

City of Highland Finance/Personnel Subcommittee Agenda

SUBCOMMITTEE MEMBERS

LARRY McCALLON, MEMBER
JOHN TIMMER, MEMBER

November 7, 2023
10:00 a.m.
Upright Conference Room
Highland City Hall
27215 Base Line
Highland, California

STAFF

Joseph A. Hughes - City Manager
Chuck Dantuono - Director of Administrative Services/City Treasurer
Michelle Gomez – Accountant
Lawrence Mainez - Community Development Director
Alondra Muñoz - Deputy City Clerk
Leticia Nava-Cruz - Assistant Director of Administrative Services
Carlos Zamano - Public Works Director/City Engineer

MISSION STATEMENT

Highland is dedicated to the betterment of the individual, the family, the neighborhood and the community. The City Council and the staff of Highland are dedicated to providing the quality of public facilities and services that its citizens are willing to fund and will do so as efficiently as possible.

Visit the City's Website at: www.cityofhighland.org

CITY OF HIGHLAND • 27215 BASE LINE • HIGHLAND, CALIFORNIA 92346 • (909) 864-6861 • (909) 862-3180 FAX

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Any disclosable public records related to an open session item on a regular meeting agenda and distributed by the City of Highland to all or a majority of the Subcommittee less than 72 hours prior to that meeting are available for public inspection at Highland City Hall, 27215 Base Line, Highland, during normal business hours.

FINANCE/PERSONNEL SUBCOMMITTEE NOVEMBER 7, 2023 – 10:00 a.m.

CALL TO ORDER

PUBLIC COMMENT

Submission of Public Comments: For those wishing to make public comments by email, please submit your comments by email to be read aloud at the meeting. Email comments must be submitted by 9:00 a.m. on November 7, 2023, to publiccomment@cityofhighland.org. If you are submitting a public comment pertaining to an item on the November 7, 2023 agenda, please identify the agenda item number in the subject line. Members of the public will be permitted to make public comments in person.

BUSINESS ITEMS

1. Minutes – October 18, 2023 Meeting
RECOMMENDATION: Approve the Minutes as submitted.
2. Design Services Proposal for Greenspot Road Median and Parkway Improvements Project (Project No. str23002)
RECOMMENDATION: That the Subcommittee:
 - 1) Review and approve Willdan Engineering's Design Services Proposal for the Greenspot Road Median Parkway Improvements Project (Project No. str23002); and
 - 2) Authorize the City Manager to approve contract amendments up to 10% of the proposal amount.
3. Audit 2022/2023 Annual Comprehensive Financial Report (ACFR), Single Audit Report, SAS 114 Letter, Management Letter, Independent Auditor's Report on Internal Control, Appropriations Limit Report
RECOMMENDATION: That the Subcommittee review and approve the item to bring forward to the City Council for consideration. All reports are for the fiscal year ending June 30, 2023.

4. Annual AB1600 Development Impact Fees Report 2022/2023
RECOMMENDATION: That the Subcommittee review and approve the item to bring forward to the City Council for consideration.
5. Annual Developer In-Lieu Fees Report 2022/2023
RECOMMENDATION: That the Subcommittee review and approve the item to bring forward to the City Council for consideration.

ADJOURN

I, Alondra Muñoz, Deputy City Clerk, of the City of Highland, California, certify that I caused to be posted this Agenda on or before the 2nd day of November, 2023, by 5:30 p.m. on our website at www.cityofhighland.org and in the following designated areas:

Highland Branch Library
7863 Central Avenue

Fire Station No. 1
26974 Base Line

City Hall
27215 Base Line

Date: November 2, 2023



Alondra Muñoz
Deputy City Clerk

Business Item No. 1

**MINUTES
FINANCE/PERSONNEL SUBCOMMITTEE
October 18, 2023**

CALL TO ORDER

The Finance/Personnel Subcommittee meeting was called to order at 10:00 a.m. in the Upright Conference Room, 27215 Base Line, Highland, California.

ROLL CALL

Present: McCallon, Timmer
Absent: None

PUBLIC COMMENT

None

BUSINESS ITEMS

1. Minutes – September 21, 2023 Meeting
 Approved the Minutes as submitted.
2. Professional Services Agreement for City Manager Recruitment Services
 The Subcommittee:
 - 1) Reviewed the submitted Request for Proposals (RFPs) for City Manager Recruitment Services; and
 - 2) Awarded the Professional Services Agreement to Ralph Andersen & Associates.

ADJOURN

There being no further business, the meeting was adjourned at 10:23 a.m.

Submitted by:

Approved by:

Alondra Muñoz, Deputy City Clerk

Subcommittee Member

Business Item No. 2

MEMO



DATE: October 26, 2023

TO: Finance Subcommittee

PREPARED BY: Ben Booth, Senior Civil Engineer

FROM: Carlos Zamano, Public Works Director/City Engineer *CZ*

SUBJECT: Design Services Proposal for Greenspot Road Median and Parkway Improvements Project (Project No. str23002)

RECOMMENDATION: That the Finance Subcommittee approve Willdan Engineering's Design Services Proposal for the Greenspot Road Median and Parkway Improvements Project (Project No. str23002) and authorize the City Manager to approve contract amendments up to 10% of the proposal amount.

1.0 Background

With multiple future development projects anticipated along the north side of Greenspot Road between SR-210 interchange and Boulder Avenue, the City's str23002 Greenspot Road Median and Parkway Improvements Project (Project) includes the following improvements listed below. Refer to the attached exhibit for the location of each improvement.

1. Restripe right turn pocket for westbound SR-210 on ramp to allow for (2) dual right turn pockets and install traffic loop detection.
2. Modify existing traffic signal at Access "A" intersection to accommodate dual eastbound left turn pockets and future southbound traffic from development to the north.
3. Modify existing raised landscape median to construct 300' dual eastbound left turn pockets at Access "A" intersection.
4. Construct westbound 200' dedicated right turn pocket for Access "B" and relocate an existing storm drain lateral and catch basin.

2.0 Fiscal Impact

This project is included in the City's 5-year Capital Improvement Program. The proposed fee, based on actual time and material, is not-to-exceed \$90,885. The 10% contingency amount of \$9,088.50 will be used to cover any additional services if needed and requested by City staff during the course of the project. The funding source for this project is the City's 2007 RDA fund.

3.0 Consultant Evaluation and Selection

Staff solicited proposals from the City's (3) on-call engineering firms: ERSC Inc., Willdan Engineering, and TKE Engineering, Inc to provide professional engineering services including preparation of plans, specifications, and estimates for the Project. Of the (3) firms, staff reviewed

submitted proposals and determined Willdan Engineering was the most qualified firm. Willdan Engineering has worked with the City on many projects including McKinley Avenue Safe Routes to School, 9th Street & Cunningham Street Safe Routes to School Project and Base Line Safety Improvements Project. Willdan Engineering has provided these same services on numerous projects using the same experienced team. Staff reviewed Willdan Engineering's fee proposal and negotiated the original fee of \$94,375 to \$90,885.

4.0 Staff Recommendation

Staff recommends that the Finance Subcommittee approve Willdan Engineering's Design Services Proposal for the Greenspot Road Median and Parkway Improvements Project (Project No. str23002) and authorize the City Manager to approve contract amendments up to 10% of the proposal amount.

Attachments: 1. str23002 RFP Exhibit
 2. Willdan Engineering's Design Services Proposal

File Path:

M:\PUBWRK\str23002 - Greenspot Road Parkway and Median Improvements\Subcommittee Meetings\str23002 Recommendation to Award Design Consultant Memo.doc

Attachment 1:
str23002 Greenspot Road Parkway and Median
Improvements Project RFP Exhibit

str23002 GREENSPOT ROAD PARKWAY AND MEDIAN IMPROVEMNTS PROJECT RFP EXHIBIT



SCOPE OF WORK

- 1 RESTRIPE WESTBOUND RIGHT TURN POCKET FOR WB ON-RAMP TO PROVIDE (2) DEDICATED RIGHT TURN LANES. INSTALL TRAFFIC LOOPS.
- 2 MODIFY RAISED LANDSCAPE MEDIAN TO CONSTRUCT (2) EASTBOUND 300' LEFT TURN POCKETS FOR ACCESS "A" INTERSECTION.
- 3 MODIFY EXISTING TRAFFIC SIGNAL AT ACCESS "A" TO ACCOMMODATE PROPOSED DUAL EASTBOUND LEFT TURN POCKETS AND FUTURE SOUTHBOUND ACCESS "A" TRAFFIC.
- 4 CONSTRUCT WESTBOUND 200' DEDICATED RIGHT TURN POCKET AT ACCESS "B."



NTS

SHEET 1 OF 2



PARCEL MAP 19504
P.M.B. 247/65-70

PARCEL 21

PARCEL 6

ACCESS "A"

PARCEL MAP 19504
P.M.B. 247/65-70

WEST ROAD - PRIVATE

STA. 10+92.00 TO 14+50.00

CONSTRUCTION NOTES:

- CONSTRUCT 8" CURB AND GUTTER PER CITY OF HIGHLAND STD. PLAN NO. 203.
- CONSTRUCT 6" CURB ONLY (MODIFIED) PER CITY OF HIGHLAND STD. PLAN NO. 203 AND PER DETAIL ON SHEET 6.
- CONSTRUCT 6" CURB TYPE "B" PER CITY OF HIGHLAND STD. PLAN NO. 201.
- CONSTRUCT 6" CURB AND GUTTER PER CITY OF HIGHLAND STD. PLAN NO. 202.
- CONSTRUCT 4" THICK AC OVER 5" CLASS II AB FOR THE BASE. AN ASPHALT PERFORMANCE GRADE (PG) BINDER OF 64-10 SHALL BE USED.
- CONSTRUCT 20" WIDE TRUCK BAY - 7" THICK PCC OVER 4" CLASS II AB FOR THE BASE.
- CONSTRUCT 6" WIDE PCC CROSS GUTTER AND SPANDRELS PER CITY OF HIGHLAND STD. PLAN NO. 206A AND 206B.
- CONSTRUCT 4" THICK PCC SIDEWALK TYPE B (MODIFIED) PER CITY OF HIGHLAND STD. PLAN NO. 208. WIDTH VARIES, SEE PLAN.
- SAWCUT AND REMOVE EXIST. CURB & GUTTER PER CITY OF HIGHLAND STD. PLAN NO. 205. REPLACE PER CONST. NOTE NO. 1 ABOVE.
- CONSTRUCT PCC CURB RAMP CASE B TYPE I PER SSPWC STD. DWG. NO. 111-5 AND PER DETAIL ON SHEET 6.
- CONSTRUCT PCC CURB OPENING CATCH BASIN (WIDTH PER PLAN) PER SEPARATE STORM DRAIN PLANS.
- CONSTRUCT LOCAL DEPRESSION CASE B PER SSPWC STD. DWG. NO. 313-3 AND PER DETAIL ON SHEET 6.
- ADJUST TO GRADE MANHOLE RIMS AND/OR VALVE COVERS AS NECESSARY.
- CONSTRUCT 4" WIDE PCC V-GUTTER PER DETAIL ON SHEET 6.
- INSTALL REDWOOD HEADER PER DETAIL ON SHEET 6.
- CONSTRUCT MEDIAN FLARE PER SSPWC STD. DWG. NO. 141-2.
- COLD PLANE 0.12" MIN. PER CITY OF HIGHLAND STD. PLAN NO. 215.
- CONSTRUCT 0.12" THICK MIN. AC OVERLAY.
- INSTALL BARRICADE PER DETAIL ON SHEET 6.
- INSTALL TRUNCATED DOMES PER CITY OF HIGHLAND STD. PLAN NO. 223.
- PROTECT IN PLACE (EXISTING ITEM AS INDICATED ON PLAN).
- SAWCUT AND REMOVE EXIST. AC PAVEMENT AND BASE.
- PROTECT IN PLACE EXISTING ELECTRICAL LINES, POWER POLES AND GUY WIRES.
- ADJUST EXISTING TRAFFIC SIGNAL PULL BOX TO SIDEWALK GRADE.
- SAWCUT AND REMOVE EXIST. PCC CURB RAMP AND SIDEWALK.
- TRAFFIC SIGNAL LIGHT POLE AND PUSH BUTTON PER SEPARATE PLANS.
- RELOCATE EXISTING BLOW-OFF PER SEPARATE PLANS.

NOTE:

ADD 1200.00 TO ALL DESIGN ELEVATIONS ON PLANS.

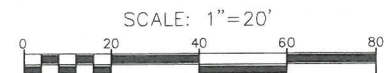
SHEET 2 OF 2



NOTICE TO CONTRACTOR:

PRIOR TO PERFORMING ANY CONSTRUCTION, THE CONTRACTOR SHALL POT-HOLE, LOCATE, AND VERIFY THE LOCATION AND ELEVATION OF THE EXISTING UTILITIES, SEWER, AND THE STORM DRAIN LINES NECESSARY FOR CONNECTION AND/OR POSSIBLE CONFLICT. THE CONTRACTOR SHALL NOTIFY THE ENGINEER IMMEDIATELY OF ANY DISCREPANCY.

