

CITY OF HIGHLAND, ILLINOIS

ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS

APRIL 30, 2019

CITY OF HIGHLAND, ILLINOIS
TABLE OF CONTENTS

	<u>PAGE</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS	1-11
INDEPENDENT AUDITOR'S REPORT	12-13
BASIC FINANCIAL STATEMENTS	
<u>EXHIBIT</u>	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
1 STATEMENTS OF NET POSITION	14
2 STATEMENTS OF ACTIVITIES	15-16
FUND FINANCIAL STATEMENTS	
3 BALANCE SHEETS - GOVERNMENTAL FUNDS	17-18
4 RECONCILIATIONS OF THE GOVERNMENTAL FUNDS BALANCE SHEETS TO THE STATEMENTS OF NET POSITION	19
5 STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	20-21
6 RECONCILIATIONS OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES	22
7 BALANCE SHEETS - ENTERPRISE FUNDS	23-24
8 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - ENTERPRISE FUNDS	25-26
9 STATEMENTS OF CASH FLOWS - ENTERPRISE FUNDS	27-28
10 STATEMENTS OF NET POSITION - FIDUCIARY FUND	29
11 STATEMENTS OF CHANGES IN NET POSITION - FIDUCIARY FUND	30
NOTES TO FINANCIAL STATEMENTS	31-65
REQUIRED SUPPLEMENTARY INFORMATION	
<u>SCHEDULE</u>	
1 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS, AND NOTES TO SCHEDULE 1	66-70
2 MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS: REGULAR PLAN, SLEP, AND POLICE PENSION; MULTIYEAR SCHEDULE OF PENSION CONTRIBUTIONS: REGULAR PLAN, SLEP, AND POLICE PENSION; SCHEDULE OF INVESTMENT RETURNS: POLICE PENSION	71-77

SCHEDULE

3	OPEB SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS; SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS	78-81
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STATISTICAL SECTION

TABLE

1	GENERAL GOVERNMENTAL REVENUES BY SOURCE	82
2	INTERGOVERNMENTAL TAX REVENUES BY SOURCE	83
3	GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION	84
4	ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY, PROPERTY TAX RATES PER \$100 OF ASSESSED VALUATION, AND TAX EXTENSIONS	85
5	PROPERTY TAX RATES PER \$100 OF ASSESSED VALUATION ALL DIRECT AND OVERLAPPING GOVERNMENTS	86
6	COMPUTATION OF LEGAL DEBT MARGIN	87
7	RATIO OF NET GENERAL DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA	88
8	RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES	89
9	REVENUE BOND COVERAGE - ELECTRIC AND FTTP BONDS	90
10	PROPERTY VALUE AND CONSTRUCTION INFORMATION	91
11	LIGHT AND POWER FUND - COMPARATIVE SUMMARY OF OPERATIONS	92
12	WATER FUND - COMPARATIVE SUMMARY OF OPERATIONS	93
13	SEWER FUND - COMPARATIVE SUMMARY OF OPERATIONS	94
14	MISCELLANEOUS STATISTICS	95

CITY OF HIGHLAND, ILLINOIS
April 30, 2019
Management's Discussion & Analysis

CITY OF HIGHLAND, ILLINOIS
Council/Manager - Form of Government
April 30, 2019

MAYOR

Joseph Michaelis

CITY MANAGER

Mark Latham

CITY COUNCIL MEMBERS

Rick Frey

Peg Bellm

John Hipkind

Sarah Sloan

CITY CLERK

Barbara Bellm

CITY TREASURER

Dennis Foehner

DEPARTMENT DIRECTORS

Daniel Cook

Kelly Korte

David Slover

Angela Kim

Mark Rosen

Chris Conrad

Joe Gillespie

Angela Imming

Electric

Finance

Human Resources

Library

Parks & Recreation

Public Safety

Public Works

Technology & Innovation

CITY OF HIGHLAND, ILLINOIS
April 30, 2019
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, 2019 with comparative information for the fiscal year ended April 30, 2018.

FINANCIAL HIGHLIGHTS

- Total assets exceeded liabilities at the close of the fiscal year by approximately \$71.4 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 2.5% during the fiscal year. Governmental activities increased 2.5% consistent while a 2.5% 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 2019 is \$82.3 million (net of depreciation). This is comprised of \$41.2 million for governmental activities plus \$41.1 million for business-type activities.
- Receipts of the traditional sales tax, shown within the "Intergovernmental" revenue line item, increased .9% during FY 2019. According to City estimates, the number of retailers in Highland has not changed dramatically but sales remain consistent.
- FY 2019 was the eleventh full year of receipts from the 2006 Non-Home Rule Sales Tax Referendum. This 1% NHR sales tax was estimated to bring in an additional \$1.3 - \$1.5 million annually to the City for street projects. Receipts for the year equaled \$1.5 million.
- FY 2019 was the first partial year for the newly created Business Districts generating \$493,431 for eligible projects within these Districts.
- Building permit activity has begun to rebound and connection fee revenues are increasing. The growth rate of the City's equalized assessed value (EAV), which is an important component in property tax calculations, has also begun to improve as developments begin and improvements are made to existing properties.

CITY OF HIGHLAND, ILLINOIS
April 30, 2019
Management's Discussion & Analysis

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements.

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

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

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

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

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

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

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

CITY OF HIGHLAND, ILLINOIS
April 30, 2019
Management's Discussion & Analysis

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

In the supplemental information section, the City has provided detailed schedules of revenues, expenditures, and changes in fund balances for four funds. The City has also included information on its various pension plans in accordance with GASB statutes. In addition, detailed historical data can be found regarding tax levies, building permits, and property values. Information regarding principal taxpayers, overlapping debt, and miscellaneous statistics about the City of Highland are also included. The reports are intended to provide the user with information beyond the realm of the traditional auditing requirements.

CITY OF HIGHLAND, ILLINOIS
April 30, 2019
Management's Discussion & Analysis

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison between the activities for FY '19 and the activities for FY '18 under the GASB Statement No. 34 model. The city-wide total for revenues increased \$2.1 million and expenditures increased \$1.0 million compared to the previous fiscal year. Governmental and business type revenues exceeded expenditures for the current and prior fiscal 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)

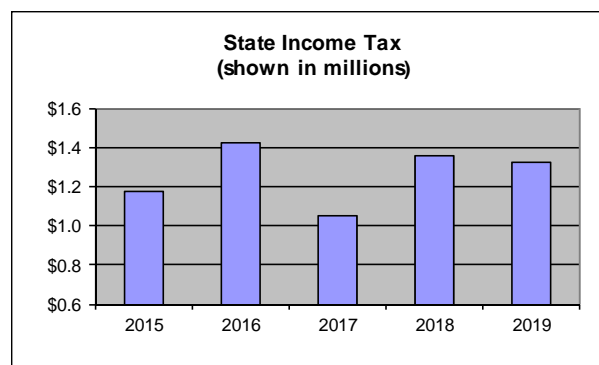
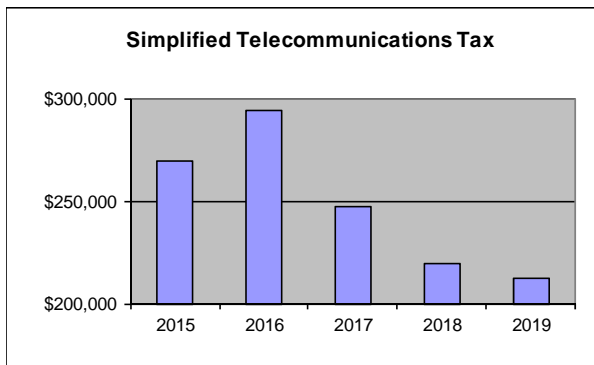
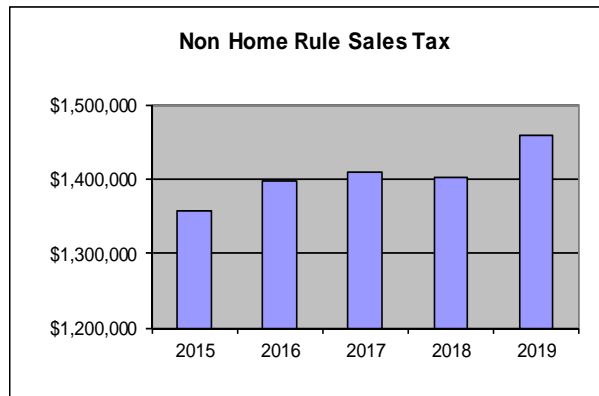
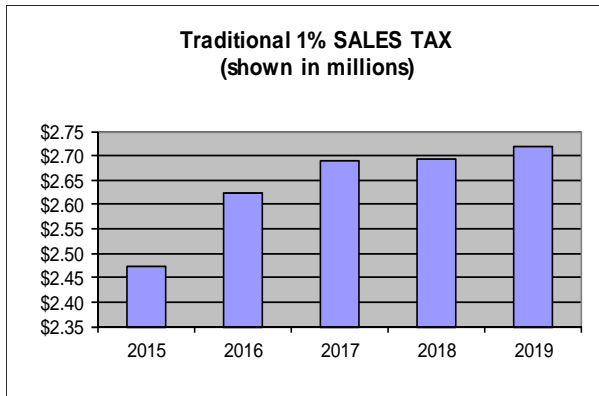
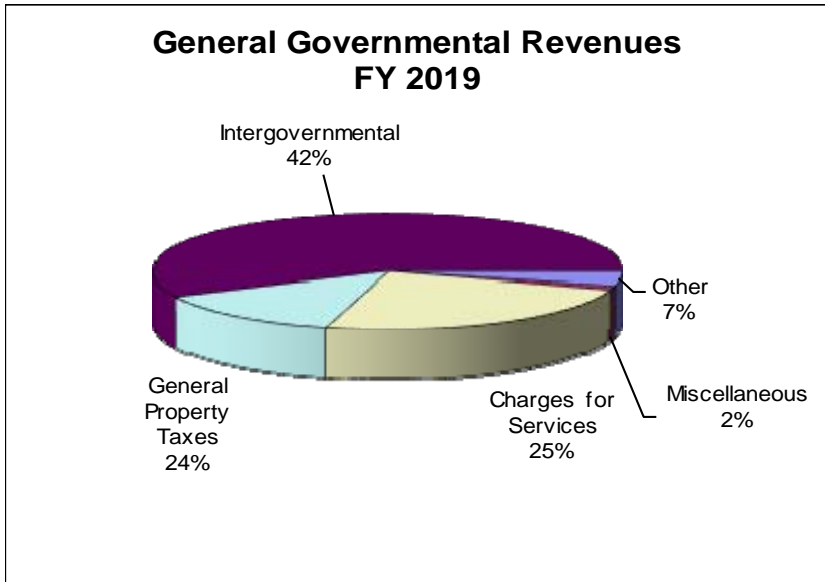
	Governmental Activities		Business-type Activities		Totals	
	Fiscal Year 2019	2018	Fiscal Year 2019	2018	Fiscal Year 2019	2018
Revenues						
Program Revenues						
Charges for Services	\$ 4.6	\$ 4.2	\$ 23.7	\$ 23.0	\$ 28.3	\$ 27.2
Operating Grants and Contributions	0.1	0.1			0.1	0.1
Capital Grants and Contributions	0.5	0.4			0.5	0.4
General Revenues						
Property Taxes, General Purposes	3.9	3.8			3.9	3.8
Intergovernmental	7.1	6.5			7.1	6.5
Miscellaneous	0.3	0.3	0.3	0.3	0.6	0.6
Interfund Transfers	0.4	0.2			0.4	0.2
Total Revenues	\$ 16.9	\$ 15.5	\$ 24.0	\$ 23.3	\$ 40.9	\$ 38.8
Expenditures						
General Government	\$ 1.9	\$ 1.9			\$ 1.9	\$ 1.9
Public Safety	7.0	6.8			7.0	6.8
Highways and Streets	2.8	2.8			2.8	2.8
Culture and Recreation	2.7	2.6			2.7	2.6
Economic Development	0.5	0.2			0.5	0.2
Employer's Cont. to Retirement Fund	0.9	0.9			0.9	0.9
Interest on Long-Term Debt	0.3	0.3			0.3	0.3
Electric			\$ 16.9	\$ 16.6	16.9	16.6
Water			2.4	2.2	2.4	2.2
Sewer			1.8	2.2	1.8	2.2
Solid Waste			1.6	1.5	1.6	1.5
Interfund Transfer			0.4	0.2	0.4	0.2
Total Expenditures	\$ 16.1	\$ 15.5	\$ 23.1	\$ 22.7	\$ 39.2	\$ 38.2
Change In Net Position	0.8	-	0.9	0.6	1.7	0.6
Beginning Net Position (restated)	35.6	35.5	34.1	33.5	69.7	69.0
Ending Net Position	\$ 36.4	\$ 35.5	\$ 35.0	\$ 34.1	\$ 71.4	\$ 69.6

CITY OF HIGHLAND, ILLINOIS
April 30, 2019
Management's Discussion & Analysis

Governmental Activities

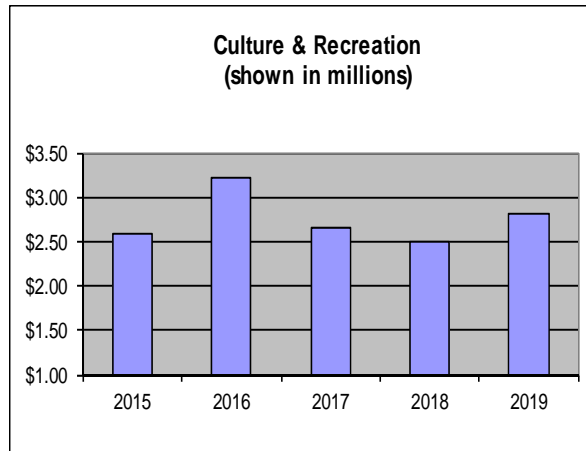
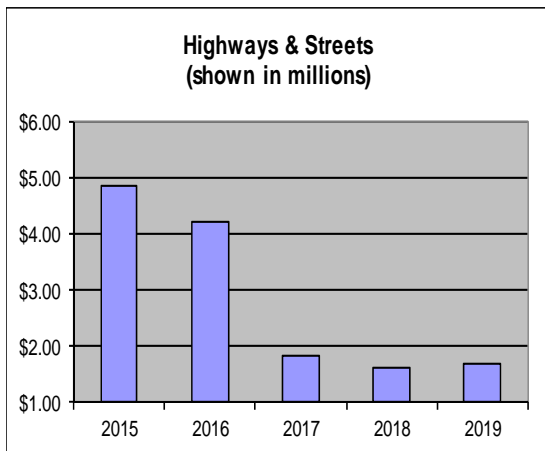
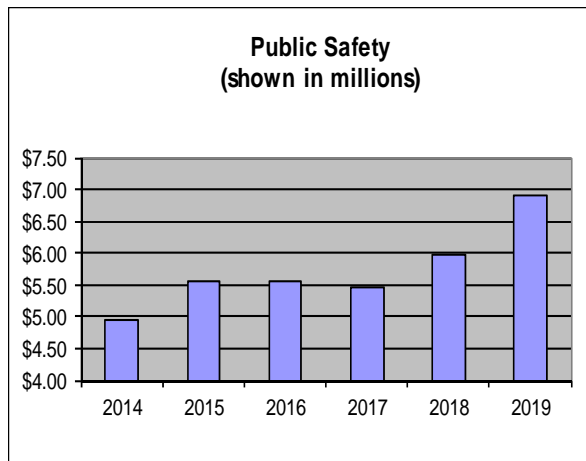
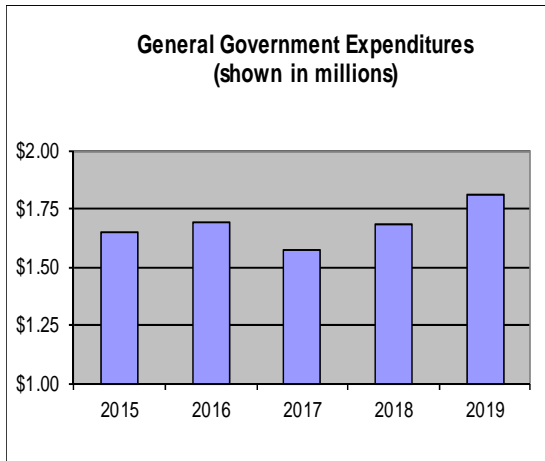
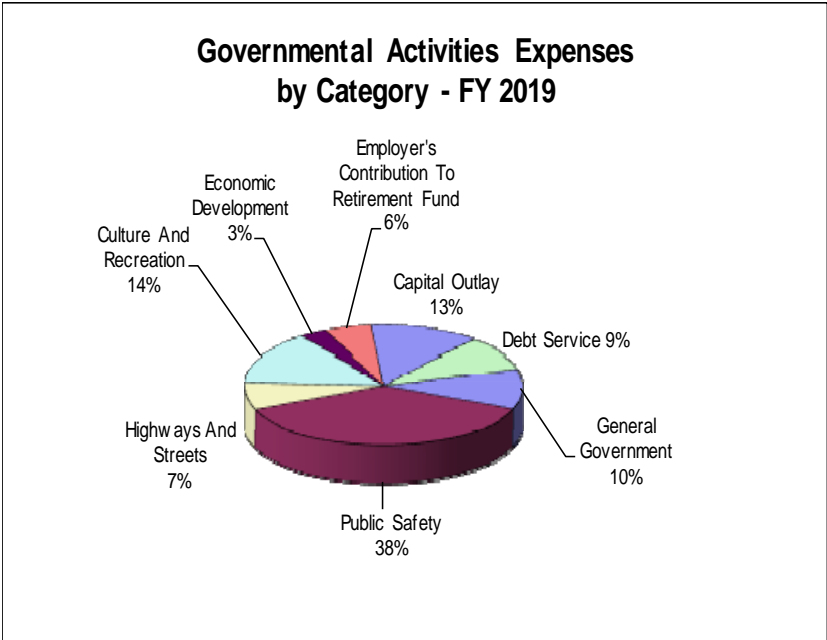
Governmental Activities include all funds except Business-Type Activities and the Police Pension Fiduciary Fund. Examples include the following: General Fund (which includes the Police Dept, Fire Dept, Building and Zoning, General Administration, and PW Admin / Street Dept. among others), Ambulance Fund, 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 as well as fines and forfeitures are included within the "other" category. The "miscellaneous" category includes interest income. "Charges for Services" includes billings from the City's Ambulance service and user fees from Parks & Recreation.



