

**MINUTES OF REGULAR SESSION  
HIGHLAND CITY COUNCIL  
MONDAY, OCTOBER 21, 2013**

Mayor Michaelis called the Regular Session to order at 7:00pm. Council members Schwarz, Frey, Bellm and Nicolaides were present. Others in attendance were City Manager Mark Latham, City Attorney John Long; Directors Cook, Gillespie, Korte, and Rosen; Police Chief Bell, Fire Chief Bloemker, Supervisor Limestall, Library Director Kim, Deputy City Clerk Hediger, City Clerk Bellm; Todd Streiler, Streiler Planning & Development, four representatives of Scheffel and Co., Sean Flynn, of Gilmore Bell, two citizens and one member of the news media.

**MINUTES**

Councilman Schwarz made a motion to approve the minutes of the October 7, 2013 Regular Session as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

**PUBLIC FORUM**

Citizens' Requests and Comments:

*EvUCC High School Youth Ministry – “Box Village” Homelessness Simulation Request* –Pastor Will VerDuin, on behalf of the senior high group, requested permission for the group to use the Square, once again this year, for our “Box Village” homeless simulation to help the youth to learn about homelessness and leaving without the comforts they have become accustomed to everyday. There will be a supervisory group of one adult to six youth. Beyond going to dinner, we will remain at the Square over night. Councilwoman Bellm made a motion to approve the request for EvUCC High School Youth Ministry to use the Square on either Saturday, November 9 or 16, for a “Box Village” homeless simulation as requested; seconded by Councilman Schwarz. All council members voted aye, none nay. Motion carried.

*Highland News Leader – Trick-or-Treat Trail Request* – Nathan Grimm, reporter for the News Leader, requested approval for the Highland News Leader to host the Trick-or-Treat Trail on Friday, October 25, 2013 per the written request submitted. Councilman Schwarz made a motion to approve the request of the Highland News Leader to hold the Trick-or-Treat Trail on Friday, October 25, 2013, 2:00–6:00pm as attached; seconded by Councilwoman Bellm. All council members voted aye, none nay. Motion carried.

Requests of Council:

No comments or requests brought forward.

Staff Reports:

*Scheffel & Co. - Combined Annual Financial Report* – Mark Korte, principle with Scheffel & Company’s Highland office, introduced the audit team in attendance: Howard Held, CPA and manager of Highland Office, Heather Weisemeyer, CPA, and Joel Bradley, CPA, Audit Seniors on this job. Mr. Korte thanked staff for their work. Staff was very accommodating and timely at producing the necessary information. In this process, we assisted to make the city’s statements as useful as possible and prepared on the GASBY 34 model. The bottom line is that we are once again able to give an unqualified opinion, which is the highest opinion.

The report is presented in different segments, starting with financial highlights. Next are the basic financial statements, followed by notes regarding the statements. Behind that is supplementary information with schedules of comparison for budgeted amounts to actual, and a schedule of funding requirements for the pensions. The last tab is the Statistical Section, which provides a ten-year view of revenues, expenditures, tax rates, and assessments.

Exhibit 1, on Page 14, is the Statements of Net Position, which is the city’s balance sheet showing governmental and business activities. All statements are done on the accrual basis. Accrued expenses will show as incurred and revenue as earned. The bottom line of Page 14 shows the totals for the city’s net position for all activities, with the exception of the Police Pension Fund, which are simply fiduciary funds. Mr. Korte noted something that is a little new is the city’s Industrial Development Commission, which is broken out as a separate unit, based upon the activities. Business-type activities, such as water, sewer, electric, and solid waste are intended to be self-sufficient from user fees versus relying on citywide funds. If you look at the middle of Page 14, you will see total assets at the end of April 2012 was \$102,484,548 in comparison to this year’s \$103,252,751, which equates to almost an \$800,000 increase in assets from last year. At the same time, liabilities increased by approximately \$1.2 million to \$40,710,648 for a net equity decrease of ~\$400,000 to \$62,542,103, from \$62,924,521.

