

CITY OF HIGHLAND, ILLINOIS  
ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS  
APRIL 30, 2020

CITY OF HIGHLAND, ILLINOIS  
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**CITY OF HIGHLAND, ILLINOIS**  
**April 30, 2020**  
**Management's Discussion & Analysis**

**CITY OF HIGHLAND, ILLINOIS**  
**Council/Manager - Form of Government**  
**April 30, 2020**

**MAYOR**

Joseph Michaelis

**CITY MANAGER**

Mark Latham

**CITY COUNCIL MEMBERS**

Rick Frey

Peg Bellm

John Hipkind

Sarah Sloan

**CITY CLERK**

Barbara Bellm

**CITY TREASURER**

Dennis Foehner

**DEPARTMENT DIRECTORS**

Daniel Cook

Kelly Korte

David Slover

Angela Kim

Mark Rosen

Chris Conrad

Joe Gillespie

Angela Imming

Breann Speraneo

Electric

Finance

Human Resources

Library

Parks & Recreation

Public Safety

Public Works

Technology & Innovation

Community Development

**CITY OF HIGHLAND, ILLINOIS**  
**April 30, 2020**  
**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, 2020 with comparative information for the fiscal year ended April 30, 2019.

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**FINANCIAL HIGHLIGHTS**

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- Total assets exceeded liabilities at the close of the fiscal year by approximately \$71.1 million (net position). Of this amount, the unrestricted amount of \$6.9 million may be used to meet the City's ongoing obligations to citizens and creditors.
- City-wide net position decreased .5% during the fiscal year. Governmental activities increased 1.5% while a 2.6% decrease 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 2020 is \$86.8 million (net of depreciation). This is comprised of \$41.7 million for governmental activities plus \$45.1 million for business-type activities.
- Receipts of the traditional sales tax, shown within the "Intergovernmental" revenue line item, increased 2.8% during FY 2020. According to City estimates, the number of retailers in Highland has not changed dramatically but sales remain consistent.
- FY 2020 was the twelfth 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 \$1.5 million.
- FY 2020 was the first full year for the newly created Business Districts generating \$685,585 for eligible projects within these Districts.
- Building permit activity is continuing to grow and connection fee revenues are increasing. The growth rate of the City's equalized assessed value (EAV), which is an important component in property tax calculations, has also begun to improve as developments continue and improvements are made to existing properties.

**CITY OF HIGHLAND, ILLINOIS**  
**April 30, 2020**  
**Management's Discussion & Analysis**

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**USING THIS ANNUAL REPORT**

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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, 2020**  
**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 four funds. 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, 2020**  
**Management's Discussion & Analysis**

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

The following table provides a comparison between the activities for FY '20 and the activities for FY '19 under the GASB Statement No. 34 model. The city-wide total for revenues increased \$.6 million and expenditures increased \$2.6 million compared to the previous fiscal year. Governmental type revenues exceeded expenditures for the current and prior fiscal year. Business Type Revenues experienced expenditures over revenues for the current year but generated a surplus in the prior year. 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)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>Fiscal Year 2020</b>	<b>Fiscal Year 2019</b>	<b>Fiscal Year 2020</b>	<b>Fiscal Year 2019</b>	<b>Fiscal Year 2020</b>	<b>Fiscal Year 2019</b>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 4.7	\$ 4.6	\$ 23.6	\$ 23.7	\$ 28.3	\$ 28.3
Operating Grants and Contributions	0.6	0.1			0.6	0.1
Capital Grants and Contributions	0.1	0.5			0.1	0.5
General Revenues						
Property Taxes, General Purposes	3.9	3.9			3.9	3.9
Intergovernmental	7.1	7.1			7.1	7.1
Miscellaneous	0.8	0.3	0.4	0.3	1.2	0.6
Interfund Transfers	0.3	0.4			0.3	0.4
<b>Total Revenues</b>	<b>\$ 17.5</b>	<b>\$ 16.9</b>	<b>\$ 24.0</b>	<b>\$ 24.0</b>	<b>\$ 41.5</b>	<b>\$ 40.9</b>
<b>Expenditures</b>						
General Government	\$ 2.0	\$ 1.9			\$ 2.0	\$ 1.9
Public Safety	7.3	7.0			7.3	7.0
Highways and Streets	3.0	2.8			3.0	2.8
Culture and Recreation	2.8	2.7			2.8	2.7
Economic Development	0.6	0.5			0.6	0.5
Employer's Cont. to Retirement Fund	0.9	0.9			0.9	0.9
Interest on Long-Term Debt	0.3	0.3			0.3	0.3
Electric			\$ 18.6	\$ 16.9	18.6	16.9
Water			2.5	2.4	2.5	2.4
Sewer			1.8	1.8	1.8	1.8
Solid Waste			1.7	1.6	1.7	1.6
Interfund Transfer			0.3	0.4	0.3	0.4
<b>Total Expenditures</b>	<b>\$ 16.9</b>	<b>\$ 16.1</b>	<b>\$ 24.9</b>	<b>\$ 23.1</b>	<b>\$ 41.8</b>	<b>\$ 39.2</b>
<b>Change In Net Position</b>	<b>0.6</b>	<b>0.8</b>	<b>(0.9)</b>	<b>0.9</b>	<b>(0.3)</b>	<b>1.7</b>
<b>Beginning Net Position</b>	<b>36.4</b>	<b>35.6</b>	<b>35.0</b>	<b>34.1</b>	<b>71.4</b>	<b>69.7</b>
<b>Ending Net Position</b>	<b>\$ 37.0</b>	<b>\$ 36.4</b>	<b>\$ 34.1</b>	<b>\$ 35.0</b>	<b>\$ 71.1</b>	<b>\$ 71.4</b>

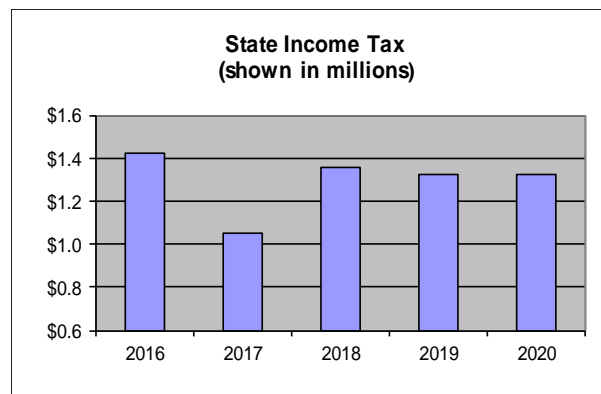
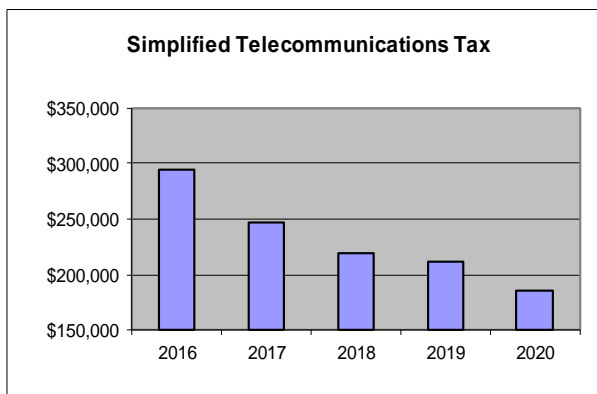
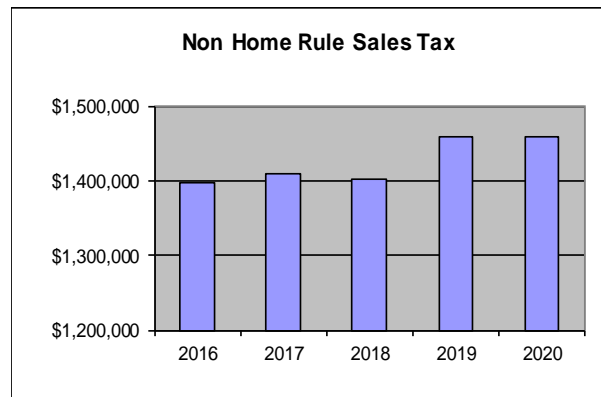
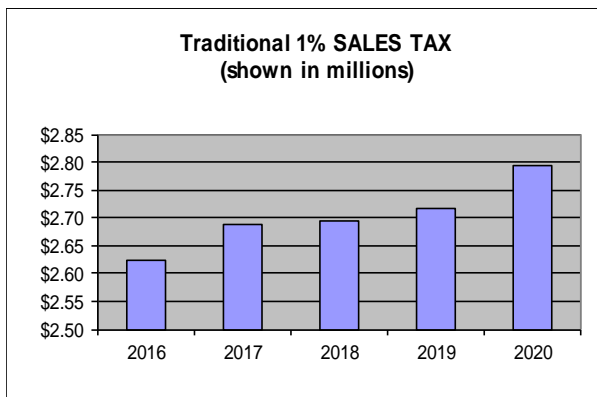
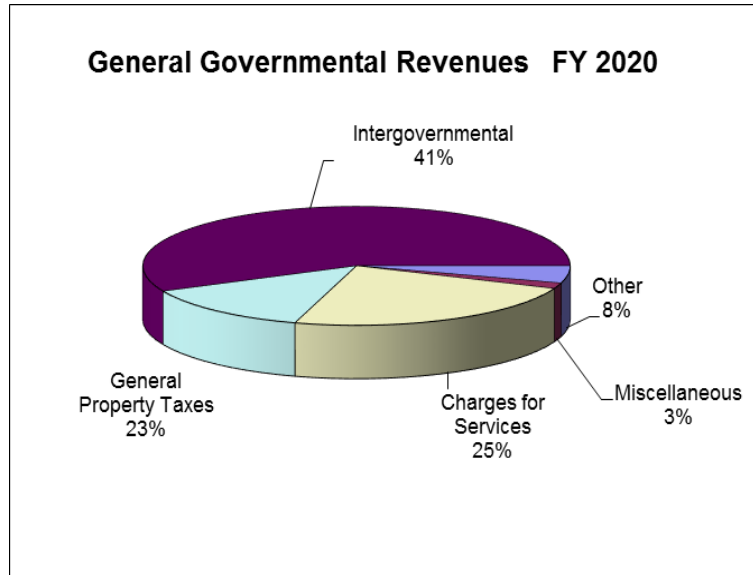


**CITY OF HIGHLAND, ILLINOIS**  
**April 30, 2020**  
**Management's Discussion & Analysis**

**Governmental Activities**

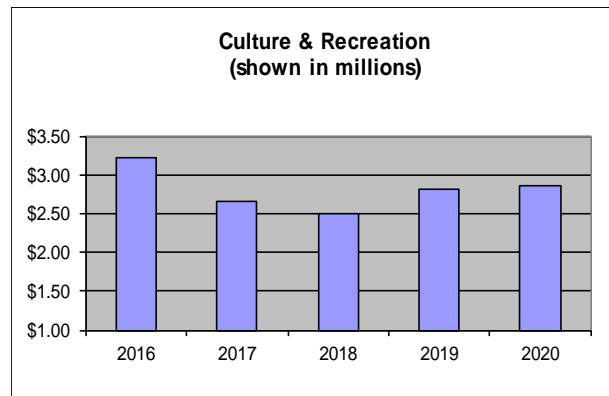
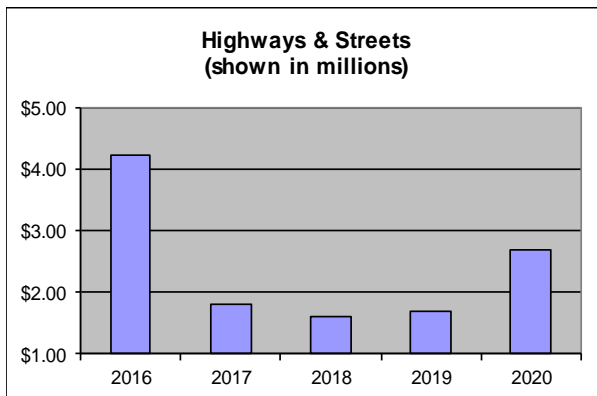
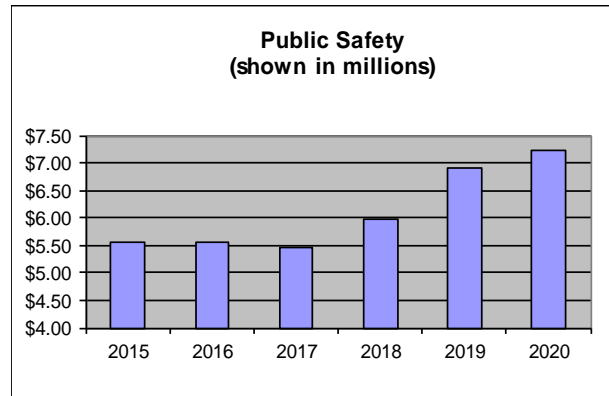
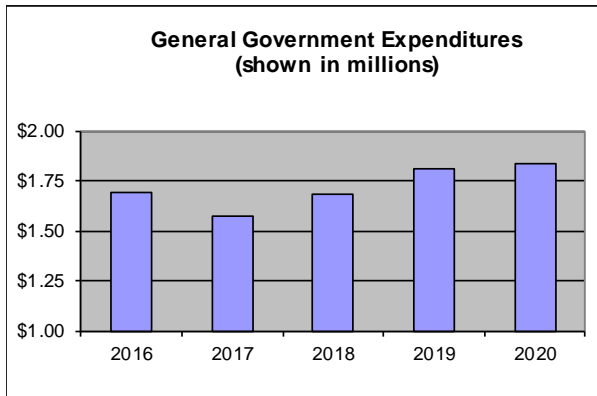
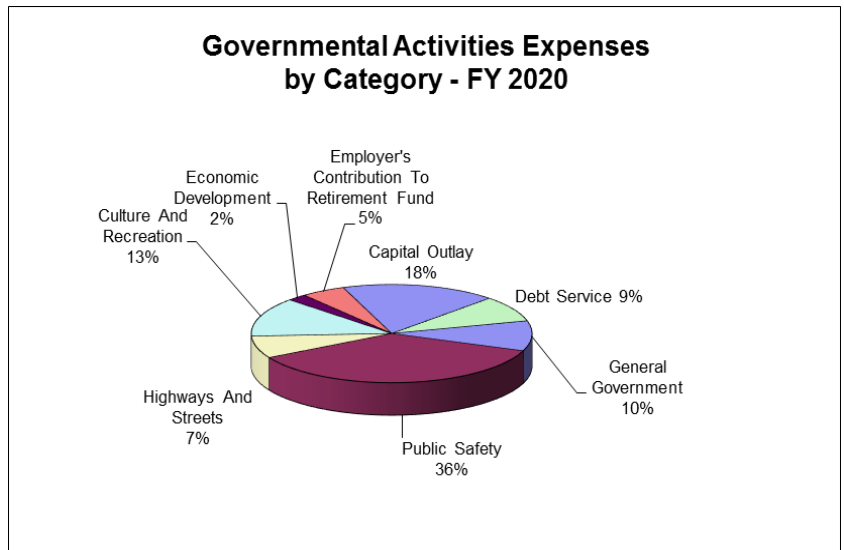
Governmental Activities include all funds except Business-Type Activities and the Police Pension Fiduciary Fund. Examples include the following: General Fund (which includes the Police Dept, Fire Dept, Building and Zoning, General Administration, and PW Admin / Street Dept. among others), Ambulance Fund, 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, 2020**  
**Management's Discussion & Analysis**

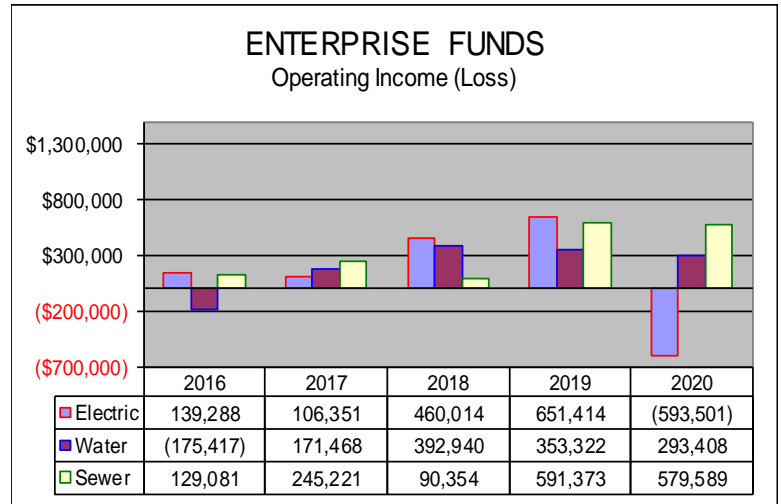
Expenditures of Governmental Activities are spread among a wide variety of functions. Among these are public safety functions of police, fire, and EMS. Also included are the activities of highways and streets as well as culture and recreation (parks & recreation / library). These areas are funded with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



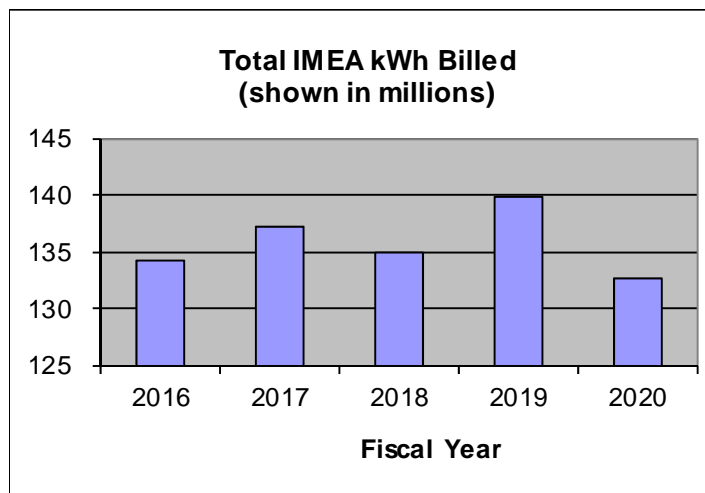
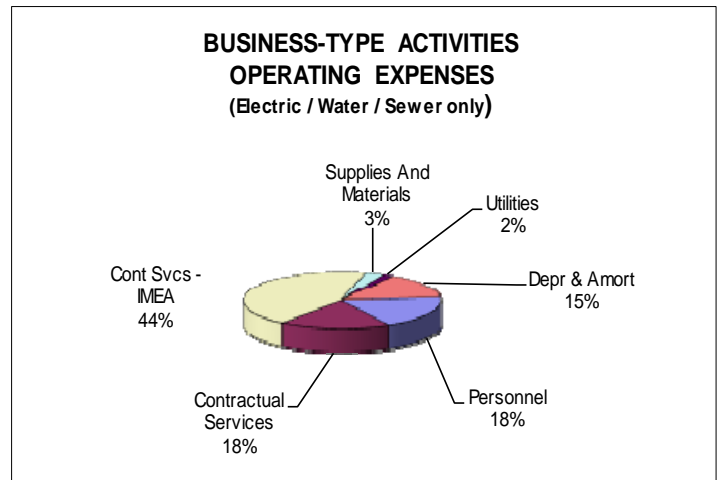
**CITY OF HIGHLAND, ILLINOIS**  
**April 30, 2020**  
**Management's Discussion & Analysis**

**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 last electrical rate increase was in January 2017. 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 7% while the revenues decreased by 1%. These costs include depreciation which is not a budgetary item. The revenues also do not include a \$1,000,000 sale of a portion of the 138 kv transmission line following financial statement reporting requirements, but instead show the loss based on the remaining book value of these depreciable assets under the non-operating revenues and expenses. Future rate increases for electrical and/or fiber services may be investigated in the upcoming fiscal year 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 2020 also contributing to the operational loss. The cost per kilowatt hour will be used to determine if rate increase beyond the power cost adjustment are warranted in the upcoming year.