CITY OF HIGHLAND, ILLINOIS
April 30, 2019
Management's Discussion & Analysis

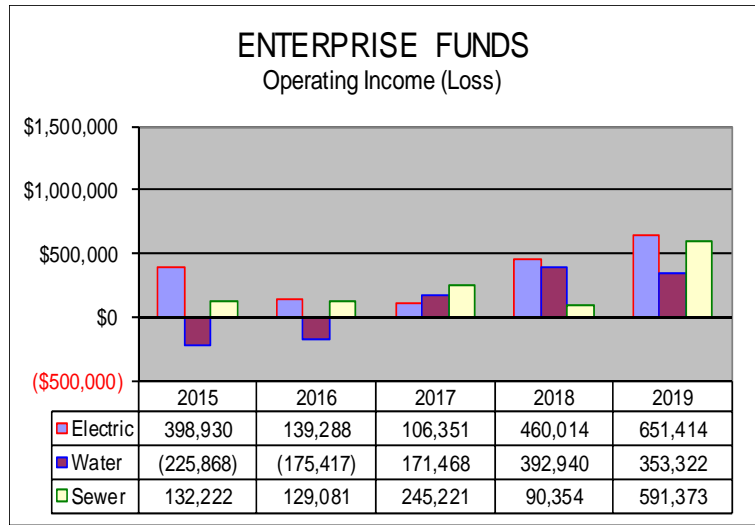
Expenditures of Governmental Activities are spread among a wide variety of functions. Among these are public safety functions of police, fire, and EMS. Also included are the activities of highways and streets as well as culture and recreation (parks & recreation / library). These areas are funded with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



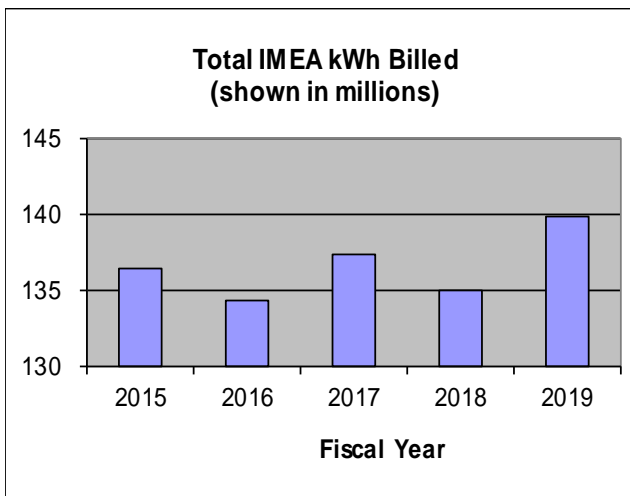
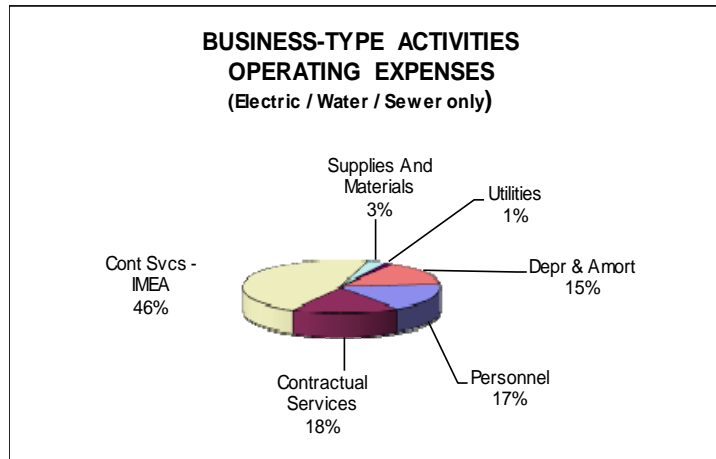
CITY OF HIGHLAND, ILLINOIS
April 30, 2019
Management's Discussion & Analysis

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 implemented rate increases in prior years along with an electrical rate increase in January 2017 which allowed the funds to have a positive year. The electric fund also includes expenditures for installation of the new fiber infrastructure and operations.



No major changes were noted among operating expenses of the Electric, Water or Sewer fund. The operating expenses for the three funds listed increased in total by .1%. City staff works hard to maintain expenses at a level that can be maintained by current revenues.



For the Electric Fund, total operating revenues increased by 3.00% during FY '19 due to a full year of rate increases and additional fiber customers. Total operating expenditures increased by 1.91% due to additional costs for fiber operations included that will be recovered as revenues continue to grow for this endeavor and modest cost increases in items necessary to provide services.

CITY OF HIGHLAND, ILLINOIS
April 30, 2019
Management's Discussion & Analysis

STATUS OF CITY RESERVES

The governmental funds reported a *combined* fund balance of \$13.1 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 2019, the City had \$82.3 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		Fiscal Year		Fiscal Year	
	2019	2018	2019	2018	2019	2018
Land	\$ 7.8	\$ 7.8	\$ 2.2	\$ 2.1	\$ 10.0	\$ 9.9
Construction in Progress	1.7	0.7	0.9	0.9	2.6	1.6
Bldgs & Improvements	4.2	4.4	2.3	2.5	6.5	6.9
Other Improvements	3.5	3.3	6.5	7.2	10.0	10.5
Equipment	1.2	1.1	1.3	1.7	2.5	2.8
Infrastructure	22.8	24.4			22.8	24.4
Lines			24.8	23.1	24.8	23.1
Interconnect			3.1	3.2	3.1	3.2
Totals	\$ 41.2	\$ 41.7	\$ 41.1	\$ 40.7	\$ 82.3	\$ 82.4

The City of Highland transfers amounts between funds for the main purpose of saving for future capital expenditures. Each fund transfers excess funds at year-end to the City Property Replacement Fund where it remains, until needed, to be transferred back for eligible capital purchases. Transfers also exist among funds in order to allocate the general administrative expenses among the appropriate fund. For more information on these interfund transfers see Note 8 in the Notes to the Financial Statements.

CITY OF HIGHLAND, ILLINOIS
April 30, 2019
Management's Discussion & Analysis

Debt Administration

The City of Highland has \$1.6 million in general obligation debt counting against its legal debt limit. Debt repayment is accomplished primarily with sales tax revenue and utility sales. The passage of the 2006 Non-Home Rule Sales Tax Referendum is a major reason for this accomplishment. The City of Highland's legal debt limit of \$14.8 million being available upon approval of voter referendum approval. Total City debt per capita is approximately \$2,200. More detailed information about the City's debt can be located in Note 6 of the Notes to Financial Statements.

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

	Governmental Activities		Business-type Activities		Totals	
	Fiscal Year		Fiscal Year			
	2019	2018	2019	2018	2019	2018
Revenue Bonds	\$ 7.1	\$ 8.4	\$ 12.6	\$ 13.4	\$ 19.7	\$ 21.8
Notes Payable	0.3	0.2	1.6		1.9	0.2
Maintenance Agreements Payable			0.2	0.3	0.2	0.3
Totals	\$ 7.4	\$ 8.6	\$ 14.4	\$ 13.7	\$ 21.8	\$ 22.3

CURRENT EVENTS AND NEXT YEAR'S BUDGET

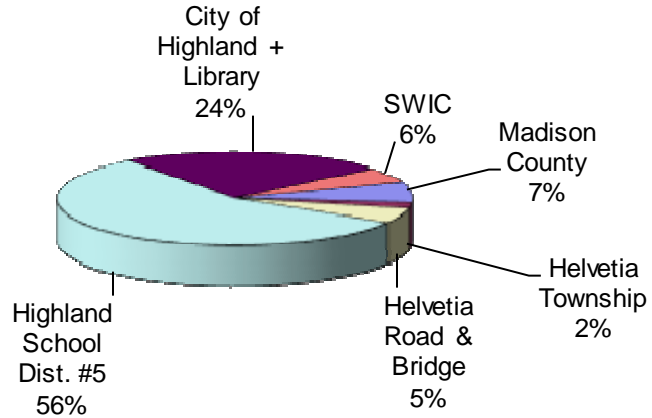
The City of Highland has taken an aggressive approach towards managing the growth of the community. The following is a brief description of some of the actions taken in FY '19, with a brief look ahead into FY '20.

The Fiber-to-the-Premise (FTTP) project continues to gain customers in the available service areas and new serviceable areas are continuing to be constructed. This exciting project continues to grow as customers are added and more citizens realize how valuable these community provided services can be. The Public Works Department has recently completed water main improvements and obtained financing for upgrades to the Water Reclamation Facility. Planning continues for the new public safety facility and downtown fire station upgrades with the creation of new Business Districts as a tool to assist in financing these improvements. Future substation upgrades are also planned to sustain the electrical systems reliability.

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.

CITY OF HIGHLAND, ILLINOIS
April 30, 2019
Management's Discussion & Analysis

As of April 2019, the City's Equalized Assessed Value increased 3.22% to a total of \$189.9 million. The EAV is used in conjunction with the 2018 Property Tax Levy for the collection of property taxes during FY 2019-2020. The City of Highland's (including the Library portion) property tax rate for 2018 represents 24% of the total property tax rate in Helvetia Township (Saline Township is nearly identical). The City's portion of the total property tax rate for Highland

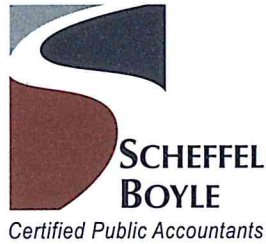


residents has remained relatively the same for the past few years. The City strives to maintain its property tax rate at the lowest amount possible while providing the highest quality of service.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Highland
Highland, IL 62249

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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of 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 April 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Prior Period Partial Comparative Information

The prior year partial comparative information has been derived from the City of Highland's 2018 financial statements, and in our report dated October 4, 2018, we expressed an unqualified opinion on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Highland, Illinois' 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.



Highland, IL
October 1, 2019

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF NET POSITION

	PRIMARY GOVERNMENT						COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL		INDUSTRIAL DEVELOPMENT COMMISSION
	APRIL 30,		APRIL 30,		APRIL 30,		
	2019	2018	2019	2018	2019	2018	2019
ASSETS							
Current Assets:							
Cash and Investments	\$ 11,449,634	\$ 10,561,759	\$ 9,356,367	\$ 8,142,965	\$ 20,806,001	\$ 18,704,724	\$ 77,886
Receivables (Net, Where Applicable of Allowance for Uncollectibles):							
Property Taxes	3,818,970	3,771,571			3,818,970	3,771,571	
Replacement Tax Receivable	46,176	33,499			46,176	33,499	
Accounts Receivable	826,928	862,710	815,309	869,422	1,642,237	1,732,132	
Income Tax Receivable	312,581	241,781			312,581	241,781	
Sales Tax Receivable	762,953	637,491			762,953	637,491	
Unbilled Revenue			1,239,203	1,254,123	1,239,203	1,254,123	
Other	112,379	104,356	31,237	22,647	143,616	127,003	
Prepaid Expenses	276,267	268,428	194,648	237,644	470,915	506,072	
Restricted Assets:							
Cash and Investments	130,911	97,193	418,017	68,995	548,928	166,188	
Capital Assets (Net of Accumulated Depreciation)	31,732,664	33,260,553	37,986,119	37,740,948	69,718,783	71,001,501	
Land	7,807,558	7,757,958	2,160,714	2,051,199	9,968,272	9,809,157	
Construction in Progress	1,658,735	667,265	983,074	934,436	2,641,809	1,601,701	
Other Assets (Net of Accumulated Amortization)		163				163	
Total Assets	<u>58,935,756</u>	<u>58,264,727</u>	<u>53,184,688</u>	<u>51,322,379</u>	<u>112,120,444</u>	<u>109,587,106</u>	<u>77,886</u>
DEFERRED OUTFLOWS OF RESOURCES							
Related to OPEB	44,317		18,711		63,028		
Related to Pensions - IMRF and SLEP	3,837,815	1,207,010	2,165,464	728,223	6,003,279	1,935,233	
Related to Pensions - Police Pension	2,537,627	2,013,698			2,537,627	2,013,698	
Total Deferred Outflows of Resources	<u>6,419,759</u>	<u>3,220,708</u>	<u>2,184,175</u>	<u>728,223</u>	<u>8,603,934</u>	<u>3,948,931</u>	<u>0</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 65,355,515</u>	<u>\$ 61,485,435</u>	<u>\$ 55,368,863</u>	<u>\$ 52,050,602</u>	<u>\$ 120,724,378</u>	<u>\$ 113,536,037</u>	<u>\$ 77,886</u>
LIABILITIES							
Current Liabilities:							
Accounts Payable	\$ 430,221	\$ 370,747	\$ 1,624,239	\$ 1,399,069	\$ 2,054,460	\$ 1,769,816	
Accrued Salaries and Benefits	355,627	342,466	149,789	130,025	505,416	472,491	
Accrued Interest	39,076	40,119	181,918	185,079	220,994	225,198	
Customer Deposits			95,746	68,995	95,746	68,995	
Premium on Revenue Bonds	13,251	23,096	19,109	20,427	32,360	43,523	
Long-Term Liabilities:							
Portion Due or Payable Within One Year:							
Bonds Payable	991,787	1,340,000	770,000	745,000	1,761,787	2,085,000	
Notes Payable	90,927	43,327	143,000		233,927	43,327	
Maintenance Agreement Payable			168,903	168,896	168,903	168,896	
Portion Due or Payable After One Year:							
Compensated Absences	746,065	736,629	346,555	345,208	1,092,620	1,081,837	
Net Pension Liability - IMRF and SLEP	3,593,236	294,420	2,025,654	210,126	5,618,890	504,546	
Net Pension Liability - Police Pension	7,526,310	6,309,009			7,526,310	6,309,009	
Other Post Employment Benefits Payable	1,275,029	1,171,898	538,347	494,800	1,813,376	1,666,698	
Bonds Payable	6,077,580	7,069,367	11,835,000	12,605,000	17,912,580	19,674,367	
Notes Payable	234,834	132,037	1,450,000		1,684,834	132,037	
Long-Term Accrued Interest	1,223,731	1,080,230			1,223,731	1,080,230	
Maintenance Agreement Payable			54,255	223,158	54,255	223,158	
Total Liabilities	<u>22,597,674</u>	<u>18,953,345</u>	<u>19,402,515</u>	<u>16,595,783</u>	<u>42,000,189</u>	<u>35,549,128</u>	<u>\$ 0</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable Property Taxes	3,818,970	3,771,571			3,818,970	3,771,571	
Related to Pensions - IMRF and SLEP	1,821,154	2,401,926	1,014,921	1,366,252	2,836,075	3,768,178	
Related to Pensions - Police Pension	649,337	774,183			649,337	774,183	
Total Deferred Inflows of Resources	<u>6,289,461</u>	<u>6,947,680</u>	<u>1,014,921</u>	<u>1,366,252</u>	<u>7,304,382</u>	<u>8,313,932</u>	<u>0</u>
NET POSITION							
Invested in Capital Assets, Net of Related Debt	33,803,829	33,101,045	26,708,749	26,984,529	60,512,578	60,085,574	
Restricted for:							
Special Revenue Purposes	2,646,084	2,075,548			2,646,084	2,075,548	77,886
Other Purposes	122,901	129,104			122,901	129,104	
Long-Term Debt	105,658	72,943	418,017	68,995	523,675	141,938	
Unrestricted	(210,092)	205,770	7,824,661	7,035,043	7,614,569	7,240,813	
Total Net Position	<u>36,468,380</u>	<u>35,584,410</u>	<u>34,951,427</u>	<u>34,088,567</u>	<u>71,419,807</u>	<u>69,672,977</u>	<u>77,886</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 65,355,515</u>	<u>\$ 61,485,435</u>	<u>\$ 55,368,863</u>	<u>\$ 52,050,602</u>	<u>\$ 120,724,378</u>	<u>\$ 113,536,037</u>	<u>\$ 77,886</u>

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-Type Activities		
Primary Government:								
Governmental Activities:								
General Government	\$ 1,838,268	\$ 1,740,062	\$ 7,628		\$ (90,578)		\$ (90,578)	
Public Safety	7,021,129	1,766,486	1,815		(5,252,828)		(5,252,828)	
Highways and Streets	2,841,512	10,800	50,343	\$ 55,575	(2,724,794)		(2,724,794)	
Culture and Recreation	2,728,009	1,051,585	75,002	402,028	(1,199,394)		(1,199,394)	
Economic Development	509,973		1,601		(508,372)		(508,372)	
Employer's Contribution to Retirement Fund	894,799				(894,799)		(894,799)	
Interest on Long-Term Debt	270,278				(270,278)		(270,278)	
Total Governmental Activities	<u>16,103,968</u>	<u>4,568,933</u>	<u>136,389</u>	<u>457,603</u>	<u>(10,941,043)</u>	<u>\$ 0</u>	<u>(10,941,043)</u>	<u>\$ 0</u>
Business-Type Activities:								
Electric	16,922,749	17,046,844				124,095	124,095	
Water	2,366,794	2,688,256				321,462	321,462	
Sewer	1,764,812	2,277,562				512,750	512,750	
Solid Waste	1,637,497	1,674,774				37,277	37,277	
Total Business-Type Activities	<u>22,691,852</u>	<u>23,687,436</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>995,584</u>	<u>995,584</u>	<u>0</u>
Total Primary Government	<u>\$ 38,795,820</u>	<u>\$ 28,256,369</u>	<u>\$ 136,389</u>	<u>\$ 457,603</u>	<u>(10,941,043)</u>	<u>995,584</u>	<u>(9,945,459)</u>	<u>0</u>
Component Unit:								
Industrial Development								<u>0</u>
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					3,898,828		3,898,828	
Intergovernmental					7,115,785		7,115,785	
Gain on Disposal of Capital Assets					14,409		14,409	
Unrealized Appreciation of Investments					25,006	26,380	51,386	
Interest and Miscellaneous Income					345,985	265,896	611,881	558
Transfers					425,000	(425,000)	0	
Total General Revenues					<u>11,825,013</u>	<u>(132,724)</u>	<u>11,692,289</u>	<u>558</u>
Change in Net Position					883,970	862,860	1,746,830	558
Net Position Beginning					35,584,410	34,088,567	69,672,977	77,328
Net Position Ending					<u>\$ 36,468,380</u>	<u>\$ 34,951,427</u>	<u>\$ 71,419,807</u>	<u>\$ 77,886</u>

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

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2018

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	\$ 1,867,653	\$ 1,687,664	\$ 4,145		\$ (175,844)		\$ (175,844)	
Public Safety	6,773,811	1,448,672	2,150		(5,322,989)		(5,322,989)	
Highways and Streets	2,794,453	5,743	29,174	\$ 117,425	(2,642,111)		(2,642,111)	
Culture and Recreation	2,591,003	1,040,722	62,060	278,837	(1,209,384)		(1,209,384)	
Economic Development	241,216		1,601		(239,615)		(239,615)	
Employer's Contribution to Retirement Fund	930,104				(930,104)		(930,104)	
Interest on Long-Term Debt	285,835				(285,835)		(285,835)	
Total Governmental Activities	15,484,075	4,182,801	99,130	396,262	(10,805,882)	\$ 0	(10,805,882)	\$ 0
Business-Type Activities:								
Electric	16,637,826	16,548,836				(88,990)	(88,990)	
Water	2,236,009	2,628,949				392,940	392,940	
Sewer	2,178,795	2,180,024				1,229	1,229	
Solid Waste	1,543,662	1,636,834				93,172	93,172	
Total Business-Type Activities	22,596,292	22,994,643	0	0	0	398,351	398,351	0
Total Primary Government	\$ 38,080,367	\$ 27,177,444	\$ 99,130	\$ 396,262	(10,805,882)	398,351	(10,407,531)	0
Component Unit								
Industrial Development								(6)
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					3,794,954		3,794,954	
Intergovernmental					6,521,853		6,521,853	
Gain on Disposal of Capital Assets					9,979		9,979	
Unrealized Depreciation of Investments					(28,509)	(29,238)	(57,747)	
Interest and Miscellaneous Income					399,080	309,048	708,128	1,893
Transfers					150,000	(150,000)	0	
Total General Revenues					10,847,357	129,810	10,977,167	1,893
Change in Net Position					41,475	528,161	569,636	1,887
Net Position Beginning - Restated					35,542,935	33,560,406	69,103,341	75,441
Net Position Ending					\$ 35,584,410	\$ 34,088,567	\$ 69,672,977	\$ 77,328

