

City of Highwood, Illinois

Annual Financial Report

April 30, 2019

City of Highwood, Illinois

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Independent Auditor's Report

The Honorable Mayor
Members of the City Council
City of Highwood, Illinois
Highwood, Illinois

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Highwood, Illinois, as of and for the year ended April 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Highwood Illinois as of April 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Highwood, Illinois' basic financial statements. The combining and individual fund financial statements and schedules and the other supplemental information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the other supplemental information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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

The Honorable Mayor
Members of the City Council
City of Highwood, Illinois
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America. In our opinion, the combining and individual fund financial statements and schedules and the other supplemental information are fairly stated in all material respects in relation to the basic financial statements as a whole.

BKD, LLP

Oakbrook Terrace, Illinois
October 14, 2019

Management's Discussion and Analysis

City of Highwood, Illinois

Management's Discussion and Analysis April 30, 2019

Our discussion and analysis of the City of Highwood's financial performance provides an overview of the City of Highwood's financial activities for the fiscal year ended April 30, 2019. Please read it in conjunction with the City of Highwood's financial statements, which begin on page 17.

FINANCIAL HIGHLIGHTS

- The City of Highwood's net position increased by a total of \$544,133. Net position of business-type activities increased by \$301,509 or 72.9 percent, net position of our governmental activities increased by \$242,624 or 11.3 percent.
- During the year, expenses were \$242,624 less than the \$6,487,670 generated in tax and other revenues for governmental programs. In the prior year, expenses were \$320,180 less than the \$6,122,421 generated in tax and other revenues for the governmental programs.
- Revenues for business-type activities decreased 1.2 percent to \$1,730,442 while expenses decreased by 7.7 percent to \$1,428,933. The decrease in the business-type activities revenue is due principally to the loan forgiveness of \$93,216 from the Capital Projects Fund in FY19. The decrease in the business-type activities expenses occurred largely due to a decrease in personnel from FY18 to FY19.
- Total cost of all programs increased by \$324,120 or 4.4 percent in the current year.
- The General Fund reported a surplus this year of \$219,635 which took fund balance from \$1,882,771 to \$2,102,406 at the end of the current year.
- The resources available for appropriation were \$467,050 more than budgeted for the General Fund. In addition, expenditures were under budget by \$168,081.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 17-19) provide information about the activities of the City of Highwood as a whole and present a longer-term view of the City of Highwood's finances. Fund financial statements begin on page 20. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City of Highwood's operations in more detail than the government-wide statements by providing information about the City of Highwood's most significant funds. The remaining statements provide financial information about activities for which the City of Highwood acts solely as a trustee or agent for the benefit of those outside of the government.

City of Highwood, Illinois

Management's Discussion and Analysis April 30, 2019

USING THIS ANNUAL REPORT - Continued

Government-Wide Financial Statements

The government-wide financial statements provide readers with a broad overview of the City of Highwood's finances, in a matter similar to a private-sector business. The government-wide financial statements can be found on pages 17-19 of this report.

The Statement of Net Position reports information on all of the City of Highwood's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Highwood is improving or deteriorating. Consideration of other non-financial factors, such as changes in the City of Highwood's property tax base and the condition of the City of Highwood's roads, is needed to assess the overall health of the City of Highwood.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All 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 only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City of Highwood that 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 governmental activities of the City of Highwood include general government, public safety, public works, and culture and recreation. The business-type activities of the City of Highwood include waterworks and sewerage and garbage.

The City of Highwood includes one separate legal entity in its report, the Highwood Library. Although legally separate, this "component unit" is important because the City of Highwood is financially accountable for it. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Highwood, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Highwood can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

City of Highwood, Illinois

Management's Discussion and Analysis April 30, 2019

USING THIS ANNUAL REPORT - Continued

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, 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 the City of Highwood's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The City of Highwood maintains six individual governmental funds. 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 and the Downtown Redevelopment TIF Fund, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for four of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Highwood adopts an annual appropriated budget for all of the governmental funds. A budgetary comparison statement for these funds has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 20-23 of this report.

Proprietary Funds

The City of Highwood maintains enterprise funds that are proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Highwood utilizes enterprise funds to account for its waterworks and sewerage and garbage operations.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Waterworks and Sewerage Fund, which is considered to be a major fund, and for the Garbage Fund, which is considered to be a non-major fund of the City of Highwood.

The basic proprietary fund financial statements can be found on pages 24-27 of this report.

City of Highwood, Illinois

Management's Discussion and Analysis April 30, 2019

USING THIS ANNUAL REPORT - Continued

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Highwood's own programs. The accounting use for fiduciary funds is much like that used for proprietary funds. The City of Highwood maintains Fiduciary Funds for the Downstate Police and Fire Pension Funds.

The basic fiduciary fund financial statements can be found on pages 28 and 29 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30-88 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Highwood I.M.R.F. and Police and Firefighters' pension obligations. Required supplementary information can be found on pages 89-100 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions.

Combining and individual fund statements and schedules can be found on pages 101-114 of this report.

City of Highwood, Illinois

Management's Discussion and Analysis April 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. The following tables show that in the case of the City of Highwood, assets and deferred outflows exceeded liabilities and deferred inflows by \$3,096,922, increasing by 21.3 percent over prior years.

Net Position (in Millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 5.8	\$ 5.4	\$ 1.0	\$ 0.9	\$ 6.8	\$ 6.3
Capital Assets	6.4	6.6	5.8	6.0	12.2	12.6
Deferred Outflows	0.7	0.6	-	-	0.7	0.6
Total Assets and Deferred Outflows	12.9	12.6	6.8	6.9	19.7	19.5
Long-Term Debt Outstanding	7.4	7.7	5.9	6.3	13.3	14.0
Other Liabilities	0.5	0.3	0.2	0.2	0.7	0.5
Deferred Inflows	2.7	2.5	-	-	2.7	2.5
Total Liabilities and Deferred Inflows	10.6	10.5	6.1	6.5	16.7	17.0
Net Position						
Net Investment in Capital						
Assets	3.1	2.8	2.6	2.6	5.7	5.4
Restricted	1.2	1.2	-	-	1.2	1.2
Unrestricted (Deficit)	(1.9)	(1.9)	(1.9)	(2.2)	(3.8)	(4.1)
Total Net Position	\$ 2.4	\$ 2.1	\$ 0.7	\$ 0.4	\$ 3.1	\$ 2.5

A large portion of the City of Highwood's net position is its investment in capital assets (for example, land, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The City of Highwood uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Highwood's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Highwood, Illinois

Management's Discussion and Analysis April 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

An additional portion of the City of Highwood's net position represents resources that are subject to external restrictions on how they may be used, mostly related to debt. The remainder represents unrestricted net position and may be used to meet the government's ongoing obligations to citizens and creditors.

Net Position (in Millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues						
Charges for Services	\$ 1.4	\$ 1.3	\$ 1.6	\$ 1.5	\$ 3.0	\$ 2.8
Operating Grants/Contributions	0.1	0.1	0.1	0.1	0.2	0.2
Capital Grants/Contributions	-	-	-	-	-	-
General Revenues						
Property Taxes	2.1	2.0	-	-	2.1	2.0
Utility Taxes	0.3	0.3	-	-	0.3	0.3
Sales Taxes	0.9	0.8	-	-	0.9	0.8
Intergovernmental	1.5	1.3	-	-	1.5	1.3
Other General Revenues	0.2	0.3	-	0.1	0.2	0.4
Total Revenues	6.5	6.1	1.7	1.7	8.2	7.8
Expenses						
General Government	1.4	1.2	-	-	1.4	1.2
Public Safety	2.9	3.2	-	-	2.9	3.2
Public Works	1.7	1.1	-	-	1.7	1.1
Culture and Recreation	0.1	0.2	-	-	0.1	0.2
Interest and Fiscal Charges	0.1	0.1	-	-	0.1	0.1
Water	-	-	1.0	1.2	1.0	1.2
Garbage	-	-	0.4	0.3	0.4	0.3
Total Expenses	6.2	5.8	1.4	1.5	7.6	7.3
Increase (Decrease) in Net Position	0.3	0.3	0.3	0.2	0.6	0.5
Net Position - Beginning	2.1	1.8	0.4	0.2	2.5	2.0
Net Position - Ending	\$ 2.4	\$ 2.1	\$ 0.7	\$ 0.4	\$ 3.1	\$ 2.5

Net position of the City of Highwood governmental activities increased by 11.3 percent, or \$242,624. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, decreased slightly from (\$1,865,261) in the previous fiscal year to (\$1,953,519) in the current year.

City of Highwood, Illinois

Management's Discussion and Analysis April 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Net position of business-type activities increased \$301,509 in the current year. The City of Highwood generally can only use this net position to finance the continuing operations of the waterworks and sewerage, and garbage operations.

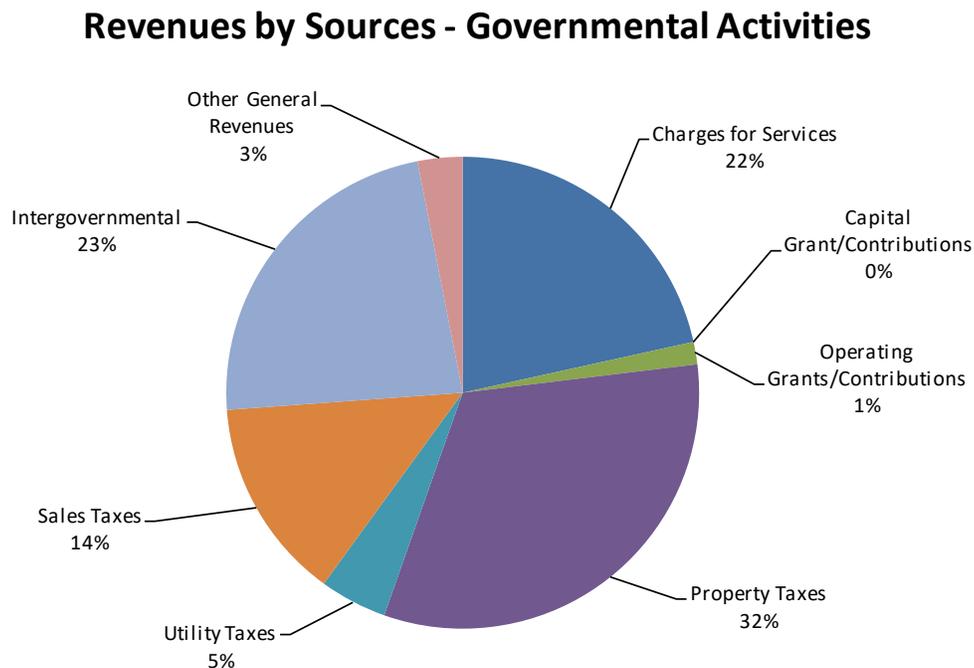
Total revenues increased by \$0.4 million compared to prior years. The increase in the current year is due to the City receiving more taxes from the state in FY19 than in FY18.

Governmental Activities

Revenues for governmental activities increased \$0.4 million. Expenses also increased \$0.4 million.

The cost of all governmental activities this year was \$6.2 million compared to \$5.8 million last year. Overall, governmental program revenues were \$1.5 million, including intergovernmental aid and fees for services. This was an increase of approximately \$0.1 million from 2018 program revenues.

The following table graphically depicts the major revenue sources of the City of Highwood. It clearly identifies the reliance of property taxes, intergovernmental revenue and charges for services to fund governmental activities. The City continues to evaluate different revenue streams to fund the different operations of the City.

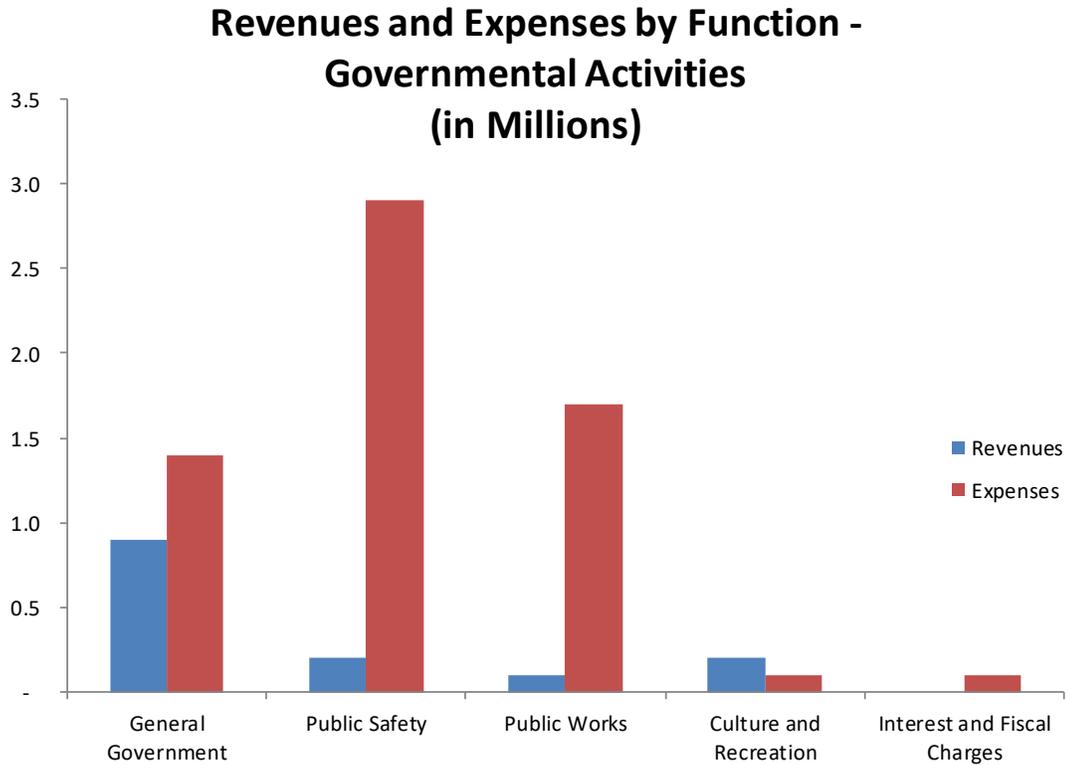


City of Highwood, Illinois

Management’s Discussion and Analysis
April 30, 2019

GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Governmental Activities – Continued



The ‘Expenses and Program Revenues’ Table identifies those governmental functions where program expenses greatly exceed revenues. As can be seen by the above, public safety is very dependent on the general revenues of the City to function. The City continues to evaluate all available fees for comparability to other communities and collections to cover the costs of operations.

City of Highwood, Illinois

Management's Discussion and Analysis April 30, 2019

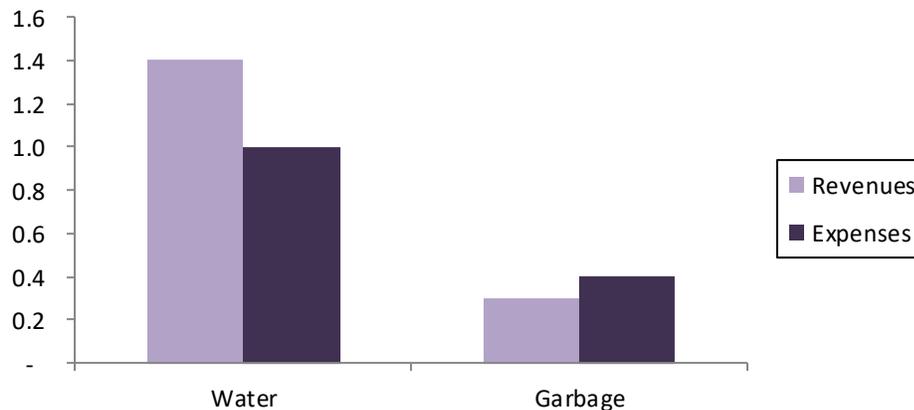
GOVERNMENT-WIDE FINANCIAL ANALYSIS – Continued

Business-type activities

Revenues of the City's business-type activities stayed consistent (\$1.7 million in both 2019 and 2018) and expenses decreased by 6.7 percent (\$1.4 million in 2019 compared to \$1.5 million in 2018). Key factors behind these results include:

- The waterworks and sewerage system is dependent upon the sale of water. In the City of Highwood, our costs related to the water and sewer system tend to be consistent year to year due to the fact that our water sold is based on water pumped out of Lake Michigan. City staff analyze operating expenses, project system capital projects and aim to set aside funds to replace portions of the system as needed. The decrease in expenses is due to fewer employees in the water department causing personnel expenses to be lower.
- The Garbage Fund operated at a loss of (\$15,361) for the fiscal year. This was the second year of the garbage contract.

Expenses and Program Revenues - Business Type Activities (in Millions)



The above graph compares program revenues to expenses for waterworks and sewerage operations, and garbage operations.

City of Highwood, Illinois

Management's Discussion and Analysis April 30, 2019

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Highwood uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$3.2 million which is an increase of \$219,923 over the prior year. Although there was a net increase in fund balances, individual funds had different results. The General Fund has an increase of \$219,635 over the prior year. The TIF Fund had an increase of \$44,563; the Capital Projects Fund had a decrease of \$31,083; the Debt Service Fund had a decrease of \$248; the MFT Fund decreased \$13,103; and the E-911 Fund had an increase of \$159.

Proprietary funds

The City of Highwood's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The City reports the Waterworks and Sewerage Fund as a major proprietary fund. This fund accounts for all of the operations of the municipal water and sewer system. The City pumps and processes water directly from Lake Michigan. The spread between the sale rates and costs of processing the water pumped is intended to finance the operations of the waterworks and sewerage system, including labor costs, supplies, and infrastructure maintenance.

The City intends to run the fund at a breakeven rate. Periodically, there will be an annual surplus or draw down due to timing of capital projects and payments of debt service payments. The surplus during the current fiscal year was \$316,870, increasing the fund balance to \$468,222.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual charges to appropriations (expenditures) were \$168,081 under the budget amounts. Many accounts had expenditures come in slightly under budget. Only the legal department had a large budget over actual variance of \$55,969 due to more legal bills than as expected. No expenditures were significantly over the amount budgeted for.

In addition, resources available for appropriation were \$467,050 above the final budgeted amount. Several state taxes came in higher than anticipated (receipts over budget were \$105,428 for non-home rules sales tax, \$68,128 for sales tax, and \$77,827 for income tax). Permit revenue was also \$79,708 over the amount budgeted, as more building was done in the City than expected.

City of Highwood, Illinois

Management's Discussion and Analysis April 30, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of Highwood's investment in capital assets for its governmental and business type activities as of April 30, 2019 was \$12.2 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, land improvements, vehicles, machinery and equipment, park facilities, roads, sidewalks, and bridges. The City did not acquire or dispose of any capital assets for a significant amount of money during the fiscal year. The decreases in both governmental and business-type activities is attributable to current year depreciation.

Capital Assets - Net of Depreciation (in Millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 2.7	\$ 2.7	\$ -	\$ -	\$ 2.7	\$ 2.7
Land Improvements	-	-	0.2	0.2	0.2	0.2
Buildings	0.6	0.6	1.7	1.7	2.3	2.3
Machinery and Equipment	0.3	0.3	-	0.1	0.3	0.4
Infrastructure	2.8	3.0	3.9	4.0	6.7	7.0
Total	\$ 6.4	\$ 6.6	\$ 5.8	\$ 6.0	\$ 12.2	\$ 12.6

Further detail on capital assets can be found in Note 6 to the financial statements.

