

**MINUTES OF REGULAR SESSION  
HIGHLAND CITY COUNCIL  
TUESDAY, FEBRUARY 18, 2025**

Mayor Kevin Hemann called the Regular Session to order at 6:30pm. Council members Sloan, Frey, Bellm and Napper were present. Others in attendance were City Manager Conrad, City Attorney Trent Carriger, Directors Cook, Gillespie, Ohren, and Widman, Coordinator Hubbard, IAFF Representative Martin Carlen, Treasurer Nicolaides, Deputy City Clerks Hediger and Flake, City Clerk Bellm, 3 Representatives of Scheffel Boyle, and 5 citizens.

**MINUTES**

Councilman Frey made a motion to approve the minutes of the February 3, 2025 Regular Session as attached. Motion seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

**PUBLIC FORUM**

Citizens' Requests and Comments:

Highland Arts Council – Cancellation of Art in the Park – Lynnette Schuepbach, Representative, thanked the city and council for their support for the past twenty years, both financially and with manpower. She stated that with a lack of chairperson, Art in the Park would not happen this year. It does not mean the Highland Arts Council is dead. We want to do various things throughout the community. We have the dedication of the statue, with placement out at the Korte Rec Center, coming up this next week. We hope you all will be able to attend. Mayor Hemann expressed we hate to see such a wonderful event end; at some point, maybe it can return. Ms. Schuepbach stated we were hoping for co-chair positions for it, with a younger group. Unfortunately, that has not happened. She reminded the council that we are looking for how you want to change the mural that was on the outside of City Hall. When you have an idea, let us know. Councilwoman Bellm expressed she is sorry to see Art in the Park go away, but I know how much work it was. I was amazed at the amount of, people that it brought into town. If I did not recognize a face, I would ask where they were from; and, it was amazing at how many came from West County (Missouri). I know how much effort and work it took. You should be extremely pleased at putting Highland on the map. Ms. Schuepbach stated we are looking to reinvent ourselves with some other projects. We are considering another workshop in the fall, like the one we hosting right now.

*HFD Auxiliary – Hydrants, Hoses, and Heroes 5K Request* – Brooke Quade, Representative, stated we are requesting approval to host our Hydrants, Hoses, and Heroes 5K on May 3, 2025. Councilwoman Sloan made a motion to approve the request of Highland Fire Department Auxiliary for street closures to host Hydrants, Hoses & Heroes 5K on Monday, May 3, 2025, starting at 7:00am, and the request for \$1,000 for advertising as per the Special Event Application as attached. Motion seconded by Councilman Napper. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Requests of Council:

No requests or comments presented.

Staff Reports:

*Scheffel Boyle – Presentation of Combined Annual Financial Report* – Mark Korte, Principal of Scheffel Boyle’s Highland Office, was present to give the Combined Annual Financial Report and Financial Statements for Fiscal Year Ending April 30, 2024. Mr. Korte thanked the council and city staff for allowing Scheffel Boyle to be the chosen auditing firm. He introduced Brianna Mentel and Taylor Peek, the auditing team, who were present. He thanked Reanna Ohren, all the department heads, and city staff for their help in gathering the information needed.

The city’s financial statements have been prepared in the GASB 34 reporting model, which requires accounting for depreciation of fixed assets within governmental activities and a comprehensive statement of the city’s finances in whole. Fiduciary Funds, such as the pensions, are reported in separate statements; these are not included in the activities of the city’s financial statements, as the city cannot use these assets and only acts as a conduit for those funds. Exhibits 3-5 are not affected by these actuarial funds. GASB Statement 96 is new pronouncement and deals with subscription-based software arrangements. While a statement was not prepared this year, the city did recognize that this is out there; it had no impact on the financial statements of the City for fiscal year end 2024.