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

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

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

CITY OF HIGHLAND, ILLINOIS
BALANCE SHEETS
GOVERNMENTAL FUNDS
APRIL 30, 2018

	PRIMARY GOVERNMENT						COMPONENT UNIT
	GENERAL CORPORATE	CITY PROPERTY REPLACEMENT	AMBULANCE	STREET IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	INDUSTRIAL DEVELOPMENT COMMISSION
<u>ASSETS</u>							
Cash and Investments	\$ 2,430,084	\$ 5,065,376	\$ 61,474	\$ 362,701	\$ 2,642,124	\$ 10,561,759	\$ 42,957
Receivables (Net, Where Applicable of Allowance for Uncollectibles):							
Property Taxes	1,257,416		455,636		2,058,519	3,771,571	
Replacement Tax Receivable	21,426		3,122		8,951	33,499	
Accounts Receivable	125,262		737,448			862,710	
Income Tax Receivable	241,781					241,781	
Sales Tax Receivable	424,522			212,969		637,491	
Other	61,959	13,968	170	610	27,649	104,356	34,371
Due from Other Fund		527,500				527,500	
Prepaid Expenses	70,484		1,523		196,421	268,428	
Restricted Cash					97,193	97,193	
Total Assets	\$ 4,632,934	\$ 5,606,844	\$ 1,259,373	\$ 576,280	\$ 5,030,857	\$ 17,106,288	\$ 77,328
<u>LIABILITIES</u>							
Accounts Payable	\$ 309,732		\$ 6,629	15,722	\$ 38,664	\$ 370,747	
Accrued Salaries and Benefits	228,932		64,429		49,105	342,466	
Due to Other Fund	70,000			\$ 405,000	52,500	527,500	
Total Liabilities	608,664	\$ 0	71,058	420,722	140,269	1,240,713	\$ 0
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable Property Taxes	1,257,416	0	455,636	0	2,058,519	3,771,571	0
<u>FUND BALANCES</u>							
Nonspendable	70,484		1,523		196,421	268,428	
Restricted	58,620				1,950,547	2,009,167	77,328
Assigned		5,606,844	731,156	155,558	781,696	7,275,254	
Unassigned	2,637,750				(96,595)	2,541,155	
Total Fund Balances	2,766,854	5,606,844	732,679	155,558	2,832,069	12,094,004	77,328
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 4,632,934	\$ 5,606,844	\$ 1,259,373	\$ 576,280	\$ 5,030,857	\$ 17,106,288	\$ 77,328

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, 2019
 WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2018

	2019	2018
Total fund balances for governmental funds	\$ 13,131,981	\$ 12,094,004
Total net position reported for governmental activities in the statements of net position is different because:		
Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	\$ 7,807,558	\$ 7,757,958
Construction in progress	1,658,735	667,265
Infrastructure, net of accumulated depreciation	22,847,343	24,357,369
Buildings and improvements, net of accumulated depreciation	4,231,671	4,430,104
Other improvements, net of accumulated depreciation	3,446,904	3,320,521
Equipment, net of accumulated depreciation	1,206,746	1,152,559
	41,198,957	41,685,776
Certain premiums paid on investments are not financial resources and therefore are not reported in the funds. Those premiums consist of:		
Bond premiums paid on certificates of deposit		163
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	6,375,442	3,220,708
Deferred inflows of resources related to pensions	(2,470,491)	(3,176,109)
Deferred outflows of resources related to defined benefit OPEB is applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to OPEB	44,317	
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	\$ (1,262,807)	\$ (1,120,349)
Bonds and notes payable	(7,395,128)	(8,584,731)
Bond premium, net of accumulated amortization	(13,251)	(23,096)
Net pension liability	(11,119,546)	(6,603,429)
Other post employment benefits	(1,275,029)	(1,171,898)
Compensated absences	(746,065)	(736,629)
	(21,811,826)	(18,240,132)
Total net position of governmental activities	\$ 36,468,380	\$ 35,584,410

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, 2019

	PRIMARY GOVERNMENT					TOTAL GOVERNMENTAL FUNDS	COMPONENT UNIT
	GENERAL CORPORATE	CITY PROPERTY REPLACEMENT	AMBULANCE	STREET IMPROVEMENT	OTHER GOVERNMENTAL FUNDS		INDUSTRIAL DEVELOPMENT COMMISSION
Revenues:							
General Property Taxes	\$ 1,391,295		\$ 454,163		\$ 2,053,370	\$ 3,898,828	
Corporate Personal Property Replacement Taxes	118,146		16,345		36,471	170,962	
Intergovernmental	4,400,137		318,966	\$ 1,458,085	767,635	6,944,823	
Charges for Services	2,442,958		1,704,619		19,935	4,167,512	
Licenses, Permits and Other Taxes	282,042					282,042	
Fines and Forfeitures	19,613				3,100	22,713	
Revenue from Use of Property	96,666					96,666	
Grants and Contributions	562,792				31,200	593,992	
Miscellaneous and Interest Income	199,111	\$ 77,001	8,137	7,143	54,593	345,985	\$ 558
Total Revenues	<u>9,512,760</u>	<u>77,001</u>	<u>2,502,230</u>	<u>1,465,228</u>	<u>2,966,304</u>	<u>16,523,523</u>	<u>558</u>
Expenditures:							
Current-							
General Government	1,326,382				327,763	1,654,145	
Public Safety	3,401,414		2,683,545			6,084,959	
Highways and Streets	934,569				203,503	1,138,072	
Culture and Recreation	1,947,297				350,572	2,297,869	
Economic Development	431,300				63,092	494,392	
Employer's Contribution to Retirement Fund					894,799	894,799	
Capital Outlay	1,511,586		262,659	284,215		2,058,460	
Debt Service Expenditures-							
Other Debt Service Fees				551	200	751	
Principal Retirement	458,326			735,000	190,000	1,383,326	
Interest and Fixed Charges	23,088			11,760	102,063	136,911	
Total Expenditures	<u>10,033,962</u>	<u>0</u>	<u>2,946,204</u>	<u>1,031,526</u>	<u>2,131,992</u>	<u>16,143,684</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(521,202)</u>	<u>77,001</u>	<u>(443,974)</u>	<u>433,702</u>	<u>834,312</u>	<u>379,839</u>	<u>558</u>
Other Financing Sources (Uses):							
Note Payable Proceeds			193,723			193,723	
Proceeds from Sale of Capital Assets	1,940		12,469			14,409	
Unrealized Appreciation of Investments	7,981	14,023	9	627	2,366	25,006	
Operating Transfers in	1,039,232	265,000	187,000			1,491,232	
Operating Transfers out	(115,000)	(767,000)			(184,232)	(1,066,232)	
Total Other Financing Sources (Uses)	<u>934,153</u>	<u>(487,977)</u>	<u>393,201</u>	<u>627</u>	<u>(181,866)</u>	<u>658,138</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	412,951	(410,976)	(50,773)	434,329	652,446	1,037,977	558
Fund Balance, Beginning of Year	<u>2,766,854</u>	<u>5,606,844</u>	<u>732,679</u>	<u>155,558</u>	<u>2,832,069</u>	<u>12,094,004</u>	<u>77,328</u>
Fund Balance, End of Year	<u>\$ 3,179,805</u>	<u>\$ 5,195,868</u>	<u>\$ 681,906</u>	<u>\$ 589,887</u>	<u>\$ 3,484,515</u>	<u>\$ 13,131,981</u>	<u>\$ 77,886</u>

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED APRIL 30, 2018

	PRIMARY GOVERNMENT					TOTAL GOVERNMENTAL FUNDS	COMPONENT UNIT
	GENERAL CORPORATE	CITY PROPERTY REPLACEMENT	AMBULANCE	STREET IMPROVEMENT	OTHER GOVERNMENTAL FUNDS		INDUSTRIAL DEVELOPMENT COMMISSION
Revenues:							
General Property Taxes	\$ 1,360,440		\$ 444,672		\$ 1,989,842	\$ 3,794,954	
Corporate Personal Property Replacement Taxes	104,152		13,943		39,973	158,068	
Intergovernmental	4,408,056		281,672	\$ 1,402,969	271,088	6,363,785	
Charges for Services	2,412,005		1,388,944		18,361	3,819,310	
Licenses, Permits and Other Taxes	251,510					251,510	
Fines and Forfeitures	18,345				2,753	21,098	
Revenue from Use of Property	90,883					90,883	
Grants and Contributions	368,547			117,425	9,420	495,392	
Miscellaneous and Interest Income	262,868	\$ 65,714	6,691	6,414	57,393	399,080	\$ 1,893
Total Revenues	<u>9,276,806</u>	<u>65,714</u>	<u>2,135,922</u>	<u>1,526,808</u>	<u>2,388,830</u>	<u>15,394,080</u>	<u>1,893</u>
Expenditures:							
Current-							
General Government	1,325,568				291,357	1,616,925	
Public Safety	3,280,449		2,535,537			5,815,986	
Highways and Streets	898,993				134,085	1,033,078	
Culture and Recreation	1,885,398				274,655	2,160,053	
Economic Development	143,661				81,977	225,638	6
Employer's Contribution to Retirement Fund					930,104	930,104	
Capital Outlay	897,253			200,865	45,222	1,143,340	
Debt Service Expenditures-							
Other Debt Service Fees				418	200	618	
Principal Retirement	452,372			1,175,000	185,000	1,812,372	
Interest and Fixed Charges	29,253			25,859	105,763	160,875	
Total Expenditures	<u>8,912,947</u>	<u>0</u>	<u>2,535,537</u>	<u>1,402,142</u>	<u>2,048,363</u>	<u>14,898,989</u>	<u>6</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>363,859</u>	<u>65,714</u>	<u>(399,615)</u>	<u>124,666</u>	<u>340,467</u>	<u>495,091</u>	<u>1,887</u>
Other Financing Sources (Uses):							
Proceeds from Sale of Capital Assets	1,800		8,179			9,979	
Unrealized Depreciation of Investments	(8,972)	(16,182)	(217)	(780)	(2,358)	(28,509)	
Operating Transfers in	94,808	430,000	150,000			674,808	
Operating Transfers out	(280,000)	(225,000)			(19,808)	(524,808)	
Total Other Financing Sources (Uses)	<u>(192,364)</u>	<u>188,818</u>	<u>157,962</u>	<u>(780)</u>	<u>(22,166)</u>	<u>131,470</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>171,495</u>	<u>254,532</u>	<u>(241,653)</u>	<u>123,886</u>	<u>318,301</u>	<u>626,561</u>	<u>1,887</u>
Fund Balance, Beginning of Year	<u>2,595,359</u>	<u>5,352,312</u>	<u>974,332</u>	<u>31,672</u>	<u>2,513,768</u>	<u>11,467,443</u>	<u>75,441</u>
Fund Balance, End of Year	<u>\$ 2,766,854</u>	<u>\$ 5,606,844</u>	<u>\$ 732,679</u>	<u>\$ 155,558</u>	<u>\$ 2,832,069</u>	<u>\$ 12,094,004</u>	<u>\$ 77,328</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, 2019
 WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2018

	<u>2019</u>	<u>2018</u>
Net change in fund balances - total governmental funds	\$ 1,037,977	\$ 626,561
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 depreciation expense exceeded capital outlay in the current period.	(486,819)	(1,379,179)
In the governmental funds, bond and CD premiums are amortized over the life of the bonds and this amortization reduces the amount of interest expense recorded on the bonds. This amount represents the net effect of the amortization of bond and CD premiums.	9,682	12,587
Proceeds from new notes payable are recorded as revenues in the governmental funds but increase liabilities in the statement of net position.	(193,723)	
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.	(210,708)	(216,304)
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.	(655,765)	(814,562)
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	<u>1,383,326</u>	<u>1,812,372</u>
Change in net position of governmental activities	<u>\$ 883,970</u>	<u>\$ 41,475</u>

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

<u>ASSETS</u>	<u>LIGHT AND POWER</u>	<u>WATER</u>	<u>SEWER</u>	<u>SOLID WASTE</u>	<u>TOTALS</u>
Current Assets:					
Cash and Investments	\$ 2,611,672	\$ 3,594,402	\$ 2,479,350	\$ 670,943	\$ 9,356,367
Receivables:					
Accounts, Net	546,847	85,850	81,108	101,504	815,309
Unbilled Revenue	798,114	182,569	151,973	106,547	1,239,203
Other Receivable	8,947	11,879	8,194	2,217	31,237
Other Current Assets	124,479	35,878	34,291		194,648
Total Current Assets	<u>4,090,059</u>	<u>3,910,578</u>	<u>2,754,916</u>	<u>881,211</u>	<u>11,636,764</u>
Restricted Assets:					
Cash and Investments	95,746	322,271			418,017
Capital Assets (Net of Accumulated Depreciation)	25,429,258	8,116,245	4,440,616		37,986,119
Land	1,708,936	401,635	50,143		2,160,714
Construction in Progress	270,058	20,788	692,228		983,074
Total Noncurrent Assets	<u>27,503,998</u>	<u>8,860,939</u>	<u>5,182,987</u>	<u>0</u>	<u>41,547,924</u>
Total Assets	<u>31,594,057</u>	<u>12,771,517</u>	<u>7,937,903</u>	<u>881,211</u>	<u>53,184,688</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Related to OPEB	10,833	3,939	3,939		18,711
Related to Pensions	1,259,943	459,448	446,073		2,165,464
Total Deferred Outflows of Resources	<u>1,270,776</u>	<u>463,387</u>	<u>450,012</u>	<u>0</u>	<u>2,184,175</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 32,864,833</u>	<u>\$ 13,234,904</u>	<u>\$ 8,387,915</u>	<u>\$ 881,211</u>	<u>\$ 55,368,863</u>
<u>LIABILITIES</u>					
Current Liabilities (Payable from Current Assets):					
Accounts Payable	\$ 966,081	\$ 438,628	\$ 68,614	\$ 150,916	\$ 1,624,239
Accrued Interest Payable		4,872	6,545		11,417
Current Portion Notes Payable		143,000			143,000
Current Portion Maintenance Agreement Payable		168,903			168,903
Accrued Salaries and Benefits	83,572	36,656	29,561		149,789
Premium on Revenue Bonds			19,109		19,109
Total Current Liabilities (Payable from Current Assets)	<u>1,049,653</u>	<u>792,059</u>	<u>123,829</u>	<u>150,916</u>	<u>2,116,457</u>
Current Liabilities (Payable from Restricted Assets):					
Customer Deposits	95,746				95,746
Current Portion Revenue Bonds	650,000		120,000		770,000
Accrued Interest on Revenue Bonds	170,501				170,501
Total Current Liabilities (Payable from Restricted Assets)	<u>916,247</u>	<u>0</u>	<u>120,000</u>	<u>0</u>	<u>1,036,247</u>
Long-Term Liabilities:					
Revenue Bonds (Net of Current Portion)	9,725,000		2,110,000		11,835,000
Notes Payable (Net of Current Portion)		1,450,000			1,450,000
Maintenance Agreement Payable (Net of Current Portion)		54,255			54,255
Compensated Absences	187,425	84,858	74,272		346,555
Net Pension Liability	1,167,405	420,219	438,030		2,025,654
Other Post Employment Benefits Payable	311,675	113,336	113,336		538,347
Total Long-Term Liabilities	<u>11,391,505</u>	<u>2,122,668</u>	<u>2,735,638</u>	<u>0</u>	<u>16,249,811</u>
Total Liabilities	<u>13,357,405</u>	<u>2,914,727</u>	<u>2,979,467</u>	<u>150,916</u>	<u>19,402,515</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Related to Pensions	584,909	210,544	219,468		1,014,921
<u>NET POSITION</u>					
Net Investment in Capital Assets, Net of Related Debt	17,033,252	6,722,510	2,952,987		26,708,749
Restricted For Long Term Debt	95,746	322,271			418,017
Unrestricted	1,793,521	3,064,852	2,235,993	730,295	7,824,661
Total Net Position	<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 Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 32,864,833</u>	<u>\$ 13,234,904</u>	<u>\$ 8,387,915</u>	<u>\$ 881,211</u>	<u>\$ 55,368,863</u>

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

CITY OF HIGHLAND, ILLINOIS
BALANCE SHEETS
ENTERPRISE FUNDS
APRIL 30, 2018

<u>ASSETS</u>	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
Current Assets:					
Cash and Investments	\$ 2,641,841	\$ 2,917,444	\$ 1,950,461	\$ 633,219	\$ 8,142,965
Receivables:					
Accounts, Net	631,060	81,103	80,224	77,035	869,422
Unbilled Revenue	833,693	175,447	144,690	100,293	1,254,123
Other Receivable	7,476	8,046	5,379	1,746	22,647
Other Current Assets	155,207	42,060	40,377		237,644
Total Current Assets	<u>4,269,277</u>	<u>3,224,100</u>	<u>2,221,131</u>	<u>812,293</u>	<u>10,526,801</u>
Restricted Assets:					
Cash and Investments	68,995				68,995
Capital Assets (Net of Accumulated Depreciation)	26,106,279	6,925,433	4,709,236		37,740,948
Land	1,599,421	401,635	50,143		2,051,199
Construction in Progress	233,101	66,392	634,943		934,436
Total Noncurrent Assets	<u>28,007,796</u>	<u>7,393,460</u>	<u>5,394,322</u>	<u>0</u>	<u>40,795,578</u>
Total Assets	<u>32,277,073</u>	<u>10,617,560</u>	<u>7,615,453</u>	<u>812,293</u>	<u>51,322,379</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Related to Pensions	439,469	157,399	131,355		728,223
Total Assets and Deferred Outflows of Resources	<u>\$ 32,716,542</u>	<u>\$ 10,774,959</u>	<u>\$ 7,746,808</u>	<u>\$ 812,293</u>	<u>\$ 52,050,602</u>
<u>LIABILITIES</u>					
Current Liabilities (Payable from Current Assets):					
Accounts Payable	\$ 955,610	\$ 129,943	\$ 197,107	\$ 116,409	\$ 1,399,069
Accrued Interest Payable			6,795		6,795
Current Portion Maintenance Agreement Payable		168,896			168,896
Accrued Salaries and Benefits	69,131	33,241	27,653		130,025
Premium on Revenue Bonds			20,427		20,427
Total Current Liabilities (Payable from Current Assets)	<u>1,024,741</u>	<u>332,080</u>	<u>251,982</u>	<u>116,409</u>	<u>1,725,212</u>
Current Liabilities (Payable from Restricted Assets):					
Customer Deposits	68,995				68,995
Current Portion Revenue Bonds	630,000		115,000		745,000
Accrued Interest on Revenue Bonds	178,284				178,284
Total Current Liabilities (Payable from Restricted Assets)	<u>877,279</u>	<u>0</u>	<u>115,000</u>	<u>0</u>	<u>992,279</u>
Long-Term Liabilities:					
Revenue Bonds (Net of Current Portion)	10,375,000		2,230,000		12,605,000
Maintenance Agreement Payable (Net of Current Portion)		223,158			223,158
Compensated Absences	185,104	89,964	70,140		345,208
Net Pension Liability	124,121	42,085	43,920		210,126
Other Post Employment Benefits Payable	286,464	104,168	104,168		494,800
Total Long-Term Liabilities	<u>10,970,689</u>	<u>459,375</u>	<u>2,448,228</u>	<u>0</u>	<u>13,878,292</u>
Total Liabilities	<u>12,872,709</u>	<u>791,455</u>	<u>2,815,210</u>	<u>116,409</u>	<u>16,595,783</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Related to Pensions	807,043	273,638	285,571		1,366,252
<u>NET POSITION</u>					
Net Investment in Capital Assets, Net of Related Debt	16,933,801	7,001,406	3,049,322		26,984,529
Restricted for Long Term Debt	68,995				68,995
Unrestricted	2,033,994	2,708,460	1,596,705	695,884	7,035,043
Total Net Position	<u>19,036,790</u>	<u>9,709,866</u>	<u>4,646,027</u>	<u>695,884</u>	<u>34,088,567</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 32,716,542</u>	<u>\$ 10,774,959</u>	<u>\$ 7,746,808</u>	<u>\$ 812,293</u>	<u>\$ 52,050,602</u>