City of Highwood, Illinois

Management's Discussion and Analysis April 30, 2019

CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

Debt

At year-end, the City of Highwood had total outstanding debt of \$9.3 million as compared to \$10.2 million the previous year, a decrease of 9.7 percent. The decrease is attributable to the City continuing to pay down existing debt during the current fiscal year and not obtaining any new debt. The following is a comparative statement of outstanding debt:

General Obligation and Revenue Bonds (in Millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Bonds	\$ 3.3	\$ 3.8	\$ 3.1	\$ 3.2	\$ 6.4	\$ 7.0
Capital Lease Payables	-	0.1	-	-	-	0.1
Loan Payable	-	0.1	0.2	0.2	0.2	0.3
IEPA Loans	-	-	2.6	2.8	2.6	2.8
Other Liabilities	0.1	0.1	-	-	0.1	0.1
Total	\$ 3.4	\$ 4.0	\$ 5.9	\$ 6.2	\$ 9.3	\$ 10.2

Further detail on the City's long-term debt can be found in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials considered many factors when setting the fiscal-year 2019 budget, tax rates, and fees that will be charged for its governmental and business-type activities. One of those factors is the economy. While the City has had several years of positive financial performance, the economy continues to play a role in future decisions.

The Police FOP union contract expires June 30, 2021 and Police Lieutenant union contract expires June 30, 2020.

In the current year, the City of Highwood maintained their current bond rating from Standard and Poor's. The City's current rating is AA.

City of Highwood, Illinois

Management's Discussion and Analysis April 30, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES – Continued

The City of Highwood has a large restaurant base which supports the operations of the City and also relies heavily on intergovernmental and sales taxes. The City continues to find revenues streams which do not create undue burden on these reliable revenue bases.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Highwood's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to the City Administrator, City of Highwood, 17 Highwood Avenue, Highwood, Illinois, 60040.

Basic Financial Statements

City of Highwood, Illinois
Statement of Net Position
April 30, 2019

	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets				
Cash and investments	\$ 3,153,135	\$ 704,561	\$ 3,857,696	\$ 120,334
Receivables, net				
Taxes	2,283,585	-	2,283,585	248,184
Intergovernmental	317,553	-	317,553	-
Accounts	-	278,744	278,744	-
Other	59,195	-	59,195	-
Due from agency fund	6	-	6	-
Prepaid expenses	34,494	1,020	35,514	7,593
Due from general government	-	-	-	581
Restricted assets				
Cash and investments	-	22,539	22,539	-
Capital assets				
Land	2,650,350	-	2,650,350	-
Other capital assets, net of depreciation	3,717,221	5,799,254	9,516,475	480,712
Total assets	<u>12,215,539</u>	<u>6,806,118</u>	<u>19,021,657</u>	<u>857,404</u>
Deferred Outflows of Resources				
Deferred outflows of resources - pensions	739,325	45,935	785,260	29,883
Unamortized loss on refunding	3,487	-	3,487	-
Total deferred outflows of resources	<u>742,812</u>	<u>45,935</u>	<u>788,747</u>	<u>29,883</u>
Liabilities				
Accounts payable	239,841	80,586	320,427	7,668
Accrued liabilities and deposits	35,453	5,051	40,504	8,200
Other accrued liabilities	29,059	36,097	65,156	-
Unearned rent	116,768	-	116,768	-
Accrued interest payable	42,126	95,357	137,483	-
Due to component unit	581	-	581	-
Noncurrent liabilities				
Net pension liability - IMRF	283,546	48,231	331,777	31,377
Net pension liability - Police	2,237,574	-	2,237,574	-
Net pension liability - Firefighters	1,497,284	-	1,497,284	-
Other due within one year	611,073	392,194	1,003,267	-
Other due in more than one year	2,757,082	5,461,911	8,218,993	-
Total liabilities	<u>7,850,387</u>	<u>6,119,427</u>	<u>13,969,814</u>	<u>47,245</u>
Deferred Inflows of Resources				
Deferred inflows of resources - pensions	533,008	17,471	550,479	11,366
Deferred property taxes	2,193,189	-	2,193,189	247,603
Total deferred inflows of resources	<u>2,726,197</u>	<u>17,471</u>	<u>2,743,668</u>	<u>258,969</u>
Net Position				
Net investment in capital assets	3,091,910	2,642,709	2,924,322	480,712
Restricted for				
Debt service	975,818	-	975,818	-
Road construction and maintenance	87,366	-	87,366	-
Public safety	138,066	-	138,066	-
Unrestricted	(1,911,393)	(1,927,554)	(1,028,650)	100,361
Total net position	<u>\$ 2,381,767</u>	<u>\$ 715,155</u>	<u>\$ 3,096,922</u>	<u>\$ 581,073</u>

City of Highwood, Illinois
Statement of Activities
April 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 1,376,969	\$ 892,070	\$ -	\$ -
Public safety	2,885,743	170,893	-	-
Public works	1,697,592	117,592	137,204	-
Culture, education and recreation	168,692	175,796	-	-
Interest and fiscal charges	116,050	-	-	-
Total governmental activities	<u>6,245,046</u>	<u>1,356,351</u>	<u>137,204</u>	<u>-</u>
Business-Type Activities				
Water and sewer	1,047,438	1,353,455	86,991	-
Garbage	<u>381,495</u>	<u>317,906</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>1,428,933</u>	<u>1,671,361</u>	<u>86,991</u>	<u>-</u>
Total primary government	<u>\$ 7,673,979</u>	<u>\$ 3,027,712</u>	<u>\$ 224,195</u>	<u>\$ -</u>
Component Unit				
Highwood Library	<u>\$ 223,379</u>	<u>\$ 2,745</u>	<u>\$ 9,197</u>	<u>\$ 23,800</u>

General Revenues

- Property taxes
- Utility taxes
- Home rule sales taxes
- Intergovernmental - sales taxes
- Intergovernmental - other taxes
- Unrestricted investment earnings
- Gain on sale of capital assets
- Miscellaneous

Transfers

Total general revenues and transfers

Change in Net Position

Net Position

May 1

April 30

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (484,899)	\$ -	\$ (484,899)	\$ -
(2,714,850)	-	(2,714,850)	-
(1,442,796)	-	(1,442,796)	-
7,104	-	7,104	-
(116,050)	-	(116,050)	-
<u>(4,751,491)</u>	<u>-</u>	<u>(4,751,491)</u>	<u>-</u>
-	393,008	393,008	-
-	(63,589)	(63,589)	-
-	329,419	329,419	-
<u>(4,751,491)</u>	<u>329,419</u>	<u>(4,422,072)</u>	<u>-</u>
<u>(187,637)</u>	<u>-</u>	<u>-</u>	<u>(187,637)</u>
2,152,968	-	2,152,968	247,184
291,990	-	291,990	-
888,839	-	888,839	-
609,381	-	609,381	-
840,840	-	840,840	-
28,700	7,379	36,079	438
17,063	-	17,063	-
71,118	57,927	129,045	4,594
93,216	(93,216)	-	-
<u>4,994,115</u>	<u>(27,910)</u>	<u>4,966,205</u>	<u>252,216</u>
<u>242,624</u>	<u>301,509</u>	<u>544,133</u>	<u>64,579</u>
<u>2,139,143</u>	<u>413,646</u>	<u>2,552,789</u>	<u>516,494</u>
<u>\$ 2,381,767</u>	<u>\$ 715,155</u>	<u>\$ 3,096,922</u>	<u>\$ 581,073</u>

City of Highwood, Illinois
Governmental Funds Balance Sheet
April 30, 2019

	General Fund	Downtown Redevelopment TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 1,897,307	\$ 992,366	\$ 263,462	\$ 3,153,135
Receivables				
Property tax	1,343,124	649,547	200,518	2,193,189
Other taxes	90,396	-	-	90,396
Intergovernmental	305,589	-	11,964	317,553
Other receivables, net	59,195	-	-	59,195
Prepaid items	34,494	-	-	34,494
Due from other funds	-	-	428	428
Due from fiduciary funds	6	-	-	6
	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>
Total assets	<u>\$ 3,730,111</u>	<u>\$ 1,641,913</u>	<u>\$ 476,372</u>	<u>\$ 5,848,396</u>
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable	\$ 89,792	\$ 750	\$ 149,299	\$ 239,841
Accrued payroll	35,453	-	-	35,453
Other current liabilities	29,059	-	-	29,059
Due to other funds	428	-	-	428
Due to public library	581	-	-	581
Unearned rent	116,768	-	-	116,768
	<u>272,081</u>	<u>750</u>	<u>149,299</u>	<u>422,130</u>
Total liabilities	<u>272,081</u>	<u>750</u>	<u>149,299</u>	<u>422,130</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	1,343,124	649,547	200,518	2,193,189
Unavailable revenue - other	12,500	-	-	12,500
	<u>1,355,624</u>	<u>649,547</u>	<u>200,518</u>	<u>2,205,689</u>
Total deferred inflows of resources	<u>1,355,624</u>	<u>649,547</u>	<u>200,518</u>	<u>2,205,689</u>
Fund Balances				
Nonspendable				
Prepaid items	34,494	-	-	34,494
Restricted				
Debt service	-	991,616	48,867	1,040,483
Road construction and maintenance	-	-	87,366	87,366
Public safety	23,445	-	114,621	138,066
Unassigned (deficit)	2,044,467	-	(124,299)	1,920,168
	<u>2,102,406</u>	<u>991,616</u>	<u>126,555</u>	<u>3,220,577</u>
Total fund balances	<u>2,102,406</u>	<u>991,616</u>	<u>126,555</u>	<u>3,220,577</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,730,111</u>	<u>\$ 1,641,913</u>	<u>\$ 476,372</u>	<u>\$ 5,848,396</u>

City of Highwood, Illinois
Reconciliation of the Balance Sheet of
Governmental Funds to the Statement of Net Position
April 30, 2019

Total Fund Balances - Governmental Funds		\$ 3,220,577
<p>Amounts reported for governmental activities in the statement of net position are different because</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		6,367,571
<p>Some liabilities, including long-term debt, are not due and payable in the current period and, therefore, are not reported in the funds.</p>		
Bonds, notes, loans and capital leases payable	(3,227,961)	
Compensated absences	(89,007)	
Net pension liabilities	(4,018,404)	
Accrued interest	(42,126)	
		(7,377,498)
<p>Premiums on bonds are another financing source in the year of issuance but are shown as an increase in bonds payable and amortized over the life of the bonds on the statement of net position.</p>		(51,187)
<p>Deferred outflows of resources related to pensions are recorded on the statement of net position.</p>		739,325
<p>Deferred inflows of resources related to pensions are recorded on the statement of net position.</p>		(533,008)
<p>Deferred inflows of resources related to other unavailable revenues are recorded and recognized as revenues in the statement of net position.</p>		12,500
<p>Losses on issuance of refunding bonds are reported as a deferred outflow and amortized over the life of the bonds on the the statement of net position.</p>		3,487
Net Position of Governmental Activities		\$ 2,381,767

City of Highwood, Illinois
Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances
Year Ended April 30, 2019

	General Fund	Downtown Redevelopment TIF Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property tax	\$ 1,341,152	\$ 608,962	\$ -	\$ 1,950,114
Other taxes	1,180,829	-	-	1,180,829
Intergovernmental	1,522,671	-	137,204	1,659,875
Licenses and permits	409,373	-	-	409,373
Fines, forfeitures and penalties	51,488	-	-	51,488
Public charges for services	890,505	-	202,854	1,093,359
Investment income	22,665	2,325	3,710	28,700
Miscellaneous	16,153	-	-	16,153
	<u>5,434,836</u>	<u>611,287</u>	<u>343,768</u>	<u>6,389,891</u>
Total revenues				
Expenditures				
Current				
General government	1,257,507	5,000	-	1,262,507
Public safety	2,522,081	-	-	2,522,081
Public works	870,781	-	153,858	1,024,639
Culture, recreation and education	134,460	-	-	134,460
Economic development	-	125,000	-	125,000
Capital outlay	6,990	2,900	514,118	524,008
Debt service				
Principal	54,308	385,000	140,000	579,308
Interest	2,818	47,950	62,628	113,396
Fiscal agent fees	-	874	474	1,348
	<u>4,848,945</u>	<u>566,724</u>	<u>871,078</u>	<u>6,286,747</u>
Total expenditures				
Excess (Deficiency) of Revenues Over Expenditures	<u>585,891</u>	<u>44,563</u>	<u>(527,310)</u>	<u>103,144</u>
Other Financing Sources (Uses)				
Transfers in	-	-	483,035	483,035
Transfers out	(389,819)	-	-	(389,819)
Proceeds from the sale of capital assets	23,563	-	-	23,563
	<u>(366,256)</u>	<u>-</u>	<u>483,035</u>	<u>116,779</u>
Total other financing sources (uses)				
Net Change in Fund Balance	219,635	44,563	(44,275)	219,923
Fund Balance				
May 1	<u>1,882,771</u>	<u>947,053</u>	<u>170,830</u>	<u>3,000,654</u>
April 30	<u>\$ 2,102,406</u>	<u>\$ 991,616</u>	<u>\$ 126,555</u>	<u>\$ 3,220,577</u>

City of Highwood, Illinois
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended April 30, 2019

Net Change in Fund Balances - Total Governmental Funds	\$ 219,923
<p>Amounts reported for governmental activities in the statement of activities are different because</p>	
<p>Governmental funds report capital outlay as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activities.</p>	
Capital outlay is reported as an expenditure in the fund financial statements but is capitalized in the government-wide financial statements.	24,926
Depreciation is reported in the government-wide financial statements.	(291,924)
Cash received related to sale of capital assets is recognized as other financing sources in the fund financial statements but is not reduced at the fund level for remaining net book value.	(6,500)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	579,308
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(12,500)
Some of the bonds outstanding are accretion bonds. Accretion of the bonds during the year increases the carrying value of the bonds and will be repaid using future year resources. The current year's accretion is charged to interest expense in the statement of activities.	(16,267)
The amortization of premiums on bonds and losses on refunding are not a use of financial resources in the governmental funds.	9,946
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.	
Changes in	
Compensated absences	(6,535)
Deferred outflows	143,638
Net pension liabilities	(255,605)
Deferred inflows	(150,801)
Accrued interest on debt	5,015
Change in Net Position	\$ 242,624

City of Highwood, Illinois
Proprietary Funds Statement of Net Position
April 30, 2019

	Waterworks and Sewerage Fund	Nonmajor Enterprise Fund - Garbage Fund	Total
Assets			
Current Assets			
Cash and investments	\$ 631,087	\$ 73,474	\$ 704,561
Receivables			
Accounts, net	257,872	20,872	278,744
Prepaid items	1,020	-	1,020
Restricted assets			
Cash and investments	22,539	-	22,539
Total current assets	<u>912,518</u>	<u>94,346</u>	<u>1,006,864</u>
Noncurrent Assets			
Capital assets			
Property and equipment	11,424,391	198,289	11,622,680
Less accumulated depreciation	<u>(5,803,598)</u>	<u>(19,828)</u>	<u>(5,823,426)</u>
Total noncurrent assets	<u>5,620,793</u>	<u>178,461</u>	<u>5,799,254</u>
Total assets	<u>6,533,311</u>	<u>272,807</u>	<u>6,806,118</u>
Deferred Outflows of Resources			
Deferred outflows of resources - pensions	<u>45,935</u>	<u>-</u>	<u>45,935</u>
Liabilities			
Current Liabilities			
Accounts payable	56,775	23,811	80,586
Accrued payroll	3,225	1,826	5,051
Other current liabilities	35,860	237	36,097
Interest payable	<u>95,357</u>	<u>-</u>	<u>95,357</u>
Total current liabilities	<u>191,217</u>	<u>25,874</u>	<u>217,091</u>
Noncurrent Liabilities			
Long-term debt			
Net pension liability	48,231	-	48,231
Other due within one year	392,194	-	392,194
Other due in more than one year	<u>5,461,911</u>	<u>-</u>	<u>5,461,911</u>
Total noncurrent liabilities	<u>5,902,336</u>	<u>-</u>	<u>5,902,336</u>
Total liabilities	<u>6,093,553</u>	<u>25,874</u>	<u>6,119,427</u>
Deferred Inflows of Resources			
Deferred inflows of resources - pensions	<u>17,471</u>	<u>-</u>	<u>17,471</u>
Net Position			
Net investment in capital assets	2,464,248	178,461	2,642,709
Unrestricted (deficit)	<u>(1,996,026)</u>	<u>68,472</u>	<u>(1,927,554)</u>
Total net position	<u>\$ 468,222</u>	<u>\$ 246,933</u>	<u>\$ 715,155</u>

City of Highwood, Illinois
Proprietary Funds Statement of Revenues,
Expenses and Changes in Net Position
Year Ended April 30, 2019

	Waterworks and Sewerage Fund	Nonmajor Enterprise Fund - Garbage Fund	Total
Operating Revenues			
Public charges for services	\$ 1,353,455	\$ 317,906	\$ 1,671,361
Operating Expenses			
Personnel	165,256	86,539	251,795
Contractual services	370,052	284,458	654,510
Materials and supplies	36,049	584	36,633
Depreciation	208,603	9,914	218,517
Total operating expenses	779,960	381,495	1,161,455
Operating Income (Loss)	573,495	(63,589)	509,906
Nonoperating Revenues (Expenses)			
Investment income	5,051	2,328	7,379
Interest subsidy	86,991	-	86,991
Miscellaneous revenue	15,790	45,900	61,690
Miscellaneous expense	(3,763)	-	(3,763)
Interest expense	(266,128)	-	(266,128)
Fiscal agent fees	(1,350)	-	(1,350)
Total nonoperating revenues (expenses)	(163,409)	48,228	(115,181)
Income (Loss) Before Transfers	410,086	(15,361)	394,725
Other Financing Sources			
Transfers out	(93,216)	-	(93,216)
Changes in Net Position	316,870	(15,361)	301,509
Net Position			
May 1	151,352	262,294	413,646
April 30	\$ 468,222	\$ 246,933	\$ 715,155

City of Highwood, Illinois
Proprietary Funds Statement of Cash Flows
Year Ended April 30, 2019

	Waterworks and Sewerage Fund	Nonmajor Enterprise Fund - Garbage Fund	Total
Operating Activities			
Received from customers	\$ 1,372,408	\$ 327,669	\$ 1,700,077
Paid to suppliers for grounds and services	(367,057)	(284,208)	(651,265)
Paid to employees for services	(209,482)	(85,840)	(295,322)
Other miscellaneous revenue	10,677	45,900	56,577
	<u>806,546</u>	<u>3,521</u>	<u>810,067</u>
Net cash provided by operating activities			
Investing Activities			
Investment income	5,051	2,328	7,379
	<u>5,051</u>	<u>2,328</u>	<u>7,379</u>
Noncapital Financing Activities			
Interfund transactions	110,128	-	110,128
	<u>110,128</u>	<u>-</u>	<u>110,128</u>
Capital and Related Financing Activities			
Transfers out	(93,216)	-	(93,216)
Debt retired	(377,365)	-	(377,365)
Interest paid	(186,137)	-	(186,137)
Purchases of capital assets	(32,000)	-	(32,000)
	<u>(688,718)</u>	<u>-</u>	<u>(688,718)</u>
Net cash used for capital and related financing activities			
Net Increase in Cash and Cash Equivalents	233,007	5,849	238,856
Cash and Cash Equivalents			
May 1	420,619	67,625	488,244
	<u>420,619</u>	<u>67,625</u>	<u>488,244</u>
April 30	\$ 653,626	\$ 73,474	\$ 727,100
	<u>\$ 653,626</u>	<u>\$ 73,474</u>	<u>\$ 727,100</u>
Represented by			
Unrestricted	\$ 631,087	\$ 73,474	\$ 704,561
Restricted	22,539	-	22,539
	<u>\$ 653,626</u>	<u>\$ 73,474</u>	<u>\$ 727,100</u>

City of Highwood, Illinois
Proprietary Funds Statement of Cash Flows
Year Ended April 30, 2019

	Waterworks and Sewerage Fund	Nonmajor Enterprise Fund - Garbage Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating income (loss)	\$ 573,495	\$ (63,589)	\$ 509,906
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities			
Depreciation	208,603	9,914	218,517
Other miscellaneous revenue	15,790	45,900	61,690
Other miscellaneous expense	(5,113)	-	(5,113)
Deferred outflows of resources - pension	(21,313)	-	(21,313)
Net pension liability	26,851	-	26,851
Deferred inflows of resources - pension	(50,436)	-	(50,436)
Changes in assets and liabilities			
Accounts receivable	18,953	9,763	28,716
Prepaid expenses	1,061	-	1,061
Accounts payable	33,310	803	34,113
Accrued payroll	672	699	1,371
Other liabilities	4,673	31	4,704
	<u>\$ 806,546</u>	<u>\$ 3,521</u>	<u>\$ 810,067</u>
Net cash provided by operating activities	<u>\$ 806,546</u>	<u>\$ 3,521</u>	<u>\$ 810,067</u>

City of Highwood, Illinois
Fiduciary Funds Statement of Fiduciary Net Position
April 30, 2019

	Pension Trust Funds	Agency Fund
Assets		
Cash and cash equivalents	\$ 75,360	\$ 24,314
Investments		
U.S. treasuries	436,100	-
U.S. agencies	3,219,911	-
Mutual funds	3,319,423	-
Corporate bonds	121,002	-
Municipal bonds	537,041	-
Receivables, net		
Accrued interest	31,694	-
Due from other organizations	-	-
Prepaid expenses	1,367	-
Total assets	7,741,898	24,314
Liabilities		
Accounts payable	14,531	-
Due to other organizations	-	24,308
Due to City	-	6
Total liabilities	14,531	24,314
Net Position		
Restricted for pensions	\$ 7,727,367	\$ -

City of Highwood, Illinois
Statement of Changes in Fiduciary Net Position
Year End April 30, 2019

	Pension Trust Funds
Additions	
Contributions	
Employer	\$ 474,666
Plan members	<u>75,363</u>
Total contributions	<u>550,029</u>
Investment Income	
Investment income	294,830
Gains on investments	193,658
Investment expense	<u>(30,231)</u>
Total investment income	<u>458,257</u>
Total additions	<u>1,008,286</u>
Deductions	
Benefits	369,455
Administration	<u>66,222</u>
Total deductions	<u>435,677</u>
Change in Net Position	572,609
Net Position Restricted for Pensions	
May 1	<u>7,154,758</u>
April 30	<u><u>\$ 7,727,367</u></u>

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Note 1: Summary of Significant Accounting Policies

The City of Highwood, Illinois (City) is a municipal corporation, which operates under the Council-Manager form of government. The City's major operations include police and fire safety, highway and street maintenance and reconstruction, building code enforcement, public improvements, community development, planning and zoning, waterworks and sewerage services and general administrative services.

