

CITY OF HIGHLAND, ILLINOIS
ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS
APRIL 30, 2023

CITY OF HIGHLAND, ILLINOIS
TABLE OF CONTENTS

	<u>PAGE</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS	1-11
INDEPENDENT AUDITOR'S REPORT	12-14
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	15-16
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	17-19
BASIC FINANCIAL STATEMENTS	
<u>EXHIBIT</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
1 STATEMENTS OF NET POSITION	20
2 STATEMENTS OF ACTIVITIES	21-22
FUND FINANCIAL STATEMENTS	
3 BALANCE SHEETS - GOVERNMENTAL FUNDS	23-24
4 RECONCILIATIONS OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE STATEMENTS OF NET POSITION	25
5 STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	26-27
6 RECONCILIATIONS OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES	28
7 STATEMENTS OF NET POSITION - ENTERPRISE FUNDS	29-30
8 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ENTERPRISE FUNDS	31-32
9 STATEMENTS OF CASH FLOWS - ENTERPRISE FUNDS	33-34
10 STATEMENTS OF NET POSITION - FIDUCIARY FUND	35
11 STATEMENTS OF CHANGES IN NET POSITION - FIDUCIARY FUND	36
NOTES TO FINANCIAL STATEMENTS	37-73

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE

1	SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS, AND NOTES TO SCHEDULE 1	74-76
2	MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS: REGULAR PLAN, SLEP, AND POLICE PENSION; MULTIYEAR SCHEDULE OF PENSION CONTRIBUTIONS: REGULAR PLAN, SLEP, AND POLICE PENSION; SCHEDULE OF INVESTMENT RETURNS: POLICE PENSION	77-83
3	MULTIYEAR OPEB SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS; MULTIYEAR SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS; SUMMARY OF ACTUARIAL ASSUMPTIONS	84-87

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE

4	SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	88
5	SCHEDULE OF FINDINGS AND QUESTIONED COSTS	89-90
6	CORRECTIVE ACTION PLAN	91

STATISTICAL SECTION

TABLE

1	GENERAL GOVERNMENTAL REVENUES BY SOURCE	92
2	INTERGOVERNMENTAL TAX REVENUES BY SOURCE	93
3	GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION	94
4	ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY, PROPERTY TAX RATES PER \$100 OF ASSESSED VALUATION, AND TAX EXTENSIONS	95
5	PROPERTY TAX RATES PER \$100 OF ASSESSED VALUATION ALL DIRECT AND OVERLAPPING GOVERNMENTS	96
6	COMPUTATION OF LEGAL DEBT MARGIN	97
7	RATIO OF NET GENERAL DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA	98
8	RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES	99
9	REVENUE BOND COVERAGE - FTTP BONDS	100
10	PROPERTY VALUE AND CONSTRUCTION INFORMATION	101
11	LIGHT AND POWER FUND - COMPARATIVE SUMMARY OF OPERATIONS	102
12	WATER FUND - COMPARATIVE SUMMARY OF OPERATIONS	103
13	SEWER FUND - COMPARATIVE SUMMARY OF OPERATIONS	104
14	MISCELLANEOUS STATISTICS	105

CITY OF HIGHLAND, ILLINOIS
April 30, 2023
Management's Discussion & Analysis

CITY OF HIGHLAND, ILLINOIS
Council/Manager - Form of Government
April 30, 2023

MAYOR

Kevin B Hemann

CITY MANAGER

Christopher Conrad

CITY COUNCIL MEMBERS

Rick Frey

Peg Bellm

William Napper

Sarah Sloan

CITY CLERK

Barbara Bellm

CITY TREASURER

Neill Nicolaides

DEPARTMENT DIRECTORS

Daniel Cook

Reanna Ohren

Jacklyn Heimburger

Angela Kim

Mark Rosen

Carole Presson

Joe Gillespie

Angela Imming

Mallord Hubbard

Electric

Finance

Support Services

Library

Parks & Recreation

Public Safety

Public Works

Technology & Innovation

Economic Development

CITY OF HIGHLAND, ILLINOIS
April 30, 2023
Management's Discussion & Analysis

This section of the City of Highland's annual financial report presents discussion and analysis from City management regarding the City's financial performance during the fiscal year that ended on April 30, 2023 with comparative information for the fiscal year ended April 30, 2022.

FINANCIAL HIGHLIGHTS

- Total assets exceeded liabilities at the close of the fiscal year by approximately \$86.7 million (net position). Of this amount, the unrestricted amount of \$16.2 million may be used to meet the City's ongoing obligations to citizens and creditors.
- City-wide net position increased 5.8% during the fiscal year. Governmental activities increased 8.03% and a 3.17% increase occurred within enterprise activities.
- The City of Highland is compliant with the GASB 34 reporting model, which requires accounting for depreciation of fixed assets within governmental activities. Shown within the Statement of Net Position, the fixed assets year-end balance for fiscal year 2023 is \$95.1 million (net of depreciation). This is comprised of \$48.3 million for governmental activities plus \$46.8 million for business-type activities.
- Receipts of the traditional sales tax, shown within the "Intergovernmental" revenue line item, increased 4.49% during FY 2023. According to City estimates, with the change in the collection method for online purchases and increased local retail offerings, this number should continue to increase in future years.
- FY 2023 was the sixteenth full year of receipts from the 2006 Non-Home Rule Sales Tax Referendum. This 1% NHR sales tax was estimated to bring in an additional \$1.3 - \$1.5 million annually to the City for street projects. Receipts for the year equaled \$1.9 million. This collection will also see a small increase based on the updated collection method for online purchases.
- FY 2023 was the fourth full year for the newly created Business Districts generating \$840,662 for eligible projects within these Districts. As with the traditional and NHR, this tax collection is predicted to be increased based on the updated collection method for online purchases as well as the tax rate increase that began in July 2023.
- Building permit activity was better than estimated and the growth rate of the City's equalized assessed value (EAV), which is an important component in property tax calculations, also continues to improve as developments continue and improvements are made to existing properties. Total EAV is seeing an increasing threat from unfavorable Board of Revenue decisions concerning our largest commercial properties.

CITY OF HIGHLAND, ILLINOIS
April 30, 2023
Management's Discussion & Analysis

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements.

- The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances.
- 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's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.
- The Enterprise fund statements display the results of the utility funds for each fiscal year.
- The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

**Reporting the City as a Whole –
The Statement of Net Position and the Statement of Activities**

One of the most important questions asked about the City's finances is "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

**Reporting the City's Most Significant Funds -
Fund Financial Statements**

Some funds are required to be established by State law and bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes (such as the bonds for Infrastructure Improvements) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

The City's three types of funds use different accounting approaches:

- *Governmental Funds* – Most of the City's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow into and out of these funds and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in the reconciliations within exhibits #4 and #6 of the "Basic Financial Statements" section.

CITY OF HIGHLAND, ILLINOIS
April 30, 2023
Management's Discussion & Analysis

- *Enterprise Funds* – Services for which the City charges customers for the full cost of the services it provides are generally reported in enterprise funds. These business-type activities, like the government-wide statements, provide both long- and short-term financial information. Business-type activities are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.
- *Fiduciary Funds* – The City has fiduciary responsibility for other assets that – because of trust arrangements – can be used only for the trust beneficiaries. The City is responsible for ensuring the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

In the supplemental information section, the City has provided detailed schedules of revenues, expenditures, and changes in fund balances for the required major funds. The capital projects funds that have been presented in prior years are not required and therefore have not been included. The City has also included information on its various pension plans in accordance with GASB statutes. In addition, detailed historical data can be found regarding tax levies, building permits, and property values. Information regarding miscellaneous statistics about the City of Highland are also included. The reports are intended to provide the user with information beyond the realm of the traditional auditing requirements.

CITY OF HIGHLAND, ILLINOIS
April 30, 2023
Management's Discussion & Analysis

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison between the activities for FY '23 and the activities for FY '22 under the GASB Statement No. 34 model. The city-wide total for revenues increased \$2.6 million and expenditures increased \$3.4 million compared to the previous fiscal year. Governmental type revenues exceeded expenditures for the current and prior fiscal year. Business Type Revenues also exceeded expenditures for the current year as well. The surplus is utilized by the City of Highland to meet the City's fiscal policy in relation to reserves for operations, maintenance, and capital projects and any deficits are covered by surplus created in prior years.

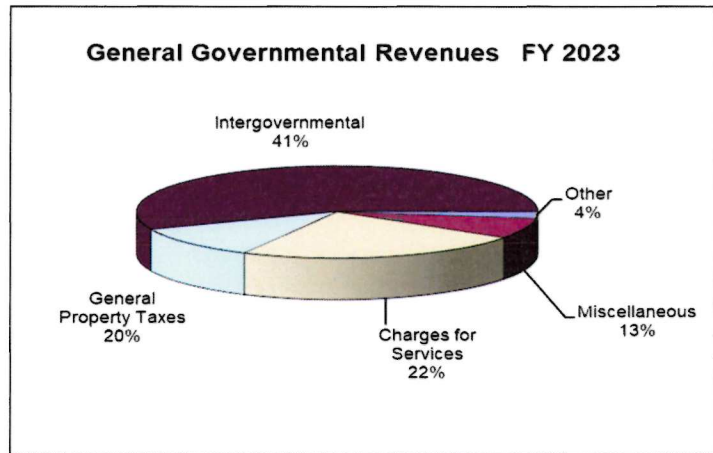
Changes in the City of Highland's Activities
(in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	Fiscal Year 2023	2022	Fiscal Year 2023	2022	Fiscal Year 2023	2022
Revenues						
Program Revenues						
Charges for Services	\$ 5.2	\$ 4.5	\$ 25.0	\$ 24.9	\$ 30.2	\$ 29.4
Operating Grants and Contributions	0.6	0.1			0.6	0.1
Capital Grants and Contributions	0.3	0.4			0.3	0.4
General Revenues						
Property Taxes, General Purposes	4.3	4.2			4.3	4.2
Intergovernmental	9.6	9.2			9.6	9.2
Miscellaneous	1.9	1.3	0.6	0.3	2.5	1.6
Interfund Transfers					0.0	0.0
Total Revenues	\$ 21.9	\$ 19.7	\$ 25.6	\$ 25.2	\$ 47.5	\$ 44.9
Expenditures						
General Government	\$ 2.1	\$ 1.7			\$ 2.1	\$ 1.7
Public Safety	7.7	6.1			7.7	6.1
Highways and Streets	3.2	3.0			3.2	3.0
Culture and Recreation	3.5	2.8			3.5	2.8
Economic Development	0.6	0.5			0.6	0.5
Employer's Cont. to Retirement Fund	0.8	0.9			0.8	0.9
Interest on Long-Term Debt	0.4	0.4			0.4	0.4
Electric			\$ 17.6	\$ 17.4	17.6	17.4
Water			2.9	2.6	2.9	2.6
Sewer			2.1	2.0	2.1	2.0
Solid Waste			1.8	1.9	1.8	1.9
Interfund Transfer					0.0	0.0
Total Expenditures	\$ 18.3	\$ 15.4	\$ 24.4	\$ 23.9	\$ 42.7	\$ 39.3
Change In Net Position	3.6	4.3	1.2	1.3	4.8	5.6
Beginning Net Position	44.3	40.0	37.6	36.3	81.9	76.3
Ending Net Position	\$ 47.9	\$ 44.3	\$ 38.8	\$ 37.6	\$ 86.7	\$ 81.9

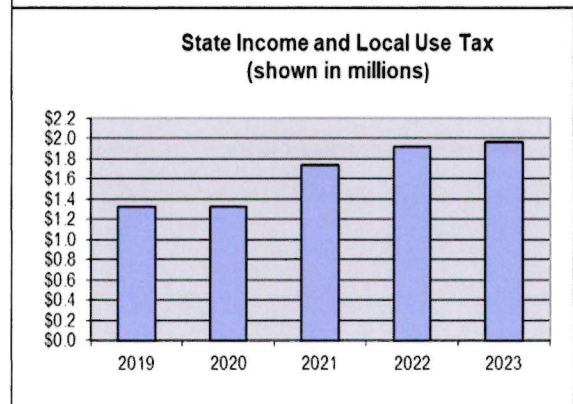
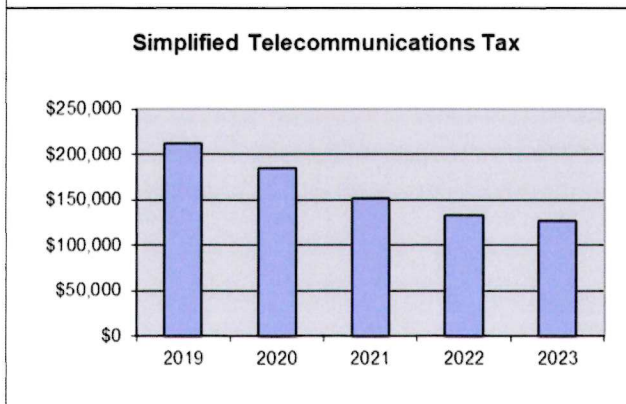
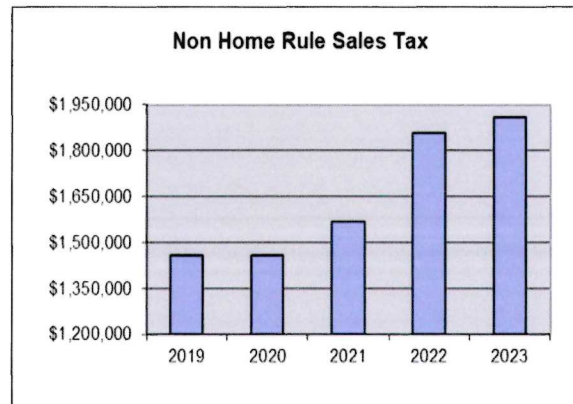
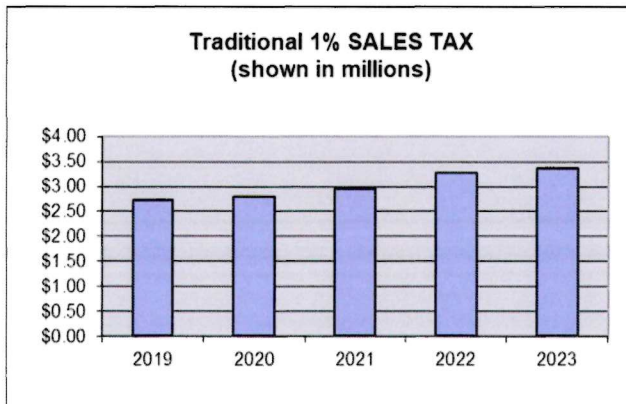
CITY OF HIGHLAND, ILLINOIS
April 30, 2023
Management's Discussion & Analysis

Governmental Activities

Governmental Activities include all funds except Business-Type Activities and the Police Pension Fiduciary Fund. Examples include the following: General Fund (which includes the Police Dept, Fire Dept, Building and Zoning, General Administration, and PW Admin / Street Dept. among others), Ambulance Fund, Parks and Recreation, and the various Library Funds.

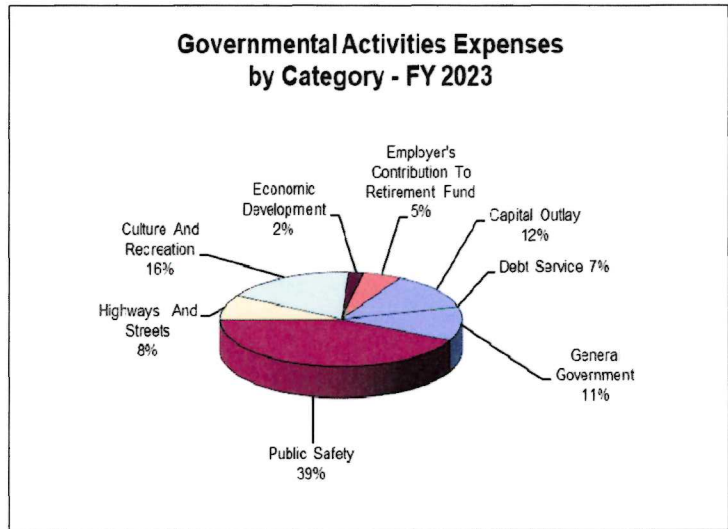


Intergovernmental revenues include revenues due to the City of Highland that pass through the State of Illinois. These include, but are not limited to, sales tax, income tax, and the simplified telecommunications tax. Corporate replacement tax, motor fuel tax, as well as fines and forfeitures are included within the “other” category. The “miscellaneous” category includes interest income. “Charges for Services” includes billings from the City’s Ambulance service and user fees from Parks & Recreation.

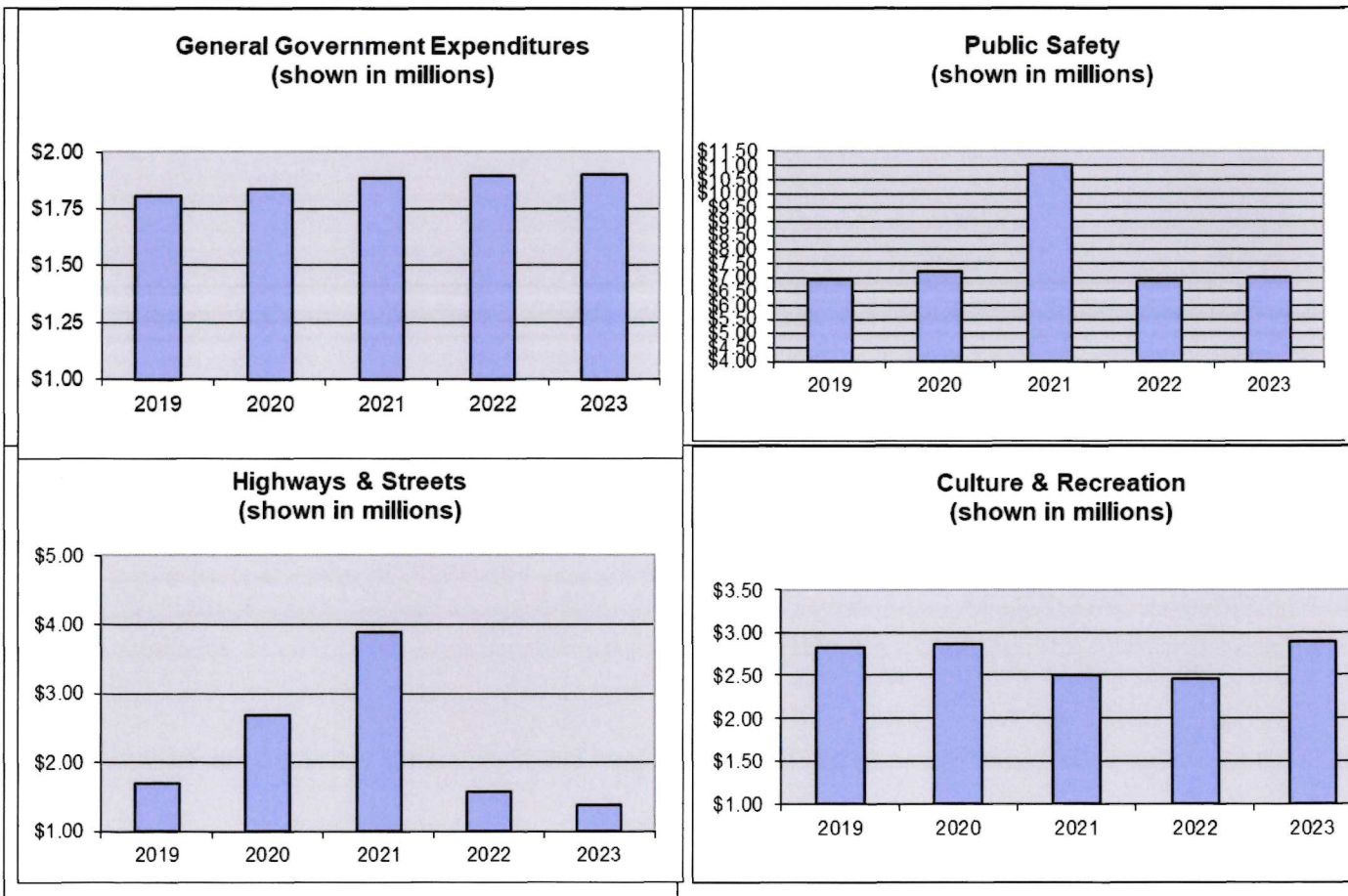


CITY OF HIGHLAND, ILLINOIS
April 30, 2023
Management's Discussion & Analysis

Expenditures of Governmental Activities are spread among a wide variety of functions. Among these are public safety functions of police, fire, and EMS. Also included are the activities of highways and streets as well as culture and recreation (parks & recreation / library). These areas are funded with the above mentioned revenues such as property taxes and intergovernmental revenues. The charts included on this page depict the governmental activities expense amounts for the various functions.



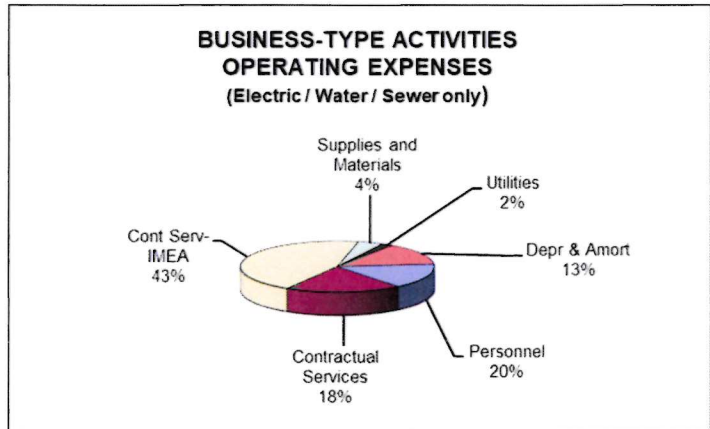
The increase in public safety is due to the debt payment of the new Public Safety Facility and the downtown Fire Station renovations. Highways and Streets continue to grow as the City continues to make investment in our City streets.



CITY OF HIGHLAND, ILLINOIS
April 30, 2023
Management's Discussion & Analysis

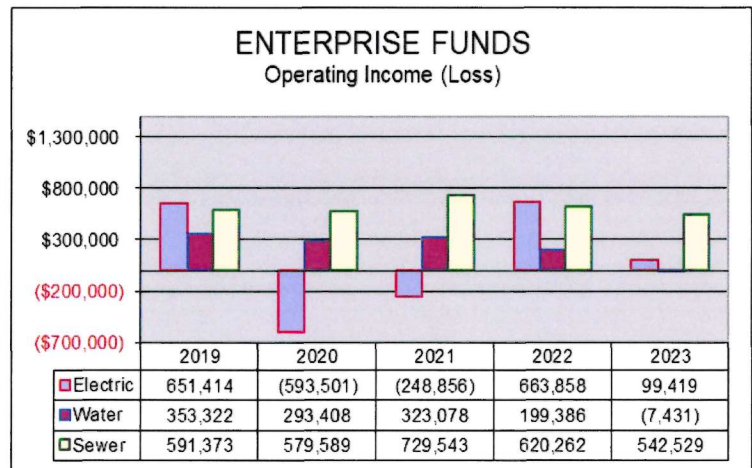
Business-Type Activities

Business-type activities include revenues and expenditures related to the Electric, Water, Sewer, and Solid Waste funds. Business-type activities do not receive property or intergovernmental taxes. Each enterprise fund operates as an independent entity, relying solely on user fees for operations. The water and sewer funds had incremental rate increases over the past few years. The

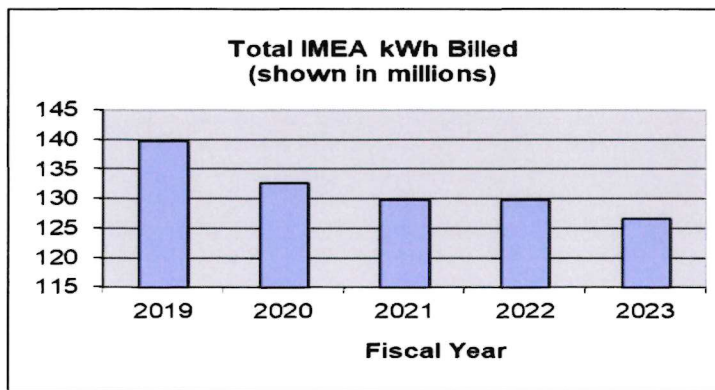


The most recent electrical rate increase was effective in April of 2023 and fiber rate increases will continue to be evaluated and implemented as needed. The electric fund also includes revenues billed and expenditures for installation of the new fiber infrastructure and operations.

Operational expenses for the electric (including fiber) increased by 2.0% while the revenues decreased by 1.3%. These costs include depreciation which is not a budgetary item. The rate increase effective in April 2023 and further increases for fiber services will continue to be investigated in the upcoming fiscal years to avoid operational losses in the future along with efforts aimed at controlling operational costs for each department.



The total kilowatt hours billed decreased during Fiscal year 2023. The cost per kilowatt hour will again be used to determine if additional rate increases beyond the power cost adjustment are warranted in the upcoming year.



CITY OF HIGHLAND, ILLINOIS
April 30, 2023
Management's Discussion & Analysis

STATUS OF CITY RESERVES

The governmental funds reported a *combined* fund balance of \$22.7 million. The City implemented GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, in a prior fiscal year. This created five new classifications for fund balance reporting including non-spendable, restricted, committed, assigned and unassigned. The classifications are important in determining the order of use for fund balances remaining at year end.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2023, the City had \$95.1 million (net of depreciation) invested in a range of capital assets that include equipment, building and structures, and infrastructure. Infrastructure is valued based on the composite cost. The straight-line depreciation method is used, with a salvage value always being zero. More detailed information about the City's capital assets can be found in Note 5 of the Notes to the Financial Statements.

