total Revenues	<u>42,674,543</u>	<u>46,615,922</u>	<u>48,071,858</u>	<u>1,455,936</u>
EXPENDITURES				
General government	13,856,718	13,578,547	9,530,832	4,047,715
Public safety	25,147,602	26,374,956	25,587,129	787,827
Public works	4,268,867	4,497,679	3,099,262	1,398,417
Economic and physical development	5,698,551	8,568,923	5,192,513	3,376,410
Commissions	125,965	108,385	91,773	16,612
Debt Service	-	-	250,998	(250,998)
Total Expenditures	<u>49,097,703</u>	<u>53,128,490</u>	<u>43,752,507</u>	<u>9,375,983</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,423,160)</u>	<u>(6,512,568)</u>	<u>4,319,351</u>	<u>10,831,919</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	625,000	675,000	675,000	-
Transfers out	(202,000)	(605,534)	(741,948)	(136,414)
Lease issuance	-	-	159,939	159,939
Sales of capital assets	1,000,000	2,450,000	2,450,367	367
Total Other Financing Sources (Uses)	<u>1,423,000</u>	<u>2,519,466</u>	<u>2,543,358</u>	<u>23,892</u>
Net Change in Fund Balance	<u>\$ (5,000,160)</u>	<u>\$ (3,993,102)</u>	<u>6,862,709</u>	<u>\$ 10,855,811</u>
FUND BALANCE - Beginning of Year			<u>56,488,589</u>	
FUND BALANCE - END OF YEAR			<u>\$ 63,351,298</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 6,270,000	\$ 6,332,400	\$ 6,283,546	\$ (48,854)
Total Revenues	6,270,000	6,332,400	6,283,546	(48,854)
EXPENDITURES				
PUBLIC SAFETY				
Pension contribution - police	3,275,900	3,309,800	3,284,415	25,385
Pension contribution - fire	2,994,100	3,022,600	2,999,131	23,469
Total Expenditures	6,270,000	6,332,400	6,283,546	48,854
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
FUND BALANCE - Beginning of Year			-	
FUND BALANCE - END OF YEAR			\$ -	

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

CITY OF HIGHLAND PARK

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

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

Notes to Schedule:

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

	2018	2019	2020	2021	2022
\$	1,186,537	\$ 1,256,211	\$ 1,338,300	\$ 1,176,123	\$ 1,200,951
	7,056,597	7,270,324	7,470,594	7,623,679	7,884,321
	1,475,984	598,304	821,506	1,960,445	756,855
	2,528,501	-	(655,780)	-	-
	<u>(5,872,715)</u>	<u>(6,307,443)</u>	<u>(6,499,642)</u>	<u>(7,064,368)</u>	<u>(7,290,833)</u>
	6,374,904	2,817,396	2,474,978	3,695,879	2,551,294
	<u>96,431,043</u>	<u>102,805,947</u>	<u>105,623,343</u>	<u>108,098,321</u>	<u>111,794,200</u>
\$	<u>102,805,947</u>	<u>\$ 105,623,343</u>	<u>\$ 108,098,321</u>	<u>\$ 111,794,200</u>	<u>\$ 114,345,494</u>
\$	1,281,816	\$ 774,518	\$ 1,208,239	\$ 1,012,161	\$ 720,130
	571,394	616,748	618,491	577,218	604,589
	(6,059,904)	18,329,228	15,662,291	20,626,179	(18,012,348)
	(5,872,715)	(6,307,443)	(6,499,642)	(7,064,368)	(7,290,833)
	<u>2,329,022</u>	<u>41,380</u>	<u>(35,542)</u>	<u>393,659</u>	<u>12,848</u>
	(7,750,387)	13,454,431	10,953,837	15,544,849	(23,965,614)
	<u>102,226,418</u>	<u>94,476,031</u>	<u>107,930,462</u>	<u>118,884,299</u>	<u>134,429,148</u>
\$	<u>94,476,031</u>	<u>\$ 107,930,462</u>	<u>\$ 118,884,299</u>	<u>\$ 134,429,148</u>	<u>\$ 110,463,534</u>
\$	<u>8,329,916</u>	<u>\$ (2,307,119)</u>	<u>\$ (10,785,978)</u>	<u>\$ (22,634,948)</u>	<u>\$ 3,881,960</u>
\$	6,942,235	\$ (1,894,084)	\$ (9,027,810)	\$ (18,818,706)	\$ 3,262,211
	<u>1,387,681</u>	<u>(413,035)</u>	<u>(1,758,168)</u>	<u>(3,816,242)</u>	<u>619,749</u>
\$	<u>8,329,916</u>	<u>\$ (2,307,119)</u>	<u>\$ (10,785,978)</u>	<u>\$ (22,634,948)</u>	<u>\$ 3,881,960</u>
	91.90%	102.18%	109.98%	120.25%	96.61%
\$	12,689,196	\$ 13,262,311	\$ 13,468,826	\$ 12,808,592	\$ 13,435,270
	65.65%	-17.40%	-80.08%	-176.72%	28.89%

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

CITY OF HIGHLAND PARK

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

FISCAL YEAR ENDED DECEMBER 31,	2014	2015	2016	2017
<i>City:</i>				
Actuarially determined contribution	\$ 1,137,675	\$ 1,034,196	\$ 1,132,913	\$ 997,050
Contributions in relation to the actuarially determined contribution	<u>(1,137,675)</u>	<u>(1,050,302)</u>	<u>(1,187,009)</u>	<u>(997,050)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (16,106)</u>	<u>\$ (54,096)</u>	<u>\$ -</u>
<i>Library:</i>				
Actuarially determined contribution	\$ 227,232	\$ 225,805	\$ 245,850	\$ 201,752
Contributions in relation to the actuarially determined contribution	<u>(227,232)</u>	<u>(209,782)</u>	<u>(257,589)</u>	<u>(201,752)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 16,023</u>	<u>\$ (11,739)</u>	<u>\$ -</u>
<i>Total:</i>				
Actuarially determined contribution	\$ 1,364,907	\$ 1,260,001	\$ 1,378,763	\$ 1,198,802
Contributions in relation to the actuarially determined contribution	<u>(1,364,907)</u>	<u>(1,260,084)</u>	<u>(1,444,598)</u>	<u>(1,198,802)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (83)</u>	<u>\$ (65,835)</u>	<u>\$ -</u>
Covered payroll	\$ 12,110,977	\$ 11,909,272	\$ 12,354,507	\$ 12,487,524
Contributions as a percentage of covered payroll	11.27%	10.58%	11.69%	9.60%

Notes to Schedule:

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

Valuation date:

Actuarially determined contribution rates are calculated as of December 31.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 Years
Asset valuation method	5-Year smoothed market
Inflation	2.25%
Salary increases	2.85% to 13.75% including inflation
Investment rate of return	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	MP-2020

Other information:

There were no benefit changes during the year.

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 1,002,539	\$ 645,492	\$ 946,526	\$ 831,929	\$ 605,162	\$ 257,072
<u>(1,068,278)</u>	<u>(645,492)</u>	<u>(1,011,290)</u>	<u>(841,511)</u>	<u>(605,162)</u>	<u>(259,276)</u>
\$ <u>(65,739)</u>	\$ <u>-</u>	\$ <u>(64,764)</u>	\$ <u>(9,582)</u>	\$ <u>-</u>	\$ <u>(2,204)</u>
\$ 200,397	\$ 129,027	\$ 206,405	\$ 162,018	\$ 114,968	\$ 48,839
<u>(213,538)</u>	<u>(129,027)</u>	<u>(196,949)</u>	<u>(170,650)</u>	<u>(114,968)</u>	<u>(49,258)</u>
\$ <u>(13,141)</u>	\$ <u>-</u>	\$ <u>9,456</u>	\$ <u>(8,632)</u>	\$ <u>-</u>	\$ <u>(419)</u>
\$ 1,202,936	\$ 774,519	\$ 1,152,931	\$ 993,947	\$ 720,130	\$ 305,911
<u>(1,281,816)</u>	<u>(774,519)</u>	<u>(1,208,239)</u>	<u>(1,012,161)</u>	<u>(720,130)</u>	<u>(308,534)</u>
\$ <u>(78,880)</u>	\$ <u>-</u>	\$ <u>(55,308)</u>	\$ <u>(18,214)</u>	\$ <u>-</u>	\$ <u>(2,623)</u>
\$ 12,689,196	\$ 13,262,311	\$ 13,468,826	\$ 12,808,592	\$ 13,435,270	\$ 14,362,017
10.10%	5.84%	8.97%	7.90%	5.36%	2.15%

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

CITY OF HIGHLAND PARK

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

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

Notes to Schedule:

2018	2019	2020	2021	2022	2023
\$ 977,398	\$ 1,012,169	\$ 1,098,327	\$ 1,121,758	\$ 1,164,105	\$ 1,416,795
5,784,269	5,865,384	6,040,111	6,256,587	6,474,176	6,994,059
-	120,133	-	-	-	-
(823,835)	468,990	1,124,121	1,073,796	1,673,935	1,489,487
(259,864)	(274,852)	(418,504)	208,631	4,368,257	-
(4,478,088)	(4,630,285)	(4,932,570)	(5,291,797)	(5,565,885)	(5,999,017)
1,199,880	2,561,539	2,911,485	3,368,975	8,114,588	3,901,324
83,894,072	85,093,952	87,655,491	90,566,976	93,935,951	102,050,539
<u>\$ 85,093,952</u>	<u>\$ 87,655,491</u>	<u>\$ 90,566,976</u>	<u>\$ 93,935,951</u>	<u>\$ 102,050,539</u>	<u>\$ 105,951,863</u>
\$ 3,987,084	\$ 3,983,517	\$ 4,144,814	\$ 4,319,500	\$ 4,323,045	\$ 5,088,635
529,624	560,825	706,354	615,819	645,909	653,940
(1,833,032)	7,305,648	6,362,881	6,159,853	(9,021,158)	6,342,377
(4,478,088)	(4,630,285)	(4,932,570)	(5,291,797)	(5,565,885)	(5,999,017)
(48,069)	(48,490)	(40,978)	(52,346)	(73,592)	(50,200)
(1,842,481)	7,171,215	6,240,501	5,751,029	(9,691,681)	6,035,735
40,469,713	38,627,232	45,798,447	52,038,948	57,789,977	48,098,296
<u>\$ 38,627,232</u>	<u>\$ 45,798,447</u>	<u>\$ 52,038,948</u>	<u>\$ 57,789,977</u>	<u>\$ 48,098,296</u>	<u>\$ 54,134,031</u>
<u>\$ 46,466,720</u>	<u>\$ 41,857,044</u>	<u>\$ 38,528,028</u>	<u>\$ 36,145,974</u>	<u>\$ 53,952,243</u>	<u>\$ 51,817,832</u>
45.39%	52.25%	57.46%	61.52%	47.13%	51.09%
\$ 5,582,970	\$ 5,825,859	\$ 5,860,741	\$ 6,041,918	\$ 6,701,661	\$ 6,817,226
832.29%	718.47%	657.39%	598.25%	805.06%	760.10%

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

CITY OF HIGHLAND PARK

POLICE PENSION FUND SCHEDULE OF EMPLOYER CONTRIBUTIONS Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution	\$ 2,200,186	\$ 2,284,900	\$ 2,770,901	\$ 2,899,038	\$ 3,055,946
Contributions in relation to the actuarially determined contribution	2,390,587	2,809,109	3,611,980	3,760,188	3,987,084
Contribution deficiency (excess)	<u>\$ (190,401)</u>	<u>\$ (524,209)</u>	<u>\$ (841,079)</u>	<u>\$ (861,150)</u>	<u>\$ (931,138)</u>
Covered payroll	\$ 4,871,007	\$ 5,100,745	\$ 5,322,381	\$ 5,178,365	\$ 5,582,970
Contributions as a percentage of covered payroll	49.08%	55.07%	67.86%	72.61%	71.42%
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution	\$ 3,113,681	\$ 3,227,994	\$ 3,186,094	\$ 3,189,123	\$ 3,815,865
Contributions in relation to the actuarially determined contribution	3,983,501	4,144,814	4,319,500	\$ 4,323,045	5,088,635
Contribution deficiency (excess)	<u>\$ (869,820)</u>	<u>\$ (916,820)</u>	<u>\$ (1,133,406)</u>	<u>\$ (1,133,922)</u>	<u>\$ (1,272,770)</u>
Covered payroll	\$ 5,825,859	\$ 5,860,741	\$ 6,041,918	\$ 6,701,661	\$ 6,817,226
Contributions as a percentage of covered payroll	68.38%	70.72%	71.49%	64.51%	74.64%

Notes to Schedule:

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

2) 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	18 years
Asset valuation method	5 year smoothed market
Inflation	2.50%
Salary increases	3.50% to 11.00% (varies by service)
Investment rate of return	7.00%
Mortality	Healthy - Pub-2010 Public Safety Employee Mortality Table without adjustment, with generational improvement Scale MP-2021 applied from 2010.
	Disabled - Pub-2010 Disabled Retiree Mortality Table, with 1.08 adjustment for males, with generational improvement Scale MP-2021 applied from 2010.

CITY OF HIGHLAND PARK

POLICE PENSION FUND
SCHEDULE OF INVESTMENT RETURNS
Last Ten Fiscal Years

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	6.28%	-0.23%	6.49%	12.50%	-4.53%
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Annual money-weighted rate of return, net of investment expense	18.96%	13.92%	11.89%	-15.69%	13.32%

CITY OF HIGHLAND PARK

FIREFIGHTERS' PENSION FUND

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

Last Ten Fiscal Years

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

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

	2018	2019	2020	2021	2022	2023
\$	1,047,631	\$ 1,007,419	\$ 1,120,852	\$ 1,074,739	\$ 1,158,069	\$ 1,238,950
	5,376,209	5,477,719	5,701,016	5,955,168	6,377,047	6,582,646
	-	127,338	-	-	-	-
	(281,132)	1,355,818	1,916,695	(121,608)	1,205,301	(73,137)
	(242,396)	(259,727)	(423,119)	4,396,807	171,798	-
	(4,149,394)	(4,541,682)	(4,850,777)	(5,053,191)	(5,325,147)	(5,487,005)
	1,750,918	3,166,885	3,464,667	6,251,915	3,587,068	2,261,454
	77,830,042	79,580,960	82,747,845	86,212,512	92,464,427	96,051,495
\$	79,580,960	\$ 82,747,845	\$ 86,212,512	\$ 92,464,427	\$ 96,051,495	\$ 98,312,949
	€	€				
\$	4,035,618	\$ 4,033,757	\$ 3,704,421	\$ 3,822,701	\$ 3,761,178	\$ 4,362,568
	466,052	476,948	527,343	503,963	514,097	624,532
	(1,962,553)	7,799,439	6,746,379	6,357,038	(8,460,339)	7,445,704
	(4,149,394)	(4,541,682)	(4,850,777)	(5,053,191)	(5,325,147)	(5,487,005)
	(31,140)	(39,131)	(44,183)	(37,276)	(36,165)	(37,910)
	(1,641,417)	7,729,331	6,083,183	5,593,235	(9,546,376)	6,907,889
	42,297,251	40,655,834	48,385,165	54,468,348	60,061,583	50,515,207
\$	40,655,834	\$ 48,385,165	\$ 54,468,348	\$ 60,061,583	\$ 50,515,207	\$ 57,423,096
\$	38,925,126	\$ 34,362,680	\$ 31,744,164	\$ 32,402,844	\$ 45,536,288	\$ 40,889,853
	51.09%	58.47%	63.18%	64.96%	52.59%	58.41%
\$	4,817,441	\$ 5,147,016	\$ 4,985,305	\$ 5,351,933	\$ 5,547,844	\$ 5,970,845
	808.00%	667.62%	636.75%	605.44%	820.79%	684.83%

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

CITY OF HIGHLAND PARK

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution	\$ 2,217,940	\$ 2,201,713	\$ 2,619,715	\$ 2,629,419	\$ 2,608,199
Contributions in relation to the actuarially determined contribution	2,411,772	2,472,050	3,412,844	3,740,496	4,035,618
Contribution deficiency (excess)	<u>\$ (193,832)</u>	<u>\$ (270,337)</u>	<u>\$ (793,129)</u>	<u>\$ (1,111,077)</u>	<u>\$ (1,427,419)</u>
Covered payroll	\$ 4,548,781	\$ 4,770,037	\$ 4,832,832	\$ 4,870,611	\$ 4,817,441
Contributions as a percentage of covered payroll	53.02%	51.82%	70.62%	76.80%	83.77%
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution	\$ 2,570,829	\$ 2,713,800	\$ 2,712,185	\$ 2,901,228	\$ 3,115,458
Contributions in relation to the actuarially determined contribution	4,033,741	3,704,421	3,822,701	3,761,178	4,362,568
Contribution deficiency (excess)	<u>\$ (1,462,912)</u>	<u>\$ (990,621)</u>	<u>\$ (1,110,516)</u>	<u>\$ (859,950)</u>	<u>\$ (1,247,110)</u>
Covered payroll	\$ 5,147,016	\$ 4,985,305	\$ 5,351,933	\$ 5,547,844	\$ 5,970,845
Contributions as a percentage of covered payroll	78.37%	74.31%	71.43%	67.80%	73.06%

Notes to Schedule:

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

2) 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	18 years
Asset valuation method	5 year smoothed market
Inflation	2.25%
Salary increases	3.50% to 12.00% (varies by service)
Investment rate of return	7.00%
Mortality	Healthy - Pub-2010 Public Safety Employee Mortality Table without adjustment, with generational improvement scale MP-2020 applied from 2010
	Disabled - Pub-2010 Disabled Retiree Mortality Table with 1.178 adjustment for males, with generational improvement scale MP-2020 applied from 2010

CITY OF HIGHLAND PARK

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	5.58%	1.99%	3.55%	13.65%	-4.62%
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Annual money-weighted rate of return, net of investment expense	19.30%	14.04%	11.76%	-14.20%	14.90%

CITY OF HIGHLAND PARK

RETIREE HEALTH INSURANCE PLAN
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
AND RELATED RATIOS
 Last Six Fiscal Years

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

Notes to Schedule:

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

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

The City does not hold assets in a trust to meet future OPEB requirements. However, the City assigns General Fund balance each year equivalent to the actuarial valuation. The City Council has set aside approximately \$11 million to meet future requirements associated with OPEB, representing 74% of the total OPEB liability.

