

**AGENDA
REGULAR SESSION
HIGHLAND CITY COUNCIL
CITY HALL, 1115 BROADWAY
MONDAY, JUNE 21, 2021
7:00 PM**

NOTE: This is an in person meeting. However, due to COVID 19, anyone wishing to monitor the meeting via phone may do so by following the instructions on page 3 of this agenda.

CALL TO ORDER / ROLL CALL / PLEDGE OF ALLEGIANCE:

MINUTES:

MOTION – Approve Minutes of June 7, 2021 Regular Session (attached)

MAYORAL RECOGNITION: The Highland High Girls’ Softball Team won the IHSA State Championship

PUBLIC FORUM:

A. Citizens’ Requests and Comments:

1. Treat on the Streets – Special Event Application – Marshall Rinderer Representative (attached)
2. Highland Marathon –Special Event Application – Pulse Personal Training (attached)
3. Hard Road Theatre Meet & Greet –Special Event Application - Aimee Goodwin Representative (attached)
4. Leaps of Love Request for permission to hang banners for Childhood cancer Awareness Month – Traci Reichmann Representative (attached)
5. Joyce and Robert Hoffmann – Request to Hold an Auction at 1206 Eden Lane (attached)

**Anyone wishing to address the Council on any subject may do so at this time.
Please come forward to the microphone.**

B. Requests of Council:

C. Staff Reports:

NEW BUSINESS:

A. MOTION – Approve Mayor’s Reappointments to the Library Board of Trustees (attached)

B. MOTION – Approve Mayor’s Appointment and Reappointments to Tree Commission (attached)

C. MOTION – Bill #20-102/ORDINANCE Authorizing and Providing for the Issue of General Obligation Sewerage System Refunding Bonds (Alternate Revenue Source), Series 2021, for the Purpose of Refunding Prior Obligations of the City (attached)

D. MOTION – Bill #21-103/RESOLUTION Approving Intergovernmental Agreement Between City of Highland and the Illinois Department of Transportation for Traffic Light Maintenance (attached)

Continued

- E. **MOTION** – Bill #21-104/RESOLUTION Authorizing Allocation of Hotel/Motel Tax Funding for Leaps of Love, Inc. to assist with Lodging for their event LOL Night at the Races (attached)
- F. **MOTION** – Bill #21-105/RESOLUTION Authorizing Allocation of Hotel/Motel Tax Funding for Highland Speed Way for Advertising for the Summer Nationals (attached)
- G. **MOTION** – Bill #21-106/RESOLUTION Approving Owner Change Order Number Forty-Five for the Public Safety Building, and Waiving the Competitive Bidding Requirement, to Provide Epoxy Flooring in the Apparatus Bay, Sally Port, and Garage (attached)
- H. **MOTION** – Bill #21-107/RESOLUTION Waiving Competitive Bidding Requirement and Authorizing Purchase of Audio/Visual Equipment for the Public Safety Building (attached)
- I. **Discussion** – Update on Christmas Lights (attached)

REPORTS:

- A. **MOTION** – Accepting Expenditures Report #1197 for June 5, 2021 through June 4, 2021 (attached)

EXECUTIVE SESSION:

The City Council will conduct an Executive Session pursuant to the Illinois Open Meetings Act, citing the following OMA exemption that allows this meeting: 5 ILCS 120/2 (c)(8) to discuss security procedures to respond to a reasonably potential danger to the safety of public property.

ADJOURNMENT:



Anyone requiring accommodations, provided for in the Americans with Disabilities Act (ADA), to attend this public meeting, please contact Breann Speraneo, ADA Coordinator, by 3:00 PM on Monday, June 21, 2021.

BE ADVISED this is a public meeting conducted in accordance with Illinois state law and may be recorded for audio and video content. City reserves the right to broadcast or re-broadcast the content of this meeting at City's sole discretion. City is not responsible for the content, video quality, or audio quality of any City meeting broadcast or re-broadcast.

Directions for Public Monitoring of Highland City Council Meetings:

In an effort to protect as many individuals as possible, including the leaders of our communities statewide, Governor J.B. Pritzker has issued a number of directives, one of which was to suspend the provisions of the Illinois Open Meetings Act (5 ILCS 120), requiring or relating to in-person attendance by members of a public body. Specifically, (1) the requirement in 5 ILCS 120/2.01 that "members of a public body must be physically present;" and (2) the conditions in 5 ILCS 120/7 limiting when remote participation is permitted, are suspended. Public bodies are encouraged to postpone consideration of public business where possible. When a meeting is necessary, public bodies are encouraged to provide video, audio, and/or telephonic access to their meetings to ensure members of the public may monitor the meeting, and to update their websites and social media feeds to keep the public fully apprised of any modifications to their meeting schedules or the format of their meetings due to COVID-19, as well as their activities relating to COVID-19.

In following this directive, the City of Highland is providing the following phone number for use by citizens to call in just before the start of this meeting:

618-882-5625

Once connected, you will be prompted to enter a conference ID number.

Conference ID #: 867900

This will allow a member of the public to hear the city council meeting. **Note:** This is for audio monitoring of the meeting, only. Participants will not be able make comments.

Anyone wishing to address the city council on any subject during the Public Forum portion of the meeting may submit their questions/comments in advance via email to lhediger@highlandil.gov or, by using the citizens' portal on the city's website found here: https://www.highlandil.gov/citizen_request_center_app/index.php.

Any comments received prior to the end of the "Public Forum" portion of the meeting, will be read into the record.



CITY OF HIGHLAND

SPECIAL EVENT APPLICATION

Authorized under City Ordinance Sec. 64-3-1

PURPOSE: The City of Highland supports various community activities and festivals throughout the year. Establishing public safety and coordinating needs between the events and the city are the overall goals of this process. It is the responsibility of the specific event Sponsors to obtain, complete, and follow through the application process for city approval.

SPECIAL EVENT: A “Special Event” is defined as: (1) any event, race, gathering, demonstration, or service; (2) that occurs partially or completely within the jurisdiction of the City of Highland; (3) is expected to draw crowds in excess of one hundred fifty (150) attendees; and (4) is expected to or could disrupt normal daily functions within the City of Highland including but not limited to traffic congestion and excess noise; or could create a public health/safety concern without proper precautions or prior planning. Specific examples would include (but are not limited to): The Kirchenfest, Schweizerfest, 5K runs, parades, Art in the Park, Fourth of July Festivities, Madison County Fair, etc. The City Manager will make the final determination as to whether an event qualifies. This will be based upon the totality of the circumstances presented.

PROCEDURE:

1. All Requests will be directed to Highland City Hall, to the attention of the Deputy City Clerk.
2. Applications will be available at Highland City Hall, Monday-Friday, 8:00 am to 5:00 pm or online through the City’s web site.
3. Applications will be completed by the Event Sponsor and submitted at least 60 days prior to the event. The application must be signed by the Event Sponsor Responsible Party. Incomplete applications will not be accepted. If an application is accepted and later determined to be incomplete, the applicant will be notified by the Deputy Clerk. Failure to provide information will result in denial of application.
4. The Deputy City Clerk will forward the application to all city departments that have responsibilities relating to the event. If necessary, a committee meeting involving the event Sponsor and city stakeholders may take place to clarify questions, determine specific needs, and address concerns.
5. The event Sponsor is required to obtain final approval for the special event from the City Manager. The City Council may announce the special event to the public at a scheduled Council meeting.

CITY OF HIGHLAND-SPECIAL EVENT APPLICATION

Name of Event: _____

Type/Purpose of Event: Festival Race Other Fundraiser Service Parade
 Demonstration Other (please specify): _____

Location of Event: _____

Sponsoring Organization/Individual: _____

Event Responsible Party: _____

Address: _____

Phone(s): _____

Email: _____

Secondary Contact: _____

Address: _____

Phone(s): _____

Email: _____

Date(s) of Set-up: _____

Event Date(s) / Times:

Date(s) of Tear-down: _____

Expected Attendance: _____

Alcohol License Required: Yes No
If yes, application received: Yes No

Sound Amplification System utilized: Yes No
If yes, hours of operation: _____

Funding request of the Council: Yes No
Amount requested and purpose: _____

City Services Requested – Please attach additional documents (maps, detailed information), where needed. Write “Not applicable” if no services requested.

(Directors must initial behind requests)

Street Dept: Signage, Barricades, Street Closures (Specify): **Public Works Director:** _____

Electric Dept: Electrical Service, Lighting (Specify): **Electric Dept. Director:** _____

Public Safety: Security, First Aid, Traffic Control (Specify): **Public Safety Director:** _____

HCS Services: Wi-Fi or other technological needs (Specify): **HCS Director:** _____

Other City Services: Restrooms, City Officials (Sign approval), Refuse Dumpsters (Specify):
Department: _____

Application Checklist (Attachments):

**Deputy Clerk Initial
Upon receipt or waiver:**

Certificate of Insurance: (attached) _____

- Must be General liability
- \$1 Million per occurrence/\$2 million aggregate
- City named as “additional insured” If Event is on city property.

Site Plan Rendering _____

- Evacuation Plan _____
- Fire Plan _____
- Parking Plan _____
- Schedule City Council Meeting for announcement _____
- Date:** _____
- Application Submittal (60+ days) _____

Muelik

Event Sponsor Responsible Party

Date

City Manager

Date



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4. The Deputy City Clerk will forward the application to all city departments that have responsibilities relating to the event. If necessary, a committee meeting involving the event Sponsor and city stakeholders may take place to clarify questions, determine specific needs, and address concerns.
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CITY OF HIGHLAND-SPECIAL EVENT APPLICATION

Name of Event: _____

Type/Purpose of Event: Festival Race Other Fundraiser Service Parade
 Demonstration Other (please specify): _____

Location of Event: _____

Sponsoring Organization/Individual: _____

Event Responsible Party: _____

Address: _____

Phone(s): _____

Email: _____

Secondary Contact: _____

Address: _____

Phone(s): _____

Email: _____

Date(s) of Set-up: _____

Event Date(s) / Times:

Date(s) of Tear-down: _____

Expected Attendance: _____

Alcohol License Required: Yes No

If yes, application received: Yes No

Sound Amplification System utilized: Yes No

If yes, hours of operation: _____

Funding request of the Council: Yes No

Amount requested and purpose: _____

City Services Requested – Please attach additional documents (maps, detailed information), where needed. Write “Not applicable” if no services requested.

(Directors must initial behind requests)

Street Dept: Signage, Barricades, Street Closures (Specify): **Public Works Director:** _____

Electric Dept: Electrical Service, Lighting (Specify): **Electric Dept. Director:** _____

Public Safety: Security, First Aid, Traffic Control (Specify): **Public Safety Director:** _____

HCS Services: Wi-Fi or other technological needs (Specify): **HCS Director:** _____

Other City Services: Restrooms, City Officials (Sign approval), Refuse Dumpsters (Specify):
Department: _____

Application Checklist (Attachments):

**Deputy Clerk Initial
Upon receipt or waiver:**

Certificate of Insurance: (attached) _____

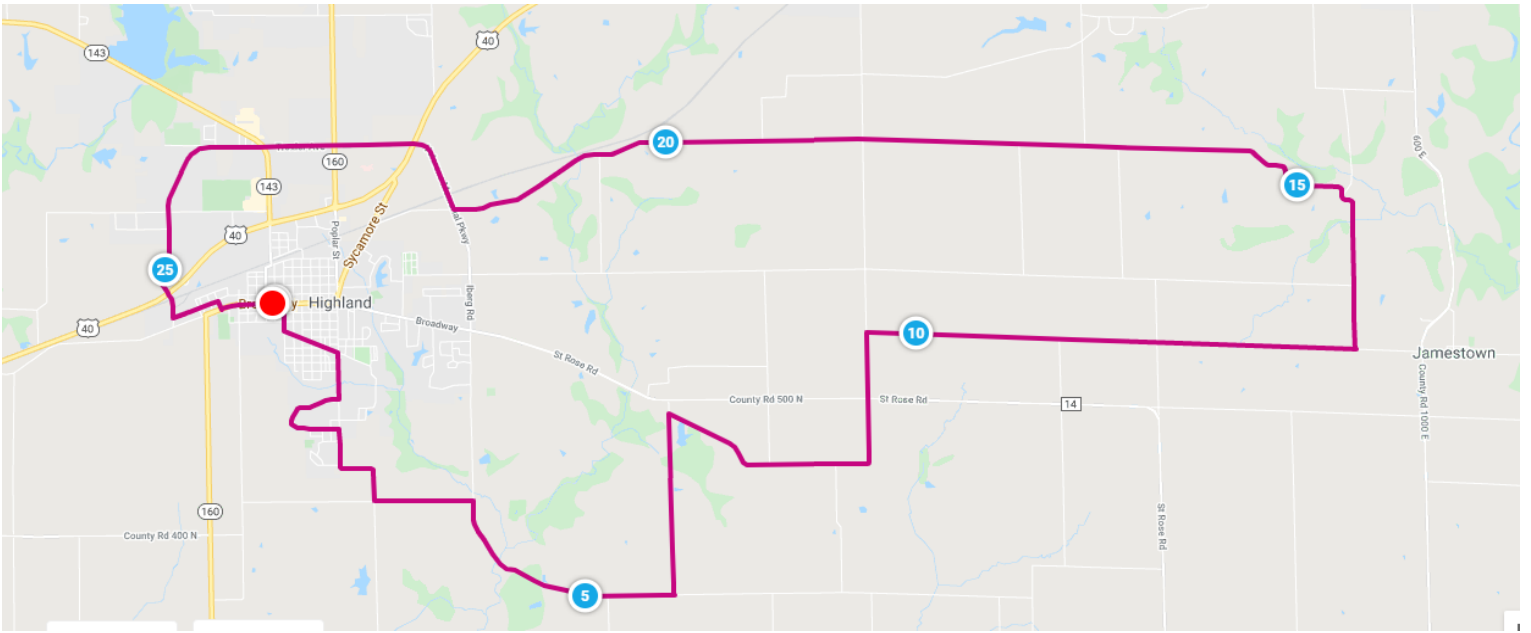
- Must be General liability
- \$1 Million per occurrence/\$2 million aggregate
- City named as “additional insured” If Event is on city property.

Site Plan Rendering _____

- Evacuation Plan _____
- Fire Plan _____
- Parking Plan _____
- Schedule City Council Meeting for announcement _____
- **Date:** _____
- Application Submittal (60+ days) _____

Event Sponsor Responsible Party _____ Date _____

City Manager _____ Date _____



CITY OF HIGHLAND-SPECIAL EVENT APPLICATION

Name of Event: Hard Road Theatre Meet & Greet

Type/Purpose of Event: Festival Race Other Fundraiser Service Parade
 Demonstration Other (please specify): Marketing Event for Moana Jr.

Location of Event: Highland Square

Sponsoring Organization/Individual: Hard Road Theatre

Event Responsible Party: Aimee Goodwin
Address: 375 Denick loop Pocahontas, IL 62275
Phone(s): 618-654-8759
Email: agoodwin@highlandcusdb.org

Secondary Contact: Ryan Goodwin
Address: 375 Denick loop Pocahontas, IL 62275
Phone(s): 618-401-3924
Email: ryan.goodwin@scu.org

Date(s) of Set-up: 7/10/21

Event Date(s) / Times: 7/10/21 Time: 11:00am to 1:00pm The Chocolate Affair with ice cream
will have Lions Club selling hot dogs. May also have band selling lemon shake ups, checking with snowcones as well.

Date(s) of Tear-down: 7/10/21

Expected Attendance: 100

Alcohol License Required: Yes No
If yes, application received: Yes No

Sound Amplification System utilized: Yes No
If yes, hours of operation: _____

Funding request of the Council: Yes No
Amount requested and purpose: _____

City Services Requested – Please attach additional documents (maps, detailed information), where needed. Write “Not applicable” if no services requested.

(Directors must initial behind requests)

Street Dept: Signage, Barricades, Street Closures (Specify): **Public Works Director:** _____

Not applicable

Electric Dept: Electrical Service, Lighting (Specify): **Electric Dept. Director:** _____

not applicable

Public Safety: Security, First Aid, Traffic Control (Specify): **Public Safety Director:** _____

Not applicable

HCS Services: Wi-Fi or other technological needs (Specify): **HCS Director:** _____

Not applicable

Other City Services: Restrooms, City Officials (Sign approval), Refuse Dumpsters (Specify):
Department: _____

Not applicable

Application Checklist (Attachments):

Deputy Clerk Initial
Upon receipt or waiver:

Certificate of Insurance: (attached) _____

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Site Plan Rendering _____

Evacuation Plan _____

Fire Plan _____

Parking Plan _____

Schedule City Council Meeting for announcement _____

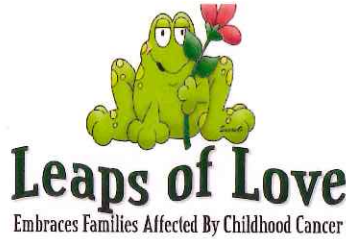
o Date: 6/14/21 _____

Application Submittal (60+ days) _____

Chimee Goodwin 6/14/21
Event Sponsor Responsible Party Date

City Manager Date

1005 Broadway
Highland, IL 62249
618-410-7212
www.leapsoflove.org



406 St. Matthew Ave.
O'Fallon, MO 63366
618-882-5399 - fax
info@leapsoflove.org

June 15, 2021

City of Highland

Attn: Mayor Kevin Hemann

Leaps of Love, an organization that embraces families affected by childhood cancer, would like to propose to the City of Highland hanging banners to help us bring awareness to our community in the month of September as it is National Childhood Cancer Awareness Month.

Childhood Cancer is on the rise in our country and national funding for pediatric cancer is only at 4%. Yes – 4% for the children of our future.

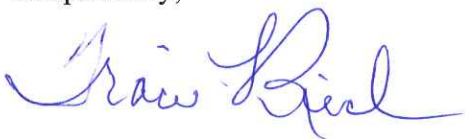
Unfortunately, within the past 10 years, our community has now been affected by that growing number and as a community, we need to raise the awareness and support our children.

At this time, I am asking for the City's help. Leaps of Love would like to purchase banners (approximately 58" x 30") to be hung on the new light poles in the month of September. This would be about 12 – 15 banners staggering them along Broadway. We would need the City's help in the hanging process.

Please consider my request and also bring my request to the next City Council Meeting for approval.

Together our community can make a difference in the unrealistic number of 4% for pediatric cancer.

Respectfully,



Traci Riechmann
LOL, President

Leaps of Love embraces families affected by childhood cancer by providing hope, strength and encouragement to meet the challenges they face today as well as the long-term effects of tomorrow.

We are proud to be a 501(c)(3) Non-Profit Organization
27-1295284

Here is a sample of the banner used in the City of Maryville, IL...





CITY OF HIGHLAND

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CITY OF HIGHLAND-SPECIAL EVENT APPLICATION

Name of Event: Auction at Joyce & Robert Hoffmann Residence

Type/Purpose of Event: [] Festival [] Race [] Other Fundraiser [] Service [] Parade [] Demonstration [X] Other (please specify): Auction

Location of Event: 1206 Eden Lane Highland IL

Sponsoring Organization/Individual: Robert & Joyce Hoffmann

Event Responsible Party: Robert & Joyce Hoffmann
Address: 1206 Eden Lane Highland IL 62249
Phone(s): 618 654-6794
Email: NONE

Secondary Contact:
Address:
Phone(s):
Email:

Date(s) of Set-up: July 10, 2021 thru July 17, 2021

Event Date(s) / Times: July 17, 2021

Date(s) of Tear-down: July 17, 2021

Expected Attendance: ?

Alcohol License Required: [] Yes [X] No
If yes, application received: [] Yes [] No

Sound Amplification System utilized: [X] Yes [] No
If yes, hours of operation: 1030 AM to approx 300 PM July 17 2021

Funding request of the Council: [] Yes [X] No
Amount requested and purpose:

City Services Requested – Please attach additional documents (maps, detailed information), where needed. Write “Not applicable” if no services requested.

(Directors must initial behind requests)

Street Dept: Signage, Barricades, Street Closures (Specify): **Public Works Director:** _____

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Public Safety: Security, First Aid, Traffic Control (Specify): **Public Safety Director:** _____

HCS Services: Wi-Fi or other technological needs (Specify): **HCS Director:** _____

Other City Services: Restrooms, City Officials (Sign approval), Refuse Dumpsters (Specify):
Department: _____

Application Checklist (Attachments):

**Deputy Clerk Initial
Upon receipt or waiver:**

Certificate of Insurance: (attached) _____

- Must be General liability
- \$1 Million per occurrence/\$2 million aggregate
- City named as “additional insured” If Event is on city property.

Site Plan Rendering _____

Evacuation Plan _____

Fire Plan _____

Parking Plan _____

Schedule City Council Meeting for announcement _____

Date: _____

Application Submittal (60+ days) _____

Robert D. Hoffman

Event Sponsor Responsible Party

6/14/2021

Date

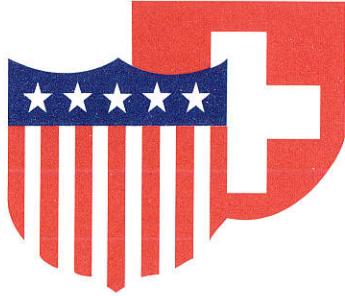
City Manager

Date

4/14/21

This is to certify that
Kues Bros. Auction Service,
Has My Permission to Block
North St. Michael Ct. in front of
my property at 2026 N. St Michael Ct.
for the purpose of conducting
an auction at 1206 Eden Lane
on July 17, 2021 between the hours
of 10.30 AM + appx 300 PM

Signed Hannah Jan



City of Highland

MEMO TO: City Council Members

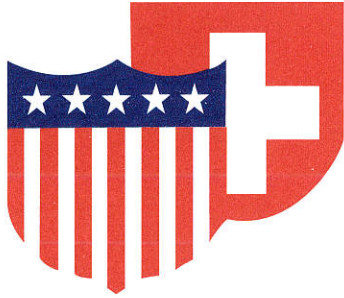
FROM: Kevin B. Hemann, Mayor

DATE: June 9, 2021

SUBJECT: Re-Appointment to the Library Board of Trustees

The terms of Shawn Voegele, Sharon Rinderer, and Joyce Zerban of the Library Board of Trustees have expired. All have agreed to serve additional 3-year terms. I believe all have been valuable assets as members of this commission so I am, therefore, requesting your approval of the re-appointments of Shawn Voegele, Sharon Rinderer, and Joyce Zerban to the Library Board of Trustees. If re-appointed, their new terms will expire in June 30, 2024.

If you have any questions regarding this appointment, please contact me prior to the council meeting.



City of Highland

MEMO TO: City Council Members

FROM: Kevin B. Hemann, Mayor

SUBJECT: Appointment and Reappointment to Tree Commission

DATE: June 9, 2021

The terms of Larry Brammer and Kurt Vonder Haar of the Tree Commission are expiring. The members have agreed to serve additional 3-year terms. I believe they have been valuable assets as members of this commission so I am, therefore, requesting your approval of the re-appointments of Mr. Larry Brammer and Kurt Vonder Haar to the Tree Commission. If re-appointed, their new terms will expire in July of 2024.

A vacancy exists on the city's Tree Commission due to the resignation of Heather Warren. I have received an application from Mr. Steve Pfetscher indicating his desire to be appointed to this position. I believe, based on his application, that Mr. Pfetscher would be an asset to the city on the Tree Commission. I am therefore, requesting your approval of my appointment of Mr. Steve Pfetscher to serve a of the 3-year term vacated by Heather Warren. This term expires in July 2024.

If you have any questions regarding this appointment, please contact me prior to the council meeting.

GILMORE & BELL, P.C.
DRAFT 2 – MAY 14, 2021
FOR DISCUSSION PURPOSES ONLY

ORDINANCE NO. _____

OF THE

CITY OF HIGHLAND, ILLINOIS

PASSED

JUNE 21, 2021

\$1,845,000
GENERAL OBLIGATION SEWERAGE SYSTEM REFUNDING BONDS
(ALTERNATE REVENUE SOURCE)
SERIES 2021

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- Exhibit A – Form of Bonds
- Exhibit B – Preliminary Official Statement
- Exhibit C – Continuing Disclosure Undertaking
- Exhibit D – Federal Tax Certificate
- Exhibit E – Bond Purchase Agreement
- Exhibit F – Letter of Escrow Instructions

ORDINANCE NO. _____

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUE OF GENERAL OBLIGATION SEWERAGE SYSTEM REFUNDING BONDS (ALTERNATE REVENUE SOURCE), SERIES 2021, OF THE CITY OF HIGHLAND, ILLINOIS, FOR THE PURPOSE OF REFUNDING PRIOR OBLIGATIONS OF THE CITY.

WHEREAS, the City of Highland, Illinois (the “City”) is a duly organized and existing municipality incorporated and existing under the provisions of the laws of the State of Illinois, is now operating under the provisions of the Illinois Municipal Code, as amended (the “Code”), and for many years has owned and operated a municipally-owned sewerage system (the “System”) as set forth in Division 139 of Article 11 of the Code; and

WHEREAS, the City has heretofore issued, and has outstanding, its General Obligation Sewerage System Bonds (Alternate Revenue Source), Series 2013 (the “Series 2013 Bonds”); and

WHEREAS, the Mayor and City Council of the City (the “Corporate Authorities”) have determined that it is advisable, necessary and in the best interests of the City to refund all of the Series 2013 Bonds maturing in the years 2021 and thereafter, in the aggregate principal amount of \$1,985,000 (the “Refunded Bonds”), in order to realize debt service savings for the City; and

WHEREAS, the refunding of the Refunded Bonds constitutes a lawful corporate purpose within the meaning of the Code and the Local Government Debt Reform Act of the State of Illinois, as amended (the “LGDR Act”); and

WHEREAS, the Corporate Authorities have further determined that, in order to refund the Refunded Bonds, it is advisable, necessary and in the best interests of the City to borrow \$1,845,000 and issue alternate bonds (the “Bonds”), being general obligation bonds payable from Pledged Revenues and Pledged Taxes, both as hereinafter defined; and

WHEREAS, pursuant to and in accordance with Section 15 of the LGDR Act, alternate bonds may be issued to refund other alternate bonds without meeting any of the requirements set forth in Section 15 of the LGDR Act, except that the term of the refunding bonds shall not be longer than the term of the bonds being refunded and that the debt service payable in any year on the refunding bonds shall not exceed the debt service payable in such year on the bonds being refunded (the “Refunding Conditions”); and

WHEREAS, the Corporate Authorities hereby determine that the Refunding Conditions have been satisfied and the Bonds may be issued to refund the Refunded Bonds; and

WHEREAS, the Corporate Authorities hereby find that the Bonds are being issued in accordance with the provisions of the LGDR Act;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HIGHLAND, ILLINOIS, AS FOLLOWS:

Section 1. Definitions. The following words and terms used in this Ordinance shall have the following meanings unless the context or use clearly indicates another or different meaning is intended:

“Additional Alternate Bonds” means any alternate bonds issued in the future in accordance with the provisions of the LGDR Act on a parity with and sharing ratably and equally in the Pledged Revenues with the Bonds.

“Bond” or **“Bonds”** means one or more, as applicable, of the \$1,845,000 General Obligation Sewerage System Refunding Bonds (Alternate Revenue Source), Series 2021, authorized to be issued by this Ordinance.

“Bond Fund” means the Series 2021 Alternate Bond Fund established hereunder and further described by Section 16 of this Ordinance.

“Bond Purchase Agreement” means the Bond Purchase Agreement, between the City and the Purchaser, in substantially the form attached hereto as **Exhibit E**.

“Bond Register” means the books of the City kept by the Paying Agent to evidence the registration and transfer of the Bonds.

“City” means the City of Highland, Illinois.

“Code” means the Illinois Municipal Code, as supplemented and amended.

“Continuing Disclosure Undertaking” means the Continuing Disclosure Undertaking executed by the City, in substantially the form attached hereto as **Exhibit C**.

“Corporate Authorities” means the Mayor and City Council of the City.

“Costs of Issuance Fund” means the fund by that name held by the Escrow Agent under the Escrow Instruction Letter.

“County Clerk” means the County Clerk of The County of Madison, Illinois.

“Debt Service Account” means the Debt Service Account maintained hereunder and further described by Section 12 of this Ordinance.

“Escrow Agent” means U.S. Bank National Association, St. Louis, Missouri, and any successors or assigns.

“Escrow Fund” means the fund by that name held by the Escrow Agent under the Escrow Instruction Letter.

“Escrow Instruction Letter” means the Letter of Escrow Instructions from the City to the Escrow Agent, in substantially the form attached hereto as **Exhibit F**.

“Federal Tax Certificate” means the Federal Tax Certificate, in substantially the form attached hereto as **Exhibit D**.

“Fiscal Year” means that twelve-calendar month period beginning on May 1 of the calendar year and ending on the next succeeding April 30.

“Future Bond Ordinances” means the ordinances of the City authorizing the issuance of revenue bonds payable from the Gross Revenues, but not including this Ordinance or any other ordinance authorizing the issuance of Additional Alternate Bonds.

“Gross Revenues” means all income from whatever source derived from the System, including (i) investment income; (ii) connection, permit and inspection fees and the like; (iii) penalties and delinquency charges; (iv) capital development, reimbursement, or recovery charges and the like; (v) annexation or pre-annexation charges insofar as designated by the Corporate Authorities as paid for System connection or service; but excluding expressly (a) non-recurring income from the sale of property of the System; (b) governmental or other grants; (c) advances or grants made from the City; and as otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds.

“IEPA Loan” means the outstanding loan from the Illinois Environmental Protection Agency to the City pursuant to Ordinance No. 3015 approved by the Corporate Authorities on April 20, 2020.

“LGDR Act” means the Local Government Debt Reform Act of the State of Illinois, as amended.

“Operation and Maintenance Expenses” means all costs of operating, maintaining and routine repair of the System, including wages, salaries, costs of materials and supplies, power, fuel, insurance and taxes, including purchase of sewage treatment services (including all payments by the City pursuant to long-term contracts for such services); but excluding debt service, depreciation, capital improvements or replacements (including meter replacements) or engineering expenses in anticipation thereof or in connection therewith, or any reserve requirements; and otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds.

“Ordinance” means this Ordinance as originally adopted and as the same may from time to time be amended or supplemented in accordance with terms hereof.

“Outstanding” means Bonds and Additional Alternate Bonds which are outstanding and unpaid; *provided, however,* such term shall not include any of the Bonds or Additional Alternate Bonds (i) which have matured and for which moneys are on deposit with proper paying agents or are otherwise sufficiently available to pay all principal thereof and interest thereon or (ii) the provision for payment of which has been made by the City by the deposit in an irrevocable trust or escrow of funds or direct, full faith and credit obligations of the United States of America, the principal of and interest on which will be sufficient to pay at maturity or as called for redemption all the principal of and interest on such Bonds or Additional Alternate Bonds.

“Paying Agent” means U.S. Bank National Association, St. Louis, Missouri, or successor thereto or designated hereunder, in its respective capacities as bond registrar and paying agent.

“Pledged Moneys” means, collectively, the Pledged Revenues and the Pledged Taxes.

“Pledged Revenues” means the Gross Revenues less all Operation and Maintenance Expenses.

“Pledged Taxes” means the ad valorem taxes levied against all of the taxable property in the City without limitation as to rate or amount, pledged hereunder by the City as security for the Bonds.

“Purchaser” means Commerce Bank, Kansas City, Missouri, the original purchaser of the Bonds.

“Refunded Bond Ordinance” means Ordinance No. 2590 passed October 21, 2013, which authorized the issuance of the Series 2013 Bonds.

“Refunded Bonds” means the Series 2013 Bonds maturing on October 1, 2021 and thereafter, outstanding in the aggregate principal amount of \$1,985,000.

“Series 2013 Bonds” means the \$2,745,000 original principal amount of the City’s General Obligation Sewerage System Bonds (Alternate Revenue Source), Series 2013.

“System” refers to all property, real, personal or otherwise owned or to be owned by the City or under the control of the City, and used for sewerage purposes, including any and all further extensions, improvements and additions to the System.

“Sewerage Fund” means the Sewerage Fund of the City referred to in Section 11 of this Ordinance.

Section 2. Incorporation of Preambles. The Corporate Authorities hereby find that the recitals contained in the preambles to this Ordinance are true, correct and do hereby incorporate them into this Ordinance by this reference.

Section 3. Determination to Issue Bonds. It is necessary and in the best interests of the City for the City to refund the Refunded Bonds and to issue the Bonds to enable the City to pay the costs thereof.

Section 4. Bond Details.

(a) There shall be issued and sold the Bonds in the aggregate principal amount of \$1,845,000. The Bonds shall be designated “General Obligation Sewerage System Refunding Bonds (Alternate Revenue Source), Series 2021,” and be dated the date of issuance, and shall also bear the date of authentication thereof. The Bonds shall be in fully registered form, shall be in denominations of \$5,000 or authorized integral multiples thereof (but no single Bond shall represent principal maturing on more than one date), shall be numbered in such reasonable fashion as may be selected by the Paying Agent, and shall mature (subject to prior redemption as hereinafter provided) on October 1 of the years, in the amounts and bearing interest at the rates percent per annum as follows:

SERIAL BONDS

<u>Stated Maturity</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>
2022	\$	%
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		

[TERM BONDS**]**

<u>Stated Maturity</u>	<u>Principal Amount</u>	<u>Annual Rate of Interest</u>
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(b) Each Bond shall bear interest from the later of its Dated Date as hereinabove provided or from the most recent interest payment date to which interest has been paid or duly provided for, until the principal amount of such Bond is paid or duly provided for, such interest (computed upon the basis of a 360-day year of twelve 30-day months) being payable on April 1, 2022, and semiannually thereafter on April 1 and October 1 of each year. Interest on each Bond shall be paid by check or draft of the Paying Agent, payable upon presentation thereof in lawful money of the United States of America, to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date. The principal of the Bonds shall be payable in lawful money of the United States of America upon presentation thereof at the principal corporate trust office of the Paying Agent in St. Louis, Missouri, or at successor Paying Agent and address.

(c) The Bonds shall be in substantially the form set forth on **Exhibit A** attached hereto.

Section 5. Redemption.

(a) The Bonds due on and after October 1, 2030, are subject to redemption prior to maturity at the option of the City from any available funds, as a whole or in part, and if in part in integral multiples of \$5,000 in any order of their maturity as determined by the City (less than all of the Bonds of a single maturity to be selected by the Paying Agent), on October 1, 2029, and on any date thereafter, at the redemption price of par plus accrued interest to the redemption date.

[**(b) The Bonds maturing in the years 20__ and 20__ (the “Term Bonds”) shall be subject to mandatory redemption and payment prior to stated maturity pursuant to the mandatory redemption requirements of this Section at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date. The City shall redeem on October 1 in each year, the following principal amounts of such Term Bonds:

Term Bonds Maturing on October 1, 20__

<u>Year</u>	<u>Principal Amount</u>
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†

†Final Maturity

Term Bonds Maturing on October 1, 20__

<u>Year</u>	<u>Principal Amount</u>
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†

†Final Maturity

At its option, to be exercised on or before the 45th day next preceding any mandatory redemption date, the City may: (1) deliver to the Paying Agent for cancellation Term Bonds subject to mandatory redemption on said mandatory redemption date, in any aggregate principal amount desired; or (2) furnish the Paying Agent funds, together with appropriate instructions, for the purpose of purchasing any Term Bonds subject to mandatory redemption on said mandatory redemption date from any registered owner thereof whereupon the Paying Agent shall expend such funds for such purpose to such extent as may be practical; or (3) receive a credit with respect to the mandatory redemption obligation of the City under this Section for any Term Bonds subject to mandatory redemption on said mandatory redemption date which, prior to such date, have been redeemed (other than through the operation of the mandatory redemption requirements of this subsection (b)) and cancelled by the Paying Agent and not theretofore applied as a credit against any redemption obligation under this subsection (b). Each Term Bond so delivered or previously purchased or redeemed shall be credited at 100% of the principal amount thereof on the obligation of the City to redeem Term Bonds of the same stated maturity on such mandatory redemption date, and any excess of such amount shall be credited on future mandatory redemption obligations for Term Bonds of the same stated maturity in chronological order, and the principal amount of Term Bonds of the same stated maturity to be redeemed by operation of the requirements of this Section shall be accordingly reduced. If the City intends to exercise any option granted by the provisions of clauses (1), (2) or (3) above, the City will, on or before the 45th day next preceding each mandatory redemption date, furnish the Paying Agent a written certificate indicating to what extent the provisions of said clauses (1), (2) and (3) are to be complied with respect to such mandatory redemption payment.**]

(c) The Bonds shall be redeemed only in the principal amount of \$5,000 and integral multiples thereof. For optional redemptions, the City shall, at least forty-five (45) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Paying Agent) notify the Paying Agent of such redemption date and of the principal amount and maturity or maturities of Bonds to be redeemed. For purposes of any redemption of less than all of the outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot not more than sixty (60) days prior to the redemption date by the Paying Agent, by such method of lottery as the Paying Agent shall deem fair and appropriate; provided that such lottery shall provide for the selection for redemption of Bonds or portions of Bonds in principal amounts of \$5,000 and integral multiples thereof.

(d) The Paying Agent shall promptly notify the City in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

Section 6. Redemption Procedure.

(a) Unless waived by the registered owner of Bonds to be redeemed, notice of any such redemption shall be given by the Paying Agent on behalf of the City by mailing the redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to each registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Paying Agent.

(b) All notices of redemption shall state:

(1) the redemption date;

(2) the redemption price;

(3) if less than all outstanding Bonds of a single maturity are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;

(4) a statement that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;

(5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal corporate trust office of the Paying Agent; and

(6) such other information then required by custom, practice or industry standard.

(c) Unless moneys sufficient to pay the redemption price of the Bonds to be redeemed shall have been received by the Paying Agent prior to the giving of such notice of redemption, such notice may, at the option of the City, state that said redemption shall be conditional upon the receipt of such moneys by the Paying Agent on or prior to the date fixed for redemption. If such moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds, and the Paying Agent shall give notice, in the same manner in which the notice of redemption shall have been given, that such moneys were not so received and that such Bonds will not be redeemed. Otherwise, prior to any redemption date, the

City shall deposit with the Paying Agent an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

(d) Subject to the provisions for a conditional redemption described above, notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Paying Agent at the redemption price. The procedure for the payment of interest due as part of the redemption price shall be as herein provided for payment of interest otherwise due. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of like tenor, of authorized denominations, of the same maturity, and bearing the same rate of interest in the amount of the unpaid principal.

(e) If any Bond or portion of a Bond called for redemption shall not be so paid upon surrender thereof for redemption, the principal shall, until paid or duly provided for, bear interest from the redemption date at the rate borne by the Bond or portion of Bond so called for redemption. All Bonds which have been redeemed shall be cancelled and destroyed by the Paying Agent and shall not be reissued.

Section 7. Execution; Authentication.

(a) The Bonds shall be executed on behalf of the City with the manual or facsimile signature of the Mayor and attested with the manual or facsimile signature of the City Clerk, as they may determine, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the City. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until delivery.

(b) All Bonds shall have thereon a certificate of authentication substantially in the form hereinafter set forth duly executed by the Paying Agent as authenticating agent of the City and showing the date of authentication. No Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Ordinance unless and until such certificate of authentication shall have been duly executed by the Paying Agent by manual signature, and such certificate of authentication upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Ordinance. The certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Paying Agent, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

Section 8. Registration of Bonds; Persons Treated as Owners; Global Book-Entry System.

(a) *General.* The City shall cause the Bond Register to be kept at the principal corporate trust office of the Paying Agent, which is hereby constituted and appointed the registrar of the City. The City is authorized to prepare, and the Paying Agent shall keep custody of, multiple Bond blanks executed by the City for use in the transfer and exchange of Bonds.

Upon surrender for transfer of any Bond at the principal corporate trust office of the Paying Agent, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Paying Agent and duly executed by, the registered owner or his attorney duly authorized in writing, the City shall execute and the Paying Agent shall authenticate, date and deliver in the name of the transferee or transferees a new fully registered Bond or Bonds of the same maturity of authorized denominations, for a like aggregate principal amount. Any fully registered Bond or Bonds may be exchanged at said principal

corporate trust office of the Paying Agent for a like aggregate principal amount of Bond or Bonds of the same maturity of other authorized denominations. The execution by the City of any fully registered Bond shall constitute full and due authorization of such Bond and the Paying Agent shall thereby be authorized to authenticate, date and deliver such Bond, *provided, however*, the principal amount of outstanding Bonds of each maturity authenticated by the Paying Agent shall not exceed the authorized principal amount of Bonds for such maturity less previous retirements.

The Paying Agent shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the 15th day of the month next preceding any interest payment date on such Bond and ending at the opening of business on such interest payment date nor to transfer or exchange any Bond after notice calling such Bond for redemption has been mailed, nor during a period of fifteen days next preceding mailing of a notice of redemption of any Bonds.

The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal of or interest on any Bond shall be made only to or upon the order of the registered owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

No service charge shall be made for any transfer or exchange of Bonds, but the City or the Paying Agent may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds except in the case of the issuance of a Bond or Bonds for the unredeemed portion of a Bond surrendered for redemption.

(b) *Global Book-Entry System.* The Bonds shall be initially issued in the form of a separate single fully registered Bond for each maturity of the Bonds as provided in Section 4 hereof, and the ownership of each such Bond shall be registered in the Bond Register in the name of Cede & Co., or any successor thereto (“Cede”), as nominee of The Depository Trust Company, New York, New York, and its successors and assigns (“DTC”). All of the outstanding Bonds shall be registered in the Bond Register in the name of Cede, as nominee of DTC, except as hereinafter provided. The Mayor, the City Manager and Director of Finance are hereby authorized to execute and deliver on behalf of the City such letters to or agreements with DTC and the Paying Agent as shall be necessary to effectuate such book-entry system (any such letter or agreement being referred to herein as the “Representation Letter”).

With respect to the Bonds registered in the Bond Register in the name of Cede, as nominee of DTC, the City and the Paying Agent shall have no responsibility or obligation to any broker-dealer, bank or other financial institution for which DTC holds Bonds from time to time as securities depository (each such broker-dealer, bank or other financial institution being referred to herein as a “DTC Participant”) or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of a Bond as shown in the Bond Register, of any amount with respect to principal of or interest on the Bonds. The City and the Paying Agent may treat and consider the person in whose name each Bond is registered in the Bond Register as the holder and absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of and interest on the Bonds only to or upon the order of the respective registered owners of the Bonds, as

shown in the Bond Register, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner of a Bond as shown in the Bond Register, shall receive a Bond certificate evidencing the obligation of the City to make payments of principal and interest with respect to any Bond. Upon delivery by DTC to the Paying Agent of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede, the name "Cede" in this Ordinance shall refer to such new nominee of DTC.

In the event that (i) the City determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (ii) the agreement among the City, the Paying Agent and DTC evidenced by the Representation Letter shall be terminated for any reason or (iii) the City determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the City shall notify DTC and DTC Participants of the availability through DTC of Bond certificates and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede, as nominee of DTC. At the time, the City may determine that the Bonds shall be registered in the name of and deposited with such other depository operating a global book-entry system, as may be acceptable to the City, or such depository's agent or designee, and if the City does not select such alternate global book-entry system, then the Bonds may be registered in whatever name or names registered owners of Bonds transferring or exchanging Bonds shall designate, in accordance with the provisions of Section 6(a) hereof.

Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Representation Letter.

Section 9. Sale of the Bonds.

(a) The Bonds hereby authorized shall be executed as in this Ordinance provided as soon after the passage hereof as may be, and thereupon be deposited with the Director of Finance of the City, and be by said Director of Finance delivered to the Purchaser, upon receipt of the purchase price therefor, the same being \$ _____; the Bond Purchase Agreement is in all respects ratified, approved and confirmed, it being hereby found and determined that the Bonds have been sold at such price and bear interest at such rates that neither the true interest cost (yield) nor the net interest rate received upon such sale exceed the maximum rate otherwise authorized by Illinois law and that the Bond Purchase Agreement is in the best interests of the City and that no person holding any office of the City, either by election or appointment, is in any manner financially interested directly in his own name or indirectly in the name of any other person, association, trust or corporation, in the Bond Purchase Agreement.

(b) The Preliminary Official Statement, in the form attached hereto as **Exhibit B**, is hereby ratified and approved, and the final Official Statement is hereby authorized and approved by supplementing, amending and completing the Preliminary Official Statement, with such changes and additions thereto as are necessary to conform to and describe the transaction. The Mayor or City Manager is hereby authorized to execute the final Official Statement, and the use and public distribution of the final Official Statement by the Purchaser in connection with the reoffering of the Bonds is hereby authorized. The proper officials of the City are hereby authorized to execute and deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Bonds.

(c) For the purpose of enabling the Purchaser to comply with the requirements of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, the City hereby deems the information regarding the City contained in the Preliminary Official Statement to be "final" as of its date, except for the omission of such information as is permitted by Rule 15c2-12(b)(1), and the appropriate officers of the City

are hereby authorized, if requested, to provide the Purchaser a letter or certification to such effect and to take such other actions or execute such other documents as such officers in their reasonable judgment deem necessary to enable the Purchaser to comply with the requirement of such Rule.

(d) The City agrees to provide to the Purchaser within seven business days of the date of the sale of Bonds sufficient copies of the final Official Statement to enable the Purchaser to comply with the requirements of Rule 15c2-12(b)(4) of the Securities and Exchange Commission and with the requirements of Rule G-32 of the Municipal Securities Rulemaking Board.

Section 10. Treatment of Bonds as Debt. The Bonds shall be payable from the Pledged Moneys and do not and shall not constitute an indebtedness of the City within the meaning of any constitutional or statutory limitation, unless the Pledged Taxes shall be extended pursuant to the general obligation, full faith and credit promise supporting the Bonds, as set forth in Section 15 hereof, in which case the principal amount of the Bonds then Outstanding shall be included in the computation of indebtedness of the City for purposes of all statutory provisions or limitations until such time as an audit of the City shall show that the Bonds have been paid from the Pledged Revenues for a complete Fiscal Year in accordance with the LGDR Act.

Section 11. Sewerage Fund and Accounts. Upon the issuance of any of the Bonds, the System shall continue to be operated on a Fiscal Year basis. All of the Gross Revenues shall be set aside as collected and be deposited in a separate fund and in an account in a bank to be designated by the Corporate Authorities, which fund has heretofore been created and designated as the "Sewerage Fund" (the "*Sewerage Fund*") of the City and is expressly continued hereunder, and which fund shall constitute a trust fund for the sole purpose of carrying out the covenants, terms, and conditions of this Ordinance and any Future Bond Ordinances, and shall be used only in paying Operation and Maintenance Expenses, paying the principal of and interest on all bonds of the City which by their terms are payable from the Gross Revenues derived from the System, providing an adequate depreciation fund and providing for the establishment of and expenditure from the respective accounts as hereinafter described.

Section 12. Flow of Funds. There shall be and there are hereby created separate accounts in the Sewerage Fund to be known as the "Operation and Maintenance Account," such other accounts as may be established under any Future Bond Ordinances, the "Debt Service Account," the "Depreciation Account" and the "Surplus Account," to which there shall be credited on or before the first day of each month by the financial officer of the City, without any further official action or direction, in the order in which said accounts are hereinafter mentioned, all moneys held in the Sewerage Fund, in accordance with the following provisions:

(a) Operation and Maintenance Account:

There shall be credited to or retained in the Operation and Maintenance Account an amount sufficient, when added to the amount then on deposit in said Account, to establish or maintain a balance to an amount not less than the amount considered necessary to pay Operation and Maintenance Expenses for the then current month.

(b) Accounts Created Pursuant to Future Bond Ordinances:

Future Bond Ordinances may create additional accounts in the Sewerage Fund for the payment and security of sewerage revenue bonds that hereafter may be issued by the City. Amounts in the Sewerage Fund shall be credited to and transferred from said accounts in accordance with the terms of the Future Bond Ordinances.

(c) Debt Service Account:

There shall be paid into the Debt Service Account in each month after the required payments have been made into the Accounts above described, a fractional amount of the interest becoming due on the next succeeding interest payment date on all Outstanding Bonds and a fractional amount of the principal becoming due on the next succeeding principal maturity date of all Outstanding Bonds until there shall have been accumulated in the Debt Service Account on or before the month preceding such maturity date of interest or principal, an amount sufficient to pay such principal or interest, or both, of all Outstanding Bonds.

In computing the fractional amount to be set aside each month in said Debt Service Account, the fraction shall be so computed that sufficient funds will be set aside in said Account and will be available for the prompt payment of such principal of and interest on all Outstanding Bonds as the same will become due and shall be not less than one-sixth of the interest becoming due on the next succeeding interest payment date and not less than one-twelfth of the principal becoming due on the next succeeding principal payment date on all Outstanding Bonds until there is sufficient money in said Account to pay such principal or interest or both.

All moneys in said Account shall be used only for the purpose of paying interest on and principal of Outstanding Bonds and Additional Alternate Bonds.

(d) Depreciation Account:

Beginning the month after the delivery of the Bonds, there shall be credited to the Depreciation Account and held, in cash and investments, such sum as the Corporate Authorities may deem necessary in order to provide an adequate depreciation fund for the System. In Future Bond Ordinances, the City may covenant to make specific monthly deposits to said Depreciation Account and to accumulate funds therein.

Amounts to the credit of said Depreciation Account shall be used for (i) the payment of the cost of extraordinary maintenance, necessary repairs and replacements, or contingencies, the payment for which no other funds are available, in order that the System may at all times be able to render efficient service, (ii) for the purpose of acquiring or constructing improvements and extensions to the System, and (iii) the payment of principal of or interest and applicable premium on any Outstanding Bonds at any time when there are no other funds available for that purpose in order to prevent a default. Future Bond Ordinances may provide for additional deposits to said Depreciation Account and additional uses and transfers of the funds on deposit in said Depreciation Account.