**CITY OF HIGHLAND, ILLINOIS**  
**April 30, 2020**  
**Management's Discussion & Analysis**

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**STATUS OF CITY RESERVES**

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The governmental funds reported a *combined* fund balance of \$22.4 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.

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

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**Capital Assets**

At the end of FY 2020, the City had \$86.8 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)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Totals</b>	
	<b>Fiscal Year</b>		<b>Fiscal Year</b>		<b>Fiscal Year</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Land	\$ 7.8	\$ 7.8	\$ 1.9	\$ 2.2	\$ 9.7	\$ 10.0
Construction in Progress	3.8	1.7	8.3	0.9	12.1	2.6
Bldgs & Improvements	4.0	4.2	2.1	2.3	6.1	6.5
Other Improvements	3.3	3.5	5.7	6.5	9.0	10.0
Equipment	1.1	1.2	1.1	1.3	2.2	2.5
Infrastructure	21.7	22.8			21.7	22.8
Lines			23.1	24.8	23.1	24.8
Interconnect			2.9	3.1	2.9	3.1
<b>Totals</b>	<b>\$ 41.7</b>	<b>\$ 41.2</b>	<b>\$ 45.1</b>	<b>\$ 41.1</b>	<b>\$ 86.8</b>	<b>\$ 82.3</b>

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 8 in the Notes to the Financial Statements.

**CITY OF HIGHLAND, ILLINOIS**  
**April 30, 2020**  
**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 \$6.9 million is available for general obligation debts. Total City debt per capita is approximately \$3,526. More detailed information about the City's debt can be located in Note 6 of the Notes to Financial Statements.

**City of Highland's Outstanding Debt**  
**(in millions of dollars)**

	<b>Governmental Activities Fiscal Year</b>		<b>Business-type Activities Fiscal Year</b>		<b>Totals</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Revenue Bonds	\$ 6.1	\$ 7.1	\$ 12.0	\$ 12.6	\$ 18.1	\$ 19.7
General Obligation Debt Certificates Payable	8.5				8.5	
Notes Payable	0.5	0.3	7.8	1.6	8.3	1.9
Maintenance Agreements Payable			0.1	0.2	0.1	0.2
<b>Totals</b>	<b>\$ 15.1</b>	<b>\$ 7.4</b>	<b>\$ 19.9</b>	<b>\$ 14.4</b>	<b>\$ 35.0</b>	<b>\$ 21.8</b>

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**CURRENT EVENTS AND NEXT YEAR'S BUDGET**

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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 '20, with a brief look ahead into FY '21.

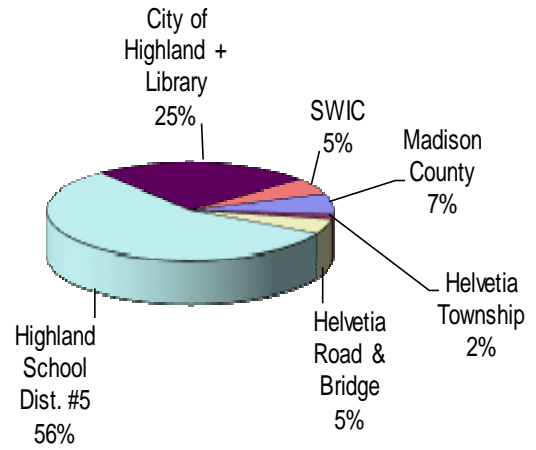
The City could have not anticipated the current pandemic situation but due to solid reserves policies and our diverse revenue streams it appears we have weathered the financial impacts so far. It is our hope to regain pre-pandemic levels of activities as soon as possible in order to continue to provide the level of services our citizens have learned to expect from the City of Highland.

The Fiber-to-the-Premise (FTTP) project continues to gain customers in the available service areas and new serviceable areas that were recently completed. This exciting project continues to develop as customers are added, services are added, and more citizens and business owners realize how valuable these community provided services can be. The Public Works Department has obtained low interest financing and has begun to construct upgrades to the Water Reclamation Facility. Planning is being done to finalize additional financing for sewer trunk main improvements through the same low interest loan program administered by the IEPA. Financing was obtained and construction began for the new public safety facility and downtown fire station upgrades with the creation of new Business Districts as a tool to assist in financing these improvements. Substation upgrades are still being done to sustain the electrical systems reliability.

**CITY OF HIGHLAND, ILLINOIS**  
**April 30, 2020**  
**Management's Discussion & Analysis**

Steps have been taken to improve daily operations and help the City become more efficient. The City uses aspects of 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.

As of April 2020, the City's Equalized Assessed Value increased 4.6% to a total of \$198.6 million. The EAV is used in conjunction with the 2019 Property Tax Levy for the collection of property taxes during FY 2020-2021. The City of Highland's (including the Library portion) property tax rate for 2019 represents 25% 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.



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**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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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](http://www.highlandil.gov).



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ALTON   EDWARDSVILLE   BELLEVILLE   HIGHLAND  
JERSEYVILLE   COLUMBIA   CARROLLTON

## INDEPENDENT AUDITOR'S REPORT

To the City Council  
City of Highland  
Highland, IL 62249

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Highland, Illinois, as of and for the year ended April 30, 2020, 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.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Highland, IL, as of April 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Prior Period Partial Comparative Information*

The prior year partial comparative information has been derived from the City of Highland's 2019 financial statements, and in our report dated October 1, 2019, we expressed an unqualified 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Highland, IL's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2020, on our consideration of the City of Highland, IL'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, IL'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, IL's internal control over financial reporting and compliance.



Highland, IL  
October 1, 2020



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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, IL

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, IL as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Highland, IL's basic financial statements and have issued our report thereon dated October 1, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Highland, IL's internal control over financial reporting (internal control) to determine the 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, IL's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Highland, IL'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Highland, IL'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 determination of financial statement amounts. 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*.

## **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.



Highland, IL  
October 1, 2020



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**

We have audited the City of Highland, IL's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Highland, IL's major federal programs for the year ended April 30, 2020. City of Highland, IL's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Highland, IL's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Highland, IL's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Highland, IL's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the City of Highland, IL, 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, 2020.

### **Report on Internal Control over Compliance**

Management of the City of Highland, IL, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Highland, IL's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Highland, IL's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Highland, IL  
October 1, 2020

CITY OF HIGHLAND, ILLINOIS  
STATEMENTS OF NET POSITION

	PRIMARY GOVERNMENT						COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL		INDUSTRIAL DEVELOPMENT COMMISSION
	APRIL 30,		APRIL 30,		APRIL 30,		
	2020	2019	2020	2019	2020	2019	2020
<b>ASSETS</b>							
Current Assets:							
Cash and Investments	\$ 21,074,705	\$ 11,449,634	\$ 9,767,633	\$ 9,356,367	\$ 30,842,338	\$ 20,806,001	\$ 77,886
Receivables (Net, Where Applicable of Allowance for Uncollectibles):							
Property Taxes	3,981,104	3,818,970			3,981,104	3,818,970	
Replacement Tax Receivable	25,298	46,176			25,298	46,176	
Accounts Receivable	869,996	826,928	863,591	815,309	1,733,587	1,642,237	
Income Tax Receivable	217,969	312,581			217,969	312,581	
Sales Tax Receivable	729,425	762,953			729,425	762,953	
Unbilled Revenue			1,297,874	1,239,203	1,297,874	1,239,203	
Other	112,737	112,379	41,173	31,237	153,910	143,616	
Prepaid Expenses	292,990	276,267	229,681	194,648	522,671	470,915	
Restricted Assets:							
Cash and Investments	173,886	130,911	1,050,865	418,017	1,224,751	548,928	
Capital Assets (Net of Accumulated Depreciation)	30,078,973	31,732,664	34,933,860	37,986,119	65,012,833	69,718,783	
Land	7,842,801	7,807,558	1,913,497	2,160,714	9,756,298	9,968,272	
Construction in Progress	3,803,374	1,658,735	8,252,921	983,074	12,056,295	2,641,809	
Total Assets	<u>69,203,258</u>	<u>58,935,756</u>	<u>58,351,095</u>	<u>53,184,688</u>	<u>127,554,353</u>	<u>112,120,444</u>	<u>77,886</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Related to OPEB	39,169	44,317	16,539	18,711	55,708	63,028	
Related to Pensions - IMRF and SLEP	2,692,234	3,837,815	1,625,653	2,165,464	4,317,887	6,003,279	
Related to Pensions - Police Pension	2,200,284	2,537,627			2,200,284	2,537,627	
Total Deferred Outflows of Resources	<u>4,931,687</u>	<u>6,419,759</u>	<u>1,642,192</u>	<u>2,184,175</u>	<u>6,573,879</u>	<u>8,603,934</u>	<u>0</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 74,134,945</u>	<u>\$ 65,355,515</u>	<u>\$ 59,993,287</u>	<u>\$ 55,368,863</u>	<u>\$ 134,128,232</u>	<u>\$ 120,724,378</u>	<u>\$ 77,886</u>
<b>LIABILITIES</b>							
Current Liabilities:							
Accounts Payable	\$ 739,251	\$ 430,221	\$ 2,067,653	\$ 1,624,239	\$ 2,806,904	\$ 2,054,460	
Accrued Salaries and Benefits	403,520	355,627	206,970	149,789	610,490	505,416	
Accrued Interest	76,955	39,076	82,036	181,918	158,991	220,994	
Customer Deposits			93,360	95,746	93,360	95,746	
Long-Term Liabilities:							
Portion Due or Payable Within One Year:							
Bonds Payable	992,923	991,787	860,000	770,000	1,852,923	1,761,787	
General Obligation Debt Certificates Payable	305,000				305,000		
Notes Payable	123,108	90,927	149,000	143,000	272,108	233,927	
Premium on Debt	24,640	1,046	1,318	1,318	25,958	2,364	
Maintenance Agreement Payable			54,256	168,903	54,256	168,903	
Portion Due or Payable After One Year:							
Compensated Absences	843,871	746,065	364,592	346,555	1,208,463	1,092,620	
Net Pension Liability - IMRF and SLEP	1,439,998	3,593,236	887,632	2,025,654	2,327,630	5,618,890	
Net Pension Liability - Police Pension	7,958,780	7,526,310			7,958,780	7,526,310	
Other Post Employment Benefits Payable	1,269,810	1,275,029	536,143	538,347	1,805,953	1,813,376	
Premium on Debt	455,516	12,205	16,473	17,791	471,989	29,996	
Bonds Payable	5,084,657	6,077,580	11,155,000	11,835,000	16,239,657	17,912,580	
General Obligation Debt Certificates Payable	8,170,000				8,170,000		
Notes Payable	411,726	234,834	7,665,123	1,450,000	8,076,849	1,684,834	
Long-Term Accrued Interest	1,214,018	1,223,731			1,214,018	1,223,731	
Maintenance Agreement Payable				54,255		54,255	
Total Liabilities	<u>29,513,773</u>	<u>22,597,674</u>	<u>24,139,556</u>	<u>19,402,515</u>	<u>53,653,329</u>	<u>42,000,189</u>	<u>\$ 0</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Property Taxes	3,981,104	3,818,970			3,981,104	3,818,970	
Related to OPEB	60,115		25,383		85,498		
Related to Pensions - IMRF and SLEP	2,999,141	1,821,154	1,774,909	1,014,921	4,774,050	2,836,075	
Related to Pensions - Police Pension	577,310	649,337			577,310	649,337	
Total Deferred Inflows of Resources	<u>7,617,670</u>	<u>6,289,461</u>	<u>1,800,292</u>	<u>1,014,921</u>	<u>9,417,962</u>	<u>7,304,382</u>	<u>0</u>
<b>NET POSITION</b>							
Invested in Capital Assets, Net of Related Debt	26,637,734	33,803,829	25,216,899	26,708,749	51,854,633	60,512,578	
Restricted for:							
Special Revenue Purposes	2,565,229	2,646,084			2,565,229	2,646,084	77,886
Capital Projects Purposes	8,423,675				8,423,675		
Other Purposes	134,264	122,901			134,264	122,901	
Long-Term Debt	148,337	105,658	1,050,865	418,017	1,199,202	523,675	
Unrestricted	(905,737)	(210,092)	7,785,675	7,824,661	6,879,938	7,614,569	
Total Net Position	<u>37,003,502</u>	<u>36,468,380</u>	<u>34,053,439</u>	<u>34,951,427</u>	<u>71,056,941</u>	<u>71,419,807</u>	<u>77,886</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 74,134,945</u>	<u>\$ 65,355,515</u>	<u>\$ 59,993,287</u>	<u>\$ 55,368,863</u>	<u>\$ 134,128,232</u>	<u>\$ 120,724,378</u>	<u>\$ 77,886</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, 2020

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	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
General Government	\$ 2,031,438	\$ 1,898,753	\$ 6,819		\$ (125,866)		\$ (125,866)	
Public Safety	7,327,057	1,902,695	32,847		(5,391,515)		(5,391,515)	
Highways and Streets	3,019,154	9,300	41,828	\$ 98,536	(2,869,490)		(2,869,490)	
Culture and Recreation	2,743,765	863,088	108,650	46,885	(1,725,142)		(1,725,142)	
Economic Development	550,814				(550,814)		(550,814)	
Employer's Contribution to Retirement Fund	888,385				(888,385)		(888,385)	
Motor Fuel Taxes			368,521		368,521		368,521	
Interest on Long-Term Debt	295,432				(295,432)		(295,432)	
Total Governmental Activities	16,856,045	4,673,836	558,665	145,421	(11,478,123)	\$ 0	(11,478,123)	\$ 0
<b>Business-Type Activities:</b>								
Electric	18,005,184	16,886,323				(1,118,861)	(1,118,861)	
Water	2,480,597	2,717,282				236,685	236,685	
Sewer	1,800,184	2,304,216				504,032	504,032	
Solid Waste	1,691,965	1,675,783				(16,182)	(16,182)	
Total Business-Type Activities	23,977,930	23,583,604	0	0	0	(394,326)	(394,326)	0
Total Primary Government	\$ 40,833,975	\$ 28,257,440	\$ 558,665	\$ 145,421	(11,478,123)	(394,326)	(11,872,449)	0
<b>Component Unit:</b>								
Industrial Development								0
<b>General Revenues:</b>								
<b>Taxes:</b>								
Property Taxes, Levied for General Purposes					3,948,993		3,948,993	
Intergovernmental					7,127,494		7,127,494	
Gain (Loss) on Disposal of Capital Assets					114,546	(556,344)	(441,798)	
Unrealized Appreciation of Investments					60,697	77,501	138,198	
Interest and Miscellaneous Income					460,515	276,181	736,696	
Transfers					301,000	(301,000)	0	
Total General Revenues					12,013,245	(503,662)	11,509,583	0
Change in Net Position					535,122	(897,988)	(362,866)	0
Net Position Beginning					36,468,380	34,951,427	71,419,807	77,886
Net Position Ending					\$ 37,003,502	\$ 34,053,439	\$ 71,056,941	\$ 77,886

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

CITY OF HIGHLAND, ILLINOIS  
STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED APRIL 30, 2019

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	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
<b>Primary Government:</b>								
Governmental Activities:								
General Government	\$ 1,838,268	\$ 1,747,087	\$ 7,628		\$ (83,553)		\$ (83,553)	
Public Safety	7,028,153	1,766,486	1,815		(5,259,852)		(5,259,852)	
Highways and Streets	2,841,512	10,800	50,343	\$ 55,575	(2,724,794)		(2,724,794)	
Culture and Recreation	2,720,956	1,051,585	75,002	402,028	(1,192,341)		(1,192,341)	
Economic Development	509,973		1,601		(508,372)		(508,372)	
Employer's Contribution to Retirement Fund	894,799				(894,799)		(894,799)	
Interest on Long-Term Debt	270,278				(270,278)		(270,278)	
Total Governmental Activities	<u>16,103,939</u>	<u>4,575,958</u>	<u>136,389</u>	<u>457,603</u>	<u>(10,933,989)</u>	<u>\$ 0</u>	<u>(10,933,989)</u>	<u>\$ 0</u>
Business-Type Activities:								
Electric	16,922,749	17,046,844				124,095	124,095	
Water	2,366,794	2,688,256				321,462	321,462	
Sewer	1,764,812	2,277,562				512,750	512,750	
Solid Waste	1,637,497	1,674,774				37,277	37,277	
Total Business-Type Activities	<u>22,691,852</u>	<u>23,687,436</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>995,584</u>	<u>995,584</u>	<u>0</u>
Total Primary Government	<u>\$ 38,795,791</u>	<u>\$ 28,263,394</u>	<u>\$ 136,389</u>	<u>\$ 457,603</u>	<u>(10,933,989)</u>	<u>995,584</u>	<u>(9,938,405)</u>	<u>0</u>
<b>Component Unit</b>								
Industrial Development								<u>0</u>
<b>General Revenues:</b>								
Taxes:								
Property Taxes, Levied for General Purposes					3,898,828		3,898,828	
Intergovernmental					7,115,785		7,115,785	
Gain on Disposal of Capital Assets					14,409		14,409	
Unrealized Appreciation of Investments					25,006	26,380	51,386	
Interest and Miscellaneous Income					338,931	265,896	604,827	558
Transfers					425,000	(425,000)	0	
Total General Revenues					<u>11,817,959</u>	<u>(132,724)</u>	<u>11,685,235</u>	<u>558</u>
Change in Net Position					883,970	862,860	1,746,830	558
Net Position Beginning					35,584,410	34,088,567	69,672,977	77,328
Net Position Ending					<u>\$ 36,468,380</u>	<u>\$ 34,951,427</u>	<u>\$ 71,419,807</u>	<u>\$ 77,886</u>