Mr. Korte directed attention to Page 2, Management’s Discussion & Analysis, based on the city’s financial statement and put together by Finance Director Reanna Ohren and City Manager Conrad. On Page 12, you will find our opinion, in Paragraph 2. ‘the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Highland, Illinois, as of April 30, 2024, and the respective change in financial position and, where applicable, cash flow thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.’ That is a clean opinion, which is the highest we can give. Because the city receives funds from outside grant sources, on Page 15 a statement regarding financial reporting of internal controls, auditing of those, and, on Page 88, our Statement of Findings on those internal controls, audit findings, and corrective action plans.

The Statement of Activities begins with Statements of Net Positions – Exhibits 1 & 2, which are prepared on accrual basis accounting. It reflects the most accurate picture of the city’s finances; presents capital assets with depreciation of those assets; and, reports long-term debt as it is incurred. Pension plan funds are not included as the city acts as agent of those funds, as it has no discretionary control on those funds. On Page 17, Exhibit 1 shows governmental funds in one column; business activities in another. Business activities are designed to be self-sufficient and get revenues from user fees to cover expenses versus using tax funds. Net Position, as of April 30, 2024, was \$154,340,153 in assets, as compared to \$151,093,578 in 2023, for an increase of \$3.2M in assets. Liabilities of \$48,786,227, compared to \$51,203,514 in 2023, for a decrease of \$3.6M of liabilities. This resulted in a net equity increased by \$6.8M. Exhibit 2 reports expenses in Column 1, revenue in the next column. For fiscal year, governmental activities increased \$3.6M; business-type activities, increased almost \$1.2M; for a total net position change of an increase \$4.8M. So, a very solid fiscal year for the city. Exhibits 3-6 further details the governmental activities. On Page 28, you will find Exhibit 8, Statement of Enterprise Funds, reporting of the business-type activities. Light & Power had an increase in net position of \$843,615; Water, \$431,295; Sewer, \$434,540; and, Solid Waste, \$38,468. Mr. Korte noted one thing included in the city’s Light & Power is the Fiber to the Premise Fund. It had a slight drop in revenue, but a significant decrease in expenditures. So, progress is being made there.

Exhibits 10 & 11 are statements regarding fiduciary funds and includes a schedule of employer contribution to pension. Starting on Page 90, the statistical section provides a ten-year view of historical data, showing trend data. This is some really useful information. On Page 90, property tax shows an 8.3% growth in revenue due to property values. Almost every category of tax showed an increase: Sales

Tax 5.8%, Non-Home Rule Sales Tax, 4.7%; and Business District Sales Tax did very well with a significant increase in revenue. Table 3 shows governmental expenditures up. This was due to various street improvement projects and city hall renovations. Table 4 shows Assessed Evaluations increased by 7.8% in city. Table 5 shows the city's levied tax rate went down 2.8%, to the lowest rate it has been in over the past ten years. The tables have good information regarding debt as well. The city has incurred long-term debt for water and sewer improvement projects, city hall renovations, and the lease of the senior center, among other things, for long-term debt of \$10,243,515 currently. Based on the assessed valuation of the city and current debt, the maximum debt limit the city could incur now is \$11,258,474.

Mayor Hemann expressed this is a very positive report. Mr. Korte agreed, yes, the city had a very solid year. Again, thank you to the city staff and City Manager Conrad. We take a lot of pride in being able to perform our city's audit. If you have any questions or concerns, please call or stop by and we will be happy to assist.