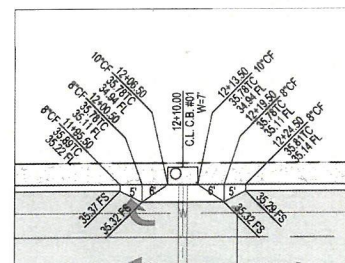
SCALE: 1" = 20'



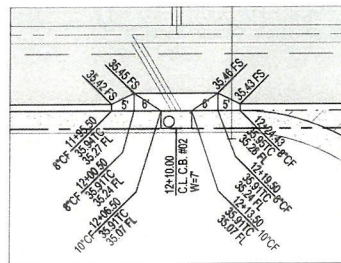
LINE TABLE		
LINE #	DIRECTION	LENGTH
L1	N04° 01' 19"W	185.75
L2	N01° 36' 14"W	161.78
L3	N01° 36' 14"W	123.72
L4	N04° 01' 19"W	162.84
L5	N34° 01' 19"W	26.60
L6	N04° 01' 19"W	130.00
L7	N04° 01' 19"W	106.43
L8	N04° 01' 19"W	70.13
L9	N19° 01' 19"W	28.32
L10	N04° 01' 19"W	110.17
L11	N85° 58' 41"E	0.99
L12	N25° 58' 41"E	26.60

CURVE TABLE				
CURVE #	DELTA	RADIUS	LENGTH	TANGENT
C1	90°00'00"	25.00	39.27	25.00
C2	87°34'55"	30.00	45.86	28.76
C3	92°32'08"	7.00	11.31	7.32
C4	90°00'00"	7.00	11.00	7.00
C5	30°00'00"	50.00	26.18	13.40
C6	30°00'00"	50.00	26.18	13.40
C7	165°00'00"	1.00	2.88	7.60
C8	180°00'00"	5.50	17.28	INFINITY
C14	15°00'00"	50.00	13.09	6.58

GREENSPOT ROAD



LOCAL DEPRESSION
DETAIL - "A"
SCALE: 1"=20'



LOCAL DEPRESSION
DETAIL - "B"
SCALE: 1"=20'

DIG ALERT
CALL BEFORE YOU DIG
811

BENCHMARK AND CONTOUR INTERVAL
THE CONTOURS AND ELEVATIONS SHOWN HEREON ARE BASED ON THE FOLLOWING BENCHMARK:
BM No. 0001 ELEV. 1213.30'
(CITY OF HIGHLAND BENCHMARK)
CHISELED BOX AT THE EAST END OF THE NORTHEAST CURB RETURN AT 5TH STREET AND CHURCH AVENUE.
CONTOUR INTERVAL=1'



PLANS PREPARED UNDER THE SUPERVISION OF:

DATE: _____
AARON T. SKEERS RCE 62183

Prepared Under The Supervision Of:

MADOLE & ASSOCIATES, INC.
Engineering Communities for Life

9302 PITTSBURGH AVE., SUITE 200
RANCHO CUCAMONGA, CA 91730
PHONE: 909.481.8222
FAX: 909.481.8220

DATE: _____

REVISIONS

MARK	DESCRIPTION	APPR.	DATE

CITY OF HIGHLAND

RECOMMENDED BY	APPROVED BY
DATE: _____	DATE: _____
MATTHEW S. BENNETT R.C.E. 65100 Assistant Public Works Director	CARLOS ZAMANO R.C.E. 60153 Public Works Director/City Engineer

STREET IMPROVEMENT PLANS

PROJECT No. STRxxxxx
WEST ROAD PLAN
PRIVATE WEST AND EAST
ACCESS ROADS IMPROVEMENT
WEST RD. STA. 10+92.00 TO 14+50.00

DWG. NO. _____
SHEET 2 OF 7

PRELIMINARY - NOT FOR CONSTRUCTION/ FOR PLAN CHECK ONLY

Attachment 2:
Willdan Engineering's Professional Engineering Services
Proposal
for
str23002 Greenspot Road Median and Parkway
Improvements Project



September 7, 2023

Mr. Carlos Zamano, PE
Public Works Director/City Engineer
City of Highland
27215 Base Line
Highland, CA 92346

RE: Proposal to Provide Professional Engineering Services for Greenspot Road Median and Parkway Improvements Project (Project No. str23002) - REVISED

Dear Mr. Zamano:

Willdan Engineering (Willdan) is pleased to submit this proposal to provide professional engineering services for Greenspot Road Median and Parkway Improvements Project. It is our understanding that the proposed improvements will take place along the westbound direction of Greenspot Road between Boulder Avenue and the SR-210 interchange. We also understand the importance of the project to the City and its commitment to advertise this project for bids by February 15, 2024, and begin construction in April of 2024.

We understand the work will include the following improvements and features:

- a. Provide two right turn pockets from Westbound Greenspot Road to Northbound SR-210 and obtain a Caltrans permit for traffic signal modifications.
- b. Modify existing traffic signal at Access "A" intersection to accommodate dual eastbound left turn pockets and future southbound traffic from development to the north.
- c. Modify existing raised landscape median to construct 300' dual eastbound left turn pockets at Access "A" intersection.
- d. Construct westbound 200' dedicated right turn pocket for Access "B" and relocate storm drain lateral and catch basin.

Willdan has demonstrated expertise in providing street improvements design and traffic engineering services for thousands of projects for local agencies throughout California. With over 59 years of experience, we have gained a deep understanding of the intricacies of the project development process. As a large municipal services firm operating primarily in southern California, Willdan is the best choice, both technically and operationally, to perform the scope of work outlined in the City of Highland's Request for Proposal.

To ensure that our project approach will meet the City of Highland's objectives on schedule and within budget, we have assembled a project team with the expertise, experience, and availability to accomplish your goals. Our Project Manager, Tyrone Peter, possesses over 17 years of design experience. He has designed over 1,000 projects for local cities, outside agencies, and Caltrans projects, and has managed a variety of projects covering street improvements and traffic design. He will be supported by a team that not only has worked together on similar projects but are some of the best experts in their respective disciplines.

We are committed to working tirelessly to resolve project issues with project stakeholders and will apply technical expertise, local knowledge, and professional relationships to provide the City

of Highland with a cost-effective project completed within the City's construction budget. The advantages the Willdan Team brings to the City of Highland include the following:

- **Turn-Key Services.** Willdan provides expert in-house consulting and design services for the full spectrum of project needs, including roadway, water, sewer, neighborhood traffic programs, traffic signal systems, drainage structures, major highway facilities, bridges, and structures.
- **Staff Augmentation Experience.** Be it on a full-time or part-time in-house basis, by project, or in consultation, we offer staff augmentation services provided by experienced professionals who have likely served in a public agency in a management capacity. Familiarity with the unique processes and policies of public agencies allows our professionals to make educated decisions without the need for further consultation, offering multidisciplinary skills through a sole consultant.
- **Highland Experience and Multi-Disciplinary Relationships with City Staff.** Through the past assignments that we have completed for the City's Public Works Department, we have amassed a breadth of knowledge of the City's policies, practices, and procedures. We have provided design for the City's improvement projects, interchange program management, CM/Inspection services, Building and Safety services, and have provided staff augmentation. As a result of the multiple-disciplinary services that we have provided to the City, our key staff has established relationships with City staff in all of the departments/divisions that will be involved in the Greenspot Road Median and Parkway Improvements Project. With our past design and construction management experience and our relationships with City staff, Willdan will seamlessly coordinate all aspects of the project.

Willdan is excited about this opportunity to use our team's skills and expertise to assist the City of Highland with professional engineering services for the Greenspot Road Median and Parkway Improvements Project. Please feel free to contact us to discuss any aspect of this proposal. Mr. Tyrone Peter can be reached at 714.393.1963 or tpeter@willdan.com; I can be reached at 562.368.4848 or vmunoz@willdan.com.

Respectfully submitted,

WILLDAN ENGINEERING



Vanessa Muñoz, PE, TE, PTOE
President & CEO

UNDERSTANDING

The City of Highland is seeking professional engineering design services for Greenspot Road Improvements Project. These services include utility coordination, preparation of plans, specifications, and estimate (PS&E), obtaining encroachment permit (EP) approval from Caltrans for the traffic signal modifications at the SR – 210, which will also include preparation of Traffic Control handling plans. During our initial field review, Willdan will also review the existing pavement conditions for signs of distress and develop recommendations for the appropriate pavement rehabilitation treatment.

APPROACH

Willdan Engineering's approach to this assignment will start with a meeting with the City staff to discuss and obtain any special project requirements and to reaffirm the City's precise desires and needs. Willdan Engineering is highly familiar with the preferred approach to both the design and construction of these projects from numerous years of past experience in similar agency's program.

Preliminary research, data collection, and utility coordination will be conducted to gather as-built information. This will be followed by a comprehensive field review to verify and document existing topographic conditions relevant to the project. The field review will focus on traffic-related aspects, including but not limited to existing signs, striping, traffic signal equipment, and any other pertinent information.

In conjunction with the preliminary research and utility coordination, a pavement visual analysis will be performed. A record of crack pattern quantities and characteristics will be prepared for street segment within the project limits which will be utilized to establish rehabilitation strategies. Non-ADA compliant conditions within the immediate project limits will also be identified and documented.

Willdan will propose hardscape improvement within the median to match existing hardscape. We do not anticipate a conceptual plan for median improvements. The proposed plan will be developed during the PS&E phase to include the hardscape installation details and modifications to existing irrigation and applicable specifications.

After completing our research and preliminary field review of the existing conditions, Willdan will generate preliminary design plans and generate preliminary construction estimates for comparison with the City's construction budgets. We will also develop detailed cross sections to fully define the street improvements.

Detailed specifications will be prepared outlining special material and construction requirements. To ensure quality control and minimize construction debris and disruption to the public, as well as to allow for cost-effective construction management and observation, we will include provisions in the project specifications for a controlled prosecution of work by the contractor. Additionally, provisions for ensuring contractor compliance with the requirements of the National Pollutant Discharge Elimination System (NPDES) and the Clean Water Act will be included.

SCOPE OF WORK

Task 1 – Project Management

The management and close coordination with all parties involved is critical for the successful completion of any project. Willdan takes pride in the high level of service we provide to our clients. Three key elements to successful project management include a project kick-off meeting, the project design requirement letter, and project status reports.

A project pre-design meeting will be scheduled to include City staff. The city will provide a detailed explanation of the project scope and schedule. Major aspects of the project will be discussed including the design criteria, utility coordination, plan preparation and specifications, estimates, submittal reviews, bid process, and anticipated construction issues. In addition to the kick-off meeting, Willdan will attend design meetings for the various submittal stages - three (3) meetings; 65% 95%, and final as well as the pre-construction meeting to discuss project-specific issues or concerns.

- The design criteria, responsibilities, and findings from the project pre-design meeting will be summarized in a design criteria letter that will be distributed to the project team.
- Willdan will prepare and distribute the agendas and minutes for all project meetings.

Task 2 - Preliminary Engineering

2.1 Utility Notification/Coordination

Willdan will mail notices to the utility companies in accordance with the City's procedures. Documentation of contacts and responses will be copied to the City. Willdan will prepare the utility notices and deliver them to the City for mailing under City letterhead. If so desired by the City, Willdan can transmit these notices under Willdan's letterhead; however, the City shall be responsible for any fees assessed to Willdan by the utility companies.

Willdan will also provide utility dispositions identifying existing utility locations above and below ground.

Willdan will be responsible for the following:

- Notify and coordinate with the utility agencies regarding the project-related modification of their facilities.
- Determine special requirements for utility facilities, including protection, right-of-way, and construction methods within the vicinity of the utility.
- Provide a second utility notification letter (Prepare to Relocate) and a third utility notification letter (Notice to Relocate).
- If necessary, provide a fourth utility notification letter (Notice to Relocate immediately).
- Submit a preliminary and final set of plans to each utility company that provides the location, elevation of the utility, and the conflict area clouded to show the utility companies the areas that conflict.

- Verify that the project's final design is compatible with known utilities in the project area to be installed, relocated, adjusted, or otherwise modified, including adding utility relocation windows into the construction schedule as necessary.

Willdan will provide the City a copy of transmittals, submittals, and letters sent to utilities and agencies regarding the project. Finally, Willdan will provide the City with a brief written summary of utility coordination status upon delivery of final construction contract documents to the City.

2.2 Preliminary Design Plans

The Willdan team will integrate all findings from field investigations and as-built plans into the preparation of preliminary design plans. These plans will encompass relevant geometric design standards and will form the foundation for the subsequent development phases of the project.

2.3 Preliminary Cost Estimate

As the preliminary design is defined, a preliminary cost estimate of the total project cost will be prepared and presented to the City's project representatives to review and discuss the contents of the preliminary engineering and assist in reaching approval of a final design guide or approach.