City of Highland's Capital Assets
(net of depreciation, in millions of dollars)

	Governmental Activities		Business-type Activities		Totals	
	Fiscal Year		Fiscal Year			
	2023	2022	2023	2022	2023	2022
Land	\$ 8.9	\$ 8.5	\$ 1.9	\$ 1.9	\$ 10.8	\$ 10.4
Construction in Progress	0.6	0.4	0.3	0.2	0.9	0.6
Bldgs & Improvements	11.2	11.6	12.1	12.4	23.3	24.0
Other Improvements	5.6	6.2	7.0	5.0	12.6	11.2
Equipment	1.8	1.3	0.8	0.8	2.6	2.1
Infrastructure	20.2	21.6			20.2	21.6
Lines			21.4	22.1	21.4	22.1
Interconnect			3.3	3.5	3.3	3.5
Totals	\$ 48.3	\$ 49.6	\$ 46.8	\$ 45.9	\$ 95.1	\$ 95.5

The City of Highland transfers amounts between funds for the main purpose of saving for future capital expenditures. Each fund transfers excess funds at year-end to the City Property Replacement Fund where it remains, until needed, to be transferred back for eligible capital purchases. Transfers also exist among funds in order to allocate the general administrative expenses among the appropriate fund. For more information on these interfund transfers see Note 9 in the Notes to the Financial Statements.

CITY OF HIGHLAND, ILLINOIS
April 30, 2023
Management's Discussion & Analysis

Debt Administration

The City of Highland only recently issued general obligation debt counting against its legal debt limit. Debt repayment is accomplished primarily with sales tax revenue and utility sales. The City of Highland's legal debt limit of \$11.2 million is available for general obligation debts. Total City debt per capita is approximately \$3,193. More detailed information about the City's debt can be located in Note 6 of the Notes to Financial Statements.

	Governmental		Business-type		Totals	
	Activities		Activities			
	Fiscal Year		Fiscal Year			
	2023	2022	2023	2022	2023	2022
Revenue Bonds	\$ 3.8	\$ 4.3	\$ 9.3	\$ 10.3	\$ 13.1	\$ 14.6
Debt Certificates Payable	7.5	7.9			7.5	7.9
Notes Payable	0.2		10.9	9.8	11.1	9.8
Lease Payable	0.2	0.3			0.2	0.3
Maintenance Agreements Payable						0.0
Totals	\$ 11.7	\$ 12.5	\$ 20.2	\$ 20.1	\$ 31.9	\$ 32.6

CURRENT EVENTS AND NEXT YEAR'S BUDGET

The City of Highland has taken an aggressive approach towards managing the growth of the community. The following is a brief description of some of the actions taken in FY '23, with a brief look ahead into FY '24.

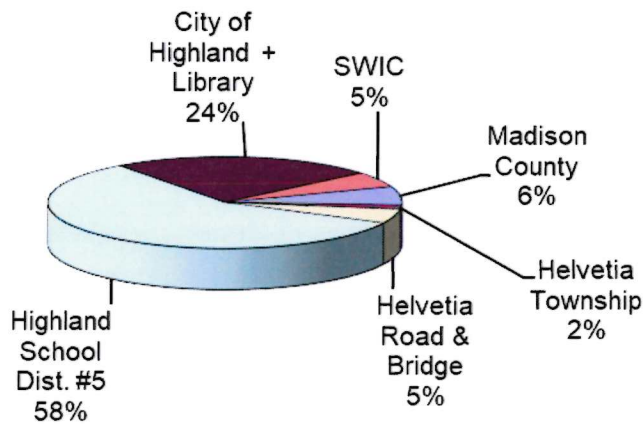
The City operations have remained constant due mainly to solid reserves policies and our diverse revenue streams. Even with changes in revenue collections, both positive and negative, we have weathered the financial impacts brought upon us from inflationary impacts on operations while being able to maintain a solid financial position. Our overall revenues returned to pre pandemic levels with minor growth. We anticipate governmental revenues to remain relatively stagnant in the upcoming year. Inflation impacts on city activities, EAV growth and substantially rising health insurance costs are the largest threats to city finances that we foresee. Staff continue to adjust projects, purchases and operations as needed in order to continue to provide the level of services our citizens have come to expect from the City of Highland.

The Fiber-to-the-Premise (FTTP) project continues to gain customers in the available service areas. FTTP continues to provide incredible value to our citizens in comparison to rates paid by those who do not have access to our service and are subject to monopoly pricing from providers. The Public Works Department has continued with sewer trunk main improvements which has proven valuable with reduced claims related to sewer backups, as well as, continued improvements to streets and alley ways. Construction improvements to City Hall are underway and we are looking forward to getting back into our new and improved home. The Parks and Recreation department continues to improve their facilities and parks with new and improved playground equipment. A joint project between Public Works and Parks on the reservoir spillway has been completed, a long delayed necessary infrastructure projects. Electrical system upgrades and maintenance operations are still being done to sustain the electrical systems reliability

CITY OF HIGHLAND, ILLINOIS
April 30, 2023
Management's Discussion & Analysis

including aggressive vegetation management to reduce animal/varmint intrusion, and the replacement of the SCADA system.

Steps have been taken to improve daily operations and help the City become more efficient. The City uses various performance management tools for budgeting and trend analysis. Under the direction of the City Manager, various committees have been established to review policies and procedures and to take an active role in assisting the City with its management. One of the recommendations of these committees was the purchase of the Tyler Technologies ERP Municipal Management software platform which is currently in implementation. We have implemented the first module (financial) and are working through additional modules now, the process of implementation will likely take 2-3 years to complete. We have also taken advantage of attrition among staff to mitigate operational increases across the city without impacting city services. While this is not a long-term solution, it has put the City in a solid position to weather the stagnating revenues we are seeing in our governmental revenues.



As of April 2023, the City's Equalized Assessed Value increased 8.36% to a total of \$231.2 million. The EAV is used in conjunction with the 2022 Property Tax Levy for the collection of property taxes during FY 2023-2024. The City of Highland's (including the Library portion) property tax rate for 2022 represents 24% of the total property tax rate in Helvetia Township (Saline Township is nearly identical). The City's portion of the total property tax rate for Highland

residents has remained relatively the same for the past few years. The City strives to maintain its property tax rate at the lowest amount possible while providing the highest quality of service.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Finance, City of Highland, PO Box 218, Highland, IL 62249.

General information relating to the City of Highland may be found at www.highlandil.gov.



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Highland
Highland, IL 62249

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Highland, Illinois, as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Highland, IL's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Highland, Illinois, as of April 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Highland, Illinois, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Highland, Illinois's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Reporting on Prior Period Information

The prior year partial comparative information has been derived from the City of Highland's 2022 financial statements, and in our report dated November 21, 2022, we expressed an unmodified opinion on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024, on our consideration of the City of Highland, Illinois's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Highland, Illinois's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Highland, Illinois internal control over financial reporting and compliance.

Schaffel Boyle
Highland, IL
January 19, 2024



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council
City of Highland, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Highland, Illinois as of and for the year ended April 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Highland, Illinois's basic financial statements and have issued our report thereon dated January 19, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Highland, Illinois's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Highland, Illinois's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Highland, Illinois's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-1 and 2023-2 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Highland Illinois's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

City of Highland, Illinois's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Highland, Illinois's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Highland, Illinois's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schuyler Boyle

Highland, IL
January 19, 2024



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the City Council
City of Highland, IL

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Highland, Illinois's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Highland, Illinois's major federal programs for the year ended April 30, 2023. City of Highland, Illinois's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Highland, Illinois complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended April 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Highland, Illinois and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Highland, Illinois's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Highland, Illinois's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Highland, Illinois's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Highland, Illinois's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Highland, Illinois's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Highland, Illinois's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Highland, Illinois's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Scheffel Boyle

Highland, IL

January 19, 2024

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF NET POSITION

	PRIMARY GOVERNMENT						COMPONENT UNIT INDUSTRIAL DEVELOPMENT COMMISSION
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL		
	APRIL 30,		APRIL 30,		APRIL 30,		
<u>ASSETS</u>	2023	2022	2023	2022	2023	2022	2023
Current Assets:							
Cash and Investments	\$ 20,409,112	\$ 16,704,156	\$ 10,684,562	\$ 9,803,866	\$ 31,093,674	\$ 26,508,022	\$ 52,520
Receivables (Net, Where Applicable of Allowance for Uncollectibles):							
Property Taxes	4,569,427	4,202,414			4,569,427	4,202,414	
Replacement Tax Receivable	113,040	126,355			113,040	126,355	
Accounts Receivable	1,136,589	696,101	922,727	779,186	2,059,316	1,475,287	
Income Tax Receivable	419,104	473,518			419,104	473,518	
Sales Tax Receivable	962,968	882,869			962,968	882,869	
Unbilled Receivable			1,564,515	1,609,313	1,564,515	1,609,313	
Other	132,949	128,099	31,875	34,351	164,824	162,450	
Prepaid Expenses	299,046	282,628	225,438	232,730	524,484	515,358	
Restricted Assets:							
Cash and Investments	478,992	339,491	1,599,122	1,584,701	2,078,114	1,924,192	
Long-Term Assets:							
Capital Assets (Net of Accumulated Depreciation)	38,772,394	40,738,274	44,579,475	43,850,055	83,351,869	84,588,329	
Land	8,873,554	8,467,862	1,935,355	1,935,355	10,808,909	10,403,217	
Construction in Progress	624,313	357,935	318,919	211,572	943,232	569,507	
Right of Use Assets (Net of Accumulated Amortization)	334,440				334,440		
Net Pension Asset - IMRF and SLEP		2,922,472		1,862,912		4,785,384	
Total Assets	<u>77,125,928</u>	<u>76,322,174</u>	<u>61,861,988</u>	<u>61,904,041</u>	<u>138,987,916</u>	<u>138,226,215</u>	<u>52,520</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>							
Related to OPEB	305,906	323,699	152,953	163,553	458,859	487,252	
Related to Pensions - IMRF and SLEP	4,639,326	1,223,730	3,237,924	832,865	7,877,250	2,056,595	
Related to Pensions - Police Pension	2,858,858	1,634,324			2,858,858	1,634,324	
Total Deferred Outflows of Resources	<u>7,804,090</u>	<u>3,181,753</u>	<u>3,390,877</u>	<u>996,418</u>	<u>11,194,967</u>	<u>4,178,171</u>	<u>0</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 84,930,018</u>	<u>\$ 79,503,927</u>	<u>\$ 65,252,865</u>	<u>\$ 62,900,459</u>	<u>\$ 150,182,883</u>	<u>\$ 142,404,386</u>	<u>\$ 52,520</u>
<u>LIABILITIES</u>							
Current Liabilities:							
Accounts Payable	\$ 305,555	\$ 404,020	\$ 1,140,797	\$ 980,683	\$ 1,446,352	\$ 1,384,703	
Accrued Salaries and Benefits	155,453	146,521	80,305	76,391	235,758	222,912	
Deferred Revenues	820,059	623,316			820,059	623,316	
Accrued Interest	128,448	129,399	64,698	67,163	193,146	196,562	
Customer Deposits			87,526	86,842	87,526	86,842	
Long-Term Liabilities:							
Portion Due or Payable Within One Year:							
Bonds Payable	511,261	524,478	935,000	910,000	1,446,261	1,434,478	
General Obligation Debt Certificates Payable	345,000	330,000			345,000	330,000	
Lease Liabilities	23,429	30,000			23,429	30,000	
Notes Payable	36,828	50,278	290,228	206,153	327,056	256,431	
General Obligation Notes Payable			166,000	160,000	166,000	160,000	
Premium on Debt	42,217	42,217	7,656	7,656	49,873	49,873	
Maintenance Agreement Payable							
Portion Due or Payable After One Year:							
Compensated Absences	654,692	688,066	306,110	344,617	960,802	1,032,683	
Net Pension Liability - IMRF and SLEP	2,281,727		1,588,914		3,870,641		
Net Pension Liability - Police Pension	7,578,118	5,507,089			7,578,118	5,507,089	
Other Post Employment Benefits Payable	1,527,387	1,526,945	763,693	771,510	2,291,080	2,298,455	
Premium on Debt	516,349	558,566	72,099	79,755	588,448	638,321	
Bonds Payable	3,312,883	3,824,144	8,410,000	9,345,000	11,722,883	13,169,144	
General Obligation Debt Certificates Payable	7,175,000	7,520,000			7,175,000	7,520,000	
Lease Liabilities	212,515	240,000			212,515	240,000	
Notes Payable	157,637		9,658,163	8,449,823	9,815,800	8,449,823	
General Obligation Notes Payable			821,000	987,000	821,000	987,000	
Long-Term Accrued Interest	1,026,767	1,089,802			1,026,767	1,089,802	
Total Liabilities	<u>26,811,325</u>	<u>23,234,841</u>	<u>24,392,189</u>	<u>22,472,593</u>	<u>51,203,514</u>	<u>45,707,434</u>	<u>0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable Property Taxes	4,569,427	4,202,414			4,569,427	4,202,414	
Related to OPEB	518,217	449,568	259,108	227,149	777,325	676,717	
Related to Pensions - IMRF and SLEP	2,546,077	4,006,681	1,798,428	2,590,048	4,344,505	6,596,729	
Related to Pensions - Police Pension	2,632,070	3,312,726			2,632,070	3,312,726	
Total Deferred Inflows of Resources	<u>10,265,791</u>	<u>11,971,389</u>	<u>2,057,536</u>	<u>2,817,197</u>	<u>12,323,327</u>	<u>14,788,586</u>	<u>0</u>
<u>NET POSITION</u>							
Invested in Capital Assets, Net of Related Debt	36,830,148	37,045,171	26,553,358	25,939,006	63,383,506	62,984,177	
Restricted for:							
Special Revenue Purposes	3,650,070	2,986,690			3,650,070	2,986,690	52,520
Capital Projects Purposes	956,257	718,524			956,257	718,524	
Other Purposes	336,709	324,573			336,709	324,573	
Long-Term Debt	494,515	310,619	1,599,122	1,584,701	2,093,637	1,895,320	
Unrestricted	5,585,203	2,912,120	10,650,660	10,086,962	16,235,863	12,999,082	
Total Net Position	<u>47,852,902</u>	<u>44,297,697</u>	<u>38,803,140</u>	<u>37,610,669</u>	<u>86,656,042</u>	<u>81,908,366</u>	<u>52,520</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 84,930,018</u>	<u>\$ 79,503,927</u>	<u>\$ 65,252,865</u>	<u>\$ 62,900,459</u>	<u>\$ 150,182,883</u>	<u>\$ 142,404,386</u>	<u>\$ 52,520</u>

The accompanying notes are an integral part of the financial statements.

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government			Total
						Business-Type Activities			
Primary Government:									
Governmental Activities:									
General Government	\$ 2,131,249	\$ 1,572,926			\$ (558,323)	\$	\$ (558,323)		
Public Safety	7,654,628	2,625,772	\$ 458,586		(4,570,270)		(4,570,270)		
Highways and Streets	3,221,759	7,200		\$ 300,000	(2,914,559)		(2,914,559)		
Culture and Recreation	3,445,265	1,014,338	116,348	6,320	(2,308,259)		(2,308,259)		
Economic Development	633,957				(633,957)		(633,957)		
Employer's Contribution to Retirement Fund	833,933				(833,933)		(833,933)		
Interest on Long-Term Debt	409,381				(409,381)		(409,381)		
Total Governmental Activities	18,330,172	5,220,236	574,934	306,320	(12,228,682)	0	(12,228,682)	0	
Business-Type Activities:									
Electric	17,624,532	17,547,431			(77,101)		(77,101)		
Water	2,902,828	2,855,241			(47,587)		(47,587)		
Sewer	2,110,035	2,499,571		336,916	726,452		726,452		
Solid Waste	1,847,114	2,061,275			214,161		214,161		
Total Business-Type Activities	24,484,509	24,963,518	0	336,916	0	815,925	815,925	0	
Total Primary Government	\$ 42,814,681	\$ 30,183,754	\$ 574,934	\$ 643,236	(12,228,682)	815,925	(11,412,757)	0	
Component Unit:									
Industrial Development								(4,025)	
General Revenues:									
Taxes:									
Property Taxes, Levied for General Purposes					4,300,234		4,300,234		
Intergovernmental					9,564,859		9,564,859		
Motor Fuel Taxes					515,795		515,795		
Gain on Disposal of Capital Assets					103,614	85,000	188,614		
Unrealized Depreciation of Investments					(655)		(655)		
Interest and Miscellaneous Income					1,300,040	291,546	1,591,586		
Total General Revenues					15,783,887	376,546	16,160,433	0	
Change in Net Position					3,555,205	1,192,471	4,747,676	(4,025)	
Net Position Beginning - Restated					44,297,697	37,610,669	81,908,366	56,545	
Net Position Ending					\$ 47,852,902	\$ 38,803,140	\$ 86,656,042	\$ 52,520	

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2022

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	
Primary Government:							
Governmental Activities:							
General Government	\$ 1,696,622	\$ 1,856,360			\$ 159,738	\$ 159,738	
Public Safety	6,080,225	1,783,408	\$ 73,562		(4,223,255)	(4,223,255)	
Highways and Streets	2,987,824	7,200		\$ 367,618	(2,613,006)	(2,613,006)	
Culture and Recreation	2,763,616	875,598	73,901	20,081	(1,794,036)	(1,794,036)	
Economic Development	523,320				(523,320)	(523,320)	
Employer's Contribution to Retirement Fund	903,393				(903,393)	(903,393)	
Interest on Long-Term Debt	437,074				(437,074)	(437,074)	
Total Governmental Activities	15,392,074	4,522,566	147,463	387,699	(10,334,346)	0	(10,334,346)
Business-Type Activities:							
Electric	17,305,096	17,776,018			470,922	470,922	
Water	2,624,263	2,777,768			153,505	153,505	
Sewer	2,021,169	2,478,461			457,292	457,292	
Solid Waste	1,924,023	1,908,079			(15,944)	(15,944)	
Total Business-Type Activities	23,874,551	24,940,326	0	0	1,065,775	1,065,775	0
Total Primary Government	\$ 39,266,625	\$ 29,462,892	\$ 147,463	\$ 387,699	(10,334,346)	1,065,775	(9,268,571)
Component Unit							(1,000)
Industrial Development							
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					4,215,846	4,215,846	
Intergovernmental					9,167,431	9,167,431	
Motor Fuel Taxes					412,171	412,171	
Gain (Loss) on Disposal of Capital Assets					(92,622)	(92,622)	
Unrealized Depreciation of Investments					(39,669)	(39,669)	
Interest and Miscellaneous Income					913,859	913,859	
Transfers					78,000	78,000	
Total General Revenues					14,655,016	14,655,016	0
Change in Net Position					4,320,670	4,320,670	(1,000)
Net Position Beginning - Restated					39,977,027	39,977,027	57,545
Net Position Ending					44,297,697	44,297,697	56,545

The accompanying notes are an integral part of the financial statements.

CITY OF HIGHLAND, ILLINOIS
BALANCE SHEETS
GOVERNMENTAL FUNDS
APRIL 30, 2023

	PRIMARY GOVERNMENT					TOTAL GOVERNMENTAL FUNDS	COMPONENT UNIT
	GENERAL CORPORATE	CITY PROPERTY REPLACEMENT	AMBULANCE	BUS DIST A	OTHER GOVERNMENTAL FUNDS		
ASSETS							
Cash and Investments	\$ 2,853,649	\$ 8,364,981	\$ 496,492	\$ 831,555	\$ 7,862,435	\$ 20,409,112	\$ 52,520
Receivables (Net, Where Applicable of Allowance for Uncollectibles):							
Property Taxes	1,577,584		558,848		2,432,995	4,569,427	
Replacement Tax Receivable	80,609		11,971		20,460	113,040	
Accounts Receivable	53,376		1,083,213			1,136,589	
Income Tax Receivable	419,104			124,702	293,642	837,448	
Sales Tax Receivable	544,624				51,556	596,180	
Other	56,472	23,525	1,396			80,393	
Due from Other Fund	8,887	620,000			219,484	848,371	
Prepaid Expenses	74,548		5,014		478,992	598,554	
Restricted Cash							
Total Assets	\$ 5,668,853	\$ 9,008,506	\$ 2,156,934	\$ 956,257	\$ 11,359,564	\$ 29,150,114	\$ 52,520
LIABILITIES							
Accounts Payable	\$ 193,475	\$ 8,957			\$ 103,123	\$ 305,555	
Accrued Salaries and Benefits	110,227	26,424			18,802	155,453	
Deferred Revenues					820,059	820,059	
Due to Other Fund	355,000				273,887	628,887	
Total Liabilities	\$ 658,702	\$ 0	\$ 35,381	\$ 0	\$ 1,215,871	\$ 1,909,954	\$ 0
DEFERRED INFLOWS OF RESOURCES							
Unavailable Property Taxes	1,577,584	0	558,848	0	2,432,995	4,569,427	0
FUND BALANCES							
Nonspendable	74,548		5,014		219,484	299,046	
Restricted	262,161			956,257	3,920,087	5,138,505	52,520
Assigned		9,008,506	1,557,691		3,642,457	14,208,654	
Unassigned	3,095,858				(71,330)	3,024,528	
Total Fund Balances	\$ 3,432,567	\$ 9,008,506	\$ 1,562,705	\$ 956,257	\$ 7,710,698	\$ 22,670,733	\$ 52,520
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 5,668,853	\$ 9,008,506	\$ 2,156,934	\$ 956,257	\$ 11,359,564	\$ 29,150,114	\$ 52,520

The accompanying notes are an integral part of the financial statements.

CITY OF HIGHLAND, ILLINOIS
BALANCE SHEETS
GOVERNMENTAL FUNDS
APRIL 30, 2022

	PRIMARY GOVERNMENT					TOTAL GOVERNMENTAL FUNDS	COMPONENT UNIT
	CITY GENERAL CORPORATE	PROPERTY REPLACEMENT	AMBULANCE	BUS DIST A	OTHER GOVERNMENTAL FUNDS		
ASSETS							
Cash and Investments	\$ 2,399,069	\$ 7,101,951	\$ 523,605	\$ 608,844	\$ 6,070,687	\$ 16,704,156	\$ 56,545
Receivables (Net, Where Applicable of Allowance for Uncollectibles):							
Property Taxes	1,473,306		523,605		2,205,503	4,202,414	
Replacement Tax Receivable	90,100		13,382		22,873	126,355	
Accounts Receivable	35,775		660,326			696,101	
Income Tax Receivable	473,518					473,518	
Sales Tax Receivable	494,703			117,478	270,688	882,869	
Other	61,077	21,128	1,393		44,501	128,099	
Due from Other Fund	7,231	627,500				634,731	
Prepaid Expenses	80,176		4,598		197,854	282,628	
Restricted Cash					339,491	339,491	
Total Assets	\$ 5,114,955	\$ 7,750,579	\$ 1,726,909	\$ 726,322	\$ 9,151,597	\$ 24,470,362	\$ 56,545
LIABILITIES							
Accounts Payable	\$ 190,332	\$	\$ 113,057	\$ 7,798	\$ 92,833	\$ 404,020	
Accrued Salaries and Benefits	99,157		28,601		18,763	146,521	
Deferred Revenues					623,316	623,316	
Due to Other Fund	355,000				279,731	634,731	
Total Liabilities	\$ 644,489	\$ 0	\$ 141,658	\$ 7,798	\$ 1,014,643	\$ 1,808,588	\$ 0
DEFERRED INFLOWS OF RESOURCES							
Unavailable Property Taxes	1,473,306	0	523,605	0	2,205,503	4,202,414	0
FUND BALANCES							
Nonspendable	80,176		4,598		197,854	282,628	
Restricted	244,397			718,524	3,094,857	4,057,778	56,545
Assigned		7,750,579	1,057,048		2,702,977	11,510,604	
Unassigned	2,672,587				(64,237)	2,608,350	
Total Fund Balances	2,997,160	7,750,579	1,061,646	718,524	5,931,451	18,459,360	56,545
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 5,114,955	\$ 7,750,579	\$ 1,726,909	\$ 726,322	\$ 9,151,597	\$ 24,470,362	\$ 56,545

CITY OF HIGHLAND, ILLINOIS
RECONCILIATIONS OF THE GOVERNMENTAL FUNDS BALANCE SHEETS
TO THE STATEMENTS OF NET POSITION
APRIL 30, 2023
WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2022

	2023	2022
Total fund balances for governmental funds	\$ 22,670,733	\$ 18,459,360
Total net position reported for governmental activities in the statements of net position is different because:		
Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	\$ 8,873,554	\$ 8,467,862
Construction in progress	624,313	357,935
Infrastructure, net of accumulated depreciation	20,166,639	21,567,038
Buildings and improvements, net of accumulated depreciation	11,179,781	11,613,099
Other improvements, net of accumulated depreciation	5,621,505	6,241,094
Equipment, net of accumulated depreciation	1,804,469	1,317,043
	48,270,261	49,564,071
Right of Use Assets, net of accumulated amortization used in governmental activities are not financial resources and therefore are not reported in the funds.	334,440	-
Deferred outflows and inflows of resources related to defined benefit pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	7,498,184	2,858,054
Deferred inflows of resources related to pensions	(5,178,147)	(7,319,407)
Deferred outflows and inflows of resources related to defined benefit OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to OPEB	305,906	323,699
Deferred inflows of resources related to OPEB	(518,217)	(449,568)
Certain liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities (both current and long-term) are reported in the statement of net position. Those liabilities consist of:		
Accrued interest	\$ (1,155,215)	\$ (1,219,201)
Bonds and Notes Payable	(4,018,609)	(4,398,900)
Lease Liabilities	(235,944)	(270,000)
Debt Certificates Payable	(7,520,000)	(7,850,000)
Debt premium, net of accumulated amortization	(558,566)	(600,783)
Net pension asset	-	2,922,472
Net pension liability	(9,859,845)	(5,507,089)
Other post employment benefits	(1,527,387)	(1,526,945)
Compensated absences	(654,692)	(688,066)
	(25,530,258)	(19,138,512)
Total net position of governmental activities	\$ 47,852,902	\$ 44,297,697

The accompanying notes are an integral part of the financial statements.