(e) Surplus Account:

All moneys remaining in the Sewerage Fund, after crediting the required amounts to the respective accounts hereinabove provided for, shall be credited to the Surplus Account. Funds in the Surplus Account shall be used, first, to make up any subsequent deficiencies in any of the accounts hereinabove named; and then, at the discretion of the Corporate Authorities, for one or more of the following purposes without any priority among them:

1. For the purpose of constructing or acquiring repairs, replacements, improvements or extensions to the System; or

2. For making transfers to the Sewerage Fund generally to be applied and treated as Gross Revenues when transferred; or
3. For the purpose of calling and redeeming Outstanding Bonds payable from the System which are callable at the time; or
4. For the purpose of purchasing Outstanding Bonds payable from the System; or
5. For the purpose of paying principal of and interest on any subordinate bonds or obligations issued for the purpose of acquiring or constructing repairs, replacements, improvements or extensions to the System, including the IEPA Loan; or
6. For any purpose enumerated in any Future Bond Ordinance; or
7. For any other lawful System purpose.

Money to the credit of the Sewerage Fund may be invested pursuant to any authorization granted to municipal corporations by Illinois statute or court decision.

Section 13. Redemption of Refunded Bonds. The Refunded Bonds maturing on October 1, 2022 and thereafter are hereby called for redemption and payment prior to maturity on October 1, 2021. Such bonds shall be redeemed at the principal payment office of U.S. Bank, National Association, the paying agent for the Refunded Bonds, by the payment on the redemption date of the redemption price thereof and accrued interest thereon to the redemption date. In accordance with the requirements of the Refunded Bond Ordinance, the City Council hereby authorizes the Mayor or the City Manager to cause notice of the call for redemption and payment of such Refunded Bonds to be given in the manner provided in the Refunded Bond Ordinance. The officers of the City and the paying agent for the Refunded Bonds are hereby authorized and directed to take such other action as may be necessary in order to effect the redemption and payment of such Refunded Bonds as herein provided.

Section 14. Account Excesses. Any amounts to the credit of the Accounts in excess of the then current requirements therefor may be transferred at any time by the Corporate Authorities to such other Account or Accounts of the Sewerage Fund as it may in its sole discretion designate.

Section 15. Pledged Taxes; Tax Levy. For the purpose of providing additional funds to pay the principal of and interest on the Bonds, and as provided in Section 15 of the LGDR Act, there is hereby levied upon all of the taxable property within the City, in the years for which any of the Bonds are Outstanding, a direct annual tax in amounts sufficient for that purpose, and there be and there hereby is levied upon all of the taxable property in the City the following direct annual taxes (the "Pledged Taxes"):

FOR THE YEAR	A TAX SUFFICIENT TO PRODUCE THE SUM OF:
2021	\$ _____ for principal and interest
2022	\$ _____ for principal and interest
2023	\$ _____ for principal and interest
2024	\$ _____ for principal and interest
2025	\$ _____ for principal and interest
2026	\$ _____ for principal and interest
2027	\$ _____ for principal and interest
2028	\$ _____ for principal and interest

2029	\$ _____	for principal and interest
2030	\$ _____	for principal and interest
2031	\$ _____	for principal and interest
2032	\$ _____	for principal and interest

Following any extension of Pledged Taxes, interest or principal coming due at any time when there are insufficient funds on hand from the Pledged Taxes to pay the same shall be paid promptly when due from current funds on hand in advance of the collection of the Pledged Taxes herein levied; and when the Pledged Taxes shall have been collected, reimbursement shall be made to said funds in the amount so advanced.

Section 16. Filing with County Clerk. After this Ordinance becomes effective, a copy hereof, certified by the City Clerk, shall be filed with the County Clerk. The County Clerk shall in and for each of the years required ascertain the rate percent required to produce the aggregate Pledged Taxes hereinbefore provided to be levied in each of said years; and the County Clerk shall extend the same for collection on the tax books in connection with other taxes levied in said years in and by the City for general corporate purposes of the City; and the County Clerk, or other appropriate officer or designee, shall remit the Pledged Taxes for deposit to the credit of a special fund to be designated the “Series 2021 Alternate Bond Fund” (the “Bond Fund”), and in said years the Pledged Taxes shall be levied and collected by and for and on behalf of the City in like manner as taxes for general municipal purposes of the City for said years are levied and collected, and in addition to and in excess of all other taxes. The Pledged Taxes are hereby irrevocably pledged to and shall be used only for the purpose of paying principal of and interest on the Bonds. It is hereby expressly provided that in the event there shall be moneys both to the credit of the Debt Service Account and the Bond Fund, the Bond Fund shall be fully depleted before moneys to the credit of the Debt Service Account shall be used to pay principal of and interest on the Bonds.

Section 17. Abatement of Pledged Taxes. Notwithstanding anything to the contrary herein, the City may abate the foregoing taxes if the Corporate Authorities has reasonably determined that legally available moneys, including Pledged Revenues, will be available or expected to be available and sufficient to pay debt service on all Outstanding Bonds in the next succeeding bond year (October 1 and April 1). The City shall, prior to the time the Pledged Taxes levied in such calendar year are extended, file an appropriate certification of such abatement with the County Clerk. If for any reason there is abatement of such levy of taxes and the failure thereafter to pay the principal of and interest on the Bonds, the additional amount, together with accrued interest, shall be added to the tax levy in the year of, or the next year following, such failure.

Section 18. Pledged Revenues; General Covenants. The City covenants and agrees with the registered owners of the Bonds that, so long as any Bonds remain Outstanding:

A. The City hereby pledges the Pledged Revenues to the payment of the Bonds, and the Corporate Authorities covenant and agree to provide for, collect and apply the Pledged Revenues to the payment of the Bonds and the provision of not less than an additional .25 times debt service, all in accordance with Section 15 of the LGDR Act.

B. The City will punctually pay or cause to be paid from the Debt Service Account and from the Bond Fund the principal of and the interest on the Bonds in strict conformity with the terms of the Bonds and this Ordinance, and it will faithfully observe and perform all of the conditions, covenants and requirements thereof and hereof.

C. The City will pay and discharge, or cause to be paid and discharged, from the Debt Service Account and the Bond Fund any and all lawful claims which, if unpaid, might become a lien or charge upon the Pledged Moneys, or any part thereof, or upon any funds in the hands of the

Paying Agent, or which might impair the security of the Bonds. Nothing herein contained shall require the City to make any such payment so long as the City in good faith shall contest the validity of said claims.

D. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Pledged Moneys, the Debt Service Account and the Bond Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the registered owners of not less than ten percent (10%) of the principal amount of the Outstanding Bonds or their representatives authorized in writing.

E. The City will preserve and protect the security of the Bonds and the rights of the registered owners of the Bonds, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the City, the Bonds shall be incontestable by the City.

F. The City will adopt, make, execute and deliver any and all such further ordinances, resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention of, or to facilitate the performance of, this Ordinance, and for the better assuring and confirming unto the registered owners of the Bonds of the rights and benefits provided in this Ordinance.

G. As long as any Bonds are Outstanding, the City will continue to deposit the Pledged Revenues to the Debt Service Account and, if applicable, the Pledged Taxes to the Bond Fund. The City covenants and agrees with the registered owners of the Bonds that so long as any Bonds remain Outstanding, the City will take no action or fail to take any action which in any way would adversely affect the ability of the City to collect the Pledged Taxes and to collect and to segregate the Pledged Moneys. The City and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes can be extended and that the Pledged Revenues and the Pledged Taxes may be collected and deposited to the Debt Service Account and the Bond Fund, respectively, as provided herein.

H. Once issued, the Bonds shall be and forever remain until paid or defeased the general obligation of the City, for the payment of which its full faith and credit are pledged, and shall be payable, in addition to the Pledged Revenues, from the levy of the Pledged Taxes as provided in the LGDR Act.

I. The City will maintain the System in good repair and working order, will operate the same efficiently and faithfully and will punctually perform all duties with respect thereto required by the Constitution and laws of the State of Illinois and Federal law.

J. The City will establish and maintain at all times reasonable fees, charges, and rates for the use and service of the System and will provide for the collection thereof and the segregation and application of the Gross Revenues in the manner provided by this Ordinance, sufficient at all times to pay Operation and Maintenance Expenses, to pay the principal of and interest on all bonds of the City which by their terms are payable from the Gross Revenues of the System, to provide an adequate depreciation fund and to provide for the creation and maintenance and funding of the respective accounts as provided in Section 12 of this Ordinance; it is hereby expressly provided that the pledge and establishment of rates or charges for use of the System shall constitute a continuing obligation of the City with respect to such establishment and a continuing appropriation of the amounts received.

K. There shall be charged against all users of the System, including the City, such rates and amounts for sewerage services as shall be adequate to meet the requirements of this section. Charges for services rendered by the City shall be made against the City, and payment for the same shall be made monthly from the corporate funds into the Sewerage Fund as Gross Revenues derived from the operation of the System; *provided, however*, that the City need not charge itself for such services if in the previous Fiscal Year Gross Revenues not including any payments made by the City shall have met the requirements of this Ordinance.

L. Within six months following the close of each Fiscal Year, the City will cause the books and accounts of the System to be audited by independent certified public accountants in accordance with appropriate audit standards. Said audit will be available for inspection by the registered owners of any of the Bonds.

Section 19. Future Revenue Bonds, Additional Alternate Bonds and Subordinate Bonds.

(a) The City reserves the right to issue without limit bonds payable solely and only from the Gross Revenues, which bonds may have a lien on the Gross Revenues prior to the lien on the Gross Revenues that secures the Outstanding Bonds, *provided* that upon the issuance of such bonds, the City shall be able to demonstrate in the same manner as provided by the LGDR Act, as the LGDR Act is written at this time, that at such time all Outstanding Bonds could then be issued as if not then having previously been issued; that is, that the requirements of the LGDR Act for the issuance of alternate bonds payable from the Gross Revenues shall have been met on such date for all Outstanding Bonds.

(b) The City also reserves the right to issue Additional Alternate Bonds from time to time payable from the Pledged Revenues, and any such Additional Alternate Bonds shall share ratably and equally in the Pledged Revenues with the Bonds; *provided, however*, that no Additional Alternate Bonds shall be issued except in accordance with the provisions of the LGDR Act as the LGDR Act is written at this time.

(c) The City also reserves the right to issue revenue bonds from time to time payable from the Gross Revenues that are subordinate to the Bonds or Additional Alternate Bonds and are payable from the money remaining in the Surplus Account.

Section 20. Defeasance. Bonds which are no longer Outstanding Bonds as defined in this Ordinance shall cease to have any lien on or right to receive or be paid from Pledged Revenues and shall no longer have the benefits of any covenant for the registered owners of Outstanding Bonds as set forth herein as such relates to lien and security of the Bonds in the Pledged Revenues.

Section 21. Provisions a Contract. The provisions of this Ordinance shall constitute a contract between the City and the owners of the Outstanding Bonds and no changes, additions, or alterations of any kind shall be made hereto, except as herein provided, so long as there are any Outstanding Bonds.

Section 22. Use of Proceeds. The proceeds received from the sale of the Bonds, together with other legally available funds of the City, shall be deposited simultaneously with the delivery of the Bonds, as follows:

(a) The sum of _____ from the Bond proceeds shall be transferred to the Escrow Agent and deposited in the Costs of Issuance Fund and disbursed to pay the costs of issuing the Bonds, including the fees of attorneys, financial consultants, accountants, rating agencies, printers and others employed to render professional services and other costs, fees and expenses incurred in

connection with the issuance of the Bonds. Any of such money not used for such purpose shall be applied to the payment of interest due on the Bonds on April 1, 2022.

(b) The sum of \$ _____ (consisting of \$ _____ from the Bond proceeds and \$ _____ of other legally available funds of the City) shall be transferred to the Escrow Agent and deposited in the Escrow Fund to pay the principal of and interest on the Refunded Bonds on October 1, 2021.

Section 23. Paying Agent Covenants. If requested by the Paying Agent, the Mayor, the City Manager and the Director of Finance are authorized to execute the Paying Agent's standard form of agreement between the City and the Paying Agent with respect to the obligations and duties of the Paying Agent hereunder. Subject to modification by the express terms of any such agreement, such duties shall include the following:

(a) to act as bond registrar, authenticating agent, paying agent and transfer agent as provided herein;

(b) to maintain a list of Bondholders as set forth herein and to furnish such list to the City upon request, but otherwise to keep such list confidential;

(c) to give notice of redemption of Bonds as provided herein;

(d) to cancel and/or destroy Bonds which have been paid at maturity or upon earlier redemption or submitted for exchange or transfer;

(e) to furnish the City at least annually a certificate with respect to Bonds cancelled and/or destroyed; and

(f) to furnish the City at least annually an audit confirmation of Bonds paid, Bonds outstanding and payments made with respect to interest on the Bonds.

The City Clerk is hereby directed to file a certified copy of this Ordinance with the Paying Agent.

Section 24. Tax Covenants. The City covenants and agrees to comply with all provisions and requirements of the Federal Tax Certificate, which is hereby approved and incorporated herein, with such changes therein as shall be approved by the Mayor, which officer is hereby authorized to execute the Federal Tax Certificate for and on behalf of the City, such officer's signature thereon being conclusive evidence of his approval thereof.

Section 25. Continuing Disclosure Undertaking. The Mayor or City Manager of the City is hereby authorized, empowered and directed to execute and deliver the Continuing Disclosure Undertaking with such changes therein as the individual executing the Continuing Disclosure Undertaking on behalf of the City shall approve, the official's execution thereof to constitute conclusive evidence of the approval of such changes. When the Continuing Disclosure Undertaking is executed and delivered on behalf of the City as herein provided, the Continuing Disclosure Undertaking will be binding on the City and the officers, employees and agents of the City, and the officers, employees and agents of the City are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Continuing Disclosure Undertaking as executed. Notwithstanding any other provision of this Ordinance, the sole remedies for failure to comply with the Continuing Disclosure Undertaking shall be the ability of the beneficial owner of any Bond to seek

mandamus or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Undertaking.

Section 26. Escrow Instruction Letter. The City is hereby authorized to enter into the Escrow Instruction Letter and the Mayor is hereby authorized and directed to execute the Escrow Instruction Letter with such changes therein as he or she may deem appropriate, for and on behalf of and as the act and deed of the City. The Escrow Agent is hereby authorized to carry out, on behalf of the City, the duties, terms and provisions of the Escrow Instruction Letter.

Section 27. Severability. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this Ordinance.

Section 28. Repealer. All ordinances, resolutions or orders, or parts thereof, in conflict with the provisions of this Ordinance are to the extent of such conflict hereby repealed.

Section 29. Effective Date. This Ordinance shall be effective immediately.

ADOPTED by the City Council of the City of Highland, Illinois on June 21, 2021.

Aye: _____.

Nay: _____.

Absent: _____.

APPROVED by me, as Mayor of the City of Highland, Illinois, on June 21, 2021.

Mayor

PASSED by the City Council of the City of Highland, Illinois, on June 21, 2021.

Attest: _____
City Clerk

EXHIBIT A

(FORM OF BONDS)

EXCEPT AS OTHERWISE PROVIDED IN THE ORDINANCE (DESCRIBED HEREIN), THIS GLOBAL BOND MAY BE TRANSFERRED, IN WHOLE BUT NOT IN PART, ONLY TO ANOTHER NOMINEE OF THE SECURITIES DEPOSITORY (DESCRIBED HEREIN) OR TO A SUCCESSOR SECURITIES DEPOSITORY OR TO A NOMINEE OF A SUCCESSOR SECURITIES DEPOSITORY.

**UNITED STATES OF AMERICA
STATE OF ILLINOIS**

**Registered
No. _____**

**Registered
\$ _____**

**CITY OF HIGHLAND, ILLINOIS
GENERAL OBLIGATION SEWERAGE SYSTEM REFUNDING BOND
(ALTERNATE REVENUE SOURCE)
SERIES 2021**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Dated Date</u>	<u>CUSIP Number</u>
	October 1, 20__	July __, 2021	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

KNOW ALL PERSONS BY THESE PRESENTS that the City of Highland, Illinois, a municipality and political subdivision of the State of Illinois (the “City”), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on such Principal Amount from the Dated Date of this Bond identified above or from the most recent interest payment date to which interest has been paid or duly provided for at the Interest Rate per annum identified above, such interest to be payable on April 1, 2022, and semiannually thereafter on April 1 and October 1 of each year until the Principal Amount is paid or duly provided for, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be and become applicable hereto. The Principal Amount of this Bond is payable in lawful money of the United States of America upon presentation at the principal

corporate trust office of U.S. Bank National Association, St. Louis, Missouri, as paying agent and bond registrar (the "*Paying Agent*"). Payment of interest shall be made to the Registered Owner hereof as appearing on the Bond Register of the City maintained by the Paying Agent at the close of business on the 15th day of the month next preceding the interest payment date and shall be paid by check or draft of the Paying Agent, payable upon presentation in lawful money of the United States of America, mailed to the address of such Registered Owner as it appears on such registration books or at such other address furnished in writing by such Registered Owner to the Paying Agent.

This bond and the bonds of the series of which it forms a part ("*Bond*" and "*Bonds*" respectively) are of an authorized issue of \$1,845,000 aggregate principal amount of Bonds of like dated date and tenor except as to maturity, rate of interest, and privilege of redemption and are issued pursuant to the Local Government Debt Reform Act of the State of Illinois, as amended (the "*LGDR Act*"). The Bonds are also issued pursuant to Division 139 of Article 11 of the Illinois Municipal Code, as supplemented and amended (the "*Code*"), for the purpose of refunding all of the City's General Obligation Sewerage System Bonds (Alternate Revenue Source), Series 2013. The Bonds are issued pursuant to a bond ordinance passed by the Mayor and City Council of the City (the "*Corporate Authorities*") on June 21, 2021 (the "*Ordinance*"), to which reference is hereby expressly made for further definitions and terms and to all the provisions of which the Registered Owner by the acceptance of this Bond assents.

Under the Code and the Ordinance, the Gross Revenues, as defined, from the operation of the sewerage system of the City (the "*System*") shall be deposited into the Sewerage Fund of the City which shall be used only and has been pledged for paying Operation and Maintenance Expenses, paying the principal of and interest on all bonds of the City that are payable by their terms from the revenues of the System, providing an adequate depreciation fund, and in making all payments required to maintain the accounts established under the Ordinance. The City may issue future sewerage revenue bonds, which bonds may have a prior lien on the Gross Revenues, or additional alternate bonds on a parity with the Bonds, in each case pursuant to the terms of the Ordinance.

The Bonds are payable from (i) moneys to the credit of the Debt Service Account of the Sewerage Fund, consisting of the funds remaining in the Sewerage Fund after the required monthly deposits and credits have been made under the Ordinance or future revenue bond ordinances to the various accounts of the Sewerage Fund (the "*Pledged Revenues*"), and (ii) ad valorem taxes levied against all of the taxable property in the City without limitation as to rate or amount (the "*Pledged Taxes*") (the Pledged Revenues and the Pledged Taxes being collectively called the "*Pledged Moneys*"), all in accordance with the provisions of the LGDR Act and the Code.

Under the LGDR Act and the Ordinance, the Pledged Revenues shall be deposited into and segregated in the Debt Service Account, and the Pledged Taxes shall be deposited into and segregated in the Series 2021 Alternate Bond Fund, each as created by the Ordinance. Moneys on deposit in said Subaccount and said Fund shall be used first and are pledged for paying the principal of and interest on the Bonds and then for any further purposes as provided by the terms of the Ordinance.

This Bond does not and will not constitute an indebtedness of the City within the meaning of any constitutional or statutory provision or limitation, unless the Pledged Taxes shall be extended pursuant to the general obligation, full faith and credit promise supporting the Bonds, in which case the amount of the Bonds then Outstanding shall be included in the computation of indebtedness of the City for purposes of all statutory provisions or limitations until such time as an audit of the City shall show that the Bonds shall have been paid from the Pledged Revenues for a complete Fiscal Year.

The Bonds are subject to optional redemption as set forth in the Ordinance. Notice of any such redemption shall be given by the Paying Agent on behalf of the Village as set forth in the Ordinance.

[**The Bonds maturing on October 1, 20__ are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Ordinance on October 1, 20__, and on each October 1 thereafter prior to maturity, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.

The Bonds maturing on October 1, 20__ are subject to mandatory redemption and payment prior to maturity pursuant to the mandatory redemption requirements of the Ordinance on October 1, 20__, and on each October 1 thereafter prior to maturity, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to the redemption date.**]

Any Bond may be transferred or exchanged, but only in the manner, subject to the limitations, and upon payment of the charges as set forth in the Ordinance. Upon surrender for transfer or exchange of any Bond at the principal corporate trust office of the Paying Agent in St. Louis, Missouri, duly endorsed by or accompanied by a written instrument or instruments of transfer or exchange in form satisfactory to the Paying Agent and duly executed by the Registered Owner or an attorney for such owner duly authorized in writing, the City shall execute and the Paying Agent shall authenticate, date and deliver in the name of the transferee or transferees or, in the case of an exchange, the Registered Owner, a new fully registered Bond or Bonds of like tenor, of the same maturity, bearing the same interest rate, of authorized denominations, for a like aggregate principal amount.

The Paying Agent shall not be required to transfer or exchange any Bond during the period from the close of business on the 15th day of the calendar month next preceding an interest payment date on the Bonds to the opening of business on such interest payment date.

The City and the Paying Agent may deem and treat the Registered Owner hereof as the absolute owner hereof for the purpose of receiving payment of or on account of principal hereof, premium, if any, hereon and interest due hereon and for all other purposes; and neither the City nor the Paying Agent shall be affected by any notice to the contrary.

It is hereby certified and recited that all acts, conditions and things required to be done precedent to and in the issuance of this Bond have been done and have happened and have been performed in regular and due form of law; that the indebtedness of the City, including the issue of Bonds of which this is one, does not exceed any limitation imposed by law; that provision has been made for the collection of the Pledged Revenues, the levy and collection of the Pledged Taxes, and the segregation of all Pledged Moneys (all as defined herein) to pay the interest hereon as it falls due and also to pay and discharge the principal hereof at maturity; and that the City hereby covenants and agrees that it will properly account for said Pledged Moneys and will comply with all the covenants of and maintain the funds and accounts as provided by the Ordinance (defined herein).

FOR THE PROMPT PAYMENT OF THIS BOND, BOTH PRINCIPAL AND INTEREST AT MATURITY, THE FULL FAITH, CREDIT AND RESOURCES OF THE CITY ARE HEREBY IRREVOCABLY PLEDGED.

The City has designated each of the Bonds as a “qualified tax-exempt obligation” pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986.

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Paying Agent.

IN WITNESS WHEREOF the City of Highland, Illinois, by its Mayor and City Council, has caused this Bond to be executed with the manual or duly authorized facsimile signature of its Mayor and attested by the manual or duly authorized facsimile signature of its City Clerk and its corporate seal or a facsimile thereof to be impressed or reproduced hereon, all as appearing hereon and as of the Dated Date identified above.

Mayor
City of Highland, Illinois

ATTEST:

City Clerk
City of Highland, Illinois

[SEAL]

Date of Authentication: July ___, 2021

**CERTIFICATE
OF
AUTHENTICATION**

This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the General Obligation Sewerage System Refunding Bonds (Alternate Revenue Source), Series 2021, of the City of Highland, Illinois.

U.S. BANK NATIONAL ASSOCIATION,
as bond registrar and paying agent

By _____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns and transfers unto _____

(Name and Address of Assignee)

the within Bond and does hereby irrevocably constitute and appoint _____

as attorney to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature Guaranteed: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

**EXHIBIT B
TO THE ORDINANCE**

PRELIMINARY OFFICIAL STATEMENT

[On file in the office of the City Clerk]

**EXHIBIT C
TO THE ORDINANCE**

CONTINUING DISCLOSURE UNDERTAKING

[On file in the office of the City Clerk]

**EXHIBIT D
TO THE ORDINANCE**

FEDERAL TAX CERTIFICATE

[On file in the office of the City Clerk]

**EXHIBIT E
TO THE ORDINANCE**

BOND PURCHASE AGREEMENT

[On file in the office of the City Clerk]

**EXHIBIT F
TO THE ORDINANCE**

LETTER OF ESCROW INSTRUCTIONS

[On file in the office of the City Clerk]

STATE OF ILLINOIS)
) SS
COUNTY OF MADISON)

CERTIFICATION OF ORDINANCE

I, the undersigned, do hereby certify that I am the duly qualified and acting City Clerk of the City of Highland, Illinois (the “*City*”), and as such officer I am the keeper of the books, records, files, and journal of proceedings of the City and of the Mayor and City Council (the “*Corporate Authorities*”) thereof.

I do further certify that the foregoing constitutes a full, true and complete copy of an ordinance adopted by the Corporate Authorities at a meeting held on June 21, 2021 entitled:

AN ORDINANCE AUTHORIZING AND PROVIDING FOR THE ISSUE OF GENERAL OBLIGATION SEWERAGE SYSTEM REFUNDING BONDS (ALTERNATE REVENUE SOURCE), SERIES 2021, OF THE CITY OF HIGHLAND, ILLINOIS, FOR THE PURPOSE OF REFUNDING PRIOR OBLIGATIONS OF THE CITY.

I do further certify that the deliberations of the Corporate Authorities on the adoption of said ordinance were taken openly; that the vote on the adoption of said ordinance was taken openly; that said meeting was held at a specified time and place convenient to the public; that notice of said meeting was duly given to all of the news media requesting such notice of said meeting was duly given to all of the news media requesting such notice; that an agenda for said meeting was posted at the location where said meeting was held and at the principal office of the Corporate Authorities at least 48 hours in advance of the holding of said meeting, that said meeting was called and held in strict accordance with the provisions of the Open Meetings Act of the State of Illinois, as amended; and that the Corporate Authorities have complied with all of the applicable provisions of said Act and their procedural rules in the adoption of said ordinance.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and the seal of the City on July 6, 2021.

[SEAL]

City Clerk

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 14, 2021**New Issue – Bank Qualified****Moody's Rating: Aa3**

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purpose, and is not an item of tax preference for purposes of the federal alternative minimum tax. The Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. The interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS" in this Official Statement.

\$1,845,000*

**CITY OF HIGHLAND, ILLINOIS
GENERAL OBLIGATION SEWERAGE SYSTEM REFUNDING BONDS
(ALTERNATE REVENUE SOURCE) SERIES 2021**

Dated: Date of Original Issuance**Due: October 1, as shown below**

The Bonds will be issued in fully registered form, as herein described, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry only form. The Bonds will be issued in the denomination of \$5,000 or any authorized integral multiple thereof. Purchasers will not receive certificates representing their interest, in Bonds purchased. See "APPENDIX B - BOOK-ENTRY ONLY SYSTEM" herein.

Interest on the Bonds will be payable semiannually on October 1 and April 1, commencing April 1, 2022. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made by U.S. Bank National Association, St. Louis, Missouri, as paying agent and bond registrar (the "Paying Agent" and the "Bond Registrar") directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC. Distribution of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds are general obligations of the City and its full faith, credit and taxing power have been pledged to the payment of the principal of, premium, if any, and interest on the Bonds. The Bonds are payable from (i) net revenues of the City's Sewerage System (the "Pledged Revenues" or "Net Revenues") and (ii) ad valorem taxes levied against all of the taxable property in the City without limitation as to rate or amount (the "Pledged Taxes").

The Bonds are subject to redemption prior to maturity in the manner, at the times and at the redemption prices described under the caption "THE BONDS – Redemption."

MATURITY SCHEDULE*

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Price</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Price</u>
2022	\$140,000			2028	\$160,000		
2023	145,000			2029	160,000		
2024	150,000			2030	165,000		
2025	150,000			2031	170,000		
2026	155,000			2032	155,000		
2027	155,000			2033	140,000		

The Bonds are offered subject to prior sale, when, as and if issued by the City and accepted by the Underwriter, and subject to the approval of their legality by Gilmore & Bell, P.C., Edwardsville, Illinois, Bond Counsel. It is expected that the Bonds will be available for delivery on or about July 6, 2021.



This Official Statement is dated _____.

* Subject to Change

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances may this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor may there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any jurisdiction.

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REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman, or other person has been authorized by the City, the Municipal Advisor, or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City, the Municipal Advisor, or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

The information set forth herein has been furnished by the City and from other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Municipal Advisor or the Underwriter. This Official Statement is not to be construed as a contract or agreement between the City or the Underwriter and the purchasers or owner of any of the Bonds. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and are not representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that is based on the City's beliefs as well as assumptions made by and information currently available to the City. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

This Official Statement is in a form deemed final by the City for purposes of Rule 15c2-12 issued under the Securities Exchange Act of 1934, as amended, except for certain information to be omitted pursuant to Rule 15c2-12(B)(1).

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SUMMARY STATEMENT

This Summary Statement is expressly qualified by the entire Official Statement, which is provided for the convenience of potential investors and which should be reviewed in its entirety by potential investors.

- Issuer:** The City of Highland, Illinois (the “City”) is the issuer. Additional information regarding the City is included under the caption “THE CITY.”
- Issue:** The Bonds consist of \$1,845,000* principal amount of General Obligation Sewerage System Refunding Bonds (Alternate Revenue Source), Series 2021.
- Dated Date:** The Bonds will be dated as of the date of original issuance thereof.
- Interest:** Interest on the Bonds will be payable semiannually on April 1 and October 1, beginning on April 1, 2022.
- Principal Due:** Principal will be due on the dates and in the amounts shown on the cover page of this Official Statement.
- Redemption:** The Bonds maturing on or after October 1, 2030 are subject to redemption prior to their stated maturity, in whole or in part at the option of the City on October 1, 2029 and thereafter, at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date.
- Purpose:** The City’s sewerage system (the “Sewerage System”) consists of a treatment plant and a collection and distribution system. The Bonds are being issued for the purpose of currently refunding the City’s General Obligation Sewer System Bonds (Alternate Revenue Source), Series 2013 (the “Refunded Bonds”) that were issued for the purpose of constructing improvements to the collection and distribution system of the Sewerage System (the “Refunding”). The Refunding is described in greater detail herein under the caption “THE REFUNDING.”
- Definitions:** “Net Revenues” means the Gross Revenues of the Sewerage System less all Operation and Maintenance Expenses. A definition of Gross Revenues, Operation and Maintenance Expenses and certain other terms is contained in “APPENDIX B – SUMMARY OF THE BOND ORDINANCE.”
- Security:** The Bonds are general obligations of the City and its full faith, credit and taxing power have been pledged to the payment of the principal of, premium, if any, and interest on the Bonds. The Bonds are payable from (i) the Net Revenues from the Sewerage System of the City and (ii) ad valorem taxes levied against all of the taxable property in the City without limitation as to rate or amount.
- Rating:** Moody’s Investors Service, Inc. has assigned the Bonds a rating of “Aa3”. See “RATING” herein.
- Paying Agent and Bond Registrar:** U.S. Bank National Association, St. Louis, Missouri.

* Subject to Change

Delivery: The Bonds are expected to be delivered on or about July 6, 2021.

Book-Entry Form: The Bonds will be registered in the name of Cede & Co. as nominee for the Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds.

The City’s Finances: The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The City’s Fiscal Year commences on May 1 of each year and ends on the following April 30 (“Fiscal Year”). Additional information regarding the City’s finances are contained under the caption “THE CITY’S FINANCES.”

**OFFICIAL STATEMENT
OF THE
CITY OF HIGHLAND, ILLINOIS
Relating to
\$1,845,000*
GENERAL OBLIGATION SEWERAGE SYSTEM REFUNDING BONDS
(ALTERNATE REVENUE SOURCE)
SERIES 2021**

INTRODUCTION

This Official Statement including the cover page and Appendices hereto, is provided by the City of Highland, Illinois (the “City”) to furnish information in connection with its issuance of \$1,845,000* principal amount of General Obligation Sewerage System Refunding Bonds (Alternate Revenue Source), Series 2021 (the “Bonds”).

The Bonds are issued pursuant to applicable sections of the Illinois Municipal Code, as supplemented and amended (the “Municipal Code”), the Local Government Debt Reform Act of the State of Illinois, as supplemented and amended (the “Act”), and an ordinance expected to be adopted by the City Council of the City on June 21, 2021 (the “Bond Ordinance”). The Bonds are being issued for the purpose of currently refunding the City’s outstanding General Obligation Sewer System Bonds (Alternate Revenue Source) Series 2013 (the “Refunded Bonds”). The use of Bond proceeds is described in greater detail herein under the caption “THE REFUNDING.”

The Bonds are general obligations of the City and its full faith, credit and taxing power have been pledged to the payment of the principal of, premium, if any, and interest on the Bonds. The Bonds are payable from (i) Net Revenues of the City’s Sewerage System and (ii) ad valorem taxes levied against all of the taxable property in the City without limitation as to rate or amount. For additional information regarding the City’s Sewerage System see the caption “THE SEWERAGE SYSTEM.”

Brief descriptions of the Bonds, the City, the Sewerage System, the Refunding, and the Bond Ordinance are included in this Official Statement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Bond Ordinance and any other documents are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Bond Ordinance.

THE BONDS

Authority

The Bonds are issued pursuant to applicable sections of the Municipal Code, the Act, and the Bond Ordinance.

Description

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry only form. The Bonds will be issued in the denomination of \$5,000 or any authorized integral multiple thereof. Purchasers will not receive certificates representing their interest in Bonds purchased. See “APPENDIX C - BOOK-ENTRY ONLY SYSTEM.”

* Subject to Change

The Bonds are dated as of the date of original issuance and will mature on October 1 in each of the years and in the amounts shown on the cover page of this Official Statement. Interest on the Bonds will be payable semiannually thereafter on October 1 and April 1, commencing April 1, 2022. The Bonds will be issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made by Paying Agent and Bond Registrar directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC. Distribution of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described in the Official Statement under the caption "THE BONDS."

Redemption

The Bonds maturing on or after October 1, 2030 are subject to redemption prior to their stated maturity, in whole or in part at the option of the City on October 1, 2029 and thereafter, at the redemption price of 100% of the principal amount thereof, plus accrued interest thereon to the redemption date. When less than all of the outstanding Bonds are to be redeemed, such Bonds shall be redeemed in such order of maturity as shall be determined by the City, and the Bonds of less than a full maturity shall be selected by the Paying Agent in \$5,000 units of principal amount by lot or in such other equitable manner as the Paying Agent may determine.

In the event the City elects to exercise its option to redeem the Bonds pursuant to the Bond Ordinance, written notice shall be given by first class mail to the registered owner of the Bonds to be redeemed at least 30 days, but not more than 60 days, prior to the redemption date.

Characteristics of Alternate Bonds

Section 15 of the Act provides that whenever there exists for a governmental unit (such as the City) a revenue source, the governmental unit may issue its general obligation bonds payable from any revenue source, and such general obligation bonds may be referred to as "alternate bonds." Such bonds are general obligation debt payable from the pledged revenue with the general obligation of the governmental unit as back-up security. The Act prescribes several conditions that must be met before alternate bonds issued in lieu of revenue bonds may be issued:

First, alternate bonds must be issued for a lawful corporate purpose. If issued in lieu of revenue bonds, the alternate bonds shall be issued for the purpose for which such revenue bonds would have been authorized.

Second, issuance must be submitted to referendum if, within the time provided by law following publication of an authorizing ordinance and notice of intent to issue alternate bonds, a petition signed by the requisite number of registered voters in the governmental unit is filed.

Third, to the extent payable from enterprise revenues, such revenues shall have been determined by the governing body to be sufficient to provide for or pay in each year to final maturity of such alternate bonds all of the following: (1) costs of operation and maintenance of the utility or enterprise, but not including depreciation, (2) debt service on all outstanding revenue bonds payable from such enterprise revenues, (3) all amounts required to meet any fund or account requirements with respect to such outstanding revenue bonds, (4) other contractual or tort liability obligations, if any, payable from such enterprise revenues, and (5) in each year, an amount not less than 1.25 times debt service of all (i) alternate bonds payable from such enterprise revenues previously issued and outstanding and (ii) alternate bonds proposed to be issued. The sufficiency of enterprise revenues must be supported by the most recent audit of the governmental unit. The audit must be for a fiscal year ending not earlier than 18 months prior to the issuance of the alternate bonds. If the audit does not adequately show such enterprise revenues or if such enterprise revenues are shown to be insufficient, then the determination of sufficiency must be supported by the report of an independent accountant or feasibility analyst, the latter having a

national reputation for expertise in such matters. Such report must demonstrate the sufficiency of the revenues and explain how the revenues will be greater than those shown in the audit. Whenever such sufficiency is demonstrated by reference to a schedule of higher rates or charges for enterprise revenues or higher tax imposition for a revenue source, such higher rates, charges or taxes must be imposed by an ordinance adopted prior to the delivery of the alternate bonds.

Fourth, the enterprise revenues must be pledged to the payment of the alternate bonds.

Last, the governmental unit must covenant to provide for, collect and apply the enterprise revenues to the payment of the alternate bonds.

The City complied with all of the aforementioned conditions prior to the issuance of the Refunded Bonds.

Payment of the Bonds

The City has pledged the Net Revenues of the Sewerage System to payment of the Bonds as described in APPENDIX B. For each year, by law, the Net Revenues are to be in an amount not less than the annual principal of and interest on the Bonds and an additional amount not less than .25 times debt service.

For the purpose of providing additional funds for the payment of the Bonds, the City has caused to be levied the Pledged Taxes for each of the years while the Bonds are outstanding, in amounts sufficient for that purpose. For the prompt payment of the Bonds, the full faith, credit and resources of the City are irrevocably pledged.

Abatement of Pledged Taxes

Whenever the Pledged Revenues are available or expected to be available to pay any principal of or interest on the Bonds when due, so as to enable the abatement of the Pledged Taxes levied for the same, the City will direct in a timely manner the abatement of the Pledged Taxes by the amount of such Pledged Revenues and shall provide for the deposit of such Pledged Revenues when available into the Debt Service Account. The City Council will annually determine whether the Pledged Revenues will be available, or are expected to be available, to pay upcoming debt service payments on the Bonds. If the City Council so determines and files an abatement ordinance with the County Clerk, the tax levy associated with the upcoming debt service payments will be abated by the County Clerk. This is an unfunded abatement sometimes referred to as a “naked” abatement because sufficient moneys are not deposited in the Debt Service Account prior to the abatement. In the event the Pledged Revenues are insufficient to pay the amounts due and owing on the Bonds, the City may not be able to make timely payments on the Bonds when due. In that case, the City would levy a deficiency levy for the payment of the Bonds, but such levy would not be extended or collected until after the due date has passed for said payments.

Deposits to Debt Service Account

The City will deposit all of the Pledged Revenues into the Debt Service Account and the Pledged Taxes into the Bond Fund, which are trust funds established for the purpose of carrying out the covenants, terms and conditions imposed upon the City by the Bond Ordinance. The Bonds are secured by a pledge of all of the moneys on deposit in the Debt Service Account and the Bond Fund, and such pledge is irrevocable until the Bonds have been paid in full or until the obligations of the City are discharged under the Bond Ordinance.

Revenue Bonds and Additional Alternate Bonds

The City reserves the right to issue without limit revenue bonds payable solely and only from the Net Revenues, which revenue bonds may have a lien on the Net Revenues prior to the lien on the Net Revenues that secures the Outstanding Bonds, provided that upon the issuance of such revenue bonds, the City shall be able to demonstrate in the same manner as provided by the Act, as the Act is written at this time, that at such time all Outstanding Bonds could then be issued as if not then having previously been issued; that is, that the requirements of the Act for the issuance of alternate bonds payable from the Net Revenues shall have been met on such date for all Outstanding Bonds.

The City also reserves the right to issue Additional Alternate Bonds from time to time payable from the Net Revenues, and any such Additional Alternate Bonds shall share ratably and equally in the Net Revenues with the Bonds; provided, however, that no Additional Alternate Bonds shall be issued except in accordance with the provisions of the Act as the Act is written at this time.

The City also reserves the right to issue revenue bonds from time to time payable from the Net Revenues that are subordinate to the Bonds or Additional Alternate Bonds and are payable from the money remaining in the Surplus Account created under the Bond Ordinance.

THE CITY OF HIGHLAND

General

The City was incorporated in 1884. Located in west central Illinois, the City is approximately 40 miles east of downtown St. Louis and covers an area of approximately 7.4 square miles. The City is a growing community characterized by a strong commercial/industrial base, an abundance of public facilities and a variety of attractive residential developments. Founded in 1831 by Swiss settlers, the City functioned as a service center for the surrounding agricultural areas. Today, the City not only retains this function, but also serves as an attractive suburban community providing employment opportunities both locally and in other employment centers in the St. Louis Metropolitan Area. The City's proximity to interstate highways and to a major metropolitan area has enhanced the City's growth and development and offers residents the opportunity to enjoy the cultural advantages of a large metropolitan area.

Government

The City is a non-home rule municipality and operates under the Managerial Form of municipal government. The legislative body of the City is the City Council. The City Council is comprised of the Mayor and four council members. Council members are elected at large to serve four-year terms, one-half of which expire biennially. The Mayor, elected at large to serve a four-year term, is the presiding officer of the City Council. The Mayor has the right to vote on all questions coming before the City Council, but has no power to veto any ordinance, resolution or motion of the City Council.

The Mayor, with the advice and consent of the City Council, appoints the City Manager. The City Manager is the chief administrative officer of the City and is responsible for implementing council directives and policies, hiring all department heads, managing the administrative and operating functions of the government.

Employees

The City currently has 117 full-time and 172 part-time employees. City paramedics, electric linemen, police officers, telecommunicators, sergeants and operating engineers are members of one of six unions; the Fraternal Order of Police Labor Council ("FOP Patrol"), International Union of Operating Engineers ("IUOE"), International Brotherhood of Electrical Workers ("IBEW"), Fraternal Order of

Police Labor Council-Sergeants (“FOP Sergeants”), Fraternal Order of Police Labor Council-Telecommunicators (“FOP Telecommunicators”) or International Association of Firefighters (“IAFF”). The contract with the IUOE expired on April 30, 2021 and is currently being negotiated. The contract with IAFF expires on April 30, 2023. All other contracts expire on April 30, 2022. The City has no record of a strike or labor dispute.

Pension Plan

City employees, except for policemen, are provided retirement benefits by the State of Illinois’ State-administered Illinois Municipal Retirement Fund (“IMRF”), in which the City is required to participate. Pursuant to the Illinois Pension Code, the City is required to establish and maintain actuarial requirements of the fund.

Employees not qualifying for the Illinois Municipal Retirement Fund are considered “non-participating employees” and are covered under Social Security or the Police Pension Fund.

The annual City contribution rate is fixed by the State and provides for funding of prior service costs, including interest, as determined actuarially, over a future period of not more than 40 years. Pursuant to the Illinois Pension Code, the City is required to annually appropriate an amount sufficient to provide for its current contribution, including amounts required for contributions for Social Security purposes for covered employees. The City is authorized to levy a tax without voter approval, in an amount equal to the amount appropriated for such contributions.

Policemen receive pension benefits from the State-mandated, City-administered, Policemen’s Pension Fund. A mandatory tax levy is imposed on cities in Illinois for funding this plan. A detailed description of the funds is included in Note 7 to the Financial Statements included as APPENDIX A.

Community Services

Utilities

Natural gas service is provided by Ameren Illinois. The City provides water, sewer, electric, telephone, internet and cable service. The following is a brief description of the waterworks, sewerage and electric systems.

The City’s waterworks facilities include a treatment plant, distribution facilities and storage facilities. Storage facilities, with a combined capacity of 2,950,000 gallons, consist of a 1 million gallon ground storage tank, a 1.5-million-gallon standpipe tank, a 200,000 gallon elevated storage tank, a 150,000 clear well and a 100,000 gallon clear well. The City’s treatment plant was upgraded in 1993 and has a maximum capacity to treat 4,200,000 gallons per day. Average daily demand is 1,221,000 gallons per day and peak demand is 2,100,000 gallons per day.

The City’s sewerage system includes a collection and distribution system and a water reclamation facility. An upgrade to the water reclamation facility was completed in 2021. The design capacity will treat an average of 2.0 million gallons of wastewater per day with peak loads up to 4 million gallons per day. The City’s average dry weather flow is 1.20 million gallons per day.

Electric production facilities serving the City are owned by the City or the Illinois Municipal Electric Agency. Residents obtain electrical service through the City-owned distribution system. The City is presently developing a broadband network using a Fiber-To-The-Premises system (the “FTTP System”) which is operated as a component of the City’s Electric System. Additional phases of the FTTP System have been constructed and, as of April 30, 2021, the FTTP System had approximately 2,616 customers.

Media

A weekly newspaper is published in the City. The City provides cable television through its FTTP System. Cable television in the City is also available from Charter Communications.

Within the City is the Louis Latzer Memorial Public Library. Encompassing 15,552 square feet, the library has approximately 30,000 adult books, 15,500 juvenile books, 3,200 DVDs, and 2,500 audiobooks and CDs.

Public Safety

The City's police department provides police protection throughout the corporate limits of the City. Services are provided by 19 full-time officers, 1 interim Chief and 7 full-time and 2 part-time civilian employees. Community programs offered by the department include Shop with a Cop, bicycle engraving and neighborhood watch groups. Currently under construction is a new public safety facility that will house the police department administration and operations as well as space for 2 full EMS crews and apparatus. The building will be approximately 28,000 square feet and will include modern detention, interview, evidence and operational facilities.

The City's fire department (the "Department") provides services from two stations. Twenty-four volunteer firefighters serve the City. The Department is rated "4" by the Insurance Services Organization, among ratings ranging from 1 to 10 with 1 as the highest. This rating is based on several factors including the number of firefighters and their training, response time, firefighting equipment, the City's water system, and fire prevention programs of the Department.

Recreation Activities

There are numerous parks within and immediately adjacent to the City. The City owns and operates 11 parks, the largest of which is the Silver Lake Park which encompasses 460-acres of land surrounding a 740-acre lake. Recreational activities available at this park include fishing, boating, picnicking, archery, hiking and camping.

The other City parks encompass a combined total area of approximately 76-acres. Facilities at these parks include tennis courts, soccer fields, baseball diamonds, nature walks, a skate park, playground equipment and small children playground equipment. The parks offer supervised summer activities through full-time park and recreation leaders. The City also operates a public swimming pool and has a municipal band which offers weekly outdoor band concerts in the summer.

The City also owns a recreation center, the Korte Recreation Center, and a community building, the Weinheimer Memorial Building. The Korte Recreation Center is located on approximately 6.32-acres of a 27-acre site at Glik Park located in the City. The facility was opened in 2002, and has two gymnasiums, an indoor aquatic center with both a lap and lazy river function, an indoor walking and jogging track, an administrative office, a room for aerobics, and a state-of-the-art fitness center. The Weinheimer Memorial Building has a gymnasium and meeting rooms.

In October 2020, following renovations by the property owner, the City entered into a lease for a 31-year old building encompassing 3,800 square feet for use as a senior center for 10 years. Rental payments will equal \$30,000 annually. The City has an option to renew the lease agreement and an option to purchase the property.

Privately owned parks include: Lindendale, owned by the Helvetia Sharpshooters Society since 1861; the Veterans of Foreign Wars Park, and; the Pistol and Rifle Club Park, which offers an indoor pistol range, and outdoor rifle and trap shooting ranges.

The Highland Country Club offers a nine-hole golf course, fishing, swimming, and dining facilities.

Medical

Within the City is St. Joseph’s Hospital (the “Hospital”), a 25-bed acute care medical facility that provides a wide range of inpatient, outpatient and emergency services. Established more than 135 years ago, in August 2013, the Hospital opened a new campus consisting of a 75,000 square foot hospital and a 125,000 square foot Medical Office Building. Inpatient and outpatient services include surgery, specialty clinics, rehab, digital imaging, laboratory, wound care, cancer care, sleep center, and community health and education outreach programs.

The City provides ambulance service to an area encompassing approximately 280 square miles which encompasses the corporate limits of the City and five fire protection districts outside the City. The City’s ambulance service maintains two Advanced Life Support (Paramedic) ambulances, staffing two units 24-hours a day, 7 days a week with the third staffed for 12 hours a day every day.

Education

The public school system within the City is operated under the administration and control of the Highland Community Unit School District #5 (the “School District”) and the Southwestern Illinois Community College, a two-year community college district with a campus located in Belleville, Illinois 30 miles from the City. These districts are independent of the City, having their own elected or appointed officials, budgets and administrators. The districts are empowered to levy taxes, separate and distinct from those levied by the City.

The School District owns and operates 1 elementary school, 1 middle school and 1 high school in the City limits. In addition, there is a privately owned elementary and junior high school in the City.

In addition to Southwestern Illinois Community College, higher education is available at Southern Illinois University Edwardsville (“SIUE”), located approximately 23 miles from the City. SIUE provides undergraduate, graduate and professional programs for approximately 14,000 students on a 2,600-acre campus. SIUE has more than 273 areas of study.

Several other institutions of higher education are within a 35-mile radius of the City including McKendree University in Lebanon, Lewis and Clark College in Godfrey, Kaskaskia Community College in Centralia, Washington University in St. Louis, and Saint Louis University in St. Louis.

Economic and Demographic Data

Economy

The City is a growing community characterized by a strong commercial/industrial base, an abundance of public facilities and a variety of attractive residential developments. Founded in 1831 by Swiss settlers, the City functioned as a service center for the surrounding agricultural areas. Today, the City not only retains this function, but also serves as an attractive suburban community providing employment opportunities both locally and in other employment centers in the St. Louis Metropolitan Area. The City’s proximity to interstate highways and to a major metropolitan area has enhanced the City’s growth and development and offers residents the opportunity to enjoy the cultural advantages of a large metropolitan area.