The accounting policies of the City of Highwood, 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).

Reporting Entity

This report includes all of the funds of the City of Highwood, Illinois. The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government is such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable for the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body, and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity 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 is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. Blended component units, although legally separate entities, are, in substance, part of the government's operations and are reported with similar funds of the primary government. The discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the primary government.

City of Highwood, Illinois

Notes to Financial Statements

April 30, 2019

Fiduciary Component Units

The Police Pension Employees Retirement System (PPERS or Police Pension Fund) 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 selected by the membership constitute the pension board. The City and the PPERS participants are obligated to fund all PPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many characteristics of a legally separate government, PPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's police employees and because of the fiduciary nature of such activities. PPERS is reported as a pension trust fund. No separate annual financial report is issued for the PPERS.

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. The City's Mayor appoints all five members of the Board. The City and the FPERS participants are obligated to fund all FPERS costs based upon actuarial valuations. The State of Illinois is authorized to establish benefit levels and the City is authorized to approve the actuarial assumptions used in the determination of contribution levels. Although it possesses many characteristics of a legally separate government, FPERS is reported as if it were part of the primary government because its sole purpose is to finance and administer the pensions of the City's police employees and because of the fiduciary nature of such activities. FPERS is reported as a pension trust fund. No separate annual financial report is issued for the FPERS.

Discretely Presented Component Unit

Highwood Public Library

The government-wide financial statements include the Highwood Public Library (Library) as a component unit. The Library is a legally separate organization. The board of the Library is appointed by the Mayor with the approval of the City Council. The Library's budget and tax levy is subject to approval by the City Council. 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 April 30, 2019. The Library does not issue separate financial statements.

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, except for fiduciary activities. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities of the City and its discretely presented component unit. Governmental

City of Highwood, Illinois
Notes to Financial Statements
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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.

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 reporting entity 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 inflows/outflows of resources, liabilities, net position/fund balance (deficit), 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 statements. A fund is considered major if it is the primary operating fund of the City (the General Fund) or meets the following criteria:

- a. Total assets, liabilities, 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.
- 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 Highwood, Illinois
Notes to Financial Statements
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The City reports the following major governmental funds:

The **General Fund** accounts for the City's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

The **Downtown Redevelopment TIF** accounts for resources accumulated and payments made for development within the TIF District.

The City reports the following major enterprise fund:

The **Waterworks and Sewerage Fund** accounts for the operations of the water and sewer system of the City.

The City reports the following nonmajor governmental and enterprise funds:

Capital Projects Funds – used to account for the acquisition or construction of general capital assets

Special Revenue Funds – used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Motor Fuel Tax Fund

E-911 Fund

Debt Service Funds – specifically established to account for and service the long-term obligations of the governmental funds' debt.

Debt Service Fund

Enterprise Funds – may be used to report any activity for which a fee is charged to external uses for goods or services, and must be used for activities which meet certain debt or cost recovery criteria.

Garbage Fund

In addition, the City reports the following fiduciary fund types:

Pension (and other employee benefit) trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans, or other employee benefit plans.

Police Pension Fund

Firefighters' Pension Fund

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

Escrow Fund

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Measurement Focus, Basis of Accounting, and Basis of 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 unearned revenue. 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 business-type activities 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 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 and the revenue is collected.

Intergovernmental aids and grants are recognized as revenues in the period the City is entitled to 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 prior to the entitlement period are recorded as unearned revenues.

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

City of Highwood, Illinois

Notes to Financial Statements

April 30, 2019

The City reports unavailable and unearned revenues on its governmental funds balance sheet. For the governmental fund financial statements, unavailable revenues arise when revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. The revenue is recognized in the period when the revenue becomes both “measurable” and “available.” Unavailable revenues arise from taxes levied in the current year which are intended to finance the subsequent year’s operations and when the resources for a receivable are not received within 60 days of fiscal year end. Unearned revenues arise when resources are received before the City has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures, or rent collected in advance of the period earned. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the Waterworks and Sewerage Fund 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.

Accounting Estimates

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 the 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.

Assets, Deferred Inflows/Outflows of Resources, Liabilities, and Net Position or Fund Balance

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. Investments consist of certificates of deposit, treasury obligations, and insurance contracts with maturities

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

greater than three months. Investments with maturities of greater than one year are reported at fair value. Fair value is based on quoted market prices.

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.

Receivables

Property taxes for levy year 2018 attached as an enforceable lien on January 1, 2018, on property values assessed as of the same date. Taxes are levied by December following the lien date (by passage of a Tax Levy Ordinance). Property taxes for levy year 2018 still outstanding as of April 30, 2019, are recorded as receivables. The 2019 tax levy, which attached as an enforceable lien on the property as of January 1, 2019, has not been recorded as a receivable and deferral as of April 30, 2019, as the tax has not yet been levied by the City and will not be levied until December 2019 and, therefore, the levy is not measurable at April 30, 2019. Receivable at April 30, 2019, is related to remaining distributions on 2018 levy.

Tax bills are prepared by Lake County and issued on or about June 1, and are payable in two installments, on or about July 1 and September 1, or within 30 days of the tax bills being issued.

The County collects the property taxes and remits them periodically. The 2018 property tax levy is recognized as a receivable and deferral in fiscal 2019, net of the allowance for uncollectible. As the taxes become available to finance current expenditures, they are recognized as revenues at the fund and entity-wide levels. At April 30, 2019, the property taxes receivable and deferred inflows consisted of the estimated amount collectible from the 2018 levy.

Interfunds

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.

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of related long-term debt. The remainder, if generated from earnings, is shown as restricted net position.

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 \$10,000 for general capital assets and an estimated useful life in excess of one year. All capital assets are valued at historical cost or estimated historical cost if actual amounts are unavailable. Donated capital asset, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value.

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

Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of capital asset is as follows:

Buildings	50 years
Land improvements	20 years
Equipment and vehicles	3 - 20 years
Infrastructure	15 - 50 years

Fund Financial Statements

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

Compensated Absences

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements.

All vested vacation and sick leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. 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.

City of Highwood, Illinois
Notes to Financial Statements
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Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at April 30, 2019, are determined on the basis of current salary rates and include incremental salary related payments.

Deferred Outflows/Inflows of Resources

The City reports deferred outflows of resources on its statement of net position. Deferred outflows of resources represent a consumption of net position that applies to a future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure/reduction of liability) until then. The City has two items that qualify for reporting in this category; they are the unamortized loss on refunding of bonds and deferred outflows for pensions reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The deferred outflows related to pension's represents pension items that will be recognized as pension expense/reduction of liability in future periods.

The City reports deferred inflows of resources on its statement of net position and on its balance sheet – governmental funds. Deferred inflows of resources represent an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. Accordingly, the items, unavailable/unearned property taxes and deferred inflows for pensions, are reported in the statement of net position and the governmental funds balance sheet, as noted. The unavailable/deferred property taxes are recognized as an inflow of resources in the period that the amount becomes available and/or were intended to finance. The deferred inflows related to pensions represents pension items that will be recognized as reductions in pension expense in future periods.

Long-Term Obligations

All 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 and accrued compensated absences.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements. The face value of the long-term debt, plus any premiums or less any discounts, are reported as other financing sources in the period issued and payments of principal and interest are reported as expenditures when made. The accounting in proprietary funds is the same as it is in the government-wide statements.

City of Highwood, Illinois
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April 30, 2019

Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. The liability for claims and judgments is only reported in governmental funds if it has matured. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. Refer to Note 14 for Commitments and Contingencies.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's Police, Firefighters, IMRF, and SLEP pension plans (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. 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.

Equity Classifications

Government-Wide and Proprietary Fund Financial 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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.
- b. **Restricted Net Position** – Consists of net position with constraints placed on its 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 position that does not meet the definitions of “restricted” or “net investment in capital assets.”

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Governmental Fund Financial Statements

There are five classifications of fund balance:

- (1) **Nonspendable** – amounts that are not in spendable form (such as inventory or land held for resale) or are required to be maintained intact.
- (2) **Restricted** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) or imposed by law through constitutional provisions or enabling legislation.
- (3) **Committed** – amounts constrained to a specific purpose by a government itself, using its highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action (the adoption of another ordinance) to remove or change the constraint.
- (4) **Assigned** – amounts a government intends to use for a specific purpose. Intent can be expressed by the City Manager.
- (5) **Unassigned** – amounts that are available for any purpose. These amounts are only reported in the General Fund, except for deficit balances in other funds.

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. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. Budget amounts are as originally adopted by the City Council. All annual appropriations lapse at fiscal year-end.

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Prior to April 30, the Finance Director submits to the City Council a proposed operating budget for the fiscal year commencing May 1. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain taxpayer comments. Prior to July 31, the budget is legally enacted through the passage of an ordinance. Formal budgetary integration is employed as a management control device during the year for the general, debt service, special revenue, capital projects and enterprise funds.

The legal level of budgetary control (*i.e.*, the level at which expenditures may not legally exceed appropriations) is the fund level. The appropriated budget is prepared by fund, function, and department. Before final action is taken on the appropriation ordinance, the City Council may revise, alter, increase, or decrease the items contained therein. All appropriations lapse at year end.

Deficit Balances

The fund below has a deficit fund balance as of April 30, 2019:

Fund	Deficit Fund Balance
Capital Project Fund (nonmajor fund)	\$ (124,299)

The City plans to alleviate the fund deficits through fund transfers from the General Fund, sufficient to fund operations until the deficit is alleviated.

Note 3: Deposits and Investments

The City’s investment policy follows the state statute for allowable investments. 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.

The City maintains a cash and investment pool that is available for use by all funds. Each fund type or fund’s portion of this pool is displayed on the statement of net position and balance sheet, as applicable, as cash and investments. In addition, investments are also separately held by several of the City’s funds. The deposits and investments of the pension trust funds are held separately from those of other funds.

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

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

	Carrying Value	Bank/Broker Statement Balances
Deposits	\$ 2,643,513	\$ 2,685,032
Illinois funds (investments)	1,235,522	1,233,881
Petty cash	1,200	1,200
	<u>\$ 3,880,235</u>	<u>\$ 3,920,113</u>

Reconciliation to financial statements:

	Government-Wide Statement of Net Position	Agency Fund	Totals
Cash and investments - unrestricted	\$ 3,857,696	\$ -	\$ 3,857,696
Cash and investments - restricted	22,539	-	22,539
Cash	-	24,314	24,314
	<u>\$ 3,880,235</u>	<u>\$ 24,314</u>	<u>\$ 3,904,549</u>

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. The fair value of the positions in the pool is the same as the value of the pool shares. 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*. The Fund has an affirmed AAAM Standard & Poor's credit quality rating. The fund issues a publicly available financial report which may be obtained from the State of Illinois Treasurer, Illinois Funds Administrative Office, 300 W. Jefferson, Springfield, Illinois 62702.

Custodial Credit Risk

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

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Deposits

The City's investment policy states that funds on deposit (checking accounts, certificates of deposit, etc.) in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement, and held at an independent, third party institution in the name of municipality. As of April 30, 2019, approximately \$36,600 of the City's total bank balances were exposed to custodial credit risk.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy states that securities will be held by an independent third party custodian designated by the Treasurer and evidenced by safekeeping receipts and a written custodial agreement. The City 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. State statutes limit the investments in commercial paper to the top three ratings of two nationally recognized statistical rating organizations (NRSROs). The City's investment policy does not further limit investment instrument choices.

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. The City's investment policy states that the investment portfolio shall be diversified based on the type of funds invested and the cash flow needs of those funds.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The City's investment policy states that public funds shall be invested 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. More specifically, the Treasurer shall attempt to match the City's investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Treasurer will not directly invest in securities maturing more than two years from the date of purchase. Reserve funds may be invested in securities exceeding two years if the maturities of such investments are made to coincide, as nearly as practicable, with the expected use of the funds. The City's investment in the Illinois Funds has an average investment maturity of less than one year.

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Note 4: Receivables

	Governmental Funds			Proprietary Funds		Total
	General Fund	Downtown Redevelopment TIF Fund	Nonmajor Funds	Waterworks and Sewerage Fund	Nonmajor Garbage Fund	
Receivables						
Property taxes	\$ 1,343,124	\$ 649,547	\$ 200,518	\$ -	\$ -	\$ 2,193,189
Other taxes						
Sales tax	90,396	-	-	-	-	90,396
Intergovernmental						
Sales tax	120,444	-	-	-	-	120,444
Telecom	12,347	-	-	-	-	12,347
Use tax	27,893	-	-	-	-	27,893
Income tax	142,436	-	-	-	-	142,436
Replacement tax	2,469	-	-	-	-	2,469
Motor fuel tax	-	-	11,964	-	-	11,964
Accounts, net	59,195	-	-	257,872	20,872	337,939
	<u>\$ 1,798,304</u>	<u>\$ 649,547</u>	<u>\$ 212,482</u>	<u>\$ 257,872</u>	<u>\$ 20,872</u>	<u>\$ 2,939,077</u>

All of the receivables on the balance sheet are expected to be collected within one year. As of April 30, 2019, the General, Waterworks and Sewerage, and Garbage Funds have recorded allowance for uncollectible accounts of \$31,050, \$67,334 and \$11,268, respectively.

Note 5: Restricted Assets

The following represent the balances of the restricted assets:

Unspent Bond Proceeds

Unspent portion of 2010 A and B Series Bonds.

Following is a list of restricted assets at April 30, 2019:

	Restricted Assets	Noncurrent Liabilities Payable From Restricted Assets	Restricted Net Position
Business-type activities			
Unspent bond proceeds	\$ 22,539	\$ (22,539)	\$ -

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Note 6: Capital Assets

Governmental Activities

A summary of changes in capital assets for the governmental activities of the City is as follows:

	Balances May 1	Additions	Deletions	Balances April 30
Capital assets not being depreciated				
Land	\$ 2,650,350	\$ -	\$ -	\$ 2,650,350
Construction in progress	20,556	-	20,556	-
	<u>2,670,906</u>	<u>-</u>	<u>20,556</u>	<u>2,650,350</u>
Capital assets being depreciated				
Land improvements	737,840	-	-	737,840
Buildings	2,274,947	-	-	2,274,947
Equipment and vehicles	1,432,086	45,482	52,000	1,425,568
Infrastructure	13,468,516	-	-	13,468,516
	<u>17,913,389</u>	<u>45,482</u>	<u>52,000</u>	<u>17,906,871</u>
Less accumulated depreciation for				
Land improvements	737,840	-	-	737,840
Buildings	1,636,735	43,299	-	1,680,034
Equipment and vehicles	1,087,978	70,813	45,500	1,113,291
Infrastructure	10,480,673	177,812	-	10,658,485
	<u>13,943,226</u>	<u>291,924</u>	<u>45,500</u>	<u>14,189,650</u>
Total capital assets being depreciated, net	<u>3,970,163</u>	<u>(246,442)</u>	<u>6,500</u>	<u>3,717,221</u>
Governmental activities capital assets, net	<u>\$ 6,641,069</u>	<u>\$ (246,442)</u>	<u>\$ 27,056</u>	<u>\$ 6,367,571</u>

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Business-Type Activities

A summary of capital assets for business-type activities of the City is as follows:

	Balances May 1	Additions	Deletions	Balances April 30
Capital assets being depreciated				
Land improvements	\$ 240,189	\$ -	\$ -	\$ 240,189
Buildings	3,851,500	-	-	3,851,500
Machinery and equipment	350,600	-	-	350,600
Waterworks and sewerage system	7,148,391	32,000	-	7,180,391
	<u>11,590,680</u>	<u>32,000</u>	<u>-</u>	<u>11,622,680</u>
Less accumulated depreciation for				
Land improvements	51,814	9,914	-	61,728
Buildings	2,101,835	58,450	-	2,160,285
Machinery and equipment	280,088	9,725	-	289,813
Waterworks and sewerage system	3,171,172	140,428	-	3,311,600
	<u>5,604,909</u>	<u>218,517</u>	<u>-</u>	<u>5,823,426</u>
Total capital assets being depreciated, net	<u>5,985,771</u>	<u>(186,517)</u>	<u>-</u>	<u>5,799,254</u>
Business-type activities capital assets, net	<u>\$ 5,985,771</u>	<u>\$ (186,517)</u>	<u>\$ -</u>	<u>\$ 5,799,254</u>

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Depreciation Expense

Depreciation expense was charges to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 38,965
Public safety	48,361
Public works	202,576
Culture, education and recreation	2,022
	\$ 291,924
Business-type activities	
Water	\$ 152,240
Sewer	56,363
Garbage	9,914
	\$ 218,517

Note 7: Interfund Transactions

Interfund Receivables/Payables

The principal purpose of these interfunds is to cover temporary cash overdrafts. All remaining balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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 Highwood, Illinois
Notes to Financial Statements
April 30, 2019

The following is a schedule of interfund receivables and payables:

Receivable Fund	Payable Fund	Amount
Nonmajor Fund	General Fund	\$ 428
Less government-wide eliminations		<u>(428)</u>
Total internal balances - government-wide statement of net position		<u>\$ -</u>
General Fund	Agency Fund	<u>\$ 6</u>
Component unit (Public Library)	General Fund	<u>\$ 581</u>

All amounts are due within one year.

Transfers

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.

The transfer below occurred in 2019.

