

CITY OF HIGHLAND, ILLINOIS
ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS
APRIL 30, 2021

CITY OF HIGHLAND, ILLINOIS
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Management's Discussion & Analysis

CITY OF HIGHLAND, ILLINOIS
Council/Manager - Form of Government
April 30, 2021

MAYOR

Kevin B Hemann

CITY MANAGER

Christopher Conrad

CITY COUNCIL MEMBERS

Rick Frey

Peg Bellm

John Hipskind

Sarah Sloan

CITY CLERK

Barbara Bellm

CITY TREASURER

Neill Nicolaides

DEPARTMENT DIRECTORS

Daniel Cook

Kelly Korte

Jacklyn Heimburger

Angela Kim

Mark Rosen

Vacant

Joe Gillespie

Angela Imming

Breann Speraneo

Electric

Finance

Support Services

Library

Parks & Recreation

Public Safety

Public Works

Technology & Innovation

Community Development

CITY OF HIGHLAND, ILLINOIS
April 30, 2021
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, 2021 with comparative information for the fiscal year ended April 30, 2020.

FINANCIAL HIGHLIGHTS

- Total assets exceeded liabilities at the close of the fiscal year by approximately \$76.0 million (net position). Of this amount, the unrestricted amount of \$7.6 million may be used to meet the City's ongoing obligations to citizens and creditors.
- City-wide net position increased 7.0% during the fiscal year. Governmental activities increased 7.6% and a 6.3% increase occurred within enterprise activities.
- The City of Highland is compliant with the GASB 34 reporting model, which requires accounting for depreciation of fixed assets within governmental activities. Shown within the Statement of Net Position, the fixed assets year-end balance for fiscal year 2021 is \$95.3 million (net of depreciation). This is comprised of \$47.6 million for governmental activities plus \$47.7 million for business-type activities.
- Receipts of the traditional sales tax, shown within the "Intergovernmental" revenue line item, increased 6.1% during FY 2021. According to City estimates, and a change in the collection method for online purchases, this number will increase in future years based on current retail offerings available to our citizens.
- FY 2021 was the fourteenth 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 \$1.6 million. This collection will also see an increase based on the updated collection method for online purchases.
- FY 2021 was the second full year for the newly created Business Districts generating \$729,281 for eligible projects within these Districts. As with the traditional and NHR, this tax collection is predicted to be increased based on the updated collection method for online purchases.
- Building permit activity continues and the growth rate of the City's equalized assessed value (EAV), which is an important component in property tax calculations, also continues to improve as developments continue and improvements are made to existing properties.

CITY OF HIGHLAND, ILLINOIS
April 30, 2021
Management's Discussion & Analysis

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements.

- The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances.
- For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.
- The Enterprise fund statements display the results of the utility funds for each fiscal year.
- The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

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

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

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

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

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

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

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

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

CITY OF HIGHLAND, ILLINOIS
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FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison between the activities for FY '21 and the activities for FY '20 under the GASB Statement No. 34 model. The city-wide total for revenues increased \$3.2 million and expenditures decreased \$2.0 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)

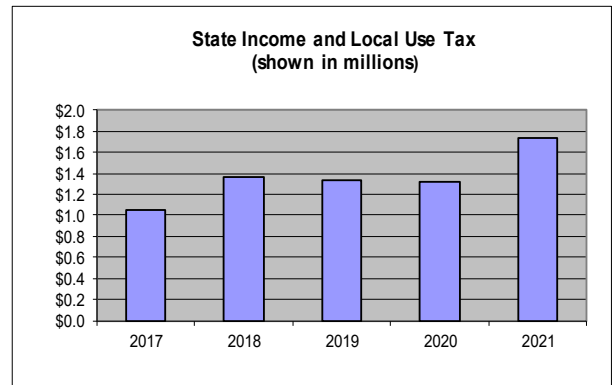
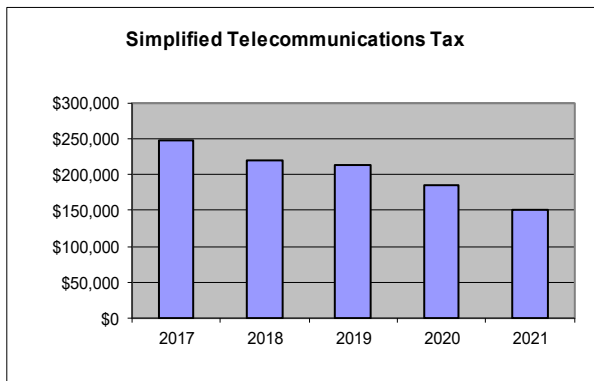
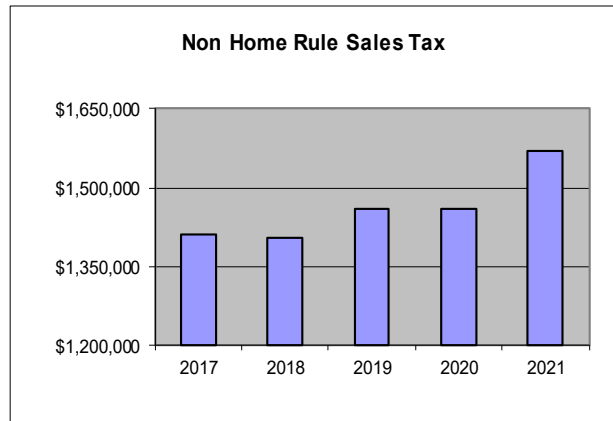
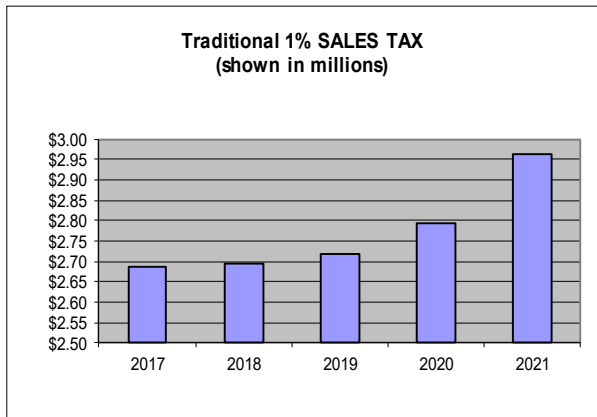
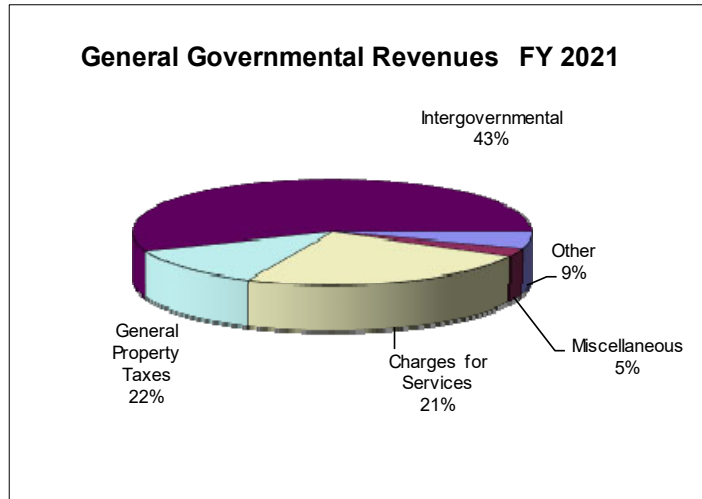
	Governmental Activities		Business-type Activities		Totals	
	Fiscal Year 2021	2020	Fiscal Year 2021	2020	Fiscal Year 2021	2020
Revenues						
Program Revenues						
Charges for Services	\$ 4.2	\$ 4.7	\$ 24.3	\$ 23.6	\$ 28.5	\$ 28.3
Operating Grants and Contributions	0.9	0.6			0.9	0.6
Capital Grants and Contributions	0.8	0.1	1.7		2.5	0.1
General Revenues						
Property Taxes, General Purposes	4.1	3.9			4.1	3.9
Intergovernmental	7.9	7.1			7.9	7.1
Miscellaneous	0.6	0.8	0.2	0.4	0.8	1.2
Interfund Transfers		0.3			0.0	0.3
Total Revenues	\$ 18.5	\$ 17.5	\$ 26.2	\$ 24.0	\$ 44.7	\$ 41.5
Expenditures						
General Government	\$ 2.1	\$ 2.0			\$ 2.1	\$ 2.0
Public Safety	6.5	7.3			6.5	7.3
Highways and Streets	2.9	3.0			2.9	3.0
Culture and Recreation	2.3	2.8			2.3	2.8
Economic Development	0.6	0.6			0.6	0.6
Employer's Cont. to Retirement Fund	0.9	0.9			0.9	0.9
Interest on Long-Term Debt	0.4	0.3			0.4	0.3
Electric			\$ 18.0	\$ 18.6	18.0	18.6
Water			2.6	2.5	2.6	2.5
Sewer			1.8	1.8	1.8	1.8
Solid Waste			1.7	1.7	1.7	1.7
Interfund Transfer				0.3	0.0	0.3
Total Expenditures	\$ 15.7	\$ 16.9	\$ 24.1	\$ 24.9	\$ 39.8	\$ 41.8
Change In Net Position	2.8	0.6	2.1	(0.9)	4.9	(0.3)
Beginning Net Position	37.0	36.4	34.1	35.0	71.1	71.4
Ending Net Position	\$ 39.8	\$ 37.0	\$ 36.2	\$ 34.1	\$ 76.0	\$ 71.1

CITY OF HIGHLAND, ILLINOIS
April 30, 2021
Management's Discussion & Analysis

Governmental Activities

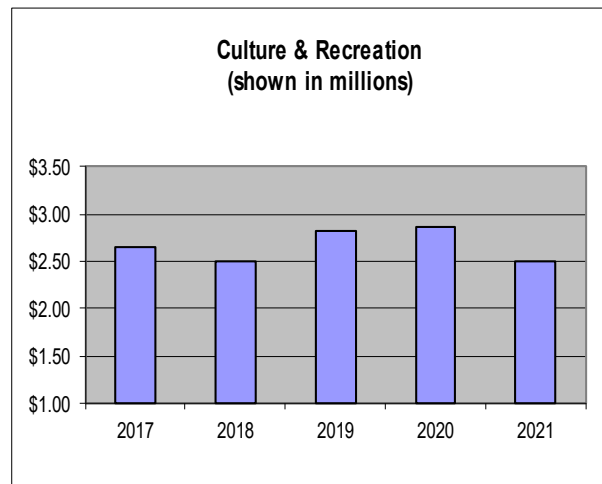
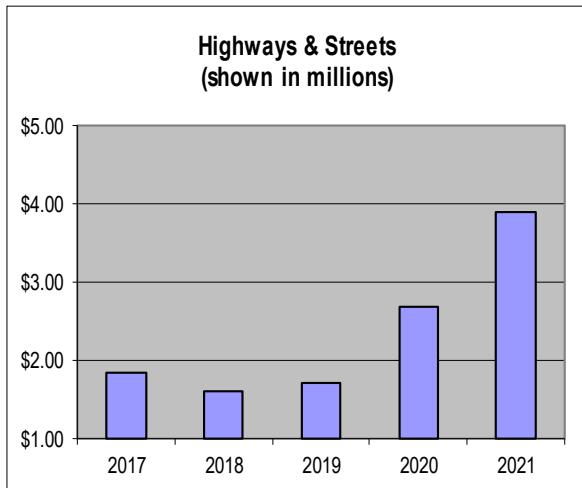
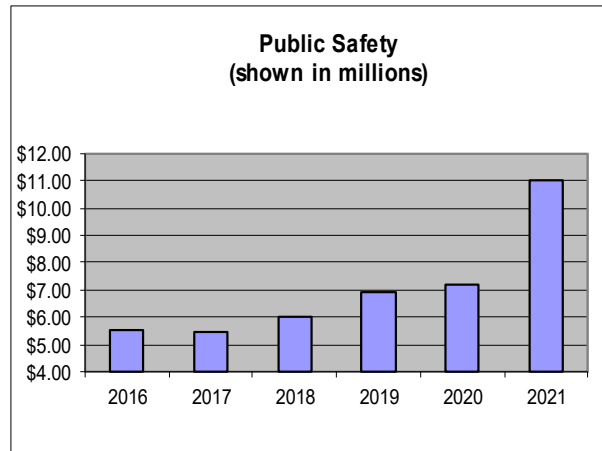
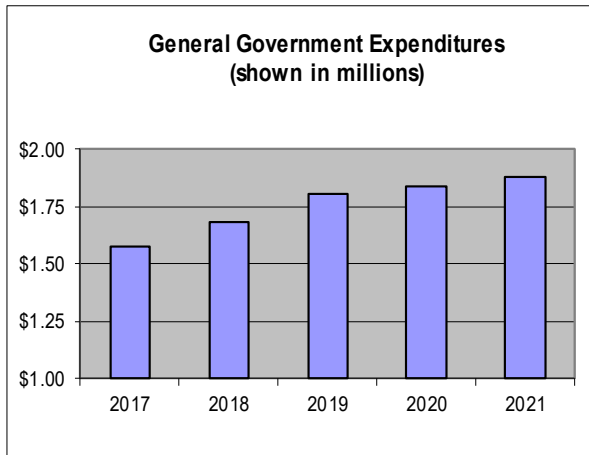
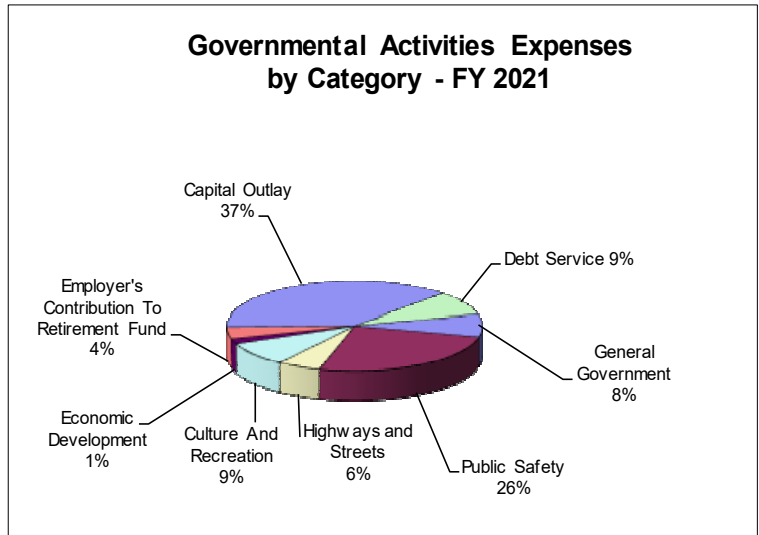
Governmental Activities include all funds except Business-Type Activities and the Police Pension Fiduciary Fund. Examples include the following: General Fund (which includes the Police Dept, Fire Dept, Building and Zoning, General Administration, and PW Admin / Street Dept. among others), Ambulance Fund, 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
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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. The increase in debt service is due to the refunding of the TIF #2 bonds. The increase in public safety is due to the construction of the new Public Safety Facility and completion of the downtown Fire Station renovations using the proceeds of the debt certificates issued for this purpose. Highways and Streets continues to grow as the City continues to make investment in our City streets.