The City currently has approximately 300 business establishments. The City’s retail activity is centered in four locations; the historic downtown and three strip shopping centers.

Transportation

There are four interstate highways which run through Madison County, two are within eight miles of the City (Interstate 55, and 270) and one (Interstate 70 running east and west across the United States) is immediately adjacent to the City. U.S. Route 40, running east and west, is the main artery through the City. Two railroads, the Chicago Northwestern and the Norfolk Southern, provide rail transportation and fixed route bus transportation in the City is provided by the Madison County Transit District.

Tri-City Regional Port District, located 40 miles west of the City, operates barge terminal facilities on the Mississippi River. Lambert-St. Louis International Airport, a major international airport located in St. Louis County, Missouri is approximately 45 miles from the City. Commercial air service is provided by St. Louis Regional Airport, a general aviation facility in Bethalto, Illinois approximately 30 miles from the City, and at MidAmerica Airport, located approximately 20 miles from at the City. The City is also served by two private general aviation airports, Highland Winet and Schaefer Metro East in Troy, the latter just 10 miles from the City.

Population

The following table sets forth population statistics for the City:

<u>Year</u>	<u>Population</u>
1980	7,122
1990	7,546
2000	8,438
2010	9,919

Source: United States Department of Commerce, Bureau of Census.

Major Employers

The largest employers located within the City are as follows:

<u>Name</u>	<u>Product or Service</u>	<u>Number of Employees</u>
Highland C.U.S.D.	Education	355
Eaton Corporation	Industrial Support Systems	350
Basler Electric	Electrical Equipment Manufacturer	307
City of Highland	Municipal Government	289
Walmart Stores	Department Store	278
St. Joseph's Hospital	General Hospital	214
Nutreco	Animal Food Provider	117
Apex Therapy	Physical Therapy	65
Kloss Furniture	Furniture Sales	45
Joiner Sheet Metal and Roofing	Roofing	40

Source: City of Highland 2021 survey of employers.

Employment

According to the US Bureau of Census, 2015-2019 American Community Survey, 5-Year Estimates, the total civilian labor force of the City was 5,180 and 256 people were unemployed. This represents a 4.9% unemployment rate.

Housing

The following table sets forth certain statistics relating to housing for the City and, for comparative purposes, Madison County and the State of Illinois:

	Median Value of Owner <u>Occupied Housing</u>	% Built from <u>2000 or later</u>	% Built Before <u>1940</u>
City of Highland	\$152,100	20.7%	17.2%
Other Entities:			
Madison County	135,600	13.9	15.3
State of Illinois	194,500	13.5	21.4

Source: US Bureau of Census, 2015-2019 American Community Survey 5-Year Estimates.

Income

The following table sets forth certain income statistics for the City and, for comparative purposes, Madison County and the State of Illinois:

	Per Capita <u>Income</u>	Median <u>Family Income</u>	% Population Below <u>Poverty Level</u>
City of Highland	\$30,478	\$80,432	9.6%
Other Entities:			
Madison County	32,427	77,608	13.2
State of Illinois	36,038	83,279	12.5

Source: US Bureau of Census, 2015-2019 American Community Survey 5-Year Estimates.

Building and Construction Data

The following table sets forth the number of units and value of building permits issued by the City for new construction and improvements for the past five Fiscal Years:

Fiscal Year	Residential		Commercial & Industrial		Total Value
	Number of Permits	Value	Number of Permits	Value	
2017	243	\$ 7,222,000	38	\$1,369,000	\$ 8,591,000
2018	184	5,787,000	32	5,476,000	11,263,000
2019	343	9,443,000	58	6,565,000	16,008,000
2020	277	11,399,000	47	4,369,000	15,768,000
2021	376	10,397,786	46	38,368,339	48,766,125 ⁽¹⁾

(1) Includes \$23,670,323 for a remodeling of Walmart.

Source: City Development Department.

THE CITY'S FINANCES

The General Fund

In accordance with established accounting procedures for governmental units, the City records its financial transactions under various funds. The largest is the General Corporate Fund, from which all general operating expenses are paid and to which taxes and all other revenues not specifically allocated by law or contractual agreement to other funds are deposited.

The following table indicates the City's General Corporate Fund revenues, expenditures and changes in fund balance for the fiscal years ended April 30, 2017 through 2020:

**SUMMARY OF OPERATIONS
GENERAL CORPORATE FUND
Revenues, Expenditures and Changes in Fund Balances**

	Fiscal Year ended April 30			
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
REVENUES:				
Property Taxes	\$1,362,365	\$1,360,440	\$1,391,295	\$ 1,401,280
Corporate Personal Property				
Replacement Taxes	141,800	104,152	118,146	127,807
Intergovernmental ⁽¹⁾	4,099,705	4,408,056	4,400,137	4,461,002
Charges for Services	2,360,332	2,412,005	2,442,958	2,314,016
Licenses and Forfeitures	242,861	251,510	282,042	380,890
Fines and Penalties	18,480	18,345	19,613	16,789
Revenue From Use of Property	92,455	90,883	96,666	96,618
Grants	178,078	345,625	562,792	274,457
Miscellaneous	<u>473,357</u>	<u>285,790</u>	<u>199,111</u>	<u>278,876</u>
Total Cash Revenues	8,969,433	9,276,806	9,512,760	9,351,735
CURRENT EXPENDITURES:				
General Government	1,227,991	1,325,568	1,326,382	1,377,144
Public Safety	3,170,447	3,280,449	3,401,414	3,710,393
Highways and Streets	1,017,382	898,993	934,569	1,031,321
Economic Development	179,261	143,661	431,300	290,606
Culture and Recreation	1,891,961	1,885,398	1,947,297	1,916,215
Capital Expenditures	<u>1,271,857</u>	<u>897,253</u>	<u>1,511,586</u>	<u>1,658,391</u>
Total Expenditures	8,758,899	8,431,322	9,552,548	9,984,070
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	210,534	845,484	(39,788)	(632,335)
DEBT SERVICE EXPENDITURES AND OTHER FINANCING SOURCES (USES)				
Principal Retirement	(403,264)	(452,372)	(458,326)	(464,307)
Interest, Issue Costs and Fixed Charges	(29,356)	(29,253)	(23,088)	(15,528)
Debt Proceeds	221,000	-	-	300,000
Sale of Capital Assets	57,000	1,800	1,940	128,000
Unrealized Depreciation of Investments	-	(8,972)	7,981	20,908
Transfers in ⁽²⁾	415,468	94,808	1,039,232	969,476
Transfers out ⁽²⁾	<u>(560,000)</u>	<u>(280,000)</u>	<u>(115,000)</u>	<u>(953,000)</u>
Total other financing sources (uses)	(299,152)	(673,989)	452,739	(14,451)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(80,118)	171,495	412,951	(646,786)
BALANCE BEGINNING OF YEAR	<u>2,675,477</u>	<u>2,595,359</u>	<u>2,766,854</u>	<u>3,179,805</u>
BALANCE END OF YEAR	<u>\$2,595,359</u>	<u>\$2,766,854</u>	<u>\$3,179,805</u>	<u>\$2,533,019</u>

Footnotes to Prior Page

- (1) Intergovernmental revenue includes Revenue Sharing Receipts, local sales tax and simplified municipal telecommunications tax.
- (2) Information regarding “Transfers In” and “Transfers Out” is included in the notes to the financial statements included in APPENDIX A to this Official Statement under “INTERFUND ACTIVITY. “For the 2020 Fiscal Year transfers out of the General Fund totaling \$953,000 was transferred to the Property Replacement Fund, which is a voluntary fund established by the City for capital expenditures in various City funds including the General Fund.

Source: Derived from audited financial statements of the City and City’s Director of Finance.

Unaudited 2021 Results and 2022 Budget

The City’s 2021 Fiscal Year ended on April 30, 2021. Based on unaudited results, the City expects the General Fund unassigned fund balance to equal approximately \$2,400,000 compared to \$2,398,755 for the 2020 Fiscal Year. The City also expects the unrestricted fund balance for the Sewer Fund to equal approximately \$3,020,000 compared to \$2,539,486 for the 2020 Fiscal Year.

The City also maintains a savings balance in the Property Replacement Fund, which is a voluntary fund established by the City for capital expenditures in various City funds including the General Fund, but is available for any lawful purpose. The balance in the Property Replacement Fund on April 30, 2020 was \$6,395,681 with approximately \$4,113,840 set aside for the General Fund and is expected to be approximately \$6,682,000 with approximately \$4,350,000 set aside for the General Fund as of April 30, 2021.

For the 2022 Fiscal Year the City budgeted an unrestricted fund balance of \$2,412,032, for the General Fund and \$6,440,751 for the Property Replacement Fund. The City budgeted for \$268,917 less revenue than expenses in Fiscal Year 2022 for the Sewer Fund, which includes a capital project carryover with unexpended funds from the Fiscal Year 2021. The City’s budget includes all capital and debt service costs in the year expended; however, the budget does not include the annual depreciation expense. The City’s 2022 Fiscal Year budget does not take into account any funds the City may receive from the American Rescue Plan which could improve the City’s finances over the next 2 years.

Governmental Funds - Revenue Sources

The City derives its revenues from a variety of sources. The following list sets forth the primary sources of City revenues for its governmental funds based on audited results for the 2020 Fiscal Year:

	<u>Revenue</u>	<u>Percentage of Total Revenue</u>
Intergovernmental:		
Sales Tax:		
General Sales Tax	\$ 2,795,003	16.52%
Non-Home Rule Sales Tax	1,459,030	8.63
Business District Sales Tax	685,585	4.05
State Income Tax ⁽¹⁾	1,322,714	7.82
Other Intergovernmental	<u>674,649</u>	<u>3.99</u>
Total	<u>6,936,981</u>	<u>41.01</u>
Property Taxes	3,948,993	23.35
Corporate Personal Property Taxes	190,513	1.13
Motor Fuel Taxes	368,521	2.18
Charges for Services	4,177,021	24.69
Licenses, Permits and Other Taxes	380,890	2.25
Revenue from the Use of Property	96,618	0.57
Grants and Contributions	335,565	1.98
Other	<u>479,822</u>	<u>2.84</u>
	<u>\$16,914,924</u>	<u>100.00%</u>

(1) Revenue Sharing Receipts.
Source: Fiscal Year 2020 audited financial statements.

The following is a summary of some of the more significant revenue sources of the City:

Sales Taxes

Presently a 6.25% State sales tax is charged by the State of Illinois of which 1% is distributed to cities as a local sales tax (the “General Sales Tax”). The sales tax rate in the City is currently 7.85% of which the State receives 5.25%, the Madison County Transit District receives .25%, the Metroeast Park District receives .1%, the County Flood Prevention District receives .25%, and the City receives 1% from the General Sales Tax and 1% from the Non-Home Rule Sales Tax. The sales taxes are collected by the Illinois Department of Revenue and distributed to the City monthly.

General Sales Tax. The following table sets forth the City’s 1% General Sales Tax receipts for the past five Fiscal Years:

<u>Fiscal Year</u>	<u>General Sales Tax</u>
2016	\$2,624,354
2017	2,687,754
2018	2,692,857
2019	2,718,178
2020	2,795,003

Source: City’s audited financial statements.

Non-Home Rule Sales Tax. In March 2006 voters approved a 1% Non-Home Rule Sales Tax. The Non-Home Rule Sales Tax is pledged to the payment of the City’s General Obligation Capital Appreciation Bonds (Alternate Revenue Source), Series 2010 Bonds. Funds remaining after payment of such bonds is used for the maintenance of existing streets and sidewalks.

The following table sets forth the City’s Non-Home Rule Sales Tax receipts for the past five Fiscal Years:

<u>Fiscal Year</u>	<u>Non-Home Rule Sales Tax</u>
2016	\$1,397,348
2017	1,409,810
2018	1,402,969
2019	1,458,085
2020	1,459,030

Source: City’s audited financial statements.

Business District Development and Business District Sales Taxes. In July 2018, the City imposed business district sales taxes pursuant to the Business District Development and Redevelopment Law of the Illinois Municipal Code (“Business District Sales Taxes”) in three districts. Two of the districts, known as Business District A and Business District B, encompassed substantially all of the City’s commercial businesses. In July 2019, Business District B was combined with Business District A. The Business District Sales Tax is imposed at the rate of ½%. The Business District Sales Tax was imposed on Business District A and Business District B beginning in July 2018 and distributed to the City beginning in October 2018. The tax will expire in 23 years from that date. Additional information regarding the Business District and the Business District Sales Taxes is included under the caption “THE BUSINESS DISTRICT” in the Official Statement for the General Obligation Debt Certificates (Limited Tax), Series 2020 (the “Certificates”) that is available at <https://emma.msrb.org/IssueView/Details/ES399391>.

Revenue Sharing Receipts

Illinois municipalities and counties receive a portion of the Illinois State income tax as a form of revenue sharing. A portion of the Illinois State income taxes are deposited into the Local Government Distributive Fund and are then distributed to municipalities and counties monthly. The amount of such funds allocable to each such municipality and county is the proportion of the number of individual residents of such municipality or county to the total population of the State, determined in each case on the basis of the latest census of the State, municipality or county conducted by the Federal government and certified by the Secretary of State. During the past two years, distribution has been delayed due to financial constraints experienced by the State of Illinois.

The following table sets forth the City’s distributive share of income tax receipts for the past five Fiscal Years.

<u>Fiscal Year</u>	<u>Income Tax Receipts</u>
2016	\$1,421,357
2017	1,046,684
2018	1,359,263
2019	1,327,101
2020	1,322,714

Source: City’s audited financial statements.

Charges for Services

Charges for services are for business licenses, building permits, and parks and recreation. Fees from recreation activities represent the majority of funds classified as “Charges for Services.”

PROPERTY TAXATION

Tax Procedures

Real estate and railroad property, not used for transportation, are assessed by the Madison County Assessor. Railroad property used for transportation, private car lines, pollution control equipment and capital stock are assessed by the Illinois Department of Revenue. The Department is also responsible for establishing the rules and supervising the assessment of property and assigning multipliers or equalization ratios to each county.

The assessor’s valuations are subject to appeal by the taxpayer and then to equalization by the Illinois Department of Revenue. The purpose of equalization is to develop a common level of assessment among counties to provide, among other things, a uniform basis for the distribution of State grant-in-aid programs and to minimize problems in the distribution of the tax burden of a governmental unit in more than one county. The multiplier is applied to all assessments, other than farmland, in a county in order to bring the level of assessment as close as possible to the statutory standard. The statutory standard for assessed values is 33 1/3% of fair cash value for non-farmland and 33 1/3% of the agricultural economic value for farmland. Agricultural economic value is determined on the basis of a productivity index. The index is based on moving averages for the most recent five-year period for which statistics are available relating to various information including (i) gross income, (ii) production costs and (iii) net return to land.

Taxable property is reassessed quadrennially. Between these quadrennial assessments, the assessor has the authority to revalue properties whose condition has altered significantly since the last assessment and any other properties which may be incorrectly assessed.

An annual tax levy, in dollar amounts, is established by the City each fiscal year and is certified and filed with the County Clerk of Madison County (the “County”) not later than the last Tuesday in December. Taxes levied for the current year are collected in the next succeeding year. The County Clerk is responsible for establishing the rate of tax required to produce a net amount of funds not less than the total amount directed to be levied by the City. Pursuant to “The Truth in Taxation Act” of the State of Illinois (P.A. 82-102, approved and effective July 29, 1981), the City is required to disclose by publication and to hold a public hearing on its intention to adopt an aggregate levy in amounts more than 105% of the amount of property taxes extended or estimated to be extended upon the levy of the preceding year, exclusive of election costs, as a condition precedent to such increased levy by the City of the extension thereof by the County Clerk. The provisions of the Truth in Taxation Act do not apply to levies made to pay debt service on bonds.

Taxes in the County are due in four equal installments in July, September, October and December in the year following the date of the tax levy. The volume of assessment complaints required to be reviewed by the Board of Review, changes in assessment procedures and late submission of assessment data by taxing districts to the Board of Review, among other things, can substantially affect the date in which bills are actually mailed and taxes are due. Delinquent taxes accrue interest at the rate of 1½% per month until they are paid or until the property is forfeited.

By Illinois statute, the County has a first lien upon real property for payment of taxes. Delinquent taxes may be collected by judicial foreclosure. If an arrearage remains after the second tax payment is due, a Treasurer’s tax sale occurs, usually within six months. Participants in this sale are not purchasing the actual property, but merely the taxes owed. If the taxes are not sold, the property remains with a

county trustee. If the property owner fails to pay all owed taxes plus interest within two years, the property itself is sold in an auction. The new owner must then pay the tax agent or county trustee the back taxes and interest. Detailed procedures covering the sale of property for delinquent taxes are prescribed in the Illinois Property Tax Code.

The County Treasurer is responsible for tax collections and distributions to the City and other taxing districts. Distributions are made as soon as sufficient funds are available for this purpose.

Tax-Exemptions

Principal categories of exempt property are property used for religious, educational, or charitable purposes, property of the United States, property of the State of Illinois and political subdivisions thereof, homes used by disabled veterans, and property of not-for-profit corporations. Personal property was exempted from taxation after January 1, 1979. In addition, the Property Tax Code provides a variety of homestead and other exemptions, which are discussed below.

An annual General Homestead Exemption provides that the EAV of certain property owned and used for residential purposes (“Residential Property”) may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$10,000 for tax year 2017 and thereafter.

The Long-Time Occupant Homestead Exemption limits the increase in EAV of a taxpayer’s homestead property to 10% per year if such taxpayer has owned the property for at least 10 years as of January 1 of the assessment year (or 5 years if purchased with certain government assistance) and has a household income of \$100,000 or less (“Qualified Homestead Property”). If the taxpayer’s annual income is \$75,000 or less, the EAV of the Qualified Homestead Property may increase by no more than 7% per year. There is no exemption limit for Qualified Homestead Properties.

The Homestead Improvement Exemption applies to Residential Property that has been improved and to properties that have been rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to \$75,000 for up to four years, to the extent the assessed value is attributable solely to such improvements or rebuilding.

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. Beginning with tax year 2017, the maximum exemption is \$8,000.

The Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$55,000 for assessment year 2008 through assessment year 2017. Beginning in assessment year 2018, the maximum income limitation is \$65,000. This exemption grants to qualifying senior citizens an exemption equal to the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen’s residence for the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year.

Beginning January 1, 2015 purchasers of certain single family homes and residences of one to six units located in certain targeted areas (as defined in the applicable section of the Property Tax Code) can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least \$5 per square foot, adjusted by the Consumer Price Index (“CPI”). Upon meeting the requirements, the assessed value of the improvements is reduced by (a) 90% in the first seven years, (b) 65% in the eighth year and (c) 35% in the ninth year. The benefit ceases in the tenth year. The program will be phased out by June 30, 2029.

The Natural Disaster Homestead Exemption (the “Natural Disaster Exemption”) applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster occurring in taxable year 2012 or any taxable year thereafter. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the EAV of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Three exemptions are available to veterans of the United States armed forces. The Veterans with Disabilities Exemption for Specially-Adapted Housing exempts up to \$100,000 of the Assessed Valuation of property owned and used exclusively by veterans with a disability, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran’s disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs or for housing or adaptations donated by a charitable organization to such disabled veteran.

The Standard Homestead Exemption for Veterans with Disabilities provides an annual homestead exemption to veterans with a service-connected disability based on the percentage of such disability. If the veteran has a (a) service- connected disability of 30% or more but less than 50%, the annual exemption is \$2,500, (b) service-connected disability of 50% or more but less than 70%, the annual exemption is \$5,000, and (c) service-connected disability of 70% or more, the property is exempt from taxation.

The Returning Veterans’ Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, and the year following the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time, two- year homestead exemption of \$5,000.

Finally, the Homestead Exemption for Persons with Disabilities provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain disabled persons who meet State-mandated guidelines.

Property Tax Extension Limitation Law

The Property Tax Extension Limitation Law of the State of Illinois, as amended (the “*Limitation Law*”), limits the amount of the annual increase in property taxes to be extended for certain Illinois non-home rule units of government. The Limitation Law, permits the county boards of all counties not subject to the Limitation Law to initiate binding referenda to extend the provisions of the Limitation Law to all non-home rule taxing bodies in the county. At the April 13, 1999 Consolidated Election, voters of the County rejected a proposition to extend the provisions of the Limitation Law to taxing bodies in the County.

Property Assessment

The following table indicates the equalized assessed valuation for the City for the past five tax years:

<u>Tax Year</u>	<u>Equalized Assessed Valuation</u>	<u>Change from Prior Year</u>
2016	\$180,405,083	—
2017	184,021,018	2.00%
2018	189,946,306	3.22
2019	198,620,508	4.57
2020	204,332,603	2.88

Source: Office of the County Clerk.

The following table sets forth the composition of equalized assessed valuation for 2020 tax year and the estimated market value:

<u>Assessment Category</u>	<u>Assessed Value</u>	<u>Estimated Market Value</u>
Residential	\$147,380,365	\$442,141,095
Commercial	51,725,222	155,175,666
Industrial	4,838,410	14,515,230
Railroads	126,566	379,698
Farmland	262,040	262,040
Total Taxable Properties	<u>204,332,603</u>	<u>612,473,729</u>
Exemptions (Sr. Citizens Homestead, Sr. Citizens Tax Freeze, General Homestead and Others)	27,967,209	83,901,627
Tax Increment Financing	7,568,537	22,705,611
Total	<u>\$239,868,349</u>	<u>\$719,080,967</u>

Source: Equalized assessed values were provided by the County Clerk.

Tax Rates

The following table sets forth the City's tax rates per \$100 equalized assessed valuation for the tax years 2017 through 2020:

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Government ⁽¹⁾	\$.3298	\$.3291	\$.3249	\$.3304
Police Protection ⁽²⁾	.0743	.0742	.0732	.0750
Fire Protection ⁽³⁾	.0743	.0742	.0732	.0750
Playground & Recreation ⁽⁴⁾	.0892	.0890	.0878	.0900
Band ⁽⁵⁾	.0250	.0211	.0202	.0196
Social Security	.2446	.2317	.2165	.2105
Retirement	.2446	.2291	.2165	.2105
Liability Insurance	.1783	.1712	.1637	.1591
Crossing Guards ⁽⁶⁾	.0055	.0048	.0046	.0045
Audit	.0087	.0106	.0101	.0123
Ambulance ⁽⁷⁾	.2476	.2471	.2439	.2500
Community Building ⁽⁸⁾	.0743	.0742	.0732	.0750
Police Pension	.3125	.3342	.3323	.3565
Library ⁽⁹⁾	.1486	.1483	.1464	.1500
Library Liability Insurance ⁽¹⁰⁾	.0191	.0187	.0182	.0172
Lease	—	—	.0152	.0147
Bonds	—	—	—	—
Public Comfort Station	<u>.0109</u>	<u>—</u>	<u>.0182</u>	<u>.0177</u>
	<u>\$2.0873</u>	<u>\$2.0575</u>	<u>\$2.0381</u>	<u>\$2.0680</u>

- (1) The maximum tax rate is equal to \$.333 per \$100 of assessed value but may be increased to \$.4375 by referendum.
- (2) the maximum tax rate is equal to \$.075 per \$100 of assessed value but may be increased to \$.60 by referendum.
- (3) the maximum tax rate is equal to \$.075 per \$100 of assessed value but may be increased to \$.60 by referendum.
- (4) the maximum tax rate is equal to \$.09 per \$100 of assessed value but may be increased by referendum to any rate.
- (5) the maximum tax rate is equal to \$.04 per \$100 of assessed value.
- (6) the maximum tax rate is equal to \$.02 per \$100 of assessed value.
- (7) the maximum tax rate is equal to \$.25 per \$100 of assessed value.
- (8) the maximum tax rate is equal to \$.075 per \$100 of assessed value.
- (9) the maximum tax rate is equal to \$.15 per \$100 of assessed value.
- (10) the maximum tax rate is equal to \$.0333 per \$100 of assessed value.

Due to the procedures used in the collection and distribution of taxes, Madison County does not make a distinction in record keeping between total current taxes collected and back taxes collected (See the caption “PROPERTY TAXATION-Tax Procedures”). A final annual settlement of taxes is made by the County approximately 6 to 10 months following the due date on the last installment of taxes. The following table sets forth the total taxes distributed to the City by the final tax settlement date:

<u>Tax Year</u>	<u>Taxes Extended</u>	<u>Taxes Distributed</u>	<u>% Distributed</u>
2015	\$3,606,064	\$3,590,386	99.57%
2016	3,729,694	3,734,016	100.12
2017	3,841,070	3,828,718	99.68
2018	3,908,144	3,898,784	99.76
2019	4,048,083	4,024,875	99.43

Source: City’s Finance Department.

Major Taxpayers

The following table sets forth information regarding the top ten taxpayers in the City based on 2020 property tax assessment.

<u>Taxpayer</u>	<u>Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation⁽¹⁾</u>
St. Joseph’s Hospital	Healthcare	\$3,819,510	1.87 %
Walmart Stores	Department Store	3,035,420	1.49
Frey Properties	Developer	1,677,690	0.82
CBL Acquisition Corp. (formerly Cooper B-Line Systems)	Industrial Support Systems	1,632,450	0.80
Willowbrooke LTD	Rental Property	1,456,290	0.71
Cedarhurst of Highland Real Estate LLC	Real Estate Development	1,340,740	0.66
Glik Development Co.	Real Estate Development	1,050,300	0.51
Trouw Nutrition	Feed Additive	1,007,380	0.49
Dow Jones	Wall Street Journal-MidWest Edition	994,310	0.49
Crest Realty Highland LLC	Real Estate Development	983,950	0.48

(1) Based on the ratio of the assessed valuation of the taxpayer to the City’s assessed valuation of \$204,332,603.

Source: Madison County Clerk.

DEBT OF THE CITY

Outstanding General Obligation Debt

The following table sets forth a list of the City’s outstanding general obligation alternate revenue source bonds. The table includes the source of revenue from which debt service payments are made or expected to be made as of the date of this Official Statement.

<u>Issue</u>	<u>Source of Repayment</u>	<u>Principal Outstanding</u>
General Obligation Capital Appreciation Bonds (Alternate Revenue Source), Series 2010	Non-Home Rule Sales Tax	\$2,454,657
General Obligation Refunding Bonds (Alternate Revenue Source) Series 2020	General Obligation Bonds and Incremental Revenues	2,460,000
General Obligation Sewerage System Refunding Bonds (Alternate Revenue Source) Series 2021	Sewerage System	<u>1,845,000*</u>
Total		<u>\$6,759,657*</u>

The following table sets forth the debt service on the City’s outstanding general obligation alternate revenue bonds, as of the date of this Official Statement, including the source of revenue from which debt service is to be paid:

<u>Fiscal Year</u>	<u>Incremental Revenues and Other Funds</u>	<u>Non-Home Rule Sales Tax</u>	<u>Sewer System*</u>	<u>Total Debt Service*</u>
2022	\$ 288,250	\$ 535,000	\$ 27,163	\$ 850,413
2023	258,750	535,000	175,500	969,250
2024	259,750	535,000	177,650	972,400
2025	260,650	535,000	179,700	975,350
2026	261,450	535,000	176,700	973,150
2027	257,150	535,000	178,650	970,800
2028	260,700	535,000	175,550	971,250
2029	263,950	535,000	177,400	976,350
2030	256,900	540,000	174,200	971,100
2031	259,850	—	175,950	435,800
2032	257,500	—	177,600	435,100
2033	—	—	159,350	159,350
2034	—	—	141,400	141,400
Total	<u>\$2,884,900</u>	<u>\$4,820,000</u>	<u>\$2,096,813</u>	<u>\$9,801,713</u>

Note: Certain totals in the table above may vary from the City’s audited financial statements due to rounding.

Promissory Note

On October 20, 2018 the City issued Promissory Notes, Series 2018 (the “Promissory Notes”) in the principal amount of \$1,665,000 of which \$1,301,000 are presently outstanding. Proceeds from the Promissory Notes were used to make improvements to the City’s waterworks system. The Promissory Notes are a general obligation of the City; however, the City expects to make payments solely from the City’s waterworks system.

* Subject to Change

Installment Purchase Agreement

During the 2020 Fiscal Year, the City entered into an installment purchase agreement in the amount of \$300,000 (\$30,000 annual rental payments over a term of 10 years) in connection with a senior center.

Debt Certificates

On February 10, 2020 the City issued debt certificates (the “Certificates”). The following table sets forth the debt service requirements on the Certificates as of April 30, 2021.

Fiscal Year	<u>Principal</u>	<u>Interest</u>	Total Debt <u>Service</u>
2022	\$ 320,000	\$ 250,525	\$ 570,525
2023	330,000	237,725	567,725
2024	345,000	224,525	569,525
2025	355,000	210,725	565,725
2026	370,000	196,525	566,525
2027	385,000	181,725	566,725
2028	400,000	166,325	566,325
2029	410,000	158,325	568,325
2030	420,000	150,125	570,125
2031	425,000	141,200	566,200
2032	435,000	131,638	566,638
2033	445,000	121,850	566,850
2034	460,000	108,500	568,500
2035	475,000	94,700	569,700
2036	490,000	80,450	570,450
2037	500,000	65,750	565,750
2038	520,000	50,750	570,750
2039	535,000	32,550	567,550
2040	<u>550,000</u>	<u>16,500</u>	<u>566,500</u>
Total	<u>\$8,170,000</u>	<u>\$2,620,413</u>	<u>\$10,790,413</u>

Note: Certain totals in the table above may vary from the City’s audited financial statements due to rounding.

The Certificates are valid and legally binding direct and general obligations of the City payable from any funds of the City legally available and annually appropriated for such purpose. The full faith and credit of the City has been irrevocably pledged to the punctual payment of principal of and interest on the Certificates, except that the rights of the owners of the Certificates and the enforceability of the Certificates may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. There is no statutory authority for the levy of a separate tax in addition to other City taxes or for the levy of a special tax unlimited as to rate or amount to pay the principal and interest due on the Certificates.

The Certificates were issued to finance facilities within a Business District. Although the intent of the City is to pay for the Certificates from the Business District Sales Taxes (See “THE CITY’S FINANCES – Governmental Funds – Revenue Sources – Sales Taxes – Business District Sales Taxes”), the payment of the principal of and the interest on the Certificates is payable from any funds lawfully available to the City for the payment of such obligations and debt and annually appropriated for that purpose. The City agrees to appropriate funds annually and in a timely manner so as to provide for the making of all payments relating to the Certificates when due.

Legal Debt Limit and Debt Margin

The City may enter into installment purchase contracts, and, subject to a vote, may issue general obligation bonds in an amount not exceeding 8.625% of its assessed valuation. The following table sets forth the City’s legal debt limit and debt margin.

2020 Assessed Value	<u>\$204,332,603</u>
Debt Limit - 8.625% of Assessed Value	\$17,623,687
Less: Debt Counting Against Limit ⁽¹⁾	
Instalment Purchase Agreement	\$ 300,000
Debt Certificates	8,170,000
Promissory Note	<u>1,301,000</u>
Total	<u>\$9,771,000</u>
Legal Debt Margin	<u>\$7,852,687</u>

(1) As long as the City’s pays the alternate bonds from the pledged revenues, the alternate revenue source bonds will not count against any constitutional or statutory debt limit. Accordingly, the City’s alternate bonds are not included in the table above.

Without voter approval, the City may issue bonds pursuant to the Illinois Municipal Code (bonds authorized under Section 8-5-16 of the Illinois Municipal Code) in an amount equal to .50% of assessed valuation. The following table sets forth the City’s non-referendum debt limit:

2020 Assessed Value	<u>\$204,332,603</u>
Debt Limit - .50% of Assessed Value	\$1,021,663
Less: Debt Counting Against Limit	—
Legal Debt Margin	<u>\$1,021,663</u>

Direct and Overlapping Debt

The following table sets forth information relating to the direct and overlapping general obligation debt of the City as of April 30, 2021:

	Outstanding Bonds	Percent Applicable to The City ⁽¹⁾	City’s Direct and Overlapping Debt
City of Highland ⁽²⁾	\$ 9,771,000	100.00%	\$ 9,771,000
Southwestern Illinois College #522	16,790,000	2.66	446,614
Community Unit School Dist. No. 5	<u>16,714,217</u>	49.49	<u>8,271,866</u>
	<u>\$43,275,217</u>		<u>\$18,489,480</u>

(1) Based on 2020 assessed valuation.
 (2) The table excludes the City’s alternate bonds since the alternate bonds are not considered debt unless property taxes are extended for payment of such bonds.
 Source: Bond amounts were derived from records available through the Municipal Securities Rulemaking Board’s Electric Municipal Market Access system (“EMMA”). Assessments were provided by records of the County Clerk.

Additional and Future Debt

The City is evaluating the feasibility of constructing a new swimming pool. The estimated cost of the pool is \$5,000,000 and the timing of the financing is contingent upon availability of revenues to cover debt service.

THE SEWERAGE SYSTEM

Description of System

The City's Sewerage System facilities include a wastewater treatment plant (the "Water Reclamation Facility") and a collection and distribution system. The distribution system includes approximately 61 miles of collection lines ranging in size from 6 to 30 inches. The Water Reclamation Facility, which was built in 1977 and upgraded in 1998 and 2021. The Reclamation Facility uses an oxidation ditch and aerobic digester for treatment. The Water Reclamation Facility has a capacity to treat approximately 2.0 million gallons per day with a peak load of up to 4 million gallons per day. The City's average dry weather flow is 1.20 million gallons per day. The treatment plant presently has excess capacity of approximately 800,000 gallons per day for future growth.

Management of the System

The City Council is responsible for all basic policy decisions relating to the System including budgetary matters, bidding, construction, and rates and fees for services. The Director of Public Works manages the System under the direction of the City Manager. Responsibilities of the Director of Public Works include management of water and sewer operations and maintenance staff, budget development, negotiation contracts, developing bid specification, and otherwise planning and directing all activities of the public works department. Daily operations and maintenance of the Sewerage System are performed by 10 operators and maintenance personnel. All operators are certified and licensed as required by the State of Illinois.

Rates and Charges

Rates and charges are established by the City Council and are not subject to regulation by any other jurisdiction. Sewer bills are based on a minimum monthly charge and, for customers of both the waterworks system and Sewerage System, water usage. In August 2018, the City passed an ordinance (the "Rate Ordinance") establishing multi-year user rate increases for all customers except for nonresidents.

The City imposes rates based on several classifications of customers as follows: (i) residential in-city, (ii) commercial in-city, (iii) industrial in-city, (iv) nonresidents receiving both water and sewer service, and (v) nonresidents receiving only sewer service. The following table sets forth the charges for sewer service for most customer classifications as of the date of this Official Statement. The following rates are presently in effect.

	Residential Within City	Commercial Within City	Outside City
	<u>Limits</u>	<u>Limits</u>	<u>Limits</u>
Minimum Charge	\$9.700	\$9.700	\$13.400
Per 100 Gallons of Water Used	.679	.832	.777

Service Area and Customers

The Sewerage System serves all City residents and one customer located outside the City limits. The following table sets forth the number of customers for the Sewerage System and total water usage for the last five Fiscal Years:

<u>Fiscal Year</u>	<u>Number of Customers</u>	<u>Gallons of Water Sold</u>
2016	4,338	250,721,600
2017	4,323	258,514,500
2018	4,368	253,540,600
2019	4,443	242,658,200
2020	4,439	243,834,300

Source: Public Works Department.

The following table sets forth information regarding the ten largest customers of the Sewerage System based on water usage and amounts billed for the 2020 Fiscal Year.

<u>Customer</u>	<u>Gallons Purchased</u>	<u>% of Total Gallons Billed</u>	<u>Amount Paid for Sewer</u>	<u>% of Total for Sewer</u>
Aramark	11,530,900	4.73%	\$80,534.86	3.67%
Clean Uniform	11,419,000	4.68	79,709.35	3.63
City of Highland	7,187,400	2.95	54,572.19	2.49
Faith Countryside Homes ⁽¹⁾	3,876,000	1.59	31,309.52	1.43
Highland Select	3,855,000	1.58	31,269.44	1.43
Splash Splash Auto Bath	2,435,000	1.00	19,931.83	0.91
Highland Health Care Center	2,354,300	0.97	19,197.30	0.88
Highland Community Schools	2,292,700	0.94	20,826.19	0.95
Cooper Industries	2,002,400	0.82	14,488.34	0.66
St. Joseph Hospital	1,516,300	0.62	12,592.43	0.57

(1) Faith Countryside Homes, a nonprofit nursing home, discontinued operations during the 2021 Fiscal Year.
Source: Public Works Department.

Billing

Customers are billed for services monthly. Customers that also receive water service, electric service or trash collection from the City receive one bill for all services received. Bills are due 20 days after the billing date. Any bill remaining unpaid by the due date is considered delinquent and accrues a delayed payment charge equal to 1.5% percent of the amount billed.

In the event the bill remains unpaid 15 days following the due date, the City is authorized to discontinue service. Service to disconnected premises is not restored until the delinquent amount and reconnection fees have been paid.

Approximately 13% of customers do not pay their bills by the due date; however only approximately 0.3% do not pay following receipt of a delinquent notice and have their electric service discontinued. Virtually all customers pay their bills immediately following the discontinuation of service.

Obligations Secured by Revenues of the Sewerage System

The City has pledged the Net Revenues of the Sewerage System to the payment of the Bonds. The following table sets forth the debt service on the Bonds:

Fiscal Year	Principal*	Interest*	Total Debt Service*
2022		\$ 27,163	\$ 27,163
2023	\$ 140,000	35,500	175,500
2024	145,000	32,650	177,650
2025	150,000	29,700	179,700
2026	150,000	26,700	176,700
2027	155,000	23,650	178,650
2028	155,000	20,550	175,550
2029	160,000	17,400	177,400
2030	160,000	14,200	174,200
2031	165,000	10,950	175,950
2032	170,000	7,600	177,600
2033	155,000	4,350	159,350
2034	140,000	1,400	141,400
Total	<u>\$1,845,000</u>	<u>\$251,813</u>	<u>\$2,096,813</u>

Note Principal and interest on the Bonds are also included in the table “DEBT OF THE CITY – Outstanding General Obligation Debt.”

During the 2019 Fiscal Year the City entered into a loan for sewerage system improvements with the Illinois Environmental Protection Agency (the “IEPA Loan”). The IEPA Loan was authorized in the amount of \$11,000,000 and \$1,650,000 will be forgiven by the State of Illinois pursuant to principal forgiveness provisions contained in the loan rules. The IEPA Loan matures on November 11, 2040. Annual payments are estimated to equal approximately \$532,000. The payments on the IEPA Loan are subordinate to the Bonds.

* Subject to Change

Summary of Sewerage System Operations

The following table sets forth certain financial information for the Sewerage System for the 2017 through 2020 Fiscal Years.

	Sewer Fund			
	Revenues, Expenses and Changes in Net Position			
	Fiscal Year Ended April 30			
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Operating Revenue				
User Charges	\$2,207,148	\$2,141,759	\$2,201,032	\$2,193,770
Connection Fees	74,189	38,265	76,530	110,446
Total	<u>2,281,337</u>	<u>2,180,024</u>	<u>2,277,562</u>	<u>2,304,216</u>
Operating Expenses (Excluding Depreciation)				
Personnel Services	727,521	681,154	673,496	703,190
Contractual Services	442,710	493,499	472,526	373,401
Supplies and Materials	92,540	85,016	97,673	92,166
Utilities	3,851	3,556	408	151,536
Total	<u>1,266,622</u>	<u>1,263,225</u>	<u>1,244,103</u>	<u>1,320,293</u>
Operating Income Prior to Depreciation and Non-Operating Revenues (Expenses)	1,014,715	916,799	1,033,459	983,923
Depreciation, Bond Issue Costs and Non-Operating Revenues (Expenses)				
Depreciation	(769,494)	(826,445)	(442,086)	(404,334)
Interest Income	30,302	30,206	35,398	48,539
Miscellaneous	5,235	23,828	18,205	38,155
Interest Expense and Service Charges	<u>(104,609)</u>	<u>(89,125)</u>	<u>(78,623)</u>	<u>(75,557)</u>
Total	<u>(838,566)</u>	<u>(861,536)</u>	<u>(467,106)</u>	<u>(393,197)</u>
Income (Loss)	176,149	55,263	566,353	590,726
Transfers Out	—	—	(23,400)	(14,648)
Net Position				
Beginning of Year	4,482,589	4,658,738	4,714,001	5,188,980
Prior Period Adjustment	<u>—</u>	<u>—</u>	<u>(67,974)</u>	<u>—</u>
Net Position				
End of Year	<u>\$4,658,738</u>	<u>\$4,714,001</u>	<u>\$5,188,980</u>	<u>\$5,765,058</u>

Source: Derived from the City's annual financial statements.

Note: Each year the audit includes the schedule of Revenues, Expenses and Changes in Net Position for the current Fiscal Year and the prior Fiscal Year. When there is a prior period adjustment the changes are reflected in the schedule for the prior Fiscal Year in the audit for the current Fiscal Year. The numbers in the table above are from the original audit.

Calculation of Historical Net Revenues and Debt Coverage

The following table sets forth the Net Revenues of the Sewerage System for the Fiscal Years ended April 30, 2017 through April 30, 2020.

	Fiscal Year Ended April 30			
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Operating Revenue:				
Charges for Services	\$2,207,148	\$2,141,759	\$2,201,032	\$2,193,770
Connection Fees	74,189	38,265	76,530	110,446
Interest Income	<u>30,302</u>	<u>30,206</u>	<u>18,205</u>	<u>48,539</u>
Total	<u>2,311,639</u>	<u>2,210,230</u>	<u>2,295,767</u>	<u>2,352,755</u>
Operating Expenses (Excluding Depreciation, Amortization and Bond Issue Costs)	1,266,622	1,263,225	1,244,103	1,320,293
IEPA Loan Repayment ⁽¹⁾	<u>451,108</u>	—	—	—
Net Revenues	<u>\$ 593,909</u>	<u>\$ 947,005</u>	<u>\$1,051,664</u>	<u>\$1,032,462</u>
Debt Service	\$ 195,955	\$198,030	\$195,040	\$196,985
Debt Coverage	3.03x	4.78x	5.39x	5.24x

(1) Represents an Illinois Environmental Protection Agency loan that was retired during the 2017 Fiscal Year.

Projected Operating Results*

The following table sets forth unaudited operating results for the Fiscal Years ended April 30, 2021 and budgeted results for the 2022 Fiscal Year.

	Fiscal Year Ending April 30	
	<u>2021</u>	<u>2022</u>
Operating Revenue	\$2,404,013	\$2,431,000
Operating Expenses (Excluding Depreciation and Amortization)	<u>1,384,133</u>	<u>1,318,271</u>
Net Revenues	<u>\$1,019,880</u>	<u>\$1,112,729</u>
Debt Service ⁽¹⁾	\$198,800	\$ 27,163
Debt Coverage	5.13x	40.96x

(1) Represents debt service on the Refunded Bonds in the 2021 Fiscal Year and debt service on the Bonds in the 2022 Fiscal Year. Interest only is due on the Bonds in the 2022 Fiscal Year. In subsequent years annual debt service is projected to be approximately \$180,000 until the year 2033. (See the debt service schedule on page 26.) The debt service on the IEPA Loan is subordinate to the Bonds and excluded from the debt service figures above. As noted hereinbefore the debt service on the IEPA Loan is estimated at \$532,000 annually.

THE REFUNDING

The Bonds are being issued for the purpose of currently refunding the Refunded Bonds. Proceeds from the Bonds will be deposited with U.S. Bank National Association, St. Louis, Missouri, as paying agent for the Refunded Bonds, in an amount sufficient to provide for the payment of the principal of and interest due on the Refunded Bonds on October 1, 2021, the date of redemption.

Estimated Sources and Uses of Funds*

The estimated sources and uses of funds are set forth below.

<u>Sources of Funds</u>	
Net Proceeds of the Bonds ⁽¹⁾	\$1,923,020
Cash Contribution	<u>145,000</u>
Total	<u>\$2,068,020</u>
 <u>Uses of Funds</u>	
Refunding of Refunded Bonds	\$2,021,088
Costs of Issuance	<u>46,932</u>
Total	<u>\$2,068,020</u>

- (1) Represents the estimated principal amount of the Bonds, plus the estimated original issue premium less the underwriter's discount.

RATING

Moody's Investors Service, Inc. has assigned the rating of "Aa3" to the Bonds. Such rating reflects only the view of the rating agency and any desired explanation of the significance of the rating should be obtained from the rating agency at the following address: Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich, New York, New York 10007. There is no assurance that a rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by the rating agency. Such lowering or withdrawal may have an adverse effect on the market price of the Bonds.

LEGAL MATTERS

All matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Edwardsville, Illinois, Bond Counsel. Bond Counsel has participated only in the preparation of portions of this Official Statement captioned "THE BONDS", "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE UNDERTAKING" (except for "Prior Compliance"). Bond Counsel accordingly expresses no opinion as to the accuracy or sufficiency of other portions of this Official Statement or as to the financial statements contained herein.

* Subject to Change

TAX MATTERS

The following is a summary of the material federal and State of Illinois income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Illinois, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Bonds.

Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law existing as of the issue date of the Bonds:

Federal Tax Exemption. The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. The interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The Bonds are “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”).

Bond Counsel’s opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds, but has reviewed the discussion under the heading “**TAX MATTERS.**”

Other Tax Consequences

Interest Taxable. The interest on the Bonds is not exempt from income taxation by the State of Illinois.

Original Issue Discount. For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Bond over its issue price. The stated redemption price at maturity of a Bond is the sum of all payments on the Bond other than “qualified stated interest” (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt obligations accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Bond during any accrual period generally equals (1) the issue price of that Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Bond during that accrual period.

The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Bond is the sum of all payments on the Bond other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Bond is generally the first price at which a substantial amount of the Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt obligations amortizes over the term of the Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Bond. To the extent a Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Bonds, and to the proceeds paid on the sale of the Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

MUNICIPAL ADVISOR

WM Financial Strategies, St. Louis, Missouri (the "Municipal Advisor"), is a registered municipal advisor with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor is employed by the City to render certain professional services, including advising the City on a plan of financing and assisting in preparing the Official Statement for the sale of

the Bonds. The Municipal Advisor does not guaranty, warrant or represent the accuracy or completeness of the information contained in this Official Statement.

UNDERWRITING

Commerce Bank, Kansas City, Missouri (the “Underwriter”), has agreed to purchase Bonds from the City at a price equal to \$_____ (which is net of an underwriting discount equal to \$_____ and plus original issue premium of \$_____). The Bonds may be offered and sold to certain dealers and others at prices lower than the initial public offering prices, stated on the cover of this Official Statement and such initial offering prices may be changed from time to time.

NO LITIGATION CERTIFICATE

Simultaneously with the delivery of and payment for the Bonds, the Mayor, acting on behalf of the City, will furnish to the Underwriter a certificate which shall state, among other things, that there is no controversy, suit or other proceeding of any kind pending or to his knowledge, threatened in any court (either State or Federal) restraining or enjoining the issuance or delivery of the Bonds or questioning (i) the proceedings under which the Bonds are to be issued, (ii) the validity of the Bonds, (iii) the pledge by the City of the moneys under the Bond Ordinance, or (iv) the legal existence of the City or the title to office of the present officials of the City.

CONTINUING DISCLOSURE UNDERTAKING

The Undertaking

The City will covenant in a Continuing Disclosure Undertaking to provide certain financial information and operating data relating to the City as described below (the “Annual Report”) and to provide notices of the occurrence of certain enumerated events. The City shall file the Annual Reports with the Municipal Securities Rulemaking Board (the “MSRB”) via the Electronic Municipal Market Access system (“EMMA”) as follows:

- (i) Within 180 days following the end of each Fiscal Year, commencing with the Fiscal Year ending April 30, 2021, the audited financial statements of the City.
- (ii) Within 180 days following the end of each Fiscal Year, commencing with the Fiscal Year ending April 30, 2021, certain annual financial information and operating data generally consistent with the tables contained in this Official Statement under the captions “THE CITY’S FINANCES,” “PROPERTY TAXATION,” “THE SEWERAGE SYSTEM” and “DEBT OF THE CITY.”
- (iii) Notice of the occurrence of any of the following events with respect to the Bonds, within 10 business days after the occurrence:
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults, if material;
 - (3) modifications to rights of bondholders, if material;
 - (4) bond calls, if material, and tender offers;
 - (5) defeasances;
 - (6) rating changes;
 - (7) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Forms 570-

- TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
- (8) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (9) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (10) substitution of credit or liquidity providers, or their failure to perform;
 - (11) release, substitution or sale of property securing repayment of the Bonds, if material;
 - (12) bankruptcy, insolvency, receivership or similar event of the City;
 - (13) the consummation of a merger, consolidation or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
 - (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
 - (15) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and
 - (16) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

For purposes of (15) and (16) above, “financial obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; *provided however*, the term financial obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c-12.

The City may also, from time to time, choose to provide notice of other events or matters, but the City does not undertake to commit to provide any such notice of any event or matter except those indicated herein.

The foregoing information, data and notices can be obtained from the City’s Director of Finance at the Highland City Hall, 1115 Broadway, Highland, Illinois 62249, (618) 654-9891.

The City may amend its disclosure obligations provided that the City receives an opinion from nationally recognized bond counsel to the effect that such modifications are in compliance with the Rule.