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



CITY OF HIGHLAND, ILLINOIS  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
APRIL 30, 2020

	PRIMARY GOVERNMENT						COMPONENT UNIT
	GENERAL CORPORATE	CITY PROPERTY REPLACEMENT	AMBULANCE	BUS DIST A	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	INDUSTRIAL DEVELOPMENT COMMISSION
<u>ASSETS</u>							
Cash and Investments	\$ 2,726,412	\$ 5,853,741	\$ 50,183	\$ 8,620,759	\$ 3,823,610	\$ 21,074,705	\$ 77,886
Receivables (Net, Where Applicable of Allowance for Uncollectibles):							
Property Taxes	1,371,475		484,435		2,125,194	3,981,104	
Replacement Tax Receivable	17,205		2,504		5,589	25,298	
Accounts Receivable	16,737		853,259			869,996	
Income Tax Receivable	217,969					217,969	
Sales Tax Receivable	424,297			97,170	207,958	729,425	
Other	51,323	24,440	208		36,766	112,737	
Due from Other Fund		517,500				517,500	
Prepaid Expenses	70,343		2,581		220,066	292,990	
Restricted Cash					173,886	173,886	
<b>Total Assets</b>	<b>\$ 4,895,761</b>	<b>\$ 6,395,681</b>	<b>\$ 1,393,170</b>	<b>\$ 8,717,929</b>	<b>\$ 6,593,069</b>	<b>\$ 27,995,610</b>	<b>\$ 77,886</b>
<u>LIABILITIES</u>							
Accounts Payable	\$ 369,264		\$ 17,119	\$ 294,254	\$ 58,614	\$ 739,251	
Accrued Salaries and Benefits	267,003		77,921		58,596	403,520	
Due to Other Fund	355,000		125,000		37,500	517,500	
<b>Total Liabilities</b>	<b>991,267</b>	<b>\$ 0</b>	<b>220,040</b>	<b>294,254</b>	<b>154,710</b>	<b>1,660,271</b>	<b>\$ 0</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable Property Taxes	1,371,475	0	484,435	0	2,125,194	3,981,104	0
<u>FUND BALANCES</u>							
Nonspendable	70,343		2,581		220,066	292,990	
Restricted	63,921			8,423,675	2,490,919	10,978,515	77,886
Assigned		6,395,681	686,114		1,689,974	8,771,769	
Unassigned	2,398,755				(87,794)	2,310,961	
<b>Total Fund Balances</b>	<b>2,533,019</b>	<b>6,395,681</b>	<b>688,695</b>	<b>8,423,675</b>	<b>4,313,165</b>	<b>22,354,235</b>	<b>77,886</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 4,895,761</b>	<b>\$ 6,395,681</b>	<b>\$ 1,393,170</b>	<b>\$ 8,717,929</b>	<b>\$ 6,593,069</b>	<b>\$ 27,995,610</b>	<b>\$ 77,886</b>

CITY OF HIGHLAND, ILLINOIS  
BALANCE SHEETS  
GOVERNMENTAL FUNDS  
APRIL 30, 2019

	PRIMARY GOVERNMENT						COMPONENT UNIT
	GENERAL CORPORATE	CITY PROPERTY REPLACEMENT	AMBULANCE	STREET IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	INDUSTRIAL DEVELOPMENT COMMISSION
<u>ASSETS</u>							
Cash and Investments	\$ 2,849,329	\$ 5,064,133	\$ 4,838	\$ 396,442	\$ 3,134,892	\$ 11,449,634	\$ 77,886
Receivables (Net, Where Applicable of Allowance for Uncollectibles):							
Property Taxes	1,266,182		469,357		2,083,431	3,818,970	
Replacement Tax Receivable	31,405		4,571		10,200	46,176	
Accounts Receivable	51,306		775,622			826,928	
Income Tax Receivable	312,581					312,581	
Sales Tax Receivable	439,778			220,494	102,681	762,953	
Other	65,598	16,735	16	734	29,296	112,379	
Due from Other Fund		115,000				115,000	
Prepaid Expenses	67,244		2,831		206,192	276,267	
Restricted Cash					130,911	130,911	
<b>Total Assets</b>	<b>\$ 5,083,423</b>	<b>\$ 5,195,868</b>	<b>\$ 1,257,235</b>	<b>\$ 617,670</b>	<b>\$ 5,697,603</b>	<b>\$ 17,851,799</b>	<b>\$ 77,886</b>
<u>LIABILITIES</u>							
Accounts Payable	\$ 323,228		\$ 40,496	\$ 27,783	\$ 38,714	\$ 430,221	
Accrued Salaries and Benefits	244,208		65,476		45,943	355,627	
Due to Other Fund	70,000				45,000	115,000	
<b>Total Liabilities</b>	<b>637,436</b>	<b>\$ 0</b>	<b>105,972</b>	<b>27,783</b>	<b>129,657</b>	<b>900,848</b>	<b>\$ 0</b>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable Property Taxes	1,266,182	0	469,357	0	2,083,431	3,818,970	0
<u>FUND BALANCES</u>							
Nonspendable	67,244		2,831		206,192	276,267	
Restricted	55,657				2,542,719	2,598,376	77,886
Assigned		5,195,868	679,075	589,887	824,688	7,289,518	
Unassigned	3,056,904				(89,084)	2,967,820	
<b>Total Fund Balances</b>	<b>3,179,805</b>	<b>5,195,868</b>	<b>681,906</b>	<b>589,887</b>	<b>3,484,515</b>	<b>13,131,981</b>	<b>77,886</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 5,083,423</b>	<b>\$ 5,195,868</b>	<b>\$ 1,257,235</b>	<b>\$ 617,670</b>	<b>\$ 5,697,603</b>	<b>\$ 17,851,799</b>	<b>\$ 77,886</b>

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

CITY OF HIGHLAND, ILLINOIS  
RECONCILIATIONS OF THE GOVERNMENTAL FUNDS BALANCE SHEETS  
TO THE STATEMENTS OF NET POSITION  
APRIL 30, 2020  
WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2019

	2020	2019
Total fund balances for governmental funds	\$ 22,354,235	\$ 13,131,981
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	\$ 7,842,801	\$ 7,807,558
Construction in progress	3,803,374	1,658,735
Infrastructure, net of accumulated depreciation	21,655,792	22,847,343
Buildings and improvements, net of accumulated depreciation	3,982,098	4,231,671
Other improvements, net of accumulated depreciation	3,340,488	3,446,904
Equipment, net of accumulated depreciation	1,100,595	1,206,746
	41,725,148	41,198,957
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	4,892,518	6,375,442
Deferred inflows of resources related to pensions	(3,576,451)	(2,470,491)
Deferred outflows of resources related to defined benefit OPEB is applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to OPEB	39,169	44,317
Deferred inflows of resources related to OPEB	(60,115)	
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	\$ (1,290,973)	\$ (1,262,807)
Bonds and notes payable	(6,612,414)	(7,395,128)
Debt Certificates Payable	(8,475,000)	
Debt premium, net of accumulated amortization	(480,156)	(13,251)
Net pension liability	(9,398,778)	(11,119,546)
Other post employment benefits	(1,269,810)	(1,275,029)
Compensated absences	(843,871)	(746,065)
	(28,371,002)	(21,811,826)
Total net position of governmental activities	\$ 37,003,502	\$ 36,468,380

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, 2020

	PRIMARY GOVERNMENT					COMPONENT UNIT	
	GENERAL CORPORATE	CITY PROPERTY REPLACEMENT	AMBULANCE	BUS DIST A	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	INDUSTRIAL DEVELOPMENT COMMISSION
Revenues:							
General Property Taxes	\$ 1,401,280		\$ 468,232		\$ 2,079,481	\$ 3,948,993	
Corporate Personal Property Replacement Taxes	127,807		16,845		45,861	190,513	
Intergovernmental	4,461,002		318,966	\$ 635,068	1,521,945	6,936,981	
Motor Fuel Taxes					368,521	368,521	
Charges for Services	2,314,016		1,843,611		19,394	4,177,021	
Licenses, Permits and Other Taxes	380,890					380,890	
Fines and Forfeitures	16,789				2,518	19,307	
Revenue from Use of Property	96,618					96,618	
Grants and Contributions	274,457		32,847		28,261	335,565	
Miscellaneous and Interest Income	278,876	\$ 84,384	855	26,443	69,957	460,515	
Total Revenues	<u>9,351,735</u>	<u>84,384</u>	<u>2,681,356</u>	<u>661,511</u>	<u>4,135,938</u>	<u>16,914,924</u>	<u>\$ 0</u>
Expenditures:							
Current-							
General Government	1,377,144				349,202	1,726,346	
Public Safety	3,710,393		2,588,020			6,298,413	
Highways and Streets	1,031,321				240,666	1,271,987	
Culture and Recreation	1,916,215				335,123	2,251,338	
Economic Development	290,606			2,066	98,631	391,303	
Employer's Contribution to Retirement Fund					888,385	888,385	
Capital Outlay	1,658,391		79,588	520,317	856,500	3,114,796	
Debt Service Expenditures-							
Debt Issue Costs and Fees				142,724	100	142,824	
Principal Retirement	464,307		46,620		571,787	1,082,714	
Interest and Fixed Charges	15,528		4,940		251,676	272,144	
Total Expenditures	<u>10,463,905</u>	<u>0</u>	<u>2,719,168</u>	<u>665,107</u>	<u>3,592,070</u>	<u>17,440,250</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,112,170)	84,384	(37,812)	(3,596)	543,868	(525,326)	0
Other Financing Sources (Uses):							
Debt Proceeds	300,000			8,475,000		8,775,000	
Debt Premiums				471,883		471,883	
Proceeds from Sale of Capital Assets	128,000		11,000			139,000	
Unrealized Appreciation (Depreciation) of Investments	20,908	46,429	398		(7,038)	60,697	
Operating Transfers In	969,476	1,103,000	33,203			2,105,679	
Operating Transfers Out	(953,000)	(34,000)		(737,858)	(79,821)	(1,804,679)	
Total Other Financing Sources (Uses)	<u>465,384</u>	<u>1,115,429</u>	<u>44,601</u>	<u>8,209,025</u>	<u>(86,859)</u>	<u>9,747,580</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	(646,786)	1,199,813	6,789	8,205,429	457,009	9,222,254	0
Fund Balance, Beginning of Year	3,179,805	5,195,868	681,906	218,246	3,856,156	13,131,981	77,886
Fund Balance, End of Year	<u>\$ 2,533,019</u>	<u>\$ 6,395,681</u>	<u>\$ 688,695</u>	<u>\$ 8,423,675</u>	<u>\$ 4,313,165</u>	<u>\$ 22,354,235</u>	<u>\$ 77,886</u>

CITY OF HIGHLAND, ILLINOIS  
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED APRIL 30, 2019

	PRIMARY GOVERNMENT					TOTAL GOVERNMENTAL FUNDS	COMPONENT UNIT
	GENERAL CORPORATE	CITY PROPERTY REPLACEMENT	AMBULANCE	STREET IMPROVEMENT	OTHER GOVERNMENTAL FUNDS		INDUSTRIAL DEVELOPMENT COMMISSION
Revenues:							
General Property Taxes	\$ 1,391,295		\$ 454,163		\$ 2,053,370	\$ 3,898,828	
Corporate Personal Property Replacement Taxes	118,146		16,345		36,471	170,962	
Intergovernmental	4,400,137		318,966	\$ 1,458,085	767,635	6,944,823	
Charges for Services	2,442,958		1,704,619		19,935	4,167,512	
Licenses, Permits and Other Taxes	289,067					289,067	
Fines and Forfeitures	19,613				3,100	22,713	
Revenue from Use of Property	96,666					96,666	
Grants and Contributions	562,792				31,200	593,992	
Miscellaneous and Interest Income	192,057	\$ 77,001	8,137	7,143	54,593	338,931	\$ 558
Total Revenues	<u>9,512,731</u>	<u>77,001</u>	<u>2,502,230</u>	<u>1,465,228</u>	<u>2,966,304</u>	<u>16,523,494</u>	<u>558</u>
Expenditures:							
Current-							
General Government	1,326,382				327,763	1,654,145	
Public Safety	3,408,439		2,683,545			6,091,984	
Highways and Streets	934,569				203,503	1,138,072	
Culture and Recreation	1,940,243				350,572	2,290,815	
Economic Development	431,300				63,092	494,392	
Employer's Contribution to Retirement Fund					894,799	894,799	
Capital Outlay	1,511,586		262,659	284,215		2,058,460	
Debt Service Expenditures-							
Other Debt Service Fees				551	200	751	
Principal Retirement	458,326			735,000	190,000	1,383,326	
Interest and Fixed Charges	23,088			11,760	102,063	136,911	
Total Expenditures	<u>10,033,933</u>	<u>0</u>	<u>2,946,204</u>	<u>1,031,526</u>	<u>2,131,992</u>	<u>16,143,655</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(521,202)</u>	<u>77,001</u>	<u>(443,974)</u>	<u>433,702</u>	<u>834,312</u>	<u>379,839</u>	<u>558</u>
Other Financing Sources (Uses):							
Debt Proceeds			193,723			193,723	
Proceeds from Sale of Capital Assets	1,940		12,469			14,409	
Unrealized Appreciation of Investments	7,981	14,023	9	627	2,366	25,006	
Operating Transfers In	1,039,232	265,000	187,000			1,491,232	
Operating Transfers Out	(115,000)	(767,000)			(184,232)	(1,066,232)	
Total Other Financing Sources (Uses)	<u>934,153</u>	<u>(487,977)</u>	<u>393,201</u>	<u>627</u>	<u>(181,866)</u>	<u>658,138</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	412,951	(410,976)	(50,773)	434,329	652,446	1,037,977	558
Fund Balance, Beginning of Year	2,766,854	5,606,844	732,679	155,558	2,832,069	12,094,004	77,328
Fund Balance, End of Year	<u>\$ 3,179,805</u>	<u>\$ 5,195,868</u>	<u>\$ 681,906</u>	<u>\$ 589,887</u>	<u>\$ 3,484,515</u>	<u>\$ 13,131,981</u>	<u>\$ 77,886</u>

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

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, 2020  
WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2019

	2020	2019
Net change in fund balances - total governmental funds	\$ 9,222,254	\$ 1,037,977
<p>Amounts reported for governmental activities in the statements of activities are different because:</p>		
<p>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 in the current period and depreciation expense exceeded capital outlay in the prior period.</p>	550,643	(486,819)
<p>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 debt premiums exceeded the amortization of debt premiums in the current period and amortization of debt premiums exceeded debt premiums in the prior period.</p>	(466,905)	9,682
<p>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.</p>	(24,452)	
<p>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.</p>	(8,775,000)	(193,723)
<p>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.</p>	(186,012)	(210,708)
<p>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.</p>	(868,120)	(655,765)
<p>Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.</p>	1,082,714	1,383,326
Change in net position of governmental activities	\$ 535,122	\$ 883,970

CITY OF HIGHLAND, ILLINOIS  
STATEMENT OF NET POSITIONS  
ENTERPRISE FUNDS  
APRIL 30, 2020

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
<u>ASSETS</u>					
Current Assets:					
Cash and Investments	\$ 1,535,931	\$ 3,976,113	\$ 3,611,889	\$ 643,700	\$ 9,767,633
Receivables:					
Accounts, Net	554,173	103,365	101,569	104,484	863,591
Unbilled Revenue	851,733	189,952	148,864	107,325	1,297,874
Other Receivable	6,802	16,602	15,081	2,688	41,173
Other Current Assets	161,034	35,924	32,723		229,681
Total Current Assets	3,109,673	4,321,956	3,910,126	858,197	12,199,952
Restricted Assets:					
Cash and Investments	1,050,865				1,050,865
Capital Assets (Net of Accumulated Depreciation)	23,032,726	7,632,380	4,268,754		34,933,860
Land	1,461,719	401,635	50,143		1,913,497
Construction in Progress	722,807	149,316	7,380,798		8,252,921
Total Noncurrent Assets	26,268,117	8,183,331	11,699,695	0	46,151,143
Total Assets	29,377,790	12,505,287	15,609,821	858,197	58,351,095
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Related to OPEB	9,575	3,482	3,482		16,539
Related to Pensions	947,793	363,160	314,700		1,625,653
Total Deferred Outflows of Resources	957,368	366,642	318,182	0	1,642,192
Total Assets and Deferred Outflows of Resources	\$ 30,335,158	\$ 12,871,929	\$ 15,928,003	\$ 858,197	\$ 59,993,287
<u>LIABILITIES</u>					
Current Liabilities (Payable from Current Assets):					
Accounts Payable	\$ 986,743	\$ 59,069	\$ 894,500	\$ 127,341	\$ 2,067,653
Accrued Interest Payable		4,435	6,285		10,720
Current Portion Notes Payable		149,000			149,000
Current Portion Maintenance Agreement Payable		54,256			54,256
Accrued Salaries and Benefits	121,768	50,166	35,036		206,970
Premium on Revenue Bonds			1,318		1,318
Total Current Liabilities (Payable from Current Assets)	1,108,511	316,926	937,139	127,341	2,489,917
Current Liabilities (Payable from Restricted Assets):					
Customer Deposits	93,360				93,360
Current Portion Revenue Bonds	735,000		125,000		860,000
Accrued Interest on Revenue Bonds	71,316				71,316
Total Current Liabilities (Payable from Restricted Assets)	899,676	0	125,000	0	1,024,676
Long-Term Liabilities:					
Premium on Revenue Bonds			16,473		16,473
Revenue Bonds (Net of Current Portion)	9,170,000		1,985,000		11,155,000
Notes Payable (Net of Current Portion)		1,301,000	6,364,123		7,665,123
Compensated Absences	202,292	95,864	66,436		364,592
Net Pension Liability	510,948	193,140	183,544		887,632
Other Post Employment Benefits Payable	310,399	112,872	112,872		536,143
Total Long-Term Liabilities	10,193,639	1,702,876	8,728,448	0	20,624,963
Total Liabilities	12,201,826	2,019,802	9,790,587	127,341	24,139,556
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Related to OPEB	14,695	5,344	5,344		25,383
Related to Pensions	1,021,692	386,203	367,014		1,774,909
Total Deferred Inflows of Resources	1,036,387	391,547	372,358	0	1,800,292
<u>NET POSITION</u>					
Net Investment in Capital Assets, Net of Related Debt	15,312,252	6,679,075	3,225,572		25,216,899
Restricted For Long Term Debt	1,050,865				1,050,865
Unrestricted	733,828	3,781,505	2,539,486	730,856	7,785,675
Total Net Position	17,096,945	10,460,580	5,765,058	730,856	34,053,439
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 30,335,158	\$ 12,871,929	\$ 15,928,003	\$ 858,197	\$ 59,993,287