Transferring Fund	Receiving Fund	Amount
General Fund	Nonmajor Fund	\$ 389,819
Water and Sewer Fund	Nonmajor Fund	<u>93,216</u>
		<u>\$ 483,035</u>

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Note 8: Deferred Inflows of Resources and Unearned Income

As of April 30, 2019, the various components of deferred inflows of resources related to revenue recognition (excludes pension items) and unearned revenue reported in the governmental funds balance sheet, and the governmental activities in the statement of net position were as follows:

	Deferred Inflows of Resources	Unearned Income	Total
Property taxes receivable for subsequent year	\$ 2,193,189	\$ -	\$ 2,193,189
Other unavailable revenue	12,500	-	12,500
Rental income received in advance	<u>-</u>	<u>116,768</u>	<u>116,768</u>
Total deferred/unearned revenue per governmental funds balance sheet	2,205,689	116,768	2,322,457
Other unavailable revenue	<u>(12,500)</u>	<u>-</u>	<u>(12,500)</u>
Total deferred/unearned revenue per statement of net position	<u>\$ 2,193,189</u>	<u>\$ 116,768</u>	<u>\$ 2,309,957</u>

The \$12,500 in other unavailable revenue was recognized as revenue in the statement of activities in 2018 and is still unavailable in the fund level statements for fiscal year 2019. All other related items were reported the same in the statement of net position as it relates to revenue recognition. There were no deferred inflows of resources related to revenue recognition or unearned revenues for the enterprise funds or business-type activities as of April 30, 2019.

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Note 9: Long-Term Debt Obligations

Long-term obligations activity for the year ended April 30, 2019, was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
Alternate revenue bonds*	\$ 1,603,755	\$ 16,267	\$ 385,000	\$ 1,235,022	\$ 405,333
General obligation bonds	2,085,000	-	140,000	1,945,000	140,000
Bond premium	63,254	-	12,067	51,187	-
Capital lease payable	54,760	-	30,929	23,831	23,831
Loans payable	47,487	-	23,379	24,108	24,108
	<u>3,854,256</u>	<u>16,267</u>	<u>591,375</u>	<u>3,279,148</u>	<u>593,272</u>
Other liabilities					
Vested compensated absences	82,472	172,349	165,814	89,007	17,801
Total governmental activities					
long-term liabilities	<u>\$ 3,936,728</u>	<u>\$ 188,616</u>	<u>\$ 757,189</u>	<u>\$ 3,368,155</u>	<u>\$ 611,073</u>

*\$16,267 represents accreted interest on Capital Appreciation Bonds.

Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
2010A General Obligation Build America Bonds	\$ 220,000	\$ -	\$ 155,000	\$ 65,000	\$ 65,000
2010B General Obligation Recovery Zone Economic Development Bonds	3,000,000	-	-	3,000,000	95,000
Bond discount	(18,155)	-	(2,102)	(16,053)	-
Loan payable	204,554	-	38,245	166,309	39,533
IEPA loans	2,827,173	-	188,324	2,638,849	192,661
Total business-type activities					
long-term liabilities	<u>6,233,572</u>	<u>-</u>	<u>379,467</u>	<u>5,854,105</u>	<u>392,194</u>

The General Fund and Waterworks and Sewerage Fund are expected to pay the net pension liability. For the governmental activities, the compensated absences are generally liquidated by the General Fund.

The City is subject to the Illinois Municipal Code, which limits the amount of certain indebtedness to 8.625% of the most recent available equalized assessed valuation of the City.

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Legal Debt Margin

Assessed valuation – 2018	\$ 141,230,014
Legal debt limit – 8.625% of assessed valuation	\$ 12,181,089
Amount of debt applicable to debt limit	5,010,000
Legal debt margin	\$ 7,171,089

Chapter 65, Section 5/8-5-1 of the Illinois Compiled Statutes provides, "...no municipality having a population of less than 500,000 shall become indebted in any manner or for any purpose, to an amount, including existing indebtedness in the aggregate exceeding 8.625% on the value of the taxable property therein, to be ascertained by the last assessment for state and county purposes, previous to the incurring of the indebtedness or, until January 1, 1983, if greater, the sum that is produced by multiplying the municipality's 1978 equalized assessed valuation by the debt limitation percentage in effect on January 1, 1979."

Alternate Revenue Debt

The alternate revenue bonds are direct obligations and pledge the full faith and credit of the City. Governmental activities alternate revenue bonds are payable from revenues derived from tax increment revenues and are paid by the Downtown Redevelopment TIF Fund. Business-type activities alternate revenue bonds are payable only from revenues derived from the operation of the Waterworks and Sewerage Fund.

Governmental Activities - Alternate Revenue Debt

Alternate revenue debt payable at April 30, 2019, consists of the following:

Governmental Activities Alternate Revenue Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance April 30, 2019
Series 2002 CAB	2002	1/1/2021	4.00% - 5.40%	\$ 786,403	\$ 235,022
Series 2013 GO	2013	1/1/2022	2.00% - 4.00%	2,160,000	1,000,000
Series 2015 GO	2015	12/1/2030	1.85% - 4.00%	2,355,000	1,945,000
Total governmental activities - general obligation debt					\$ 3,180,022

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

General Obligation Debt

Business-Type Activities - General Obligation Debt

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and improvements. General obligation bonds have been issued for general business-type activities.

General obligation debt payable at April 30, 2019, consists of the following:

Business-Type Activities General Obligation Debt	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance April 30, 2019
Series 2010A GO BAB	2011	12/1/2019	3.22% - 4.72%	\$ 800,000	\$ 65,000
Series 2010B GO RZEDB	2011	12/1/2033	5.62% - 6.84%	3,000,000	3,000,000
Total business-type activities - general obligation debt					<u>\$ 3,065,000</u>

Debt service requirements to maturity are as follows:

Year	Governmental Activities Alternate Revenue Source	
	Principal	Interest
2020	549,402	110,426
2021	595,620	89,818
2022	520,000	69,555
2023	150,000	51,075
2024	155,000	47,475
2025-2029	830,000	167,913
2030-2031	380,000	23,000
	<u>\$ 3,180,022</u>	<u>\$ 559,261</u>

Year	Business-Type Activities					
	2010A General Obligation Build America Bonds			2010B General Obligation Recovery Zone Economic Development Bonds		
	Principal	Gross Interest	Estimated Net Interest*	Principal	Gross Interest	Estimated Net Interest**
2020	65,000	3,068	1,994	95,000	190,926	105,009
2021	-	-	-	165,000	185,587	102,073
2022	-	-	-	170,000	176,314	96,973
2023	-	-	-	175,000	166,760	91,718
2024	-	-	-	180,000	156,925	86,309
2025-2029	-	-	-	1,010,000	616,732	339,203
2030-2034	-	-	-	1,205,000	253,422	139,382
	<u>\$ 65,000</u>	<u>\$ 3,068</u>	<u>\$ 1,994</u>	<u>\$ 3,000,000</u>	<u>\$ 1,746,666</u>	<u>\$ 960,667</u>

City of Highwood, Illinois
Notes to Financial Statements
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*Net interest represents a reduction due to Build America Bonds subsidy at 35% and the semi-annual subsidies are subject to sequestration by the U.S. Government.

**Net interest represents a reduction due to Recovery Zone Economic Development Bonds subsidy at 45% and the semi-annual subsidies are subject to sequestration by the U.S. Government.

Other Notes or Loans Payable

In prior years, the City had entered into various other loans and notes payable agreements. See tables below for summary of these items.

Governmental Activities - Other Notes or Loans Payable	Date of Issue	Original Indebtedness	Final Maturity	Interest Rates	Balance April 30, 2019
Fire Alarm Monitoring Equipment loan	11/21/2012	\$ 155,000	9/15/2019	3.12%	<u>\$ 24,108</u>

Business-Type Activities- Other Notes or Loans Payable	Date of Issue	Original Indebtedness	Final Maturity	Interest Rates	Balance April 30, 2019
Illinois Environmental Protection Agency (IEPA) loan payable of 2002	4/30/2002	\$ 1,170,000	12/30/2021	2.54%	\$ 216,050
Loan payable - water	3/10/2016	2,610,846	8/26/2035	2.21%	1,802,910
Loan payable - sewer	3/10/2016	249,578	9/4/2035	2.21%	181,761
Loan payable - water tower	4/30/2017	571,500	8/2/2036	1.86%	438,128
					<u>\$ 2,638,849</u>
Water meter loan	11/21/2012	380,000	9/15/2022	Various	<u>\$ 166,309</u>

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Debt service requirements to maturity are as follows:

Year	Governmental Activities		Business-Type Activities	
	Loans Payable		Loans Payable	
	Principal	Interest	Principal	Interest
2020	24,108	752	232,194	61,992
2021	-	-	237,962	56,225
2022	-	-	243,866	50,309
2023	-	-	174,225	44,717
2024	-	-	133,375	40,428
2025-2029	-	-	711,370	157,643
2030-2034	-	-	791,650	77,361
2035-2037	-	-	280,516	6,570
	<u>\$ 24,108</u>	<u>\$ 752</u>	<u>\$ 2,805,158</u>	<u>\$ 495,245</u>

Capital Leases Payable

Governmental Activities - Capital Leases Payable	Date of Issue	Original Indebtedness	Final Maturity	Interest Rates	Balance April 30, 2019
Public Works Capital Lease	12/10/2012	\$ 202,020	1/1/2020	3.00%	<u>\$ 23,831</u>

Debt service requirements to maturity are as follows:

Year	Governmental Activities	
	Principal	Interest
2020	<u>23,831</u>	<u>369</u>
	<u>\$ 23,831</u>	<u>\$ 369</u>

Advance Refunding

In prior years, the City has defeased \$2,125,000 of the 2002 Tax Increment Financing Alternate Revenue Bonds by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in trust funds. The investments and fixed earnings for the investment are sufficient to fully service the defeased debt until the debt matures. For financial reporting purposes, the debt has been considered defeased; therefore, the above listed debt was removed from the City's financial statements. The outstanding balance as of April 30, 2019, was \$1,025,000.

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Note 10: Highwood Public Library – Component Unit

This report contains the Highwood Public Library (Library), which is included as a component unit. Financial information is presented as a discrete column in the statement of net position and statement of activities.

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.

Basis of Accounting/Measurement Focus

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

Deposits and Investments

	Carrying Value	Bank Statement Balance
Deposits	\$ 100,629	\$ 102,738
Illinois Metropolitan Investment Fund	19,705	19,705
	\$ 120,334	\$ 122,443

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.

Investments

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

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

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Interest Rate Risk

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

Long-Term Liabilities

The Library's long-term liabilities at April 30, 2018, includes a net pension liability in the amount of \$31,377. See Note 11 for further detail on net pension liability.

Capital Assets

A summary of changes in capital assets for Component Unit activities of the City is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Useful Lives (Years)
Building and improvements	\$ 1,097,094	\$ 23,800	\$ -	\$ 1,120,894	20 - 50
Machinery and equipment	1,282,000	-	-	1,282,000	5 - 20
Less accumulated Depreciation	<u>(1,900,002)</u>	<u>(22,180)</u>	<u>-</u>	<u>(1,922,182)</u>	
	<u>\$ 479,092</u>	<u>\$ 1,620</u>	<u>\$ -</u>	<u>\$ 480,712</u>	

Note 11: Employee Retirement Systems

The City contributes to four defined benefit pension plans, the Illinois Municipal Retirement Fund (IMRF), (Regular and SLEP) agent multiple-employer defined benefit pension plans administered by IMRF, a public employee retirement system; the Police Pension Plan, which is a single-employer pension plan; and the Firefighters' Pension Plan, which is also a single-employer pension plan. The benefits, benefit levels, employee contributions, and employer contributions for all three plans are governed by Illinois Compiled Statutes (ILCS) and can only be amended by the Illinois General Assembly. The Police and Firefighters' Pension Plans do not issue separate reports on the pension plans. IMRF issues a publicly available report that includes financial statements and supplementary information for the plan as a whole, but not for individual employers. That report may be obtained on-line at www.imrf.org.

City of Highwood, Illinois
Notes to Financial Statements
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The aggregate totals for all pension items for the four plans are as follows (IMRF Regular and SLEP Plans combined due to insignificant size of SLEP):

	Governmental Activities	Business-Type Activities*	Total City	Component Unit Library	Plan Totals
Net pension liability					
IMRF	\$ 283,546	\$ 48,231	\$ 331,777	\$ 31,377	\$ 363,154
Police	2,237,574	-	2,237,574	-	2,237,574
Firefighters	1,497,284	-	1,497,284	-	1,497,284
	<u>\$ 4,018,404</u>	<u>\$ 48,231</u>	<u>\$ 4,066,635</u>	<u>\$ 31,377</u>	<u>\$ 4,098,012</u>
Deferred outflows of Resources					
IMRF	\$ 298,226	\$ 45,935	\$ 344,161	\$ 29,883	\$ 374,044
Police	441,099	-	441,099	-	441,099
	<u>\$ 739,325</u>	<u>\$ 45,935</u>	<u>\$ 785,260</u>	<u>\$ 29,883</u>	<u>\$ 815,143</u>
Deferred inflows of Resources					
IMRF	\$ 111,828	\$ 17,471	\$ 129,299	\$ 11,366	\$ 140,665
Police	386,657	-	386,657	-	386,657
Firefighters	34,523	-	34,523	-	34,523
	<u>\$ 533,008</u>	<u>\$ 17,471</u>	<u>\$ 550,479</u>	<u>\$ 11,366</u>	<u>\$ 561,845</u>
Pension expense					
IMRF	\$ (41,450)	\$ (5,999)	\$ (47,449)	\$ (3,903)	\$ (51,352)
Police	444,007	-	444,007	-	444,007
Firefighters	349,783	-	349,783	-	349,783
	<u>\$ 752,340</u>	<u>\$ (5,999)</u>	<u>\$ 746,341</u>	<u>\$ (3,903)</u>	<u>\$ 742,438</u>

*Same amounts are also reported in the proprietary fund statements.

Illinois Municipal Retirement Fund

Plan Description

The City's agent multiple-employer defined benefit pension plan for regular employees (other than those covered by the Police or Firefighters' Pension Plans), provides retirement, disability, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The City maintains accounts for regular employees and for Sheriff's Law Enforcement Personnel (SLEP) which provides benefits solely to a former police chief. A summary of IMRF's pension benefits is provided in the "Benefits Provided" described below. Details of all benefits are available from IMRF. The Illinois Pension Code establishes the benefit provisions of the plan which can only be amended by the Illinois General Assembly. IMRF issues a publicly available financial report that includes financial statements and required

City of Highwood, Illinois
Notes to Financial Statements
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supplementary information. That report may be obtained at www.imrf.org/pubs/ or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

Employees of the City of Highwood Library (Library), a component unit of the City, also participates in the City's IMRF plan. Pension items have been allocated to the Library on the basis of employer contributions to total employer contributions for the fiscal year. The City's portion was 91.9%.

Benefits Provided

All employees (other than those covered by the Police or Firefighters' Pension Plans) hired in positions that meet or exceed the prescribed annual hourly standard must be enrolled in IMRF as participating members. IMRF provides two tiers of pension benefits. Employees hired prior to January 1, 2011, are eligible for Tier 1 benefits. For Tier 1 employees, pension benefits vest after 8 years of service. Participating members who retire at age 55 (reduced benefits) or after age 60 (full benefits) with 8 years of credited 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 each year of credited service up to 15 years, and 2% for each year thereafter.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after 10 years of service. Participating members who retire at age 62 (reduced benefits) or after age 67 (full benefits) with 10 years of credited 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 each year of credited service up to 15 years, and 2% for each year thereafter. IMRF also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute.

The Sheriff's Law Enforcement Personnel Fund (SLEP) members, having accumulated at least 30 years of SLEP service and terminating IMRF participation on or after July 1, 1988, may elect to retire at or after age 50 with no early retirement discount penalty. SLEP members meeting these two qualifications are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.50% of their final rate of earnings, for each year of credited service up to 20 years, 2.00% of their final earnings rate for the next 10 years of credited service and 1.00% for each year thereafter. For those SLEP members retiring with less than 20 years of SLEP service, the regular IMRF pension formula applies. SLEP also provides death and disability benefits. Members receive an annual increase based upon the original amount of the annuity of 3% or one-half of the increase in the consumer price index, whichever is less. These benefit provisions and all other requirements are established by State statutes. For the SLEP Plan, members are required to contribute 7.50% of their annual covered salary.

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Employees Covered by Benefit Terms

At December 31, 2018, the measurement date for the net pension liability, the following employees were covered by the benefit terms:

	Regular	SLEP
Retirees and beneficiaries	22	
Inactive, nonretired members	35	1
Active members	10	
	67	1

Contributions

As set by statute, employees participating in the IMRF plan are required to contribute 4.50% of their annual covered salary. The member rate is also established by State statute. The City is required to contribute at an actuarially determined rate. The employer annual required contribution rate for calendar year 2018 was 10.69% and for 2019, it is 9.81%. For the year ended April 30, 2019, the City contributed \$68,466 to the plan. The City also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. For the SLEP Plan, members are required to contribute 7.50% of their annual covered salary. The employer rate for calendar year 2019 and 2018 was 0.00%. For the year ended April 30, 2019, the City contributed \$0 to the SLEP Plan.

Net Pension Liability

The City's net pension liability at April 30, 2019, was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The net pension liability and asset as of April 30, 2019, is \$388,335 for the Regular Plan and \$(25,181) asset for the SLEP Plan, which have been netted for financial reporting purposes because of the immaterial asset amount.

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Actuarial Assumptions

The following are the methods and assumptions used to determine the net pension liability as of April 30, 2019:

Actuarial valuation date	December 31, 2018
Measurement date	December 31, 2018
Actuarial cost method	Entry-age normal
Assumptions	
Price inflation	2.50%
Salary increases	3.39% to 14.25%
Investment rate of return	7.25%
Asset valuation method	Market value of assets

Retirement age is based on Experienced-Based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014-2016.

Mortality

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

Assumption Changes

The assumptions below were changed from the prior year in determining the total pension liability.

- Discount rate decreased from 7.50% in 2018 to 7.25% in 2019.
- Municipal bond rate used in calculating the single discount rate increased from 3.31% in 2018 to 3.71% in 2019.

City of Highwood, Illinois

Notes to Financial Statements

April 30, 2019

Investments

The long-term expected rate of return on pension plan investments of 7.50% was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37%	7.15%
International Equity	18%	7.25%
Fixed Income	28%	3.75%
Alternative Investments	7%	3.20% - 8.50%
Real Estate	9%	6.25%
Short-term	1%	2.50%
	<u>100.00%</u>	

Discount Rate

A single discount rate (SDR) of 7.25% (7.50% in prior year for both the Regular and SLEP Plan) for the Regular Plan and SLEP Fund was used to measure the total pension liability. The projection of cash flows used to determine the SDR assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, both pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Changes in Net Pension Liability – Regular Plan

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, beginning of year	\$ 4,825,709	\$ 4,734,457	\$ 91,252
Changes for the year			
Service cost	75,849	-	75,849
Interest	354,799	-	354,799
Differences between expected and actual experience	(376,166)	-	(376,166)
Changes in assumptions	137,243	-	137,243
Contributions - employer	-	71,087	(71,087)
Contributions - employee	-	29,924	(29,924)
Net investment income	-	(258,493)	258,493
Benefit payments, including refunds of employees' contributions	(265,952)	(265,952)	-
Administrative expenses	-	-	-
Other (net transfer)	-	52,124	(52,124)
Net changes	(74,227)	(371,310)	297,083
Balance, end of year	\$ 4,751,482	\$ 4,363,147	\$ 388,335

City of Highwood, Illinois
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Changes in Net Pension Liability (Asset) – SLEP

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, beginning of year	\$ 45,875	\$ 74,766	\$ (28,891)
Changes for the year			
Service cost	-	-	-
Interest	3,441	-	3,441
Differences between expected and actual experience	(3,267)	-	(3,267)
Changes in assumptions	1,145	-	1,145
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	(2,598)	2,598
Benefit payments, including refunds of employees' contributions	-	-	-
Administrative expenses	-	-	-
Other (net transfer)	-	207	(207)
Net changes	1,319	(2,391)	3,710
Balance, end of year	\$ 47,194	\$ 72,375	\$ (25,181)

Discount Rate Sensitivity

The following is an analysis of the sensitivity of the City's net pension liability (asset) to changes in the discount rate. The table below represents the net pension liability (asset) of the City's Regular Plan and SLEP Fund calculated using the discount rate of 7.25%, as well as what the City's net pension liability would be if it were calculated using discount rates that are one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

Regular Plan

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's net pension liability (asset)	\$ 1,024,572	\$ 388,335	\$ (116,236)

City of Highwood, Illinois
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SLEP

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension asset	\$ (20,089)	\$ (25,181)	\$ (29,492)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued IMRF financial report.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2019, the City recognized pension expense of \$(48,301) and \$(3,051) for the Regular Plan and SLEP, respectively. At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Regular Plan		SLEP	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 140,665	\$ -	\$ -
Changes of assumptions	51,321	-	-	-
Net difference between projected and actual earnings on pension plan investments	296,096	-	4,204	-
Total deferred amounts to be recognized in pension expense in future periods	347,417	140,665	4,204	-
Pension contributions made subsequent to the measurement date	22,423	-	-	-
	\$ 369,840	\$ 140,665	\$ 4,204	\$ -

City of Highwood, Illinois
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Deferred outflows of resources of \$22,423 for City contributions made subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended April 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending April 30,	Amount
2020	\$ 8,852
2021	41,101
2022	37,491
2023	123,512
	\$ 210,956

Police Pension

Plan Description and Provisions

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 as well as the employee and employer contribution levels are mandated by Chapter 40 Illinois Compiled Statute 5 and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The plan does not issue a stand-alone financial statement.