## **NEW BUSINESS**

Accept Combined Annual Financial Report – Councilwoman Bellm made a motion to approve the Combined Annual Financial Report as attached. Motion seconded by Councilman Frey. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Approve 2024 Treasurer's Report – Councilman Frey made a motion to approve the 2024 Treasurer's Report as attached. Motion seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Bill #25-19/ORDINANCE Abating Taxes Levied for the General Obligation Sewerage System Refunding Bonds (Alternate Revenue Source) Series 2021 Bond and Interest for the 2024 Taxes Payable in 2025 – Councilwoman Bellm made a motion to approve Bill #25-19/Ordinance #3379 abating taxes levied for the General Obligation Sewerage System Refunding Bonds (Alternate Revenue Source) Series 2021 Bond and Interest for the 2024 Taxes payable in 2025 as attached. Motion seconded by Councilman Napper. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Bill #25-20/ORDINANCE Abating Taxes Levied for the General Obligation Refunding Bonds (Alternate Revenue Source) Series 2020 Bond and Interest for the 2024 Taxes Payable in 2025 – Councilman Frey made a motion to approve Bill #25-20/Ordinance #3380 abating taxes levied for the General Obligation Refunding Bonds (Alternate Revenue Source) Series 2020 Bond and Interest for the 2024 Taxes payable in 2025 as attached. Motion seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Bill #25-21/ORDINANCE Abating Taxes Levied for the 2010 General Obligation Street Bond Alternate Revenue Bond and Interest for the 2024 Taxes Payable in 2025 – Councilwoman Bellm made a motion to approve Bill #25-21/Ordinance #3381 abating taxes levied for the 2010 General Obligation Street Bond Alternate Revenue Bond and Interest for the 2024 Taxes payable in 2025 as attached. Motion seconded by Councilman Frey. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Bill #25-22/ORDINANCE Amending Chapter 78 – Utilities, Article II – Electric Service Regulations, Division 3 – Billing and Rates, Section 78-112 – Schedule of Electric Rates, of the Code of Ordinances, to Adjust the Electric Rates Charged by the City of Highland Department of Light & Power –

Councilman Frey made a motion to approve Bill #25-22/Ordinance #3382 amending Chapter 78 – Utilities, Article II – Electric Service Regulations, Division 3 – Billing and Rates, Section 78-112 – Schedule of Electric Rates, of the Code of Ordinances, to adjust the electric rates charged by the City of Highland Department of Light & Power as attached. Motion seconded by Councilwoman Bellm. Mayor Hemann stated I know whenever we raise rates, it is a concern. Director Dan Cook stated we are doing a little better job of balancing the budget than the State of Illinois. I provided to council some data in the handouts. The proposal for the first year is a 3% increase, with 1.5% increases in the next two years to follow. The first chart shows our current price per kilowatt-hour (kWh) and the proposed rate. On the handout with the graph, the blue line is the average retail price of electricity, for residential, in Illinois, on a monthly basis. It fluctuates monthly; however, for years 2020-2024, we were solidly below average, historically, and it shows our rate is very stable. This is a comparison based on the rates of Ameren, ComEd, Clinton County Co-op, Southwestern Electric Co-op, and others; it is everyone across the state.

