

CITY OF HIGHLAND, ILLINOIS
ANNUAL FINANCIAL REPORT AND FINANCIAL STATEMENTS
APRIL 30, 2016

CITY OF HIGHLAND, ILLINOIS
TABLE OF CONTENTS

	PAGE
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	31-62
REQUIRED SUPPLEMENTARY INFORMATION	
<u>SCHEDULE</u>	
1 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS	63-67
2 SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS: REGULAR PLAN, SLEP, AND POLICE PENSION; SCHEDULES OF PENSION CONTRIBUTIONS: REGULAR PLAN, SLEP, AND POLICE PENSION; SCHEDULE OF INVESTMENT RETURNS: POLICE PENSION	68-74

SCHEDULE

3	SCHEDULE OF EMPLOYER CONTRIBUTIONS AND SCHEDULE OF FUNDING PROGRESS: OPEB	75-76
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STATISTICAL SECTION

TABLE

1	GENERAL GOVERNMENTAL REVENUES BY SOURCE	77
2	INTERGOVERNMENTAL TAX REVENUES BY SOURCE	78
3	GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION	79
4	ASSESSED VALUATION AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY, PROPERTY TAX RATES PER \$100 OF ASSESSED VALUATION, AND TAX EXTENSIONS	80
5	PROPERTY TAX RATES PER \$100 OF ASSESSED VALUATION ALL DIRECT AND OVERLAPPING GOVERNMENTS	81
6	COMPUTATION OF LEGAL DEBT MARGIN	82
7	RATIO OF NET GENERAL DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA	83
8	RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES	84
9	REVENUE BOND COVERAGE - ELECTRIC AND FTTP BONDS	85
10	PRINCIPAL TAXPAYERS	86
11	PROPERTY VALUE AND CONSTRUCTION INFORMATION	87
12	LIGHT AND POWER FUND - COMPARATIVE SUMMARY OF OPERATIONS	88
13	WATER FUND - COMPARATIVE SUMMARY OF OPERATIONS	89
14	SEWER FUND - COMPARATIVE SUMMARY OF OPERATIONS	90
15	MISCELLANEOUS STATISTICS	91

CITY OF HIGHLAND, ILLINOIS
April 30, 2016 - Management's Discussion & Analysis

CITY OF HIGHLAND, ILLINOIS
Council/Manager - Form of Government
April 30, 2016

MAYOR

Joseph Michaelis

CITY MANAGER

Mark Latham

CITY COUNCIL MEMBERS

Rick Frey

Peg Bellm

Aaron Schwarz

Neill Nicolaides

CITY CLERK

Barbara Bellm

CITY TREASURER

Dennis Foehner

DEPARTMENT DIRECTORS

Daniel Cook

Kelly Korte

Lisa Schoeck

Angela Kim

Mark Rosen

Terry Bell

Joe Gillespie

Angela Imming

Lisa Peck

Electric

Finance

Human Resources

Library

Parks & Recreation

Public Safety

Public Works

Technology & Innovation

Economic & Community Development

CITY OF HIGHLAND, ILLINOIS
April 30, 2016 - 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, 2016 with comparative information for the fiscal year ended April 30, 2015 which has been restated due to GASB requirements for pension plans.

FINANCIAL HIGHLIGHTS

- Total assets exceeded liabilities at the close of the fiscal year by approximately \$69.1 million (net position). Of this amount, the unrestricted amount of \$14.0 million may be used to meet the City's ongoing obligations to citizens and creditors.

- City-wide net position increased 1.1% during the fiscal year. An increase of 2.8% was realized in governmental activities while a 1.1% decrease occurred within enterprise activities.

- The City of Highland is compliant with the GASB 34 reporting model, which requires accounting for depreciation of fixed assets within governmental activities. Shown within the Statement of Net Position, the fixed assets year-end balance for fiscal year 2016 is \$81.3 million (net of depreciation). This is comprised of \$44.0 million for governmental activities plus \$37.3 million for business-type activities. The 3.6% increase in fixed assets is largely represented by the City's continued investment in street and fiber projects.

- Receipts of the traditional sales tax, shown within the "Intergovernmental" revenue line item, increased 6.1% during FY 2016. According to City estimates, the number of retailers in Highland has not changed dramatically but vehicle sales were good in the most recent year.

- FY 2016 was the eighth 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 \$1.4 million.

- 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, is difficult to predict for the future with ever increasing economic concerns.

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 2006 Electric 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.
- *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.

CITY OF HIGHLAND, ILLINOIS
April 30, 2016 - Management's Discussion & Analysis

- *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, 2016 - Management's Discussion & Analysis

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison between the activities for FY '16 and the activities for FY '15 under the GASB Statement No. 34 model. The city-wide total for revenues decreased \$.4 million and expenditures increased \$1.4 million compared to the previous fiscal year. Governmental revenues exceeded expenditures for the current and prior fiscal year. In this fiscal and the prior fiscal year the business-type activities experienced slightly more expenditures than revenue. 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)

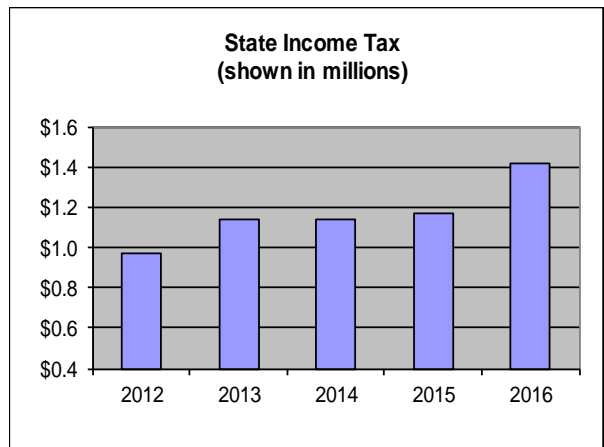
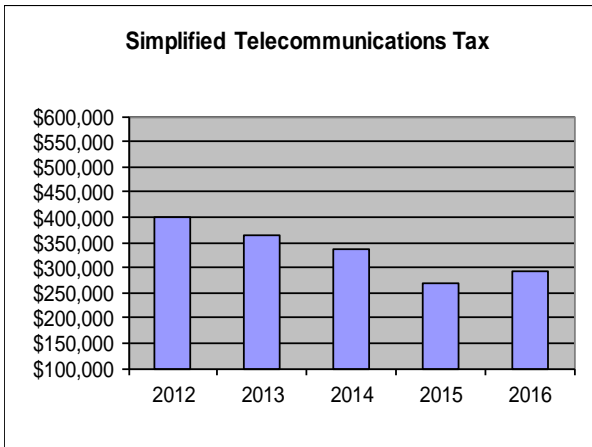
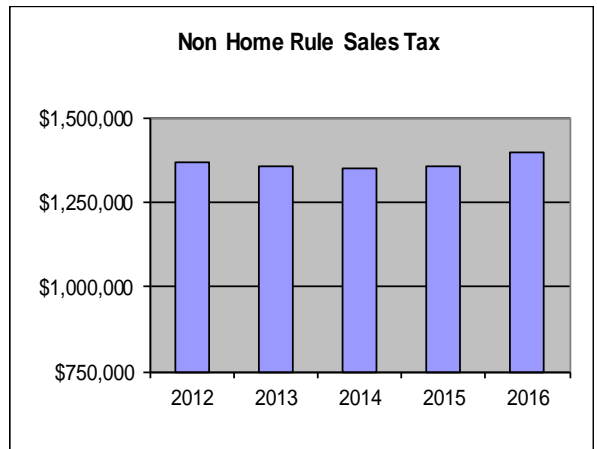
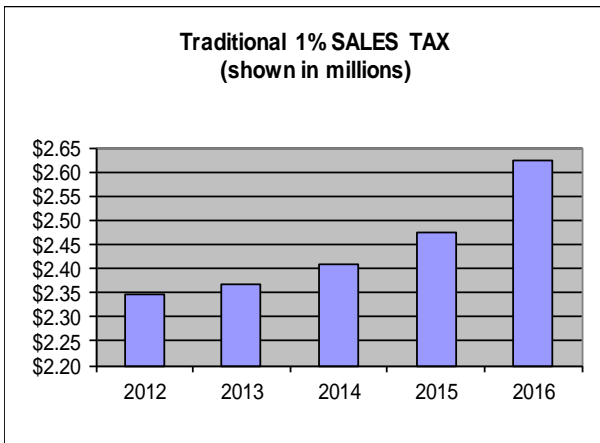
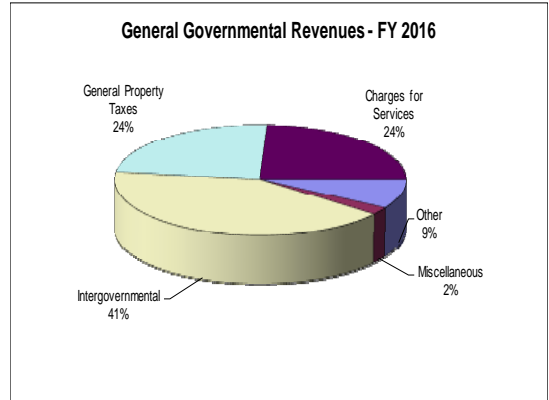
	Governmental Activities		Business-type Activities		Totals	
	Fiscal Year 2016	2015	Fiscal Year 2016	2015	Fiscal Year 2016	2015
Revenues						
Program Revenues						
Charges for Services	\$ 4.1	\$ 4.0	\$ 21.2	\$ 20.8	\$ 25.3	\$ 24.8
Operating Grants and Contributions	0.3	0.1			0.3	0.1
Capital Grants and Contributions	0.5	2.2			0.5	2.2
General Revenues						
Property Taxes, General Purposes	3.7	3.4			3.7	3.4
Intergovernmental	6.5	6.1			6.5	6.1
Miscellaneous	0.3	0.3	0.3	0.4	0.6	0.7
Interfund Transfers	0.1	0.1			0.1	0.1
Total Revenues	\$ 15.5	\$ 16.2	\$ 21.5	\$ 21.2	\$ 37.0	\$ 37.4
Expenditures						
General Government	\$ 1.9	\$ 1.8			\$ 1.9	\$ 1.8
Public Safety	5.5	5.2			5.5	5.2
Highways and Streets	2.8	2.5			2.8	2.5
Culture and Recreation	2.7	2.5			2.7	2.5
Economic Development	0.4	0.2			0.4	0.2
Employer's Cont. to Retirement Fund	0.8	0.9			0.8	0.9
Interest on Long-Term Debt	0.3	0.5			0.3	0.5
Electric			\$ 15.9	\$ 15.5	15.9	15.5
Water			2.2	2.2	2.2	2.2
Sewer			2.1	2.1	2.1	2.1
Solid Waste			1.5	1.4	1.5	1.4
Interfund Transfer			0.1	0.1	0.1	0.1
Total Expenditures	\$ 14.4	\$ 13.6	\$ 21.8	\$ 21.3	\$ 36.2	\$ 34.8
Change In Net Position	1.1	2.6	(0.3)	(0.1)	0.8	2.6
Beginning Net Position (restated)	39.2	36.6	29.2	29.3	68.4	65.9
Ending Net Position	\$ 40.3	\$ 39.2	\$ 28.9	\$ 29.2	\$ 69.2	\$ 68.4

CITY OF HIGHLAND, ILLINOIS
April 30, 2016 - Management's Discussion & Analysis

Governmental Activities

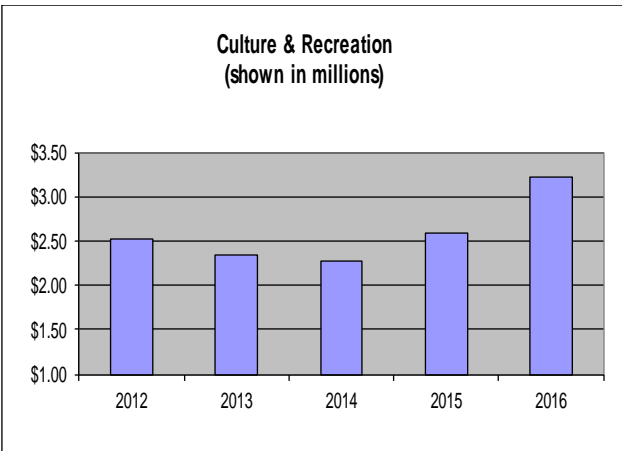
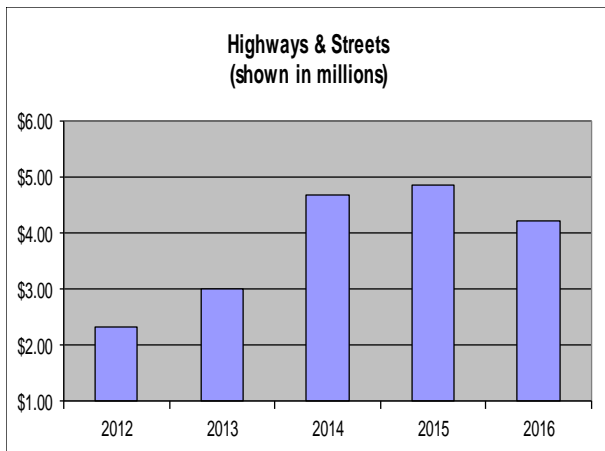
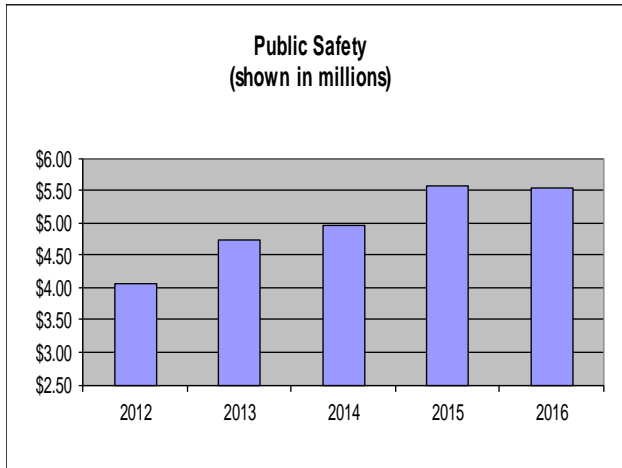
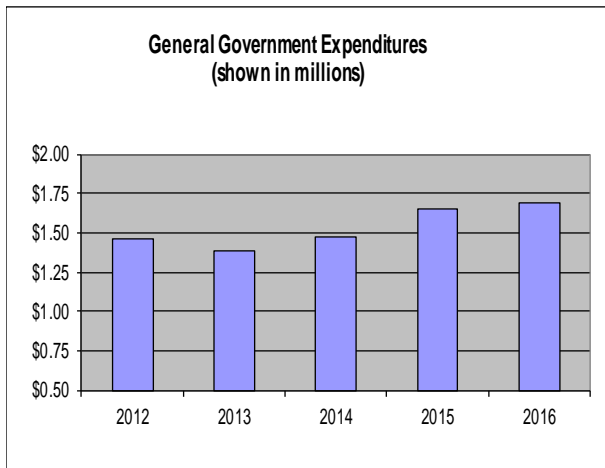
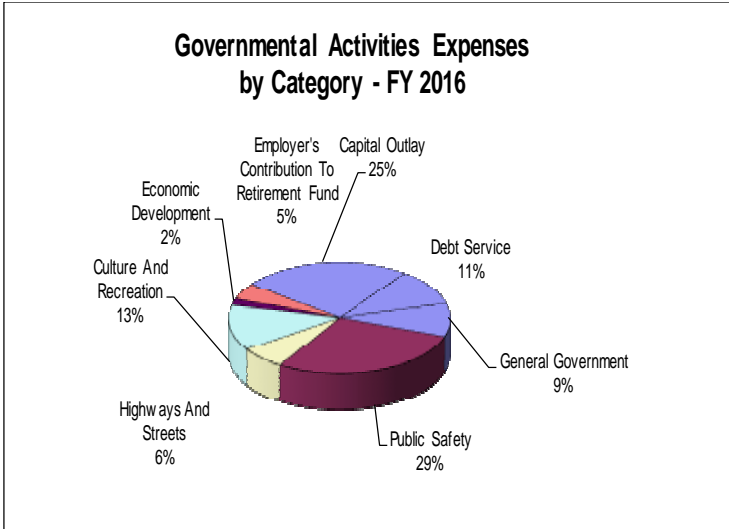
Governmental Activities include all funds except Business-Type Activities and the Police Pension Fiduciary Fund. Examples include the following: General Fund (which includes the Police Dept, Fire Dept, Building and Zoning, General Administration, and PW Admin / Street Dept. among others), Ambulance Fund, 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, 2016 - 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.