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

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

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
Operating Revenues:					
Charges for Services	\$ 17,019,511	\$ 2,638,536	\$ 2,201,032	\$ 1,674,766	\$ 23,533,845
Connection Fees	27,333	49,720	76,530	8	153,591
Total Operating Revenues	<u>17,046,844</u>	<u>2,688,256</u>	<u>2,277,562</u>	<u>1,674,774</u>	<u>23,687,436</u>
Operating Expenses:					
Personnel Services	1,909,301	837,005	673,496		3,419,802
Contractual Services	2,775,621	401,318	472,526	1,637,497	5,286,962
Purchase Power (Less Generating Capacity Credit)	9,408,001				9,408,001
Supplies and Materials	336,497	232,205	97,673		666,375
Utilities	109,229	142,925	408		252,562
Depreciation and Amortization	1,856,781	721,481	442,086		3,020,348
Total Operating Expenses	<u>16,395,430</u>	<u>2,334,934</u>	<u>1,686,189</u>	<u>1,637,497</u>	<u>22,054,050</u>
Operating Income	<u>651,414</u>	<u>353,322</u>	<u>591,373</u>	<u>37,277</u>	<u>1,633,386</u>
Non-Operating Revenues (Expenses):					
Interest Income	42,435	59,386	35,398	10,239	147,458
Miscellaneous	67,232	39,972	11,234		118,438
Unrealized Appreciation of Investments	7,367	10,147	6,971	1,895	26,380
Interest Expense	(527,069)	(31,860)	(78,473)		(637,402)
Service Charges	(250)		(150)		(400)
Total Non-Operating Revenues (Expenses)	<u>(410,285)</u>	<u>77,645</u>	<u>(25,020)</u>	<u>12,134</u>	<u>(345,526)</u>
Income Before Operating Transfers	241,129	430,967	566,353	49,411	1,287,860
Operating Transfers:					
Transfers Out	(355,400)	(31,200)	(23,400)	(15,000)	(425,000)
Total Operating Transfers	<u>(355,400)</u>	<u>(31,200)</u>	<u>(23,400)</u>	<u>(15,000)</u>	<u>(425,000)</u>
Increase (Decrease) in Net Position	(114,271)	399,767	542,953	34,411	862,860
Total Net Position, Beginning of Year	<u>19,036,790</u>	<u>9,709,866</u>	<u>4,646,027</u>	<u>695,884</u>	<u>34,088,567</u>
Total Net Position, End of Year	<u>\$ 18,922,519</u>	<u>\$ 10,109,633</u>	<u>\$ 5,188,980</u>	<u>\$ 730,295</u>	<u>\$ 34,951,427</u>

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

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED APRIL 30, 2018

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
Operating Revenues:					
Charges for Services	\$ 16,523,976	\$ 2,595,124	\$ 2,141,759	\$ 1,636,834	\$ 22,897,693
Connection Fees	24,860	33,825	38,265		96,950
Total Operating Revenues	<u>16,548,836</u>	<u>2,628,949</u>	<u>2,180,024</u>	<u>1,636,834</u>	<u>22,994,643</u>
Operating Expenses:					
Personnel Services	1,778,422	851,110	681,154		3,310,686
Contractual Services	2,681,246	349,435	493,499	1,538,622	5,062,802
Purchase Power (Less Generating Capacity Credit)	9,227,281				9,227,281
Supplies and Materials	386,521	183,771	85,016	5,040	660,348
Utilities	111,716	146,422	3,556		261,694
Depreciation and Amortization	1,903,636	705,271	826,445		3,435,352
Total Operating Expenses	<u>16,088,822</u>	<u>2,236,009</u>	<u>2,089,670</u>	<u>1,543,662</u>	<u>21,958,163</u>
Operating Income	<u>460,014</u>	<u>392,940</u>	<u>90,354</u>	<u>93,172</u>	<u>1,036,480</u>
Non-Operating Revenues (Expenses):					
Interest Income	36,770	37,593	30,206	8,287	112,856
Miscellaneous	130,870	34,639	30,683		196,192
Unrealized Depreciation of Investments	(9,852)	(10,296)	(6,855)	(2,235)	(29,238)
Interest Expense	(548,754)		(88,975)		(637,729)
Service Charges	(250)		(150)		(400)
Total Non-Operating Revenues (Expenses)	<u>(391,216)</u>	<u>61,936</u>	<u>(35,091)</u>	<u>6,052</u>	<u>(358,319)</u>
Income (Loss) Before Operating Transfers	68,798	454,876	55,263	99,224	678,161
Operating Transfers:					
Transfers Out	(150,000)				(150,000)
Total Operating Transfers	<u>(150,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(150,000)</u>
Increase (Decrease) in Net Position	(81,202)	454,876	55,263	99,224	528,161
Total Net Position, Beginning of Year - Restated	<u>19,117,992</u>	<u>9,254,990</u>	<u>4,590,764</u>	<u>596,660</u>	<u>33,560,406</u>
Total Net Position, End of Year	<u>\$ 19,036,790</u>	<u>\$ 9,709,866</u>	<u>\$ 4,646,027</u>	<u>\$ 695,884</u>	<u>\$ 34,088,567</u>

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, 2019

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Customers	\$ 17,291,347	\$ 2,722,541	\$ 2,286,716	\$ 1,678,558	\$ 23,979,162
Cash Payments for Goods and Services	(12,611,760)	(457,616)	(693,597)	(1,635,602)	(15,398,575)
Cash Payments to Employees	(1,877,485)	(820,476)	(648,939)		(3,346,900)
Net Cash Provided by Operating Activities	<u>2,802,102</u>	<u>1,444,449</u>	<u>944,180</u>	<u>42,956</u>	<u>5,233,687</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Repayments of Loans from Other Funds	(355,400)	(31,200)	(23,400)	(15,000)	(425,000)
Net Cash Used by Non-Capital Financing Activities	<u>(355,400)</u>	<u>(31,200)</u>	<u>(23,400)</u>	<u>(15,000)</u>	<u>(425,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Interest Paid	(534,852)	(26,988)	(78,723)		(640,563)
Payments for Capital Acquisitions	(1,326,232)	(1,866,689)	(230,751)		(3,423,672)
Proceeds from Loans		1,665,000			1,665,000
Repayments of Loans	(630,000)	(240,896)	(115,000)		(985,896)
Net Cash Used by Capital and Related Financing Activities	<u>(2,491,084)</u>	<u>(469,573)</u>	<u>(424,474)</u>	<u>0</u>	<u>(3,385,131)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Receipts of Interest	40,964	55,553	32,583	9,768	138,868
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(3,418)	999,229	528,889	37,724	1,562,424
CASH AND INVESTMENTS, BEGINNING OF YEAR	2,710,836	2,917,444	1,950,461	633,219	8,211,960
CASH AND INVESTMENTS, END OF YEAR	<u>\$ 2,707,418</u>	<u>\$ 3,916,673</u>	<u>\$ 2,479,350</u>	<u>\$ 670,943</u>	<u>\$ 9,774,384</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating Income	\$ 651,414	\$ 353,322	\$ 591,373	\$ 37,277	\$ 1,633,386
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:					
Depreciation and Amortization Expense	1,856,781	721,481	442,086		3,020,348
Miscellaneous Revenues	67,232	39,972	11,234		118,438
Service Charges	(250)		(150)		(400)
Amortization of Bond Premium			(1,318)		(1,318)
Unrealized Appreciation of Investments	7,367	10,147	6,971	1,895	26,380
(Increase) Decrease in Accounts Receivables	84,213	(4,747)	(884)	(24,469)	54,113
(Increase) Decrease in Unbilled Revenue	35,579	(7,122)	(7,283)	(6,254)	14,920
Decrease in Other Current Assets	30,728	6,182	6,086		42,996
Increase in Deferred Outflows Related to Pensions	(831,307)	(305,988)	(318,657)		(1,455,952)
Increase (Decrease) in Accounts Payable	10,471	308,685	(128,493)	34,507	225,170
Increase in Accrued Salaries and Benefits	14,441	3,415	1,908		19,764
Increase (Decrease) in Compensated Absences	2,321	(5,106)	4,132		1,347
Increase in Customer Deposits	26,751				26,751
Increase in Other Post Employment Benefits	25,211	9,168	9,168		43,547
Increase in Net Pension Liability	1,043,284	378,134	394,110		1,815,528
Decrease in Deferred Inflows Related to Pensions	(222,134)	(63,094)	(66,103)		(351,331)
Total Adjustments	<u>2,150,688</u>	<u>1,091,127</u>	<u>352,807</u>	<u>5,679</u>	<u>3,600,301</u>
Net Cash Provided by Operating Activities	<u>\$ 2,802,102</u>	<u>\$ 1,444,449</u>	<u>\$ 944,180</u>	<u>\$ 42,956</u>	<u>\$ 5,233,687</u>

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED APRIL 30, 2018

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 16,691,284	\$ 2,667,703	\$ 2,230,480	\$ 1,642,433	\$ 23,231,900
Cash Payments for Goods and Services	(12,548,803)	(776,885)	(426,571)	(1,550,557)	(15,302,816)
Cash Payments to Employees	(1,800,183)	(817,099)	(642,503)		(3,259,785)
Net Cash Provided by Operating Activities	<u>2,342,298</u>	<u>1,073,719</u>	<u>1,161,406</u>	<u>91,876</u>	<u>4,669,299</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Repayment of Loans from Other Funds	(88,864)				(88,864)
Net Cash Used by Non-Capital Financing Activities	<u>(88,864)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(88,864)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Interest Paid	(555,705)		(91,304)		(647,009)
Payments for Capital Acquisitions	(857,610)	(315,641)	(901,912)		(2,075,163)
Repayments of Loans	(610,000)	(168,384)	(556,515)		(1,334,899)
Net Cash Used by Capital and Related Financing Activities	<u>(2,023,315)</u>	<u>(484,025)</u>	<u>(1,549,731)</u>	<u>0</u>	<u>(4,057,071)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Receipts of Interest	36,372	36,183	31,508	8,085	112,148
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	<u>266,491</u>	<u>625,877</u>	<u>(356,817)</u>	<u>99,961</u>	<u>635,512</u>
CASH AND INVESTMENTS, BEGINNING OF YEAR	<u>2,444,345</u>	<u>2,291,567</u>	<u>2,307,278</u>	<u>533,258</u>	<u>7,576,448</u>
CASH AND INVESTMENTS, END OF YEAR	<u>\$ 2,710,836</u>	<u>\$ 2,917,444</u>	<u>\$ 1,950,461</u>	<u>\$ 633,219</u>	<u>\$ 8,211,960</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating Income	\$ 460,014	\$ 392,940	\$ 90,354	\$ 93,172	\$ 1,036,480
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation and Amortization Expense	1,903,636	705,271	826,445		3,435,352
Miscellaneous Revenues	130,870	34,639	30,683		196,192
Service Charges	(250)		(150)		(400)
Amortization of Bond Premium			(1,318)		(1,318)
Unrealized Depreciation of Investments	(9,852)	(10,296)	(6,855)	(2,235)	(29,238)
(Increase) Decrease in Accounts Receivables	(85,149)	(2,651)	2,089	191	(85,520)
Decrease in Unbilled Revenue	82,428	6,766	17,685	5,408	112,287
(Increase) Decrease in Other Current Assets	5,526	(5,092)	(6,352)		(5,918)
Decrease in Deferred Outflows Related to Pensions	237,625	58,929	59,888		356,442
Increase (Decrease) in Accounts Payable	(131,937)	(81,869)	170,175	(4,660)	(48,291)
Increase in Accrued Salaries and Benefits	6,165	2,957	2,809		11,931
Increase (Decrease) in Compensated Absences	(11,436)	2,058	3,555		(5,823)
Increase in Customer Deposits	8,773				8,773
Increase in Other Post Employment Benefits	2,854	5,256	5,256		13,366
Decrease in Net Pension Liability	(880,446)	(254,611)	(262,446)		(1,397,503)
Increase in Deferred Inflows Related to Pensions	623,477	219,422	229,588		1,072,487
Total Adjustments	<u>1,882,284</u>	<u>680,779</u>	<u>1,071,052</u>	<u>(1,296)</u>	<u>3,632,819</u>
Net Cash Provided by Operating Activities	<u>\$ 2,342,298</u>	<u>\$ 1,073,719</u>	<u>\$ 1,161,406</u>	<u>\$ 91,876</u>	<u>\$ 4,669,299</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>		2019	2018
Cash		\$ 0	\$ 560,853
Receivables:			
Property Taxes, Current Year Levy		634,801	575,066
Interest Receivable		41,258	
Total Receivables		<u>676,059</u>	<u>575,066</u>
Investments:			
Certificates of Deposit and Interest Bearing Accounts		204,448	99,000
Municipal Bonds		3,920,557	3,485,376
Mutual Funds		7,434,423	6,929,134
Total Investments		<u>11,559,428</u>	<u>10,513,510</u>
Total Assets		<u>\$ 12,235,487</u>	<u>\$ 11,649,429</u>
 <u>DEFERRED INFLOWS OF RESOURCES</u> 			
Unavailable Property Taxes		<u>\$ 634,801</u>	<u>\$ 575,066</u>
 <u>NET POSITION</u> 			
Net Position Held in Trust for Pension Benefits and Other Purposes		<u>11,600,686</u>	<u>11,074,363</u>
Total Deferred Inflows of Resources and Net Position		<u>\$ 12,235,487</u>	<u>\$ 11,649,429</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,	
	2019	2018
Additions:		
General Property Taxes:		
Real Estate	\$ 573,244	\$ 552,495
Intergovernmental:		
Corporate Personal Property Replacement Tax	6,900	6,900
Miscellaneous:		
Interest and Dividend Income	369,637	195,565
Employee Contributions	159,751	145,573
Net Unrealized Appreciation of Investments	241,690	438,708
Total Additions	1,351,222	1,339,241
Deductions:		
Benefit Payments	786,208	688,165
Administration	38,691	13,674
Amortization		111,720
Total Deductions	824,899	813,559
Increase in Net Position	526,323	525,682
Net Position, Beginning of Year	11,074,363	10,548,681
Net Position, End of Year	\$ 11,600,686	\$ 11,074,363

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, 2019

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

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

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

(A) PRINCIPLES USED TO DETERMINE SCOPE OF ENTITY

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

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

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

(B) BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

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

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

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2019

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, 2019

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 - Street Improvement - 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 major street and infrastructure improvements.

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, 2019

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, temporary employees, and supervisors 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 the rate of 13 days a year. These employees can accumulate 30 days of vested sick pay and an additional 60 days of non-vested sick pay. Terminated employees are compensated for sick leave up to 30 days. The City does not accrue the additional 60 days of sick pay, representing \$710,756 of benefits, which are non-vesting. However, for the accrued vacation and vested sick pay days, the City is liable in the approximate amount of \$746,065 for payments to qualified employees of the governmental activities and \$346,555 for payments to qualified employees of the business-type activities.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2019

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, street bonds, fiber bonds, electric 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, 2019

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, 2019

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, 2019.

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, 2019

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(N) CHANGES IN ACCOUNTING PRINCIPLES

During the fiscal year ended April 30, 2019, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which establishes new accounting and financial reporting requirements for OPEB plans. This Statement replaces the requirements of GASB Statements No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB.

Due to the changes in accounting principles described above, beginning net position as of April 30, 2017 has been restated as follows:

	<u>Governmental Activites</u>	<u>Light and Power</u>	<u>Water</u>	<u>Sewer</u>
Net Position,				
as Previously Reported	\$ 36,307,646	\$ 19,304,921	\$ 9,322,964	\$ 4,658,738
Change in Total Other Post				
Employment Benefits Liability	<u>(764,711)</u>	<u>(186,929)</u>	<u>(67,974)</u>	<u>(67,974)</u>
Net Position, as Restated	<u>\$ 35,542,935</u>	<u>\$ 19,117,992</u>	<u>\$ 9,254,990</u>	<u>\$ 4,590,764</u>

NOTE 2. CASH AND INVESTMENTS

Cash and investments as of April 30, 2019, including fiduciary funds, are classified in the accompanying financial statements as follows:

	<u>Primary Government</u>	<u>Component Unit</u>
Total Cash	\$ 9,962,075	\$ 77,886
Illinois Funds	1,665,782	
Total Investments	21,286,500	
Total	<u>\$ 32,914,357</u>	<u>\$ 77,886</u>

Cash includes \$950 of cash on-hand and \$10,002,383 of deposits with financial institutions for the primary government and \$77,886 deposited in a financial institution for the component unit.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2019

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

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.

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.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2019

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

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

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

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

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

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

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

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

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, 2019:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of Deposit - Negotiable	\$ 3,947,413			\$ 3,947,413
Mutual Funds	7,062			7,062
	<u>\$ 3,954,475</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,954,475</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2019

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

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, 2019:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Municipal Bonds	\$ 3,920,557			\$ 3,920,557
Mutual Funds	7,434,423			7,434,423
	<u>\$ 11,354,980</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,354,980</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.

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, 2019 the City had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Months)</u>			
		<u>12 Months or Less</u>	<u>13-36 Months</u>	<u>37-60 Months</u>	<u>> 60 Months</u>
Certificates of Deposit -Negotiable	\$ 3,947,413	\$ 1,331,720	\$ 1,177,974	\$ 1,437,719	
Certificates of Deposit -Non-Negotiable	5,977,043	1,992,307	349,000	3,635,736	
Bonds	3,920,557	192,426	661,765	1,095,737	\$ 1,970,629
Mutual Funds	7,441,485	7,441,485			
Total	<u>\$ 21,286,498</u>	<u>\$ 10,957,938</u>	<u>\$ 2,188,739</u>	<u>\$ 6,169,192</u>	<u>\$ 1,970,629</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 Standard and Poor's highest rating (AAAm). The Policemen's Pension Trust Fund can also invest in stocks, bonds, and mutual funds. The mutual funds held by the Policemen's Pension Trust Fund are not rated for credit risk. The City's bond holdings of the Policemen's Pension Trust Fund have earned at least Standard and Poor's "BBB" rating.