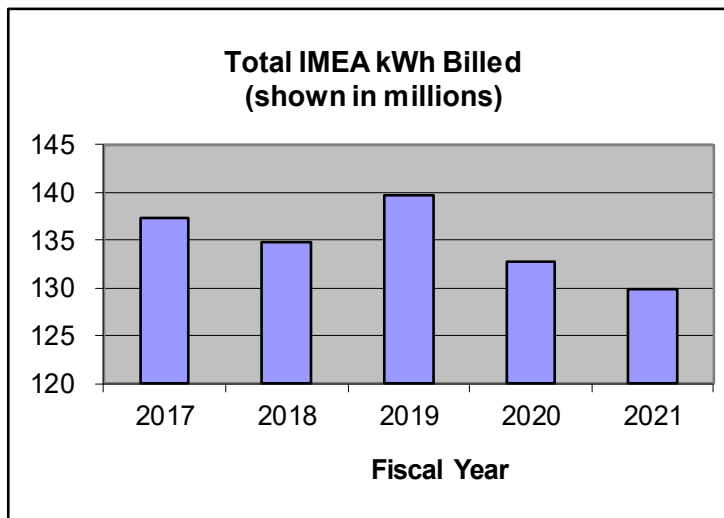
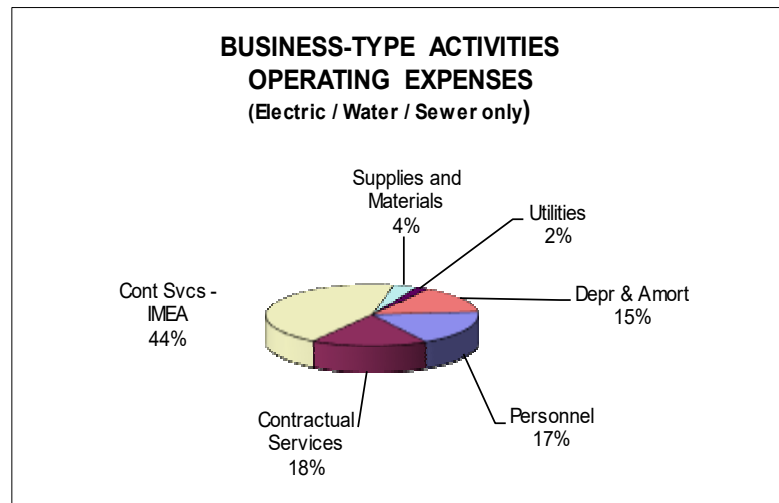
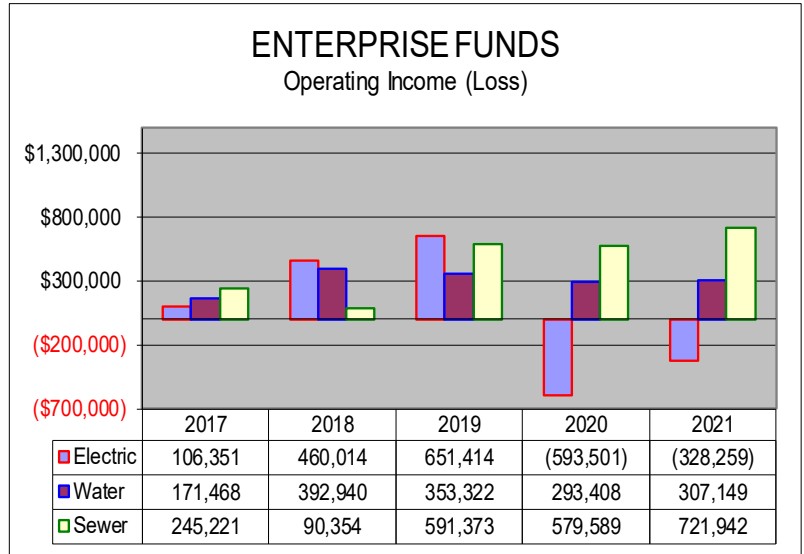


CITY OF HIGHLAND, ILLINOIS
April 30, 2021
Management's Discussion & Analysis

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 most recent electrical rate increase was effective in May of 2021 and fiber rate increases will continue to be evaluated and implemented as needed. The electric fund also includes revenues billed and expenditures for installation of the new fiber infrastructure and operations.

Operational expenses for the electric (including fiber) increased by 2% while the revenues increased by 3%. These costs include depreciation which is not a budgetary item. The rate increase effective in May 2021 and further increases for fiber services will continue to 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 2021 also contributing to the operational loss. The cost per kilowatt hour will again be used to determine if additional rate increases beyond the power cost adjustment are warranted in the upcoming year.

CITY OF HIGHLAND, ILLINOIS
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Management's Discussion & Analysis

STATUS OF CITY RESERVES

The governmental funds reported a *combined* fund balance of \$18.4 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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2021, the City had \$95.3 million (net of depreciation) invested in a range of capital assets that include equipment, building and structures, and infrastructure. Infrastructure is valued based on the composite cost. The straight-line depreciation method is used, with a salvage value always being zero. More detailed information about the City's capital assets can be found in Note 5 of the Notes to the Financial Statements.

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

	Governmental Activities		Business-type Activities		Totals	
	Fiscal Year 2021	2020	Fiscal Year 2021	2020	2021	2020
Land	\$ 8.1	\$ 7.8	\$ 1.9	\$ 1.9	\$ 10.0	\$ 9.7
Construction in Progress	5.4	3.8	0.4	8.3	5.8	12.1
Bldgs & Improvements	3.7	4.0	12.8	2.1	16.5	6.1
Other Improvements	6.2	3.3	5.2	5.7	11.4	9.0
Equipment	1.1	1.1	0.8	1.1	1.9	2.2
Infrastructure	23.1	21.7			23.1	21.7
Lines			22.8	23.1	22.8	23.1
Interconnect			3.8	2.9	3.8	2.9
Totals	\$ 47.6	\$ 41.7	\$ 47.7	\$ 45.1	\$ 95.3	\$ 86.8

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.

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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 \$7.9 million is available for general obligation debts. Total City debt per capita is approximately \$3,507. More detailed information about the City's debt can be located in Note 6 of the Notes to Financial Statements.

	Governmental		Business-type		Totals	
	Activities		Activities			
	Fiscal Year		Fiscal Year			
	2021	2020	2021	2020	2021	2020
Revenue Bonds	\$ 4.9	\$ 6.1	\$ 11.1	\$ 12.0	\$ 16.0	\$ 18.1
Debt Certificates Payable	8.2	8.5			8.2	8.5
Notes Payable	0.1	0.2	10.4	7.8	10.5	8.0
Lease Payable	0.3	0.3			0.3	0.3
Maintenance Agreements Payable				0.1	0.0	0.1
Totals	\$ 13.5	\$ 15.1	\$ 21.5	\$ 19.9	\$ 35.0	\$ 35.0

CURRENT EVENTS AND NEXT YEAR'S BUDGET

The City of Highland has taken an aggressive approach towards managing the growth of the community. The following is a brief description of some of the actions taken in FY '21, with a brief look ahead into FY '22.

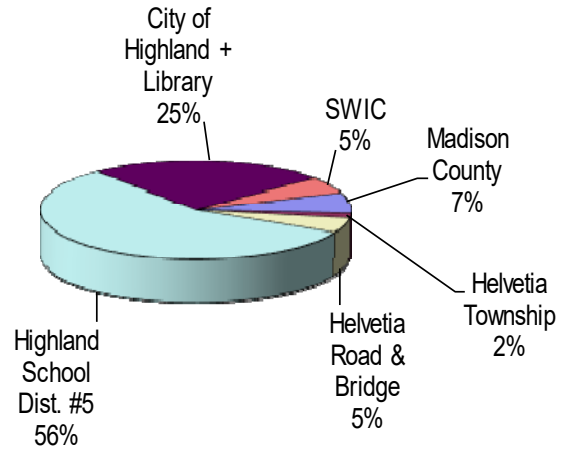
The City could have not anticipated the current pandemic situation but due to solid reserves policies and our diverse revenue streams it appears we have weathered the financial impacts and were able to maintain a solid financial position. It is our hope to continue to regain pre pandemic levels of activities 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. 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 obtained low interest financing and recently completed construction of major upgrades to the Water Reclamation Facility. Planning continues to finalize additional financing for sewer trunk main improvements through the same low interest loan program administered by the IEPA. Construction continues on the new public safety facility and the downtown fire station upgrades were completed 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.

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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 2021, the City's Equalized Assessed Value increased 2.88% to a total of \$204.3 million. The EAV is used in conjunction with the 2020 Property Tax Levy for the collection of property taxes during FY 2021-2022. The City of Highland's (including the Library portion) property tax rate for 2020 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.



CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Highland
Highland, IL 62249

Report on the 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, 2021, 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, 2021, 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 we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior Period Partial Comparative Information

The prior year partial comparative information has been derived from the City of Highland's 2020 financial statements, and in our report dated October 1, 2020, we expressed an unmodified opinion on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information.

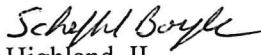
Other Information

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 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 September 22, 2021, 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
September 22, 2021



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, 2021, 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 September 22, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Highland, 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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
September 22, 2021

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF NET POSITION

	PRIMARY GOVERNMENT						INDUSTRIAL DEVELOPMENT COMMISSION
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL		
	APRIL 30,		APRIL 30,		APRIL 30,		
	2021	2020	2021	2020	2021	2020	
ASSETS							
Current Assets:							
Cash and Investments	\$ 16,854,235	\$ 21,074,705	\$ 8,893,669	\$ 9,767,633	\$ 25,747,904	\$ 30,842,338	\$ 57,545
Receivables (Net, Where Applicable of Allowance for Uncollectibles):							
Property Taxes	4,111,170	3,981,104			4,111,170	3,981,104	
Replacement Tax Receivable	65,939	25,298			65,939	25,298	
Accounts Receivable	1,196,927	869,996	942,785	863,591	2,139,712	1,733,587	
Income Tax Receivable	372,128	217,969			372,128	217,969	
Sales Tax Receivable	886,645	729,425			886,645	729,425	
Unbilled Revenue			1,599,207	1,297,874	1,599,207	1,297,874	
Other	126,990	112,737	32,705	41,173	159,695	153,910	
Prepaid Expenses	305,208	292,990	253,335	229,681	558,543	522,671	
Restricted Assets:							
Cash and Investments	247,927	173,886	1,579,325	1,050,865	1,827,252	1,224,751	
Capital Assets (Net of Accumulated Depreciation)	34,109,864	30,078,973	45,425,164	34,933,860	79,535,028	65,012,833	
Land	8,111,723	7,842,801	1,919,570	1,913,497	10,031,293	9,756,298	
Construction in Progress	5,368,295	3,803,374	376,042	8,252,921	5,744,337	12,056,295	
Net Pension Asset - IMRF and SLEP	661,368		385,398		1,046,766		
Total Assets	<u>72,418,419</u>	<u>69,203,258</u>	<u>61,407,200</u>	<u>58,351,095</u>	<u>133,825,619</u>	<u>127,554,353</u>	<u>57,545</u>
DEFERRED OUTFLOWS OF RESOURCES							
Related to OPEB	371,707	39,169	187,811	16,539	559,518	55,708	
Related to Pensions - IMRF and SLEP	1,762,640	2,692,234	1,148,645	1,625,653	2,911,285	4,317,887	
Related to Pensions - Police Pension	2,273,410	2,200,284			2,273,410	2,200,284	
Total Deferred Outflows of Resources	<u>4,407,757</u>	<u>4,931,687</u>	<u>1,336,456</u>	<u>1,642,192</u>	<u>5,744,213</u>	<u>6,573,879</u>	<u>0</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 76,826,176</u>	<u>\$ 74,134,945</u>	<u>\$ 62,743,656</u>	<u>\$ 59,993,287</u>	<u>\$ 139,569,832</u>	<u>\$ 134,128,232</u>	<u>\$ 57,545</u>
LIABILITIES							
Current Liabilities:							
Accounts Payable	\$ 1,566,744	\$ 739,251	\$ 1,148,778	\$ 2,067,653	\$ 2,715,522	\$ 2,806,904	
Accrued Salaries and Benefits	134,746	403,520	73,025	206,970	207,771	610,490	
Accrued Interest	65,330	76,955	76,018	82,036	141,348	158,991	
Customer Deposits			90,397	93,360	90,397	93,360	
Long-Term Liabilities:							
Portion Due or Payable Within One Year:							
Bonds Payable	566,036	992,923	880,000	860,000	1,446,036	1,852,923	
General Obligation Debt Certificates Payable	320,000	305,000			320,000	305,000	
General Obligation Lease Payable	30,000				30,000	0	
Notes Payable	91,448	93,108	203,338		294,786	93,108	
General Obligation Notes Payable			154,000	149,000	154,000	149,000	
Premium on Debt	42,217	24,640	1,318	1,318	43,535	25,958	
Maintenance Agreement Payable				54,256		54,256	
Portion Due or Payable After One Year:							
Compensated Absences	898,309	887,652	413,947	364,592	1,312,256	1,252,244	
Net Pension Liability - IMRF and SLEP		1,439,998		887,632		2,327,630	
Net Pension Liability - Police Pension	8,944,750	7,958,780			8,944,750	7,958,780	
Other Post Employment Benefits Payable	1,688,382	1,269,810	853,078	536,143	2,541,460	1,805,953	
Premium on Debt	600,783	455,516	15,155	16,473	615,938	471,989	
Bonds Payable	4,348,621	5,084,657	10,275,000	11,155,000	14,623,621	16,239,657	
General Obligation Debt Certificates Payable	7,850,000	8,170,000			7,850,000	8,170,000	
General Obligation Lease Payable	270,000	300,000			270,000	300,000	
Notes Payable	50,278	141,726		6,364,123	8,910,995	6,505,849	
General Obligation Notes Payable			8,860,717	1,147,000	1,147,000	1,301,000	
Long-Term Accrued Interest	1,185,441	1,214,018			1,185,441	1,214,018	
Total Liabilities	<u>28,653,085</u>	<u>29,557,554</u>	<u>24,191,771</u>	<u>24,139,556</u>	<u>52,844,856</u>	<u>53,697,110</u>	<u>\$ 0</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable Property Taxes	4,111,170	3,981,104			4,111,170	3,981,104	
Related to OPEB	256,500	60,115	129,600	25,383	386,100	85,498	
Related to Pensions - IMRF and SLEP	3,520,249	2,999,141	2,224,481	1,774,909	5,744,730	4,774,050	
Related to Pensions - Police Pension	502,656	577,310			502,656	577,310	
Total Deferred Inflows of Resources	<u>8,390,575</u>	<u>7,617,670</u>	<u>2,354,081</u>	<u>1,800,292</u>	<u>10,744,656</u>	<u>9,417,962</u>	<u>0</u>
NET POSITION							
Invested in Capital Assets, Net of Related Debt	34,063,499	26,637,734	26,200,721	25,216,899	60,264,220	51,854,633	
Restricted for:							
Special Revenue Purposes	2,680,003	2,565,229			2,680,003	2,565,229	57,545
Capital Projects Purposes	3,362,951	8,423,675			3,362,951	8,423,675	
Other Purposes	258,698	134,264			258,698	134,264	
Long-Term Debt	222,095	148,337	1,579,325	1,050,865	1,801,420	1,199,202	
Unrestricted	(804,730)	(949,518)	8,417,758	7,785,675	7,613,028	6,836,157	
Total Net Position	<u>39,782,516</u>	<u>36,959,721</u>	<u>36,197,804</u>	<u>34,053,439</u>	<u>75,980,320</u>	<u>71,013,160</u>	<u>57,545</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 76,826,176</u>	<u>\$ 74,134,945</u>	<u>\$ 62,743,656</u>	<u>\$ 59,993,287</u>	<u>\$ 139,569,832</u>	<u>\$ 134,128,232</u>	<u>\$ 57,545</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, 2021