If the City fails to comply with its disclosure obligations, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations. A default by the City in its disclosure obligations shall not be deemed a default under the Bond Ordinance and the sole remedy shall be an action to compel performance.

Prior Compliance

To the best of the City’s knowledge and belief, the City has complied in all material respects with its prior continuing disclosure obligations under Rule 15c2-12.

CERTIFICATION OF OFFICIAL STATEMENT

Simultaneously with the delivery of the Bonds, the Mayor, acting on behalf of the City, will furnish to the Underwriter a certificate which shall state, among other things, that to the best of his knowledge and belief, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact and does not omit to state a material fact required to be stated therein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading in any material respect.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion is intended merely as an opinion and not as a representation of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

CITY OF HIGHLAND, ILLINOIS

BY: _____
Mayor

APPENDIX A
CITY OF HIGHLAND, ILLINOIS
FINANCIAL STATEMENTS
April 30, 2020

The financial statements presented within this Appendix A have been extracted from the City’s annual financial statements for the year ended April 30, 2020. The statements include supplemental information which is not included herein. Copies of the annual financial statements, in their entirety, and the budget for the fiscal year ended April 30, 2021 and ending April 30, 2022 are available from the City.

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ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Highland
Highland, IL 62249

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Highland, Illinois, as of and for the year ended April 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Highland, IL's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinions

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

Other Matters

Required Supplementary Information

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

Prior Period Partial Comparative Information

The prior year partial comparative information has been derived from the City of Highland's 2019 financial statements, and in our report dated October 1, 2019, we expressed an unqualified opinion on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2020, on our consideration of the City of Highland, IL's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Highland, IL's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Highland, IL's internal control over financial reporting and compliance.



Highland, IL
October 1, 2020

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF NET POSITION

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

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

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

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

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

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

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

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

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

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

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

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

	2020	2019
Total fund balances for governmental funds	\$ 22,354,235	\$ 13,131,981
Total net position reported for governmental activities in the statements of net position is different because:		
Capital and intangible assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:		
Land	\$ 7,842,801	\$ 7,807,558
Construction in progress	3,803,374	1,658,735
Infrastructure, net of accumulated depreciation	21,655,792	22,847,343
Buildings and improvements, net of accumulated depreciation	3,982,098	4,231,671
Other improvements, net of accumulated depreciation	3,340,488	3,446,904
Equipment, net of accumulated depreciation	1,100,595	1,206,746
	41,725,148	41,198,957
Deferred outflows and inflows of resources related to defined benefit pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	4,892,518	6,375,442
Deferred inflows of resources related to pensions	(3,576,451)	(2,470,491)
Deferred outflows of resources related to defined benefit OPEB is applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to OPEB	39,169	44,317
Deferred inflows of resources related to OPEB	(60,115)	
Certain liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities (both current and long-term) are reported in the statement of net position. Those liabilities consist of:		
Accrued interest	\$ (1,290,973)	\$ (1,262,807)
Bonds and notes payable	(6,612,414)	(7,395,128)
Debt Certificates Payable	(8,475,000)	
Debt premium, net of accumulated amortization	(480,156)	(13,251)
Net pension liability	(9,398,778)	(11,119,546)
Other post employment benefits	(1,269,810)	(1,275,029)
Compensated absences	(843,871)	(746,065)
	(28,371,002)	(21,811,826)
Total net position of governmental activities	\$ 37,003,502	\$ 36,468,380

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

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

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

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

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

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

CITY OF HIGHLAND, ILLINOIS
RECONCILIATIONS OF THE STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED APRIL 30, 2020
WITH COMPARATIVE AMOUNTS FOR APRIL 30, 2019

	2020	2019
Net change in fund balances - total governmental funds	\$ 9,222,254	\$ 1,037,977
<p>Amounts reported for governmental activities in the statements of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlay exceeded depreciation expense in the current period and depreciation expense exceeded capital outlay in the prior period.</p>	550,643	(486,819)
<p>In the governmental funds, debt premiums are amortized over the life of the debt and this amortization reduces the amount of interest expense recorded on the debt. This is the amount by which debt premiums exceeded the amortization of debt premiums in the current period and amortization of debt premiums exceeded debt premiums in the prior period.</p>	(466,905)	9,682
<p>In the statement of activities, only the gain on the disposal of the capital assets is reported, whereas, in the governmental funds, the proceeds from the sale increase the financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed.</p>	(24,452)	
<p>Proceeds from new notes payable and debt certificates payable are recorded as revenues in the governmental funds but increase liabilities in the statement of net position.</p>	(8,775,000)	(193,723)
<p>Some expenses, including accrued interest, OPEB, and compensated absences, reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>	(186,012)	(210,708)
<p>Governmental funds report defined benefit pension contributions as expenditures. However in the Statement of Activities, the cost of defined benefit pension benefits earned net of employee contributions is reported as pension expense.</p>	(868,120)	(655,765)
<p>Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.</p>	1,082,714	1,383,326
Change in net position of governmental activities	\$ 535,122	\$ 883,970

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF NET POSITION
FIDUCIARY FUND

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

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

CITY OF HIGHLAND, ILLINOIS
STATEMENTS OF CHANGES IN NET POSITION
FIDUCIARY FUND

	POLICEMEN'S PENSION TRUST FUND YEARS ENDED APRIL 30,	
	2020	2019
Additions:		
General Property Taxes:		
Real Estate	\$ 633,294	\$ 573,244
Intergovernmental:		
Corporate Personal Property Replacement Tax	6,900	6,900
Miscellaneous:		
Interest and Dividend Income	332,721	369,637
Miscellaneous Revenue	226	
Employee Contributions	160,993	159,751
Realized/Unrealized Gain (Loss) on Investments	(404,758)	241,690
Total Additions	729,376	1,351,222
Deductions:		
Benefit Payments	816,505	786,208
Administration	40,715	38,691
Total Deductions	857,220	824,899
Increase (Decrease) in Net Position	(127,844)	526,323
Net Position, Beginning of Year	11,600,686	11,074,363
Net Position, End of Year	\$ 11,472,842	\$ 11,600,686

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

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

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

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

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

(A) PRINCIPLES USED TO DETERMINE SCOPE OF ENTITY

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

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

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

(B) BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

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

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

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

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the City and the primary government, as a whole, excluding fiduciary activities such as employee pension plans. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

Net position should be reported as restricted when constraints placed on the net position's use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments, imposed by law through constitutional provisions or enabling legislation. The net position restricted for other purposes results from special revenue funds and the restrictions on its net position use.

(ii) FUND FINANCIAL STATEMENTS

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The City reports the following major governmental funds:

General Fund - The government's primary operating fund. This fund is used to account for and report all financial resources not accounted for or reported in another fund.

Special Revenue - Ambulance - The fund that accounts for proceeds of specific revenue sources (other than those for major capital projects) that are restricted or committed to expenditure for the specified purposes of providing ambulance services.

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

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Projects - City Property Replacement - This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities (other than those financed by proprietary funds and trust funds).

Capital Projects - Business District A - This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for economic development, including the acquisition or construction of capital facilities (other than those financed by proprietary funds and trust funds).

The City reports the following major proprietary funds:

Light and Power Fund - This fund operates the electrical distribution system and includes the fiber-optic system that provides high-speed internet, television, and telephone services to customers in Highland.

Water Fund - This fund operates the water distribution system.

Sewer Fund - This fund operates the sewer treatment plant, sewage pumping stations, and collection systems.

Solid Waste Fund - This fund operates the collection of solid waste pickup.

(iii) GOVERNMENTAL FUNDS

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. The length of time to define available is 60 days or less. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

(a) REVENUE RECOGNITION

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available. This concept includes investment earnings, fines and forfeitures, and state-levied locally shared taxes (including motor vehicle fees).

Property taxes and special assessments (in the debt service funds), though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax and special assessment receivables are recorded and offset with a deferred inflow of resources until they become available.

Other revenues, including licenses and permits, certain charges for services, and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

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

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) EXPENDITURE RECOGNITION

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt, which has not matured, is recognized when paid. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

(iv) PROPRIETARY FUNDS

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. They report charges for services and connection fees as operating revenues, and items such as interest income, grants, and other miscellaneous items as non-operating revenues. The economic resource focus determines costs as a means of maintaining capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds, and unbilled utility receivables are recorded at each year end.

(v) FIDUCIARY FUNDS

The City currently has one fiduciary fund. The Policemen's Pension Trust Fund is used to account for pension assets held by the City in a trustee capacity. This fund is accounted for and reported in a manner similar to proprietary funds since capital maintenance is critical.

(C) VACATION AND SICK LEAVE

Vacation leave is accrued for full time employees of the City at the rate of one average work week per year upon completion of the first year of continuous service. These employees are granted two average work weeks per year following completion of the second year of continuous service through the sixth year. For the seventh through the eleventh year, three average work weeks are earned per year. From the twelfth through the twentieth year, four average work weeks are earned per year and five average work weeks per year are earned following the twentieth year and thereafter.

Sick leave is accrued for full time City employees at a rate of 13 days a year. Most employees can accumulate up to 30 days of vested sick pay and an additional 60 days of non-vested sick pay. Employees in the Sergeants and Telecommunicator Unions can accumulate up to 45 days of vested sick pay and an additional 45 days of non-vested sick pay. Terminated employees are compensated for all vested sick days. The City does not accrue the additional non vested sick days totaling \$671,083. However, for the accrued vacation and vested sick days, the City is liable in the approximate amount of \$843,871 for payments to qualified employees of the governmental activities and \$364,592 for payments to qualified employees of the business-type activities as of April 30, 2020.

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

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(D) CASH AND INVESTMENTS

The City maintains an investment pool that is available for use by all funds, except those of certain special revenue and agency funds. The City maintains a separate accounting of each fund's balance in the pool. Additionally, the City participates in the Illinois Fund. Investment income earned on pooled investments is distributed to the appropriate funds based on the average daily balance of the investments in each fund.

Investments are stated at fair value. Fair value for investments is determined by closing market prices at year-end as reported by the investment custodian.

All cash and investments of the proprietary funds are considered highly liquid, as these funds participate in the City's investment pool. Consequently, these are considered to be cash and cash equivalents for cash flow purposes.

Restricted cash on the financial statements represents cash for customer deposits, fiber bonds, and TIF bonds.

(E) GOVERNMENTAL RECEIVABLES

Long-term receivables due to governmental funds are reported on the balance sheets, in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered "available spendable resources", since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables is deferred until they become current receivables. The City has determined that an allowance for uncollectible receivables is not needed based on prior years' collections.

(F) ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

(G) DEBT PREMIUMS, DISCOUNTS, AND ISSUANCE COSTS

On the government-wide statement of net position and the proprietary fund statement of net position, debt premiums and discounts are shown separately from debt payable, and debt issuance costs are recognized as an outflow of resources in the period incurred. In addition, unamortized debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method.

At the government fund reporting level, debt premiums and discounts are reported as inflows or outflows of resources in the period incurred.

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

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(H) NET POSITION

Net position is calculated by taking assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The portion of net position that is titled “Invested in Capital Assets, Net of Related Debt” is capital assets less accumulated depreciation and outstanding debt related to the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on its use by City legislation or external restrictions by other governments, creditors, or grantors. The City’s policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

(I) DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position and balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period, and therefore, will not be recognized as an outflow of resources until that time. The government-wide statements report deferred outflows of resources related to the pension and OPEB plans. This deferred outflow represents the combination of changes in assumptions and the difference between projected and actual earnings on pension plan investments to be recognized in a future period.

In addition to liabilities, the statement of financial position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period, and therefore, will not be recognized as an inflow of resources (revenue) until that time. The government-wide statements report unavailable revenues from property taxes and amounts related to pension and OPEB plans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

(J) CAPITAL ASSETS AND DEPRECIATION

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the City as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in government-wide statements. Infrastructure such as streets, traffic signals and signs are capitalized in the government-wide statements. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated fixed assets are reported at their fair value as of the date received. The City maintains a capitalization threshold of \$15,000.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the general capital assets.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings - 20 to 50 years; improvements/infrastructure - 5 to 50 years; equipment - 3 to 25 years.

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

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(K) GOVERNMENTAL FUND BALANCES

The City elected to implement GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in the fiscal year ended April 30, 2012. In the fund financial statements, governmental funds report the following classifications of fund balance:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – Amounts with constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council through an ordinance or resolution. The City had no committed fund balances on April 30, 2020.

Assigned – Amounts that are constrained by an intent to be used for specific purposes but are neither restricted nor committed. The City Council has designated the City Manager and Finance Director the authority to make assignments.

Unassigned – All amounts not included in other spendable classifications.

For the classification of fund balance, the City requires restricted amounts to be spent first when both restricted and unrestricted fund balances are available unless there are legal documents or contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the City would first use committed fund balances, followed by assigned fund balances and then unassigned fund balances when more than one classification for unrestricted fund balances are available.

(L) COMPARATIVE DATA

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, comparative notes to the financial statements have not been presented since their inclusion would make the notes to the financial statements unduly complex and difficult to read.

(M) RECLASSIFICATIONS

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

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

NOTE 2. CASH AND INVESTMENTS

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

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

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

The City may invest in any type of security allowed by Illinois Law (Public Funds Investment Act of the State of Illinois: 30 ILCS 235/1 et. Seq. as amended). The summary of the allowable instruments are: Passbook Savings Account; NOW, Super NOW, and Money Market Accounts; Commercial Paper – issuer must be a U.S. corporation with more than \$500,000,000 in assets, rating must be within 3 highest qualifications by 2 standard rating services, must mature within 180 days of purchase, and such purchase cannot exceed 10% of the corporation’s outstanding obligations, State treasurer’s investment pool; Money Market Mutual Funds – registered under the Investment Company Act of 1940, provided the portfolio is limited to bonds, notes, certificates, treasury bills, or other securities which are guaranteed by the federal government as to principal or interest; Repurchase Agreement – collateralized by full faith in credit U.S. Treasury securities; Certificates of deposit and time deposits, constituting direct obligations of any bank as defined by the Illinois Banking Act and only those insured by the FDIC, legally issuable by savings and loan associates incorporated under the laws of the State of Illinois or any other state or under the laws of the United States and only in those savings and loan associations insured by SAIF, bonds, notes, certificates of indebtedness, treasury bills or other securities which are guaranteed by the full faith and credit of the United States of America as to principal and interest, obligations of United States government agencies which are guaranteed by the full faith and credit of the United States government, short-term discount obligations of the Federal National Mortgage Association, insured account of credit unions whose principal office is in Illinois, various tax-exempt securities, and Illinois liquid assets.

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

When permitted by law, the City will pool cash from several different funds that are accounted for in the City's annual financial report to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

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

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

The primary objectives, in priority order, of investment activity shall be safety, liquidity, and yield. Investments shall be made with judgment and care, under circumstances then prevailing, with persons of prudence, discretion, and intelligence who exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. City officials and employees shall disclose to the City any material financial interest in financial institutions that conduct business with the City, and they shall further disclose any large personal financial or investment positions that could be related to the performance of the City's portfolio. The City Treasurer, financial officers and others employed in a similar capacity shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of their entity.

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

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

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

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

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

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

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

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

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

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

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

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

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The assets measured at fair value for both the Governmental Funds and the Police Pension Fund are valued at the closing price reported on the active market on which the individual securities are traded.

(A) INTEREST RATE RISK

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

Information about the sensitivity of the fair values of the City's investments to market rate fluctuations is provided in the following table. As of April 30, 2020, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Months)			
		12 Months or Less	13-36 Months	37-60 Months	> 60 Months
Certificates of Deposit -Negotiable	\$ 3,662,448	\$ 400,124	\$ 1,070,013	\$ 2,192,311	
Certificates of Deposit -Non-Negotiable	5,518,725	1,186,989	2,329,392	2,002,344	
Bonds	4,163,276	273,157	894,296	878,008	\$ 2,117,815
Total	\$ 13,344,449	\$ 1,860,270	\$ 4,293,701	\$ 5,072,663	\$ 2,117,815

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

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

(B) CREDIT RISK

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's state investment pool has earned Standard and Poor's highest rating (AAAm). The Policemen's Pension Trust Fund can also invest in stocks, bonds, and mutual funds. The mutual funds held by the Policemen's Pension Trust Fund are not rated for credit risk. The City's bond holdings of the Policemen's Pension Trust Fund have earned at least Standard and Poor's "BBB-" rating.

(C) CUSTODIAL CREDIT RISK

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

The City's balance in the state investment pool is fully collateralized. The City maintains a separate investment account representing a proportionate share of the pool assets and respective collateral; therefore no collateral is identified with each individual participant's account. As of April 30, 2020, the balance in the City's state investment pool was \$3,367,173.

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

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

(D) CONCENTRATIONS OF CREDIT RISK

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

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

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

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

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

NOTE 3. RISK MANAGEMENT

The City of Highland is exposed to risks of loss from normal items typically applicable to all municipalities. These include liability, worker’s injury, property damage, and other risks that are too numerous to mention. To reduce the City’s risk of loss from damages and claims, the City has purchased commercial insurance from the Illinois Municipal League, which provides insurance coverage for property and liability claims for over 600 Illinois municipalities. Settlement claims have not exceeded insurance coverage for each of the past three fiscal years.

NOTE 4. PROPERTY TAXES

The City's property tax is levied each year on all taxable real property located in the City on or before the last Tuesday in December. The 2019 levy was passed by the Council on December 16, 2019. Property taxes attach as an enforceable lien on property as of January 1, and are payable in four installments for 2020: July 9, September 9, October 9, and December 9. The County has not mailed tax bills as of April 30, 2020. The City receives significant distributions of tax receipts approximately one month after the bills are mailed by the County. In conjunction with NCGA Interpretation #3, revenue is accrued in the year of the levy to the extent that it is due to be paid by the taxpayer by April 30, 2020 and is expected to be collected soon enough after April 30, 2020 to be used to pay liabilities by June 30, 2020 (60 days or less) and has been budgeted for the current year.

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

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

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

NOTE 4. PROPERTY TAXES (CONTINUED)

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

NOTE 5. CAPITAL ASSETS

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

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

Depreciation was charged to functions as follows:

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

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

NOTE 5. CAPITAL ASSETS (CONTINUED)

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

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

Depreciation was charged to functions as follows:

Business-Type Activities:

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

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

NOTE 6. LONG-TERM OBLIGATIONS

The following is a summary of transactions for long-term liabilities of the City for the year ended April 30, 2020:

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

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

Revenue Bonds

Governmental Activities:

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

2010 street alternate bonds are due in annual installments ranging from \$211,156 to \$381,787 beginning January 2020 through January 2030. Beginning in fiscal year 2011, the bond starts compounding interest at 3.70% to 4.95%. Revenue bonds were issued for future improvements to the City's streets. Total interest due on the remaining balance is \$2,537,420. 2,817,580

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

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

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

NOTE 6. LONG-TERM OBLIGATIONS (CONTINUED)

Revenue Bonds

Business-Type Activities:

The 2010 and 2012 Electric system revenue bonds were refinanced on October 16, 2019. The bonds are being repaid in semi-annual installments at 2.16% interest with a final maturity date of January 1, 2032. Total interest due on the remaining balance is \$1,435,968. The total refunding costs for these bonds were \$84,350. \$ 9,905,000

2013 Sewerage system revenue bonds due in various semi-annual installments. These bonds have an increasing interest rate from 2.50% upon issue to 4.25% in 2033. Revenue bonds were issued to increase funding for the improvements to the sewer system. The total principal amount of the bonds is \$2,745,000, of which \$65,200 is attributable to bond issue costs. The maturity date of the bonds is October 1, 2033. The total interest due on the remaining balance is \$609,662. 2,110,000

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

General Obligation Debt Certificates Payable

Governmental Activities:

In 2020, the City issued certificates in order to complete public safety facility improvements. The total amount borrowed was \$8,475,000 and is being repaid in semi-annual installments with an interest rate ranging from 2.0%-4.0%. The maturity date of this borrowing is February 1, 2040 and the total interest interest due on the remaining balance is \$2,876,569. The total cost of issuance for this debt was \$142,724. \$ 8,475,000

Notes Payable

Governmental Activities:

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

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

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

Total Notes Payable - Governmental Activities \$ 534,834

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

NOTE 6. LONG-TERM OBLIGATIONS (CONTINUED)

Notes Payable

Business-Type Activities:

In 2018, the City borrowed funds from the State Bank of Bern with financing assistance from Sterns Brothers in order to complete water main improvements in the City of Highland. The total loan amount was \$1,665,000 and is being repaid in various semi-annual installments at an interest rate of 3.670%. The maturity date of this loan is October 1, 2028 and total interest due on the remaining balance is \$250,753. \$ 1,450,000

In 2019, the City secured a low interest (1.38%) loan with the Illinois Environmental Protection Agency which will fund the rehabilitation of the Water Reclamation Facility. The total loan amount authorized was \$11,000,000 with \$1,650,000 approved to be forgiven by the IEPA. Funds are drawn as expended and the total borrowed was \$6,364,123 as of April 30, 2020. Repayment terms have not yet been finalized. 6,364,123

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

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

Maintenance Agreements Payable

Business-Type Activities:

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

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

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

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

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

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

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

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

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

NOTE 7. RETIREMENT FUND COMMITMENTS

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

(i) PLAN DESCRIPTION

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

(ii) BENEFITS PROVIDED

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

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

Employees hired on or after January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the lesser of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

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

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

(iii) EMPLOYEES COVERED BY BENEFIT TERMS

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

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

(iv) CONTRIBUTIONS

(a) REGULAR PLAN

As set by statute, the City’s Regular plan members are required to contribute 4.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City’s annual required contribution rate for calendar year 2019 was 8.42%. For the fiscal year ended April 30, 2020, the City contributed \$647,956 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

(b) SLEP PLAN

As set by statute, the City’s Regular plan members are required to contribute 7.50% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The City’s annual required contribution rate for calendar year 2019 was 12.78%. For the fiscal year ended April 30, 2020, the City contributed \$0 to the plan. The City also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF’s Board of Trustees, while the supplemental retirement benefits rate is set by statute.

(v) NET PENSION LIABILITY

The City of Highland’s net pension liability was measured as of December 31, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2019:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	5.75%
International Equity	18%	6.50%
Fixed Income	28%	3.25%
Real Estate	9%	5.20%
Alternative Investments	7%	3.60-7.60%
Cash Equivalents	1%	1.85%
Total	<u>100%</u>	

(vii) SINGLE DISCOUNT RATE

A Single Discount Rate of 7.25% for both the regular plan and the SLEP plan was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on pension plan investments is 7.25%, the municipal bond rate is 2.75%, and the resulting single discount rate is 7.25%.

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

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

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

(a) REGULAR PLAN

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

(b) SLEP PLAN

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

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

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

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

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.25%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

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

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

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

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

	<u>SLEP Plan</u>		
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Deferred Outflows of Resources</u>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 48,256	\$ 44,123	\$ 4,133
	<u>\$ 48,256</u>	<u>\$ 44,123</u>	<u>\$ 4,133</u>

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

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

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

Year Ending December 31,	Net Deferred Inflows of Resources Regular Plan	Net Deferred Outflows of Resources SLEP Plan
2020	\$ 4,168	\$ 2,088
2021	(308,492)	1,476
2022	469,348	8,225
2023	(625,320)	(7,656)
Total	\$ (460,296)	\$ 4,133

(B) POLICE PENSION

(i) PLAN ADMINISTRATION

Police sworn personnel are covered by the Police Pension Plan which is a defined benefit single employer pension plan. Although this is a single employer pension plan, the defined benefits and employee and employer contributions level are governed by Illinois Compiled Statutes (Chapter 40 ILCS 5/3) and may be amended only by the Illinois Legislature. The City accounts for the plan as a pension trust fund.

The plan is governed by a five member Board of Trustees. Two members of the board are appointed by the City, two are active members of the police department elected by the membership, and one is a retired member of the police department elected by the membership.

At April 30, 2019, the Police Pension Plan membership consisted of:

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

(ii) BENEFITS PROVIDED

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

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

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

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

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

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

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

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

(iii) CONTRIBUTIONS

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

(iv) INVESTMENT POLICY

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

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

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

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

For the year ended April 30, 2020, the annual money-weighted rate of return on plan investments, net of pension plan investment expense, was 5.28%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

The following was the Board's adopted asset allocation policy and best estimate of arithmetic real rates of return as of April 30, 2019:

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

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

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

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

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

(vi) ACTUARIAL ASSUMPTIONS

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

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

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

(vii) DISCOUNT RATE

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

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

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

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

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

NOTE 7. RETIREMENT FUND COMMITMENTS (CONTINUED)

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

At April 30, 2020, the City of Highland recognized deferred outflows and inflows of resources related to pensions from the following sources:

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

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

Year Ending April 30,	Net Deferred Outflows of Resources
2020	\$ 476,936
2021	334,511
2022	337,131
2023	303,605
2024	39,596
Thereafter	131,195
Total	\$ 1,622,974

NOTE 8. INTERFUND ACTIVITY

Interfund balances exist on the governmental and proprietary fund financial statements and represents amounts loaned among the funds that are expected to be repaid within the next year. Interfund balances between governmental funds and interfund balances between proprietary funds have been eliminated in the government-wide statement of net position. Interfund balances at April 30, 2020, consisted of the following:

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

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

NOTE 8. INTERFUND ACTIVITY (CONTINUED)

Interfund transfers exist due to the allocation of general administrative expenses among the funds and to provide funding for the economic development fund. The transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Interfund transfers for the year ended April 30, 2020, consisted of the following:

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

NOTE 9. OTHER POST EMPLOYMENT BENEFITS

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

(i) Employees Covered by Benefit Terms

At April 30, 2020, the following employees were covered by the benefit terms:

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

(ii) BENEFITS PROVIDED

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

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

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

(iii) NET OPEB LIABILITY

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

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

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

Plan fiduciary net position as a percentage of the total OPEB liability is 0%.

See the schedule of changes in total OPEB liability and related ratios in the required supplementary information for additional information related to the funded status of the plan.

For the year ended April 30, 2020, the City will recognize OPEB expense of \$85,395.

(iv) ACTUARIAL ASSUMPTIONS

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

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

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

(v) DISCOUNT RATE

Given the City's decision not to fund the program, all future benefit payments were discounted using a high-quality municipal bond rate of 2.85%. The high-quality municipal bond rate was based on the week closest but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index as published by S&P Dow Jones Indices. The S&P Municipal 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.

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

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

(vi) CHANGES IN TOTAL OPEB LIABILITY

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

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

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

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

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

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

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

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

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

NOTE 9. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

(ix) DEFERRED OUTFLOWS OF RESOURCES RELATED TO OPEB

At April 30, 2020, the City of Highland recognized deferred outflows and inflows of resources related to OPEB from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Changes in Assumptions	\$	55,708	\$	85,498

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

		Net Deferred Inflows of Resources
2021	\$	(2,610)
2022		(2,610)
2023		(2,610)
2024		(2,610)
2025		(2,610)
Thereafter		(16,740)
Total	\$	(29,790)

NOTE 10. TAX ABATEMENTS

The City enters into property tax abatement agreements with local businesses under the Illinois Tax Increment Allocation Redevelopment Act. Under this act, localities may grant property tax abatements for the purpose of rehabilitation of blighted or conservation areas. The abatements may be granted to any business located within the TIF District boundaries which incur qualified redevelopment costs. A typical agreement will reimburse a developer's qualified costs up to 100% of the annual property tax increment. For the fiscal year ended April 30, 2020, the City abated property taxes totaling \$12,497 under this program.

The City entered into sales tax rebate agreements with multiple businesses within the City's business district as an incentive for the businesses to complete improvements to their businesses. These businesses receive sales tax rebates of up to 100% of the 1% city sales tax increment, to be paid annually. For the fiscal year ended April 30, 2020, the City abated sales taxes totaling \$49,036 under these agreements.

The City entered into property tax abatement agreements with multiple businesses within the City's business district as an incentive for the businesses to complete improvements to the buildings within the district. These agreements reimburse the businesses up to 100% of the City's portion of the ad valorem tax increment generated on the increase in equalized assessed value for the improved property. For the fiscal year ended April 30, 2020, the City abated property taxes totaling \$7,268 under these agreements.

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

NOTE 10. TAX ABATEMENTS (CONTINUED)

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

NOTE 11. LEGAL DEBT MARGIN

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

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

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

NOTE 12. DEFICIT FUND BALANCES

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

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

NOTE 13. SUBSEQUENT EVENTS

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

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

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

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

NOTE 14. GOVERNMENTAL FUND BALANCES

As of April 30, 2020, governmental fund balances are classified as follows:

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

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

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

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

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

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

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

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

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

BUSINESS DISTRICT A

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

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

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

1. During the first quarter of the calendar year, the City Manager submits to the City Council a proposed budget for the year commencing May 1 of that year. Expenditures, interest, payroll, claims, and compensated absences are budgeted to the extent anticipated to be paid in cash.
2. Public hearings are conducted to obtain taxpayer comments.
3. On April 15, 2019, the budget ordinance was legally enacted. The budget ordinance was legally amended on December 16, 2019 and April 20, 2020.
4. The operating budget for the major governmental and special revenue funds is reflected in the financial statements.
5. The formal budget is adopted and used as a management control device during the year for the general fund, special revenue funds, capital project funds, debt service funds, enterprise funds and pension and nonexpendable trust funds. Budgetary control is at the total individual fund level and is alternatively achieved through bond indenture provisions for the debt service funds. This allows the City Manager and the finance department to transfer budgeted amounts within departments; however, any revisions that alter the total expenditures/expenses of any individual fund, by more than 10% must be approved by the City Council.
6. The City files with the county an annual budget ordinance which is the legally required document that levies a tax on the owners of property located in the City. The City budgets for expenditures to the extent anticipated to be paid in cash. All appropriations lapse at year end. The budget is the legal document that limits the spending capacity by fund of the City for its services and operations.

As of April 30, 2020, the City's expenses exceeded budget in the following funds. The amounts do not account for the change in accruals, debt proceeds, or the transfers to other funds or reserve accounts.

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

CITY OF HIGHLAND, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
ILLINOIS MUNICIPAL RETIREMENT FUND - REGULAR PLAN
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Calendar year ending December 31,	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY					
Service Cost	\$ 673,683	\$ 621,283	\$ 641,150	\$ 673,608	\$ 665,293
Interest on the Total Pension Liability	2,608,858	2,447,068	2,415,253	2,360,617	2,187,028
Difference Between Expected and Actual Experience of the Total Pension Liability	243,036	938,637	64,339	(818,131)	778,452
Changes of Assumptions		1,032,887	(1,086,422)	(81,602)	40,606
Benefit Payments, Including Refunds of Employee Contributions	(1,764,985)	(1,653,797)	(1,546,587)	(1,401,283)	(1,230,296)
Net Change in Total Pension Liability	1,760,592	3,386,078	487,733	733,209	2,441,083
Total Pension Liability - Beginning	36,529,906	33,143,828	32,656,095	31,922,886	29,481,803
Total Pension Liability - Ending (a)	<u>\$ 38,290,498</u>	<u>\$ 36,529,906</u>	<u>\$ 33,143,828</u>	<u>\$ 32,656,095</u>	<u>\$ 31,922,886</u>
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	\$ 585,077	\$ 701,482	\$ 729,699	\$ 699,617	\$ 732,050
Contributions - Employees	316,998	301,376	304,900	283,885	290,735
Net Investment Income	5,763,176	(1,696,987)	4,947,037	1,874,891	134,946
Benefit Payments, Including Refunds of Employee Contributions	(1,764,985)	(1,653,797)	(1,546,587)	(1,401,283)	(1,230,296)
Other (Net Transfer)	114,913	689,364	(465,726)	70,952	50,581
Net Change in Plan Fiduciary Net Position	5,015,179	(1,658,562)	3,969,323	1,528,062	(21,984)
Plan Fiduciary Net Position - Beginning	30,909,883	32,568,445	28,599,122	27,071,060	27,093,044
Plan Fiduciary Net Position - Ending (b)	<u>\$ 35,925,062</u>	<u>\$ 30,909,883</u>	<u>\$ 32,568,445</u>	<u>\$ 28,599,122</u>	<u>\$ 27,071,060</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 2,365,436</u>	<u>\$ 5,620,023</u>	<u>\$ 575,383</u>	<u>\$ 4,056,973</u>	<u>\$ 4,851,826</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	93.82%	84.62%	98.26%	87.58%	84.80%
Covered Employee Payroll	\$ 6,948,660	\$ 6,611,522	\$ 6,599,116	\$ 6,308,543	\$ 6,460,770
Net Pension Liability as a Percentage of Covered Employee Payroll	34.04%	85.00%	8.72%	64.31%	75.10%

NOTES TO SCHEDULE:

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

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

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

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

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

VALUATION DATE

Notes: Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

METHODS AND ASSUMPTIONS USED TO DETERMINE 2019 CONTRIBUTION RATES:

Actuarial Cost Method: Aggregate Entry Age Normal
Amortization Method: Level Percentage of Payroll, Closed
Remaining Amortization Period: Non-Taxing bodies: 10-year rolling period.
Taxing bodies (Regular, SLEP and ECO groups): 24-year closed period
Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 19 years for most employers (three employers were financed over 28 years and four others were financed over 29 years).
Asset Valuation Method: 5-Year smoothed market; 20% corridor
Wage Growth: 3.25%
Price Inflation: 2.50% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases: 3.35% to 14.25% including inflation
Investment Rate of Return: 7.50%
Retirement Age: Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016.
Mortality: For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

OTHER INFORMATION

Notes: There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2017 actuarial valuation

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

CITY OF HIGHLAND, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
ILLINOIS MUNICIPAL RETIREMENT FUND - SLEP
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Calendar year ending December 31,	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY					
Interest on the Total Pension Liability	\$ 8,316	\$ 8,284	\$ 7,921	\$ 7,928	\$ 8,814
Difference between Expected and Actual Experience of the Total Pension Liability	1,465	(7,608)	(4,684)	(8,011)	(20,631)
Changes of Assumptions		3,568	1,603		
Net Change in Total Pension Liability	9,781	4,244	4,840	(83)	(11,817)
Total Pension Liability - Beginning	114,703	110,459	105,619	105,702	117,519
Total Pension Liability - Ending (a)	<u>\$ 124,484</u>	<u>\$ 114,703</u>	<u>\$ 110,459</u>	<u>\$ 105,619</u>	<u>\$ 105,702</u>
PLAN FIDUCIARY NET POSITION					
Contributions - Employer				\$ 2,067	\$ 4,901
Net Investment Income	\$ 46,666	\$ (65,794)	\$ 44,062	6,414	632
Other (Net Transfer)	(212)	334	(297)	7,157	(7,633)
Net Change in Plan Fiduciary Net Position	46,454	(65,460)	43,765	15,638	(2,100)
Plan Fiduciary Net Position - Beginning	115,836	181,296	137,531	121,893	123,993
Plan Fiduciary Net Position - Ending (b)	<u>\$ 162,290</u>	<u>\$ 115,836</u>	<u>\$ 181,296</u>	<u>\$ 137,531</u>	<u>\$ 121,893</u>
Net Pension Liability/(Asset) - Ending (a)-(b)	<u>\$ (37,806)</u>	<u>\$ (1,133)</u>	<u>\$ (70,837)</u>	<u>\$ (31,912)</u>	<u>\$ (16,191)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	130.37%	100.99%	164.13%	130.21%	115.32%
Covered Employee Payroll	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Pension Liability as a Percentage of Covered Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%

NOTES TO SCHEDULE:

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

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

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

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

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

VALUATION DATE

Notes: Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

METHODS AND ASSUMPTIONS USED TO DETERMINE 2019 CONTRIBUTION RATES:

Actuarial Cost Method: Aggregate Entry Age Normal
 Amortization Method: Level Percentage of Payroll, Closed
 Remaining Amortization Period: Non-Taxing bodies: 10-year rolling period.
 Taxing bodies (Regular, SLEP and ECO groups): 24-year closed period
 Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
 SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 19 years for most employers (three employers were financed over 28 years and four others were financed over 29 years).

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

Mortality:

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

OTHER INFORMATION

Notes: There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2017 actuarial valuation

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

CITY OF HIGHLAND, ILLINOIS
REQUIRED SUPPLEMENTARY INFORMATION
POLICE PENSION
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Fiscal Year Ended April 30,	2019	2018	2017	2016	2015
TOTAL PENSION LIABILITY					
Service Cost	\$ 434,862	\$ 393,913	\$ 387,630	\$ 393,643	\$ 393,643
Interest on the Total Pension Liability	1,211,789	1,098,989	1,044,467	1,045,672	848,335
Difference Between Expected and Actual Experience of the Total Pension Liability	159,034	58,476	(112,104)	(824,401)	130,394
Assumption Changes	(61,622)	879,770	153,120		1,942,512
Benefit Payments, Including Refunds of Employee Contributions	(785,270)	(688,165)	(593,024)	(661,861)	(630,741)
Net Change in Total Pension Liability	958,793	1,742,983	880,089	(46,947)	2,684,143
Total Pension Liability - Beginning	18,600,673	16,857,690	15,977,601	16,024,548	13,340,405
Total Pension Liability - Ending (a)	<u>\$ 19,559,466</u>	<u>\$ 18,600,673</u>	<u>\$ 16,857,690</u>	<u>\$ 15,977,601</u>	<u>\$ 16,024,548</u>
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	\$ 580,144	\$ 559,395	\$ 425,482	\$ 432,136	\$ 413,798
Contributions - Employees	159,751	145,573	150,130	158,168	143,460
Net Investment Income	582,650	518,280	695,462	(63,296)	557,433
Benefit Payments, Including Refunds of Employee Contributions	(785,270)	(688,165)	(593,024)	(661,861)	(630,741)
Administrative Expenses	(10,952)	(9,401)	(9,631)	(5,486)	(6,066)
Net Change in Plan Fiduciary Net Position	526,323	525,682	668,419	(140,339)	477,884
Plan Fiduciary Net Position - Beginning	11,074,363	10,548,681	9,880,262	10,020,601	9,542,717
Plan Fiduciary Net Position - Ending (b)	<u>\$ 11,600,686</u>	<u>\$ 11,074,363</u>	<u>\$ 10,548,681</u>	<u>\$ 9,880,262</u>	<u>\$ 10,020,601</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 7,958,780</u>	<u>\$ 7,526,310</u>	<u>\$ 6,309,009</u>	<u>\$ 6,097,339</u>	<u>\$ 6,003,947</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	59.31%	59.54%	62.57%	61.84%	62.53%
Covered Employee Payroll	\$ 1,580,264	\$ 1,582,463	\$ 1,544,154	\$ 1,506,282	\$ 1,372,110
Net Pension Liability as a Percentage of Covered Employee Payroll	503.64%	475.61%	408.57%	404.79%	437.57%

NOTES TO SCHEDULE:

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

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

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

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

VALUATION DATE

Notes: Actuarially determined contribution rates are calculated as of May 1 of each year prior to the beginning of the year in which contributions are reported.

METHODS AND ASSUMPTIONS USED TO DETERMINE 2019 CONTRIBUTION RATES

Actuarial Cost Method: Entry Age Normal Cost Method
 Amortization Method: Closed level percentage of payroll amortization of 100% of the Unfunded Actuarial Accrued Liability using a 3.0% payroll growth assumption over the period ending on April 30, 2040 (21-year amortization in 2019)
 Asset Method: 5 year smoothing of asset gains and losses
 Salary Increases: Service-related table with rates grading from 10.5% to 3.0% at 30 years of service.
 Cost-of-living Increases: 3.0% (1.25% for those hired after 1/1/2011)
 Investment Rate of Return: 6.5%, net of investment expenses
 Retirement Rates:

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

Mortality: Active Lives
 RP-2014 Mortality Table with blue collar adjustment, projected generationally using scale MP-2018 from 2013.
Disabled Lives
 115% of the healthy mortality table, projected generationally using improvement scale MP-2018 from 2013
 10% of deaths are assumed to be service related.

OTHER INFORMATION

Notes: There were no benefit changes during the year.

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

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

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

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

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

Fiscal Year Ending April 30,	2020	2019
TOTAL OPEB LIABILITY		
Service Cost	\$ 105,806	\$ 94,216
Interest on the Total OPEB Liability	60,351	62,463
Assumption Changes	(95,429)	70,348
Benefit Payments	(78,151)	(80,349)
Net Change in Total OPEB Liability	(7,423)	146,678
Total OPEB Liability - Beginning	1,813,376	1,666,698
Total OPEB Liability - Ending	\$ 1,805,953	\$ 1,813,376
PLAN FIDUCIARY NET POSITION		
Employer Contributions	\$ 78,151	\$ 80,352
Total Benefits Paid	(78,151)	(80,352)
Net Change in Plan Fiduciary Net Position	0	0
Total Plan Fiduciary Net Position - Beginning	0	0
Total Plan Fiduciary Net Position - Ending	\$ 0	\$ 0
Covered Employee Payroll	\$ 7,725,231	\$ 7,157,460
Net OPEB Liability As A Percentage Of Covered Employee Payroll	23.38%	25.34%

Notes to Schedule:

Changes of assumptions:

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

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

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

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

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

Notes to Schedule:

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

Italicized amounts are yet to be determined

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

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE 2020 OPEB LIABILITY

Methods and Assumptions Used to Determine Contribution Rates:

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

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

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

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

Other aspects of the Affordable Care Act were included in the valuation only to the extent they have already been implemented in the plan.

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

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

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

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

Mortality Rate: SOA RPH-2014 Total Dataset Headcount-Weighted Mortality, adjusted to 2006. Margin for mortality improvements: Scale MP-2019.

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

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE 2020 OPEB LIABILITY

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

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

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

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

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

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

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APPENDIX B

SUMMARY OF THE BOND ORDINANCE

The following, in addition to the information contained the Official Statement, summarizes certain provisions of the Bond Ordinance. This summary does not purport to be complete, and reference is made to the Bond Ordinance for the complete provisions thereof.

Definitions

In addition to words and terms defined elsewhere herein, the following capitalized words and terms as used in the Bond Ordinance and in this Official Statement shall have the following meanings:

“Additional Alternate Bonds” means any alternate bonds issued in the future in accordance with the provisions of the LGDR Act on a parity with and sharing ratably and equally in the Pledged Revenues with the Bonds.

“Bond” or **“Bonds”** means one or more, as applicable, of the \$_____ General Obligation Sewerage System Refunding Bonds (Alternate Revenue Source), Series 2021, authorized to be issued by the Ordinance.

“Bond Fund” means the Series 2021 Alternate Bond Fund established under and further described in the Ordinance.

“City” means the City of Highland, Illinois.

“Corporate Authorities” means the Mayor and City Council of the City.

“Debt Service Account” means the Debt Service Account maintained under and further described in the Ordinance.

“Fiscal Year” means that twelve-calendar month period beginning on May 1 of the calendar year and ending on the next succeeding April 30.

“Future Bond Ordinances” means the ordinances of the City authorizing the issuance of revenue bonds payable from the Gross Revenues, but not including the Ordinance or any other ordinance authorizing the issuance of Additional Alternate Bonds.

“Gross Revenues” means all income from whatever source derived from the System, including (i) investment income; (ii) connection, permit and inspection fees and the like; (iii) penalties and delinquency charges; (iv) capital development, reimbursement, or recovery charges and the like; (v) annexation or pre-annexation charges insofar as designated by the Corporate Authorities as paid for System connection or service; but excluding expressly (a) non-recurring income from the sale of property of the System; (b) governmental or other grants; (c) advances or grants made from the City; and as otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds.

“IEPA Loan” means the outstanding loan from the Illinois Environmental Protection Agency to the City pursuant to Ordinance No. 3015 approved by the Corporate Authorities on April 20, 2020.

“LGDR Act” means the Local Government Debt Reform Act of the State of Illinois, as amended.

“Operation and Maintenance Expenses” means all costs of operating, maintaining and routine repair of the System, including wages, salaries, costs of materials and supplies, power, fuel, insurance and taxes,

including purchase of sewage treatment services (including all payments by the City pursuant to long-term contracts for such services); but excluding debt service, depreciation, capital improvements or replacements (including meter replacements) or engineering expenses in anticipation thereof or in connection therewith, or any reserve requirements; and otherwise determined in accordance with generally accepted accounting principles for municipal enterprise funds.

“Ordinance” means the ordinance authorizing the issuance of the Bonds, as originally adopted and as the same may from time to time be amended or supplemented in accordance with terms hereof.

“Outstanding” means Bonds and Additional Alternate Bonds which are outstanding and unpaid; *provided, however*, such term shall not include any of the Bonds or Additional Alternate Bonds (i) which have matured and for which moneys are on deposit with proper paying agents or are otherwise sufficiently available to pay all principal thereof and interest thereon or (ii) the provision for payment of which has been made by the City by the deposit in an irrevocable trust or escrow of funds or direct, full faith and credit obligations of the United States of America, the principal of and interest on which will be sufficient to pay at maturity or as called for redemption all the principal of and interest on such Bonds or Additional Alternate Bonds.

“Paying Agent” means U.S. Bank National Association, St. Louis, Missouri, or successor thereto or designated under the Ordinance, in its respective capacities as bond registrar and paying agent.

“Pledged Moneys” means, collectively, the Pledged Revenues and the Pledged Taxes.

“Pledged Revenues” means the Gross Revenues less all Operation and Maintenance Expenses.

“Pledged Taxes” means the ad valorem taxes levied against all of the taxable property in the City without limitation as to rate or amount, pledged under the Ordinance by the City as security for the Bonds.

“Purchaser” means Commerce Bank, Kansas City, Missouri, the original purchaser of the Bonds.

“System” refers to all property, real, personal or otherwise owned or to be owned by the City or under the control of the City, and used for sewerage purposes, including any and all further extensions, improvements and additions to the System.

“Sewerage Fund” means the Sewerage Fund of the City referred to in the Ordinance.

Sewerage Fund and Accounts

Upon the issuance of any of the Bonds, the System shall continue to be operated on a Fiscal Year basis. All of the Gross Revenues shall be set aside as collected and be deposited in a separate fund and in an account in a bank to be designated by the Corporate Authorities, which fund has been created and designated as the “Sewerage Fund” (the “*Sewerage Fund*”) of the City and is expressly continued under the Ordinance, and which fund shall constitute a trust fund for the sole purpose of carrying out the covenants, terms, and conditions of the Ordinance and any Future Bond Ordinances, and shall be used only in paying Operation and Maintenance Expenses, paying the principal of and interest on all bonds of the City which by their terms are payable from the Gross Revenues derived from the System, providing an adequate depreciation fund and providing for the establishment of and expenditure from the respective accounts as hereinafter described.

Flow of Funds

There shall be and there are created separate accounts in the Sewerage Fund to be known as the “Operation and Maintenance Account,” such other accounts as may be established under any Future Bond Ordinances, the “Debt Service Account,” the “Depreciation Account” and the “Surplus Account,” to which there shall be credited on or before the first day of each month by the financial officer of the City, without any further

official action or direction, in the order in which said accounts are hereinafter mentioned, all moneys held in the Sewerage Fund, in accordance with the following provisions:

(a) Operation and Maintenance Account:

There shall be credited to or retained in the Operation and Maintenance Account an amount sufficient, when added to the amount then on deposit in said Account, to establish or maintain a balance to an amount not less than the amount considered necessary to pay Operation and Maintenance Expenses for the then current month.

(b) Accounts Created Pursuant to Future Bond Ordinances:

Future Bond Ordinances may create additional accounts in the Sewerage Fund for the payment and security of sewerage revenue bonds that hereafter may be issued by the City. Amounts in the Sewerage Fund shall be credited to and transferred from said accounts in accordance with the terms of the Future Bond Ordinances.

(c) Debt Service Account:

There shall be paid into the Debt Service Account in each month after the required payments have been made into the Accounts above described, a fractional amount of the interest becoming due on the next succeeding interest payment date on all Outstanding Bonds and a fractional amount of the principal becoming due on the next succeeding principal maturity date of all Outstanding Bonds until there shall have been accumulated in the Debt Service Account on or before the month preceding such maturity date of interest or principal, an amount sufficient to pay such principal or interest, or both, of all Outstanding Bonds.

In computing the fractional amount to be set aside each month in said Debt Service Account, the fraction shall be so computed that sufficient funds will be set aside in said Account and will be available for the prompt payment of such principal of and interest on all Outstanding Bonds as the same will become due and shall be not less than one-sixth of the interest becoming due on the next succeeding interest payment date and not less than one-twelfth of the principal becoming due on the next succeeding principal payment date on all Outstanding Bonds until there is sufficient money in said Account to pay such principal or interest or both.

All moneys in said Account shall be used only for the purpose of paying interest on and principal of Outstanding Bonds and Additional Alternate Bonds.

(d) Depreciation Account:

Beginning the month after the delivery of the Bonds, there shall be credited to the Depreciation Account and held, in cash and investments, such sum as the Corporate Authorities may deem necessary in order to provide an adequate depreciation fund for the System. In Future Bond Ordinances, the City may covenant to make specific monthly deposits to said Depreciation Account and to accumulate funds therein.

Amounts to the credit of said Depreciation Account shall be used for (i) the payment of the cost of extraordinary maintenance, necessary repairs and replacements, or contingencies, the payment for which no other funds are available, in order that the System may at all times be able to render efficient service, (ii) for the purpose of acquiring or constructing improvements and extensions to the System, and (iii) the payment of principal of or interest and applicable premium on any Outstanding Bonds at any time when there are no other funds available for that purpose in order to prevent a default. Future Bond Ordinances may provide for additional

deposits to said Depreciation Account and additional uses and transfers of the funds on deposit in said Depreciation Account.