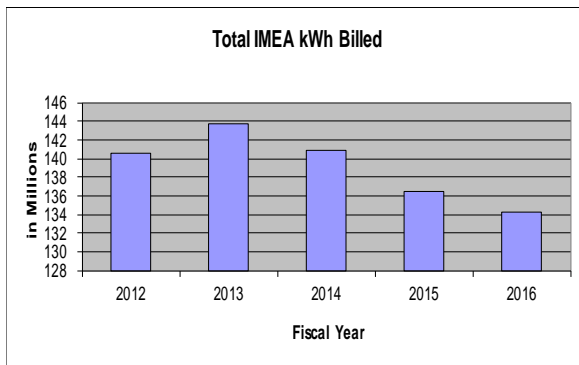
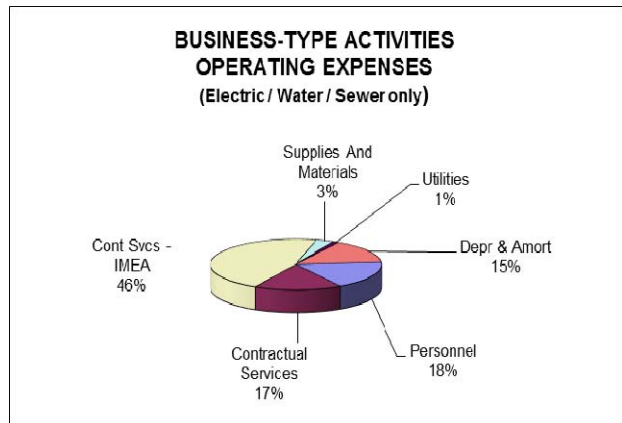
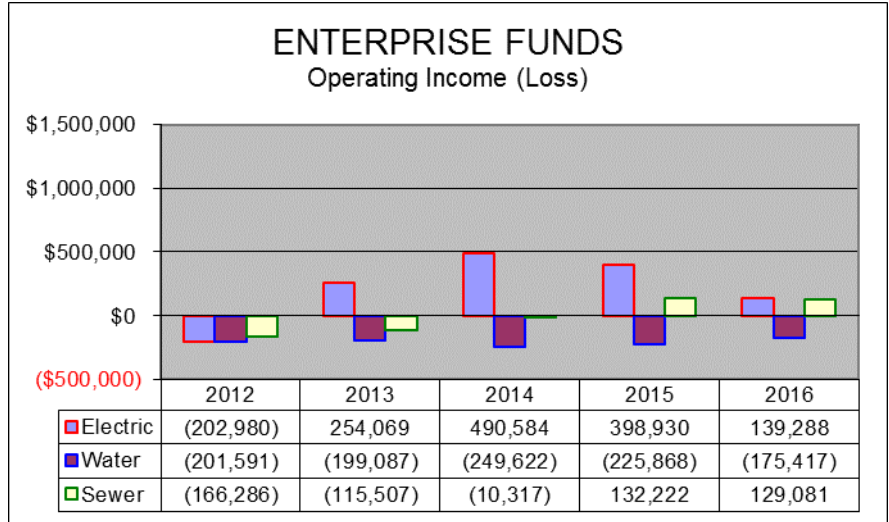


Business-Type Activities

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. Decreases in FY 2016 can partially be attributed to pension costs now included in personnel costs due to updated reporting requirements. The sewer fund

implemented a rate increase in prior years which allowed the fund to have a positive year. The electric fund also includes expenditures for installation of the new fiber infrastructure and operations which is continued to be built out to city residences.

No major changes were noted among operating expenses of the Electric, Water or Sewer fund with the exception of the additional pension costs and additional staffing for some funds. The operating expenses for the three funds listed increase in total by 3%. 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 1.4% during FY '16. Total operating expenditures increased by 3% due to additional costs for fiber operations included that will be recovered as revenues continue to grow for this endeavor, pension costs that have not previously been included, and additional staffing costs.

CITY OF HIGHLAND, ILLINOIS
April 30, 2016 - Management's Discussion & Analysis

STATUS OF CITY RESERVES

The governmental funds reported a *combined* fund balance of \$10.9 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 2016, the City had \$81.3 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 6 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	
	2016	2015	2016	2015	2016	2015
Land	\$ 7.8	\$ 7.7	\$ 0.8	\$ 0.8	\$ 8.6	\$ 8.5
Construction in Progress	0.8	7.8	2.9	2.4	3.7	10.2
Bldgs & Improvements	4.8	5.0	3.7	4.3	8.5	9.3
Other Improvements	2.6	2.0	6.8	6.1	9.4	8.1
Equipment	1.3	0.8	2.3	2.7	3.6	3.5
Infrastructure	26.7	18.5			26.7	18.5
Lines			17.3	16.7	17.3	16.7
Interconnect			3.5	3.7	3.5	3.7
Totals	\$ 44.0	\$ 41.8	\$ 37.3	\$ 36.7	\$ 81.3	\$ 78.5

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

CITY OF HIGHLAND, ILLINOIS
April 30, 2016 - Management's Discussion & Analysis

Debt Administration

The City of Highland has no general obligation debt counting against its legal debt limit because the City does not require the use of property taxes for repayment of debt. 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 \$15.3 million is now fully available upon approval of voter referendum approval. Total City debt per capita is approximately \$2,900. More detailed information about the City's debt can be located in Note 7 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			
	2016	2015	2016	2015	2016	2015
Revenue Bonds	\$ 11.9	\$ 13.6	\$ 14.8	\$ 15.7	\$ 26.7	\$ 29.3
Notes Payable			0.9	1.3	0.9	1.3
Maintenance Agreements Payable			0.7	0.2	0.7	0.2
Totals	\$ 11.9	\$ 13.6	\$ 16.4	\$ 17.2	\$ 28.3	\$ 30.8

CURRENT EVENTS AND NEXT YEAR'S BUDGET

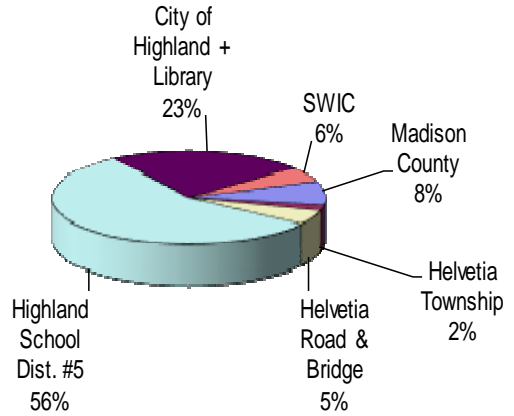
The City of Highland has taken an aggressive approach towards managing the growth of the community. The following is a brief description of some of the actions taken in FY '16, with a brief look ahead into FY '17.

Many of the street projects that began with the adoption of the non-home rule sales tax have now been completed and the citizens are utilizing these improvements on a daily basis. A new park was created and is being utilized by our citizens and walking trails continue to be added for the benefit of our citizens. The Fiber-to-the-Premise (FTTP) project continues to gain customers each week as the sixth phase of the project continues to be constructed. The City's crews are continuing to build this system out in hopes of reaching all customers within the corporate City limits in the near future. This exciting project continues to grow as customers are added and more citizens realize how valuable these community provided services can be. We look forward to watching this project continue to grow.

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. For example, a Growth Management Committee, comprised of key city staff members, created a growth plan that accounts for the short and long-term needs for each department to ensure that adequate infrastructure and services are available concurrently with new development.

CITY OF HIGHLAND, ILLINOIS
April 30, 2016 - Management's Discussion & Analysis

As of April 2016, the City's Equalized Assessed Value decreased .12% to a total of \$177.6 million. The EAV is used in conjunction with the 2015 Property Tax Levy for the collection of property taxes during FY 2016-2017. The City of Highland's property tax rate for 2015 represents 23% 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 BARTELSON

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Highland, Illinois, as of and for the year ended April 30, 2016, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Highland, Illinois, as of April 30, 2016, 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 2015 financial statements, and in our report dated October 12, 2015, we expressed a qualified opinion on the respective financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information. The basis for the qualified opinion was because the City omitted disclosures pertaining to Governmental Accounting Standards Board Statement 67, *Financial Reporting for Pension Plans*, due to the unavailability of 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, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

Highland, IL
October 6, 2016

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF NET POSITION

	PRIMARY GOVERNMENT						COMPONENT	
	GOVERNMENTAL		BUSINESS-TYPE		TOTAL		UNIT	
	ACTIVITIES		ACTIVITIES		ACTIVITIES		INDUSTRIAL	
	APRIL 30,		APRIL 30,		APRIL 30,		DEVELOPMENT	
ASSETS	2016	2015	2016	2015	2016	2015	COMMISSION	
							2016	
Current Assets:								
Cash and Investments	\$ 9,268,353	\$ 12,147,876	\$ 8,260,429	\$ 10,477,103	\$ 17,528,782	\$ 22,624,979	\$ 27,681	
Receivables (Net, Where Applicable of Allowance for Uncollectibles):								
Property Taxes	3,630,488	3,541,719			3,630,488	3,541,719		
Replacement Tax Receivable	27,907	36,776			27,907	36,776		
Accounts Receivable	933,892	849,979	846,929	746,871	1,780,821	1,596,850		
Income Tax Receivable	330,399	196,444			330,399	196,444		
Sales Tax Receivable	639,285	582,721			639,285	582,721		
Unbilled Revenue			1,251,773	1,310,001	1,251,773	1,310,001		
Due from Other Fund	(61,136)	(64,085)	61,136	64,085	0	0		
Other	121,587	120,563	22,026	16,355	143,613	136,918	47,313	
Prepaid Expenses	268,887	244,475	239,167	190,212	508,054	434,687		
Restricted Assets:								
Cash and Investments	70,457	59,435	64,246	63,870	134,703	123,305		
Capital Assets (Net of Accumulated Depreciation)	35,437,863	26,364,378	33,671,032	33,542,700	69,108,895	59,907,078		
Land	7,757,958	7,696,420	765,667	765,667	8,523,625	8,462,087		
Construction in Progress	845,679	7,796,503	2,882,638	2,355,262	3,728,317	10,151,765		
Other Assets (Net of Accumulated Amortization)	543	733			543	733		
Total Assets	59,272,162	59,573,937	48,065,043	49,532,126	107,337,205	109,106,063	74,994	
<u>DEFERRED OUTFLOWS OF RESOURCES</u>								
Related to Pensions	2,076,976	945,466	1,361,685	621,356	3,438,661	1,566,822		
Total Assets and Deferred Outflows of Resources	\$ 61,349,138	\$ 60,519,403	\$ 49,426,728	\$ 50,153,482	\$ 110,775,866	\$ 110,672,885	\$ 74,994	
<u>LIABILITIES</u>								
Current Liabilities:								
Accounts Payable	\$ 460,656	\$ 838,850	\$ 1,347,777	\$ 1,837,065	\$ 1,808,433	\$ 2,675,915		
Accrued Salaries and Benefits	260,765	219,249	131,503	113,354	392,268	332,603		
Accrued Interest	55,307	64,075	202,767	215,191	258,074	279,266		
Customer Deposits			64,246	66,254	64,246	66,254		
Premium on Revenue Bonds	48,650	61,426	23,062	25,522	71,712	86,948		
Long-Term Liabilities:								
Portion Due or Payable Within One Year:								
Bonds Payable	1,740,000	1,690,000	705,000	935,000	2,445,000	2,625,000		
Notes Payable			429,027	416,891	429,027	416,891		
Maintenance Agreement Payable			166,853	50,828	166,853	50,828		
Portion Due or Payable After One Year:								
Compensated Absences	707,045	679,062	372,037	410,668	1,079,082	1,089,730		
Net Pension Liability	2,909,974	1,434,201	1,925,661	948,084	4,835,635	2,382,285		
Other Post Employment Benefits Payable	275,243	232,877	132,260	111,902	407,503	344,779		
Bonds Payable	10,179,367	11,919,367	14,075,000	14,780,000	24,254,367	26,699,367		
Notes Payable			441,515	870,542	441,515	870,542		
Long-Term Accrued Interest	793,229	649,729			793,229	649,729		
Maintenance Agreement Payable			560,438	203,320	560,438	203,320		
Total Liabilities	17,430,236	17,788,836	20,577,146	20,984,621	38,007,382	38,773,457	\$ 0	
<u>DEFERRED INFLOWS OF RESOURCES</u>								
Unavailable Property Taxes	3,630,488	3,541,719	0	0	3,630,488	3,541,719	0	
<u>NET POSITION</u>								
Invested in Capital Assets, Net of Related Debt	32,122,133	28,247,934	20,941,504	19,407,048	53,063,637	47,654,982		
Restricted for:								
Special Revenue Purposes	1,786,064	1,526,693			1,786,064	1,526,693	74,994	
Other Purposes	154,942	98,486			154,942	98,486		
Long-Term Debt	48,300	56,431	64,246	63,870	112,546	120,301		
Unrestricted	6,176,975	9,259,304	7,843,832	9,697,943	14,020,807	18,957,247		
Total Net Position	40,288,414	39,188,848	28,849,582	29,168,861	69,137,996	68,357,709	74,994	
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 61,349,138	\$ 60,519,403	\$ 49,426,728	\$ 50,153,482	\$ 110,775,866	\$ 110,672,885	\$ 74,994	

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

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2016

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	\$ 1,939,319	\$ 1,592,534	\$ 5,146		\$ (341,639)		\$ (341,639)	
Public Safety	5,489,794	1,406,642	200		(4,082,952)		(4,082,952)	
Highways and Streets	2,770,296	6,600	182,713	\$ 550,348	(2,030,635)		(2,030,635)	
Culture and Recreation	2,691,471	1,081,275	86,263		(1,523,933)		(1,523,933)	
Economic Development	366,056		200		(365,856)		(365,856)	
Employer's Contribution to Retirement Fund	827,255				(827,255)		(827,255)	
Interest on Long-Term Debt	338,119				(338,119)		(338,119)	
Total Governmental Activities	14,422,310	4,087,051	274,522	550,348	(9,510,389)	\$ 0	(9,510,389)	
Business-Type Activities:								
Electric	15,937,798	15,483,184				(454,614)	(454,614)	
Water	2,203,540	2,028,123				(175,417)	(175,417)	
Sewer	2,128,581	2,138,010				9,429	9,429	
Other Programs	1,517,092	1,597,158				80,066	80,066	
Total Business-Type Activities	21,787,011	21,246,475	0	0	0	(540,536)	(540,536)	
Total Primary Government	\$ 36,209,321	\$ 25,333,526	\$ 274,522	\$ 550,348	(9,510,389)	(540,536)	(10,050,925)	
Component Unit:								
Industrial Development								\$ 0
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					3,652,264		3,652,264	
Intergovernmental					6,513,759		6,513,759	
Gain on Disposal of Capital Assets					1,829		1,829	
Interest and Miscellaneous Income					292,103	371,257	663,360	2,303
Transfers					150,000	(150,000)	0	
Total General Revenues					10,609,955	221,257	10,831,212	2,303
Change in Net Position					1,099,566	(319,279)	780,287	2,303
Net Position Beginning					39,188,848	29,168,861	68,357,709	72,691
Net Position Ending					\$ 40,288,414	\$ 28,849,582	\$ 69,137,996	\$ 74,994