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

<u>2022</u>	<u>2023</u>
\$ 829,264	\$ 490,420
439,313	495,163
(1,673,532)	-
(7,028,975)	944,799
<u>(607,579)</u>	<u>(554,726)</u>
(8,041,509)	1,375,656
<u>21,629,699</u>	<u>13,588,190</u>
<u>\$ 13,588,190</u>	<u>\$ 14,963,846</u>
\$ 13,291,967	\$ 14,640,626
<u>296,223</u>	<u>323,220</u>
<u>\$ 13,588,190</u>	<u>\$ 14,963,846</u>
0.00%	0.00%
\$ 24,878,786	\$ 25,625,149
54.62%	58.40%

CITY OF HIGHLAND PARK

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended December 31, 2023

BUDGETARY INFORMATION

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

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

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

SUPPLEMENTARY INFORMATION

CITY OF HIGHLAND PARK

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2023

EXPENDITURES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
GENERAL GOVERNMENT				
City Council				
Personnel services	\$ 161,583	\$ 162,844	\$ 161,671	\$ 1,173
Contractual services	318,925	318,925	316,650	2,275
Materials and supplies	8,465	9,822	7,738	2,084
Total City Council	488,973	491,591	486,059	5,532
Administration				
Personnel services	722,526	727,771	748,217	(20,446)
Contractual services	209,375	214,242	186,035	28,207
Materials and supplies	38,438	38,438	36,551	1,887
Total Administration	970,339	980,451	970,803	9,648
Human resources				
Personnel services	364,415	381,597	357,213	24,384
Contractual services	57,712	65,146	58,264	6,882
Materials and supplies	129,095	139,633	113,673	25,960
Capital outlay	50,440	59,040	50,246	8,794
Total Human Resources	601,662	645,416	579,396	66,020
Communications				
Personnel services	227,936	235,900	226,720	9,180
Contractual services	230,760	281,460	222,314	59,146
Materials and supplies	51,500	51,522	49,787	1,735
Capital outlay	13,556	13,556	355	13,201
Total Communications	523,752	582,438	499,176	83,262
City Clerk				
Personnel services	208,363	211,868	213,526	(1,658)
Contractual services	47,087	44,321	41,994	2,327
Materials and supplies	990	990	553	437
Total City Clerk	256,440	257,179	256,073	1,106
Senior services				
Personnel services	464,872	451,801	396,901	54,900
Contractual services	133,673	194,073	170,815	23,258
Materials and supplies	21,540	21,540	10,589	10,951
Capital outlay	11,000	11,000	1,849	9,151
Total Senior Services	631,085	678,414	580,154	98,260
Legal Department				
Contractual services	830,225	1,065,000	966,316	98,684
Total Legal Department	830,225	1,065,000	966,316	98,684
Finance Administration And Accounting				
Personnel services	1,164,475	1,142,408	1,136,034	6,374
Contractual services	2,377,652	2,347,652	1,781,862	565,790
Materials and supplies	259,951	289,951	256,817	33,134
Reserve & contingency	570,055	570,055	-	570,055
Total Finance Administration And Accounting	4,372,133	4,350,066	3,174,713	1,175,353

CITY OF HIGHLAND PARK

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Facilities				
Personnel services	\$ 439,042	\$ 421,913	\$ 401,254	\$ 20,659
Contractual services	583,502	625,679	539,679	86,000
Materials and supplies	67,090	67,090	56,646	10,444
Capital outlay	<u>1,855,100</u>	<u>2,198,836</u>	<u>1,807,135</u>	<u>391,701</u>
Total Facilities	<u>2,944,734</u>	<u>3,313,518</u>	<u>2,804,714</u>	<u>508,804</u>
Resiliency				
Personnel services	322,475	210,654	202,732	7,922
Contractual services	1,234,500	312,825	241,172	71,653
Materials and supplies	52,000	37,650	22,024	15,626
Capital outlay	<u>2,169,000</u>	<u>2,193,945</u>	<u>288,100</u>	<u>1,905,845</u>
Total Resiliency	<u>3,777,975</u>	<u>2,755,074</u>	<u>754,028</u>	<u>2,001,046</u>
Less Administrative Reimbursements				
Administrative reimbursements	<u>(1,540,600)</u>	<u>(1,540,600)</u>	<u>(1,540,600)</u>	<u>-</u>
Total Less Administrative Reimbursements	<u>(1,540,600)</u>	<u>(1,540,600)</u>	<u>(1,540,600)</u>	<u>-</u>
Total General Government	<u>13,856,718</u>	<u>13,578,547</u>	<u>9,530,832</u>	<u>4,047,715</u>
PUBLIC SAFETY				
Police Department - Operations				
Personnel services	11,261,373	11,867,975	11,854,595	13,380
Contractual services	2,433,077	2,596,745	2,371,597	225,148
Materials and supplies	302,595	327,033	212,751	114,282
Capital outlay	<u>278,000</u>	<u>265,995</u>	<u>155,753</u>	<u>110,242</u>
Total Police Department - Operations	<u>14,275,045</u>	<u>15,057,748</u>	<u>14,594,696</u>	<u>463,052</u>
Fire Department - Operations				
Personnel services	8,755,810	9,154,571	8,983,366	171,205
Contractual services	1,306,947	1,334,937	1,338,378	(3,441)
Materials and supplies	153,800	151,700	148,545	3,155
Capital outlay	<u>656,000</u>	<u>676,000</u>	<u>522,144</u>	<u>153,856</u>
Total Fire Department - Operations	<u>10,872,557</u>	<u>11,317,208</u>	<u>10,992,433</u>	<u>324,775</u>
Total Public Safety	<u>25,147,602</u>	<u>26,374,956</u>	<u>25,587,129</u>	<u>787,827</u>
PUBLIC WORKS				
Public Works Administration				
Personnel services	597,999	564,658	564,465	193
Contractual services	158,670	158,070	156,148	1,922
Materials and supplies	<u>9,500</u>	<u>9,700</u>	<u>7,833</u>	<u>1,867</u>
Total Public Works Administration	<u>766,169</u>	<u>732,428</u>	<u>728,446</u>	<u>3,982</u>
Facilities				
Capital outlay	<u>515,000</u>	<u>722,000</u>	<u>238,364</u>	<u>483,636</u>
Total Facilities	<u>515,000</u>	<u>722,000</u>	<u>238,364</u>	<u>483,636</u>

CITY OF HIGHLAND PARK

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Engineering				
Personnel services	\$ 724,294	\$ 716,804	\$ 709,421	\$ 7,383
Contractual services	191,111	201,586	154,470	47,116
Materials and supplies	<u>5,470</u>	<u>6,995</u>	<u>6,727</u>	<u>268</u>
Total Engineering	<u>920,875</u>	<u>925,385</u>	<u>870,618</u>	<u>54,767</u>
Forestry				
Personnel services	347,077	341,537	341,498	39
Contractual services	685,316	685,316	660,736	24,580
Materials and supplies	20,700	20,700	17,484	3,216
Capital outlay	<u>115,000</u>	<u>115,000</u>	<u>114,100</u>	<u>900</u>
Total Forestry	<u>1,168,093</u>	<u>1,162,553</u>	<u>1,133,818</u>	<u>28,735</u>
Parking Admin				
Personnel services	10,614	9,997	7,561	2,436
Contractual services	243,116	245,316	97,828	147,488
Materials and supplies	15,000	15,000	267	14,733
Capital outlay	<u>630,000</u>	<u>685,000</u>	<u>22,360</u>	<u>662,640</u>
Total parking admin	<u>898,730</u>	<u>955,313</u>	<u>128,016</u>	<u>827,297</u>
Total Public Works	<u>4,268,867</u>	<u>4,497,679</u>	<u>3,099,262</u>	<u>1,398,417</u>
COMMISSIONS				
Personnel services	38,700	38,200	37,814	386
Contractual services	77,570	61,920	49,157	12,763
Materials and supplies	<u>9,695</u>	<u>8,265</u>	<u>4,802</u>	<u>3,463</u>
Total commissions	<u>125,965</u>	<u>108,385</u>	<u>91,773</u>	<u>16,612</u>
ECONOMIC AND PHYSICAL DEVELOPMENT				
Community Development				
Personnel services	2,706,848	2,658,966	2,584,012	74,954
Contractual services	1,053,465	1,084,425	727,296	357,129
Materials and supplies	36,610	59,597	36,524	23,073
Community development - capital outlay	<u>421,289</u>	<u>522,000</u>	<u>291,119</u>	<u>230,881</u>
Total Community Development	<u>4,218,212</u>	<u>4,324,988</u>	<u>3,638,951</u>	<u>686,037</u>
Economic Development				
Personnel services	226,024	240,217	196,106	44,111
Contractual services	714,560	3,458,190	787,487	2,670,703
Materials and supplies	49,755	55,528	9,073	46,455
Revenue sharing	<u>490,000</u>	<u>490,000</u>	<u>560,896</u>	<u>(70,896)</u>
Total Economic Development	<u>1,480,339</u>	<u>4,243,935</u>	<u>1,553,562</u>	<u>2,690,373</u>
Total Economic and physical development	<u>5,698,551</u>	<u>8,568,923</u>	<u>5,192,513</u>	<u>3,376,410</u>

CITY OF HIGHLAND PARK

DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
DEBT SERVICE				
Principal	\$ -	\$ -	\$ 196,778	\$ (196,778)
Interest and fiscal charges	-	-	54,220	(54,220)
Total Debt Service	-	-	250,998	(250,998)
 Total Expenditures	\$ 49,097,703	\$ 53,128,490	\$ 43,752,507	\$ 9,375,983

CITY OF HIGHLAND PARK

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of December 31, 2023

	Special Revenue Funds			
	Motor Fuel Tax	Emergency 911 System	Foreign Fire Insurance Tax	Environmental Sustainability
ASSETS				
Cash	\$ 592,927	\$ -	\$ 425,484	\$ 14,667
Receivables (net)				
Property taxes	-	-	-	-
Motor fuel tax allotments	117,776	109,096	-	-
Accounts	-	-	-	35,650
Prepaid items	-	-	5,800	-
Deposits	-	383,218	-	-
	-	383,218	-	-
TOTAL ASSETS	\$ 710,703	\$ 492,314	\$ 431,284	\$ 50,317
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ 5,909	\$ 2,485	\$ 9,975
Accrued liabilities	-	-	-	754
Due to other funds	-	88,485	-	-
Total Liabilities	-	94,394	2,485	10,729
Deferred Inflows of Resources				
Property taxes levied for future periods	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances				
Nonspendable for prepaid items	-	-	5,800	-
Restricted for streets	710,703	-	-	-
Restricted for public safety	-	397,920	422,999	-
Restricted for economic development	-	-	-	-
Restricted for affordable housing	-	-	-	-
Committed for sustainability initiatives	-	-	-	39,588
Committed for transportation	-	-	-	-
Assigned for debt service	-	-	-	-
Total Fund Balances	710,703	397,920	428,799	39,588
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 710,703	\$ 492,314	\$ 431,284	\$ 50,317

<u>Special Revenue Funds</u>		<u>Debt Service Fund</u>	<u>Capital Project Funds</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Multi-Modal Transportation</u>	<u>Affordable Housing</u>	<u>Debt Service</u>	<u>Tax Increment Financing - Ravinia</u>	<u>Tax Increment Financing - Briergate</u>	
\$ 3,019,309	\$ 2,058,268	\$ 959,496	\$ 1,868,185	\$ 2,002,228	\$ 10,940,564
3,262,441	-	2,741,669	662,500	824,200	7,490,810
-	-	-	-	-	226,872
115,733	648	-	-	-	152,031
-	-	-	-	-	5,800
-	-	-	-	-	383,218
<u>\$ 6,397,483</u>	<u>\$ 2,058,916</u>	<u>\$ 3,701,165</u>	<u>\$ 2,530,685</u>	<u>\$ 2,826,428</u>	<u>\$ 19,199,295</u>
\$ 47,594	\$ 106,875	\$ 965	\$ -	\$ -	\$ 173,803
21,320	457	-	-	-	22,531
-	-	-	-	-	88,485
<u>68,914</u>	<u>107,332</u>	<u>965</u>	<u>-</u>	<u>-</u>	<u>284,819</u>
<u>3,261,400</u>	<u>-</u>	<u>2,741,000</u>	<u>662,500</u>	<u>824,200</u>	<u>7,489,100</u>
<u>3,261,400</u>	<u>-</u>	<u>2,741,000</u>	<u>662,500</u>	<u>824,200</u>	<u>7,489,100</u>
-	-	-	-	-	5,800
-	-	-	-	-	710,703
-	-	-	-	-	820,919
-	-	-	1,868,185	2,002,228	3,870,413
-	1,951,584	-	-	-	1,951,584
-	-	-	-	-	39,588
3,067,169	-	-	-	-	3,067,169
-	-	959,200	-	-	959,200
<u>3,067,169</u>	<u>1,951,584</u>	<u>959,200</u>	<u>1,868,185</u>	<u>2,002,228</u>	<u>11,425,376</u>
<u>\$ 6,397,483</u>	<u>\$ 2,058,916</u>	<u>\$ 3,701,165</u>	<u>\$ 2,530,685</u>	<u>\$ 2,826,428</u>	<u>\$ 19,199,295</u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS For the Year Ended December 31, 2023

	Motor Fuel Tax	Emergency 911 System	Foreign Fire Insurance Tax	Environmental Sustainability
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Intergovernmental	-	-	188,443	-
Motor fuel tax	1,302,441	-	-	-
Payments in lieu of taxes and affordable units	-	-	-	-
Licenses and permits	-	-	-	-
Fines, forfeitures and penalties	-	-	-	-
Public charges for services	-	788,100	-	264,418
Reimbursements	-	-	-	-
Interest income	141,633	1,145	395	19,818
Miscellaneous	-	-	-	-
Total Revenues	<u>1,444,074</u>	<u>789,245</u>	<u>188,838</u>	<u>284,236</u>
EXPENDITURES				
Current				
Public safety	-	27,400	302,951	-
Public works	-	-	-	-
Transit	-	-	-	-
Economic and physical development	-	-	-	76,763
Debt Service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>27,400</u>	<u>302,951</u>	<u>76,763</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,444,074</u>	<u>761,845</u>	<u>(114,113)</u>	<u>207,473</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1,201,200)	(675,000)	-	(1,029,000)
Total Other Financing Sources (Uses)	<u>(1,201,200)</u>	<u>(675,000)</u>	<u>-</u>	<u>(1,029,000)</u>
Net Change in Fund Balances	242,874	86,845	(114,113)	(821,527)
FUND BALANCES - Beginning of Year	<u>467,829</u>	<u>311,075</u>	<u>542,912</u>	<u>861,115</u>
FUND BALANCES - END OF YEAR	<u>\$ 710,703</u>	<u>\$ 397,920</u>	<u>\$ 428,799</u>	<u>\$ 39,588</u>

<u>Multi-Modal Transportation</u>	<u>Affordable Housing</u>	<u>Debt Service</u>	<u>Tax Increment Financing - Ravinia</u>	<u>Tax Increment Financing - Briergate</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 2,945,515	\$ -	\$ 1,893,014	\$ 590,863	\$ 781,072	\$ 6,210,464
286,136	110,000	-	-	-	396,136
-	-	-	-	-	188,443
-	-	-	-	-	1,302,441
-	259,560	-	-	-	259,560
21,848	12,750	-	-	-	34,598
227	-	-	-	-	227
112,269	-	-	-	-	1,164,787
1,185,474	-	1,000	-	-	1,186,474
101,927	89,031	70,674	57,014	70,427	552,064
71,290	150,000	-	-	-	221,290
<u>4,724,686</u>	<u>621,341</u>	<u>1,964,688</u>	<u>647,877</u>	<u>851,499</u>	<u>11,516,484</u>
-	-	-	-	-	330,351
3,299,273	-	-	-	-	3,299,273
1,099,251	-	-	-	-	1,099,251
-	304,611	-	55,370	-	436,744
-	-	1,315,011	-	-	1,315,011
-	-	562,784	-	-	562,784
<u>4,398,524</u>	<u>304,611</u>	<u>1,877,795</u>	<u>55,370</u>	<u>-</u>	<u>7,043,414</u>
<u>326,162</u>	<u>316,730</u>	<u>86,893</u>	<u>592,507</u>	<u>851,499</u>	<u>4,473,070</u>
80,194	-	-	-	-	80,194
-	-	-	-	(1,216,778)	(4,121,978)
<u>80,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,216,778)</u>	<u>(4,041,784)</u>
406,356	316,730	86,893	592,507	(365,279)	431,286
<u>2,660,813</u>	<u>1,634,854</u>	<u>872,307</u>	<u>1,275,678</u>	<u>2,367,507</u>	<u>10,994,090</u>
<u>\$ 3,067,169</u>	<u>\$ 1,951,584</u>	<u>\$ 959,200</u>	<u>\$ 1,868,185</u>	<u>\$ 2,002,228</u>	<u>\$ 11,425,376</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Motor fuel tax	\$ 1,083,100	\$ 1,201,200	\$ 1,302,441	\$ 101,241
Investment income	12,000	12,000	141,633	129,633
Total Revenues	<u>1,095,100</u>	<u>1,213,200</u>	<u>1,444,074</u>	<u>230,874</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>1,095,100</u>	<u>1,213,200</u>	<u>1,444,074</u>	<u>230,874</u>
OTHER FINANCING USES				
Transfers out	<u>(1,083,100)</u>	<u>(1,201,200)</u>	<u>(1,201,200)</u>	<u>-</u>
Total Other Financing Uses	<u>(1,083,100)</u>	<u>(1,201,200)</u>	<u>(1,201,200)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 12,000</u>	<u>\$ 12,000</u>	242,874	<u>\$ 230,874</u>
FUND BALANCE - Beginning of Year			<u>467,829</u>	
FUND BALANCE - END OF YEAR			<u>\$ 710,703</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Public charges for services	\$ 645,200	\$ 645,200	\$ 788,100	\$ 142,900
Investment income	600	600	1,145	545
Total Revenues	<u>645,800</u>	<u>645,800</u>	<u>789,245</u>	<u>143,445</u>
EXPENDITURES				
Contractual services	20,456	20,456	20,250	206
Materials and supplies	7,000	8,907	7,150	1,757
Capital outlay	<u>10,000</u>	<u>10,000</u>	-	<u>10,000</u>
Total Expenditures	<u>37,456</u>	<u>39,363</u>	<u>27,400</u>	<u>11,963</u>
Excess of revenues over expenditures	<u>608,344</u>	<u>606,437</u>	<u>761,845</u>	<u>155,408</u>
OTHER FINANCING USES				
Transfers out	<u>(625,000)</u>	<u>(675,000)</u>	<u>(675,000)</u>	-
Total Other Financing Uses	<u>(625,000)</u>	<u>(675,000)</u>	<u>(675,000)</u>	-
Net Change in Fund Balance	<u>\$ (16,656)</u>	<u>\$ (68,563)</u>	86,845	<u>\$ 155,408</u>
FUND BALANCE - Beginning of Year			<u>311,075</u>	
FUND BALANCE - END OF YEAR			<u>\$ 397,920</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Public charges for services	\$ 320,600	\$ 320,600	\$ 264,418	\$ (56,182)
Investment income	-	-	19,818	19,818
Total Revenues	<u>320,600</u>	<u>320,600</u>	<u>284,236</u>	<u>(36,364)</u>
EXPENDITURES				
Personnel services	40,411	45,951	38,190	7,761
Contractual service	<u>72,006</u>	<u>60,106</u>	<u>38,573</u>	<u>21,533</u>
Total Expenditures	<u>112,417</u>	<u>106,057</u>	<u>76,763</u>	<u>29,294</u>
Excess (deficiency) of revenues over (under) expenditures	<u>208,183</u>	<u>214,543</u>	<u>207,473</u>	<u>(7,070)</u>
OTHER FINANCING USES				
Transfers out	<u>(810,000)</u>	<u>(1,029,000)</u>	<u>(1,029,000)</u>	<u>-</u>
Total Other Financing Uses	<u>(810,000)</u>	<u>(1,029,000)</u>	<u>(1,029,000)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (601,817)</u>	<u>\$ (814,457)</u>	<u>(821,527)</u>	<u>\$ (7,070)</u>
FUND BALANCE - Beginning of Year			<u>861,115</u>	
FUND BALANCE - END OF YEAR			<u>\$ 39,588</u>	