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2023

	PRIMARY GOVERNMENT					COMPONENT UNIT
	CITY	BUS DIST A	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	INDUSTRIAL DEVELOPMENT COMMISSION	
	GENERAL CORPORATE	PROPERTY REPLACEMENT	AMBULANCE			
Revenues:						
General Property Taxes	\$ 1,578,840		\$ 521,704	\$ 2,199,690	\$ 4,300,234	
Corporate Personal Property Replacement Taxes	423,868		59,724	110,351	593,943	
Intergovernmental	5,808,151		373,449	1,949,995	8,970,916	
Motor Fuel Taxes				515,795	515,795	
Charges for Services	2,274,977		2,545,625	29,157	4,849,759	
Licenses, Permits and Other Taxes	248,515			702	248,515	
Fines and Forfeitures	15,753				16,455	
Revenue from Use of Property	105,507			747,386	105,507	
Grants and Contributions	133,868			183,181	881,254	
Miscellaneous and Interest Income	1,035,948	\$ 50,927	26,669	183,181	1,300,040	
Total Revenues	11,625,427	50,927	3,527,171	5,736,257	21,782,418	0
Expenditures:						
Current-						
General Government	1,560,264		2,994,596	341,855	1,902,119	
Public Safety	4,003,950			310,217	6,998,546	
Highways and Streets	1,072,865			508,601	1,383,082	
Culture and Recreation	2,379,043			21,298	2,887,644	
Economic Development	274,914			833,933	312,680	4,025
Employer's Contribution to Retirement Fund				1,146,600	833,933	
Capital Outlay	742,610		204,421	20,710	2,114,341	
Debt Service Expenditures-						
Debt Issue Costs and Fees	22,794		50,278	100	100	
Principal Retirement	7,206		1,282	524,478	927,550	
Interest and Fixed Charges	10,063,646	0	3,250,577	269,273	515,486	
Total Expenditures	1,561,781	50,927	276,594	1,779,902	17,875,481	4,025
Excess of Revenues Over Expenditures						(4,025)
Other Financing Sources (Uses):						
Proceeds from Sale of Capital Assets	80,626		30,000		110,626	
Debt Proceeds			194,465	(655)	194,465	
Unrealized Depreciation of Investments						
Operating Transfers In	21,000	1,228,000			1,249,000	
Operating Transfers Out	(1,228,000)	(21,000)			(1,249,000)	
Total Other Financing Sources (Uses)	(1,126,374)	1,207,000	224,465	(655)	304,436	0
Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses						(4,025)
Fund Balance, Beginning of Year	435,407	1,257,927	501,059	1,779,247	4,211,373	
Fund Balance, End of Year	2,997,160	7,750,579	1,061,646	5,931,451	18,459,360	56,545
Fund Balance, End of Year	\$ 3,432,567	\$ 9,008,506	\$ 1,562,705	\$ 7,710,698	\$ 22,670,733	\$ 52,520

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2022

	PRIMARY GOVERNMENT					TOTAL GOVERNMENTAL FUNDS	COMPONENT UNIT
	CITY GENERAL CORPORATE	CITY PROPERTY REPLACEMENT	AMBULANCE	BUS DIST A	OTHER GOVERNMENTAL FUNDS		
Revenues:							
General Property Taxes	\$ 1,542,062		\$ 510,088		\$ 2,163,696	\$ 4,215,846	
Corporate Personal Property Replacement Taxes	375,990		52,654		98,268	526,912	
Intergovernmental	5,601,429		357,493	\$ 807,376	1,874,221	8,640,519	
Motor Fuel Taxes					412,171	412,171	
Charges for Services	2,384,612		1,717,718		27,748	4,130,078	
Licenses, Permits and Other Taxes	277,883				1,330	277,883	
Fines and Forfeitures	20,452					21,782	
Revenue from Use of Property	92,823				471,846	92,823	
Grants and Contributions	63,316			16,685	336,147	535,162	
Miscellaneous and Interest Income	439,233	\$ 93,871	27,923		336,147	913,859	
Total Revenues	<u>10,797,800</u>	<u>93,871</u>	<u>2,665,876</u>	<u>824,061</u>	<u>5,385,427</u>	<u>19,767,035</u>	<u>\$ 0</u>
Expenditures:							
Current-							
General Government	1,435,156				339,418	1,774,574	
Public Safety	3,641,775		2,632,058			6,273,833	
Highways and Streets	1,122,579				289,213	1,411,792	
Culture and Recreation	2,079,412				372,862	2,452,274	
Economic Development	207,116			14,598	92,514	314,228	1,000
Employer's Contribution to Retirement Fund	1,208,958			3,253,980	903,393	903,393	
Capital Outlay					593,996	5,056,934	
Debt Service Expenditures-							
Principal Retirement	72,421		49,027	320,000	566,035	1,007,483	
Interest and Fixed Charges	521		2,498	250,525	257,315	510,859	
Total Expenditures	<u>9,767,938</u>	<u>0</u>	<u>2,683,583</u>	<u>3,839,103</u>	<u>3,414,746</u>	<u>19,705,370</u>	<u>1,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,029,862</u>	<u>93,871</u>	<u>(17,707)</u>	<u>(3,015,042)</u>	<u>1,970,681</u>	<u>61,665</u>	<u>(1,000)</u>
Other Financing Sources (Uses):							
Proceeds from Sale of Capital Assets	4,855					4,855	
Unrealized Depreciation of Investments					(39,669)	(39,669)	
Operating Transfers In	461,905	1,024,000	97,000	370,615	15,000	1,968,520	
Operating Transfers Out	(1,409,615)	(392,000)			(88,905)	(1,890,520)	
Total Other Financing Sources (Uses)	<u>(942,855)</u>	<u>632,000</u>	<u>97,000</u>	<u>370,615</u>	<u>(113,574)</u>	<u>43,186</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>87,007</u>	<u>725,871</u>	<u>79,293</u>	<u>(2,644,427)</u>	<u>1,857,107</u>	<u>104,851</u>	<u>(1,000)</u>
Fund Balance, Beginning of Year	2,910,153	7,024,708	982,353	3,362,951	4,074,344	18,354,509	57,545
Fund Balance, End of Year	<u>\$ 2,997,160</u>	<u>\$ 7,750,579</u>	<u>\$ 1,061,646</u>	<u>\$ 718,524</u>	<u>\$ 5,931,451</u>	<u>\$ 18,459,360</u>	<u>\$ 56,545</u>

CITY OF HIGHLAND, ILLINOIS
RECONCILIATIONS OF THE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2023
WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2022

	2023	2022
Net change in fund balances - total governmental funds	\$ 4,211,373	\$ 104,851
Amounts reported for governmental activities in the statements of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlay exceeded depreciation expense.	(914,496)	2,071,667
Governmental funds report lease payments as expenditures while governmental activities report amortization expense on Right of Use Assets and interest expense on the lease liability to allocate those expenditures over the term of the lease. This is the amount by which the amortization and interest expense exceeds the lease payments in the current period.	(26,598)	-
In the governmental funds, debt premiums are amortized over the life of the debt and this amortization reduces the amount of interest expense recorded on the debt. This is the amount by which the amortization of debt premiums were over (under) debt premiums.	42,217	42,217
In the statement of activities, only the gain on the disposal of the capital assets is reported, whereas, in the governmental funds, the proceeds from the sale increase the financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed.	(7,012)	(97,480)
Proceeds from new notes payable and debt certificates payable are recorded as revenues in the governmental funds but increase liabilities in the statement of net position.	(194,465)	-
Some expenses, including accrued interest, OPEB, and compensated absences, reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	10,476	(32,337)
Governmental funds report defined benefit pension contributions as expenditures. However in the Statement of Activities, the cost of defined benefit pension benefits earned net of employee contributions is reported as pension expense.	(493,840)	1,224,269
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	927,550	1,007,483
Change in net position of governmental activities	\$ 3,555,205	\$ 4,320,670

CITY OF HIGHLAND, ILLINOIS
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
APRIL 30, 2023

	ASSETS				LIABILITIES		NET POSITION	
	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS			
ASSETS								
Current Assets:								
Cash and Investments	\$ 736,282	\$ 4,676,383	\$ 4,588,091	\$ 683,806	\$ 10,684,562			
Receivables:								
Accounts, Net	598,989	98,955	94,364	130,419	922,727			
Unbilled Receivable	979,731	234,563	193,234	156,987	1,564,515			
Other Receivable	2,354	13,151	14,447	1,923	31,875			
Prepaid Expenses	153,854	37,849	33,735		225,438			
Total Current Assets	2,471,210	5,060,901	4,923,871	973,135	13,429,117			
Restricted Assets:								
Cash and Investments	1,053,497		545,625		1,599,122			
Long-Term Assets:								
Capital Assets (Net of Accumulated Depreciation)	21,470,734	7,099,092	16,009,649		44,579,475			
Land	1,477,504	407,708	50,143		1,935,355			
Construction in Progress	256,995		61,924		318,919			
Total Long-Term Assets	23,205,233	7,506,800	16,121,716	0	46,833,749			
Total Assets	26,729,940	12,567,701	21,591,212	973,135	61,861,988			
DEFERRED OUTFLOWS OF RESOURCES								
Related to OPEB	93,858	38,238	20,857		152,953			
Related to Pensions - IMRF	2,033,285	752,329	452,310		3,237,924			
Total Deferred Outflows of Resources	2,127,143	790,567	473,167	0	3,390,877			
Total Assets and Deferred Outflows of Resources	\$ 28,857,083	\$ 13,358,268	\$ 22,064,379	\$ 973,135	\$ 65,252,865			
LIABILITIES								
Current Liabilities (Payable from Current Assets):								
Accounts Payable	\$ 722,235	\$ 102,221	\$ 259,092	\$ 57,249	\$ 1,140,797			
Accrued Interest Payable		3,019	6,635		9,654			
Current Portion Notes Payable			290,228		290,228			
Current Portion General Obligation Notes Payable		166,000			166,000			
Accrued Salaries and Benefits	47,605	20,429	12,271		80,305			
Premium on Revenue Bonds			7,656		7,656			
Total Current Liabilities (Payable from Current Assets)	769,840	291,669	575,882	57,249	1,694,640			
Current Liabilities (Payable from Restricted Assets):								
Customer Deposits	87,526				87,526			
Current Portion Revenue Bonds	790,000		145,000		935,000			
Accrued Interest on Revenue Bonds	55,044				55,044			
Total Current Liabilities (Payable from Restricted Assets)	932,570	0	145,000	0	1,077,570			
Long-Term Liabilities:								
Premium on Revenue Bonds			72,099		72,099			
Revenue Bonds (Net of Current Portion)	6,855,000		1,555,000		8,410,000			
Notes Payable (Net of Current Portion)			9,658,163		9,658,163			
General Obligation Notes Payable (Net of Current Portion)		821,000			821,000			
Compensated Absences	177,231	82,084	46,795		306,110			
Net Pension Liability	997,773	369,183	221,958		1,588,914			
Other Post Employment Benefits Payable	468,630	190,923	104,140		763,693			
Total Long-Term Liabilities	8,498,634	1,463,190	11,658,155	0	21,619,979			
Total Liabilities	10,201,044	1,754,859	12,379,037	57,249	24,392,189			
DEFERRED INFLOWS OF RESOURCES								
Related to OPEB	158,998	64,777	35,333		259,108			
Related to Pensions - IMRF	1,129,340	417,863	251,225		1,798,428			
Total Deferred Inflows of Resources	1,288,338	482,640	286,558	0	2,057,536			
NET POSITION								
Net Investment in Capital Assets, Net of Related Debt	15,560,233	6,519,800	4,473,325		26,553,358			
Restricted For Long Term Debt	1,053,497		545,625		1,599,122			
Unrestricted	753,971	4,600,969	4,379,834	915,886	10,650,660			
Total Net Position	17,367,701	11,120,769	9,398,784	915,886	38,803,140			
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 28,857,083	\$ 13,358,268	\$ 22,064,379	\$ 973,135	\$ 65,252,865			

CITY OF HIGHLAND, ILLINOIS
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
APRIL 30, 2022

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
ASSETS					
Current Assets:					
Cash and Investments	\$ 809,304	\$ 4,224,136	\$ 4,194,229	\$ 576,197	\$ 9,803,866
Receivables:					
Accounts, Net	491,108	89,857	88,565	109,656	779,186
Unbilled Receivable	1,020,636	230,269	202,888	155,520	1,609,313
Other Receivable	3,146	13,835	15,488	1,882	34,351
Prepaid Expenses	157,583	39,622	35,525		232,730
Total Current Assets	2,481,777	4,597,719	4,536,695	843,255	12,459,446
Restricted Assets:					
Cash and Investments	1,043,012		541,689		1,584,701
Long-Term Assets:					
Capital Assets (Net of Accumulated Depreciation)	22,084,019	7,514,615	14,251,421		43,850,055
Land	1,477,504	407,708	50,143		1,935,355
Construction in Progress	159,391		52,181		211,572
Net Pension Assets - IMRF	1,167,791	599,051	96,070		1,862,912
Total Long-Term Assets	24,888,705	8,521,374	14,449,815	0	47,859,894
Total Assets	28,413,494	13,119,093	19,528,199	843,255	61,904,041
DEFERRED OUTFLOWS OF RESOURCES					
Related to OPEB	102,221	37,481	23,851		163,553
Related to Pensions - IMRF	532,907	274,815	25,143		832,865
Total Deferred Outflows of Resources	635,128	312,296	48,994	0	996,418
Total Assets and Deferred Outflows of Resources	\$ 29,048,622	\$ 13,431,389	\$ 19,577,193	\$ 843,255	\$ 62,900,459
LIABILITIES					
Current Liabilities (Payable from Current Assets):					
Accounts Payable	\$ 759,687	\$ 33,606	\$ 36,079	\$ 151,311	\$ 980,683
Accrued Interest Payable		3,508	3,067		6,575
Current Portion Note Payable			206,153		206,153
Current Portion General Obligation Note Payable	45,746	160,000	11,814		160,000
Accrued Salaries and Benefits		18,831			76,391
Premium on Revenue Bonds			7,656		7,656
Total Current Liabilities (Payable from Current Assets)	805,433	215,945	264,769	151,311	1,437,458
Current Liabilities (Payable from Restricted Assets)					
Customer Deposits	86,842				86,842
Current Portion Revenue Bonds	770,000		140,000		910,000
Accrued Interest on Revenue Bonds	60,588				60,588
Total Current Liabilities (Payable from Restricted Assets)	917,430	0	140,000	0	1,057,430
Long-Term Liabilities:					
Premium on Revenue Bonds			79,755		79,755
Revenue Bonds (Net of Current Portion)	7,645,000		1,700,000		9,345,000
Note Payable (Net of Current Portion)			8,449,823		8,449,823
General Obligation Note Payable (Net of Current Portion)	189,879	987,000	67,857		987,000
Compensated Absences	482,194	176,804	112,512		344,617
Other Post Employment Benefits Payable	8,317,073	1,250,685	10,409,947	0	771,510
Total Long-Term Liabilities	10,039,936	1,466,630	10,814,716	151,311	19,977,705
Total Liabilities					22,472,593
Related to OPEB	141,968	52,055	33,126		227,149
Related to Pensions - IMRF	1,623,605	832,874	133,569		2,590,048
Total Deferred Inflows of Resources	1,765,573	884,929	166,695	0	2,817,197
NET POSITION					
Net Investment in Capital Assets, Net of Related Debt	15,305,914	6,775,323	3,857,769		25,939,006
Restricted for Long Term Debt	1,043,012		541,689		1,584,701
Unrestricted	894,187	4,304,507	4,196,324	691,944	10,086,962
Total Net Position	17,243,113	11,079,830	8,595,782	691,944	37,610,669
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 29,048,622	\$ 13,431,389	\$ 19,577,193	\$ 843,255	\$ 62,900,459

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED APRIL 30, 2023

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
Operating Revenues:					
Charges for Services	\$ 17,535,656	\$ 2,833,681	\$ 2,463,857	\$ 2,061,275	\$ 24,894,469
Connection Fees	11,775	21,560	35,714		69,049
Total Operating Revenues	<u>17,547,431</u>	<u>2,855,241</u>	<u>2,499,571</u>	<u>2,061,275</u>	<u>24,963,518</u>
Operating Expenses:					
Personnel Services	2,721,388	1,162,657	663,070		4,547,115
Contractual Services	3,222,760	384,493	406,291	1,844,564	5,858,108
Purchase Power (Less Generating Capacity Credit)	9,502,401				9,502,401
Supplies and Materials	412,538	397,240	162,626	2,550	974,954
Utilities	113,652	161,040	142,287		416,979
Depreciation and Amortization	1,475,273	757,242	582,768		2,815,283
Total Operating Expenses	<u>17,448,012</u>	<u>2,862,672</u>	<u>1,957,042</u>	<u>1,847,114</u>	<u>24,114,840</u>
Operating Income (Loss)	<u>99,419</u>	<u>(7,431)</u>	<u>542,529</u>	<u>214,161</u>	<u>848,678</u>
Non-Operating Revenues (Expenses):					
Interest Income	19,804	31,377	33,018	4,397	88,596
Grant Revenue			336,916		336,916
Miscellaneous Revenues	121,885	57,149	18,532	5,384	202,950
Gain on Sale of Assets	60,000		25,000		85,000
Interest Expense	(176,220)	(40,156)	(152,743)		(369,119)
Service Charges	(300)		(250)		(550)
Total Non-Operating Revenues (Expenses)	<u>25,169</u>	<u>48,370</u>	<u>260,473</u>	<u>9,781</u>	<u>343,793</u>
Increase in Net Position	124,588	40,939	803,002	223,942	1,192,471
Total Net Position, Beginning of Year	<u>17,243,113</u>	<u>11,079,830</u>	<u>8,595,782</u>	<u>691,944</u>	<u>37,610,669</u>
Total Net Position, End of Year	<u>\$ 17,367,701</u>	<u>\$ 11,120,769</u>	<u>\$ 9,398,784</u>	<u>\$ 915,886</u>	<u>\$ 38,803,140</u>

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED APRIL 30, 2022

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
Operating Revenues:					
Charges for Services	\$ 17,762,433	\$ 2,752,718	\$ 2,424,890	\$ 1,908,079	\$ 24,848,120
Connection Fees	13,585	25,050	53,571		92,206
Total Operating Revenues	<u>17,776,018</u>	<u>2,777,768</u>	<u>2,478,461</u>	<u>1,908,079</u>	<u>24,940,326</u>
Operating Expenses:					
Personnel Services	1,980,547	867,717	513,623		3,361,887
Contractual Services	3,225,486	487,315	475,052	1,899,134	6,086,987
Purchase Power (Less Generating Capacity Credit)	9,664,398				9,664,398
Supplies and Materials	443,714	324,289	125,473	24,889	918,365
Utilities	115,140	158,734	142,242		416,116
Depreciation and Amortization	1,682,875	740,327	601,809		3,025,011
Total Operating Expenses	<u>17,112,160</u>	<u>2,578,382</u>	<u>1,858,199</u>	<u>1,924,023</u>	<u>23,472,764</u>
Operating Income (Loss)	<u>663,858</u>	<u>199,386</u>	<u>620,262</u>	<u>(15,944)</u>	<u>1,467,562</u>
Non-Operating Revenues (Expenses):					
Interest Income	11,165	64,077	69,359	6,789	151,390
Miscellaneous Revenues	90,465	42,659	8,000	1,468	142,592
Gain (Loss) on Sale of Assets	32,010		(3,835)		28,175
Interest Expense	(192,636)	(45,881)	(162,970)		(401,487)
Service Charges	(300)				(300)
Total Non-Operating Revenues (Expenses)	<u>(59,296)</u>	<u>60,855</u>	<u>(89,446)</u>	<u>8,257</u>	<u>(79,630)</u>
Income (Loss) Before Operating Transfers	604,562	260,241	530,816	(7,687)	1,387,932
Operating Transfers:					
Transfers Out	(61,245)	(9,622)	(7,133)		(78,000)
Total Operating Transfers	<u>(61,245)</u>	<u>(9,622)</u>	<u>(7,133)</u>	<u>0</u>	<u>(78,000)</u>
Increase (Decrease) in Net Position	543,317	250,619	523,683	(7,687)	1,309,932
Total Net Position, Beginning of Year	16,699,796	10,829,211	8,072,099	699,631	36,300,737
Total Net Position, End of Year	<u>\$ 17,243,113</u>	<u>\$ 11,079,830</u>	<u>\$ 8,595,782</u>	<u>\$ 691,944</u>	<u>\$ 37,610,669</u>

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED APRIL 30, 2023

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Customers	\$ 17,606,753	\$ 2,900,771	\$ 2,523,748	\$ 2,044,429	\$ 25,075,701
Cash Payments for Goods and Services	(13,289,103)	(874,158)	(496,097)	(1,941,176)	(16,600,534)
Cash Payments to Employees	(2,549,427)	(1,064,063)	(678,329)		(4,291,819)
Net Cash Provided by Operating Activities	1,768,223	962,550	1,349,322	103,253	4,183,348
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Interest Paid	(181,764)	(40,645)	(149,175)		(371,584)
Proceeds Received from Grants			336,916		336,916
Cash Paid for Capital Assets	(959,592)	(341,719)	(2,350,739)		(3,652,050)
Proceeds from Sale of Capital Assets	60,000		25,000		85,000
Proceeds from Loans			1,706,143		1,706,143
Repayments of Loans	(770,000)	(160,000)	(553,728)		(1,483,728)
Net Cash Used by Capital and Related Financing Activities	(1,851,356)	(542,364)	(985,583)	0	(3,379,303)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Receipts of Interest	20,596	32,061	34,059	4,356	91,072
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(62,537)	452,247	397,798	107,609	895,117
CASH AND INVESTMENTS, BEGINNING OF YEAR	1,852,316	4,224,136	4,735,918	576,197	11,388,567
CASH AND INVESTMENTS, END OF YEAR	\$ 1,789,779	\$ 4,676,383	\$ 5,133,716	\$ 683,806	\$ 12,283,684
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 99,419	\$ (7,431)	\$ 542,529	\$ 214,161	\$ 848,678
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation and Amortization Expense	1,475,273	757,242	582,768		2,815,283
Miscellaneous Revenues	121,885	57,149	18,532	5,384	202,950
Service Charges	(300)		(250)		(550)
Amortization of Bond Premium			(7,656)		(7,656)
Increase in Accounts Receivables	(107,881)	(9,098)	(5,799)	(20,763)	(143,541)
(Increase) Decrease in Unbilled Receivables	40,905	(4,294)	9,654	(1,467)	44,798
Decrease in Other Current Assets	3,729	1,773	1,790		7,292
Decrease in Net Pension Asset	1,167,791	599,051	96,070		1,862,912
(Increase) Decrease in Deferred Outflows Related to OPEB	8,363	(757)	2,994		10,600
Increase in Deferred Outflows Related to Pensions	(1,500,378)	(477,514)	(427,167)		(2,405,059)
Increase (Decrease) in Accounts Payable	(37,432)	68,615	223,013	(94,062)	160,114
Increase in Accrued Salaries and Benefits	1,859	1,598	457		3,914
Decrease in Compensated Absences	(12,648)	(4,797)	(21,062)		(38,507)
Increase in Customer Deposits	684				684
Increase (Decrease) in Other Post Employment Benefits	(13,564)	14,119	(8,372)		(7,817)
Increase in Net Pension Liability	997,773	369,183	221,958		1,588,914
Increase in Deferred Inflows Related to OPEB	17,030	12,722	2,207		31,959
Increase (Decrease) in Deferred Inflows Related to Pensions	(494,265)	(415,011)	117,656		(791,620)
Total Adjustments	1,668,804	969,981	806,793	(110,908)	3,334,670
Net Cash Provided (Used) by Operating Activities	\$ 1,768,223	\$ 962,550	\$ 1,349,322	\$ 103,253	\$ 4,183,348

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED APRIL 30, 2022

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Customers	\$ 18,045,897	\$ 2,838,469	\$ 2,497,908	\$ 1,882,399	\$ 25,264,673
Cash Payments for Goods and Services	(15,577,514)	(1,008,824)	(760,128)	(1,924,023)	(17,270,489)
Cash Payments to Employees	(2,403,810)	(1,036,664)	(640,372)		(4,080,846)
Net Cash Provided (Used) by Operating Activities	2,064,573	792,981	1,097,408	(41,624)	3,913,338
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Transfer from Other Funds	(61,245)	(9,622)	(7,133)		(78,000)
Net Cash Used by Non-Capital Financing Activities	(61,245)	(9,622)	(7,133)	0	(78,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Interest Paid	(198,072)	(46,352)	(165,918)		(410,342)
Cash Paid for Capital Assets	(537,445)	(694,757)	(72,850)		(1,305,052)
Proceeds from the Sale of Capital Assets	32,010				32,010
Proceeds from Loans			1,987,000		1,987,000
Cash Paid for Bond Premium			(15,924)		(15,924)
Proceeds from Bond Premium			91,878		91,878
Repayments of Loans	(755,000)	(154,000)	(2,540,079)		(3,449,079)
Net Cash Used by Capital and Related Financing Activities	(1,458,507)	(895,109)	(715,895)	0	(3,069,509)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Receipts of Interest	9,197	64,918	68,623	7,006	149,744
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	554,018	(46,832)	443,005	(34,618)	915,573
CASH AND INVESTMENTS, BEGINNING OF YEAR	1,298,298	4,270,968	4,292,913	610,815	10,472,994
CASH AND INVESTMENTS, END OF YEAR	\$ 1,852,316	\$ 4,224,136	\$ 4,735,918	\$ 576,197	\$ 11,388,567
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 663,858	\$ 199,386	\$ 620,262	\$ (15,944)	\$ 1,467,562
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation and Amortization Expense	1,682,875	740,327	601,809		3,025,011
Miscellaneous Revenues	90,465	42,659	8,000	1,468	142,592
Service Charges	(300)		0		(300)
Amortization of Bond Premium			(5,016)		(5,016)
(Increase) Decrease in Accounts Receivables	118,333	24,330	27,803	(6,867)	163,599
(Increase) Decrease in Unbilled Receivables	43,060	(7,658)	(17,570)	(27,938)	(10,106)
Decrease in Other Current Assets	18,021	1,370	1,214		20,605
Increase in Net Pension Asset	(937,907)	(514,868)	(24,739)		(1,477,514)
Decrease in Deferred Outflows Related to OPEB	15,161	5,559	3,538		24,258
(Increase) Decrease in Deferred Outflows Related to Pensions	163,769	(14,501)	166,512		315,780
(Increase) Decrease in Accounts Payable	(124,921)	(38,486)	(12,345)	7,657	(168,095)
Increase in Accrued Salaries and Benefits	1,405	1,409	552		3,366
Increase in Compensated Absences	27,583	2,814	3,206		33,603
Decrease in Customer Deposits	(3,555)				(3,555)
Decrease in Other Post Employment Benefits	(50,980)	(18,693)	(11,895)		(81,568)
Increase in Deferred Inflows Related to OPEB	60,968	22,355	14,226		97,549
Increase (Decrease) in Deferred Inflows Related to Pensions	296,738	346,978	(278,149)		365,567
Total Adjustments	1,400,715	593,595	477,146	(25,680)	2,445,776
Net Cash Provided (Used) by Operating Activities	\$ 2,064,573	\$ 792,981	\$ 1,097,408	\$ (41,624)	\$ 3,913,338

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF NET POSITION
FIDUCIARY FUND

	POLICEMEN'S PENSION TRUST FUND APRIL 30,	
<u>ASSETS</u>	2023	2022
Cash		\$ 397,239
Receivables:		
Property Taxes, Current Year Levy	\$ 658,039	657,387
Interest Receivable	10,533	48,105
Total Receivables	668,572	705,492
Investments:		
Illinois Statewide Pension Investment Fund	12,863,606	
Certificates of Deposit and Interest Bearing Accounts	900,928	221,659
Municipal Bonds		4,700,540
Mutual Funds		8,410,410
Total Investments	13,764,534	13,332,609
Total Assets	\$ 14,433,106	\$ 14,435,340
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable Property Taxes	\$ 658,039	\$ 657,387
<u>NET POSITION</u>		
Net Position Held in Trust for Pension Benefits and Other Purposes	13,775,067	13,777,953
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 14,433,106	\$ 14,435,340

The accompanying notes are an integral part of the financial statements.