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2019

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

(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, 2019, the balance in the City's state investment pool was \$1,665,782.

The City's cash deposits, including the fiduciary fund, at April 30, 2019 consisted of the following:

<u>Depository Account</u>	<u>Primary Government Bank Balance</u>	<u>Component Unit Bank Balance</u>
Insured	\$ 11,063,444	\$ 77,886
Collateralized:		
Held by pledging bank's trust department in the City's name	10,537,745	
Total Deposits	<u>\$ 21,601,189</u>	<u>\$ 77,886</u>

(D) CONCENTRATIONS OF CREDIT RISK

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

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
FCB Highland Bank	Certificates of Deposit	\$ 1,403,319

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.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2019

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 2018 levy was passed by the Council on December 17, 2018. Property taxes attach as an enforceable lien on property as of January 1, and are payable in four installments for 2019: July 10, September 10, October 10, and December 10. The County has not mailed tax bills as of April 30, 2019. 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, 2019 and is expected to be collected soon enough after April 30, 2019 to be used to pay liabilities by June 30, 2019 (60 days or less) and has been budgeted for the current year.

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

	MAXIMUM							
	LEVY	2018	2017	2016	2015	2014	2013	2012
General Government	.3330	0.3291	0.3298	0.3279	0.3330	0.3220	0.3330	.3312
Police Protection	.0750	0.0742	0.0743	0.0739	0.0750	0.0726	0.0750	.0746
Fire Protection	.0750	0.0742	0.0743	0.0739	0.0750	0.0726	0.0750	.0746
Playground & Rec	.0900	0.0890	0.0892	0.0887	0.0900	0.0871	0.0900	.0895
Band	.0400	0.0211	0.0250	0.0255	0.0259	0.0259	0.0259	.0254
Social Security		0.2317	0.2446	0.2495	0.2619	0.2587	0.2099	.2040
Retirement		0.2291	0.2446	0.2495	0.2787	0.2756	0.2212	.2150
Liability Insurance		0.1712	0.1783	0.1636	0.1295	0.1294	0.1673	.1627
Crossing Guards	.0200	0.0048	0.0055	0.0056	0.0070	0.0068	0.0069	.0067
Audit		0.0106	0.0087	0.0089	0.0096	0.0096	0.0100	.0100
Municipal Ambulance	.2500	0.2471	0.2476	0.2462	0.2500	0.2418	0.2481	.2411
Community Building	.0750	0.0742	0.0743	0.0739	0.0750	0.0726	0.0750	.0746
Police Pension		0.3342	0.3125	0.3059	0.2367	0.2404	0.2324	.2200
Library	.1500	0.1483	0.1486	0.1477	0.1500	0.1451	0.1500	.1492
Library Liability Ins.		0.0187	0.0191	0.0183	0.0189	0.0175	0.0176	.0193
Public Comfort Station	.0333	0.0000	0.0109	0.0084	0.0141	0.0141	0.0171	.0124
TOTAL		<u>2.0575</u>	<u>2.0873</u>	<u>2.0674</u>	<u>2.0303</u>	<u>1.9918</u>	<u>1.9544</u>	<u>1.9103</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, 2019

NOTE 5. CAPITAL ASSETS

Summary of capital assets for governmental activities for the year ended April 30, 2019:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Not Being Depreciated:				
Land	\$ 7,757,958	\$ 49,600		\$ 7,807,558
Construction in Progress	667,265	991,470		1,658,735
Subtotal	<u>8,425,223</u>	<u>1,041,070</u>	<u>\$ 0</u>	<u>9,466,293</u>
Other Capital Assets:				
Buildings and Improvements	11,375,488	47,664		11,423,152
Improvements	6,603,996	477,860		7,081,856
Equipment	6,496,677	427,501	(182,001)	6,742,177
Infrastructure	65,123,831	64,365		65,188,196
Subtotal	<u>89,599,992</u>	<u>1,017,390</u>	<u>(182,001)</u>	<u>90,435,381</u>
Accumulated Depreciation:				
Buildings and Improvements	6,945,384	246,097		7,191,481
Improvements	3,283,475	351,477		3,634,952
Equipment	5,344,118	373,314	(182,001)	5,535,431
Infrastructure	40,766,462	1,574,391		42,340,853
Subtotal	<u>56,339,439</u>	<u>2,545,279</u>	<u>(182,001)</u>	<u>58,702,717</u>
Net Other Capital Assets	<u>33,260,553</u>	<u>(1,527,889)</u>	<u>0</u>	<u>31,732,664</u>
Net Capital Assets	<u>\$ 41,685,776</u>	<u>\$ (486,819)</u>	<u>\$ 0</u>	<u>\$ 41,198,957</u>

Depreciation was charged to functions as follows:

Governmental Activities:	
General Government	\$ 120,619
Public Safety	297,718
Highways and Streets	1,696,700
Culture and Recreation	414,664
Economic Development	15,578
Total Governmental Activities Depreciation Expense	<u>\$ 2,545,279</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2019

NOTE 5. CAPITAL ASSETS (CONTINUED)

Summary of capital assets for business-type activities for the year ended April 30, 2019:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Not Being Depreciated				
Land	\$ 2,051,199	\$ 109,515		\$ 2,160,714
Construction in Progress	934,436	333,983	\$ (285,345)	983,074
Subtotal	<u>2,985,635</u>	<u>443,498</u>	<u>(285,345)</u>	<u>3,143,788</u>
Other Capital Assets:				
Buildings	19,881,381			19,881,381
Lines	48,757,139	2,974,031		51,731,170
Equipment	12,970,138	90,199		13,060,337
Other Improvements	15,408,181	92,837		15,501,018
Interconnect	5,725,160	108,452		5,833,612
Subtotal	<u>102,741,999</u>	<u>3,265,519</u>	<u>0</u>	<u>106,007,518</u>
Accumulated Depreciation:				
Buildings	17,357,206	227,421		17,584,627
Lines	25,679,683	1,263,150		26,942,833
Equipment	11,238,659	512,669		11,751,328
Other Improvements	8,209,322	825,143		9,034,465
Interconnect	2,516,181	191,965		2,708,146
Subtotal	<u>65,001,051</u>	<u>3,020,348</u>	<u>0</u>	<u>68,021,399</u>
Net Other Capital Assets	<u>37,740,948</u>	<u>245,171</u>	<u>0</u>	<u>37,986,119</u>
Net Capital Assets	<u>\$ 40,726,583</u>	<u>\$ 688,669</u>	<u>\$ (285,345)</u>	<u>\$ 41,129,907</u>

Depreciation was charged to functions as follows:

Business-Type Activities:

Light and Power	\$ 1,856,781
Water	721,481
Sewer	442,086
	<u>\$ 3,020,348</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2019

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, 2019:

	April 30, 2018	Additions	Reductions	April 30, 2019	Due Within One Year
Governmental Activities:					
Revenue Bonds	\$ 8,409,367		\$ (1,340,000)	\$ 7,069,367	\$ 991,787
Notes Payable	175,364	\$ 193,723	(43,326)	325,761	90,927
Compensated Absences	736,629	9,436		746,065	
Net Pension Liability - IMRF	294,420	3,298,816		3,593,236	
Net Pension Liability - Police Pension	6,309,009	1,217,301		7,526,310	
Other Post Employment Benefits - Restated	1,171,898	103,131		1,275,029	
Long-Term Accrued Interest	1,080,230	143,501		1,223,731	
Long-Term Liabilities	<u>\$ 18,176,917</u>	<u>\$ 4,965,908</u>	<u>\$ (1,383,326)</u>	<u>\$ 21,759,499</u>	<u>\$ 1,082,714</u>
Business-Type Activities:					
Revenue Bonds	\$ 13,350,000		\$ (745,000)	\$ 12,605,000	\$ 770,000
Notes Payable		\$ 1,665,000	(72,000)	1,593,000	143,000
Maintenance Agreements	392,054		(168,896)	223,158	168,903
Compensated Absences	345,208	1,347		346,555	
Net Pension Liability - IMRF	210,126	1,815,528		2,025,654	
Other Post Employment Benefits	494,800	43,547		538,347	
Long-Term Liabilities	<u>\$ 14,792,188</u>	<u>\$ 3,525,422</u>	<u>\$ (985,896)</u>	<u>\$ 17,331,714</u>	<u>\$ 1,081,903</u>

Revenue bonds and notes payable at April 30, 2019 were comprised of the following individual issuances:

Revenue Bonds

Governmental Activities:

The Korte Recreation Facility bonds were refinanced on August 4, 2014. The total bond principal amount is \$2,595,000. The bonds are being repaid in semi-annual installments representing interest at variable rates of .45% to 2.10% and annual principal installments beginning April 2015. The maturity dates of these refinanced bonds is October 1, 2020. Total interest due on remaining balance is \$17,220.

\$ 850,000

2010 street alternate bonds are due in annual installments ranging from \$211,156 to \$381,787 beginning January 2020 through January 2030. Beginning in fiscal year 2011, the bond starts compounding interest at 3.70% to 4.95%. Revenue bonds were issued for future improvements to the City's streets. Total interest due on remaining interest due on remaining balance is \$2,690,633.

3,199,367

Revenue bonds due in annual installments of \$175,000 to \$280,000 through January 2032 with average interest rate of 3.2%. The City issued bonds in 2012 to fund infrastructure improvements and reimburse certain redevelopment costs for the new hospital built in the City's TIF District #2. Total interest remaining \$752,713.

3,020,000

Total Revenue Bonds - Governmental Activities

\$ 7,069,367

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2019

NOTE 6. LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Bonds

Business-Type Activities:

2010 Electric system revenue bonds due in various semi-annual installments. These bonds have an increasing interest rate from 1.5% upon issue to 6% in 2029. Revenue bonds were issued to raise funding for the City's Fiber-To-The-Premises Project. The total bond principal amount is \$8,985,000, of which \$353,376 is attributable to bond issue costs. The maturity date of the Series 2010 Bonds is January 1, 2032. Total interest due on the remaining balance is \$2,945,673. \$ 6,795,000

2012 Electric system revenue bonds due in various semi-annual installments. These bonds have an increasing interest rate from 2.0% upon issue to 4.1% in 2032. Revenue bonds were issued to increase funding for the City's Fiber-To-The-Premises Project. The total bond principal amount is \$4,225,000 of which \$128,913 is attributable to bond issue costs. The maturity date of the Series 2012 Bonds is January 1, 2032. The total interest due on the remaining balance is \$1,039,402. 3,580,000

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 \$686,647. 2,230,000

Total Revenue Bonds - Business-Type Activities \$ 12,605,000

Notes Payable

Governmental Activities:

In 2017, the City purchased a 2017 Johnston VT651 Street Sweeper with financing provided by Bradford National Bank. The total loan amount was \$221,000 and is being repaid in monthly installments over a 5 year period at 2.24% interest. Total interest due on the remaining balance is \$4,484. \$ 132,038

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 \$12,516. 193,723

Total Notes Payable - Governmental Activities \$ 325,761

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 \$307,913. \$ 1,593,000

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2019

NOTE 6. LONG-TERM OBLIGATIONS (CONTINUED)

Details of maintenance agreements payable at April 30, 2019 were as follows:

Maintenance Agreements Payable

Business-Type Activities:

In 2010, the City contracted a private company to renovate and maintain the 1,000,000 gallon water storage tank at Silver Lake Park. The total amount of the zero-interest contract is \$508,290. The final payment on the contract is due September 2019. \$ 50,835

In 2015, the City contracted a private company to renovate and maintain the elevated downtown storage water tank in downtown Highland. The total amount of the zero-interest contract is \$117,578. The final payment on the contract is due in 2021. 39,706

In 2015, the City contracted a private company to renovate and maintain the standpipe water storage tank at Silver Lake Park. The total amount of the zero-interest contract is \$522,417. The final payment on the contract is due in 2021. 132,617

Total Maintenance Agreements Payable - Business-Type Activities \$ 223,158

The annual debt service requirements for long-term debt on April 30, 2019 were as follows:

YEAR ENDING APRIL 30	REVENUE BONDS PAYABLE	NOTES PAYABLE	MAINTENANCE AGREEMENTS PAYABLE	INTEREST	TOTAL PRINCIPAL & INTEREST
2020	\$ 1,761,787	\$ 233,927	\$ 168,903	\$ 917,273	\$ 3,081,890
2021	1,782,923	242,108	54,255	885,615	2,964,901
2022	1,356,036	245,447		857,710	2,459,193
2023	1,374,478	210,278		826,747	2,411,503
2024	1,391,261	166,000		794,900	2,352,161
2025-2029	7,296,727	821,001		3,392,848	11,510,576
2030-3034	4,711,155			782,108	5,493,263
Total	<u><u>\$ 19,674,367</u></u>	<u><u>\$ 1,918,761</u></u>	<u><u>\$ 223,158</u></u>	<u><u>\$ 8,457,201</u></u>	<u><u>\$ 30,273,487</u></u>

There are a number of limitations and restrictions contained in the various bond indentures.

The City was in compliance with all significant limitations and restrictions.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2019

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, 2019

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

(iii) EMPLOYEES COVERED BY BENEFIT TERMS

As of December 31, 2018, the following employees were covered by the benefit terms:

	REGULAR PLAN	SLEP PLAN
Retirees and Beneficiaries currently receiving benefits	84	0
Inactive Plan Members entitled to but not yet receiving benefits	53	1
Active Plan Members	108	0
Total	245	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 2018 was 10.61%. For the fiscal year ended April 30, 2019, the City contributed \$662,664 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 2018 was 13.28%. For the fiscal year ended April 30, 2019, 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, 2018. 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, 2019

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, 2018.

Actuarial Cost Method	Entry Age Normal				
Asset Valuation Method	Market Value of Assets				
Price Inflation	2.50%				
Salary Increases	3.39% to 14.25%				
Investment Rate of Return:	<table border="0" style="margin-left: 40px;"> <tr> <td>Regular</td> <td>7.25%</td> </tr> <tr> <td>SLEP</td> <td>7.25%</td> </tr> </table>	Regular	7.25%	SLEP	7.25%
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 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.

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2018 Illinois Municipal Retirement Fund annual actuarial valuation report.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2019

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, 2018:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	7.15%
International Equity	18%	7.25%
Fixed Income	28%	3.75%
Real Estate	9%	6.25%
Alternative Investments	7%	3.20-8.50%
Cash Equivalents	1%	2.50%
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 3.71%, and the resulting single discount rate is 7.25%.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2019

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, 2017	\$ 33,143,828	\$ 32,568,445	\$ 575,383
Changes for the year:			
Service Cost	621,283		621,283
Interest on the Total Pension Liability	2,447,068		2,447,068
Difference Between Expected and Actual Experience of the Total Pension Liability	938,637		938,637
Changes of Assumptions	1,032,887		1,032,887
Contributions - Employer		701,482	(701,482)
Contributions - Employees		301,376	(301,376)
Net Investment Income		(1,696,987)	1,696,987
Benefit Payments, Including Refunds of Employee Contributions	(1,653,797)	(1,653,797)	0
Other (Net Transfer)		689,364	(689,364)
Net Changes	<u>3,386,078</u>	<u>(1,658,562)</u>	<u>5,044,640</u>
Balance, December 31, 2018	<u>\$ 36,529,906</u>	<u>\$ 30,909,883</u>	<u>\$ 5,620,023</u>

(b) SLEP PLAN

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance, December 31, 2017	\$ 110,459	\$ 181,296	\$ (70,837)
Changes for the year:			
Interest on the Total Pension Liability	8,284		8,284
Difference Between Expected and Actual Experience of the Total Pension Liability	(7,608)		(7,608)
Changes of Assumptions	3,568		3,568
Net Investment Income		(65,794)	65,794
Other (Net Transfer)		334	(334)
Net Changes	<u>4,244</u>	<u>(65,460)</u>	<u>69,704</u>
Balance, December 31, 2018	<u>\$ 114,703</u>	<u>\$ 115,836</u>	<u>\$ (1,133)</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2019

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%	\$ 10,332,828	6.25%	\$ 15,039
Current Discount Rate	7.25%	5,620,023	7.25%	(1,133)
1% Increase	8.25%	1,766,048	8.25%	(14,452)

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

For the year ended April 30, 2019, the City of Highland recognized pension expense of \$112,119. At April 30, 2019, 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 Outflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,298,994	\$ 386,035	\$ 912,959
Changes of Assumptions	1,608,524	726,524	882,000
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	4,034,982	1,703,261	2,331,721
Pension Contributions Made Subsequent to the Measurement Date	175,867		175,867
Amortization of Deferred Outflows	(1,181,552)		(1,181,552)
Total Deferred Amounts Related to Pensions	<u>\$ 5,936,815</u>	<u>\$ 2,815,820</u>	<u>\$ 3,120,995</u>
	<u>SLEP Plan</u>		
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows of Resources</u>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 67,740	\$ 20,255	\$ 47,485
Amortization of Deferred Outflows	(1,276)		(1,276)
	<u>\$ 66,464</u>	<u>\$ 20,255</u>	<u>\$ 46,209</u>

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2019

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

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

Year Ending December 31,	Net Deferred Outflows of Resources	
	Regular Plan	SLEP Plan
2019	\$ 1,173,146	\$ 11,457
2020	425,157	9,743
2021	351,074	9,131
2022	1,128,914	15,878
2023	42,704	0
Total	\$ 3,120,995	\$ 46,209

(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, 2018, the Police Pension Plan membership consisted of:

Inactive Plan Members of Beneficiaries Currently Receiving Benefits	13
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	1
Active Plan Members	20
Total	34

(ii) BENEFITS PROVIDED

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

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

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2019

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

Under Tier 2, a police officer age 55 or more with 10 or more years of creditable service shall receive a pension of 2.5% per year of service times the average salary for the eight consecutive years prior to retirement times the number of years of service. The maximum benefit is 75% of average salary. An annual cost-of-living adjustment is calculated each January 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.

(iv) INVESTMENT POLICY

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

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

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2019

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

For the year ended April 30, 2019, the annual money-weighted rate of return on plan investments, net of pension plan investment expense, was 4.91%. 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, 2018:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Certificates of Deposit	0%	1.20%
Municipal Obligations	15%	2.40%
Mutual Funds	60%	6.60%
U.S. Government Obligations	20%	2.40%
Cash	5%	0.00%
Total	100%	

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance, April 30, 2017	\$ 16,857,690	\$ 10,548,681	\$ 6,309,009
Changes for the year:			
Service Cost	393,913		393,913
Interest on the Total Pension Liability	1,098,989		1,098,989
Difference Between Expected and Actual Experience of the Total Pension Liability	58,476		58,476
Changes of Assumptions	879,770		879,770
Contributions - Employer		559,395	(559,395)
Contributions - Employees		145,573	(145,573)
Net Investment Income		518,280	(518,280)
Benefit Payments, Including Refunds of Employee Contributions	(688,165)	(688,165)	0
Administrative Expenses		(9,401)	9,401
Net Changes	1,742,983	525,682	1,217,301
Balance, April 30, 2018	\$ 18,600,673	\$ 11,074,363	\$ 7,526,310

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2019

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

(vi) ACTUARIAL ASSUMPTIONS

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2018 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-2017 from 2013. Disabled mortality rates were based on the RP-2014 Combined Disabled Mortality with a blue collar adjustment, projected generationally using scale MP-2017 from 2013. The date of the most recent experience study for which significant assumptions are based upon is not available.