CITY OF HIGHLAND PARK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - MULTI-MODAL TRANSPORTATION FUND For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 2,940,000	\$ 2,966,184	\$ 2,945,515	\$ (20,669)
Other taxes	325,700	325,700	286,136	(39,564)
Licenses and permits	32,000	32,000	21,848	(10,152)
Intergovernmental	100	100	-	(100)
Fines, forfeitures and penalties	200	200	227	27
Public charges for services	77,000	77,000	112,269	35,269
PACE RTA fare reimbursement	1,400,000	1,400,000	1,185,474	(214,526)
Investment income	6,000	6,000	101,927	95,927
Miscellaneous	<u>79,463</u>	<u>79,463</u>	<u>71,290</u>	<u>(8,173)</u>
Total Revenues	<u>4,860,463</u>	<u>4,886,647</u>	<u>4,724,686</u>	<u>(161,961)</u>
EXPENDITURES				
PUBLIC WORKS				
Personnel services	1,345,422	1,415,256	1,208,684	206,572
Contractual services	1,706,404	1,705,304	1,503,268	202,036
Materials and supplies	504,400	505,500	352,972	152,528
Capital outlay	<u>220,000</u>	<u>353,000</u>	<u>234,349</u>	<u>118,651</u>
Total Public works	<u>3,776,226</u>	<u>3,979,060</u>	<u>3,299,273</u>	<u>679,787</u>
TRANSIT				
Personnel services	1,411,803	1,139,344	1,039,440	99,904
Contractual services	43,427	40,050	31,866	8,184
Materials and supplies	<u>50,180</u>	<u>46,100</u>	<u>27,945</u>	<u>18,155</u>
Total Transit	<u>1,505,410</u>	<u>1,225,494</u>	<u>1,099,251</u>	<u>126,243</u>
Total Expenditures	<u>5,281,636</u>	<u>5,204,554</u>	<u>4,398,524</u>	<u>806,030</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(421,173)</u>	<u>(317,907)</u>	<u>326,162</u>	<u>644,069</u>
OTHER FINANCING SOURCES				
Transfers in	<u>202,000</u>	<u>202,000</u>	<u>80,194</u>	<u>(121,806)</u>
Total Other Financing Sources	<u>202,000</u>	<u>202,000</u>	<u>80,194</u>	<u>(121,806)</u>
Net Change in Fund Balance	<u>\$ (219,173)</u>	<u>\$ (115,907)</u>	406,356	<u>\$ 522,263</u>
FUND BALANCE - Beginning of Year			<u>2,660,813</u>	
FUND BALANCE - END OF YEAR			<u>\$ 3,067,169</u>	

CITY OF HIGHLAND PARK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - AFFORDABLE HOUSING FUND For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Payments in lieu of taxes and affordable units	\$ 200,000	\$ 200,000	\$ 259,560	\$ 59,560
Other taxes	100,000	100,000	110,000	10,000
Licenses and permits	17,000	17,000	12,750	(4,250)
Investment income	13,500	13,500	89,031	75,531
Miscellaneous	-	-	150,000	150,000
Total Revenues	<u>330,500</u>	<u>330,500</u>	<u>621,341</u>	<u>290,841</u>
EXPENDITURES				
Economic and physical development	<u>399,084</u>	<u>389,080</u>	<u>304,611</u>	<u>84,469</u>
Total Expenditures	<u>399,084</u>	<u>389,080</u>	<u>304,611</u>	<u>84,469</u>
Net Change in Fund Balance	<u>\$ (68,584)</u>	<u>\$ (58,580)</u>	316,730	<u>\$ 375,310</u>
FUND BALANCE - Beginning of Year			<u>1,634,854</u>	
FUND BALANCE - END OF YEAR			<u><u>\$ 1,951,584</u></u>	

CITY OF HIGHLAND PARK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 1,874,900	\$ 1,887,531	\$ 1,893,014	\$ 5,483
Investment income	18,000	18,000	70,674	52,674
Reimbursements	67,425	67,425	1,000	(66,425)
Total Revenues	<u>1,960,325</u>	<u>1,972,956</u>	<u>1,964,688</u>	<u>(8,268)</u>
EXPENDITURES				
Principal	1,365,000	1,365,000	1,315,011	49,989
Interest and fiscal charges	<u>580,300</u>	<u>580,300</u>	<u>562,784</u>	<u>17,516</u>
Total Expenditures	<u>1,945,300</u>	<u>1,945,300</u>	<u>1,877,795</u>	<u>67,505</u>
Net Change in Fund Balance	<u>\$ 15,025</u>	<u>\$ 27,656</u>	86,893	<u>\$ 59,237</u>
FUND BALANCE - Beginning of Year			<u>872,307</u>	
FUND BALANCE - END OF YEAR			<u>\$ 959,200</u>	

CITY OF HIGHLAND PARK

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL - TAX INCREMENT FINANCING - RAVINIA FUND
 For the Year Ended December 31, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 513,400	\$ 513,400	\$ 590,863	\$ 77,463
Investment income	3,600	3,600	57,014	53,414
Total Revenues	517,000	517,000	647,877	130,877
EXPENDITURES				
Capital outlay	63,000	177,000	55,370	121,630
Total Expenditures	63,000	177,000	55,370	121,630
Net Change in Fund Balance	\$ 454,000	\$ 340,000	592,507	\$ 252,507
FUND BALANCE - Beginning of Year			1,275,678	
FUND BALANCE - END OF YEAR			\$ 1,868,185	

CITY OF HIGHLAND PARK

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TAX INCREMENT FINANCING - BRIERGATE FUND For the Year Ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 855,500	\$ 798,100	\$ 781,072	\$ (17,028)
Investment income	<u>7,200</u>	<u>7,200</u>	<u>70,427</u>	<u>63,227</u>
Total Revenues	<u>862,700</u>	<u>805,300</u>	<u>851,499</u>	<u>46,199</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>862,700</u>	<u>805,300</u>	<u>851,499</u>	<u>46,199</u>
OTHER FINANCING USES				
Transfers out	<u>(2,065,000)</u>	<u>(1,942,000)</u>	<u>(1,216,778)</u>	<u>725,222</u>
Total other financing uses	<u>(2,065,000)</u>	<u>(1,942,000)</u>	<u>(1,216,778)</u>	<u>725,222</u>
Net Change in Fund Balance	<u><u>\$ (1,202,300)</u></u>	<u><u>\$ (1,136,700)</u></u>	<u>(365,279)</u>	<u><u>\$ 771,421</u></u>
FUND BALANCE, Beginning of Year			<u>2,367,507</u>	
FUND BALANCE, END OF YEAR			<u><u>\$ 2,002,228</u></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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Municipal sales tax	\$ 2,493,400	\$ 2,493,400	\$ 2,733,946	\$ 240,546
Reimbursements	1,944,100	1,944,100	282,131	(1,661,969)
Investment income	52,860	52,860	260,769	207,909
Total Revenues	<u>4,490,360</u>	<u>4,490,360</u>	<u>3,276,846</u>	<u>(1,213,514)</u>
EXPENDITURES				
Capital Outlay	10,132,000	11,577,933	9,978,499	1,599,434
Debt Service				
Principal	-	-	10,212	(10,212)
Interest and fiscal charges	-	-	1,038	(1,038)
Total Expenditures	<u>10,132,000</u>	<u>11,577,933</u>	<u>9,989,749</u>	<u>1,588,184</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,641,640)</u>	<u>(7,087,573)</u>	<u>(6,712,903)</u>	<u>374,670</u>
OTHER FINANCING SOURCES				
Transfers in	1,393,100	1,771,187	1,714,270	(56,917)
Total Other Financing Sources	<u>1,393,100</u>	<u>1,771,187</u>	<u>1,714,270</u>	<u>(56,917)</u>
Net Change in Fund Balance	<u>\$ (4,248,540)</u>	<u>\$ (5,316,386)</u>	(4,998,633)	<u>\$ 317,753</u>
FUND BALANCE - Beginning of Year			<u>6,475,577</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,476,944</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Water sales	\$ 12,061,200	\$ 12,061,200	\$ 12,624,071	\$ 562,871
Permit fees	80,000	80,000	135,845	55,845
Miscellaneous	<u>48,100</u>	<u>450,893</u>	<u>459,019</u>	<u>8,126</u>
Total Operating Revenues	<u>12,189,300</u>	<u>12,592,093</u>	<u>13,218,935</u>	<u>626,842</u>
OPERATING EXPENSES				
Personnel services	2,593,982	2,486,641	2,736,987	(250,346)
Contractual services	1,410,101	1,442,961	1,437,178	5,783
Materials and supplies	570,620	600,175	589,042	11,133
Small tools and equipment	4,625,000	6,165,987	2,359,955	3,806,032
Administrative reimbursements	<u>1,540,600</u>	<u>1,540,600</u>	<u>1,540,600</u>	<u>-</u>
Total Operating Expenses	<u>10,740,303</u>	<u>12,236,364</u>	<u>8,663,762</u>	<u>3,572,602</u>
Operating Income	<u>1,448,997</u>	<u>355,729</u>	<u>4,555,173</u>	<u>4,199,444</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	32,400	32,400	307,590	275,190
Intergovernmental	396,000	396,000	386,168	(9,832)
Principal	(2,230,100)	(2,230,100)	(2,230,052)	(48)
Interest and fiscal charges	<u>(1,004,500)</u>	<u>(1,004,500)</u>	<u>(792,414)</u>	<u>212,086</u>
Total Nonoperating Revenues (Expenses)	<u>(2,806,200)</u>	<u>(2,806,200)</u>	<u>(2,328,708)</u>	<u>477,396</u>
Net Income (Loss) Before Transfers and Adjustments to GAAP Basis	<u>(1,357,203)</u>	<u>(2,450,471)</u>	<u>2,226,465</u>	<u>4,676,840</u>
TRANSFERS				
Transfers in	<u>605,000</u>	<u>715,987</u>	<u>600,177</u>	<u>(115,810)</u>
Net Transfers	<u>605,000</u>	<u>715,987</u>	<u>600,177</u>	<u>(115,810)</u>
ADJUSTMENTS TO GAAP BASIS				
Capital assets capitalized	-	-	2,050,612	2,050,612
Depreciation	-	-	(1,473,789)	(1,473,789)
Principal paid	<u>-</u>	<u>-</u>	<u>2,230,052</u>	<u>2,230,052</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>2,806,875</u>	<u>2,806,875</u>
Change in net position	<u>\$ (752,203)</u>	<u>\$ (1,734,484)</u>	<u>5,633,517</u>	<u>\$ 7,367,905</u>
NET POSITION - Beginning of Year			<u>25,445,043</u>	
NET POSITION - END OF YEAR			<u><u>\$ 31,078,560</u></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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Sanitary sewer charges	\$ 2,527,560	\$ 2,527,560	\$ 2,373,249	\$ (154,311)
Stormwater management fees	2,323,575	2,323,575	2,330,730	7,155
Permit fees	35,000	35,000	31,961	(3,039)
Miscellaneous	<u>39,000</u>	<u>39,000</u>	<u>65,015</u>	<u>26,015</u>
Total Operating Revenues	<u>4,925,135</u>	<u>4,925,135</u>	<u>4,800,955</u>	<u>(124,180)</u>
OPERATING EXPENSES				
Personnel services	1,278,522	1,253,118	1,249,872	3,246
Contractual services	686,856	686,856	679,773	7,083
Materials and supplies	78,715	78,715	56,979	21,736
Small tools and equipment	<u>5,658,000</u>	<u>7,666,951</u>	<u>6,040,669</u>	<u>1,626,282</u>
Total Operating Expenses	<u>7,702,093</u>	<u>9,685,640</u>	<u>8,027,293</u>	<u>1,658,347</u>
Operating Income (Loss)	<u>(2,776,958)</u>	<u>(4,760,505)</u>	<u>(3,226,338)</u>	<u>1,534,167</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental revenue	2,293,750	2,293,750	364,168	(1,929,582)
Investment income	13,200	13,200	200,556	187,356
Principal	(535,000)	(535,000)	(535,000)	-
Interest and fiscal charges	<u>(152,400)</u>	<u>(152,400)</u>	<u>(108,410)</u>	<u>43,990</u>
Total Nonoperating Revenues (Expenses)	<u>1,619,550</u>	<u>1,619,550</u>	<u>(78,686)</u>	<u>(1,698,236)</u>
Net Income (Loss) Before Transfers and Adjustments to GAAP Basis	<u>(1,157,408)</u>	<u>(3,140,955)</u>	<u>(3,305,024)</u>	<u>(164,069)</u>
TRANSFERS				
Transfers in	<u>1,940,000</u>	<u>2,068,560</u>	<u>1,774,285</u>	<u>(294,275)</u>
Net Transfers	<u>1,940,000</u>	<u>2,068,560</u>	<u>1,774,285</u>	<u>(294,275)</u>
ADJUSTMENTS TO GAAP BASIS				
Capital assets capitalized	-	-	3,750,070	3,750,070
Depreciation	-	-	(2,188,731)	(2,188,731)
Principal paid	<u>-</u>	<u>-</u>	<u>535,000</u>	<u>535,000</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>2,096,339</u>	<u>2,096,339</u>
Change in net position	<u>\$ 782,592</u>	<u>\$ (1,072,395)</u>	565,600	<u>\$ 1,637,995</u>
NET POSITION - Beginning of Year			<u>23,383,055</u>	
NET POSITION - END OF YEAR			<u>\$ 23,948,655</u>	

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF NET POSITION INTERNAL SERVICE FUNDS As of December 31, 2023

	<u>Equipment Maintenance and Replacement</u>	<u>Insurance</u>	<u>Totals</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 5,193,179	\$ 2,655,030	\$ 7,848,209
Receivables			
Accounts	<u>(1,166)</u>	<u>824,981</u>	<u>823,815</u>
Total Current Assets	<u>5,192,013</u>	<u>3,480,011</u>	<u>8,672,024</u>
Noncurrent Assets			
Capital assets (net of accumulated depreciation)			
Construction in progress	804,541	-	804,541
Lease asset - right-to-use	36,436	-	36,436
Machinery, equipment and furnishings	16,489,344	-	16,489,344
Accumulated depreciation	<u>(11,103,733)</u>	<u>-</u>	<u>(11,103,733)</u>
Total Noncurrent Assets	<u>6,226,588</u>	<u>-</u>	<u>6,226,588</u>
Total Assets	<u>11,418,601</u>	<u>3,480,011</u>	<u>14,898,612</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	739,691	-	739,691
Deferred outflows related to OPEB	<u>166,290</u>	<u>-</u>	<u>166,290</u>
Total Deferred Outflows of Resources	<u>905,981</u>	<u>-</u>	<u>905,981</u>
LIABILITIES			
Current Liabilities			
Accounts payable	216,528	2,021	218,549
Accrued liabilities	13,832	-	13,832
Unearned revenue	<u>-</u>	<u>9,925</u>	<u>9,925</u>
Total Current Liabilities	<u>230,360</u>	<u>11,946</u>	<u>242,306</u>
Noncurrent Liabilities			
Due within one year	25,072	4,351	29,423
Due in more than one year	<u>677,167</u>	<u>17,405</u>	<u>694,572</u>
Total Noncurrent Liabilities	<u>702,239</u>	<u>21,756</u>	<u>723,995</u>
Total Liabilities	<u>932,599</u>	<u>33,702</u>	<u>966,301</u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
As of December 31, 2023

	<u>Equipment Maintenance and Replacement</u>	<u>Insurance</u>	<u>Totals</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to OPEB	<u>176,332</u>	<u>-</u>	<u>176,332</u>
Total Deferred Inflows of Resources	<u>176,332</u>	<u>-</u>	<u>176,332</u>
NET POSITION			
Net investment in capital assets	6,226,588	-	6,226,588
Restricted for			
Unrestricted	<u>4,989,063</u>	<u>3,446,309</u>	<u>8,435,372</u>
TOTAL NET POSITION	<u>\$ 11,215,651</u>	<u>\$ 3,446,309</u>	<u>\$ 14,661,960</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, 2023

	<u>Equipment Maintenance and Replacement</u>	<u>Insurance</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for goods and services	\$ 4,456,071	\$ 6,150,774	\$ 10,606,845
Miscellaneous	<u>33,485</u>	<u>-</u>	<u>33,485</u>
Total Operating Revenues	<u>4,489,556</u>	<u>6,150,774</u>	<u>10,640,330</u>
OPERATING EXPENSES			
Personnel services	1,528,465	(269)	1,528,196
Contractual services	348,597	5,980,334	6,328,931
Materials and supplies	591,963	17,821	609,784
Repairs and maintenance	457,369	300	457,669
Small tools and equipment	72,897	3,375	76,272
Depreciation	<u>877,560</u>	<u>-</u>	<u>877,560</u>
Total Operating Expenses	<u>3,876,851</u>	<u>6,001,561</u>	<u>9,878,412</u>
Operating Income	<u>612,705</u>	<u>149,213</u>	<u>761,918</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	221,263	88,762	310,025
Gain on sale of capital assets	45,926	-	45,926
Interest and fiscal charges	<u>(10,129)</u>	<u>-</u>	<u>(10,129)</u>
Total Nonoperating Revenues (Expenses)	<u>257,060</u>	<u>88,762</u>	<u>345,822</u>
TRANSFERS			
Transfers in	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total Transfers	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Change in net position	889,765	237,975	1,127,740
NET POSITION - Beginning of Year	<u>10,325,886</u>	<u>3,208,334</u>	<u>13,534,220</u>
NET POSITION - END OF YEAR	<u><u>\$ 11,215,651</u></u>	<u><u>\$ 3,446,309</u></u>	<u><u>\$ 14,661,960</u></u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2023