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF CHANGES IN NET POSITION
FIDUCIARY FUND

	POLICEMEN'S PENSION TRUST FUND	
	YEARS ENDED APRIL 30,	
	2023	2022
Additions:		
General Property Taxes:		
Real Estate	\$ 655,001	\$ 727,384
Intergovernmental:		
Corporate Personal Property Replacement Tax	6,900	6,900
Miscellaneous:		
Interest and Dividend Income	97,813	255,554
Employee Contributions	160,641	155,928
Realized/Unrealized Gain (Loss) on Investments	54,403	(1,237,440)
Total Additions (Reductions)	974,758	(91,674)
Deductions:		
Benefit Payments	924,007	838,140
Administration	53,637	42,865
Total Deductions	977,644	881,005
Decrease in Net Position	(2,886)	(972,679)
Net Position, Beginning of Year	13,777,953	14,750,632
Net Position, End of Year	\$ 13,775,067	\$ 13,777,953

The accompanying notes are an integral part of the financial statements.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The City of Highland, Illinois, was incorporated April 4, 1884. The City is a non-home rule unit and operates under a managerial council form of government. Under this form of government, the City council is legislative, except that it is empowered to approve all expenses and liabilities, and the manager is the administrative and executive head of government.

The accounting policies of the City of Highland conform to generally accepted accounting principles as applicable to governments. The following is a summary of the significant policies:

(A) PRINCIPLES USED TO DETERMINE SCOPE OF ENTITY

The City's reporting entity includes the City's governing board and all related organizations for which the City exercises significant influence.

The City has developed criteria to determine whether outside agencies with activities which benefit the citizens of the City should be included within its financial reporting entity. The criteria includes, but is not limited to, whether the City exercises significant influence (which includes financial benefit or burden, appoints a voting majority, ability to significantly impose its will, and fiscal independence).

The City has determined that a component unit exists as of April 30, 2013. The Industrial Development Commission (IDC) was established by the City Council pursuant to the authority conferred by Section 11-74-4(8) of the Industrial Project Revenue Act (65 ILCS 5/11-74-4(8)) by Ordinance #2365 adopted and approved on July 6, 2009. The IDC meets monthly and makes recommendations about economic development decisions to the City Council. The IDC is a discretely presented component unit.

(B) BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The accounting policies of the City of Highland, Illinois, conform to accounting policies 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).

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which is segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The City's funds are grouped into three broad fund categories and six generic fund types for financial statement presentation purposes. Governmental funds include the general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise funds. The City also has one fiduciary custodial fund.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the City and the primary government, as a whole, excluding fiduciary activities such as employee pension plans. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

Net position should be reported as restricted when constraints placed on the net position's use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments, imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes results from special revenue funds and the restrictions on its net position use.

(ii) FUND FINANCIAL STATEMENTS

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The City reports the following major governmental funds:

General Fund - The government's primary operating fund. This fund is used to account for and report all financial resources not accounted for or reported in another fund.

Special Revenue - Ambulance - The fund that accounts for proceeds of specific revenue sources (other than those for major capital projects) that are restricted or committed to expenditure for the specified purposes of providing ambulance services.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Projects - City Property Replacement - This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities (other than those financed by proprietary funds and trust funds).

Capital Projects - Business District A - This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for economic development, including the acquisition or construction of capital facilities (other than those financed by proprietary funds and trust funds).

The City reports the following major proprietary funds:

Light and Power Fund - This fund operates the electrical distribution system and includes the fiber-optic system that provides high-speed internet, television, and telephone services to customers in Highland.

Water Fund - This fund operates the water distribution system.

Sewer Fund - This fund operates the sewer treatment plant, sewage pumping stations, and collection systems.

Solid Waste Fund - This fund operates the collection of solid waste pickup.

(iii) GOVERNMENTAL FUNDS

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. The length of time to define available is 60 days or less. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

(a) REVENUE RECOGNITION

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available. This concept includes investment earnings, fines and forfeitures, and state-levied locally shared taxes (including motor vehicle fees).

Property taxes and special assessments (in the debt service funds), though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax and special assessment receivables are recorded and offset with a deferred inflow of resources until they become available.

Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) EXPENDITURE RECOGNITION

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, is recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

(iv) PROPRIETARY FUNDS

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. They report charges for services and connection fees as operating revenues, and items such as interest income, grants, and other miscellaneous items as non-operating revenues. The economic resource focus determines costs as a means of maintaining capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds, and unbilled utility receivables are recorded at each year end.

(v) FIDUCIARY FUNDS

The City currently has one fiduciary fund. The Policemen's Pension Trust Fund is used to account for pension assets held by the City in a trustee capacity. This fund is accounted for and reported in a manner similar to proprietary funds since capital maintenance is critical.

(C) VACATION AND SICK LEAVE

Vacation leave is accrued for full time employees of the City at the rate of one average work week per year upon completion of the first year of continuous service. These employees are granted two average work weeks per year following completion of the second year of continuous service through the sixth year. For the seventh through the eleventh year, three average work weeks are earned per year. From the twelfth through the twentieth year, four average work weeks are earned per year and five average work weeks per year are earned following the twentieth year and thereafter.

Sick leave is accrued for full time City employees at a rate of 13 days a year. Most employees can accumulate up to 30 days of vested sick pay and an additional 60 days of non-vested sick pay. Employees in the Sergeants Union can accumulate up to 90 days of vested sick pay. Employees in the Patrol Officer Union can accumulate up to 45 days of vested sick pay and an additional 45 days of non-vested sick pay. Employees in the IOUE and IAFF Unions can accumulate up to 30 days of vested sick pay and an additional 60 days of non-vested sick pay. Employees in the IBEW Union can accumulate up to 90 days of vested sick pay and an additional 60 days of non-vested sick pay. Terminated employees are compensated for all vested sick days. The City does not accrue the additional non-vested sick days totaling \$692,144. However, for the accrued vacation and vested sick days, the City is liable in the approximate amount of \$654,692 for payments to qualified employees of the governmental activities and \$306,110 for payments to qualified employees of the business-type activities as of April 30, 2023.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(D) CASH AND INVESTMENTS

The City maintains an investment pool that is available for use by all funds, except those of certain special revenue and agency funds. The City maintains a separate accounting of each fund's balance in the pool. Additionally, the City participates in the Illinois Fund and Illinois Police Officers Pension Investment Fund. Investment income earned on pooled investments is distributed to the appropriate funds based on the average daily balance of the investments in each fund.

Investments are stated at fair value. Fair value for investments is determined by closing market prices at year-end as reported by the investment custodian.

All cash and investments of the proprietary funds are considered highly liquid, as these funds participate in the City's investment pool. Consequently, these are considered to be cash and cash equivalents for cash flow purposes.

Restricted cash on the financial statements represents cash for customer deposits, fiber bonds, sewer reserves, and TIF bonds.

(E) GOVERNMENTAL RECEIVABLES

Long-term receivables due to governmental funds are reported on the balance sheets, in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered "available spendable resources", since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become current receivables. The City has determined that an allowance for uncollectible receivables is not needed based on prior years' collections.

(F) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

(G) DEBT PREMIUMS, DISCOUNTS, AND ISSUANCE COSTS

On the government-wide statement of net position and the proprietary fund statement of net position, debt premiums and discounts are shown separately from debt payable, and debt issuance costs are recognized as an outflow of resources in the period incurred. In addition, unamortized debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method.

At the government fund reporting level, debt premiums and discounts are reported as inflows or outflows of resources in the period incurred.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(H) NET POSITION

Net position is calculated by taking assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The portion of net position that is titled “Invested in Capital Assets, Net of Related Debt” is capital assets less accumulated depreciation and outstanding debt related to the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on its use by City legislation or external restrictions by other governments, creditors, or grantors. The City’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

(I) DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period, and therefore, will not be recognized as an outflow of resources until that time. The government-wide statements report deferred outflows of resources related to the pension and OPEB plans. This deferred outflow represents the combination of changes in assumptions and the difference between projected and actual earnings on pension plan investments to be recognized in a future period.

In addition to liabilities, the statement of financial position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period, and therefore, will not be recognized as an inflow of resources (revenue) until that time. The government-wide statements report unavailable revenues from property taxes and amounts related to pension and OPEB plans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

(J) CAPITAL ASSETS AND DEPRECIATION

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in government-wide statements. Infrastructure such as streets, traffic signals and signs are capitalized in the government-wide statements. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated fixed assets are reported at their fair value as of the date received. The City maintains a capitalization threshold of \$15,000.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the general capital assets.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings - 20 to 50 years; improvements/infrastructure - 5 to 50 years; equipment - 3 to 25 years.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(K) GOVERNMENTAL FUND BALANCES

The City elected to implement GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the fiscal year ended April 30, 2012. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution. The City had no committed fund balances on April 30, 2023.

Assigned – Amounts that are constrained by an intent to be used for specific purposes but are neither restricted nor committed. The City Council has designated the City Manager and Finance Director the authority to make assignments.

Unassigned – All amounts not included in other spendable classifications.

For the classification of fund balance, the City requires restricted amounts to be spent first when both restricted and unrestricted fund balances are available unless there are legal documents or contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed fund balances, followed by assigned fund balances and then unassigned fund balances when more than one classification for unrestricted fund balances are available.

(L) COMPARATIVE DATA

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative notes to the financial statements have not been presented since their inclusion would make the notes to the financial statements unduly complex and difficult to read.

(M) FUTURE ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 96, *Subscription based Information Technology Arrangements (SBITAs)* will be effective for the City for the fiscal year ending April 30, 2024. SBITAs should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation. GASB Statement No. 96 established a single approach to accounting for and reporting SBITAs by state and local governments.

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2023

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(N) NEW ACCOUNTING PRONOUCEMENTS

Effective May 1, 2022, the City adopted the provisions of GASB Statement No. 87, *Leases*. Leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation. GASB Statement No. 87 established a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability, (2) an intangible asset representing the lessee’s right to use the leased asset, (3) report the amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (4) interest expense on the lease liability and (5) note disclosures about the lease. This statement provides exceptions for leases of assets held as investments, certain regulated leases, short-term leases and leases that transfer ownership of the underlying asset. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, nonlease components embedded in lease contracts (such as service agreements) and leases with related parties.

NOTE 1. CASH AND INVESTMENTS

Cash and investments as of April 30, 2023 including fiduciary funds, are classified in the accompanying financial statements as follows:

	Primary Government	Component Unit
Total Cash	\$ 16,546,101	\$ 52,520
Illinois Funds	9,157,201	
Total Investments	21,233,020	
Total	\$ 46,936,322	\$ 52,520

Cash includes \$1,000 of cash on-hand and \$16,545,101 of deposits with financial institutions for the primary government and \$52,520 deposited in a financial institution for the component unit.

The City may invest in any type of security allowed by Illinois Law (Public Funds Investment Act of the State of Illinois: 30 ILCS 235/1 et. Seq. as amended). The summary of the allowable instruments are: Passbook Savings Account; NOW, Super NOW, and Money Market Accounts; Commercial Paper – issuer must be a U.S. corporation with more than \$500,000,000 in assets, rating must be within 3 highest qualifications by 2 standard rating services, must mature within 180 days of purchase, and such purchase cannot exceed 10% of the corporation’s outstanding obligations, State treasurer’s investment pool; Money Market Mutual Funds – registered under the Investment Company Act of 1940, provided the portfolio is limited to bonds, notes, certificates, treasury bills, or other securities which are guaranteed by the federal government as to principal or interest; Repurchase Agreement – collateralized by full faith in credit U.S. Treasury securities; Certificates of deposit and time deposits, constituting direct obligations of any bank as defined by the Illinois Banking Act and only those insured by the FDIC, legally issuable by savings and loan associates incorporated under the laws of the State of Illinois or any other state or under the laws of the United States and only in those savings and loan associations insured by SAIF, bonds, notes, certificates of indebtedness, treasury bills or other securities which are guaranteed by the full faith and credit of the United States of America as to principal and interest, obligations of United States government agencies which are guaranteed by the full faith and credit of the United States government, short-term discount obligations of the Federal National Mortgage Association, insured account of credit unions whose principal office is in Illinois, various tax-exempt securities, and Illinois liquid assets.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

The City's Police Pension Fund is regulated by the state of Illinois. As of April 30, 2023, the Policemen's Pension Funds are no longer authorized to invest in securities individually, as all investments are now controlled through their respective pension investment funds, managed by the state of Illinois.

When permitted by law, the City will pool cash from several different funds that are accounted for in the City's annual financial report to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

The primary objectives, in priority order, of investment activity shall be safety, liquidity, and yield. Investments shall be made with judgment and care, under circumstances then prevailing, with persons of prudence, discretion, and intelligence who exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. City officials and employees shall disclose to the City any material financial interest in financial institutions that conduct business with the City, and they shall further disclose any large personal financial or investment positions that could be related to the performance of the City's portfolio. The City Treasurer, financial officers and others employed in a similar capacity shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of their entity.

Authority to manage the investment program is granted to the Director of Finance and derived from the following: 65 ILCS 5/3.1-35-50 and the City of Highland Code by Resolution No. 99-12-1304.

Third party safekeeping is required for all collateral and for all securities. Safekeeping will be documented by an approved written agreement. This may be in the form of a safekeeping agreement, trust agreement, escrow agreement, or custody agreement.

Any financial institution selected by the City shall provide normal banking services, including, but not limited to: checking accounts, wire transfers, purchase and sale of United States Treasury securities, and safekeeping services.

The City will not maintain funds in any financial institution that is not a member of the FDIC or SAIF system. In addition, the City will not maintain funds in any institution not willing to or capable of posting required collateral for funds in excess of FDIC or SAIF insurable limits.

Fees for banking services shall be mutually agreed to by an authorized representative of the depository bank and the Director of Finance in consultation with the City Manager and shall not be agreed to for any period exceeding three (3) years. Fees for services shall be substantiated by a monthly account analysis and shall be reimbursed by means of compensating balances.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

All financial institutions acting as a depository for the City must enter into a "Depository Agreement". All financial institutions and brokers/dealers who desire to become qualified bidders for investment transactions must supply the following upon request by the Director of Finance or an agent of the Director of Finance: audited financial statements, proof of National Association of Securities Dealers (NASD) certification, proof of state registration, completed broker/dealer questionnaire, and certification of having read the City's investment policy.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following table presents the fair value hierarchy for the balances of the investments of the City's Governmental Funds measured at fair value on a recurring basis as of April 30, 2023:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of Deposit - Negotiable	\$ 2,433,903			\$ 2,433,903
Mutual Funds	1,434,035			1,434,035
	<u>\$ 3,867,938</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,867,938</u>

There is no fair value hierarchy for the Policemen's Pension as the City's share of the state-ran pension funds are measured at net asset value and are not classified within the fair value hierarchy.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The assets measured at fair value for the Governmental Funds are valued at the closing price reported on the active market on which the individual securities are traded.

(A) INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, an investment with a longer maturity date will have a greater sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flow from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Information about the sensitivity of the fair values of the City's investments to market rate fluctuations is provided in the following table. As of April 30, 2023, the City, including fiduciary funds, had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Months)			
		12 Months or Less	13-36 Months	37-60 Months	> 60 Months
Illinois Police Officers' Pension Investment Fund	\$ 12,863,606	\$ 12,863,606			
Certificates of Deposit -Negotiable	2,433,903	1,312,759	\$ 1,121,144		
Certificates of Deposit -Non-Negotiable	3,931,742	1,654,319	1,345,985	\$ 931,438	
Short Term Cash Equivalent	569,734	569,734			
Mutual Funds	1,434,035	1,434,035			
Total	<u>\$ 21,233,020</u>	<u>\$ 17,834,453</u>	<u>\$ 2,467,129</u>	<u>\$ 931,438</u>	<u>\$ -</u>

(B) CREDIT RISK

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's state investment pool has earned Fitch's rating (AAAmmf). The Policemen's Pension did not hold any investments that were required to be measured for credit risk.

(C) CUSTODIAL CREDIT RISK

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. All deposits are carried at cost plus accrued interest.

The City's balance in the state investment pool is fully collateralized. The City maintains a separate investment account representing a proportionate share of the pool assets and respective collateral; therefore, no collateral is identified with each individual participant's account. As of April 30, 2023, the balance in the City's state investment pool was \$9,157,201.

The City's cash deposits, including the fiduciary fund, at April 30, 2023 consisted of the following:

<u>Depository Account</u>	<u>Primary Government Bank Balance</u>	<u>Component Unit Bank Balance</u>
Insured	\$ 15,473,794	\$ 52,520
Collateralized:		
Held by pledging bank's trust department in the City's name	16,852,238	
Total Deposits	<u>\$ 32,326,032</u>	<u>\$ 52,520</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

(D) CONCENTRATIONS OF CREDIT RISK

The City's investment policy limits the amount of funds deposited and/or invested in a financial institution. Deposits/investments shall not exceed 65% of a capital stock and surplus of such institution unless collateral security has been pledged, in which case the amount of such deposits and/or investments shall not exceed 75%.

There are no investments in any one financial institution or issuer that represent 5% or more of the total City investments.

NOTE 3. RISK MANAGEMENT

The City of Highland is exposed to risks of loss from normal items typically applicable to all municipalities. These include liability, worker's injury, property damage, and other risks that are too numerous to mention. To reduce the City's risk of loss from damages and claims, the City has purchased commercial insurance from the Illinois Municipal League, which provides insurance coverage for property and liability claims for over 600 Illinois municipalities. Settlement claims have not exceeded insurance coverage for each of the past three fiscal years.

NOTE 4. PROPERTY TAXES

The City's property tax is levied each year on all taxable real property located in the City on or before the last Tuesday in December. The 2022 levy was passed by the Council on December 20, 2022. Property taxes attach as an enforceable lien on property as of January 1, and are payable in four installments for 2023: July 6, September 6, October 6, and December 6. The County has not mailed tax bills as of April 30, 2023. The City receives significant distributions of tax receipts approximately one month after the bills are mailed by the County. In conjunction with NCGA Interpretation #3, revenue is accrued in the year of the levy to the extent that it is due to be paid by the taxpayer by April 30, 2023 and is expected to be collected soon enough after April 30, 2023 to be used to pay liabilities by June 30, 2023 (60 days or less) and has been budgeted for the current year.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 4. PROPERTY TAXES (CONTINUED)

The following are the tax rates applicable to the various levies per \$100 of assessed valuation:

	MAXIMUM						
	LEVY	2022	2021	2020	2019	2018	2017
General Government	.3330	0.3219	0.3269	0.3304	0.3249	0.3291	0.3298
Police Protection	.0750	0.0725	0.0737	0.0750	0.0732	0.0742	0.0743
Fire Protection	.0750	0.0725	0.0737	0.0750	0.0732	0.0742	0.0743
Playground & Rec	.0900	0.0870	0.0884	0.0900	0.0878	0.0890	0.0892
Band	.0400	0.0173	0.0188	0.0196	0.0202	0.0211	0.0250
Social Security		0.2163	0.2344	0.2105	0.2165	0.2317	0.2446
Retirement		0.1536	0.1664	0.2105	0.2165	0.2291	0.2446
Liability Insurance		0.1384	0.1407	0.1591	0.1637	0.1712	0.1783
Crossing Guards	.0200	0.0039	0.0043	0.0045	0.0046	0.0048	0.0055
Audit		0.0126	0.0118	0.0123	0.0101	0.0106	0.0087
Municipal Ambulance	.2500	0.2417	0.2454	0.2500	0.2439	0.2471	0.2476
Community Building	.0750	0.0725	0.0737	0.0750	0.0732	0.0742	0.0743
Police Pension		0.2846	0.3081	0.3565	0.3323	0.3342	0.3125
Library	.1500	0.1450	0.1473	0.1500	0.1464	0.1483	0.1486
Library Liability Ins.		0.0151	0.0165	0.0172	0.0182	0.0187	0.0191
Lease		0.0130	0.0141	0.0147	0.0152		
Public Comfort Station	.0333	0.0217	0.0169	0.0177	0.0182	0.0000	0.0109
TOTAL		<u>1.8896</u>	<u>1.9611</u>	<u>2.0680</u>	<u>2.0381</u>	<u>2.0575</u>	<u>2.0873</u>

The City has established two tax increment financing (TIF) districts to encourage development within the redevelopment project areas and to enhance the value of those properties. In connection with the agreements of the redevelopment project areas, the real estate taxes, which relate to the incremental increase in property values within the redevelopment project areas, are paid directly to the TIF districts for investing in redevelopment projects within the TIF districts.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 5. CAPITAL ASSETS

Summary of capital assets for governmental activities for the year ended April 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Not Being Depreciated:				
Land	\$ 8,467,862	\$ 405,692		\$ 8,873,554
Construction in Progress	357,935	453,509	\$ (187,131)	624,313
Subtotal	<u>8,825,797</u>	<u>859,201</u>	<u>(187,131)</u>	<u>9,497,867</u>
Other Capital Assets:				
Buildings and				
Improvements	19,619,941		(813,298)	18,806,643
Improvements	11,242,992	266,042	(438,000)	11,071,034
Equipment	7,010,957	873,734	(256,716)	7,627,975
Infrastructure	68,740,205	295,482		69,035,687
Subtotal	<u>106,614,095</u>	<u>1,435,258</u>	<u>(1,508,014)</u>	<u>106,541,339</u>
Accumulated Depreciation:				
Buildings and				
Improvements	8,006,842	433,318	(813,298)	7,626,862
Improvements	5,001,898	513,331	(65,700)	5,449,529
Equipment	5,693,914	386,308	(256,716)	5,823,506
Infrastructure	47,173,167	1,695,881		48,869,048
Subtotal	<u>65,875,821</u>	<u>3,028,838</u>	<u>(1,135,714)</u>	<u>67,768,945</u>
Net Other Capital Assets	<u>40,738,274</u>	<u>(1,593,580)</u>	<u>(372,300)</u>	<u>38,772,394</u>
Net Capital Assets	<u>\$ 49,564,071</u>	<u>\$ (734,379)</u>	<u>\$ (559,431)</u>	<u>\$ 48,270,261</u>