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

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2015

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	\$ 1,753,443	\$ 1,537,222	\$ 3,557		\$ (212,664)		\$ (212,664)	
Public Safety	5,209,096	1,421,291			(3,787,805)		(3,787,805)	
Highways and Streets	2,487,980	8,850		\$ 2,129,394	(349,736)		(349,736)	
Culture and Recreation	2,549,926	1,038,557	66,959	38,689	(1,405,721)		(1,405,721)	
Economic Development	242,904		14,500		(228,404)		(228,404)	
Employer's Contribution to Retirement Fund	903,264				(903,264)		(903,264)	
Interest on Long-Term Debt	499,822				(499,822)		(499,822)	
Total Governmental Activities	13,646,435	4,005,920	85,016	2,168,083	(7,387,416)	\$ 0	(7,387,416)	
Business-Type Activities:								
Electric	15,490,208	15,266,278				(223,930)	(223,930)	
Water	2,197,558	1,971,690				(225,868)	(225,868)	
Sewer	2,081,216	2,082,634				1,418	1,418	
Other Programs	1,439,363	1,523,309				83,946	83,946	
Total Business-Type Activities	21,208,345	20,843,911	0	0	0	(364,434)	(364,434)	
Total Primary Government	\$ 34,854,780	\$ 24,849,831	\$ 85,016	\$ 2,168,083	(7,387,416)	(364,434)	(7,751,850)	
Component Unit								
Industrial Development								\$ 0
General Revenues:								
Taxes:								
Property Taxes, Levied for General Purposes					3,356,567		3,356,567	
Intergovernmental					6,123,474		6,123,474	
Gain on Disposal of Capital Assets					4,950	33,775	38,725	
Interest and Miscellaneous Income					291,172	346,662	637,834	2,784
Transfers					150,000	(150,000)	0	
Total General Revenues					9,926,163	230,437	10,156,600	2,784
Change in Net Position					2,538,747	(133,997)	2,404,750	2,784
Net Position Beginning - Restated					36,650,101	29,302,858	65,952,959	69,907
Net Position Ending					\$ 39,188,848	\$ 29,168,861	\$ 68,357,709	\$ 72,691

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

CITY OF HIGHLAND, ILLINOIS
BALANCE SHEETS
GOVERNMENTAL FUNDS
APRIL 30, 2016

	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	\$ 2,330,818	\$ 4,463,380	\$ 7,514	\$ 228,363	\$ 2,238,278	\$ 9,268,353	\$ 27,681
Receivables (Net, Where Applicable of Allowance for Uncollectibles):							
Property Taxes	1,234,406		444,031		1,952,051	3,630,488	
Replacement Tax Receivable	19,055		2,710		6,142	27,907	
Accounts Receivable	20,070		913,822			933,892	
Income Tax Receivable	330,399					330,399	
Sales Tax Receivable	421,973			217,312		639,285	
Other	68,522	11,808	20	579	40,658	121,587	47,313
Due from Other Fund	10,406	667,500				677,906	
Prepaid Expenses	67,158		1,634		200,095	268,887	
Restricted Cash					70,457	70,457	
Total Assets	\$ 4,502,807	\$ 5,142,688	\$ 1,369,731	\$ 446,254	\$ 4,507,681	\$ 15,969,161	\$ 74,994
<u>LIABILITIES</u>							
Accounts Payable	\$ 288,176		\$ 17,115	\$ 116,212	\$ 39,153	\$ 460,656	
Accrued Salaries and Benefits	173,612		47,400		39,753	260,765	
Due to Other Fund	131,136			530,000	77,906	739,042	
Total Liabilities	592,924	\$ 0	64,515	646,212	156,812	1,460,463	\$ 0
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable Property Taxes	1,234,406	0	444,031	0	1,952,051	3,630,488	0
<u>FUND BALANCES</u>							
Nonspendable	67,158		1,634		200,095	268,887	
Restricted	87,784				1,632,635	1,720,419	74,994
Assigned		5,142,688	859,551		683,084	6,685,323	
Unassigned	2,520,535			(199,958)	(116,996)	2,203,581	
Total Fund Balances	2,675,477	5,142,688	861,185	(199,958)	2,398,818	10,878,210	74,994
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 4,502,807	\$ 5,142,688	\$ 1,369,731	\$ 446,254	\$ 4,507,681	\$ 15,969,161	\$ 74,994

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

CITY OF HIGHLAND, ILLINOIS
BALANCE SHEETS
GOVERNMENTAL FUNDS
APRIL 30, 2015

	PRIMARY GOVERNMENT						COMPONENT
	GENERAL CORPORATE	CITY PROPERTY REPLACEMENT	AMBULANCE	STREET IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	UNIT INDUSTRIAL DEVELOPMENT COMMISSION
<u>ASSETS</u>							
Cash and Investments	\$ 2,494,072	\$ 6,192,875	\$ 63,466	\$ 1,184,938	\$ 2,212,525	\$ 12,147,876	\$ 20,095
Receivables (Net, Where Applicable of Allowance for Uncollectibles):							
Property Taxes	1,198,021		429,986		1,913,712	3,541,719	
Replacement Tax Receivable	25,111		3,571		8,094	36,776	
Accounts Receivable	23,904		826,075			849,979	
Income Tax Receivable	196,444					196,444	
Sales Tax Receivable	384,871			197,850		582,721	
Other	74,203	9,594	16	338	36,412	120,563	52,596
Due from Other Fund	10,406	145,000				155,406	
Prepaid Expenses	47,106		1,171		196,198	244,475	
Restricted Cash					59,435	59,435	
Total Assets	\$ 4,454,138	\$ 6,347,469	\$ 1,324,285	\$ 1,383,126	\$ 4,426,376	\$ 17,935,394	\$ 72,691
<u>LIABILITIES</u>							
Accounts Payable	\$ 411,734		\$ 18,266	\$ 268,184	\$ 140,666	\$ 838,850	
Accrued Salaries and Benefits	147,667		35,678		35,904	219,249	
Due to Other Fund	134,085				85,406	219,491	
Total Liabilities	693,486	\$ 0	53,944	268,184	261,976	1,277,590	\$ 0
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable Property Taxes	1,198,021	0	429,986	0	1,913,712	3,541,719	0
<u>FUND BALANCES</u>							
Nonspendable	47,106		1,171		196,198	244,475	
Restricted	51,380				1,385,755	1,437,135	72,691
Assigned		6,347,469	839,184	1,114,942	780,731	9,082,326	
Unassigned	2,464,145				(111,996)	2,352,149	
Total Fund Balances	2,562,631	6,347,469	840,355	1,114,942	2,250,688	13,116,085	72,691
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 4,454,138	\$ 6,347,469	\$ 1,324,285	\$ 1,383,126	\$ 4,426,376	\$ 17,935,394	\$ 72,691

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, 2016
WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2015

	2016	2015
Total fund balances for governmental funds	\$ 10,878,210	\$ 13,116,085
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	\$ 7,757,958	\$ 7,696,420
Construction in progress	845,679	7,796,503
Infrastructure, net of accumulated depreciation	26,731,774	18,531,755
Buildings and Improvements, net of accumulated depreciation	4,764,806	5,011,324
Other Improvements, net of accumulated depreciation	2,625,605	1,982,628
Equipment, net of accumulated depreciation	1,315,678	838,671
	44,041,500	41,857,301
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	543	733
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	2,076,976	945,466
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	\$ (848,536)	\$ (713,804)
Bonds and notes payable	(11,919,367)	(13,609,367)
Bond premium, net of accumulated amortization	(48,650)	(61,426)
Net Pension Liability	(2,909,974)	(1,434,201)
Other post employment benefits	(275,243)	(232,877)
Compensated absences	(707,045)	(679,062)
	(16,708,815)	(16,730,737)
Total net position of governmental activities	\$ 40,288,414	\$ 39,188,848

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, 2016

	PRIMARY GOVERNMENT					COMPONENT UNIT	
	GENERAL CORPORATE	CITY PROPERTY REPLACEMENT	AMBULANCE	STREET IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	INDUSTRIAL DEVELOPMENT COMMISSION
Revenues:							
General Property Taxes	\$ 1,318,701		\$ 427,712		\$ 1,905,851	\$ 3,652,264	
Corporate Personal Property Replacement Taxes	99,821		12,794		37,275	149,890	
Intergovernmental	4,440,011		262,525	\$ 1,397,348	263,985	6,363,869	
Charges for Services	2,356,641		1,339,639		18,763	3,715,043	
Licenses, Permits and Other Taxes	249,133					249,133	
Fines and Forfeitures	29,817				3,874	33,691	
Revenue from Use of Property	89,184					89,184	
Grants	232,729			550,348	2,241	785,318	
Miscellaneous and Interest Income	162,329	\$ 70,219	9,040	27,373	62,694	331,655	\$ 2,303
Total Revenues	<u>8,978,366</u>	<u>70,219</u>	<u>2,051,710</u>	<u>1,975,069</u>	<u>2,294,683</u>	<u>15,370,047</u>	<u>2,303</u>
Expenditures:							
Current-							
General Government	1,335,459				351,852	1,687,311	
Public Safety	3,096,418		2,012,130			5,108,548	
Highways and Streets	927,059			33,946	213,409	1,174,414	
Culture and Recreation	1,946,620				353,342	2,299,962	
Economic Development	310,318				44,135	354,453	
Employer's Contribution to Retirement Fund					827,255	827,255	
Capital Outlay	2,255,357		18,750	2,069,245	62,967	4,406,319	
Debt Service Expenditures-							
Other Debt Service Fees					200	200	
Principal Retirement	400,000			1,115,000	175,000	1,690,000	
Interest and Fixed Charges	31,319			71,778	112,863	215,960	
Total Expenditures	<u>10,302,550</u>	<u>0</u>	<u>2,030,880</u>	<u>3,289,969</u>	<u>2,141,023</u>	<u>17,764,422</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,324,184)</u>	<u>70,219</u>	<u>20,830</u>	<u>(1,314,900)</u>	<u>153,660</u>	<u>(2,394,375)</u>	<u>2,303</u>
Other Financing Sources (Uses):							
Proceeds from Sale of Capital Assets	6,500					6,500	
Operating Transfers in	1,534,530	254,000				1,788,530	
Operating Transfers out	(104,000)	(1,529,000)			(5,530)	(1,638,530)	
Total Other Financing Sources (Uses)	<u>1,437,030</u>	<u>(1,275,000)</u>	<u>0</u>	<u>0</u>	<u>(5,530)</u>	<u>156,500</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>112,846</u>	<u>(1,204,781)</u>	<u>20,830</u>	<u>(1,314,900)</u>	<u>148,130</u>	<u>(2,237,875)</u>	<u>2,303</u>
Fund Balance, Beginning of Year	<u>2,562,631</u>	<u>6,347,469</u>	<u>840,355</u>	<u>1,114,942</u>	<u>2,250,688</u>	<u>13,116,085</u>	<u>72,691</u>
Fund Balance, End of Year	<u>\$ 2,675,477</u>	<u>\$ 5,142,688</u>	<u>\$ 861,185</u>	<u>\$ (199,958)</u>	<u>\$ 2,398,818</u>	<u>\$ 10,878,210</u>	<u>\$ 74,994</u>

CITY OF HIGHLAND, ILLINOIS
 STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED APRIL 30, 2015

	PRIMARY GOVERNMENT						COMPONENT UNIT
	GENERAL CORPORATE	CITY PROPERTY REPLACEMENT	AMBULANCE	STREET IMPROVEMENT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	INDUSTRIAL DEVELOPMENT COMMISSION
Revenues:							
General Property Taxes	\$ 1,348,831		\$ 434,387		\$ 1,573,348	\$ 3,356,566	
Corporate Personal Property Replacement Taxes	124,977		15,892		45,687	186,556	
Intergovernmental	4,000,735		260,294	\$ 1,356,778	319,111	5,936,918	
Charges for Services	2,235,416		1,357,379		19,622	3,612,417	
Licenses, Permits and Other Taxes	273,768					273,768	
Fines and Forfeitures	26,048				4,128	30,176	
Revenue from Use of Property	89,559					89,559	
Grants	81,547			2,129,394	1,500	2,212,441	
Miscellaneous and Interest Income	154,452	\$ 83,759	35,899	6,556	51,165	331,831	\$ 2,784
Total Revenues	<u>8,335,333</u>	<u>83,759</u>	<u>2,103,851</u>	<u>3,492,728</u>	<u>2,014,561</u>	<u>16,030,232</u>	<u>2,784</u>
Expenditures:							
Current-							
General Government	1,151,686				394,047	1,545,733	
Public Safety	3,119,360		1,885,513			5,004,873	
Highways and Streets	884,904			15,443	265,410	1,165,757	
Culture and Recreation	1,819,554				350,000	2,169,554	
Economic Development	160,405				82,300	242,705	
Employer's Contribution to Retirement Fund					903,264	903,264	
Capital Outlay	1,398,307		226,077	3,022,171	123,148	4,769,703	
Debt Service Expenditures-							
Other Debt Service Fees					200	200	
Bond Issue Costs	56,063			75,075		131,138	
Principal Retirement	290,000			910,000		1,200,000	
Interest and Fixed Charges	78,885			175,022	112,863	366,770	
Total Expenditures	<u>8,959,164</u>	<u>0</u>	<u>2,111,590</u>	<u>4,197,711</u>	<u>2,231,232</u>	<u>17,499,697</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(623,831)</u>	<u>83,759</u>	<u>(7,739)</u>	<u>(704,983)</u>	<u>(216,671)</u>	<u>(1,469,465)</u>	<u>2,784</u>
Other Financing Sources (Uses):							
Proceeds from Sale of Capital Assets	4,950					4,950	
Operating Transfers in	788,629	506,000	250,000			1,544,629	
Operating Transfers out	(206,000)	(801,000)	(150,000)	(202,400)	(35,229)	(1,394,629)	
Total Other Financing Sources (Uses)	<u>587,579</u>	<u>(295,000)</u>	<u>100,000</u>	<u>(202,400)</u>	<u>(35,229)</u>	<u>154,950</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>(36,252)</u>	<u>(211,241)</u>	<u>92,261</u>	<u>(907,383)</u>	<u>(251,900)</u>	<u>(1,314,515)</u>	<u>2,784</u>
Fund Balance, Beginning of Year	<u>2,598,883</u>	<u>6,558,710</u>	<u>748,094</u>	<u>2,022,325</u>	<u>2,502,588</u>	<u>14,430,600</u>	<u>69,907</u>
Fund Balance, End of Year	<u>\$ 2,562,631</u>	<u>\$ 6,347,469</u>	<u>\$ 840,355</u>	<u>\$ 1,114,942</u>	<u>\$ 2,250,688</u>	<u>\$ 13,116,085</u>	<u>\$ 72,691</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, 2016
 WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2015

	<u>2016</u>	<u>2015</u>
Net change in fund balances - total governmental funds	\$ (2,237,875)	\$ (1,314,515)
Amounts reported for governmental activities in the statements of activities are different because:		
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation expense in the current period.	2,188,871	2,897,740
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.	12,586	(38,236)
In the statement of activities, only the gain on the disposal of the capital assets is reported, whereas, in the governmental funds, the proceeds from the sale increase the financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed.	(4,672)	
Some expenses, including accrued interest 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.	(162,715)	(147,237)
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.	(344,263)	(15,883)
Other post employment benefits is a liability held by the City that is not due and payable in the current period and accordingly, is not reported as a liability in governmental funds.	(42,366)	(43,122)
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	<u>1,690,000</u>	<u>1,200,000</u>
Change in net position of governmental activities	<u>\$ 1,099,566</u>	<u>\$ 2,538,747</u>