CITY OF HIGHLAND, ILLINOIS  
STATEMENT OF NET POSITIONS  
ENTERPRISE FUNDS  
APRIL 30, 2019

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
<u>ASSETS</u>					
Current Assets:					
Cash and Investments	\$ 2,611,672	\$ 3,594,402	\$ 2,479,350	\$ 670,943	\$ 9,356,367
Receivables:					
Accounts, Net	546,847	85,850	81,108	101,504	815,309
Unbilled Revenue	798,114	182,569	151,973	106,547	1,239,203
Other Receivable	8,947	11,879	8,194	2,217	31,237
Other Current Assets	124,479	35,878	34,291		194,648
Total Current Assets	4,090,059	3,910,578	2,754,916	881,211	11,636,764
Restricted Assets:					
Cash and Investments	95,746	322,271			418,017
Capital Assets (Net of Accumulated Depreciation)	25,429,258	8,116,245	4,440,616		37,986,119
Land	1,708,936	401,635	50,143		2,160,714
Construction in Progress	270,058	20,788	692,228		983,074
Total Noncurrent Assets	27,503,998	8,860,939	5,182,987	0	41,547,924
Total Assets	31,594,057	12,771,517	7,937,903	881,211	53,184,688
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Related to OPEB	10,833	3,939	3,939		18,711
Related to Pensions	1,259,943	459,448	446,073		2,165,464
Total Deferred Outflows of Resources	1,270,776	463,387	450,012	0	2,184,175
Total Assets and Deferred Outflows of Resources	\$ 32,864,833	\$ 13,234,904	\$ 8,387,915	\$ 881,211	\$ 55,368,863
<u>LIABILITIES</u>					
Current Liabilities (Payable from Current Assets):					
Accounts Payable	\$ 966,081	\$ 438,628	\$ 68,614	\$ 150,916	\$ 1,624,239
Accrued Interest Payable		4,872	6,545		11,417
Current Portion Note Payable		143,000			143,000
Current Portion Maintenance Agreement Payable		168,903			168,903
Accrued Salaries and Benefits	83,572	36,656	29,561		149,789
Premium on Revenue Bonds			1,318		1,318
Total Current Liabilities (Payable from Current Assets)	1,049,653	792,059	106,038	150,916	2,098,666
Current Liabilities (Payable from Restricted Assets):					
Customer Deposits	95,746				95,746
Current Portion Revenue Bonds	650,000		120,000		770,000
Accrued Interest on Revenue Bonds	170,501				170,501
Total Current Liabilities (Payable from Restricted Assets)	916,247	0	120,000	0	1,036,247
Long-Term Liabilities:					
Premium on Revenue Bonds			17,791		17,791
Revenue Bonds (Net of Current Portion)	9,725,000		2,110,000		11,835,000
Note Payable (Net of Current Portion)		1,450,000			1,450,000
Maintenance Agreement Payable (Net of Current Portion)		54,255			54,255
Compensated Absences	187,425	84,858	74,272		346,555
Net Pension Liability	1,167,405	420,219	438,030		2,025,654
Other Post Employment Benefits Payable	311,675	113,336	113,336		538,347
Total Long-Term Liabilities	11,391,505	2,122,668	2,753,429	0	16,267,602
Total Liabilities	13,357,405	2,914,727	2,979,467	150,916	19,402,515
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Related to Pensions	584,909	210,544	219,468		1,014,921
<u>NET POSITION</u>					
Net Investment in Capital Assets, Net of Related Debt	17,033,252	6,722,510	2,952,987		26,708,749
Restricted for Long Term Debt	95,746	322,271			418,017
Unrestricted	1,793,521	3,064,852	2,235,993	730,295	7,824,661
Total Net Position	18,922,519	10,109,633	5,188,980	730,295	34,951,427
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 32,864,833	\$ 13,234,904	\$ 8,387,915	\$ 881,211	\$ 55,368,863



CITY OF HIGHLAND, ILLINOIS  
STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED APRIL 30, 2020

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
Operating Revenues:					
Charges for Services	\$ 16,835,941	\$ 2,620,285	\$ 2,193,770	\$ 1,675,783	\$ 23,325,779
Connection Fees	50,382	96,997	110,446		257,825
Total Operating Revenues	<u>16,886,323</u>	<u>2,717,282</u>	<u>2,304,216</u>	<u>1,675,783</u>	<u>23,583,604</u>
Operating Expenses:					
Personnel Services	2,331,713	983,963	703,190		4,018,866
Contractual Services	3,135,875	362,120	373,401	1,662,937	5,534,333
Purchase Power (Less Generating Capacity Credit)	9,456,005				9,456,005
Supplies and Materials	415,323	185,234	92,166	29,028	721,751
Utilities	107,028	116,970	151,536		375,534
Depreciation and Amortization	2,033,880	775,587	404,334		3,213,801
Total Operating Expenses	<u>17,479,824</u>	<u>2,423,874</u>	<u>1,724,627</u>	<u>1,691,965</u>	<u>23,320,290</u>
Operating Income (Loss)	<u>(593,501)</u>	<u>293,408</u>	<u>579,589</u>	<u>(16,182)</u>	<u>263,314</u>
Non-Operating Revenues (Expenses):					
Interest Income	71,833	62,525	48,539	10,147	193,044
Miscellaneous	33,725	38,385	9,544	1,483	83,137
Unrealized Appreciation of Investments	12,197	31,580	28,611	5,113	77,501
Loss on Sale of Assets	(556,344)				(556,344)
Interest Expense	(440,360)	(56,723)	(75,407)		(572,490)
Debt Issue Costs	(84,350)				(84,350)
Service Charges	(650)		(150)		(800)
Total Non-Operating Revenues (Expenses)	<u>(963,949)</u>	<u>75,767</u>	<u>11,137</u>	<u>16,743</u>	<u>(860,302)</u>
Income (Loss) Before Operating Transfers	<u>(1,557,450)</u>	<u>369,175</u>	<u>590,726</u>	<u>561</u>	<u>(596,988)</u>
Operating Transfers:					
Transfers Out	(268,124)	(18,228)	(14,648)		(301,000)
Total Operating Transfers	<u>(268,124)</u>	<u>(18,228)</u>	<u>(14,648)</u>	<u>0</u>	<u>(301,000)</u>
Increase (Decrease) in Net Position	<u>(1,825,574)</u>	<u>350,947</u>	<u>576,078</u>	<u>561</u>	<u>(897,988)</u>
Total Net Position, Beginning of Year	<u>18,922,519</u>	<u>10,109,633</u>	<u>5,188,980</u>	<u>730,295</u>	<u>34,951,427</u>
Total Net Position, End of Year	<u>\$ 17,096,945</u>	<u>\$ 10,460,580</u>	<u>\$ 5,765,058</u>	<u>\$ 730,856</u>	<u>\$ 34,053,439</u>

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

CITY OF HIGHLAND, ILLINOIS  
STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED APRIL 30, 2019

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
Operating Revenues:					
Charges for Services	\$ 17,019,511	\$ 2,638,536	\$ 2,201,032	\$ 1,674,774	\$ 23,533,853
Connection Fees	27,333	49,720	76,530		153,583
Total Operating Revenues	<u>17,046,844</u>	<u>2,688,256</u>	<u>2,277,562</u>	<u>1,674,774</u>	<u>23,687,436</u>
Operating Expenses:					
Personnel Services	1,875,028	837,005	673,496		3,385,529
Contractual Services	2,806,904	401,318	332,305	1,637,497	5,178,024
Purchase Power (Less Generating Capacity Credit)	9,368,588				9,368,588
Supplies and Materials	375,909	232,205	97,673		705,787
Utilities	112,220	142,925	140,629		395,774
Depreciation and Amortization	1,856,781	721,481	442,086		3,020,348
Total Operating Expenses	<u>16,395,430</u>	<u>2,334,934</u>	<u>1,686,189</u>	<u>1,637,497</u>	<u>22,054,050</u>
Operating Income	<u>651,414</u>	<u>353,322</u>	<u>591,373</u>	<u>37,277</u>	<u>1,633,386</u>
Non-Operating Revenues (Expenses):					
Interest Income	42,435	59,386	35,398	10,239	147,458
Miscellaneous	67,232	39,972	11,234		118,438
Unrealized Appreciation of Investments	7,367	10,147	6,971	1,895	26,380
Interest Expense	(527,069)	(31,860)	(78,473)		(637,402)
Service Charges	(250)		(150)		(400)
Total Non-Operating Revenues (Expenses)	<u>(410,285)</u>	<u>77,645</u>	<u>(25,020)</u>	<u>12,134</u>	<u>(345,526)</u>
Income Before Operating Transfers	241,129	430,967	566,353	49,411	1,287,860
Operating Transfers:					
Transfers Out	(355,400)	(31,200)	(23,400)	(15,000)	(425,000)
Total Operating Transfers	<u>(355,400)</u>	<u>(31,200)</u>	<u>(23,400)</u>	<u>(15,000)</u>	<u>(425,000)</u>
Increase (Decrease) in Net Position	(114,271)	399,767	542,953	34,411	862,860
Total Net Position, Beginning of Year	<u>19,036,790</u>	<u>9,709,866</u>	<u>4,646,027</u>	<u>695,884</u>	<u>34,088,567</u>
Total Net Position, End of Year	<u>\$ 18,922,519</u>	<u>\$ 10,109,633</u>	<u>\$ 5,188,980</u>	<u>\$ 730,295</u>	<u>\$ 34,951,427</u>

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

CITY OF HIGHLAND, ILLINOIS  
STATEMENTS OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED APRIL 30, 2020

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash Received from Customers	\$ 16,859,103	\$ 2,730,769	\$ 2,297,976	\$ 1,673,508	\$ 23,561,356
Cash Payments for Goods and Services	(13,205,313)	(1,012,349)	235,926	(1,710,427)	(15,692,163)
Cash Payments to Employees	(2,171,497)	(909,242)	(675,781)		(3,756,520)
Net Cash Provided (Used) by Operating Activities	<u>1,482,293</u>	<u>809,178</u>	<u>1,858,121</u>	<u>(36,919)</u>	<u>4,112,673</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
Repayments of Loans from Other Funds	(268,124)	(18,228)	(14,648)		(301,000)
Net Cash Used by Non-Capital Financing Activities	<u>(268,124)</u>	<u>(18,228)</u>	<u>(14,648)</u>	<u>0</u>	<u>(301,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Interest Paid	(539,545)	(57,160)	(75,667)		(672,372)
Payments for Capital Acquisitions	(1,414,224)	(420,250)	(6,921,042)		(8,755,516)
Proceeds From Sale of Capital Assets	1,015,000				1,015,000
Proceeds from Loans		(71,000)	6,364,123		6,293,123
Repayments of Loans	(470,000)	(240,902)	(120,000)		(830,902)
Net Cash Used by Capital and Related Financing Activities	<u>(1,408,769)</u>	<u>(789,312)</u>	<u>(752,586)</u>	<u>0</u>	<u>(2,950,667)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Receipts of Interest	<u>73,978</u>	<u>57,802</u>	<u>41,652</u>	<u>9,676</u>	<u>183,108</u>
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(120,622)	59,440	1,132,539	(27,243)	1,044,114
CASH AND INVESTMENTS, BEGINNING OF YEAR	2,707,418	3,916,673	2,479,350	670,943	9,774,384
CASH AND INVESTMENTS, END OF YEAR	<u>\$ 2,586,796</u>	<u>\$ 3,976,113</u>	<u>\$ 3,611,889</u>	<u>\$ 643,700</u>	<u>\$ 10,818,498</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>					
Operating Income (Loss)	\$ (593,501)	\$ 293,408	\$ 579,589	\$ (16,182)	\$ 263,314
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation and Amortization Expense	2,033,880	775,587	404,334		3,213,801
Miscellaneous Revenues	33,725	38,385	9,544	1,483	83,137
Bond Issue Costs	(84,350)				(84,350)
Service Charges	(650)		(150)		(800)
Amortization of Bond Premium			(1,318)		(1,318)
Unrealized Appreciation of Investments	12,197	31,580	28,611	5,113	77,501
Increase in Accounts Receivables	(7,326)	(17,515)	(20,461)	(2,980)	(48,282)
(Increase) Decrease in Unbilled Revenue	(53,619)	(7,383)	3,109	(778)	(58,671)
(Increase) Decrease in Other Current Assets	(36,555)	(46)	1,568		(35,033)
Decrease in Deferred Outflows Related to OPEB	1,258	457	457		2,172
Decrease in Deferred Outflows Related to Pensions	312,150	96,288	131,373		539,811
Increase (Decrease) in Accounts Payable	20,662	(379,559)	825,886	(23,575)	443,414
Increase in Accrued Salaries and Benefits	38,196	13,510	5,475		57,181
Increase (Decrease) in Compensated Absences	14,867	11,006	(7,836)		18,037
Decrease in Customer Deposits	(2,386)				(2,386)
Decrease in Other Post Employment Benefits	(1,276)	(464)	(464)		(2,204)
Decrease in Net Pension Liability	(656,457)	(227,079)	(254,486)		(1,138,022)
Increase in Deferred Inflows Related to OPEB	14,695	5,344	5,344		25,383
Increase in Deferred Inflows Related to Pensions	436,783	175,659	147,546		759,988
Total Adjustments	<u>2,075,794</u>	<u>515,770</u>	<u>1,278,532</u>	<u>(20,737)</u>	<u>3,849,359</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,482,293</u>	<u>\$ 809,178</u>	<u>\$ 1,858,121</u>	<u>\$ (36,919)</u>	<u>\$ 4,112,673</u>

CITY OF HIGHLAND, ILLINOIS  
STATEMENTS OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED APRIL 30, 2019

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash Received from Customers	\$ 17,291,347	\$ 2,722,541	\$ 2,286,716	\$ 1,678,558	\$ 23,979,162
Cash Payments for Goods and Services	(12,646,033)	(457,616)	(693,597)	(1,635,602)	(15,432,848)
Cash Payments to Employees	(1,843,212)	(820,476)	(648,939)		(3,312,627)
Net Cash Provided by Operating Activities	<u>2,802,102</u>	<u>1,444,449</u>	<u>944,180</u>	<u>42,956</u>	<u>5,233,687</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
Repayment of Loans from Other Funds	(355,400)	(31,200)	(23,400)	(15,000)	(425,000)
Net Cash Used by Non-Capital Financing Activities	<u>(355,400)</u>	<u>(31,200)</u>	<u>(23,400)</u>	<u>(15,000)</u>	<u>(425,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Interest Paid	(534,852)	(26,988)	(78,723)		(640,563)
Payments for Capital Acquisitions	(1,326,232)	(1,866,689)	(230,751)		(3,423,672)
Proceeds from Loans		1,665,000			1,665,000
Repayments of Loans	(630,000)	(240,896)	(115,000)		(985,896)
Net Cash Used by Capital and Related Financing Activities	<u>(2,491,084)</u>	<u>(469,573)</u>	<u>(424,474)</u>	<u>0</u>	<u>(3,385,131)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Receipts of Interest	40,964	55,553	32,583	9,768	138,868
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(3,418)	999,229	528,889	37,724	1,562,424
CASH AND INVESTMENTS, BEGINNING OF YEAR	2,710,836	2,917,444	1,950,461	633,219	8,211,960
CASH AND INVESTMENTS, END OF YEAR	<u>\$ 2,707,418</u>	<u>\$ 3,916,673</u>	<u>\$ 2,479,350</u>	<u>\$ 670,943</u>	<u>\$ 9,774,384</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>					
Operating Income	\$ 651,414	\$ 353,322	\$ 591,373	\$ 37,277	\$ 1,633,386
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation and Amortization Expense	1,856,781	721,481	442,086		3,020,348
Miscellaneous Revenues	67,232	39,972	11,234		118,438
Service Charges	(250)		(150)		(400)
Amortization of Bond Premium			(1,318)		(1,318)
Unrealized Appreciation of Investments	7,367	10,147	6,971	1,895	26,380
(Increase) Decrease in Accounts Receivables	84,213	(4,747)	(884)	(24,469)	54,113
(Increase) Decrease in Unbilled Revenue	35,579	(7,122)	(7,283)	(6,254)	14,920
Decrease in Other Current Assets	30,728	6,182	6,086		42,996
Increase in Deferred Outflows Related to OPEB	(10,833)	(3,939)	(3,939)		(18,711)
Increase in Deferred Outflows Related to Pensions	(820,474)	(302,049)	(314,718)		(1,437,241)
Increase (Decrease) in Accounts Payable	10,471	308,685	(128,493)	34,507	225,170
Increase in Accrued Salaries and Benefits	14,441	3,415	1,908		19,764
Increase (Decrease) in Compensated Absences	2,321	(5,106)	4,132		1,347
Increase in Customer Deposits	26,751				26,751
Increase in Other Post Employment Benefits	25,211	9,168	9,168		43,547
Increase in Net Pension Liability	1,043,284	378,134	394,110		1,815,528
Decrease in Deferred Inflows Related to Pensions	(222,134)	(63,094)	(66,103)		(351,331)
Total Adjustments	<u>2,150,688</u>	<u>1,091,127</u>	<u>352,807</u>	<u>5,679</u>	<u>3,600,301</u>
Net Cash Provided by Operating Activities	<u>\$ 2,802,102</u>	<u>\$ 1,444,449</u>	<u>\$ 944,180</u>	<u>\$ 42,956</u>	<u>\$ 5,233,687</u>

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

CITY OF HIGHLAND, ILLINOIS  
STATEMENTS OF NET POSITION  
FIDUCIARY FUND

	POLICEMEN'S PENSION TRUST FUND APRIL 30,	
<u>ASSETS</u>	2020	2019
Receivables:		
Property Taxes, Current Year Levy	\$ 660,016	\$ 634,801
Interest Receivable	40,428	41,258
Total Receivables	700,444	676,059
Investments:		
Certificates of Deposit and Interest Bearing Accounts	352,131	204,448
Municipal Bonds	4,163,276	3,920,557
Mutual Funds	6,917,007	7,434,423
Total Investments	11,432,414	11,559,428
Total Assets	\$ 12,132,858	\$ 12,235,487
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable Property Taxes	\$ 660,016	\$ 634,801
<u>NET POSITION</u>		
Net Position Held in Trust for Pension Benefits and Other Purposes	11,472,842	11,600,686
Total Deferred Inflows of Resources and Net Position	\$ 12,132,858	\$ 12,235,487

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,	
	2020	2019
Additions:		
General Property Taxes:		
Real Estate	\$ 633,294	\$ 573,244
Intergovernmental:		
Corporate Personal Property Replacement Tax	6,900	6,900
Miscellaneous:		
Interest and Dividend Income	332,721	369,637
Miscellaneous Revenue	226	
Employee Contributions	160,993	159,751
Realized/Unrealized Gain (Loss) on Investments	(404,758)	241,690
Total Additions	729,376	1,351,222
Deductions:		
Benefit Payments	816,505	786,208
Administration	40,715	38,691
Total Deductions	857,220	824,899
Increase (Decrease) in Net Position	(127,844)	526,323
Net Position, Beginning of Year	11,600,686	11,074,363
Net Position, End of Year	\$ 11,472,842	\$ 11,600,686

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, 2020

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 agency fund.