Depreciation was charged to functions as follows:

Governmental Activities:

General Government	\$ 173,740
Public Safety	537,510
Highways and Streets	1,791,256
Culture and Recreation	474,079
Economic Development	52,253
Total Governmental Activities Depreciation Expense	<u>\$ 3,028,838</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 5. CAPITAL ASSETS (CONTINUED)

Summary of capital assets for business-type activities for the year ended April 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Not Being Depreciated				
Land	\$ 1,935,355			\$ 1,935,355
Construction in Progress	211,572	\$ 427,762	\$ (320,415)	318,919
Subtotal	2,146,927	427,762	(320,415)	2,254,274
Other Capital Assets:				
Buildings	30,887,277	13,236		30,900,513
Lines	48,879,492	3,024,382		51,903,874
Equipment	13,667,647	308,112	(133,894)	13,841,865
Other Improvements	18,960,715	198,973		19,159,688
Interconnect	6,917,374			6,917,374
Subtotal	119,312,505	3,544,703	(133,894)	122,723,314
Accumulated Depreciation:				
Buildings	18,463,611	401,227		18,864,838
Lines	29,260,615	1,231,952		30,492,567
Equipment	12,912,509	251,064	(133,894)	13,029,679
Other Improvements	11,457,618	682,457		12,140,075
Interconnect	3,368,097	248,583		3,616,680
Subtotal	75,462,450	2,815,283	(133,894)	78,143,839
Net Other Capital Assets	43,850,055	729,420	0	44,579,475
Net Capital Assets	\$ 45,996,982	\$ 1,157,182	\$ (320,415)	\$ 46,833,749

Depreciation was charged to functions as follows:

Business-Type Activities:

Light and Power	\$ 1,475,273
Water	757,242
Sewer	582,768
	<u>\$ 2,815,283</u>

Right-to-use leased asset activity for the year ended April 30, 2023, was as follows:

	Balance May 1, 2022	Additions	Deletions	Balance April 30, 2023
Governmental Activities:				
Right-To-Use Leased				
Equipment	\$ -	\$ 396,738	\$ -	\$ 396,738
Accumulated Amortization:				
Right-To-Use Leased				
Equipment	\$ -	\$ 62,298	\$ -	\$ 62,298
Net Right-To-Use-Assets	\$ -	\$ 334,440	\$ -	\$ 334,440

Amortization expense charged to governmental activities was \$62,298 for the year ended April 30, 2023.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 6. LONG-TERM OBLIGATIONS

The following is a summary of transactions for long-term liabilities of the City for the year ended April 30, 2023:

	April 30, 2022	Additions	Reductions	April 30, 2023	Due Within One Year
Governmental Activities:					
Premium on Debt	\$ 600,783		\$ (42,217)	\$ 558,566	\$ 42,217
Direct Placement Bonds	2,235,000		(200,000)	2,035,000	205,000
Public Offering Bonds	2,113,622		(324,478)	1,789,144	306,261
GO Direct Borrowings Debt Certificates Payable	7,850,000		(330,000)	7,520,000	345,000
Direct Borrowings Notes Payable	50,278	\$ 194,465	(50,278)	194,465	36,828
Compensated Absences	688,066		(33,374)	654,692	
Net Pension Liability - IMRF	0	2,281,727		2,281,727	
Net Pension Liability - Police Pension	5,507,089	2,071,029		7,578,118	
Other Post Employment Benefits	1,526,945	442		1,527,387	
Accrued Interest	1,219,201	65,413	(129,399)	1,155,215	128,448
Long-Term Liabilities	<u>\$ 21,790,984</u>	<u>\$ 4,613,076</u>	<u>\$ (1,109,746)</u>	<u>\$ 25,294,314</u>	<u>\$ 1,063,754</u>
Business-Type Activities:					
Premium on Debt	\$ 87,411		\$ (7,656)	\$ 79,755	\$ 7,656
Public Offering Bonds	1,840,000		(140,000)	1,700,000	145,000
Direct Placement Bonds	8,415,000		(770,000)	7,645,000	790,000
GO Direct Borrowings Notes Payable	1,147,000		(160,000)	987,000	166,000
Direct Borrowings Notes Payable	8,655,976	\$ 1,706,143	(413,728)	9,948,391	290,228
Compensated Absences	344,617		(38,507)	306,110	
Net Pension Liability - IMRF	0	1,588,914		1,588,914	
Other Post Employment Benefits	771,510		(7,817)	763,693	
Accrued Interest	67,163	64,698	(67,163)	64,698	64,698
Long-Term Liabilities	<u>\$ 21,328,677</u>	<u>\$ 3,359,755</u>	<u>\$ (1,537,708)</u>	<u>\$ 23,083,561</u>	<u>\$ 1,463,582</u>

The General Obligation (GO) debt are shown separately in the above table

Default Provisions

The City's GO debt certificates from direct borrowings related to governmental activities of \$7,520,000 contain a provision that in the event of a default, the Seller or Certificate holder may pursue any available remedy by suit at law or equity to enforce the payment of all amounts due or to become due. The City's outstanding notes from direct borrowings related to governmental activities of \$194,465 contains a provision that in an event of default, the Lender can exercise one or more of the following: accelerate indebtedness, assemble collateral, sell the collateral, be placed as a mortgagee in possession, collect revenues and apply accounts, obtain deficiency for any remaining indebtedness, and other rights and remedies under the Uniform Commercial Code. This note is collateralized by a 2014 and 2016 Ford F450 Ambulance.

The City's direct placement bonds related to business-type activities of \$7,645,000 contain a provision that in the event of default, registered owners of at least 25% may accelerate indebtedness. In the event of default on the City's outstanding GO notes payable related to business-type activities of \$987,000, the Bank may take any relief as permitted by law including suit and any rights and remedies. The City's outstanding notes from direct borrowings related to business-type activities of \$9,948,391 has the following delinquent loan provisions. The City must contact the Agency in writing within 15 days of payment due date. The Agency will then confirm in writing the acceptability of the City's response or take appropriate action. If the City doesn't comply with the above, the Agency shall promptly issue a notice of delinquency which requires a written response within 15 days. Failure to take appropriate action will result in the Agency pursuing the collection of the amounts past due, the outstanding loan balance and the costs incurred.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 6. LONG-TERM OBLIGATIONS (CONTINUED)

The annual debt service requirements for long-term debt on April 30, 2023 were as follows:

YEAR ENDING APRIL 30	Governmental Activities				Business-Type Activities			
	Bonds		Notes from Direct Borrowings		Bonds		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 511,261	\$ 283,489	\$ 381,828	\$ 229,875	\$ 935,000	\$ 197,682	\$ 456,228	\$ 103,060
2025	496,337	299,313	392,770	215,062	950,000	177,718	672,650	151,300
2026	485,764	310,687	408,881	199,821	970,000	157,380	685,158	138,461
2027	468,627	323,523	424,950	183,952	995,000	136,618	698,752	125,316
2028	462,775	332,925	441,036	167,466	1,010,000	115,374	712,435	111,826
2029-2033	1,399,380	713,820	2,135,000	703,138	4,345,000	245,012	2,808,558	413,136
2034-2038			2,445,000	400,150	140,000	1,400	2,891,459	230,436
2039-2043			1,085,000	49,050			2,010,151	48,225
Total	<u>\$ 3,824,144</u>	<u>\$ 2,263,757</u>	<u>\$ 7,714,465</u>	<u>\$ 2,148,514</u>	<u>\$ 9,345,000</u>	<u>\$ 1,031,184</u>	<u>10,935,391</u>	<u>\$ 1,321,760</u>

There are a number of limitations and restrictions contained in the various bond indentures.
The City was in compliance with all significant limitations and restrictions.

Details of long-term obligations are as follows:

Public Offerings and Direct Placement Bonds

Governmental Activities:

2010 street alternate bonds are due in annual installments beginning January 2020 through January 2030. Beginning in fiscal year 2011, the bond starts compounding interest at 3.70% to 4.95%. Revenue bonds were issued for future improvements to the City's streets. Total interest due on remaining balance is \$1,960,857.

\$ 1,789,144

The 2012 revenue bonds were refinanced on August 24, 2020. The bonds are being repaid in semi-annual installments at interest rates ranging from 2% to 3% with a final maturity date of 1/1/2032. These bonds were originally issued to fund infrastructure improvements and reimburse certain development costs for the new hospital built in the City's Tif District #2.

Total interest due on the remaining balance is \$302,900.

2,035,000

Total Public Offerings and Direct Placement Bonds - Governmental Activities

\$ 3,824,144

Public Offerings and Direct Placement Bonds

Business-Type Activities:

The 2010 and 2012 Electric system revenue bonds were refinanced on October 16, 2019. The bonds are being repaid in semi-annual installments at 2.16% interest with a final maturity date of 1/1/2032. This debt was issued to raise funding for the City's Fiber to the Premises Project. Total interest due on the remaining balance is \$842,184.

\$ 7,645,000

2021 Sewerage system revenue bonds due in various semi-annual installments. These bonds have an interest rate of 2.00%. Revenue bonds were issued to secure a better interest rate for the City on existing bonds for improvements to the sewer system. The total principal amount of the bonds is \$1,987,000, of which \$43,859 is attributable to bond issue costs. The maturity date of the bonds is October 1, 2033. The total interest due on the remaining balance is \$189,000.

1,700,000

Total Public Offerings and Direct Placement Bonds - Business-Type Activities

\$ 9,345,000

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2023

NOTE 6. LONG-TERM OBLIGATIONS (CONTINUED)

Direct Borrowings GO Debt Certificates Payable and Notes Payable

Governmental Activities:

In 2020, the City borrowed funds from BOK Financial with financing assistance from Commerce Bank in order to complete public safety facility improvements. The total amount borrowed was \$8,475,000 and is being repaid in semi-annual installments with an interest rate ranging from 2.0%-4.0%. The maturity date of this borrowing is February 1, 2040 and the total interest due on the remaining balance is \$2,132,162. \$ 7,520,000

In 2022, the City purchased 2 Cardiac Monitors, a Re-chassis Ambulance and 4 computers with financing provided by First Collinsville Bank in Highland, Illinois. The total loan amount was \$194,465 and is being repaid in annual installments over a 5 year period at 2.75% interest. Total interest due on the remaining balance is \$16,352. 194,465

Total Direct Borrowings GO Debt Certificates Payable and Notes Payable - Governmental Activities \$ 7,714,465

Direct Borrowings GO Notes Payable and Notes Payable

Business-Type Activities:

In 2018, the City borrowed funds from the State Bank of Bern with financing assistance from Sterns Brothers in order to complete water main improvements in the City of Highland. The total loan amount was \$1,665,000 and is being repaid in various semi-annual installments at an interest rate of 3.670%. The maturity date of this loan is October 1, 2028 and total interest due on the remaining balance is \$111,898. \$ 987,000

In 2019, the City secured a low interest (1.38%) loan with the Illinois Environmental Protection Agency which will fund the rehabilitation of the Water Reclamation Facility. The total amount borrowed was \$9,240,944 with \$1,650,000 approved to be forgiven by the IEPA. The maturity of this loan is November 11, 2040 and is being repaid in semi-annual installments. Total interest due on the remaining balance is \$1,063,538. 8,242,247

In 2022, the City secured a low interest (.83%) loan with the Illinois Environmental Protection Agency which will fund the rehabilitation of the Sewer Trunk. The total amount borrowed was \$2,043,060 with \$336,916 approved to be forgiven by the IEPA. The maturity of this loan is November 22, 2042 and is being repaid in semi-annual installments. Total interest due on the remaining balance is \$146,324. 1,706,144

Total Direct Borrowings GO Notes Payable and Notes Payable - Business-Type Activities \$ 10,935,391

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2023

NOTE 7. LEASES

City as Lessee

In October 2019, the City signed a finance lease agreement to lease a Senior Center building. The lease term is 10 years with a balloon payment of \$138,000 due at signing and annual payments in the amount of \$30,000 beginning one year following the lease date. At April 30 2023, the City has recognized a lease liability of \$235,944. See Note 5 for information related to the right-to-use assets accounted for through these leases. During the fiscal year, the City recorded \$39,346 in amortization expense and \$7,206 in interest expense for this arrangement.

At April 30, 2023, the City recognized the following lease liability:

	<u>Payable</u>	<u>Increase</u>	<u>Decrease</u>	<u>Payable</u>	<u>Payable Within</u>
	<u>May 1, 2022</u>			<u>April 30, 2023</u>	<u>One Year</u>
Governmental Activities:					
Lease Liability	\$ 270,000		\$ 34,056	\$ 235,944	\$ 23,429

Remaining principal and interest payments on leases are as follows:

<u>Year Ending</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
April 30,			
2024	\$ 23,429	\$ 6,571	\$ 30,000
2025	24,082	5,918	30,000
2026	24,752	5,248	30,000
2027	25,442	4,558	30,000
2028-2031	138,239	11,761	150,000
	\$ 235,944	\$ 34,056	\$ 270,000

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 8. RETIREMENT FUND COMMITMENTS

(A) ILLINOIS MUNICIPAL RETIREMENT FUND – REGULAR AND SLEP EMPLOYEES

(i) PLAN DESCRIPTION

The City of Highland’s defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The City of Highland’s plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF’s pension benefits is provided in the “Benefits Provided” section of this note. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan’s fiduciary net position, and required supplementary information. This report is available for download at www.imrf.org.

(ii) BENEFITS PROVIDED

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff’s Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2023

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

(iii) EMPLOYEES COVERED BY BENEFIT TERMS

As of December 31, 2022, the following employees were covered by the benefit terms:

	REGULAR PLAN	SLEP PLAN
Retirees and Beneficiaries currently receiving benefits	97	0
Inactive Plan Members entitled to but not yet receiving benefits	67	1
Active Plan Members	99	1
Total	263	2

(iv) CONTRIBUTIONS

(a) REGULAR PLAN

As set by statute, the City’s Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City’s annual required contribution rate for calendar year 2022 was 8%. For the fiscal year ended April 30, 2023, the City contributed \$563,610 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. Contribution rates for disability and death benefits are set by the IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

(b) SLEP PLAN

As set by statute, the City’s Regular plan members are required to contribute 7.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City’s annual required contribution rate for calendar year 2022 was 12.43%. For the fiscal year ended April 30, 2023, the City contributed \$17,966 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. Contribution rates for disability and death benefits are set by the IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

(v) NET PENSION LIABILITY

The City of Highland’s net pension liability was measured as of December 31, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

(vi) ACTUARIAL ASSUMPTIONS

The following are the methods and assumptions used to determine total pension liability at December 31, 2022.

Actuarial Cost Method	Entry Age Normal	
Asset Valuation Method	Market Value of Assets	
Price Inflation	2.25%	
Salary Increases	2.85% to 13.75%	
Investment Rate of Return ¹ :	Regular	7.25%
	SLEP	7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.	
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.	

Other Information:

Notes There were no benefit changes during the year.

¹ *There were no changes in the investment rate of return since the December 31, 2021 valuation. There were no other changes to the methods and assumptions used to determine the Total Pension Liability.*

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2022 Illinois Municipal Retirement Fund annual actuarial valuation report.

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2023

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

The long-term expected rate of return on pension plan investments 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 as of December 31, 2022:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36%	6.50%
International Equity	18%	7.90%
Fixed Income	26%	4.90%
Real Estate	11%	6.20%
Alternative Investments	10%	6.25 - 9.90%
Cash Equivalents	1%	4.00%
Total	<u>100%</u>	

(vii) SINGLE DISCOUNT RATE

A Single Discount Rate of 7.25% for both the regular plan and the SLEP plan was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate 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. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on pension plan investments is 7.25%, the municipal bond rate is 4.05%, and the resulting single discount rate is 7.25%.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

(viii) CHANGES IN THE NET PENSION LIABILITY (ASSET)

(a) REGULAR PLAN

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance, December 31, 2021	\$ 41,073,507	\$ 45,770,444	\$ (4,696,937)
Changes for the year:			
Service Cost	654,737		654,737
Interest on the Total Pension Liability	2,925,008		2,925,008
Difference Between Expected and Actual Experience of the Total Pension Liability	41,523		41,523
Contributions - Employer		592,222	(592,222)
Contributions - Employees		333,125	(333,125)
Net Investment Income		(5,629,301)	5,629,301
Benefit Payments, Including Refunds of Employee Contributions	(2,111,874)	(2,111,874)	0
Other (Net Transfer)		(170,647)	170,647
Net Changes	<u>1,509,394</u>	<u>(6,986,475)</u>	<u>8,495,869</u>
Balance, December 31, 2022	<u>\$ 42,582,901</u>	<u>\$ 38,783,969</u>	<u>\$ 3,798,932</u>

(b) SLEP PLAN

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance, December 31, 2021	\$ 174,338	\$ 262,785	\$ (88,447)
Changes for the year:			
Service Cost	18,978		18,978
Contributions - Employer		15,052	(15,052)
Contributions - Employee		9,082	(9,082)
Interest on the Total Pension Liability	13,327		13,327
Difference Between Expected and Actual Experience of the Total Pension Liability	9,115		9,115
Net Investment Income		(141,603)	141,603
Other (Net Transfer)		(1,267)	1,267
Net Changes	<u>41,420</u>	<u>(118,736)</u>	<u>160,156</u>
Balance, December 31, 2022	<u>\$ 215,758</u>	<u>\$ 144,049</u>	<u>\$ 71,709</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

(ix) SENSITIVITY IN THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	REGULAR PLAN		SLEP PLAN	
	Discount Rate	Net Pension Liability (Asset)	Discount Rate	Net Pension Liability (Asset)
1% Decrease	6.25%	\$ 8,696,267	6.25%	\$ 100,569
Current Discount Rate	7.25%	3,798,932	7.25%	71,709
1% Increase	8.25%	(41,454)	8.25%	47,649

(x) PENSION BENEFIT, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended April 30, 2023, the City of Highland recognized pension expense of \$1,112,805 for the Regular plan and a pension expense of \$18,507 for the SLEP plan. At April 30, 2023, the City of Highland recognized deferred outflows and inflows of resources related to pensions from the following sources:

	Regular Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 433,617	\$ 129,129	\$ 304,488
Changes of Assumptions	22,372	137,025	(114,653)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	7,118,769	4,033,708	3,085,061
Pension Contributions Made Subsequent to the Measurement Date	166,794		166,794
Total Deferred Amounts Related to Pensions	\$ 7,741,552	\$ 4,299,862	\$ 3,441,690

	SLEP Plan		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 6,511		\$ 6,511
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	129,187	\$ 44,643	84,544
	\$ 135,698	\$ 44,643	\$ 91,055

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2023

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

Amounts realized as net deferred inflows and outflows of resources related to pensions will be realized in pension expense in future periods as follows:

Year Ending December 31,	Net Deferred Inflows of Resources Regular Plan	Net Deferred Inflows of Resources SLEP Plan
2023	\$ 38,981	\$ 13,069
2024	538,143	20,724
2025	1,080,026	24,965
2026	1,784,540	32,297
Total	\$ 3,441,690	\$ 91,055

(B) POLICE PENSION

(i) PLAN ADMINISTRATION

Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contributions level are governed by Illinois Compiled Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois Legislature. The City accounts for the plan as a pension trust fund. The City does not separately issue a financial report for the police pension plan.

The plan is governed by a five-member Board of Trustees. Two members of the board are appointed by the City, two are active members of the police department elected by the membership, and one is a retired member of the police department elected by the membership.

At April 30, 2022, the Police Pension Plan membership consisted of:

Inactive Plan Members and Beneficiaries Currently Receiving Benefits	14
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	3
Active Plan Members	19
Total	36

(ii) BENEFITS PROVIDED

The Plan provides retirement, disability, death, and termination benefits. The Police Pension Plan has two tiers. Police officers hired prior to January 1, 2011 are eligible for Tier 1. Police officers hired on or after January 1, 2011 are eligible for Tier 2.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

Under Tier 1, a police officer age 50 or more with 20 or more years of creditable service shall receive a pension of one-half of the salary attached to the rank held by the officer at the date of retirement. The pension shall be increased by 2.5% of such salary for each additional year of service over 20 years of service through 30 years of service, to a maximum of 75% of such salary. The minimum monthly benefit is \$1,000 per month. The monthly benefit 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% compounded annually thereafter. Those that retire prior to age 55 receive an increase of 1/12 of 3% for each full month from benefit commencement until age 55 is reached.

Under Tier 2, a police officer age 55 or more with 10 or more years of creditable service shall receive a pension of 2.5% per year of service times the average salary for the eight consecutive years prior to retirement times the number of years of service. The maximum benefit is 75% of average salary. An annual cost-of-living adjustment is calculated each January 1st. The increase is equal to 3% per year or one-half of the annual unadjusted percentage increase in the consumer price index-u for the 12 months ending with the September preceding each November 1st, whichever is less, of the original pension after the attainment of age 60 or first anniversary of pension state date, whichever is later.

Officers totally and permanently disabled as determined by the Board of Trustees are eligible to receive a disability benefit. Officers disabled in the performance of an act of duty are entitled to 65% of the salary attached to the rank held on the date of service and the monthly retirement pension that the member is entitled to receive if he or she retired immediately. If the disability occurs while the officer is not in performance of an act of duty, the officer is entitled to a disability benefit of 50% of the salary attached to the rank on the last day of service.

If an officer dies in the line of service, the named beneficiary is entitled to a death benefit equal to 100% of the officer's salary attached to the rank held by the officer on the last day of service. For a non-service death, the beneficiary would receive a maximum of 50% of the salary attached to the rank held by the officer on the last day of service, and the monthly retirement pension earned by the deceased officer at the time of death, regardless of whether death occurs before or after age 50. For non-service deaths with less than 10 years of service, a refund of member contributions is provided.

After termination of service, an officer with less than 10 years of service will receive a refund of their contributions. If the officer has 10 or more years of service, the officer will receive either a refund of their contributions, or the termination benefit, payable upon reaching age 60 provided contributions are not withdrawn. The termination benefit is 2.50% of the annual salary held in the year prior to termination times years of creditable service.

(iii) CONTRIBUTIONS

Plan members are required to contribute 9.91% of their base salary to the Police Pension Plan. The City is required to contribute the remaining amounts necessary to finance the plan as actuarially determined by an enrolled actuary.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

(iv) INVESTMENT POLICY

Pursuant to Chapter 40 ILCS 5/22B, the investments are held by the Police Officers' Pension Investment Fund ("IPOPIF"). IPOPIF is authorized to invest in all investments allowed by Illinois Compiled Statutes (ILCS). The IPOPIF shall not be subject to any of the limitations applicable to investments of pension fund assets currently held by the transferor pension funds under Sections 1-113.1 through 1-113.12 or Article 4 of the Illinois Pension Code.

For the year ended April 30, 2022, the annual money-weighted rate of return on plan investments, net of pension plan investment expense, was (6.83)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on plan investments 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 expenses 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 by the target asset allocation percentage and by adding expected inflation.

The following was the Board's adopted asset allocation policy and best estimate of geometric real rates of return as of April 30, 2022:

Asset Class	Target Allocation	10-year Forecast Return %
Growth	65%	
US Large	23%	6.07%
US Small	5%	5.59%
International Developed	18%	7.28%
International Developed Small	5%	7.93%
Emerging Markets	7%	7.42%
Private Equity	7%	11.40%
Income	14%	
Bank Loans	3%	3.51%
High Yield Corporate Credit	3%	4.89%
Emerging Market Debt	3%	6.93%
Emerging Market Debt Local	N/A	4.56%
Private Credit	5%	6.80%
Inflation Protection	11%	
US TIPS	3%	2.84%
REITs	0%	6.29%
Real Estate/Infrastructure	8%	6.29%
Value Add Real Estate	N/A	8.29%
Risk Mitigation	10%	
Cash	1%	0.98%
Short-Term Govt/Credit	3%	3.02%
US Treasury	3%	2.93%
Core Fixed Income	0%	3.44%
Core Plus Fixed Income	3%	3.68%
Total	100%	

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

(v) CHANGES IN THE NET PENSION LIABILITY

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	<u> </u>	<u> </u>	<u> </u>
Balance, April 30, 2021	\$ 20,257,722	\$ 14,750,633	\$ 5,507,089
Changes for the year:			
Service Cost	431,187		431,187
Interest on the Total Pension Liability	1,317,585		1,317,585
Difference Between Expected and Actual Experience of the Total Pension Liability	(115,329)		(115,329)
Changes of Assumptions	301,631		301,631
Contributions - Employer		734,284	(734,284)
Contributions - Employees		155,928	(155,928)
Net Investment Income		(1,008,126)	1,008,126
Benefit Payments, Including Refunds of Employee Contributions	(836,726)	(836,726)	0
Administrative Expenses		(18,041)	18,041
Net Changes	<u>1,098,348</u>	<u>(972,681)</u>	<u>2,071,029</u>
Balance, April 30, 2022	<u>\$ 21,356,070</u>	<u>\$ 13,777,952</u>	<u>\$ 7,578,118</u>

(vi) ACTUARIAL ASSUMPTIONS

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2022 using the following actuarial assumptions:

Inflation	2.50%
Salary Increase	Service-related table with rates grading from 10.0% to 2.5% at 30 years of service
Discount Rate	6.50%
Investment Rate Of Return	6.50%
Mortality	Healthy (pre-commencement): Pub-2010 Public Safety Employee Mortality Table without adjustment, with generational improvement scale MP-2021 applied from 2010. Healthy (post-commencement): Pub-2010 Public Safety Employee Mortality Table with 1.15 adjustment for males, with generational improvement scale MP-2021 applied from 2010. The Pub-2010 Public Safety Survivor Mortality Table with 1.15 adjustment for females, with generational improvement scale MP-2021 applied from 2010 is used for survivors. Disabled: Pub-2010 Public Safety Disabled Retiree Mortality Table with 1.08 adjustment for males, with generational improvement scale MP-2021 applied from 2010.