(vii) DISCOUNT RATE

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

For purpose of this valuation, the expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.01% (based on the weekly rate closest to but not later than the measurement date of the Bond Buyer 20-Bond Index as published by the Federal Reserve); and the resulting single discount rate is 6.50%.

(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	\$ 10,669,176	\$ 7,526,310	\$ 5,029,080

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2019

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

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

At April 30, 2019, 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	\$ 125,689	\$ (616,863)
Changes of Assumptions	1,971,839	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	440,099	(32,474)
Total Deferred Amounts Related to Pensions	\$ 2,537,627	\$ (649,337)

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
2019	\$ 457,094
2020	435,949
2021	293,524
2022	296,144
2023	262,620
Thereafter	142,959
Total	\$ 1,888,290

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, 2019, consisted of the following:

Due To	Due From	Amount
City Property Replacement Fund	General Corporate Fund	70,000
City Property Replacement Fund	Other Governmental Funds	45,000

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2019

NOTE 8. INTERFUND ACTIVITY (CONTINUED)

Interfund transfers exist due to the allocation of general administrative expenses among the funds and to provide funding for the economic development fund. The transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Interfund transfers for the year ended April 30, 2019, consisted of the following:

		Transfer From:							
		General Corporate	City Property Replacement	Other Governmental Funds	Light And Power	Water	Sewer	Solid Waste	Total
Transfer To:	General Corporate		\$ 580,000	\$ 184,232	\$ 205,400	\$ 31,200	\$ 23,400	\$ 15,000	\$ 1,039,232
	Ambulance		187,000						187,000
	City Property Replacement	\$ 115,000			150,000				265,000
	Total	<u>\$ 115,000</u>	<u>\$ 767,000</u>	<u>\$ 184,232</u>	<u>\$ 355,400</u>	<u>\$ 31,200</u>	<u>\$ 23,400</u>	<u>\$ 15,000</u>	<u>\$ 1,491,232</u>

NOTE 9. NOTES RECEIVABLE

The following is a summary of long-term receivable transactions of the City for the year ended April 30, 2019:

	COMPONENT UNIT
Balance on April 30, 2018	\$ 34,371
Additions	
Reductions	(34,371)
Balance on April 30, 2019	<u><u>\$ 0</u></u>

McLaughlin's Entertainment, LLC

In August 2012, the component unit entered into a \$65,000, 5% note receivable with McLaughlin's Entertainment, LLC. Monthly principal and interest payments of \$689 are due at the end of each month until maturity in December 2022.

This note was paid off early in the fiscal year ended April 30, 2019. \$ 0

NOTE 10. OTHER POST EMPLOYMENT BENEFITS

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

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2019

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

(i) Employees Covered by Benefit Terms

At April 30, 2019, the following employees were covered by the benefit terms:

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

(ii) BENEFITS PROVIDED

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

(iii) NET OPEB LIABILITY

The measurement period for the OPEB expense was May 1, 2018 to April 30, 2019. The reporting period is May 1, 2018 through April 30, 2019. The City's Total OPEB Liability was measured as of April 30, 2019.

The components of the net OPEB liability of the plan at April 30, 2019, calculated in accordance with GASB Statement No. 75 were as follows:

Total OPEB Liability	\$ 1,813,376
Plan Fiduciary Net Position	0
Net OPEB Liability	\$ 1,813,376

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, 2019, the City will recognize OPEB Expense of \$83,650.

(iv) ACTUARIAL ASSUMPTIONS

The Total OPEB Liability was determined by an actuarial valuation as of April 30, 2019 using the following actuarial assumptions:

Price Inflation	2.75%
Annual Wage Increases	3.50%
Discount Rate	3.21%
Immediate Trend Rate	8.50%
Ultimate Trend Rate	4.50%

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2019

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

(v) DISCOUNT RATE

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 3.21%. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

(vi) CHANGES IN TOTAL OPEB LIABILITY

	Increases and (Decreases) in Total OPEB Liability
Reporting Period Ending April 30, 2018	\$ 1,666,698
Changes for the Year:	
Service Cost	94,216
Interest	62,463
Changes of Assumptions	70,348
Benefit Payments	(80,349)
Net Changes	146,678
Reporting Period Ending April 30, 2019	\$ 1,813,376

Changes of assumptions reflect a change in the discount rate from 3.63% for the fiscal year ending April 30, 2018 to 3.21% for the fiscal year ending April 30, 2019.

(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 2.21%	Current Discount Rate 3.21%	1% Increase 4.21%
Total OPEB Liability	\$ 2,011,850	\$ 1,813,376	\$ 1,634,154

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2019

NOTE 10. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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

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

	1% Decrease 3.50% - 7.50%	Healthcare Cost Trend Rates 4.50% - 8.50%	1% Increase 5.50% - 9.50%
Total OPEB Liability	\$ 1,578,488	\$ 1,813,376	\$ 2,096,898

(ix) DEFERRED OUTFLOWS OF RESOURCES RELATED TO OPEB

At April 30, 2019, the City of Highland recognized deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Changes in Assumptions	\$ 63,028

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

	Deferred Outflows of Resources
2020	\$ 7,320
2021	7,320
2022	7,320
2023	7,320
2024	7,320
Thereafter	26,428
Total	<u>\$ 63,028</u>

NOTE 11. TAX ABATEMENTS

The City enters into property tax abatement agreements with local businesses under the Illinois Tax Increment Allocation Redevelopment Act. Under this act, localities may grant property tax abatements for the purpose of rehabilitation of blighted or conservation areas. The abatements may be granted to any business located within the TIF District boundaries which incur qualified redevelopment costs. A typical agreement will reimburse a developer's qualified costs up to 100% of the annual property tax increment. For the fiscal year ended April 30, 2019, the City abated property taxes totaling \$12,318 under this program.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2019

NOTE 11. TAX ABATEMENTS (CONTINUED)

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, 2019, the City abated sales taxes totaling \$38,475 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, 2019, the City abated property taxes totaling \$10,678 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, 2019, the City abated property taxes totaling \$156 under this agreement.

NOTE 12. LEGAL DEBT MARGIN

The legal debt margin for the City of Highland was \$14,789,869 for general obligation debts. The computation was as follows:

Assessed Valuation as of April 30, 2019	\$ 189,946,306
Statutory Debt Limitation (8.625% of Assessed Valuation)	\$ 16,382,869
Less: General Obligation Debt	(1,593,000)
Legal Debt Margin	\$ 14,789,869

The total general obligation debt for the City of Highland at April 30, 2019 was \$1,593,000.

NOTE 13. DEFICIT FUND BALANCES

The following individual nonmajor funds reported deficit fund balances on April 30, 2019:

Fund	Deficit Fund Balance
Cemetery Land Replacement	\$ 15,858
Library Special Projects	17,075
Library Endowment	56,151
Total Deficit Fund Balance	\$ 89,084

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2019

NOTE 14. SUBSEQUENT EVENTS

In July 2019, the City sold approximately 3 miles of electrical transmission line including all supporting structures, the switching station, and all associated easement rights to Ameren IP for \$1,000,000.

In October 2019, the City refinanced the 2010 and 2012 Electric System Revenue Bonds to obtain lower interest rates. The bond closing was on October 16, 2019 and the redemption dates are set for November 16, 2019 for the Series 2012 bonds and January 1, 2020 for the Series 2010 bonds.

NOTE 15. GOVERNMENTAL FUND BALANCES

As of April 30, 2019, governmental fund balances are classified as follows:

	General Corporate Fund	City Property Replacement Fund	Ambulance Fund	Street Improvement Fund	Other Governmental Funds	Totals
Nonspendable:						
Prepaid Expenses	\$ 67,244		\$ 2,831		\$ 206,192	\$ 276,267
Total Nonspendable	<u>67,244</u>	<u>\$ 0</u>	<u>2,831</u>	<u>\$ 0</u>	<u>206,192</u>	<u>276,267</u>
Restricted for:						
Cemetery Operations and Maintenance					737,364	737,364
Economic Development					716,689	716,689
Fire Protection	16,606					16,606
Tourism and Conventions	7,429					7,429
Highways and Streets					783,466	783,466
IMRF					156,668	156,668
Debt Service					105,658	105,658
Library Insurance					17,762	17,762
Library Capital Improvements					25,112	25,112
Municipal Band	13,857					13,857
School Crossing Guard	17,765					17,765
Total Restricted	<u>55,657</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,542,719</u>	<u>2,598,376</u>
Assigned, Reported in:						
Special Revenue Funds			679,075	589,887	824,688	2,093,650
Capital Projects Funds		5,195,868				5,195,868
Total Assigned	<u>0</u>	<u>5,195,868</u>	<u>679,075</u>	<u>589,887</u>	<u>824,688</u>	<u>7,289,518</u>
Unassigned	<u>3,056,904</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(89,084)</u>	<u>2,967,820</u>
TOTAL FUND BALANCES	<u><u>\$ 3,179,805</u></u>	<u><u>\$ 5,195,868</u></u>	<u><u>\$ 681,906</u></u>	<u><u>\$ 589,887</u></u>	<u><u>\$ 3,484,515</u></u>	<u><u>\$ 13,131,981</u></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, 2019 AND 2018

	GENERAL CORPORATE FUND				
	APRIL 30, 2019			APRIL 30, 2018	
	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP	
Original Budget	Final Budget	Differences Over (Under)		Actual Amounts GAAP Basis	Actual Amounts GAAP Basis
Revenues:					
General Property Taxes	\$ 1,382,000	\$ 1,382,000	\$ 1,391,295		\$ 1,360,440
Corporate Personal Property Taxes	99,200	99,200	118,146		104,152
Intergovernmental	4,604,250	4,204,250	4,400,137		4,408,056
Charges for Current Services	2,225,151	2,225,151	2,442,958		2,412,005
Licenses and Permits	258,700	258,700	282,042		251,510
Fines and Forfeitures	21,000	21,000	19,613		18,345
Revenue from Use of Property	92,200	92,200	96,666		90,883
Miscellaneous, Grants, and Interest	501,700	796,700	761,903		631,415
Total Revenues	<u>9,184,201</u>	<u>9,079,201</u>	<u>9,512,760</u>	<u>\$ 0</u>	<u>9,512,760</u>
Expenditures:					
General Government	1,387,840	1,423,840	1,347,873	(21,491)	1,325,568
Public Safety	3,418,345	3,467,845	3,366,798	34,616	3,280,449
Highways and Streets	1,025,950	1,050,950	941,805	(7,236)	898,993
Economic Development	222,250	457,250	438,005	(6,705)	143,661
Culture and Recreation	1,779,730	1,842,730	1,904,025	43,272	1,885,398
Capital Outlay	564,350	1,427,350	1,511,586		897,253
Principal Debt Retirement	415,000	415,000	458,326		452,372
Interest and Fixed Charges on Debt	19,285	19,285	23,088		29,253
Total Expenditures	<u>8,832,750</u>	<u>10,104,250</u>	<u>9,991,506</u>	<u>42,456</u>	<u>10,033,962</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>351,451</u>	<u>(1,025,049)</u>	<u>(478,746)</u>	<u>(42,456)</u>	<u>(521,202)</u>
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets				1,940	1,800
Unrealized Appreciation (Depreciation) of Investments				7,981	(8,972)
Operating Transfers in	762,500	1,555,500	1,039,232		94,808
Operating Transfers out	(1,159,500)	(912,500)	(115,000)		(280,000)
Total Other Financing Sources (Uses)	<u>(397,000)</u>	<u>643,000</u>	<u>924,232</u>	<u>0</u>	<u>934,153</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ (45,549)</u>	<u>\$ (382,049)</u>	<u>\$ 445,486</u>	<u>\$ (42,456)</u>	<u>412,951</u>
Fund Balance, Beginning of Year					<u>2,766,854</u>
Fund Balance, End of Year					<u>\$ 3,179,805</u>
The City budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis				\$ 13,684	\$ 25,174
The City budgets for expenditures to the extent anticipated to be paid in cash, rather than on the modified accrual basis				13,495	(112,972)
The City budgets for payroll to the extent anticipated to be paid in cash, rather than on the modified accrual basis				15,277	30,833
				<u>\$ 42,456</u>	<u>\$ (56,965)</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, 2019 AND 2018

	CITY PROPERTY REPLACEMENT FUND					
	BUDGETED AMOUNTS			APRIL 30, 2019		APRIL 30, 2018
	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis	Actual Amounts GAAP Basis
Revenues:						
Miscellaneous and Interest	\$ 54,835	\$ 54,835	\$ 77,001		\$ 77,001	\$ 65,714
Total Revenues	<u>54,835</u>	<u>54,835</u>	<u>77,001</u>	<u>\$ 0</u>	<u>77,001</u>	<u>65,714</u>
Expenditures						
Capital Outlay						
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	<u>54,835</u>	<u>54,835</u>	<u>77,001</u>	<u>0</u>	<u>77,001</u>	<u>65,714</u>
Other Financing Sources (Uses):						
Unrealized Appreciation (Depreciation) of Investments					14,023	(16,182)
Operating Transfers In	655,000	438,000	265,000		265,000	430,000
Operating Transfers Out	(72,000)	(785,000)	(767,000)		(767,000)	(225,000)
Total Other Financing Sources (Uses)	<u>583,000</u>	<u>(347,000)</u>	<u>(502,000)</u>	<u>0</u>	<u>(487,977)</u>	<u>188,818</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses	<u>\$ 637,835</u>	<u>\$ (292,165)</u>	<u>\$ (424,999)</u>	<u>\$ 0</u>	<u>(410,976)</u>	<u>254,532</u>
Fund Balance, Beginning of Year					<u>5,606,844</u>	<u>5,352,312</u>
Fund Balance, End of Year					<u>\$ 5,195,868</u>	<u>\$ 5,606,844</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, 2019 AND 2018

	AMBULANCE FUND					
	APRIL 30, 2019			APRIL 30, 2018		
	Budgeted Amounts Original Budget	Final Budget	Actual Amounts Budgetary Basis	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis	Actual Amounts GAAP Basis
Revenues:						
General Property Taxes	\$ 450,000	\$ 450,000	\$ 454,163		\$ 454,163	\$ 444,672
Replacement Taxes	13,000	13,000	16,345		16,345	13,943
Intergovernmental	318,966	318,966	318,966		318,966	281,672
Charges for Services	1,546,724	1,690,000	1,704,619		1,704,619	1,388,944
Miscellaneous and Interest	3,500	3,500	8,137		8,137	6,691
Total Revenues	<u>2,332,190</u>	<u>2,475,466</u>	<u>2,502,230</u>	<u>\$ 0</u>	<u>2,502,230</u>	<u>2,135,922</u>
Expenditures						
Public Safety	2,199,633	2,769,633	2,653,985	29,560	2,683,545	2,535,537
Capital Outlay	116,981	116,981	262,659		262,659	
Total Expenditures	<u>2,316,614</u>	<u>2,886,614</u>	<u>2,916,644</u>	<u>29,560</u>	<u>2,946,204</u>	<u>2,535,537</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,576	(411,148)	(414,414)	(29,560)	(443,974)	(399,615)
Other Financing Sources (Uses):						
Proceeds from Sale of Capital Assets						
Note Payable Proceeds						12,469
Unrealized Appreciation (Depreciation) of Investments					9	(217)
Operating Transfers In	(15,000)	150,000			187,000	150,000
Operating Transfers Out	(15,000)	(15,000)	0	0	393,201	157,962
Total Other Financing Sources (Uses)	<u>576</u>	<u>(276,148)</u>	<u>(414,414)</u>	<u>\$ (29,560)</u>	<u>(50,773)</u>	<u>(241,653)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses						
Fund Balance, Beginning of Year			732,679		732,679	974,332
Fund Balance, End of Year			<u>681,906</u>		<u>732,679</u>	<u>732,679</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					\$ (5,354)	\$ (1,399)
The City budgets for expenditures to the extent anticipated to be paid in cash, rather than on the modified accrual basis					33,867	(9,335)
The City budgets for payroll to the extent anticipated to be paid in cash, rather than on the modified accrual basis					<u>1,047</u>	<u>10,853</u>
					<u>\$ 29,560</u>	<u>\$ 119</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, 2019 AND 2018

STREET IMPROVEMENT FUND

	APRIL 30, 2019				APRIL 30, 2018	
	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP Differences Over (Under)	Actual Amounts GAAP Basis	Actual Amounts GAAP Basis
	Original Budget	Final Budget				
Revenues:						
Intergovernmental	\$ 1,410,000	\$ 1,410,000	\$ 1,458,085		\$ 1,458,085	\$ 1,402,969
Miscellaneous, Grants, and Interest	7,500	7,500	7,143		7,143	123,839
Total Revenues	<u>1,417,500</u>	<u>1,417,500</u>	<u>1,465,228</u>	<u>\$ 0</u>	<u>1,465,228</u>	<u>1,526,808</u>
Expenditures						
Highways and Streets	125,000	125,000	(12,061)	12,061		
Capital Outlay	120,000	120,000	284,215		284,215	200,865
Debt Services	747,078	747,078	747,311		747,311	1,201,277
Total Expenditures	<u>992,078</u>	<u>992,078</u>	<u>1,019,465</u>	<u>12,061</u>	<u>1,031,526</u>	<u>1,402,142</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>425,422</u>	<u>425,422</u>	<u>445,763</u>	<u>(12,061)</u>	<u>433,702</u>	<u>124,666</u>
Other Financing Sources (Uses):						
Unrealized Appreciation (Depreciation) of Investments					627	(780)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>627</u>	<u>(780)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Uses	<u>\$ 425,422</u>	<u>\$ 425,422</u>	<u>\$ 445,763</u>	<u>\$ (12,061)</u>	434,329	123,886
Fund Balance, Beginning of Year					<u>155,558</u>	<u>31,672</u>
Fund Balance, End of Year					<u>\$ 589,887</u>	<u>\$ 155,558</u>
(1) The City budgets for expenditures to the extent anticipated to be paid in cash, rather than on the modified accrual basis					<u>\$ 12,061</u>	<u>\$ 15,722</u>
					<u>\$ 12,061</u>	<u>\$ 15,722</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO SCHEDULE "1"
APRIL 30, 2019

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 16, 2018 the budget ordinance was legally enacted. The budget ordinance was legally amended on April 15, 2019.
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, 2019, the City's expenses exceeded appropriations in the following funds:

Street Improvement Fund	\$ 27,387
Ambulance Fund	30,030
TIF #2 Fund	31,131
Library Endowment Fund	2,727
Economic Development Fund	4,461
Solid Waste Fund	16,445

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,	2018	2017	2016	2015
TOTAL PENSION LIABILITY				
Service Cost	\$ 621,283	\$ 641,150	\$ 673,608	\$ 665,293
Interest on the Total Pension Liability	2,447,068	2,415,253	2,360,617	2,187,028
Difference Between Expected and Actual Experience of the Total Pension Liability	938,637	64,339	(818,131)	778,452
Changes of Assumptions	1,032,887	(1,086,422)	(81,602)	40,606
Benefit Payments, Including Refunds of Employee Contributions	(1,653,797)	(1,546,587)	(1,401,283)	(1,230,296)
Net Change in Total Pension Liability	3,386,078	487,733	733,209	2,441,083
Total Pension Liability - Beginning	33,143,828	32,656,095	31,922,886	29,481,803
Total Pension Liability - Ending (a)	<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	\$ 701,482	\$ 729,699	\$ 699,617	\$ 732,050
Contributions - Employees	301,376	304,900	283,885	290,735
Net Investment Income	(1,696,987)	4,947,037	1,874,891	134,946
Benefit Payments, Including Refunds of Employee Contributions	(1,653,797)	(1,546,587)	(1,401,283)	(1,230,296)
Other (Net Transfer)	689,364	(465,726)	70,952	50,581
Net Change in Plan Fiduciary Net Position	(1,658,562)	3,969,323	1,528,062	(21,984)
Plan Fiduciary Net Position - Beginning	32,568,445	28,599,122	27,071,060	27,093,044
Plan Fiduciary Net Position - Ending (b)	<u>\$ 30,909,883</u>	<u>\$ 32,568,445</u>	<u>\$ 28,599,122</u>	<u>\$ 27,071,060</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 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	84.62%	98.26%	87.58%	84.80%
Covered Employee Payroll	\$ 6,611,522	\$ 6,599,116	\$ 6,308,543	\$ 6,460,770
Net Pension Liability as a Percentage of Covered Employee Payroll	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%

* Estimated based on contribution rate of 10.61% and covered valuation payroll of \$6,611,522.