Exhibit 2 (Page 15-16), in the first column, shows the expense of those activities. Revenues from activities is in the second column. The middle section is where you can see the business-type activities. Revenue from taxes and interest income are recorded at the bottom of the statement. How did we end up? Governmental activities had more expenditures then revenue by \$1,076,017, while business-type activities showed more revenue by \$693,599 for a net decrease of \$382,418. You can find more details on each enterprise fund (business-type activity) by looking at Exhibits 7, 8 and 9. Exhibits 3-6 show the governmental funds in detail. They have reconciliations also and show how we get to the numbers that are on Exhibit 2. Exhibit 8 is kind of the income statement for the enterprise funds. About two-thirds of the way down is, “Income Before Operating Transfers”: Electric was \$109,816; Water, \$157,057; Sewer, \$863; and Solid Waste was \$161,683. Each fund had a positive year. Mr. Korte summarized, the primary change in the electric was the amount of power sold. Water had some rate increases that had a full year to take effect and we see those changes. Not a lot of changes in the sewer fund from the year before. Fiber-to-the-Premise (FTTP) continued to be built and extended out this past year. Those expenses will be costed out over the next few years.

Monitoring of the pension funds and comparisons of the major governmental funds to budgets set is found starting on Page 58, under the Required Supplemental Information section. In the Statistical Section, you get that ten-year view. General property tax for the year ending April 30, 2013 was \$3,285,930, in comparison to the prior year’s \$3,241,161, for a 1.38% growth of property tax. Table 2 gives a more detailed view of sales tax and income tax. Non-Home Rule Sales Tax, Motor Fuel Tax, and the telecommunication tax all had slight decreases, while Sales Tax had a slight increase. Table 3 shows the last ten years for the governmental expenses detailed. Mr. Korte pointed out it does reflect the expenditure of governmental TIF funds, including those for the development of the new hospital complex. These were all planned expenditures. Table 4 provides a historical snapshot of property tax assessments

and tax rates. The latest assessed evaluation was in December 2012. The assessed evaluation showed a decrease of almost 1%. In comparison to what other communities saw, that is not that significant. In the state of the economy right now, a decrease is what many communities are faced with. The ability to maintain that evaluation goes back to schools, city services, and quality of life that Highland offers. While the city increased its property tax rate by 2.9% over the last year, it is less than compared to the rate ten years ago. Mr. Korte explained that based upon the city's assessed valuation of \$181,421,810, the city could leverage \$15,647,631 in General Obligation Bonds (Debt). Presently, the City of Highland has none.

Councilman Schwarz inquired as to the main reason for the decrease in the city's assets. Mr. Korte explained the city issued debt throughout the year. There was depreciation of assets and interest expense on the street bonds. In 2012, we would not have had as much depreciation, because construction was still going on in that fiscal year, and interest on the bonds would not have come on yet. He pointed out that besides its debt the city has a positive cash flow. The city does not go out for a loan to buy a police car; at the same time, that car becomes an asset. Councilman Schwarz noted that water and sewer funds continue to run with negative amounts. What has to happen to change that, besides rate increases? Mr. Korte responded rate increases are needed or expenditures must decrease. If expenditures are going to continue or increase, then rate increases need to keep pace. The city does rate studies on a regular basis. About two years ago, a study was done on the sewer and the rate increase plan was put into place. Councilwoman Bellm noted the ten-year overview is really helpful. Mr. Korte acknowledged it shows you trends, as well as finds those big expenditure years. He finished by inviting the council to contact them if they had any further questions or could be of additional assistance.