	Equipment Maintenance and Replacement	Insurance	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Received from customers	\$ 4,489,569	\$ 6,315,829	\$ 10,805,398
Paid to suppliers for goods and services	(1,463,043)	(6,000,658)	(7,463,701)
Paid to employees for services	(1,383,682)	-	(1,383,682)
Net Cash Flows From Operating Activities	<u>1,642,844</u>	<u>315,171</u>	<u>1,958,015</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>221,263</u>	<u>88,762</u>	<u>310,025</u>
Net Cash Flows From Investing Activities	<u>221,263</u>	<u>88,762</u>	<u>310,025</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers	<u>20,000</u>	-	<u>20,000</u>
Net Cash Flows From Noncapital Financing Activities	<u>20,000</u>	-	<u>20,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Lease principal paid	(7,343)	-	(7,343)
Interest paid	(10,129)	-	(10,129)
Acquisition and construction of capital assets	(728,891)	-	(728,891)
Sale of capital assets	<u>45,926</u>	-	<u>45,926</u>
Net Cash Flows From Capital and Related Financing Activities	<u>(700,437)</u>	-	<u>(700,437)</u>
Net Change in Cash and Cash Equivalents	1,183,670	403,933	1,587,603
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>4,009,509</u>	<u>2,251,097</u>	<u>6,260,606</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,193,179</u>	<u>\$ 2,655,030</u>	<u>\$ 7,848,209</u>

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2023

	<u>Equipment Maintenance and Replacement</u>	<u>Insurance</u>	<u>Totals</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 612,705	\$ 149,213	\$ 761,918
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows From Operating Activities			
Depreciation	877,560	-	877,560
Changes in assets and liabilities			
Accounts receivable	13	163,264	163,277
Accounts payable	7,783	1,172	8,955
Accrued salaries	3,087	-	3,087
Net pension asset	1,602,153	-	1,602,153
Deferred outflows related to pensions	(583,935)	-	(583,935)
Deferred inflows related to pensions	(1,181,936)	-	(1,181,936)
Unearned revenue	-	1,791	1,791
Compensated absences	(1,454)	(269)	(1,723)
Deferred outflows related to OPEB	(4,048)	-	(4,048)
Deferred inflows related to OPEB	(9,489)	-	(9,489)
Total OPEB liability	45,206	-	45,206
Net pension liability	<u>275,199</u>	<u>-</u>	<u>275,199</u>
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 1,642,844</u>	 <u>\$ 315,171</u>	 <u>\$ 1,958,015</u>
 NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Change in capital-related accounts payable	<u>\$ 55,295</u>	<u>\$ -</u>	

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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
OPERATING REVENUES				
Charges for goods and services	\$ 4,456,071	\$ 4,456,071	\$ 4,456,071	\$ -
Miscellaneous	<u>38,600</u>	<u>38,600</u>	<u>33,485</u>	<u>(5,115)</u>
Total Operating Revenues	<u>4,494,671</u>	<u>4,494,671</u>	<u>4,489,556</u>	<u>(5,115)</u>
OPERATING EXPENSES				
Personnel services	1,528,886	1,434,059	1,528,465	(94,406)
Contractual services	331,721	371,501	348,597	22,904
Materials and supplies	649,482	649,482	591,963	57,519
Repairs and maintenance	578,087	603,087	457,369	145,718
Small tools and equipment	<u>1,799,500</u>	<u>1,270,491</u>	<u>854,083</u>	<u>416,408</u>
Total Operating Expenses	<u>4,887,676</u>	<u>4,328,620</u>	<u>3,780,477</u>	<u>548,143</u>
Operating Income (Loss)	<u>(393,005)</u>	<u>166,051</u>	<u>709,079</u>	<u>543,028</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	36,000	36,000	221,263	185,263
Gain on sale of capital assets	20,000	20,000	45,926	25,926
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>(10,129)</u>	<u>(10,129)</u>
Total Nonoperating Revenues (Expenses)	<u>56,000</u>	<u>56,000</u>	<u>257,060</u>	<u>201,060</u>
Net Income (Loss) Before Adjustments to GAAP Basis	<u>(337,005)</u>	<u>222,051</u>	<u>966,139</u>	<u>744,088</u>
TRANSFERS				
Transfers in	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net Transfers	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
ADJUSTMENTS TO GAAP BASIS				
Capital assets capitalized	-	-	781,186	781,186
Depreciation	<u>-</u>	<u>-</u>	<u>(877,560)</u>	<u>(877,560)</u>
Total Adjustments to GAAP Basis	<u>-</u>	<u>-</u>	<u>(96,374)</u>	<u>(96,374)</u>
Change in net position	<u>\$ (317,005)</u>	<u>\$ 242,051</u>	889,765	<u>\$ 647,714</u>
NET POSITION - Beginning of Year			<u>10,325,886</u>	
NET POSITION - END OF YEAR			<u>\$ 11,215,651</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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for goods and services	\$ 6,018,549	\$ 6,018,549	\$ 6,150,774	\$ 132,225
Total Operating Revenues	<u>6,018,549</u>	<u>6,018,549</u>	<u>6,150,774</u>	<u>132,225</u>
OPERATING EXPENSES				
Personnel services	-	-	(269)	269
Contractual services	6,113,430	5,968,910	5,980,334	(11,424)
Materials and supplies	20,375	18,875	17,821	1,054
Repairs and maintenance	2,050	2,050	300	1,750
Small tools and equipment	<u>5,250</u>	<u>5,250</u>	<u>3,375</u>	<u>1,875</u>
Total Operating Expenses	<u>6,141,105</u>	<u>5,995,085</u>	<u>6,001,561</u>	<u>(6,476)</u>
Operating Income (Loss)	<u>(122,556)</u>	<u>23,464</u>	<u>149,213</u>	<u>125,749</u>
NONOPERATING REVENUES				
Investment income	<u>8,400</u>	<u>8,400</u>	<u>88,762</u>	<u>80,362</u>
Total Nonoperating Revenues	<u>8,400</u>	<u>8,400</u>	<u>88,762</u>	<u>80,362</u>
Change in net position	<u>\$ (114,156)</u>	<u>\$ 31,864</u>	237,975	<u>\$ 206,111</u>
NET POSITION - Beginning of Year			<u>3,208,334</u>	
NET POSITION - END OF YEAR			<u>\$ 3,446,309</u>	

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS As of December 31, 2023

	Police Pension	Firefighters' Pension	Total
ASSETS			
Cash and cash equivalents	\$ 915,087	\$ 592,829	\$ 1,507,916
Investments			
Police officers' pension investment fund	53,227,115	-	53,227,115
Firefighters' pension investment fund	-	56,832,827	56,832,827
Due from primary government	1,137	1,040	2,177
Total Assets	54,143,339	57,426,696	111,570,035
LIABILITIES			
Accounts payable	9,308	3,600	12,908
Total Liabilities	9,308	3,600	12,908
NET POSITION			
Restricted for pension benefits	\$ 54,134,031	\$ 57,423,096	\$ 111,557,127

CITY OF HIGHLAND PARK

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

For the Year Ended December 31, 2023

	<u>Police Pension</u>	<u>Firefighters' Pension</u>	<u>Total</u>
ADDITIONS			
Contributions			
Employer	\$ 5,088,635	\$ 4,362,568	\$ 9,451,203
Plan members	653,940	624,532	1,278,472
Total Contributions	<u>5,742,575</u>	<u>4,987,100</u>	<u>10,729,675</u>
Investment income			
Investment income	63,903	43,287	107,190
Net appreciation in fair value of investments	6,353,840	7,464,685	13,818,525
Total Investment Income	<u>6,417,743</u>	<u>7,507,972</u>	<u>13,925,715</u>
Less investment expenses	<u>75,366</u>	<u>62,268</u>	<u>137,634</u>
Net Investment Income	<u>6,342,377</u>	<u>7,445,704</u>	<u>13,788,081</u>
Total Additions	<u>12,084,952</u>	<u>12,432,804</u>	<u>24,517,756</u>
DEDUCTIONS			
Benefits	5,999,017	5,487,005	11,486,022
Administration	50,200	37,910	88,110
Total Deductions	<u>6,049,217</u>	<u>5,524,915</u>	<u>11,574,132</u>
Change in Net Position	6,035,735	6,907,889	12,943,624
NET POSITION - Beginning of Year	<u>48,098,296</u>	<u>50,515,207</u>	<u>98,613,503</u>
NET POSITION - END OF YEAR	<u>\$ 54,134,031</u>	<u>\$ 57,423,096</u>	<u>\$ 111,557,127</u>



CITY OF HIGHLAND PARK, ILLINOIS
Statistical Section
(Unaudited)

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over	137 - 143
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	144 - 149
Debt Capacity These schedules present information to help the reader assess the affordability of the Government's current levels of outstanding debt and the City's ability to issue additional debt in the future.	150 - 153
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within the City's financial activities take place.	154 - 155
Operating Information These schedules contain information about the City's service and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	156 - 158



FINANCIAL TRENDS

CITY OF HIGHLAND PARK

STATEMENT OF NET POSITION BY COMPONENT

Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GOVERNMENTAL ACTIVITIES										
Net investment in capital assets	\$ 74,583,376	\$ 85,027,909	\$ 85,567,313	\$ 84,778,317	\$ 78,196,858	\$ 75,455,357	\$ 74,318,370	\$ 73,684,327	\$ 75,106,994	\$ 73,706,698
Restricted	2,402,234	2,265,529	2,654,529	2,708,093	2,183,954	2,770,149	4,989,032	13,783,143	20,876,909	7,353,619
Unrestricted	34,469,095	(46,072,103)	(48,998,593)	(49,918,848)	(54,090,833)	(45,806,027)	(38,676,727)	(32,589,579)	(31,079,598)	(11,181,167)
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	\$ 111,454,705	\$ 41,221,335	\$ 39,223,249	\$ 37,567,562	\$ 26,289,979	\$ 32,419,479	\$ 40,630,675	\$ 54,877,891	\$ 64,904,305	\$ 69,879,150
BUSINESS-TYPE ACTIVITIES										
Net investment in capital assets	\$ 59,065,125	\$ 43,217,124	\$ 40,152,956	\$ 39,597,032	\$ 36,017,027	\$ 36,008,982	\$ 37,384,128	\$ 40,672,937	\$ 41,423,300	\$ 46,371,315
Restricted	-	-	-	-	-	-	-	2,292,369	4,542,011	-
Unrestricted	(2,094,006)	2,493,194	3,363,433	2,151,329	2,096,156	3,140,536	4,206,837	2,809,282	2,862,787	8,655,900
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	\$ 56,971,119	\$ 45,710,318	\$ 43,516,389	\$ 41,748,361	\$ 38,113,183	\$ 39,149,518	\$ 41,590,965	\$ 45,774,588	\$ 48,828,098	\$ 55,027,215
PRIMARY GOVERNMENT										
Net investment in capital assets	\$ 133,648,501	\$ 128,245,033	\$ 125,720,269	\$ 124,375,349	\$ 114,213,885	\$ 111,464,339	\$ 111,702,498	\$ 114,357,264	\$ 116,530,294	\$ 120,078,013
Restricted	2,402,234	2,265,529	2,654,529	2,708,093	2,183,954	2,770,149	4,989,032	16,075,512	25,418,920	7,353,619
Unrestricted	32,375,089	(43,578,909)	(45,635,160)	(47,767,519)	(51,994,677)	(42,665,491)	(34,469,890)	(29,780,297)	(28,216,811)	(2,525,267)
TOTAL PRIMARY GOVERNMENT	\$ 168,425,824	\$ 86,931,653	\$ 82,739,638	\$ 79,315,923	\$ 64,403,162	\$ 71,568,997	\$ 82,221,640	\$ 100,652,479	\$ 113,732,403	\$ 124,906,365

Notes:

- (1) An enterprise fund was created in CY 2011 to account for activities relating to sewer facilities and maintenance, creating a substantial change in fund balance totals between Governmental and Business-Type activities.
- (2) Beginning in 2015, the City implemented GASB 68 which resulted in the inclusion of a net pension liability.
- (3) Beginning in 2018, the City implemented GASB 75 which resulted in the inclusion of a total OPEB liability.
- (4) Beginning in 2019, the City implemented GASB 84 which resulted in the inclusion of the Affordable Housing and General Deposit Funds previously reported as agency funds.

CITY OF HIGHLAND PARK

FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

Fiscal Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GENERAL FUND										
Nonspendable	\$ -	\$ -	\$ -	\$ 4,753	\$ 4,276	\$ 7,062	\$ 6,658	\$ 3,454	\$ 1,306	\$ 8,700
Unrestricted										
Committed	18,150,000	-	-	-	-	-	-	-	-	-
Assigned	5,575,495	6,120,495	6,831,695	8,189,329	8,832,844	9,876,238	10,312,585	10,894,369	11,428,324	11,712,713
Unassigned	19,744,246	20,322,846	18,054,780	17,556,651	20,471,736	25,865,861	28,433,165	35,914,242	45,058,959	51,629,885
Subtotal general fund	43,469,741	26,443,341	24,886,475	25,750,733	29,308,856	35,749,161	38,752,408	46,812,065	56,488,589	63,351,298
% Change from prior year	2.4%	-39.2%	-5.9%	3.5%	13.8%	22.0%	8.4%	20.8%	20.7%	12.1%
ALL OTHER GOVERNMENTAL FUNDS										
Nonspendable	6,408	6,408	6,408	-	359	-	359	359	-	5,800
Restricted	2,402,234	2,265,529	3,343,630	2,708,093	4,939,210	3,723,776	5,773,666	7,226,502	11,430,607	7,353,619
Unrestricted										
Committed	1,221,503	1,079,505	906,922	1,281,682	2,031,886	2,468,121	1,991,917	2,906,121	3,521,928	3,106,757
Assigned	3,186,138	2,731,073	3,719,803	2,277,942	971,368	999,356	1,304,570	1,829,879	2,517,132	2,436,144
Unassigned										
Special Revenue Funds (deficit)	(52,514)	(61,165)	(61,207)	-	-	-	-	-	-	-
Subtotal all other funds	6,763,769	6,021,350	7,915,556	6,267,717	7,942,823	7,191,253	9,070,512	11,962,861	17,469,667	12,902,320
TOTAL GOVERNMENTAL FUNDS	\$50,233,510	\$32,464,691	\$32,802,031	\$32,018,450	\$37,251,679	\$42,940,414	\$47,822,920	\$58,774,926	\$73,958,256	\$76,253,618
% Change from prior year	3.6%	-35.4%	1.0%	-2.4%	16.3%	15.3%	11.4%	22.9%	25.8%	3.1%

CITY OF HIGHLAND PARK

CHANGE IN NET POSITION
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GOVERNMENTAL ACTIVITIES										
Program Revenues										
Charges for services										
General government	\$ 2,771,791	\$ 2,665,330	\$ 2,348,267	\$ 2,172,696	\$ 2,372,699	\$ 2,766,614	\$ 2,595,913	\$ 3,837,328	\$ 2,941,202	\$ 3,711,925
Public safety	2,869,862	2,737,190	2,789,821	3,252,583	3,483,336	3,801,221	2,586,179	3,080,967	3,567,613	3,853,924
Public works	1,248,525	1,182,321	1,220,394	1,317,634	1,417,119	1,511,471	237,806	311,771	680,049	717,950
Economic/physical development	1,516,752	1,935,153	1,707,560	1,306,682	1,948,457	1,573,980	1,049,684	1,588,169	1,964,243	1,662,983
Transit	1,416,630	1,312,436	1,342,009	1,421,764	1,436,742	1,532,544	1,090,786	1,101,609	1,219,157	1,185,474
Operating grants	1,123,140	762,804	795,560	870,061	776,384	1,006,633	1,761,212	2,232,505	3,131,358	2,609,416
Capital grants	-	245,365	84,464	232,948	306,139	67,783	951,179	214,957	88,961	284,105
General Revenues										
Property taxes	12,300,826	12,319,262	12,412,788	12,574,374	13,056,531	14,155,087	14,992,697	16,703,364	16,434,529	17,998,020
Sales taxes	13,674,254	13,173,534	13,230,707	13,111,115	13,991,902	13,576,047	12,324,127	16,299,258	17,052,849	18,052,141
Other taxes	9,970,403	10,004,019	11,915,256	11,915,732	15,744,381	12,086,075	12,308,181	14,372,880	16,131,544	14,648,887
Coronavirus Relief Fund	-	-	-	-	-	-	1,365,211	-	-	-
Payment in lieu of taxes ¹	796,308	762,038	822,131	846,221	704,250	1,462,484	837,500	1,036,470	1,075,407	1,203,206
Other	2,434,222	(686,784)	269,876	363,329	896,614	3,890,504	1,569,450	374,553	1,775,140	5,118,492
Total revenues	50,122,713	46,412,668	48,938,833	49,385,139	56,134,554	57,430,443	53,669,925	61,153,831	66,062,052	71,046,523
Expenses										
General government	7,543,013	7,648,490	7,136,341	7,523,811	6,756,414	7,737,099	6,492,574	6,795,345	7,350,860	8,761,976
Public safety	22,784,673	27,060,284	27,094,758	26,147,707	28,676,247	27,435,033	24,913,624	24,534,088	33,089,248	33,826,102
Public works	7,147,559	7,377,966	7,491,480	7,531,938	7,258,400	6,882,251	6,907,639	8,089,501	9,315,187	12,190,104
Economic/physical development	6,249,818	7,249,956	7,155,683	7,921,665	8,188,294	8,072,546	5,983,759	5,546,643	6,503,889	6,952,763
Transit	1,288,343	1,230,364	1,265,741	1,289,937	1,357,141	1,379,367	954,492	1,633,403	1,153,760	1,330,574
Commissions	394,871	467,014	448,794	412,175	157,299	73,711	90,573	77,042	72,121	91,773
Interest	886,246	287,932	276,122	213,593	404,873	281,688	345,473	230,593	694,064	543,924
Total expenses	46,294,523	51,322,006	50,868,919	51,040,826	52,798,668	51,861,695	45,688,134	46,906,615	58,179,129	63,697,216
INCREASE (DECREASE) IN NET POSITION BEFORE TRANSFERS	\$ 3,828,190	\$ (4,909,338)	\$ (1,930,086)	\$ (1,655,687)	\$ 3,335,886	\$ 5,568,748	\$ 7,981,791	\$ 14,247,216	\$ 7,882,923	\$ 7,349,307
Transfers	-	8,523,384	(68,000)	-	-	-	-	-	2,143,491	(2,374,462)
INCREASE (DECREASE) IN NET POSITION	\$ 3,828,190	\$ 3,614,046	\$ (1,998,086)	\$ (1,655,687)	\$ 3,335,886	\$ 5,568,748	\$ 7,981,791	\$ 14,247,216	\$ 10,026,414	\$ 4,974,845