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN
THE CALCULATION OF THE 2018 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 2018 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): 25-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 20 years for most employers (three employers were financed over 29 years).
Asset Valuation Method: 5-Year smoothed market; 20% corridor
Wage Growth: 3.50%
Price Inflation: 2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases: 3.75% to 14.50% including inflation
Investment Rate of Return: 7.50%
Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

OTHER INFORMATION

Notes: There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2016 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
TOTAL PENSION LIABILITY				
Interest on the Total Pension Liability	\$ 8,284	\$ 7,921	\$ 7,928	\$ 8,814
Difference between Expected and Actual Experience of the Total Pension Liability	(7,608)	(4,684)	(8,011)	(20,631)
Changes of Assumptions	<u>3,568</u>	<u>1,603</u>		
Net Change in Total Pension Liability	4,244	4,840	(83)	(11,817)
Total Pension Liability - Beginning	110,459	105,619	105,702	117,519
Total Pension Liability - Ending (a)	<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	\$ (65,794)	\$ 44,062	6,414	632
Other (Net Transfer)	<u>334</u>	<u>(297)</u>	<u>7,157</u>	<u>(7,633)</u>
Net Change in Plan Fiduciary Net Position	(65,460)	43,765	15,638	(2,100)
Plan Fiduciary Net Position - Beginning	181,296	137,531	121,893	123,993
Plan Fiduciary Net Position - Ending (b)	<u>\$ 115,836</u>	<u>\$ 181,296</u>	<u>\$ 137,531</u>	<u>\$ 121,893</u>
Net Pension Liability/(Asset) - Ending (a)-(b)	<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	100.99%	164.13%	130.21%	115.32%
Covered Employee Payroll	\$ 0	\$ 0	\$ 0	\$ 0
Net Pension Liability as a Percentage of Covered Employee Payroll	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%

* Estimated based on contribution rate of 13.28% and covered valuation payroll of \$0.

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN
THE CALCULATION OF THE 2018 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 2018 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): 25-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 20 years for most employers (three employers were financed over 29 years).
Asset Valuation Method: 5-Year smoothed market; 20% corridor
Wage Growth: 3.50%
Price Inflation: 2.75% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases: 3.75% to 14.50% including inflation
Investment Rate of Return: 7.50%
Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

OTHER INFORMATION

Notes: There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2016 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,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
TOTAL PENSION LIABILITY				
Service Cost	\$ 393,913	\$ 387,630	\$ 393,643	\$ 393,643
Interest on the Total Pension Liability	1,098,989	1,044,467	1,045,672	848,335
Difference Between Expected and Actual Experience of the Total Pension Liability	58,476	(112,104)	(824,401)	130,394
Assumption Changes	879,770	153,120		1,942,512
Benefit Payments, Including Refunds of Employee Contributions	<u>(688,165)</u>	<u>(593,024)</u>	<u>(661,861)</u>	<u>(630,741)</u>
Net Change in Total Pension Liability	1,742,983	880,089	(46,947)	2,684,143
Total Pension Liability - Beginning	<u>16,857,690</u>	<u>15,977,601</u>	<u>16,024,548</u>	<u>13,340,405</u>
Total Pension Liability - Ending (a)	<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	\$ 559,395	\$ 425,482	\$ 432,136	\$ 413,798
Contributions - Employees	145,573	150,130	158,168	143,460
Net Investment Income	518,280	695,462	(63,296)	557,433
Benefit Payments, Including Refunds of Employee Contributions	(688,165)	(593,024)	(661,861)	(630,741)
Administrative Expenses	<u>(9,401)</u>	<u>(9,631)</u>	<u>(5,486)</u>	<u>(6,066)</u>
Net Change in Plan Fiduciary Net Position	525,682	668,419	(140,339)	477,884
Plan Fiduciary Net Position - Beginning	<u>10,548,681</u>	<u>9,880,262</u>	<u>10,020,601</u>	<u>9,542,717</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 11,074,363</u>	<u>\$ 10,548,681</u>	<u>\$ 9,880,262</u>	<u>\$ 10,020,601</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 7,526,310</u>	<u>\$ 6,309,009</u>	<u>\$ 6,097,339</u>	<u>\$ 6,003,947</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.54%	62.57%	61.84%	62.53%
Covered Employee Payroll	\$ 1,582,463	\$ 1,544,154	\$ 1,506,282	\$ 1,372,110
Net Pension Liability as a Percentage of Covered Employee Payroll	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%

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN
THE CALCULATION OF THE 2018 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 2017 CONTRIBUTION RATES

Actuarial Cost Method: Entry Age Normal Cost Method
 Amortization Method: Closed level percentage of payroll amortization of 100% of the Unfunded Actuarial Accrued Liability using a 3.0% payroll growth assumption over the period ending on April 30, 2040 (22-year amortization in 2018)
 Asset Method: 5 year smoothing of asset gains and losses
 Salary Increases: Service-related table with rates grading from 10.5% to 3.0% at 30 years of service.
 Cost-of-living Increases: 3.0% (1.25% for those hired after 1/1/2011)
 Investment Rate of Return: 6.5%, net of investment expenses
 Retirement Rates:

Tier I		Tier II	
Age	Rate of Retirement	Age	Rate of Retirement
50-51	15%	50-51	5%
52-54	20%	52-54	40%
55-64	25%	55-64	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-2017 from 2013.
Disabled Lives
 115% of the healthy mortality table, projected generationally using improvement scale MP-2017 from 2013
 10% of deaths are assumed to be service related.

OTHER INFORMATION

Notes: There were no benefit changes during the year.

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

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

Fiscal Year Ended April 30,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	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
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

Fiscal Year Ending April 30,	2019
TOTAL OPEB LIABILITY	
Service Cost	\$ 94,216
Interest on the Total OPEB Liability	62,463
Assumption Changes	70,348
Benefit Payments	(80,349)
Net Change in Total OPEB Liability	146,678
Total OPEB Liability - Beginning	1,666,698
Total OPEB Liability - Ending	\$ 1,813,376
PLAN FIDUCIARY NET POSITION	
Employer Contributions	\$ 80,352
Total Benefits Paid	(80,352)
Net Change in Plan Fiduciary Net Position	0
Total Plan Fiduciary Net Position - Beginning	0
Total Plan Fiduciary Net Position - Ending	\$ 0
Covered Employee Payroll	\$ 7,157,460
Net OPEB Liability As A Percentage Of Covered Employee Payroll	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, 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
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%

Notes to Schedule:

Beginning Fiscal Year Ending 2019, the ADC is calculated in accordance with the Employer's funding policy, if one exists. Prior to Fiscal Year Ending 2019, the ADC is equal to the Annual OPEB Expense as calculated under GASB No. 45.

Italicized amounts are yet to be determined

Actual Contributions include implicit subsidy, only.

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 2019 OPEB LIABILITY

Methods and Assumptions Used to Determine Contribution Rates:

Valuation and Measurement Date: May 1, 2018
 Actuarial Cost Method: Individual Entry Age Normal as a level percentage of payroll
 Discount Rate: 3.63% at valuation date.
 3.21% as of measurement period ending April 30, 2019
 Annual Wage Increases: 3.50%.
 Price Inflation: 2.75%.
 Healthcare Reform: The impact of the 40% excise tax on high cost, or 'Cadillac,' plans under the Patient Protection and Affordable Care Act (PPACA) was estimated and reflected in the plan liabilities. Our analysis determined an additional 7% load to be applied to the Total OPEB Liability.

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.

Annual Per-Capita Claims Costs:

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

Annual Healthcare Trend:

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

Participation: Future Retirees: 80% of future retirees are assumed to elect coverage at retirement. 50% of participating retirees are assumed to elect the Base plan. 30% the Buy-Up plan, and 20% the H.S.A. plan. It is assumed that no one will opt in or opt out of coverage once initial retirement election is made.

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

Spousal Participation:

Future Retirees: 50% of participating retirees are assumed to be married and cover their spouse.
 Current Retirees: Based on current coverage election.

Spouse Age:

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

Mortality Rate:

SOA RPH-2014 Total Dataset Headcount-Weighted Mortality, adjusted to 2006. Margin for mortality improvements: Scale MP-2018.

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 2019 OPEB LIABILITY

Withdrawal:

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

Age	Service	Police	All Others	
			Male	Female
All	0	17.0%	25.0%	29.5%
	1	12.0%	19.0%	21.5%
	2	8.0%	13.5%	16.0%
	3	7.0%	11.0%	12.5%
	4	6.0%	9.0%	10.5%
	5	5.0%	7.5%	8.5%
	6	5.0%	6.2%	7.0%
30	7	N/A	5.8%	6.5%
		3.7%	4.7%	6.5%
35		2.2%	3.8%	5.3%
40	8+	1.8%	3.0%	4.2%
45		1.8%	2.5%	3.7%
50		1.8%	2.3%	3.2%

Disability:

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

Age	Police		All Others	
	Male	Female	Male	Female
20	0.01%	0.02%	0.01%	0.00%
25	0.02%	0.04%	0.01%	0.00%
30	0.03%	0.06%	0.01%	0.01%
35	0.04%	0.09%	0.02%	0.01%
40	0.07%	0.13%	0.04%	0.02%
45	0.10%	0.19%	0.06%	0.03%
50	0.14%	0.28%	0.09%	0.04%
55	0.19%	0.39%	0.15%	0.07%
60	0.18%	0.36%	0.19%	0.12%
65	0.12%	0.24%	0.20%	0.14%
70	0.07%	0.14%	0.17%	0.12%
75	0.02%	0.04%	0.12%	0.08%
80	0.00%	0.00%	0.10%	0.07%

Retirement:

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

Age	Police	All Others	
		Male	Female
50	23%	0%	0%
51	18%	0%	0%
52	13%	0%	0%
53	8%	0%	0%
54	23%	0%	0%
55	23%	35%	30%
56	18%	30%	25%
57	23%	28%	25%
58	33%	28%	25%
59	13%	28%	20%
60	8%	12%	10%
61	8%	12%	10%
62	23%	22%	20%
63	18%	20%	20%
64	18%	20%	20%
65	23%	30%	25%
66	23%	30%	25%
67	23%	25%	20%
68	23%	20%	18%
69	23%	20%	18%
70	100%	20%	18%
71-79	100%	18%	18%
80+	100%	100%	100%

TABLE 1

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

YEAR ENDING APRIL 30	GENERAL PROPERTY TAX	CORPORATE PERSONAL PROPERTY REPLACEMENT TAX	INTERGOV- ERNMENTAL	CHARGES FOR SERVICES	LICENSE AND PERMITS	FINES AND FORFEITS	INTEREST	MISC.	TOTAL
2010	\$ 2,990,933	\$ 146,549	\$ 4,975,854	\$ 3,059,292	\$ 225,803	\$ 54,692	\$ 579,848	\$ 659,788	\$ 12,692,759
2011	3,078,983	181,117	5,483,104	3,037,389	222,856	39,334	438,389	367,308	12,848,480
2012	3,241,161	158,971	5,593,882	3,228,552	253,021	39,391	357,188	373,906	13,246,072
2013	3,285,930	166,695	5,741,080	3,236,736	244,256	36,070	315,726	395,761	13,422,254
2014	3,316,000	177,447	5,878,534	3,435,972	234,720	35,787	190,000	4,861,048	18,129,508
2015	3,356,566	186,556	5,936,918	3,612,417	273,768	30,176	159,996	2,473,835	16,030,232
2016	3,652,264	149,890	6,363,869	3,715,043	249,133	33,691	122,485	1,083,672	15,370,047
2017	3,702,813	211,386	6,051,810	3,559,153	242,861	22,086	140,689	911,035	14,841,833
2018	3,794,954	158,068	6,363,785	3,819,310	251,510	21,098	147,230	838,125	15,394,080
2019	3,898,828	170,962	6,944,823	4,167,512	282,042	22,713	186,243	850,400	16,523,523

COMMENTS

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

TABLE 2

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

<u>YEAR ENDING APRIL 30</u>	<u>SALES TAX</u>	<u>NON-HOME RULE SALES TAX</u>	<u>BUSINESS DISTRICT SALES TAX</u>	<u>ILLINOIS INCOME TAX</u>	<u>FOREIGN FIRE INSURANCE</u>	<u>SIMPLIFIED MUNICIPAL TELECOMM. TAX</u>	<u>MOTOR FUEL TAX</u>	<u>FIRE DIST. AMBULANCE REVENUE</u>	<u>MISC. REVENUE</u>	<u>TOTAL</u>
2010	\$ 2,243,074	\$ 1,310,534		\$ 556,566	\$ 18,535	\$ 412,632	\$ 244,353	\$ 171,433	\$ 15,727	\$ 4,972,854
2011	2,317,224	1,336,366		952,628	19,484	376,206	285,892	179,351	15,953	5,483,104
2012	2,346,665	1,365,968		971,061	18,632	398,496	292,156	185,690	15,214	5,593,882
2013	2,366,296	1,357,612		1,137,011	18,186	362,642	285,370	190,769	23,194	5,741,080
2014	2,406,532	1,350,631		1,140,257	17,623	334,627	337,057	226,869	64,938	5,878,534
2015	2,473,224	1,356,778		1,171,822	19,898	269,460	294,314	260,294	91,128	5,936,918
2016	2,624,354	1,397,348		1,421,357	20,739	293,914	263,985	262,525	79,647	6,363,869
2017	2,687,754	1,409,810		1,046,684	20,728	247,597	261,693	272,956	104,588	6,051,810
2018	2,692,857	1,402,969		1,359,263	23,372	219,336	263,386	281,672	120,930	6,363,785
2019	2,718,178	1,458,085	\$ 493,431	1,327,101	23,674	212,280	261,805	318,966	131,303	6,944,823

COMMENTS

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

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>
2010	\$ 1,253,607	\$ 3,947,271	\$ 4,644,580	\$ 2,354,187	\$ 753,136	\$ 1,535,297	\$ 14,488,078
2011	1,387,330	4,297,984	9,448,148	2,522,736	1,027,486	1,618,436	20,302,120
2012	1,463,305	4,061,839	2,315,086	2,522,697	1,134,503	1,575,334	13,072,764
2013	1,379,194	4,745,807	3,013,880	2,343,311	2,945,835 **	1,729,926	16,157,953
2014	1,476,274	4,960,364	4,694,239	2,281,886	1,293,407	1,733,486	16,439,656
2015	1,650,483	5,568,489	4,845,670	2,590,978	1,145,969	1,698,108	17,499,697
2016	1,687,311	5,549,989	4,225,527	3,213,727	1,181,708	1,906,160	17,764,422
2017	1,572,823	5,458,665	1,821,517	2,657,890	1,246,544	1,931,661	14,689,100
2018	1,679,800	5,990,443	1,609,788	2,489,351	1,155,742	1,973,865	14,898,989
2019	1,807,258	6,904,742	1,706,017	2,815,487	1,389,191	1,520,989	16,143,684