(e) Surplus Account:

All moneys remaining in the Sewerage Fund, after crediting the required amounts to the respective accounts hereinabove described for, shall be credited to the Surplus Account. Funds in the Surplus Account shall be used, first, to make up any subsequent deficiencies in any of the accounts hereinabove named; and then, at the discretion of the Corporate Authorities, for one or more of the following purposes without any priority among them:

1. For the purpose of constructing or acquiring repairs, replacements, improvements or extensions to the System; or
2. For making transfers to the Sewerage Fund generally to be applied and treated as Gross Revenues when transferred; or
3. For the purpose of calling and redeeming Outstanding Bonds payable from the System which are callable at the time; or
4. For the purpose of purchasing Outstanding Bonds payable from the System; or
5. For the purpose of paying principal of and interest on any subordinate bonds or obligations issued for the purpose of acquiring or constructing repairs, replacements, improvements or extensions to the System, including the IEPA Loan; or
6. For any purpose enumerated in any Future Bond Ordinance; or
7. For any other lawful System purpose.

Money to the credit of the Sewerage Fund may be invested pursuant to any authorization granted to municipal corporations by Illinois statute or court decision.

Account Excesses

Any amounts to the credit of the Accounts in excess of the then current requirements therefor may be transferred at any time by the Corporate Authorities to such other Account or Accounts of the Sewerage Fund as it may in its sole discretion designate.

Pledged Revenues; General Covenants

The City covenants and agrees with the registered owners of the Bonds that, so long as any Bonds remain Outstanding:

A. The City pledges the Pledged Revenues to the payment of the Bonds, and the Corporate Authorities covenant and agree to provide for, collect and apply the Pledged Revenues to the payment of the Bonds and the provision of not less than an additional .25 times debt service, all in accordance with Section 15 of the LGDR Act.

B. The City will punctually pay or cause to be paid from the Debt Service Account and from the Bond Fund the principal of and the interest on the Bonds in strict conformity with the terms of the

Bonds and the Ordinance, and it will faithfully observe and perform all of the conditions, covenants and requirements thereof and hereof.

C. The City will pay and discharge, or cause to be paid and discharged, from the Debt Service Account and the Bond Fund any and all lawful claims which, if unpaid, might become a lien or charge upon the Pledged Moneys, or any part thereof, or upon any funds in the hands of the Paying Agent, or which might impair the security of the Bonds. Nothing contained in the Ordinance shall require the City to make any such payment so long as the City in good faith shall contest the validity of said claims.

D. The City will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the City, in which complete and correct entries shall be made of all transactions relating to the Pledged Moneys, the Debt Service Account and the Bond Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the registered owners of not less than ten percent (10%) of the principal amount of the Outstanding Bonds or their representatives authorized in writing.

E. The City will preserve and protect the security of the Bonds and the rights of the registered owners of the Bonds, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the City, the Bonds shall be incontestable by the City.

F. The City will adopt, make, execute and deliver any and all such further ordinances, resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention of, or to facilitate the performance of, the Ordinance, and for the better assuring and confirming unto the registered owners of the Bonds of the rights and benefits provided in the Ordinance.

G. As long as any Bonds are Outstanding, the City will continue to deposit the Pledged Revenues to the Debt Service Account and, if applicable, the Pledged Taxes to the Bond Fund. The City covenants and agrees with the registered owners of the Bonds that so long as any Bonds remain Outstanding, the City will take no action or fail to take any action which in any way would adversely affect the ability of the City to collect the Pledged Taxes and to collect and to segregate the Pledged Moneys. The City and its officers will comply with all present and future applicable laws in order to assure that the Pledged Taxes can be extended and that the Pledged Revenues and the Pledged Taxes may be collected and deposited to the Debt Service Account and the Bond Fund, respectively, as provided in the Ordinance.

H. Once issued, the Bonds shall be and forever remain until paid or defeased the general obligation of the City, for the payment of which its full faith and credit are pledged, and shall be payable, in addition to the Pledged Revenues, from the levy of the Pledged Taxes as provided in the LGDR Act.

I. The City will maintain the System in good repair and working order, will operate the same efficiently and faithfully and will punctually perform all duties with respect thereto required by the Constitution and laws of the State of Illinois and Federal law.

J. The City will establish and maintain at all times reasonable fees, charges, and rates for the use and service of the System and will provide for the collection thereof and the segregation and application of the Gross Revenues in the manner provided by the Ordinance, sufficient at all times to pay Operation and Maintenance Expenses, to pay the principal of and interest on all bonds of the City which by their terms are payable from the Gross Revenues of the System, to provide an adequate depreciation fund and to provide for the creation and maintenance and funding of the respective accounts as provided in the Ordinance; it is expressly provided that the pledge and establishment of rates or

charges for use of the System shall constitute a continuing obligation of the City with respect to such establishment and a continuing appropriation of the amounts received.

K. There shall be charged against all users of the System, including the City, such rates and amounts for sewerage services as shall be adequate to meet the requirements of this section. Charges for services rendered by the City shall be made against the City, and payment for the same shall be made monthly from the corporate funds into the Sewerage Fund as Gross Revenues derived from the operation of the System; *provided, however*, that the City need not charge itself for such services if in the previous Fiscal Year Gross Revenues not including any payments made by the City shall have met the requirements of the Ordinance.

L. Within six months following the close of each Fiscal Year, the City will cause the books and accounts of the System to be audited by independent certified public accountants in accordance with appropriate audit standards. Said audit will be available for inspection by the registered owners of any of the Bonds.

Future Revenue Bonds, Additional Alternate Bonds and Subordinate Bonds

(a) The City reserves the right to issue without limit bonds payable solely and only from the Gross Revenues, which bonds may have a lien on the Gross Revenues prior to the lien on the Gross Revenues that secures the Outstanding Bonds, *provided* that upon the issuance of such bonds, the City shall be able to demonstrate in the same manner as provided by the LGDR Act, as the LGDR Act is written at this time, that at such time all Outstanding Bonds could then be issued as if not then having previously been issued; that is, that the requirements of the LGDR Act for the issuance of alternate bonds payable from the Gross Revenues shall have been met on such date for all Outstanding Bonds.

(b) The City also reserves the right to issue Additional Alternate Bonds from time to time payable from the Pledged Revenues, and any such Additional Alternate Bonds shall share ratably and equally in the Pledged Revenues with the Bonds; *provided, however*, that no Additional Alternate Bonds shall be issued except in accordance with the provisions of the LGDR Act as the LGDR Act is written at this time.

(c) The City also reserves the right to issue revenue bonds from time to time payable from the Gross Revenues that are subordinate to the Bonds or Additional Alternate Bonds and are payable from the money remaining in the Surplus Account.

* * *

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

The Bonds are available in book-entry only form. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Ownership interests in the Bonds will be available to purchasers only through a book-entry system (the “Book-Entry System”) maintained by The Depository Trust Company (“DTC”), New York, New York.

The following information concerning DTC and DTC’s book-entry system has been obtained from DTC. The City (defined in this section as the “Issuer”) takes no responsibility for the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.

1. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

10. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

GILMORE & BELL, P.C.
DRAFT 1 - APRIL 29, 2021
FOR DISCUSSION PURPOSES ONLY

CONTINUING DISCLOSURE UNDERTAKING

Dated as of July 1, 2021

By the

CITY OF HIGHLAND, ILLINOIS

\$1,845,000
General Obligation Sewerage System Refunding Bonds
(Alternate Revenue Source)
Series 2021

CONTINUING DISCLOSURE UNDERTAKING

This CONTINUING DISCLOSURE UNDERTAKING dated as of July 1, 2021 (this “Continuing Disclosure Undertaking”), is executed and delivered by the CITY OF HIGHLAND, ILLINOIS (the “Issuer”).

RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the Issuer in connection with the issuance by the Issuer of **\$1,845,000 General Obligation Sewerage System Refunding Bonds (Alternate Revenue Source), Series 2021** (the “Bonds”), pursuant to an ordinance adopted by the governing body of the Issuer on June 21, 2021 (the “Ordinance”).

2. The Issuer is entering into this Continuing Disclosure Undertaking for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”). The Issuer is the only “obligated person” with responsibility for continuing disclosure hereunder.

The Issuer covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Ordinance, which apply to any capitalized term used in this Continuing Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report provided by the Issuer pursuant to, and as described in, **Section 2** hereof.

“**Beneficial Owner**” means any registered owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“**Business Day**” means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal office or designated payment office of the paying agent or the Dissemination Agent is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

“**Dissemination Agent**” means any entity designated in writing by the Issuer to serve as dissemination agent pursuant to this Continuing Disclosure Undertaking and which has filed with the Issuer a written acceptance of such designation.

“**EMMA**” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

“**Financial Obligation**” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not

include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“**Fiscal Year**” means the 12-month period beginning on **May 1** and ending on **April 30** or any other 12-month period selected by the Issuer as the Fiscal Year of the Issuer for financial reporting purposes.

“**Material Events**” means any of the events listed in **Section 3** hereof.

“**MSRB**” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“**Participating Underwriter**” means any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

Section 2. Provision of Annual Reports.

- (a) The Issuer shall, not later than 180 days after the end of the Issuer’s Fiscal Year, commencing with the fiscal year ending April 30, 2021, file with the MSRB, through EMMA, the following financial information and operating data (the “**Annual Report**”):
- (1) The audited financial statements of the Issuer for the prior Fiscal Year, prepared in accordance with the accounting principles described in the notes to the financial statements contained in the final Official Statement related to the Bonds. If audited financial statements are not available by the time the Annual Report is required to be provided pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be provided in the same manner as the Annual Report promptly after they become available.
 - (2) Updates as of the end of the Fiscal Year of certain financial information and operating data contained in the final Official Statement related to the Bonds, as described in **Exhibit A**, in substantially the same format contained in the final Official Statement with such adjustments to formatting or presentation determined to be reasonable by the Issuer.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the Issuer is an “**obligated person**” (as defined by the Rule), which have been provided to the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The Issuer shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the

Issuer's Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3** hereof.

- (b) The Annual Report shall be filed with the MSRB in such manner and format as is prescribed by the MSRB.

Section 3. Reporting of Material Events. Not later than **10** Business Days after the occurrence of any of the following events, the Issuer shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds (“**Material Events**”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

If the Issuer has not submitted the Annual Report to the MSRB by the date required in **Section 2(a)** hereof, the Issuer shall, in a timely manner, send a notice to the MSRB, in substantially the form attached hereto as **Exhibit B**, of the failure of the Issuer to file on a timely basis the Annual Report, which notice shall be given by the Issuer in accordance with this Section.

Section 4. Termination of Reporting Obligation. The Issuer's obligations under this Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the Issuer's obligations under this Continuing Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Undertaking in the same manner as if it were the Issuer, and the Issuer shall have no further

responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3** hereof.

Section 5. Dissemination Agents. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign as dissemination agent hereunder at any time upon **30** days prior written notice to the Issuer. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the Issuer pursuant to this Continuing Disclosure Undertaking.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Undertaking, the Issuer may amend this Continuing Disclosure Undertaking and any provision of this Continuing Disclosure Undertaking may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the Issuer with its written opinion that the undertaking of the Issuer contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Undertaking.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Undertaking, the Issuer shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3** hereof, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Continuing Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that required by this Continuing Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that specifically required by this Continuing Disclosure Undertaking, the Issuer shall have no obligation under this Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 8. Default. If the Issuer fails to comply with any provision of this Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Continuing Disclosure Undertaking. A default under this Continuing Disclosure Undertaking shall not be deemed an event of default under the Ordinance or the Bonds, and the sole remedy under this Continuing Disclosure Undertaking in the event of any failure of the Issuer to comply with this Continuing Disclosure Undertaking shall be an action to compel performance.

Section 9. Beneficiaries. This Continuing Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Participating Underwriter, and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 10. Severability. If any provision in this Continuing Disclosure Undertaking, the Ordinance or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11. Electronic Transactions. The arrangement described herein may be conducted and related documents may be sent, received, or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12. Governing Law. This Continuing Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Illinois.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the Issuer has caused this Continuing Disclosure Undertaking to be executed this 6th day of July, 2021.

CITY OF HIGHLAND, ILLINOIS

By: _____
Title: Mayor

**EXHIBIT A
TO CONTINUING DISCLOSURE UNDERTAKING**

**FINANCIAL INFORMATION AND OPERATING DATA TO BE
INCLUDED IN ANNUAL REPORT**

The financial information and operating data contained in the tables in the following sections of the final Official Statement relating to the Bonds:

1. **“THE CITY’S FINANCES”**
2. **“PROPERTY TAXATION”**
3. **“THE SEWERAGE SYSTEM”**
4. **“DEBT OF THE CITY”**

**EXHIBIT B
TO CONTINUING DISCLOSURE UNDERTAKING**

FORM OF FAILURE TO FILE NOTICE

Event Notice Pursuant to SEC Rule 15c2-12(b)(5)(C)

Issuer/Obligated Person: City of Highland, Illinois

**Issues to which this
Notice relates:** General Obligation Sewerage System Refunding Bonds
(Alternate Revenue Source), Series 2021

CUSIP Numbers for Issue to which this Notice relates:

<u>Maturity Date</u>	<u>CUSIP Number</u>
-----------------------------	----------------------------

Event Reported: Failure to Timely File Annual Financial Information/Audited
Financial Statements

The Obligated Person did not timely file its operating data for the fiscal year ended April 30, 20___.
Such operating data [*will be*] [*was*] filed with the MSRB through EMMA on _____, 20__.

The Obligated Person did not timely file its audited financial statements for the fiscal year ended
April 30, 20___. Such audited financial statements [*will be*] [*were*] filed with the MSRB through EMMA
on _____, 20__.

**The information contained in this Notice has been submitted by the Obligated Person pursuant
to contractual undertakings the Obligated Person made in accordance with SEC Rule 15c2-12. Nothing
contained in the undertaking or this Notice is, or should be construed as, a representation by the
Obligated Person that the information included in this Notice constitutes all of the information that
may be material to a decision to invest in, hold or dispose of any of the securities listed above, or any
other securities of the Obligated Person.**

For additional information, contact:

Mr./Ms. _____
Director of Finance
City of Highland, Illinois
1115 Broadway
Highland, Illinois 62249
(618) 654-4768

Date Submitted: [Date]

CITY OF HIGHLAND, ILLINOIS

GILMORE & BELL, P.C.
DRAFT 1 - JUNE 11, 2021
FOR DISCUSSION PURPOSES ONLY

FEDERAL TAX CERTIFICATE

Dated July 6, 2021

OF THE
CITY OF HIGHLAND, ILLINOIS

\$1,845,000
General Obligation Sewerage System Refunding Bonds
(Alternate Revenue Source)
Series 2021

FEDERAL TAX CERTIFICATE

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- Exhibit A** – Debt Service Schedule and Proof of Bond Yield
- Exhibit B** – IRS Form 8038-G
- Exhibit C** – Description of Property Comprising the Project
- Exhibit D** – Sample Annual Compliance Checklist
- Exhibit E** – Tax Compliance Procedure

* * *

FEDERAL TAX CERTIFICATE

THIS FEDERAL TAX CERTIFICATE (the “Tax Certificate”), is executed as of July 6, 2021, by the **CITY OF HIGHLAND, ILLINOIS**, a political subdivision organized and existing under the laws of the State of Illinois (the “Issuer”).

RECITALS

1. This Tax Certificate is being executed and delivered in connection with the issuance by the Issuer of \$1,845,000 principal amount of General Obligation Sewerage System Refunding Bonds (Alternate Revenue Source), Series 2021 (the “Bonds”), under an ordinance adopted by the City Council of the Issuer on June 21, 2021 (the “Ordinance”), for the purposes described in this Tax Certificate and in the Ordinance.

2. The Internal Revenue Code of 1986, as amended (the “Code”), and the applicable Regulations and rulings issued by the U.S. Treasury Department (the “Regulations”), impose certain limitations on the uses and investment of the Bond proceeds and of certain other money relating to the Bonds and set forth the conditions under which the interest on the Bonds will be excluded from gross income for federal income tax purposes.

3. The Issuer is executing this Tax Certificate in order to set forth certain facts, covenants, representations, and expectations relating to the use of Bond proceeds and the property financed or refinanced with those proceeds and the investment of the Bond proceeds and of certain other related money, in order to establish and maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and to provide guidance for complying with the arbitrage rebate and yield reduction provisions of Code § 148(f).

4. The Issuer adopted a Tax-Exempt Financing Compliance Procedure on March 19, 2012 (the “Tax Compliance Procedure”), a copy of which is attached hereto as **Exhibit E**, for the purpose of setting out general procedures for the Issuer to continuously monitor and comply with the federal income tax requirements set out in the Code and the Regulations.

5. This Tax Certificate is entered into as required by the Tax Compliance Procedure to set out specific tax compliance procedures applicable to the Bonds.

NOW, THEREFORE, the Issuer represents, covenants and agrees as follows:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions of Words and Terms. Except as otherwise provided in this Tax Certificate or unless the context otherwise requires, capitalized words and terms used in this Tax Certificate have the same meanings as set forth in the Ordinance, and certain other words and phrases have the meanings assigned in Code §§ 103, 141-150 and the Regulations. The following words and terms used in this Tax Certificate have the following meanings:

“Annual Compliance Checklist” means a checklist for the Bonds designed to measure compliance with the requirements of this Tax Certificate and the Tax Compliance Procedure after the Issue Date, as further described in **Section 4.2** hereof and substantially in the form attached hereto as **Exhibit D**.

“Bona Fide Debt Service Fund” means a fund, which may include Bond proceeds, that (a) is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and (b) is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of (1) the earnings on the fund for the immediately preceding Bond Year, or (2) one-twelfth of the principal and interest payments on the Bonds for the immediately preceding Bond Year.

“Bond” or **“Bonds”** means any bond or bonds described in the recitals, authenticated and delivered under the Ordinance.

“Bond Compliance Officer” means the Issuer’s Director of Finance or other person named in the Tax Compliance Procedure.

“Bond Counsel” means Gilmore & Bell, P.C., or other firm of nationally recognized bond counsel acceptable to the Issuer.

“Bond Year” means each 1-year period (or shorter period for the first Bond Year) ending October 1, or another 1-year period selected by the Issuer.

“Code” means the Internal Revenue Code of 1986, as amended.

“Costs of Issuance Fund” means the fund by that name established pursuant to the Escrow Instructions.

“Debt Service Fund” means the Debt Service Account of the Sewerage Fund and the Bond Fund.

“Escrow Agent” means U.S. Bank National Association, St. Louis, Missouri, and any successors or assigns.

“Escrow Fund” means the fund by that name established pursuant to the Escrow Instructions.

“Escrow Instructions” means the Letter of Escrow Instructions dated July 6, 2021 from the Issuer to the Escrow Agent.

“Final Written Allocation” means the written allocation of expenditures of proceeds of the Original Obligations maintained by the Bond Compliance Officer as part of the Tax-Advantaged Bond File, a summary of which is set forth on **Exhibit C**.

“Financed Facility” means the portion of the Project being financed or refinanced with the proceeds of the Bonds and the Original Obligations as described on **Exhibit C**.

“Gross Proceeds” means (a) sale proceeds (any amounts actually or constructively received by the Issuer from the sale of the Bonds, including amounts used to pay underwriting discount or fees, but excluding pre-issuance accrued interest), (b) Investment proceeds (any amounts received from investing sale proceeds, other Investment proceeds or transferred proceeds), (c) any amounts held in a sinking fund for the Bonds, (d) any amounts held in a pledged fund or reserve fund for the Bonds, and (e) any other

replacement proceeds, and (f) any transferred proceeds. Specifically, Gross Proceeds includes (but is not limited to) amounts held in the following funds:

- (1) Debt Service Fund.
- (2) Escrow Fund.
- (3) Costs of Issuance Fund.

“Guaranteed Investment Contract” is any Investment with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, including any agreement to supply Investments on 2 or more future dates (*e.g.*, a forward supply contract).

“Investment” means any security, obligation, annuity contract or other investment-type property that is purchased directly with, or otherwise allocated to, Gross Proceeds. This term does not include a tax-exempt bond, except for “specified private activity bonds” as defined in Code § 57(a)(5)(C), but it does include the investment element of most interest rate caps.

“IRS” means the United States Internal Revenue Service.

“Issue Date” means July 6, 2021.

“Issuer” means the City of Highland, Illinois and its successors and assigns, or any body, agency or instrumentality of the State of Illinois succeeding to or charged with the powers, duties and functions of the Issuer.

“Management or Service Agreement” means a legal agreement defined in Regulations § 1.141-3(b) as a management, service, or incentive payment contract with an entity that provides services involving all or a portion of any function of the Financed Facility, such as a contract to manage the entire Financed Facility or a portion of the Financed Facility. However, contracts for services that are solely incidental to the primary governmental function of the Financed Facility (for example, contracts for janitorial, office equipment repair, billing or similar services) are not treated as Management or Service Agreements.

“Measurement Period” means, with respect to each item of property financed as part of the Financed Facility with proceeds of the Original Obligations, the period beginning on the later of (a) the issue date of the Original Obligations or (b) the date the property was or will be placed in service, and ending on the earlier of (i) the final maturity date of the Bonds or (ii) the end of the expected economic useful life of the property.

“Minor Portion” means the lesser of \$100,000 or 5% of the sale proceeds of the Bonds.

“Net Proceeds” means when used in reference to the Bonds, the sale proceeds (excluding pre-issuance accrued interest), less an allocable share of any proceeds deposited in a reasonably required reserve or replacement fund, plus an allocable share of all Investment earnings on such sale proceeds.

“Non-Qualified Use” means use of Bond proceeds or the Financed Facility in a trade or business carried on by any Non-Qualified User. The rules set out in Regulations § 1.141-3 determine whether Bond proceeds or the Financed Facility are “used” in a trade or business. Generally, ownership, a lease, or any other use that grants a Non-Qualified User a special legal right or entitlement with respect to the Financed Facility, will constitute use under Regulations § 1.141-3.

“Non-Qualified User” means any person or entity other than a Qualified User.

“Opinion of Bond Counsel” means the written opinion of Bond Counsel to the effect that the proposed action or the failure to act will not adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

“Ordinance” means the ordinance adopted by the City Council of the Issuer on June 21, 2021, which authorized the issuance of the Bonds.

“Original Obligations” means the Series 2013 Bonds, which was the first issue of tax-advantaged governmental bonds that financed or refinanced a portion of the Financed Facility.

“Post-Issuance Tax Requirements” means those requirements related to the use of proceeds of the Bonds, the use of the Financed Facility and the investment of Gross Proceeds after the Issue Date.

“Project” means all of the property acquired, developed, constructed, renovated, and equipped by the Issuer using proceeds of the Original Obligations and Qualified Equity, all as described on **Exhibit C**.

“Qualified Equity” means funds that are not derived from proceeds of a tax-exempt financing that are spent on the Project at any time during the period beginning not earlier than the later of (a) 60 days prior to the date of passage of a reimbursement resolution or (b) three years prior to the Issue Date, and ending not later than the date the Project is capable of and actually used at substantially its designed level. Qualified Equity excludes an ownership interest in real property or tangible personal property.

“Qualified Use Agreement” means any of the following:

(1) A lease or other short-term use by members of the general public who occupy the Financed Facility on a short-term basis in the ordinary course of the Issuer’s governmental purposes.

(2) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 200 days in length pursuant to an arrangement whereby (a) the use of the Financed Facility under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business and (b) the compensation for the use is determined based on generally applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(3) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 100 days in length pursuant to arrangements whereby (a) the use of the property by the person would be general public use but for the fact that generally applicable and uniformly applied rates are not reasonably available to natural persons not engaged in a trade or business, (b) the compensation for the use under the arrangement is determined based on applicable, fair market value rates that are in effect at the time the agreement is entered into or renewed, and (c) the Financed Facility was not constructed for a principal purpose of providing the property for use by that Qualified User or Non-Qualified User. Any Qualified User or Non-Qualified User using all or any portion of the Financed Facility under this type of arrangement may have a right of first refusal to renew the agreement at rates generally in effect at the time of the renewal.

(4) Agreements with Qualified Users or Non-Qualified Users to use all or a portion of the Financed Facility for a period up to 50 days in length pursuant to a negotiated arm's-length arrangement at fair market value so long as the Financed Facility was not constructed for a principal purpose of providing the property for use by that person.

“Qualified User” means a State, territory, possession of the United States, the District of Columbia, or any political subdivision thereof, or any instrumentality of such entity, but it does not include the United States or any agency or instrumentality of the United States.

“Refunded Obligations” means the Series 2013 Bonds maturing on October 1 in the years 2021 and thereafter, outstanding in the aggregate principal amount of \$1,985,000.

“Regulations” means all Regulations issued by the U.S. Treasury Department to implement the provisions of Code §§ 103 and 141 through 150 and applicable to the Bonds.

“Series 2013 Bonds” means the Issuer's \$2,745,000 original principal amount of General Obligation Sewerage System Bonds (Alternate Revenue Source), Series 2013, issued on October 30, 2013, the proceeds of which were used to finance new money capital expenditures.

“Tax Certificate” means this Federal Tax Certificate as it may from time to time be amended and supplemented in accordance with its terms.

“Tax Compliance Procedure” means the Issuer's Tax-Exempt Financing Compliance Procedure dated March 19, 2012, a copy of which is attached hereto as **Exhibit E**.

“Tax-Advantaged Bond File” means documents and records for the Bonds and the Original Obligations maintained by the Bond Compliance Officer pursuant to the Tax Compliance Procedure.

“Transcript” means the Transcript of Proceedings relating to the authorization and issuance of the Bonds.

“Underwriter” means Commerce Bank, Kansas City, Missouri, as the underwriter of the Bonds.

“Yield” means yield on the Bonds, computed under Regulations § 1.148-4, and yield on an Investment, computed under Regulations § 1.148-5.

ARTICLE II

GENERAL REPRESENTATIONS AND COVENANTS

Section 2.1. Representations and Covenants of the Issuer. The Issuer represents and covenants as follows:

(a) *Organization and Authority.* The Issuer (1) is a political subdivision organized and existing under the laws of the State of Illinois, (2) has lawful power and authority to issue the Bonds for the purposes set forth in the Ordinance, to adopt the Ordinance, to enter into, execute and deliver the Bonds and this Tax Certificate and to carry out its obligations under this Tax Certificate and under such documents, and (3) by all necessary action has been duly authorized to execute and deliver the Bonds and this Tax Certificate, acting by and through its duly authorized officials.

(b) *Tax-Exempt Status of Bonds—General Covenant and Allocation of Proceeds to Project.*

(1) The Issuer (to the extent within its power or direction) will not use any money on deposit in any fund or account maintained in connection with the Bonds, whether or not such money was derived from the proceeds of the sale of the Bonds or from any other source, in a manner that would cause the Bonds to be “arbitrage bonds,” within the meaning of Code § 148, and will not (to the extent within its power or direction) otherwise use or permit the use of any Bond proceeds or any other funds of the Issuer, directly or indirectly, in any manner, or take or permit to be taken any other action or actions, that would cause interest on the Bonds to be included in gross income for federal income tax purposes.

(2) The Issuer financed the Project with proceeds of the Original Obligations and Qualified Equity. For purposes of the covenants in this **Section 2.1** relating to Non-Qualified Use of the Project, any Non-Qualified Use shall be treated as first allocated entirely to the portion of the Project financed with Qualified Equity, and then, but only to the extent of any excess Non-Qualified Use, to the portion of the Project financed by the Original Obligations (that is, the Financed Facility).

(c) *Governmental Obligations—Use of Proceeds.* Throughout the Measurement Period, (1) all of the Financed Facility has been and is expected to be owned by the Issuer or another Qualified User, (2) no portion of the Financed Facility has been or is expected to be used in a Non-Qualified Use, and (3) the Issuer will not permit any Non-Qualified Use of the Financed Facility without first obtaining an Opinion of Bond Counsel.

(d) *Governmental Obligations—Private Security or Payment.* As of the Issue Date, the Issuer expects that none of the principal and interest on the Bonds will be, and the payment of principal of and interest on the Refunded Obligations has not been (under the terms of the Bonds or any underlying arrangement), directly or indirectly:

(1) secured by (i) any interest in property used or to be used for a Non-Qualified Use, or (ii) any interest in payments in respect of such property; or

(2) derived from payments (whether or not such payments are made to the Issuer) in respect of property, or borrowed money, used or to be used for a Non-Qualified Use.

For purposes of the foregoing, taxes of general application, including payments in lieu of taxes, are not treated as private payments or as private security. The Issuer will not permit any private security or payment with respect to the Bonds without first obtaining an Opinion of Bond Counsel.

(e) *No Private Loan.* Not more than 5% of the net proceeds of the Bonds will be loaned directly or indirectly to any Non-Qualified User.

(f) *Management or Service Agreements.* As of the Issue Date, the Issuer has no Management or Service Agreements with Non-Qualified Users. During the Measurement Period the Issuer has not and will not enter into or renew any Management or Service Agreement with any Non-Qualified User without first consulting with Bond Counsel.

(g) *Leases.* As of the Issue Date, the Issuer has not entered into any leases of any portion of the Financed Facility other than Qualified Use Agreements during the Measurement Period. During the

Measurement Period the Issuer has not and will not enter into or renew any lease or similar agreement or arrangement other than a Qualified Use Agreement without first consulting with Bond Counsel.

(h) *Limit on Maturity of Bonds.* A list of the assets included in the Project and a computation of the “average reasonably expected economic life” is attached to this Tax Certificate as **Exhibit C**. Based on this computation, the “average maturity” of the Bonds as computed by Bond Counsel, does not exceed the average reasonably expected economic life of the Financed Facility, as such terms are used in Code § 147(b). The “average reasonably expected economic life” of the Project was determined as follows: the average economic life of the Financed Facility as of the issue date of the Original Obligations was first multiplied by 120%, then reduced by the number of years elapsed from the issue date of the Original Obligations to the Issue Date.

(i) *Expenditure of Bond Proceeds.*

(1) The Issuer evidenced each allocation of the proceeds of the Original Obligations and Qualified Equity for the Project to an expenditure in writing. No allocation was made more than 18 months following the later of (i) the date of the expenditure or (ii) the date the Financed Facility was placed in service.

(2) No portion of the Net Proceeds of the Original Obligations was used to reimburse the Issuer for expenditures of the Financed Facility made before the issue date of the Original Obligations, unless such reimbursement met the requirements of Regulations § 1.150-2. The Issuer evidenced each allocation of the proceeds of the Original Obligations to an expenditure in writing.

(j) *Registration Requirement.* The Ordinance requires that all the Bonds will be issued and held in registered form within the meaning of Code § 149(a).

(k) *No Federal Guarantee.* The Issuer will not take any action or permit any action to be taken which would cause any Bond to be “federally guaranteed” within the meaning of Code § 149(b).

(l) *IRS Form 8038-G.* Bond Counsel will prepare Form 8038-G (Information Return for Tax-Exempt Governmental Obligations) based on the representations and covenants of the Issuer contained in this Tax Certificate or otherwise provided by the Issuer. Bond Counsel will sign the return as a paid preparer following completion and will then deliver copies to the Issuer for execution and for the Issuer’s records. The Issuer agrees to timely execute and return to Bond Counsel the execution copy of Form 8038-G for filing with the IRS. An “as-filed” copy of the Form 8038-G, along with proof of filing, will be included as **Exhibit B**.

(m) *Hedge Bonds.* At least 85% of the net sale proceeds (the sale proceeds of the Original Obligations less any sale proceeds invested in a reserve fund) of the Original Obligations were used to carry out the governmental purpose of the Original Obligations within 3 years after the issue date of the Original Obligations, and not more than 50% of the proceeds of the Original Obligations were invested in Investments having a substantially guaranteed Yield for 4 years or more.

(n) *Compliance with Future Tax Requirements.* The Issuer understands that the Code and the Regulations may impose new or different restrictions and requirements on the Issuer in the future. The Issuer will comply with such future restrictions that are necessary to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

(o) *Single Issue; No Other Issues.* The Bonds constitute a single “issue” under Regulations § 1.150-1(c). No other debt obligations of the Issuer (1) are being sold within 15 days of the sale of the Bonds, (2) are being sold under the same plan of financing as the Bonds, and (3) are expected to be paid from substantially the same source of funds as the Bonds (disregarding guarantees from unrelated parties, such as bond insurance).

(p) *Interest Rate Swap.* As of the Issue Date, the Issuer has not entered into an interest rate swap agreement or any other similar arrangement designed to modify its interest rate risk with respect to the Bonds or the Refunded Obligations. The Issuer will not enter into any such arrangement in the future without obtaining an Opinion of Bond Counsel.

(q) *Guaranteed Investment Contract.* As of the Issue Date, the Issuer does not expect to enter into a Guaranteed Investment Contract for any Gross Proceeds of the Bonds. The Issuer will be responsible for complying with **Section 4.4(d)** if it decides to enter into a Guaranteed Investment Contract at a later date.

(r) *Bank Qualified Tax-Exempt Obligation.* The Issuer designates the Bonds as “qualified tax-exempt obligations” under Code § 265(b)(3), and with respect to this designation certifies as follows:

(1) the Issuer reasonably anticipates that the amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) that will be issued by or on behalf of the Issuer (and all subordinate entities of the Issuer) during the calendar year that the Bonds are issued, including the Bonds, will not exceed \$10,000,000; and

(2) the Issuer (including all subordinate entities of the Issuer) will not issue tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) during the calendar year that the Bonds are issued, including the Bonds, in an aggregate principal amount or aggregate issue price in excess of \$10,000,000, without first obtaining an Opinion of Bond Counsel that the designation of the Bonds as “qualified tax-exempt obligations” will not be adversely affected.

Section 2.2. Survival of Representations and Covenants. All representations, covenants and certifications contained in this Tax Certificate or in any certificate or other instrument delivered by the Issuer under this Tax Certificate, will survive the execution and delivery of such documents and the issuance of the Bonds, as representations of facts existing as of the date of execution and delivery of the instruments containing such representations. The foregoing covenants of this Section will remain in full force and effect notwithstanding the defeasance of the Bonds.

ARTICLE III

ARBITRAGE CERTIFICATIONS AND COVENANTS

Section 3.1. General. The purpose of this **Article III** is to certify, under Regulations § 1.148-2(b), the Issuer’s expectations as to the sources, uses and investment of Bond proceeds and other money, in order to support the Issuer’s conclusion that the Bonds are not arbitrage bonds. The individuals executing this Tax Certificate on behalf of the Issuer are officers of the Issuer responsible for issuing the Bonds.

Section 3.2. Reasonable Expectations. The facts, estimates and expectations set forth in this Article III are based upon and in reliance upon the Issuer’s understanding of the documents and certificates that comprise the Transcript, and the representations, covenants and certifications of the parties contained therein. To the Issuer’s knowledge, the facts and estimates set forth in this Tax Certificate are accurate, and the expectations of the Issuer set forth in this Tax Certificate are reasonable. The Issuer has no knowledge that would cause it to believe that the representations, warranties and certifications described in this Tax Certificate are unreasonable or inaccurate or may not be relied upon.

Section 3.3. Purposes of the Financing. The Bonds are being issued for the purpose of providing funds to refund the Refunded Obligations and pay certain costs of issuing the Bonds. The purpose of refunding the Refunded Obligations is to (a) achieve interest cost savings, (b) reduce the debt service requirements for the next several years, and (c) provide an orderly plan of financing.

Section 3.4. Funds and Accounts. The following funds and accounts have been established or ratified under the Ordinance:

- (a) Sewerage Fund consisting of an Operation and Maintenance Account, Debt Service Account, Depreciation Account and Surplus Account.
- (b) Bond Fund.

In addition, the Escrow Fund and the Costs of Issuance Fund are established in the custody of the Escrow Agent under the Escrow Instructions.

Section 3.5. Amount and Use of Bond Proceeds and Other Money.

(a) *Amount of Bond Proceeds.* The total proceeds to be received by the Issuer from the sale of the Bonds will be as follows:

Principal Amount	\$
Plus Original Issue Premium	
Less Underwriting Discount	_____ ()
Total Proceeds Received by Issuer	<u>\$ _____</u>

(b) *Use of Bond Proceeds and Other Money.* The Bond proceeds, together with other legally available funds of the Issuer, are expected to be allocated to expenditures as follows:

(1) The sum of \$ _____ from the Bond proceeds shall be transferred to the Escrow Agent and deposited in the Costs of Issuance Fund and disbursed to pay the costs of issuing the Bonds, including the fees of attorneys, financial consultants, accountants, rating agencies, printers and others employed to render professional services and other costs, fees and expenses incurred in connection with the issuance of the Bonds. Any of such money not used for such purpose shall be applied to the payment of interest due on the Bonds on April 1, 2022.

(2) The sum of \$ _____ (consisting of \$ _____ from the proceeds of the sale of the Bonds and \$ _____ of other legally available funds of the Issuer) shall be transferred to the Escrow Agent and deposited in the Escrow Fund for payment of the principal of and interest on the Refunded Obligations on October 1, 2021, the redemption date of the Refunded Obligations.

Section 3.6. [Reserved.]

Section 3.7. Current Refunding.

(a) *Proceeds Used For Current Refunding.* Proceeds of the Bonds will be used to pay principal and interest on the Refunded Obligations on October 1, 2021, which is not later than 90 days after the Issue Date. No proceeds of the Bonds will be used more than 90 days following the Issue Date to pay principal or interest on any other debt obligation.

(b) *Transferred Proceeds.* There are no unspent proceeds (sale proceeds, Investment proceeds or transferred proceeds) of the Refunded Obligations. Therefore there are no transferred proceeds of the Bonds.

Section 3.8. Project Completion. The Financed Facility has previously been completed.

Section 3.9. Sinking Funds. The Issuer is required to make periodic payments in amounts sufficient to pay the principal of and interest on the Bonds. Such payments will be deposited into the Debt Service Fund. Except for the Debt Service Fund, no sinking fund or other similar fund that is expected to be used to pay principal of or interest on the Bonds has been established or is expected to be established. The Debt Service Fund is used primarily to achieve a proper matching of revenues with principal and interest payments on the Bonds within each Bond Year, and the Issuer expects that the Debt Service Fund will qualify as a Bona Fide Debt Service Fund.

Section 3.10. Reserve, Replacement and Pledged Funds.

(a) *Debt Service Reserve Fund.* No reserve or replacement fund has been established for the Bonds.

(b) *No Other Replacement or Pledged Funds.* None of the Bond proceeds will be used as a substitute for other funds that were intended or earmarked to pay costs of the Financed Facility or refund the Refunded Obligations, and that instead has been or will be used to acquire higher yielding Investments. Except for the Debt Service Fund, there are no other funds pledged or committed in a manner that provides a reasonable assurance that such funds would be available for payment of the principal of or interest on the Bonds if the Issuer encounters financial difficulty.

Section 3.11. Purpose Investment Yield. The proceeds of the Bonds will not be used to purchase an Investment for the purpose of carrying out the governmental purpose of the financing.

Section 3.12. Issue Price and Yield on Bonds.

(a) *Issue Price.* Based on the Underwriter's certifications in the Purchaser's Receipt for Bonds and Closing Certificate, the Issuer hereby elects to establish the issue prices of the Bonds pursuant to Regulations § 1.148-1(f)(2)(i) (relating to the so-called "general rule"). Therefore, the aggregate issue price of the Bonds for such purpose is \$ _____.

(b) *Bond Yield.* Based on the issue price, the Yield on the Bonds is _____%, as computed by Bond Counsel as shown on **Exhibit A**. The Issuer has not entered into an interest rate swap agreement with respect to any portion of the proceeds of the Bonds.

Section 3.13. Miscellaneous Arbitrage Matters.

(a) *No Abusive Arbitrage Device.* The Bonds are not and will not be part of a transaction or series of transactions that has the effect of (1) enabling the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, and (2) overburdening the tax-exempt bond market.

(b) *No Over-Issuance.* The sale proceeds of the Bonds, together with expected Investment earnings thereon, do not exceed the cost of the governmental purpose of the Bonds as described above.

Section 3.14. Conclusion. On the basis of the facts, estimates and circumstances set forth in this Tax Certificate, the Issuer does not expect that the Bond proceeds will be used in a manner that would cause any Bond to be an “arbitrage bond” within the meaning of Code § 148 and the Regulations.

ARTICLE IV

POST-ISSUANCE TAX REQUIREMENTS, POLICIES AND PROCEDURES

Section 4.1. General.

(a) *Purpose of Article.* The purpose of this Article is to supplement the Tax Compliance Procedure and to set out specific policies and procedures governing compliance with the federal income tax requirements that apply after the Bonds are issued. The Issuer recognizes that interest on the Bonds will remain excludable from gross income only if the Post-Issuance Tax Requirements are followed after the Issue Date. The Issuer further acknowledges that written evidence substantiating compliance with the Post-Issuance Tax Requirements must be retained in order to permit the Bonds to be refinanced with tax-exempt obligations and substantiate the position that interest on the Bonds is exempt from gross income in the event of an audit of the Bonds by the IRS.

(b) *Written Policies and Procedures of the Issuer.* The Issuer intends for the Tax Compliance Procedure, as supplemented by this Tax Certificate, to be its primary written policies and procedures for monitoring compliance with the Post-Issuance Tax Requirements for the Bonds and to supplement any other formal policies and procedures related to tax compliance that the Issuer has established. The provisions of this Tax Certificate are intended to be consistent with the Tax Compliance Procedure. In the event of any inconsistency between the Tax Compliance Procedure and this Tax Certificate, the terms of this Tax Certificate will govern.

(c) *Bond Compliance Officer.* The Issuer when necessary to fulfill its Post-Issuance Tax Requirements will, through its Bond Compliance Officer, sign Form 8038-T in connection with the payment of arbitrage rebate or yield reduction amounts, participate in any federal income tax audit of the Bonds or related proceedings under a voluntary compliance agreement procedures (VCAP) or undertake a remedial action procedure pursuant to Regulations § 1.141-12. In each case, all costs and expenses incurred by the Issuer shall be treated as a reasonable cost of administering the Bonds and the Issuer shall be entitled to reimbursement and recovery of its costs to the same extent as provided in the Ordinance or State law.

Section 4.2. Record Keeping; Use of Bond Proceeds and Use of Financed Facility.

(a) *Record Keeping.* The Bond Compliance Officer will maintain the Tax-Advantaged Bond File for the Bonds in accordance with the Tax Compliance Procedure. Unless otherwise specifically instructed in a written Opinion of Bond Counsel or to the extent otherwise provided in this Tax Certificate, the Bond Compliance Officer shall retain records related to the Post-Issuance Tax Requirements until 3 years following the final maturity of (1) the Bonds or (2) any obligation issued to refund the Bonds. Any records maintained electronically must comply with Section 4.01 of Revenue Procedure 97-22, which generally provides that an electronic storage system must (A) ensure an accurate and complete transfer of the hardcopy records which indexes, stores, preserves, retrieves and reproduces the electronic records, (B) include reasonable controls to ensure integrity, accuracy and reliability of the electronic storage system and to prevent unauthorized alteration or deterioration of electronic records, (C) exhibit a high degree of legibility and readability both electronically and in hardcopy, (D) provide support for other books and records of the Issuer and (E) not be subject to any agreement that would limit the ability of the IRS to access and use the electronic storage system on the Issuer's premises.

(b) *Accounting and Allocation of Bond Proceeds and Qualified Equity to Expenditures.* Proceeds of the Bonds will be used as described in **Sections 3.5** and **3.7**. The Bond Compliance Officer will maintain accounting records showing the investment and expenditure of this money as part of the Tax-Advantaged Bond File. The Bond Compliance Officer has prepared written substantiation records of the allocation of proceeds of the Original Obligations and Qualified Equity to the Financed Facility through requisitions from the project fund established under the ordinance authorizing the Original Obligations. This allocation is maintained by the Bond Compliance Officer as part of the Tax-Advantaged Bond File, a summary of which is attached as **Exhibit C**.

(c) *Annual Compliance Checklist.* Attached as **Exhibit D** is a sample Annual Compliance Checklist for the Bonds. The Bond Compliance Officer will prepare and complete an Annual Compliance Checklist for the Financed Facility at least annually in accordance with the Tax Compliance Procedure. In the event the Annual Compliance Checklist identifies a deficiency in compliance with the requirements of this Tax Certificate, the Bond Compliance Officer will take the actions identified in an Opinion of Bond Counsel or the Tax Compliance Procedure to correct any deficiency.

(d) *Opinions of Bond Counsel.* The Bond Compliance Officer is responsible for obtaining and delivering to the Issuer any Opinion of Bond Counsel required under the provisions of this Tax Certificate, including any Opinion of Bond Counsel required by this Tax Certificate or the Annual Compliance Checklist.

Section 4.3. Temporary Periods/Yield Restriction. Except as described below, the Issuer will not invest Gross Proceeds at a Yield greater than the Yield on the Bonds:

(a) *Costs of Issuance Fund.* Amounts held in the Costs of Issuance Fund may be invested without Yield restriction for 13 months.

(b) *Escrow Fund.* Amounts held in the Escrow Fund may be invested without Yield restriction for up to 90 days after the Issue Date.

(c) *Debt Service Fund.* To the extent that the Debt Service Fund qualifies as a Bona Fide Debt Service Fund, money in such account may be invested without Yield restriction for 13 months after the date of deposit. Earnings on such amounts may be invested without Yield restriction for 1 year after the date of receipt of such earnings.

(d) *Minor Portion.* In addition to the amounts described above, Gross Proceeds not exceeding the Minor Portion may be invested without Yield restriction.

Section 4.4. Procedures for Establishing Fair Market Value.

(a) *General.* No Investment may be acquired with Gross Proceeds for an amount (including transaction costs) in excess of the fair market value of such Investment, or sold or otherwise disposed of for an amount (including transaction costs) less than the fair market value of the Investment. The fair market value of any Investment is the price a willing buyer would pay to a willing seller to acquire the Investment in a bona fide, arm's-length transaction. Fair market value will be determined in accordance with Regulations § 1.148-5.

(b) *Established Securities Market.* Except for Investments purchased for a Yield-restricted defeasance escrow, if an Investment is purchased or sold in an arm's-length transaction on an established securities market (within the meaning of Code § 1273), the purchase or sale price constitutes the fair market value. Where there is no established securities market for an Investment, market value must be established using 1 of the paragraphs below. The fair market value of Investments purchased for a Yield-restricted defeasance escrow must be determined in a bona fide solicitation for bids that complies with Regulations § 1.148-5.

(c) *Certificates of Deposit.* The purchase price of a certificate of deposit (a "CD") is treated as its fair market value on the purchase date if (1) the CD has a fixed interest rate, a fixed payment schedule, and a substantial penalty for early withdrawal, (2) the Yield on the CD is not less than the Yield on reasonably comparable direct obligations of the United States, and (3) the Yield is not less than the highest Yield published or posted by the CD issuer to be currently available on reasonably comparable CDs offered to the public.

(d) *Guaranteed Investment Contracts.* The purchase price of a Guaranteed Investment Contract is treated as its fair market value on the purchase date if all of the following requirements are met:

(1) Bona Fide Solicitation for Bids. The Issuer makes a bona fide solicitation for the Guaranteed Investment Contract, using the following procedures:

(A) The bid specifications are in writing and are timely forwarded to potential providers, or are made available on an internet website or other similar electronic media that is regularly used to post bid specifications to potential bidders. A writing includes a hard copy, a fax, or an electronic e-mail copy.

(B) The bid specifications include all "material" terms of the bid. A term is material if it may directly or indirectly affect the Yield or the cost of the Guaranteed Investment Contract.

(C) The bid specifications include a statement notifying potential providers that submission of a bid is a representation (i) that the potential provider did not consult with any other potential provider about its bid, (ii) that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer or any other person (whether or not in connection with the bond issue), and (iii) that

the bid is not being submitted solely as a courtesy to the Issuer or any other person, for purposes of satisfying the requirements of the Regulations.

(D) The terms of the bid specifications are “commercially reasonable.” A term is commercially reasonable if there is a legitimate business purpose for the term other than to increase the purchase price or reduce the Yield of the Guaranteed Investment Contract.

(E) The terms of the solicitation take into account the Issuer’s reasonably expected deposit and draw-down schedule for the amounts to be invested.

(F) All potential providers have an equal opportunity to bid. If the bidding process affords any opportunity for a potential provider to review other bids before providing a bid, then providers have an equal opportunity to bid only if all potential providers have an equal opportunity to review other bids. Thus, no potential provider may be given an opportunity to review other bids that is not equally given to all potential providers (that is no exclusive “last look”).

(G) At least 3 “reasonably competitive providers” are solicited for bids. A reasonably competitive provider is a provider that has an established industry reputation as a competitive provider of the type of Investments being purchased.

(2) Bids Received. The bids received must meet all of the following requirements:

(A) At least 3 bids are received from providers that were solicited as described above and that do not have a “material financial interest” in the issue. For this purpose, (i) a lead underwriter in a negotiated underwriting transaction is deemed to have a material financial interest in the issue until 15 days after the Issue Date of the issue, (ii) any entity acting as a financial advisor with respect to the purchase of the Guaranteed Investment Contract at the time the bid specifications are forwarded to potential providers has a material financial interest in the issue, and (iii) a provider that is a related party to a provider that has a material financial interest in the issue is deemed to have a material financial interest in the issue.

(B) At least 1 of the 3 bids received is from a reasonably competitive provider, as defined above.

(C) If an agent or broker is used to conduct the bidding process, the agent or broker did not bid to provide the Guaranteed Investment Contract.

(3) Winning Bid. The winning bid is the highest yielding bona fide bid (determined net of any broker’s fees).

(4) Fees Paid. The obligor on the Guaranteed Investment Contract certifies the administrative costs that it pays (or expects to pay, if any) to third parties in connection with supplying the Guaranteed Investment Contract.

(5) Records. The Issuer retains the following records with the Bond documents until 3 years after the last outstanding Bond is redeemed:

(A) A copy of the Guaranteed Investment Contract.