Task 3 - Final PS&E

3.1 Design Plans

Design plans will be prepared in accordance with the City of Highland's drafting standards, format, and conventions. Final plans will be computer-drafted in AutoCAD format for standard 24"x36" plans. The street improvement plans and detail sheet will provide the construction contractor with the direction required to successfully complete the construction project. The existing signing and striping and traffic signal loop replacement will be shown on the street improvement plans including the necessary details.

We anticipate the design plans will include the following:

1. Title sheet	(1) sheets
2. Typical sections and details	(1) sheets
3. Layout & Profile sheets at 1"=20' scale	(3) sheets
4. Signing & Striping sheets at 1"=40' scale	(1) sheets
5. Traffic Signal Modifications sheets at 1"=20' scale	(2) sheets
6. Street Lighting Plans sheets at 1"=40' scale	(1) sheets
7. Traffic Control Plan sheets at 1"=40' scale	(1) sheets
8. <u>Planting and Irrigation sheets at 1"=40' scale</u>	<u>(1) sheets</u>
Total 11 sheets	

3.2 Specifications

Willdan will prepare both the technical and special provision specifications in Microsoft Word format. We will utilize the latest edition of the Standard Specifications for Public Works Construction (Green Book) and subsequent amendments for the majority of the project improvements. The Caltrans Standards Specifications will be used for the traffic signals, striping, and traffic signs. Separate proposal bid schedules will be included in the project specifications to separate the improvements for each street.

As part of the special provisions, Willdan will define parameters for the construction contractor to prepare and submit actual construction phase traffic control plans.

3.3 Cost Estimate

Based on the design plans, Willdan will prepare a detailed set of construction quantities, which will include all items of work to be included in the construction cost estimate.

Upon completion of the quantification of the various construction quantities, an engineer's opinion of probable construction cost (EOPCC) will be prepared detailing the anticipated construction items for the project. The costs will be based on recent bid prices for similar projects as maintained by local agencies and Willdan.

3.4 Caltrans Encroachment Permit

Willdan will prepare and submit a Caltrans Encroachment Permit (EP) application and obtain a Letter of Authorization from the city to act on its behalf. This permit is required for the traffic signal modification and installation of right-turn lane loop detectors on westbound Greenspot Road at the SR-210 northbound on-ramp. The permit package will also include traffic control plans.

Task 4 – Construction Engineering

4.1 Bidding Assistance

Willdan will provide responses to RFI's from contractors and suppliers and maintain a log of questions and responses to bidders' questions, preparation of addenda to the PS&E if needed and provide consulting and interpretation with respect to the construction documents.

4.2 Construction Assistance

Willdan will be available to attend the pre-construction meeting and respond to requests for information (RFI) regarding the construction documents and review the contractor's submittals for compliance with the project specifications. Willdan will assist the City in issuing contract change orders regarding any omissions or conflicts in the design, at no charge to the City.

4.3 As-Built Plan

Upon completion of project construction, Willdan will incorporate the redline as-built comments prepared by the Contractor and project inspector on their copies of the signed design plans into a set of Mylar record drawings which shall be provided to the City.

City Responsibilities

- Provide as-built plans for street, traffic signal and storm drains in AutoCAD format
- Provide utility contact list
- Provide boiler plate city specifications
- Provide City base sheet/ title block for improvement plans
- Provide timely reviews of submittal materials

Assumptions

- Field Survey is assumed to be one day. We will prepare the base sheets from as-built plans.
- Geotechnical investigation and pavement cores are not anticipated.
- Hydraulics and Hydrology reports are not required.

Deliverables

The Willdan team will prepare appropriate design review packages and submit them to the City's Project Manager in accordance with the following schedule at the end of this proposal:

- 65% PS&E
- 95% PS&E
- 100% PS&E
- Final Mylar plans (Record Drawings)

Prior to submittal of the 100% plans, Willdan will provide a complete constructability review of this project as part of the design process. This review is a standard quality control measure used by Willdan to help limit contract change orders and potential claims against this project. This review shall include, but not be limited to the following tasks:

- Perform a complete job walk reviewing the existing improvements and identifying potential conflicts, including traffic control, pedestrian, access, utilities, drainage facilities, and right-of-way issues
- Review the design and specifications to identify potential construction issues
- Prepare a detailed report to be submitted to the design team for review

Upon approval of the 100% documents by the City, Willdan will submit the Mylar plans stamped and signed by the engineer.

Electronic Files

Upon review and approval of the 100% submittal by the City, Willdan will submit the following electronic files:

- One (1) set of quantity calculations and estimate in Excel format.
- One (1) set of final design and check calculations in Excel format.
- One (1) electronic file of contract bid documents and specifications in Microsoft Word and Excel format.
- One (1) electronic file of design drawings in AutoCAD format.

QUALITY CONTROL & QUALITY ASSURANCE

Willdan recognizes the importance of quality control and its direct relationship to a project's success. Willdan's Quality Assurance Manual includes a series of checking procedures for contract documents and involves quality control reviews by senior level staff. The project quality assurance plan will identify checking procedures for computations, plans, and submittals and will provide procedures for corrections and back checking. The basic goal of the quality assurance plan is to provide quality work delivered on time and within budget.

Quality control is an ongoing process with concepts and solutions subject to change and improvement throughout the design. The primary tool is periodic project team meetings with goals of addressing interdisciplinary coordination issues, identifying key dates for information to maintain the project schedule, investigating constructability, discussing the construction sequence, and tracking progress. Senior level staff not involved with the design of the project will perform an independent review of the plans, specifications, and estimates prior to submittal to the City.

Willdan requires formal quality control reviews at three critical stages: namely 65-, and 95-, and 100 percent of completion. Quality control comments and resulting actions are noted and compiled for Willdan's file review.

PROJECT TEAM

Willdan offers the City of Highland a highly qualified team of professionals with the technical qualifications and diverse capabilities necessary to undertake the preparation of Greenspot Road Median and Parkway Improvements project. Although overall firm credentials and experience are important, the key to a successful project is the caliber and depth of experience of the specific individuals assigned to the project team. Team members need the experience and knowledge to quickly resolve project challenges and field issues; but they also need excellent communication skills to interact with the various stakeholders. The Willdan Team meets these requirements and will complete the City of Highland's project in outstanding fashion!

Public agency transportation infrastructure projects are the cornerstone of Willdan's business. We have provided transportation-related services to local agencies for almost 60 years on projects totaling more than \$750 million in construction costs.

Willdan staff knows the local stakeholders in the City of Highland and has outstanding relationships with local utility companies. Our relationships and knowledge allow us to put together an unparalleled team that is technically qualified to assist the City of Highland in

performing the entire scope of work as described in the RFP. The capabilities of our team will meet and exceed the engineering and management activities required by the City.

Our turnkey team, further augmenting our experience and qualifications, set us apart from other firms. Superior credentials, combined with relevant, local experience on similar projects, means this team is the clear choice for the City of Highland.

Willdan is committed to providing the staffing and resources required to complete the City of Highland's project on schedule and within the allotted and agreed-upon budget. To ensure we meet this commitment, we prepare labor projections and resource allocations for our projects. Projections are made for each project and then aggregated by the Director to produce group-/office-wide labor needs and to identify shortages or surplus. Willdan's workload is reviewed on a weekly, monthly, and quarterly basis.

QUALIFICATIONS OF STAFF PROPOSED

The following is a brief description of the key project team members and their role on these projects. Additional detailed information is provided for reference in the attached resumes for each team member.

Ms. Vanessa Muñoz, PE, TE, PTOE will serve as **Principal-in-Charge** and will have primary responsibility for project delivery and budget control and will be the daily point of contact for the City contract. **Ms. Muñoz** is an accomplished engineer for multi-discipline and multi-agency traffic and transportation projects with over 24 years of experience. She has designed over 1,000 signalized intersections and supervised completion of over 1,000 projects for a variety of large- to small-scale projects. Her area of expertise includes traffic impact studies, engineering and traffic surveys, design and operations, municipal engineering, and operational analyses. Ms. Muñoz is responsible for analysis, coordination, and preparation of plans, specifications, and estimate for traffic signals, signing, striping, traffic control, flashing beacons, street lighting, interconnect, parking lots, street widening and resurfacing projects. Ms. Muñoz serves on an on-call basis as the City Traffic Engineer for the Cities of Rolling Hills and Inglewood and has served in a traffic engineer capacity or as City Traffic Engineer for the Cities of Arcadia, Camarillo, Fontana, and Rancho Palos Verdes.

Mr. Tyrone Peter, PE, will serve as **Project Manager**, and will be responsible for the overall preparation of the street improvements design plans, schedule, and budget. **Mr. Peter** has over 17 years of civil design experience, is an accomplished civil engineer for multi-discipline and multi-agency infrastructure projects and is known for providing innovative, quality engineering services to ensure project delivery within budget and schedule. His years of experience managing and designing all types of public works projects provide a solid foundation to understand what is needed to deliver a successful project and make him the perfect fit for overseeing the entire project as well as specific civil engineering tasks. Mr. Peter's comprehensive experience includes design of state highway, new street, street widening, street realignment, pavement rehabilitation, light rail and railroad, grade separation, flood control facility, water, and sewer projects. He has supervised feasibility study, project study report, project report, construction document preparation as well as grade certification issuance, construction administration, and construction inspection. He is proficient at managing large project teams with subconsultants and multiple technical disciplines.

Mr. Jeffrey Lau, PE, TE, ENV SP, will serve as the Traffic Design Lead and will be responsible for the preparation of the traffic engineering plans and specifications. **Mr. Lau** offers 19 years of traffic design and transportation planning experience. Mr. Lau provides transportation design for Willdan's traffic engineering group and manages design projects for a variety of cities and counties throughout California. He is responsible for analysis, coordination, and design of various projects, including preparation of plans, specifications, and estimate (PS&E) for traffic design projects such as traffic signals, signing and striping, street lighting, and construction traffic control. He has also assisted with traffic impact studies and analyses, plan reviews, and engineering and traffic survey updates. Mr. Lau is an accomplished engineer for multi-discipline and multi-agency traffic and transportation projects and has supervised completion of a variety of large- to small-scale projects. Mr. Lau has personally designed over 200 new and modified traffic signal installations for cities and other agencies throughout California. He understands the importance of meeting schedules and developing the most cost-efficient project to meet budgetary constraints.

Mr. Matthew Crim, PE, an Associate Engineer, will prepare the civil engineering plans and specifications. **Mr. Crim** has 4 years of experience with civil design and is proficient in the preparation of both geometric plans and final construction bid documents for a variety of local street, highway, sanitary sewer, water system, and flood control projects. Mr. Crim is experienced with AutoCAD design drafting, Standard Specifications for Public Works Construction (SSPWC), Standard Plans for Public Works Construction (SPPWC), and various local agency standards and procedures.

Ms. Maryanne Truong, ENV SP will prepare the traffic engineering improvements for the project including the traffic specifications. **Ms. Truong** has 5 years of experience with traffic engineering design and has served as an Assistant Engineer involved with the preparation of plans, specifications, and estimates for various types of traffic engineering and transportation planning projects such as traffic signal design, street lighting, signing and striping. Ms. Truong is experienced using AutoCAD, and is familiar with Caltrans' Standard Plans and Specifications, California Manual of Uniform Traffic Control Devices (CAMUTCD), Highway Design Manual, and California Vehicle Code.

Ms. Tamara Boeltl will provide utility coordination services. **Ms. Boeltl** has extensive experience in coordinating the identification and relocations of overhead and underground utilities. She has 35 years of experience and works closely with public agencies and utility companies to identify utility conflicts and make arrangements with each affected utility owner to relocate or upgrade their facilities to ensure projects are completed in a timely manner. Ms. Boeltl works on a daily basis with planners from various utility companies from inception of the project to its completion.

RESOURCE ALLOCATION MATRIX

A resource allocation matrix has been appended to this proposal.