Benefits Provided

The Police Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) attaining the age of 50 or more with 20 or more years of creditable service are entitled to receive an annual retirement benefit of 2.5% of final salary for each year of service 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 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 be paid upon reaching the age of at least 55 years, by 3% of the original pension and 3% simple interest annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the police officer during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Police officers' salary for pension purposes is capped at \$106,800, plus the lesser of one-half of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00%

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of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (*i.e.*, 1/2% for each month under 55). The monthly benefit of a Tier 2 police officer shall be increased annually at age 60 on the January 1st after the police officer retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or one-half of the change in the Consumer Price Index for the proceeding calendar year.

Employees Covered by Benefit Terms

At May 1, 2018, the Police Pension membership consisted of:

Inactive plan members currently receiving benefits	6
Inactive plan members entitled but not yet receiving benefits	3
Active plan members	11
	20

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 plan, as actuarially determined by an enrolled actuary. By the year 2040, the City’s contributions must accumulate to the point where the past service cost for the Police Pension Plan is 90% funded. Administrative expenses are generally paid from plan assets. For the year ended April 30, 2019, the City contributed \$381,524 to the Police Pension Plan.

Investment Policy

The deposits and investments of the pension funds are held separately from those of other City funds. In addition to the aforementioned investments in Note 3, pension funds are also permitted to invest in the following instruments:

- General accounts of Illinois-licensed life insurance companies
- Separate accounts of Illinois-licensed insurance companies invested in stocks, bonds, and real estate, limited to 10% of the fund’s investments
- Bonds issued by any county, city, township, incorporated town, municipal corporation, or school district in Illinois
- Tax anticipation warrants issued by any city, township, incorporated town, or fire protection district in Illinois
- Equity accounts up to a limit of 45% of the aggregate fair value of the fund’s assets
- Direct obligations of the State of Israel

City of Highwood, Illinois
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In addition, pension funds with net position of \$2.5 million or more may invest up to 35% of plan net position in a separate account of life insurance companies and mutual funds. If pension funds have net position of at least \$5 million and have an appointed investment advisor, the pension funds may, through that investment advisor, invest up to 35% of the plan's net position in common and preferred stocks which meet specific restrictions.

The Police Pension Fund's investment policy in accordance with ILCS establishes the following ranges and target allocation across asset classes:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Large Cap Domestic Equity	28.00%	6.50%
Small Cap Domestic Equity	8.00%	8.30%
International Equity	4.00%	6.30%
Fixed Income	<u>60.00%</u>	1.50%
	<u><u>100.00%</u></u>	

The long-term expected rate of return of the Police Pension Fund's investments of 6.50% was determined using an asset allocation study conducted by the Police Pension Fund's investment manager consultant 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 the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Fund's target asset allocation as of April 30, 2019, are listed in the table above.

Valuation of Investments

All investments in the Plan are stated at fair value and recorded as of the trade date. Fair value is based on quoted market prices at April 30 for debt securities, equity securities and mutual funds. The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statement of fiduciary net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at April 30, 2019:

City of Highwood, Illinois
Notes to Financial Statements
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Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. treasuries	\$ 231,400	\$ 231,400	\$ -	\$ -
U.S. agencies	1,602,179	-	1,602,179	-
Municipal bonds	243,742	-	243,742	-
Corporate bonds	60,501	-	60,501	-
	<u>2,137,822</u>	<u>231,400</u>	<u>1,906,422</u>	<u>-</u>
Equity securities				
Mutual Funds - equity	<u>1,630,949</u>	<u>1,630,949</u>	<u>-</u>	<u>-</u>
Total	<u><u>\$ 3,768,771</u></u>	<u><u>\$ 1,862,349</u></u>	<u><u>\$ 1,906,422</u></u>	<u><u>\$ -</u></u>

Level 1 Includes quoted prices in active markets for an identical asset or liability that a government can access at the measurement date

Level 2 Includes inputs other than quoted prices included with Level 1 that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Includes unobservable inputs for an asset or liability

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

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Notes to Financial Statements
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Investment Rate of Return

For the year ended April 30, 2019, the annual money-weighted rate of return on the Police Pension Plan investments, net of pension plan investment expense, was 6.21%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits With Financial Institutions

None of the Police Pension Fund's deposits with financial institutions were exposed to custodial credit risk, as those deposits were insured, or fully collateralized by investments held by an independent third party in the City's name.

Interest Rate Risk

As of April 30, 2019, the Police Pension Fund has the following investments and maturities:

Investment Type	Fair Value	Investment Maturities in Years			
		Less than 1	1 to 5	6 to 10	Greater Than 10
U.S. government treasuries	\$ 231,400	\$ 14,953	\$ 185,782	\$ 30,665	\$ -
U.S. agency securities	1,602,179	70,157	575,863	956,159	-
Municipal bonds	243,742	25,465	130,906	72,335	15,036
Corporate Bonds	60,501	-	-	60,501	-
Total	\$ 2,137,822	\$ 110,575	\$ 892,551	\$ 1,119,660	\$ 15,036
Not subject to interest					
Rate risk					
Mutual funds	\$ 1,630,949				

The Police Pension Funds' investment policy does not limit investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates. The objective is the preservation of capital while providing for the long-term growth of principal without undue exposure to risk.

City of Highwood, Illinois
Notes to Financial Statements
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Credit Risk

The Police Pension Fund limits its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. As of April 30, 2019, the investments in securities of the U.S. Government and agency obligations were rated accordingly:

Type of Investment	Fair Value	Moody's / S&P Ratings
U.S. agencies	\$ 532	NR / NR
U.S. agencies	632,386	Aaa / AA+
U.S. agencies	808,146	Aaa / AA+
U.S. agencies	74,247	Aaa / AA+
U.S. agencies	86,868	NR / NR
Total U.S. agencies	<u>1,602,179</u>	
Municipal bonds	\$ 31,609	Aa3/NR
Municipal bonds	28,875	NR/AA
Municipal bonds	11,326	Aaa/NR
Municipal bonds	16,703	Aaa/NR
Municipal bonds	11,458	NR/NR
Municipal bonds	26,300	Aa2/NR
Municipal bonds	17,187	NR/AA-
Municipal bonds	30,000	NR/AAA
Municipal bonds	25,369	NR/AA
Municipal bonds	39,733	NR/AA+
Municipal bonds	5,182	Aa2/NR
Total municipal bonds	<u>\$ 243,742</u>	
Corporate bonds	9,850	Aaa/AA+
Corporate bonds	25,226	Aaa/AAA
Corporate bonds	25,425	Aa1/AA+
Total corporate bonds	<u>\$ 60,501</u>	

City of Highwood, Illinois
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Investment Concentrations

At April 30, 2019, the Pension Fund does not have any investments over 5% of total investments available for benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments). Agency investments represent a large portion of the portfolio; however, the investments are diversified by maturity date and as mentioned earlier are backed by the issuing organization. Although unlike Treasuries, agency securities do not have the “full faith and credit” backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Police Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Police Pension Fund requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Police Pension Fund’s agency separate from where the investment was purchased. The mutual funds and common stocks are not subject to custodial credit risk.

Net Pension Liability

The City’s net pension liability was measured as of April 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of May 1, 2018 rolled forward to April 30, 2019.

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2019, using the following actuarial methods and assumptions.

Actuarial Valuation Date	May 1, 2018
Measurement Date	April 30, 2019
Actuarial Cost Method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary Increases	4.00% - 10.83%
Investment Rate of Return	6.50%
Asset Valuation Method	Market value of assets

City of Highwood, Illinois
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Mortality rates are based on RP-2014 Adjusted for Plan Status, Collar, and Illinois Public Pension data, as appropriate.

Assumption Changes

The assumption below was changed from the prior year in determining the total pension liability.

- The discount rate decreased from 6.50% in 2018 to 6.44% in 2019.
- The assumed rate of High Quality 20-Year Tax-Exempt G.O. Bonds was changed from 3.97% to 3.37% for the current year.

Discount Rate

The discount rate used to measure the total pension liability was 6.44% (6.50% in 2018). 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 the 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 Police Pension Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Changes in Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, beginning of year	\$ 5,812,005	\$ 3,370,344	\$ 2,441,661
Changes for the year			
Service cost	282,025	-	282,025
Interest	371,476	-	371,476
Difference between expected and actual experience	(213,559)	-	(213,559)
Changes of assumptions	-	-	-
Contributions - employer	-	381,524	(381,524)
Contributions - employee	-	75,363	(75,363)
Net investment income	-	225,224	(225,224)
Benefit payments, including refunds of employees' contributions	(193,965)	(193,965)	-
Administrative expenses	-	(38,082)	38,082
Net changes	245,977	450,064	(204,087)
Balance, end of year	\$ 6,057,982	\$ 3,820,408	\$ 2,237,574

City of Highwood, Illinois
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Changes in assumptions related to salary increases, inflation, retirement age, disability rates, termination, and mortality were made since the prior measurement date.

Discount Rate Sensitivity

The following is an analysis of the sensitivity of the City's net pension liability to changes in the discount rate. The table below represents the net pension liability of the City calculated using the discount rate of 6.44% as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.44%) or one percentage point higher (7.44%) than the current rate:

	1% Decrease (5.44%)	Current Discount Rate (6.44%)	1% Increase (7.44%)
City's net pension liability	\$ 3,266,856	\$ 2,237,574	\$ 1,414,608

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended April 30, 2019, the City recognized pension expense of \$444,007. At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 333,361	\$ 233,892
Changes of assumptions	47,643	152,765
Net differences between projected and actual earnings on pension plan investments	60,095	-
	\$ 441,099	\$ 386,657

City of Highwood, Illinois
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending April 30,	Amount
2020	\$ 54,158
2021	25,596
2022	29,275
2023	9,926
2024	(17,580)
Thereafter	(46,933)
	\$ 54,442

Firefighters' Pension

Plan Description and Provisions

Fire sworn personnel are covered by the Firefighters' Pension Plan, which is a single-employer defined benefit pension plan. Although this is a single-employer pension plan, the defined benefits as well as the employee and employer contribution levels are mandated by Chapter 40 Illinois Compiled Statutes 5 and may be amended only by the Illinois legislature. The City accounts for the plan as a pension trust fund. The plan does not issue a stand-alone financial statement.

The Firefighters' Pension Plan provides retirement benefits as well as death and disability benefits. Tier 1 employees (those hired prior to January 1, 2011) 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 held on the last day of service. 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 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% annually thereafter.

Tier 2 employees (those hired on or after January 1, 2011) attaining the age of 55 or older with 10 or more years of creditable service are entitled to receive an annual retirement benefit equal to the average monthly salary obtained by dividing the total salary of the firefighter during the 96 consecutive months of service within the last 120 months of service in which the total salary was the highest by the number of months of service in that period. Firefighters' salary for pension purposes is capped at \$106,800, plus the lesser of one-half of the annual change in the Consumer Price Index or 3.00% compounded. The annual benefit shall be increased by 2.50% of such salary for each additional year of service over 20 years up to 30 years to a maximum of 75.00%

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of such salary. Employees with at least 10 years may retire at or after age 50 and receive a reduced benefit (*i.e.*, 1/2% for each month under 55). The monthly benefit of a Tier 2 firefighter shall be increased annually at age 60 on the January 1st after the firefighter retires, or the first anniversary of the pension starting date, whichever is later. Noncompounding increases occur annually, each January thereafter. The increase is the lesser of 3.00% or one-half of the change in the Consumer Price Index for the proceeding calendar year.

Employees Covered by Benefit Terms

At May 1, 2018, the Firefighters' Pension Plan membership consisted of:

Inactive plan members currently receiving benefits	8
Inactive plan members entitled but not yet receiving benefits	5
Active plan members	1
	14
	14

Contributions

Covered employees are required to contribute 9.455% of their base salary to the Firefighters' 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 plan, as actuarially determined by an enrolled actuary. By the year 2040, the City's contributions must accumulate to the point where the past service cost for the Firefighters' Pension Plan is 90% funded. Administrative expenses are generally paid from plan assets. For the year ended April 30, 2019, the City contributed \$93,142 to the Firefighters' Pension Plan.

Investment Policy

The deposits and investments of the pension funds are held separately from those of other City funds. In addition to the aforementioned investments in Note 3, pension funds are also permitted to invest in the following instruments:

- General accounts of Illinois-licensed life insurance companies.
- Separate accounts of Illinois-licensed insurance companies invested in stocks, bonds and real estate, limited to 10% of the fund's investments.
- Bonds issued by any county, city, township, incorporated town, municipal corporation or school district in Illinois.
- Tax anticipation warrants issued by any city, township, incorporated town or fire protection district in Illinois.

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- Equity accounts up to a limit of 45% of the aggregate fair value of the fund’s assets.
- Direct obligations of the State of Israel.

In addition, pension funds with net position of \$2.5 million or more may invest up to 35% of plan net position in a separate account of life insurance companies and mutual funds. If pension funds have net position of at least \$5 million and have an appointed investment advisor, the pension funds may, through that investment advisor, invest up to 35% of the plan’s net position in common and preferred stocks which meet specific restrictions.

The Firefighters’ Pension Fund’s investment policy in accordance with ILCS establishes the following ranges and target allocation across asset classes:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Large Cap Domestic Equity	28.00%	6.50%
Small Cap Domestic Equity	8.00%	8.30%
International Equity	4.00%	6.30%
Fixed Income	<u>60.00%</u>	1.50%
	<u><u>100.00%</u></u>	

The long-term expected rate of return of the Firefighters’ Pension Fund’s investments of 5.00% was determined using an asset allocation study conducted by the Firefighters’ Pension Fund’s investment manager consultant 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 the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates or arithmetic real rates of return excluding inflation for each major asset class included in the Fund’s target asset allocation as of April 30, 2019, are listed in the table above.

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Valuation of Investments

All investments in the Plan are stated at fair value and recorded as of the trade date. Fair value is based on quoted market prices at April 30 for debt securities, equity securities and mutual funds.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statement of net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at April 30, 2019:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
U.S. treasuries	\$ 204,700	\$ 204,700	\$ -	\$ -
U.S. agencies	1,617,732	-	1,617,732	-
Municipal bonds	293,299	-	293,299	-
Corporate bonds	60,501	-	60,501	-
	<u>2,176,232</u>	<u>204,700</u>	<u>1,971,532</u>	<u>-</u>
Equity securities				
Mutual Funds - equity	1,688,474	1,688,474	-	-
Total	<u>\$ 3,864,706</u>	<u>\$ 1,893,174</u>	<u>\$ 1,971,532</u>	<u>\$ -</u>

Level 1 Includes quoted prices in active markets for an identical asset or liability that a government can access at the measurement date

Level 2 Includes inputs other than quoted prices included with Level 1 that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Includes unobservable inputs for an asset or liability

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Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy.

Investment Rate of Return

For the year ended April 30, 2019, the annual money-weighted rate of return on the Firefighters' Pension Plan investments, net of pension plan investment expense, was 6.19%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Deposits With Financial Institutions

None of the Firefighters' Pension Fund's deposits with financial institutions were exposed to custodial credit risk, as those deposits were insured, or fully collateralized by investments held by an independent third party in the City's name.

Interest Rate Risk

As of April 30, 2019, the Firefighters' Pension Fund has the following investments and maturities:

Investment Type	Fair Value	Investment Maturities in Years			
		Less Than 1	1 to 5	6 to 10	Greater Than 10
U.S. treasuries	\$ 204,700	\$ 39,995	\$ 164,705	\$ -	\$ -
U.S. agency securities	1,617,732	40,113	605,651	971,968	-
Municipal bonds	293,299	-	154,461	138,838	-
Corporate Bonds	60,501	-	-	60,501	-
Total	<u>\$ 2,176,232</u>	<u>\$ 80,108</u>	<u>\$ 924,817</u>	<u>\$ 1,171,307</u>	<u>\$ -</u>
Not subject to interest					
Rate risk					
Mutual funds	<u>\$ 1,688,474</u>				

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Credit Risk

The Firefighters' Pension Fund limits its exposure to credit risk by primarily investing in securities issued by the United States Government and/or its agencies that are implicitly guaranteed by the United States Government. As of April 30, 2019, the investments in securities of the U.S. Government and agency obligations were rated accordingly:

<u>Type of Investment</u>	<u>Fair Value</u>	<u>Moody's / S&P Ratings</u>
U.S. agencies	\$ 783,544	Aaa / AA+
U.S. agencies	714,023	Aaa / AA+
U.S. agencies	24,701	NR / NR
U.S. agencies	44,719	Aaa / AA+
U.S. agencies	50,745	NR / NR
Total U.S. agencies	<u>\$ 1,617,732</u>	
Municipal bonds	\$ 31,609	Aa3/NR
Municipal bonds	30,672	Aa1/NR
Municipal bonds	26,513	Aa2/AA+
Municipal bonds	10,743	Aa2/NR
Municipal bonds	20,121	NR/AA+
Municipal bonds	30,000	A2/NR
Municipal bonds	24,958	Aa1/NR
Municipal bonds	4,924	NR/NR
Municipal bonds	14,772	Aa2/NR
Municipal bonds	30,000	NR/AAA
Municipal bonds	25,369	NR/AA
Municipal bonds	21,255	Aa2/NR
Municipal bonds	9,606	Aa2/AA+
Municipal bonds	12,757	Aa2/NR
Total municipal bonds	<u>\$ 293,299</u>	
Corporate bonds	\$ 10,046	Aaa/AA+
Corporate bonds	25,626	Aaa/AAA
Corporate bonds	24,829	Aa1/AA+
Total corporate bonds	<u>\$ 60,501</u>	

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Investment Concentrations

At April 30, 2019, the Pension Fund does not have any investments over 5% of total investments available for benefits (other than investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments). Agency investments represent a large portion of the portfolio; however, the investments are diversified by maturity date and as mentioned earlier are backed by the issuing organization. Although unlike treasuries, agency securities do not have the “full faith and credit” backing of the U.S. Government, they are considered to have a moral obligation of implicit backing and are supported by Treasury lines of credit and increasingly stringent federal regulation.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the Firefighters’ Pension Fund will not be able to recover the value of its investments that are in possession of an outside party. To limit its exposure, the Firefighters’ Pension Fund requires all security transactions that are exposed to custodial credit risk to be processed on a delivery versus payment (DVP) basis with the underlying investments held by a third party acting as the Firefighters’ Pension Fund’s agency separate from where the investment was purchased. The mutual funds and common stocks are not subject to custodial credit risk.

Net Pension Liability

The City’s net pension liability was measured as of April 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of May 1, 2018 rolled forward to April 30, 2019.

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2019, using the following actuarial methods and assumptions.