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		
Primary Government:								
Governmental Activities:								
General Government	\$ 2,137,755	\$ 1,850,248	\$ 1,367		\$ (286,140)		\$ (286,140)	
Public Safety	6,538,817	1,836,835	362,790		(4,339,192)		(4,339,192)	
Highways and Streets	2,855,783	7,200	42,878	\$ 573,851	(2,231,854)		(2,231,854)	
Culture and Recreation	2,328,462	538,241	85,556	272,561	(1,432,104)		(1,432,104)	
Economic Development	513,709				(513,709)		(513,709)	
Employer's Contribution to Retirement Fund	933,902		55,868		(878,034)		(878,034)	
Motor Fuel Taxes			379,373		379,373		379,373	
Interest on Long-Term Debt	441,757				(441,757)		(441,757)	
Total Governmental Activities	15,750,185	4,232,524	927,832	846,412	(9,743,417)	\$ 0	(9,743,417)	\$ 0
Business-Type Activities:								
Electric	17,969,672	17,432,457				(537,215)	(537,215)	
Water	2,552,321	2,808,069				255,748	255,748	
Sewer	1,782,655	2,376,233		1,650,000		2,243,578	2,243,578	
Solid Waste	1,748,521	1,707,437				(41,084)	(41,084)	
Total Business-Type Activities	24,053,169	24,324,196	0	1,650,000	0	1,921,027	1,921,027	0
Total Primary Government	\$ 39,803,354	\$ 28,556,720	\$ 927,832	\$ 2,496,412	(9,743,417)	1,921,027	(7,822,390)	0
Component Unit:								
Industrial Development								(20,341)
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					4,071,650		4,071,650	
Intergovernmental					7,870,901		7,870,901	
Gain on Disposal of Capital Assets					1,912	4,526	6,438	
Unrealized Appreciation (Depreciation) of Investments					45,572	(7,915)	37,657	
Interest and Miscellaneous Income					506,177	296,727	802,904	
Transfers					70,000	(70,000)	0	
Total General Revenues					12,566,212	223,338	12,789,550	0
Change in Net Position					2,822,795	2,144,365	4,967,160	(20,341)
Net Position Beginning - Restated					36,959,721	34,053,439	71,013,160	77,886
Net Position Ending					\$ 39,782,516	\$ 36,197,804	\$ 75,980,320	\$ 57,545

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		
Primary Government:								
Governmental Activities:								
General Government	\$ 2,031,438	\$ 1,898,753	\$ 6,819		\$ (125,866)		\$ (125,866)	
Public Safety	7,370,838	1,902,695	32,847		(5,435,296)		(5,435,296)	
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	16,899,826	4,673,836	558,665	145,421	(11,521,904)	\$ 0	(11,521,904)	\$ 0
Business-Type Activities:								
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	\$ 40,877,756	\$ 28,257,440	\$ 558,665	\$ 145,421	(11,521,904)	(394,326)	(11,916,230)	0
Component Unit								
Industrial Development								0
General Revenues:								
Taxes:								
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					491,341	(897,988)	(406,647)	0
Net Position Beginning					36,468,380	34,951,427	71,419,807	77,886
Net Position Ending - Restated					\$ 36,959,721	\$ 34,053,439	\$ 71,013,160	\$ 77,886

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

CITY OF HIGHLAND, ILLINOIS
BALANCE SHEETS
GOVERNMENTAL FUNDS
APRIL 30, 2021

	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	\$ 2,549,746	\$ 6,367,826	\$ 125,340	\$ 3,945,162	\$ 3,866,161	\$ 16,854,235	\$ 57,545
Receivables (Net, Where Applicable of Allowance for Uncollectibles):							
Property Taxes	1,434,211		510,832		2,166,127	4,111,170	
Replacement Tax Receivable	45,399		6,699		13,841	65,939	
Accounts Receivable	38,898		911,029		247,000	1,196,927	
Income Tax Receivable	372,128					372,128	
Sales Tax Receivable	502,595			117,718	266,332	886,645	
Other	63,821	21,882	431		40,856	126,990	
Due from Other Fund	7,100	635,000				642,100	
Prepaid Expenses	82,436		5,087		217,685	305,208	
Restricted Cash					247,927	247,927	
Total Assets	\$ 5,096,334	\$ 7,024,708	\$ 1,559,418	\$ 4,062,880	\$ 7,065,929	\$ 24,809,269	\$ 57,545
<u>LIABILITIES</u>							
Accounts Payable	\$ 302,612		\$ 44,683	\$ 699,929	\$ 519,520	\$ 1,566,744	
Accrued Salaries and Benefits	94,358		21,550		18,838	134,746	
Due to Other Fund	355,000				287,100	642,100	
Total Liabilities	751,970	\$ 0	66,233	699,929	825,458	2,343,590	\$ 0
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable Property Taxes	1,434,211	0	510,832	0	2,166,127	4,111,170	0
<u>FUND BALANCES</u>							
Nonspendable	82,436		5,087		217,685	305,208	
Restricted	176,262			3,362,951	2,679,326	6,218,539	57,545
Assigned		7,024,708	977,266		1,248,016	9,249,990	
Unassigned	2,651,455				(70,683)	2,580,772	
Total Fund Balances	2,910,153	7,024,708	982,353	3,362,951	4,074,344	18,354,509	57,545
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 5,096,334	\$ 7,024,708	\$ 1,559,418	\$ 4,062,880	\$ 7,065,929	\$ 24,809,269	\$ 57,545

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

	PRIMARY GOVERNMENT						COMPONENT
	GENERAL CORPORATE	CITY PROPERTY REPLACEMENT	AMBULANCE	BUS DIST A	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	UNIT 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	
Total Assets	\$ 4,895,761	\$ 6,395,681	\$ 1,393,170	\$ 8,717,929	\$ 6,593,069	\$ 27,995,610	\$ 77,886
<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	
Total Liabilities	991,267	\$ 0	220,040	294,254	154,710	1,660,271	\$ 0
<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	
Total Fund Balances	2,533,019	6,395,681	688,695	8,423,675	4,313,165	22,354,235	77,886
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 4,895,761	\$ 6,395,681	\$ 1,393,170	\$ 8,717,929	\$ 6,593,069	\$ 27,995,610	\$ 77,886

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, 2021
WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2020

	2021	2020
Total fund balances for governmental funds	\$ 18,354,509	\$ 22,354,235
Total net position reported for governmental activities in the statements of net position is different because:		
Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	\$ 8,111,723	\$ 7,842,801
Construction in progress	5,368,295	3,803,374
Infrastructure, net of accumulated depreciation	23,101,613	21,655,792
Buildings and improvements, net of accumulated depreciation	3,741,488	3,982,098
Other improvements, net of accumulated depreciation	6,181,719	3,340,488
Equipment, net of accumulated depreciation	1,085,044	1,100,595
	47,589,882	41,725,148
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	4,036,050	4,892,518
Deferred inflows of resources related to pensions	(4,022,905)	(3,576,451)
Deferred outflows and inflows of resources related to defined benefit OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to OPEB	371,707	39,169
Deferred inflows of resources related to OPEB	(256,500)	(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	\$ (1,250,771)	\$ (1,290,973)
Bonds, notes, and lease payable	(5,356,383)	(6,612,414)
Debt Certificates Payable	(8,170,000)	(8,475,000)
Debt premium, net of accumulated amortization	(643,000)	(480,156)
Net pension asset	661,368	
Net pension liability	(8,944,750)	(9,398,778)
Other post employment benefits	(1,688,382)	(1,269,810)
Compensated absences	(898,309)	(887,652)
	(26,290,227)	(28,414,783)
Total net position of governmental activities	\$ 39,782,516	\$ 36,959,721

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, 2021

	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	\$ 1,486,952		\$ 481,658		\$ 2,103,040	\$ 4,071,650	
Corporate Personal Property Replacement Taxes	157,393		22,341		54,430	234,164	
Intergovernmental	4,992,444		333,287	\$ 728,913	1,582,093	7,636,737	
Motor Fuel Taxes					379,373	379,373	
Charges for Services	2,054,006		1,774,210		18,116	3,846,332	
Licenses, Permits and Other Taxes	279,071					279,071	
Fines and Forfeitures	18,692				1,111	19,803	
Revenue from Use of Property	87,318					87,318	
Grants and Contributions	320,887		362,790		711,194	1,394,871	
Miscellaneous and Interest Income	236,691	\$ 89,916	15,512	78,616	85,442	506,177	\$ 909
Total Revenues	<u>9,633,454</u>	<u>89,916</u>	<u>2,989,798</u>	<u>807,529</u>	<u>4,934,799</u>	<u>18,455,496</u>	<u>909</u>
Expenditures:							
Current-							
General Government	1,457,501				362,403	1,819,904	17,750
Public Safety	3,471,189		2,328,465			5,799,654	
Highways and Streets	1,000,712				243,371	1,244,083	
Culture and Recreation	1,605,878				364,346	1,970,224	
Economic Development	275,176			174	146,341	421,691	3,500
Employer's Contribution to Retirement Fund					933,902	933,902	
Capital Outlay	822,755		15,758	5,306,922	2,342,638	8,488,073	
Debt Service Expenditures-							
Debt Issue Costs and Fees					34,050	34,050	
Principal Retirement	475,310		47,798	305,000	582,923	1,411,031	
Interest and Fixed Charges	6,388		3,761	256,157	263,765	530,071	
Total Expenditures	<u>9,114,909</u>	<u>0</u>	<u>2,395,782</u>	<u>5,868,253</u>	<u>5,273,739</u>	<u>22,652,683</u>	<u>21,250</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>518,545</u>	<u>89,916</u>	<u>594,016</u>	<u>(5,060,724)</u>	<u>(338,940)</u>	<u>(4,197,187)</u>	<u>(20,341)</u>
Other Financing Sources (Uses):							
Bonds Issued for Refunding Debt					2,680,000	2,680,000	
Payment to Escrow for Refunding Debt					(2,830,000)	(2,830,000)	
Debt Premiums					211,059	211,059	
Proceeds from Sale of Capital Assets	20,830					20,830	
Unrealized Appreciation (Depreciation) of Investments	(2,244)	(4,889)	(358)		53,063	45,572	
Operating Transfers In	525,003	985,000				1,510,003	
Operating Transfers Out	(685,000)	(441,000)	(300,000)		(14,003)	(1,440,003)	
Total Other Financing Sources (Uses)	<u>(141,411)</u>	<u>539,111</u>	<u>(300,358)</u>	<u>0</u>	<u>100,119</u>	<u>197,461</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>377,134</u>	<u>629,027</u>	<u>293,658</u>	<u>(5,060,724)</u>	<u>(238,821)</u>	<u>(3,999,726)</u>	<u>(20,341)</u>
Fund Balance, Beginning 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>
Fund Balance, End of Year	<u>\$ 2,910,153</u>	<u>\$ 7,024,708</u>	<u>\$ 982,353</u>	<u>\$ 3,362,951</u>	<u>\$ 4,074,344</u>	<u>\$ 18,354,509</u>	<u>\$ 57,545</u>

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2020

	PRIMARY GOVERNMENT					TOTAL GOVERNMENTAL FUNDS	COMPONENT UNIT
	GENERAL CORPORATE	CITY PROPERTY REPLACEMENT	AMBULANCE	BUS DIST A	OTHER 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	<u>(1,112,170)</u>	<u>84,384</u>	<u>(37,812)</u>	<u>(3,596)</u>	<u>543,868</u>	<u>(525,326)</u>	<u>0</u>
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	<u>(953,000)</u>	<u>(34,000)</u>		<u>(737,858)</u>	<u>(79,821)</u>	<u>(1,804,679)</u>	
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	<u>(646,786)</u>	<u>1,199,813</u>	<u>6,789</u>	<u>8,205,429</u>	<u>457,009</u>	<u>9,222,254</u>	<u>0</u>
Fund Balance, Beginning of Year	<u>3,179,805</u>	<u>5,195,868</u>	<u>681,906</u>	<u>218,246</u>	<u>3,856,156</u>	<u>13,131,981</u>	<u>77,886</u>
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>

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, 2021
WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2020

	<u>2021</u>	<u>2020</u>
Net change in fund balances - total governmental funds	\$ (3,999,726)	\$ 9,222,254
Amounts reported for governmental activities in the statements of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlay exceeded depreciation expense.	5,883,653	550,643
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.	(162,844)	(466,905)
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.	(18,921)	(24,452)
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.	(2,680,000)	(8,775,000)
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.	(252,874)	(229,793)
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.	(187,524)	(868,120)
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	<u>4,241,031</u>	<u>1,082,714</u>
Change in net position of governmental activities	<u>\$ 2,822,795</u>	<u>\$ 491,341</u>

CITY OF HIGHLAND, ILLINOIS
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
APRIL 30, 2021