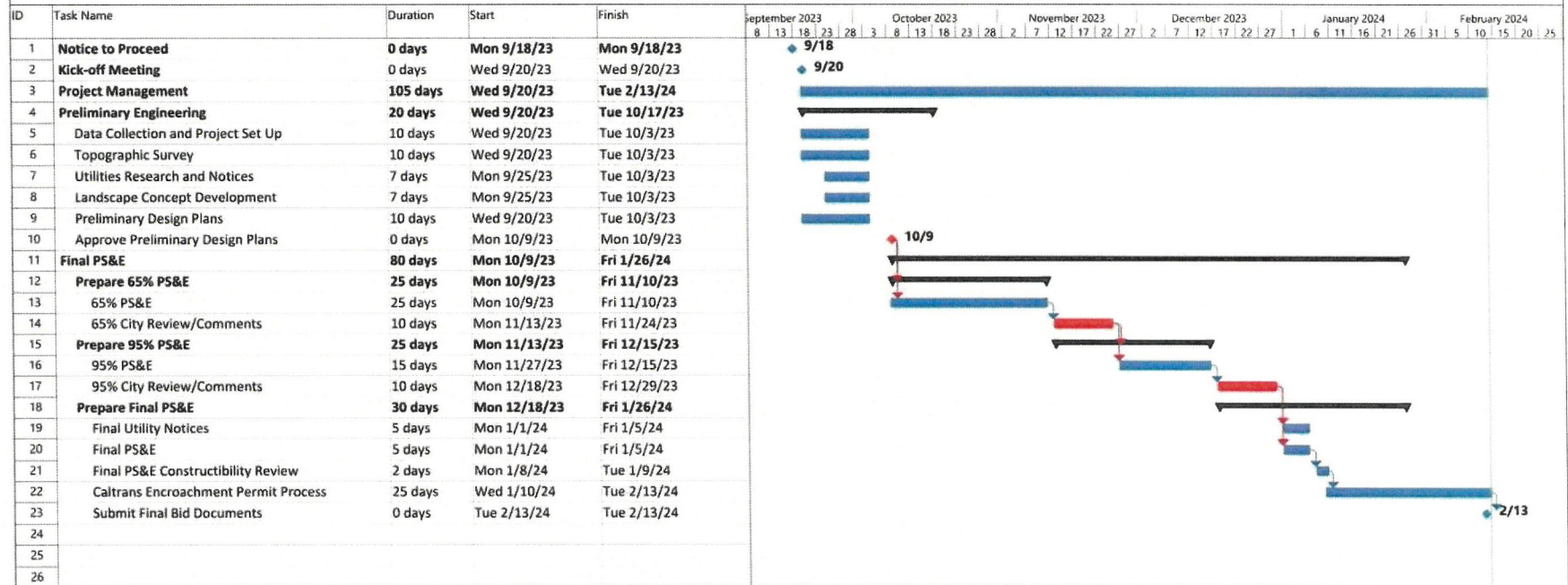
PROJECT SCHEDULE

The proposed project schedule is shown in Exhibit 1 of this proposal.

CITY OF HIGHLAND
PROPOSED HOURS AND FEE SCHEDULE
Greenspot Road Median and Parkway Improvements Project
9/8/2023 (Revised)

	Project Manager	Civil Lead	Traffic Lead	Civil Designer	Asst. Engineer (Civil/Traffic)	Utility Coordinator	Survey Analyst	Sr. Landscape Architect	Sub- Consultant	Markup		
	\$237	\$177	\$188	\$175	\$137	\$167	\$182	\$175	Survey	15%		(\$)
TASK 1 - PROJECT MANAGEMENT												
1.01. Project Management	20										20	\$4,740
Task 1 Subtotal	20	0	0	0	0	0	0	0	\$0	\$0	20	\$4,740
TASK 2 - PRELIMINARY ENGINEERING												
2.01. Data Collection and Project Set Up			4			4					8	\$1,420
2.02. Topographic Survey				4			8		\$5,400	\$810	12	\$8,366
2.03. Utilities Research and Notices						8					8	\$1,336
2.04. Landscape Concept Development								0			0	\$0
2.05. Preliminary Design Plans	4	8	8	8	16						44	\$7,460
Task 2 Subtotal	4	8	12	12	16	12	8	0	\$5,400	\$810	72	\$18,582
TASK 3 - 65% PS&E												
3.01. Prepare 65% Plans		8	24	30	24			8			94	\$15,866
3.02. Prepare Draft Specifications		4	4					4			12	\$2,160
3.03. Prepare Construction Cost Estimate			4		8			2			14	\$2,198
3.04. Constructability Review - QA/QC	2										2	\$474
3.05. 65% City Review/Comments Response			4		4			2			10	\$1,650
Task 3 Subtotal	2	12	36	30	36	0	0	16	\$0	\$0	132	\$22,348
TASK 4 - 95% PS&E												
4.01. Prepare 95% Plans		8	4	20	24	4		4			64	\$10,324
4.02. Prepare 95% Specifications		4						2			6	\$1,058
4.03. Update 65% Construction Cost Estimate			4		4			2			10	\$1,650
4.04. Perform 95% PS&E Constructability Review / QC	2										2	\$474
4.05. 95% City Review/Comments Response		2	2	2	2			2			8	\$1,430
Task 4 Subtotal	2	14	10	22	28	4	0	10	\$0	\$0	90	\$14,936
TASK 5 - Final PS&E												
5.01. Prepare Final PS&E		4	8	8	24			4			48	\$7,600
5.02. Final PS&E Q/C	8										8	\$1,896
5.03. Final Utility Notifications						4					4	\$668
5.04. Caltrans Traffic Control Plans			8		4						12	\$2,052
5.05. Caltrans Encroachment Permit Process	2	6	8								16	\$3,040
5.06. Final PS&E		4	8		16			2			30	\$4,754
Task 5 Subtotal	10	14	32	8	44	4	0	6	\$0	\$0	118	\$20,010
TASK 6 - SUPPORT DURING BIDDING												
6.01. Bid Support Services		4	2		6						12	\$1,906
Task 6 Subtotal	0	4	2	0	6	0	0	0	\$0	\$0	12	\$1,906
TASK 7 - SUPPORT DURING CONSTRUCTION												
7.01. Construction Administration Assistance	4	4	8	4				4			24	\$4,560
7.02. Construction Meetings		8		4							12	\$2,116
7.03. Prepare Record Drawings	1	2			8						11	\$1,687
Task 7 Subtotal	5	14	8	8	8	0	0	4	\$0	\$0	47	\$8,363
Total	43	66	100	80	138	20	8	36	\$5,400	\$810	491	\$90,885

CITY OF HIGHLAND
PROPOSED PROJECT SCHEDULE
Greenspot Road Median and Parkway Improvements Project
Fri 9/8/23



Project: Highland Greenspot Project Schedul
Date: Fri 9/8/23

Manual Task



Manual Milestone



Manual Summary Rollup

Manual Summary



Vanessa Muñoz, PE, TE, PTOE

Classification: President/CEO

Project Role: Principal-in-Charge

Profile Summary	
Education	▪ BS, Civil Engineering, California Polytechnic State University, Pomona
Registration	▪ Professional Traffic Operations Engineer ▪ Civil Engineer, California No. 67583 ▪ Traffic Engineer, California No. 2341
Experience	24 Years / 22 Years with Willdan

Ms. Vanessa Muñoz is an accomplished engineer for multi-discipline and multi-agency traffic and transportation projects and has designed over 700 signalized intersections and supervised completion of over 1,000 projects for a variety of large- to small-scale projects. Her area of expertise includes traffic impact studies, engineering and traffic surveys, design and operations, municipal engineering, and operational analyses. Ms. Muñoz is responsible for analysis, coordination, and preparation of plans, specifications, and estimate for traffic signals, signing, striping, traffic control, flashing beacons, street lighting, interconnect, parking lots, street widening and resurfacing projects. She has performed street lighting inventories for master plans, developed design plans and performed energy audits for street lighting conversions and street lighting upgrades. Ms. Muñoz serves on an on-call basis as the City Traffic Engineer for the Cities of Rolling Hills and Inglewood and has served in a traffic engineer capacity or as City Traffic Engineer for the Cities of Arcadia, Camarillo, and Fontana.

Relevant Project Experience

SRTS Schedule I & II. City of Highland, California. Principal-in-Charge/Quality Assurance Manager responsible for providing professional engineering design services to the City of Highland. Willdan assisted the City with the safe route to school (SRTS) Schedule I & Schedule II. Schedule I included the Cypress/Thomson Elementary Schools project (SRT11005) and Schedule II the Lankershim Elementary School (SRT11006). Willdan provided project management, design, geotechnical, survey, utility coordination, assistance with the federal grant program requirement advertising and bidding, and assistance during construction phases.

ATP Cycle 3 Grants, City of Rialto, California. Willdan provided professional engineering services to the City of Rialto for the initial project evaluation and preparation of an Active Transportation Program – Cycle 3 Grant Application. As part of the process Willdan reviewed the necessary documents for the project evaluation and strived to maximize evaluation rating metrics in its analysis for up to four projects that included the following: 1) Mid-block crossing at Maple Avenue for the Pacific Electric Bike Trail 2) Extension of the Pacific Electric Bike Trail from Cactus Avenue to Lilac Avenue 3) A parking lot to serve the Pacific Electric Bike Trail 4) Class II bike lane along Locus instead of Alder. Furthermore, Willdan prepared two applications one for infrastructure and one for a Non-Infrastructure application for the safe route to school program sustainability.

Pavement Rehabilitation at 14 Street Locations (55018-003) & (55017-001), City of San Bernardino, California. Willdan provided evaluation and design services for street pavement and abutting handicapped access ramps on 14 separate street segments throughout the city. Services also included replacement of broken curb & gutter, sidewalk, traffic signal detection loops, and a drainage channel water crossing on Western Avenue. Willdan conducted the field survey for design use and utility coordination while the city provided the pavement parameters and geotechnical data. Pavement rehabilitation methods included removal and replacement, grind and overlay, and slurry seal to accomplish longevity of the pavement.

Tyrone Peter, PE

Classification: Director

Project Role: Project Manager

Profile Summary

Education	▪ BS, Engineering and Civil Engineering, Tamil Nadu College of Engineering ▪ Civil Engineering, Murugappa Polytechnic
Registration	▪ Civil Engineer, California No. 81888
Experience	17 Years / 17 Years with Willdan

Mr. Tyrone Peter is an accomplished civil engineer for multi-discipline and multi-agency infrastructure projects and is known for providing innovative, quality engineering services to ensure project delivery within budget and schedule. His years of experience managing and designing all types of public works projects provide a solid foundation to understand what is needed to deliver a successful project and make him the perfect fit for overseeing the entire project as well as specific civil engineering tasks. Mr. Peter's comprehensive experience includes design of state highway, new street, street widening, street realignment, pavement rehabilitation, light rail and railroad, grade separation, flood control facility, water, and sewer projects. He has supervised feasibility study, project study report, project report, construction document preparation as well as grade certification issuance, construction administration, and construction inspection. He is proficient at managing large project teams with subconsultants and multiple technical disciplines.

Relevant Project Experience

FY 2021-22 and FY 2022-23 CDBG Pavement Improvement Projects, City of Highland, California. Project Manager responsible for design required for the street improvement program. The proposed improvements on Cunningham Street and McKinley Street both between 9th Street north to Base Line included utility coordination, preparation of plans, specifications, and estimate (PS&E) and engineering during construction for pavement rehabilitation, new sidewalk, curb access ramps and non-compliance ADA facilities were also improved.

Priority 1 Street Improvements – Phases 1, Thru 5, City of Lynwood, California. Project Manager responsible for design required for the street improvement program. The project included multiple phases for resurfacing selected local streets throughout the City. Various pavement strategies such as slurry seal, grind and overlay, and total reconstruction were incorporated into the street rehabilitations. Existing water and sanitary sewer mains and services were upsized. Willdan provided engineering design, utility coordination, advertising and bid support, and design support during construction.

Street Resurfacing/Improvements – Zone 2, City of El Monte, CA. Project Manager. The project resurfaced over 8-1/2 miles of local streets in the northwest section of the city. The adjacent properties were developed with primarily residential homes with a few churches, schools, and commercial uses. The project involved three different resurfacing strategies – grind and overlay, cape seal, and slurry seal. Including the various pavement strategies provided an advantage to monitor the construction budget during the design process and revise the pavement strategies as necessary to maximize the pavement life of the improvements while keeping costs within the City's construction budget.

Citywide Street Rehabilitation Project – Overlay and Reconstruction Improvements, City of Pico Rivera. Civil Design Lead. Willdan provided engineering design services, including preliminary engineering, surveying, and preparation of plans, specifications and estimates for assessment of the existing pavement conditions of identified streets, and provide recommendations for the Citywide Street Rehabilitation Project –Overlay and Reconstruction. Improvements for the project included pavement rehabilitation on various roadways segments, parkway improvements, such as reconstruction of existing damaged and uplifted concrete sidewalk, curb and gutter, and drive approaches.

Jeffrey Lau, PE, TE, ENV SP

Classification: Deputy Director

Project Role: Traffic Engineering Lead

Profile Summary

Education	▪ BS, Civil Engineering, California State Polytechnic University, Pomona	
Registration/ Certification	▪ Traffic Engineer, California No. 2835	▪ Civil Engineer, Texas No. 140012
	▪ Civil Engineer, California No. 83887	▪ Civil Engineer, Nevada No. 28303
	▪ Civil Engineer, Colorado No. 56366	▪ Civil Engineer, Minnesota No. 59453
	▪ Civil Engineer, WA No. 58065	▪ Envision Sustainability Professional No. 45376
	▪ Civil Engineer, AZ No. 70072	
Experience	19 Years / 17 Years with Willdan	

Mr. Jeffrey Lau offers 18 years of traffic design and transportation planning experience. Mr. Lau provides transportation design for Willdan's traffic engineering group and manages design projects for a variety of cities and counties throughout California. He is responsible for analysis, coordination, and design of various projects, including preparation of plans, specifications and estimate (PS&E) for traffic design projects such as traffic signals, signing and striping, street lighting, and construction traffic control. He has also assisted with traffic impact studies and analyses, plan reviews, and engineering and traffic survey updates. Mr. Lau is an accomplished engineer for multi-discipline and multi-agency traffic and transportation projects and has supervised completion of a variety of large-to small-scale projects. Mr. Lau has personally designed over 200 new and modified traffic signal installations for cities and other agencies throughout California. He understands the importance of meeting schedules and developing the most cost-efficient project to meet budgetary constraints.