Actuarial valuation date	May 1, 2018
Measurement date	April 30, 2019
Actuarial cost method	Entry-age normal
Assumptions	
Inflation	2.50%
Salary increases	0.00%
Investment rate of return	5.00%
Asset valuation method	Market value of assets

Mortality rates are based on RP-2014 Adjusted for Plan Status, Collar, and Illinois Public Pension data, as appropriate.

Assumption Changes

The assumption below was changed from the prior year in determining the total pension liability.

- The discount rate used decreased from 5.00% in 2018 to 4.71% in 2019.
- The assumed rate of High Quality 20-Year Tax-Exempt G.O. Bonds was changed from 3.97% to 3.79% for the current year.

Discount Rate

The discount rate used to measure the total pension liability was 4.71% (5.00% in 2018). 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 the 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 Firefighters' Pension Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Changes to Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, beginning of year	\$ 5,074,983	\$ 3,784,414	\$ 1,290,569
Changes for the year			
Service cost	13,177	-	13,177
Interest	249,362	-	249,362
Difference between expected and actual experience	1,864	-	1,864
Changes of assumptions	240,347	-	240,347
Contributions - employer	-	93,142	(93,142)
Contributions - employee	-	-	-
Net investment income	-	233,033	(233,033)
Benefit payments, including refunds of employees' contributions	(175,490)	(175,490)	-
Administrative expenses	-	(28,140)	28,140
Net changes	329,260	122,545	206,715
Balance, end of year	\$ 5,404,243	\$ 3,906,959	\$ 1,497,284

Changes in assumptions related to salary increases, inflation, retirement age, disability rates, termination and mortality were made since the prior measurement date.

Discount Rate Sensitivity

The following is an analysis of the sensitivity of the City's net pension liability to changes in the discount rate. The table below represents the net pension liability of the City calculated using the discount rate of 4.71% as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (3.71%) or one percentage point higher (5.71%) than the current rate:

	1% Decrease (3.71%)	Current Discount Rate (4.71%)	1% Increase (5.71%)
City's net pension liability	\$ 2,472,467	\$ 1,497,284	\$ 734,222

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended April 30, 2019, the City recognized pension expense of \$349,783. At April 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Amounts Related to Pensions	Deferred Inflows of Resources
Net differences between projected and actual earnings on pension plan investments	<u>\$ 34,523</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense in future periods as follows:

Year Ending April 30,	Amount
2020	\$ 3,344
2021	(21,822)
2022	(6,732)
2023	<u>(9,313)</u>
	<u>\$ (34,523)</u>

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Under this method, additions to net position are recorded when earned and deductions from net position are recorded when the time related liabilities/deferred inflows are incurred. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Related Party Transactions

There are no securities of the employer or any other related parties included in plan assets, including any loans.

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Note 12: Pension Trust Funds – Financial Data

Schedule of fiduciary net position as of April 30, 2019:

	Police Pension Fund	Firefighters' Pension Fund	Total
Assets			
Cash and cash equivalents	\$ 47,929	\$ 27,431	\$ 75,360
Investments			
U.S. treasuries	231,400	204,700	436,100
U.S. agencies	1,602,179	1,617,732	3,219,911
Mutual funds	1,630,949	1,688,474	3,319,423
Corporate bonds	60,501	60,501	121,002
Municipal bonds	243,742	293,299	537,041
Receivables			
Accrued interest	14,893	16,801	31,694
Prepays	781	586	1,367
	<hr/>	<hr/>	<hr/>
Total assets	3,832,374	3,909,524	7,741,898
Liabilities			
Accounts payable	11,966	2,565	14,531
	<hr/>	<hr/>	<hr/>
Net Position			
Restricted for pensions	<u>\$ 3,820,408</u>	<u>\$ 3,906,959</u>	<u>\$ 7,727,367</u>

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Schedule of changes in fiduciary net position for the year ended April 30, 2019:

	Police Pension Fund	Firefighters' Pension Fund	Total
Additions			
Contributions			
Employer	\$ 381,524	\$ 93,142	\$ 474,666
Plan members	75,363	-	75,363
Total contributions	<u>456,887</u>	<u>93,142</u>	<u>550,029</u>
Investment Income (Loss)			
Investment income	146,689	148,141	294,830
Net depreciation in fair value of investments	93,417	100,241	193,658
Less investment expenses	<u>(14,882)</u>	<u>(15,349)</u>	<u>(30,231)</u>
Net investment income	<u>225,224</u>	<u>233,033</u>	<u>458,257</u>
Total additions	<u>682,111</u>	<u>326,175</u>	<u>1,008,286</u>
Deductions			
Benefits	193,965	175,490	369,455
Administration	<u>38,082</u>	<u>28,140</u>	<u>66,222</u>
Total deductions	<u>232,047</u>	<u>203,630</u>	<u>435,677</u>
Changes in Net Position	450,064	122,545	572,609
Net Position, May 1	<u>3,370,344</u>	<u>3,784,414</u>	<u>7,154,758</u>
Net Position, April 30	<u>\$ 3,820,408</u>	<u>\$ 3,906,959</u>	<u>\$ 7,727,367</u>

Note 13: 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. Mesirow Financial Insurance Services Division is the City's current full service insurance brokerage and risk management services firm for property, liability, and workers' compensation coverage. This includes, but is not limited to, the placement of insurance policies, coverage marketing, claims advocacy and management, loss prevention services, claim audits, training programs, and risk information systems.

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

The City of Highwood participates in the Illinois Public Risk Fund (IPRF) for workers' compensation coverage. IPRF is a self-funded workers' compensation pool for public entities, established to provide a cost-effective alternative to escalating workers' compensation premiums and related costs. This workers' compensation pool is reinsured through Safety National, rated A+ by AM Best Co. By participating in IPRF, more than 500 public entities and governmental agencies have pooled their workers' compensation exposures and controlled costs through a unified loss prevention and claims management program. In the past 5+ years the pool has authorized safety group dividends or grants based on the individuals entity's premiums paid and losses to be used towards safety equipment or other safety programs.

Brit Specialty insurance company offers a customizable list of solutions to provide detailed protection for midsized municipalities, counties, and special districts including publicly funded agencies. The City's property, equipment, boiler, general liability including employee benefit liability, automobile, professional coverages such as law enforcement, public officials, and employment practices liability and umbrella coverages are insured through this carrier. Brit Specialty's current A.M. Best rating is A+ XV, which is the highest financial rating that is given to an insurance carrier.

Fidelity or Crime including the Public Officials bond coverage is placed with Hanover Insurance Company, which is rated A XIV by Am Best Co. The crime coverage includes faithful performance of duties for all City employees, elected officials, board members, commissioners, directors, and noncompensated officers. The policy has also been endorsed to include all employees that are required to be bonded by law, as well as coverage for Treasurers and Tax Collectors up to the policy limits.

Note 14: Commitments and Contingent Liabilities

The City Council has approved an economic development agreement with a Developer to provide a fixed amount of reimbursement to the Developer for specific redevelopment costs within the City's TIF District. The maximum reimbursable amount is \$500,000. The initial payment is not to be made until the issuance of a certificate of occupancy for the building within the redevelopment area. Construction was completed and a certificate of occupancy was issued in the current year. The City made the first payment of \$125,000 in August 2018. The second payment of \$125,000 is due December 31, 2019.

The City enters into contractual commitments for various construction projects throughout the year as budgeted for annually.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's management, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

Note 15: Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency occurs.

The assets of the plan are held in trust, with the City as trustee, for the exclusive benefit of the plan participants and their beneficiaries. The assets cannot be diverted for any other purpose. The City's beneficial ownership of plan assets held in the trust is held for the future exclusive benefit of the participants and their beneficiaries.

Note 16: Future Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following pronouncements, which are not expected to have a material impact on the City's financial statements in future periods:

GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (ARO). This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. This statement requires that recognition occurs when the liability is both incurred and reasonably estimable, and it also requires the measurement of an ARO be based on the best estimate of the current value of outlays expected to be incurred. This statement also requires disclosure about the nature of a government's AROs, the methods and assumptions used for the estimate of the liabilities, and the estimated remaining useful life of the associated tangible capital asset. The provisions of this statement are effective for financial statements for the Village's fiscal year ending April 30, 2020.

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. The requirements of this statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The provisions of this statement are effective for financial statements for the Village's fiscal year ending April 30, 2020.

GASB Statement No. 87, *Leases*, establishes a single approach to accounting for and reporting leases by state and local governments. The standard addresses the reporting for governments that are lessors or lessees. GASB 87 is effective for financial statements for the Village's fiscal year ending April 30, 2021.

City of Highwood, Illinois
Notes to Financial Statements
April 30, 2019

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, improves information that is disclosed in notes to government financial statements related to debt, including direct borrowing and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB 88 is effective for financial statements for the Village's fiscal year ending April 30, 2020.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this statement. GASB 89 is effective for financial statements for the Village's fiscal year ending April 30, 2021.

GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*, establishes consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. GASB 90 is effective for financial statements for the Village's fiscal year ending April 30, 2020.

GASB Statement No. 91, *Conduit Debt Obligations*, establishes consistent recognition, measurement and disclosure of conduit debt obligations between governments. The guidance clarifies the existing definition of a conduit debt obligation, establishes a single method of reporting for issuers and enhances note disclosures. GASB 91 is effective for financial statements for the Village's fiscal year ending April 30, 2022.

While not effective in the short term, the City will begin assessing the potential impact on the financial statements of these statements and begin the process of communicating the impact with those charged with governance and other stakeholders.

Required Supplementary Information (Unaudited)

City of Highwood, Illinois
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual – General Fund
Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance With Final Budget Over (Under)
Revenues			
Property taxes	\$ 1,343,122	\$ 1,341,152	\$ (1,970)
Other taxes	1,103,411	1,180,829	77,418
Licenses and permits	346,000	409,373	63,373
Intergovernmental	1,325,053	1,522,671	197,618
Charges for services	772,500	890,505	118,005
Fines and forfeits	66,700	51,488	(15,212)
Interest	1,000	22,665	21,665
Miscellaneous	10,000	16,153	6,153
Total revenues	<u>4,967,786</u>	<u>5,434,836</u>	<u>467,050</u>
Expenditures			
Current			
General government	1,395,064	1,257,507	(137,557)
Public safety	2,529,732	2,522,081	(7,651)
Public works	875,455	870,781	(4,674)
Culture and recreation	152,149	134,460	(17,689)
Capital outlay	7,500	6,990	(510)
Debt service			
Principal	54,309	54,308	(1)
Interest	2,817	2,818	1
Total expenditures	<u>5,017,026</u>	<u>4,848,945</u>	<u>(168,081)</u>
Excess of Revenues Over Expenditures	(49,240)	585,891	635,131
Other Financing Sources			
Transfers out	(725,000)	(389,819)	335,181
Proceeds from sale of capital assets	-	23,563	23,563
	<u>(725,000)</u>	<u>(366,256)</u>	<u>358,744</u>
Net Change in Fund Balance	<u>\$ (774,240)</u>	219,635	<u>\$ 993,875</u>
Fund Balance, May 1		<u>1,882,771</u>	
Fund Balance, April 30		<u>\$ 2,102,406</u>	

City of Highwood, Illinois
Notes to Required Supplementary Information
April 30, 2019

Legal Compliance and Accountability

Budgetary Control

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- i) The City Manager submits to the City Council Members a proposed operating budget for the fiscal year commencing the following May 1. The operating budget includes proposed expenditures and the means of financing them.
- ii) Public hearings are conducted by the City to obtain taxpayer comments.
- iii) Subsequently, the budget is legally enacted through passage of an ordinance.
- iv) Formal budgetary integration is employed as a management control device during the year for the general, special revenue, debt service, and capital projects funds.
- v) Budgets for the governmental funds for which budgets have been adopted are adopted on a basis consistent with GAAP.
- vi) Budgetary authority lapses at year end.
- vii) State law requires that “expenditures be made in conformity with appropriations/budget.” As under the Budget Act, transfers between line items and departments may be made by administrative action. Amounts to be transferred between funds require City Council approval. The level of legal control is generally the fund budget in total.
- viii) Budgeted amounts are as originally adopted, with the exceptions of City Council-approved transfers which were not material in relation to the budget taken as a whole.
- ix) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that increase the total expenditures of any fund must be approved by the City Council.

Expenditures may not legally exceed the appropriations at the fund level. During the year, no supplemental appropriations were necessary and no budget was adopted for the E-911 Fund. For the year ended April 30, 2019, the Motor Fuel Tax Fund and Garbage Fund had expenditures that exceeded its appropriations in the amount of \$27,858 and \$18,996 respectively.

City of Highwood, Illinois
Required Supplementary Information
Illinois Municipal Retirement Fund – Regular Plan
Schedule of Changes in the City’s Net Pension Liability and Related Ratios
April 30, 2019

Fiscal Year Ending April 30,	2019	2018	2017	2016
Total pension liability				
Service cost	\$ 75,849	\$ 76,713	\$ 67,467	\$ 78,742
Interest	354,799	339,233	326,523	320,640
Changes in benefit terms				
Differences between expected and actual experience	(376,166)	173,643	(48,909)	(121,880)
Change of assumptions	137,243	(158,933)	(5,963)	5,758
Benefit payments, including refunds of member contributions	<u>(265,952)</u>	<u>(179,405)</u>	<u>(180,746)</u>	<u>(205,996)</u>
Net change in total pension liability	(74,227)	251,251	158,372	77,264
Total pension liability - beginning	<u>4,825,709</u>	<u>4,574,458</u>	<u>4,416,086</u>	<u>4,338,822</u>
Total pension liability - ending	<u>\$ 4,751,482</u>	<u>\$ 4,825,709</u>	<u>\$ 4,574,458</u>	<u>\$ 4,416,086</u>
Plan fiduciary net position				
Contributions - city	\$ 71,087	\$ 84,703	\$ 79,039	\$ 76,453
Contributions - members	29,924	32,887	29,640	28,766
Net investment income	(258,493)	729,945	275,794	20,200
Benefit payments, including refunds of member contributions	(265,952)	(179,405)	(180,746)	(205,996)
Other (net transfer)	<u>52,124</u>	<u>(73,064)</u>	<u>(29,795)</u>	<u>(44,338)</u>
Net change in plan fiduciary net position	(371,310)	595,066	173,932	(124,915)
Plan net position - beginning	<u>4,734,457</u>	<u>4,139,391</u>	<u>3,965,459</u>	<u>4,090,374</u>
Plan net position - ending	<u>\$ 4,363,147</u>	<u>\$ 4,734,457</u>	<u>\$ 4,139,391</u>	<u>\$ 3,965,459</u>
City’s net pension liability	<u>\$ 388,335</u>	<u>\$ 91,252</u>	<u>\$ 435,067</u>	<u>\$ 450,627</u>
Plan fiduciary net position as a percentage of the				
Total pension liability	91.83%	98.11%	90.49%	89.80%
Covered employee payroll	\$ 664,983	\$ 730,834	\$ 658,661	\$ 639,244
City’s net pension liability as a percentage of				
Covered employee payroll	58.40%	12.49%	66.05%	70.49%

Change in assumptions
Discount rate decreased from 7.50% in 2017 to 7.25% in 2018.
Municipal bond rate used in calculating the single discount rate
increased from 3.31% in 2017 to 3.71% in 2018.

GASB Statement No. 68 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted in 2016.

This information is presented as of the measurement date, which is December 31 of the fiscal year.

City of Highwood, Illinois
Required Supplementary Information
Illinois Municipal Retirement Fund - Sheriff's Law Enforcement Personnel Fund
Schedule of Changes in the City's Net Pension Liability and Related Ratios
April 30, 2019

Fiscal Year Ending April 30,	2019	2018	2017	2016
Total pension liability				
Service cost	\$ -	\$ -	\$ -	\$ -
Interest	3,441	3,424	3,254	1,757
Changes in benefit terms				
Differences between expected and actual experience	(3,267)	(2,448)	(984)	(215)
Change of assumptions	1,145	(752)	-	-
Benefit payments, including refunds of member contributions	-	-	-	-
Net change in total pension liability	1,319	224	2,270	1,542
Total pension liability - beginning	45,875	45,651	43,381	41,839
Total pension liability - ending	<u>\$ 47,194</u>	<u>\$ 45,875</u>	<u>\$ 45,651</u>	<u>\$ 43,381</u>
Plan fiduciary net position				
Contributions - city	\$ -	\$ -	\$ -	\$ 323
Contributions - members				
Net investment income	(2,598)	10,397	4,251	-
Benefit payments, including refunds of member contributions				
Other (net transfer)	207	(138)	121	(4,812)
Net change in plan fiduciary net position	(2,391)	10,259	4,372	(4,489)
Plan net position - beginning	74,766	64,507	60,135	64,624
Plan net position - ending	<u>\$ 72,375</u>	<u>\$ 74,766</u>	<u>\$ 64,507</u>	<u>\$ 60,135</u>
City's net pension liability	<u>\$ (25,181)</u>	<u>\$ (28,891)</u>	<u>\$ (18,856)</u>	<u>\$ (16,754)</u>
Plan fiduciary net position as a percentage of the total pension liability	153.36%	162.98%	141.30%	138.62%
Covered employee payroll	\$ -	\$ -	\$ -	\$ -
City's net pension liability as a percentage of covered employee payroll	-	-	-	-

GASB Statement No. 68 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted in 2016.

This information is presented as of the measurement date, which is December 31 of the fiscal year.

City of Highwood, Illinois
Required Supplementary Information
Police Pension Fund

Schedule of Changes in the City's Net Pension Liability and Related Ratios
April 30, 2019

Fiscal Year Ending April 30,	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 282,025	\$ 292,329	\$ 274,490	\$ 212,460	\$ 265,577
Interest	371,476	341,831	312,866	280,126	239,435
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(213,559)	28,995	132,909	473,707	-
Change of assumptions	-	-	(70,359)	(225,443)	-
Benefit payments, including refunds of member contributions	<u>(193,965)</u>	<u>(220,168)</u>	<u>(188,415)</u>	<u>(285,904)</u>	<u>(276,692)</u>
Net change in total pension liability	245,977	442,987	461,491	454,946	228,320
Total pension liability - beginning	<u>5,812,005</u>	<u>5,369,018</u>	<u>4,907,527</u>	<u>4,452,581</u>	<u>4,224,261</u>
Total pension liability - ending	<u>\$ 6,057,982</u>	<u>\$ 5,812,005</u>	<u>\$ 5,369,018</u>	<u>\$ 4,907,527</u>	<u>\$ 4,452,581</u>
Plan fiduciary net position					
Contributions - city	\$ 381,524	\$ 307,415	\$ 268,542	\$ 267,185	\$ 250,138
Contributions - members	75,363	75,396	70,003	102,682	68,892
Net investment income	225,224	142,355	203,145	35,829	177,719
Benefit payments, including refunds of member contributions	(193,965)	(220,168)	(188,415)	(285,904)	(276,692)
Administrative expense	<u>(38,082)</u>	<u>(33,848)</u>	<u>(42,340)</u>	<u>(76,332)</u>	<u>(39,043)</u>
Net change in plan fiduciary net position	450,064	271,150	310,935	43,460	181,014
Plan net position - beginning	<u>3,370,344</u>	<u>3,099,194</u>	<u>2,788,259</u>	<u>2,744,799</u>	<u>2,563,785</u>
Plan net position - ending	<u>\$ 3,820,408</u>	<u>\$ 3,370,344</u>	<u>\$ 3,099,194</u>	<u>\$ 2,788,259</u>	<u>\$ 2,744,799</u>
City's net pension liability	<u>\$ 2,237,574</u>	<u>\$ 2,441,661</u>	<u>\$ 2,269,824</u>	<u>\$ 2,119,268</u>	<u>\$ 1,707,782</u>
Plan fiduciary net position as a percentage of the total pension liability	63.06%	57.99%	57.72%	56.82%	61.65%
Covered payroll	\$ 760,472	\$ 801,366	\$ 776,141	\$ 663,404	\$ 725,533
City's net pension liability as a percentage of covered payroll	294.23%	304.69%	292.45%	319.45%	235.38%

Change in assumptions

Discount rate decreased from 6.50% in 2018 to 6.44% in 2019.