CITY OF HIGHLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2020

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, 2020

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, 2020

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 and Telecommunicator Unions can accumulate up to 45 days of vested sick pay and an additional 45 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 \$671,083. However, for the accrued vacation and vested sick days, the City is liable in the approximate amount of \$843,871 for payments to qualified employees of the governmental activities and \$364,592 for payments to qualified employees of the business-type activities as of April 30, 2020.

CITY OF HIGHLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2020

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. 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, 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, 2020

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, 2020

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, 2020.

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) RECLASSIFICATIONS

Certain accounts related to the prior year have been restated to conform to current year's presentation. The reclassifications have no effect on net position.

CITY OF HIGHLAND, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED APRIL 30, 2020

NOTE 2. CASH AND INVESTMENTS

Cash and investments as of April 30, 2020, including fiduciary funds, are classified in the accompanying financial statements as follows:

	Primary Government	Component Unit
Total Cash	\$ 18,517,821	\$ 17,886
Illinois Funds	3,367,173	
Total Investments	21,614,509	60,000
Total	\$ 43,499,503	\$ 77,886

Cash includes \$1,000 of cash on-hand and \$18,516,821 of deposits with financial institutions for the primary government and \$17,886 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.

The City’s Police Pension Fund is regulated by the Illinois Department of Insurance – Public Pension Division. The Police Pension Fund may invest assets in treasury bills, treasury notes and bonds, bank loan deposits, the state investment pool, zero coupon bonds, guaranteed investment contracts, mutual funds containing stocks, bonds, money market instruments and real estate, mortgage pass-through securities, State of Illinois bonds, tax anticipation warrants, and credit union investments.

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.

CITY OF HIGHLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

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.

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.

CITY OF HIGHLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

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, 2020:

Investment Type	Level 1	Level 2	Level 3	Total
Certificates of Deposit - Negotiable	\$ 3,662,448			\$ 3,662,448
Mutual Funds	1,060,922			1,060,922
	\$ 4,723,370	\$ 0	\$ 0	\$ 4,723,370

The following table presents the fair value hierarchy for the balances of the investments of the City's Police Pension Fund measured at fair value on a recurring basis as of April 30, 2020:

Investment Type	Level 1	Level 2	Level 3	Total
Short Term Cash Equivalent	\$ 352,131			\$ 352,131
Municipal Bonds	4,163,276			4,163,276
Mutual Funds	6,917,007			6,917,007
	\$ 11,432,414	\$ 0	\$ 0	\$ 11,432,414

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 both the Governmental Funds and the Police Pension Fund 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.

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, 2020, the City 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
Certificates of Deposit -Negotiable	\$ 3,662,448	\$ 400,124	\$ 1,070,013	\$ 2,192,311	
Certificates of Deposit -Non-Negotiable	5,518,725	1,186,989	2,329,392	2,002,344	
Bonds	4,163,276	273,157	894,296	878,008	\$ 2,117,815
Total	\$ 13,344,449	\$ 1,860,270	\$ 4,293,701	\$ 5,072,663	\$ 2,117,815



CITY OF HIGHLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

(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 Standard and Poor’s highest rating (AAAm). The Policemen’s Pension Trust Fund can also invest in stocks, bonds, and mutual funds. The mutual funds held by the Policemen’s Pension Trust Fund are not rated for credit risk. The City’s bond holdings of the Policemen’s Pension Trust Fund have earned at least Standard and Poor’s “BBB-” rating.

(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, 2020, the balance in the City’s state investment pool was \$3,367,173.

The City’s cash deposits, including the fiduciary fund, at April 30, 2020 consisted of the following:

<u>Depository Account</u>	<u>Primary Government Bank Balance</u>	<u>Component Unit Bank Balance</u>
Insured	\$ 11,656,979	\$ 77,886
Collateralized:		
Held by pledging bank's trust department in the City's name	19,252,015	
Total Deposits	<u>\$ 30,908,994</u>	<u>\$ 77,886</u>

(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%.

CITY OF HIGHLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Cash and investments in any one financial institution or issuer that represent 5% or more of the total City investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
FCB Highland Bank	Certificates of Deposit	\$ 1,378,447
Illinois Funds	State Investment Pool	3,367,173
Regions Bank	Mutual Funds	957,505

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 2019 levy was passed by the Council on December 16, 2019. Property taxes attach as an enforceable lien on property as of January 1, and are payable in four installments for 2020: July 9, September 9, October 9, and December 9. The County has not mailed tax bills as of April 30, 2020. 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, 2020 and is expected to be collected soon enough after April 30, 2020 to be used to pay liabilities by June 30, 2020 (60 days or less) and has been budgeted for the current year.

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

	MAXIMUM						
	LEVY	2019	2018	2017	2016	2015	2014
General Government	.3330	0.3249	0.3291	0.3298	0.3279	0.3330	0.3220
Police Protection	.0750	0.0732	0.0742	0.0743	0.0739	0.0750	0.0726
Fire Protection	.0750	0.0732	0.0742	0.0743	0.0739	0.0750	0.0726
Playground & Rec	.0900	0.0878	0.0890	0.0892	0.0887	0.0900	0.0871
Band	.0400	0.0202	0.0211	0.0250	0.0255	0.0259	0.0259
Social Security		0.2165	0.2317	0.2446	0.2495	0.2619	0.2587
Retirement		0.2165	0.2291	0.2446	0.2495	0.2787	0.2756
Liability Insurance		0.1637	0.1712	0.1783	0.1636	0.1295	0.1294
Crossing Guards	.0200	0.0046	0.0048	0.0055	0.0056	0.0070	0.0068
Audit		0.0101	0.0106	0.0087	0.0089	0.0096	0.0096
Municipal Ambulance	.2500	0.2439	0.2471	0.2476	0.2462	0.2500	0.2418
Community Building	.0750	0.0732	0.0742	0.0743	0.0739	0.0750	0.0726
Police Pension		0.3323	0.3342	0.3125	0.3059	0.2367	0.2404
Library	.1500	0.1464	0.1483	0.1486	0.1477	0.1500	0.1451
Library Liability Ins.		0.0182	0.0187	0.0191	0.0183	0.0189	0.0175
Lease		0.0152					
Public Comfort Station	.0333	0.0182	0.0000	0.0109	0.0084	0.0141	0.0141
TOTAL		<u>2.0381</u>	<u>2.0575</u>	<u>2.0873</u>	<u>2.0674</u>	<u>2.0303</u>	<u>1.9918</u>

CITY OF HIGHLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 4. PROPERTY TAXES (CONTINUED)

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.

NOTE 5. CAPITAL ASSETS

Summary of capital assets for governmental activities for the year ended April 30, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Not Being Depreciated:				
Land	\$ 7,807,558	\$ 35,243		\$ 7,842,801
Construction in Progress	1,658,735	2,361,857	\$ (217,218)	3,803,374
Subtotal	<u>9,466,293</u>	<u>2,397,100</u>	<u>(217,218)</u>	<u>11,646,175</u>
<b>Other Capital Assets:</b>				
Buildings and Improvements	11,423,152			11,423,152
Improvements	7,081,856	267,063		7,348,919
Equipment	6,742,177	273,950	(914,720)	6,101,407
Infrastructure	65,188,196	393,901		65,582,097
Subtotal	<u>90,435,381</u>	<u>934,914</u>	<u>(914,720)</u>	<u>90,455,575</u>
<b>Accumulated Depreciation:</b>				
Buildings and Improvements	7,191,481	249,573		7,441,054
Improvements	3,634,952	373,479		4,008,431
Equipment	5,535,431	355,649	(890,268)	5,000,812
Infrastructure	42,340,853	1,585,452		43,926,305
Subtotal	<u>58,702,717</u>	<u>2,564,153</u>	<u>(890,268)</u>	<u>60,376,602</u>
Net Other Capital Assets	<u>31,732,664</u>	<u>(1,629,239)</u>	<u>(24,452)</u>	<u>30,078,973</u>
Net Capital Assets	<u>\$ 41,198,957</u>	<u>\$ 767,861</u>	<u>\$ (241,670)</u>	<u>\$ 41,725,148</u>

Depreciation was charged to functions as follows:

Governmental Activities:	
General Government	\$ 129,635
Public Safety	265,594
Highways and Streets	1,718,345
Culture and Recreation	433,792
Economic Development	16,787
Total Governmental Activities Depreciation Expense	<u>\$ 2,564,153</u>

CITY OF HIGHLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 5. CAPITAL ASSETS (CONTINUED)

Summary of capital assets for business-type activities for the year ended April 30, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Not Being Depreciated				
Land	\$ 2,160,714		\$ (247,217)	\$ 1,913,497
Construction in Progress	983,074	\$ 7,344,156	(74,309)	8,252,921
Subtotal	<u>3,143,788</u>	<u>7,344,156</u>	<u>(321,526)</u>	<u>10,166,418</u>
<b>Other Capital Assets:</b>				
Buildings	19,881,381			19,881,381
Lines	51,731,170	1,201,213	(3,161,227)	49,771,156
Equipment	13,060,337	289,156	(180,528)	13,168,965
Other Improvements	15,501,018	15,300		15,516,318
Interconnect	5,833,612			5,833,612
Subtotal	<u>106,007,518</u>	<u>1,505,669</u>	<u>(3,341,755)</u>	<u>104,171,432</u>
<b>Accumulated Depreciation:</b>				
Buildings	17,584,627	197,060		17,781,687
Lines	26,942,833	1,490,240	(1,817,100)	26,615,973
Equipment	11,751,328	512,070	(180,528)	12,082,870
Other Improvements	9,034,465	820,036		9,854,501
Interconnect	2,708,146	194,395		2,902,541
Subtotal	<u>68,021,399</u>	<u>3,213,801</u>	<u>(1,997,628)</u>	<u>69,237,572</u>
Net Other Capital Assets	<u>37,986,119</u>	<u>(1,708,132)</u>	<u>(1,344,127)</u>	<u>34,933,860</u>
Net Capital Assets	<u>\$ 41,129,907</u>	<u>\$ 5,636,024</u>	<u>\$ (1,665,653)</u>	<u>\$ 45,100,278</u>

Depreciation was charged to functions as follows:

Business-Type Activities:

Light and Power	\$ 2,033,880
Water	775,587
Sewer	404,334
	<u>\$ 3,213,801</u>

CITY OF HIGHLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2020

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, 2020:

	April 30, 2019	Additions	Reductions	April 30, 2020	Due Within One Year
<b>Governmental Activities:</b>					
Premium on Debt	\$ 13,251	\$ 471,883	\$ (4,978)	\$ 480,156	\$ 24,640
Revenue Bonds	7,069,367		(991,787)	6,077,580	992,923
General Obligation Debt Certificates Payable		8,475,000		8,475,000	305,000
Notes Payable	325,761	300,000	(90,927)	534,834	123,108
Compensated Absences	746,065	97,806		843,871	
Net Pension Liability - IMRF and SLEP	3,593,236		(2,153,238)	1,439,998	
Net Pension Liability - Police Pension	7,526,310	432,470		7,958,780	
Other Post Employment Benefits	1,275,029		(5,219)	1,269,810	
Long-Term Accrued Interest	1,223,731		(9,713)	1,214,018	
Long-Term Liabilities	<u>\$ 21,772,750</u>	<u>\$ 9,777,159</u>	<u>\$ (3,255,862)</u>	<u>\$ 28,294,047</u>	<u>\$ 1,445,671</u>
<b>Business-Type Activities:</b>					
Premium on Debt	\$ 19,109		\$ (1,318)	\$ 17,791	\$ 1,318
Revenue Bonds	12,605,000		(590,000)	12,015,000	860,000
Notes Payable	1,593,000	\$ 6,364,123	(143,000)	7,814,123	149,000
Maintenance Agreements	223,158		(168,902)	54,256	54,256
Compensated Absences	346,555	18,037		364,592	
Net Pension Liability - IMRF and SLEP	2,025,654		(1,138,022)	887,632	
Other Post Employment Benefits	538,347		(2,204)	536,143	
Long-Term Liabilities	<u>\$ 17,350,823</u>	<u>\$ 6,382,160</u>	<u>\$ (2,043,446)</u>	<u>\$ 21,689,537</u>	<u>\$ 1,064,574</u>

Revenue bonds, general obligation debt certificates payable, and notes payable at April 30, 2020 were comprised of the following individual issuances:

Revenue Bonds

Governmental Activities:

The Korte Recreation Facility bonds were refinanced on August 4, 2014. The total bond principal amount is \$2,595,000. The bonds are being repaid in semi-annual installments representing interest at variable rates of .45% to 2.10% and annual principal installments beginning April 2015. The maturity date of these refinanced bonds is October 1, 2020. Total interest due on remaining balance is \$4,515. \$ 430,000

2010 street alternate bonds are due in annual installments ranging from \$211,156 to \$381,787 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 the remaining balance is \$2,537,420. 2,817,580

Revenue bonds due in annual installments of \$175,000 to \$280,000 through January 2032 with average interest rate of 3.2%. The City issued bonds in 2012 to fund infrastructure improvements and reimburse certain redevelopment costs for the new hospital built in the City's TIF District #2. Total interest remaining \$654,450. 2,830,000

Total Revenue Bonds - Governmental Activities \$ 6,077,580

CITY OF HIGHLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 6. LONG-TERM OBLIGATIONS (CONTINUED)

Revenue 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 January 1, 2032. Total interest due on the remaining balance is \$1,435,968. The total refunding costs for these bonds were \$84,350. \$ 9,905,000

2013 Sewerage system revenue bonds due in various semi-annual installments. These bonds have an increasing interest rate from 2.50% upon issue to 4.25% in 2033. Revenue bonds were issued to increase funding for the improvements to the sewer system. The total principal amount of the bonds is \$2,745,000, of which \$65,200 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 \$609,662. 2,110,000

Total Revenue Bonds - Business-Type Activities \$ 12,015,000

General Obligation Debt Certificates Payable

Governmental Activities:

In 2020, the City issued certificates 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 interest due on the remaining balance is \$2,876,569. The total cost of issuance for this debt was \$142,724. \$ 8,475,000

Notes Payable

Governmental Activities:

In 2017, the City purchased a 2017 Johnston VT651 Street Sweeper with financing provided by Bradford National Bank. The total loan amount was \$221,000 and is being repaid in monthly installments over a 5 year period at 2.24% interest. Total interest due on the remaining balance is \$1,979. \$ 87,731

In 2018, the City purchased a 2017 Ford F-450 Chassis with Braun Chief XL Ambulance with financing provided by First Collinsville Bank in Highland, Illinois. The total loan amount was \$193,723 and is being repaid in annual installments over a 4 year period at 2.55% interest. Total interest due on the remaining balance is \$7,576. 147,103

In 2019, the City entered into a capital lease agreement for a period of 10 years for a senior citizen facility with Frey Properties of Highland, LLC. Total lease payments will equal \$300,000. 300,000

Total Notes Payable - Governmental Activities \$ 534,834

CITY OF HIGHLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 6. LONG-TERM OBLIGATIONS (CONTINUED)

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 \$250,753. \$ 1,450,000

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 loan amount authorized was \$11,000,000 with \$1,650,000 approved to be forgiven by the IEPA. Funds are drawn as expended and the total borrowed was \$6,364,123 as of April 30, 2020. Repayment terms have not yet been finalized. 6,364,123

Total Notes Payable - Business Type Activities \$ 7,814,123

Details of maintenance agreements payable at April 30, 2020 were as follows:

Maintenance Agreements Payable

Business-Type Activities:

In 2015, the City contracted a private company to renovate and maintain the elevated downtown storage water tank in downtown Highland. The total amount of the zero-interest contract is \$117,578. The final payment on the contract is due in 2021. \$ 19,089

In 2015, the City contracted a private company to renovate and maintain the standpipe water storage tank at Silver Lake Park. The total amount of the zero-interest contract is \$522,417. The final payment on the contract is due in 2021. 35,167

Total Maintenance Agreements Payable - Business-Type Activities \$ 54,256

The annual debt service requirements for long-term debt on April 30, 2020 were as follows:

YEAR ENDING APRIL 30	REVENUE BONDS PAYABLE	DEBT CERTIFICATES PAYABLE	NOTES PAYABLE	MAINTENANCE AGREEMENTS PAYABLE	INTEREST	TOTAL PRINCIPAL & INTEREST
2021	\$ 1,852,923	\$ 305,000	\$ 272,108	\$ 54,256	\$ 870,180	\$ 3,354,467
2022	1,426,036	320,000	275,447		849,097	2,870,580
2023	1,434,478	330,000	240,279		819,614	2,824,371
2024	1,446,261	345,000	196,000		790,677	2,777,938
2025	1,456,337	355,000	201,000		762,909	2,775,246
2026-2030	7,476,546	1,985,000	800,000		3,300,040	13,561,586
2031-2040	<u>2,999,999</u>	<u>4,835,000</u>			<u>986,375</u>	<u>8,821,374</u>
Total	<u>\$ 18,092,580</u>	<u>\$ 8,475,000</u>	<u>\$ 1,984,834</u>	<u>\$ 54,256</u>	<u>\$ 8,378,892</u>	<u>\$ 36,985,562</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.

Note: The figures above do not include the IEPA loan due to repayment terms unknown at time of disclosure.

CITY OF HIGHLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 7. 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](http://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, 2020

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

(iii) EMPLOYEES COVERED BY BENEFIT TERMS

As of December 31, 2019, the following employees were covered by the benefit terms:

	REGULAR PLAN	SLEP PLAN
Retirees and Beneficiaries currently receiving benefits	86	0
Inactive Plan Members entitled to but not yet receiving benefits	61	1
Active Plan Members	114	0
Total	261	1

(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 2019 was 8.42%. For the fiscal year ended April 30, 2020, the City contributed \$647,956 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 2019 was 12.78%. For the fiscal year ended April 30, 2020, the City contributed \$0 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, 2019. 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, 2020

NOTE 7. 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, 2019:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	5.75%
International Equity	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternative Investments	7%	3.60-7.60%
Cash Equivalents	1%	1.85%
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 2.75%, and the resulting single discount rate is 7.25%.