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
<u>ASSETS</u>					
Current Assets:					
Cash and Investments	\$ 252,745	\$ 4,270,968	\$ 3,759,141	\$ 610,815	\$ 8,893,669
Receivables:					
Accounts, Net	609,441	114,187	116,368	102,789	942,785
Unbilled Revenue	1,063,696	222,611	185,318	127,582	1,599,207
Other Receivable	1,178	14,676	14,752	2,099	32,705
Other Current Assets	175,604	40,992	36,739		253,335
Total Current Assets	2,102,664	4,663,434	4,112,318	843,285	11,721,701
Restricted Assets:					
Cash and Investments	1,045,553		533,772		1,579,325
Capital Assets (Net of Accumulated Depreciation)	23,114,027	7,518,306	14,792,831		45,425,164
Land	1,461,719	407,708	50,143		1,919,570
Construction in Progress	290,598	41,879	43,565		376,042
Net Pension Asset - IMRF	229,884	84,183	71,331		385,398
Total Noncurrent Assets	26,141,781	8,052,076	15,491,642	0	49,685,499
Total Assets	28,244,445	12,715,510	19,603,960	843,285	61,407,200
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Related to OPEB	117,382	43,040	27,389		187,811
Related to Pensions - IMRF	696,676	260,314	191,655		1,148,645
Total Deferred Outflows of Resources	814,058	303,354	219,044	0	1,336,456
Total Assets and Deferred Outflows of Resources	\$ 29,058,503	\$ 13,018,864	\$ 19,823,004	\$ 843,285	\$ 62,743,656
<u>LIABILITIES</u>					
Current Liabilities (Payable from Current Assets):					
Accounts Payable	\$ 884,608	\$ 72,092	\$ 48,424	\$ 143,654	\$ 1,148,778
Accrued Interest Payable		3,979	6,015		9,994
Current Portion Notes Payable			203,338		203,338
Current Portion General Obligation Notes Payable		154,000			154,000
Accrued Salaries and Benefits	44,341	17,422	11,262		73,025
Premium on Revenue Bonds			1,318		1,318
Total Current Liabilities (Payable from Current Assets)	928,949	247,493	270,357	143,654	1,590,453
Current Liabilities (Payable from Restricted Assets):					
Customer Deposits	90,397				90,397
Current Portion Revenue Bonds	755,000		125,000		880,000
Accrued Interest on Revenue Bonds	66,024				66,024
Total Current Liabilities (Payable from Restricted Assets)	911,421	0	125,000	0	1,036,421
Long-Term Liabilities:					
Premium on Revenue Bonds			15,155		15,155
Revenue Bonds (Net of Current Portion)	8,415,000		1,860,000		10,275,000
Notes Payable (Net of Current Portion)			8,860,717		8,860,717
General Obligation Notes Payable (Net of Current Portion)		1,147,000			1,147,000
Compensated Absences	241,699	99,996	72,252		413,947
Other Post Employment Benefits Payable	533,174	195,497	124,407		853,078
Total Long-Term Liabilities	9,189,873	1,442,493	10,932,531	0	21,564,897
Total Liabilities	11,030,243	1,689,986	11,327,888	143,654	24,191,771
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Related to OPEB	81,000	29,700	18,900		129,600
Related to Pensions - IMRF	1,326,867	485,896	411,718		2,224,481
Total Deferred Inflows of Resources	1,407,867	515,596	430,618	0	2,354,081
<u>NET POSITION</u>					
Net Investment in Capital Assets, Net of Related Debt	15,696,344	6,666,893	3,837,484		26,200,721
Restricted For Long Term Debt	1,045,553		533,772		1,579,325
Unrestricted	(121,504)	4,146,389	3,693,242	699,631	8,417,758
Total Net Position	16,620,393	10,813,282	8,064,498	699,631	36,197,804
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 29,058,503	\$ 13,018,864	\$ 19,823,004	\$ 843,285	\$ 62,743,656

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

CITY OF HIGHLAND, ILLINOIS
STATEMENT OF NET POSITION
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 - IMRF	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 General Obligation Note 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
Note Payable (Net of Current Portion)			6,364,123		6,364,123
General Obligation Note Payable (Net of Current Portion)		1,301,000			1,301,000
Compensated Absences	202,292	95,864	66,436		364,592
Net Pension Liability - IMRF	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 - IMRF	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

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, 2021

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
Operating Revenues:					
Charges for Services	\$ 17,419,717	\$ 2,776,899	\$ 2,299,703	\$ 1,707,437	\$ 24,203,756
Connection Fees	12,740	31,170	76,530		120,440
Total Operating Revenues	<u>17,432,457</u>	<u>2,808,069</u>	<u>2,376,233</u>	<u>1,707,437</u>	<u>24,324,196</u>
Operating Expenses:					
Personnel Services	2,423,735	966,553	552,771		3,943,059
Contractual Services	3,106,084	408,227	358,154	1,732,366	5,604,831
Purchase Power (Less Generating Capacity Credit)	9,632,311				9,632,311
Supplies and Materials	455,706	230,675	110,792	16,155	813,328
Utilities	112,708	154,207	152,496		419,411
Depreciation and Amortization	2,030,172	741,258	480,078		3,251,508
Total Operating Expenses	<u>17,760,716</u>	<u>2,500,920</u>	<u>1,654,291</u>	<u>1,748,521</u>	<u>23,664,448</u>
Operating Income (Loss)	<u>(328,259)</u>	<u>307,149</u>	<u>721,942</u>	<u>(41,084)</u>	<u>659,748</u>
Non-Operating Revenues (Expenses):					
Interest Income	15,145	67,945	61,523	9,514	154,127
Grant Revenue			1,650,000		1,650,000
Miscellaneous Revenues	96,304	40,499	4,939	858	142,600
Unrealized Depreciation of Investments	(212)	(3,590)	(3,600)	(513)	(7,915)
Gain on Sale of Assets	4,026	500			4,526
Interest Expense	(208,656)	(51,401)	(128,214)		(388,271)
Service Charges	(300)		(150)		(450)
Total Non-Operating Revenues (Expenses)	<u>(93,693)</u>	<u>53,953</u>	<u>1,584,498</u>	<u>9,859</u>	<u>1,554,617</u>
Income (Loss) Before Operating Transfers	(421,952)	361,102	2,306,440	(31,225)	2,214,365
Operating Transfers:					
Transfers Out	(54,600)	(8,400)	(7,000)		(70,000)
Total Operating Transfers	<u>(54,600)</u>	<u>(8,400)</u>	<u>(7,000)</u>	<u>0</u>	<u>(70,000)</u>
Increase (Decrease) in Net Position	(476,552)	352,702	2,299,440	(31,225)	2,144,365
Total Net Position, Beginning 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>
Total Net Position, End of Year	<u>\$ 16,620,393</u>	<u>\$ 10,813,282</u>	<u>\$ 8,064,498</u>	<u>\$ 699,631</u>	<u>\$ 36,197,804</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, 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 Revenues	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	(1,557,450)	369,175	590,726	561	(596,988)
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	(1,825,574)	350,947	576,078	561	(897,988)
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 CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED APRIL 30, 2021

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Customers	\$ 17,261,530	\$ 2,805,087	\$ 2,329,919	\$ 1,706,046	\$ 24,102,582
Cash Payments for Goods and Services	(13,426,989)	(788,744)	(1,476,602)	(1,749,034)	(17,441,369)
Cash Payments to Employees	(2,465,022)	(1,002,526)	(656,671)		(4,124,219)
Net Cash Provided (Used) by Operating Activities	<u>1,369,519</u>	<u>1,013,817</u>	<u>196,646</u>	<u>(42,988)</u>	<u>2,536,994</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Repayments of Loans from Other Funds	(54,600)	(8,400)	(7,000)		(70,000)
Net Cash Used by Non-Capital Financing Activities	<u>(54,600)</u>	<u>(8,400)</u>	<u>(7,000)</u>	<u>0</u>	<u>(70,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Interest Paid	(213,948)	(51,857)	(128,484)		(394,289)
Proceeds Received from Grants			1,650,000		1,650,000
Payments for Capital Acquisitions	(1,679,264)	(525,820)	(3,666,922)		(5,872,006)
Proceeds from Sale of Capital Assets	4,026	500			4,526
Proceeds from Loans			2,876,821		2,876,821
Repayments of Loans	(735,000)	(203,256)	(301,889)		(1,240,145)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,624,186)</u>	<u>(780,433)</u>	<u>429,526</u>	<u>0</u>	<u>(2,975,093)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Receipts of Interest	20,769	69,871	61,852	10,103	162,595
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(1,288,498)	294,855	681,024	(32,885)	(345,504)
CASH AND INVESTMENTS, BEGINNING OF YEAR	2,586,796	3,976,113	3,611,889	643,700	10,818,498
CASH AND INVESTMENTS, END OF YEAR	<u>\$ 1,298,298</u>	<u>\$ 4,270,968</u>	<u>\$ 4,292,913</u>	<u>\$ 610,815</u>	<u>\$ 10,472,994</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ (328,259)	\$ 307,149	\$ 721,942	\$ (41,084)	\$ 659,748
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation and Amortization Expense	2,030,172	741,258	480,078		3,251,508
Miscellaneous Revenues	96,304	40,499	4,939	858	142,600
Service Charges	(300)		(150)		(450)
Amortization of Bond Premium			(1,318)		(1,318)
Unrealized Depreciation of Investments	(212)	(3,590)	(3,600)	(513)	(7,915)
(Increase) Decrease in Accounts Receivables	(55,268)	(10,822)	(14,799)	1,695	(79,194)
Increase in Unbilled Revenue	(211,963)	(32,659)	(36,454)	(20,257)	(301,333)
Increase in Other Current Assets	(14,570)	(5,068)	(4,016)		(23,654)
Increase in Net Pension Asset	(229,884)	(84,183)	(71,331)		(385,398)
Increase in Deferred Outflows Related to OPEB	(107,807)	(39,558)	(23,907)		(171,272)
Decrease in Deferred Outflows Related to Pensions	251,117	102,846	123,045		477,008
Increase (Decrease) in Accounts Payable	(102,135)	13,023	(846,076)	16,313	(918,875)
Decrease in Accrued Salaries and Benefits	(77,427)	(32,744)	(23,774)		(133,945)
Increase in Compensated Absences	39,407	4,132	5,816		49,355
Decrease in Customer Deposits	(2,963)				(2,963)
Increase in Other Post Employment Benefits	222,775	82,625	11,535		316,935
Decrease in Net Pension Liability	(510,948)	(193,140)	(183,544)		(887,632)
Increase in Deferred Inflows Related to OPEB	66,305	24,356	13,556		104,217
Increase in Deferred Inflows Related to Pensions	305,175	99,693	44,704		449,572
Total Adjustments	<u>1,697,778</u>	<u>706,668</u>	<u>(525,296)</u>	<u>(1,904)</u>	<u>1,877,246</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,369,519</u>	<u>\$ 1,013,817</u>	<u>\$ 196,646</u>	<u>\$ (42,988)</u>	<u>\$ 2,536,994</u>

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
CASH FLOWS FROM OPERATING ACTIVITIES:					
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>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Repayment 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>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
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 the Sale of Capital Assets	1,015,000				1,015,000
Proceeds from Loans		(1,372,000)	6,364,123		4,992,123
Repayments of Loans	(470,000)	1,060,098	(120,000)		470,098
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>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Receipts of Interest	73,978	57,802	41,652	9,676	183,108
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>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating Income	\$ (593,501)	\$ 293,408	\$ 579,589	\$ (16,182)	\$ 263,314
Adjustments to Reconcile Operating Income to Net Cash Provided 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>

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>		2021	2020
Cash		\$ 311,912	
Receivables:			
Property Taxes, Current Year Levy		728,446	\$ 660,016
Interest Receivable		41,211	40,428
Total Receivables		<u>769,657</u>	<u>700,444</u>
Investments:			
Certificates of Deposit and Interest Bearing Accounts		465,055	352,131
Municipal Bonds		4,718,508	4,163,276
Mutual Funds		9,216,373	6,917,007
Total Investments		<u>14,399,936</u>	<u>11,432,414</u>
Total Assets		<u>\$ 15,481,505</u>	<u>\$ 12,132,858</u>
<u>LIABILITIES</u>			
Accounts Payable		<u>\$ 2,427</u>	
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable Property Taxes		<u>728,446</u>	<u>\$ 660,016</u>
<u>NET POSITION</u>			
Net Position Held in Trust for Pension Benefits and Other Purposes		<u>14,750,632</u>	<u>11,472,842</u>
Total Deferred Inflows of Resources and Net Position		<u>\$ 15,481,505</u>	<u>\$ 12,132,858</u>

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,	
	2021	2020
Additions:		
General Property Taxes:		
Real Estate	\$ 656,242	\$ 633,294
Intergovernmental:		
Corporate Personal Property Replacement Tax	6,900	6,900
Miscellaneous:		
Interest and Dividend Income	278,760	332,721
Miscellaneous Revenue		226
Employee Contributions	186,271	160,993
Realized/Unrealized Gain (Loss) on Investments	3,146,260	(404,758)
Total Additions	4,274,433	729,376
Deductions:		
Benefit Payments	923,015	816,505
Administration	73,628	40,715
Total Deductions	996,643	857,220
Increase (Decrease) in Net Position	3,277,790	(127,844)
Net Position, Beginning of Year	11,472,842	11,600,686
Net Position, End of Year	\$ 14,750,632	\$ 11,472,842

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, 2021

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

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

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

(A) PRINCIPLES USED TO DETERMINE SCOPE OF ENTITY

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

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

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

(B) BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

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

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

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

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, 2021

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, 2021

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 \$646,771. However, for the accrued vacation and vested sick days, the City is liable in the approximate amount of \$898,309 for payments to qualified employees of the governmental activities and \$413,947 for payments to qualified employees of the business-type activities as of April 30, 2021.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

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, 2021

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, 2021

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, 2021.

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, 2021

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(N) RESTATEMENT

On December 2, 2020, the City and the Fraternal Order of Police Labor Council entered into an agreement that increased the maximum accrual for compensated absences effective May 1, 2019. The increased compensated absences accrual was not reflected in the previously issued April 30, 2020 financial statements as the agreement was not yet final. The table below summarizes the change in net position of the governmental activities.

Net Position, as Previously Reported	\$ 37,003,502
Additional Compensated Absences	<u>(43,781)</u>
Net Position, as Restated	<u>\$ 36,959,721</u>

(O) NEW ACCOUNTING PRONOUNCEMENTS

Effective May 1, 2020, the City adopted the provisions of GASB Statement No. 83, *Certain Asset Retirement Obligations (AROs)*, GASB Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

GASB Statement No. 83, *Certain Asset Retirement Obligations (AROs)*, establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and expenses for asset retirement obligations. An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in GASB 83. The City has determined that asset retirement obligations are not significant to these financial statements.

GASB Statement No. 84, *Fiduciary Activities*, establishes standards of accounting and financial reporting for fiduciary activities. The statement establishes criteria for identifying fiduciary activities, focusing on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists. The implementation of GASB Statement No. 84 had no impact on the financial statements of the City for the year ended April 30, 2021.

The objective of GASB Statement No. 88 is to improve the information that is disclosed in the notes to the financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB statement No. 88 defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The implementation of GASB Statement No. 88 resulted in changes to the long-term debt disclosure.

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2021

NOTE 2. CASH AND INVESTMENTS

Cash and investments as of April 30, 2021, including fiduciary funds, are classified in the accompanying financial statements as follows:

	Primary Government	Component Unit
Total Cash	\$ 18,063,265	\$ 57,545
Illinois Funds	867,481	
Total Investments	23,356,258	
Total	\$ 42,287,004	\$ 57,545

Cash includes \$1,000 of cash on-hand and \$18,062,265 of deposits with financial institutions for the primary government and \$57,545 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, 2021

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.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

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

The following table presents the fair value hierarchy for the balances of the investments of the City's Governmental Funds measured at fair value on a recurring basis as of April 30, 2021:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of Deposit - Negotiable	\$ 2,798,343			\$ 2,798,343
Mutual Funds	1,442,685			1,442,685
	<u>\$ 4,241,028</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,241,028</u>

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, 2021:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Municipal Bonds	\$ 4,718,508			\$ 4,718,508
Mutual Funds	9,216,373			9,216,373
	<u>\$ 13,934,881</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,934,881</u>

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.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Information about the sensitivity of the fair values of the City's investments to market rate fluctuations is provided in the following table. As of April 30, 2021, 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	\$ 2,798,343	\$ 704,529	\$ 1,510,866	\$ 582,948	
Certificates of Deposit -Non-Negotiable	4,681,736		3,734,736	947,000	
Short Term Cash Equivalent	498,613	498,613			
Bonds	4,718,508		1,065,023	783,416	\$ 2,870,069
Mutual Funds	10,659,058	10,659,058			
Total	<u>\$ 23,356,258</u>	<u>\$ 11,862,200</u>	<u>\$ 6,310,625</u>	<u>\$ 2,313,364</u>	<u>\$ 2,870,069</u>

(B) CREDIT RISK

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's state investment pool has earned Fitch's rating (AAAmmf). The Policemen's Pension 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 Fitch'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, 2021, the balance in the City's state investment pool was \$867,481.