(B) The receipt or other record of the amount actually paid for the Guaranteed Investment Contract, including a record of any administrative costs paid by the Issuer, and the certification as to fees paid, described in paragraph (d)(4) above.

(C) For each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results.

(D) The bid solicitation form and, if the terms of Guaranteed Investment Contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

(e) *Other Investments.* If an Investment is not described above, the fair market value may be established through a competitive bidding process, as follows:

(1) at least 3 bids on the Investment must be received from persons with no financial interest in the Bonds (*e.g.*, as underwriters or brokers); and

(2) the Yield on the Investment must be equal to or greater than the Yield offered under the highest bid.

Section 4.5. Bonds Exempt from the Rebate Requirement.

(a) *The Bonds Qualify as a Rebate-Exempt Small Issue.*

(1) The aggregate face amount of the Bonds does not exceed \$5,000,000;

(2) Each Refunded Obligation was issued as part of an issue that was exempt from arbitrage rebate under the small-issuer exception of Code § 148(f)(4)(D);

(3) The average maturity of the Bonds is not later than the average maturity of the Refunded Obligations; and

(4) No Bond has a maturity date later than 30 years after the issue date of the Original Obligations.

(b) *Conclusion as to Small Issuer Exemption.* Based on these certifications, Bond Counsel has advised the Issuer that the Bonds are exempt from the arbitrage rebate requirements of Code § 148(f), under the small-issuer exception set forth in Code § 148(f)(4)(D).

Section 4.6. Filing Requirements. The Issuer will file or cause to be filed with the IRS such reports or other documents as are required by the Code in accordance with an Opinion of Bond Counsel.

ARTICLE V

MISCELLANEOUS PROVISIONS

Section 5.1. Term of Tax Certificate. This Tax Certificate will be effective concurrently with the issuance and delivery of the Bonds and will continue in force and effect until the principal of, redemption premium, if any, and interest on all Bonds have been fully paid and all such Bonds are cancelled; provided that, the provisions of **Article IV** of this Tax Certificate regarding payment of arbitrage rebate and yield reduction amounts and all related penalties and interest will remain in effect until all such amounts are paid to the United States and the provisions of **Section 4.2** hereof relating to record keeping shall continue in force for the period described therein for records to be retained.

Section 5.2. Amendments. This Tax Certificate may be amended from time to time by the parties to this Tax Certificate without notice to or the consent of any of the Bondowners, but only if such amendment is in writing and is accompanied by an Opinion of Bond Counsel to the effect that, under then existing law, assuming compliance with this Tax Certificate as so amended such amendment will not cause interest on any Bond to be included in gross income for federal income tax purposes. No such amendment will become effective until the Issuer receives this Opinion of Bond Counsel.

Section 5.3. Opinion of Bond Counsel. The Issuer may deviate from the provisions of this Tax Certificate if furnished with an Opinion of Bond Counsel to the effect that the proposed deviation will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. The Issuer will comply with any further or different instructions provided in an Opinion of Bond Counsel to the effect that the further or different instructions need to be complied with in order to maintain the validity of the Bonds or the exclusion from gross income of interest on the Bonds.

Section 5.4. Reliance. In delivering this Tax Certificate the Issuer is making only those certifications, representations and agreements as are specifically attributed to it in this Tax Certificate. The Issuer is not aware of any facts or circumstances which would cause it to question the accuracy of the facts, circumstances, estimates or expectations of any other party providing certifications as part of this Tax Certificate and, to the best of its knowledge, those facts, circumstances, estimates and expectations are reasonable. The Issuer understands that its certifications will be relied upon by the law firm of Gilmore & Bell, P.C., in rendering its opinion as to the validity of the Bonds and the exclusion from federal gross income of the interest on the Bonds.

Section 5.5. Severability. If any provision in this Tax Certificate or in the Bonds is determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not be affected or impaired.

Section 5.6. Benefit of Agreement. This Tax Certificate is binding upon the Issuer its respective successors and assigns, and inures to the benefit of the parties to this Tax Certificate and the owners of the Bonds. Nothing in this Tax Certificate or in the Ordinance or the Bonds, express or implied, gives to any person, other than the parties to this Tax Certificate, their successors and assigns, and the owners of the Bonds, any benefit or any legal or equitable right, remedy or claim under this Tax Certificate.

Section 5.7. Default, Breach and Enforcement. Any misrepresentation of a party contained herein or any breach of a covenant or agreement contained in this Tax Certificate may be pursued by the Bondowners pursuant to the terms of the Ordinance or any other document which references this Tax Certificate and gives remedies for a misrepresentation or breach thereof.

Section 5.8. Execution in Counterparts. This Tax Certificate may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all such counterparts will together constitute the same instrument.

Section 5.9. Governing Law. This Tax Certificate will be governed by and construed in accordance with the laws of the State of Illinois.

Section 5.10. Electronic Transactions. The transaction described in this Tax Certificate may be conducted, and related documents may be sent, received or stored, by electronic means.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the undersigned, by their execution of this Tax Certificate, hereby make the foregoing certifications, representations, and agreements contained in this Tax Certificate on behalf of the Issuer as of the Issue Date.

CITY OF HIGHLAND, ILLINOIS

By: _____
Title: Mayor

By: _____
Title: Bond Compliance Officer

EXHIBIT A

DEBT SERVICE SCHEDULE AND PROOF OF BOND YIELD

EXHIBIT B

IRS FORM 8038-G

EXHIBIT C

DESCRIPTION OF PROPERTY COMPRISING THE PROJECT

EXHIBIT D

SAMPLE ANNUAL COMPLIANCE CHECKLIST

Name of tax-exempt bonds (“Bonds”) financing Financed Asset:	General Obligation Sewerage System Refunding Bonds (Alternate Revenue Source), Series 2021
Issue Date of Bonds:	July 6, 2021
Placed in service date of Project Facility:	
Name of Bond Compliance Officer:	Director of Finance
Period covered by request (“Annual Period”):	

Item	Question	Response
1 Ownership	Was the entire Project Facility owned by the Issuer during the entire Annual Period?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “No,” was advice of Bond Counsel obtained prior to the transfer? If Yes, include a description of the advice in the Tax-Advantaged Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Advantaged Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

2 Leases & Other Rights to Possession	During the Annual Period, was any part of the Project Facility leased at any time pursuant to a lease or similar agreement for more than 50 days?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was “Yes,” was advice of Bond Counsel obtained prior to entering into the lease or other arrangement? If Yes, include a description of the advice in the Tax-Advantaged Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Advantaged Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

Item	Question	Response
3 Management or Service Agreements	During the Annual Period, has the management of all or any part of the operations of the Financed Asset been assumed by or transferred to another entity?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "Yes," was advice of Bond Counsel obtained prior to entering into the Management or Service Agreement? If Yes, include a description of the advice in the Tax-Advantaged Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Advantaged Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No
4 Other Use	Was any other agreement entered into with an individual or entity that grants special legal rights to the Financed Asset?	<input type="checkbox"/> Yes <input type="checkbox"/> No
	If answer above was "Yes," was advice of Bond Counsel obtained prior to entering into the agreement? If Yes, include a description of the advice in the Tax-Advantaged Bond File. If No, contact Bond Counsel and include description of resolution in the Tax-Advantaged Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No
5 Arbitrage & Rebate	Has the Issuer set aside money in any fund or account in excess of an amount needed to pay debt service on the Bonds within the next 12 months (i.e. more than one year of debt service is pre-funded)? If Yes, contact Rebate Analyst and incorporate report or include description of resolution in the Tax-Advantaged Bond File.	<input type="checkbox"/> Yes <input type="checkbox"/> No

Bond Compliance Officer: _____

Date Completed: _____

EXHIBIT E
TAX COMPLIANCE PROCEDURE

GILMORE & BELL, P.C.
DRAFT 2 – MAY 14, 2021
FOR DISCUSSION PURPOSES ONLY

\$1,845,000
CITY OF HIGHLAND, ILLINOIS
GENERAL OBLIGATION SEWERAGE SYSTEM REFUNDING BONDS
(ALTERNATE REVENUE SOURCE)
SERIES 2021

June 21, 2021

BOND PURCHASE AGREEMENT

Mayor and City Council
City of Highland
1115 Broadway
Highland, Illinois 62249-0218

Ladies and Gentlemen:

The undersigned, Commerce Bank, Kansas City, Missouri, (the “**Underwriter**”), hereby offers to purchase from the City of Highland, Illinois (the “**City**”), a political subdivision of the State of Illinois (the “**State**”), \$1,845,000 aggregate principal amount of General Obligation Sewerage System Refunding Bonds (Alternate Revenue Source), Series 2021 (the “**Bonds**”). The issuance and sale of the Bonds is authorized by an ordinance adopted by the City Council of the City on June 21, 2021 (the “**Ordinance**”). Capitalized terms not otherwise defined herein have the meaning given such terms in the Ordinance.

The Bonds are to be issued by the City pursuant to and in accordance with the provisions of the laws of the State, including Illinois Municipal Code and the Local Government Debt Reform Act of the State and all laws amendatory thereof and supplementary thereto (collectively, the “**Act**”). The Bonds are being issued to (1) refund all of the City’s outstanding General Obligation Sewerage System Bonds (Alternate Revenue Source), Series 2013, and (2) pay costs associated with the issuance of the Bonds.

The Bonds will be general obligations of the City payable solely from and secured as to the payment of principal and interest by (i) a pledge of the Net Revenues derived by the City from the operation of the City’s sewerage system and (ii) ad valorem taxes levied against all of the taxable property in the City without limitation as to rate or amount.

The Bonds shall mature on the dates in the years and in the amounts, and shall bear interest at the rates per annum, set forth in **Schedule I** hereto.

This offer is made subject to your acceptance of this Bond Purchase Agreement on or before 11:59 p.m., Central Standard Time, on June 21, 2021. Upon your acceptance of the offer, the following agreement will be binding upon you and the Underwriter.

The words “Transaction Documents” when used herein shall mean, individually and collectively, the following: the Bonds; the Ordinance; this Bond Purchase Agreement; the Continuing Disclosure Undertaking

of the City relating to the Bonds (the “**Continuing Disclosure Undertaking**”); the Preliminary Official Statement (as defined herein); the Official Statement (as defined herein); and any and all other documents or instruments that evidence or are a part of the transactions referred to herein or in the Official Statement or contemplated hereby or by the Official Statement; provided, however, that when the words “Transaction Documents” are used in the context of the authorization, execution, delivery, approval or performance of Transaction Documents by a party hereto, the same shall mean only those Transaction Documents that provide for or contemplate authorization, execution, delivery, approval or performance by such party.

1. Purchase of Bonds. Upon the terms and conditions and upon the basis of the respective representations, warranties and covenants hereinafter set forth, the Underwriter hereby agrees to purchase from the City, and the City hereby agrees to sell to the Underwriter, all (but not less than all) of the Bonds at a purchase price of \$ _____ (which is equal to the aggregate principal amount of the Bonds, plus an original issue premium of \$ _____, less an underwriting discount of \$ _____).

The City acknowledges and agrees that (i) the primary role of the Underwriter is to purchase securities pursuant to this Bond Purchase Agreement, for resale to investors, in an arm’s-length commercial transaction between the City and the Underwriter and the Underwriter has financial and other interests that differ from those of the City, (ii) the Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the City and has not assumed an advisory or fiduciary responsibility to the City with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the City on other matters), (iii) the only obligations the Underwriter has to the City with respect to the transaction contemplated hereby are expressly as set forth in this Bond Purchase Agreement, and (iv) the City has consulted its own financial and/or municipal, legal, accounting, tax, and other advisors, as applicable, to the extent it has deemed appropriate.

2. Public Offering. The Underwriter intends to make a bona fide initial public offering of all of the Bonds at prices no higher than set forth on **Schedule I**; provided, however, that the Underwriter reserves the right to lower such initial offering prices as it deems necessary in connection with the marketing of the Bonds. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the initial offering price or prices set forth in **Schedule I**. The Underwriter also reserves the right to (i) over-allot or effect transactions which stabilize or maintain the market price of the Bonds at levels above those that might otherwise prevail in the open market and (ii) discontinue such stabilizing, if commenced, at any time without prior notice.

In conjunction with (i) an audit or inquiry by the Internal Revenue Service (the “**IRS**”) or the Securities and Exchange Commission (the “**SEC**”) relating to the pricing of the Bonds, or (ii) the implementation of future regulation or similar guidance from the IRS, the SEC or other federal or state regulatory authority regarding the retention of pricing data for the Bonds, at the request of the City, the Underwriter will provide information explaining the factual basis for the Underwriter’s representations in the Underwriter’s Receipt for Bonds and Closing Certificate relating to the pricing of the Bonds, other than information that would identify customers (e.g., name or account number). This agreement by the Underwriter to provide such information will continue to apply after the Closing Time (as defined herein) but shall not extend to any customer data or other confidential or proprietary information of the Underwriter.

3. Establishment of Issue Price for the Bonds.

For purposes of this section the following definitions shall apply:

“Effective Time” means the time on the Sale Date that this Bond Purchase Agreement to purchase the Bonds becomes enforceable.

“Holding Period” means with respect to each Undersold Maturity the period beginning on the Sale Date and ending on the earlier of the following:

- (A) the close of the fifth (5th) business day after the Sale Date; or
- (B) the date and time at which the Underwriter has sold at least 10% of that Undersold Maturity of the Bonds to the Public at one or more prices that are no higher than the Initial Offering Price.

“Initial Offering Price” means the price listed on **Schedule I** for each Maturity.

“Maturity” means Bonds with the same credit and payment terms; Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

“Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriting Firm or a related party to an Underwriting Firm. An Underwriting Firm and a person are related if it and the person are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

“Sale Date” means the date of execution of this Bond Purchase Agreement.

“Undersold Maturity” or “Undersold Maturities” means any Maturity for which less than 10% of the principal amount of Bonds of that Maturity have been sold.

“Underwriting Firm” means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) of this definition to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The Underwriter represents and agrees as follows:

- (a) As of the Effective Time all of the Bonds have been the subject of an initial offering to the Public.
- (b) As of the Effective Time none of the Bonds have been sold to any person at a price higher than the Initial Offering Price for that Maturity.

(c) For any Undersold Maturity, during the Holding Period each Underwriting Firm agrees it will not offer nor sell any of the Undersold Maturities to the Public at a price that is higher than the respective Initial Offering Price for that Undersold Maturity.

(d) Any separate agreement among any Underwriting Firm related to the sale of an Undersold Maturity during the Holding Period does or shall contain the agreement referenced in (c) above.

(e) The Underwriter agrees to assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City at Closing an “issue price” or similar certificate, together with the supporting pricing wires or equivalent communications, in the reasonable judgment of the Underwriter, the City and Bond Counsel, to demonstrate, as applicable, the sales price or prices or the initial offering price of the Bonds.

4. Preliminary Official Statement and Official Statement. The City consents to and ratifies the use and distribution by the Underwriter prior to the date upon which the Official Statement is executed and available for distribution, of the Preliminary Official Statement dated June __, 2021 (which, together with the cover page, inside cover page and any exhibits, appendices, maps, pictures, diagrams, reports and statements included therein or attached thereto and any amendments and supplements that may be authorized for use with respect to the Bonds, is herein called the “**Preliminary Official Statement**”), in connection with the public offering of the Bonds. The City further confirms the authority of the Underwriter to use, and consents to the use of, the final Official Statement with respect to the Bonds in connection with the public offering of the Bonds. The City represents and warrants that the Preliminary Official Statement previously furnished to the Underwriter was “deemed final” by the City as of its date, and the City hereby reaffirms that the Preliminary Official Statement is deemed final, for purposes of Rule 15c2-12(b)(1) (the “**Rule**”) promulgated under the Securities Exchange Act of 1934, as amended, except for the omission of certain information permitted to be omitted by the Rule, such as offering prices, interest rates, selling commission, aggregate principal amounts, principal per maturity, delivery dates, ratings, and other terms of the Bonds depending on such matters.

The City hereby agrees to deliver to the Underwriter within seven business days after the date hereof, the Official Statement, dated the date hereof, relating to the Bonds (which, together with the cover page, and all exhibits, appendices, maps, pictures, diagrams, reports and statements included therein or attached thereto and any amendments and supplements that may be authorized for use with respect to the Bonds is herein called the “**Official Statement**”) executed on behalf of the City by a duly authorized officer, in such quantity as the Underwriter may request to enable the Underwriter to provide the Official Statement to potential customers and to comply with any rules of the Municipal Securities Rulemaking Board (the “**MSRB**”) and the Securities and Exchange Commission (the “**SEC**”).

The Preliminary Official Statement and/or the Official Statement may be delivered in printed and/or electronic form to the extent permitted by applicable MSRB rules and as may be agreed to by the City and the Underwriter. If the Official Statement is prepared for distribution in electronic form, the City hereby confirms that it does not object to distribution of the Official Statement in electronic form.

5. City’s Representations and Warranties. The City hereby agrees with, and makes the following representations and warranties to, the Underwriter as of the date hereof and as of the date of the Closing:

(a) Status of the City. The City is, and will be at the Closing, a body corporate and politic and political subdivision of the State created and existing under the laws of the State with the power and authority to (i) operate, repair and maintain its governmental facilities, (ii) execute and

deliver the Transaction Documents, and (iii) carry out and consummate the transactions contemplated by the Transaction Documents.

(b) Authorization to Enter into Transaction Documents. The City is authorized by the laws of the State, including particularly the Act, (i) to issue, sell and deliver the Bonds for the purposes set forth in the opening paragraphs hereof and in the Ordinance, (ii) to adopt the Ordinance and to enter into and perform its obligations under the Transaction Documents, and (iii) to secure the Bonds in accordance with the provisions of the Ordinance.

(c) Official Action. Prior to the Closing, the City shall have duly authorized all necessary action to be taken by it for: (i) the issuance and sale of the Bonds upon the terms set forth herein and in the Official Statement, (ii) the approval, execution, delivery and receipt by the City of the Ordinance, the Bonds, this Bond Purchase Agreement and any and all such other Transaction Documents and/or agreements and documents as may be required to be executed, delivered and received by the City in order to carry out, give effect to, and consummate the transactions contemplated hereby and by the Official Statement, and (iii) the approval of the use of the Official Statement.

(d) Documents Legal, Valid and Binding. This Bond Purchase Agreement constitutes a legal, valid and binding obligation of the City enforceable in accordance with its terms. The Bonds when executed, issued, authenticated, delivered and paid for as herein and in the Ordinance provided and the Transaction Documents when executed will have been duly authorized and issued and will constitute valid and binding obligations of the City enforceable in accordance with their terms (subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar law or laws affecting the enforcement of creditors' rights generally or against municipal corporations such as the City from time to time in effect and further subject to the availability of equitable remedies).

(e) No Conflict or Breach. The City is not in breach of or default in any material respect under (i) any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or (ii) any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice or both, would constitute an event of default under any such instrument; and neither the execution and delivery of any of the Transaction Documents, or the consummation of the transactions contemplated thereby, nor the fulfillment of or compliance with the terms and conditions thereof conflicts with or constitutes a breach of or default under (i) any applicable law, administrative regulation, judgment or decree or (ii) the terms of any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the City is a party or is otherwise subject; nor shall any such execution, delivery, adoption, fulfillment or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the City (i) under the terms of any such law, administrative regulation, judgment or decree or (ii) under the terms of any such loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Transaction Documents.

(f) No Litigation. Except as otherwise set forth in the Official Statement, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body, pending or, to the knowledge of the City, threatened against the City wherein an unfavorable decision, ruling or finding would materially adversely affect (i) the transactions contemplated hereby or by the Official Statement, including the status of the interest on the Bonds as excludable from gross income of the owners thereof for federal income tax purposes, (ii) the validity

or enforceability in accordance with their respective terms of the Bonds, the Ordinance, this Bond Purchase Agreement or any agreement or instrument to which the City is a party, used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement (nor to the best knowledge of the City, is there any basis therefor), (iii) the existence or powers of the City or the titles of its officers to their respective offices, or (iv) the financial condition of the City or the operation by the City of its property.

(g) No Consents or Approvals Required. The City has received all licenses, permits, or other regulatory approvals required (if any) to execute the Transaction Documents and to perform its obligations thereunder and the City is not in material default, and no event has occurred which would constitute or result in a material default under any such licenses, permits or approvals.

(h) Preliminary Official Statement and Official Statement True and Correct. The descriptions and information contained in the Preliminary Official Statement and the Official Statement are and, as of their respective dates and at the Closing shall be, true and correct and do not, and with respect to the Preliminary Official Statement and the Official Statement, as of their respective dates and at the Closing shall not, contain an untrue statement of a material fact and do not, with respect to the Preliminary Official Statement and Official Statement, and at the Closing, shall not omit to state a material fact necessary to make any statement made therein, in light of the circumstances under which it was made, not misleading.

(i) No Default Under Transaction Documents. The execution and delivery by the City of the Bonds, the Transaction Documents and the other documents contemplated hereby and by the Official Statement to be executed and delivered by the City, compliance with the provisions thereof, and the approval of the use of the Official Statement do not conflict with or constitute on the part of the City a breach of or a default under any existing law, court or administrative regulation, decree, order, agreement, resolution, indenture, mortgage or lease by which the City is or may be bound. No event has occurred and is continuing which with the lapse of time or the giving of notice, or both, would constitute a breach of or an event of default by the City under the Transaction Documents.

(j) Application of Bond Proceeds. The City represents and warrants that the proceeds of the Bonds shall be used as provided in the Transaction Documents. The City shall not take or omit to take any action which action or omission shall in any way cause or result in the proceeds from the sale of the Bonds being applied in a manner other than as provided in the Transaction Documents and as described in the Preliminary Official Statement and the Official Statement.

(k) Securities Laws Cooperation. The City agrees to reasonably cooperate with the Underwriter in any endeavor to qualify the Bonds for offering and sale under the securities or “Blue Sky” laws of such jurisdictions of the United States as the Underwriter may request; provided, however, that the City shall not be required with respect to the offer or sale of the Bonds, or otherwise, to file written consent to suit or to file written consent to service of process in any jurisdiction. The City consents to the use of drafts of the Preliminary Official Statement, the Preliminary Official Statement and drafts of the Official Statement prior to the availability of the Official Statement, by the Underwriter in obtaining such qualifications, subject to the right of the City to withdraw such consent for cause by written notice to the Underwriter.

(l) City Certificate. Any certificate signed by an authorized officer of the City and delivered to the Underwriter shall be deemed a representation and warranty by the City to the Underwriter as to the statements made therein.

(m) Financial Statements. The financial statements of the City included as Appendix A to the Preliminary Official Statement and the Official Statement and any other later available unaudited financial data of the City furnished to the Underwriter present fairly the financial position of the City as of the dates indicated and the results of its operations for the periods specified in all material respects for the periods involved except as stated in the notes thereto. The financial statements have been prepared in accordance with principles generally accepted in the United States of America. The City has not since April 30, 2020 incurred any material liabilities and since such date there has been no material adverse change in the financial position of the City or the operation by the City of its property other than as may be set forth in the Preliminary Official Statement and the Official Statement.

Since April 30, 2020, except as described in the Preliminary Official Statement and the Official Statement, there has been no material decrease in the City's fund balances, no increase in short-term debt or long-term debt of the City and no adverse change, or any development involving a prospective adverse change, in or affecting the general affairs, management, properties, financial position, or results of operations of the City, which in any such case is material to the City.

(n) Supplements to Official Statement. If the Official Statement is supplemented or amended pursuant to **subsection (o)** of this section, at the time of such supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subsection) at all times subsequent thereto including the Closing, the information contained in the Official Statement as provided in **subsection (h)** of this section, as so supplemented or amended, shall not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(o) Subsequent Events. If between the date of the Official Statement and the Closing any event shall occur which might or would cause the information contained in the Official Statement to contain an untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the City shall notify the Underwriter thereof, and if in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City shall, at the expense of the City, supplement or amend the Official Statement in a form and in a manner approved by the Underwriter.

(p) Continuing Disclosure. The City will undertake, pursuant to the Ordinance and the Continuing Disclosure Undertaking, to provide certain annual financial information and operating data and notices of the occurrence of certain events. Except as otherwise disclosed in the Preliminary Official Statement and the Official Statement, there have been no instances in the previous five years in which the City failed to comply, in all material respects, with any of its previous continuing disclosure obligations under the Rule.

6. Closing. Prior to or at 11:00 a.m., Central Standard Time, on July 6, 2021, or at such other time or such other date as shall have been mutually agreed upon by the City and the Underwriter (the "**Closing Time**"), the City will deliver, or cause to be delivered, to the Underwriter, the Bonds, in definitive form duly executed and authenticated by U.S. Bank National Association, as bond registrar and paying agent for the Bonds (the "**Paying Agent**"), together with the other documents hereinafter mentioned; and the Underwriter will accept such delivery and pay the purchase price of the Bonds by delivering to the City immediately available funds payable to the order of the City (or such other arrangement as shall be mutually agreed upon

by the City and the Underwriter) in an amount equal to the purchase price. Such payment and delivery is referred to herein as the “**Closing.**”

Payment and delivery of the Bonds as aforesaid shall be made in St. Louis, Missouri, New York, New York, or such other place as is mutually agreed to by the City and the Underwriter. The Bonds will be delivered in denominations as set forth in the Ordinance as definitive Bonds in fully registered form. The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“**DTC**”). One fully registered bond for each maturity of Bonds in the principal amount of such maturity (as set forth in **Schedule I** hereto) will be deposited with DTC, or delivered to the Paying Agent for “**FAST**” delivery prior to the Closing pursuant to the rules and procedures of DTC.

It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error in the printing of such numbers shall constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for any Bonds.

7. Events Permitting Underwriter to Terminate. The Underwriter shall have the right to cancel its obligation to purchase the Bonds and to terminate this Bond Purchase Agreement, without liability to the Underwriter, by written notice to the City if, between the date of this Bond Purchase Agreement and the Closing, in the Underwriter’s sole and reasonable judgment, any of the following events shall occur (each, a “**Termination Event**”):

(a) the market price or marketability of the Bonds, or the ability of the Underwriter to enforce contracts for the sale of the Bonds, shall be materially adversely affected by any of the following events:

(i) Legislation shall be enacted or for the first time actively considered for enactment by the Congress of the United States (“**Congress**”) or the legislature of the State or shall have been favorably reported out of committee of either body or be pending in committee of either body, or shall have been recommended to Congress for passage by the President of the United States or a member of the President’s cabinet, or a decision shall have been rendered by a federal court of the United States, a State court or the United States Tax Court, or a ruling, resolution, regulation or temporary regulation, release or announcement shall have been made or shall have been proposed to be made by the Treasury Department of the United States, the Internal Revenue Service or other federal or State authority with appropriate jurisdiction, with respect to federal taxation upon interest or other income to be derived by the City pursuant to the Transaction Documents, or upon interest on the Bonds or securities of the general character of the Bonds; or

(ii) There shall have occurred (A) an outbreak or escalation of hostilities or the declaration by the United States of a national emergency or war or (B) any other calamity or crisis in the financial markets of the United States or elsewhere or the escalation of such calamity or crisis; or

(iii) A general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction; or

(iv) Legislation shall have been enacted by Congress or shall have been favorably reported out of committee or be pending in committee, or shall have been recommended to Congress for passage by the President of the United States or a member of the President's Cabinet, or a decision by a court of the United States shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the SEC or other governmental agency having jurisdiction of the subject matter shall be made, to the effect that any obligations of the general character of the Bonds, the Ordinance or the Transaction Documents are not exempt from registration, qualification or other requirements of the Securities Act of 1933, as amended (the "**Securities Act**") or the Trust Indenture Act or otherwise, or would be in violation of any provisions of the federal securities laws; or

(v) Except as disclosed in or contemplated by the Official Statement, any material adverse change in the affairs of the City shall have occurred; or

(vi) Any rating (A) on any bonds or other obligations of the City (B) if the Bonds are insured by a bond insurance policy, on the bond insurer, is reduced or withdrawn or placed on credit watch with negative outlook by any major credit rating agency; or

(b) Any fact, event or circumstance shall exist that either makes untrue or incorrect any statement or information contained in the Official Statement as then amended or supplemented (other than any statement provided by the Underwriter) or is not reflected in the Official Statement as then amended or supplemented, but should be reflected therein in order to make the statements and information contained therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the City refuses to permit the Official Statement to be supplemented or corrected in a form and manner approved by the Underwriter or supply such statement or information or if such supplement or correction would, in the reasonable opinion of the Underwriter, materially adversely affect the market for the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds at the contemplated offering prices; or

(c) A general banking moratorium shall have been declared by federal, State or State of New York authorities and be in force; or

(d) A material disruption in securities settlement, payment or clearance services affecting the Bonds shall have occurred; or

(e) Other action or events shall have occurred or transpired, any of which has the purpose or effect, directly or indirectly, of materially adversely affecting the federal income tax consequences of any of the transactions contemplated in connection herewith, or that securities of the general character of the Bonds shall not be exempt from registration under the Securities Act; or

(f) There shall have occurred since April 30, 2020, any material adverse change in the affairs of the City from that reflected in the financial statements of the City provided to the Underwriter in connection with the Bonds, not otherwise disclosed to the Underwriter or in the Official Statement; or

(g) Any representation of the City contained in this Bond Purchase Agreement or in any Transaction Document shall prove to be or to have been false in any material respect; or

(h) Litigation or an administrative proceeding or investigation shall be pending or threatened affecting, contesting, questioning or seeking to restrain or enjoin (i) the issuance or delivery of any of the Bonds or the payment, collection or application of the proceeds of the Bonds or of other moneys or securities pledged or to be pledged under the Transaction Documents, (ii) the validity of the Bonds, (iii) the validity of any of the Transaction Documents or any proceedings taken by the City with respect to any of the foregoing, (iv) the City's creation, organization or existence or the titles to office of any members of the City Council or Mayor or officers or its power to engage in any of the transactions contemplated by the Transaction Documents, (v) the incorporation, organization or existence of the City, or (vi) the legal power or authority of the City to enter into and engage in any of the transactions contemplated by this Bond Purchase Agreement.

Upon the occurrence of a Termination Event and the termination of this Bond Purchase Agreement by the Underwriter, all obligations of the City and the Underwriter under this Bond Purchase Agreement shall terminate, without further liability, except that the City and the Underwriter shall pay their respective expenses as set forth in **Section 10** hereof.

8. Conditions to Closing. The obligations hereunder of each party hereto shall be subject to the performance by the other party of its respective obligations to be performed hereunder at and prior to the Closing, to the accuracy in all material respects of the representations and warranties herein of the other party as of the date hereof and as of the Closing Time, and to the following conditions, including the delivery by the appropriate party hereto or other entities of such documents as are enumerated herein:

(a) At the Closing Time, (i) the Transaction Documents shall have been authorized, executed and delivered, and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter and the City, the Closing in all events, however, to be deemed such approval, (ii) the proceeds of the sale of the Bonds shall have been deposited and applied as described in the Ordinance and the Official Statement, (iii) the City shall have duly adopted and there shall be in full force and effect such ordinances as, in the opinion of Gilmore & Bell, P.C., Edwardsville, Illinois ("**Bond Counsel**"), shall be necessary in connection with the transactions contemplated hereby, (iv) the City shall have delivered to the Underwriter the Official Statement within the time period and in a format that complies with the Rule and MSRB rules pursuant to **Section 4** hereof, and (v) the City shall have undertaken, pursuant to the Continuing Disclosure Undertaking, to provide annual reports and notice of certain events relating to the Bonds.

(b) At or prior to the Closing Time, the Underwriter shall have received counterparts, copies or certified copies (as appropriate) of the following documents in form and substance satisfactory to Bond Counsel and the Underwriter:

(i) The approving opinion of Bond Counsel, dated the date of the Closing, relating to the due authorization, execution and delivery of the Bonds, satisfactory in form and substance to the City and the Underwriter.

(ii) The supplemental opinion of Bond Counsel, satisfactory in form and substance to the City and the Underwriter.

(iii) Certifications of the City, dated the date of the Closing, signed by authorized officials of the City, to the effect that (A) all representations and warranties of the City contained in this Bond Purchase Agreement are true and correct in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing, (B) the City has complied with all of the agreements and satisfied all of the conditions on its

part to be performed or satisfied at or prior to the Closing Time, (C) no event affecting the City has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the date of Closing any statement or information contained in the Official Statement or is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading in any material respect, and (D) there is no action, suit, proceeding or investigation before or by any court or public board or body pending or threatened against the City to restrain or enjoin the issuance, execution or delivery of the Bonds or in any manner questioning the proceedings or authority for the issuance of the Bonds or affecting directly or indirectly the validity of the Bonds or of any provisions made or authorized for their payment or contesting the existence of the City or the title of any of its officers to their respective offices.

(iv) The Official Statement authorized, approved and executed on behalf of the City by a duly authorized official thereof.

(v) The Ordinance, duly adopted by the Mayor and City Council.

(vi) The Continuing Disclosure Undertaking, executed by a duly authorized officer of the City.

(vii) A letter from Moody's Investors Service, Inc. assigning a rating of "___" to the Bonds.

(viii) A receipt of the City for the purchase price of the Bonds.

(ix) Information Return for Tax-Exempt Governmental Obligations (IRS Form 8038-G) relating to the Bonds in form satisfactory to Bond Counsel for filing, executed by a duly authorized officer of the City.

(x) A copy of the Blanket Issuer Letter of Representations.

(xi) Such additional legal opinions, certificates, proceedings, instruments and other documents as Bond Counsel or the Underwriter may reasonably request to evidence compliance with all legal requirements, the truth and accuracy, as of the Closing, of the representations herein and the due performance or satisfaction of all agreements then to be performed and all conditions then to be satisfied.

(c) At the Closing Time, (i) the Transaction Documents shall have been authorized, executed and delivered, and shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Underwriter and the City, the Closing in all events, however, to be deemed such approval, (ii) the proceeds of the sale of the Bonds shall have been deposited and applied as described in the Ordinance and the Official Statement, (iii) the City shall have duly adopted and there shall be in full force and effect such ordinances as, in the opinion of Bond Counsel, shall be necessary in connection with the transactions contemplated hereby, (iv) the City shall have delivered to the Underwriter the Official Statement within the time period and in a format that complies with the Rule and MSRB rules pursuant to **Section 4** hereof, and (v) the City shall have undertaken, pursuant to the Continuing Disclosure Undertaking, to provide annual reports and notice of certain events relating to the Bonds.

The documents to be delivered to the Underwriter pursuant to this Bond Purchase Agreement shall be deemed to be in compliance with the conditions of this Bond Purchase Agreement if, but only if, in the reasonable judgment of the Underwriter, they are satisfactory in form and substance. No condition hereof shall be deemed to have been waived by the Underwriter, unless expressed specifically in a writing signed by the Underwriter.

Unless performance is waived by the party for whose benefit a condition or obligation is intended, if any person shall be unable to satisfy the above conditions to the obligations of any party to this Bond Purchase Agreement, or if the obligations hereunder of any party shall be terminated for any reason permitted by this Bond Purchase Agreement and unless otherwise waived, this Bond Purchase Agreement shall terminate and neither the Underwriter nor the City shall be under further obligation hereunder; except that the respective obligations of the City and the Underwriter, as provided in **Section 10** hereof, shall continue in full force and effect.

9. Survival of Representations, Warranties and Agreements. All representations, warranties and agreements of the City shall remain operative and in full force and effect, regardless of any investigations made by or on behalf of any other party and shall survive the Closing. The obligations of the City and the Underwriter under **Section 10** hereof shall survive any termination of this Bond Purchase Agreement.

10. Expenses. Whether or not the Bonds are sold by the City to the Underwriter (unless such sale be prevented at Closing by the Underwriter's default), the City shall be responsible for the following fees and expenses: paying agent fees, Bond Counsel fees, City attorney fees, CUSIP fees, rating agency fees, and municipal advisor fees. If the Bonds are sold by the City to the Underwriter, all such expenses and costs shall be paid by the City out of the proceeds of the Bonds.

11. Amendments to Official Statement. If, after the date of this Bond Purchase Agreement and until the earlier of (a) ninety (90) days after the "end of the underwriting period" (as defined in the Rule) or (b) the time when the Official Statement is available to any person from a nationally recognized municipal securities information repository, but in no case less than twenty-five (25) days following the end of the underwriting period, an event relating to or affecting the City shall occur, or come to the attention of the City, the City shall promptly notify the Underwriter and, if as a result of such event, it is necessary, in the reasonable opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances then existing, the City will forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements not misleading. The expenses of preparing such amendment or supplement shall be borne by the City. Thereafter, all references to and representations regarding the Official Statement contained herein shall refer to or regard the Official Statement as so amended or supplemented. For the purpose of this Section, the City will furnish to the Underwriter such information with respect to the City as the Underwriter may from time to time reasonably request. If notification is given by the City, or such information comes to the attention of the Underwriter, after the Closing, the City shall furnish, or cause to be furnished, such additional legal opinions, certificates, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of any such supplement or amendment to the Official Statement.

12. Good Faith Deposit. A good faith deposit ("**Deposit**") in the form of a federal funds wire or certified or cashier's check drawn on a bank located in the United States of America in the amount of \$ _____, payable to the order of the City, accompanies this Bond Purchase Agreement. No interest will be paid upon the Deposit made by the Underwriter. The Deposit shall be deducted from the purchase price

at the option of the City. If the City fails to deliver the Bonds to the Underwriter in accordance with the terms and conditions of this Bond Purchase Agreement, the Deposit shall be returned to the Underwriter. If the Underwriter defaults in the performance of any of the terms and conditions of this Bond Purchase Agreement, the Deposit shall be retained by the City as and for liquidated damages.

13. Third Party Beneficiaries. The City agrees that the Underwriter is and shall be a third-party beneficiary of any and all representations and warranties made by the City in the Transaction Documents, to the same effect as if the City had made such representations and warranties to the Underwriter in this Bond Purchase Agreement.

14. Notices. Any notice or other communication to be given to the City under this Bond Purchase Agreement may be given by delivering the same in writing at its address set forth above, and any notice or other communications to be given to the Underwriter under this Bond Purchase Agreement may be given by delivering the same in writing to the Underwriter at the following address:

City of Highland
1115 Broadway
Highland, Illinois 62249-0218
Attention: City Manager

15. Successors. This Bond Purchase Agreement is made for the benefit of the City and the Underwriter (including the successors or assigns of the Underwriter) and no other person including any purchaser of the Bonds shall acquire or have any rights hereunder or by virtue hereof.

16. Governing Law. This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

17. Effectiveness. This Bond Purchase Agreement shall become effective upon your acceptance hereof.

18. Counterparts. This Bond Purchase Agreement may be executed in any number of counterparts, each of which so executed and delivered shall constitute an original and all together shall constitute but one and the same instrument.

19. Captions. The captions or headings in this Bond Purchase Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or section of this Bond Purchase Agreement.

[Remainder of Page Intentionally Left Blank]

Very truly yours,

COMMERCE BANK

By: _____
Name:
Title:

Accepted and agreed to as of
the date first above written:

CITY OF HIGHLAND, ILLINOIS

By: _____
Name: Kevin B. Hemann
Title: Mayor

SCHEDULE I
TO
BOND PURCHASE AGREEMENT

\$1,845,000
CITY OF HIGHLAND, ILLINOIS
GENERAL OBLIGATION SEWERAGE SYSTEM REFUNDING BONDS
(ALTERNATE REVENUE SOURCE)
SERIES 2021

SERIAL BONDS

<u>Year (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>Undersold Maturities</u>
2022	\$	%	%	
2023				
2024				
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				

GILMORE & BELL, P.C.
DRAFT 1 – MAY 13, 2021
FOR DISCUSSION PURPOSES ONLY

LETTER OF ESCROW INSTRUCTIONS

July 6, 2021

Ms. Cheryl Rain
U.S. Bank National Association
Global Corporate Trust Services
One U.S. Bank Plaza
Mail Code: SL-MO-T3CT
St. Louis, Missouri 63101

Re: \$2,745,000 original principal amount of City of Highland, Illinois, General Obligation Sewerage System Bonds (Alternate Revenue Source), Series 2013

Dear Ms. Rain:

The City of Highland, Illinois (the “City”) has authorized the issuance of General Obligation Sewerage System Refunding Bonds (Alternate Revenue Source), Series 2021 (the “Bonds”) to pay the principal of, redemption premium, if any, and interest on the above-referenced bonds maturing in the years 2021 and thereafter (the “Refunded Bonds”) on October 1, 2021 (the “Redemption Date”).

U.S. Bank National Association, as escrow agent (the “Escrow Agent”), shall create and establish the following special and irrevocable trust funds to be held in the custody of the Escrow Agent and designated as follows:

(a) the “Escrow Fund for the City of Highland, Illinois, General Obligation Sewerage System Bonds (Alternate Revenue Source), Series 2013” (the “Escrow Fund”); and

(b) the “Costs of Issuance Fund for the City of Highland, Illinois, General Obligation Sewerage System Refunding Bonds (Alternate Revenue Source), Series 2021” (the “Costs of Issuance Fund”).

Upon the issuance of the Bonds, the Escrow Agent will receive (a) \$ _____ (consisting of \$ _____ of proceeds of the Bonds and \$ _____ of other legally available funds of the City) for deposit in the Escrow Fund, and (b) \$ _____ from the proceeds of the Bonds for deposit in the Costs of Issuance Fund.

The Escrow Agent shall apply the money in the Costs of Issuance Fund to pay the costs of issuance set forth on **Schedule 1** hereto. Upon the earlier of the payment of all costs identified on **Schedule 1** hereto or September 1, 2021, all remaining money in the Costs of Issuance Fund shall be transferred to the City for deposit in the City’s Bond Fund.

The Escrow Agent shall hold the money on deposit in the Escrow Fund in cash. The holders of the Refunded Bonds are hereby given an express lien on and security interest in the cash in the Escrow Fund. The cash in the Escrow Fund is hereby pledged and assigned and shall be applied solely for the payment of the principal of, redemption premium, if any, and interest on the Refunded Bonds.

On the Redemption Date, the Escrow Agent shall withdraw from the Escrow Fund \$2,021,087.50 and shall transfer such amount on the Redemption Date to U.S. Bank National Association, as paying agent for the Refunded Bonds (the "Paying Agent"), so that immediately available funds will reach the office of the Paying Agent on or before 12:00 Noon, Central Time, on the Redemption Date for the payment of the principal of, redemption premium, if any, and interest on the Refunded Bonds.

The Escrow Agent shall not be liable for any loss resulting from any transfer or other disposition made pursuant to this Letter in compliance with the provisions hereof. The Escrow Agent shall have no lien whatsoever on any of the money on deposit in the Escrow Fund for the payment of fees and expenses for services rendered by the Escrow Agent under this Letter or otherwise.

The Escrow Agent shall not be liable for the accuracy of the calculations as to the sufficiency of the money to pay the Refunded Bonds. So long as the Escrow Agent applies the money as provided herein, the Escrow Agent shall not be liable for any deficiencies in the amounts necessary to pay the Refunded Bonds caused by such calculations. Notwithstanding the foregoing, the Escrow Agent shall not be relieved of liability arising from and proximate to its failure to comply fully with the terms of this Letter.

The aggregate amount of the costs, fees and expenses of the Escrow Agent in connection with the creation of the escrow described in and created by this Letter and in carrying out any of the duties, terms or provisions of this Letter is a one-time fee of \$300.00 payable upon the delivery of the Bonds.

The Escrow Agent and its respective successors, assigns, agents, directors, officers, employees and servants shall not be held to any personal liability whatsoever, in tort, contract or otherwise, in connection with the execution and delivery of this Letter, the establishment of the Escrow Fund, the acceptance of the moneys deposited therein, or any payment, transfer or other application of the moneys or securities held by the Escrow Agent in accordance with the provisions of this Letter or by reason of any non-negligent act, omission or error of the Escrow Agent made in good faith in the conduct of its duties. The duties and obligations of the Escrow Agent shall be determined by the express provisions of this Letter. The Escrow Agent may consult with counsel who may or may not be counsel to the City, and in reliance upon the opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action under this Letter, such matter may be deemed to be conclusively established by a certificate signed by an authorized officer of the City.

Very truly yours,

CITY OF HIGHLAND, ILLINOIS

By: _____
Mayor

Ms. Cheryl Rain
July 6, 2021
Page 3

Acknowledged and agreed to this 6th day of July, 2021.

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By: _____
Title: Vice President

SCHEDULE 1
COSTS OF ISSUANCE

<u>PAYEE</u>	<u>AMOUNT</u>	<u>DESCRIPTION OF SERVICES</u>
U.S. Bank National Association		Escrow Agent/Paying Agent fee
Gilmore & Bell, P.C.		Bond Counsel fee and expenses
WM Financial Strategies		Financial Advisor fee
S&P		CUSIP fee
Moody's Investor Services, Inc.		Rating Agency fee
TOTAL		



City of Highland

Finance Department

MEMO TO: Chris Conrad, City Manager
FROM: Kelly Korte, Director of Finance
SUBJECT: 2013 Sewer System Refinancing Bond Documents
DATE: June 14, 2021

Included on the Council agenda for Monday June 21st are Bond Documents for council approval in order to issue General Obligation Sewerage System Refunding Bonds (Alternate Revenue Source), Series 2021 to refinance the outstanding General Obligation Sewer System Bonds (Alternate Revenue Source) Series 2013. Following the completion of this approval, the bond closing is scheduled for July 6th.

This refunding is expected to save the City **\$282,000** estimated over the remaining life of the bonds. Final figures will be available at the Council meeting, but are not anticipated to differ much from the estimated amount.

If you should have further questions please contact me.

RESOLUTION NO. _____

**A RESOLUTION APPROVING AN INTERGOVERNMENTAL AGREEMENT
BETWEEN CITY OF HIGHLAND AND
THE ILLINOIS DEPARTMENT OF TRANSPORTATION
FOR 2021 TRAFFIC SIGNAL MASTER AGREEMENT**

WHEREAS, the City of Highland, Madison County, Illinois (hereinafter “City”), is a non-home rule municipality duly established, existing and operating in accordance with the provisions of the Illinois Municipal Code (Section 5/1-1-1 et seq. of Chapter 65 of the Illinois Compiled Statutes); and

WHEREAS, City has determined it to be in the best interests of public health, safety, general welfare and economic welfare to enter an intergovernmental agreement, specifically the 2021 Traffic Signal Master Agreement, with the Illinois Department of Transportation (“IDOT”) (“Agreement”) (See Agreement attached hereto as **Exhibit A**); and

WHEREAS, City has determined City’s funding responsibility for maintenance of the traffic signals throughout City shall be determined pursuant to the Agreement (**Exhibit A**); and

WHEREAS, City finds that the terms of Agreement (**Exhibit A**) are fair and reasonable, and that the proposed Agreement (**Exhibit A**) should be approved; and

WHEREAS, City finds that the Mayor and/or City Manager should be authorized and directed, on behalf of City, to execute and date all documents associated with the proposed Agreement (**Exhibit A**).

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Highland as follows:

Section 1. The foregoing recitals are incorporated herein as findings of the City Council of the City of Highland, Illinois.

Section 2. The proposed intergovernmental Agreement (**Exhibit A**) between City and IDOT is approved.

Section 3. The Mayor and/or City Manager is authorized and directed, on behalf of the City of Highland, to execute and date all documents associated with the Agreement (**Exhibit A**).

Section 4. This Resolution shall be known as Resolution No. _____ and shall be effective upon its passage and approval in accordance with law.

Passed by the City Council of the City of Highland, Illinois, and deposited and filed in the Office of the City Clerk, on the ____ day of _____ 2021, the vote being taken by ayes and noes, and entered upon the legislative records, as follows:

AYES:

NOES:

ABSENT:

APPROVED:

Kevin Hemann
Mayor
City of Highland
Madison County, Illinois

ATTEST:

Barbara Bellm
City Clerk
City of Highland
Madison County, Illinois



Illinois Department of Transportation

Office of Highways Project Implementation / Region 5 / District 8
1102 Eastport Plaza Drive / Collinsville, Illinois 62234-6198

May 19, 2021

Barbara Bellm
City Clerk
City of Highland
P.O. Box 218
Highland, IL 62249

RE: 2021 Traffic Signal Master Agreement

Dear Ms. Bellm:

The Illinois Department of Transportation and the Illinois Municipal League have reached agreement regarding maintenance of traffic control devices (Master Agreement).

We have prepared three original copies of the agreement for your city, to be signed by an authorized representative.

Please return the three signed agreements as soon as possible so we may have it executed by July 1, 2021. Also, please complete any information missing about your city on the fourth page of the agreement. An original copy, signed by the Department, will be returned to you for your records.

If you should have any questions concerning this matter, please contact this office or telephone Richard Barbee, Design and Planning Engineer, at (618) 346-3273.

Sincerely,

Keith Roberts, P.E.
Acting Region Five Engineer

A handwritten signature in black ink that reads "Joseph D. Monroe" with a small "RS" mark at the end.

Joseph D. Monroe, P.E.
District Operations Engineer

Attachments

INTERGOVERNMENTAL AGREEMENT

This Interagency Agreement is entered into between the **City of Highland** ("GOVERNMENTAL BODY") and the Department of Transportation ("DEPARTMENT") pursuant to the "Intergovernmental Cooperation Act" (5 ILCS 220) and in accordance with The DEPARTMENT's rules at 92 Ill. Adm. Code 544.