CITY OF HIGHLAND, ILLINOIS
BALANCE SHEETS
ENTERPRISE FUNDS
APRIL 30, 2016

<u>ASSETS</u>	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
Current Assets:					
Cash and Investments	\$ 2,730,115	\$ 2,829,398	\$ 2,278,628	\$ 422,288	\$ 8,260,429
Receivables:					
Accounts	582,376	94,845	77,338	92,370	846,929
Due from Other Funds	61,136				61,136
Unbilled Revenue	827,172	157,073	159,052	108,476	1,251,773
Other Receivable	7,394	7,486	6,029	1,117	22,026
Other Current Assets	165,118	38,683	35,366		239,167
Total Current Assets	4,373,311	3,127,485	2,556,413	624,251	10,681,460
Restricted Assets:					
Cash and Investments	64,246				64,246
Capital Assets (Net of Accumulated Depreciation)	24,505,782	6,995,154	5,818,401		37,319,337
Total Noncurrent Assets	24,570,028	6,995,154	5,818,401	0	37,383,583
Total Assets	28,943,339	10,122,639	8,374,814	624,251	48,065,043
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Related to Pensions	848,602	305,002	208,081		1,361,685
Total Assets and Deferred Outflows of Resources	\$ 29,791,941	\$ 10,427,641	\$ 8,582,895	\$ 624,251	\$ 49,426,728
<u>LIABILITIES AND NET POSITION</u>					
Current Liabilities (Payable from Current Assets):					
Accounts Payable	\$ 963,935	\$ 48,670	\$ 217,490	\$ 117,682	\$ 1,347,777
Accrued Interest Payable			11,384		11,384
Current Portion Notes Payable			429,027		429,027
Current Portion Maintenance Agreement Payable		166,853			166,853
Accrued Salaries and Benefits	78,373	26,350	26,780		131,503
Premium on Revenue Bonds			23,062		23,062
Total Current Liabilities (Payable from Current Assets)	1,042,308	241,873	707,743	117,682	2,109,606
Current Liabilities (Payable from Restricted Assets):					
Customer Deposits	64,246				64,246
Current Portion Revenue Bonds	595,000		110,000		705,000
Accrued Interest on Revenue Bonds	191,383				191,383
Total Current Liabilities (Payable from Restricted Assets)	850,629	0	110,000	0	960,629
Long-Term Liabilities:					
Revenue Bonds (Net of Current Portion)	11,615,000		2,460,000		14,075,000
Notes Payable (Net of Current Portion)			441,515		441,515
Maintenance Agreement Payable (Net of Current Portion)		560,438			560,438
Compensated Absences	230,147	80,127	61,763		372,037
Net Pension Liability	1,200,071	431,327	294,263		1,925,661
Other Post Employment Benefits Payable	71,492	35,746	25,022		132,260
Total Long-Term Liabilities	13,116,710	1,107,638	3,282,563	0	17,506,911
Total Liabilities	15,009,647	1,349,511	4,100,306	117,682	20,577,146
Net Position:					
Net Investment in Capital Assets, Net of Related Debt	12,295,782	6,267,863	2,377,859		20,941,504
Restricted For Long Term Debt	64,246				64,246
Unrestricted	2,422,266	2,810,267	2,104,730	506,569	7,843,832
Total Net Position	14,782,294	9,078,130	4,482,589	506,569	28,849,582
Total Liabilities and Net Position	\$ 29,791,941	\$ 10,427,641	\$ 8,582,895	\$ 624,251	\$ 49,426,728

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

CITY OF HIGHLAND, ILLINOIS
BALANCE SHEETS
ENTERPRISE FUNDS
APRIL 30, 2015

<u>ASSETS</u>	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
Current Assets:					
Cash and Investments	\$ 4,063,998	\$ 2,747,546	\$ 3,321,491	\$ 344,068	\$ 10,477,103
Receivables:					
Accounts	523,904	57,770	76,624	88,573	746,871
Due from Other Funds	64,085				64,085
Unbilled Revenue	898,028	147,112	155,160	109,701	1,310,001
Other Receivable	6,406	4,250	5,166	533	16,355
Other Current Assets	132,408	30,109	27,695		190,212
Total Current Assets	<u>5,688,829</u>	<u>2,986,787</u>	<u>3,586,136</u>	<u>542,875</u>	<u>12,804,627</u>
Restricted Assets:					
Cash and Investments	63,870				63,870
Fixed Assets (Net of Accumulated Depreciation)	24,335,909	6,697,220	5,630,500		36,663,629
Total Noncurrent Assets	<u>24,399,779</u>	<u>6,697,220</u>	<u>5,630,500</u>	<u>0</u>	<u>36,727,499</u>
Total Assets	<u>30,088,608</u>	<u>9,684,007</u>	<u>9,216,636</u>	<u>542,875</u>	<u>49,532,126</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Related to Pensions	387,229	139,177	94,950		621,356
Total Assets and Deferred Outflows of Resources	<u>\$ 30,475,837</u>	<u>\$ 9,823,184</u>	<u>\$ 9,311,586</u>	<u>\$ 542,875</u>	<u>\$ 50,153,482</u>
<u>LIABILITIES AND NET POSITION</u>					
Current Liabilities (Payable from Current Assets):					
Accounts Payable	\$ 1,052,853	\$ 49,425	\$ 613,704	\$ 121,083	\$ 1,837,065
Accrued Interest Payable			13,595		13,595
Current Portion Note Payable			416,891		416,891
Current Portion Maintenance Agreement Payable		50,828			50,828
Accrued Salaries and Benefits	67,170	25,576	20,608		113,354
Premium on Revenue Bonds	1,142		24,380		25,522
Total Current Liabilities (Payable from Current Assets)	<u>1,121,165</u>	<u>125,829</u>	<u>1,089,178</u>	<u>121,083</u>	<u>2,457,255</u>
Current Liabilities (Payable from Restricted Assets):					
Customer Deposits	66,254				66,254
Current Portion Revenue Bonds	825,000		110,000		935,000
Accrued Interest on Revenue Bonds	201,596				201,596
Total Current Liabilities (Payable from Restricted Assets)	<u>1,092,850</u>	<u>0</u>	<u>110,000</u>	<u>0</u>	<u>1,202,850</u>
Long-Term Liabilities:					
Revenue Bonds (Net of Current Portion)	12,210,000		2,570,000		14,780,000
Note Payable (Net of Current Portion)			870,542		870,542
Maintenance Agreement Payable (Net of Current Portion)		203,320			203,320
Compensated Absences	255,807	97,932	56,929		410,668
Net Pension Liability	590,846	212,360	144,878		948,084
Other Post Employment Benefits Payable	60,487	30,244	21,171		111,902
Total Long-Term Liabilities	<u>13,117,140</u>	<u>543,856</u>	<u>3,663,520</u>	<u>0</u>	<u>17,324,516</u>
Total Liabilities	<u>15,331,155</u>	<u>669,685</u>	<u>4,862,698</u>	<u>121,083</u>	<u>20,984,621</u>
Net Position:					
Net Investment in Capital Assets, Net of Related Debt	11,300,909	6,443,072	1,663,067		19,407,048
Restricted for Long Term Debt	63,870				63,870
Unrestricted	3,779,903	2,710,427	2,785,821	421,792	9,697,943
Total Net Position	<u>15,144,682</u>	<u>9,153,499</u>	<u>4,448,888</u>	<u>421,792</u>	<u>29,168,861</u>
Total Liabilities and Net Position	<u>\$ 30,475,837</u>	<u>\$ 9,823,184</u>	<u>\$ 9,311,586</u>	<u>\$ 542,875</u>	<u>\$ 50,153,482</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, 2016

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
Operating Revenues:					
Charges for Services	\$ 15,465,809	\$ 2,001,861	\$ 2,094,223	\$ 1,597,158	\$ 21,159,051
Connection Fees	17,375	26,262	43,787		87,424
Total Operating Revenues	<u>15,483,184</u>	<u>2,028,123</u>	<u>2,138,010</u>	<u>1,597,158</u>	<u>21,246,475</u>
Operating Expenses:					
Personnel Services	1,810,837	895,835	755,458		3,462,130
Contractual Services	2,442,665	338,652	460,991	1,517,092	4,759,400
Purchase Power (Less Generating Capacity Credit)	8,981,405				8,981,405
Supplies and Materials	314,293	236,815	100,208		651,316
Utilities	106,518	112,736	4,286		223,540
Depreciation and Amortization	1,688,178	619,502	687,986		2,995,666
Total Operating Expenses	<u>15,343,896</u>	<u>2,203,540</u>	<u>2,008,929</u>	<u>1,517,092</u>	<u>21,073,457</u>
Operating Income (Loss)	<u>139,288</u>	<u>(175,417)</u>	<u>129,081</u>	<u>80,066</u>	<u>173,018</u>
Non-Operating Revenues (Expenses):					
Interest Income	42,646	35,941	22,794	4,711	106,092
Miscellaneous	199,580	64,107	1,478		265,165
Interest Expense	(593,433)		(119,502)		(712,935)
Service Charges	(469)		(150)		(619)
Total Non-Operating Revenues (Expenses)	<u>(351,676)</u>	<u>100,048</u>	<u>(95,380)</u>	<u>4,711</u>	<u>(342,297)</u>
Income (Loss) Before Operating Transfers	<u>(212,388)</u>	<u>(75,369)</u>	<u>33,701</u>	<u>84,777</u>	<u>(169,279)</u>
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	<u>(362,388)</u>	<u>(75,369)</u>	<u>33,701</u>	<u>84,777</u>	<u>(319,279)</u>
Total Net Position, Beginning of Year - Restated	<u>15,144,682</u>	<u>9,153,499</u>	<u>4,448,888</u>	<u>421,792</u>	<u>29,168,861</u>
Total Net Position, End of Year	<u>\$ 14,782,294</u>	<u>\$ 9,078,130</u>	<u>\$ 4,482,589</u>	<u>\$ 506,569</u>	<u>\$ 28,849,582</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, 2015

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
Operating Revenues:					
Charges for Services	\$ 15,254,775	\$ 1,951,684	\$ 2,067,118	\$ 1,523,309	\$ 20,796,886
Connection Fees	11,503	20,006	15,516		47,025
Total Operating Revenues	<u>15,266,278</u>	<u>1,971,690</u>	<u>2,082,634</u>	<u>1,523,309</u>	<u>20,843,911</u>
Operating Expenses:					
Personnel Services	1,525,970	818,033	616,900		2,960,903
Contractual Services	2,281,615	371,576	484,992	1,436,705	4,574,888
Purchase Power (Less Generating Capacity Credit)	9,040,759				9,040,759
Supplies and Materials	254,855	261,776	121,313	2,658	640,602
Utilities	99,160	112,591	4,696		216,447
Depreciation and Amortization	1,664,989	633,582	722,511		3,021,082
Total Operating Expenses	<u>14,867,348</u>	<u>2,197,558</u>	<u>1,950,412</u>	<u>1,439,363</u>	<u>20,454,681</u>
Operating Income (Loss)	<u>398,930</u>	<u>(225,868)</u>	<u>132,222</u>	<u>83,946</u>	<u>389,230</u>
Non-Operating Revenues (Expenses):					
Interest Income	58,094	35,628	21,932	3,733	119,387
Miscellaneous	190,513	34,716	2,046		227,275
Gain on Sale of Asset		16,275	17,500		33,775
Interest Expense	(622,318)		(130,654)		(752,972)
Service Charges	(542)		(150)		(692)
Total Non-Operating Revenues (Expenses)	<u>(374,253)</u>	<u>86,619</u>	<u>(89,326)</u>	<u>3,733</u>	<u>(373,227)</u>
Income (Loss) Before Operating Transfers	24,677	(139,249)	42,896	87,679	16,003
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	(125,323)	(139,249)	42,896	87,679	(133,997)
Total Net Position, Beginning of Year - Restated	<u>15,270,005</u>	<u>9,292,748</u>	<u>4,405,992</u>	<u>334,113</u>	<u>29,302,858</u>
Total Net Position, End of Year	<u>\$ 15,144,682</u>	<u>\$ 9,153,499</u>	<u>\$ 4,448,888</u>	<u>\$ 421,792</u>	<u>\$ 29,168,861</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, 2016

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Received from Customers	\$ 15,695,148	\$ 2,045,194	\$ 2,134,882	\$ 1,594,586	\$ 21,469,810
Cash Payments for Goods and Services	(11,968,517)	(697,531)	(969,520)	(1,520,493)	(15,156,061)
Cash Payments to Employees	(1,666,437)	(854,223)	(704,347)		(3,225,007)
Net Cash Provided by Operating Activities	<u>2,060,194</u>	<u>493,440</u>	<u>461,015</u>	<u>74,093</u>	<u>3,088,742</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Repayments of Loans from Other Funds	(147,051)				(147,051)
Net Cash Used by Non-Capital Financing Activities	<u>(147,051)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(147,051)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Interest Paid	(605,257)		(121,713)		(726,970)
Payments for Capital Acquisitions	(1,858,051)	(917,436)	(875,887)		(3,651,374)
Repayments of Loans	(825,000)	473,143	(526,891)		(878,748)
Amortization of Bond Premium			(1,318)		(1,318)
Net Cash Used by Capital and Related Financing Activities	<u>(3,288,308)</u>	<u>(444,293)</u>	<u>(1,525,809)</u>	<u>0</u>	<u>(5,258,410)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Receipts of Interest	41,658	32,705	21,931	4,127	100,421
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(1,333,507)	81,852	(1,042,863)	78,220	(2,216,298)
CASH AND INVESTMENTS, BEGINNING OF YEAR	4,127,868	2,747,546	3,321,491	344,068	10,540,973
CASH AND INVESTMENTS, END OF YEAR	<u>\$ 2,794,361</u>	<u>\$ 2,829,398</u>	<u>\$ 2,278,628</u>	<u>\$ 422,288</u>	<u>\$ 8,324,675</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 139,288	\$ (175,417)	\$ 129,081	\$ 80,066	\$ 173,018
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities:					
Depreciation and Amortization Expense	1,688,178	619,502	687,986		2,995,666
Miscellaneous Revenues	199,580	64,107	1,478		265,165
Service Charges			(150)		(150)
Increase in Accounts Receivables	(58,472)	(37,075)	(714)	(3,797)	(100,058)
(Increase) Decrease in Unbilled Revenue	70,856	(9,961)	(3,892)	1,225	58,228
Increase in Prepaid Expenses	(32,710)	(8,574)	(7,671)		(48,955)
Increase in Deferred Outflows Related to Pensions	(461,373)	(165,825)	(113,131)		(740,329)
Decrease in Accounts Payable	(88,918)	(755)	(396,214)	(3,401)	(489,288)
Increase in Accrued Salaries and Benefits	11,203	774	6,172		18,149
Increase (Decrease) in Compensated Absences	(25,660)	(17,805)	4,834		(38,631)
Decrease in Customer Deposits	(2,008)				(2,008)
Increase in Other Post Employment Benefits	11,005	5,502	3,851		20,358
Increase in Net Pension Liability	609,225	218,967	149,385		977,577
Total Adjustments	<u>1,920,906</u>	<u>668,857</u>	<u>331,934</u>	<u>(5,973)</u>	<u>2,915,724</u>
Net Cash Provided by Operating Activities	<u>\$ 2,060,194</u>	<u>\$ 493,440</u>	<u>\$ 461,015</u>	<u>\$ 74,093</u>	<u>\$ 3,088,742</u>