The City's cash deposits, including the fiduciary fund, at April 30, 2021 consisted of the following:

<u>Depository Account</u>	<u>Primary Government Bank Balance</u>	<u>Component Unit Bank Balance</u>
Insured	\$ 7,805,972	\$ 57,545
Collateralized:		
Held by pledging bank's trust department in the City's name	18,765,556	
Total Deposits	<u>\$ 26,571,528</u>	<u>\$ 57,545</u>

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2021

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

(D) CONCENTRATIONS OF CREDIT RISK

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

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

Issuer	Investment Type	Reported Amount
FCB Highland Bank	Certificates of Deposit	\$ 1,395,238

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 2020 levy was passed by the Council on December 21, 2020. Property taxes attach as an enforceable lien on property as of January 1, and are payable in four installments for 2021: July 8, September 8, October 8, and December 8. The County has not mailed tax bills as of April 30, 2021. 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, 2021 and is expected to be collected soon enough after April 30, 2021 to be used to pay liabilities by June 30, 2021 (60 days or less) and has been budgeted for the current year.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

NOTE 4. PROPERTY TAXES (CONTINUED)

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

	MAXIMUM LEVY	2020	2019	2018	2017	2016	2015
General Government	.3330	0.3304	0.3249	0.3291	0.3298	0.3279	0.3330
Police Protection	.0750	0.0750	0.0732	0.0742	0.0743	0.0739	0.0750
Fire Protection	.0750	0.0750	0.0732	0.0742	0.0743	0.0739	0.0750
Playground & Rec	.0900	0.0900	0.0878	0.0890	0.0892	0.0887	0.0900
Band	.0400	0.0196	0.0202	0.0211	0.0250	0.0255	0.0259
Social Security		0.2105	0.2165	0.2317	0.2446	0.2495	0.2619
Retirement		0.2105	0.2165	0.2291	0.2446	0.2495	0.2787
Liability Insurance		0.1591	0.1637	0.1712	0.1783	0.1636	0.1295
Crossing Guards	.0200	0.0045	0.0046	0.0048	0.0055	0.0056	0.0070
Audit		0.0123	0.0101	0.0106	0.0087	0.0089	0.0096
Municipal Ambulance	.2500	0.2500	0.2439	0.2471	0.2476	0.2462	0.2500
Community Building	.0750	0.0750	0.0732	0.0742	0.0743	0.0739	0.0750
Police Pension		0.3565	0.3323	0.3342	0.3125	0.3059	0.2367
Library	.1500	0.1500	0.1464	0.1483	0.1486	0.1477	0.1500
Library Liability Ins.		0.0172	0.0182	0.0187	0.0191	0.0183	0.0189
Lease		0.0147	0.0152				
Public Comfort Station	.0333	0.0177	0.0182	0.0000	0.0109	0.0084	0.0141
TOTAL		<u>2.0680</u>	<u>2.0381</u>	<u>2.0575</u>	<u>2.0873</u>	<u>2.0674</u>	<u>2.0303</u>

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

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

NOTE 5. CAPITAL ASSETS

Summary of capital assets for governmental activities for the year ended April 30, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Not Being Depreciated:				
Land	\$ 7,842,801	\$ 268,922		\$ 8,111,723
Construction in Progress	3,803,374	4,355,665	\$ (2,790,744)	5,368,295
Subtotal	<u>11,646,175</u>	<u>4,624,587</u>	<u>(2,790,744)</u>	<u>13,480,018</u>
Other Capital Assets:				
Buildings and Improvements	11,423,152			11,423,152
Improvements	7,348,919	3,271,600		10,620,519
Equipment	6,101,407	374,638	(72,028)	6,404,017
Infrastructure	65,582,097	3,007,994		68,590,091
Subtotal	<u>90,455,575</u>	<u>6,654,232</u>	<u>(72,028)</u>	<u>97,037,779</u>
Accumulated Depreciation:				
Buildings and Improvements	7,441,054	240,610		7,681,664
Improvements	4,008,431	430,369		4,438,800
Equipment	5,000,812	371,268	(53,107)	5,318,973
Infrastructure	43,926,305	1,562,173		45,488,478
Subtotal	<u>60,376,602</u>	<u>2,604,420</u>	<u>(53,107)</u>	<u>62,927,915</u>
Net Other Capital Assets	<u>30,078,973</u>	<u>4,049,812</u>	<u>(18,921)</u>	<u>34,109,864</u>
Net Capital Assets	<u>\$ 41,725,148</u>	<u>\$ 8,674,399</u>	<u>\$ (2,809,665)</u>	<u>\$ 47,589,882</u>

Depreciation was charged to functions as follows:

Governmental Activities:

General Government	\$ 135,823
Public Safety	288,862
Highways and Streets	1,708,640
Culture and Recreation	444,302
Economic Development	26,793
Total Governmental Activities Depreciation Expense	<u>\$ 2,604,420</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

NOTE 5. CAPITAL ASSETS (CONTINUED)

Summary of capital assets for business-type activities for the year ended April 30, 2021:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Not Being Depreciated				
Land	\$ 1,913,497	\$ 6,073		\$ 1,919,570
Construction in Progress	8,252,921	246,921	\$ (8,123,800)	376,042
Subtotal	<u>10,166,418</u>	<u>252,994</u>	<u>(8,123,800)</u>	<u>2,295,612</u>
Other Capital Assets:				
Buildings	19,881,381	11,005,896		30,887,277
Lines	49,771,156	1,204,138		50,975,294
Equipment	13,168,965	216,203	(13,921)	13,371,247
Other Improvements	15,516,318	232,813		15,749,131
Interconnect	5,833,612	1,083,762		6,917,374
Subtotal	<u>104,171,432</u>	<u>13,742,812</u>	<u>(13,921)</u>	<u>117,900,323</u>
Accumulated Depreciation:				
Buildings	17,781,687	280,916		18,062,603
Lines	26,615,973	1,558,707		28,174,680
Equipment	12,082,870	474,076	(13,921)	12,543,025
Other Improvements	9,854,501	720,836		10,575,337
Interconnect	2,902,541	216,973		3,119,514
Subtotal	<u>69,237,572</u>	<u>3,251,508</u>	<u>(13,921)</u>	<u>72,475,159</u>
Net Other Capital Assets	<u>34,933,860</u>	<u>10,491,304</u>	<u>0</u>	<u>45,425,164</u>
Net Capital Assets	<u>\$ 45,100,278</u>	<u>\$ 10,744,298</u>	<u>\$ (8,123,800)</u>	<u>\$ 47,720,776</u>

Depreciation was charged to functions as follows:

Business-Type Activities:

Light and Power	\$ 2,030,172
Water	741,258
Sewer	480,078
	<u>\$ 3,251,508</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

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, 2021:

	April 30, 2020	Additions	Reductions	April 30, 2021	Due Within One Year
Governmental Activities:					
Premium on Debt	\$ 480,156	\$ 211,059	\$ (48,215)	\$ 643,000	\$ 42,217
Direct Placement Bonds	3,260,000	2,680,000	(3,480,000)	2,460,000	225,000
Public Offering Bonds	2,817,580		(362,923)	2,454,657	341,036
GO Direct Borrowings Debt Certificates Payable	8,475,000		(305,000)	8,170,000	320,000
Direct Borrowings Notes Payable	234,834		(93,108)	141,726	91,448
GO Long Term Lease	300,000			300,000	30,000
Compensated Absences	887,652	10,657		898,309	
Net Pension Liability - IMRF	1,439,998		(1,439,998)		
Net Pension Liability - Police Pension	7,958,780	985,970		8,944,750	
Other Post Employment Benefits	1,269,810	418,572		1,688,382	
Long Term Accrued Interest	1,214,018		(28,577)	1,185,441	
Long-Term Liabilities	<u>\$ 28,337,828</u>	<u>\$ 4,306,258</u>	<u>\$ (5,757,821)</u>	<u>\$ 26,886,265</u>	<u>\$ 1,049,701</u>
Business-Type Activities:					
Premium on Debt	\$ 17,791		\$ (1,318)	\$ 16,473	\$ 1,318
Public Offering Bonds	2,110,000		(125,000)	1,985,000	125,000
Direct Placement Bonds	9,905,000		(735,000)	9,170,000	755,000
GO Direct Borrowings Notes Payable	1,450,000		(149,000)	1,301,000	154,000
Direct Borrowings Notes Payable	6,364,123	\$ 2,876,821	(176,889)	9,064,055	203,338
Maintenance Agreements	54,256		(54,256)		
Compensated Absences	364,592	49,355		413,947	
Net Pension Liability - IMRF	887,632		(887,632)		
Other Post Employment Benefits	536,143	316,935		853,078	
Long-Term Liabilities	<u>\$ 21,689,537</u>	<u>\$ 3,243,111</u>	<u>\$ (2,129,095)</u>	<u>\$ 22,803,553</u>	<u>\$ 1,238,656</u>

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

Default Provisions

The City's GO debt certificates from direct borrowings related to governmental activities of \$8,170,000 contain a provision that in the event of a default, the Seller or Certificate holder may pursue any available remedy by suit at law or equity to enforce the payment of all amounts due or to become due. The City's outstanding notes from direct borrowings related to governmental activities of \$42,421 contains a provision that in an event of default, the entire unpaid principal balance and all accrued unpaid interest are immediately due. The City's outstanding notes from direct borrowings related to governmental activities of \$99,305 contains a provision that in an event of default, the Lender can exercise one or more of the following: accelerate indebtedness, assemble collateral, sell the collateral, be placed as a mortgagee in possession, collect revenues and apply accounts, obtain deficiency for any remaining indebtedness, and other rights and remedies under the Uniform Commercial Code. These notes are collateralized by the 2017 Johnson Street Sweeper and the 2017 Ford F450 Ambulance.

In the event of default on the City's outstanding GO notes payable related to business-type activities of \$1,301,000, the Bank may take any relief as permitted by law including suit and any rights and remedies. The City's outstanding notes from direct borrowings related to business-type activities of \$9,064,055 has the following delinquent loan provisions. The City must contact the Agency in writing within 15 days of payment due date. The Agency will then confirm in writing the acceptability of the City's response or take appropriate action. If the City doesn't comply with the above, the Agency shall promptly issue a notice of delinquency which requires a written response within 15 days. Failure to take appropriate action will result in the Agency pursuing the collection of the amounts past due, the outstanding loan balance and the costs incurred.

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2021

NOTE 6. LONG-TERM OBLIGATIONS (CONTINUED)

The annual debt service requirements for long-term debt on April 30, 2021 were as follows:

YEAR ENDING APRIL 30	Governmental Activities				Business-Type Activities			
	Bonds		Notes from Direct Borrowings		Bonds		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 566,036	\$ 257,214	\$ 411,448	\$ 253,534	\$ 880,000	\$ 268,685	\$ 357,338	\$ 108,894
2023	524,477	269,272	380,278	239,007	900,000	249,027	570,894	161,510
2024	511,261	283,489	345,000	224,525	925,000	228,582	582,584	149,893
2025	496,337	299,313	355,000	210,725	945,000	207,288	593,353	137,978
2026	485,764	310,686	370,000	196,525	965,000	185,303	605,201	125,798
2027-2031	2,080,782	1,362,768	2,040,000	797,700	5,175,000	568,868	2,704,608	453,556
2032-2036	250,000	7,500	2,305,000	537,138	1,365,000	50,129	2,390,459	268,336
2037-2041			2,105,000	165,550			2,560,618	98,179
Total	\$ 4,914,657	\$ 2,790,242	\$ 8,311,726	\$ 2,624,704	\$ 11,155,000	\$ 1,757,882	10,365,055	\$ 1,504,144

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 include the preliminary IEPA loan repayment amounts.

Details of long-term obligations are as follows:

Public Offerings and Direct Placement Bonds

Governmental Activities:

2010 street alternate bonds are due in annual installments 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 remaining balance is \$2,365,342. \$ 2,454,657

The 2012 revenue bonds were refinanced on August 24, 2020. The bonds are being repaid in semi-annual installments at interest rates ranging from 2% to 3% with a final maturity date of 1/1/2032. These bonds were originally issued to fund infrastructure improvements and reimburse certain development costs for the new hospital built in the City's Tif District #2. Total interest due on the remaining balance is \$424,900. 2,460,000

Total Public Offerings and Direct Placement Bonds - Governmental Activities \$ 4,914,657

Public Offerings and Direct Placement Bonds

Business-Type Activities:

The 2010 and 2012 Electric system revenue bonds were refinanced on October 16, 2019. The bonds are being repaid in semi-annual installments at 2.16% interest with a final maturity date of 1/1/2032. This debt was issued to raise funding for the City's Fiber to the Premises Project. Total interest due on the remaining balance is \$1,222,020. \$ 9,170,000

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 \$535,862. 1,985,000

Total Public Offerings and Direct Placement Bonds - Business-Type Activities \$ 11,155,000

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

NOTE 6. LONG-TERM OBLIGATIONS (CONTINUED)

Direct Borrowings GO Debt Certificates Payable and Notes Payable
Governmental Activities:

In 2020, the City borrowed funds from BOK Financial with financing assistance from Commerce Bank in order to complete public safety facility improvements. The total amount borrowed was \$8,475,000 and is being repaid in semi-annual installments with an interest rate ranging from 2.0%-4.0%. The maturity date of this borrowing is February 1, 2040 and the total interest due on the remaining balance is \$2,620,412 \$ 8,170,000

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 \$477. 42,421

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 \$3,815. 99,305

Total Direct Borrowings GO Debt Certificates Payable and Notes Payable - Governmental Activities \$ 8,311,726

Direct Borrowings GO Notes Payable and Notes Payable

Business-Type Activities:

In 2018, the City borrowed funds from the State Bank of Bern with financing assistance from Sterns Brothers in order to complete water main improvements in the City of Highland. The total loan amount was \$1,665,000 and is being repaid in various semi-annual installments at an interest rate of 3.670%. The maturity date of this loan is October 1, 2028 and total interest due on the remaining balance is \$198,896. \$ 1,301,000

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 total \$9,064,055 as of 4/30/21. Repayment terms have not yet been finalized. A preliminary debt schedule has been provided including \$1,305,248 interest remaining due. 9,064,055

Total Direct Borrowings GO Notes Payable and Notes Payable - Business-Type Activities \$ 10,365,055

GO Long Term Lease

Governmental Activities:

In 2019, the City entered into a 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

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

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.