1. Governmental Body and the DEPARTMENT have a mutual interest in and the maintenance and apportionment of energy costs for traffic control devices located on State highways within or near the Governmental Body as shown on the attached Exhibit A, which is hereby made a part of this agreement.
2. In furtherance of said interests of, the entities agree:
 - a. **Cost.** The DEPARTMENT and the GOVERNMENTAL BODY agree to the maintenance responsibility and to the division of energy costs, for the traffic signals and other traffic control devices listed on the attached Exhibit A.
 - b. **Maintenance.** Modernization of traffic control devices is not covered under this agreement. It is agreed that the actual maintenance will be performed by the DEPARTMENT indicated on Exhibit A, either with its own forces or through contractual agreements
 - c. **Maintenance Level.** It is agreed that the signals and devices shall be maintained to at least the level of maintenance specified in the attached Exhibit B, which is hereby made a part of this agreement. It is understood this will meet the minimum requirements of the Illinois Manual on Uniform Traffic Control Devices for Streets and Highways. Additional provisions regarding maintenance may be incorporated in this document (Exhibit B) upon agreement by both parties.
 - d. **Interconnect & Timing.** The DEPARTMENT agrees to maintain all signal equipment and interconnects associated with interconnected signal systems or Advanced Traffic Management System and interconnects with at-grade railroad crossings, at DEPARTMENT maintained locations. The DEPARTMENT shall determine the signal timing to coordinate and regulate the flow of traffic. No signal timing shall be changed at any state system intersection without prior DEPARTMENT approval. The GOVERNMENTAL BODY shall submit to the DEPARTMENT any changes proposed in signal timings.
 - e. **Interconnections: Installation & Damage.** The DEPARTMENT is not responsible for the cost of installing or maintaining traffic signals not on (but interconnected to traffic signals on) U.S. or State routes. Any damage done to State traffic signals in the attempt to connect local traffic signals shall be repaired to the DEPARTMENT's satisfaction and shall be the responsibility of the GOVERNMENTAL BODY.
 - f. **Master Monitoring Costs.** Master controllers installed on State intersections for the coordination of traffic signals are primarily used for the traffic signals located on U.S. or

State routes. The GOVERNMENTAL BODY may connect traffic signals to a State-owned master controller or Advanced Traffic Management System for the coordination or operation of non-State-owned traffic signals, for the purpose of synchronizing time or gaining remote access. If the GOVERNMENTAL BODY desires a communications link to their office for monitoring purposes, the GOVERNMENTAL BODY shall pay the entire cost of installing and maintaining such monitoring system.

- g. **Payment for Energy Costs.** The DEPARTMENT will reimburse the GOVERNMENTAL BODY for the DEPARTMENT'S proportionate share of the energy charges.
- h. **Indemnity.** The GOVERNMENTAL BODY shall indemnify and hold harmless the DEPARTMENT for any and all third-party claims for personal injury and property damage arising solely out of the maintenance of the signals and devices listed in Exhibit A.
- i. **Emergency Vehicle Preemption Devices.** The costs of installation, timing, phasing, and maintenance of emergency vehicle preemption systems shall be the sole responsibility of the GOVERNMENTAL BODY. Any Governmental Body must notify the DEPARTMENT of any change in the emergency vehicle preemption system. However, the DEPARTMENT reserves the right to approve or reject, at any time, the placement of such systems on its traffic signal equipment.
- j. **Previous Agreements.** All traffic signal and traffic control device maintenance and electrical energy provisions contained in presently existing agreements or understandings between the DEPARTMENT and the GOVERNMENTAL BODY for traffic signals and/or other traffic control devices covered by this Master Agreement shall upon execution of this Master Agreement by the DEPARTMENT be superseded and be of no force or effect.

All parking ordinances and provisions bearing on items other than traffic signal and traffic control device maintenance and energy charges contained in presently existing agreements or letters of understanding between the DEPARTMENT and the GOVERNMENTAL BODY shall remain in full force and effect.

- k. **Modification.** Exhibit A can be modified to add or delete signals or devices, but only by written revision signed by the Regional Engineer, the Engineer of Operations and the authorized representative for the GOVERNMENTAL BODY. The modification shall be effective when fully executed and filed with the Department and the Clerk or Secretary of the GOVERNMENTAL BODY. This provision applies only to modification of Exhibit A.
- l. **Plan Review.** All traffic signal plans prepared by others for installation on State highways within municipal corporate limits, which are to be added to this agreement, must be reviewed and approved by the DEPARTMENT and the GOVERNMENTAL BODY.
- m. **Cost Sharing.** As indicated in Exhibit A, the cost of energy and maintenance of traffic signals, and/or other traffic control devices generally are shared in proportion to the number of approaches maintained by each unit of government, however, other

DEPARTMENT policies and practices require cost sharing of energy and maintenance to be based on other criteria besides the number of approaches maintained. The maintenance costs of the interconnect system and related equipment as well as engineering costs for any approved coordination and timing studies shall be shared within the interconnect system, unless otherwise agreed to in a permit or by other agreement.

- n. **Jurisdictionally Transferred.** The GOVERNMENTAL BODY will be responsible for the maintenance costs of all traffic signal and/or other traffic control devices related to a roadway or roadways that has or have been jurisdictionally transferred by the DEPARTMENT to the GOVERNMENTAL BODY in a prior agreement(s).
- o. **Billing.** Bills shall be submitted by the DEPARTMENT on a three (3) month basis. The amount billed shall be the costs incurred less any proceeds from third party damage claims received during the billing period for repair of signals or devices that are the responsibility of the GOVERNMENTAL BODY.
 - i. Any proposed single expenditure in excess of \$10,000 for repair or damage to an installation must be approved by the GOVERNMENTAL BODY before the expenditure is made.
 - ii. The hours, or parts thereof, billed for each maintenance item will be at the actual time directly related to the work task.
 - iii. THE DEPARTMENT costs are composed of labor, equipment, materials and the quantity of each. The cost for labor will be determined by the actual hourly rate for the employee plus a multiplier to include direct and indirect labor related costs, retirement, social security, health, hospitalization and life insurance, holidays, vacation, sick leave and workers compensation. Equipment costs will be as listed in the Schedule of Average Annual Equipment Ownership Expense. Materials will be at cost.
 - iv. The cost for contracted work will be the actual cost for the contractor. In District Eight, maintenance costs are based on the District's Electrical Maintenance Contract's (EMC) related bid cost and may vary from contract to contract. The length of District Eight's EMC is generally 1 year.

3. Notice under this agreement shall be as follows:

For The DEPARTMENT:
Regional Engineer
1102 Eastport Plaza Drive
Collinsville, IL 62234

For the GOVERNMENTAL BODY:
City Clerk
P.O. Box 218
Highland, IL 62249

4. **Effective Date.** This Agreement shall be effective from July 1, 2021 through June 30, 2031 and may be terminated prior to that date, by either party, upon 30 days written notice.

FOR THE GOVERNMENTAL BODY:

Signature and Job Title of Authorized Representative

Type or Print Name of Authorized Representative

Date

FOR THE DEPARTMENT:

Jose Rios, Regional Engineer, Division of Highways

Phillip C. Kaufmann, Chief Counsel

Date

(Approved as to form)

By: _____

Christine M. Reed, P.E., Director, Division of Highways, Chief Engineer

Joanne Woodworth, Acting Chief Fiscal Officer

Date

Date:

By: _____

By: _____

Omer Osman, Acting Secretary of Transportation

Date

By: _____

EXHIBIT A

The following is a list of signalized intersections along State highways located within the **City of Highland**. The Level of Maintenance refers to the Traffic Signal Maintenance Provisions in **EXHIBIT B**.

Location	TS #	% of Maintenance Responsibility			% of Energy Charges Responsibility			Agency Performing Maintenance	Permit #
		State	Local Agency	Other	State	Local Agency	Other		
US 40 & IL 143	1280	75	25	0	75	25	0	State	
IL 143 & Troxler	3150	50	50	0	50	50	0	State	
IL 160 & Troxler	4510	50	50	0	50	50	0	State	
IL 160 & Walnut St.	4420	50	50	0	50	50	0	State	
IL 160 & Laurel St.	4440	50	50	0	50	50	0	State	
IL 160 & Washington	4460	50	50	0	50	50	0	State	
IL 160 & Cypress St	4480	50	50	0	50	50	0	State	
IL 143 & Northtown Ent./RP Lumber	1281	50	50	0	50	50	0	State	
US 40 & Troxler	4500	50	50	0	50	50	0	State	
US 40 & Hemlock	NA	0	100	0	0	100	0	Local	
IL 143 & Cally Ln	NA	0	100	0	0	100	0	Local	

EXHIBIT B
SHORT FORM
TRAFFIC SIGNAL MAINTENANCE PROVISIONS

A. GENERAL PROVISIONS

1. CABINET PACK

Wiring diagrams, phase diagrams, and manuals that are required to be in each traffic signal controller cabinet at the time of construction completion shall remain in the cabinet. Written documentation of all traffic signal timing changes shall be provided in the cabinet. All entries shall be written in a clear and concise manner. The agent of the maintaining agency making any entries shall provide his/ her signature and date of entry. These shall be kept in the cabinet to assist the DEPARTMENT on emergency call outs.

2. HARDWARE SPECIFICATIONS

All equipment and material used shall comply with the requirements of the DEPARTMENT's Standard Specifications for Road and Bridge Construction and the district special provisions.

Any costs incurred as a result of exceeding the DEPARTMENT's specifications for installing new equipment or painting new or used equipment; for example, installing decorative-style poles, posts, or mast arm assemblies, will be the sole responsibility of the GOVERNMENTAL BODY.

3. HIGHWAY LIGHTING

For maintenance involving combination traffic signal and lighting unit mast arm assemblies and poles, the foundation, traffic signal mast arm assembly, pole lighting arm, luminaire and lighting cable and all signal cable shall be considered part of the traffic signal system and are the responsibility of the DEPARTMENT.

The highway lighting system components of each combination mast arm assembly and pole shall be tested for proper operation and physical condition during the intersection cabinet inspection. All costs of repairing or replacing damaged or missing non-standard IDOT highway lighting system equipment is the responsibility of the GOVERNMENTAL BODY.

4. EMERGENCY VEHICLE PREEMPTION SYSTEM

Test Emergency Vehicle Preemption System (EVPS) equipment for proper operation and physical condition during the intersection cabinet inspection. All program settings and each sequence of operation must be verified to be correct during each inspection. All cost of inspection and maintaining the EVPS equipment, including the light detectors, light detector amplifiers, radio transmitters and receivers, antennas, confirmation lights, and cables and related components, is the responsibility of the GOVERNMENTAL BODY. In addition to regular inspection and maintenance, all cost of repairing or replacing damaged or missing EVPS equipment is the responsibility of the GOVERNMENTAL BODY.

5. RAILROAD PREEMPTION

At all locations with railroad/traffic signal interconnects, respond to any and all emergency and all red flash alarms in a timely manner and notify the Illinois Commerce Commission and the GOVERNMENTAL BODY of the malfunction.

None of the traffic signal railroad preempt parameters including but not limited to the phase timings, phase sequences and pedestrian and vehicular clearance intervals can be modified without prior approval from the Illinois Commerce Commission.

Maintain unique spare controller data modules or sets of data chips containing the final railroad preemption parameters for each location.

Cooperate in any inspection as deemed necessary by the DEPARTMENT or the Illinois Commerce Commission.

The DEPARTMENT shall provide contact personnel available at all times to who railroad preemption malfunctions must be reported.

6. DAMAGE REPAIRS

Repair or replace any and all standard DEPARTMENT equipment damaged by any cause whatsoever. Equipment owned by a third party, such as EVP, lighted street name signs, TSP, and the like are the responsibility of others.

7. ACCIDENT DAMAGE

Be responsible to make recovery for damage to any part of the installation or system from the party causing the damage.

Whenever third-party claims cannot be recovered, the GOVERNMENTAL BODY shall share in the loss.

8. TEMPORARY TRAFFIC CONTROL

Provide temporary traffic control during a period of equipment failure or for when the controller must be disconnected. This may be accomplished through the installation of a spare controller, placing the intersection on flash, manually operating the controller, manually directing traffic through the use of proper authorities, or installing temporary stop signs which will be removed once the signal is in working condition. **Temporary traffic control will not be placed at intersections due to power failures.**

9. EMERGENCY PERSONNEL

Provide skilled maintenance personnel who will be available to respond without delay to emergency calls. This may be provided by agency forces, contract, or maintenance agreement. Controller failure, lights out, knockdowns, or two (2) red lights out at intersection are considered emergencies.

B. AS REPORTED OR OBSERVED

1. LAMP REPLACEMENT

Replace burned out lamps for all red signal indications within twenty-four (24) hours of notification of burnout or on the next business day following the notification. However, if two or more red indications for an approach are burned out, these lamps must be replaced as soon as possible, and under no circumstances longer than twenty-four (24) hours after notification. Replace all other burned out lamps within forty-eight (48) hours or next business day of notification of burnout. Lamp changes shall always include a lens cleaning.

2. SIGNAL ALIGNMENT

Keep signal heads properly adjusted, including plumb, and tightly mounted. All controller cabinets, signal posts and controller pedestals should be tight on their foundations and in alignment.

3. CONTROLLER PROBLEMS

Check the controllers, relays, and detectors after receiving complaints or calls to ascertain that they are functioning properly and make all necessary repairs and replacement.

4. L.E.D. SIGNAL HEAD AND L.E.D. MODULE REPLACEMENT

An L.E.D. module shall be considered failed and shall be replaced if the indication is dark or if the module fails to meet ITE specification on minimum maintained luminous intensity.

Replace failed modules for all red signal indications within twenty-four (24) hours of notification of failure or on the next business day following the notification. However, if two or more red indications for an approach are failed, these modules must be replaced as soon as possible, and under no circumstances longer than twenty-four (24) hours after notification. Replace all other failed modules within forty-eight (48) hours or next business day of notification of failure.

C. WEEKLY

1. MASTER CONTROLLER or ADVANCE TRAFFIC MANAGEMENT SYSTEMS

At locations that are a part of a closed loop signal or advance traffic management systems maintained by the GOVERNMENTAL BODY, repair any and all malfunctions in a timely manner so that the signals remain under the control of the master at all times.

As needed assist in the implementation of the signal system timing plans.

Maintain the central signal system software on a PC so that the signal system is monitored weekly. Check weekly by phone or location visit for any malfunction. Verify software accuracy to central office software.

D. SEMI-ANNUALLY (Every 6 months)

1. CABINET INSPECTION

Check the controllers, relays, and detectors to ascertain that they are functioning properly and make all necessary repairs and replacement.

Keep interior of controller cabinet in a clean and neat condition at all times. Replace filters per manufacturer's recommendations.

2. OBSERVE SIGNALS

Observe the signals at the time of the semi-annual cabinet inspection. This involves stopping and watching for correct detection and timing operation.

3. DETECTION TESTING

Test and inspect vehicle detection inductance loops, loop detectors, and pedestrian detection during cabinet visit semi-annually.

4. VIDEO DETECTION TESTING

Inspect, maintain, and clean all video detection and surveillance systems semi-annually or as needed, to achieve clean lenses, and adjust for proper alignment and proper focus. This shall include system camera, lenses, camera housings and hood/shield, pan tilt, and zoom mechanisms and motors, mounting brackets and hardware, poles, microprocessors,

controller, cables and communication equipment, and other related components. Maintenance shall include modifications to programmable detection zones.

5. CONTROLLER CHECK

When controllers malfunction, they shall be removed, repaired, and bench checked. The controllers shall not be removed for annual maintenance inspections.

This semi-annual check should verify software with central office software and reprint cabinet pack timings sheet. Controller check shall occur during the semi-annual cabinet inspection.

6. FUSE AND BREAKER CHECKS

Fuse and breaker checks should occur during the semi-annual cabinet inspection. Replace burned out fuses or deteriorated breakers as needed.

7. CLEARANCE TRIMMING

Remove any obstruction blocking the line of sight of the traffic signal face to the motorist including trimming trees, bushes or any other form of vegetation blocking said lines of sight.

E. GENERAL

1. ANNUAL HARDWARE INSPECTION

Inspect all mast arm assemblies, mast arm poles, brackets (or other types of hardware) supporting traffic heads or pedestrian signal heads on an annual basis.

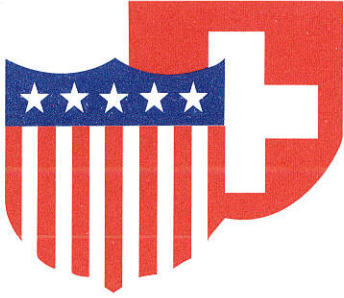
2. CONFLICT MONITOR AND MMU TEST

Test all conflict monitors and MMUs once every two years in accordance with manufacturer recommendations..

4. PAVEMENT MARKINGS

In District 1, the GOVERNMENTAL BODY shall inspect stop bars, symbols, special pavement treatments and crosswalks and replace as necessary to insure proper motorist and pedestrian guidance;

Whereas, in District 2 through District 9, the cost of pavement markings is shared between the DEPARTMENT and the GOVERNMENTAL BODY according to Exhibit A.



City of Highland

MEMO TO: Christopher Conrad, City Manager
FROM: Joe Gillespie, Director of Public Works
DATE: June 16, 2021
SUBJECT: 2021 Traffic Signal Master Agreement
Recommendation for Approval

RECOMMENDATION

I recommend that you request council approval to approve a traffic signal master agreement with the state of Illinois as attached.

DISCUSSION

The intergovernmental agreement outlines responsibilities for maintenance and apportionment of energy costs associated with the numerous traffic signals on state routes in the city. See Exhibit A for the complete list of signals and percent responsibilities. The agreement is renewed every 10 years. Any new signals since the last renewal are then added.

FISCAL IMPACT

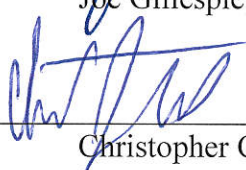
The work is routinely budgeted through the Street and Alley accounts.

CONCURRENCE

Recommended by: _____


Joe Gillespie, Director of Public Works

Approved by: _____


Christopher Conrad, City Manager

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING
ALLOCATION OF HOTEL / MOTEL TAX FUNDING
(Leaps of Love, Inc.)
(for advertisement for the LOL Night at the Races)**

WHEREAS, the City of Highland, Madison County, Illinois (hereinafter “City”), is a non-home rule municipality duly established, existing and operating in accordance with the provisions of the Illinois Municipal Code (Section 5/1-1-1 et seq. of Chapter 65 of the Illinois Compiled Statutes); and

WHEREAS, City has determined applicants for hotel / motel tax funding shall fill out an application to determine whether the funding request may be granted according to 65 ILCS 5/8-3-14, which reads, in pertinent part:

The amounts collected by any municipality pursuant to this Section shall be expended by the municipality solely to promote tourism and conventions within that municipality or otherwise to attract nonresident overnight visitors to the municipality

See 65 ILCS 5/8-3-14; and

WHEREAS, City has determined the applicant has submitted a “Hotel / Motel Tax Funding Application” (*See Exhibit A*); and

WHEREAS, City has determined the applicant has requested funds for tourism and/or conventions and/or overnight visitors to City, and the applicant’s request for funds may be permitted pursuant to the spirit of 65 ILCS 5/8-3-14 (*See Exhibit A*); and

WHEREAS, the City Council finds that the City Manager should be authorized and directed, on behalf of the City of Highland, to execute whatever documents are necessary to allocate hotel / motel tax funds to the applicant pursuant to the “Hotel / Motel Tax Funding Application” (*See Exhibit A*).

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Highland, Illinois, as follows:

- Section 1.* The foregoing recitals are incorporated herein as findings of the City Council of the City of Highland, Illinois.
- Section 2.* The “Hotel / Motel Tax Funding Application” (*See Exhibit A*) is approved.
- Section 3.* The City Manager is directed and authorized, on behalf of the City of Highland, to execute whatever documents are necessary to allocate hotel / motel funds to applicant pursuant to applicant’s “Hotel / Motel Tax

Funding Application” (See **Exhibit A**).

Section 4. This Resolution shall be known as Resolution No. _____ and shall be effective upon its passage and approval in accordance with law.

Passed by the City Council of the City of Highland, Illinois, and deposited and filed in the Office of the City Clerk, on the _____ day of _____, 2021, the vote being taken by ayes and noes, and entered upon the legislative records, as follows:

AYES:

NOES:

ABSENT:

APPROVED:

Kevin B. Hemann, Mayor
City of Highland
Madison County, Illinois

ATTEST:

Barbara Bellm, City Clerk
City of Highland
Madison County, Illinois



HOTEL/MOTEL FUND APPLICATION

(For Funding Requests in excess of \$1,500)

Organization Information

1) Name and Address of Applicant (Organization):

Leaps of Love, Inc.
1005 Broadway
Highland, IL 62249

2) Website Address: leapsoflove.org

3) Contact Person:

a) Name: Traci Riechmann

b) Phone: 618.410.7212

c) Fax: 618.882.5399

d) Email: info@leapsoflove.org

4) Is this a Non-Profit Organization? Yes No

5) Status of Organization (i.e. Foundation, Corporation, etc): Inc.

6) Agency Tax ID # 27.1295284

Event Information

Please state how your request for hotel/motel tax funds will help promote: 1) tourism; 2) conventions within the City; and/or 3) overnight visitors to the municipality:

7) Fiscal Year of the Event: 2019-2020 2021

8) Name of the Event: LOL Night At The Races

9) Date(s) of the Event: 8.7.21

10) Location of the Event: Highland Speedway

11) Description of the Event:

Childhood Cancer Families come to Highland for a FUN filled day at the racetrack of games, dinner, and a night of dirt track racing.

12) Funding Request Amount: \$ 2400

13) Projected Attendance for the Event: 175

14) Expected Overnight Stays for the Event: 130

15) Description / Purpose of Funding Request:

hoh will be advertising this event in the numerous locations of where are families are coming from. hoh embraces families from the Kansas City area all the way to Indianapolis.

16) Other Sources of Project Funding:

Individual Donations: \$ Highland Optimist will be providing the dinner through Cygans and also serving it.

Grants: \$ _____

Private Businesses: \$ numerous Highland Businesses participate in the afternoon games.

17) Do you anticipate the need for "in-kind" services from City resources or staff? If so, please describe the nature of your request along with an estimated number of hours needed.

18) Continuing / New Activity:

a) Is this event... New _____ Continuing

b) Do you expect it to be an Annual Event? Yes No _____

c) Do you anticipate requiring regular and continued funding? Yes No _____

d) Did you receive funding last year? Yes _____ No

e) If "d" = yes i) What amount did you receive? \$ _____

19) Sponsors

If applicable, please list key sponsors that donate funds or provide "in-kind" services, along with the pledged amount anticipated for the event.

SPONSOR

AMOUNT OF SPONSORSHIP

- 1 Highland Speedway - race tickets
- 2 Madison County Fair Assoc. - Expo Hall
- 3 Core Elite - Tumble Party
- 4 Highland Fire Dept. - Sprinkler
- 5

20) Benefits to City Tourism: Describe how this activity attracts and/or contributes to tourism and overnight stays in the City of Highland.

LOL Families come from as far as Kansas City to Indianapolis and I know they shop while in the area and enjoy our facilities.

21) Additional Information: Provide any additional information which will assist the City in evaluating your project and its benefit to the City of Highland (attachments are welcomed).

22) Event / Project Budget Please list all revenues and expenses, on a separate sheet (similar format) if necessary. Complete project expense information must be provided on this document. Quoted estimates must be provided when possible and when not possible, describe in an attachment how the expense was estimated.

ATTACHED

Revenues:

Hotel / Motel Tax Grant

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

Total Revenues:

Expenses:

Expenditure Types

Amount

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

TOTAL EXPENSES:

23) Attach Event Plan and Budget; Timeline for upcoming event; Marketing efforts

24) Can event occur without city financial assistance: Yes ___ No

25) Has event previously been held in Highland: Yes ___ No

If yes, how many years in existence? 10

26) Projected sales tax generation: Event _____ Indirect _____

27) Number of volunteers associated with event? 30+

28) Nonprofit or for profit event? non

29) Address security, traffic control for event, and Health Department and Fire Department approval in Event Plan? ___ Yes No

30) Why should event be funded? Attach narrative.

Over 30+ Families come to our town for this event. and more

I certify the information contained in this application is complete, accurate, and fully discloses the scope and intent of my request for funding from the Hotel/Motel Tax Fund. I agree to comply with the City's requests for information regarding the use of awarded funds and to provide access to accounting records related to these funds. By signing this application, I accept and agree to be bound by the terms and conditions of the Hotel/Motel Tax Fund as administered by the City of Highland in compliance with current federal, state and local laws.

Traie Riechmann - Leaps of Love

Applicant

Traie Riechmann

Signature of Representative / Officer

President

Title

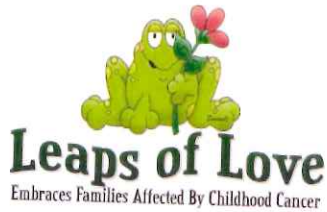
6.7.21

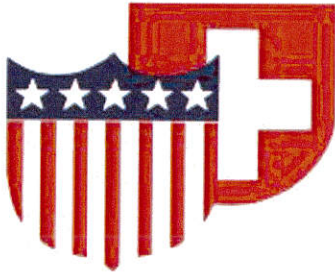
Date

**Leaps of Love
NATR Budget**

Administrative	\$	198.00
Mailings/Signage/Forms		
Carnival Supplies	\$	1,385.00
Games/Prizes/Construction Supplies		
Food/Beverage	\$	845.00
Dinner/Snacks/Drinks		
Promotional	\$	1,968.00
Shirts		
Lodging	\$	2,265.00
Baymount Inn		

\$ 6,463.00





CITY OF HIGHLAND

To: Mayor and Council Members
From: Chris Conrad, City Manager
Date: June 16, 2021
Subject: Approval of Hotel/Motel Funding for Summer Nationals by Madison County Fair Association dba Highland Speedway

RECOMMENDATION

I am recommending the Council approve Hotel/Motel funds of \$1,500 for advertising of the Summer Nationals event.

DISCUSSION

Staff reviewed the application request and determined that it meets the requirement for Hotel/Motel tax funding.

FISCAL IMPACT

Subject to approval, funding of \$1,500 will be appropriated from the Hotel/Motel Tax Budget for this item.

Recommended by: _____

A handwritten signature in blue ink, appearing to read 'Chris Conrad', is written over a horizontal line. The signature is stylized and cursive.

Chris Conrad, City Manager

RESOLUTION NO. _____

**A RESOLUTION AUTHORIZING
ALLOCATION OF HOTEL / MOTEL TAX FUNDING
(Madison County Fair Association dba Highland Speed Way)
(for Advertising for Summer Nationals)**

WHEREAS, the City of Highland, Madison County, Illinois (hereinafter “City”), is a non-home rule municipality duly established, existing and operating in accordance with the provisions of the Illinois Municipal Code (Section 5/1-1-1 et seq. of Chapter 65 of the Illinois Compiled Statutes); and

WHEREAS, City has determined applicants for hotel / motel tax funding shall fill out an application to determine whether the funding request may be granted according to 65 ILCS 5/8-3-14, which reads, in pertinent part:

The amounts collected by any municipality pursuant to this Section shall be expended by the municipality solely to promote tourism and conventions within that municipality or otherwise to attract nonresident overnight visitors to the municipality

See 65 ILCS 5/8-3-14; and

WHEREAS, City has determined the applicant has submitted a “Hotel / Motel Tax Funding Application” (*See Exhibit A*); and

WHEREAS, City has determined the applicant has requested funds for tourism and/or conventions and/or overnight visitors to City, and the applicant’s request for funds may be permitted pursuant to the spirit of 65 ILCS 5/8-3-14 (*See Exhibit A*); and

WHEREAS, the City Council finds that the City Manager should be authorized and directed, on behalf of the City of Highland, to execute whatever documents are necessary to allocate hotel / motel tax funds to the applicant pursuant to the “Hotel / Motel Tax Funding Application” (*See Exhibit A*).

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Highland, Illinois, as follows:

- Section 1.* The foregoing recitals are incorporated herein as findings of the City Council of the City of Highland, Illinois.
- Section 2.* The “Hotel / Motel Tax Funding Application” (*See Exhibit A*) is approved.
- Section 3.* The City Manager is directed and authorized, on behalf of the City of Highland, to execute whatever documents are necessary to allocate hotel / motel funds to applicant pursuant to applicant’s “Hotel / Motel Tax

Funding Application” (See **Exhibit A**).

Section 4. This Resolution shall be known as Resolution No. _____ and shall be effective upon its passage and approval in accordance with law.

Passed by the City Council of the City of Highland, Illinois, and deposited and filed in the Office of the City Clerk, on the ____ day of _____, 2021, the vote being taken by ayes and noes, and entered upon the legislative records, as follows:

AYES:

NOES:

ABSENT:

APPROVED:

Kevin B. Hemann, Mayor
City of Highland
Madison County, Illinois

ATTEST:

Barbara Bellm, City Clerk
City of Highland
Madison County, Illinois



HOTEL/MOTEL FUND APPLICATION

(For Funding Requests Equal to or Less than \$1,500)

Contact Information:

Organization Name: Madison County Fair Assn dba Highland Speedway

Contact Person: Susan Zobrist

Phone: 618-410-4075

Fax: 618-644-5441

Email: Zobrists@hometel.com

Event Information:

1. Name of the Event: Summer Nationals

2. Date(s) of the Event: July 10, 2021

3. Location of the Event: Madison County fairgrounds

4. Description of the Event & Purpose of Funding Request:

We would like to use the money to advertise our event to bring more people into Highland to spend their money on meals, gas, supplies and overnight stays. I just had an email today from Indiana asking about motels. Of course I suggested Baymont by Wyndham.

5. Please state how your request for hotel/motel tax funds will help promote: 1) tourism; 2) conventions within the City; and/or 3) overnight visitors to the municipality:

We do push the event on social media and it gets shared a lot. We get 12,000 to 15,000 people who looked at our posts about big events. We get people from at least 6 other states. And we advertise in print and radio.

6. Funding Request Amount: \$ 1,500

7. Projected Attendance for the Event: 2300 adults

8. Expected Overnight Stays for the Event: 10



City of Highland
1115 Broadway, PO Box 218
Highland, IL 62249

To: Honorable Mayor Hemann and City Council
From: Chris Conrad- City Manager
Date: June 16, 2021
Re: Change Order request 45 for the Public Safety Building Project

I am submitting for your consideration a change order request for epoxy flooring in the Apparatus Bay, Sally Port and Garage areas of the Public Safety Building Project.

We had SM Wilson price out having an epoxy floor covering installed in the Apparatus Bay, Sally Port and Garage areas of the Public Safety Building using the same product we installed in Station 1. There are several benefits to having the epoxy flooring from additional protection to the concrete from damage and staining to risk management as it pertains to clean ups and slips and falls. I know that several people commented on the “look” of the epoxy flooring at Station 1, and that would be an ancillary benefit of the more finished visual appeal.

Total cost of the epoxy flooring in these areas would be \$61,752.46. This is not a planned expenditure and the alternative would be what we bid out which is caulked saw cuts and a clear sealant. This is a preference decision for the Council.

Budget Impact: This is not an anticipated cost of the project, but if this is a desired change order by the Council, we can afford this change through our Public Safety reserve funds.

RESOLUTION NO. _____

**A RESOLUTION APPROVING OWNER CHANGE ORDER NUMBER FORTY-FIVE
FOR THE CITY OF HIGHLAND PUBLIC SAFETY BUILDING,
AND WAIVING THE COMPETITIVE BIDDING REQUIREMENT,
TO PROVIDE EPOXY FLOORING IN THE APPARATUS BAY,
SALLY PORT, AND GARAGE**

WHEREAS, the City of Highland, Madison County, Illinois (“City”), is a non-home rule municipality duly established, existing and operating in accordance with the provisions of the Illinois Municipal Code (Section 5/1-1-1 *et seq.* of Chapter 65 of the Illinois Compiled Statutes); and

WHEREAS, City has determined there are material upgrades needed at the newly constructed City Public Safety Building (“PSB”), including:

1. Epoxy flooring in the Apparatus Bay;
2. Epoxy flooring in the Sally Port;
3. Epoxy flooring in the Garage;

(“Owner Change Order Number Forty-five (45)”); and

WHEREAS, City has determined Owner Change Order Number Forty-five (45), comprised of the aforementioned requests, will add \$61,752.46 in additional costs to the PSB Project because it was not part of the original Contract (*See Exhibit A*); and

WHEREAS, City has determined the pricing for the materials needed for Owner Change Order Number Forty-five (45) can only be guaranteed until June 30, 2021, so time is of the essence; and

WHEREAS, City has determined it necessary to waive the competitive bidding requirement for this job and authorize Owner Change Order Number Forty-five (45) (**Exhibit A**); and

WHEREAS, the City Manager has informed City Council that Owner Change Order Number Forty-five (45) can be funded through the Police Department reserves; and

WHEREAS, City has determined it is in the best interests of public health, safety, general welfare and economic welfare to approve Owner Change Order Number Forty-five (45) (**Exhibit A**); and

WHEREAS, City Council finds that the Mayor and/or City Manager should be authorized and directed, on behalf of City, to execute any documents required to approve Owner Change Order Number Forty-five (45).

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HIGHLAND, MADISON COUNTY, ILLINOIS:

Section 1. The foregoing recitals are incorporated herein as express findings of fact and legislative intent of the City Council of the City of Highland, Illinois.

Section 2. City has determined it is in the best interests of public health, safety, general welfare, and economic welfare to waive the competitive bidding requirement and approve Owner Change Order Number Forty-five (45) (**Exhibit A**).

Section 3. City Council finds that the Mayor and/or City Manager should be authorized and directed, on behalf of City, to execute any documents necessary to give force and effect to Owner Change Order Number Forty-five (45) (**Exhibit A**).

Section 4. This Resolution will be in full force and effect upon its passage and approval in accordance with the law.

Passed by the City Council of the City of Highland, Illinois, and deposited and filed in the Office of the City Clerk, on the ____ day of _____, 2021, the vote being taken by ayes and noes, and entered upon the legislative records, as follows:

AYES:

NOES:

ABSENT:

APPROVED:

Kevin Hemann, Mayor
City of Highland, Madison County, Illinois

ATTEST:

Barbara Bellm, City Clerk
City of Highland, Madison County, Illinois



S. M. Wilson & Co.
 2185 Hampton Ave.
 St. Louis, MO 63139
 Tel: 314-645-9595
 Fax: 314-645-1700

CHANGE ORDER REQUEST
No. 045

TO: City of Highland
 1115 Broadway
 P.O. Box 218
 Highland IL 62249

JOB #: 0120061.00

JOB NAME: Highland Public Safety
 Building

ATTN: Christopher Conrad

DATE: June 15, 2021

RE: Epoxy Flooring

This change order request is associated with the additional costs to furnish and install epoxy flooring in the Apparatus Bay, Sally Port, and Garage.

Description	Net Amount
Epoxy Flooring - Apparatus Bay	
This change order is associated with the additional costs to furnish and install the Sherwin Williams General Polymers Epoxy System in the Apparatus Bay, Sally Port, and Garage.	57,865.00
Subtotal:	\$57,865.00
Performance & Payment Bond:	\$376.69
General Liability:	\$617.52
Overhead and Profit:	\$2,893.25
Total Cost:	\$61,752.46

- NOTES: 1 The approval of this Change Order Request is important to the progress of this project. Your approval is required as soon as possible. Upon execution of this Change Order Request, a Change Order will be processed and forwarded to you for signature.
 2 This work is on hold pending authorization unless previously authorized.
 3 Extension of time necessary for this change is 0 calendar days.

This form will serve as our written authorization to proceed with the above work pending an official change order to our contract showing the revised contract amount.

City of Highland

DAVID A. LOYET AND ASSOC. INC.
 ARCHITECTS

S. M. WILSON & CO.

Christopher Conrad

Brad Homes

 Authorized Signature

 Authorized Signature



 Authorized Signature

 Date

 Date

06/15/21

 Date

Missouri Terrazzo

5211 Northrup Avenue St. Louis, MO 63110

Date: June 15, 2021

To: SM Wilson & Co.

Email: brad.homes@smwilson.com

Project: New Public Safety Building – Highland, IL

From: Rick Chalcraft

RE: Epoxy Flooring work – Add cost

We propose to furnish all necessary labor, material and equipment to install resinous flooring for the above project.

Base Bid – Scope (Rooms: Apparatus Bay, Sally Port & Garage 178) *Approx. 8,300 sqft total area

1. Mechanical preparation of concrete subfloor by shot blasting and diamond grinding method.
2. Apply one coat of the Sherwin-Williams 3579 Primer
3. Apply one coat of the Sherwin-Williams 3569 Epoxy Coating with sand aggregate.
4. Apply one coat of Sherwin-Williams 3746 Epoxy coating
5. Apply one coat of Sherwin-Williams polyurethane final topcoat for maximum chemical and scratch resistance.

The Cost for the above Base Bid work will be..... \$ **57,865.00** (Add to Contract amount)

Clarification

1. All work to be performed during normal working hours, 7:00 am – 3:30 pm, Monday through Friday, in one continuous operation/phase.
2. Bid is based on concrete slab having a Moisture vapor transmission rate of 80% RH or less per manufacturer's requirements. If the readings are higher than 80% RH, a MVT mitigation system will be needed. This cost is not included in our pricing. The add cost for a MVT mitigation system is.... \$ **2.50/sqft unit cost.**
3. Standard 1 year warranty offered for our work.

Exclusions

1. Temporary utilities (includes 440 three phase, 220 single electric power and connections).
2. Protection and final cleaning of finished flooring.
3. Use of dumpster at jobsite.
4. Grinding, leveling, sloping, filling of any high and/or low spots in concrete.
5. Removal of any existing floor finishes/adhesives.
6. New wall base of any type, if needed.

Phone: 314-361-8090 Fax: 314-361-3832

Website: MISSOURITERRAZZO.COM email: jason@missouriterrazzo.com

Member of NTMA for over 85 years



Brad Homes <brad.homes@smwilson.com>

RE: FW: Highland Fire Station - Highland PSB Flooring

1 message

Stefani, Jason <jason@missouriterrazzo.com>
To: Brad Homes <brad.homes@smwilson.com>

Wed, Jun 2, 2021 at 1:52 PM

Brad,

for right now, our pricing is good where it is, as Sherwin-Williams has held their pricing but we have been told that there could be a 8% increase in July which would increase our pricing to \$59,968.00. so I would say, if they commit to the work within the next 25 days, we can hold the price noted in your email below.

Thanks. Stay Safe,

Jason D. Stefani

Senior Estimator

Missouri  **Terrazzo**
5211 Northrup Avenue St. Louis, MO 63110
Ph: 314-361-8090 Fax: 314-361-3832

From: Brad Homes [mailto:brad.homes@smwilson.com]
Sent: Wednesday, June 2, 2021 8:04 AM
To: Stefani, Jason
Subject: Re: FW: Highland Fire Station - Highland PSB Flooring

Jason,

We are starting to look closer at the Epoxy Flooring in the Apparatus Bay, Garage, and Sally Port. Can you confirm your number is still good? I know how material prices are going these days. Just want to make sure before I have the final conversation with the owner.

Thanks

6/15/2021

S.M. Wilson Mail - RE: FW: Highland Fire Station - Highland PSB Flooring

Brad Homes | Project Manager
2185 Hampton Ave | St. Louis, MO 63139
314.568.4335 cell

S. M. Wilson & Co. | website | facebook | linkedin
100% Employee Owned / Equal Opportunity Employer

On Mon, Feb 22, 2021 at 12:25 PM Stefani, Jason <jason@missouriterrazzo.com> wrote:

Brad,

I had Rick look at this and he worked up a price for this system. To furnish and install the system listed, in the Apparatus Bay, Garage, & Sally Port, the cost would be... \$ 57,865.00.

Work figured during normal working hours 7am – 3:30pm, Monday – Friday

do you need something on a formal proposal or is this email sufficient enough for now?

Thanks. Stay Safe,

Jason D. Stefani

Senior Estimator

Missouri  **Terrazzo**
5211 Northrup Avenue St. Louis, MO 63110
Ph: 314-361-8090 Fax: 314-361-3832

From: Brad Homes [mailto:brad.homes@smwilson.com]
Sent: Thursday, February 18, 2021 12:08 PM
To: Stefani, Jason
Subject: Fwd: FW: Highland Fire Station - Highland PSB Flooring

Jason,

Here is the product they used on the fire house in town. They want to look into using this product in the Apparatus Bay, Sally Port, and Garage 178. Roughly 8,300sf. Could you install this product, or is there another product you would recommend? Right now they just have a concrete sealer figured and they really want to push for a floor coating in

RESOLUTION NO. _____

**A RESOLUTION WAIVING COMPETITIVE BIDDING REQUIREMENT AND
AUTHORIZING PURCHASE OF AUDIO/VISUAL EQUIPMENT FOR THE CITY OF
HIGHLAND PUBLIC SAFETY BUILDING**

WHEREAS, the City of Highland, Madison County, Illinois (hereinafter “City”), is a non-home rule municipality duly established, existing and operating in accordance with the provisions of the Illinois Municipal Code (Section 5/1-1-1 et seq. of Chapter 65 of the Illinois Compiled Statutes); and

WHEREAS, the City Manager requests waiver of the competitive bidding requirement for selection of CSI Select for audio/visual equipment for the conference room, community room, and physical training room in the City Public Safety Building (“PSB”); and

WHEREAS, the City Manager has informed City Council that audio/visual equipment needed for the PSB has been researched and determined for the PSB, and price quotes have been obtained from: 1) CI Select of St. Louis, MO; 2) ZeroDay Technology Solutions; and 3) Conference Tech of Maryland Heights, MO; and

WHEREAS, the City Manager has informed City Council the price quotes received for the conference room were: 1) \$28,190.50 from ZeroDay; 2) \$22,000.17 for Conference Tech; and 3) \$19,872.00 from CI Select; and

WHEREAS, the City Manager has information City Council that pricing for all needed audio/visual equipment from CI Select or the PSB was quoted for \$32,211.34 (*See* “CI Select Quotation” attached hereto as **Exhibit A**); and

WHEREAS, the City Manager has informed the City Council that the total pricing for the audio/visual equipment was within budget expectations for furnishing the PSB based on the furniture, fixtures and equipment (“FFE”) expenses being budgeted at 11% of the original contract price of \$6.6 million, with the FFE costs coming out of the Police Department reserves; and

WHEREAS, the City Manager has recommended City waive the competitive bidding requirement and purchase the needed audio/visual equipment from CI Select for the PSB for \$32,211.34, and according to the CI Select Quotation (**Exhibit A**); and

WHEREAS, City finds the CI Select Quotation (**Exhibit A**) to be fair and reasonable, and City has determined the CI Select Quotation (**Exhibit A**) should be approved; and

WHEREAS, City deems it to be in the best interests of City to waive the competitive-bidding requirement that would otherwise apply and to purchase audio/visual equipment from CI Select for \$32,211.34, and according to the CI Select Quote (**Exhibit A**); and

WHEREAS, City finds that the City Manager and/or Mayor should be authorized and directed, on behalf of City, to execute whatever documents are necessary to audio/visual equipment from CI Select for \$32,211.34, and according to the CI Select Quote (**Exhibit A**).

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Highland, Illinois, as follows:

Section 1. The foregoing recitals are incorporated herein as findings of the City Council of the City of Highland, Illinois.

Section 2. The competitive bidding requirement is waived and the purchase of audio/visual equipment from CI Select for \$32,211.34, and according to the CI Select Quote (**Exhibit A**) is approved.

Section 3. The City Manager and/or Mayor is directed and authorized, on behalf of the City of Highland, to execute whatever documents are necessary to make the purchase (**Exhibit A**).

Section 4. This Resolution shall be known as Resolution No. _____ and shall be effective upon its passage and approval in accordance with law.

Passed by the City Council of the City of Highland, Illinois, and deposited and filed in the Office of the City Clerk, on the ____ day of _____, 2021, the vote being taken by ayes and noes, and entered upon the legislative records, as follows:

AYES:

NOES:

ABSENT:

APPROVED:

Kevin B. Hemann, Mayor
City of Highland
Madison County, Illinois

ATTEST:

Barbara Bellm, City Clerk
City of Highland
Madison County, Illinois

CI Select
 11840 Westline Industrial
 St. Louis, MO 63146
 Phone: 314.909.1990
 Fax: 314.909.1911

Shawn Bland
 Highland Public Safety Building
 Troxell Road
 Highland, IL 62249
 Phone:

Item	Tag	Qty	Part Number	Part Description	Sell	Ext Sell
1				WORKPLACE TECHNOLOGY PROPOSAL		\$ 0.00
2	CONF RM	1	1FV1416-HC-VCWP -C-NR	70" 4K Display, Furthest Viewer 14-16 ft., Handheld Remote Control, Video Conference, Wireless Presentation, Crestron Sound Bar, No Rack	\$ 7,442.34	\$ 7,442.34
3	COMM ROOM	1	2FV2024-10TC-CS- CDR	98" 4K Display, Furthest Viewer 20-24 ft., Swapped to Tabletop Touch Panel Control to place on lectern, Ceiling Speakers, Remote Credenza Rack, added Power & HDMI to Lectern Removed Video Conference, Wireless Presentation & Click Share	\$ 19,872.00	\$ 19,872.00
4	WORK OUT RM	1	PACKAGE	43" 4K Display, Tilt WM, (6) Ceiling Speakers, Amplifier, Volume Control Dials(White) Revised # of Speakers 8 to qty 6 - 06/16/21	\$ 4,897.00	\$ 4,897.00
sub				Subtotal		\$ 32,211.34
5		1		ALL PRICING INCLUDES ALL PRODUCT, SHIPPING, INSTALLATION, PROGRAMMING	\$ 0.00	\$ 0.00
6		1		TAX EXEMPT	\$ 0.00	\$ 0.00
				Grand Total		\$ 32,211.34

ZERODAY

TECHNOLOGY SOLUTIONS

ZDTS Proposal : Highland Police Department
 Quote Number : OP-0044918
 Prepared By : Tommy Seidel
 Date : 18-May-21
 Payment Terms : Invoice upon shipment, Net 30

<http://go.zero-day.com/General-Terms-and-Conditions>

System	Manufacturer	Model	Short Description	Price	QTY	Price Ext
Displays	Planar	QE9850	98" 3840 x 2160 4K HDR LED Professional Display 24/7 with quad view processing and 400 nits brightness	\$ 6,880.10	1	\$ 6,880.10
Displays	Chief	XTM1U	Extra Large Flat Panel Mount Tilting	\$ 255.10	1	\$ 255.10
Control System	Crestron	TSW-1060-B-S	10.1" Touch Screen Black Smooth	\$ 1,240.10	1	\$ 1,240.10
Control System	Netgear	GSM4212P-100NAS	Managed Switch (GSM4212P) - 10 Ports - Manageable - 3 Layer Supported - Modular - 125 W PoE Budget - Optical Fiber, Twisted Pair	\$ 588.10	1	\$ 588.10
Audio System	Shure	MX412D/C	Microflex 12" Desktop gooseneck microphone with mic logic	\$ 177.10	1	\$ 177.10
Audio System	Crestron	AMP-X300	Multichannel, multiformat 1/2 rack amplifier supporting up to 300 watts of 70V power	\$ 622.10	1	\$ 622.10
Audio System	Biamp Systems	D6	6" Community Audio Ceiling Speakers	\$ 121.10	12	\$ 1,453.20
Video Distribution and Peripherals	Crestron	DMPS3-4K-100-C	3-Series® 4K DigitalMedia™ Presentation System 100	\$ 1,811.10	1	\$ 1,811.10
Video Distribution and Peripherals	Crestron	DM-RMC-4KZ-100-C	DM 4K HDR10 4:4:4 Room Controller	\$ 520.10	1	\$ 520.10
Video Distribution and Peripherals	Extron	60-1271-13	DTP HDMI 4K 230 RX	\$ 288.10	1	\$ 288.10
Video Distribution and Peripherals	Extron	60-1271-12	DTP HDMI 4K 230 TX	\$ 288.10	1	\$ 288.10
Bulk Cable, Connectors, and Misc	ZERODAY	MiscHdwBndl	Miscellaneous mounting hardware, connectors, cable management accessories, and locally sourced parts	\$ 680.00	1	\$ 680.00
Bulk Cable, Connectors, and Misc	ZERODAY	BULKCABLE	Bulk Cable Bundle including all STP, Audio, Speaker Cabling and HDMI cables	\$ 1,500.00	1	\$ 1,500.00
Hardware	Lowell	LWR-1628	Wall-mount Rack 16U x 28"D	\$ 566.10	1	\$ 566.10
Hardware	Lowell	RACKSMBDL	Small Rack bundle including rack screws, 2 U shelving, blanks and lacer bars	\$ 488.10	1	\$ 488.10
Hardware	Furman	PL-8C	Rackmount 8 outlet surge protector	\$ 133.10	1	\$ 133.10
				Estimated Shipping		\$ 1,000.00
				Engineering & Drawings		\$ 600.00
				Custom System Programming		\$ 5,500.00
				On Site Integration and System Commissioning		\$ 2,800.00
				Project Management		\$ 800.00
				Total		\$ 28,190.50

98" Smart board TV
 Audio, Touch Screen control on lectern
 rack in closet to house the system controls
 power & HDMI ports in lectern.
 We can add our own computer in closet & operate remote like how I manage.
 or plug in.

Your Investment

Below is the cost of this solution based on the outlined scope of work. If you have questions about the complete solution, please let us know how we can help align this investment with additional needs or changes in scope.

Proposal Summary

Description	Price
Equipment	\$16,121.25
Implementation Services	\$5,604.53
Freight	\$274.39
Subtotal	\$22,000.17
Tax	\$0.00
Grand Total	\$22,000.17

Recommended

Description	Price
2 Additional Years CTI Complete Service Agreement	\$1,837.95
4 Additional Years CTI Complete Service Agreement	\$3,675.90

Down Payment Requirements

Terms are with approved credit. For orders that exceed ten thousand dollars; 60% to initiate order, 40% NET 30, or progress billing based on purchase agreement at time of order. Payments made by credit card are subject to a 3.0% fee.