CITY OF HIGHLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 7. 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, 2018	\$ 36,529,906	\$ 30,909,883	\$ 5,620,023
Changes for the year:			
Service Cost	673,683		673,683
Interest on the Total Pension Liability	2,608,858		2,608,858
Difference Between Expected and Actual Experience of the Total Pension Liability	243,036		243,036
Contributions - Employer		585,077	(585,077)
Contributions - Employees		316,998	(316,998)
Net Investment Income		5,763,176	(5,763,176)
Benefit Payments, Including Refunds of Employee Contributions	(1,764,985)	(1,764,985)	0
Other (Net Transfer)		114,913	(114,913)
Net Changes	<u>1,760,592</u>	<u>5,015,179</u>	<u>(3,254,587)</u>
Balance, December 31, 2019	<u>\$ 38,290,498</u>	<u>\$ 35,925,062</u>	<u>\$ 2,365,436</u>

(b) SLEP PLAN

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance, December 31, 2018	\$ 114,703	\$ 115,836	\$ (1,133)
Changes for the year:			
Interest on the Total Pension Liability	8,316		8,316
Difference Between Expected and Actual Experience of the Total Pension Liability	1,465		1,465
Net Investment Income		46,666	(46,666)
Other (Net Transfer)		(212)	212
Net Changes	<u>9,781</u>	<u>46,454</u>	<u>(36,673)</u>
Balance, December 31, 2019	<u>\$ 124,484</u>	<u>\$ 162,290</u>	<u>\$ (37,806)</u>

CITY OF HIGHLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 7. 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:

	<u>REGULAR PLAN</u>		<u>SLEP PLAN</u>	
	<u>Discount Rate</u>	<u>Net Pension Liability (Asset)</u>	<u>Discount Rate</u>	<u>Net Pension Liability (Asset)</u>
1% Decrease	6.25%	\$ 7,053,145	6.25%	\$ (20,445)
Current Discount Rate	7.25%	2,365,436	7.25%	(37,806)
1% Increase	8.25%	(1,443,158)	8.25%	(52,147)

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

For the year ended April 30, 2020, the City of Highland recognized pension expense of \$326,705 for the Regular plan and \$5,406 for the SLEP plan. At April 30, 2020, the City of Highland recognized deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Regular Plan</u>		
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 884,477	\$ 242,003	\$ 642,474
Changes of Assumptions	633,452	512,957	120,495
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,513,125	3,974,967	(1,461,842)
Pension Contributions Made Subsequent to the Measurement Date	238,577		238,577
Total Deferred Amounts Related to Pensions	<u>\$ 4,269,631</u>	<u>\$ 4,729,927</u>	<u>\$ (460,296)</u>
	<u>SLEP Plan</u>		
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows of Resources</u>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 48,256	\$ 44,123	\$ 4,133
	<u>\$ 48,256</u>	<u>\$ 44,123</u>	<u>\$ 4,133</u>

CITY OF HIGHLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 7. 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 Outflows of Resources SLEP Plan
2020	\$ 4,168	\$ 2,088
2021	(308,492)	1,476
2022	469,348	8,225
2023	(625,320)	(7,656)
Total	<u>\$ (460,296)</u>	<u>\$ 4,133</u>

(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 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, 2019, the Police Pension Plan membership consisted of:

Inactive Plan Members of Beneficiaries Currently Receiving Benefits	14
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	1
Active Plan Members	<u>20</u>
Total	<u><u>35</u></u>

(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.

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.

CITY OF HIGHLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

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 1<sup>st</sup>. 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 1<sup>st</sup>, 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.

(iv) INVESTMENT POLICY

The fund's Board of Trustees is required to adopt an investment policy which can be amended by a majority vote of the Board of Trustees. The plan complies with the investment guidelines set forth at 40 ILCS 5/1-113. The investment policy was modified on April 19, 2018.

Fixed-income securities are reported at cost subject to adjustment for market declines judged to be other than temporary (lower of cost or market). Investment income is recognized as earned. Gains and losses on sales and exchanges of fixed-income securities are recognized on the transaction date. Equity securities are reported at fair value. The plan did not hold investments in any one organization that represent 5% or more of the Pension Plan's Fiduciary Net Position.

CITY OF HIGHLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

For the year ended April 30, 2020, the annual money-weighted rate of return on plan investments, net of pension plan investment expense, was 5.28%. 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 arithmetic real rates of return as of April 30, 2019:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Certificates of Deposit	0%	0.40%
Municipal Obligations	15%	1.20%
Mutual Funds	60%	5.85%
U.S. Government Obligations	20%	1.20%
Cash	5%	0.00%
Total	100%	

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance, April 30, 2018	\$ 18,600,673	\$ 11,074,363	\$ 7,526,310
Changes for the year:			
Service Cost	434,862		434,862
Interest on the Total Pension Liability	1,211,789		1,211,789
Difference Between Expected and Actual Experience of the Total Pension Liability	159,034		159,034
Changes of Assumptions	(61,622)		(61,622)
Contributions - Employer		580,144	(580,144)
Contributions - Employees		159,751	(159,751)
Net Investment Income		582,650	(582,650)
Benefit Payments, Including Refunds of Employee Contributions	(785,270)	(785,270)	0
Administrative Expenses		(10,952)	10,952
Net Changes	958,793	526,323	432,470
Balance, April 30, 2019	\$ 19,559,466	\$ 11,600,686	\$ 7,958,780



CITY OF HIGHLAND, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED APRIL 30, 2020

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

(vi) ACTUARIAL ASSUMPTIONS

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

Inflation	2.50%
Salary Increase	Service-related table with rates grading from 10.5% to 3.0% at 30 years of service
Discount Rate	6.50%
Investment Rate Of Return	6.50%

Mortality rates were based on the RP-2014 Combined Healthy Mortality with a blue collar adjustment, projected generationally using scale MP-2018 from 2013. Disabled mortality rates were based on the RP-2014 Combined Disabled Mortality with a blue collar adjustment, projected generationally using scale MP-2018 from 2013. The date of the most recent experience study for which significant assumptions are based upon is not available.

(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 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net Pension Liability	\$ 11,146,528	\$ 7,958,780	\$ 5,412,650

CITY OF HIGHLAND, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED APRIL 30, 2020

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

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

At April 30, 2020, 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	\$ 239,790	\$ (502,842)
Changes of Assumptions	1,609,210	(52,819)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	351,284	(21,649)
Total Deferred Amounts Related to Pensions	\$ 2,200,284	\$ (577,310)

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 Outflows of Resources
2020	\$ 476,936
2021	334,511
2022	337,131
2023	303,605
2024	39,596
Thereafter	131,195
Total	\$ 1,622,974

NOTE 8. 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, 2020, consisted of the following:

Due To	Due From	Amount
City Property Replacement Fund	General Corporate Fund	\$ 355,000
City Property Replacement Fund	Other Governmental Funds	37,500
City Property Replacement Fund	Ambulance Fund	125,000

CITY OF HIGHLAND, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED APRIL 30, 2020

NOTE 8. INTERFUND ACTIVITY (CONTINUED)

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, 2020, consisted of the following:

		General Corporate	City Property Replacement	Business District A	Other Governmental Funds	Light And Power	Water	Sewer	Total
Transfer To:	General Corporate		\$ 34,000	\$ 704,655	\$ 79,821	\$ 118,124	\$ 18,228	\$ 14,648	\$ 969,476
	Ambulance			33,203					33,203
	City Property Replacement	\$ 953,000				150,000			1,103,000
	Total	<u>\$ 953,000</u>	<u>\$ 34,000</u>	<u>\$ 737,858</u>	<u>\$ 79,821</u>	<u>\$ 268,124</u>	<u>\$ 18,228</u>	<u>\$ 14,648</u>	<u>\$ 2,105,679</u>

NOTE 9. 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, 2020, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	19
Inactive Plan Members Entitled to but not yet Receiving Benefits	0
Active Plan Members	113
	<u>132</u>

(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% of the cost of the group premiums the City in effect subsidizes a portion of their insurance costs by allowing them 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.

CITY OF HIGHLAND, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED APRIL 30, 2020

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

(iii) NET OPEB LIABILITY

The measurement period for the OPEB expense was May 1, 2019 to April 30, 2020. The reporting period is May 1, 2019 through April 30, 2020. The City's Total OPEB Liability was measured as of April 30, 2020.

The components of the net OPEB liability of the plan at April 30, 2020, calculated in accordance with GASB Statement No. 75 were as follows:

Total OPEB Liability	\$ 1,805,953
Plan Fiduciary Net Position	<u>0</u>
Net OPEB Liability	<u><u>\$ 1,805,953</u></u>

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, 2020, the City will recognize OPEB expense of \$85,395.

(iv) ACTUARIAL ASSUMPTIONS

The Total OPEB Liability was determined by an actuarial valuation as of April 30, 2020 using the following actuarial assumptions:

Price Inflation	2.75%
Annual Wage Increases	3.50%
Discount Rate	2.85%
Immediate Trend Rate	8.50%
Ultimate Trend Rate	4.50%

For all lives, mortality rates were SOA RPH-2014 Total Dataset Headcount-Weighted Mortality, Adjusted to 2006.

(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 2.85%. 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 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.

CITY OF HIGHLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

(vi) CHANGES IN TOTAL OPEB LIABILITY

	Increases and (Decreases) in Total OPEB Liability
Reporting Period Ending April 30, 2019	\$ 1,813,376
Changes for the Year:	
Service Cost	105,806
Interest	60,351
Changes of Assumptions	(95,429)
Benefit Payments	(78,151)
Net Changes	(7,423)
Reporting Period Ending April 30, 2020	\$ 1,805,953

Changes of assumptions reflect a change in the discount rate from 3.21% for the fiscal year ending April 30, 2019 to 2.85% for the fiscal year ending April 30, 2020.

(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	Current Discount Rate	1% Increase
	1.85%	2.85%	3.85%
Total OPEB Liability	\$ 1,974,297	\$ 1,805,953	\$ 1,651,064

(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	Healthcare Cost Trend Rates	1% Increase
	3.50% - 7.50%	4.50% - 8.50%	5.50% - 9.50%
Total OPEB Liability	\$ 1,562,033	\$ 1,805,953	\$ 2,100,833

CITY OF HIGHLAND, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED APRIL 30, 2020

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

(ix) DEFERRED OUTFLOWS OF RESOURCES RELATED TO OPEB

At April 30, 2020, 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
	\$		\$	
Changes in Assumptions		55,708		85,498

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
	\$	
2021		(2,610)
2022		(2,610)
2023		(2,610)
2024		(2,610)
2025		(2,610)
Thereafter		(16,740)
Total	\$	(29,790)

NOTE 10. 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, 2020, the City abated property taxes totaling \$12,497 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, 2020, the City abated sales taxes totaling \$49,036 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, 2020, the City abated property taxes totaling \$7,268 under these agreements.

CITY OF HIGHLAND, ILLINOIS  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED APRIL 30, 2020

NOTE 10. TAX ABATEMENTS (CONTINUED)

The City entered into a property tax abatement agreement to secure two easements. This agreement abates the City's portion of real estate tax. For the fiscal year ended April 30, 2020, the City abated property taxes totaling \$168 under this agreement.

NOTE 11. LEGAL DEBT MARGIN

The legal debt margin for the City of Highland was \$6,906,019 for general obligation debts. The computation was as follows:

Assessed Valuation as of April 30, 2020	\$	198,620,508
Statutory Debt Limitation (8.625% of Assessed Valuation)	\$	17,131,019
Less: Debt Counting Against Limit		(10,225,000)
Legal Debt Margin	\$	6,906,019

The total debt counting against the legal debt margin for the City of Highland at April 30, 2020 was \$10,225,000.

NOTE 12. DEFICIT FUND BALANCES

The following individual nonmajor funds reported deficit fund balances on April 30, 2020:

Fund	Deficit Fund Balance
Cemetery Land Replacement	\$ 8,513
Library Special Projects	16,268
Library Endowment	63,013
Total Deficit Fund Balance	\$ 87,794

NOTE 13. SUBSEQUENT EVENTS

In August of 2020, the City refinanced the 2012 TIF #2 Revenue Bonds to obtain lower interest rates. The bond closing was on August 24, 2020 and the redemption date was September 24, 2020.

The City of Highland is eligible for reimbursement of funds through the Local Coronavirus Remediation Emergency Support Program (Local Cure Program) in the amount of \$409,189. The certification form has been submitted but no reimbursement requests for funding have been submitted as of the date of this auditor's report.

On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. As of the report date, the City's office locations remain open. The City cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the financial statements.

CITY OF HIGHLAND, ILLINOIS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2020

NOTE 14. GOVERNMENTAL FUND BALANCES

As of April 30, 2020, 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	\$ 70,343		\$ 2,581		\$ 220,066	\$ 292,990
Total Nonspendable	<u>70,343</u>	<u>\$ 0</u>	<u>2,581</u>	<u>\$ 0</u>	<u>220,066</u>	<u>292,990</u>
Restricted for:						
Cemetery Operations and Maintenance					751,989	751,989
Economic Development				8,423,675	515,024	8,938,699
Fire Protection	22,899					22,899
Tourism and Conventions	10,643					10,643
Highways and Streets					924,475	924,475
IMRF					141,459	141,459
Debt Service					148,337	148,337
Library Insurance					9,635	9,635
Municipal Band	12,050					12,050
School Crossing Guard	18,329					18,329
Total Restricted	<u>63,921</u>	<u>0</u>	<u>0</u>	<u>8,423,675</u>	<u>2,490,919</u>	<u>10,978,515</u>
Assigned, Reported in:						
Special Revenue Funds			686,114		1,689,974	2,376,088
Capital Projects Funds		6,395,681				6,395,681
Total Assigned	<u>0</u>	<u>6,395,681</u>	<u>686,114</u>	<u>0</u>	<u>1,689,974</u>	<u>8,771,769</u>
Unassigned	<u>2,398,755</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(87,794)</u>	<u>2,310,961</u>
<b>TOTAL FUND BALANCES</b>	<u><u>\$ 2,533,019</u></u>	<u><u>\$ 6,395,681</u></u>	<u><u>\$ 688,695</u></u>	<u><u>\$ 8,423,675</u></u>	<u><u>\$ 4,313,165</u></u>	<u><u>\$ 22,354,235</u></u>

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



CITY OF HIGHLAND, ILLINOIS  
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
MAJOR GOVERNMENTAL FUNDS  
FOR THE YEARS ENDED APRIL 30, 2020 AND 2019

	GENERAL CORPORATE FUND					
	APRIL 30, 2020			APRIL 30, 2019		
	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP		Actual Amounts GAAP Basis
Original Budget	Final Budget	Differences Over (Under)		Actual Amounts GAAP Basis		
Revenues:						
General Property Taxes	\$ 1,389,500	\$ 1,389,500	\$ 1,401,280		\$ 1,401,280	\$ 1,391,295
Corporate Personal Property Taxes	92,900	92,900	127,807		127,807	118,146
Intergovernmental	4,128,750	4,433,750	4,461,002		4,461,002	4,400,137
Charges for Current Services	2,492,538	2,492,538	2,314,016		2,314,016	2,442,958
Licenses and Permits	304,300	384,300	380,890		380,890	289,067
Fines and Forfeitures	18,000	18,000	16,789		16,789	19,613
Revenue from Use of Property	92,200	92,200	96,618		96,618	96,666
Miscellaneous, Grants, and Interest	434,937	472,277	553,333		553,333	754,849
Total Revenues	<u>8,953,125</u>	<u>9,375,465</u>	<u>9,351,735</u>	<u>\$ 0</u>	<u>9,351,735</u>	<u>9,512,731</u>
Expenditures:						
General Government	1,413,820	1,443,820	1,345,837	31,307	1,377,144	1,326,381
Public Safety	3,380,784	3,666,448	3,688,780	21,613	3,710,393	3,408,439
Highways and Streets	1,029,781	1,029,781	952,208	79,113	1,031,321	934,569
Economic Development	493,200	393,200	213,853	76,753	290,606	431,300
Culture and Recreation	1,798,700	1,778,700	1,947,976	(31,761)	1,916,215	1,940,243
Capital Outlay	897,350	1,312,955	1,358,391	300,000	1,658,391	1,511,586
Principal Debt Retirement	420,000	420,000	464,307		464,307	458,327
Interest and Fixed Charges on Debt	12,705	12,705	15,528		15,528	23,088
Total Expenditures	<u>9,446,340</u>	<u>10,057,609</u>	<u>9,986,880</u>	<u>477,025</u>	<u>10,463,905</u>	<u>10,033,933</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(493,215)</u>	<u>(682,144)</u>	<u>(635,145)</u>	<u>(477,025)</u>	<u>(1,112,170)</u>	<u>(521,202)</u>
Other Financing Sources (Uses):						
Note Payable Proceeds				300,000	300,000	
Proceeds from Sale of Capital Assets			128,000		128,000	1,940
Unrealized Appreciation of Investments			20,908		20,908	7,981
Operating Transfers in	496,007	1,271,662	969,476		969,476	1,039,232
Operating Transfers out	(30,700)	(498,375)	(953,000)		(953,000)	(115,000)
Total Other Financing Sources (Uses)	<u>465,307</u>	<u>773,287</u>	<u>165,384</u>	<u>300,000</u>	<u>465,384</u>	<u>934,153</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ (27,908)</u>	<u>\$ 91,143</u>	<u>\$ (469,761)</u>	<u>\$ (177,025)</u>	<u>(646,786)</u>	<u>412,951</u>
Fund Balance, Beginning of Year					<u>3,179,805</u>	<u>2,766,854</u>
Fund Balance, End of Year					<u>\$ 2,533,019</u>	<u>\$ 3,179,805</u>
The City budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis					\$ 93,536	\$ 13,684
The City budgets for expenditures to the extent anticipated to be paid in cash, rather than on the modified accrual basis					60,699	13,495
The City budgets for payroll to the extent anticipated to be paid in cash, rather than on the modified accrual basis					22,790	15,277
					<u>\$ 177,025</u>	<u>\$ 42,456</u>

CITY OF HIGHLAND, ILLINOIS  
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
MAJOR GOVERNMENTAL FUNDS  
FOR THE YEARS ENDED APRIL 30, 2020 AND 2019