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED APRIL 30, 2015

	LIGHT AND POWER	WATER	SEWER	SOLID WASTE	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received from Customers	\$ 15,613,101	\$ 2,024,665	\$ 2,103,898	\$ 1,501,027	\$ 21,242,691
Cash Payments for Goods and Services	(11,543,879)	(736,368)	(121,638)	(1,438,798)	(13,840,683)
Cash Payments to Employees	(1,499,321)	(788,627)	(616,717)		(2,904,665)
Net Cash Provided by Operating Activities	<u>2,569,901</u>	<u>499,670</u>	<u>1,365,543</u>	<u>62,229</u>	<u>4,497,343</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Repayment of Loans from Other Funds	(150,000)				(150,000)
Net Cash Used by Non-Capital Financing Activities	<u>(150,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(150,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Interest Paid	(633,904)		(174,343)		(808,247)
Payments for Capital Acquisitions	(1,521,741)	(302,104)	(1,742,380)		(3,566,225)
Proceeds from the Sale of Assets		16,275	17,500		33,775
Repayments of Loans	(810,000)	(50,829)	(470,099)		(1,330,928)
Amortization of Bond Premium			(1,318)		(1,318)
Net Cash Used by Capital and Related Financing Activities	<u>(2,965,645)</u>	<u>(336,658)</u>	<u>(2,370,640)</u>	<u>0</u>	<u>(5,672,943)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Receipts of Interest	58,688	35,245	23,294	3,622	120,849
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(487,056)	198,257	(981,803)	65,851	(1,204,751)
CASH AND INVESTMENTS, BEGINNING OF YEAR	4,614,924	2,549,289	4,303,294	278,217	11,745,724
CASH AND INVESTMENTS, END OF YEAR	<u>\$ 4,127,868</u>	<u>\$ 2,747,546</u>	<u>\$ 3,321,491</u>	<u>\$ 344,068</u>	<u>\$ 10,540,973</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ 398,930	\$ (225,868)	\$ 132,222	\$ 83,946	\$ 389,230
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation and Amortization Expense	1,664,989	633,582	722,511		3,021,082
Miscellaneous Revenues	190,513	34,716	2,046		227,275
Service Charges			(150)		(150)
(Increase) Decrease in Accounts Receivables	187,739	9,310	7,912	(13,502)	191,459
Increase in Unbilled Revenue	(47,097)	(2,320)	(4,724)	(15,326)	(69,467)
Decrease in Prepaid Expenses	7,338	11,269	16,030	565	35,202
Increase in Deferred Outflows Related to Pensions	(326,651)	(117,404)	(80,097)		(524,152)
Increase in Accounts Payable	132,510	9,575	489,513	6,546	638,144
Increase in Accrued Salaries and Benefits	5,500	3,486	1,695		10,681
Increase (Decrease) in Compensated Absences	(623)	16,521	(8,025)		7,873
Increase in Customer Deposits	8,330				8,330
Increase in Other Post Employment Benefits	11,200	5,600	3,921		20,721
Increase in Net Pension Liability	337,223	121,203	82,689		541,115
Total Adjustments	<u>2,170,971</u>	<u>725,538</u>	<u>1,233,321</u>	<u>(21,717)</u>	<u>4,108,113</u>
Net Cash Provided by Operating Activities	<u>\$ 2,569,901</u>	<u>\$ 499,670</u>	<u>\$ 1,365,543</u>	<u>\$ 62,229</u>	<u>\$ 4,497,343</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>	2016	2015
Cash	\$ 257,316	\$ 1,874,124
Receivables:		
Property Taxes, Current Year Levy	420,408	427,496
Interest Receivable	13,172	29,586
Total Receivables	<u>433,580</u>	<u>457,082</u>
Investments:		
Certificates of Deposit and Interest Bearing Accounts	2,527,976	2,198,234
Municipal Bonds	2,618,606	1,611,117
Mutual Funds	4,390,917	4,227,702
Total Investments	<u>9,537,499</u>	<u>8,037,053</u>
Other Assets	<u>73,072</u>	<u>80,664</u>
Total Assets	<u>10,301,467</u>	<u>10,448,923</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Related to Pensions	<u>1,980,095</u>	
Total Assets and Deferred Outflows of Resources	<u>\$ 12,281,562</u>	<u>\$ 10,448,923</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 796	\$ 826
Net Pension Liability	<u>6,003,947</u>	<u>3,797,688</u>
Total Liabilities	<u>6,004,743</u>	<u>3,798,514</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Unavailable Property Taxes	<u>420,408</u>	<u>427,496</u>
<u>NET POSITION</u>		
Net Position Held in Trust for Pension Benefits and Other Purposes	<u>5,856,411</u>	<u>6,222,913</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 12,281,562</u>	<u>\$ 10,448,923</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,	
	2016	2015
Additions:		
General Property Taxes:		
Real Estate	\$ 425,236	\$ 406,898
Intergovernmental:		
Corporate Personal Property Replacement Tax	6,900	6,900
Miscellaneous:		
Interest	121,637	75,664
Employee Contributions	158,168	192,790
Net Realized/Unrealized Appreciation (Depreciation) of Investments	(163,336)	498,904
Total Additions	548,605	1,181,156
Deductions:		
Benefit Payments	637,196	684,160
Administration	35,381	3,944
Pension Expense	226,164	
Amortization	16,366	15,168
Total Deductions	915,107	703,272
Increase in Net Position	(366,502)	477,884
Net Position, Beginning of Year - Restated	6,222,913	5,745,029
Net Position, End of Year	\$ 5,856,411	\$ 6,222,913

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, 2016

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, 2016

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, 2016

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, 2016

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 \$595,874 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 \$707,045 for payments to qualified employees of the governmental activities and \$372,037 for payments to qualified employees of the business-type activities.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

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. Fair value for the Illinois Funds is the same as the value of fund shares.

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, 2016

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 plan. 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 governmental funds report unavailable revenues from property taxes. 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 market 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, 2016

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, 2016 and 2015.

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.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

NOTE 2. CHANGES IN ACCOUNTING PRINCIPLES

During the fiscal year ended April 30, 2016, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 68. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This Statement replaces the requirements of GASB No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirement of GASB No. 50, *Pension Disclosures*

(A) PRIOR PERIOD ADJUSTMENTS

Due to the changes in accounting principles described above, beginning net position for the fiscal year ended April 30, 2015, has been decreased by \$4,580,305.

	Governmental Activities	Light and Power	Water	Sewer	Policemen's Pension
Net Position, As Previously Reported	\$ 37,122,953	\$ 15,463,050	\$ 9,362,132	\$ 4,453,328	\$ 9,542,717
Prior Period Adjustment - GASB 68	(472,852)	(193,045)	(69,384)	(47,336)	(3,797,688)
Net Position, As Restated	<u>\$ 36,650,101</u>	<u>\$ 15,270,005</u>	<u>\$ 9,292,748</u>	<u>\$ 4,405,992</u>	<u>\$ 5,745,029</u>

The differences mentioned above represent a restatement of net position for the difference in net pension liability and the deferred outflows of pension costs in prior years.

NOTE 3. CASH AND INVESTMENTS

Cash and investments as of April 30, 2016, including fiduciary funds, are classified in the accompanying financial statements as follows:

	Primary Government	Component Unit
Total Cash	\$ 6,672,058	\$ 27,681
Total Investments	20,786,242	
Total	<u>\$ 27,458,300</u>	<u>\$ 27,681</u>

Cash includes \$850 of cash on-hand and \$6,671,208 of deposits with financial institutions for the primary government and \$27,681 deposited in a financial institution for the component unit.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

NOTE 3. 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, 2016

NOTE 3. 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.

(A) INTEREST RATE RISK

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

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

Information about the sensitivity of the fair values of the City's investments to market rate fluctuations is provided in the following table. As of April 30, 2016 the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Months)			
		12 Months or Less	13-36 Months	37-60 Months	> 60 Months
Illinois Funds	\$ 505,846	\$ 505,846			
Bonds	2,618,606	102,349	\$ 261,773	\$ 258,179	\$1,996,306
Mutual Funds	4,397,928	4,397,928			
Certificates of Deposit	13,263,862	2,183,863	6,621,507	4,056,492	\$ 402,000
Total	<u>\$ 20,786,242</u>	<u>\$ 7,189,986</u>	<u>\$ 6,883,280</u>	<u>\$4,314,671</u>	<u>\$2,398,306</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 "A-" rating.

(C) CUSTODIAL CREDIT RISK

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

The City's investment 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, 2016, the balance in the City's state investment pool was \$505,846.

The City's cash deposits, including the fiduciary fund, at April 30, 2016 consisted of the following:

<u>Depository Account</u>	<u>Bank Balance</u>
Insured	\$ 13,197,422
Collateralized:	
Held by pledging bank's trust department in the City's name	7,155,112
Total Deposits	<u>\$ 20,352,534</u>

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2016

NOTE 3. CASH AND INVESTMENTS (CONTINUED)

(D) CONCENTRATIONS OF CREDIT RISK

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

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

Issuer	Investment Type	Reported Amount
FCB Highland Bank	Certificates of Deposit	\$ 1,080,447

NOTE 4. 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 Counties Risk Management Trust, which provides insurance coverage for property and liability claims for over 200 Illinois municipalities. Settlement claims have not exceeded insurance coverage for each of the past three fiscal years.

NOTE 5. 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 2015 levy was passed by the Council on December 21, 2015. Property taxes attach as an enforceable lien on property as of January 1, and are payable in four installments for 2016: July 7, September 7, October 7, and December 7. The County has not mailed tax bills as of April 30, 2016. 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, 2016 and is expected to be collected soon enough after April 30, 2016 to be used to pay liabilities by June 30, 2016 (60 days or less) and has been budgeted for the current year.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

NOTE 5. PROPERTY TAXES (CONTINUED)

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

	MAXIMUM							
	LEVY	2015	2014	2013	2012	2011	2010	2009
General Government	.3330	0.3330	0.3220	0.3330	.3312	.3330	.3330	.3330
Police Protection	.0750	0.0750	0.0726	0.0750	.0746	.0750	.0750	.0750
Fire Protection	.0750	0.0750	0.0726	0.0750	.0746	.0750	.0750	.0750
Playground & Rec	.0900	0.0900	0.0871	0.0900	.0895	.0900	.0900	.0900
Band	.0400	0.0259	0.0259	0.0259	.0254	.0257	.0252	.0247
Social Security		0.2619	0.2587	0.2099	.2040	.1994	.2055	.1933
Retirement		0.2787	0.2756	0.2212	.2150	.2021	.2007	.1668
Liability Insurance		0.1295	0.1294	0.1673	.1627	.1611	.1241	.0874
Crossing Guards	.0200	0.0070	0.0068	0.0069	.0067	.0069	.0057	.0085
Audit		0.0096	0.0096	0.0100	.0100	.0110	.0108	.0149
Municipal Ambulance	.2500	0.2500	0.2418	0.2481	.2411	.2389	.2302	.2204
Community Building	.0750	0.0750	0.0726	0.0750	.0746	.0750	.0750	.0750
Police Pension		0.2367	0.2404	0.2324	.2200	.1826	.1627	.1883
Library	.1500	0.1500	0.1451	0.1500	.1492	.1500	.1500	.1500
Library Liability Ins.		0.0189	0.0175	0.0176	.0193	.0170	.0229	.0175
Public Comfort Station	.0333	0.0141	0.0141	0.0171	.0124	.0126	.0124	.0122
TOTAL		<u>2.0303</u>	<u>1.9918</u>	<u>1.9544</u>	<u>1.9103</u>	<u>1.8553</u>	<u>1.7982</u>	<u>1.7320</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, 2016

NOTE 6. CAPITAL ASSETS

Summary of capital assets for governmental activities for the year ended April 30, 2016:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Not Being Depreciated:				
Land	\$ 7,696,420	\$ 61,538		\$ 7,757,958
Construction in Progress	7,796,503	384,481	\$ (7,335,305)	845,679
Subtotal	<u>15,492,923</u>	<u>446,019</u>	<u>(7,335,305)</u>	<u>8,603,637</u>
Other Capital Assets:				
Buildings and Improvements	11,205,727			11,205,727
Improvements	4,408,067	919,211		5,327,278
Equipment	5,547,156	807,672	(83,762)	6,271,066
Infrastructure	54,824,898	9,568,722		64,393,620
Subtotal	<u>75,985,848</u>	<u>11,295,605</u>	<u>(83,762)</u>	<u>87,197,691</u>
Accumulated Depreciation:				
Buildings and Improvements	6,194,403	246,518		6,440,921
Improvements	2,425,439	276,234		2,701,673
Equipment	4,708,485	325,993	(79,090)	4,955,388
Infrastructure	36,293,143	1,368,703		37,661,846
Subtotal	<u>49,621,470</u>	<u>2,217,448</u>	<u>(79,090)</u>	<u>51,759,828</u>
Net Other Capital Assets	26,364,378	9,078,157	(4,672)	35,437,863
Net Capital Assets	<u>\$ 41,857,301</u>	<u>\$ 9,524,176</u>	<u>\$ (7,339,977)</u>	<u>\$ 44,041,500</u>

Depreciation was charged to functions as follows:

Governmental Activities:	
General Government	\$ 128,400
Public Safety	224,782
Highways and Streets	1,530,873
Culture and Recreation	333,393
Total Governmental Activities Depreciation Expense	<u>\$ 2,217,448</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

NOTE 6. CAPITAL ASSETS (CONTINUED)

Summary of capital assets for business-type activities for the year ended April 30, 2016:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Not Being Depreciated				
Land	\$ 765,667			\$ 765,667
Construction in Progress	2,355,262	\$ 1,087,043	\$ (559,667)	2,882,638
Subtotal	<u>3,120,929</u>	<u>1,087,043</u>	<u>(559,667)</u>	<u>3,648,305</u>
Other Capital Assets:				
Buildings	19,864,781	16,600		19,881,381
Lines	35,000,922	1,624,969		36,625,891
Equipment	12,155,594	296,437		12,452,031
Other Improvements	12,482,031	1,185,992		13,668,023
Interconnect	5,672,510			5,672,510
Subtotal	<u>85,175,838</u>	<u>3,123,998</u>	<u>0</u>	<u>88,299,836</u>
Accumulated Depreciation:				
Buildings	15,525,546	612,996		16,138,542
Lines	18,320,723	1,010,561		19,331,284
Equipment	9,477,786	631,867		10,109,653
Other Improvements	6,353,172	553,356		6,906,528
Interconnect	1,955,911	186,886		2,142,797
Subtotal	<u>51,633,138</u>	<u>2,995,666</u>	<u>0</u>	<u>54,628,804</u>
Net Other Capital Assets	<u>33,542,700</u>	<u>128,332</u>	<u>0</u>	<u>33,671,032</u>
Net Capital Assets	<u>\$ 36,663,629</u>	<u>\$ 1,215,375</u>	<u>\$ (559,667)</u>	<u>\$ 37,319,337</u>

Depreciation was charged to functions as follows:

Business-Type Activities:

Light and Power	\$ 1,688,178
Water	619,502
Sewer	687,986
	<u>\$ 2,995,666</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

NOTE 7. LONG-TERM OBLIGATIONS

The following is a summary of transactions for long-term liabilities of the City for the year ended April 30, 2016:

	April 30, 2015	Additions	Reductions	April 30, 2016	Due Within One Year
Governmental Activities:					
Revenue Bonds	\$ 13,609,367		\$ (1,690,000)	\$ 11,919,367	\$ 1,740,000
Compensated Absences	679,062	\$ 27,983		707,045	
Net Pension Liability	1,434,201	1,475,773		2,909,974	
Other Post Employment Benefits	232,877	42,366		275,243	
Long-Term Accrued Interest	649,729	143,500		793,229	
Long-Term Liabilities	<u>\$ 16,605,236</u>	<u>\$ 1,689,622</u>	<u>\$ (1,690,000)</u>	<u>\$ 16,604,858</u>	<u>\$ 1,740,000</u>
Business-Type Activities					
Revenue Bonds	\$ 15,715,000		\$ (935,000)	\$ 14,780,000	\$ 705,000
Notes Payable	1,287,433		(416,891)	870,542	429,027
Maintenance Agreements	254,148	\$ 639,995	(166,852)	727,291	166,853
Compensated Absences	410,668		(38,631)	372,037	
Net Pension Liability	948,084	977,577		1,925,661	
Other Post Employment Benefits	111,902	20,358		132,260	
Long-Term Liabilities	<u>\$ 18,727,235</u>	<u>\$ 1,637,930</u>	<u>\$ (1,557,374)</u>	<u>\$ 18,807,791</u>	<u>\$ 1,300,880</u>

Revenue bonds and notes payable at April 30, 2016 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 \$89,403. \$ 2,075,000

The 2007 Street alternate bonds were refinanced on August 4, 2014. The total bond principal amount is \$4,620,000. The bonds are being repaid in semi-annual installments representing interest at variable rates of .40% to 2.00% and annual principal payments beginning January 1, 2015. Total interest due on remaining balance is \$86,680. 3,070,000

2010 street alternate bonds due in annual installments of \$211,156 to \$381,787 through January 2030, interest compounding at 3.70% to 4.95% with first payment due January 2020. Revenue bonds were issued for future improvements to the City's streets. Total 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 \$1,069,899. 3,575,000

Total Revenue Bonds - Governmental Activities \$ 11,919,367

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Bonds

Business-Type Activities:

2006 Electric system alternate bonds due in annual installments of \$510,000 to \$960,000 through January 2016, interest at 3.75% to 4.00%. Revenue bonds were issued for future improvements to the City's electric system. Total interest due on remaining balance is \$0. \$ 0

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 \$4,182,195. 7,985,000

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 \$1,467,587. 4,225,000

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 \$935,672. 2,570,000

Total Revenue Bonds - Business-Type Activities \$ 14,780,000

Notes Payable

Business-Type Activities:

In 1999, the City secured a low interest loan with the Illinois Environmental Protection Agency which funded the construction of the Water Reclamation Facility. The total loan amount was \$6,516,341 and is being repaid in semi-annual installments over a 20 year period at 2.89% interest. Total interest due on the remaining balance is \$31,675. \$ 870,542

Details of maintenance agreements payable at April 30, 2016 were as follows:

Maintenance Agreements Payable

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. \$ 203,320

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. 99,004

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. 424,967

Total Maintenance Agreements Payable \$ 727,291

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

NOTE 7. LONG-TERM OBLIGATIONS (CONTINUED)

The annual debt service requirements for long-term debt on April 30, 2016 were as follows:

YEAR ENDING APRIL 30	REVENUE BONDS PAYABLE	NOTES PAYABLE	MAINTENANCE AGREEMENTS PAYABLE	INTEREST	TOTAL PRINCIPAL & INTEREST
2017	\$ 2,445,000	\$ 429,027	\$ 166,853	\$ 869,011	\$ 3,909,891
2018	2,495,000	441,515	166,855	804,446	3,907,816
2019	2,085,000		168,898	748,000	3,001,898
2020	1,761,787		168,897	852,668	2,783,352
2021	1,782,923		55,788	828,495	2,667,206
2022-2026	6,963,875			3,788,930	10,752,805
2027-2031	7,390,782			2,568,093	9,958,875
2032-2035	1,775,000			94,101	1,869,101
Total	<u>\$ 26,699,367</u>	<u>\$ 870,542</u>	<u>\$ 727,291</u>	<u>\$ 10,553,744</u>	<u>\$ 38,850,944</u>

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

NOTE 8. RETIREMENT FUND COMMITMENTS

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

(i) PLAN DESCRIPTION

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

(ii) BENEFITS PROVIDED

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

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

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.