Relevant Project Experience

Highland CDBG Overlay, City of Highland, CA. Provided design input and quality control for plans, specs, and estimates. Preparation of plans, specifications, and estimates (PS&E) for the resurfacing of Cunningham Street and McKinley Street from 9th Street to Base Line. The sidewalk, driveways, and curb & gutter were recently constructed as part of a Safe Route To Schools (SRTS) project, except for the west side of Cunningham Street.

SRTS Schedule I & II, City of Highland, California. Traffic Lead. Willdan assisted the City with the safe route to school (SRTS) Schedule I & Schedule II. Schedule I included the Cypress/Thomson Elementary Schools project (SRT11005) and Schedule II the Lankershim Elementary School (SRT11006).

9th Street Pavement Rehabilitation, City of Highland, CA. Traffic Lead. Willdan provided professional engineering design services to the City of Highland for the pavement rehabilitation of 9th Street between Del Rosa Drive to Palm Avenue (str11002a). The services included: surveying, pavement engineering, utility coordination, preparation of plans, specifications, and estimates (PS&E), and engineering during construction. Some locations along the project limits had cross slope grades exceeding 6% and required identification as well as alternate pavement methods to reduce the cross slopes to less than 6% where feasible.

Pavement Rehabilitation at 14 Street Locations (55018-003) & (55017-001), City of San Bernardino, California. Traffic Lead. Willdan provided evaluation and design services for street pavement and abutting handicapped access ramps on 14 separate street segments throughout the city. Services also included replacement of broken curb & gutter, sidewalk, traffic signal detection loops, and a drainage channel water crossing on Western Avenue. Willdan conducted the field survey for design use and utility coordination while the city provided the pavement parameters and geotechnical data. Pavement rehabilitation methods included removal and replacement, grind and overlay, and slurry seal to accomplish longevity of the pavement.

Matthew Crim PE

Classification: Associate Engineer II

Project Role: Civil Associate Engineer

Profile Summary

Education	▪ BS, Civil Engineering, California Polytechnic State University, Pomona
Registration/ Certification	▪ PE No. 94393
Experience	4 Years / 4 Years with Willdan

Mr. Matthew Crim is responsible for design and preparation of Micro Station and AutoCAD drawings, both for geometric plans and final construction bid documents for a variety of local street, highway and railroad projects and flood control projects and for projects on the state freeway and highway system that are subject to review by Caltrans. Mr. Crim is experienced with AutoCAD design drafting, Standard Specifications for Public Works Construction (SSPWC), Standard Plans for Public Works Construction (SPPWC), and various local agency standards and procedures.

Relevant Project Experience

Storm Drain Master Plan Update, City of La Habra, California. Willdan was retained by the City of La Habra to prepare an updated storm drainage master plan. The services included an assessment of existing system facilities and planning capital improvements and budgets. The result was a current plan identification of projects and a basis for a fee assessment.

Alpine Pedal Path, City of Big Bear Lake, California. Assistant Engineer for the preparation of construction documents. Willdan provided design services to the City of Big Bear Lake in order to accomplish another link in the City's expanding network of bike lanes and pedestrian walking facilities in the community. This project segment (about 2050 feet in length) ran along the northerly parkway of Big Bear Blvd (SR 18) and in the easterly parkway of intersecting Sandalwood Dr. It also completed a missing link between Stanfield Cutoff to the east and two large commercial and employment centers west of Sandalwood. By providing a separated bike path and pedestrian walking path it resulted in a safer and more user inviting travel option including a walking path for local students attending the nearby elementary school site. The separate defined travel path for pedestrians and bicyclists reduced the potential for points of conflict with larger motor vehicles traveling at higher rates of speed. The work accomplished in this project segment required coordination with affected utility providers and local transit (bus) and Caltrans (Dist. 8). Once the field survey and geotechnical work was complete and the design concepts prepared the coordination with both the City and Caltrans (Dist. 8) was necessary to obtain an approved design concept before proceeding into full design. Full design included the final alignment, grade, drainage, and required retaining walls which were reviewed and discussed at the 60% 90% and 100% design levels. As the design progressed the potential need for temporary construction easements (TCE's) or more permanent property acquisition were identified and appropriate legal descriptions and exhibits were prepared for consideration.

Pavement Rehabilitation at 14 Locations, City of San Bernardino, California. Assistant Engineer for the preparation of PS&E. Willdan provided evaluation and re-design services to existing street pavement and abutting handicapped access ramps on 14 separate street segments throughout the city. Services also included replacement of broken curb & gutter, sidewalk, traffic signal detection loops, and a drainage channel water crossing on Western Avenue. Willdan conducted the field survey for design use and utility coordination while the city provided the pavement parameters and geotechnical data. Pavement rehabilitation methods included removal and replacement, grind and overlay, and slurry seal to accomplish longevity of the pavement.

Paramount Boulevard Improvement Project, City of Paramount, California. Design Engineer responsible for the preparation of PS&E. The Paramount Boulevard project consists of approximately 2700 lineal feet street improvements, including cold milling, rubberized asphalt overlay, installation of curb ramps, sign and pavement legend replacements, and miscellaneous concrete repairs.

Maryanne Truong

Classification: Assistant Engineer III

Project Role: Traffic Assistant Engineer

Profile Summary

Education	▪ BS, Civil Engineering, California Polytechnic State University, Pomona
Experience	5 Years / 5 Years with Willdan

Ms. Maryanne Truong has served as an Assistant Engineer and is involved with the preparation of plans, specifications and estimates for various type traffic engineering and transportation planning project such as traffic signal design, street lighting, signing, and striping. Ms. Truong has experience using AutoCAD, and is familiar with Caltrans' Standard Plans and Specifications, California Manual on Uniform Traffic Control Devices (California MUTCD), Highway Design Manual, and California Vehicle Code.

Relevant Project Experience

Community Pavement and Parking Lots Rehabilitation and Striping, Canyon Lakes Property Owners Association, Canyon Lake, CA. Assistant Engineer. Willdan provided engineering services to implement the adopted 2011 Pavement Management Program. The pavement improvement locations include a 1,300-foot-long arterial street segment and 15 parking lots within the gated community. Each parking lot was evaluated to maximize the number of usable parking spaces and improve usability by residents and guests. The project improvements conform to ADA requirements, are consistent with the Association's selected pavement management strategies and previous pavement maintenance actions, provide effective and compliant drainage, and incorporate sustainable practices and applicable standards.

Pavement Rehabilitation at 14 Street Locations (55018-003) & (55017-001), City of San Bernardino, California. Assistant Engineer. Willdan provided evaluation and design services for street pavement and abutting handicapped access ramps on 14 separate street segments throughout the city. Services also included replacement of broken curb & gutter, sidewalk, traffic signal detection loops, and a drainage channel water crossing on Western Avenue. Willdan conducted the field survey for design use and utility coordination while the city provided the pavement parameters and geotechnical data. Pavement rehabilitation methods included removal and replacement, grind and overlay, and slurry seal to accomplish longevity of the pavement.

Arterial Street Resurfacing-2019 (9930), City of Paramount, CA. Assistant Engineer. The Paramount Boulevard project consists of approximately 2,700 lineal feet street improvements, cold milling, rubberized asphalt overlay, installation of curb ramps, sign and pavement legend and striping replacements and miscellaneous concrete repairs.

Striping Phase II, Bear Valley Community Service District, Tehachapi, CA. Assistant Engineer. Willdan Engineering provided professional traffic engineering design services for the Bear Valley Community Service District for the Striping Phase II Project. The center line striping details were faded and hard to be seen during foggy conditions. Previous white edge line striping conditions varied depending on the location. A large majority of recessed reflective pavement markers (RPM's) were missing or in bad condition. Willdan provided plans, specifications and estimate (PS&E) for the restriping of approximately 12 miles (63,360 center line linear feet). The restriping consisted of repainting the center line and equestrian crosswalks for the entire project limits and repainting and/or recommending painting of edge line, if needed, as well as reviewing sight distances and recommending limits of passing/no passing lanes.

Tamara L. Boeltl

Classification: Utility Coordinator

Project Role: Utility Coordination

Profile Summary

Education	▪ General Education, Moorehead State University, Minnesota
Registration/ Certification	▪ Blueprint Reading, Fullerton Community College, Fullerton ▪ Building Construction, Pasadena Community College, Pasadena ▪ Business English, Rio Hondo College, Whittier
Experience	34 Years

Ms. Tamara Boeltl is highly skilled in the utility coordination process from preliminary design through construction. Her expertise includes identifying and resolving utility conflicts; coordinating and working with multiple utility agencies with utilities impacted by project construction; reviewing and documenting the progress of the utility relocation effort; identifying permitting requirements for both aerial and underground utility construction; and recommending construction methods that best suit the project as well as the utility being relocated. Ms. Boeltl regularly collaborates with the design team to prepare utility relocation plans that are constructible and adhere to applicable federal, state, and local requirements.

Ms. Boeltl provides permit issuance company wide and permit technician services for Willdan.

Relevant Project Experience

Pavement Rehabilitation Various Streets, City of Highland, California. Utility Coordinator. The project encompassed pavement rehabilitation of various streets located in CDBG eligible blocks, including replacement of concrete curbs, gutters, curb ramps and driveways; pavement rehabilitation by pavement removal and replacement; pavement grinding, crack sealing repairs, and asphalt pavement overlay.

Pavement Rehabilitation at 14 Locations, City of San Bernardino, California. Utility Coordinator. Willdan provided evaluation and re-design services to existing street pavement and abutting handicapped access ramps on 14 separate street segments throughout the city. Services also included replacement of broken curb & gutter, sidewalk, traffic signal detection loops, and a drainage channel water crossing on Western Avenue. Willdan conducted the field survey for design use and utility coordination while the city provided the pavement parameters and geotechnical data. Pavement rehabilitation methods included removal and replacement, grind and overlay, and slurry seal to accomplish longevity of the pavement.

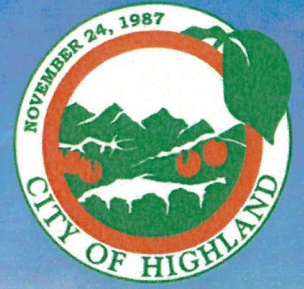
Paramount Boulevard Traffic Signal Upgrades and Safety Enhancements Project, City of Downey, California. Utility Coordinator/Drafter. Willdan provided traffic engineering services for the Paramount Boulevard Traffic Signal Upgrades and Safety Enhancements Project from Gardendale Street to Telegraph Road. The project included conducting an environmental analysis, performing a traffic safety assessment, and preparation of design plans, specifications, and estimates (PS&E) for the installation of traffic signal upgrades and safety enhancements at thirteen (13) signalized intersections.

Traffic Engineering Services, City of Los Alamitos, California. Utility Coordinator. Willdan was responsible for planning, organizing, supervising, and performing a variety of field and office, professional traffic, and transportation engineering work. Services included: planning, designing, and reviewing development and capital improvement projects; performing technical studies; serving as project engineer for major traffic and transportation improvement projects; coordinating traffic signal timing and maintenance with Public Works staff; and performing other related duties as required.

Business Item No. 3

Draft Annual Comprehensive Financial Report

City of Highland California



Annual Comprehensive Financial Report For Fiscal Year Ended June 30, 2023

CITY OF HIGHLAND
Highland, California

Annual Comprehensive Financial Report
For the fiscal year ended June 30, 2023



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City of Highland
Annual Comprehensive Financial Report
Year Ended June 30, 2023

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Annual Comprehensive Financial Report
Year Ended June 30, 2023
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INTRODUCTORY SECTION

December 12, 2023

To the Honorable Mayor, Members of the City Council, and the Citizens of Highland:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ending June 30, 2023.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than an absolute assurance that the financial statements are free of any material misstatements.

Van Lant & Fankhanel LLP, a firm of certified public accountants, have issued an unmodified ("clean") opinion on the City of Highland's financial statements for the year ended June 30, 2023. The independent auditor's report is in the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management's Discussion and Analysis complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Highland was incorporated on November 24, 1987, and is located at the foothills of the San Bernardino Mountains in the heart of the Inland Empire. San Bernardino County along with Riverside County makes up the Inland Empire, one of the largest regions in the United States. Highland has a current population of 55,984 people and is approximately 18 square miles. The City of Highland is empowered by statute to extend its corporate limits by annexation, which it has done from time to time. In October 2000, Highland completed annexation of 3,200 acres in the City's southeast area.