COMMENTS

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

TABLE 4

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

TAXES LEVIED BY CITY IN	DEC 2009	DEC 2010	DEC 2011	DEC 2012	DEC 2013	DEC 2014	DEC 2015	DEC 2016	DEC 2017	DEC 2018
ESTIMATED TAXABLE VALUE	\$ 566,714,472	\$ 556,277,586	\$ 549,401,196	\$ 544,265,430	\$ 529,010,859	\$ 533,481,255	\$ 532,837,035	\$ 541,215,249	\$ 552,063,054	\$ 569,838,918
ASSESSED VALUATION	188,904,824	185,425,862	183,133,732	181,421,810	176,336,953	177,827,085	177,612,345	180,405,083	184,021,018	189,946,306
TAX RATES:										
GENERAL	0.3330	0.3330	0.3330	0.3312	0.3330	0.3220	0.3330	0.3279	0.3298	0.3291
POLICE	0.0750	0.0750	0.0750	0.0746	0.0750	0.0726	0.0750	0.0739	0.0743	0.0742
FIRE	0.0750	0.0750	0.0750	0.0746	0.0750	0.0726	0.0750	0.0739	0.0743	0.0742
COMMUNITY BUILDING	0.0750	0.0750	0.0750	0.0746	0.0750	0.0726	0.0750	0.0739	0.0743	0.0742
PLAYGROUND & REC	0.0900	0.0900	0.0900	0.0895	0.0900	0.0871	0.0900	0.0887	0.0892	0.0890
BAND	0.0247	0.0252	0.0257	0.0254	0.0259	0.0259	0.0259	0.0255	0.0250	0.0211
POLICE PENSION	0.1883	0.1627	0.1826	0.2200	0.2324	0.2404	0.2367	0.3059	0.3125	0.3342
SOCIAL SECURITY	0.1933	0.2055	0.1994	0.2040	0.2099	0.2587	0.2619	0.2495	0.2446	0.2317
AUDIT	0.0149	0.0108	0.0110	0.0100	0.0100	0.0096	0.0096	0.0089	0.0087	0.0106
RETIREMENT	0.1668	0.2007	0.2021	0.2150	0.2212	0.2756	0.2787	0.2495	0.2446	0.2291
LIABILITY INSURANCE	0.0874	0.1241	0.1611	0.1627	0.1673	0.1294	0.1295	0.1636	0.1783	0.1712
SCHOOL CROSSING GUARD	0.0085	0.0057	0.0069	0.0067	0.0069	0.0068	0.0070	0.0056	0.0055	0.0048
AMBULANCE SERVICE	0.2204	0.2302	0.2389	0.2411	0.2481	0.2418	0.2500	0.2462	0.2476	0.2471
BONDS & INTEREST:										
STREET B&I										
PUBLIC COMFORT STATION	0.0122	0.0124	0.0126	0.0124	0.0171	0.0141	0.0141	0.0084	0.0109	0.0000
TOTAL RATE-CITY CORP	1.5645	1.6253	1.6883	1.7418	1.7868	1.8292	1.8614	1.9014	1.9196	1.8905
LIBRARY	0.1500	0.1500	0.1500	0.1492	0.1500	0.1451	0.1500	0.1477	0.1486	0.1483
LIBRARY LIABILITY INSURANCE	0.0175	0.0229	0.017	0.0193	0.0176	0.0175	0.0189	0.0183	0.0191	0.0187
TOTAL TAX RATE	1.7320	1.7982	1.8553	1.9103	1.9544	1.9918	2.0303	2.0674	2.0873	2.0575
TAX EXTENSIONS:										
GENERAL	\$ 629,053	\$ 617,468	\$ 609,835	\$ 600,869	\$ 587,202	\$ 572,603	\$ 591,449	\$ 591,549	\$ 606,901	\$ 625,113
POLICE	141,679	139,069	137,350	135,341	132,253	129,103	133,209	133,319	136,728	140,940
FIRE	141,679	139,069	137,350	135,341	132,253	129,103	133,209	133,319	136,728	140,940
COMMUNITY BUILDING	141,679	139,069	137,350	135,341	132,253	129,103	133,209	133,319	136,728	140,940
PLAYGROUND & REC	170,014	166,883	164,820	162,373	158,703	154,887	159,851	160,019	164,147	169,052
BAND	46,659	46,727	47,065	46,081	45,671	46,057	46,002	46,003	46,005	40,079
POLICE PENSION	355,708	301,688	334,402	399,128	409,807	427,496	420,408	551,859	575,066	634,801
SOCIAL SECURITY	365,153	381,050	365,169	370,100	370,131	460,039	465,167	450,111	450,115	440,106
AUDIT	28,147	20,026	20,145	18,142	17,634	17,071	17,051	16,056	16,010	20,134
RETIREMENT	315,093	372,150	370,113	390,057	390,057	490,091	495,006	450,111	450,115	435,167
LIABILITY INSURANCE	165,103	230,113	295,028	295,173	295,012	230,108	230,008	295,143	328,109	325,188
SCHOOL CROSSING GUARD	16,057	10,569	12,636	12,155	12,167	12,092	12,433	10,103	10,121	9,117
AMBULANCE SERVICE	416,346	426,850	437,506	437,408	437,492	429,986	444,031	444,157	455,636	469,357
BONDS & INTEREST:										
STREET B&I										
PUBLIC COMFORT STATION	23,046	22,993	23,075	22,496	30,154	25,074	25,043	15,154	20,058	0
TOTAL RATE-CITY CORP	2,955,416	3,013,724	3,091,844	3,160,005	3,150,789	3,252,813	3,306,076	3,430,222	3,532,467	3,590,934
LIBRARY	283,357	278,139	274,701	270,681	264,505	258,027	266,419	266,458	273,455	281,690
LIBRARY LIABILITY INSURANCE	33,058	42,463	31,133	35,014	31,035	31,120	33,569	33,014	35,148	35,520
TOTAL EXTENSIONS	\$ 3,271,831	\$ 3,334,326	\$ 3,397,678	\$ 3,465,700	\$ 3,446,329	\$ 3,541,960	\$ 3,606,064	\$ 3,729,694	\$ 3,841,070	\$ 3,908,144

TABLE 5

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

RESIDENTS LIVING IN THE CITY OF HIGHLAND IN SALINE TOWNSHIP

YEAR LEVIED IN IN	MADISON COUNTY	SALINE TOWNSHIP	SALINE ROAD & BRIDGE	HIGHLAND SCHOOL DIST. #5	CITY OF HIGHLAND + LIBRARY	S.W.I.C. DIST. #522	TOTAL
2009	0.6781	0.1874	0.2981	4.8080	1.7320	0.3552	8.0588
2010	0.7145	0.1664	0.2989	4.6614	1.7982	0.3638	8.0032
2011	0.6864	0.1494	0.3060	4.6885	1.8553	0.3743	8.0599
2012	0.6974	0.1462	0.3138	4.6669	1.9103	0.3919	8.1265
2013	0.7210	0.1493	0.3161	4.7646	1.9544	0.4048	8.3102
2014	0.7329	0.1470	0.3138	4.7452	1.9918	0.4242	8.3549
2015	0.7073	0.1439	0.3179	4.9043	2.0303	0.4637	8.5674
2016	0.6514	0.1422	0.3231	4.8699	2.0674	0.4743	8.5283
2017	0.6157	0.1198	0.3212	4.8563	2.0873	0.4648	8.4651
2018	0.5953	0.1214	0.3157	4.8075	2.0575	0.4599	8.3573

RESIDENTS LIVING IN THE CITY OF HIGHLAND IN HELVETIA TOWNSHIP

YEAR LEVIED IN IN	MADISON COUNTY	HELVETIA TOWNSHIP	HELVETIA ROAD & BRIDGE	HIGHLAND SCHOOL DIST. #5	CITY OF HIGHLAND + LIBRARY	S.W.I.C. DIST. #522	TOTAL
2009	0.6781	0.1442	0.4040	4.8080	1.7320	0.3552	8.1215
2010	0.7145	0.1527	0.4159	4.6614	1.7982	0.3638	8.1065
2011	0.6864	0.1513	0.4262	4.6885	1.8553	0.3743	8.1820
2012	0.6974	0.1516	0.4268	4.6669	1.9103	0.3919	8.2449
2013	0.7210	0.1560	0.4317	4.7646	1.9544	0.4048	8.4325
2014	0.7329	0.1612	0.4304	4.7452	1.9918	0.4242	8.4857
2015	0.7073	0.1694	0.4479	4.9043	2.0303	0.4637	8.7229
2016	0.6514	0.1669	0.4483	4.8699	2.0674	0.4743	8.6782
2017	0.6157	0.1631	0.447	4.8563	2.0873	0.4648	8.6342
2018	0.5953	0.1589	0.4425	4.8075	2.0575	0.4599	8.5216

CITY OF HIGHLAND, ILLINOIS
 COMPUTATION OF LEGAL DEBT MARGIN
 APRIL 30, 2019

ASSESSED VALUATION FOR 2018	\$ 189,946,306
STATUTORY DEBT LIMITATION: 8.625% of Assessed Valuation	16,382,869
TOTAL GENERAL OBLIGATION DEBT	* <u>(1,593,000)</u>
LEGAL DEBT MARGIN	<u>\$ 14,789,869</u>

*The Promissory Notes are a general obligation of the City; however, the City expects to make payments solely from the City's waterworks system.

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
2010	9,433	\$ 188,904,824	\$ 0	0.000	0.00
2011	9,919	185,425,862	0	0.000	0.00
2012	9,919	183,133,732	0	0.000	0.00
2013	9,919	181,421,810	0	0.000	0.00
2014	9,919	176,336,953	0	0.000	0.00
2015	9,919	177,827,085	0	0.000	0.00
2016	9,919	177,612,345	0	0.000	0.00
2017	9,919	180,405,083	0	0.000	0.00
2018	9,919	184,021,018	0	0.000	0.00
2019	9,919	189,946,306	1,593,000 *	0.008	160.60

*The Promissory Notes are a general obligation of the City; however, the City expects to make payments solely from the City's waterworks system.

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		
2010	\$ 0	\$ 0	\$ 0	\$ 14,488,078	0.0%
2011	0	0	0	20,302,120	0.0%
2012	0	0	0	13,072,764	0.0%
2013	0	0	0	16,157,953	0.0%
2014	0	0	0	16,439,656	0.0%
2015	0	0	0	17,499,697	0.0%
2016	0	0	0	17,764,422	0.0%
2017	0	0	0	14,689,100	0.0%
2018	0	0	0	14,898,989	0.0%
2019	72,000	26,988	98,988 *	16,143,684	0.6%

*The Promissory Notes are a general obligation of the City; however, the City expects to make payments solely from the City's waterworks system.

CITY OF HIGHLAND, ILLINOIS
REVENUE BOND COVERAGE
ELECTRIC AND FTTP BONDS

2006 ELECTRIC BONDS

YEAR ENDING APRIL 30	GROSS REVENUES	OPERATING EXPENSES LESS DEPRECIATION & GASB 68 PENSION EXPENSE	FTTP DEBT SERVICE	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			COVERAGE*
					PRINCIPAL	INTEREST	TOTAL	
2010	\$ 12,020,363	\$ 10,485,541	\$ 0	\$ 1,534,822	\$ 900,000	\$ 169,975	\$ 1,069,975	1.43
2011	13,676,473	11,849,220	255,074	1,572,179	625,000	135,100	760,100	2.07
2012	13,110,954	11,543,630	552,794	1,014,530	600,000	111,038	711,038	1.43
2013	14,557,757	12,215,913	682,205	1,659,639	600,000	87,938	687,938	2.41
2014	15,530,115	13,005,897	771,163	1,753,056	600,000	64,538	664,538	2.64
2015	15,514,885	13,191,787	877,225	1,445,873	525,000	41,138	566,138	2.55
2016	15,725,410	13,507,866	899,388	1,318,157	510,000	20,400	530,400	2.49
2017	16,379,517	13,877,815	1,169,150	1,332,553	na	na	na	na
2018	16,706,624	14,204,530	1,165,705	1,336,390	na	na	na	na
2019	17,163,878	14,537,973	1,164,852	1,461,053	na	na	na	na

*The coverage requirement per the 2006 Electric Bond Ordinance is 1.25 after the superior FTTP debt service has been satisfied

2010 AND 2012 FTTP BONDS

YEAR ENDING APRIL 30	GROSS REVENUES	OPERATING EXPENSES LESS DEPRECIATION & GASB 68 PENSION EXPENSE	NET REVENUE AVAILABLE FOR DEBT SERVICE	INTEREST SUBSIDY	DEBT SERVICE REQUIREMENTS			COVERAGE** with Subsidy	COVERAGE*** without Subsidy
					PRINCIPAL	INTEREST	TOTAL		
2011	\$ 13,676,473	\$ 11,849,220	\$ 1,827,253	\$ 155,680	\$ 0	\$ 255,074 (1)	\$ 255,074	7.16	6.55
2012	13,110,954	11,543,630	1,567,324	158,303	100,000	452,794	552,794	2.84	2.55
2013	14,557,757	12,215,913	2,341,844	157,679	125,000	557,205	682,205	3.43	3.20
2014	15,530,115	13,005,897	2,524,218	144,181	175,000	596,163	771,163	3.27	3.09
2015	15,514,885	13,191,787	2,323,098	143,548	285,000	592,225	877,225	2.65	2.48
2016	15,725,410	13,507,866	2,217,544	141,163	315,000	584,388	899,388	2.47	2.31
2017	16,379,517	13,877,815	2,501,702	137,530	595,000	574,150	1,169,150	2.14	2.02
2018	16,706,624	14,204,530	2,502,094	132,849	610,000	555,705	1,165,705	2.15	2.03
2019	17,163,878	14,537,973	2,625,905	125,222	630,000	534,852	1,164,852	2.25	2.15

**The coverage requirement per the 2010 and 2012 FTTP Bond Ordinance is 1.20 with the interest subsidy

***The coverage requirement per the 2010 and 2012 FTTP Bond Ordinance is 1.10 without the interest subsidy

(1) Per the 2010 Ordinance, this excludes amount deposited in the Capitalized Subaccount

ELECTRIC AND FTTP BONDS

YEAR ENDING APRIL 30	GROSS REVENUES	OPERATING EXPENSES LESS DEPRECIATION & GASB 68 PENSION EXPENSE	NET REVENUE AVAILABLE FOR DEBT SERVICE	INTEREST SUBSIDY	DEBT SERVICE REQUIREMENTS			COVERAGE**** without Subsidy
					PRINCIPAL	INTEREST	TOTAL	
2011	\$ 13,676,473	\$ 11,849,220	\$ 1,827,253	\$ 155,680	\$ 625,000	\$ 390,174 (1)	\$ 1,015,174	1.65
2012	13,110,954	11,543,630	1,567,324	158,303	700,000	563,832	1,263,832	1.11
2013	14,557,757	12,215,913	2,341,844	157,679	725,000	645,143	1,370,143	1.59
2014	15,530,115	13,005,897	2,524,218	144,181	775,000	660,700	1,435,700	1.66
2015	15,514,885	13,191,787	2,323,098	143,548	810,000	633,363	1,443,363	1.51
2016	15,725,410	13,507,866	2,217,544	141,163	825,000	604,788	1,429,788	1.45
2017	16,379,517	13,877,815	2,501,702	137,530	595,000	574,150	1,169,150	2.02
2018	16,706,624	14,204,530	2,502,094	132,849	610,000	555,705	1,165,705	2.03
2019	17,163,878	14,537,973	2,625,905	125,222	630,000	534,852	1,164,852	2.15

****The coverage requirement for all electrical system bonds is 1.00 without the interest subsidy

(1) Per the 2010 Ordinance, this excludes amount deposited in the Capitalized Subaccount

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)						
2010	149	\$ 9,558	53	\$ 5,812	\$15,370	2009	\$ 404,958	\$ 161,262	\$ 494	\$ 566,714
2011	123	2,909	46	4,905	7,814	2010	400,810	154,937	531	556,278
2012	192	3,922	49	46,115	50,037	2011	395,744	153,025	632	549,401
2013	199	4,486	53	4,531	9,017	2012	393,175	150,444	646	544,265
2014	167	5,712	49	7,476	13,189	2013	382,193	146,159	659	529,011
2015	181	3,078	50	3,439	6,517	2014	386,486	146,317	678	533,481
2016	255	5,400	40	4,272	9,672	2015	384,168	147,943	726	532,837
2017	243	7,222	38	1,369	8,591	2016	389,057	151,373	785	541,215
2018	184	5,878	32	5,477	11,355	2017	399,706	151,535	822	552,063
2019	343	9,443	58	6,565	16,008	2018	413,891	154,960	988	569,839

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

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

YEAR ENDING APRIL 30	OPERATING REVENUE	OPERATING EXPENSES INCLUDING DEPRECIATION, INTEREST AND GASB 68 PENSION EXPENSE		INCOME (LOSS) EXCLUDING OTHER INCOME	
		AMOUNT	PERCENT OF OPERATING REVENUE	AMOUNT	PERCENT OF OPERATING REVENUE
2010	\$ 11,715,095	\$ 11,716,928	100.02	\$ (1,833)	(0.02)
2011	13,033,343	13,441,857	103.13	(408,514)	(3.13)
2012	12,625,213	13,389,524	106.05	(764,311)	(6.05)
2013	13,997,817	14,447,104	103.21	(449,287)	(3.21)
2014	15,202,314	15,361,797	101.05	(159,483)	(1.05)
2015	15,266,278	15,489,666	101.46	(223,388)	(1.46)
2016	15,483,184	15,937,329	102.93	(454,145)	(2.93)
2017	16,038,325	16,499,976	102.88	(461,651)	(2.88)
2018	16,548,836	16,637,576	100.54	(88,740)	(0.54)
2019	17,046,844	16,922,499	99.27	124,345	0.73

*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	OPERATING EXPENSES INCLUDING DEPRECIATION, INTEREST AND GASB 68 PENSION EXPENSE			INCOME (LOSS) EXCLUDING OTHER INCOME	
	GROSS REVENUE	AMOUNT	PERCENT OF GROSS REVENUE	AMOUNT	PERCENT OF GROSS REVENUE
2010	\$ 2,054,813	\$ 2,376,707	115.67	\$ (321,894)	(15.67)
2011	2,056,911	2,357,134	114.60	(300,223)	(14.60)
2012	2,056,773	2,258,364	109.80	(201,591)	(9.80)
2013	2,126,935	2,326,022	109.36	(199,087)	(9.36)
2014	2,003,215	2,252,837	112.46	(249,622)	(12.46)
2015	1,971,690	2,197,558	111.46	(225,868)	(11.46)
2016	2,028,123	2,203,540	108.65	(175,417)	(8.65)
2017	2,309,309	2,137,841	92.57	171,468	7.43
2018	2,628,949	2,236,009	85.05	392,940	14.95
2019	2,688,256	2,366,794	88.04	321,462	11.96

*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
2010	\$ 1,762,689	\$ 1,917,267	108.77	\$ (154,578)	(8.77)
2011	1,752,109	1,963,479	112.06	(211,370)	(12.06)
2012	1,739,417	1,983,372	114.03	(243,955)	(14.03)
2013	1,809,340	1,991,646	110.08	(182,306)	(10.08)
2014	2,044,434	2,159,013	105.60	(114,579)	(5.60)
2015	2,082,634	2,081,066	99.92	1,568	0.08
2016	2,138,010	2,128,431	99.55	9,579	0.45
2017	2,281,337	2,140,575	93.83	140,762	6.17
2018	2,180,024	2,178,645	99.94	1,379	0.06
2019	2,277,562	1,764,662	77.48	512,900	22.52

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

TABLE 14

CITY OF HIGHLAND, ILLINOIS
 MISCELLANEOUS STATISTICS
 APRIL 30, 2019 (UNAUDITED)

Date of Incorporation		1884	
Form of Government		Council/Manager	
Number of Employees -	(As of 9/30/19)		
Total		295	
Full Time		118	
Total Area		7.4 square miles	
Number of Dwelling Units		4,692	
Population		9,919	
CITY OF HIGHLAND FACILITIES AND SERVICES			
Fire Protection:			
Number of Stations		2	
Number of Firemen		30 Volunteers	
Fire Insurance Rating		4	
Police Protection:			
Number of Policemen and Officers		20	
Number of Police Vehicles		14	
Ambulance:			
Number of Ambulances in Service 24 hours per day		2	
Number of Ambulances in Service 12 hours per day		1	
Number of Ambulances in Reserve		1	
Number of Paramedics and Emergency Medical Technicians		17 Full time	
Culture and Recreation:			
Public Library (Volume of Books and Audio Visuals)		1 (55,438 items)	
Parks		11	
Ball Diamonds Available		16	
Tennis Courts Available		11	
Public Pools		2	
Recreation Buildings		2	
Senior Citizen Centers		2	
Skate Park		1	
Electric Service:			
Number of Accounts		6,753 customers	
Area Served		47.8 square miles	
Water Service:			
Number of Accounts		4,831 customers	
Water Districts		4	
Average Daily Demand		1.070 MG/day	
Treatment Capacity		4.2 MG/day	
Sewer Service:			
Number of Accounts		4,443 customers	
Present Flow		1.375 MG/day	
FACILITIES AND SERVICES NOT INCLUDED IN THE REPORTING ENTITY:			
Education: All Schools in District	No. of schools	Teachers	Enrollment
Elementary (K-5)	4	91	1,442
Middle School	2	49	729
High School	1	<u>54</u>	<u>904</u>
		194	3,075
Utilities:			
Electric, Water, Sewer, Refuse	City of Highland Utilities		
Cable and Satellite TV	HCS, Charter Communications, Dish and Direct TV		
Gas	Ameren IP		
Telephone	HCS, Frontier, Charter Communications		
Hospital	1		
Nursing Homes and Assisted Living	5		