(iii) EMPLOYEES COVERED BY BENEFIT TERMS

As of December 31, 2015, the following employees were covered by the benefit terms:

	REGULAR PLAN	SLEP PLAN
Retirees and Beneficiaries currently receiving benefits	73	0
Inactive Plan Members entitled to but not yet receiving benefits	46	1
Active Plan Members	109	0
Total	228	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 2015 was 11.17%. For the fiscal year ended April 30, 2016, the City contributed \$712,379 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.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

(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 2015 was 13.69%. For the fiscal year ended April 30, 2016, 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, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

(vi) ACTUARIAL ASSUMPTIONS

The following are the methods and assumptions used to determine total pension liability at December 31, 2015.

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.75%
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return:	
Regular	7.48%
SLEP	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 2014). 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 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment 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 2014). 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, 2015 Illinois Municipal Retirement Fund annual actuarial valuation report.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

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

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.60%
International Equity	17%	7.80%
Fixed Income	27%	3.00%
Real Estate	8%	6.15%
Alternative Investments	9%	5.25-8.5%
Cash Equivalents	1%	2.25%
Total	<u>100%</u>	

(vii) SINGLE DISCOUNT RATE

A Single Discount Rate of 7.48% for the regular plan and 7.50% for 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 regular plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.48%. The expected rate of return on SLEP plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.50%.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

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

(a) REGULAR PLAN

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance, December 31, 2014	\$ 29,481,803	\$ 27,093,044	\$ 2,388,759
Changes for the year:			
Service Cost	665,293		665,293
Interest on the Total Pension Liability	2,187,028		2,187,028
Difference Between Expected and Actual Experience of the Total Pension Liability	778,452		778,452
Changes of Assumptions	40,606		40,606
Contributions - Employer		732,050	(732,050)
Contributions - Employees		290,735	(290,735)
Net Investment Income		134,946	(134,946)
Benefit Payments, Including Refunds of Employee Contributions	(1,230,296)	(1,230,296)	0
Other (Net Transfer)		50,581	(50,581)
Net Changes	<u>2,441,083</u>	<u>(21,984)</u>	<u>2,463,067</u>
Balance, December 31, 2015	<u>\$ 31,922,886</u>	<u>\$ 27,071,060</u>	<u>\$ 4,851,826</u>

(b) SLEP PLAN

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance, December 31, 2014	\$ 117,519	\$ 123,993	\$ (6,474)
Changes for the year:			
Contributions - Employer		4,901	(4,901)
Interest on the Total Pension Liability	8,814		8,814
Difference Between Expected and Actual Experience of the Total Pension Liability	(20,631)		(20,631)
Net Investment Income		632	(632)
Other (Net Transfer)		(7,633)	7,633
Net Changes	<u>(11,817)</u>	<u>(2,100)</u>	<u>(9,717)</u>
Balance, December 31, 2015	<u>\$ 105,702</u>	<u>\$ 121,893</u>	<u>\$ (16,191)</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.48% for the regular plan and 7.50% for the SLEP plan, 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	6.48%	\$ 9,285,186	6.50%	\$ 86
Current discount rate	7.48%	4,851,826	7.50%	(16,191)
1% increase	8.48%	1,245,538	8.50%	(29,431)

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

For the year ended April 30, 2016, the City of Highland recognized pension expense of \$1,293,889. At April 30, 2016, the City of Highland recognized deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	
	<u>Regular Plan</u>	<u>SLEP Plan</u>
Differences Between Expected and Actual Experience	\$ 915,458	
Changes of Assumptions	799,241	
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,799,846	\$ 8,127
Pension Contributions Made Subsequent to the Measurement Date	211,696	
Amortization of Deferred Outflows	(295,388)	(319)
Total Deferred Amounts Related to Pensions	<u>\$ 3,430,853</u>	<u>\$ 7,808</u>

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

<u>Year Ending December 31,</u>	<u>Net Deferred Outflows of Resources</u>	
	<u>Regular Plan</u>	<u>SLEP Plan</u>
2016	\$ 1,029,875	\$ 2,032
2017	818,179	2,032
2018	818,179	2,031
2019	668,372	1,713
2020	96,248	0
Total	<u>\$ 3,430,853</u>	<u>\$ 7,808</u>

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2016

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

(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, 2015, 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	2
Active Plan Members	<u>20</u>
Total	<u><u>35</u></u>

(ii) BENEFITS PROVIDED

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

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

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.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

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 not modified during the year ended April 30, 2016.

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

For the year ended April 30, 2016, the annual money-weighted rate of return on plan investments, net of pension plan investment expense, was 4.54%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

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, 2015:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
US Equity	45%	6.50%
Fixed Income	55%	3.62%
Total	<u>100%</u>	

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

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balance, April 30, 2014	\$ 13,340,405	\$ 9,542,717	\$ 3,797,688
Changes for the year:			
Service Cost	393,643		393,643
Interest on the Total Pension Liability	848,335		848,335
Difference Between Expected and Actual Experience of the Total Pension Liability	130,394		130,394
Changes of Assumptions	1,942,512		1,942,512
Contributions - Employer		413,798	(413,798)
Contributions - Employees		143,460	(143,460)
Net Investment Income		557,433	(557,433)
Benefit Payments, Including Refunds of Employee Contributions	(630,741)	(630,741)	0
Other (Net Transfer)		(6,066)	6,066
Net Changes	<u>2,684,143</u>	<u>477,884</u>	<u>2,206,259</u>
Balance, April 30, 2015	<u>\$ 16,024,548</u>	<u>\$ 10,020,601</u>	<u>\$ 6,003,947</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

(vi) ACTUARIAL ASSUMPTIONS

The total pension liability above was determined by an actuarial valuation performed as of April 30, 2015 using the following actuarial assumptions.

Inflation	2.00%
Salary Increase	Graded rates from 4.86% at age 25 to 1.12% at age 55
Discount Rate	6.50%
Investment Rate Of Return	6.50%

Mortality rates were based on the RP-2000 Combined Healthy Mortality with a blue collar adjustment, projected to the valuation date using Scale BB. Disabled mortality rates were based on the RP-2000 Combined Healthy Mortality with a blue collar adjustment, projected to the valuation date using Scale BB with a 150% load for participants under age 50. 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 3.62% (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	Current Discount Rate	1% Increase
	5.50%	6.50%	7.50%
Net Pension Liability	\$ 8,429,163	\$ 6,003,947	\$ 3,944,239

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

NOTE 8. RETIREMENT FUND COMMITMENTS (CONTINUED)

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

At April 30, 2016, the City of Highland recognized deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences Between Expected and Actual Experience	\$ 119,234
Changes of Assumptions	1,776,270
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	84,591
Total Deferred Amounts Related to Pensions	\$ 1,980,095

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
2016	\$ 198,549
2017	198,549
2018	198,549
2019	198,549
2020	177,401
Thereafter	1,008,498
Total	\$ 1,980,095

NOTE 9. INTERFUND ACTIVITY

Interfund balances exist on the governmental and proprietary fund financial statements and represents amounts loaned among the funds that are expected to be repaid within the next year. Interfund balances between governmental funds and interfund balances between proprietary funds have been eliminated in the government-wide statement of net position. Interfund balances at April 30, 2016, consisted of the following:

Due To	Due From	Amount
General Corporate Fund	Other Governmental Funds	\$ 10,406
City Property Replacement Fund	General Corporate Fund	70,000
City Property Replacement Fund	Street Improvement Fund	530,000
City Property Replacement Fund	Other Governmental Funds	67,500
Light and Power Fund	General Corporate Fund	61,136

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2016

NOTE 9. 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, 2016, consisted of the following:

		Transfer From:				Total
		General Corporate	City Property Replacement	Other Governmental Funds	Light And Power	
Transfer To:	General Corporate		\$ 1,529,000	\$ 5,530		\$ 1,534,530
	City Property Replacement	\$ 104,000			\$ 150,000	254,000
	Total	<u>\$ 104,000</u>	<u>\$ 1,529,000</u>	<u>\$ 5,530</u>	<u>\$ 150,000</u>	<u>\$ 1,788,530</u>

NOTE 10. NOTES RECEIVABLE

The following is a summary of long-term receivable transactions of the City for the year ended April 30, 2016:

	COMPONENT UNIT
Balance on April 30, 2015	\$ 52,596
Reductions	(5,283)
Balance on April 30, 2016	<u>\$ 47,313</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.

\$ 47,313

NOTE 11. OTHER POST EMPLOYMENT BENEFITS

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. The OPEB plan does not issue a standalone financial report and is not included in the report of another entity. The City has adopted GASB 45 requirements related to OPEB disclosures.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

NOTE 11. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

(A) 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 least 55 years of age with 20 years of service or 60 years of age with 8 year 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. The 2016 Actuarial Valuation reported 107 active employees and 10 retirees for OPEB calculations for fiscal year April 30, 2016.

(B) ANNUAL OPEB COSTS AND NET OPEB OBLIGATION

The City had an actuarial valuation performed as of May 1, 2013 to determine the funded status of the plan as of that date as well as the employer's annual required contribution (ARC) for the fiscal year ending April 30, 2016. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ending May 1, 2013 are shown below. 2010 was the first year for which a valuation was performed. These figures were updated for April 30, 2016 based on the 2013 valuation and are included below.

Fiscal Year Ending	Annual OPEB Expense	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
April 30, 2014	\$102,072	31.4%	\$280,936
April 30, 2015	\$100,843	36.7%	\$344,779
April 30, 2016	\$99,724	37.1%	\$407,503

The net OPEB obligation as of April 30, 2016 was as follows:

Annual Required Contribution	\$ 105,769
Interest On Net OPEB Obligation	12,067
Adjustment To Annual Required Contribution	<u>(18,112)</u>
Annual OPEB Expense	99,724
Contributions Made (Implicit)	(37,000)
Estimated Implicit Benefit Payments	0
Estimated Annual Employer Contribution	<u>0</u>
Change In Net OPEB Obligation	62,724
Net OPEB Obligation As of 4/30/15	<u>344,779</u>
Net OPEB Obligation As of 4/30/16	<u><u>\$ 407,503</u></u>

(C) FUNDED STATUS AND FUNDING PROGRESS

As of April 30, 2013, the date of the most recent actuarial valuation, the actuarial accrued liability for benefits was \$1,029,199. The annual covered payroll was approximately \$7,571,590, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 13.6%.

CITY OF HIGHLAND, ILLINOIS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED APRIL 30, 2016

NOTE 11. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

(D) ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. Other key actuarial assumptions include:

Discount Rate		3.5%
Trend - Immediate		8.0%
Trend - Ultimate		6.0%
Funding Method	Projected Unit Credit	
Amortization	30 - Year Open, Level Dollar	

GASB 45 stipulates that the discount rate should reflect the long-term rate of return expected to be earned on the assets backing the liability. As the City does not expect to fund the liability through a retiree health care trust, the discount rate reflects the long-term rate of investment return expected to be earned on assets in its general fund.

NOTE 12. LEGAL DEBT MARGIN

The legal debt margin for the City of Highland was \$15,319,065 for general obligation debts. The computation was as follows:

Assessed Valuation as of April 30, 2016		\$ 177,612,345
Statutory Debt Limitation (8.625% of Assessed Valuation)	\$	15,319,065
Less: General Obligation Debt		0
Legal Debt Margin	\$	15,319,065

The total general obligation debt for the City of Highland at April 30, 2016 was \$0.

CITY OF HIGHLAND, ILLINOIS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED APRIL 30, 2016

NOTE 13. GOVERNMENTAL FUND BALANCES

As of April 30, 2016, 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	\$ 67,158		\$ 1,634		\$ 200,095	\$ 268,887
Total Nonspendable	<u>67,158</u>	<u>\$ 0</u>	<u>1,634</u>	<u>\$ 0</u>	<u>200,095</u>	<u>268,887</u>
Restricted for:						
Audit Fees					20,606	20,606
Cemetery Operations and Maintenance					699,636	699,636
Economic Development					268,909	268,909
Fire Protection	16,440					16,440
Highways and Streets					477,334	477,334
IMRF					117,850	117,850
Debt Service					48,300	48,300
Municipal Band	5,027					5,027
Public Comfort Station	54,879					54,879
School Crossing Guard	11,438					11,438
Total Restricted	<u>87,784</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,632,635</u>	<u>1,720,419</u>
Assigned, Reported in:						
Special Revenue Funds			859,551		683,084	1,542,635
Capital Projects Funds		5,142,688				5,142,688
Total Assigned	<u>0</u>	<u>5,142,688</u>	<u>859,551</u>	<u>0</u>	<u>683,084</u>	<u>6,685,323</u>
Unassigned	<u>2,520,535</u>	<u>0</u>	<u>0</u>	<u>(199,958)</u>	<u>(116,996)</u>	<u>2,203,581</u>
TOTAL FUND BALANCES	<u><u>\$ 2,675,477</u></u>	<u><u>\$ 5,142,688</u></u>	<u><u>\$ 861,185</u></u>	<u><u>\$ (199,958)</u></u>	<u><u>\$ 2,398,818</u></u>	<u><u>\$ 10,878,210</u></u>

Of the general corporate fund balance, \$29,939 for the public comfort station was shown as unassigned in the prior year. This portion of the fund balance has been reclassified to beginning restricted fund balance.