Notes:

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

CITY OF HIGHLAND PARK

CHANGE IN NET POSITION (Continued)
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
BUSINESS-TYPE ACTIVITIES										
Program Revenues										
Charges for services										
Parking system	\$ 782,300	\$ 816,753	\$ 795,851	\$ 725,178	\$ 798,021	\$ 824,906	\$ 241,873	\$ 281,720	\$ -	\$ -
Water	7,193,756	7,286,222	8,038,625	7,944,693	8,017,280	8,806,707	10,641,590	11,146,891	11,468,316	13,218,935
Sewer	3,517,779	4,066,211	4,639,293	4,580,105	4,705,795	4,583,554	4,777,415	4,919,853	4,765,074	4,800,955
Country Club	2,220,787	5,381	-	-	-	-	-	-	-	-
Operating grants	118,280	70,270	78,919	84,794	99,323	306,891	227,277	1,459,257	451,440	750,336
Other	17,520	9,112	57,742	114,265	111,356	204,643	83,668	24,502	149,844	508,146
Total revenues	13,850,422	12,253,949	13,610,430	13,449,035	13,731,775	14,726,701	15,971,823	17,832,223	16,834,674	19,278,372
Expenses										
Parking	988,547	1,031,108	935,125	940,746	930,884	861,071	631,353	634,908	-	-
Water	7,101,394	10,128,640	10,868,120	9,443,272	10,907,442	8,229,552	8,342,095	8,180,339	7,698,293	8,879,353
Sewer	4,224,626	4,872,731	4,069,114	4,833,045	5,232,836	4,599,743	4,556,928	4,833,353	3,939,380	6,574,364
Country Club	2,837,047	10,047	-	-	-	-	-	-	-	-
Total expenses	15,151,614	16,042,526	15,872,359	15,217,063	17,071,162	13,690,366	13,530,376	13,648,600	11,637,673	15,453,717
INCR./((DECR.) IN NET POSITION BEFORE TRANSFERS	(1,301,192)	(3,788,577)	(2,261,929)	(1,768,028)	(3,339,387)	1,036,335	2,441,447	4,183,623	5,197,001	3,824,655
Transfers	-	(8,523,384)	68,000	-	-	-	-	-	(2,143,491)	2,374,462
INCR./((DECR.) IN NET POSITION	\$ (1,301,192)	\$ (12,311,961)	\$ (2,193,929)	\$ (1,768,028)	\$ (3,339,387)	\$ 1,036,335	\$ 2,441,447	\$ 4,183,623	\$ 3,053,510	\$ 6,199,117

CITY OF HIGHLAND PARK

CHANGE IN NET POSITION (Continued)
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
TOTAL NET POSITION										
Program Revenues										
Charges for services	\$ 23,538,182	\$ 22,006,997	\$ 22,881,820	\$ 22,721,335	\$ 24,179,449	\$ 25,400,997	\$ 23,221,246	\$ 26,268,308	\$ 26,605,654	\$ 29,152,146
Operating grants	1,241,420	833,074	874,479	954,855	875,707	1,313,524	1,988,489	3,691,762	3,582,798	3,359,752
Capital grants	-	245,365	84,464	232,948	306,139	67,783	951,179	214,957	88,961	284,105
General Revenues										
Property taxes	12,300,826	12,319,262	12,412,788	12,574,374	13,056,531	14,155,087	14,992,697	16,703,364	16,434,529	17,998,020
Sales taxes	13,674,254	13,173,534	13,230,707	13,111,115	13,991,902	13,576,047	12,324,127	16,299,258	17,052,849	18,052,141
Other taxes	9,970,403	10,004,019	11,915,256	11,915,732	15,744,381	12,086,075	12,308,181	14,372,880	16,131,544	14,648,887
Coronavirus Relief Fund	-	-	-	-	-	-	1,365,211	-	-	-
Payment in lieu of taxes	796,308	762,038	822,131	846,221	704,250	1,462,484	837,500	1,036,470	1,075,407	1,203,206
Other	2,451,742	(677,672)	327,618	477,594	1,007,970	4,095,147	1,653,118	399,055	1,924,984	5,626,638
Total revenues	63,973,135	58,666,617	62,549,263	62,834,174	69,866,329	72,157,144	69,641,748	78,986,054	82,896,726	90,324,895
Expenses										
General government	7,543,013	7,648,490	7,136,341	7,523,811	6,756,414	7,737,099	6,492,574	6,795,345	7,350,860	8,761,976
Public safety	22,784,673	27,060,284	27,094,758	26,147,707	28,676,247	27,435,033	24,913,624	24,534,088	33,089,248	33,826,102
Public works	7,147,559	7,377,966	7,491,480	7,531,938	7,258,400	6,882,251	6,907,639	8,089,501	9,315,187	12,190,104
Economic/physical development	6,249,818	7,249,956	7,155,683	7,921,665	8,188,294	8,072,546	5,983,759	5,546,643	6,503,889	6,952,763
Transit	1,288,343	1,230,364	1,265,741	1,289,937	1,357,141	1,379,367	954,492	1,633,403	1,153,760	1,330,574
Commissions	394,871	467,014	448,794	412,175	157,299	73,711	90,573	77,042	72,121	91,773
Interest	886,246	287,932	276,122	213,593	404,873	281,688	345,473	230,593	694,064	543,924
Parking	988,547	1,031,108	935,125	940,746	930,884	861,071	631,353	634,908	-	-
Water	7,101,394	10,128,640	10,868,120	9,443,272	10,907,442	8,229,552	8,342,095	8,180,339	7,698,293	8,879,353
Sewer	4,224,626	4,872,731	4,069,114	4,833,045	5,232,836	4,599,743	4,556,928	4,833,353	3,939,380	6,574,364
Country Club	2,837,047	10,047	-	-	-	-	-	-	-	-
Total expenses	61,446,137	67,364,532	66,741,278	66,257,889	69,869,830	65,552,061	59,218,510	60,555,215	69,816,802	79,150,933
INCR./((DECR.) IN NET POSITION	\$ 2,526,998	\$ (8,697,915)	\$ (4,192,015)	\$ (3,423,715)	\$ (3,501)	\$ 6,605,083	\$ 10,423,238	\$ 18,430,839	\$ 13,079,924	\$ 11,173,962
NET REVENUE/(EXPENSE)										
Governmental Activities	3,828,190	3,614,046	(1,998,086)	(1,655,687)	3,335,886	5,568,748	7,981,791	14,247,216	10,026,414	4,974,845
Business-Type Activities	(1,301,192)	(12,311,961)	(2,193,929)	(1,768,028)	(3,339,387)	1,036,335	2,441,447	4,183,623	3,053,510	6,199,117
TOTAL NET REVENUE/(EXPENSE)	2,526,998	(8,697,915)	(4,192,015)	(3,423,715)	(3,501)	6,605,083	10,423,238	18,430,839	13,079,924	11,173,962

CITY OF HIGHLAND PARK

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Property taxes	\$ 12,300,826	\$ 12,319,262	\$ 12,412,788	\$ 12,574,374	\$ 13,056,531	\$ 14,155,087	\$ 14,992,697	\$ 16,703,364	\$ 16,434,529	\$ 17,998,020
Personal property replacement taxes	316,285	337,267	298,849	315,598	286,914	356,704	318,803	559,662	1,132,395	942,102
Licenses and permits	2,774,721	3,170,971	2,877,456	2,755,250	3,264,842	2,963,904	1,429,358	2,057,305	2,519,222	2,133,006
Public charges for services	2,383,476	2,408,953	2,944,657	3,342,231	3,662,416	4,064,724	2,898,618	3,699,706	4,409,521	4,863,642
Municipal sales tax	13,674,254	13,173,534	13,230,707	13,111,115	13,991,902	13,576,047	12,324,127	16,299,258	17,052,849	18,052,141
Utility tax	2,863,573	2,603,391	2,365,250	2,410,931	2,330,522	2,423,838	2,242,932	2,401,266	2,718,273	2,370,650
Real estate transfer tax	1,786,963	1,695,540	1,843,768	2,003,188	1,692,383	1,665,318	2,291,611	3,147,040	2,831,985	1,854,195
Intergovernmental	236,260	154,025	159,333	245,195	155,971	178,438	207,113	596,914	1,469,666	1,494,418
State income tax	2,849,624	3,166,878	2,897,250	2,733,707	2,850,286	3,167,946	3,234,314	3,934,568	4,917,098	4,819,693
Franchise tax	2,153,958	2,200,943	2,158,947	2,019,029	1,922,755	1,731,838	1,430,149	1,452,817	1,501,711	1,470,817
Payment in lieu ¹	796,308	762,038	822,131	846,221	704,250	1,462,484	418,750	1,455,220	1,075,407	1,203,206
Other taxes	2,221,094	2,266,204	2,229,634	2,298,992	2,435,650	2,592,224	2,607,523	2,693,112	2,833,861	3,002,987
RTA ² reimbursement	1,416,630	1,317,436	1,342,009	1,421,764	1,436,742	1,532,544	1,090,786	1,101,609	1,219,157	1,185,474
Reimbursements-other agencies	171,621	406,514	317,187	467,581	577,780	711,464	2,329,159	1,639,971	469,620	550,786
Fines, forfeitures, and penalties	1,078,662	867,656	514,271	423,287	562,122	559,376	146,786	174,516	102,402	132,967
Motor fuel tax	1,000,150	727,628	757,785	759,153	761,804	976,402	1,736,948	1,820,006	1,857,913	1,302,441
Interest income	735,415	72,025	244,636	322,252	707,738	915,732	499,588	215,804	1,367,030	4,002,065
Net change in fair value of investments	(636,166)	(3,150,000)	-	-	70,145	328,193	-	29,977	-	-
Miscellaneous	587,444	681,039	691,671	658,805	544,461	500,044	524,475	513,129	723,615	1,770,124
Total revenues	48,711,098	45,181,304	48,108,329	48,708,673	51,015,214	53,862,307	50,723,737	60,495,244	64,636,254	69,148,734
EXPENDITURES										
Current										
General government	6,309,182	7,192,989	8,975,291	6,684,877	7,253,903	7,326,231	5,867,216	6,420,169	8,155,421	9,530,832
Public safety	23,094,151	23,195,210	24,467,111	25,679,506	27,213,467	26,827,790	26,567,770	28,294,059	29,540,308	32,201,026
Public works	5,566,327	6,148,424	5,994,720	5,737,953	5,615,754	5,746,861	5,179,840	5,315,964	5,725,038	6,398,535
Transit	1,301,161	1,251,772	1,258,440	1,294,057	1,354,645	1,370,188	953,199	1,007,116	1,050,306	1,099,251
Commissions	145,798	217,940	186,720	163,101	157,299	73,711	90,573	77,042	72,121	91,773
Economic and physical development	3,662,506	4,037,270	3,941,297	3,766,052	4,007,848	5,416,201	4,865,954	4,376,049	5,765,637	5,629,257
Capital outlay	2,765,778	3,100,533	4,607,980	4,951,600	6,942,117	4,472,927	1,237,278	2,844,551	8,282,008	9,978,499
Debt service										
Principal	3,147,657	17,319,486	2,717,150	2,793,950	478,510	913,160	908,311	925,010	908,147	1,522,001
Interest and fiscal charges	979,411	325,655	302,340	240,967	448,082	326,712	390,495	275,618	757,326	618,042
Total expenditures	46,971,971	62,789,279	52,451,049	51,312,063	53,471,625	52,473,781	46,060,636	49,535,578	60,256,312	67,069,216
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 1,739,127	\$ (17,607,975)	\$ (4,342,720)	\$ (2,603,390)	\$ (2,456,411)	\$ 1,388,526	\$ 4,663,101	\$ 10,959,666	\$ 4,379,942	\$ 2,079,518

Notes:

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

(2) RTA is Regional Transportation Authority.

CITY OF HIGHLAND PARK

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
OTHER FINANCING SOURCES (USES)										
General obligation debt issued	\$ -	\$ 646,800	\$ 4,650,000	\$ 705,162	\$ 7,900,000	\$ -	\$ -	\$ -	\$ 9,230,000	\$ -
Premium on debt Issued	-	27,004	80,375	12,600	292,111	-	-	-	892,268	-
Lease issuance	-	-	-	-	-	-	-	-	669,530	159,939
Transfers in	2,514,360	16,540,175	1,200,000	1,240,705	3,006,435	1,920,248	2,669,627	2,533,772	3,288,639	2,469,464
Transfers (out)	(2,514,360)	(17,381,823)	(1,268,000)	(1,240,705)	(4,043,411)	(1,920,248)	(2,679,627)	(2,556,432)	(3,533,837)	(4,863,926)
Sale of capital assets	3,663	7,000	17,655	1,102,047	534,505	3,739,457	-	15,000	256,788	2,450,367
Total other financing sources (uses)	3,663	(160,844)	4,680,030	1,819,809	7,689,640	3,739,457	(10,000)	(7,660)	10,803,388	215,844
NET CHANGES IN FUND BALANCES	1,742,790	(17,768,819)	337,310	(783,581)	5,233,229	5,127,983	4,653,101	10,952,006	15,183,330	2,295,362
FUND BALANCES, BEGINNING OF YEAR	48,490,720	50,233,510	32,464,691	32,802,031	32,018,480	37,251,679	42,940,414	47,822,920	58,774,926	73,958,256
Prior period adjustment	-	-	-	-	-	560,752	229,405	-	-	-
FUND BALANCES, BEGINNING OF YEAR, RESTATED	48,490,720	50,233,510	32,464,691	32,802,031	32,018,480	37,812,431	43,169,819	47,822,920	58,774,926	73,958,256
FUND BALANCES, END OF YEAR	\$ 50,233,510	\$ 32,464,691	\$ 32,802,001	\$ 32,018,450	\$ 37,251,709	\$ 42,940,414	\$ 47,822,920	\$ 58,774,926	\$ 73,958,256	\$ 76,253,618
DEBT SERVICE AS A % OF NONCAPITAL EXPENDITURES¹	9.2%	29.1%	6.5%	6.3%	1.9%	2.6%	3.0%	2.5%	3.1%	3.7%

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
2014	\$ 1,863,622,335	\$ 187,084,550	\$ 444,603	\$ 665	\$ 2,255,482	n/a	\$2,053,407,635	0.795	\$6,160,222,905	-0.5%	33%
2015	1,972,901,914	202,847,928	439,359	772	2,667,731	n/a	2,178,857,704	0.749	6,536,573,112	6.1%	33%
2016	2,098,472,765	212,302,541	472,885	1,257	2,710,878	n/a	2,313,960,326	0.737	6,941,880,978	6.2%	33%
2017	2,181,515,147	223,651,158	481,655	1,497	2,761,689	n/a	2,408,411,146	0.726	7,225,233,438	4.1%	33%
2018	2,178,026,581	222,911,973	482,480	1,745	2,952,465	n/a	2,404,375,244	0.772	7,213,125,732	-0.2%	33%
2019	2,093,191,544	254,156,305	489,659	972,370	3,204,766	n/a	2,352,014,644	0.809	7,056,043,932	-2.2%	33%
2020	2,055,603,901	239,253,308	488,055	958,367	3,332,597	n/a	2,299,636,228	0.875	6,898,908,684	-2.2%	33%
2021	2,049,956,208	243,905,915	488,055	956,015	3,332,597	n/a	2,298,638,790	0.904	6,895,916,370	0.0%	33%
2022	2,121,368,354	266,318,526	494,435	2,246	3,940,056	n/a	2,392,123,617	0.909	7,176,370,851	4.1%	33%
2023	2,274,563,706	299,514,018	489,084	1,679,301	4,243,555	n/a	2,580,489,664	0.872	7,741,468,992	7.9%	33%

Notes:

(1) Source: Lake County

CITY OF HIGHLAND PARK

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Levy Years
(Cents per hundred dollars)

Tax Levy Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>CITY DIRECT RATE</u>										
Bond	0.145	0.136	0.129	0.033	0.052	0.052	0.053	0.055	0.079	0.087
Corporate	0.119	0.084	0.085	0.152	0.150	0.147	0.213	0.218	0.219	0.176
Firefighters Pension	0.116	0.113	0.121	0.128	0.129	0.125	0.128	0.128	0.125	0.121
Library	0.226	0.213	0.209	0.203	0.206	0.219	0.224	0.226	0.217	0.208
Police Pension	0.115	0.128	0.128	0.132	0.132	0.141	0.145	0.145	0.137	0.148
Street and Bridge	0.074	0.075	0.065	0.077	0.103	0.124	0.113	0.120	0.123	0.126
PTAB/CE Recapture	-	-	-	-	-	-	-	0.013	0.008	0.007
Street Construction	-	-	-	-	-	-	-	-	-	-
IMRF	-	-	-	-	-	-	-	-	-	-
School Crossing Guard	-	-	-	-	-	-	-	-	-	-
Public Benefit	-	-	-	-	-	-	-	-	-	-
Audit	-	-	-	-	-	-	-	-	-	-
Total Direct Rate	0.795	0.749	0.737	0.726	0.772	0.809	0.875	0.904	0.909	0.872
<u>OVERLAPPING RATES</u>										
County	0.682	0.663	0.632	0.622	0.612	0.597	0.598	0.598	0.589	0.586
Forest Preserve	0.210	0.208	0.193	0.187	0.182	0.180	0.182	0.179	0.173	0.168
Township	0.066	0.063	0.056	0.054	0.054	0.056	0.055	0.056	0.054	0.050
Sanitary	0.169	0.166	0.157	0.153	0.153	0.153	0.157	0.158	0.160	0.159
College of Lake County	0.306	0.299	0.285	0.281	0.282	0.282	0.290	0.293	0.296	0.294
High School	2.421	2.309	2.187	2.164	2.222	2.280	2.391	2.486	2.525	2.477
Elementary School	3.152	3.006	2.862	2.826	2.914	3.039	3.184	3.299	3.676	3.560
Mosquito Abatement	0.013	0.012	0.012	0.011	0.011	0.012	0.012	0.013	0.012	0.010
Park District	0.508	0.520	0.529	0.521	0.535	0.560	0.572	0.608	0.612	0.596
Total Overlapping Rate	7.527	7.246	6.913	6.818	6.966	7.157	7.442	7.691	8.097	7.900
Total Rate	8.322	7.995	7.650	7.544	7.738	7.966	8.317	8.595	9.005	8.772

Notes:

(1) Source: Lake County

CITY OF HIGHLAND PARK

PRINCIPAL TAXPAYERS
Current Year and Nine Years Prior

December 31, 2023				December 31, 2014			
Taxpayer ¹	Business/Service	Equalized Assessed Valuation ²	as a % of Total EAV	Taxpayer ¹	Business/Service	Equalized Assessed Valuation	as a % of Total EAV
Albion Jacobs Highland Park LLC	Real Property	\$ 17,290,152	0.72%	Metzler I Renaissance Place LP	Retail Property	\$ 9,874,309	0.48%
T Renaissance IL LLC	Business/Retail Center	9,383,160	0.39%	Midwest Family Housing LLC	Real Property	7,933,281	0.38%
Federal Realty Investment Trust	Business/Retail Center	8,376,465	0.35%	Federal Realty Investment Trust	Business/Retail Center	6,497,935	0.31%
Americana Associates	Real Property	8,332,500	0.35%	Highland Park Associates II LLC	Real Property	4,315,565	0.21%
SE McGovern House Transitory LLC	Real Property	8,268,856	0.35%	Klaimont Family Associates	Business/Retail Center	4,271,585	0.21%
Midwest Family Housing LLC	Real Property	7,553,288	0.32%	Americana Apartments	Apartments	3,898,505	0.19%
Target Corporation T - 1168	Real Property	6,796,321	0.28%	Sunset Food Mart, Inc.	Retail Property - Grocery Store	3,578,858	0.17%
Ernie D Semersky	Real Property	5,137,404	0.21%	Ameritech-Illinois	Utility	3,556,747	0.17%
Extra Space Properties 113 LLC	Real Property	4,749,525	0.20%	RSV Partners	Real Property	3,309,036	0.16%
James & Wendy Abrams	Real Property	4,745,379	0.20%	Evergreen Real Estate Services	Real Property	3,087,485	0.15%
		<u>\$ 80,633,050</u>	<u>3.37%</u>			<u>\$ 50,323,306</u>	<u>2.44%</u>
	2023 Total EAV	\$ 2,392,123,617			2014 Total EAV	\$ 2,063,609,750	
	Percentage of Total		3.37%		Percentage of Total		2.44%

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 2023 EAV is the most current available for all taxpayers.