(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, 2021

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

(iii) EMPLOYEES COVERED BY BENEFIT TERMS

As of December 31, 2020, the following employees were covered by the benefit terms:

	REGULAR PLAN	SLEP PLAN
Retirees and Beneficiaries currently receiving benefits	94	0
Inactive Plan Members entitled to but not yet receiving benefits	61	1
Active Plan Members	106	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 2020 was 10.74%. For the fiscal year ended April 30, 2021, the City contributed \$763,181 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 2020 was 14.04%. For the fiscal year ended April 30, 2021, 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, 2020. 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, 2021

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

(vi) ACTUARIAL ASSUMPTIONS

The following are the methods and assumptions used to determine total pension liability at December 31, 2020.

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.25%
Salary Increases	2.85% to 13.75%
Investment Rate of Return:	Regular 7.25%
	SLEP 7.25%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2020 valuation pursuant to an experience study of the period 2017-2019.
Mortality	For non-disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Retiree, Male (adjusted 106%) and Female (adjusted 105%) tables, and future mortality improvements projected using scale MP-2020. For disabled retirees, the Pub-2010, Amount-Weighted, below-median income, General, Disabled Retiree, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020. For active members, the Pub-2010, Amount-Weighted, below-median income, General, Employee, Male and Female (both unadjusted) tables, and future mortality improvements projected using scale MP-2020.
Other Information:	
Notes	There were no benefit changes during the year.

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2020 Illinois Municipal Retirement Fund annual actuarial valuation report.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

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, 2020:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	5.00%
International Equity	18%	6.00%
Fixed Income	28%	1.30%
Real Estate	9%	6.20%
Alternative Investments	7%	2.85-6.95%
Cash Equivalents	1%	0.70%
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 2.00%, and the resulting single discount rate is 7.25%.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

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, 2019	\$ 38,290,498	\$ 35,925,062	\$ 2,365,436
Changes for the year:			
Service Cost	693,865		693,865
Interest on the Total Pension Liability	2,730,036		2,730,036
Changes of Assumptions	(373,941)		(373,941)
Difference Between Expected and Actual Experience of the Total Pension Liability	(352,395)		(352,395)
Contributions - Employer		780,493	(780,493)
Contributions - Employees		327,341	(327,341)
Net Investment Income		5,099,324	(5,099,324)
Benefit Payments, Including Refunds of Employee Contributions	(1,963,513)	(1,963,513)	0
Other (Net Transfer)		(157,854)	157,854
Net Changes	<u>734,052</u>	<u>4,085,791</u>	<u>(3,351,739)</u>
Balance, December 31, 2020	<u>\$ 39,024,550</u>	<u>\$ 40,010,853</u>	<u>\$ (986,303)</u>

(b) SLEP PLAN

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance, December 31, 2019	\$ 124,484	\$ 162,289	\$ (37,805)
Changes for the year:			
Interest on the Total Pension Liability	9,025		9,025
Changes of Assumptions	3,652		3,652
Difference Between Expected and Actual Experience of the Total Pension Liability	4,699		4,699
Net Investment Income		39,492	(39,492)
Other (Net Transfer)		542	(542)
Net Changes	<u>17,376</u>	<u>40,034</u>	<u>(22,658)</u>
Balance, December 31, 2020	<u>\$ 141,860</u>	<u>\$ 202,323</u>	<u>\$ (60,463)</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

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%	\$ 3,524,334	6.25%	\$ (41,819)
Current Discount Rate	7.25%	(986,303)	7.25%	(60,463)
1% Increase	8.25%	(4,517,944)	8.25%	(76,000)

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

For the year ended April 30, 2021, the City of Highland recognized pension benefit of \$998,709 for the Regular plan and \$1,595 for the SLEP plan. At April 30, 2021, 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	\$ 547,243	\$ 375,944	\$ 171,299
Changes of Assumptions	426,578	594,358	(167,780)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,656,425	4,722,547	(3,066,122)
Pension Contributions Made Subsequent to the Measurement Date	249,278		249,278
Total Deferred Amounts Related to Pensions	<u>\$ 2,879,524</u>	<u>\$ 5,692,849</u>	<u>\$ (2,813,325)</u>

	<u>SLEP Plan</u>		
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 31,761	\$ 51,881	\$ (20,120)
	<u>\$ 31,761</u>	<u>\$ 51,881</u>	<u>\$ (20,120)</u>

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2021

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 Inflows of Resources SLEP Plan
2021	\$ (718,907)	\$ (4,065)
2022	(190,346)	2,684
2023	(1,285,014)	(13,197)
2024	(619,058)	(5,542)
Total	\$ (2,813,325)	\$ (20,120)

(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, 2020, the Police Pension Plan membership consisted of:

Inactive Plan Members and Beneficiaries Currently Receiving Benefits	14
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	1
Active Plan Members	20
Total	35

(ii) BENEFITS PROVIDED

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

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

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

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

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

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

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

(iii) CONTRIBUTIONS

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

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2021

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

(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.

For the year ended April 30, 2021, the annual money-weighted rate of return on plan investments, net of pension plan investment expense, was -0.88%. 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, 2020:

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%	

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2021

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance, April 30, 2019	\$ 19,559,466	\$ 11,600,686	\$ 7,958,780
Changes for the year:			
Service Cost	421,128		421,128
Interest on the Total Pension Liability	1,272,202		1,272,202
Changes of Benefit Terms	50,128		50,128
Difference Between Expected and Actual Experience of the Total Pension Liability	(13,517)		(13,517)
Changes of Assumptions	(55,310)		(55,310)
Contributions - Employer		640,194	(640,194)
Contributions - Employees		160,993	(160,993)
Net Investment Income		(101,452)	101,452
Benefit Payments, Including Refunds of Employee Contributions	(816,505)	(816,505)	0
Administrative Expenses		(11,074)	11,074
Net Changes	<u>858,126</u>	<u>(127,844)</u>	<u>985,970</u>
Balance, April 30, 2020	<u>\$ 20,417,592</u>	<u>\$ 11,472,842</u>	<u>\$ 8,944,750</u>

(vi) ACTUARIAL ASSUMPTIONS

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2020 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-2019 from 2013. Disabled mortality rates were based on the RP-2014 Combined Disabled Mortality with a blue collar adjustment, projected generationally using scale MP-2019 from 2013. The date of the most recent experience study for which significant assumptions are based upon is not available.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

(vii) DISCOUNT RATE

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

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

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

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net Pension Liability	\$ 12,248,469	\$ 8,944,750	\$ 6,301,241

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

At April 30, 2021, 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	\$ 194,857	\$ (400,407)
Changes of Assumptions	1,246,581	(91,425)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	831,972	(10,824)
Total Deferred Amounts Related to Pensions	<u>\$ 2,273,410</u>	<u>\$ (502,656)</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

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

Year Ending April 30,	Net Deferred Outflows of Resources
2021	\$ 495,607
2022	498,227
2023	464,701
2024	200,691
2025	121,363
Thereafter	(9,835)
Total	\$ 1,770,754

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, 2021, consisted of the following:

Due To	Due From	Amount
General Corporate	Other Governmental Funds	\$ 7,100
City Property Replacement Fund	General Corporate Fund	355,000
City Property Replacement Fund	Other Governmental Funds	280,000

Interfund transfers exist due to the allocation of general administrative expenses among the funds and to provide funding for the economic development fund. The transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Interfund transfers for the year ended April 30, 2021, consisted of the following:

		City General Corporate	City Property Replacement	City Ambulance	Other Governmental Funds	Light And Power	Water	Sewer	Total
Transfer To:	General Corporate		\$ 441,000		\$ 14,003	\$ 54,600	\$ 8,400	\$ 7,000	\$ 525,003
	City Property Replacement	\$ 685,000		\$ 300,000					985,000
	Total	\$ 685,000	\$ 441,000	\$ 300,000	\$ 14,003	\$ 54,600	\$ 8,400	\$ 7,000	\$ 1,510,003

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2021

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, 2021, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	21
Inactive Plan Members Entitled to but not yet Receiving Benefits	0
Active Plan Members	122
	143
	143

(ii) BENEFITS PROVIDED

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

(iii) NET OPEB LIABILITY

The measurement period for the OPEB expense was May 1, 2020 to April 30, 2021. The reporting period is May 1, 2020 through April 30, 2021. The City’s Total OPEB Liability was measured as of April 30, 2021.

The components of the net OPEB liability of the plan at April 30, 2021, calculated in accordance with GASB Statement No. 75 were as follows:

Total OPEB Liability	\$ 2,541,460
Plan Fiduciary Net Position	0
Net OPEB Liability	\$ 2,541,460

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, 2021, the City will recognize OPEB expense of \$532,299.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

(iv) ACTUARIAL ASSUMPTIONS

The Total OPEB Liability was determined by an actuarial valuation as of April 30, 2021 using the following actuarial assumptions:

Price Inflation	2.50%
Annual Wage Increases	2.75%
Discount Rate	1.83%
Immediate Trend Rate	7.50%
Ultimate Trend Rate	4.50%

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

(v) DISCOUNT RATE

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 1.83%. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA/Aa by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

(vi) CHANGES IN TOTAL OPEB LIABILITY

	Increases and (Decreases) in Total OPEB Liability
Reporting Period Ending April 30, 2020	\$ 1,805,953
Changes for the Year:	
Service Cost	86,310
Interest	65,476
Changes of Assumptions	576,080
Ad Hoc Postemployment Benefit Change:	379,403
Differences Between Expected and Actual Experience	(349,988)
Benefit Payments	(21,774)
Net Changes	735,507
Reporting Period Ending April 30, 2021	\$ 2,541,460

Changes of assumptions reflect a change in the discount rate from 2.85% for the fiscal year ending April 30, 2020 to 1.83% for the fiscal year ending April 30, 2021.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

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

	1% Decrease <u>0.83%</u>	Current Discount Rate <u>1.83%</u>	1% Increase <u>2.83%</u>
Total OPEB Liability	\$ 2,795,937	\$ 2,541,460	\$ 2,309,799

(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 <u>3.50% - 6.50%</u>	Healthcare Cost Trend Rates <u>4.50% - 7.50%</u>	1% Increase <u>5.50% - 8.50%</u>
Total OPEB Liability	\$ 2,219,763	\$ 2,541,460	\$ 2,927,439

(ix) DEFERRED OUTFLOWS OF RESOURCES RELATED TO OPEB

At April 30, 2021, the City of Highland recognized deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience		\$ 310,531
Changes in Assumptions	\$ 559,518	<u>75,569</u>
Total Deferred Amounts Related to OPEB	<u>\$ 559,518</u>	<u>\$ 386,100</u>

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2021

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

	Net Deferred Outflows of Resources
2022 \$	22,880
2023	22,880
2024	22,880
2025	22,880
2026	22,880
Thereafter	59,018
Total \$	<u>173,418</u>

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, 2021, the City abated property taxes totaling \$24,984 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, 2021, the City abated sales taxes totaling \$58,216 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, 2021, the City abated property taxes totaling \$9,797 under these agreements.

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, 2021, the City abated property taxes totaling \$18,999 under this agreement.

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2021

NOTE 11. LEGAL DEBT MARGIN

The legal debt margin for the City of Highland was \$7,852,687 for general obligation debts. The computation was as follows:

Assessed Valuation as of April 30, 2021	\$	204,332,603
Statutory Debt Limitation (8.625% of Assessed Valuation)	\$	17,623,687
Less: Debt Counting Against Limit		(9,771,000)
Legal Debt Margin	\$	7,852,687

The total debt counting against the legal debt margin for the City of Highland at April 30, 2021 was \$9,771,000.

NOTE 12. DEFICIT FUND BALANCES

The following individual nonmajor funds reported deficit fund balances on April 30, 2021:

Fund	Deficit Fund Balance
Cemetery Land Replacement	\$ 10,142
Library Endowment	60,541
Total Deficit Fund Balance	\$ 70,683

NOTE 13. UNCERTAINTIES

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.

NOTE 14. SUBSEQUENT EVENTS

In July of 2021, the City refinanced the 2013 Sewerage System Revenues Bonds to obtain lower interest rates. The bond closing was on July 6, 2021.

As part of the American Rescue Plan Act (ARPA), the City of Highland is eligible to receive \$1,336,875 from the Coronavirus Local Fiscal Recovery (CLFR) Fund allotment for non-entitlement units of local government. The City of Highland has requested the funds, that will be paid in two annual installments, and is currently determining the best use of these funds as permitted. In September 2021, \$668,438 of the funds were received.

The City of Highland has entered into a memorandum of understanding with Ameren Services Company for a Joint Transmission Project Development and Asset Purchase. The final terms of this transaction are not available as of September 22, 2021. This agreement is tentatively expected to be completed in 2023.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2021

NOTE 15. GOVERNMENTAL FUND BALANCES

As of April 30, 2021, 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	\$ 82,436		\$ 5,087		\$ 217,685	\$ 305,208
Total Nonspendable	<u>82,436</u>	<u>\$ 0</u>	<u>5,087</u>	<u>\$ 0</u>	<u>217,685</u>	<u>305,208</u>
Restricted for:						
Cemetery Operations and Maintenance					730,876	730,876
Economic Development				3,362,951	255,310	3,618,261
Fire Protection	32,575					32,575
Tourism and Conventions	15,491					15,491
Highways and Streets					1,396,876	1,396,876
IMRF					62,653	62,653
Debt Service					222,095	222,095
Library Insurance					11,516	11,516
Library Capital Improvements						0
Municipal Band	51,616					51,616
Senior Community Center	30,017					30,017
Public Comfort Station	28,498					28,498
School Crossing Guard	18,065					18,065
Total Restricted	<u>176,262</u>	<u>0</u>	<u>0</u>	<u>3,362,951</u>	<u>2,679,326</u>	<u>6,218,539</u>
Assigned, Reported in:						
Special Revenue Funds			977,266		1,248,016	2,225,282
Capital Projects Funds		7,024,708				7,024,708
Total Assigned	<u>0</u>	<u>7,024,708</u>	<u>977,266</u>	<u>0</u>	<u>1,248,016</u>	<u>9,249,990</u>
Unassigned	<u>2,651,455</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(70,683)</u>	<u>2,580,772</u>
TOTAL FUND BALANCES	<u><u>\$ 2,910,153</u></u>	<u><u>\$ 7,024,708</u></u>	<u><u>\$ 982,353</u></u>	<u><u>\$ 3,362,951</u></u>	<u><u>\$ 4,074,344</u></u>	<u><u>\$ 18,354,509</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, 2021 AND 2020