Director Cook explained that the next handout is a sampling of various users, to show the impact of the proposed increases on residential customers. “Customer A”, is a low electric user, with monthly consumption of 389 kWh. Currently, their bill is \$70.69 per month for electric. A 3% increase is \$6.97 per month, \$83.58 per year. “Customer B”, uses 1097 kWh per month, which is a little above average. Currently, their charges would be \$164.77 per month. They will experience an increase of about \$8.74 per month, \$104.83 over the year. The average user, at 908 kWh per month, will have an increase of around \$8.27 per month in electric, \$99.20 annual increase. The large sheet shows the 3%, increase means an \$863,764 increase in revenue for this next fiscal year, as well as projected revenue for the following years with increases of 1.5%. He noted it also shows that had we followed the path of the 2016 Cost of Service Study, we are right where we are be now with this proposal. The cost of the transmission rates from Ameren is the only unknown thing and where we seem to see the biggest increases in our costs that impact rates. We have also had significant increases in material costs, such as copper and transformers. Poles have doubled in price since I started here. It is a challenge, but I feel we do very well at servicing our customers. We are reinvesting in our infrastructure. The way people are using power today and with solar, there is a lot of unknown. Mayor Hemann asked what our range is. Director Cook reported our service area is roughly sixty-four square miles. On weekends, outages take about one hour to recover; weekdays, it is approximately thirty minutes. Councilman Frey asked how we are doing with the winter months. Director Cook responded we have seen some notices of potential for alerts. However, it has not impacted us. We have the tanks full for the generators to run if it is needed. We will be running them this next week as a maintenance check. Councilman Napper expressed you do a great job. You look forward and plan. I can tell you really care. I am concerned every time we increase rates. I don’t like raising rates and taxes. I would rather cut things first. However, I have looked at this; and feel that it is fair. Director Cook noted we are competing with a lot of variables and entities. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Bill #25-23/RESOLUTION Designating Freedom of Information Officers Pursuant to Section 3.5 of the Freedom of Information Act – Councilwoman Bellm made a motion to approve Bill #25-23/Resolution #25-02-3165 designating Freedom of Information Officers pursuant to Section 3.5 of the Freedom of Information Act as attached. Motion seconded by Councilman Frey. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Bill #25-24/RESOLUTION Authorizing the Sole Source Purchase of a 2024 Ford F-550 Chassis 4x4 Regular Cab Truck From Broadway Ford Truck Sales, Inc. Under the Illinois Procurement BidBuy Awarded Contract Program – Councilman Frey made a motion to approve Bill #25-24/Resolution #25-02-3166 authorizing the sole source purchase of a 2024 Ford F-550 Chassis 4x4 Regular Cab Truck from Broadway Ford Truck Sales, Inc., under the Illinois Procurement BidBuy Awarded Contract Program, in the amount of \$68,515.00, as attached. Motion seconded by Councilwoman Bellm. City Manager Conrad commended Director Gillespie for doing a fantastic job of scouring the Illinois bid listings to find this very

specific equipment. Because of his great job, he now gets to help the other directors do this for their departments. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Approve Mayor's Reappointments of Susan Martz and Bob Luitjohan to the Cemetery Board of Managers – Councilwoman Bellm made a motion to approve the mayor's reappointments of Susan Martz and Bob Luitjohan to the Cemetery Board of Managers for two-year terms, to expire March 1, 2027, as attached. Motion seconded by Councilman Frey. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

Approve Mayor's Reappointments of Ronald Wagner and David Frey to the Silver Lake Commission - Councilman Frey made a motion to approve the mayor's reappointments of Ronald Wagner and David Frey to the Silver Lake Commission for three-year terms, to expire March 2028, as attached. Motion seconded by Councilwoman Bellm. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried.

## **REPORTS**

Accepting Expenditures Reports #1284 for Feb. 1, 2025 through Feb. 14, 2025 – Councilwoman Bellm made a motion to accepting Expenditures Report #1284 for February 1, 2025 through February 14, 2025 as attached. Motion seconded by Councilman Frey. Roll Call Vote: Councilmembers Sloan, Frey, and Bellm voted aye, none nay. Councilman Napper abstained. Motion carried.

Councilwoman Sloan made a motion to temporarily adjourn this regular session to enter into executive session under the Illinois Open Meetings Act under the following exemption: 5 ILCS 120/2(c)(11) to discuss litigation and 5 ILCS 120/2(c)(1) to discuss the performance and compensation of a specific employee. Motion seconded by Councilman Frey. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried. Open Meeting temporarily adjourned at 7:18pm.

Mayor Hemann reconvened the Regular Session at 8:20pm. Council members Sloan, Frey, Bellm and Napper were present. Others in attendance were City Manager Conrad, Director Widman, Deputy City Clerks Hediger and Flake, and City Clerk Bellm.

City Manager Chris Conrad reported we have negotiated a settlement in our litigation of unfair labor practice. We held mediation through the labor relations board and agreed on terms. No money exchanged hands, so there is nothing for the council to vote on.

Councilwoman Bellm made a motion to adjourn. Motion seconded by Councilman Napper. Roll Call Vote: Councilmembers Sloan, Frey, Bellm and Napper voted aye, none nay. Motion carried. Meeting adjourned at 8:22pm.

Kevin B. Hemann, Mayor

Barbara Bellm, City Clerk