With this annexation, Highland increased its boundaries by approximately 33%. Included in this area is Mediterra. Mediterra Planned Development was approved by the City Council in 2016. Mediterra is a residential community comprised of 178 acres located along easterly stretch of Greenspot Road, north and west of the Santa Ana River, and south of the San Bernardino National Forest. The project allows establishment of a

planned development consisting of low and medium density residential development of 316 residential units, and two (2) parks. The first 99 units have been constructed and made available in this beautiful new community. Further to the east within the annexed area, an assemblage of approximately 1,658 acres was sold by the Orange County Flood Control District to the San Bernardino Valley Municipal Water District in 2022 for the purposes of water storage and recharge. San Bernardino Valley has engaged with a group of consultants specializing in urban planning, water supply infrastructure, architectural services, and nature-based building solutions to work with the community and develop a Master Plan for this property.

Highland is a general law city and operates under the council-manager form of government. The City Council consists of five members. The mayor and mayor pro tem are selected annually. As the legislative body for the City, the Council is responsible for adopting ordinances and resolutions, adopting the budget, setting fees, appointing committees, hiring the City Manager, providing policy direction to staff as well as various other duties. The City Manager is responsible for conducting the policies and direction of the Council along with overseeing the daily operations of the City. In November 2016, Highland went to districts. All five district seats were up in the November 8, 2016, election. Districts 2 and 4 had elections in November 2018 & 2022 and Districts 1, 3 and 5 had elections in 2020 and are up again in November 2024.

The City Council also has an additional role as Board Members for the Successor Agency to the Redevelopment Agency (SA or SARDA), the Highland Public Financing Authority (HPFA) and the Highland Housing Authority (HA). As SARDA Board Members, they direct all the activity within the project area of the former Redevelopment Agency, as the former RDA is dissolved. The HPFA did not have any activity during the year. As Board members of the Housing Authority, they direct housing activities that used to be overseen by the former RDA Board and the Low and Moderate Income Housing Fund.

The City of Highland provides a full range of services. These services include, but are not limited to police protection, fire suppression, paramedic services, animal control and licensing, the construction and maintenance of streets and infrastructure, planning and zoning, building and safety, engineering and inspection, code enforcement, business licensing and general administration. Other services that are within the City boundaries are provided by: San Bernardino County, San Bernardino Valley Water Conservation, San Bernardino Unified School District, Redlands Unified School District, The YMCA of the East Valley, American Medical Response, and East Valley Water District.

The biennial budget serves as the foundation for the City's financial planning and control. As part of each budget year, goals and objectives of the City Council are incorporated into departmental goals and objectives for staff. This process is referred to as the Work Program. The main purpose of the Work Program is to identify goals, programs, and projects to be completed. The Work Program is then used when preparing the budget so these projects can be funded. Some of the major programs needed to meet citizen's needs during this upcoming two-year Work Program (2023-2024) period are: Replace command post vehicle; Purchase of a fire training structure; Purchase of industrial

generators for Fire St. No. 1 & 2; Complete construction of City Creek/Alabama Street bikeway project; Complete environmental and initiate design of Orange Street bridge over Plunge Creek overflow; Implement of the project approval & environmental documents phase of Victoria interchange project; Implement of the project approval & environmental documents phase of the 5th Street interchange project; Airport gateway specific plan; Annex southeast corner of Victoria & 5th Street.

The Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. The City Manager may approve transfers of appropriations within a department. However, transfers of appropriations between departments require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and major special revenue funds, this comparison is presented as part of the required supplementary information in the accompanying financial statements. For governmental funds that have appropriated annual budgets, other than the General Fund, major special revenue funds, and major capital project funds, this comparison is presented in the supplementary section of the accompanying financial statements.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Annual budgets are adopted for the General Fund, special revenue funds, capital projects funds, and internal service funds. A midyear budget review process (usually by the City Manager and Director of Administrative Services) is conducted to evaluate where the City stands at half year. A five-year financial plan is adopted for capital projects in addition to the annual appropriated budgets. Every year the Capital Improvement Plan (CIP) is updated and changed if needed. The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established by departments within an individual department. It is the department head's responsibility that expenditures do not exceed the amounts approved by the City Council. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Although encumbered amounts do lapse at year-end, they can be re-appropriated as part of the following year's budget.

The budget is prepared on the modified accrual basis of accounting. This means that revenues are recognized in the period in which they become available and measurable, and expenditures are recognized at the time a liability is incurred. The General Fund, special revenue funds, capital projects funds, internal service funds, Housing Authority Funds and Successor Agency Funds are all subject to appropriations.

Local Economy

Over the last several years, Highland has continued to see General Fund revenue sources increase. Property taxes (not including the additional amounts from the former

RDA) increased as did the vehicle license fees-property tax line item. These are the two largest revenues in the general fund. Sales & use tax continued to increase as it has over the last several years. Other revenues such as charges for services, extraction tax, transient occupancy tax, and franchise fees increased as well. With expenditures increasing at a higher rate than revenues over the last few years, it was the efficient and careful watch of these expenditures that made it possible for the General Fund to be balanced in FY 2022/2023. The effects of COVID-19 on the city's finances are discussed below under *Relevant Financial Policies*.

In adopting the 2023-2025 biennial budget, the City, as in prior years, had to take into consideration that contracts with the San Bernardino County Sheriff's Department and Cal-Fire, were continuing to increase. For fiscal year 2022/2023, the Sheriff Department contract increased by 4.88% and the Cal-Fire contract increased by 5.00%. The Cal-Fire increase of 5.00% includes the addition of a full-time (100%) Battalion Chief position in FY 2021/2022 that was partially (50%) added in FY 2020/2021. As a result of these increases, budgeted property taxes in both the General Fund and Fire Department Fund (which are combined in this financial report but budgeted separately) for FY 2021/2022 and FY 2022/2023, were budgeted at a higher amount than was received in FY 2020/2021. Increases were also given to revenues line items sales tax and property tax-VLF to help offset these increases.

Highland has been able to maintain a balanced General Fund budget without layoffs, pay reductions, furloughs, or a reduction in services. Highland is mainly a residential community and as a result, the City's highest revenue source remains to be property taxes. However, the increase in sales tax over the last five years has been a welcome surprise. The City has a light industrial and manufacturing area in town with many small retail shops and three large plazas. These plazas supply the City with jobs and sales tax revenues. This light manufacturing and industrial base add to a stable unemployment rate in Highland.

For the future, there are several projects that continue to hold economic development potential for the community. Primarily, a commercial development located on Greenspot Road, east of State Route 210 (SR-210), referred to as the "Golden Triangle." Starting in 2007, the City has spent \$13M on improving Greenspot Road to help contribute to future economic growth in this area. The investment in this area resulted in the following stores/restaurants opening within the past few years on the south side of Greenspot Road between SR-210 and Boulder Avenue: Lowe's, Staples, In-N-Out, Esporta fitness club, Wing Stop, Jersey Mikes, Jamba Juice, Trendsetter Salon & Day Spa, Mountain Mikes Pizza, and 7-Eleven opened in this area. More recent approvals in this area include a 120,000 square foot "Extra Space" self-storage facility, and a drive-through "Quick Quack" car wash.

Regarding the residential side of the "Golden Triangle," on September 22, 2020, the Highland City Council approved a 200-unit townhome style apartment project, San Carlo I, at the northwest corner of Greenspot Road and Webster Street. The project consists of 40 residential buildings, a community recreation room, pool, barbeque area, tot lot and

open space. The units range from 915 and 1,430 square feet and offer garage parking. The project comprises twenty acres of the 105-acre project known as the master-planned, mixed-use project "Greenspot Village & Marketplace Specific Plan." It is currently under construction and expected to be available to tenants in early 2024. In 2023, the developer received approval from the City Council to expand the San Carlo I and construct an additional 272 units to the north. San Carlo II will be similar in size and massing of the first phase and will have its own access and recreational amenities.

An additional 746 multi-family units were approved in the Specific Plan by the City Council in 2021 and 2022 by TREH Development and Alliance Residential Company. These two projects have high level amenities, upscale architecture, multiple club houses, outdoor recreation, pools, trails, and gathering areas. In conjunction with the residential development, an additional 78,000 square feet of retail shops will be added at the northeast corner of Greenspot Road and State Route 210.

A true highlight of 2023 was the City Council's approval of a Costco Wholesale warehouse store in the heart of the Specific Plan. The store will include approximately 161,000 square feet of retail and grocery shopping, an Optical Center, Pharmacy, Tire Center and Vehicle Fueling Station. Groundbreaking for the new store is anticipated in 2024.

Outside the Specific Plan, three residential projects were actively under construction in FY 2022/2023. An 18-unit single family development, "Monte Vista", was constructed near the intersection of Victoria Avenue and Pacific Street. This traditional single family style development will include several Accessory Dwelling Units (ADUs) with the primary residents to further affordable housing in the City. Secondly, Mastercraft homebuilders began grading and site improvements for 42 homes on the north side of Base Line west of Weaver Street. This small-lot single family subdivision will create a new neighborhood park, offering a tot lot, open play area, barbecues, shaded picnic area and walking trails open to the public. The third development, by Beazer Homes, completed their first phase of a 54-unit large lot single family subdivision. Beazer's "Messina" tract will complete a highly-desired infill development on the north side of Santa Ana Canyon Road, west of Alta Vista with 360 degree views of the San Bernardino Mountains and Santa Ana Riverbed. A fourth project, not yet under construction, was approved by the City Council in October 2023. This proposal, titled "Halcyon" apartments, will include 220 units housed in the City's first 4-story multi-family project. It will have a modern design and amenities including clubhouse, pool, two (2) tot lots, gathering spaces, dog run, and gymnasium.

The Town Center on Base Line west of SR-210 is home to Smart N Final Extra. Several years ago, CVS Pharmacy, Baker's and Family Dollar also opened in this area. Coming soon in this area will be The Habit Burger Grill & Tractor Supply Company. Opening four years ago on Base Line just off SR-210 was Jack in the Box and Panda Express. Round Table Clubhouse & Mi Cocina on Highland Avenue near SR-330 gives residents additional sit-down restaurants in the city as does the recently opened Bear Springs Bistro & Lounge in the newly renovated Bear Springs Hotel (formerly Hampton Inn).

Industrial development applications have been very active in FY 2022/2023 at locations throughout the City, north of 3rd Street and east of Tippecanoe. Eight (8) distribution facilities ranging in size from 45,000 to 300,000 square feet have been approved during this time. One (1) is nearing completion and three others have begun site preparations. One (1) contractor's office and yard was completed and opened for business and a second is nearing completion on Meine's Street. A new contractor's equipment rental yard was approved on 5th Street, west of Palm Avenue. It is anticipated to begin construction by the end of 2023 as is a new Vehicle Fueling Station at the northeast corner of Palm Avenue and Fifth Street.

Long-term Financial Planning

When the City incorporated in 1987, the Local Agency Formation Commission's (LAFCO) analysis stated, "The proposed City of Highland does not appear financially feasible." In addition, the Christensen & Wallace Incorporation feasibility study stated, "The preceding analysis....of the community of Highland leads to the conclusion that with the current economic base, incorporation is best at marginal."

Today, Highland continues to be a fiscally healthy city. In fact, in a recent study completed by the California State Auditor for FY 2020-2021, Highland ranked 326 out of 430 cities in terms of high risk-the higher number a city is ranked, the lower risk it has. This means there are only 104 cities in the State that were ranked at a lower risk than Highland. Highland was given the lowest risk ranking possible "low overall risk." This was accomplished by being extremely conservative in expenditures over the last thirty-six years. While many cities rely on sales tax as a primary revenue source, Highland has relied on the vehicle license fees and property tax as the major revenue sources. Highland's sales tax earning potential was reduced in 1987 when the City of San Bernardino annexed Highland's potential sales tax areas prior to Highland's incorporation.

As part of the long-term financial planning process, Highland continues to work on developing marketing plans on Base Line, Greenspot Road and Fifth Street, the major thoroughfares through the city. With SR-210 running through the center of the City and having Base Line, Greenspot Road and Fifth Street intersecting SR-210, the development of these corridors is vital to the increase of a sales tax base in Highland.

Recently, the San Bernardino County Transportation Authority (SBCTA), in cooperation with the California Department of Transportation (DOT), widened SR-210 from Sterling Avenue to San Bernardino Avenue in the cities of San Bernardino, Highland and Redlands, as well as an unincorporated portion of San Bernardino County. The project widened this segment of SR-210 with one mixed flow lane in each direction. This third lane was added within the existing SR-210 median. This project also included pavement rehabilitation that replaced concrete slabs between Highland Avenue and 5th Street and new concrete pavement between 5th Street and Lugonia Avenue. Construction was completed in April 2023 with a total estimated cost of construction at \$167 million.