	GENERAL CORPORATE FUND					
	APRIL 30, 2021			APRIL 30, 2020		
	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:						
General Property Taxes	\$ (1,506,469)	\$ (1,506,469)	\$ 1,486,952		\$ 1,486,952	\$ 1,401,280
Corporate Personal Property Taxes	(113,650)	(113,650)	157,393		157,393	127,807
Intergovernmental	(4,322,500)	(4,322,500)	4,992,444		4,992,444	4,461,002
Charges for Current Services	(2,526,136)	(2,482,136)	2,054,006		2,054,006	2,314,016
Licenses and Permits	(307,500)	(307,500)	279,071		279,071	380,890
Fines and Forfeitures	(16,000)	(16,000)	18,692		18,692	16,789
Revenue from Use of Property	(92,200)	(92,200)	87,318		87,318	96,618
Miscellaneous, Grants, and Interest	(375,976)	(471,976)	557,578		557,578	553,333
Total Revenues	<u>(9,260,431)</u>	<u>(9,312,431)</u>	<u>9,633,454</u>	<u>\$ 0</u>	<u>9,633,454</u>	<u>9,351,735</u>
Expenditures:						
General Government	1,459,435	1,459,435	1,467,861	(10,360)	1,457,501	1,377,144
Public Safety	3,594,085	3,629,085	3,598,025	(126,836)	3,471,189	3,710,393
Highways and Streets	1,146,280	1,158,610	1,026,452	(25,740)	1,000,712	1,031,321
Economic Development	309,050	342,850	275,176		275,176	290,606
Culture and Recreation	1,886,094	1,920,594	1,653,659	(47,781)	1,605,878	1,916,215
Capital Outlay	531,050	955,050	822,755		822,755	1,658,391
Principal Debt Retirement	3,930,000	430,000	475,310		475,310	464,307
Interest and Fixed Charges on Debt	4,515	4,515	6,388		6,388	15,528
Total Expenditures	<u>12,860,509</u>	<u>9,900,139</u>	<u>9,325,626</u>	<u>(210,717)</u>	<u>9,114,909</u>	<u>10,463,905</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(22,120,940)</u>	<u>(19,212,570)</u>	<u>307,828</u>	<u>210,717</u>	<u>518,545</u>	<u>(1,112,170)</u>
Other Financing Sources (Uses):						
Note Payable Proceeds						300,000
Proceeds from Sale of Capital Assets			20,830		20,830	128,000
Unrealized Appreciation (Depreciation) of Investments			(2,244)		(2,244)	20,908
Operating Transfers In	153,001	153,001	525,003		525,003	969,476
Operating Transfers Out	(44,600)	(44,600)	(685,000)		(685,000)	(953,000)
Total Other Financing Sources (Uses)	<u>108,401</u>	<u>108,401</u>	<u>(141,411)</u>	<u>0</u>	<u>(141,411)</u>	<u>465,384</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ (22,012,539)</u>	<u>\$ (19,104,169)</u>	<u>\$ 166,417</u>	<u>\$ 210,717</u>	377,134	(646,786)
Fund Balance, Beginning of Year					<u>2,533,019</u>	<u>3,179,805</u>
Fund Balance, End of Year					<u>\$ 2,910,153</u>	<u>\$ 2,533,019</u>
The City budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis					\$ (7,528)	\$ 93,536
The City budgets for expenditures to the extent anticipated to be paid in cash, rather than on the modified accrual basis					(32,021)	60,699
The City budgets for payroll to the extent anticipated to be paid in cash, rather than on the modified accrual basis					<u>(171,168)</u>	<u>22,790</u>
					<u>\$ (210,717)</u>	<u>\$ 177,025</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, 2021 AND 2020

	AMBULANCE FUND					
	APRIL 30, 2021			APRIL 30, 2020		
	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences	Actual Amounts	Actual Amounts
Original Budget	Final Budget	Over (Under)		GAAP Basis	GAAP Basis	
Revenues:						
General Property Taxes	\$ (484,363)	\$ (484,363)	\$ 481,658		\$ 481,658	\$ 468,232
Replacement Taxes	(15,500)	(15,500)	22,341		22,341	16,845
Intergovernmental	(340,351)	(340,351)	333,287		333,287	318,966
Charges for Services	(1,850,000)	(1,700,000)	1,774,210		1,774,210	1,843,611
Miscellaneous, Grants, and Interest	(3,000)	(366,000)	378,302		378,302	33,702
Total Revenues	<u>(2,693,214)</u>	<u>(2,906,214)</u>	<u>2,989,798</u>	<u>\$ 0</u>	<u>2,989,798</u>	<u>2,681,356</u>
Expenditures						
Public Safety	2,515,083	2,455,083	2,340,703	(12,238)	2,328,465	2,588,020
Capital Outlay	89,060	89,060	15,758		15,758	79,588
Principal Retirement			47,798		47,798	46,620
Interest and Fixed Charges			3,761		3,761	4,940
Total Expenditures	<u>2,604,143</u>	<u>2,544,143</u>	<u>2,408,020</u>	<u>(12,238)</u>	<u>2,395,782</u>	<u>2,719,168</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,297,357)</u>	<u>(5,450,357)</u>	<u>581,778</u>	<u>12,238</u>	<u>594,016</u>	<u>(37,812)</u>
Other Financing Sources (Uses):						
Proceeds from Sale of Capital Assets						11,000
Unrealized Appreciation (Depreciation) of Investments			(358)		(358)	398
Operating Transfers In						33,203
Operating Transfers Out	(86,000)	(86,000)	(300,000)		(300,000)	
Total Other Financing Sources (Uses)	<u>(86,000)</u>	<u>(86,000)</u>	<u>(300,358)</u>		<u>(300,358)</u>	<u>44,601</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ (5,383,357)</u>	<u>\$ (5,536,357)</u>	<u>\$ 281,420</u>	<u>\$ 12,238</u>	<u>293,658</u>	<u>6,789</u>
Fund Balance, Beginning of Year					<u>688,695</u>	<u>681,906</u>
Fund Balance, End of Year					<u>\$ 982,353</u>	<u>\$ 688,695</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					\$ 16,569	\$ (916)
The City budgets for expenditures to the extent anticipated to be paid in cash, rather than on the modified accrual basis					27,564	(23,377)
The City budgets for payroll to the extent anticipated to be paid in cash, rather than on the modified accrual basis					(56,371)	12,445
					<u>\$ (12,238)</u>	<u>\$ (11,848)</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO SCHEDULE "1"
APRIL 30, 2021

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 20, 2020, the budget ordinance was legally enacted. The budget ordinance was legally amended on December 21, 2020 and April 19, 2021.
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, 2021, 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.

TIF #2 Fund	\$ 15,102
Library Working Fund	298
Library Tax Fund	2,082
Library Endowment Fund	68,635
Children's Library	1,091
Library Special Projects	104
Street Bond	153,339

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,	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY						
Service Cost	\$ 693,865	\$ 673,683	\$ 621,283	\$ 641,150	\$ 673,608	\$ 665,293
Interest on the Total Pension Liability	2,730,036	2,608,858	2,447,068	2,415,253	2,360,617	2,187,028
Difference Between Expected and Actual Experience of the Total Pension Liability	(352,395)	243,036	938,637	64,339	(818,131)	778,452
Changes of Assumptions	(373,941)		1,032,887	(1,086,422)	(81,602)	40,606
Benefit Payments, Including Refunds of Employee Contributions	(1,963,513)	(1,764,985)	(1,653,797)	(1,546,587)	(1,401,283)	(1,230,296)
Net Change in Total Pension Liability	734,052	1,760,592	3,386,078	487,733	733,209	2,441,083
Total Pension Liability - Beginning	38,290,498	36,529,906	33,143,828	32,656,095	31,922,886	29,481,803
Total Pension Liability - Ending (a)	<u>\$ 39,024,550</u>	<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>
PLAN FIDUCIARY NET POSITION						
Contributions - Employer	\$ 780,493	\$ 585,077	\$ 701,482	\$ 729,699	\$ 699,617	\$ 732,050
Contributions - Employees	327,341	316,998	301,376	304,900	283,885	290,735
Net Investment Income	5,099,324	5,763,176	(1,696,987)	4,947,037	1,874,891	134,946
Benefit Payments, Including Refunds of Employee Contributions	(1,963,513)	(1,764,985)	(1,653,797)	(1,546,587)	(1,401,283)	(1,230,296)
Other (Net Transfer)	(157,854)	114,913	689,364	(465,726)	70,952	50,581
Net Change in Plan Fiduciary Net Position	4,085,791	5,015,179	(1,658,562)	3,969,323	1,528,062	(21,984)
Plan Fiduciary Net Position - Beginning	35,925,062	30,909,883	32,568,445	28,599,122	27,071,060	27,093,044
Plan Fiduciary Net Position - Ending (b)	<u>\$ 40,010,853</u>	<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 (Asset) - Ending (a)-(b)	<u>\$ (986,303)</u>	<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	102.53%	93.82%	84.62%	98.26%	87.58%	84.80%
Covered Employee Payroll	7,267,173	\$ 6,948,660	\$ 6,611,522	\$ 6,599,116	\$ 6,308,543	\$ 6,460,770
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	-13.57%	34.04%	85.00%	8.72%	64.31%	75.10%

NOTES TO SCHEDULE:

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

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

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

* Estimated based on contribution rate of 10.74% and covered valuation payroll of \$7,267,173.

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN
THE CALCULATION OF THE 2020 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 2020 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): 23-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 18 years for most employers (three employers were financed over 27 years and four others were financed over 28 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: 7.25%
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, 2018 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,	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
TOTAL PENSION LIABILITY						
Interest on the Total Pension Liability	\$ 9,025	\$ 8,316	\$ 8,284	\$ 7,921	\$ 7,928	\$ 8,814
Difference between Expected and Actual Experience of the Total Pension Liability	4,699	1,465	(7,608)	(4,684)	(8,011)	(20,631)
Changes of Assumptions	<u>3,652</u>	<u> </u>	<u>3,568</u>	<u>1,603</u>	<u> </u>	<u> </u>
Net Change in Total Pension Liability	17,376	9,781	4,244	4,840	(83)	(11,817)
Total Pension Liability - Beginning	124,484	114,703	110,459	105,619	105,702	117,519
Total Pension Liability - Ending (a)	<u>\$ 141,860</u>	<u>\$ 124,484</u>	<u>\$ 114,703</u>	<u>\$ 110,459</u>	<u>\$ 105,619</u>	<u>\$ 105,702</u>
PLAN FIDUCIARY NET POSITION						
Contributions - Employer					\$ 2,067	\$ 4,901
Net Investment Income	\$ 39,492	\$ 46,666	\$ (65,794)	\$ 44,062	6,414	632
Other (Net Transfer)	<u>542</u>	<u>(213)</u>	<u>334</u>	<u>(297)</u>	<u>7,157</u>	<u>(7,633)</u>
Net Change in Plan Fiduciary Net Position	40,034	46,453	(65,460)	43,765	15,638	(2,100)
Plan Fiduciary Net Position - Beginning	162,289	115,836	181,296	137,531	121,893	123,993
Plan Fiduciary Net Position - Ending (b)	<u>\$ 202,323</u>	<u>\$ 162,289</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>\$ (60,463)</u>	<u>\$ (37,805)</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	142.62%	130.37%	100.99%	164.13%	130.21%	115.32%
Covered Employee Payroll	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

NOTES TO SCHEDULE:

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

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

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2015	\$ 0	\$ 4,901	\$ (4,901)	\$ 0	0.00%
2016	0	2,067	(2,067)	0	0.00%
2017	0	0	0	0	0.00%
2018	0	0	0	0	0.00%
2019	0	0	0	0	0.00%
2020	0 *	0	0	0	0.00%

* Estimated based on contribution rate of 14.04% and covered valuation payroll of \$0.

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN
THE CALCULATION OF THE 2020 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 2020 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): 23-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 18 years for most employers (three employers were financed over 27 years and four others were financed over 28 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: 7.25%
 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, 2018 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,	2020	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY						
Service Cost	\$ 421,128	\$ 434,862	\$ 393,913	\$ 387,630	\$ 393,643	\$ 393,643
Interest on the Total Pension Liability	1,272,202	1,211,789	1,098,989	1,044,467	1,045,672	848,335
Benefit Changes	50,128					
Difference Between Expected and Actual Experience of the Total Pension Liability	(13,517)	159,034	58,476	(112,104)	(824,401)	130,394
Assumption Changes	(55,310)	(61,622)	879,770	153,120		1,942,512
Benefit Payments, Including Refunds of Employee Contributions	(816,505)	(785,270)	(688,165)	(593,024)	(661,861)	(630,741)
Net Change in Total Pension Liability	858,126	958,793	1,742,983	880,089	(46,947)	2,684,143
Total Pension Liability - Beginning	19,559,466	18,600,673	16,857,690	15,977,601	16,024,548	13,340,405
Total Pension Liability - Ending (a)	<u>\$ 20,417,592</u>	<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>
PLAN FIDUCIARY NET POSITION						
Contributions - Employer	\$ 640,194	\$ 580,144	\$ 559,395	\$ 425,482	\$ 432,136	\$ 413,798
Contributions - Employees	160,993	159,751	145,573	150,130	158,168	143,460
Net Investment Income	(101,452)	582,650	518,280	695,462	(63,296)	557,433
Benefit Payments, Including Refunds of Employee Contributions	(816,505)	(785,270)	(688,165)	(593,024)	(661,861)	(630,741)
Administrative Expenses	(11,074)	(10,952)	(9,401)	(9,631)	(5,486)	(6,066)
Net Change in Plan Fiduciary Net Position	(127,844)	526,323	525,682	668,419	(140,339)	477,884
Plan Fiduciary Net Position - Beginning	11,600,686	11,074,363	10,548,681	9,880,262	10,020,601	9,542,717
Plan Fiduciary Net Position - Ending (b)	<u>\$ 11,472,842</u>	<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>\$ 8,944,750</u>	<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	56.19%	59.31%	59.54%	62.57%	61.84%	62.53%
Covered Employee Payroll	\$ 1,627,308	\$ 1,580,264	\$ 1,582,463	\$ 1,544,154	\$ 1,506,282	\$ 1,372,110
Net Pension Liability as a Percentage of Covered Employee Payroll	549.67%	503.64%	475.61%	408.57%	404.79%	437.57%

NOTES TO SCHEDULE:

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

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

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

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN
THE CALCULATION OF THE 2020 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 2020 CONTRIBUTION RATES

Actuarial Cost Method: Entry Age Normal Cost Method
 Amortization Method: Closed level percentage of payroll amortization of 90% of the Unfunded Actuarial Accrued Liability using a 3.00% payroll growth assumption over the period ending on April 30, 2040 (20-year amortization in 2020)
 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: 6.50%, net of investment expenses
 Retirement Rates:

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

Mortality: Active Lives
 RP-2014 Mortality Table with blue collar adjustment, projected generationally using scale MP-2019 from 2013.
Disabled Lives
 115% of the healthy mortality table, projected generationally using improvement scale MP-2019 from 2013
 10% of deaths are assumed to be in the line of service.

OTHER INFORMATION

Notes: There were no benefit changes during the year.