(2) Source: Lake County Clerk

CITY OF HIGHLAND PARK

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Levy Years

Tax Levy Year	Tax Levy as Abated ¹	Current Taxes Collected		Percent of Levy Collected	Delinquent Taxes Collected in Current Year ²	Total Collections	Percent of Total Collections to Tax Levy
		Fiscal Year Collected	Amount				
2013	\$ 16,199,337	2014	\$ 16,085,461	99.30%	\$ -	\$ 16,085,461	99.30%
2014	16,316,623	2015	16,254,541	99.62%	-	16,254,541	99.62%
2015	16,316,594	2016	16,294,280	99.86%	-	16,294,280	99.86%
2016	17,061,848	2017	16,898,118	99.04%	-	16,898,118	99.04%
2017	17,482,295	2018	17,374,483	99.38%	-	17,374,483	99.38%
2018	18,556,415	2019	18,449,447	99.42%	-	18,449,447	99.42%
2019	19,028,104	2020	18,853,219	99.08%	-	18,853,219	99.08%
2020	20,127,819	2021	19,961,153	99.17%	-	19,961,153	99.17%
2021	20,551,725	2022	20,575,387	100.12%	-	20,575,387	100.12%
2022	21,717,105	2023	21,576,808	99.35%	-	21,576,808	99.35%

Notes:

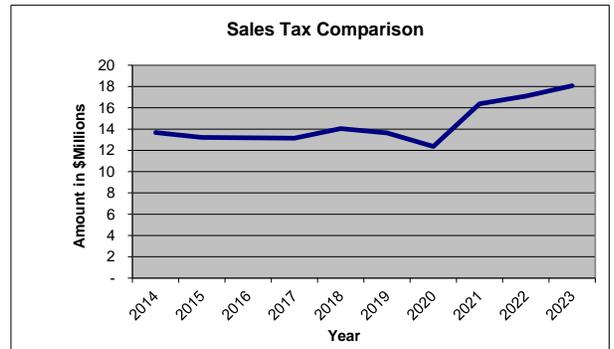
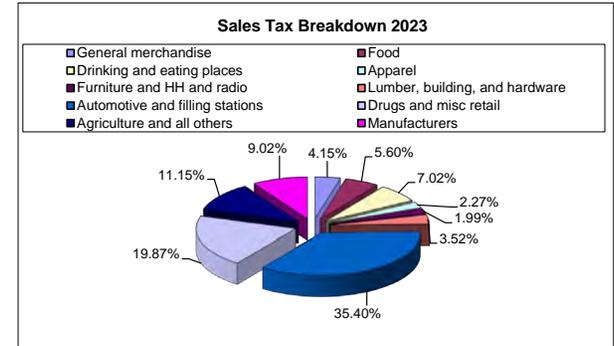
(1) Tax levy as abated represents total assessments extended by the City tax rate and excludes levies on the special service areas and the tax increment financing area.

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

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

Municipal Sales Tax	#	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General merchandise		450,805	424,722	376,713	360,540	349,402	327,815	302,842	336,698	401,189	414,270
Food		892,527	848,504	785,021	793,953	749,836	744,541	798,115	778,352	831,346	792,645
Drinking and eating places		580,827	588,112	589,970	610,370	604,583	634,746	438,679	529,818	577,140	640,186
Apparel		266,663	260,993	231,345	197,947	196,188	162,282	86,798	156,260	188,532	205,590
Furniture and HH and radio		194,996	187,393	194,400	187,107	196,551	172,100	166,564	215,714	206,625	179,495
Lumber, building, and hardware		307,275	324,682	321,871	288,996	266,003	254,990	286,283	317,635	320,477	317,999
Automotive and filling stations		4,256,268	4,051,315	3,925,825	4,050,446	4,359,345	4,498,233	4,008,239	4,882,740	4,571,963	5,512,771
Drugs and misc retail		1,310,854	1,109,919	1,278,384	1,206,582	1,149,203	1,185,317	1,224,630	2,023,860	1,962,775	2,142,751
Agriculture and all others		700,733	842,241	725,046	714,869	768,559	770,403	685,964	894,537	958,637	1,073,472
Manufacturers		309,187	403,709	684,361	677,172	1,262,615	842,949	894,515	1,295,726	1,723,525	1,341,888
TOTAL		9,270,135	9,041,588	9,112,937	9,087,983	9,902,285	9,593,375	8,892,630	11,431,341	11,742,211	12,621,067
% Inc./Dec. from prev. year		8.21%	-2.47%	0.79%	-0.27%	8.96%	-3.12%	-7.30%	28.55%	2.72%	7.48%
Home Rule Sales Tax	#	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General merchandise		339,988	321,670	298,828	294,033	281,712	261,670	239,904	267,470	334,754	335,144
Food		259,062	261,177	221,744	212,651	203,551	196,656	186,945	228,955	251,446	219,340
Drinking and eating places		570,766	578,180	580,581	601,154	597,607	626,500	430,410	520,669	567,376	628,295
Apparel		260,367	254,457	226,511	197,899	195,841	162,284	86,798	156,001	188,338	205,298
Furniture and HH and radio		194,496	186,823	193,796	186,657	196,096	171,674	166,294	215,428	206,172	179,177
Lumber, building, and hardware		307,228	324,651	321,370	288,811	266,002	254,988	286,218	317,478	320,456	317,926
Automotive and filling stations		944,921	783,633	716,884	797,223	885,035	865,015	676,098	799,992	967,070	884,183
Drugs and misc retail		844,357	680,829	811,952	738,672	724,671	740,785	679,381	1,443,146	1,386,083	1,447,983
Agriculture and all others		550,876	663,022	555,023	562,801	599,406	591,187	543,649	734,789	818,343	941,542
Manufacturers		130,667	118,371	146,910	180,087	189,811	182,662	179,439	256,951	312,614	288,742
TOTAL		4,402,727	4,172,814	4,073,599	4,059,986	4,139,733	4,053,420	3,475,136	4,940,880	5,352,651	5,447,627
% Inc./Dec. from prev. year		1.53%	-5.22%	-2.38%	-0.33%	1.96%	-2.08%	-14.27%	42.18%	8.33%	1.77%
Total Sales Tax	#	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General merchandise		790,793	746,392	675,541	654,574	631,114	589,485	542,746	604,168	735,943	749,414
Food		1,151,589	1,109,681	1,006,765	1,006,604	953,388	941,197	985,060	1,007,307	1,082,793	1,011,985
Drinking and eating places		1,151,593	1,166,292	1,170,550	1,211,523	1,202,190	1,261,246	869,090	1,050,487	1,144,516	1,268,481
Apparel		527,030	515,449	457,857	395,846	392,029	324,566	173,596	312,261	376,870	410,887
Furniture and HH and radio		389,492	374,216	388,196	373,764	392,647	343,773	332,858	431,143	412,796	358,672
Lumber, building, and hardware		614,503	649,333	643,242	577,808	532,005	509,978	572,501	635,113	640,934	635,924
Automotive and filling stations		5,201,189	4,834,947	4,642,709	4,847,669	5,244,380	5,363,248	4,684,337	5,682,733	5,539,033	6,396,953
Drugs and misc retail		2,155,211	1,790,749	2,090,336	1,945,254	1,873,874	1,926,102	1,904,011	3,467,006	3,348,858	3,590,734
Agriculture and all others		1,251,609	1,505,263	1,280,069	1,277,670	1,367,965	1,361,590	1,229,613	1,629,326	1,776,980	2,015,013
Manufacturers		439,854	522,080	831,271	857,258	1,452,427	1,025,611	1,073,954	1,552,677	2,036,139	1,630,630
TOTAL		13,672,863	13,214,402	13,186,536	13,147,969	14,042,018	13,646,795	12,367,766	16,372,222	17,094,863	18,068,694
% Inc./Dec. from prev. year		5.96%	-3.35%	-0.21%	-0.29%	6.80%	-2.81%	-9.37%	32.38%	4.41%	5.70%

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	
2014	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2015	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2016	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2017	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2018	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2019	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2020	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2021	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2022	1.00	1.00	2.00	5.00	0.25	0.75	8.00
2023	1.00	1.00	2.00	5.00	0.25	0.75	8.00

Notes:

(1) Source: City Records



DEBT CAPACITY

CITY OF HIGHLAND PARK

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

Fiscal Year	Estimated Population ¹	Equalized Assessed Valuation ²	General Bonded Debt ³	Ratio of General Bonded Debt to Equalized Assessed Valuation	General Bonded Debt Per Capita
2014	29,763	\$ 2,053,407,635	\$ 56,604,486	0.0276	\$ 1,902
2015	29,871	2,178,857,704	45,651,055	0.0210	1,528
2016	29,743	2,313,960,326	53,192,609	0.0230	1,788
2017	29,641	2,408,411,146	53,944,751	0.0224	1,820
2018	29,767	2,404,375,244	59,722,344	0.0248	2,006
2019	29,622	2,352,014,644	56,652,343	0.0241	1,913
2020	29,628	2,299,636,228	53,282,479	0.0232	1,798
2021	30,176	2,298,640,647	49,727,458	0.0216	1,648
2022	30,245	2,392,123,617	59,500,956	0.0249	1,967
2023	30,209	2,580,489,664	55,024,766	0.0213	1,821

Notes:

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

CITY OF HIGHLAND PARK

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

Fiscal Year	General Obligation Bonds ^{1,2}		Total Debt	Total Personal Income	Debt as a % of Total Personal Income	EAV	Debt to EAV Ratio	Estimated Population	Per Capita
	Governmental Activities	Business-Type Activities							
2014	\$ 20,679,486	\$ 35,925,000	\$ 56,604,486	\$ 1,951,113,465	2.90%	\$ 2,053,407,635	0.0276	29,763	\$ 1,902
2015	4,006,800	41,644,255	45,651,055	2,051,779,248	2.22%	2,178,857,704	0.0210	29,871	1,528
2016	6,180,972	47,011,637 ³	53,192,609	2,172,904,608	2.45%	2,313,960,326	0.0230	29,743	1,788
2017	4,066,049	49,878,702 ³	53,944,751	2,297,503,551	2.35%	2,408,411,146	0.0224	29,641	1,820
2018	11,724,357	47,997,987 ³	59,722,344	2,430,505,317	2.46%	2,404,375,244	0.0248	29,767	2,006
2019	10,754,782	45,897,560 ³	56,652,343	2,576,047,608	2.20%	2,352,014,644	0.0241	29,622	1,913
2020	9,790,058	43,492,421 ³	53,282,479	2,679,615,576	1.99%	2,299,636,228	0.0232	29,628	1,798
2021	8,808,634	40,918,824 ³	49,727,458	2,719,853,408	1.83%	2,298,640,647	0.0216	30,176	1,648
2022	18,765,283 ⁴	40,735,673 ³	59,500,956	2,822,130,705	2.11%	2,392,123,617	0.0249	30,245	1,967
2023	17,303,001 ⁴	37,721,765 ³	55,024,766	2,959,062,177	1.86%	2,580,489,664	0.0213	30,209	1,821

Notes:

- (1) Includes unamortized bond premium/discount and unamortized loss on refunding.
- (2) Note payable
- (3) Includes IEPA loan
- (4) Includes lease liabilities
- (5) 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, 2023

Governmental Unit	General Bonded Debt	% of Debt Applicable to the City of Highland Park ¹	City of Highland Park Share of Debt
City of Highland Park	\$ 17,303,001	100.0%	\$ 17,303,001
Lake County	180,791,400	8.4%	15,124,750
Lake County Forest Preserve District	152,213,600	8.4%	12,733,972
North Shore Sanitary District	-	0.0%	-
Deerfield Park District	6,620,300	0.0%	259
Park District of Highland Park	8,394,400	97.7%	8,200,508
School Districts			
District No. 106	-	0.0%	-
District No. 109	16,640,800	3.1%	522,158
District No. 112	119,067,200	93.4%	111,246,710
District No. 113	134,915,600	54.6%	73,701,473
College of Lake County	83,571,300	8.8%	7,331,223
	<u>702,214,600</u>		<u>228,861,052</u>
	<u>\$ 719,517,601</u>		<u>\$ 246,164,053</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, 2023

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



DEMOGRAPHIC AND ECONOMIC INFORMATION

CITY OF HIGHLAND PARK

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population ¹	Per Capita Income ¹	School Enrollment ²	Unemployment Rate ³	Total Personal Income ⁴	Median Age ¹	College Degree ¹
2014	29,763	\$ 65,555	6,236	5.0%	\$ 1,951,113,465	45.2	67.6%
2015	29,871	68,688	6,475	5.1%	2,051,779,248	45.4	69.5%
2016	29,743	73,056	6,133	3.9%	2,172,904,608	45.8	71.1%
2017	29,641	77,511	6,101	3.2%	2,297,503,551	45.0	71.0%
2018	29,767	81,651	5,948	3.5%	2,430,505,317	45.0	71.9%
2019	29,622	86,964	5,389	3.0%	2,576,047,608	46.0	74.4%
2020	29,628	90,442	5,292	3.0%	2,679,615,576	47.1	73.8%
2021	30,176	90,133	5,014	3.7%	2,719,853,408	47.2	75.6%
2022	30,245	93,309	5,102	3.1%	2,822,130,705	48.4	76.4%
2023	30,209	97,953	4,950	4.0%	2,959,062,177	48.0	76.4%

Notes:

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

CITY OF HIGHLAND PARK

PRINCIPAL EMPLOYERS
Current Year and Nine Years Prior

2023			2014		
Employer	Approximate Employees	Percentage of Total Municipal Employment	Employer	Approximate Employees	Percentage of Total Municipal Employment
Highland Park Hospital	1,200	8.1%	Highland Park Hospital	1,200	8.3%
Ravinia Festival	751 ¹	5.1%	School District No. 112	740	5.1%
Township High School District 113	652 ¹	4.4%	Ravinia Festival	690 ¹	4.8%
North Shore School District 112	530	3.6%	North Suburban Special Education District	506	3.5%
TrueNorth Educational Cooperative 804	420	2.8%	Township High School District No. 113	398	2.8%
City of Highland Park	271 ¹	1.8%	City of Highland Park	244	1.7%
First Bank of Highland Park	128	0.9%	Highland Park Public Library	94	0.7%
Highland Park Post Office	85	0.6%	Highland Park Post Office	85	0.6%
Ravinia Plumbing & Heating	80 ¹	0.5%	First Bank of Highland Park	84	0.6%
Aspiritech, NFP	75	0.5%	Mesirow Financial	70	0.5%
	<u>4,192</u>	<u>28.4%</u>		<u>4,111</u>	<u>28.5%</u>

Notes:

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

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



OPERATING INFORMATION

CITY OF HIGHLAND PARK

OPERATING INFORMATION AND INDICATORS
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
FIRE PROTECTION										
Emergency responses	5,220	4,859	5,146	5,450	5,556	5,669	5,104	5,609	5,998	5,940
Fires extinguished	28	31	18	29	42	46	45	57	45	70
PUBLIC WORKS										
Asphalt placed (square yards)	3,120	3,644	3,450	3,000	2,800	3,086	2,045	3,998	2,747	2,292
Crack sealing (street miles)	5	4	4	6	6	-	-	-	-	-
Street-sweeping (hours) ²	93	312	36	92	28	136	8	-	-	-
Number of mainbreaks repaired	106	44	49	50	57	52	63	83	56	82
POLICE PROTECTION										
Parking violations	6,673	6,502	6,082	5,536	4,487	5,261	2,302	2,513	2,236	1,982
Number of charges	1,611	1,424	1,200	1,073	757	816	684	646	548	533
Number of traffic citations	3,439	2,837	2,317	1,650	1,889	1,718	1,651	3,600	2,719	3,261
FINANCE										
Number of water bills	42,320	42,424	42,380	42,413	42,371	42,232	42,173	42,273	42,337	42,189
Number of vendor checks	5,873	5,724	5,895	5,413	5,368	5,253	4,876	4,143	4,367	4,463
MUNICIPAL WATER SYSTEM										
Number of customers	10,443	10,422	10,422	10,469	10,441	10,434	10,430	10,430	10,434	10,422
Average daily consumption (million gallons)	7.9	7.7	8.6	7.5	8.1	9.0	9.0	8.8	8.2	8.3
Plant capacity (rated) - per day (million gallons)	21	30	30	30	30	30	30	30	30	30
Miles of water mains (approximate)	168	172	171	171	171	171	171	180	180	180
Number of fire hydrants (approximate)	1,680	1,700	1,773	1,773	1,773	1,773	1,773	1,804	1,805	1,805

Notes:

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

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

CITY OF HIGHLAND PARK

CAPITAL ASSET STATISTICS
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	2	2	2
Aerial Ladder Truck	-	-	-	1	1	1	1	1	1	1
Squad/Engine	-	-	1	1	1	1	1	2	2	2
Ambulances	3	3	4	4	4	4	4	3	3	3
POLICE PROTECTION										
Number of stations	1	1	1	1	1	1	1	1	1	1
Patrol units	14	14	14	14	14	14	14	14	14	14
PUBLIC WORKS										
Miles of water mains (approximate)	168	172	171	171	171	171	171	180	180	180
Number of fire hydrants (approximate)	1,680	1,700	1,773	1,773	1,773	1,773	1,773	1,804	1,805	1,805
Miles of storm sewer (approximate)	178	178	182	182	185	185	185	187	188	188
Number of street lights (approximate)	1,420	1,473	1,473	1,473	1,473	1,473	1,473	1,484	1,674	1,674
Miles of sanitary sewer (approximate)	130	130	131	131	131	131	131	134	134	134
MILES OF STREET										
Paved	154	154	154	154	156	156	156	157	162	138
Graded	2	2	2	2	2	2	5	7	10	10
TOTAL	156	156	156	156	158	158	161	164	173	148

Notes:

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

CITY OF HIGHLAND PARK

FULL-TIME EQUIVALENT EMPLOYEES
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
GENERAL GOVERNMENT	20.4	20.7	20.7	20.8	20.8	19.7	20.7	16.8	17.3	20.8
COMMUNITY DEVELOPMENT	22.1	22.6	24.6	27.3	27.3	27.3	27.3	23.1	24.1	24.9
FINANCE	13.3	13.3	13.0	13.3	13.3	13.3	13.3	12.0	13.0	14.7
FIRE										
Firefighters and officers	48.0	48.0	48.0	48.0	50.0	50.0	50.0	50.0	50.0	53.0
Civilians	6.7	6.7	6.7	4.0	2.0	2.0	2.0	1.6	2.0	2.0
POLICE										
Sworn personnel	57.0	57.0	57.0	57.0	57.0	57.0	57.0	56.0	57.0	60.0
Civilians	27.2	20.2	20.2	20.8	20.8	20.8	20.8	10.0	11.5	12.5
PUBLIC WORKS										
Operations	77.4	78.8	76.8	76.3	76.8	76.8	76.8	70.9	74.3	73.6
Engineering	4.0	4.0	5.0	5.7	5.7	5.7	5.7	5.7	5.7	5.7
Administration	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Total Employees	280.2	275.4	276.1	277.3	277.8	276.7	277.8	250.2	259.0	271.3

Notes:

(1) City Records

APPENDIX B

DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

1. The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to any Tender/Remarketing Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to any Tender/Remarketing Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to any Tender/Remarketing Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

City of Highland Park
Lake County, Illinois

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the Council of the City of Highland Park, Lake County, Illinois (the “*City*”), passed preliminary to the issue by the City of its fully registered General Obligation Bonds, Series 2025 (the “*Bonds*”), to the amount of \$ _____ dated the date hereof, due serially on December 30 of the years and in the amounts and bearing interest as follows:

YEAR OF MATURITY	PRINCIPAL AMOUNT	RATE OF INTEREST
---------------------	---------------------	---------------------

the Bonds due on or after December 30, 20__, being subject to redemption prior to maturity at the option of the City as a whole or in part in any order of their maturity as determined by the City (less than all of the Bonds of a single maturity to be selected by the Bond Registrar), on December 30, 20__, or on any date thereafter, at the redemption price of par plus accrued interest to the redemption date, as provided in the Proceedings, and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the City and is payable from any funds of the City legally available for such

purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the City's compliance with certain covenants, under present law, interest on the Bonds is excludible from gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended. Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Failure to comply with certain of such City covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is also our opinion that the Bonds are "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the City with respect to certain material facts within the City's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

APPENDIX D

PROPOSED FORM OF CONTINUING DISCLOSURE UNDERTAKING

**CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15c2-12**

This Continuing Disclosure Undertaking (this “*Agreement*”) is executed and delivered by the City of Highland Park, Lake County, Illinois (the “*Issuer*”), in connection with the issuance of \$_____ General Obligation Bonds, Series 2025 (the “*Bonds*”). The Bonds are being issued pursuant to an ordinance adopted by the Council of the Issuer on the 10th day of February, 2025 (as supplemented by a notification of sale, the “*Ordinance*”).

In consideration of the issuance of the Bonds by the Issuer and the purchase of such Bonds by the beneficial owners thereof, the Issuer covenants and agrees as follows:

1. PURPOSE OF THIS AGREEMENT. This Agreement is executed and delivered by the Issuer as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). The Issuer represents that it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds.

2. DEFINITIONS. The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Annual Financial Information means information of the type contained under the following headings and subheadings of, and in the following appendices and exhibits to, the Official Statement:

1. The table under the heading “Retailers’ Occupation, Service Occupation and Use Tax”;
2. All of the tables under the heading “DEBT INFORMATION” (related to direct debt of the City only);
3. All of the tables under the heading “PROPERTY ASSESSMENT AND TAX INFORMATION”; and
4. All of the tables under the heading “FINANCIAL INFORMATION” (excluding Budget and Preliminary Unaudited Actual Financial Information).

Annual Financial Information Disclosure means the dissemination of disclosure concerning Annual Financial Information and the dissemination of the Audited Financial Statements as set forth in Section 4.

Audited Financial Statements means the audited financial statements of the Issuer prepared pursuant to the standards and as described in *Exhibit I*.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation, and such agent's successors and assigns.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Financial Obligation means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; *provided* that "financial obligation" shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Official Statement, dated _____, 2025, and relating to the Bonds.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Reportable Event means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

Reportable Events Disclosure means dissemination of a notice of a Reportable Event as set forth in Section 5.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

State means the State of Illinois.

Undertaking means the obligations of the Issuer pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. All filings required under this Agreement will be filed on EMMA under these CUSIP Numbers. If the Bonds are refunded after the date hereof, the Issuer will also make all filings required under this Agreement under any new CUSIP Numbers assigned to the Bonds as a result of such refunding, to the extent the Issuer remains legally liable for the payment of such Bonds; *provided, however*, that the Issuer will not be required to make such filings under new CUSIP Numbers unless the Issuer has been notified in writing by the Participating Underwriter or the Issuer's financial advisor that new CUSIP Numbers have been assigned to the Bonds. The Issuer will not make any filings pursuant to this Agreement under new CUSIP Numbers assigned to any of the Bonds after the date

hereof for any reason other than a refunding, as described in the previous sentence, including, but not limited to, new CUSIP Numbers assigned to the Bonds as a result of a holder of the Bonds obtaining a bond insurance policy or other credit enhancement with respect to some or all of the outstanding Bonds in the secondary market.

4. FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate its Financial Information at least annually to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the Issuer hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents required to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Ordinance.

6. CONSEQUENCES OF FAILURE OF THE ISSUER TO PROVIDE INFORMATION. In the event of a failure of the Issuer to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Ordinance, and the sole remedy under this Agreement in the event of any failure of the Issuer to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the Issuer by ordinance authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) (i) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the Issuer, or type of business conducted; or

(ii) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(b) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the Issuer (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Annual Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the Issuer shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the Issuer shall be terminated hereunder if the Issuer shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Ordinance.

9. FUTURE CHANGES TO THE RULE. As set forth in Section 1 of this Agreement, the Issuer has executed and delivered this Agreement solely and only to assist the Participating Underwriters in complying with the requirements of the Rule. Therefore, notwithstanding anything in this Agreement to the contrary, in the event the Commission, the MSRB or other regulatory authority shall approve or require changes to the requirements of the Rule, the Issuer shall be permitted, but shall not be required, to unilaterally modify the covenants in this Agreement, without complying with the requirements of Section 7 of this Agreement, in order to comply with, or conform to, such changes. In the event of any such modification of this Agreement, the Issuer shall file a copy of this Agreement, as revised, on EMMA in a timely manner.

10. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

11. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

12. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. RECORDKEEPING. The Issuer shall maintain records of all Annual Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

14. ASSIGNMENT. The Issuer shall not transfer its obligations under the Ordinance unless the transferee agrees to assume all obligations of the Issuer under this Agreement or to execute an Undertaking under the Rule.

15. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

CITY OF HIGHLAND PARK, LAKE COUNTY,
ILLINOIS

By: _____
Its: City Treasurer

Date: _____, 2025

EXHIBIT I
ANNUAL FINANCIAL INFORMATION AND TIMING AND AUDITED
FINANCIAL STATEMENTS

All or a portion of the Annual Financial Information and the Audited Financial Statements as set forth below may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in an Official Statement, the Official Statement must be available on EMMA; the Official Statement need not be available from the Commission. The Issuer shall clearly identify each such item of information included by reference.

Annual Financial Information exclusive of Audited Financial Statements will be submitted to EMMA by 210 days after the last day of the Issuer's fiscal year (currently December 31), beginning with the fiscal year ended December 31, 2024. Audited Financial Statements as described below should be filed at the same time as the Annual Financial Information. If Audited Financial Statements are not available when the Annual Financial Information is filed, Audited Financial Statement will be submitted to EMMA within 30 days after availability to the Issuer.

Audited Financial Statements will be prepared in accordance with the accounting principles described in the Official Statement.

If any change is made to the Annual Financial Information as permitted by Section 4 of the Agreement, the Issuer will disseminate a notice of such change as required by Section 4.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS
FOR WHICH REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the Issuer*
13. The consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
15. (a) Incurrence of a Financial Obligation of the Issuer, if material, or (b) an agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material
16. A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

EXHIBIT III
CUSIP NUMBERS

YEAR OF MATURITY	CUSIP NUMBER (430434)
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OFFICIAL BID FORM
(Open Speer Auction)

City of Highland Park
1707 St. Johns Avenue
Highland Park, Illinois 60035-3593

February 26, 2025
Speer Financial, Inc.

City Council Members:

For the \$8,880,000* General Obligation Bonds, Series 2025 (the "Bonds"), of the City of Highland Park, Lake County, Illinois (the "City"), as described in the annexed Official Notice of Sale, which is expressly made a part of this bid, we will pay you \$_____ (no less than \$8,808,960) to the date of delivery for Bonds, expected to be on or about March 11, 2025, bearing interest as follows (each rate a multiple of 1/8 or 1/100 of 1%). **The maximum coupon interest rate bid for each maturity shall not exceed 5%.**

MATURITIES* - DECEMBER 30

\$ 490,0002026	\$ 615,000 2031	\$ 680,000 2036
510,0002027	645,000 2032	710,000 2037
535,0002028	675,000 2033	740,000 2038
560,0002029	710,000 2034	765,000 2039
590,0002030	655,000 2035	

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

The Bonds are to be executed and delivered to us in accordance with the terms of this bid accompanied by the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois. The City will pay for the legal opinion. The underwriter agrees to **apply for CUSIP numbers within 24 hours** and pay the fee charged by the CUSIP Service Bureau and will accept the Bonds with the CUSIP numbers as entered on the Bonds.

If the competitive sale requirements are not met, we elect to use the (circle one): 10% test / hold-the-offering-price rule to determine the issue price of the Bonds.

As evidence of our good faith, if we are the winning bidder, we will wire transfer the amount of **TWO PERCENT OF PAR** (the "Deposit") **WITHIN TWO HOURS** after the bid opening time to the City's good faith bank and under the terms provided in the Official Notice of Sale for the Bonds. Alternatively, we have wire transferred or enclosed herewith a check payable to the order of the Treasurer of the City in the amount of the Deposit under the terms provided in the Official Notice of Sale for the Bonds. In submitting this bid, we represent that (i) this bid constitutes a firm offer to purchase the Bonds, on the terms set forth in this bid form and the Official Notice of Sale and is not subject to any conditions, except as permitted by the Official Notice of Sale, and (ii) we have an established industry reputation for underwriting new issuances of municipal bonds.

Form of Deposit (Check One)

Prior to Bid Opening:
Certified/Cashier's Check
Wire Transfer

Within **TWO hours** of Bidding:
Wire Transfer

Amount: \$177,600

Account Manager Information

Name _____

Address _____

By _____

City _____ State/Zip _____

Direct Phone (_____) _____

FAX Number (_____) _____

E-Mail Address _____

The foregoing bid was accepted and the Bonds sold by ordinance adopted by the City Council of the City on February 12, 2025, as supplemented by a notification of sale, and receipt is hereby acknowledged of the Deposit which is being held in accordance with the terms of the annexed Official Notice of Sale.

CITY OF HIGHLAND PARK, LAKE COUNTY, ILLINOIS

*Subject to change.

Its _____

----- **NOT PART OF THE BID** -----
(Calculation of true interest cost)

	Bid	Post Bid Revision
Gross Interest	\$	
Less Premium/Plus Discount	\$	
True Interest Cost	\$	
True Interest Rate	%	%
TOTAL BOND YEARS	78,308.67	
AVERAGE LIFE	8.819 Years	Years

OFFICIAL NOTICE OF SALE

\$8,880,000*

CITY OF HIGHLAND PARK Lake County, Illinois General Obligation Bonds, Series 2025

(Open Speer Auction)

The City of Highland Park, Lake County, Illinois (the "City"), will receive electronic bids on the SpeerAuction ("*SpeerAuction*") website address "www.SpeerAuction.com" for its \$8,880,000* General Obligation Bonds, Series 2025 (the "Bonds"), on an all or none basis between 10:45 A.M. and 11:00 A.M., C.S.T., Wednesday, February 26, 2025. To bid, bidders must have: (1) completed the registration form on the SpeerAuction website, and (2) requested and received admission to the City's sale (as described below). Award will be made or all bids rejected at a meeting of the City on that date. The City reserves the right to change the date or time for receipt of bids. Any such change shall be made not less than twenty-four (24) hours prior to the revised date and time for receipt of the bids for the Bonds and shall be communicated by publishing the changes in the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Bonds are valid and legally binding upon the City and are payable from any funds of the City legally available for such purpose, and all taxable property in the City is subject to the levy of taxes to pay the same without limitation as to rate or amount.

Bidding Details

Bidders should be aware of the following bidding details associated with the sale of the Bonds.

- (1) All bids must be submitted on the SpeerAuction website at www.SpeerAuction.com. **No telephone, telefax or personal delivery bids will be accepted.** The use of SpeerAuction shall be at the bidder's risk and expense and the City shall have no liability with respect thereto, including (without limitation) liability with respect to incomplete, late arriving and non-arriving bid. Any questions regarding bidding on the SpeerAuction website should be directed to Grant Street Group at (412) 391-5555 x 370.
- (2) Bidders may change and submit bids as many times as they like during the bidding time period; provided, however, each and any bid submitted subsequent to a bidder's initial bid must result in a lower true interest cost ("TIC") with respect to a bid, when compared to the immediately preceding bid of such bidder. In the event that the revised bid does not produce a lower TIC with respect to a bid the prior bid will remain valid.
- (3) If any bid in the auction becomes a leading bid two (2) minutes prior to the end of the auction, then the auction will be automatically extended by two (2) minutes from the time such bid was received by SpeerAuction. The auction end time will continue to be extended, indefinitely, until a single leading bid remains the leading bid for at least two minutes.
- (4) The last valid bid submitted by a bidder before the end of the bidding time period will be compared to all other final bids submitted by others to determine the winning bidder or bidders.
- (5) During the bidding, no bidder will see any other bidder's bid, but bidders will be able to see the ranking of their bid relative to other bids (i.e., "Leader", "Cover", "3rd" etc.)
- (6) On the Auction Page, bidders will be able to see whether a bid has been submitted.

Establishment of Issue Price

The winning bidder will be required to provide, in a timely manner, certain information necessary to compute the yield on the Bonds pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and to provide a certificate which will be provided by Bond Counsel upon request.

(a) The winning bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an "issue price" or similar certificate satisfactory to Bond Counsel setting forth the reasonably expected initial offering price to the Public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as **Exhibit A** to this Official Notice of Sale, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the City and Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel"). All actions to be taken by the City under this Official Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by the City's municipal advisor, Speer Financial, Inc., Chicago, Illinois ("Speer") and any notice or report to be provided to the City may be provided to Speer.

(b) The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- (1) The City shall disseminate this Official Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest TIC, as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in this bid.

(c) If all of the competitive sale requirements are not satisfied, the City shall advise the winning bidder of such fact prior to the time of award of the sale of the Bonds to the Underwriter. In such event, any bid submitted will not be subject to cancellation or withdrawal and the City agrees to use the rule selected by the Underwriter on its bid form to determine the issue price for the Bonds. On its bid form, each Underwriter must select one of the following two rules for determining the issue price of the Bonds: (1) the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity or (2) the initial offering price to the public as of the sale date as the issue price of each maturity of the Bonds (the "hold-the-offering-price rule") in each case applied on a maturity-by-maturity basis. If the winning bidder selects to hold-the-offering-price rule, the winning bidder shall promptly advise the City, at or before the time of award of the Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of the Bonds have not satisfied the 10% test and will be subject to the hold-the-offering-price rule. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the hold-the-offering-price rule or the 10% test, as selected on the bid form, in order to establish the issue price of the Bonds. In addition, if the 10% test has not been satisfied with respect to any maturity of the Bonds prior to closing, then the winning bidder shall provide the City with a representation as to the price or prices as the date of closing at which the winning bidder reasonably expects to sell the remaining Bonds of such maturity.

(d) If all of the competitive sale requirements are not satisfied and the Underwriter selects the hold-the-offering price rule, the winning bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "initial offering price"), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder will advise the City promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public. Within one hour of the award, the winning bidder will inform the City of the initial offering price for each maturity of the Bonds.

(e) If the competitive sale requirements are not satisfied and the winning bidder selects the 10% test, then until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the City the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the winning bidder's reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the City or Bond Counsel. In addition, if the 10% test has not been satisfied with respect to any maturity of the Bonds prior to closing, then the winning bidder shall provide the City with a representation as to the price or prices as of the date of closing at which the winning bidder reasonably expects to sell the remaining Bonds of such maturity.

(f) The City acknowledges that in making the representation set forth above, the winning bidder will rely on:

- (i) the agreement of each underwriter to comply with requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires,
- (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and
- (iii) in the event that an underwriter or dealer who is a member of the selling group is a party to a third party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price rule of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule as applicable to the Bonds.

(g) By submitting a bid, each bidder confirms that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is party to such third-party distribution agreement, as applicable, to:

- (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred until either all securities of that maturity allocated to it have been sold or it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the City or bond counsel.
- (B) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, which shall be until the 10% test has been satisfied as to the Bonds of that maturity or until the close of business on the fifth (5th) business day following the date of award,
- (C) to promptly notify the winning bidder of any sales of Bonds that, to its knowledge, are made to a winning bidder who is a related party to an underwriter participating in the initial sale of the Bonds to the public, and
- (D) to acknowledge that, unless otherwise advised by the underwriter, the winning bidder shall assume that each order submitted by the underwriter is a sale to the public.