The assumed rate of High Quality 20-Year Tax-Exempt G.O. Bonds was changed from 3.97% to 3.79% for the current year.

GASB Statement No. 68 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted in 2016.

City of Highwood, Illinois
Required Supplementary Information
Firefighters' Pension Fund
Schedule of Changes in the City's Net Pension Liability and Related Ratios
April 30, 2019

Fiscal Year Ending April 30,	2019	2018	2017	2016	2015
Total pension liability					
Service cost	\$ 13,177	\$ 14,077	\$ 13,405	\$ 47,232	\$ 124,679
Interest	249,362	243,271	239,411	202,582	216,932
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	1,864	35,150	(51,684)	94,500	-
Change of assumptions	240,347	-	22,286	497,252	-
Benefit payments, including refunds of member contributions	<u>(175,490)</u>	<u>(165,866)</u>	<u>(126,604)</u>	<u>(83,330)</u>	<u>(55,235)</u>
Net change in total pension liability	329,260	126,632	96,814	758,236	286,376
Total pension liability - beginning	<u>5,074,983</u>	<u>4,948,351</u>	<u>4,851,537</u>	<u>4,093,301</u>	<u>3,806,925</u>
Total pension liability - ending	<u>\$ 5,404,243</u>	<u>\$ 5,074,983</u>	<u>\$ 4,948,351</u>	<u>\$ 4,851,537</u>	<u>\$ 4,093,301</u>
Plan fiduciary net position					
Contributions - city	\$ 93,142	\$ 92,225	\$ 92,383	\$ 120,163	\$ 137,914
Contributions - members	-	-	46,018	18,133	40,458
Net investment income	233,033	170,241	249,067	45,112	209,458
Benefit payments, including refunds of member contributions	(175,490)	(165,866)	(126,604)	(83,330)	(55,235)
Administrative expense	<u>(28,140)</u>	<u>(25,087)</u>	<u>(28,062)</u>	<u>(25,416)</u>	<u>(26,227)</u>
Net change in plan fiduciary net position	122,545	71,513	232,802	74,662	306,368
Plan net position - beginning	<u>3,784,414</u>	<u>3,712,901</u>	<u>3,480,099</u>	<u>3,405,437</u>	<u>3,099,069</u>
Plan net position - ending	<u>\$ 3,906,959</u>	<u>\$ 3,784,414</u>	<u>\$ 3,712,901</u>	<u>\$ 3,480,099</u>	<u>\$ 3,405,437</u>
City's net pension liability	<u>\$ 1,497,284</u>	<u>\$ 1,290,569</u>	<u>\$ 1,235,450</u>	<u>\$ 1,371,438</u>	<u>\$ 687,864</u>
Plan fiduciary net position as a percentage of the total pension liability	72.29%	74.57%	75.03%	71.73%	83.20%
Covered payroll	\$ 66,185	\$ 66,185	\$ 66,185	\$ 132,169	\$ 386,071
City's net pension liability as a percentage of covered payroll	2262.27%	1949.94%	1866.66%	1037.64%	178.17%

Change in assumptions

Discount rate decreased from 5.00% in 2018 to 4.71% in 2019.

The assumed rate of High Quality 20-Year Tax-Exempt G.O. Bonds was changed from 3.97% to 3.79% for the current year.

GASB Statement No. 68 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted in 2016.

City of Highwood, Illinois
Required Supplementary Information
Illinois Municipal Retirement Fund - Regular Plan
Schedule of City Contributions
April 30, 2019

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
4/30/2019	\$ 68,466	\$ 68,466	\$ -	\$ 659,280	10.38%
4/30/2018	82,262	82,262	-	727,909	11.30%
4/30/2017	80,825	80,825	-	681,628	11.86%
4/30/2016	73,859	73,859	-	642,539	11.49%

Notes to Required Supplementary Information

Valuation date Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported. The actuarially determined contribution is included in the property tax levy for the current year. The levy is collected in two installments. One in the current year and one in the subsequent fiscal year.

Methods and Assumptions Used to Determine 2018 Contribution Rates

Actuarial cost method	Aggregate entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	25-years closed period
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	3.50%
Price inflation	2.75% approximate; no explicit price inflation assumption is used in this valuation.
Salary increases	3.75% to 14.50%, including inflation
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Other	There were no benefit changes during the year.

GASB Statement No. 68 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted in 2016.

City of Highwood, Illinois
Required Supplementary Information
Illinois Municipal Retirement Fund - Sheriff's Law Enforcement Personnel Fund
Schedule of City Contributions
April 30, 2019

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
4/30/2019	\$ -	\$ -	\$ -	\$ -	0.00%
4/30/2018	-	-	-	-	0.00%
4/30/2017	-	-	-	-	0.00%
4/30/2016	-	-	-	-	0.00%

Notes to the Required Supplementary Information

Valuation Date Actuarially determined contribution rates are calculated as of December 31 each year, which are 12 months prior to the beginning of the fiscal year in which contributions are reported. The actuarially determined contribution is included in the property tax levy for the current year. The levy is collected in two installments. One in the current year and one in the subsequent fiscal year.

Methods and Assumptions Used to Determine 2018 Contribution Rates

Actuarial cost method	Aggregate entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	25-years closed period
Asset valuation method	5-year Smoothed Market; 20% Corridor
Wage growth	3.50%
Price inflation	2.75% approximate; no explicit price inflation assumption is used in this valuation.
Salary increases	3.75% to 14.50%, including inflation
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition; last updated for the 2014 valuation pursuant to an experience study of the period 2011 to 2013.
Mortality	For nondisabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for nondisabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Other	There were no benefit changes during the year.

GASB Statement No. 68 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted in 2016.

City of Highwood, Illinois
Required Supplementary Information
Police Pension Fund
Schedule of City Contributions
April 30, 2019

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
4/30/2019	\$ 381,756	\$ 381,524	(232)	\$ 760,472	50.17%
4/30/2018	309,839	307,415	(2,424)	801,366	38.36%
4/30/2017	268,533	268,542	9	776,141	34.60%
4/30/2016	268,154	267,185	(969)	663,404	40.27%
4/30/2015	250,904	250,138	(766)	725,533	34.48%

Notes to the Required Supplementary Information

Valuation date Actuarially determined contribution rates are calculated as of May 1 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported. The actuarially determined contribution is included in the property tax levy for the current year. The levy is collected in two installments; one in the current year and one in the subsequent fiscal year.

Methods and Assumptions Used to Determine 2019 Contribution Rates

Valuation date Actuarially determined contribution rates were calculated as of May 1 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Actuarial cost method	Entry-age normal
Amortization method	Level dollar (closed)
Remaining amortization period	24 years, closed
Actual experience	7.82 Years
Changes in assumptions	7.82 Years
Asset experience	5 Years
Asset valuation method	Market value
Price inflation	2.50%
Salary increases	4.00% - 10.83%
Investment rate of return	6.50%
Retirement age	L&A 2016 Illinois Police Retirement Rates Cap Age 65
Mortality	RP-2014 Adjusted for Plan Status, Collar, and Illinois Public Pension Data, as appropriate.

GASB Statement No. 67 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted by the Pension Plan in 2015.

City of Highwood, Illinois
Required Supplementary Information
Firefighters' Pension Fund
Schedule of City Contributions
April 30, 2019

Fiscal Year Ended	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Excess/ (Deficiency)	Covered Payroll	Contributions as a Percentage of Covered Payroll
4/30/2019	\$ 102,960	\$ 93,142	\$ (9,818)	\$ 66,185	140.73%
4/30/2018	133,123	92,225	(40,898)	66,185	139.34%
4/30/2017	86,486	92,383	5,897	66,185	139.58%
4/30/2016	83,369	120,163	36,794	132,169	90.92%
4/30/2015	138,674	137,914	(760)	386,071	35.72%

Notes to the Required Supplementary Information

Valuation date Actuarially determined contribution rates are calculated as of May 1 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported. The actuarially determined contribution is included in the property tax levy for the current year. The levy is collected in two installments; one in the current year and one in the subsequent fiscal year.

Methods and Assumptions Used to Determine 2019 Contribution Rates

Valuation date Actuarially determined contribution rates are calculated as of May 1 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Actuarial cost method	Entry-age normal
Amortization method	Level dollar (closed)
Remaining amortization period	19 years, closed
Actual experience	1 Year
Changes in assumptions	1 Year
Asset experience	5 Years
Asset valuation method	Market Value
Price inflation	2.50%
Salary increases	0.00%
Investment rate of return	5.00%
Retirement age	L&A 2016 Illinois Firefighters Retirement Rates Cap Age 65
Mortality	RP-2014 Adjusted for Plan Status, Collar, and Illinois Public Pension Data, as appropriate.

GASB Statement No. 67 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted by the Pension Plan in 2015.

City of Highwood, Illinois
Required Supplementary Information
Police Pension Fund
Schedule of Investment Returns
April 30, 2019

Fiscal Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
4/30/2019	6.21%
4/30/2018	4.35%
4/30/2017	6.93%
4/30/2016	1.28%
4/30/2015	6.64%

GASB Statement No. 67 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted by the Pension Plan in 2015.

City of Highwood, Illinois
Required Supplementary Information
Firefighters' Pension Fund
Schedule of Investment Returns
April 30, 2019

Year Ended	Annual Money-Weighted Rate of Return Net of Investment Expense
4/30/2019	6.19%
4/30/2018	4.60%
4/30/2017	7.12%
4/30/2016	1.29%
4/30/2015	6.60%

GASB Statement No. 67 requires the presentation of 10 fiscal years of data; however, the fiscal years completed prior to the adoption of this pronouncement are not required to be presented in this schedule. The pronouncement was adopted by the Pension Plan in 2015.

**Combining and Individual Funds
Financial Statements and Schedules**

Major Governmental Funds

City of Highwood, Illinois
General Fund
Schedule of Revenues - Budget and Actual
Year Ended April 30, 2019

	Original and Final Budget	Actual
Taxes		
Property tax	\$ 1,343,122	\$ 1,341,152
Nonhome rule sales tax	783,411	888,839
Utility taxes	320,000	291,990
	<u>2,446,533</u>	<u>2,521,981</u>
Licenses and Permits		
Licenses	272,500	256,165
Permits	73,500	153,208
	<u>346,000</u>	<u>409,373</u>
Intergovernmental		
Income tax	481,000	558,827
Sales tax	541,253	609,381
Replacement tax	7,300	6,925
Local use tax	144,500	164,329
Municipal gas tax	115,000	110,759
Dispatch fees	36,000	72,450
	<u>1,325,053</u>	<u>1,522,671</u>
Charges for Services		
Parking fees	40,000	47,115
Cable franchise fees	55,000	54,792
Zoning and planning fees	114,500	117,592
Rental fees	265,000	308,204
Ambulance fees	-	319
Transfer fee	-	5
Alarm systems and calls	100,000	116,586
Seized autos	25,000	2,500
Refunds and reimbursements	16,000	42,597
Park recreation fees	150,000	175,796
Miscellaneous fees and fines	7,000	24,999
	<u>772,500</u>	<u>890,505</u>
Fines and Forfeits		
Police fines	31,700	38,577
Court fines	35,000	12,911
	<u>66,700</u>	<u>51,488</u>
Interest		
Investment income	1,000	22,665
	<u>1,000</u>	<u>22,665</u>
Miscellaneous		
Special event revenue	-	1,400
Donations	7,000	9,720
Debt collection	-	4,985
Miscellaneous income	3,000	48
	<u>10,000</u>	<u>16,153</u>
Total revenue	<u>\$ 4,967,786</u>	<u>\$ 5,434,836</u>

City of Highwood, Illinois
General Fund
Schedule of Expenditures - Budget and Actual
Year Ended April 30, 2019

	Original and Final Budget	Actual
General Government		
Administration		
Personnel	\$ 652,660	\$ 626,630
Contractual services	245,054	209,920
Materials and supplies	12,000	12,209
Special events	5,000	3,950
Miscellaneous	15,800	24,195
	930,514	876,904
Legal		
Contractual services	170,600	132,886
Lawsuit settlements	35,000	16,745
	205,600	149,631
Building, Zoning and Health Department		
Personnel	96,950	110,252
Contractual services	43,000	15,325
Materials and supplies	1,000	739
Miscellaneous	118,000	104,656
	258,950	230,972
Total general government	1,395,064	1,257,507
Public Safety		
Police department		
Personnel	1,359,068	1,368,863
Contractual services	291,649	278,644
Materials and supplies	47,000	41,954
	1,697,717	1,689,461
Fire Department		
Personnel	93,315	93,142
Contractual services	738,200	739,478
Materials and supplies	500	-
	832,015	832,620
Capital Outlay		
Police - equipment	2,500	-
Total public safety	2,532,232	2,522,081

City of Highwood, Illinois
General Fund
Schedule of Expenditures - Budget and Actual
Year Ended April 30, 2018

	Original and Final Budget	Actual
Public Works		
Highways and streets		
Personnel	\$ 118,305	\$ 105,150
Contractual services	672,200	697,005
Materials and supplies	41,450	24,730
Miscellaneous	43,500	43,896
	875,455	870,781
Capital Outlay		
Public works	5,000	6,990
	880,455	877,771
Culture and Recreation		
Parks and recreation		
Personnel	64,749	55,267
Contractual services	37,800	31,516
Supplies and materials	1,100	121
Special events	45,000	41,146
Miscellaneous	3,500	6,410
	152,149	134,460
Debt Service		
Principal	54,309	54,308
Interest	2,817	2,818
	57,126	57,126
	Total debt service	57,126
	Total expenditures	\$ 4,848,945
	\$ 5,017,026	\$ 4,848,945

City of Highwood, Illinois
Downtown Redevelopment TIF (Major Fund)
Schedule of Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance With Final Budget Over (Under)
Revenues			
Taxes			
Property taxes	\$ 601,300	\$ 608,962	\$ 7,662
Investment income	1,500	2,325	825
Total revenues	<u>602,800</u>	<u>611,287</u>	<u>8,487</u>
Expenditures			
General government			
Accounting fees	5,000	5,000	-
Legal fees	10,000	-	(10,000)
Special events marketing	10,000	-	(10,000)
Economic development	125,000	125,000	-
Capital outlay	232,500	2,900	(229,600)
Debt service			
Principal	385,000	385,000	-
Interest	47,950	47,950	-
Fiscal agent fees	2,500	874	(1,626)
Total expenditures	<u>817,950</u>	<u>566,724</u>	<u>(251,226)</u>
Net Change in Fund Balance	<u>\$ (215,150)</u>	44,563	<u>\$ 259,713</u>
Fund Balance, Beginning of Year		<u>947,053</u>	
Fund Balance, End of Year		<u>\$ 991,616</u>	

Nonmajor Governmental Funds

City of Highwood, Illinois
Nonmajor Governmental Funds
Combining Balance Sheet
April 30, 2019

	<u>Capital Projects Funds</u>	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>	<u>Total Nonmajor Government Funds</u>
	<u>Capital Projects</u>	<u>Motor Fuel Tax Fund</u>	<u>E-911 Fund</u>	<u>Debt Service</u>	
Assets					
Cash and investments	\$ -	\$ 100,402	\$ 114,193	\$ 48,867	\$ 263,462
Property tax receivable	-	-	-	200,518	200,518
Accounts receivable	-	11,964	-	-	11,964
Due from other funds	-	-	428	-	428
	<u>-</u>	<u>-</u>	<u>428</u>	<u>-</u>	<u>428</u>
Total assets	<u>\$ -</u>	<u>\$ 112,366</u>	<u>\$ 114,621</u>	<u>\$ 249,385</u>	<u>\$ 476,372</u>
Liabilities					
Accounts payable	124,299	\$ 25,000	-	-	\$ 149,299
	<u>124,299</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>149,299</u>
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	-	-	-	200,518	200,518
	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,518</u>	<u>200,518</u>
Fund Balances					
Restricted					
Debt service	-	-	-	48,867	48,867
Road construction and maintenance	-	87,366	-	-	87,366
Public safety	-	-	114,621	-	114,621
Unassigned	(124,299)	-	-	-	(124,299)
	<u>(124,299)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(124,299)</u>
Total fund balances	<u>(124,299)</u>	<u>87,366</u>	<u>114,621</u>	<u>48,867</u>	<u>126,555</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ -</u>	<u>\$ 112,366</u>	<u>\$ 114,621</u>	<u>\$ 249,385</u>	<u>\$ 476,372</u>

City of Highwood, Illinois
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Year Ended April 30, 2019

	<u>Capital Projects Funds</u>	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>	<u>Total Nonmajor Government Funds</u>
	<u>Capital Projects</u>	<u>Motor Fuel Tax Fund</u>	<u>E-911 Fund</u>	<u>Debt Service</u>	
Revenues					
Intergovernmental	\$ -	\$ 137,204	\$ -	\$ -	\$ 137,204
Property taxes	-	-	-	202,854	202,854
Investment income	-	3,551	159	-	3,710
Total revenues	<u>-</u>	<u>140,755</u>	<u>159</u>	<u>202,854</u>	<u>343,768</u>
Expenditures					
Current					
Public works	-	153,858	-	-	153,858
Capital outlay	514,118	-	-	-	514,118
Debt service					-
Principal	-	-	-	140,000	140,000
Interest	-	-	-	62,628	62,628
Issuance costs	-	-	-	474	474
Total expenditures	<u>514,118</u>	<u>153,858</u>	<u>-</u>	<u>203,102</u>	<u>871,078</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(514,118)</u>	<u>(13,103)</u>	<u>159</u>	<u>(248)</u>	<u>(527,310)</u>
Other Financing Sources					
Transfers in	<u>483,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>483,035</u>
Net Change in Fund Balance	<u>(31,083)</u>	<u>(13,103)</u>	<u>159</u>	<u>(248)</u>	<u>(44,275)</u>
Fund Balance					
May 1	<u>(93,216)</u>	<u>100,469</u>	<u>114,462</u>	<u>49,115</u>	<u>170,830</u>
April 30	<u>\$ (124,299)</u>	<u>\$ 87,366</u>	<u>\$ 114,621</u>	<u>\$ 48,867</u>	<u>\$ 126,555</u>

Capital Projects Fund

City of Highwood, Illinois
Capital Projects Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Over (Under)</u>
Expenditures			
Capital outlay	\$ 725,000	\$ 514,118	\$ (210,882)
Other Financing Sources			
Transfers in	<u>725,000</u>	<u>483,035</u>	<u>(241,965)</u>
Net Change in Fund Balance	<u><u>\$ -</u></u>	(31,083)	<u><u>\$ (31,083)</u></u>
Fund Balance, Beginning of Year		<u>(93,216)</u>	
Fund Balance, End of Year		<u><u>\$ (124,299)</u></u>	

Special Revenue Funds

City of Highwood, Illinois
Motor Fuel Tax Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance With Final Budget Over (Under)
Revenues			
Intergovernmental			
Motor fuel tax	\$ 125,000	\$ 137,204	\$ 12,204
Investment income	1,000	3,551	2,551
Total revenues	126,000	140,755	14,755
Expenditures			
Public works			
Street improvements	126,000	153,858	27,858
Net Change in Fund Balance	\$ -	(13,103)	\$ (13,103)
Fund Balance, May 1		100,469	
Fund Balance, April 30		\$ 87,366	

City of Highwood, Illinois
E-911 Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance With Final Budget Over (Under)
Revenues			
Taxes			
911 surcharge	\$ -	\$ -	\$ -
Investment income	-	159	159
Total revenues	-	159	159
Expenditures			
Public safety			
Materials and supplies	-	-	-
Emergency communication (911)	-	-	-
Capital outlay			
Equipment	-	-	-
Total expenditures	-	-	-
Net Change in Fund Balance	\$ -	159	\$ 159
Fund Balance, May 1		114,462	
Fund Balance, April 30		\$ 114,621	