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2023

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

(vii) DISCOUNT RATE

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that sponsor contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Pension Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(viii) SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 6.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease	Current Discount Rate	1% Increase
	<u>5.50%</u>	<u>6.50%</u>	<u>7.50%</u>
Net Pension Liability	\$ 11,031,411	\$ 7,578,118	\$ 4,818,301

(ix) DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At April 30, 2023, the City of Highland recognized deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 104,991	\$ (919,545)
Changes of Assumptions	810,488	(119,380)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>1,943,379</u>	<u>(1,593,145)</u>
Total Deferred Amounts Related to Pensions	<u>\$ 2,858,858</u>	<u>\$ (2,632,070)</u>

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2023

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

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

Year Ending April 30,	Net Deferred Inflows of Resources
2023	\$ 215,655
2024	(48,355)
2025	(127,684)
2026	272,166
2027	(111,612)
Thereafter	26,618
Total	<u>\$ 226,788</u>

NOTE 9. INTERFUND ACTIVITY

Interfund balances exist on the governmental and proprietary fund financial statements and represents amounts loaned among the funds that are expected to be repaid within the next year. Interfund balances between governmental funds and interfund balances between proprietary funds have been eliminated in the government-wide statement of net position. Interfund balances at April 30, 2023, consisted of the following:

Due To	Due From	Amount
General Corporate	Other Governmental Funds	\$ 8,887
City Property Replacement Fund	General Corporate Fund	355,000
City Property Replacement Fund	Other Governmental Funds	265,000

Interfund transfers exist due to the allocation of general administrative expenses among the funds and to provide funding for the economic development fund. The transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Interfund transfers for the year ended April 30, 2023, consisted of the following:

		Transfer From:		
		General Corporate	City Property Replacement	Total
Transfer To:	General Corporate		\$ 21,000	\$ 21,000
	City Property Replacement	\$ 1,228,000		1,228,000
	Total	<u>\$ 1,228,000</u>	<u>\$ 21,000</u>	<u>\$ 1,249,000</u>

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2023

NOTE 10. OTHER POST EMPLOYMENT BENEFITS

The City of Highland’s Retiree Health Care Plan (Plan) is a single-employer defined benefit post-employment health care plan that covers eligible retired employees of the City. The City allows for retired employees to purchase medical, pharmacy, and dental insurance through the City’s single employer group plans. This constitutes an other post employment benefit (OPEB) provided to the employees. These benefits are governed by the City Council and can be amended through the City’s personnel manual and union contracts. For purposes of applying Paragraph 4 under Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the Plan does not meet the requirements for an OPEB plan administered through a trust and does not issue a stand-alone financial report.

(i) Employees Covered by Benefit Terms

At April 30, 2023, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	12
Inactive Plan Members Entitled to but not yet Receiving Benefits	0
Active Plan Members	116
	128

(ii) BENEFITS PROVIDED

Retirees and their spouses or surviving spouses are eligible to purchase medical, pharmacy and dental benefits at the City’s group rates. Although retirees pay 100% for dental and vision coverage, and the majority of the cost for medical coverage, the City in effect also subsidizes a portion of the insurance costs by allowing them to remain on the group plan. Eligible employees must be at least 55 years of age with 20 years of service or 60 years of age with 8 years of service for all departments other than the police. Police department retirees must be 50 years of age with 20 years of service or 60 years of age with 8 years of service. Retirees and their spouses may only receive these benefits until reaching the age of 65.

(iii) NET OPEB LIABILITY

The measurement period for the OPEB expense was May 1, 2022 to April 30, 2023. The reporting period is May 1, 2022 through April 30, 2023. The City’s Total OPEB Liability was measured as of April 30, 2023.

The components of the net OPEB liability of the plan at April 30, 2023, calculated in accordance with GASB Statement No. 75 were as follows:

Total OPEB Liability	\$ 2,291,080
Plan Fiduciary Net Position	0
Net OPEB Liability	\$ 2,291,080

Plan fiduciary net position as a percentage of the total OPEB liability is 0%.

See the schedule of changes in total OPEB liability and related ratios in the required supplementary information for additional information related to the funded status of the plan.

For the year ended April 30, 2023, the City will recognize OPEB expense of \$121,626.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

(iv) ACTUARIAL ASSUMPTIONS

The Total OPEB Liability was determined by an actuarial valuation as of April 30, 2023 using the following actuarial assumptions:

Price Inflation	2.50%
Annual Wage Increases	2.75%
Discount Rate	4.16%
Immediate Trend Rate	7.50%
Ultimate Trend Rate	4.50%

For healthy pre-retirement lives: Pub-2010, amount-weighted, below-median income, general, employee, male and female tables. For healthy post-retirement lives: Pub-2010, amount-weighted, below-median income, general, retiree, male (adjusted 106%) and female (adjusted 105%) tables. For disabled retirement lives: Pub-2010, amount-weighted, general, disabled retiree, male and female tables.

(v) DISCOUNT RATE

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 4.16%. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA/Aa by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

(vi) CHANGES IN TOTAL OPEB LIABILITY

	Increases and (Decreases) in Total OPEB Liability
Reporting Period Ending April 30, 2022	\$ 2,298,455
Changes for the Year:	
Service Cost	85,999
Interest	90,990
Changes of Assumptions	48,826
Differences Between Expected and Actual Experience	(215,005)
Benefit Payments	(18,185)
Net Changes	<u>(7,375)</u>
Reporting Period Ending April 30, 2023	<u>\$ 2,291,080</u>

Changes of assumptions reflect a change in the discount rate from 3.98% for the fiscal year ending April 30, 2022 to 4.16% for the fiscal year ending April 30, 2023.

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2023

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

(vii) SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the Total OPEB Liability of the City, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease 3.16%	Current Discount Rate 4.16%	1% Increase 5.16%
Total OPEB Liability	\$ 2,530,816	\$ 2,291,080	\$ 2,075,710

(viii) SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TREND RATES

The following presents the Total OPEB Liability of the City, as well as what the City's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease 3.50% - 6.50%	Healthcare Cost Trend Rates 4.50% - 7.50%	1% Increase 5.50% - 8.50%
Total OPEB Liability	\$ 2,007,762	\$ 2,291,080	\$ 2,629,433

(ix) DEFERRED OUTFLOWS OF RESOURCES RELATED TO OPEB

At April 30, 2023, the City of Highland recognized deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience		\$ 492,126
Changes in Assumptions	\$ 458,859	285,199
Total Deferred Amounts Related to OPEB	<u>\$ 458,859</u>	<u>\$ 777,325</u>

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2023

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Amounts realized as deferred inflows of resources related to OPEB will be realized in OPEB expense in future periods as follows:

	Net Deferred Inflows of Resources
2024 \$	(37,177)
2025	(37,177)
2026	(37,177)
2027	(37,177)
2028	(40,029)
Thereafter	(129,729)
Total \$	<u>(318,466)</u>

NOTE 11. TAX ABATEMENTS

The City enters into property tax abatement agreements with local businesses under the Illinois Tax Increment Allocation Redevelopment Act. Under this act, localities may grant property tax abatements for the purpose of rehabilitation of blighted or conservation areas. The abatements may be granted to any business located within the TIF District boundaries which incur qualified redevelopment costs. A typical agreement will reimburse a developer's qualified costs up to 100% of the annual property tax increment. For the fiscal year ended April 30, 2023, the City abated property taxes totaling \$18,278 under this program.

The City entered into sales tax rebate agreements with multiple businesses within the City's business district as an incentive for the businesses to complete improvements to their businesses. These businesses receive sales tax rebates of up to 100% of the 1% city sales tax increment, to be paid annually. For the fiscal year ended April 30, 2023, the City abated sales taxes totaling \$21,523 under these agreements.

The City entered into property tax abatement agreements with multiple businesses within the City's business district as an incentive for the businesses to complete improvements to the buildings within the district. These agreements reimburse the businesses up to 100% of the City's portion of the ad valorem tax increment generated on the increase in equalized assessed value for the improved property. For the fiscal year ended April 30, 2023, the City abated property taxes totaling \$18,886 under these agreements.

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2023

NOTE 12. LEGAL DEBT MARGIN

The legal debt margin for the City of Highland was \$11,199,397 for general obligation debts. The computation was as follows:

Assessed Valuation as of April 30, 2023	\$	231,215,544
Statutory Debt Limitation (8.625% of Assessed Valuation)	\$	19,942,341
Less: Debt Counting Against Limit		(8,742,944)
Legal Debt Margin	\$	11,199,397

The total debt counting against the legal debt margin for the City of Highland at April 30, 2023 was \$8,742,944.

NOTE 13. DEFICIT FUND BALANCES

The following individual nonmajor funds reported deficit fund balances on April 30, 2023:

Fund	Deficit Fund Balance	
Library Special Projects	\$	12,860
Library Endowment		58,470
Total Deficit Fund Balance	\$	71,330

NOTE 14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 19, 2024, which is the date the financial statements were available to be issued. Management concluded that the following were subsequent events:

In August of 2023, the City entered into a debt certificate agreement for the City Hall remodel and Spillway Project. The closing date was August 30, 2023 with principal to be repaid totaling \$2,035,000.

In December of 2023, the City entered into a loan agreement for the purchase of a fire truck. The closing date was December 5, 2023 with principal to be repaid totaling \$393,522.

The City held investments relating to the police pension fund totaling \$13,412,736 as of April 30, 2023. Due to market conditions, the investments in the police pension have decreased in value.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2023

NOTE 15. GOVERNMENTAL FUND BALANCES

As of April 30, 2023, governmental fund balances are classified as follows:

	General Corporate Fund	City Property Replacement Fund	Ambulance Fund	Business District A	Other Governmental Funds	Totals
Nonspendable:						
Prepaid Expenses	\$ 74,548		\$ 5,014		\$ 219,484	\$ 299,046
Total Nonspendable	<u>74,548</u>	<u>\$ 0</u>	<u>5,014</u>	<u>\$ 0</u>	<u>219,484</u>	<u>299,046</u>
Restricted for:						
Cemetery Operations and Maintenance					752,563	752,563
Economic Development				956,257	826,423	1,782,680
Fire Protection	77,519					77,519
Tourism and Conventions	8,192					8,192
Highways and Streets					1,791,257	1,791,257
IMRF					36,387	36,387
Debt Service					494,515	494,515
American Plan Rescue Act						0
Library Insurance					18,942	18,942
Municipal Band	28,127					28,127
Senior Community Center	29,987					29,987
Public Comfort Station	100,541					100,541
School Crossing Guard	17,795					17,795
Total Restricted	<u>262,161</u>	<u>0</u>	<u>0</u>	<u>956,257</u>	<u>3,920,087</u>	<u>5,138,505</u>
Assigned, Reported in:						
Special Revenue Funds			1,557,691		1,256,364	2,814,055
Debt Service Funds					2,386,093	2,386,093
Capital Projects Funds		9,008,506				9,008,506
Total Assigned	<u>0</u>	<u>9,008,506</u>	<u>1,557,691</u>	<u>0</u>	<u>3,642,457</u>	<u>14,208,654</u>
Unassigned	<u>3,095,858</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(71,330)</u>	<u>3,024,528</u>
TOTAL FUND BALANCES	<u><u>\$ 3,432,567</u></u>	<u><u>\$ 9,008,506</u></u>	<u><u>\$ 1,562,705</u></u>	<u><u>\$ 956,257</u></u>	<u><u>\$ 7,710,698</u></u>	<u><u>\$ 22,670,733</u></u>

The Business District A fund balance is restricted for economic development capital projects.

CITY OF HIGHLAND, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEARS ENDED APRIL 30, 2023 AND 2022

	GENERAL CORPORATE FUND					
	APRIL 30, 2023			APRIL 30, 2022		
	Budgeted Amounts	Final Budget	Actual Amounts Budgetary Basis	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis	Actual Amounts GAAP Basis
Revenues:						
General Property Taxes	\$ 1,597,178	\$ 1,597,178	\$ 1,578,840		\$ 1,578,840	\$ 1,542,062
Corporate Personal Property Taxes	222,442	387,817	423,868		423,868	375,990
Intergovernmental	5,267,341	5,443,874	5,808,151		5,808,151	5,601,429
Charges for Services	1,912,800	2,238,780	2,274,977		2,274,977	2,384,612
Licenses, Permits, and Other Taxes	285,000	279,230	248,515		248,515	277,883
Fines and Forfeitures	13,500	13,500	15,753		15,753	20,452
Revenue from Use of Property	87,200	87,200	105,507		105,507	92,823
Grants and Contributions			133,868		133,868	63,316
Miscellaneous and Interest Income	766,282	1,114,653	1,035,948		1,035,948	439,233
Total Revenues	10,151,743	11,162,232	11,625,427	\$ 0	11,625,427	10,797,800
Expenditures:						
General Government	1,473,915	1,529,238	1,519,558	40,706	1,560,264	1,435,156
Public Safety	3,806,718	3,918,486	4,029,858	(25,908)	4,003,950	3,641,775
Highways and Streets	1,107,410	1,157,460	1,080,440	(7,575)	1,072,865	1,122,579
Culture and Recreation	2,127,294	2,377,810	2,367,033	12,010	2,379,043	2,079,412
Economic Development	290,268	349,900	274,914		274,914	207,116
Capital Outlay	815,500	753,332	742,610		742,610	1,208,958
Principal Debt Retirement			22,794		22,794	72,421
Interest and Fixed Charges on Debt			7,206		7,206	521
Total Expenditures	9,621,105	10,086,226	10,044,413	19,233	10,063,646	9,767,938
Excess (Deficiency) of Revenues Over (Under) Expenditures	530,638	1,076,006	1,581,014	(19,233)	1,561,781	1,029,862
Other Financing Sources (Uses):						
Proceeds from Sale of Capital Assets			80,626		80,626	4,855
Operating Transfers In	251,203	251,203	21,000		21,000	461,905
Operating Transfers Out	(698,000)	(698,000)	(1,228,000)		(1,228,000)	(1,409,615)
Total Other Financing Uses	(446,797)	(446,797)	(1,126,374)	0	(1,126,374)	(942,855)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$ 83,841	\$ 629,209	\$ 454,640	\$ (19,233)	435,407	87,007
Fund Balance, Beginning of Year					2,997,160	2,910,153
Fund Balance, End of Year					\$ 3,432,567	\$ 2,997,160
The City budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis					\$ (11,931)	\$ (19,901)
The City budgets for expenditures to the extent anticipated to be paid in cash, rather than on the modified accrual basis					20,194	(63,629)
The City budgets for payroll to the extent anticipated to be paid in cash, rather than on the modified accrual basis					10,970	4,815
					\$ 19,233	\$ (78,715)

CITY OF HIGHLAND, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEARS ENDED APRIL 30, 2023 AND 2022

	AMBULANCE FUND					
	APRIL 30, 2023			APRIL 30, 2022		
	Budgeted Amounts	Final Budget	Actual Amounts Budgetary Basis	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis	Actual Amounts GAAP Basis
Revenues:						
General Property Taxes	\$ 523,602	\$ 523,602	\$ 521,704		\$ 521,704	\$ 510,088
Corporate Personal Property Replacement Taxes	27,515	55,360	59,724		59,724	52,654
Intergovernmental	373,451	373,451	373,449		373,449	357,493
Charges for Services	1,715,000	1,715,000	2,545,625		2,545,625	1,717,718
Miscellaneous and Interest Income	8,000	29,110	26,669		26,669	27,923
Total Revenues	<u>2,647,568</u>	<u>2,696,523</u>	<u>3,527,171</u>	<u>\$ 0</u>	<u>3,527,171</u>	<u>2,665,876</u>
Expenditures						
Public Safety	2,490,924	2,561,774	3,123,975	(129,379)	2,994,596	2,632,058
Capital Outlay	86,560	238,978	204,421		204,421	49,027
Principal Retirement			50,278		50,278	2,498
Interest and Fixed Charges			1,282		1,282	2,683,583
Total Expenditures	<u>2,577,484</u>	<u>2,800,752</u>	<u>3,379,956</u>	<u>(129,379)</u>	<u>3,250,577</u>	<u>2,683,583</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	70,084	(104,229)	147,215	129,379	276,594	(17,707)
Other Financing Sources (Uses):						
Proceeds from Sale of Capital Assets					30,000	
Note Payable Proceeds					194,465	
Operating Transfers In						97,000
Operating Transfers Out	(62,000)	(62,000)				
Total Other Financing Sources (Uses)	<u>(62,000)</u>	<u>(62,000)</u>			<u>224,465</u>	<u>97,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	\$ 8,084	\$ (166,229)	\$ 147,215	\$ 129,379	501,059	79,293
Fund Balance, Beginning of Year					1,061,646	982,353
Fund Balance, End of Year					<u>\$ 1,562,705</u>	<u>\$ 1,061,646</u>
(1) The City budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis					\$ (23,102)	\$ 9,925
The City budgets for expenditures to the extent anticipated to be paid in cash, rather than on the modified accrual basis					(104,100)	68,374
The City budgets for payroll to the extent anticipated to be paid in cash, rather than on the modified accrual basis					<u>(2,177)</u>	<u>7,051</u>
					<u>\$ (129,379)</u>	<u>\$ 85,350</u>

CITY OF HIGHLAND, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 NOTES TO SCHEDULE "1"
 APRIL 30, 2023

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

1. During the first quarter of the calendar year, the City Manager submits to the City Council a proposed budget for the year commencing May 1 of that year. Expenditures, interest, payroll, claims, and compensated absences are budgeted to the extent anticipated to be paid in cash.
2. Public hearings are conducted to obtain taxpayer comments.
3. On April 18, 2022, the budget ordinance was legally enacted. The budget ordinance was legally amended on December 19, 2022 and April 17, 2023.
4. The operating budget for the major governmental and special revenue funds is reflected in the financial statements.
5. The formal budget is adopted and used as a management control device during the year for the general fund, special revenue funds, capital project funds, debt service funds, enterprise funds and pension and nonexpendable trust funds. Budgetary control is at the total individual fund level and is alternatively achieved through bond indenture provisions for the debt service funds. This allows the City Manager and the finance department to transfer budgeted amounts within departments; however, any revisions that alter the total expenditures/expenses of any individual fund, by more than 10% must be approved by the City Council.
6. The City files with the county an annual budget ordinance which is the legally required document that levies a tax on the owners of property located in the City. The City budgets for expenditures to the extent anticipated to be paid in cash. All appropriations lapse at year end. The budget is the legal document that limits the spending capacity by fund of the City for its services and operations.

As of April 30, 2023, the City's expenses exceeded budget in the following fund. The amount does account for the change in accruals, debt proceeds, and the transfers to other funds or reserve accounts.

Ambulance	\$	579,204
Library Tax		34,804
Library Endowment		32,543
Library Special Projects		140
Children's Library		31,224
ARPA		447,386
Police Pension		47,944

CITY OF HIGHLAND, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
ILLINOIS MUNICIPAL RETIREMENT FUND - REGULAR PLAN
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Calendar Year Ending December 31,	2022	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY								
Service Cost	\$ 654,737	\$ 618,563	\$ 693,865	\$ 673,683	\$ 621,283	\$ 641,150	\$ 673,608	\$ 665,293
Interest on the Total Pension Liability	2,925,008	2,780,413	2,730,036	2,608,858	2,447,068	2,415,253	2,360,617	2,187,028
Difference Between Expected and Actual Experience of the Total Pension Liability	41,523	616,601	(32,395)	243,036	938,637	64,339	(818,131)	778,452
Changes of Assumptions	(2,111,874)	(1,966,620)	(1,963,513)	(1,764,985)	1,032,887	(1,086,422)	(81,602)	40,606
Benefit Payments, Including Refunds of Employee Contributions	1,509,394	2,048,957	734,052	1,760,592	3,386,078	487,733	733,209	2,441,083
Net Change in Total Pension Liability	41,073,507	39,024,550	38,290,498	36,529,096	33,143,828	32,656,095	31,922,886	29,481,803
Total Pension Liability - Beginning	\$ 42,582,901	\$ 41,073,507	\$ 39,024,550	\$ 38,290,498	\$ 36,529,096	\$ 33,143,828	\$ 32,656,095	\$ 31,922,886
Total Pension Liability - Ending (a)								
PLAN FIDUCIARY NET POSITION								
Contributions - Employer	\$ 592,222	\$ 758,702	\$ 780,493	\$ 585,077	\$ 701,482	\$ 729,699	\$ 699,617	\$ 732,050
Contributions - Employees	333,125	327,282	327,341	316,998	301,376	304,900	283,885	290,735
Net Investment Income	(5,629,301)	6,718,116	5,099,324	5,763,176	(1,696,987)	4,947,037	1,874,891	134,946
Benefit Payments, Including Refunds of Employee Contributions	(2,111,874)	(1,966,620)	(1,963,513)	(1,764,985)	(1,653,797)	(1,546,587)	(1,401,283)	(1,230,296)
Other (Net Transfer)	(170,647)	(77,889)	(157,854)	114,913	689,364	(465,726)	70,952	50,581
Net Change in Plan Fiduciary Net Position	(6,986,475)	5,759,591	4,085,791	5,015,179	(1,658,562)	3,969,323	1,528,062	(21,984)
Plan Fiduciary Net Position - Beginning	45,770,444	40,010,853	35,925,062	30,909,883	32,568,445	28,599,122	27,071,060	27,093,044
Plan Fiduciary Net Position - Ending (b)	\$ 38,783,969	\$ 45,770,444	\$ 40,010,853	\$ 35,925,062	\$ 30,909,883	\$ 32,568,445	\$ 28,599,122	\$ 27,071,060
Net Pension Liability (Asset) - Ending (a)-(b)	\$ 3,798,932	\$ (4,696,937)	\$ (986,303)	\$ 2,365,436	\$ 5,620,023	\$ 575,383	\$ 4,056,973	\$ 4,851,826
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.08%	111.44%	102.53%	93.82%	84.62%	98.26%	87.58%	84.80%
Covered Employee Payroll	\$ 7,402,786	\$ 7,272,940	\$ 7,267,173	\$ 6,948,660	\$ 6,611,522	\$ 6,599,116	\$ 6,308,543	\$ 6,460,770
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	51.32%	-64.58%	-13.57%	34.04%	85.00%	8.72%	64.31%	75.10%

NOTES TO SCHEDULE:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF HIGHLAND, ILLINOIS
MULTIYEAR SCHEDULE OF PENSION CONTRIBUTIONS - REGULAR PLAN
Last 10 Calendar Years

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 721,668	\$ 732,050	\$ (10,382)	\$ 6,460,770	11.33%
2016	699,617	699,617	0	6,308,543	11.09%
2017	724,583	729,699	(5,116)	6,599,116	11.06%
2018	701,482	701,482	0	6,611,522	10.61%
2019	585,077	585,077	0	6,948,660	8.42%
2020	780,494	780,493	1	7,267,173	10.74%
2021	742,567	758,702	(16,135)	7,272,940	10.43%
2022	592,223 *	592,222	1	7,402,786	8.00%

* Estimated based on contribution rate of 8.00% and covered valuation payroll of \$7,402,786.

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN
THE CALCULATION OF THE 2022 CONTRIBUTION RATE*

VALUATION DATE

Notes: Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

METHODS AND ASSUMPTIONS USED TO DETERMINE 2022 CONTRIBUTION RATES:

Actuarial Cost Method: Aggregate Entry Age Normal
 Amortization Method: Level Percentage of Payroll, Closed
 Remaining Amortization Period:
 Non-Taxing bodies: 10-year rolling period.
 Taxing bodies (Regular, SLEP and ECO groups): 21-year closed period
 Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
 SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 16 years for most employers (five employers were financed over 17 years; one employer was financed over 18 years; two employers were financed over 19 years; one employer was financed over 20 years; three employers were financed over 25 years; four employers were financed 26 years and one employer was financed over 27 years).
 Asset Valuation Method: 5-Year smoothed market; 20% corridor
 Wage Growth: 2.75%
 Price Inflation: 2.25%
 Salary Increases: 2.85% to 13.75% including inflation
 Investment Rate of Return: 7.25%
 Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
 Mortality: For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

OTHER INFORMATION

Notes: There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2020 actuarial valuation

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF HIGHLAND, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
ILLINOIS MUNICIPAL RETIREMENT FUND - SLEP
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Calendar Year Ending December 31,	2022	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY								
Service Cost	\$ 18,978	\$ 10,285	\$ 9,025	\$ 8,316	\$ 8,284	\$ 7,921	\$ 7,928	\$ 8,814
Interest on the Total Pension Liability	13,327	22,193	4,699	1,465	(7,608)	(4,684)	(8,011)	(20,631)
Difference between Expected and Actual Experience of the Total Pension Liability	9,115		3,652		3,568	1,603		
Changes of Assumptions						4,840	(83)	(11,817)
Net Change in Total Pension Liability	41,420	32,478	17,376	9,781	4,244	4,840		
Total Pension Liability - Beginning	174,338	141,860	124,484	114,703	110,459	105,619	105,702	117,519
Total Pension Liability - Ending (a)	\$ 215,758	\$ 174,338	\$ 141,860	\$ 124,484	\$ 114,703	\$ 110,459	\$ 105,619	\$ 105,702
PLAN FIDUCIARY NET POSITION								
Contributions - Employer	\$ 15,052	\$ 2,440					\$ 2,067	\$ 4,901
Contributions - Employee	9,082	1,212						
Net Investment Income	(141,603)	57,934	\$ 39,492	\$ 46,666	\$ (65,794)	\$ 44,062	6,414	632
Other (Net Transfer)	(1,267)	(1,124)	542	(213)	334	(297)	7,157	(7,633)
Net Change in Plan Fiduciary Net Position	(118,736)	60,462	40,034	46,453	(65,460)	43,765	15,638	(2,100)
Plan Fiduciary Net Position - Beginning	262,785	202,323	162,289	115,836	181,296	137,531	121,893	123,993
Plan Fiduciary Net Position - Ending (b)	\$ 144,049	\$ 262,785	\$ 202,323	\$ 162,289	\$ 115,836	\$ 181,296	\$ 137,531	\$ 121,893
Net Pension Liability (Asset) - Ending (a)-(b)	\$ 71,709	\$ (88,447)	\$ (60,463)	\$ (37,805)	\$ (1,133)	\$ (70,837)	\$ (31,912)	\$ (16,191)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.76%	150.73%	142.62%	130.37%	100.99%	164.13%	130.21%	115.32%
Covered Employee Payroll	\$ 121,088	\$ 16,156	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	59.22%	-547.46%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

NOTES TO SCHEDULE:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF HIGHLAND, ILLINOIS
MULTIYEAR SCHEDULE OF PENSION CONTRIBUTIONS - SLEP
Last 10 Calendar Years

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 0	\$ 4,901	\$ (4,901)	\$ 0	0.00%
2016	0	2,067	(2,067)	0	0.00%
2017	0	0	0	0	0.00%
2018	0	0	0	0	0.00%
2019	0	0	0	0	0.00%
2020	0	0	0	0	0.00%
2021	2,278	2,440	(162)	16,156	15.10%
2022	15,051 *	15,052	(1)	121,088	12.43%

* Estimated based on contribution rate of 12.43% and covered valuation payroll of \$121,088.