NOTE 14. DEFICIT FUND BALANCES

The following individual nonmajor funds reported deficit fund balances on April 30, 2016:

Fund	Deficit Fund Balance
Cemetery Land Replacement	\$ 42,819
Library Special Projects	18,025
Library Endowment	56,152
Total Deficit Fund Balance	<u><u>\$ 116,996</u></u>

NOTE 15. SUBSEQUENT EVENTS

The effects of subsequent events on the financial statements have been evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

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, 2016 AND 2015

	GENERAL CORPORATE FUND					
	APRIL 30, 2016			APRIL 30, 2015		
	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP		Actual Amounts GAAP Basis
Original Budget	Final Budget	Differences Over (Under)		Actual Amounts GAAP Basis		
Revenues:						
General Property Taxes	\$ 1,324,096	\$ 1,324,096	\$ 1,318,701		\$ 1,318,701	\$ 1,348,831
Corporate Personal Property Taxes	114,950	114,950	99,821		99,821	124,977
Intergovernmental	3,931,400	3,959,400	4,440,011		4,440,011	4,000,735
Charges for Current Services	2,137,722	2,137,722	2,356,641		2,356,641	2,235,416
Licenses and Permits	248,100	248,100	249,133		249,133	273,768
Fines and Forfeitures	32,000	32,000	29,817		29,817	26,048
Revenue from Use of Property	87,200	87,200	89,184		89,184	89,559
Miscellaneous, Grants, and Interest	2,111,150	677,330	395,058		395,058	235,999
Total Revenues	<u>9,986,618</u>	<u>8,580,798</u>	<u>8,978,366</u>	<u>\$ 0</u>	<u>8,978,366</u>	<u>8,335,333</u>
Expenditures:						
General Government	1,288,180	1,328,180	1,316,889	18,570	1,335,459	1,151,686
Public Safety	3,043,823	3,145,323	3,071,143	25,275	3,096,418	3,119,360
Highways and Streets	982,450	1,015,450	916,916	10,143	927,059	884,904
Economic Development	143,900	335,900	300,693	9,625	310,318	160,405
Culture and Recreation	1,770,405	1,883,555	2,085,999	(139,379)	1,946,620	1,819,554
Capital Outlay	2,264,000	2,431,000	2,255,357		2,255,357	1,398,307
Bond Issue Costs						56,063
Principal Debt Retirement	400,000	400,000	400,000		400,000	290,000
Interest and Fixed Charges on Debt	31,002	31,002	31,319		31,319	78,885
Total Expenditures	<u>9,923,760</u>	<u>10,570,410</u>	<u>10,378,316</u>	<u>(75,766)</u>	<u>10,302,550</u>	<u>8,959,164</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>62,858</u>	<u>(1,989,612)</u>	<u>(1,399,950)</u>	<u>75,766</u>	<u>(1,324,184)</u>	<u>(623,831)</u>
Other Financing Sources (Uses):						
Proceeds from Sale of Capital Assets					6,500	4,950
Operating Transfers in	682,003	2,156,003	1,534,530		1,534,530	788,629
Operating Transfers out	(741,253)	(741,253)	(104,000)		(104,000)	(206,000)
Total Other Financing Sources (Uses)	<u>(59,250)</u>	<u>1,414,750</u>	<u>1,430,530</u>	<u>0</u>	<u>1,437,030</u>	<u>587,579</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ 3,608</u>	<u>\$ (574,862)</u>	<u>\$ 30,580</u>	<u>\$ 75,766</u>	<u>112,846</u>	<u>(36,252)</u>
Fund Balance, Beginning of Year					<u>2,562,631</u>	<u>2,598,883</u>
Fund Balance, End of Year					<u>\$ 2,675,477</u>	<u>\$ 2,562,631</u>
The City budgets for claims and compensated absences only to the extent expected to be paid, rather than on the modified accrual basis					\$ 21,848	\$ 60,049
The City budgets for expenditures to the extent anticipated to be paid in cash, rather than on the modified accrual basis					(123,559)	213,959
The City budgets for payroll to the extent anticipated to be paid in cash, rather than on the modified accrual basis					25,945	22,989
					<u>\$ (75,766)</u>	<u>\$ 296,997</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, 2016 AND 2015

	CITY PROPERTY REPLACEMENT FUND					
	APRIL 30, 2016			APRIL 30, 2015		
	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP		Actual Amounts GAAP Basis
Original Budget	Final Budget	Differences Over (Under)		Actual Amounts GAAP Basis		
Revenues:						
Miscellaneous and Interest	\$ 88,015	\$ 88,015	\$ 70,219		\$ 70,219	\$ 83,759
Total Revenues	<u>88,015</u>	<u>88,015</u>	<u>70,219</u>	<u>\$ 0</u>	<u>70,219</u>	<u>83,759</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>88,015</u>	<u>88,015</u>	<u>70,219</u>	<u>0</u>	<u>70,219</u>	<u>83,759</u>
Other Financing Sources (Uses):						
Operating Transfers In	273,250	273,250	254,000		254,000	506,000
Operating Transfers Out		(1,474,000)	(1,529,000)		(1,529,000)	(801,000)
Total Other Financing Sources (Uses)	<u>273,250</u>	<u>(1,200,750)</u>	<u>(1,275,000)</u>	<u>0</u>	<u>(1,275,000)</u>	<u>(295,000)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ 361,265</u>	<u>\$ (1,112,735)</u>	<u>\$ (1,204,781)</u>	<u>\$ 0</u>	<u>(1,204,781)</u>	<u>(211,241)</u>
Fund Balance, Beginning of Year					<u>6,347,469</u>	<u>6,558,710</u>
Fund Balance, End of Year					<u>\$ 5,142,688</u>	<u>\$ 6,347,469</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, 2016 AND 2015

	AMBULANCE FUND					
	APRIL 30, 2016				APRIL 30, 2015	
	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:						
General Property Taxes	\$ 429,822	\$ 429,822	\$ 427,712		\$ 427,712	\$ 434,387
Replacement Taxes	15,000	15,000	12,794		12,794	15,892
Intergovernmental	263,525	263,525	262,525		262,525	260,294
Charges for Services	1,300,000	1,300,000	1,339,639		1,339,639	1,357,379
Miscellaneous and Interest	6,000	6,000	9,040		9,040	35,899
Total Revenues	<u>2,014,347</u>	<u>2,014,347</u>	<u>2,051,710</u>	<u>\$ 0</u>	<u>2,051,710</u>	<u>2,103,851</u>
Expenditures						
Public Safety	1,912,297	2,049,297	1,996,923	15,207	2,012,130	1,885,513
Capital Outlay	20,000	20,000	18,750		18,750	226,077
Total Expenditures	<u>1,932,297</u>	<u>2,069,297</u>	<u>2,015,673</u>	<u>15,207</u>	<u>2,030,880</u>	<u>2,111,590</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>82,050</u>	<u>(54,950)</u>	<u>36,037</u>	<u>(15,207)</u>	<u>20,830</u>	<u>(7,739)</u>
Other Financing Sources (Uses):						
Operating Transfers In						250,000
Operating Transfers Out	<u>(82,000)</u>	<u>(82,000)</u>				<u>(150,000)</u>
Total Other Financing Sources (Uses)	<u>(82,000)</u>	<u>(82,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>100,000</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$ 50</u>	<u>\$ (136,950)</u>	<u>\$ 36,037</u>	<u>\$ (15,207)</u>	<u>20,830</u>	<u>92,261</u>
Fund Balance, Beginning of Year					<u>840,355</u>	<u>748,094</u>
Fund Balance, End of Year					<u>\$ 861,185</u>	<u>\$ 840,355</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					\$ 4,636	\$ (10,742)
The City budgets for expenditures to the extent anticipated to be paid in cash, rather than on the modified accrual basis					(1,151)	1,028
The City budgets for payroll to the extent anticipated to be paid in cash, rather than on the modified accrual basis					11,722	(963)
					<u>\$ 15,207</u>	<u>\$ (10,677)</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, 2016 AND 2015

STREET IMPROVEMENT FUND

	APRIL 30, 2016			APRIL 30, 2015		
	Budgeted Amounts		Actual Amounts Budgetary Basis	Budget to GAAP	Actual Amounts	Actual Amounts
	Original Budget	Final Budget		Differences Over (Under)	GAAP Basis	GAAP Basis
Revenues:						
Intergovernmental	\$ 1,350,000	\$ 1,350,000	\$ 1,397,348		\$ 1,397,348	\$ 1,356,778
Miscellaneous, Grants, and Interest	3,500	503,500	577,721		577,721	2,135,950
Total Revenues	<u>1,353,500</u>	<u>1,853,500</u>	<u>1,975,069</u>	<u>\$ 0</u>	<u>1,975,069</u>	<u>3,492,728</u>
Expenditures						
Highways and Streets	60,000	60,000	185,918	(151,972)	33,946	15,443
Capital Outlay	110,000	1,925,000	2,069,245		2,069,245	3,022,171
Bond Issue Costs						75,075
Debt Services	1,186,360	1,186,360	1,186,778		1,186,778	1,085,022
Total Expenditures	<u>1,356,360</u>	<u>3,171,360</u>	<u>3,441,941</u>	<u>(151,972)</u>	<u>3,289,969</u>	<u>4,197,711</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,860)</u>	<u>(1,317,860)</u>	<u>(1,466,872)</u>	<u>151,972</u>	<u>(1,314,900)</u>	<u>(704,983)</u>
Other Financing Sources (Uses):						
Operating Transfers Out						(202,400)
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(202,400)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Uses	<u>\$ (2,860)</u>	<u>\$ (1,317,860)</u>	<u>\$ (1,466,872)</u>	<u>\$ 151,972</u>	<u>(1,314,900)</u>	<u>(907,383)</u>
Fund Balance, Beginning of Year					<u>1,114,942</u>	<u>2,022,325</u>
Fund Balance, End of Year					<u>\$ (199,958)</u>	<u>\$ 1,114,942</u>
(1) The City budgets for expenditures to the extent anticipated to be paid in cash, rather than on the modified accrual basis					<u>(151,972)</u>	<u>202,076</u>
					<u>\$ (151,972)</u>	<u>\$ 202,076</u>

CITY OF HIGHLAND, ILLINOIS
NOTES TO SCHEDULE "1"
APRIL 30, 2016

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

1. During the first quarter of the calendar year, the City Manager submits to the City Council a proposed budget for the year commencing May 1 of that year. Expenditures, interest, payroll, claims, and compensated absences are budgeted to the extent anticipated to be paid in cash.
2. Public hearings are conducted to obtain taxpayer comments.
3. On April 20, 2015 the budget ordinance was legally enacted. The budget ordinance was legally amended on April 18, 2016.
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. 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, 2016, the City's expenses exceeded appropriations in the following funds:

Street Improvement Fund	\$ 118,609
TIF #2 Fund	3,050
Library Tax Fund	5,157
Library Endowment Fund	22,752
Cemetery Perpetual Fund	8,437
Water Fund	283,154

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,	2015	2014
TOTAL PENSION LIABILITY		
Service Cost	\$ 665,293	\$ 651,487
Interest on the Total Pension Liability	2,187,028	1,983,228
Difference Between Expected and Actual Experience of the Total Pension Liability	778,452	333,400
Changes of Assumptions	40,606	930,459
Benefit Payments, Including Refunds of Employee Contributions	(1,230,296)	(1,068,144)
Net Change in Total Pension Liability	2,441,083	2,830,430
Total Pension Liability - Beginning	29,481,803	26,651,373
Total Pension Liability - Ending (a)	\$ 31,922,886	\$ 29,481,803
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 732,050	\$ 680,773
Contributions - Employees	290,735	276,737
Net Investment Income	134,946	1,559,811
Benefit Payments, Including Refunds of Employee Contributions	(1,230,296)	(1,068,144)
Other (Net Transfer)	50,581	17,878
Net Change in Plan Fiduciary Net Position	(21,984)	1,467,055
Plan Fiduciary Net Position - Beginning	27,093,044	25,625,989
Plan Fiduciary Net Position - Ending (b)	\$ 27,071,060	\$ 27,093,044
Net Pension Liability - Ending (a)-(b)	\$ 4,851,826	\$ 2,388,759
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.80%	91.90%
Covered Employee Payroll	\$ 6,460,770	\$ 6,149,708
Net Pension Liability as a Percentage of Covered Employee Payroll	75.10%	38.84%

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%
2014	680,773	680,773	0	6,149,708	11.07%

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN
THE CALCULATION OF THE 2015 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 2015 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): 28-year closed period until remaining period reaches 15 years (then 15-year rolling 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 23 years for most employers (two employers were financed over 32 years).
Asset Valuation Method: 5-Year smoothed market; 20% corridor
Wage Growth: 4.00%
Price Inflation: 3.0% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases: 4.40% to 16.00% 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 2011 valuation pursuant to an experience study of the period 2008-2010.
Mortality: RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projected scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

OTHER INFORMATION

Notes: There were no benefit changes during the year.

**Based on Valuation Assumptions used in the December 31, 2013 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>2015</u>	<u>2014</u>
TOTAL PENSION LIABILITY		
Interest on the Total Pension Liability	\$ 8,814	\$ 8,442
Difference between Expected and Actual Experience of the Total Pension Liability	(20,631)	(4,831)
Changes of Assumptions	<u>1,346</u>	<u>1,346</u>
Net Change in Total Pension Liability	(11,817)	4,957
Total Pension Liability - Beginning	<u>117,519</u>	<u>112,562</u>
Total Pension Liability - Ending (a)	<u>\$ 105,702</u>	<u>\$ 117,519</u>
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 4,901	\$ 6,579
Net Investment Income	632	6,936
Other (Net Transfer)	<u>(7,633)</u>	<u>61</u>
Net Change in Plan Fiduciary Net Position	(2,100)	13,576
Plan Fiduciary Net Position - Beginning	<u>123,993</u>	<u>110,417</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 121,893</u>	<u>\$ 123,993</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ (16,191)</u>	<u>\$ (6,474)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	115.32%	105.51%
Covered Employee Payroll	\$ 0	\$ 0
Net Pension Liability as a Percentage of Covered Employee Payroll	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%
2014	0	6,579	(6,579)	0	0.00%

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN
THE CALCULATION OF THE 2015 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 2015 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): 28-year closed period until remaining period reaches 15 years (then 15-year rolling 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 23 years for most employers (two employers were financed over 32 years).
Asset Valuation Method: 5-Year smoothed market; 20% corridor
Wage Growth: 4.00%
Price Inflation: 3.0% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases: 4.40% to 16.00% 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 2011 valuation pursuant to an experience study of the period 2008-2010.
Mortality: RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projected scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

OTHER INFORMATION

Notes: There were no benefit changes during the year.

**Based on Valuation Assumptions used in the December 31, 2013 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
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Fiscal Year Ended April 30,	<u>2015</u>
TOTAL PENSION LIABILITY	
Service Cost	\$ 393,643
Interest on the Total Pension Liability	848,335
Difference Between Expected and Actual Experience of the Total Pension Liability	130,394
Assumption Changes	1,942,512
Benefit Payments, Including Refunds of Employee Contributions	<u>(630,741)</u>
Net Change in Total Pension Liability	2,684,143
Total Pension Liability - Beginning	<u>13,340,405</u>
Total Pension Liability - Ending (a)	<u><u>\$ 16,024,548</u></u>
PLAN FIDUCIARY NET POSITION	
Contributions - Employer	\$ 143,460
Contributions - Employees	413,798
Net Investment Income	557,433
Benefit Payments, Including Refunds of Employee Contributions	(630,741)
Other (Net Transfer)	<u>(6,066)</u>
Net Change in Plan Fiduciary Net Position	477,884
Plan Fiduciary Net Position - Beginning	<u>9,542,717</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 10,020,601</u></u>
Net Pension Liability - Ending (a)-(b)	<u><u>\$ 6,003,947</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.53%
Covered Employee Payroll	\$ 1,372,110
Net Pension Liability as a Percentage of Covered Employee Payroll	437.57%

CITY OF HIGHLAND, ILLINOIS
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%

NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS USED IN
THE CALCULATION OF THE 2015 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 2015 CONTRIBUTION RATES

Actuarial Cost Method: Aggregate Entry Age Normal
 Amortization Method: Level Dollar Funding (Assumed Contribution at 100%)
 Amortization Period: Ends in fiscal year 2041
 Asset Valuation Method: 5-Year smoothed market, no corridor
 Salary Increases: Graded rates from 4.86% at age 25 to 1.12% at age 55, plus 2.00% inflation allowance
 Payroll Growth: 3.5% per year
 Investment Rate of Return: 6.50% per year
 Retirement Age:

<u>Age</u>	<u>Rate of Retirement</u>	<u>Age</u>	<u>Rate of Retirement</u>
50	0.36	60	0.22
51	0.22	61	0.30
52	0.18	62	0.39
53	0.19	63	0.48
54	0.19	64	0.57
55	0.20	65	0.65
56	0.20	66	0.74
57	0.20	67	0.83
58	0.21	68	0.91
59	0.21	69	1.00

Mortality: Active Lives
 RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015
Disabled Lives
 RP 2000 Combined Healthy Mortality Table (male) with blue collar adjustment projected by Scale BB to 2015 with a 150% load for participants under age 50

OTHER INFORMATION

Notes: There were no benefit changes during the year.
 Municipal Contributions at 100% based upon 5-year historical average.