	CITY PROPERTY REPLACEMENT FUND					
	APRIL 30, 2020				APRIL 30, 2019	
	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences Over (Under)		Actual Amounts GAAP Basis
Original Budget	Final Budget	Actual Amounts GAAP Basis		Actual Amounts GAAP Basis	Actual Amounts GAAP Basis	Actual Amounts GAAP Basis
Revenues:						
Miscellaneous and Interest	\$ 54,660	\$ 54,660	\$ 84,384		\$ 84,384	\$ 77,001
Total Revenues	<u>54,660</u>	<u>54,660</u>	<u>84,384</u>	<u>\$ 0</u>	<u>84,384</u>	<u>77,001</u>
Excess of Revenues Over Expenditures	<u>54,660</u>	<u>54,660</u>	<u>84,384</u>	<u>0</u>	<u>84,384</u>	<u>77,001</u>
Other Financing Sources (Uses):						
Unrealized Appreciation of Investments			46,429		46,429	14,023
Operating Transfers In	208,700	676,375	1,103,000		1,103,000	265,000
Operating Transfers Out	(208,000)	(208,000)	(34,000)		(34,000)	(767,000)
Total Other Financing Sources (Uses)	<u>700</u>	<u>468,375</u>	<u>1,115,429</u>	<u>0</u>	<u>1,115,429</u>	<u>(487,977)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses	<u>\$ 55,360</u>	<u>\$ 523,035</u>	<u>\$ 1,199,813</u>	<u>\$ 0</u>	<u>1,199,813</u>	<u>(410,976)</u>
Fund Balance, Beginning of Year					<u>5,195,868</u>	<u>5,606,844</u>
Fund Balance, End of Year					<u>\$ 6,395,681</u>	<u>\$ 5,195,868</u>

CITY OF HIGHLAND, ILLINOIS  
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
MAJOR GOVERNMENTAL FUNDS  
FOR THE YEARS ENDED APRIL 30, 2020 AND 2019

	AMBULANCE FUND					
	APRIL 30, 2020			APRIL 30, 2019		
	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences		Actual Amounts GAAP Basis
Original Budget	Final Budget	Over (Under)		Actual Amounts GAAP Basis		
Revenues:						
General Property Taxes	\$ 469,000	\$ 469,000	\$ 468,232		\$ 468,232	\$ 454,163
Replacement Taxes	13,000	13,000	16,845		16,845	16,345
Intergovernmental	318,966	318,966	318,966		318,966	318,966
Charges for Services	1,750,000	1,850,000	1,843,611		1,843,611	1,704,619
Miscellaneous and Interest	16,500	16,500	33,702		33,702	8,137
Total Revenues	<u>2,567,466</u>	<u>2,667,466</u>	<u>2,681,356</u>	<u>\$ 0</u>	<u>2,681,356</u>	<u>2,502,230</u>
Expenditures						
Public Safety	2,494,362	2,649,362	2,599,868	(11,848)	2,588,020	2,683,545
Capital Outlay	157,210	125,210	79,588		79,588	262,659
Principal Reirement			46,620		46,620	
Interest and Fixed Charges			4,940		4,940	
Total Expenditures	<u>2,651,572</u>	<u>2,774,572</u>	<u>2,731,016</u>	<u>(11,848)</u>	<u>2,719,168</u>	<u>2,946,204</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(84,106)</u>	<u>(107,106)</u>	<u>(49,660)</u>	<u>11,848</u>	<u>(37,812)</u>	<u>(443,974)</u>
Other Financing Sources (Uses):						
Proceeds from Sale of Capital Assets			11,000		11,000	12,469
Note Payable Proceeds						193,723
Unrealized Appreciation of Investments			398		398	9
Operating Transfers In		33,203	33,203		33,203	187,000
Operating Transfers Out	(13,000)	(13,000)				
Total Other Financing Sources (Uses)	<u>(13,000)</u>	<u>20,203</u>	<u>44,601</u>	<u>0</u>	<u>44,601</u>	<u>393,201</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ (97,106)</u>	<u>\$ (86,903)</u>	<u>\$ (5,059)</u>	<u>\$ 11,848</u>	6,789	(50,773)
Fund Balance, Beginning of Year					681,906	732,679
Fund Balance, End of Year					<u>\$ 688,695</u>	<u>\$ 681,906</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					\$ (916)	\$ (5,354)
The City budgets for expenditures to the extent anticipated to be paid in cash, rather than on the modified accrual basis					(23,377)	33,867
The City budgets for payroll to the extent anticipated to be paid in cash, rather than on the modified accrual basis					12,445	1,047
					<u>\$ (11,848)</u>	<u>\$ 29,560</u>

CITY OF HIGHLAND, ILLINOIS  
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
MAJOR GOVERNMENTAL FUNDS  
FOR THE YEARS ENDED APRIL 30, 2020 AND 2019

BUSINESS DISTRICT A

	APRIL 30, 2020			APRIL 30, 2019		
	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP	Actual Amounts GAAP Basis	Actual Amounts GAAP Basis
	Original Budget	Final Budget		Differences Over (Under)		
Revenues:						
Intergovernmental	\$ 592,000	\$ 592,000	\$ 635,068		\$ 635,068	\$ 359,151
Miscellaneous, Grants, and Interest	3,500	3,500	26,443		26,443	634
Total Revenues	<u>595,500</u>	<u>595,500</u>	<u>661,511</u>	<u>\$ 0</u>	<u>661,511</u>	<u>359,785</u>
Expenditures						
Economic Development			2,066		2,066	
Capital Outlay	250,000	600,000	226,063	294,254	520,317	
Bond Issue Costs			142,724		142,724	
Total Expenditures	<u>250,000</u>	<u>600,000</u>	<u>370,853</u>	<u>294,254</u>	<u>665,107</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>345,500</u>	<u>(4,500)</u>	<u>290,658</u>	<u>(294,254)</u>	<u>(3,596)</u>	<u>359,785</u>
Other Financing Sources (Uses):						
Debt Proceeds		8,475,000	8,475,000		8,475,000	
Debt Premiums			471,883		471,883	
Operating Transfers Out		(737,858)	(737,858)		(737,858)	(141,539)
Total Other Financing Sources (Uses)	<u>0</u>	<u>7,737,142</u>	<u>8,209,025</u>	<u>0</u>	<u>8,209,025</u>	<u>(141,539)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Uses	<u>\$ 345,500</u>	<u>\$ 7,732,642</u>	<u>\$ 8,499,683</u>	<u>\$ (294,254)</u>	<u>8,205,429</u>	<u>218,246</u>
Fund Balance, Beginning of Year					<u>218,246</u>	<u>0</u>
Fund Balance, End of Year					<u>\$ 8,423,675</u>	<u>\$ 218,246</u>
(1) The City budgets for expenditures to the extent anticipated to be paid in cash, rather than on the modified accrual basis					<u>\$ 294,254</u>	<u>\$ 0</u>

CITY OF HIGHLAND, ILLINOIS  
 NOTES TO SCHEDULE "1"  
 APRIL 30, 2020

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 15, 2019, the budget ordinance was legally enacted. The budget ordinance was legally amended on December 16, 2019 and April 20, 2020.
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, 2020, the City's expenses exceeded budget in the following funds. The amounts do not account for the change in accruals, debt proceeds, or the transfers to other funds or reserve accounts.

General Corporate	\$ 406,296
Business District A	65,107
TIF #2 Fund	33,130
IMRF & SS	1,385
Library Endowment Fund	42,904
Children's Library	83
Street Bond	15,989
Sewer Fund	770,193
Solid Waste Fund	3,311

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,	2019	2018	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>					
Service Cost	\$ 673,683	\$ 621,283	\$ 641,150	\$ 673,608	\$ 665,293
Interest on the Total Pension Liability	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	243,036	938,637	64,339	(818,131)	778,452
Changes of Assumptions		1,032,887	(1,086,422)	(81,602)	40,606
Benefit Payments, Including Refunds of Employee Contributions	(1,764,985)	(1,653,797)	(1,546,587)	(1,401,283)	(1,230,296)
Net Change in Total Pension Liability	1,760,592	3,386,078	487,733	733,209	2,441,083
Total Pension Liability - Beginning	36,529,906	33,143,828	32,656,095	31,922,886	29,481,803
Total Pension Liability - Ending (a)	<u>\$ 38,290,498</u>	<u>\$ 36,529,906</u>	<u>\$ 33,143,828</u>	<u>\$ 32,656,095</u>	<u>\$ 31,922,886</u>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions - Employer	\$ 585,077	\$ 701,482	\$ 729,699	\$ 699,617	\$ 732,050
Contributions - Employees	316,998	301,376	304,900	283,885	290,735
Net Investment Income	5,763,176	(1,696,987)	4,947,037	1,874,891	134,946
Benefit Payments, Including Refunds of Employee Contributions	(1,764,985)	(1,653,797)	(1,546,587)	(1,401,283)	(1,230,296)
Other (Net Transfer)	114,913	689,364	(465,726)	70,952	50,581
Net Change in Plan Fiduciary Net Position	5,015,179	(1,658,562)	3,969,323	1,528,062	(21,984)
Plan Fiduciary Net Position - Beginning	30,909,883	32,568,445	28,599,122	27,071,060	27,093,044
Plan Fiduciary Net Position - Ending (b)	<u>\$ 35,925,062</u>	<u>\$ 30,909,883</u>	<u>\$ 32,568,445</u>	<u>\$ 28,599,122</u>	<u>\$ 27,071,060</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 2,365,436</u>	<u>\$ 5,620,023</u>	<u>\$ 575,383</u>	<u>\$ 4,056,973</u>	<u>\$ 4,851,826</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.82%	84.62%	98.26%	87.58%	84.80%
Covered Employee Payroll	\$ 6,948,660	\$ 6,611,522	\$ 6,599,116	\$ 6,308,543	\$ 6,460,770
Net Pension Liability as a Percentage of Covered Employee Payroll	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%

\* Estimated based on contribution rate of 8.42% and covered valuation payroll of \$6,948,660.

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS  
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN  
THE CALCULATION OF THE 2019 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 2019 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): 24-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 19 years for most employers (three employers were financed over 28 years and four others were financed over 29 years).  
Asset Valuation Method: 5-Year smoothed market; 20% corridor  
Wage Growth: 3.25%  
Price Inflation: 2.50% - approximate; No explicit price inflation assumption is used in this valuation.  
Salary Increases: 3.35% to 14.25% including inflation  
Investment Rate of Return: 7.50%  
Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.  
Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

OTHER INFORMATION

Notes: There were no benefit changes during the year.

\*Based on Valuation Assumptions used in the December 31, 2017 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,	2019	2018	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>					
Interest on the Total Pension Liability	\$ 8,316	\$ 8,284	\$ 7,921	\$ 7,928	\$ 8,814
Difference between Expected and Actual Experience of the Total Pension Liability	1,465	(7,608)	(4,684)	(8,011)	(20,631)
Changes of Assumptions		3,568	1,603		
Net Change in Total Pension Liability	9,781	4,244	4,840	(83)	(11,817)
Total Pension Liability - Beginning	114,703	110,459	105,619	105,702	117,519
Total Pension Liability - Ending (a)	<u>\$ 124,484</u>	<u>\$ 114,703</u>	<u>\$ 110,459</u>	<u>\$ 105,619</u>	<u>\$ 105,702</u>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions - Employer				\$ 2,067	\$ 4,901
Net Investment Income	\$ 46,666	\$ (65,794)	\$ 44,062	6,414	632
Other (Net Transfer)	(212)	334	(297)	7,157	(7,633)
Net Change in Plan Fiduciary Net Position	46,454	(65,460)	43,765	15,638	(2,100)
Plan Fiduciary Net Position - Beginning	115,836	181,296	137,531	121,893	123,993
Plan Fiduciary Net Position - Ending (b)	<u>\$ 162,290</u>	<u>\$ 115,836</u>	<u>\$ 181,296</u>	<u>\$ 137,531</u>	<u>\$ 121,893</u>
Net Pension Liability/(Asset) - Ending (a)-(b)	<u>\$ (37,806)</u>	<u>\$ (1,133)</u>	<u>\$ (70,837)</u>	<u>\$ (31,912)</u>	<u>\$ (16,191)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	130.37%	100.99%	164.13%	130.21%	115.32%
Covered Employee Payroll	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Pension Liability as a Percentage of Covered Employee Payroll	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%

\* Estimated based on contribution rate of 12.78% and covered valuation payroll of \$0.

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS  
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN  
THE CALCULATION OF THE 2019 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 2019 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): 24-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 19 years for most employers (three employers were financed over 28 years and four others were financed over 29 years).

Asset Valuation Method: 5-Year smoothed market; 20% corridor  
 Wage Growth: 3.25%  
 Price Inflation: 2.50% - approximate; No explicit price inflation assumption is used in this valuation.  
 Salary Increases: 3.35% to 14.25% including inflation  
 Investment Rate of Return: 7.50%  
 Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.

Mortality:

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

OTHER INFORMATION

Notes: There were no benefit changes during the year.

\*Based on Valuation Assumptions used in the December 31, 2017 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,	2019	2018	2017	2016	2015
<b>TOTAL PENSION LIABILITY</b>					
Service Cost	\$ 434,862	\$ 393,913	\$ 387,630	\$ 393,643	\$ 393,643
Interest on the Total Pension Liability	1,211,789	1,098,989	1,044,467	1,045,672	848,335
Difference Between Expected and Actual Experience of the Total Pension Liability	159,034	58,476	(112,104)	(824,401)	130,394
Assumption Changes	(61,622)	879,770	153,120		1,942,512
Benefit Payments, Including Refunds of Employee Contributions	(785,270)	(688,165)	(593,024)	(661,861)	(630,741)
Net Change in Total Pension Liability	958,793	1,742,983	880,089	(46,947)	2,684,143
Total Pension Liability - Beginning	18,600,673	16,857,690	15,977,601	16,024,548	13,340,405
Total Pension Liability - Ending (a)	<u>\$ 19,559,466</u>	<u>\$ 18,600,673</u>	<u>\$ 16,857,690</u>	<u>\$ 15,977,601</u>	<u>\$ 16,024,548</u>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions - Employer	\$ 580,144	\$ 559,395	\$ 425,482	\$ 432,136	\$ 413,798
Contributions - Employees	159,751	145,573	150,130	158,168	143,460
Net Investment Income	582,650	518,280	695,462	(63,296)	557,433
Benefit Payments, Including Refunds of Employee Contributions	(785,270)	(688,165)	(593,024)	(661,861)	(630,741)
Administrative Expenses	(10,952)	(9,401)	(9,631)	(5,486)	(6,066)
Net Change in Plan Fiduciary Net Position	526,323	525,682	668,419	(140,339)	477,884
Plan Fiduciary Net Position - Beginning	11,074,363	10,548,681	9,880,262	10,020,601	9,542,717
Plan Fiduciary Net Position - Ending (b)	<u>\$ 11,600,686</u>	<u>\$ 11,074,363</u>	<u>\$ 10,548,681</u>	<u>\$ 9,880,262</u>	<u>\$ 10,020,601</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 7,958,780</u>	<u>\$ 7,526,310</u>	<u>\$ 6,309,009</u>	<u>\$ 6,097,339</u>	<u>\$ 6,003,947</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.31%	59.54%	62.57%	61.84%	62.53%
Covered Employee Payroll	\$ 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	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%

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS  
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN  
THE CALCULATION OF THE 2019 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 2019 CONTRIBUTION RATES

Actuarial Cost Method: Entry Age Normal Cost Method  
 Amortization Method: Closed level percentage of payroll amortization of 100% of the Unfunded Actuarial Accrued Liability using a 3.0% payroll growth assumption over the period ending on April 30, 2040 (21-year amortization in 2019)  
 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 after 1/1/2011)  
 Investment Rate of Return: 6.5%, 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-2018 from 2013.  
Disabled Lives  
 115% of the healthy mortality table, projected generationally using improvement scale MP-2018 from 2013  
 10% of deaths are assumed to be service related.

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,	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	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,	2020	2019
<b>TOTAL OPEB LIABILITY</b>		
Service Cost	\$ 105,806	\$ 94,216
Interest on the Total OPEB Liability	60,351	62,463
Assumption Changes	(95,429)	70,348
Benefit Payments	(78,151)	(80,349)
Net Change in Total OPEB Liability	(7,423)	146,678
Total OPEB Liability - Beginning	1,813,376	1,666,698
Total OPEB Liability - Ending	\$ 1,805,953	\$ 1,813,376
<b>PLAN FIDUCIARY NET POSITION</b>		
Employer Contributions	\$ 78,151	\$ 80,352
Total Benefits Paid	(78,151)	(80,352)
Net Change in Plan Fiduciary Net Position	0	0
Total Plan Fiduciary Net Position - Beginning	0	0
Total Plan Fiduciary Net Position - Ending	\$ 0	\$ 0
Covered Employee Payroll	\$ 7,725,231	\$ 7,157,460
Net OPEB Liability As A Percentage Of Covered Employee Payroll	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, 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%

Notes to Schedule:

Beginning Fiscal Year Ending 2019, the ADC is calculated in accordance with the Employer's substantive 'pay-as-you-go' funding policy. Prior to Fiscal Year Ending 2019, the ADC is equal to the Annual Required Contribution (ARC) as calculated under GASB No. 45. Contributions are made entirely of implicit rate subsidies.

*Italicized amounts are yet to be determined*

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 2020 OPEB LIABILITY

Methods and Assumptions Used to Determine Contribution Rates:

Valuation and Measurement Date: May 1, 2018  
 Actuarial Cost Method: Individual Entry Age Normal as a level percentage of payroll  
 Discount Rate: 3.63% at valuation date.  
 3.21% as of measurement period ending April 30, 2019  
 2.85% as of measurement period ending April 30, 2020  
 Annual Wage Increases: 3.50%.  
 Price Inflation: 2.75%.

Annual Healthcare Trend:	Years after Valuation	Medical & Pharmacy
	1	8.50%
	2	7.50%
	3	7.00%
	4	6.50%
	5	6.00%
	6	5.50%
	7	5.00%
	8+	4.50%

Annual Per-Capita Claims Costs:	Age	Base		Buy-Up		H.S.A.	
		Retiree	Spouse	Retiree	Spouse	Retiree	Spouse
	40	\$ 4,981	\$ 5,479	\$ 5,349	\$ 5,884	\$ 4,616	\$ 5,078
	45	5,916	6,508	6,353	6,989	5,483	6,031
	50	7,027	7,729	7,546	8,300	6,512	7,163
	55	8,346	9,180	8,962	9,858	7,734	8,507
	60	9,912	10,903	10,644	11,708	9,186	10,104
	64	11,374	12,511	12,214	13,436	10,541	11,594

Healthcare Reform: Per the Setting Every Community Up for Retirement Enhancement Act ("SECURE"), signed into law on December 20, 2019, the excise tax on high-cost healthcare plans ("Cadillac" tax) scheduled to take effect in 2022 has been repealed. As a result the liability for future excise taxes is reduced to zero. The decrease in liability will be deemed an actuarial gain due to a change in assumptions.

Other aspects of 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. 50% of participating retirees are assumed to elect the Base plan. 30% the Buy-Up plan, and 20% 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: SOA RPH-2014 Total Dataset Headcount-Weighted Mortality, adjusted to 2006. Margin for mortality improvements: Scale MP-2019.