In addition to the SR-210 widening and pavement rehabilitation, the City partnered with San Bernardino County Transportation Authority, and California Department of Transportation to improve the Base Line Interchange. Specifically, the project widened Base Line from Buckeye Street to Seine Avenue, widened three of the four existing SR-210 interchange ramps, providing overpass aesthetics, and replacing landscape. Much of the work occurred within the existing Caltrans and City of Highland public right of way and temporary construction easements; however, right of way was needed along Base Line to accommodate the roadway widening. The purpose of the project was to reduce congestion and improve operational efficiency throughout the Base Line corridor at the SR-210 interchange. The estimated total cost is \$35 million. The City's share of the project cost is \$14.9M.

The key goals continue to be to maintain a sound fiscal base, ensure proper public facilities and infrastructure for current and future generations, assure proper level of public safety and health for the community, enhance the image and identity of the City, and insure a high level of human resources and relations for staff, commissions, and citizens.

As demonstrated by the statements and schedules included in this report, the City continues to meet its responsibility for sound financial management. Since the City incorporated, a commitment was made to a pay-as-you-go philosophy. The City's General Fund has no bonded debt and Highland's other funds can use reserves (cash saved over several years) to pay for many of the capital projects rather than placing a debt on future generations. The City has also obtained grants at the state and federal levels for the capital projects as well, therefore enabling local tax dollars to go further. The City also continues to be highly successful at working with our neighboring agencies (County of San Bernardino, City of San Bernardino, City of Redlands, Inland Valley Development Agency, East Valley Water District, San Bernardino County Transportation Agency & San Manuel Band of Mission Indians) on projects that benefit all these agencies listed above which in turn benefit the citizens of Highland.

Relevant Financial Policies

Prior to the passage in November 2004 of Proposition 1A, which protects local government revenues from State raids, the State historically took funds away from local governments without paying them back. This was accomplished through what the State calls the ERAF (Educational Revenue Augmentation Fund) shift. Through the ERAF shift, the State takes property tax dollars from local governments and "shifts" them to education to fulfill their obligation of school funding. In short, the State balanced their budget by taking funds from local governments.

Before Proposition 1A passed, the City of Highland annually paid since 1992 approximately \$301,433 into the State's ERAF fund. Although Proposition 1A was approved by the voters, the cities will continue to pay these funds taken by the State.

For fiscal years 2004/2005 & 2005/2006, the State enacted ERAF III, which essentially doubled Highland's current amount paid to the ERAF fund. For these two fiscal years,

the State took an additional \$302,000 each year and placed it in the ERAF fund. These amounts will not be paid back, but Proposition 1A ensured that if funds are ever taken again, they must be repaid. However, as stated earlier, the \$301,433 taken as part of the original ERAF will still be taken annually by the State and never paid back.

An additional part of ERAF III was the RDA portion. The effect on the Highland RDA for fiscal years 2004/2005 & 2005/2006 was \$242,800, for each fiscal year.

In FY 2008/2009, the State tried to take \$654,507 from the Highland RDA. With help from the California Redevelopment Association (CRA), the State was sued and lost. However, for FY 2009/2010 & 2010/2011, the State approved SERAF (Supplemental Educational Revenue Augmentation Fund), an additional one-time taking from redevelopment agencies of \$1.7B in 2009/2010 and \$.35B in FY 2010/2011 for a total of \$2.05B over two years. Once again, the redevelopment agencies sued the State, but this time lost. The amount taken from the Highland RDA in FY 2009/2010 was \$3,182,076. The amount taken in FY 2010/2011 was \$654,507.

For fiscal years 2011/2012 and beyond, the State passed AB 1X 26 which eliminated redevelopment agencies. However, the State then passed AB 1X 27 which included the payment of a ransom if a community wanted to keep its redevelopment agency. Basically, the State would eliminate a redevelopment agency and take all its assets (land, cash, etc.) if the City did not elect to pay this ransom. These bills included language that the ransom would have to be paid by the City and reimbursed by the agency. This was yet another attempt by the State to steal money from local governments to balance their budgets. Highland's share of this extortion was estimated to be \$2,731,486 in FY 2011/2012 and an annual payment thereafter of approximately \$655,000. The CRA once again sued the State and the State Supreme Court held in favor of the State for AB 1X 26, but not on AB 1X 27. This meant that over four hundred redevelopment agencies throughout the State would be dissolved and have been. Taken from Highland was the best economic tool to help jobs and businesses grow in our community. The funds taken from Highland would be used to offset the State's responsibilities to the local taxing agencies, including schools. The State's taking of local funds as a temporary bandage to solve their annual budget problems was not a long-term solution and will continue to have long lasting effects on local governments. Today, the State has a surplus of \$75 billion.

Since the dissolution of the former RDA, Highland has rebounded. The City worked diligently with the Department of Finance (DOF) in getting repaid \$1.9M in outstanding loans. The repayment of these loans was approved; however, they will be repaid over several years. The two loans of \$1.3M and \$600,000 were loaned to the RDA in 1997 and 1998, in good faith. It was the full intention of the City for these loans to be repaid someday. In January of 2016, the DOF approved the transfer of the balance of the remaining RDA bonds from the Successor Agency to the City and Housing Authority. The bonds for capital projects were transferred to the City and the housing related bonds were transferred to the Housing Authority. However, the debt for these bond issues remains with the Successor Agency. In July 2018, the Successor Agency was notified by the DOF

that the Last & Final ROPS was approved. The Last & Final ROPS is a payment schedule that runs through FY 2037/2038 that has all the expenditures for the Successor Agency. Included in this schedule are administration, debt service payments and re-payment of the City loans.

In December 2021, the last payment due to the City on the \$600,000 loan was received and this loan is now paid in full. The last loan amount of \$1,300,000 will be fully repaid in FY 2026/2027.

Six years ago, the State passed SB 1, The Road Repair and Accountability Act of 2017, which increased Gas Tax revenues. For fiscal year 2022/2023, this brought in an additional \$1.1M in revenues. It is estimated that this new tax will generate an additional \$1M in FY 2023/2024. These funds must be used for local street maintenance and rehabilitation needs.

Financial Impacts of COVID-19

The effects of COVID-19 on Highland are difficult to measure primarily because we are not done with this pandemic. Through the CARES Act grants from the federal government (Department of Justice), Highland has been able to purchase PPE (Personal Protective Equipment) for staff and purchase laptop computers and necessary software to meet virtually with citizens and consultants. We have also been able to aid local businesses who have been adversely affected. Highland was able to offer two hundred (200)-\$2,500 grants to small businesses through funds received via the CARES Act.

In addition to the CARES Act, on March 11, 2021, The American Rescue Plan Act (ARPA) was signed into law and established the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Funds, which together make up the Coronavirus State and Local Fiscal Recovery Funds (SLFRF). This program is intended to provide support to State, territorial, local, and Tribal governments in responding to the economic and public health impacts of COVID-19 and to contain impacts on communities, residents, and businesses.

The SLFRF funding through ARPA provides a total of \$350B for economic relief. Highland's portion of this is two installments of \$7,447,553.50. We have now received both installments and approval from the City Council on how to spend these funds. They are as follows: Prevention/Mitigation in Congregate Settings (Ventilation), Personal Protective Equipment (PPE), Communications/Enforcement (Legal Services), Payroll Cost for Safety Staff Responding to Public Health Emergency (Public Safety), Household Mortgage Assistance, Small Business Economic Assistance, Provisions of Government Services (Cybersecurity) & various Public Works projects.

It is still too soon to weigh the total effects of COVID-19 on Highland's finances. Property tax (general fund & fire department fund), property tax-vlf, gas tax and interest income revenues in all funds were all down in FY 2021/2022 compared to the budgeted amounts. However, due to meticulous efforts on the expenditure side and receiving grant funding,

we were able to have positive net income in the general fund in FY 2021/2022 & FY 2022/2023.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) of the United States and Canada awarded the Distinguished Budget Presentation Award to the City for the fiscal years of 2023-2025. This budget award is the highest form of recognition a City can receive in governmental budgeting. The City has received this award from GFOA every year since 1989-1990. Also, the City received the California Society of Municipal Finance Officers (CSMFO) award for Excellence in Operational Budgeting for fiscal years 2023-2025. The City has received this award from CSMFO every year since first applying for it in FY 1991/1992. The City will apply for these same awards for the 2025-2027 biennial budget.

Both awards are for two years, and recipients must meet very strict criteria. The budget document must serve as a policy document, an operation guide, a financial plan, and a communications device; therefore, it is a significant City achievement.

The GFOA also awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for the fiscal year ended June 30, 2021, for its annual financial report. This award is the highest form of recognition for excellence in state and local government financial reporting. This was the thirty-second consecutive year that the City has received such recognition. Many years ago, the CSMFO ruled that if an organization applies for the GFOA (national) award, it would not be eligible for the CSMFO (state) award. Therefore, last year, the City did not apply for the CSMFO Outstanding Financial Reporting award for June 30, 2022. The City had received this award every year since first applying for it in FY 1990/1991. The City can only apply for the GFOA Certificate of Achievement award.

To be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements. This achievement is valid for a period of one year only. I believe the current report continues to conform to the Certificate of Achievement program requirements and I am submitting it to the GFOA.

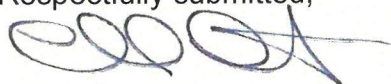
I would like to thank Finance/Personnel Subcommittee members Mayor Larry McCallon and Councilmember John Timmer for their direction in the preparation of this report. I would also like to thank the entire City Council for fulfilling their continued responsibility as stewards of Highland's finances. Highland's fiscal health would not be where it is without this.

In addition, I would like to thank Assistant Director of Administrative Services, Leticia "Tish" Nava-Cruz and Accountant, Michelle Gomez for their help in preparing this report and for their hard work during the audit. Each year, their contributions to preparing this report and conducting the audit significantly increase, even more so this last year. They

continue to show an incredible work ethic and their diligence, and teamwork continues to be very much appreciated.

In conclusion, I would like to thank City Manager, Joe Hughes. Through the years, Joe has always demonstrated high standards of financial management, leadership, and integrity which has always been and remains critical to Highland's fiscal health.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Chuck Dantuono', with a stylized flourish at the end.

Chuck Dantuono
Director of Administrative
Services/City Treasurer

Draft

CITY OF HIGHLAND
Annual Comprehensive Financial Report

Listing of Officials

June 30, 2023

Elected Officials

Mayor
Mayor Pro Tem
Council member

Council member
Council member

Larry McCallon
Penny Lilburn
Jesse Chavez-
Cordova
Anaeli Solano
John Timmer

Finance/Personnel Subcommittee

Committee member
Committee member

Larry McCallon
John Timmer

Management

City Manager
Assistant Public Works Director
Director of Administrative Services/City Treasurer
City Clerk
Administrative Services Manager
Community Development Director
Public Services Manager
Assistant Director of Administrative Services
Public Works Manager
Assistant Community Development Director
Building Official
Public Works Director/City Engineer

Joseph Hughes
Matt Bennett
Chuck Dantuono
Betty Hughes
Shawn Kasner
Lawrence Mainez
Melissa Morgan
Tish Nava-Cruz
Jim Richardson
Kim Stater
Matt Wirz
Carlos Zamano

Police Chief (Captain)
Lieutenant

Casey Jiles
Phill Dupper

Fire Chief (Battalion Chief)