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN
THE CALCULATION OF THE 2022 CONTRIBUTION RATE*

VALUATION DATE

Notes: Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

METHODS AND ASSUMPTIONS USED TO DETERMINE 2022 CONTRIBUTION RATES:

Actuarial Cost Method: Aggregate Entry Age Normal
 Amortization Method: Level Percentage of Payroll, Closed
 Remaining Amortization Period: Non-Taxing bodies: 10-year rolling period.
 Taxing bodies (Regular, SLEP and ECO groups): 21-year closed period
 Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
 SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 16 years for most employers (five employers were financed over 17 years; one employer was financed over 18 years; two employers were financed over 19 years; one employer was financed over 20 years; three employers were financed over 25 years; four employers were financed over 26 years and one employer was financed over 27 years).
 Asset Valuation Method: 5-Year smoothed market; 20% corridor
 Wage Growth: 2.75%
 Price Inflation: 2.25%
 Salary Increases: 2.85% to 13.75% including inflation
 Investment Rate of Return: 7.25%
 Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
 Mortality: For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.

OTHER INFORMATION

Notes: There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2020 actuarial valuation

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF HIGHLAND, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
POLICE PENSION

MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Fiscal Year Ended April 30,	2022	2021	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY								
Service Cost	\$ 431,187	\$ 438,833	\$ 421,128	\$ 434,862	\$ 393,913	\$ 387,630	\$ 393,643	\$ 393,643
Interest on the Total Pension Liability	1,317,585	1,324,606	1,272,202	1,211,789	1,098,989	1,044,467	1,045,672	848,335
Benefit Changes	(115,329)	(881,673)	50,128	159,034	58,476	(112,104)	(824,401)	130,394
Difference Between Expected and Actual Experience of the Total Pension Liability	301,631	(85,909)	(13,517)	(61,622)	879,770	153,120	1,942,512	1,942,512
Assumption Changes	(836,726)	(955,727)	(816,505)	(785,270)	(688,165)	(593,024)	(661,861)	(630,741)
Benefit Payments, Including Refunds of Employee Contributions	1,098,348	(159,870)	858,126	958,793	1,742,983	880,089	(46,947)	2,684,143
Net Change in Total Pension Liability	20,257,722	20,417,592	19,559,466	18,600,673	16,857,690	15,977,601	16,024,548	13,340,405
Total Pension Liability - Beginning	\$ 21,356,070	\$ 20,257,722	\$ 20,417,592	\$ 19,559,466	\$ 18,600,673	\$ 16,857,690	\$ 15,977,601	\$ 13,340,405
Total Pension Liability - Ending (a)								
PLAN FIDUCIARY NET POSITION								
Contributions - Employer	\$ 734,284	\$ 663,142	\$ 640,194	\$ 580,144	\$ 559,395	\$ 425,482	\$ 432,136	\$ 413,798
Contributions - Employees	155,928	186,271	160,993	159,751	145,573	150,130	158,168	143,460
Net Investment Income	(1,008,126)	3,397,098	(101,452)	582,650	518,280	695,462	(63,296)	557,433
Benefit Payments, Including Refunds of Employee Contributions	(836,726)	(955,727)	(816,505)	(785,270)	(688,165)	(593,024)	(661,861)	(630,741)
Administrative Expenses	(18,041)	(12,993)	(11,074)	(10,952)	(9,401)	(9,631)	(5,486)	(6,066)
Net Change in Plan Fiduciary Net Position	(972,681)	3,277,791	(127,844)	526,323	525,682	668,419	(140,339)	477,884
Plan Fiduciary Net Position - Beginning	14,750,633	11,472,842	11,600,686	11,074,363	10,548,681	9,880,262	10,020,601	9,542,717
Plan Fiduciary Net Position - Ending (b)	\$ 13,777,952	\$ 14,750,633	\$ 11,472,842	\$ 11,600,686	\$ 11,074,363	\$ 10,548,681	\$ 9,880,262	\$ 10,020,601
Net Pension Liability - Ending (a)/(b)	\$ 7,578,118	\$ 5,507,089	\$ 8,944,750	\$ 7,958,780	\$ 7,526,310	\$ 6,309,009	\$ 6,097,339	\$ 6,003,947
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.52%	72.81%	56.19%	59.31%	59.54%	62.57%	61.84%	62.53%
Covered Employee Payroll	\$ 1,627,872	\$ 1,721,290	\$ 1,627,308	\$ 1,580,264	\$ 1,582,463	\$ 1,544,154	\$ 1,506,282	\$ 1,372,110
Net Pension Liability as a Percentage of Covered Employee Payroll	465.52%	319.94%	549.67%	503.64%	475.61%	408.57%	404.79%	437.57%

NOTES TO SCHEDULE:

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF HIGHLAND, ILLINOIS
MULTIYEAR SCHEDULE OF PENSION CONTRIBUTIONS - POLICE PENSION
Last 10 Calendar Years

Calendar Year Ending April 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 412,622	\$ 413,798	\$ (1,176)	\$ 1,372,110	30.16%
2016	763,756	432,136	331,620	1,506,282	28.69%
2017	825,186	425,482	399,704	1,544,154	27.55%
2018	633,618	559,395	74,223	1,582,463	35.35%
2019	641,539	580,144	61,395	1,580,264	36.71%
2020	678,541	640,194	38,347	1,627,308	39.34%
2021	735,342	663,142	72,200	1,721,290	38.53%
2022	664,090	734,284	(70,194)	1,627,872	45.11%

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN
THE CALCULATION OF THE 2022 CONTRIBUTION RATE*

VALUATION DATE

Notes: Actuarially determined contribution rates are calculated as of May 1 of each year prior to the beginning of the year in which contributions are reported.

METHODS AND ASSUMPTIONS USED TO DETERMINE 2022 CONTRIBUTION RATES

Actuarial Cost Method: Entry Age Normal Cost Method
 Amortization Method: Closed level percentage of payroll amortization of 90% of the Unfunded Actuarial Accrued Liability using a 3.00% payroll growth assumption over the period ending on April 30, 2040 (19-year amortization in 2021)
 Asset Method: 5 year smoothing of asset gains and losses
 Salary Increases: Service-related table with rates grading from 10.5% to 3.0% at 30 years of service.
 Cost-of-living Increases: 3.0% (1.25% for those hired on or after 1/1/2011)
 Investment Rate of Return: 6.50%, net of investment expenses
 Retirement Rates:

Tier I		Tier II	
Age	Rate of Retirement	Age	Rate of Retirement
50-51	15%	50-54	5%
52-54	20%	55	40%
55-64	25%	56-64	25%
65-69	40%	65-69	40%
70+	100%	70+	100%

Mortality: Active Lives
 RP-2014 Mortality Table with blue collar adjustment, projected generationally using scale MP-2020 from 2013.
Disabled Lives
 115% of the healthy mortality table, projected generationally using improvement scale MP-2020 from 2013
 10% of deaths are assumed to be in the line of service.

OTHER INFORMATION

Notes: There were no benefit changes during the year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF HIGHLAND, ILLINOIS
SCHEDULE OF INVESTMENT RETURNS - POLICE PENSION
Last 10 Calendar Years

Fiscal Year Ended April 30,	2022	2021	2020	2019	2018	2017	2016	2015
Annual Money-Weighted Rate of Return Net of Investment Expense	-6.83%	29.77%	-0.88%	5.28%	4.91%	7.05%	1.72%	4.54%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF HIGHLAND, ILLINOIS
 REQUIRED SUPPLEMENTARY INFORMATION
 OTHER POST-EMPLOYMENT HEALTHCARE BENEFIT PROGRAM
 MULTIYEAR OPEB SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Fiscal Year Ending April 30,	2023	2022	2021	2020	2019
TOTAL OPEB LIABILITY					
Service Cost	\$ 85,999	\$ 110,819	\$ 86,310	\$ 105,806	\$ 94,216
Interest on the Total OPEB Liability	90,990	48,363	65,476	60,351	62,463
Difference Between Expected And Actual Experience	(215,005)	(86,906)	(349,988)		
Postemployment Benefit Changes			379,403		
Assumption Changes	48,826	(296,302)	576,080	(95,429)	70,351
Benefit Payments	(18,185)	(18,979)	(21,774)	(78,151)	(80,352)
Net Change in Total OPEB Liability	(7,375)	(243,005)	735,507	(7,423)	146,678
Total OPEB Liability - Beginning	2,298,455	2,541,460	1,805,953	1,813,376	1,666,698
Total OPEB Liability - Ending	<u>\$ 2,291,080</u>	<u>\$ 2,298,455</u>	<u>\$ 2,541,460</u>	<u>\$ 1,805,953</u>	<u>\$ 1,813,376</u>
PLAN FIDUCIARY NET POSITION					
Employer Contributions	\$ 18,185	\$ 18,979	\$ 21,774	\$ 78,151	\$ 80,352
Total Benefits Paid	(18,185)	(18,979)	(21,774)	(78,151)	(80,352)
Net Change in Plan Fiduciary Net Position	0	0	0	0	0
Total Plan Fiduciary Net Position - Beginning	0	0	0	0	0
Total Plan Fiduciary Net Position - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 8,979,433	\$ 9,515,440	\$ 8,229,287	\$ 7,725,231	\$ 7,157,460
Net OPEB Liability As A Percentage Of Covered Employee Payroll	25.51%	24.16%	30.88%	23.38%	25.34%

Notes to Schedule:

Changes of assumptions:

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

Fiscal Year Ending April 30, 2023:	4.16%
Fiscal Year Ending April 30, 2022:	3.98%
Fiscal Year Ending April 30, 2021:	1.83%
Fiscal Year Ending April 30, 2020:	2.85%
Fiscal Year Ending April 30, 2019:	3.21%
Fiscal Year Ending April 30, 2018:	3.63%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

CITY OF HIGHLAND, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT HEALTHCARE BENEFIT PROGRAM
MULTIYEAR SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS

Fiscal Year Ended April 30,	Actuarially Determined Contribution (a)	Historical Contribution (b)	Contribution Deficiency (Excess) (a) - (b)	Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b) / (c)
4/30/2019	\$ 80,352	\$ 80,352	-	\$ 7,157,460	1.12%
4/30/2020	78,151	78,151	-	7,725,231	1.01%
4/30/2021	21,774	21,774	-	8,229,287	0.26%
4/30/2022	18,979	18,979	-	9,515,440	0.20%
4/30/2023	18,185	18,185	-	8,979,433	0.20%

Notes to Schedule:

Beginning Fiscal Year Ending 2021, the ADC is calculated in accordance with the Employer's substantive 'pay-as-you-go' funding policy. Prior to Fiscal Year Ending 2021, the ADC is equal to the Annual Required Contribution (ARC) as calculated under GASB No. 45.

Italicized amounts are yet to be determined

Historical contributions prior to year-ended April 30, 2022, include implicit subsidy. Beginning year-ended April 30, 2023, historical contributions include only the explicit premium subsidy paid by the City.

CITY OF HIGHLAND, ILLINOIS
NOTES TO THE SCHEDULE OF CHANGES IN TOTAL OPEB
LIABILITY AND RELATED RATIOS

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE 2023 OPEB LIABILITY

Methods and Assumptions Used to Determine Contribution Rates:

Valuation and Measurement Date: May 1, 2022
 Actuarial Cost Method: Individual Entry Age Normal as a level percentage of payroll
 Discount Rate: 3.98% at valuation date.
 4.16% as of measurement period ending April 30, 2023
 Annual Wage Increases: 2.75%
 Price Inflation: 2.50%

Annual Healthcare Trend:

Years after Valuation	Gross Claims	Retiree Contributions
1	7.50%	5.00%
2	7.25%	5.00%
3	7.00%	5.00%
4	6.75%	5.00%
5	6.50%	5.00%
6	6.25%	5.00%
7	6.00%	5.00%
8	5.75%	5.00%
9	5.50%	5.00%
10	5.25%	5.00%
11	5.00%	5.00%
12	4.75%	5.00%
13+	4.50%	5.00%

Annual Per-Capita Claims Costs:

Age	Plan			Future Retirees
	Base	Buy-Up	H.S.A.	
40	\$ 7,427	\$ 7,269	\$ 6,005	\$ 6,953
45	8,821	8,634	7,132	8,258
50	10,476	10,254	8,470	9,808
55	12,443	12,179	10,060	11,649
60	14,778	14,464	11,948	13,835
64	16,958	16,598	13,711	15,876

Healthcare Reform: Per the *Setting Every Community Up for Retirement Engagement Act* ("SECURE"), signed into law on December 20, 2019, the excise tax on high-cost healthcare plans ("Cadillac" tax) has been repealed. As a result the liability for future excise taxes is zero.

Other legislative changes related to the Affordable Care Act were included in the valuation only to the extent they have already been implemented in the plan.

Participation: *Future Retirees* : 80% of future retirees are assumed to elect coverage at retirement. 40% of participating retirees are assumed to elect the Base plan, 30% the Buy-Up plan, and 30% the H.S.A. plan. It is assumed that no one will opt in or opt out of coverage once initial retirement election is made.

Current Retirees : Based on current coverage election. It is assumed that no one will opt in or opt out of coverage once initial retirement election is made.

Spousal Participation: *Future Retirees* : 50% of participating retirees are assumed to be married and cover their spouse.

Current Retirees : Based on current coverage election.

Spouse Age: Male spouses are assumed to be 3 years older, and female spouses are assumed to be 3 years younger. Actual age is used for spouses of current retirees, if provided.

Mortality Rate: *Healthy Pre-Retirement*: Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female tables

Healthy Post-Retirement: Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables.

Disabled Retirement: Pub-2010, Amount-Weighted, General, Disabled Retiree, Male and Female tables

Margin for mortality improvements: Scale MP-2021

CITY OF HIGHLAND, ILLINOIS
NOTES TO THE SCHEDULE OF CHANGES IN TOTAL OPEB
LIABILITY AND RELATED RATIOS

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE 2023 OPEB LIABILITY

Retirement:

Participants are assumed to retire in accordance with annual rates varying by age, gender, and group. The following table illustrates the assumed rate of such retirements per year:

Age	Police Tier 1		Police Tier 2		All Others		
	<32 YOS	32+ YOS	<32 YOS	32+ YOS	Age	Male	Female
50	30.00%	32.60%	0.00%	0.00%	55	33.00%	29.50%
51	30.00%	32.60%	0.00%	0.00%	56	26.50%	20.25%
52	27.00%	32.60%	0.00%	0.00%	57	18.50%	15.50%
53	22.00%	32.60%	0.00%	0.00%	58	22.50%	16.50%
54	26.50%	32.60%	0.00%	0.00%	59	22.00%	17.50%
55	25.00%	32.60%	60%	80%	60	13.00%	11.50%
56	24.50%	32.60%	18%	55%	61	12.50%	10.50%
57	27.00%	32.60%	23%	55%	62	21.50%	17.50%
58	27.50%	32.60%	33%	55%	63	20.00%	17.50%
59	28.50%	32.60%	13%	55%	64	18.00%	16.00%
60	21.00%	32.60%	8%	55%	65	26.00%	27.00%
61	24.00%	32.60%	8%	55%	66	32.00%	32.00%
62	28.00%	32.60%	23%	55%	67	26.00%	28.50%
63	22.50%	32.60%	18%	55%	68	23.00%	23.00%
64	24.50%	32.60%	18%	55%	69	22.50%	25.00%
65	21.00%	32.60%	23%	55%	70	26.00%	25.50%
66	23.00%	32.60%	23%	55%	71	24.00%	23.00%
67	28.00%	32.60%	23%	55%	72	17.50%	22.50%
68	36.50%	32.60%	23%	55%	73	22.00%	21.00%
69	29.50%	32.60%	23%	55%	74	20.00%	22.50%
70+	100%	100%	100%	100%	75-79	23.00%	24.00%
					80+	100%	100%

Disability:

Participants are assumed to become disabled in accordance with annual rates varying by age, gender, and group. The following table illustrates a sample of the assumed rate of such disablements per year:

Age	Police		All Others	
	Male	Female	Male	Female
20	0.00%	0.01%	0.00%	0.00%
25	0.01%	0.01%	0.00%	0.00%
30	0.01%	0.02%	0.00%	0.00%
35	0.01%	0.03%	0.01%	0.00%
40	0.02%	0.05%	0.01%	0.01%
45	0.03%	0.07%	0.02%	0.01%
50	0.04%	0.10%	0.03%	0.01%
55	0.06%	0.14%	0.05%	0.02%
60	0.05%	0.13%	0.06%	0.03%
65	0.04%	0.08%	0.06%	0.04%
70	0.02%	0.05%	0.05%	0.03%
75	0.01%	0.01%	0.04%	0.02%
80	0.00%	0.00%	0.03%	0.02%

Termination:

Participants are assumed to terminate employment for reasons other than death, disability, or retirement in accordance with annual rates varying by age, service, gender, and group. The following table illustrates a sample of the assumed rate of such terminations per year:

Age	Service	Police	All Others	
			Male	Female
All	0	18.3%	24.8%	27.7%
	1	11.0%	19.8%	22.0%
	2	8.0%	15.3%	17.8%
	3	8.0%	13.3%	14.5%
	4	6.5%	10.7%	12.0%
	5	5.7%	8.8%	10.5%
	6	4.1%	7.7%	9.2%
	7	N/A	7.7%	8.8%
30		3.7%	4.8%	7.7%
35		2.5%	3.8%	5.9%
40	8+	1.6%	3.0%	4.6%
45		1.5%	2.5%	3.8%
50		1.5%	2.1%	3.2%

CITY OF HIGHLAND, ILLINOIS
FOR THE YEAR ENDED APRIL 30, 2023

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Federal Grantor/Program Title</u>	<u>ALN</u>	<u>Pass-through Grantor</u>	<u>Federal Expenditures</u>
Environmental Protection Agency (EPA):			
Capitalization Grants for Clean Water State Revolving Funds	66,458	Illinois EPA	\$ 1,723,924
Other Programs			
Department of the Treasury:		Illinois Department of Commerce & Economic Opportunity	
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21,027		447,385
National Endowment for the Humanities:			
Grants to States	45,310	Illinois State Library	25,000
Total Expenditures of Federal Awards			<u>2,196,309</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Highland, Illinois, for the year ended April 30, 2023, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Federal awards passed through other governmental agencies are included on the Schedule.

NOTE B – SUBRECIPIENTS

The City did not pass through any federal funds to subrecipients during the year ended April 30, 2023.

NOTE C – NONMONETARY ASSISTANCE

The City did not receive any nonmonetary assistance from federal programs during the year ended April 30, 2023.

NOTE D – FEDERAL INSURANCE

The City had no federal insurance as it relates to federal programs in effect for the year ended April 30, 2023.

NOTE E – DE MINIMIS COST RATE

The City has not elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs.

CITY OF HIGHLAND, ILLINOIS
FOR THE YEAR ENDED APRIL 30, 2023

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditor's Results:

Financial Statements

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Highland, Illinois.
2. Significant deficiencies were reported during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the City of Highland, Illinois were disclosed during the audit.

Federal Awards

1. No significant deficiencies or material weaknesses in internal control over major federal programs were reported.
2. The auditor's report on compliance for the major federal award program for the City of Highland, Illinois expresses an unmodified opinion.
3. No audit findings were identified that are required to be reported in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The Capitalization Grants for Clean Water State Revolving Funds, CFDA No. 66.458, was tested as a major program.

The threshold for distinguishing between Types A and B programs was \$750,000.

The City of Highland, IL does not qualify as a low-risk auditee.

FINDINGS – FINANCIAL STATEMENTS AUDIT

Significant Deficiencies:

2023-1:

Condition: The City does not have anyone on staff that is adequately trained or possesses the necessary knowledge that enables the preparation of the City's financial statements, schedule of expenditures of federal awards, and the related disclosures in accordance with Generally Accepted Accounting Principles.

Criteria: Generally accepted accounting principles determine proper presentation of your assets, liabilities, revenues, and expenses and the related disclosures. This is deemed necessary so that misstatements will not occur in the financial statements.

Cause: The City of Highland does not have personnel who are adequately trained to ensure the annual financial statements and schedule of expenditures of federal awards are prepared in accordance with generally accepted accounting principles.

CITY OF HIGHLAND, ILLINOIS
FOR THE YEAR ENDED APRIL 30, 2023

Significant Deficiencies (Continued):

2023-1 (Continued):

Effect: The possibility exists that the financial statements are not properly prepared to accurately report financial activity and the possibility that the schedule of expenditures of federal awards is not accurate or complete.

Recommendation: Management should consider the costs and benefits of hiring additional expertise or training accounting staff to ensure the financial statements, schedule of expenditures of federal awards, and related disclosures are prepared in accordance with generally accepted accounting principles.

Response: Management has considered the recommendation but feels it does not have the necessary resources to expend funds to address this finding. Management will continue to rely on the assistance of the auditor in the preparation of the financial statements, schedule of federal awards, and related disclosures in accordance with generally accepted accounting principles. Management will continue to oversee and approve the financial statements, schedule of federal awards, and related disclosures and take responsibility for them.

2023-2:

Condition: The City did not perform the bank reconciliations during the fiscal year.

Criteria: A reconciliation between the general ledger and the bank balance should be prepared to ensure that the recording of transactions is accurate and proper.

Cause: City personnel did not perform monthly bank reconciliations in a timely manner due to staffing limitations.

Effect: The possibility exists that errors or other problems might not be recognized and resolved in a timely manner.

Recommendation: It is recommended that the City reconcile the general ledger to the bank balance on a monthly basis to ensure that all transactions have been appropriately accounted for and to ensure accurate financial reporting.

Response: Management has considered the recommendation and is looking into adopting procedures to ensure the bank reconciliations are performed in a timely manner.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

PRIOR AUDIT FINDINGS

None



City of Highland

CORRECTIVE ACTION PLAN

The City of Highland, Illinois, respectfully submits the following corrective action plan for the year ending April 30, 2023.

Audit Firm: Scheffel Boyle
P.O. Box 374
Highland, IL 62249

Audit Period: May 1, 2022 to April 30, 2023

A. There were no findings from the April 30, 2023 Schedule of Findings, Questioned Costs, and Recommendations Related to Compliance.

B. Current Findings on the Schedule of Findings, Questioned Costs, and Recommendations – Financial Statement Audit

Finding 2023-1

- a. Comments on the Finding and Each Recommendation: The City of Highland concurs with the finding and recommendation
- b. Action(s) Taken or Planned on the Finding: It is not cost effective for the City of Highland to hire or contract with someone who can prepare financial statements and related disclosures in accordance with generally accepted accounting principles. We will continue to work with our auditors to prepare these statements.

Finding 2023-1

- a. Comments on the Finding and Each Recommendation: The City of Highland concurs with the finding and recommendation
- b. Action(s) Taken or Planned on the Finding: Management has considered the recommendation and is looking into adopting procedures to ensure the bank reconciliations are performed in a timely manner.

If you have any questions regarding this plan, please contact the City at 618-654-9891.