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>2015</u>
Annual Money-Weighted Rate of Return Net of Investment Expense	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
 SCHEDULE OF EMPLOYER CONTRIBUTIONS - OPEB

Fiscal Year Ended	Employer Contributions	Annual Required Contributions (ARC)	Percentage Contributed
April 30, 2013	\$ 42,000	\$ 80,097	52.4%
April 30, 2014	32,000	102,072	31.4%
April 30, 2015	37,000	100,843	36.7%

CITY OF HIGHLAND, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - OPEB

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
5/1/2013	\$ 0	\$ 1,029,199	\$ 1,029,199	0.00%	\$ 7,571,590	13.59%
5/1/2010	0	773,875	773,875	0.00%	6,384,380	12.12%

The City of Highland implemented GASB Statement No. 45 for the fiscal year ended April 30, 2010. Information for prior years is not available. The most recent actuarial valuation was performed on May 1, 2013. Information pertaining to the OPEB plan administered by the City can be found in Note 11 to the financial statements.

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
2007	\$ 2,522,196	\$ 178,808	\$ 5,149,295	\$ 2,446,985	\$ 340,678	\$ 67,110	\$ 419,710	\$ 607,563	\$ 11,732,345
2008	2,633,331	208,944	5,655,154	2,646,514	269,795	68,157	920,473	401,148	12,803,516
2009	2,872,178	177,291	5,416,591	2,957,524	225,345	49,042	742,624	713,255	13,153,850
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

COMMENTS

In fiscal year 2007, under "Intergovernmental", the City started receiving a 1% Non-Home Rule Sales Tax

In fiscal years 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

YEAR ENDING APRIL 30	SALES TAX	NON-HOME RULE SALES TAX	ILLINOIS INCOME TAX	FOREIGN FIRE INSURANCE	SIMPLIFIED MUNICIPAL TELECOMM. TAX	MOTOR FUEL TAX	FIRE DIST. AMBULANCE REVENUE	MISC. REVENUE	TOTAL
2007	\$ 2,330,511	\$ 1,003,429	\$ 944,456	\$ 13,563	\$ 409,131	\$ 280,738	\$ 150,978	\$ 16,489	\$ 5,149,295
2008	2,346,477	1,410,869	1,020,941	20,321	402,653	270,061	166,559	17,273	5,655,154
2009	2,259,427	1,340,177	964,614	12,826	414,807	252,766	166,439	5,535	5,416,591
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

COMMENTS

In fiscal year 2007 the City started receiving a 1% Non-Home Rule Sales Tax

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

YEAR ENDING APRIL 30	GENERAL GOVERN- MENTAL	PUBLIC SAFETY	HIGHWAY AND STREETS	CULTURE AND RECREATION	OTHER	DEBT SERVICE	TOTAL
2007	\$ 1,041,886	\$ 3,968,315	\$ 2,330,856	\$ 2,024,451	\$ 818,941	\$ 761,042	\$ 10,945,491
2008	1,231,021	4,198,209	3,233,998	2,172,975	759,983	1,103,215	12,699,401
2009	1,608,183	3,859,278	4,201,234	2,068,673	733,147	1,279,635	13,750,150
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

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 2006	DEC 2007	DEC 2008	DEC 2009	DEC 2010	DEC 2011	DEC 2012	DEC 2013	DEC 2014	DEC 2015
ESTIMATED TAXABLE VALUE	\$ 484,290,618	\$ 535,702,059	\$ 566,592,132	\$ 566,714,472	\$ 556,277,586	\$ 549,401,196	\$ 544,265,430	\$ 529,010,859	\$ 533,481,255	\$ 532,837,035
ASSESSED VALUATION	161,430,206	178,567,353	188,864,044	188,904,824	185,425,862	183,133,732	181,421,810	176,336,953	177,827,085	177,612,345
TAX RATES:										
GENERAL	0.3274	0.3297	0.3330	0.3330	0.3330	0.3330	0.3312	0.3330	0.3220	0.3330
POLICE	0.0738	0.0743	0.0750	0.0750	0.0750	0.0750	0.0746	0.0750	0.0726	0.0750
FIRE	0.0738	0.0743	0.0750	0.0750	0.0750	0.0750	0.0746	0.0750	0.0726	0.0750
COMMUNITY BUILDING	0.0738	0.0743	0.0750	0.0750	0.0750	0.0750	0.0746	0.0750	0.0726	0.0750
PLAYGROUND & REC	0.0885	0.0891	0.0900	0.0900	0.0900	0.0900	0.0895	0.0900	0.0871	0.0900
BAND	0.0256	0.0239	0.0239	0.0247	0.0252	0.0257	0.0254	0.0259	0.0259	0.0259
POLICE PENSION	0.1415	0.1217	0.1331	0.1883	0.1627	0.1826	0.2200	0.2324	0.2404	0.2367
SOCIAL SECURITY	0.2076	0.1977	0.1933	0.1933	0.2055	0.1994	0.2040	0.2099	0.2587	0.2619
AUDIT	0.0166	0.0152	0.0149	0.0149	0.0108	0.0110	0.0100	0.0100	0.0096	0.0096
RETIREMENT	0.1685	0.1796	0.1510	0.1668	0.2007	0.2021	0.2150	0.2212	0.2756	0.2787
LIABILITY INSURANCE	0.1015	0.0897	0.0874	0.0874	0.1241	0.1611	0.1627	0.1673	0.1294	0.1295
SCHOOL CROSSING GUARD	0.0087	0.0092	0.0085	0.0085	0.0057	0.0069	0.0067	0.0069	0.0068	0.0070
AMBULANCE SERVICE	0.2458	0.2475	0.2304	0.2204	0.2302	0.2389	0.2411	0.2481	0.2418	0.2500
BONDS & INTEREST:										
STREET B&I										
PUBLIC COMFORT STATION		0.0128	0.0121	0.0122	0.0124	0.0126	0.0124	0.0171	0.0141	0.0141
TOTAL RATE-CITY CORP	1.5531	1.5390	1.5026	1.5645	1.6253	1.6883	1.7418	1.7868	1.8292	1.8614
LIBRARY	0.1475	0.1485	0.1500	0.1500	0.1500	0.1500	0.1492	0.1500	0.1451	0.1500
LIBRARY LIABILITY INSURANCE	0.0193		0.0174	0.0175	0.0229	0.0170	0.0193	0.0176	0.0175	0.0189
TOTAL TAX RATE	1.7199	1.6875	1.6700	1.7320	1.7982	1.8553	1.9103	1.9544	1.9918	2.0303
TAX EXTENSIONS:										
GENERAL	\$ 528,523	\$ 588,737	\$ 628,917	\$ 629,053	\$ 617,468	\$ 609,835	\$ 600,869	\$ 587,202	\$ 572,603	\$ 591,449
POLICE	119,135	132,676	141,648	141,679	139,069	137,350	135,341	132,253	129,103	133,209
FIRE	119,135	132,676	141,648	141,679	139,069	137,350	135,341	132,253	129,103	133,209
COMMUNITY BUILDING	119,135	132,676	141,648	141,679	139,069	137,350	135,341	132,253	129,103	133,209
PLAYGROUND & REC	142,866	159,104	169,978	170,014	166,883	164,820	162,373	158,703	154,887	159,851
BAND	41,326	42,678	45,139	46,659	46,727	47,065	46,081	45,671	46,057	46,002
POLICE PENSION	228,424	217,316	251,378	355,708	301,688	334,402	399,128	409,807	427,496	420,408
SOCIAL SECURITY	335,129	353,028	365,074	365,153	381,050	365,169	370,100	370,131	460,039	465,167
AUDIT	26,797	27,142	28,141	28,147	20,026	20,145	18,142	17,634	17,071	17,051
RETIREMENT	272,010	320,707	285,185	315,093	372,150	370,113	390,057	390,057	490,091	495,006
LIABILITY INSURANCE	163,852	160,175	165,067	165,103	230,113	295,028	295,173	295,012	230,108	230,008
SCHOOL CROSSING GUARD	14,044	16,428	16,053	16,057	10,569	12,636	12,155	12,167	12,092	12,433
AMBULANCE SERVICE	396,795	441,954	435,143	416,346	426,850	437,506	437,408	437,492	429,986	444,031
BONDS & INTEREST:										
STREET B&I										
PUBLIC COMFORT STATION		22,857	22,853	23,046	22,993	23,075	22,496	30,154	25,074	25,043
TOTAL RATE-CITY CORP	2,507,171	2,748,154	2,837,872	2,955,416	3,013,724	3,091,844	3,160,005	3,150,789	3,252,813	3,306,076
LIBRARY	238,110	265,173	283,296	283,357	278,139	274,701	270,681	264,505	258,027	266,419
LIBRARY LIABILITY INSURANCE	31,156		32,862	33,058	42,463	31,133	35,014	31,035	31,120	33,569
TOTAL EXTENSIONS	\$ 2,776,437	\$ 3,013,327	\$ 3,154,030	\$ 3,271,831	\$ 3,334,326	\$ 3,397,678	\$ 3,465,700	\$ 3,446,329	\$ 3,541,960	\$ 3,606,064

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 <u>IN</u>	<u>MADISON COUNTY</u>	<u>SALINE TOWNSHIP</u>	<u>SALINE ROAD & BRIDGE</u>	<u>HIGHLAND SCHOOL DIST. #5</u>	<u>CITY OF HIGHLAND + LIBRARY</u>	<u>S.W.I.C. DIST. #522</u>	<u>TOTAL</u>
2006	0.6758	0.1577	0.3057	4.7648	1.7199	0.3614	7.9853
2007	0.6518	0.1641	0.2960	4.7979	1.6875	0.3734	7.9707
2008	0.6534	0.1598	0.2927	4.7576	1.6700	0.3497	7.8832
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

RESIDENTS LIVING IN THE CITY OF HIGHLAND IN HELVETIA TOWNSHIP

YEAR LEVIED IN <u>IN</u>	<u>MADISON COUNTY</u>	<u>HELVETIA TOWNSHIP</u>	<u>HELVETIA ROAD & BRIDGE</u>	<u>HIGHLAND SCHOOL DIST. #5</u>	<u>CITY OF HIGHLAND + LIBRARY</u>	<u>S.W.I.C. DIST. #522</u>	<u>TOTAL</u>
2006	0.6758	0.1113	0.4022	4.7648	1.7199	0.3614	8.0354
2007	0.6518	0.1383	0.3988	4.7979	1.6875	0.3734	8.0477
2008	0.6534	0.1387	0.3948	4.7576	1.6700	0.3497	7.9642
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

CITY OF HIGHLAND, ILLINOIS
COMPUTATION OF LEGAL DEBT MARGIN
APRIL 30, 2016

ASSESSED VALUATION FOR 2015	\$ 177,612,345
STATUTORY DEBT LIMITATION: 8.625% of Assessed Valuation	15,319,065
TOTAL GENERAL OBLIGATION DEBT	<u>0</u>
LEGAL DEBT MARGIN	<u><u>\$ 15,319,065</u></u>

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
2007	9,433	\$ 161,430,206	\$ 305,000	0.002	\$ 32.33
2008	9,433	178,567,353	0	0.000	0.00
2009	9,433	188,864,044	0	0.000	0.00
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

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		
2007	\$ 290,000	\$ 21,042	\$ 311,042	\$ 10,945,491	2.8%
2008	305,000	7,168	312,168	12,699,401	2.5%
2009	0	0	0	13,750,150	0.0%
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%

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	
2008	\$ 11,530,762	\$ 9,385,305	\$ 0	\$ 2,145,457	\$ 960,000	\$ 240,850	\$ 1,200,850	1.79
2009	11,495,789	9,911,686	0	1,584,103	930,000	204,850	1,134,850	1.40
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	1,753,055	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	1,318,156	510,000	20,400	530,400	2.49

*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

**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

****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

CITY OF HIGHLAND, ILLINOIS
 PRINCIPAL TAXPAYERS
 DECEMBER 2015 (UNAUDITED)

TAXPAYER	TYPE OF BUSINESS	TOTAL ASSESSMENT 2015	PERCENTAGE OF CITY ASSESSED VALUE
St. Josephs Hospital	Healthcare	\$ 3,502,370	1.97 %
Walmart Stores	Department Store	2,781,500	1.57
Frey Properties	Developer	1,588,980	0.89
Retko Group	Rental Property	1,421,400	0.80
Cooper B-Line Systems	Industrial Support Systems	1,250,580	0.70
Highland Development Group LLC	Developer	1,228,590	0.69
Glik Development Co.	Real Estate Development	962,440	0.54
Trouw Nutrition	Feed Additive	914,630	0.51
Dow Jones	Wall Street Journal-MidWest Edition	888,160	0.50
Highland Leasehold / Health	Nursing Care	878,920	0.49
Emerald Pointe Villas LTD	Rental Property	763,760	0.43
TOTALS		<u>\$ 16,181,330</u>	<u>9.09 %</u>

Source: Madison County Clerk's Office

TABLE 11

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)						
2007	215	\$ 14,130	38	\$ 3,657	\$ 17,787	2006	\$ 344,700	\$ 139,359	\$ 231	\$ 484,290
2008	151	7,019	48	5,359	12,378	2007	388,518	146,922	263	535,703
2009	130	3,051	57	7,690	10,741	2008	412,391	154,960	332	567,683
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	13,188	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

** 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 EXPENSES INCLUDING DEPRECIATION, INTEREST AND GASB 68 PENSION EXPENSE			INCOME (LOSS) EXCLUDING OTHER INCOME	
	OPERATING REVENUE	AMOUNT	PERCENT OF OPERATING REVENUE	AMOUNT	PERCENT OF OPERATING REVENUE
2007	\$ 10,232,394	\$ 9,221,378	90.12	\$ 1,011,016	9.88
2008	11,122,439	10,270,549	92.34	851,890	7.66
2009	11,153,844	10,843,649	97.22	310,195	2.78
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)

*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
2007	\$ 2,202,659	\$ 1,952,584	88.65	\$ 250,075	11.35
2008	2,158,208	2,093,549	97.00	64,659	3.00
2009	2,023,434	2,302,964	113.81	(279,530)	(13.81)
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)

*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
2007	\$ 1,676,604	\$ 1,871,934	111.65	\$ (195,330)	(11.65)
2008	1,670,146	1,881,764	112.67	(211,618)	(12.67)
2009	1,695,214	1,803,368	106.38	(108,154)	(6.38)
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

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

TABLE 15

CITY OF HIGHLAND, ILLINOIS
MISCELLANEOUS STATISTICS
APRIL 30, 2016 (UNAUDITED)

Date of Incorporation	1884
Form of Government	Council/Manager
Number of Employees -	
Total	318
Full Time	116
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	33 Volunteers
Fire Insurance Rating	4

Police Protection:

Number of Policemen and Officers	20
Number of Police Vehicles	13

Ambulance:

Number of Ambulances in Service	3
Number of Ambulances in Reserve	1
Number of Paramedics and Emergency Medical Technicians	28

Culture and Recreation:

Public Library (Volume of Books and Audio Visuals)	1 (60,379 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	6,639 customers
Area Serviced	47.8 square miles

Water Service:

Number of Accounts	4,693 customers
Average Daily Demand	1.195 MG/day
Treatment Capacity	4.2 MG/day

Sewer Service:

Number of Accounts	4,338 customers
Present Flow	1.493 MG/day

FACILITIES AND SERVICES NOT INCLUDED IN THE REPORTING ENTITY:

Education: All Schools in District	No. of schools	Teachers	Enrollment
Elementary (K-6)	4	109	1,407
Middle School	2	46	719
High School	1	<u>60</u>	<u>906</u>
		215	3,032

Utilities:

Electric, Water, Sewer, Refuse	City of Highland Utilities
Cable and Satellite TV	HCS, Charter Communications, and Direct TV
Gas	Ameren IP
Telephone	HCS, Frontier
Hospital	1
Nursing Homes and Assisted Living	5