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 2020 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	All Others	
		Male	Female
50	23%	0%	0%
51	18%	0%	0%
52	13%	0%	0%
53	8%	0%	0%
54	23%	0%	0%
55	23%	35%	30%
56	18%	30%	25%
57	23%	28%	25%
58	33%	28%	25%
59	13%	28%	20%
60	8%	12%	10%
61	8%	12%	10%
62	23%	22%	20%
63	18%	20%	20%
64	18%	20%	20%
65	23%	30%	25%
66	23%	30%	25%
67	23%	25%	20%
68	23%	20%	18%
69	23%	20%	18%
70	100%	20%	18%
71-79	100%	18%	18%
80+	100%	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	0.01%	0.02%	0.01%	0.00%
25	0.02%	0.04%	0.01%	0.00%
30	0.03%	0.06%	0.01%	0.01%
35	0.04%	0.09%	0.02%	0.01%
40	0.07%	0.13%	0.04%	0.02%
45	0.10%	0.19%	0.06%	0.03%
50	0.14%	0.28%	0.09%	0.04%
55	0.19%	0.39%	0.15%	0.07%
60	0.18%	0.36%	0.19%	0.12%
65	0.12%	0.24%	0.20%	0.14%
70	0.07%	0.14%	0.17%	0.12%
75	0.02%	0.04%	0.12%	0.08%
80	0.00%	0.00%	0.10%	0.07%

Withdrawal: 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	17.0%	25.0%	29.5%
	1	12.0%	19.0%	21.5%
	2	8.0%	13.5%	16.0%
	3	7.0%	11.0%	12.5%
	4	6.0%	9.0%	10.5%
	5	5.0%	7.5%	8.5%
	6	5.0%	6.2%	7.0%
	7	N/A	5.8%	6.5%
30		3.7%	4.7%	6.5%
35		2.2%	3.8%	5.3%
40	8+	1.8%	3.0%	4.2%
45		1.8%	2.5%	3.7%
50		1.8%	2.3%	3.2%



CITY OF HIGHLAND, ILLINOIS  
FOR THE YEAR ENDED APRIL 30, 2020

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Environmental Protection Agency (EPA):		
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$ 855,549

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, 2020, 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.

NOTE B – SUBRECIPIENTS

The City did not pass through any federal funds to subrecipients during the year ended April 30, 2020.

NOTE C – NONMONETARY ASSISTANCE

The City did not receive any nonmonetary assistance from federal programs during the year ended April 30, 2020.

NOTE D – FEDERAL INSURANCE

The City had no federal insurance as it relates to federal programs in effect for the year ended April 30, 2020.

NOTE E – FEDERAL FUNDING

The City was awarded a \$11,000,000 loan from the IEPA Water Revolving Fund for a project consisting of modifications to the existing wastewater treatment facility. In accordance with loan rules, \$1,650,000 of the loan amount will be forgiven with federal funding. As of April 30, 2020 \$6,364,123 has been advanced to the City in relation to this loan and \$1,445,221 of federal funds was designated as principal forgiveness. The City expended \$855,549 of these federal funds in the current fiscal year and \$589,672 of these federal funds in the fiscal year ending April 30, 2019.

NOTE F – 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, 2020

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. No 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

None

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

PRIOR AUDIT FINDINGS

None

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
2011	\$ 3,078,983	\$ 181,117	\$ 5,483,104	\$ 3,037,389	\$ 222,856	\$ 39,334	\$ 438,389	\$ 367,308	\$ 12,848,480
2012	3,241,161	158,971	5,593,882	3,228,552	253,021	39,391	357,188	373,906	13,246,072
2013	3,285,930	166,695	5,741,080	3,236,736	244,256	36,070	315,726	395,761	13,422,254
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

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

<u>YEAR ENDING APRIL 30</u>	<u>SALES TAX</u>	<u>NON-HOME RULE SALES TAX</u>	<u>BUSINESS DISTRICT SALES TAX</u>	<u>ILLINOIS INCOME TAX</u>	<u>FOREIGN FIRE INSURANCE</u>	<u>SIMPLIFIED MUNICIPAL TELECOMM. TAX</u>	<u>MOTOR FUEL TAX</u>	<u>FIRE DIST. AMBULANCE REVENUE</u>	<u>MISC. REVENUE</u>	<u>TOTAL</u>
2011	\$ 2,317,224	\$ 1,336,366		\$ 952,628	\$ 19,484	\$ 376,206	\$ 285,892	\$ 179,351	\$ 15,953	\$ 5,483,104
2012	2,346,665	1,365,968		971,061	18,632	398,496	292,156	185,690	15,214	5,593,882
2013	2,366,296	1,357,612		1,137,011	18,186	362,642	285,370	190,769	23,194	5,741,080
2014	2,406,532	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

## COMMENTS

In fiscal year 2013 the City started receiving video gaming revenue. These are included under the miscellaneous revenue category.

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

<u>YEAR ENDING APRIL 30</u>	<u>GENERAL GOVERN- MENTAL</u>	<u>PUBLIC SAFETY</u>	<u>HIGHWAY AND STREETS</u>	<u>CULTURE AND RECREATION</u>	<u>OTHER</u>	<u>DEBT SERVICE</u>	<u>TOTAL</u>
2011	\$ 1,387,330	\$ 4,297,984	\$ 9,448,148	\$ 2,522,736	\$ 1,027,486	\$ 1,618,436	\$ 20,302,120
2012	1,463,305	4,061,839	2,315,086	2,522,697	1,134,503	1,575,334	13,072,764
2013	1,379,194	4,745,807	3,013,880	2,343,311	2,945,835 **	1,729,926	16,157,953
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

## COMMENTS

\*\*In fiscal year 2013, the City reimbursed for the redevelopment costs of the new hospital complex under the other category.

**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 2010	DEC 2011	DEC 2012	DEC 2013	DEC 2014	DEC 2015	DEC 2016	DEC 2017	DEC 2018	DEC 2019
ESTIMATED TAXABLE VALUE	\$ 556,277,586	\$ 549,401,196	\$ 544,265,430	\$ 529,010,859	\$ 533,481,255	\$ 532,837,035	\$ 541,215,249	\$ 552,063,054	\$ 569,838,918	\$ 595,861,524
ASSESSED VALUATION	185,425,862	183,133,732	181,421,810	176,336,953	177,827,085	177,612,345	180,405,083	184,021,018	189,946,306	198,620,508
<b>TAX RATES:</b>										
GENERAL	0.3330	0.3330	0.3312	0.3330	0.3220	0.3330	0.3279	0.3298	0.3291	0.3249
POLICE	0.0750	0.0750	0.0746	0.0750	0.0726	0.0750	0.0739	0.0743	0.0742	0.0732
FIRE	0.0750	0.0750	0.0746	0.0750	0.0726	0.0750	0.0739	0.0743	0.0742	0.0732
COMMUNITY BUILDING	0.0750	0.0750	0.0746	0.0750	0.0726	0.0750	0.0739	0.0743	0.0742	0.0732
PLAYGROUND & REC	0.0900	0.0900	0.0895	0.0900	0.0871	0.0900	0.0887	0.0892	0.0890	0.0878
BAND	0.0252	0.0257	0.0254	0.0259	0.0259	0.0259	0.0255	0.0250	0.0211	0.0202
POLICE PENSION	0.1627	0.1826	0.2200	0.2324	0.2404	0.2367	0.3059	0.3125	0.3342	0.3323
SOCIAL SECURITY	0.2055	0.1994	0.2040	0.2099	0.2587	0.2619	0.2495	0.2446	0.2317	0.2165
AUDIT	0.0108	0.0110	0.0100	0.0100	0.0096	0.0096	0.0089	0.0087	0.0106	0.0101
RETIREMENT	0.2007	0.2021	0.2150	0.2212	0.2756	0.2787	0.2495	0.2446	0.2291	0.2165
LIABILITY INSURANCE	0.1241	0.1611	0.1627	0.1673	0.1294	0.1295	0.1636	0.1783	0.1712	0.1637
SCHOOL CROSSING GUARD	0.0057	0.0069	0.0067	0.0069	0.0068	0.0070	0.0056	0.0055	0.0048	0.0046
AMBULANCE SERVICE	0.2302	0.2389	0.2411	0.2481	0.2418	0.2500	0.2462	0.2476	0.2471	0.2439
LEASE										0.0152
PUBLIC COMFORT STATION	0.0124	0.0126	0.0124	0.0171	0.0141	0.0141	0.0084	0.0109	0.0000	0.0182
TOTAL RATE-CITY CORP	1.6253	1.6883	1.7418	1.7868	1.8292	1.8614	1.9014	1.9196	1.8905	1.8735
LIBRARY	0.1500	0.1500	0.1492	0.1500	0.1451	0.1500	0.1477	0.1486	0.1483	0.1464
LIBRARY LIABILITY INSURANCE	0.0229	0.017	0.0193	0.0176	0.0175	0.0189	0.0183	0.0191	0.0187	0.0182
<b>TOTAL TAX RATE</b>	<b>1.7982</b>	<b>1.8553</b>	<b>1.9103</b>	<b>1.9544</b>	<b>1.9918</b>	<b>2.0303</b>	<b>2.0674</b>	<b>2.0873</b>	<b>2.0575</b>	<b>2.0381</b>
<b>TAX EXTENSIONS:</b>										
GENERAL	\$ 617,468	\$ 609,835	\$ 600,869	\$ 587,202	\$ 572,603	\$ 591,449	\$ 591,549	\$ 606,901	\$ 625,113	\$ 645,318
POLICE	139,069	137,350	135,341	132,253	129,103	133,209	133,319	136,728	140,940	145,390
FIRE	139,069	137,350	135,341	132,253	129,103	133,209	133,319	136,728	140,940	145,390
COMMUNITY BUILDING	139,069	137,350	135,341	132,253	129,103	133,209	133,319	136,728	140,940	145,390
PLAYGROUND & REC	166,883	164,820	162,373	158,703	154,887	159,851	160,019	164,147	169,052	174,389
BAND	46,727	47,065	46,081	45,671	46,057	46,002	46,003	46,005	40,079	40,121
POLICE PENSION	301,688	334,402	399,128	409,807	427,496	420,408	551,859	575,066	634,801	660,016
SOCIAL SECURITY	381,050	365,169	370,100	370,131	460,039	465,167	450,111	450,115	440,106	430,013
AUDIT	20,026	20,145	18,142	17,634	17,071	17,051	16,056	16,010	20,134	20,061
RETIREMENT	372,150	370,113	390,057	390,057	490,091	495,006	450,111	450,115	435,167	430,013
LIABILITY INSURANCE	230,113	295,028	295,173	295,012	230,108	230,008	295,143	328,109	325,188	325,142
SCHOOL CROSSING GUARD	10,569	12,636	12,155	12,167	12,092	12,433	10,103	10,121	9,117	9,137
AMBULANCE SERVICE	426,850	437,506	437,408	437,492	429,986	444,031	444,157	455,636	469,357	484,435
LEASE										30,190
PUBLIC COMFORT STATION	22,993	23,075	22,496	30,154	25,074	25,043	15,154	20,058		36,149
TOTAL RATE-CITY CORP	3,013,724	3,091,844	3,160,005	3,150,789	3,252,813	3,306,076	3,430,222	3,532,467	3,590,934	3,721,154
LIBRARY	278,139	274,701	270,681	264,505	258,027	266,419	266,458	273,455	281,690	290,780
LIBRARY LIABILITY INSURANCE	42,463	31,133	35,014	31,035	31,120	33,569	33,014	35,148	35,520	36,149
<b>TOTAL EXTENSIONS</b>	<b>\$ 3,334,326</b>	<b>\$ 3,397,678</b>	<b>\$ 3,465,700</b>	<b>\$ 3,446,329</b>	<b>\$ 3,541,960</b>	<b>\$ 3,606,064</b>	<b>\$ 3,729,694</b>	<b>\$ 3,841,070</b>	<b>\$ 3,908,144</b>	<b>\$ 4,048,083</b>

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
2010	0.7145	0.1664	0.2989	4.6614	1.7982	0.3638	8.0032
2011	0.6864	0.1494	0.3060	4.6885	1.8553	0.3743	8.0599
2012	0.6974	0.1462	0.3138	4.6669	1.9103	0.3919	8.1265
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

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
2010	0.7145	0.1527	0.4159	4.6614	1.7982	0.3638	8.1065
2011	0.6864	0.1513	0.4262	4.6885	1.8553	0.3743	8.1820
2012	0.6974	0.1516	0.4268	4.6669	1.9103	0.3919	8.2449
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

TABLE 6

CITY OF HIGHLAND, ILLINOIS  
COMPUTATION OF LEGAL DEBT MARGIN  
APRIL 30, 2020

ASSESSED VALUATION FOR 2019	\$ 198,620,508
STATUTORY DEBT LIMITATION: 8.625% of Assessed Valuation	17,131,019
DEBT COUNTING AGAINST LIMIT	* <u>(10,225,000)</u>
LEGAL DEBT MARGIN	<u>\$ 6,906,019</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

YEAR ENDING APRIL 30,	POPULATION	ASSESSED VALUATION	GENERAL BONDED DEBT	RATIO OF GENERAL BONDED DEBT TO ASSESSED VALUATION	BONDED DEBT PER CAPITA
2011	9,919	\$ 185,425,862	\$ 0	0.000	0.00
2012	9,919	183,133,732	0	0.000	0.00
2013	9,919	181,421,810	0	0.000	0.00
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

\* 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		
2011	\$ 0	\$ 0	\$ 0	\$ 20,302,120	0.0%
2012	0	0	0	13,072,764	0.0%
2013	0	0	0	16,157,953	0.0%
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	16,143,655	0.6%
2020	* 143,000	* 57,160	* 200,160	17,440,250	1.1%

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

TABLE 9

CITY OF HIGHLAND, ILLINOIS  
REVENUE BOND COVERAGE  
 2019 FTTP BONDS

<u>YEAR ENDING APRIL 30</u>	<u>GROSS REVENUES</u>	<u>OPERATING EXPENSES LESS DEPRECIATION &amp; GASB 68 PENSION AND OPEB EXPENSE</u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICE</u>	<u>DEBT SERVICE REQUIREMENTS</u>			<u>COVERAGE*</u>
				<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	
2020	\$ 16,991,881	\$ 15,338,790	\$ 1,653,091	\$ 470,000	\$ 539,545	\$ 1,009,545	1.64

\*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		TOTAL		RESIDENTIAL	COMMERCE & INDUSTRY	RAILROAD & FARM	TOTAL
	NO. OF PERMITS	VALUE (in 000's)	NO. OF PERMITS	VALUE (in 000's)						
2011	123	\$ 2,909	46	\$ 4,905	\$ 7,814	2010	\$ 400,810	\$ 154,937	\$ 531	\$ 556,278
2012	192	3,922	49	46,115	50,037	2011	395,744	153,025	632	549,401
2013	199	4,486	53	4,531	9,017	2012	393,175	150,444	646	544,265
2014	167	5,712	49	7,476	13,189	2013	382,193	146,159	659	529,011
2015	181	3,078	50	3,439	6,517	2014	386,486	146,317	678	533,481
2016	255	5,400	40	4,272	9,672	2015	384,168	147,943	726	532,837
2017	243	7,222	38	1,369	8,591	2016	389,057	151,373	785	541,215
2018	184	5,878	32	5,477	11,355	2017	399,706	151,535	822	552,063
2019	343	9,443	58	6,565	16,008	2018	413,891	154,960	988	569,839
2020	277	11,399	47	4,369	15,768	2019	429,766	165,003	1,093	595,862

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

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, GASB 68 AND 75 PENSION EXPENSE, AND OPEB EXPENSE		INCOME (LOSS) EXCLUDING OTHER INCOME	
		AMOUNT	PERCENT OF OPERATING REVENUE	AMOUNT	PERCENT OF OPERATING REVENUE
2011	\$ 13,033,343	\$ 13,441,857	103.13	\$ (408,514)	(3.13)
2012	12,625,213	13,389,524	106.05	(764,311)	(6.05)
2013	13,997,817	14,447,104	103.21	(449,287)	(3.21)
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)

\*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, GASB 68 AND 75 PENSION EXPENSE, AND OPEB EXPENSE		INCOME (LOSS) EXCLUDING OTHER INCOME	
		AMOUNT	PERCENT OF GROSS REVENUE	AMOUNT	PERCENT OF GROSS REVENUE
2011	\$ 2,056,911	\$ 2,357,134	114.60	\$ (300,223)	(14.60)
2012	2,056,773	2,258,364	109.80	(201,591)	(9.80)
2013	2,126,935	2,326,022	109.36	(199,087)	(9.36)
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

\*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, GASB 68 AND 75 PENSION EXPENSE, AND OPEB EXPENSE		INCOME (LOSS) EXCLUDING OTHER INCOME	
		AMOUNT	PERCENT OF GROSS REVENUE	AMOUNT	PERCENT OF GROSS REVENUE
2011	\$ 1,752,109	\$ 1,963,479	112.06	\$ (211,370)	(12.06)
2012	1,739,417	1,983,372	114.03	(243,955)	(14.03)
2013	1,809,340	1,991,646	110.08	(182,306)	(10.08)
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

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

TABLE 14

CITY OF HIGHLAND, ILLINOIS  
 MISCELLANEOUS STATISTICS  
 APRIL 30, 2020 (UNAUDITED)

Date of Incorporation	1884
Form of Government	Council/Manager
Number of Employees - (As of 9/30/20)	
Total	311
Full Time	117
Total Area	7.4 square miles
Number of Dwelling Units	4,797
Population	9,919

## CITY OF HIGHLAND FACILITIES AND SERVICES

## Fire Protection:

Number of Stations	2
Number of Firemen	25 Volunteers
Fire Insurance Rating	4

## Police Protection:

Number of Policemen and Officers	19
Number of Police Vehicles	14

## Ambulance:

Number of Ambulances in Service 24 hours per day	2
Number of Ambulances in Reserve	2
Number of Paramedics and Emergency Medical Technicians	17 Full time

## Culture and Recreation:

Public Library (Volume of Books and Audio Visuals)	1 (55,438 items)
Parks	11
Ball Diamonds Available	16
Tennis Courts Available	11
Public Pools	2
Recreation Buildings	2
Senior Citizen Centers	2
Skate Park	1

## Electric Service:

Number of Accounts	6,749 customers
Area Served	47.8 square miles

## Water Service:

Number of Accounts	4,851 customers
Water Districts	4
Average Daily Demand	1.070 MG/day
Treatment Capacity	4.2 MG/day

## Sewer Service:

Number of Accounts	4,439 customers
Present Flow	1.375 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	91	1,442
Middle School	2	49	729
High School	1	54	904
		194	3,075

## 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	5