City of Highland
1115 Broadway, PO Box 218
Highland, IL 62249

To: Honorable Mayor Hemann, Members of the City Council

From: Chris Conrad-Interim City Manager

Date: June 17, 2021

Re: Waiver of customary bidding practices in selection of Audio/video equipment provider for the Public Safety Building

Request: We are asking the Council to waive the normal and customary bidding process for the selection of the supplier of Audio/visual equipment for the Public Safety Building and to select CI Select of St. Louis, MO. This authorization will allow the purchase of the audio/visual equipment for the Public Safety Building Conference Room, Community Room and Physical Training Room.

Discussion and Selection Process: This request pertains to the purchase of the Audio/Visual Equipment for the Public Safety Building.

Process: Since we are dealing with audio/visual equipment, we researched what other departments and communities have done in their conference/training and community rooms to get an idea of the technology that goes into those rooms today. Once we had an idea of what we were looking for as far as technology, we consulted with HCS on the requirements and capabilities and even reached out to a local businessman who used to provide this type of work and service in the past to find out who in the industry we should be talking to. That business person was very helpful in steering us in the right direction towards legitimate and capable companies.

We then evaluated 3 companies and requested quotes for the desired equipment in the conference room. CI Select of St. Louis, MO; ZeroDay Technology Solutions; and Conference Tech of Maryland Heights, MO. Pricing for the three companies came in at

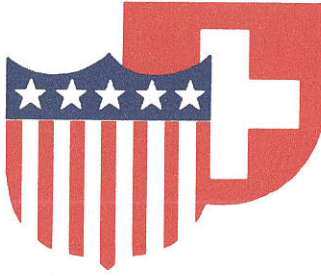


City of Highland
1115 Broadway, PO Box 218
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\$28,190.50 from ZeroDay; \$22,000.17 for Conference Tech; and \$19,872.00 from CI Select. These prices are for the equipment in the conference room and we obtained ala carte pricing for other items that would be desirable in the conference room and physical training room.

Total proposed cost for the 3 rooms for all items desired would be \$32,211.34 which would include displays in all three rooms, audio for each room, and control systems. In the community room it also includes controls on the podium for guest speakers.

Budget Impact: The furniture, fixtures and equipment expenses were budgeted at 11% of the original contract price of \$6.6 million, with the FFE costs coming out of the Police Department reserves. The total pricing provided by CI Select for all three rooms is \$32,211.34 and is within our expectations for the audio/video equipment and within our expected budget.



City of Highland

Department of Light and Power

Memo to: Christopher Conrad, City Manager
From: Dan Cook, Director of Light & Power
Date: June 16, 2021
Subject: City Business District Christmas Lighting

RECOMMENDATION

I recommend that we engage in conversation with council to seek direction regarding whether we move forward with a program for businesses to have Christmas Lighting installed and maintained by the City, and what that program should look like.

DISCUSSION

I have been approached by a few business owners asking for direction and options for Christmas lighting on their buildings. In an effort to create a uniform appearance the council asked me to look into options. I would like to recommend that we allow businesses to sign up to have Christmas lights installed by the city. The business would pay the city for the cost of the original lights (approximately \$2 per lineal foot), timers, any added electrical expense to provide appropriate outlets and the business would pay the electric bill. The city would purchase and install the lighting to ensure uniformity and perform the annual maintenance on the lights. I will be bringing two "color temperature" options for the council to select from. At the end I would like the council to provide direction for me to create an ordinance governing the program.

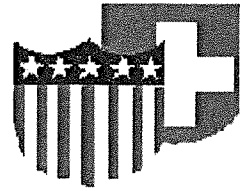
CONGURENCE

Recommended by: 
Daniel Cook, Director of Light & Power

Approved by: 
Chris Conrad, City Manager

Expenditure Listing # 1197
From 6/5/2021- 6/18/2021

City of Highland
1115 Broadway, PO Box 218
Highland IL 62249



Check No.	Vendor/Employee	Transaction Description	Date	Amount
Fund: 001 General Fund				
Department: 000 Balance Sheet Accounts				
5371	Highland Community School Dist	40 Cases of Copy Paper - Letter	06/18/2021	1,066.40
5374	Highland's Tru Buy	CENTRAL PURCHASING	06/18/2021	403.51
Total for Department: 000 Balance Sheet Accounts				1,469.91
Department: 011 General Admin				
5319	AMAZON CAPITAL SERVICES	ARC TOUCH MOUSE - MAYOR HEMANN	06/18/2021	46.56
5322	Aramark Uniform Services	MAY RUG SERVICE	06/18/2021	48.83
5323	AssuredPartners Cornerstone LLC	MAY FSA PLAN ADMIN/DEBIT CARD FEE	06/18/2021	208.00
5328	BARNETT PEST SOLUTIONS	MONTHLY PEST CONTROL - CITY HALL	06/18/2021	40.00
5344	COMPUSTITCH SCREEN PRINTING AND EMBROIDER	CITY LOGO EMBROIDERY/SHIRTS FOR LLEJEUNE SHIRTS	06/18/2021	134.96
5364	FRONTIER	PHONE CHARGES - ALARM	06/18/2021	48.20
5370	Highland Communication Services	HCS SERVICES - CITY HALL	06/18/2021	555.09
5377	I.M.L. Risk Management As	FIREWORKS LIABILITY 1/1/2021-12/31/2021	06/18/2021	100.00
5380	ILLINOIS STATE CHAMBER OF COMMERCE	CHAMBER MEMBERSHIP DUES 5/1/21-4/30/22 FOR JHEIMBURGER	06/18/2021	599.50
5383	Journal Printing	1000 #9 REPLY ENVELOPES	06/18/2021	73.80
5395	Mastercard	IL TOLLWAY PAYMENT- IIMC CONFERENCE DRIVING TOLL	06/18/2021	1,829.80
5405	Municipal Code Corporation	ADMINISTRATIVE SUPPORT FEE 06/01/2021-05/31/2022	06/18/2021	275.00
5424	SANDBERG PHOENIX & VON GONTARD P.C.	LEGAL FEES THROUGH 05/31/2021 - JASON METTLER, ET AL.	06/18/2021	7,151.77
5431	SPRINGBROOK HOLDING COMPANY LLC	PROFESSIONAL SERVICES FOR ESS MODULE (4.75 HRS @ \$120)	06/18/2021	726.25
5443	The Kwik Konnection Printing Inc	05/19/2021 - 3 X 5" COLOR ADD (CONGRATULATIONS GRADUATES)	06/18/2021	150.00
5445	The Municipal Clerks Of Illinois	MCI SUMMER SEMINAR - MEGAN VON HATTEN	06/18/2021	65.00
5452	U S Postal Service	ANNUAL POST OFFICE BOX FEE	06/18/2021	350.00
5455	Verizon Wireless - State	VERIZON CELL PHONE CHARGES	06/18/2021	428.75
5458	Voegele Photography Studio	PHOTOS FOR CHRIS CONRAD AND KEVIN HEMANN	06/18/2021	159.32
5459	Megan Von Hatten	REIMB. FOR WORK SHIRTS W/ CITY LOGO	06/18/2021	186.00
5461	WALMART COMMUNITY/ CAPITAL ONE	WAL-MART OPERATING SUPPLIES	06/18/2021	107.07
5463	Watts Copy Systems Inc.	COPIER LEASE / USAGE FOR LANA'S COPIER	06/18/2021	61.28
5465	WEX BANK	MAY FUEL	06/18/2021	217.30
Total for Department: 011 General Admin				13,562.48
Department: 012 Police Dept				
ACH PAID	CHARLES J BECHERER	INTERIM CHIEF OF POLICE PER CONTRACT	06/08/2021	5,000.00
5319	AMAZON CAPITAL SERVICES	RECHARGEABLE WIRELESS KEYBOARD MOUSE COMBO,CORDLESS KEYBOARD	06/18/2021	11.81
5320	Ameren Illinois	POLICE DEPT GAS UTILITIES	06/18/2021	87.95
5322	Aramark Uniform Services	MAY RUG SERVICE	06/18/2021	57.76
5328	BARNETT PEST SOLUTIONS	PEST CONTROL, SERVICE TICKET 3181	06/18/2021	25.00
5338	Cellebrite USA, Inc	PHONE SOFTWARE CELLEBRITE INC. RENEWAL	06/18/2021	3,700.00
5341	City Utilities	POLICE DEPT UTILITIES	06/18/2021	1,163.72
5345	Constellation NewEnergy Gas Division, LLC	GAS SERVICE	06/18/2021	1.65
5360	Christopher Flake	PER DIEM FOR C FLAKE - SRO TRAINING - MEALS 6/23/2021- 6/24/2021	06/18/2021	137.00
5364	FRONTIER	POLICE DEPT FAX LINE	06/18/2021	41.18
5367	GLOBAL TECHNICAL SYSTEMS, INC	MAIN RADIO DOWN,	06/18/2021	1,389.69
5370	Highland Communication Services	POLICE DEPT TV/PHONE/INTERNET	06/18/2021	494.90
5382	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING SUPPLIES	06/18/2021	51.78
5395	Mastercard	CAR SEAT TECH FEE	06/18/2021	644.06
5412	PAETEC	POLICE DEPT LONG DISTANCE	06/18/2021	1.04
5420	Ray O'Herron Co Inc	OUT VEST CARRIER FOR S. ZOBRIST	06/18/2021	250.07
5422	Reding Tire & Battery Inc	CAR 3, ENGINE MOUNT BRACKET	06/18/2021	378.15
5424	SANDBERG PHOENIX & VON GONTARD P.C.	Legal Services	06/18/2021	3,911.68
5430	Splish Splash Auto Bath LLC	PD CAR WASHES FOR MAY	06/18/2021	208.00
5443	The Kwik Konnection Printing Inc	05/12/2021 LEGAL - PURCHASE TWO NEW POLICE INTERCEPTOR SUV'S	06/18/2021	40.50
5446	Thomson Reuters - West	IL CRIMINAL LAW AND PROCEDURE BOOK	06/18/2021	190.00
5455	Verizon Wireless - State	VERIZON CELL PHONE CHARGES	06/18/2021	761.33
5465	WEX BANK	MAY FUEL	06/18/2021	3,496.18
Total for Department: 012 Police Dept				22,043.45
Department: 013 Building & Zoning				
5319	AMAZON CAPITAL SERVICES	RECHARGEABLE WIRELESS KEYBOARD MOUSE COMBO,CORDLESS KEYBOARD	06/18/2021	2.36
5328	BARNETT PEST SOLUTIONS	INSPECTION & TREATMENT	06/18/2021	14.00
5333	BRIDGEPAY NETWORK SOLUTIONS	BRIDGEPAY FEE	06/18/2021	5.10
5340	City Of Highland	516 Dolphin Dr W- SERVICE PANEL	06/18/2021	135.00
5364	FRONTIER	PHONE CHARGES	06/18/2021	40.69
5370	Highland Communication Services	COMMUNICATION CHARGE	06/18/2021	158.16

5382	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING SUPPLIES	06/18/2021	6.98
5395	Mastercard	ZOOM MONTHLY 5-10-2021 TO 6-9-2021	06/18/2021	14.99
5424	SANDBERG PHOENIX & VON GONTARD P.C.	LEGAL FEES THROUGH 05/31/2021 - JASON METTLER, ET AL.	06/18/2021	2,765.09
5434	SUMNER ONE, INC.	COLOR OVERAGES	06/18/2021	124.43
5443	The Kwik Konnektion Printing Inc	05/12/2021 LEGAL - SPRINGFIELD SIGN , RICK FREY	06/18/2021	195.00
5451	TYLER TECHNOLOGIES INC	SUPPORT CHARGES	06/18/2021	8,057.07
5455	Verizon Wireless - State	VERIZON CELL PHONE CHARGES	06/18/2021	190.52
5461	WALMART COMMUNITY/ CAPITAL ONE	WAL-MART OPERATING SUPPLIES	06/18/2021	14.88
5465	WEX BANK	MAY FUEL	06/18/2021	87.13
5470	Zobrist Electric Inc	110 CRIMSON CT- ROUGHIN & METER, 216 CARTERRIDGE- ROUGHIN	06/18/2021	1,050.00

Total for Department: 013 Building & Zoning 12,861.40

Department: 014 Fire Dept

5319	AMAZON CAPITAL SERVICES	RECHARGEABLE WIRELESS KEYBOARD MOUSE COMBO,CORDLESS KEYBOARD	06/18/2021	0.59
5320	Ameren Illinois	GAS SERVICES	06/18/2021	71.18
5345	Constellation NewEnergy Gas Division, LLC	GAS SERVICE	06/18/2021	3.30
5350	Dave Schmidt Truck Service Inc	REPAIRS FOR UNIT # 1517	06/18/2021	5,469.05
5359	FIRE APPARATUS & SUPPLY TEAM INC.	LABOR TO REPLACE VENEER THROTTLE CONTROL END	06/18/2021	210.00
5364	FRONTIER	PHONE CHARGES - STATION #2	06/18/2021	48.69
5395	Mastercard	SHELVING FOR FIRE TRUCK	06/18/2021	1,030.87
5427	SIGNS & DESIGNS BY RONNIE DEIEN, LLC	SHEET OF REFLECTIVE TRUCK NUMBER DECALS	06/18/2021	50.00
5455	Verizon Wireless - State	VERIZON CELL PHONE CHARGES	06/18/2021	123.86
5465	WEX BANK	MAY FUEL	06/18/2021	200.46

Total for Department: 014 Fire Dept 7,208.00

Department: 017 Streets / PW Admin

5319	AMAZON CAPITAL SERVICES	RECHARGEABLE WIRELESS KEYBOARD MOUSE COMBO,CORDLESS KEYBOARD	06/18/2021	4.13
5320	Ameren Illinois	Utilities	06/18/2021	57.47
5325	Aviston Lumber Company	20 BBQ	06/18/2021	15.00
5328	BARNETT PEST SOLUTIONS	Monthly Onslaught - May	06/18/2021	30.00
5332	Bradford National Bank	Street Sweeper pmt.	06/18/2021	3,900.97
5345	Constellation NewEnergy Gas Division, LLC	GAS SERVICE	06/18/2021	3.97
5352	Dr. Wood Trees & Landscape	Sector 2 work - 20 hrs., Additional 5 stumps removed	06/18/2021	3,275.00
5370	Highland Communication Services	Communication Services	06/18/2021	33.95
5382	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING SUPPLIES	06/18/2021	1,041.88
5389	Korte Landscaping	All Roundabouts - weed & fertilize flowers	06/18/2021	363.00
5393	Madison County Treasurer	2020 PROPERTY TAXES	06/18/2021	6,318.20
5395	Mastercard	CREDIT VOUCHER FOR WEATHERTECH PURCHASE	06/18/2021	-21.24
5408	Oates Associates Inc	KLOSS FURNITURE WAREHOUSE EXPANSION- DRAINAGE REVIEW	06/18/2021	7,856.45
5421	Red E Mix LLC	4000 PSI O/S Flatwork, Tic 60131891	06/18/2021	833.00
5423	Roland Machinery Company	Komatsu PC 88 MR Main Hydraulic Pump	06/18/2021	13,384.17
5424	SANDBERG PHOENIX & VON GONTARD P.C.	Legal Services	06/18/2021	1,950.73
5436	SYDENSTRICKER NOBBE PARTNERS	Street Sweeper -Main Brooms & Gutter Brooms	06/18/2021	1,251.22
5450	Truck Centers Inc	Annual Inspection, - Needs Repairs - Trailer Vin# L000214	06/18/2021	46.62
5455	Verizon Wireless - State	VERIZON CELL PHONE CHARGES	06/18/2021	244.81
5462	Warning Lites of Southern IL, LLC	2 Electronic Message Boards - Ordered March FY 21, came in late.	06/18/2021	29,790.00
5465	WEX BANK	MAY FUEL	06/18/2021	328.00

Total for Department: 017 Streets / PW Admin 70,707.33

Total for Fund:001 General Fund 127,852.57

Fund: 007 Community Development Fund

Department: 007 Community Development

5319	AMAZON CAPITAL SERVICES	RECHARGEABLE WIRELESS KEYBOARD MOUSE COMBO,CORDLESS KEYBOARD	06/18/2021	0.59
5325	Aviston Lumber Company	Spruce Pine Fir # 2 - City bathroom at the square.	06/18/2021	141.60
5395	Mastercard	ZOOM MONTHLY 6/8/2021-7/7/2021	06/18/2021	92.73
5424	SANDBERG PHOENIX & VON GONTARD P.C.	Legal Services	06/18/2021	603.23
5447	TJO HOLDINGS LLC	01-2-24-05-07-201-018 CITY PORTION OF TAXES 907 MAIN ST	06/18/2021	6,804.26
5455	Verizon Wireless - State	VERIZON CELL PHONE CHARGES	06/18/2021	51.84

Total for Department: 007 Community Development 7,694.25

Total for Fund:007 Community Development Fund 7,694.25

Fund: 009 Parks & Rec Fund

Department: 009 Korte Rec Center

5319	AMAZON CAPITAL SERVICES	RECHARGEABLE WIRELESS KEYBOARD MOUSE COMBO,CORDLESS KEYBOARD	06/18/2021	3.54
5320	Ameren Illinois	Heating for KRC	06/18/2021	778.57
5335	BUILDINGSTARS INC	Building cleaning KRC	06/18/2021	2,663.00
5345	Constellation NewEnergy Gas Division, LLC	GAS SERVICE	06/18/2021	814.20
5349	Da-Com Digital Office Solutions	Printer/copier contract	06/18/2021	206.81
5355	Essenpreis Plumbing & Htg	Fixed day care drinking fountain	06/18/2021	201.50
5364	FRONTIER	Phone bill KRC	06/18/2021	175.12
5365	Frost Electric Supply Co. Inc.	New light bulbs for KRC	06/18/2021	182.64
5370	Highland Communication Services	KRC wifi	06/18/2021	334.27
5375	Hillyard St Louis Inc	Laundry detergent krc	06/18/2021	3,529.74
5382	JOHN DEERE FINANCIAL	house coupling	06/18/2021	86.77

5390	Jeanette Loepker	Refund for Amish Tour she never went on	06/18/2021	85.00
5393	Madison County Treasurer	2020 PROPERTY TAXES	06/18/2021	2,197.40
5394	Rebecca Manley	Refund for Lifeguard class for both her kids	06/18/2021	300.00
5395	Mastercard	Booty kicker exercise equipment	06/18/2021	98.92
5396	Mazzio's Pizza	Pizza for party rentals at KRC April and May	06/18/2021	672.00
5414	Pepsi	KRC concessions	06/18/2021	1,335.33
5444	The Mail Box Store	SHIPPING CHARGES - KRC	06/18/2021	16.85
5455	Verizon Wireless - State	VERIZON CELL PHONE CHARGES	06/18/2021	51.45
5456	Vermont Systems Inc	Payment for our Rec Trac system	06/18/2021	4,599.12
5461	WALMART COMMUNITY/ CAPITAL ONE	WAL-MART OPERATING SUPPLIES	06/18/2021	263.78
5470	Zobrist Electric Inc	Work on KRC lighting units	06/18/2021	170.00

Total for Department: 009 Korte Rec Center 18,766.01

Department: 016 Parks & Recreation

5315	ACS- ANDREAS CONSULTING SERVICES	HIGHLAND PARK RIFLES - GPS CONSTRUCTION STAKING	06/18/2021	300.00
5319	AMAZON CAPITAL SERVICES	RECHARGEABLE WIRELESS KEYBOARD MOUSE COMBO,CORDLESS KEYBOARD	06/18/2021	4.72
5320	Ameren Illinois	Heating for KRC shed	06/18/2021	66.37
5327	Barco Products Company	Replacement boards for Hawkins bench	06/18/2021	392.01
5328	BARNETT PEST SOLUTIONS	Pest control WCC	06/18/2021	50.00
5334	Broadway Battery & Tire	Tire fix for mower	06/18/2021	256.50
5340	City Of Highland	Quarterback club building utilities	06/18/2021	54.74
5344	COMPUSTITCH SCREEN PRINTING AND EMBROIDER	CITY LOGO SHIRTS FOR PARKS AND REC	06/18/2021	98.00
5345	Constellation NewEnergy Gas Division, LLC	GAS SERVICE	06/18/2021	7.60
5346	CORE & MAIN LP	Supplies for Plaza Park construction	06/18/2021	2,329.36
5354	Edwardsville Community Symphony	Payment for their performance on the square	06/18/2021	4,000.00
5355	Essenpreis Plumbing & Htg	Dewinterized Spindler Park	06/18/2021	3,688.97
5364	FRONTIER	Phone bill	06/18/2021	48.20
5366	St. Clair Service Company FS Turf Solutions	Field supplies Parks	06/18/2021	959.00
5370	Highland Communication Services	senior center wifi	06/18/2021	19.90
5376	Home Nursery Inc	Replacement trees for Silver Lake Park	06/18/2021	251.75
5382	JOHN DEERE FINANCIAL	Deerskin gloves	06/18/2021	558.11
5393	Madison County Treasurer	2020 PROPERTY TAXES	06/18/2021	2,583.92
5395	Mastercard	Lawn weed killer herbicide concentrate- HYBSL to reimb. ck#3206	06/18/2021	404.20
5397	MCCLATCHY	LEGAL & PUBLIC NOTICE 05/12/2021 : BID PR-03-21	06/18/2021	50.00
5404	MTI Distributing, Inc.	new belt for mower	06/18/2021	27,170.64
5406	Munie Outdoor Service Inc	Maintenance on the lawn mower	06/18/2021	374.23
5414	Pepsi	Glik concession supplies	06/18/2021	1,239.46
5416	Pioneer Manufacturing Company	Paint supplies for Brad	06/18/2021	495.69
5433	Scott A Stieb	Shirts/uniforms for Brad's workers	06/18/2021	430.00
5434	SUMNER ONE, INC.	Wcc printer	06/18/2021	52.00
5435	Switzer Food and Supplies	Glik concession supplies	06/18/2021	761.45
5442	THE GREENHOUSE OF HIGHLAND	FLOWER ARRANGEMENTS FOR FREDERICK WEINHEIMER	06/18/2021	47.50
5455	Verizon Wireless - State	VERIZON CELL PHONE CHARGES	06/18/2021	221.72
5461	WALMART COMMUNITY/ CAPITAL ONE	WAL-MART OPERATING SUPPLIES	06/18/2021	518.22
5465	WEX BANK	MAY FUEL	06/18/2021	2,419.73
5466	William F. Brockman Co	Glik Concessions	06/18/2021	367.40

Total for Department: 016 Parks & Recreation 50,221.39

Department: 503 Swimming Pool Fund

5319	AMAZON CAPITAL SERVICES	RECHARGEABLE WIRELESS KEYBOARD MOUSE COMBO,CORDLESS KEYBOARD	06/18/2021	1.18
5336	Capri Pools & Aquatics	Maintenance work on the outdoor pool	06/18/2021	819.10
5355	Essenpreis Plumbing & Htg	Dewinterized Pool	06/18/2021	972.64
5358	FGM Architects	New pool study and design	06/18/2021	3,962.00
5395	Mastercard	Red cross training for lifeguards	06/18/2021	747.38
5432	Steinmann Service	Ice machine at the outdoor pool	06/18/2021	279.63
5443	The Kwik Konnection Printing Inc	News paper ad	06/18/2021	467.50
5449	Trendy Tees & More LLC	Outdoor pool sign decals	06/18/2021	40.00
5461	WALMART COMMUNITY/ CAPITAL ONE	WAL-MART OPERATING SUPPLIES	06/18/2021	7.36

Total for Department: 503 Swimming Pool Fund 7,296.79

Department: 715 Cemetery Fund

5357	Ferrellgas	Propane	06/18/2021	29.82
5384	Kalmer Landscape Supply	Topsoil	06/18/2021	388.22
5398	McGinley Inc	Maintenance and repair on the Dodge Ram 1500	06/18/2021	1,399.81
5421	Red E Mix LLC	Washed Sand Cemetery	06/18/2021	230.00

Total for Department: 715 Cemetery Fund 2,047.85

Total for Fund:009 Parks & Rec Fund 78,332.04

Fund: 012 Business District A

Department: 012 Police Dept

5362	FOREMOST FITNESS GROUP LLC	50% DOWN FOR NEW PSB FITNESS EQUIP.	06/18/2021	23,524.50
5392	LOYET-ARCHITECTS	NEW PSB RESIGN FEE AT 98%	06/18/2021	7,391.64
5408	Oates Associates Inc	HIGHLAND PARKING LOT- BROADWAY AND ZSCHOKKE ST	06/18/2021	3,777.50

Total for Department: 012 Police Dept 34,693.64

Total for Fund:012 Business District A 34,693.64

Fund: 050 Street NHR Construction

Department: 050 Street NHR Construction

5378	Illinois Dept of Transportation	Broadway Street- (Per Agreement 12/16/2019)	06/18/2021	187,038.35
5408	Oates Associates Inc	HEMLOCK TRAFFIC SIGNAL PLANS- CONSTRUCTION SERVICES	06/18/2021	4,080.00
Total for Department: 050 Street NHR Construction				191,118.35
Total for Fund:050 Street NHR Construction				191,118.35

Fund: 101 Electric Fund

Department: 000 Balance Sheet Accounts

ACH PAID	IMEA	MAY PURCHASE POWER	06/18/2021	-45,381.20
5308	AMBER BRIGGS	Refund Check	06/10/2021	323.65
5309	RYAN AND VALERIE FRETZ	Refund Check	06/10/2021	24.03
5310	NIKOLETTE KUTZ	Refund Check	06/10/2021	32.16
5311	STATE BANK OF LINCOLN	Refund Check	06/10/2021	22.72
5312	STATE BANK OF LINCOLN	Refund Check	06/10/2021	34.66
5313	CHELSEA WRIGHT	Refund Check	06/10/2021	17.33
5314	MICHAEL AND RICKI SORGE	UTILITY REFUND- REPLACEMENT CHECK FOR #4077	06/15/2021	42.14
Total for Department: 000 Balance Sheet Accounts				-44,884.51

Department: 101 Electric Admin

ACH PAID	IL Dept Of Revenue	MAY UTILITY TAX	06/18/2021	26,900.91
5319	AMAZON CAPITAL SERVICES	RECHARGEABLE WIRELESS KEYBOARD MOUSE COMBO,CORDLESS KEYBOARD	06/18/2021	1.77
5322	Aramark Uniform Services	MAY RUG SERVICE	06/18/2021	109.72
5328	BARNETT PEST SOLUTIONS	INSPECTION & TREATMENT	06/18/2021	14.00
5370	Highland Communication Services	COMMUNICATION CHARGE	06/18/2021	179.93
5382	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING SUPPLIES	06/18/2021	145.89
5395	Mastercard	ADVERTISEMENT FOR LAWN CUTTER	06/18/2021	203.93
5399	McKay Auto Parts Inc	BUILDING AND ZONING- CAR STICKER REMOVAL	06/18/2021	13.19
5424	SANDBERG PHOENIX & VON GONTARD P.C.	Legal Services	06/18/2021	1,689.05
5431	SPRINGBROOK HOLDING COMPANY LLC	MAY CIVIC PAY TRANSACTION FEE	06/18/2021	1,215.50
5434	SUMNER ONE, INC.	COLOR OVERAGES	06/18/2021	124.43
5438	TANTALUS SYSTEMS INC.	ANNUAL MAINTENANCE	06/18/2021	45,459.46
5443	The Kwik Konnektion Printing Inc	05/12/2021 LEGAL -BIDS FOR REPL OF STREET LIGHTING WILLOW CREEK	06/18/2021	60.00
5448	Transworld Systems Inc	MAY COLLECTION AGENCY DUES	06/18/2021	123.89
5455	Verizon Wireless - State	VERIZON CELL PHONE CHARGES	06/18/2021	202.79
5461	WALMART COMMUNITY/ CAPITAL ONE	WAL-MART OPERATING SUPPLIES	06/18/2021	121.64
5465	WEX BANK	MAY FUEL	06/18/2021	404.59
5467	Woodcrest Small Engine	QTY 3 - 20.5" MOWER BLADES	06/18/2021	70.37
Total for Department: 101 Electric Admin				77,041.06

Department: 102 Electric Production

ACH PAID	IMEA	MAY PURCHASE POWER	06/18/2021	780,349.88
5319	AMAZON CAPITAL SERVICES	RECHARGEABLE WIRELESS KEYBOARD MOUSE COMBO,CORDLESS KEYBOARD	06/18/2021	0.59
5322	Aramark Uniform Services	MAY UNIFORM AND RUG SERVICE	06/18/2021	148.08
5328	BARNETT PEST SOLUTIONS	INSPECTION & TREATMENT	06/18/2021	30.00
5368	Graybar	NU-10065	06/18/2021	1,326.00
5370	Highland Communication Services	COMMUNICATION CHARGE	06/18/2021	2.00
5374	Highland's Tru Buy	WATER	06/18/2021	9.20
5382	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING SUPPLIES	06/18/2021	61.79
5395	Mastercard	XMAS LIGHTS BULBS	06/18/2021	106.08
5399	McKay Auto Parts Inc	TO REMOVE GRAFFITTI ON JUNCTION BOX FOR VETRANS DAY PARADE	06/18/2021	29.05
5411	O'Reilly Automotive Inc.	QTY 1 - PWR RTD BELT, QTY 1 - TRI-PWR BELT	06/18/2021	130.25
5418	Power Line Supply	CP.EN.00000069.01 Mavic 2 enterprise part 2 battery	06/18/2021	6,711.00
5428	SITEONE LANDSCAPE SUPPLY	CONTROLLER FOR ROUNDABOUT SPRINKLER SYSTEM	06/18/2021	131.72
5465	WEX BANK	MAY FUEL	06/18/2021	960.47
5467	Woodcrest Small Engine	2020 Gravely Model # 991140	06/18/2021	7,794.39
Total for Department: 102 Electric Production				797,790.50

Department: 104 Electric Distribution

5318	Altec Industries Inc	023475005 Synthetic Rope Assembly	06/18/2021	3,760.38
5319	AMAZON CAPITAL SERVICES	RECHARGEABLE WIRELESS KEYBOARD MOUSE COMBO,CORDLESS KEYBOARD	06/18/2021	5.31
5321	ANIXTER, INC.	TAP04CUSOL-00 Wire Tap 4 CU SOL SD 150MIL	06/18/2021	2,781.10
5325	Aviston Lumber Company	FOR FORK TRUCK	06/18/2021	32.00
5330	Best Tire of Clinton Co	TIRES FOR DOUBLE BUCKET	06/18/2021	2,199.00
5356	Fastenal	3/8- 16 X1 NYL HCS	06/18/2021	5.90
5361	Fletcher Reinhardt Company	BHLS-022016-E Stirrup Clamp	06/18/2021	1,777.00
5365	Frost Electric Supply Co. Inc.	2069 CRC Cable CLean 20oz Cans	06/18/2021	146.81
5368	Graybar	50 KVA Pole Mount	06/18/2021	2,323.92
5374	Highland's Tru Buy	BOTTLE WATER	06/18/2021	218.40
5382	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING SUPPLIES	06/18/2021	464.05
5395	Mastercard	FLOOR CLEANER MACHINE FOR BREAKROOM	06/18/2021	740.78
5410	Mike Odorizzi	POLE TESTING	06/18/2021	2,407.50
5411	O'Reilly Automotive Inc.	QTY-1 CERAMIC PADS, QTY-2 BRAKE ROTOR, OIL FILTER,OIL,	06/18/2021	293.16

5415	PERSONAL PREFERENCE SERVICES	REPAIRS OF PROPERTY DAMAGED DURING LINE REPAIRS	06/18/2021	695.00
5418	Power Line Supply	GLOVE TESTING	06/18/2021	1,944.35
5419	Praxair Distribution Inc - 475	RENTAL OF GAS CYLINDER FOR 3 YEARS	06/18/2021	197.95
5437	T.R. MILLER MILL CO. INC.	45' Class 3	06/18/2021	11,286.55
5450	Truck Centers Inc	TRUCK PARTS	06/18/2021	51.30
5455	Verizon Wireless - State	VERIZON CELL PHONE CHARGES	06/18/2021	238.35
5465	WEX BANK	MAY FUEL	06/18/2021	88.28

Total for Department: 104 Electric Distribution 31,657.09

Total for Fund:101 Electric Fund 861,604.14

Fund: 111 FTTP Fund

Department: 111

ACH PAID	INTERSTATE TRS FUND	2020-2021 OBLIGATION FOR PAYMENT 12 OF 12 (514a)	06/18/2021	396.74
ACH PAID	RELIAFUND	HCS ACH PROCESSING FEES	06/18/2021	282.50
ACH PAID	USAC BILLING & DISBURSEMENT	SUPPORT MECHANISM CHARGES	06/18/2021	1,422.11
5319	AMAZON CAPITAL SERVICES	HP ENVY 6455A ALL IN ONE WIRELESS COLOR PRINTER	06/18/2021	447.88
5322	Aramark Uniform Services	MAY RUG SERVICE	06/18/2021	87.30
5326	BALLY SPORTS ST. LOUIS	MAY VIDEO CONTENT FEE	06/18/2021	10,596.76
5329	BEST Engineered Systems Technology Group LLC	SERVICE LABOR FOR BORE - CARTER RIDGE	06/18/2021	21,430.00
5339	Home Box Office Cinemax	JUNE VIDEO CONTENT FEE	06/18/2021	60.00
5345	Constellation NewEnergy Gas Division, LLC	GAS SERVICE	06/18/2021	1.98
5353	Drive Social Media	SOCIAL MEDIA MONTHLY SERVICE	06/18/2021	2,000.00
5363	FOX COLLEGE SPORTS	MAY VIDEO CONTENT FEE	06/18/2021	188.23
5369	GREAT LAKES DATA SYSTEMS	SMS OUTBOUND MESSAGING FEES	06/18/2021	1,350.00
5370	Highland Communication Services	HCS SERVICES	06/18/2021	1,488.60
5382	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING SUPPLIES	06/18/2021	69.99
5383	Journal Printing	1000 #10 SECURITY LINED REGULAR ENVELOPES	06/18/2021	71.90
5386	KGP Logistics Inc	KNIFE SPLICER ERGONOMIC - JONARD	06/18/2021	109.41
5395	Mastercard	DREAMSTIME.COM STOCK PHOTOGRAPHY SUBSCRIPTION	06/18/2021	673.69
5402	Missouri Network Alliance LLC	VOICE CONTENT FEE	06/18/2021	19,589.64
5403	MOMENTUM TELECOM, INC.	JUNE VOICE CONTENT FEE ACCT # 325794	06/18/2021	22,109.50
5407	NEXSTAR BROADCASTING, INC.	MAY VIDEO CONTENT FEE - NEXSTAR	06/18/2021	8,287.50
5417	POWER & TELEPHONE	8" Standard Black cable tie - Hellerman Tyton 18 lb tensile	06/18/2021	194.16
5424	SANDBERG PHOENIX & VON GONTARD P.C.	Legal Services	06/18/2021	150.81
5426	Showtime Networks Inc	MAY VIDEO CONTENT FEE	06/18/2021	151.47
5429	SNI / SI Networks LLC Inc	MAY VIDEO CONTENT FEE	06/18/2021	137.55
5439	TEGNA	MAY VIDEO CONTENT FEE	06/18/2021	6,077.50
5441	TELIA CARRIER	TELIA ETHERNET VIRTUAL PRIVATE LINE	06/18/2021	4,280.00
5444	The Mail Box Store	SHIPPING CHARGES - CALIX	06/18/2021	23.27
5455	Verizon Wireless - State	VERIZON CELL PHONE CHARGES	06/18/2021	329.90
5457	VIVICAST MEDIA, LLC	VIDEO CONTENT FEE - JUNE	06/18/2021	60,498.92
5460	VUBIQUITY INC.	MAY VIDEO CONTENT FEE	06/18/2021	2,210.00
5463	Watts Copy Systems Inc.	COPIER LEASE / USAGE FOR LANA'S COPIER	06/18/2021	61.29
5465	WEX BANK	MAY FUEL	06/18/2021	117.79
5469	Duane E. Zobrist	JUNE SIGN RENTAL - RTE 160 SOUTH BY EF EXPRESS	06/18/2021	100.00

Total for Department: 111 164,996.39

Total for Fund:111 FTTP Fund 164,996.39

Fund: 201 Water Fund

Department: 000 Balance Sheet Accounts

5309	RYAN AND VALERIE FRETZ	Refund Check 020495-000, 15 CRIMSON CT APT B	06/10/2021	5.43
5310	NIKOLETTE KUTZ	Refund Check 021524-000, 821 ZSCHOKKE ST APT 3	06/10/2021	8.44
5311	STATE BANK OF LINCOLN	Refund Check 021965-001, 63 NORTHWEST MNR	06/10/2021	5.41
5312	STATE BANK OF LINCOLN	Refund Check 021965-000, 65 NORTHWEST MNR	06/10/2021	9.78
5313	CHELSEA WRIGHT	Refund Check 020321-000, 545 SUPPIGER WAY APT C	06/10/2021	9.36
5314	MICHAEL AND RICKI SORGE	UTILITY REFUND- REPLACEMENT CHECK FOR #4077	06/15/2021	27.64

Total for Department: 000 Balance Sheet Accounts 66.06

Department: 201 Water Admin

5319	AMAZON CAPITAL SERVICES	RECHARGEABLE WIRELESS KEYBOARD MOUSE COMBO,CORDLESS KEYBOARD	06/18/2021	0.59
5382	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING SUPPLIES	06/18/2021	2.89
5431	SPRINGBROOK HOLDING COMPANY LLC	MAY CIVIC PAY TRANSACTION FEE	06/18/2021	486.20
5455	Verizon Wireless - State	VERIZON CELL PHONE CHARGES	06/18/2021	42.47

Total for Department: 201 Water Admin 532.15

Department: 202 Water Production

5319	AMAZON CAPITAL SERVICES	RECHARGEABLE WIRELESS KEYBOARD MOUSE COMBO,CORDLESS KEYBOARD	06/18/2021	2.36
5337	Cedarchem	566 Anionic Polymer	06/18/2021	996.60
5345	Constellation NewEnergy Gas Division, LLC	GAS SERVICE	06/18/2021	8.26
5348	Curry & Associates Engineers Inc	Tech. Assistance to lower lead concentrations in drinking water.	06/18/2021	989.70
5351	DPC Enterprises, L.P	Chlorine Gas - Yearly Bid	06/18/2021	580.00
5370	Highland Communication Services	Communication Services	06/18/2021	119.66
5381	IRWA	Yearly Membership 7/1/21 - 6/30-22	06/18/2021	197.73
5387	Kone Inc	Maintenance 6/1/21 - 5/31/22 Highland WTP	06/18/2021	1,050.00

5413	PDC Laboratories Inc	Fluoride by probe	06/18/2021	36.24
5444	The Mail Box Store	SHIPPING CHARGES - WATER DEPT	06/18/2021	123.92
5454	USA Blue Book	Lab Supplies	06/18/2021	422.05
5455	Verizon Wireless - State	VERIZON CELL PHONE CHARGES	06/18/2021	54.79
5465	WEX BANK	MAY FUEL	06/18/2021	66.50
Total for Department: 202 Water Production				4,647.81
Department: 203 Water Distribution				
5319	AMAZON CAPITAL SERVICES	RECHARGEABLE WIRELESS KEYBOARD MOUSE COMBO,CORDLESS KEYBOARD	06/18/2021	0.89
5334	Broadway Battery & Tire	Mastercraft Courser HXT	06/18/2021	151.75
5348	Curry & Associates Engineers Inc	Water Main Replacement Highland Park Rd. to Prairie Rd.	06/18/2021	584.56
5356	Fastenal	IC WB Cautn Blu	06/18/2021	72.68
5370	Highland Communication Services	Communication Services	06/18/2021	4.48
5381	IRWA	Yearly Membership 7/1/21 - 6/30-22	06/18/2021	197.73
5382	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING SUPPLIES	06/18/2021	67.25
5400	Midwest Meter Inc.	M-210 MeterBase, M-25 Gal. hre-led w/Itron Con, Gasket, Bolt set	06/18/2021	2,936.00
5401	Midwest Municipal Supply Inc	Blue Marking Paint	06/18/2021	145.44
5411	O'Reilly Automotive Inc.	light	06/18/2021	6.39
5425	Schulte Supply Inc	18" 4"x5" Blue Marking Flags	06/18/2021	2,164.98
5440	Teklab Inc	Coliform, Total Membrane Filter	06/18/2021	218.40
5455	Verizon Wireless - State	VERIZON CELL PHONE CHARGES	06/18/2021	144.56
5465	WEX BANK	MAY FUEL	06/18/2021	336.33
Total for Department: 203 Water Distribution				7,031.44
Total for Fund:201 Water Fund				12,277.46
Fund: 301 Sewer Fund				
Department: 000 Balance Sheet Accounts				
5309	RYAN AND VALERIE FRETZ	Refund Check 020495-000, 15 CRIMSON CT APT B	06/10/2021	5.53
5310	NIKOLETTE KUTZ	Refund Check 021524-000, 821 ZSCHOKKE ST APT 3	06/10/2021	8.54
5311	STATE BANK OF LINCOLN	Refund Check 021965-001, 63 NORTHWEST MNR	06/10/2021	5.41
5312	STATE BANK OF LINCOLN	Refund Check 021965-000, 65 NORTHWEST MNR	06/10/2021	9.79
5313	CHELSEA WRIGHT	Refund Check 020321-000, 545 SUPPIGER WAY APT C	06/10/2021	9.50
5314	MICHAEL AND RICKI SORGE	UTILITY REFUND- REPLACEMENT CHECK FOR #4077	06/15/2021	27.97
Total for Department: 000 Balance Sheet Accounts				66.74
Department: 301 Sewer Admin				
5319	AMAZON CAPITAL SERVICES	RECHARGEABLE WIRELESS KEYBOARD MOUSE COMBO,CORDLESS KEYBOARD	06/18/2021	0.59
5345	Constellation NewEnergy Gas Division, LLC	GAS SERVICE	06/18/2021	26.77
5370	Highland Communication Services	Communication Services	06/18/2021	204.00
5431	SPRINGBROOK HOLDING COMPANY LLC	MAY CIVIC PAY TRANSACTION FEE	06/18/2021	486.20
5464	WELLS FARGO VENDOR FIN SERV	Ricoh CopierIM C3500	06/18/2021	196.24
Total for Department: 301 Sewer Admin				913.80
Department: 303 Sewer Collection				
5319	AMAZON CAPITAL SERVICES	RECHARGEABLE WIRELESS KEYBOARD MOUSE COMBO,CORDLESS KEYBOARD	06/18/2021	0.88
5334	Broadway Battery & Tire	Mastercraft Courser HXT	06/18/2021	151.75
5347	Crawford, Murphy & Tilly Inc	GRAVITY SEWER VS. REGIONAL LIFT STATION COSTS & FEASIBILITY EVAL	06/18/2021	6,310.00
5370	Highland Communication Services	Communication Services	06/18/2021	4.47
5381	IRWA	Yearly Membership 7/1/21 - 6/30-22	06/18/2021	197.73
5382	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING SUPPLIES	06/18/2021	274.73
5388	Korte & Luitjohan Contr Inc	1316 Washington - Equip. operator, Excavator, Labor	06/18/2021	1,011.20
5399	McKay Auto Parts Inc	Air Filters	06/18/2021	62.19
5401	Midwest Municipal Supply Inc	8x6" SDR-26 TEE WYE GxG, 8" Fernco Clay PVC	06/18/2021	938.97
5425	Schulte Supply Inc	Green Marking Paint	06/18/2021	54.95
5455	Verizon Wireless - State	VERIZON CELL PHONE CHARGES	06/18/2021	30.08
5465	WEX BANK	MAY FUEL	06/18/2021	336.32
Total for Department: 303 Sewer Collection				9,373.27
Department: 304 Water Reclamation Facility				
5319	AMAZON CAPITAL SERVICES	RECHARGEABLE WIRELESS KEYBOARD MOUSE COMBO,CORDLESS KEYBOARD	06/18/2021	2.37
5356	Fastenal	Pipe Clamp	06/18/2021	69.75
5370	Highland Communication Services	Communication Services	06/18/2021	149.99
5373	Highland Pool & Spa Inc	Arctic Blue Winter Floater	06/18/2021	59.90
5379	Illinois Electric Inc	1-E70 Dodge Raptor Replacement Coupling Element	06/18/2021	622.00
5381	IRWA	Yearly Membership 7/1/21 - 6/30-22	06/18/2021	197.73
5391	LOGICAL CONCEPTS, INC.	Deal St. Lift Station - OmniSite upgrade & inspection	06/18/2021	161.00
5395	Mastercard	Heavy Duty Hose, Nozzle, Fittings thru Fire Hose Direct	06/18/2021	186.53
5444	The Mail Box Store	SHIPPING CHARGES - OMNISITE	06/18/2021	87.37
5454	USA Blue Book	Socket Flange, Bushing	06/18/2021	50.61
5455	Verizon Wireless - State	VERIZON CELL PHONE CHARGES	06/18/2021	123.86
5461	WALMART COMMUNITY/ CAPITAL ONE	WAL-MART OPERATING SUPPLIES	06/18/2021	40.04
5465	WEX BANK	MAY FUEL	06/18/2021	170.83
Total for Department: 304 Water Reclamation Facility				1,921.98

Department: 305 WRF Pretreatment

5343	KIMBERLY A. COLE	PRETREATMENT SERVICES/CONSULTING	06/18/2021	1,875.00
				Total for Department: 305 WRF Pretreatment
				1,875.00
				Total for Fund:301 Sewer Fund
				14,150.79

Fund: 401 Ambulance Fund

Department: 401 Ambulance Fund

5316	Airgas USA,LLC	LEASE RENEWAL 07/01/2021-06/30/2022	06/18/2021	540.00
5319	AMAZON CAPITAL SERVICES	RECHARGEABLE WIRELESS KEYBOARD MOUSE COMBO,CORDLESS KEYBOARD	06/18/2021	4.13
5324	AT&T MOBILITY	EMS AIR CARDS	06/18/2021	68.20
5331	Bound Tree Medical, LLC	EMS SUPPLIES	06/18/2021	1,650.58
5342	JULIE CLAYTON	AMBULANCE REFUND - BOSTON CLAYTON	06/18/2021	878.00
5370	Highland Communication Services	HCS SERVICES - STATION #1	06/18/2021	286.37
5372	HIGHLAND HEALTH CARE	AMBULANCE -REFUND	06/18/2021	586.00
5382	JOHN DEERE FINANCIAL	HIGHLAND RURAL KING OPERATING SUPPLIES	06/18/2021	10.99
5385	KB TRUCK REPAIR, INC	LABOR / REPAIRS - 2006 FORD TRUCK # 1542	06/18/2021	182.43
5409	OCCUPATIONAL HEALTH & WELLNESS	VENIPUNCTURE- DAVID CRIPPS	06/18/2021	13.44
5422	Reding Tire & Battery Inc	EMS # 1541 - FIRESTONE TIRES / LABOR	06/18/2021	1,858.92
5424	SANDBERG PHOENIX & VON GONTARD P.C.	LEGAL FEES THROUGH 05/31/2021 - LABOR & EMPLOYMENT	06/18/2021	127.50
5453	U.S. BANK EQUIPMENT FINANCE	COPIER LEASE / USAGE	06/18/2021	150.04
5455	Verizon Wireless - State	VERIZON CELL PHONE CHARGES	06/18/2021	261.72
5461	WALMART COMMUNITY/ CAPITAL ONE	WAL-MART OPERATING SUPPLIES	06/18/2021	135.41
5465	WEX BANK	MAY FUEL	06/18/2021	225.90
5468	ZirMed INC.	MONTHLY MANAGMENT FEE / REMITTANCE ADVICE ACCESS FEE	06/18/2021	136.71
				Total for Department: 401 Ambulance Fund
				7,116.34
				Total for Fund:401 Ambulance Fund
				7,116.34

Fund: 702 Police Pension Fund

Department: 702 Police Pension Fd

5317	ALLIANT INSURANCE SERVICES, INC.	FIDUCIARY LIABILITY RENEWAL POLICY 2021-2022	06/18/2021	4,805.00
				Total for Department: 702 Police Pension Fd
				4,805.00
				Total for Fund:702 Police Pension Fund
				4,805.00

Fund: 713 Solid Waste Fund

Department: 000 Balance Sheet Accounts

5309	RYAN AND VALERIE FRETZ	Refund Check 020495-000, 15 CRIMSON CT APT B	06/10/2021	4.14
5310	NIKOLETTE KUTZ	Refund Check 021524-000, 821 ZSCHOKKE ST APT 3	06/10/2021	10.87
5313	CHELSEA WRIGHT	Refund Check 020321-000, 545 SUPPIGER WAY APT C	06/10/2021	9.39
5314	MICHAEL AND RICKI SORGE	UTILITY REFUND- REPLACEMENT CHECK FOR #4077	06/15/2021	35.63
				Total for Department: 000 Balance Sheet Accounts
				60.03

Department: 713 Solid Waste Fund

5431	SPRINGBROOK HOLDING COMPANY LLC	MAY CIVIC PAY TRANSACTION FEE	06/18/2021	243.10
				Total for Department: 713 Solid Waste Fund
				243.10
				Total for Fund:713 Solid Waste Fund
				303.13

Grand Total **\$ 1,504,944.10**

Accepted by City Council June 21, 2021

Mayor: _____ Clerk: _____