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group and each broker dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to:

- (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the closing date has occurred, until either all Bonds of that maturity allocated to it have been sold or until it is notified by the winning bidder or such underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the winning bidder or such underwriter, and
- (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires, which shall be at least until the 10% test has been satisfied as to the Bonds of that maturity or until the close of business on the fifth (5th) business day following the date of the award.

(h) Sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each term being used as defined below) shall not constitute sales to the public for purposes of this Official Notice of Sale. Further, for purposes of this Official Notice of Sale:

- (i) "public" means any person other than an underwriter or a related party,
- (ii) "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) "sale date" means the date that the Bonds are awarded by the City to the winning bidder.

Rules of SpeerAuction

Bidders must comply with the Rules of SpeerAuction in addition to the requirements of this Official Notice of Sale. To the extent there is a conflict between the Rules of SpeerAuction and this Official Notice of Sale, this Official Notice of Sale shall control.

Rules

- (1) A bidder (“Bidder”) submitting a winning bid (“Winning Bid”) is irrevocably obligated to purchase the Bonds at the rates and prices of the winning bid, if acceptable to the City, as set forth in the related Official Notice of Sale. Winning Bids are not officially awarded to Winning Bidders until formally accepted by the City.
- (2) Neither the City, Speer, nor Grant Street Group (the “Auction Administrator”) is responsible for technical difficulties that result in loss of Bidder’s internet connection with SpeerAuction, slowness in transmission of bids, or other technical problems.
- (3) If for any reason a Bidder is disconnected from the Auction Page during the auction after having submitted a Winning Bid, such bid is valid and binding upon such Bidder, unless the City exercises its right to reject bids, as set forth herein.
- (4) Bids which generate error messages are not accepted until the error is corrected and bid is received prior to the deadline.
- (5) Bidders accept and agree to abide by all terms and conditions specified in the Official Notice of Sale (including amendments, if any) related to the auction.
- (6) Neither the City, Speer, nor the Auction Administrator is responsible to any bidder for any defect or inaccuracy in the Official Notice of Sale, amendments, or Preliminary Official Statement as they appear on SpeerAuction.
- (7) Only Bidders who request and receive admission to an auction may submit bids. SpeerAuction and the Auction Administrator reserve the right to deny access to SpeerAuction website to any Bidder, whether registered or not, at any time and for any reason whatsoever, in their sole and absolute discretion.
- (8) Neither the City, Speer, nor the Auction Administrator is responsible for protecting the confidentiality of a Bidder’s SpeerAuction password.
- (9) If two bids submitted in the same auction by the same or two or more different Bidders result in same True Interest Cost, the first confirmed bid received by SpeerAuction prevails. Any change to a submitted bid constitutes a new bid, regardless of whether there is a corresponding change in True Interest Cost.
- (10) Bidders must compare their final bids to those shown on the Observation Page immediately after the bidding time period ends, and if they disagree with the final results shown on the Observation Page they must report them to SpeerAuction within 15 minutes after the bidding time period ends. Regardless of the final results reported by SpeerAuction, Bonds are definitively awarded to the winning bidder only upon official award by the City. If, for any reason, the City fails to: (i) award Bonds to the winner reported by SpeerAuction, or (ii) deliver Bonds to winning bidder at settlement, neither the City, Speer, nor the Auction Administrator will be liable for damages.

The City reserves the right to reject all proposals, to reject any bid proposal not conforming to this Official Notice of Sale, and to waive any irregularity or informality with respect to any proposal. Additionally, the City reserves the right to modify or amend this Official Notice of Sale; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Amendments Page of the SpeerAuction webpage and through *Thomson Municipal News*.

The Bonds will be in fully registered form in the denominations of \$5,000 and integral multiples thereof in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, to which principal and interest payments on the Bonds will be paid. Individual purchases will be in book-entry only form. Interest on each Bond shall be paid by check or draft of the Bond Registrar to the person in whose name such bond is registered at the close of business on the fifteenth day of the month in which an interest payment date occurs. The principal of the Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of Amalgamated Bank of Chicago, Chicago, Illinois (the “Bond Registrar”). Semiannual interest is due June 30 and December 30 of each year commencing December 30, 2025, and is payable by the Bond Registrar. The Bonds are dated as of the date of delivery (expected to be on or about March 11, 2025).

If the winning bidder is not a direct participant of DTC and does not have clearing privileges with DTC, the Bonds will be issued as Registered Bonds in the name of the purchaser. At the request of such winning bidder, the City will assist in the timely conversion of the Registered Bonds into book-entry bonds with DTC as described herein.

MATURITIES* - DECEMBER 30

\$ 490,000	2026	\$ 615,000	2031	\$ 680,000	2036
510,000	2027	645,000	2032	710,000	2037
535,000	2028	675,000	2033	740,000	2038
560,000	2029	710,000	2034	765,000	2039
590,000	2030	655,000	2035		

Any consecutive maturities may be aggregated into term bonds at the option of the bidder, in which case the mandatory redemption provisions shall be on the same schedule as above.

The Bonds due December 30, 2026-2033, inclusive, are not subject to redemption prior to maturity. The Bonds due December 30, 2034-2039, inclusive, are callable in whole or in part at the option of the City on December 30, 2033, and on any date thereafter, at a price of par and accrued interest. If less than all the Bonds are called, they shall be redeemed in such principal amounts and from such maturities as determined by the City and within any maturity by lot.

*Subject to change.

The City intends to designate the Bonds as “qualified tax-exempt obligations” pursuant to the small issuer exception provided by Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

All interest rates must be in multiples of one-eighth or one one-hundredth of one percent (1/8 or 1/100 of 1%), and not more than one rate for a single maturity shall be specified. **The maximum coupon interest rate bid for each maturity shall not exceed 5%.** The differential between the highest rate bid and the lowest rate bid shall not exceed four percent (4%). All bids must be for all of the Bonds and must be for not less than \$8,808,960.

Award of the Bonds: The Bonds will be awarded on the basis of true interest cost, determined in the following manner. True interest cost shall be computed by determining the annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the Bonds from the payment dates thereof to the dated date and to the bid price. For the purpose of calculating true interest cost, the Bonds shall be deemed to become due in the principal amounts and at the times set forth in the table of maturities set forth above. In the event two or more qualifying bids produce the identical lowest true interest cost, the winning bid shall be the bid that was submitted first in time on the SpeerAuction webpage.

The Bonds will be awarded to the Bidder complying with the terms of this Official Notice of Sale whose bid produces the lowest true interest cost rate to the City as determined by Speer, which determination shall be conclusive and binding on all Bidders; *provided*, that the City reserves the right to reject all bids or any non-conforming bid and reserves the right to waive any informality in any bid. Bidders should verify the accuracy of their final bids and compare them to the winning bids reported on the SpeerAuction Observation Page immediately after the bidding.

The premium or discount, if any, is subject to pro rata adjustment if the maturity amounts of the Bonds are changed, allowing the same dollar amount of profit per \$1,000 bond as submitted on the Official Bid Form. The dollar amount of profit must be written on the Official Bid Form for any adjustment to be allowed, and is subject to verification.

The true interest cost of each bid will be computed by SpeerAuction and reported on the Observation Page of the SpeerAuction webpage immediately following the date and time for receipt of bids. These true interest costs are subject to verification by Speer, will be posted for information purposes only and will not signify an actual award of any bid or an official declaration of the winning bid. The City or Speer will notify the Bidder to whom the Bonds will be awarded, if and when such award is made.

The winning bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to MSRB Rules G-8, G-11 and G-32. The winning bidder will be required to pay the standard MSRB charge for Bonds purchased. In addition, the winning bidder who is a member of the Securities Industry and Financial Markets Association (“SIFMA”) will be required to pay SIFMA’s standard charge per bond.

The winning bidder is required to wire transfer from a solvent bank or trust company to the City’s good faith bank the amount of **TWO PERCENT OF PAR** (the “Deposit”) **WITHIN TWO HOURS** after the bid opening time as evidence of the good faith of the Bidder. Alternatively, a Bidder may submit its Deposit upon or prior to the submission of its bid in the form of a certified or cashier’s check on, or a wire transfer from, a solvent bank or trust company for **TWO PERCENT OF PAR** payable to the Treasurer of the City. The City reserves the right to award the Bonds to a winning bidder whose wire transfer is initiated but not received within such two hour time period provided that such winning bidder’s federal wire reference number has been received. In the event the Deposit is not received as provided above, the City may award the Bonds to the Bidder submitting the next best bid provided such Bidder agrees to such award.

The Deposit of the successful Bidder will be retained by the City pending delivery of the Bonds and all others will be promptly returned. Should the successful Bidder fail to take up and pay for the Bonds when tendered in accordance with this Official Notice of Sale and said bid, said Deposit shall be retained as full and liquidated damages to the City caused by failure of the Bidder to carry out the offer of purchase. Such Deposit will otherwise be applied on the purchase price upon delivery of the Bonds. No interest on the Deposit will accrue to the purchaser.

If a wire transfer is used for the Deposit, it must be sent according to the following wire instructions:

Amalgamated Bank of Chicago
Corporate Trust
30 N. LaSalle Street, 38th Floor
Chicago, IL 60602
ABA # 071003405
Credit To: 3281 Speer Bidding Escrow
RE: City of Highland Park, Lake County, Illinois
bid for \$8,880,000* General Obligation Bonds, Series 2025

Contemporaneously with such wire transfer, the Bidder shall send an email to biddingscrow@aboc.com with the following information: (1) indication that a wire transfer has been made, (2) the amount of the wire transfer, (3) the issue to which it applies, and (4) the return wire instructions if such Bidder is not awarded the Bonds. The City and any Bidder who chooses to wire the Deposit hereby agree irrevocably that Speer shall be the escrow holder of the Deposit wired to such account subject only to these conditions and duties: (i) if the bid is not accepted, Speer shall, at its expense, promptly return the Deposit amount to the unsuccessful bidder; (ii) if the bid is accepted, the Deposit shall be forwarded to the City; (iii) Speer shall bear all costs of maintaining the escrow account and returning the funds to the Bidder; (iv) Speer shall not be an insurer of the Deposit amount and shall have no liability except if it willfully fails to perform, or recklessly disregards, its duties specified herein; and (v) income earned on the Deposit, if any, shall be retained by Speer.

If a Financial Surety Bond is used for the Deposit, it must be from an insurance company licensed to issue such a bond in the State of Illinois and such bond must be submitted to Speer prior to the opening of the bids. The Financial Surety Bond must identify each Bidder whose deposit is guaranteed by such Financial Surety Bond. If the Bonds are awarded to a Bidder using a Financial Surety Bond, then that purchaser is required to submit its Deposit to the City in the form of a certified or cashier’s check or wire transfer as instructed by Speer, or the City not later than 3:00 P.M. on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the City to satisfy the Deposit requirement.

The City covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the "Undertaking") to provide ongoing disclosure about the City for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the "Rule") adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934. The Undertaking shall be as described in the Official Statement, with such changes as may be agreed in writing by the Underwriter.

The Underwriter's obligation to purchase the Bonds shall be conditioned upon the City delivering the Undertaking on or before the date of delivery of the Bonds.

By submitting a bid, any Bidder makes the representation that it understands Bond Counsel represents the City in the Bond transaction and, if such Bidder has retained Bond Counsel in an unrelated matter, such Bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such Bidder any conflict of interest of Bond Counsel arising from any adverse position to the City in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the Bidder and Bond Counsel.

Bonds will be delivered to the successful purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be March 11, 2025. Should delivery be delayed beyond sixty (60) days from the date of sale for any reason beyond the control of the City except failure of performance by the purchaser, the City may cancel the award or the purchaser may withdraw the Deposit and thereafter the purchaser's interest in and liability for the Bonds will cease.

The Official Statement, when further supplemented by an addendum or addenda specifying the maturity dates, principal amounts, and interest rates of the Bonds, and any other information required by law or deemed appropriate by the City, shall constitute a "Final Official Statement" of the City with respect to the Bonds, as that term is defined in the Rule. Any such addendum or addenda shall, on and after the date thereof, be fully incorporated herein and made a part hereof by reference. Alternatively, such final terms of the Bonds and other information may be included in a separate document entitled "Final Official Statement" rather than through supplementing the Official Statement by an addendum or addenda. By awarding the Bonds to any underwriter or underwriting syndicate, the City agrees that, no more than seven (7) business days after the date of such award, it shall provide, without cost to the senior managing underwriter of the syndicate to which the Bonds are awarded, up to 100 copies of the Final Official Statement to permit each "Participating Underwriter" (as that term is defined in the Rule) to comply with the provisions of such Rule. The City shall treat the senior managing underwriter of the syndicate to which the Bonds are awarded as its designated agent for purposes of distributing copies of the Final Official Statement to each Participating Underwriter. Any underwriter executing and delivering an Official Bid Form with respect to the Bonds agrees thereby that if its bid is accepted by the City it shall enter into a contractual relationship with all Participating Underwriters of the Bonds for purposes of assuring the receipt by each such Participating Underwriter of the Final Official Statement.

By submission of its bid, the senior managing underwriter of the successful Bidder agrees to supply all necessary pricing information and any Participating Underwriter identification necessary to complete the Official Statement within 24 hours after award of the Bonds. Additional copies of the Final Official Statement may be obtained by Participating Underwriters at cost.

The City will, at its expense, deliver the Bonds to the purchaser in New York, New York, through the facilities of DTC and will pay for the bond attorney's opinion. At the time of closing, the City will also furnish to the purchaser the following documents, each dated as of the date of delivery of the Bonds: (1) the unqualified opinion of Chapman and Cutler LLP, Chicago, Illinois, stating that the Bonds are lawful and enforceable obligations of the City in accordance with their terms; (2) the opinion of Bond Counsel that the interest on the Bonds is exempt from federal income taxes as and to the extent set forth in the Official Statement for the Bonds; and (3) a no litigation certificate of the City.

The City has authorized the printing and distribution of an Official Statement containing pertinent information relative to the City and the Bonds. Copies of such Official Statement or additional information may be obtained from Ms. Kristi McCaulou, Director of Finance/City Treasurer, City of Highland Park, 1707 St. Johns Avenue, Highland Park, Illinois 60035-3593 or an electronic copy of this Official Statement is available from the www.speerfinancial.com web site under "Debt Auction Center/Official Statements Sales Calendars/Competitive" from the Municipal Advisor to the City, Speer Financial, Inc., 230 West Monroe Street, Suite 2630, Chicago, Illinois 60606, telephone (312) 346-3700.

/s/ **KRISTI MCCAULOU**
Director of Finance/Treasurer
CITY OF HIGHLAND PARK
Lake County, Illinois

*Subject to change.

Exhibit A

CERTIFICATE OF PURCHASER

The undersigned, on behalf of _____ (the “*Purchaser*”), hereby certifies as set forth below with respect to the sale and issuance of the \$ _____ General Obligation Bonds, Series 2025 (the “*Bonds*”), of the City of Highland Park, Lake County, Illinois (the “*City*”).

I. GENERAL

On the Sale Date, the Purchaser purchased the Bonds from the City by submitting electronically an “Official Bid Form” responsive to an “Official Notice of Sale” and having its bid accepted by the City. The Purchaser has not modified the terms of the purchase since the Sale Date.

II. PRICE

Competitive Sale Requirements Met – 3 Bids Received

Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Purchaser are the prices listed in *Exhibit A* (the “*Expected Offering Prices*”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached as *Exhibit B* is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

(b) The Purchaser was not given an exclusive opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.

3 Bids Not Received – 10% Test

[1.] As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in *Exhibit A* (the “*First Sale Price*”).

[2.] With respect to each of the _____ Maturities of the Bonds

(a) As of the date of this certificate, the Purchaser has not sold at least 10% of the Bonds of this Maturity at any Price.

(b) As of the date of this certificate, the Purchaser reasonably expects that the first sale to the Public of an amount of Bonds of this Maturity equal to 10% or more of this Maturity will be at or below the Expected Sale Price listed on the attached *Exhibit A* (the “*Expected First Sale Price*”).]

3 Bids Not Received – Hold-the-Offering-Price Rule

1. As of the date of this certificate, for each of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in *Exhibit A* (the “*First Sale Price*”).

2. (a) The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in *Exhibit A* (the “*Initial Offering Prices*”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as *Exhibit B*.

(b) As set forth in the Official Notice of Sale and the Official Bid Form, the Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “*Hold-the-Offering-Price Rule*”), and (ii) any selling group agreement would contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement would contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the Hold-the-Offering-Price Rule.

(c) No Underwriter (as defined below) has offered or sold any Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity during the Holding Period.

III. DEFINED TERMS

[1. “*General Rule Maturities*” means those Maturities of the Bonds not listed in *Exhibit A* hereto as the “Hold-the-Offering-Price Maturities.”]

[2. “*Hold-the-Offering-Price Maturities*” means those Maturities of the Bonds listed in *Exhibit A* hereto as the “Hold-the-Offering-Price Maturities.”]

[3. “*Holding Period*” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (said fifth business day being _____, 2025), or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

4. “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

5. “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

6. A person is a “*Related Party*” to an Underwriter if the Underwriter and the person are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

7. “*Sale Date*” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2025.

8. “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the City (or with the Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

IV. USE OF REPRESENTATIONS

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the City with respect to certain of the representations and with respect to compliance with the federal income tax rules affecting the Bonds, and by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, in connection with rendering its opinion concerning interest on the Bonds, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the City from time to time relating to the Bonds.

IN WITNESS WHEREOF, I hereunto affix my signature, this ___ day of _____,
2025.

_____,
_____, _____

By: _____
Title: _____

EXHIBIT A

The Bonds are dated _____, 2025, and are due on December 30 of the years and in the amounts, bear interest at the rates and were sold and offered to the Public as described in the attached Certificate of Purchaser as follows:

HOLD-THE- OFFERING- PRICE MATURITY IF MARKED (*)	PRINCIPAL AMOUNT (\$)	INTEREST RATE (%)	[[EXPECTED OFFERING]	[[EXPECTED OFFERING]	[FIRST SALE	[FIRST SALE	TOTAL ISSUE PRICE (\$)
			[INITIAL OFFERING]	[[EXPECTED OFFERING]	[FIRST PRICE	[FIRST PRICE	
YEAR			[EXPECTED FIRST SALE] PRICE (% OF PAR)]	[EXPECTED FIRST SALE] PRICE (\$)]	10% (% OF PAR)]	10% (% OF PAR)]	

Total _____ _____ _____

EXHIBIT B

[PURCHASER'S BID]

[Pricing Wire or Equivalent Communication]