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

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

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

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

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

Fiscal Year Ending April 30,	2021	2020	2019
TOTAL OPEB LIABILITY			
Service Cost	\$ 86,310	\$ 105,806	\$ 94,216
Interest on the Total OPEB Liability	65,476	60,351	62,463
Difference Between Expected And Actual Experience	(349,988)		
Postemployment Benefit Changes	379,403		
Assumption Changes	576,080	(95,429)	70,351
Benefit Payments	(21,774)	(78,151)	(80,352)
Net Change in Total OPEB Liability	735,507	(7,423)	146,678
Total OPEB Liability - Beginning	1,805,953	1,813,376	1,666,698
Total OPEB Liability - Ending	<u>\$ 2,541,460</u>	<u>\$ 1,805,953</u>	<u>\$ 1,813,376</u>
PLAN FIDUCIARY NET POSITION			
Employer Contributions	\$ 21,774	\$ 78,151	\$ 80,352
Total Benefits Paid	(21,774)	(78,151)	(80,352)
Net Change in Plan Fiduciary Net Position	0	0	0
Total Plan Fiduciary Net Position - Beginning	0	0	0
Total Plan Fiduciary Net Position - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Employee Payroll	\$ 8,229,287	\$ 7,725,231	\$ 7,157,460
Net OPEB Liability As A Percentage Of Covered Employee Payroll	30.88%	23.38%	25.34%

Notes to Schedule:

Changes of assumptions:

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

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

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

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

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

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.

Italicized amounts are yet to be determined

Historical contributions prior to year-ended April 30, 2020, include implicit subsidy. Beginning year-ended April 30, 2021, historical contributions include only the explicit premium subsidy paid by the City.

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

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE 2021 OPEB LIABILITY

Methods and Assumptions Used to Determine Contribution Rates:

Valuation and Measurement Date: May 1, 2020
 Actuarial Cost Method: Individual Entry Age Normal as a level percentage of payroll
 Discount Rate: 2.85% at valuation date.
 1.83% as of measurement period ending April 30, 2021
 Annual Wage Increases: 2.75%
 Price Inflation: 2.50%

Annual Healthcare Trend:

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

Annual Per-Capita Claims Costs:

Age	Plan			Future Retirees
	Base	Buy-Up	H.S.A.	
40	\$ 6,294	\$ 6,304	\$ 5,436	\$ 6,039
45	7,475	7,487	6,456	7,173
50	8,878	8,892	7,668	8,519
55	10,545	10,561	9,107	10,118
60	12,524	12,543	10,816	12,017
64	14,371	14,393	12,412	13,790

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) has been repealed. As a result the liability for future excise taxes is reduced to zero.

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

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

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

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

Current Retirees : Based on current coverage election.

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

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

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

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

Margin for mortality improvements: Scale MP-2020

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 2021 OPEB LIABILITY

Retirement:

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

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

Disability:

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

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

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

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

<u>YEAR ENDING APRIL 30</u>	<u>GENERAL PROPERTY TAX</u>	<u>CORPORATE PERSONAL PROPERTY REPLACEMENT TAX</u>	<u>INTERGOV- ERNMENTAL</u>	<u>CHARGES FOR SERVICES</u>	<u>LICENSE AND PERMITS</u>	<u>FINES AND FORFEITS</u>	<u>INTEREST</u>	<u>MISC.</u>	<u>TOTAL</u>
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
2021	4,071,650	234,164	7,636,737	3,846,332	279,071	19,803	282,034	2,085,705	18,455,496

COMMENTS

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

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

TABLE 2

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

YEAR ENDING APRIL 30	SALES TAX	NON-HOME RULE SALES TAX	BUSINESS DISTRICT SALES TAX	ILLINOIS INCOME TAX	FOREIGN FIRE INSURANCE	SIMPLIFIED MUNICIPAL TELECOMM. TAX	MOTOR FUEL TAX	FIRE DIST. AMBULANCE REVENUE	MISC. REVENUE	TOTAL
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
2021	2,964,817	1,569,326	729,281	1,734,720	30,585	151,181		333,287	123,540	7,636,737

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>
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
2021	1,882,958	11,042,889	3,887,277	2,493,814	1,370,593	1,975,152	22,652,683

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 2011	DEC 2012	DEC 2013	DEC 2014	DEC 2015	DEC 2016	DEC 2017	DEC 2018	DEC 2019	DEC 2020
ESTIMATED TAXABLE VALUE	\$ 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	\$ 612,997,809
ASSESSED VALUATION	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	204,332,603
TAX RATES:										
GENERAL	0.3330	0.3312	0.3330	0.3220	0.3330	0.3279	0.3298	0.3291	0.3249	0.3304
POLICE	0.0750	0.0746	0.0750	0.0726	0.0750	0.0739	0.0743	0.0742	0.0732	0.0750
FIRE	0.0750	0.0746	0.0750	0.0726	0.0750	0.0739	0.0743	0.0742	0.0732	0.0750
COMMUNITY BUILDING	0.0750	0.0746	0.0750	0.0726	0.0750	0.0739	0.0743	0.0742	0.0732	0.0750
PLAYGROUND & REC	0.0900	0.0895	0.0900	0.0871	0.0900	0.0887	0.0892	0.0890	0.0878	0.0900
BAND	0.0257	0.0254	0.0259	0.0259	0.0259	0.0255	0.0250	0.0211	0.0202	0.0196
POLICE PENSION	0.1826	0.2200	0.2324	0.2404	0.2367	0.3059	0.3125	0.3342	0.3323	0.3565
SOCIAL SECURITY	0.1994	0.2040	0.2099	0.2587	0.2619	0.2495	0.2446	0.2317	0.2165	0.2105
AUDIT	0.0110	0.0100	0.0100	0.0096	0.0096	0.0089	0.0087	0.0106	0.0101	0.0123
RETIREMENT	0.2021	0.2150	0.2212	0.2756	0.2787	0.2495	0.2446	0.2291	0.2165	0.2105
LIABILITY INSURANCE	0.1611	0.1627	0.1673	0.1294	0.1295	0.1636	0.1783	0.1712	0.1637	0.1591
SCHOOL CROSSING GUARD	0.0069	0.0067	0.0069	0.0068	0.0070	0.0056	0.0055	0.0048	0.0046	0.0045
AMBULANCE SERVICE	0.2389	0.2411	0.2481	0.2418	0.2500	0.2462	0.2476	0.2471	0.2439	0.2500
LEASE									0.0152	0.0147
PUBLIC COMFORT STATION	0.0126	0.0124	0.0171	0.0141	0.0141	0.0084	0.0109		0.0182	0.0177
TOTAL RATE-CITY CORP	1.6883	1.7418	1.7868	1.8292	1.8614	1.9014	1.9196	1.8905	1.8735	1.9008
LIBRARY	0.1500	0.1492	0.1500	0.1451	0.1500	0.1477	0.1486	0.1483	0.1464	0.1500
LIBRARY LIABILITY INSURANCE	0.0170	0.0193	0.0176	0.0175	0.0189	0.0183	0.0191	0.0187	0.0182	0.0172
TOTAL TAX RATE	1.8553	1.9103	1.9544	1.9918	2.0303	2.0674	2.0873	2.0575	2.0381	2.0680
TAX EXTENSIONS:										
GENERAL	\$ 609,835	\$ 600,869	\$ 587,202	\$ 572,603	\$ 591,449	\$ 591,549	\$ 606,901	\$ 625,113	\$ 645,318	\$ 675,115
POLICE	137,350	135,341	132,253	129,103	133,209	133,319	136,728	140,940	145,390	153,249
FIRE	137,350	135,341	132,253	129,103	133,209	133,319	136,728	140,940	145,390	153,249
COMMUNITY BUILDING	137,350	135,341	132,253	129,103	133,209	133,319	136,728	140,940	145,390	153,249
PLAYGROUND & REC	164,820	162,373	158,703	154,887	159,851	160,019	164,147	169,052	174,389	183,899
BAND	47,065	46,081	45,671	46,057	46,002	46,003	46,005	40,079	40,121	40,049
POLICE PENSION	334,402	399,128	409,807	427,496	420,408	551,859	575,066	634,801	660,016	728,446
SOCIAL SECURITY	365,169	370,100	370,131	460,039	465,167	450,111	450,115	440,106	430,013	430,120
AUDIT	20,145	18,142	17,634	17,071	17,051	16,056	16,010	20,134	20,061	25,133
RETIREMENT	370,113	390,057	390,057	490,091	495,006	450,111	450,115	435,167	430,013	430,120
LIABILITY INSURANCE	295,028	295,173	295,012	230,108	230,008	295,143	328,109	325,188	325,142	325,093
SCHOOL CROSSING GUARD	12,636	12,155	12,167	12,092	12,433	10,103	10,121	9,117	9,137	9,195
AMBULANCE SERVICE	437,506	437,408	437,492	429,986	444,031	444,157	455,636	469,357	484,435	510,832
LEASE									30,190	30,037
PUBLIC COMFORT STATION	23,075	22,496	30,154	25,074	25,043	15,154	20,058		36,149	36,168
TOTAL RATE-CITY CORP	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	3,883,954
LIBRARY	274,701	270,681	264,505	258,027	266,419	266,458	273,455	281,690	290,780	306,499
LIBRARY LIABILITY INSURANCE	31,133	35,014	31,035	31,120	33,569	33,014	35,148	35,520	36,149	35,145
TOTAL EXTENSIONS	\$ 3,397,678	\$ 3,465,700	\$ 3,446,329	\$ 3,541,960	\$ 3,606,064	\$ 3,729,694	\$ 3,841,070	\$ 3,908,144	\$ 4,048,083	\$ 4,225,598

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

<u>YEAR LEVIED IN IN</u>	<u>MADISON COUNTY</u>	<u>SALINE TOWNSHIP</u>	<u>SALINE ROAD & BRIDGE</u>	<u>HIGHLAND SCHOOL DIST. #5</u>	<u>CITY OF HIGHLAND + LIBRARY</u>	<u>S.W.I.C. DIST. #522</u>	<u>TOTAL</u>
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
2020	0.5469	0.0779	0.2549	4.6671	2.0680	0.4462	8.0610

RESIDENTS LIVING IN THE CITY OF HIGHLAND IN HELVETIA TOWNSHIP

<u>YEAR LEVIED IN IN</u>	<u>MADISON COUNTY</u>	<u>HELVETIA TOWNSHIP</u>	<u>HELVETIA ROAD & BRIDGE</u>	<u>HIGHLAND SCHOOL DIST. #5</u>	<u>CITY OF HIGHLAND + LIBRARY</u>	<u>S.W.I.C. DIST. #522</u>	<u>TOTAL</u>
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
2020	0.5469	0.1319	0.4059	4.6671	2.0680	0.4462	8.2660

TABLE 6

CITY OF HIGHLAND, ILLINOIS
COMPUTATION OF LEGAL DEBT MARGIN
APRIL 30, 2021

ASSESSED VALUATION FOR 2020	\$ 204,332,603
STATUTORY DEBT LIMITATION: 8.625% of Assessed Valuation	17,623,687
DEBT COUNTING AGAINST LIMIT	* <u>(9,771,000)</u>
LEGAL DEBT MARGIN	<u>\$ 7,852,687</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
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
2021	9,991	204,332,603	* 9,771,000	0.048	977.98

* 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		
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	16,143,684	0.6%
2020	* 143,000	* 57,160	* 200,160	17,440,250	1.1%
2021	* 454,000	* 308,014	* 762,014	22,652,683	3.4%

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

CITY OF HIGHLAND, ILLINOIS
REVENUE BOND COVERAGE
2019 FTTP BONDS

YEAR ENDING APRIL 30	GROSS REVENUES	OPERATING EXPENSES LESS DEPRECIATION & GASB 68 PENSION AND OPEB EXPENSE	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			COVERAGE*
				PRINCIPAL	INTEREST	TOTAL	
2020	\$ 16,991,881	\$ 15,338,790	\$ 1,653,091	\$ 470,000	\$ 539,545	\$ 1,009,545	1.64
2021	17,543,906	15,733,810	1,810,096	735,000	213,948	948,948	1.91

*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)						
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
2021	376	10,398	46	38,368 *	48,766	2020	442,141	169,691	1,166	612,998

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

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

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

YEAR ENDING APRIL 30	OPERATING REVENUE	OPERATING EXPENSES INCLUDING DEPRECIATION, INTEREST AND GASB 68 PENSION EXPENSE		INCOME (LOSS) EXCLUDING OTHER INCOME	
		AMOUNT	PERCENT OF OPERATING REVENUE	AMOUNT	PERCENT OF OPERATING REVENUE
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)
2021	17,432,457	17,969,372	103.08	(536,915)	(3.08)

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

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

YEAR ENDING APRIL 30	GROSS REVENUE	OPERATING EXPENSES INCLUDING DEPRECIATION, INTEREST AND GASB 68 PENSION EXPENSE		INCOME (LOSS) EXCLUDING OTHER INCOME	
		AMOUNT	PERCENT OF GROSS REVENUE	AMOUNT	PERCENT OF GROSS REVENUE
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
2021	2,808,069	2,552,321	90.89	255,748	9.11

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

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

YEAR ENDING APRIL 30	GROSS REVENUE	OPERATING EXPENSES INCLUDING DEPRECIATION, INTEREST AND GASB 68 PENSION EXPENSE		INCOME (LOSS) EXCLUDING OTHER INCOME	
		AMOUNT	PERCENT OF GROSS REVENUE	AMOUNT	PERCENT OF GROSS REVENUE
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
2021	2,376,233	1,782,505	75.01	593,728	24.99

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

TABLE 14

CITY OF HIGHLAND, ILLINOIS
 MISCELLANEOUS STATISTICS
 APRIL 30, 2021 (UNAUDITED)

Date of Incorporation		1884	
Form of Government		Council/Manager	
Number of Employees -	(As of 8/31/21)		
Total		326	
Full Time		117	
Total Area		7,591 square miles	
Number of Dwelling Units		4827	
Population	(Updated for 2020 Census, remains uncertified)	9991	
 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		20	
Number of Police Vehicles	(7 patrol and 4 admin)	11	
 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 (118,353 items)	
Parks		12	
Ball Diamonds Available		17	
Tennis Courts Available		9	
Public Pools		2	
Recreation Buildings		2	
Senior Citizen Centers		2	
Skate Park		1	
 Electric Service:			
Number of Accounts		6,885 customers	
Area Serviced		46.0 square miles	
 Water Service:			
Number of Accounts		4,895 customers	
Water Districts		4	
Average Daily Demand		1.200 MG/day	
Treatment Capacity		4.2 MG/day	
 Sewer Service:			
Number of Accounts		4,528 customers	
Present Flow		1.094 MG/day	
Treatment Capacity		2.0 MG/day	
 FACILITIES AND SERVICES NOT INCLUDED IN THE REPORTING ENTITY:			
Education: All Schools in District	No. of schools	Teachers	Enrollment
Elementary (K-5)	4	88	1,358
Middle School	2	49	624
High School	1	<u>56</u>	<u>913</u>
		193	2,895
 Utilities:			
Electric, Water, Sewer, Refuse	City of Highland Utilities		
Cable and Satellite TV	HCS, Charter Communications, Dish and Direct TV		
Gas	Ameren IP		
Telephone	HCS, Frontier, Charter Communications		
Hospital	1		
Nursing Homes and Assisted Living	4		