## **NEW BUSINESS**

Approve Combined Annual Financial Report – Councilwoman Bellm made a motion to approve the Combined Annual Financial Report for Fiscal Year Ending April 30, 2013 as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Approve 2013 Treasurer's Report – Councilman Schwarz made a motion to approve the 2013 Treasurer's Report as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #13-98/ORDINANCE Authorizing Issue of General Obligation Sewerage System Bonds (Alternate Revenue Source), Series 2013, for the Purpose of Improving the City's Sewerage System – Councilwoman Bellm made a motion to approve Bill #13-98/Ordinance #2590 authorizing issuance of General Obligation Sewerage System Bonds (Alternate Revenue Source), Series 2013, for the purpose of improving the city's sewerage system as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #13-99/ORDINANCE Abating Taxes Levied for 2006 Electric Bonds – Councilman Schwarz made a motion to approve Bill #13-99/Ordinance #2591 abating taxes levied for 2006 Electric Alternate Revenue Bonds and Interest for 2013 taxes payable in 2014 as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #13-100/ORDINANCE Abating Taxes Levied for 2003 Korte Recreation Center Bonds – Councilwoman Bellm made a motion to approve Bill #13-100/Ordinance #2592 abating taxes levied for 2003 Korte Recreation Center Alternate Revenue Bonds and Interest for 2013 taxes payable in 2014 as

attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #13-101/ORDINANCE Abating Taxes Levied for 2007 Series Street Bonds –Councilman Schwarz made a motion to approve Bill #13-101/Ordinance #2593 abating taxes levied for 2007 Series Street Alternate Revenue Bonds and Interest for 2013 taxes payable in 2014 as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #13-102/ORDINANCE Abating Taxes Levied for 2012 General Obligation TIF Bond – Councilwoman Bellm made a motion to approve Bill #13-102/Ordinance #2594 abating taxes levied for 2012 General Obligation TIF Bond and Interest for 2013 taxes payable in 2014 as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #13-103/ORDINANCE Approving 2013 Comprehensive Plan for the City of Highland – Councilman Schwarz made a motion to approve Bill #13-103/Ordinance #2595 approving 2013 Comprehensive Plan for the City of Highland as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #13-104/ORDINANCE Amending Ordinance No. 2455 to Revise Certain Download and Upload Speeds for Data Services for Residential and Commercial Customers of Highland Communications Services – Councilwoman Bellm made a motion to approve Bill #13-104/Ordinance #2596 amending Ordinance No. 2455 to revise certain download and upload speeds for data services for residential and commercial customers of Highland Communications Services as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #13-105/RESOLUTION Approving Agreement with Moran Economic Development, LLC for Technical Services and Assistance in Applying to the IL Department of Commerce and Economic Opportunity for the Designation of a New Enterprise Zone – Councilman Schwarz made a motion to approve Bill #13-105/Resolution #13-10-2161 approving agreement with Moran Economic Development, LLC for technical services and assistance in applying to the Illinois Department of Commerce and Economic Opportunity for the designation of a new enterprise zone as attached; seconded by Councilwoman Bellm. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Bill #13-106/RESOLUTION Approving Cleaning Services Agreement with Buildingstars Operations, Inc. – Councilwoman Bellm made a motion to approve Bill #13-106/Resolution #13-10-2162 approving Cleaning Services Agreement with Buildingstars Operations, Inc. as attached; seconded by Councilman Schwarz. Councilman Schwarz summarized the previous provider's prices increased. How did we hear about Buildingstars? Director Rosen reported their cost is almost half of what JaniKing's costs were. Buildingstars approached us with their service offers. We are basing their level of service off the other businesses in and outside of Highland that use their services. Councilman Schwarz noted the cost is so much lower. Do we know we are getting the best value and service out there? Director Cook stated we have had them doing the cleaning at our department for the last four years and we are very happy with it. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Approving Notice of Municipal Letting Bid #E-10-13 for 1500 KVA Pad-Mount Transformer for Stock – Councilman Schwarz made a motion to approve Notice of Municipal Letting Bid #E-10-13 for 1500 KVA Pad-Mount Transformer for stock as attached; seconded by Councilwoman Bellm. All council members voted aye, none nay. Motion carried.

## **REPORTS**

Approve Warrant #929 – Councilwoman Bellm made a motion to approve Warrant #929 as attached; seconded by Councilman Schwarz. Roll Call Vote: Schwarz, Frey, Bellm and Nicolaides voted aye, none nay. Motion carried.

Councilwoman Bellm made a motion to adjourn; seconded by Councilman Schwarz. All council members voted aye, none nay. Motion carried and meeting adjourned at 7:40pm.

Joseph Michaelis, Mayor

Barbara Bellm, City Clerk