Debt Service Fund

City of Highwood, Illinois
Debt Service Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance With Final Budget Over (Under)
Revenues			
Property taxes	<u>\$ 203,241</u>	<u>\$ 202,854</u>	<u>\$ (387)</u>
Expenditures			
Debt service			
Principal	140,000	140,000	-
Interest	62,628	62,628	-
Fiscal agent fees	<u>475</u>	<u>474</u>	<u>(1)</u>
Total expenditures	<u>203,103</u>	<u>203,102</u>	<u>(1)</u>
Net Change in Fund Balance	<u><u>\$ 138</u></u>	(248)	<u><u>\$ (386)</u></u>
Fund Balance, Beginning of Year		<u>49,115</u>	
Fund Balance, End of Year		<u><u>\$ 48,867</u></u>	

Proprietary Funds

City of Highwood, Illinois
Waterworks and Sewerage Fund (Major Fund)
Schedule of Revenues, Expenses and
Changes in Net Position - Budget and Actual -
(GAAP and Budgetary Basis)
Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance With Final Budget Over (Under)
Operating Revenues			
Charges for services	\$ 1,326,300	\$ 1,353,455	\$ 27,155
Operating Expenses			
Personnel	186,760	165,256	(21,504)
Contractual services	545,500	370,052	(175,448)
Materials and supplies	49,450	36,049	(13,401)
Capital outlay	275,000	-	(275,000)
Depreciation	-	208,603	208,603
Total operating expenses	1,056,710	779,960	(276,750)
Operating Income (Loss)	269,590	573,495	303,905
Nonoperating Revenues (Expenses)			
Interest income	1,250	5,051	3,801
Interest subsidy	-	86,991	86,991
Miscellaneous income	100,000	15,790	(84,210)
Miscellaneous expense	(1,000)	(3,763)	(2,763)
Principal payments	(155,000)	(155,000)	-
Interest expense	(495,496)	(266,128)	229,368
Fiscal agent fees	(2,500)	(1,350)	1,150
Total nonoperating revenues (expenses)	(552,746)	(318,409)	234,337
Income (Loss) Before Transfers	(283,156)	255,086	538,242
Other Financing Sources (Uses)			
Transfers out	-	(93,216)	(93,216)
Changes in Net Position - Budgetary Basis	\$ (283,156)	\$ 161,870	\$ 445,026
Reconciliation of Budget Basis Change in Net Position to			
GAAP basis change in net position			
Change in net position - budgetary basis	\$ (283,156)	\$ 161,870	\$ 445,026
Plus principal payments	155,000	155,000	-
Change in net position - GAAP basis	\$ (128,156)	316,870	\$ 445,026
Net Position			
May 1		151,352	
April 30		\$ 468,222	

City of Highwood, Illinois
Garbage Fund
Schedule of Revenues, Expenses and
Changes in Net Position - Budget and Actual -
Year Ended April 30, 2019

	Original and Final Budget	Actual	Variance With Final Budget Over (Under)
Operating Revenues			
Charges for services			
Refuse and garbage collection	\$ 306,800	\$ 317,906	\$ 11,106
Operating Expenses			
Personnel	94,799	86,539	(8,260)
Contractual services	265,200	284,458	19,258
Depreciation	-	9,914	9,914
Materials and supplies	2,500	584	(1,916)
Total operating expenses	<u>362,499</u>	<u>381,495</u>	<u>18,996</u>
Operating Income (Loss)	<u>(55,699)</u>	<u>(63,589)</u>	<u>(7,890)</u>
Nonoperating Revenues			
Interest income	225	2,328	2,103
Miscellaneous revenue	42,000	45,900	3,900
Total nonoperating revenues	<u>42,225</u>	<u>48,228</u>	<u>6,003</u>
Change in Net Position	<u>\$ (13,474)</u>	<u>(15,361)</u>	<u>\$ (1,887)</u>
Net Position, May 1		<u>262,294</u>	
Net Position, April 30		<u>\$ 246,933</u>	

Fiduciary Funds

City of Highwood, Illinois
Fiduciary Funds
Combining Statement of Fiduciary Net Position - Pension Trust Funds
April 30, 2019

	Police Pension Fund	Firefighters' Pension Fund	Total
Assets			
Cash and cash equivalents	\$ 47,929	\$ 27,431	\$ 75,360
Investments			
U.S. treasuries	231,400	204,700	436,100
U.S. agencies	1,602,179	1,617,732	3,219,911
Mutual funds	1,630,949	1,688,474	3,319,423
Corporate bonds	60,501	60,501	121,002
Municipal bonds	243,742	293,299	537,041
Receivables			
Accrued interest	14,893	16,801	31,694
Prepays	781	586	1,367
Total assets	3,832,374	3,909,524	7,741,898
Liabilities			
Accounts payable	11,966	2,565	14,531
Net Position			
Restricted for pensions	\$ 3,820,408	\$ 3,906,959	\$ 7,727,367

City of Highwood, Illinois
Fiduciary Funds
Combining Statement of Changes in Fiduciary Net Position –
Pension Trust Funds
Year Ended April 30, 2019

	Police Pension Fund	Firefighters' Pension Fund	Total
Additions			
Contributions			
Employer	\$ 381,524	\$ 93,142	\$ 474,666
Plan members	75,363	-	75,363
Total contributions	<u>456,887</u>	<u>93,142</u>	<u>550,029</u>
Investment Income (Loss)			
Investment income	146,689	148,141	294,830
Net depreciation in fair value of investments	93,417	100,241	193,658
Less investment expenses	<u>(14,882)</u>	<u>(15,349)</u>	<u>(30,231)</u>
Net investment income	<u>225,224</u>	<u>233,033</u>	<u>458,257</u>
Total additions	<u>682,111</u>	<u>326,175</u>	<u>1,008,286</u>
Deductions			
Benefits	193,965	175,490	369,455
Administration	<u>38,082</u>	<u>28,140</u>	<u>66,222</u>
Total deductions	<u>232,047</u>	<u>203,630</u>	<u>435,677</u>
Changes in Net Position	450,064	122,545	572,609
Net Position, May 1	<u>3,370,344</u>	<u>3,784,414</u>	<u>7,154,758</u>
Net Position, April 30	<u>\$ 3,820,408</u>	<u>\$ 3,906,959</u>	<u>\$ 7,727,367</u>

Component Unit - Library

City of Highwood, Illinois
Component Unit - Library
Statement of Net Position and Governmental Funds
Combining Balance Sheet
April 30, 2019

	General Fund	Adjustments Capital-Related and Other Items	Statement of Net Position
Assets			
Cash and cash equivalents	\$ 120,334	\$ -	\$ 120,334
Receivables			
Property taxes	248,184	-	248,184
Prepaid items	7,593	-	7,593
Due from primary government	581	-	581
Capital assets	-	480,712	480,712
	<u>376,692</u>	<u>480,712</u>	<u>857,404</u>
Total assets	376,692	480,712	857,404
Deferred Outflows of Resources			
Deferred Outflows of Resources - Pension	<u>-</u>	<u>29,883</u>	<u>29,883</u>
	<u>\$ 376,692</u>	<u>\$ 510,595</u>	<u>\$ 887,287</u>
Total assets and deferred outflows of resources	<u>\$ 376,692</u>	<u>\$ 510,595</u>	<u>\$ 887,287</u>
Liabilities			
Accounts payable	\$ 7,668	\$ -	\$ 7,668
Accrued payroll	8,200	-	8,200
Net pension liability	-	31,377	31,377
	<u>15,868</u>	<u>31,377</u>	<u>47,245</u>
Total liabilities	15,868	31,377	47,245
Deferred Inflows of Resources			
Unavailable property taxes	247,603	-	247,603
Deferred inflows of resources - pensions	-	11,366	11,366
	<u>247,603</u>	<u>11,366</u>	<u>258,969</u>
Total deferred inflows of resources	247,603	11,366	258,969
Fund Balances/Net Position			
Nonspendable	7,593	(7,593)	-
Investment in capital assets	-	480,712	480,712
Unassigned/unrestricted	105,628	(5,267)	100,361
	<u>113,221</u>	<u>467,852</u>	<u>581,073</u>
Total fund balances/net position	113,221	467,852	581,073
	<u>\$ 376,692</u>	<u>\$ 510,595</u>	<u>\$ 887,287</u>
Total liabilities, deferred inflows of resources and fund balances/net position	<u>\$ 376,692</u>	<u>\$ 510,595</u>	<u>\$ 887,287</u>

City of Highwood, Illinois
Component Unit - Library
Statement of Activities and Governmental Funds Combining
Statement of Revenues, Expenditures and
Changes in Fund Balances/Net Position
Year Ended April 30, 2019

	General Fund	Adjustments Capital-Related Items	Statement of Activities
Revenues			
Property taxes	\$ 247,184	\$ -	\$ 247,184
Intergovernmental	9,197	-	9,197
Charges for services	2,745	-	2,745
Fines	1,020	-	1,020
Investment income	438	-	438
Capital contributions	-	23,800	23,800
Miscellaneous	3,574	-	3,574
	<u>264,158</u>	<u>23,800</u>	<u>287,958</u>
Total revenues	<u>264,158</u>	<u>23,800</u>	<u>287,958</u>
Expenditures			
Civic and cultural	215,818	(14,619)	201,199
Capital outlay	4,012	(4,012)	-
Depreciation	-	22,180	22,180
	<u>219,830</u>	<u>3,549</u>	<u>223,379</u>
Total expenditures	<u>219,830</u>	<u>3,549</u>	<u>223,379</u>
Net Change in Fund Balances/Net Position	44,328	20,251	64,579
Fund Balances/Net Position			
May 1	<u>68,893</u>	<u>447,601</u>	<u>516,494</u>
April 30	<u>\$ 113,221</u>	<u>\$ 467,852</u>	<u>\$ 581,073</u>

Other Supplementary Information

City of Highwood, Illinois
Long-Term Debt Requirements
General Obligation Build America Bonds of 2010A
April 30, 2019

Date of issue	November 10, 2010
Date of maturity	December 1, 2019
Authorized issue	\$ 800,000
Denomination of bonds	\$ 5,000
Interest rates	3.22% to 4.72%
Interest dates	June 1 and December 1
Principal maturity date	December 1
Payable at	Amalgamated Bank

Future Principal and Interest Requirements

Fiscal Year	Principal	Gross Interest	Net Interest *	Total
2020	<u>65,000</u>	<u>3,068</u>	<u>1,994</u>	<u>66,994</u>
	<u>\$ 65,000</u>	<u>\$ 3,068</u>	<u>\$ 1,994</u>	<u>\$ 66,994</u>

*Net interest represents a reduction due to Build America Bonds subsidy at 35%.

City of Highwood, Illinois
Long-Term Debt Requirements
General Obligation Recovery Zone
Economic Development Bonds of 2010B
April 30, 2019

Date of issue	November 10, 2010
Date of maturity	December 1, 2033
Authorized issue	\$ 3,000,000
Denomination of bonds	\$ 5,000
Interest rates	5.62% to 6.84%
Interest dates	June 1 and December 1
Principal maturity date	December 1
Payable at	Amalgamated Bank

Future Principal and Interest Requirements

Fiscal Year	Principal	Gross Interest	Net Interest *	Total
2020	95,000	190,926	105,009	200,009
2021	165,000	185,587	102,073	267,073
2022	170,000	176,314	96,973	266,973
2023	175,000	166,760	91,718	266,718
2024	180,000	156,925	86,309	266,309
2025	190,000	146,809	80,745	270,745
2026	195,000	136,131	74,872	269,872
2027	200,000	125,172	68,845	268,845
2028	210,000	111,492	61,321	271,321
2029	215,000	97,128	53,420	268,420
2030	225,000	82,422	45,332	270,332
2031	230,000	67,032	36,868	266,868
2032	240,000	51,300	28,215	268,215
2033	250,000	34,884	19,186	269,186
2034	260,000	17,784	9,781	269,781
	<u>\$ 3,000,000</u>	<u>\$ 1,746,666</u>	<u>\$ 960,667</u>	<u>\$ 3,960,667</u>

*Net interest represents a reduction due to Recovery Zone Economic Development Bonds subsidy at 45%.

City of Highwood, Illinois
Long-Term Debt Requirements
IEPA Loan Payable of 2002
April 30, 2019

Date of issue	April 30, 2002
Date of maturity	December 30, 2021
Authorized issue	\$ 1,170,000
Interest rates	2.535%
Interest dates	June 30 and December 30
Principal maturity date	June 30 and December 31
Payable at	Illinois Environmental Protection Agency

Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Total
2020	70,214	5,035	75,249
2021	72,005	3,244	75,249
2022	73,831	1,407	75,238
	<u>\$ 216,050</u>	<u>\$ 9,686</u>	<u>\$ 225,736</u>

City of Highwood, Illinois
Long-Term Debt Requirements
Tax Increment Financing General
Obligation Refunding Bonds, Series 2013
April 30, 2019

Date of issue	August 15, 2013
Date of maturity	January 1, 2022
Authorized issue	\$ 2,160,000
Interest rates	2.00% to 4.00%
Interest dates	January 1 and July 1
Principal maturity date	January 1
Payable at	Amalgamated Bank

Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Total
2020	295,000	40,000	335,000
2021	330,000	28,200	358,200
2022	375,000	15,000	390,000
	<u>\$ 1,000,000</u>	<u>\$ 83,200</u>	<u>\$ 1,083,200</u>

City of Highwood, Illinois
Long-Term Debt Requirements
Tax Increment Financing Alternate Revenue
Capital Appreciation Bonds of 2002
April 30, 2019

Date of issue August 1, 2002
Date of maturity January 1, 2021
Authorized issue \$ 624,267
Interest rates 4.00% to 5.40%
Interest dates January 1
Principal maturity date January 1
Payable at Cole Taylor Bank

Future Principal and Interest Requirements

Fiscal Year	Beginning Principal Balance	Accretion	Principal Payment	Ending Principal Balance
2020	235,022	10,598	125,000	120,620
2021	120,620	<u>4,380</u>	<u>125,000</u>	
		<u>\$ 14,978</u>	<u>\$ 250,000</u>	

City of Highwood, Illinois
Long-Term Debt Requirements
Fire Alarm Monitoring Equipment Loan
April 30, 2019

Date of issue	November 21, 2012
Date of maturity	September 15, 2019
Authorized issue	\$ 155,000
Interest rates	3.12%
Interest dates	September 15
Principal maturity date	September 15
Payable at	Municipal Funding Solutions, LLC

Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Total
2020	<u>24,108</u>	<u>752</u>	<u>24,860</u>
	<u>\$ 24,108</u>	<u>\$ 752</u>	<u>\$ 24,860</u>

City of Highwood, Illinois
Long-Term Debt Requirements
Water Meter Loan
April 30, 2019

Date of issue	November 21, 2012
Date of maturity	September 15, 2022
Authorized issue	\$ 380,000
Interest rates	Various
Interest dates	September 15
Principal maturity date	September 15
Payable at	Midwest Bank

Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Total
2020	39,533	5,601	45,134
2021	40,864	4,270	45,134
2022	42,241	2,893	45,134
2023	43,671	1,470	45,141
	<u>\$ 166,309</u>	<u>\$ 14,234</u>	<u>\$ 180,543</u>

City of Highwood, Illinois
Long-Term Debt Requirements
Public Works Capital Lease
April 30, 2019

Date of issue	December 10, 2012
Date of maturity	January 1, 2020
Authorized issue	\$ 202,020
Interest rates	3.00%
Interest dates	January 1, April 1, July 1, and October 1
Principal maturity date	January 1, April 1, July 1, and October 1
Payable at	Government Capital Corporation

Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Total
2020	<u>23,831</u>	<u>369</u>	<u>24,200</u>
	<u>\$ 23,831</u>	<u>\$ 369</u>	<u>\$ 24,200</u>

City of Highwood, Illinois
Long-Term Debt Requirements
General Obligation Bonds Series 2015
April 30, 2019

Date of issue	August 27, 2015
Date of maturity	December 1, 2030
Authorized issue	\$ 2,355,000
Denomination of bonds	\$ 5,000
Interest rates	1.85% to 4.00%
Interest dates	June 1 and December 1
Principal maturity date	December 1
Payable at	Amalgamated Bank

Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Total
2020	140,000	59,828	199,828
2021	145,000	57,238	202,238
2022	145,000	54,555	199,555
2023	150,000	51,075	201,075
2024	155,000	47,475	202,475
2025	155,000	43,213	198,213
2026	160,000	38,950	198,950
2027	165,000	34,150	199,150
2028	170,000	29,200	199,200
2029	180,000	22,400	202,400
2030	185,000	15,200	200,200
2031	195,000	7,800	202,800
	<u>\$ 1,945,000</u>	<u>\$ 461,083</u>	<u>\$ 2,406,083</u>

City of Highwood, Illinois
Long-Term Debt Requirements
IEPA Sewer Loan Payable of 2015
April 30, 2019

Date of issue	March 10, 2016
Date of maturity	September 4, 2035
Authorized issue	\$ 249,578
Interest rates	2.21%
Interest dates	September 4 and March 4
Principal maturity date	September 4 and March 4
Payable at	Illinois Environmental Protection Agency

Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Total
2020	9,240	3,966	13,206
2021	9,446	3,760	13,206
2022	9,655	3,551	13,206
2023	9,870	3,336	13,206
2024	10,089	3,117	13,206
2025	10,313	2,893	13,206
2026	10,542	2,664	13,206
2027	10,777	2,429	13,206
2028	11,016	2,190	13,206
2029	11,261	1,945	13,206
2030	11,511	1,695	13,206
2031	11,767	1,439	13,206
2032	12,028	1,178	13,206
2033	12,296	910	13,206
2034	12,569	637	13,206
2035	12,849	358	13,207
2036	6,532	73	6,605
	<u>\$ 181,761</u>	<u>\$ 36,141</u>	<u>\$ 217,902</u>

City of Highwood, Illinois
Long-Term Debt Requirements
IEPA Water Loan Payable of 2015
April 30, 2019

Date of issue	March 10, 2016
Date of maturity	August 26, 2035
Authorized issue	\$ 2,610,846
Interest rates	2.21%
Interest dates	August 26 and February 26
Principal maturity date	August 26 and February 26
Payable at	Illinois Environmental Protection Agency

Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Total
2020	91,653	39,341	130,994
2021	93,690	37,304	130,994
2022	95,771	35,222	130,993
2023	97,899	33,093	130,992
2024	100,076	30,918	130,994
2025	102,300	28,694	130,994
2026	104,572	26,421	130,993
2027	106,896	24,097	130,993
2028	109,272	21,722	130,994
2029	111,700	19,294	130,994
2030	114,182	16,811	130,993
2031	116,720	14,274	130,994
2032	119,313	11,680	130,993
2033	121,965	9,029	130,994
2034	124,675	6,318	130,993
2035	127,446	3,548	130,994
2036	64,780	716	65,496
	<u>\$ 1,802,910</u>	<u>\$ 358,482</u>	<u>\$ 2,161,392</u>

City of Highwood, Illinois
Long-Term Debt Requirements
IEPA Water Tower Loan Payable of 2017
April 30, 2019

Date of issue	May 3, 2017
Date of maturity	August 2, 2036
Authorized issue	\$571,500
Interest rates	2.21%
Interest dates	August 2 and February 2
Principal maturity date	August 2 and February 2
Payable at	Illinois Environmental Protection Agency

Future Principal and Interest Requirements

Fiscal Year	Principal	Interest	Total
2020	21,554	8,049	29,603
2021	21,957	7,647	29,604
2022	22,368	7,236	29,604
2023	22,785	6,818	29,603
2024	23,210	6,393	29,603
2025	23,644	5,959	29,603
2026	24,086	5,517	29,603
2027	24,536	5,067	29,603
2028	24,994	4,609	29,603
2029	25,461	4,142	29,603
2030	25,937	3,666	29,603
2031	26,422	3,181	29,603
2032	26,916	2,685	29,601
2033	27,418	2,185	29,603
2034	27,931	1,673	29,604
2035	28,453	1,150	29,603
2036	28,984	618	29,602
2037	11,472	107	11,579
	<u>\$ 438,128</u>	<u>\$ 76,702</u>	<u>\$ 514,830</u>