Sincerely,

Chris Conrad, City Manager

Reanna Ohren, Finance Director

TABLE 1

CITY OF HIGHLAND, ILLINOIS
GENERAL GOVERNMENTAL REVENUES BY SOURCE
FOR THE LAST TEN FISCAL YEARS
INCLUDES ALL GOVERNMENTAL FUND TYPES

YEAR ENDING APRIL 30	GENERAL PROPERTY TAX		CORPORATE PERSONAL PROPERTY REPLACEMENT TAX	INTERGOV- ERNMENTAL	CHARGES FOR SERVICES	LICENSE AND PERMITS	FINES AND FORFEITS	INTEREST	MISC.	TOTAL
	\$									
2014	\$ 3,316,000		\$ 177,447	\$ 5,878,534	\$ 3,435,972	\$ 234,720	\$ 35,787	\$ 190,000	\$ 4,861,048	\$ 18,129,508
2015	3,356,566		186,556	5,936,918	3,612,417	273,768	30,176	159,996	2,473,835	16,030,232
2016	3,652,264		149,890	6,363,869	3,715,043	249,133	33,691	122,485	1,083,672	15,370,047
2017	3,702,813		211,386	6,051,810	3,559,153	242,861	22,086	140,689	911,035	14,841,833
2018	3,794,954		158,068	6,363,785	3,819,310	251,510	21,098	147,230	838,125	15,394,080
2019	3,898,828		170,962	6,944,823	4,167,512	282,042	22,713	186,243	850,400	16,523,523
2020	3,948,993		190,513	6,936,981	4,177,021	380,890	19,307	240,179	1,021,040	16,914,924
2021	4,071,650		234,164	7,636,737	3,846,332	279,071	19,803	282,034	2,085,705	18,455,496
2022	4,215,846		526,912	8,640,519	4,130,078	277,883	21,782	264,162	1,689,853	19,767,035
2023	4,300,234		593,943	8,970,916	4,849,759	248,515	16,455	405,113	2,397,483	21,782,418

COMMENTS

In fiscal year 2014, 2015, and 2016 there are numerous reimbursements for Street projects included in the Misc revenue amount.

In fiscal year 2020 Motor Fuel Tax revenues are included with Misc revenue as they are now separately stated.

TABLE 2

CITY OF HIGHLAND, ILLINOIS
 INTERGOVERNMENTAL TAX REVENUES BY SOURCE
 FOR THE LAST TEN FISCAL YEARS
 INCLUDES ALL GOVERNMENTAL FUND TYPES

YEAR ENDING APRIL 30	SALES TAX	NON-HOME RULE SALES TAX	BUSINESS DISTRICT SALES TAX	ILLINOIS INCOME TAX	FOREIGN FIRE INSURANCE	SIMPLIFIED MUNICIPAL TELECOMM. TAX	MOTOR FUEL TAX	FIRE DIST. AMBULANCE REVENUE	MISC. REVENUE	TOTAL
2014	\$ 2,406,552	\$ 1,350,631		\$ 1,140,257	\$ 17,623	\$ 334,627	\$ 337,057	\$ 226,869	\$ 64,938	\$ 5,878,534
2015	2,473,224	1,356,778		1,171,822	19,898	269,460	294,314	260,294	91,128	5,936,918
2016	2,624,354	1,397,348		1,421,357	20,739	293,914	263,985	262,525	79,647	6,363,869
2017	2,687,754	1,409,810		1,046,684	20,728	247,597	261,693	272,956	104,588	6,051,810
2018	2,692,857	1,402,969		1,359,263	23,372	219,336	263,386	281,672	120,930	6,363,785
2019	2,718,178	1,458,085	\$ 493,431	1,327,101	23,674	212,280	261,805	318,966	131,303	6,944,823
2020	2,795,003	1,459,030	685,585	1,322,714	26,121	184,914		318,966	144,648	6,936,981
2021	2,964,817	1,569,326	729,281	1,734,720	30,585	151,181		333,287	123,540	7,636,737
2022	3,278,226	1,856,272	810,694	1,916,199	30,913	132,729		357,493	257,993	8,640,519
2023	3,425,387	1,933,916	840,662	1,966,752	42,347	126,760		373,449	261,643	8,970,916

COMMENTS

Fiscal year 2020 represents a full year's collection of the business district sales tax and MFT is now separately stated.

TABLE 3

CITY OF HIGHLAND, ILLINOIS
 GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION
 FOR THE LAST TEN FISCAL YEARS
 INCLUDES ALL GOVERNMENTAL FUND TYPES

YEAR ENDING APRIL 30	GENERAL GOVERN- MENTAL	PUBLIC SAFETY	HIGHWAY AND STREETS	CULTURE AND RECREATION	OTHER	DEBT SERVICE	TOTAL
2014	\$ 1,476,274	\$ 4,960,364	\$ 4,694,239	\$ 2,281,886	\$ 1,293,407	\$ 1,733,486	\$ 16,439,656
2015	1,650,483	5,568,489	4,845,670	2,590,978	1,145,969	1,698,108	17,499,697
2016	1,687,311	5,549,989	4,225,527	3,213,727	1,181,708	1,906,160	17,764,422
2017	1,572,823	5,458,665	1,821,517	2,657,890	1,246,544	1,931,661	14,689,100
2018	1,679,800	5,990,443	1,609,788	2,489,351	1,155,742	1,973,865	14,898,989
2019	1,807,259	6,911,767	1,706,017	2,808,433	1,389,191	1,520,988	16,143,655
2020	1,835,925	7,220,034	2,687,154	2,861,735	1,337,720	1,497,682	17,440,250
2021	1,882,958	11,042,889	3,887,277	2,493,814	1,370,593	1,975,152	22,652,683
2022	2,055,865	7,004,920	5,081,442	2,827,180	1,217,621	1,518,342	19,705,370
2023	2,443,558	7,294,382	2,148,877	3,165,233	1,380,295	1,443,136	17,875,481

TABLE 4

CITY OF HIGHLAND, ILLINOIS
 ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY,
 PROPERTY TAX RATES PER \$100 OF ASSESSED VALUATION, AND TAX EXTENSIONS
 FOR THE LAST TEN YEARS

TAXES LEVIED BY CITY IN	DEC. 2013	DEC. 2014	DEC. 2015	DEC. 2016	DEC. 2017	DEC. 2018	DEC. 2019	DEC. 2020	DEC. 2021	DEC. 2022
ESTIMATED TAXABLE VALUE	\$ 529,010,859	\$ 533,481,255	\$ 532,837,035	\$ 541,215,249	\$ 552,063,054	\$ 569,838,918	\$ 595,861,524	\$ 612,997,809	\$ 640,103,757	\$ 693,646,632
ASSESSED VALUATION	176,336,953	177,827,085	177,612,345	180,405,083	184,021,018	189,946,306	198,620,508	204,332,603	213,367,919	231,215,544
TAX RATES:										
GENERAL	0.3330	0.3220	0.3330	0.3279	0.3298	0.3291	0.3249	0.3304	0.3269	0.3219
POLICE	0.0750	0.0726	0.0750	0.0739	0.0743	0.0742	0.0732	0.0750	0.0737	0.0725
FIRE	0.0750	0.0726	0.0750	0.0739	0.0743	0.0742	0.0732	0.0750	0.0737	0.0725
COMMUNITY BUILDING	0.0750	0.0726	0.0750	0.0739	0.0743	0.0742	0.0732	0.0750	0.0737	0.0725
PLAYGROUND & REC	0.0900	0.0871	0.0900	0.0887	0.0892	0.0890	0.0878	0.0900	0.0884	0.0870
BAND	0.0259	0.0259	0.0259	0.0255	0.0250	0.0211	0.0202	0.0196	0.0188	0.0173
POLICE PENSION	0.2324	0.2404	0.2367	0.3059	0.3125	0.3342	0.3323	0.3565	0.3081	0.2846
SOCIAL SECURITY	0.2099	0.2587	0.2619	0.2495	0.2446	0.2317	0.2165	0.2105	0.2344	0.2163
AUDIT	0.0100	0.0096	0.0096	0.0089	0.0087	0.0106	0.0101	0.0123	0.0118	0.0126
RETIREMENT	0.2212	0.2756	0.2787	0.2495	0.2446	0.2291	0.2165	0.2105	0.1664	0.1536
LIABILITY INSURANCE	0.1673	0.1294	0.1295	0.1636	0.1783	0.1712	0.1637	0.1591	0.1407	0.1384
SCHOOL CROSSING GUARD	0.0069	0.0068	0.0070	0.0056	0.0055	0.0048	0.0046	0.0045	0.0043	0.0039
AMBULANCE SERVICE	0.2481	0.2418	0.2500	0.2462	0.2476	0.2471	0.2439	0.2500	0.2454	0.2417
LEASE							0.0152	0.0147	0.0141	0.0130
PUBLIC COMFORT STATION	0.0171	0.0141	0.0141	0.0084	0.0109		0.0182	0.0177	0.0169	0.0217
TOTAL RATE-CITY CORP	1.7868	1.8292	1.8614	1.9014	1.9196	1.8905	1.8735	1.9008	1.7973	1.7295
LIBRARY	0.1500	0.1451	0.1500	0.1477	0.1486	0.1483	0.1464	0.1500	0.1473	0.1450
LIBRARY LIABILITY INSURANCE	0.0176	0.0175	0.0189	0.0183	0.0191	0.0187	0.0182	0.0172	0.0165	0.0151
TOTAL TAX RATE	1.9544	1.9918	2.0303	2.0674	2.0873	2.0575	2.0381	2.0680	1.9611	1.8896
TAX EXTENSIONS:										
GENERAL	\$ 587,202	\$ 572,603	\$ 591,449	\$ 591,549	\$ 606,901	\$ 625,113	\$ 645,318	\$ 675,115	\$ 697,500	\$ 744,283
POLICE	132,253	129,103	133,209	133,319	136,728	140,940	145,390	153,249	157,252	167,631
FIRE	132,253	129,103	133,209	133,319	136,728	140,940	145,390	153,249	157,252	167,631
COMMUNITY BUILDING	132,253	129,103	133,209	133,319	136,728	140,940	145,390	153,249	157,252	167,631
PLAYGROUND & REC	158,703	154,887	159,851	160,019	164,147	169,052	174,389	183,899	188,617	201,158
BAND	45,671	46,057	46,002	46,003	46,005	40,079	40,121	40,049	40,113	40,000
POLICE PENSION	409,807	427,496	420,408	551,859	575,066	634,801	660,016	728,446	657,387	658,039
SOCIAL SECURITY	370,131	460,039	465,167	450,111	450,115	440,106	430,120	430,134	500,119	500,119
AUDIT	17,634	17,071	17,051	16,056	16,010	20,134	20,061	25,133	25,177	29,133
RETIREMENT	390,057	490,091	495,006	450,111	450,115	430,120	430,120	355,044	355,147	320,002
LIABILITY INSURANCE	295,012	230,108	230,008	295,143	328,109	325,188	325,142	325,093	300,209	320,002
SCHOOL CROSSING GUARD	12,167	12,092	12,433	10,103	10,121	9,117	9,137	9,195	9,175	9,017
AMBULANCE SERVICE	437,492	429,986	444,031	444,157	455,636	469,357	484,435	510,832	523,605	558,848
LEASE							30,190	30,037	30,085	30,058
PUBLIC COMFORT STATION	30,154	25,074	25,043	15,154	20,058		36,149	36,168	36,059	50,176
TOTAL RATE-CITY CORP	3,150,789	3,252,813	3,306,076	3,430,222	3,532,467	3,590,934	3,721,154	3,883,954	3,834,861	3,998,873
LIBRARY	264,505	258,027	266,419	266,458	273,455	281,690	290,780	306,499	314,291	335,263
LIBRARY LIABILITY INSURANCE	31,035	31,120	33,569	33,014	35,148	35,520	36,149	35,145	35,206	35,145
TOTAL EXTENSIONS	\$ 3,446,329	\$ 3,541,960	\$ 3,606,064	\$ 3,729,694	\$ 3,841,070	\$ 3,908,144	\$ 4,048,083	\$ 4,225,598	\$ 4,184,358	\$ 4,369,281

TABLE 5

CITY OF HIGHLAND, ILLINOIS
PROPERTY TAX RATES PER \$100 OF ASSESSED VALUATION
ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS (UNAUDITED)

RESIDENTS LIVING IN THE CITY OF HIGHLAND IN SALINE TOWNSHIP

YEAR LEVIED IN IN	MADISON COUNTY	SALINE TOWNSHIP	SALINE ROAD & BRIDGE	HIGHLAND SCHOOL DIST. #5	CITY OF HIGHLAND + LIBRARY	S.W.I.C. DIST. #522	TOTAL
2013	0.7210	0.1493	0.3161	4.7646	1.9544	0.4048	8.3102
2014	0.7329	0.1470	0.3138	4.7452	1.9918	0.4242	8.3549
2015	0.7073	0.1439	0.3179	4.9043	2.0303	0.4637	8.5674
2016	0.6514	0.1422	0.3231	4.8699	2.0674	0.4743	8.5283
2017	0.6157	0.1198	0.3212	4.8563	2.0873	0.4648	8.4651
2018	0.5953	0.1214	0.3157	4.8075	2.0575	0.4599	8.3573
2019	0.5746	0.0926	0.2845	4.6673	2.0381	0.4544	8.1115
2020	0.5469	0.0779	0.2549	4.6671	2.0680	0.4462	8.0610
2021	0.5215	0.0643	0.2551	4.6550	1.9611	0.4421	7.8991
2022	0.4809	0.0586	0.2345	4.5164	1.8897	0.4186	7.5987

RESIDENTS LIVING IN THE CITY OF HIGHLAND IN HELVETIA TOWNSHIP

YEAR LEVIED IN IN	MADISON COUNTY	HELVETIA TOWNSHIP	HELVETIA ROAD & BRIDGE	HIGHLAND SCHOOL DIST. #5	CITY OF HIGHLAND + LIBRARY	S.W.I.C. DIST. #522	TOTAL
2013	0.7210	0.1560	0.4317	4.7646	1.9544	0.4048	8.4325
2014	0.7329	0.1612	0.4304	4.7452	1.9918	0.4242	8.4857
2015	0.7073	0.1694	0.4479	4.9043	2.0303	0.4637	8.7229
2016	0.6514	0.1669	0.4483	4.8699	2.0674	0.4743	8.6782
2017	0.6157	0.1631	0.447	4.8563	2.0873	0.4648	8.6342
2018	0.5953	0.1589	0.4425	4.8075	2.0575	0.4599	8.5216
2019	0.5746	0.1342	0.4074	4.6673	2.0381	0.4544	8.2760
2020	0.5469	0.1319	0.4059	4.6671	2.0680	0.4462	8.2660
2021	0.5215	0.1238	0.4084	4.6550	1.9611	0.4421	8.1119
2022	0.4809	0.1211	0.4033	4.5164	1.8897	0.4186	7.8300

TABLE 6

CITY OF HIGHLAND, ILLINOIS
 COMPUTATION OF LEGAL DEBT MARGIN
 APRIL 30, 2023

ASSESSED VALUATION FOR 2022	\$ 231,215,544
STATUTORY DEBT LIMITATION: 8.625% of Assessed Valuation	19,942,341
DEBT COUNTING AGAINST LIMIT	* <u>(8,742,944)</u>
LEGAL DEBT MARGIN	<u>\$ 11,199,397</u>

*Includes outstanding promissory notes for water improvements, debt certificates for public safety facility improvements, and senior center lease. All debts are expected to be repaid with designated revenues.

CITY OF HIGHLAND, ILLINOIS
 RATIO OF NET GENERAL DEBT TO ASSESSED VALUE
 AND NET BONDED DEBT PER CAPITA
 LAST TEN FISCAL YEARS

<u>YEAR ENDING APRIL 30,</u>	<u>POPULATION</u>	<u>ASSESSED VALUATION</u>	<u>GENERAL BONDED DEBT</u>	<u>RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUATION</u>	<u>BONDED DEBT PER CAPITA</u>
2014	9,919	176,336,953	0	0.000	0.00
2015	9,919	177,827,085	0	0.000	0.00
2016	9,919	177,612,345	0	0.000	0.00
2017	9,919	180,405,083	0	0.000	0.00
2018	9,919	184,021,018	0	0.000	0.00
2019	9,919	189,946,306	* 1,593,000	0.008	160.60
2020	9,919	198,620,508	* 10,225,000	0.051	1030.85
2021	9,991	204,332,603	* 9,771,000	0.048	977.98
2022	9,991	213,367,919	* 9,267,000	0.043	927.53
2023	9,991	231,215,544	* 8,742,944	0.038	875.08

* These amounts reflect the total obligations counting against the City's debt limit.

CITY OF HIGHLAND, ILLINOIS
 RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT
 TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES
 FOR THE LAST TEN FISCAL YEARS

YEAR ENDING APRIL 30	ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT			TOTAL GENERAL GOVERNMENTAL EXPENDITURES	GENERAL BONDED DEBT SERVICE TO GENERAL EXPENDITURES
	PRINCIPAL	INTEREST AND FIXED CHARGES	TOTAL		
2014	\$ 0	\$ 0	\$ 0	\$ 16,439,656	0.0%
2015	0	0	0	17,499,697	0.0%
2016	0	0	0	17,764,422	0.0%
2017	0	0	0	14,689,100	0.0%
2018	0	0	0	14,898,989	0.0%
2019	* 72,000	* 26,988	* 98,988	16,143,684	0.6%
2020	* 143,000	* 57,160	* 200,160	17,440,250	1.1%
2021	* 454,000	* 308,014	* 762,014	22,652,683	3.4%
2022	* 504,000	* 296,878	* 800,878	19,705,370	4.1%
2023	* 524,056	* 285,576	* 809,632	17,875,481	4.5%

* These amounts reflect the annual payments for obligations counting against the City's debt limit.

CITY OF HIGHLAND, ILLINOIS
 REVENUE BOND COVERAGE
 2019 FTTP BONDS

YEAR ENDING APRIL 30	GROSS REVENUES	OPERATING EXPENSES LESS DEPRECIATION & GASB 68 PENSION AND OPEB EXPENSE	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS		COVERAGE*
				PRINCIPAL	INTEREST	
2020	\$ 16,991,881	\$ 15,338,790	\$ 1,653,091	\$ 470,000	\$ 539,545	1.64
2021	17,543,906	15,654,407	1,889,499	735,000	213,948	1.99
2022	17,877,648	15,881,537	1,996,111	755,000	198,072	2.09
2023	17,689,120	15,789,989	1,899,131	770,000	181,764	2.00
				TOTAL	TOTAL	
				\$ 1,009,545	\$ 948,948	
				953,072	951,764	

*The coverage requirement per the 2019 FTTP Bond Ordinance is 1.20.

TABLE 10

CITY OF HIGHLAND, ILLINOIS
 PROPERTY VALUE AND CONSTRUCTION INFORMATION
 LAST TEN FISCAL YEARS (UNAUDITED)

YEAR ENDING APRIL 30,	CONSTRUCTION				ASSESSMENT YEAR	PROPERTY VALUE (IN 000'S) **			
	RESIDENTIAL		COMMERCIAL AND INDUSTRIAL			RESIDENTIAL	COMMERCE & INDUSTRY	RAILROAD & FARM	TOTAL
	NO. OF PERMITS	VALUE (in 000's)	NO. OF PERMITS	VALUE (in 000's)					
2014	167	\$ 5,712	49	\$ 7,476	2013	\$ 382,193	\$ 146,159	\$ 659	\$ 529,011
2015	181	3,078	50	3,439	2014	386,486	146,317	678	533,481
2016	255	5,400	40	4,272	2015	384,168	147,943	726	532,837
2017	243	7,222	38	1,369	2016	389,057	151,373	785	541,215
2018	184	5,878	32	5,477	2017	399,706	151,535	822	552,063
2019	343	9,443	58	6,565	2018	413,891	154,960	988	569,839
2020	277	11,399	47	4,369	2019	429,766	165,003	1,093	595,862
2021	376	10,398	46	38,368 *	2020	442,141	169,691	1,166	612,998
2022	323	8,358	41	12,524	2021	462,869	175,900	1,334	640,103
2023	179	15,795	42	14,810	2022	502,743	189,346	1,557	693,646

** Source: Property Value based on County Clerk's information on assessed valuation as 33 1/3 % of fair market value.

* Includes \$23,670,323 for a remodeling of Walmart

CITY OF HIGHLAND, ILLINOIS
 LIGHT AND POWER FUND
 COMPARATIVE SUMMARY OF OPERATIONS
 FOR THE LAST TEN FISCAL YEARS

YEAR ENDING APRIL 30	OPERATING REVENUE	OPERATING EXPENSES INCLUDING DEPRECIATION, INTEREST AND GASB 68 PENSION EXPENSE		INCOME (LOSS) EXCLUDING OTHER INCOME	
		AMOUNT	PERCENT OF OPERATING REVENUE	AMOUNT	PERCENT OF OPERATING REVENUE
2014	\$ 15,202,314	\$ 15,361,797	101.05	\$ (159,483)	(1.05)
2015	15,266,278	15,489,666	101.46	(223,388)	(1.46)
2016	15,483,184	15,937,329	102.93	(454,145)	(2.93)
2017	16,038,325	16,499,976	102.88	(461,651)	(2.88)
2018	16,548,836	16,637,576	100.54	(88,740)	(0.54)
2019	17,046,844	16,922,499	99.27	124,345	0.73
2020	16,886,323	17,920,184	106.12	(1,033,861)	(6.12)
2021	17,432,457	17,889,969	102.62	(457,512)	(2.62)
2022	17,776,018	17,304,796	97.35	471,222	2.65
2023	17,547,431	17,624,232	100.44	(76,801)	(0.44)

*The City does not budget for depreciation or pension expense.

CITY OF HIGHLAND, ILLINOIS
WATER FUND
 COMPARATIVE SUMMARY OF OPERATIONS
 FOR THE LAST TEN FISCAL YEARS

YEAR ENDING APRIL 30	GROSS REVENUE	OPERATING EXPENSES INCLUDING DEPRECIATION, INTEREST AND GASB 68 PENSION EXPENSE		INCOME (LOSS) EXCLUDING OTHER INCOME	
		AMOUNT	PERCENT OF GROSS REVENUE	AMOUNT	PERCENT OF GROSS REVENUE
2014	\$ 2,003,215	\$ 2,252,837	112.46	\$ (249,622)	(12.46)
2015	1,971,690	2,197,558	111.46	(225,868)	(11.46)
2016	2,028,123	2,203,540	108.65	(175,417)	(8.65)
2017	2,309,309	2,137,841	92.57	171,468	7.43
2018	2,628,949	2,236,009	85.05	392,940	14.95
2019	2,688,256	2,366,794	88.04	321,462	11.96
2020	2,717,282	2,480,597	91.29	236,685	8.71
2021	2,808,069	2,536,392	90.33	271,677	9.67
2022	2,777,768	2,624,263	94.47	153,505	5.53
2023	2,855,241	2,902,828	101.67	(47,587)	(1.67)

*The City does not budget for depreciation or pension expense.

CITY OF HIGHLAND, ILLINOIS
SEWER FUND
COMPARATIVE SUMMARY OF OPERATIONS
FOR THE LAST TEN FISCAL YEARS

YEAR ENDING APRIL 30	GROSS REVENUE	OPERATING EXPENSES INCLUDING DEPRECIATION, INTEREST AND GASB 68 PENSION EXPENSE		INCOME (LOSS) EXCLUDING OTHER INCOME	
		AMOUNT	PERCENT OF GROSS REVENUE	AMOUNT	PERCENT OF GROSS REVENUE
2014	\$ 2,044,434	\$ 2,159,013	105.60	\$ (114,579)	(5.60)
2015	2,082,634	2,081,066	99.92	1,568	0.08
2016	2,138,010	2,128,431	99.55	9,579	0.45
2017	2,281,337	2,140,575	93.83	140,762	6.17
2018	2,180,024	2,178,645	99.94	1,379	0.06
2019	2,277,562	1,764,662	77.48	512,900	22.52
2020	2,304,216	1,800,034	78.12	504,182	21.88
2021	2,376,233	1,774,904	74.69	601,329	25.31
2022	2,478,461	2,021,169	81.55	457,292	18.45
2023	2,499,571	2,109,785	84.41	389,786	15.59

*The City does not budget for depreciation or pension expense.

TABLE 14

CITY OF HIGHLAND, ILLINOIS
 MISCELLANEOUS STATISTICS
 APRIL 30, 2023 (UNAUDITED)

Date of Incorporation		1884
Form of Government		Council/Manager
Number of Employees -	(As of 04/30/23)	
Total		344
Full Time		114
Total Area		7.591 square miles
Number of Dwelling Units		4870
Population	(Updated for 2020 Census, remains uncertified)	9991

CITY OF HIGHLAND FACILITIES AND SERVICES

Fire Protection:

Number of Stations		2
Number of Firemen		27 Volunteers
Fire Insurance Rating		4

Police Protection:

Number of Policemen and Officers		21
Number of Police Vehicles	(9 patrol and 5 admin)	14

Ambulance:

Number of Ambulances in Service 24 hours per day		2
Number of Ambulances in Reserve		1
Number of Paramedics and Emergency Medical Technicians		16 Full time

Culture and Recreation:

Public Library (Volume of Books and Audio Visuals)		1 (118,353 items)
Parks		13
Ball Diamonds Available		19
Tennis Courts Available		9
Public Pools		2
Recreation Buildings		2
Senior Citizen Centers		2
Skate Park		1

Electric Service:

Number of Accounts		6,763 customers
Area Served		64.0 square miles

Water Service:

Number of Accounts		4,980 customers
Water Districts		4
Average Daily Demand		1.230 MG/day
Treatment Capacity		4.0 MG/day

Sewer Service:

Number of Accounts		4,584 customers
Present Flow		1.377 MG/day
Treatment Capacity		4.0 MG/day

FACILITIES AND SERVICES NOT INCLUDED IN THE REPORTING ENTITY:

Education: All Schools in District	No. of schools	Teachers	Enrollment
Elementary (K-5)	4	92	1,134
Middle School	2	53	652
High School	1	<u>62</u>	<u>840</u>
		207	2,626

Utilities:

Electric, Water, Sewer, Refuse	City of Highland Utilities
Cable and Satellite TV	HCS, Charter Communications, Dish and Direct TV
Gas	Ameren IP
Telephone	HCS, Frontier, Charter Communications
Hospital	1
Nursing Homes and Assisted Living	4