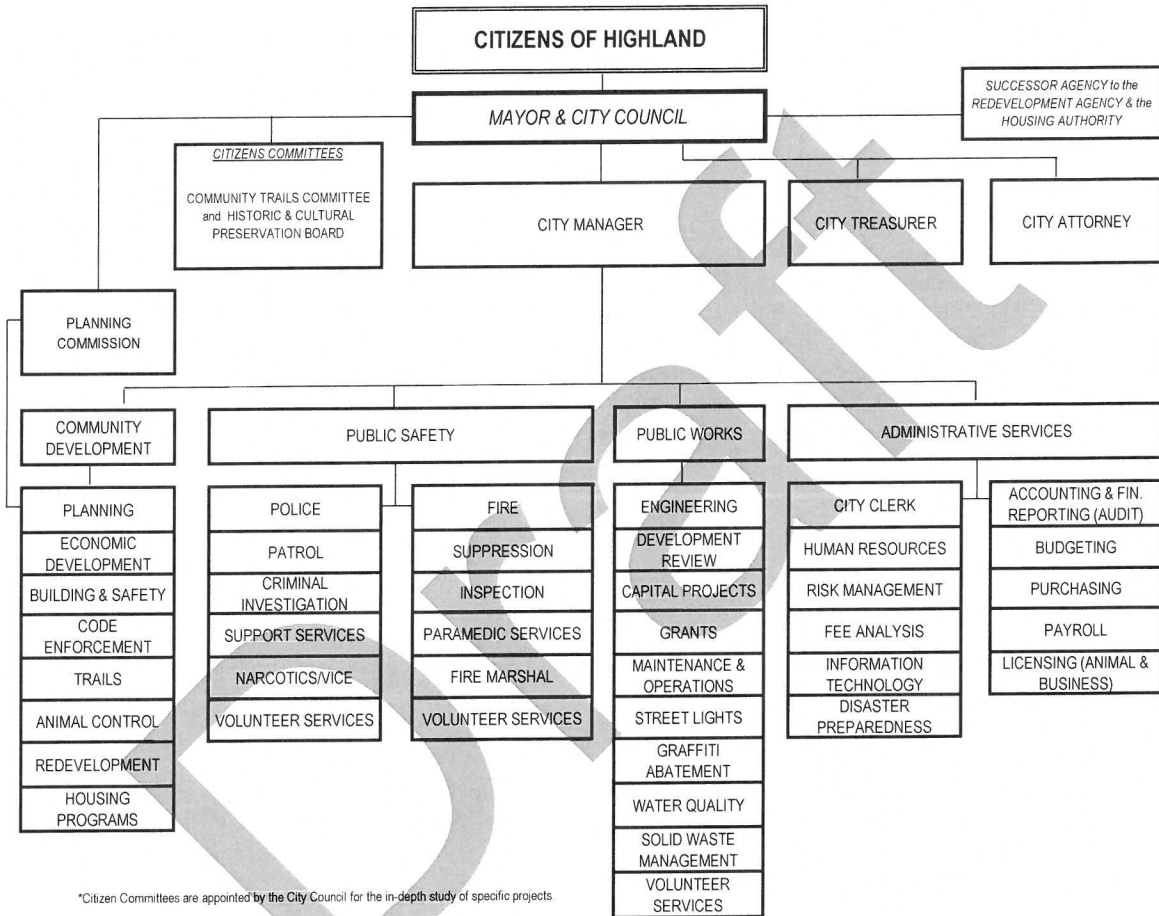
Liz Brown

CITY OF HIGHLAND

Annual Comprehensive Financial Report

Organizational Chart

June 30, 2023



FINANCIAL SECTION

Independent Auditor's Report

The Honorable City Council
City of Highland, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Highland (City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Highland, as of June 30, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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 error or fraud.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary schedules and pension and OPEB schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 we 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining statements and budget schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November __, 2023, on our consideration of the City'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 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 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's internal control over financial reporting and compliance.

Van Lant & Fankhauser, LLP

November __, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of the financial performance of the City of Highland provides an overview of the City's financial activities for the fiscal year ended June 30, 2023. Please read it in conjunction with the transmittal letter and financial statements identified in the accompanying table of contents.

Using the Accompanying Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS

The annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for nonmajor governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the City's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the city government, reporting the City's operations in *more detail* than the government-wide statements.
 - The *governmental funds* statements tell how *general government* uses services like public safety were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short-* and long-term financial information about the activities the government operates like businesses, such as the water and sewer system.
 - *Fiduciary fund* statements provide information about the fiduciary relationships – like the custodial funds (formerly referred to as agency funds) of the City – in which the city acts solely as *agent* or *trustee* for the benefit of others, to whom the resources in question belong.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that provides additional financial and budgetary information.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the city government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1
Major Features of the City's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary	Activities the City operates similar to private businesses	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	- Statement of net position - Statement of activities	- Balance sheet - Statement of revenues, expenditures, and changes in fund balances	- Statement of net position - Statement of revenues, expenditures, and changes in net position - Statement of cash flows	- Statement of fiduciary net position - Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term debt included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City's fiduciary funds do not currently contain capital assets.
Type of inflow/ outflow information	All revenues and expenditures during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenditures during the year, regardless of when cash is received or paid	All revenues and expenditures during year, regardless of when cash is received or paid.

Reporting the City as a Whole

The accompanying **government-wide financial statements** include two statements that present financial data for the city as a whole. One of the most important questions asked about the City's

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

These two statements report on the City’s net position and changes in them. You can think of the City’s net position – the difference between assets & deferred outflows of resources and liabilities & deferred inflows of resources – as one way to measure the City’s financial health, or *financial position*. Over time, *increases and decreases* in the City’s net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City’s property tax base, sales tax base and the condition of the City’s roads, to assess the *overall health* of the city.

The Statement of Net Position and the Statement of Activities:

- Governmental activities – Most of the City’s basic services are reported here such as general government, community development, public safety, and highways & streets. Sales taxes, property taxes, state subventions, charges for services and other revenues finance most of these activities.

Reporting the City’s Most Significant Funds

The **fund financial statements** provide detailed information about the City’s most significant funds – not the City as a whole. Some funds are required to be established by state law or by bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting administrative responsibilities for using certain taxes, grants, or other money (like grants received). The City’s two kinds of funds – *governmental* and *proprietary* – use different accounting approaches.

- *Governmental funds* – Most of the City’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *current financial* assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the City’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. We describe the relationship or differences between *governmental activities* (reported in the Statement of Net Position and the Statement of Activities) and *governmental funds* in reconciliation at the bottom of the fund financial statements.
- *Proprietary funds* – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The City does not have any enterprise funds (a component of proprietary funds). Enterprise funds are the same as the business-type activities and would be reported in the government-wide statements but would provide more detail and additional information, such as cash flows, for proprietary funds. The City does use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City’s other programs and activities.

Reporting the City's Fiduciary Responsibilities

The City is an agent for certain assets held for, and under the control of, other organizations and individuals. All the City's fiduciary activities are reported in a separate Statement of Fiduciary Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Currently, these funds consist of the three Community Facilities Districts and the Successor Agency to the City of Highland Redevelopment Agency Private Purpose Trust Fund.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

A summary of the government-wide *statement of net position* follows:

Net Position			
June 30, 2023			
Governmental Activities			
	2023		2022
Capital and other assets	\$ 94,577,385	\$	86,612,155
Capital assets, net	229,914,903		229,586,961
Total Assets	324,492,288		316,199,116
Deferred Outflows of Resources	2,859,158		1,324,439
Long-term liabilities	13,976,464		9,075,577
Other liabilities	15,459,033		14,163,517
Total Liabilities	29,435,497		23,239,094
Deferred Inflows of Resources	2,816,453		4,742,735
Net Position:			
Net Investment in capital assets	225,563,572		225,235,630
Restricted	39,786,722		38,699,390
Unrestricted	29,749,202		25,606,706
Total Net Position	\$ 295,099,496	\$	289,541,726

The largest portion of the City's net position (77.9%) reflects its investments in capital assets (i.e., land, buildings, infrastructure, etc.); less any related debt used to acquire those assets that are still outstanding. The City uses these assets to provide services to its citizens; consequently, these assets are not available for future spending.

Restricted net position (13.5%) represents resources that are subject to external restrictions on how they may be used. Examples of restricted net position would be funds for gas tax, development impact fees, assessment districts and other special revenue funds.

Unrestricted net position (10.1%) can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. An example of unrestricted net position would be the general fund.

A summary of the government-wide *statement of activities* follows:

Changes in Net Position

June 30, 2023

Governmental Activities

	2023	2022
Program Revenues:		
Charges for services	\$ 7,772,261	\$ 5,104,974
Operating contributions & grants	3,956,124	2,811,500
Capital contributions & grants	9,547,768	12,935,771
Total Program Revenues	21,276,153	20,852,245
General Revenues:		
Property taxes	16,627,854	15,406,948
Sales & use tax	4,057,069	4,017,078
Transient occupancy tax	265,074	268,259
Franchise fees	2,091,919	1,930,701
Business license tax	546,140	446,810
Other	58,359	63,608
Gain on Sale of Capital Asset	-	-
Investment income	570,764	(22,924)
Miscellaneous	167,045	140,273
Total General Revenues	24,384,224	22,250,753
Total Revenues	45,660,377	43,102,998
Expenses:		
General government	2,415,060	2,329,674
Highways & streets	13,683,221	15,510,734
Public safety	19,982,109	18,165,480
Community development	4,022,217	4,845,025
Total Expenses	40,102,607	40,850,913
Changes in net position	5,557,770	2,252,085
Restatement of capital assets (note 16)	-	-
Change in net position	5,557,770	2,252,085
Beginning net position	289,541,726	287,289,641
Ending net position	\$ 295,099,496	\$ 289,541,726

The increase or decrease in net position can provide an indication as to whether the overall financial position of the city improved or deteriorated during the year. The net position of the City's governmental activities increased by 1.9% (\$295.1M compared to \$289.5M). The net position (financial position) of the City changed as a result of the revenue and expense fluctuations described below.

The increase in total program revenues above is due to the increase Charges for Services. Property Taxes and Franchise Fees increased as well. The award of grants, whether operating or capital, will fluctuate from year to year. Depending on what year they are received will have an impact on program revenues. General revenues increased overall in 2022/2023. The increase in sales tax is due to adding more commercial businesses during the year and more point-of-sale businesses such as Amazon. Other revenues such as franchise fees, investment income and miscellaneous revenues either increased or decreased marginally.

Expenditures in Public Works decreased because of decreased capital activity. Expenditures in Highways & Streets may vary year to year depending on availability of grant funds and funds on hand such as the Measure I fund, Development Impact Fee fund and the Capital Improvements fund. Public Safety expenditures increased primarily due to the increase in expenditures for the Sheriff's Department for police services and Cal-Fire for fire suppression and paramedic services. Community Development expenditures increased due in part to the American Rescue Plan Small Business Assistance Program.

The change in net position before applying restated items is a result of the situations discussed above.

For the reasons stated above, the City's net position increased by \$5.6M (\$289.5M to \$295.1M).

Revenues & Expenses by Source Governmental Activities

	2023	%	2022	%
Revenues By Source				
Charges for services	\$ 7,772,261	17.0%	\$ 5,104,974	11.8%
Operating contributions & grants	3,956,124	8.7%	2,811,500	6.5%
Capital contributions & grants	9,547,768	20.9%	12,935,771	30.0%
Property taxes	16,627,854	36.4%	15,406,948	35.7%
Sales & use tax	4,057,069	8.9%	4,017,078	9.3%
Transient occupancy tax	265,074	0.6%	268,259	0.6%
Franchise fees	2,091,919	4.6%	1,930,701	4.5%
Business license tax	546,140	1.2%	446,810	1.0%
Other	58,359	0.1%	63,608	0.1%
Gain on Sale of Capital Asset	-	0.0%	-	0.0%
Investment income	570,764	1.3%	(22,924)	-0.1%
Miscellaneous	167,045	0.4%	140,273	0.3%
Total Revenues	\$ 45,660,377	100.0%	\$ 43,102,998	100.0%
Expenses By Source				
General government	2,415,060	6.0%	2,329,674	5.7%
Highways & streets	13,683,221	34.1%	15,510,734	38.0%
Public safety	19,982,109	49.8%	18,165,480	44.5%
Community development	4,022,217	10.0%	4,845,025	11.9%
Total Expenses	\$ 40,102,607	100.0%	\$ 40,850,913	100.0%

MAJOR FUNDS

As noted earlier, the City uses fund accounting to provide proper fiscal management of the City's resources and to demonstrate compliance with finance-related legal requirements.

Major Governmental Funds

The **General Fund** is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance of the general fund was \$21,114,245. The total fund balance is broken down into two categories, Nonspendable and Spendable. Spendable is then broken down into three sub-categories: Restricted, Assigned and Unassigned. Nonspendable is just that, it cannot be spent because it is not in a spendable form, such as inventory. Restricted means there have been restrictions placed on how these funds can be used (similar to the "reserved" term we used to use). Committed means the City Council has committed these funds for a specific project or intent. And lastly, Assigned means the City Council has given permission to the City Manager to assign funds to a specific project or intent.

The reasons for significant changes in the revenues and expenditures of the city's general fund from the prior year are as follows:

- Starting in fiscal year 2016/2017, we merged the Fire Department Fund into the General Fund because there is no legal requirement to keep them separated. When Highland took over Fire Services in 1999, we were able to separate out which property taxes had been received for the General Fund and which property taxes would be received in the future for the newly acquired fire services. Because we could account for these property taxes separately, a new Fire Department fund was set up so that fire services could be tracked separately. We will continue to budget for the Fire Department in its own fund, but it will continue to be included with the General Fund in future financial statements.
- Total revenues (excluding transfers) increased by \$2,272,711, a 9% increase. Taxes increased by 6.9% or \$1,511,861. This is attributable to increasing property values (property taxes). Licenses and Permits decreased by 3.3% or \$40,193 due to decreased building permit activity. Charges for Services increased by 15.1% or \$256,956 due to increases in planning and engineering applications. Interest income increased by \$441,584 as a result of increasing interest rates.
- Total expenditures (excluding transfers) increased by \$1,853,907. General government expenditures increased by 8.4% or \$150,080. Public safety (police department, fire department & animal control) increased by 10.6% or \$1,432,355. In FY 2022, annual contract increases for Police & Fire were offset by the City receiving a one-time grant from the federal government (American Rescue Plan Act) relating to COVID-19.
- Fund Balance in the general fund increased by \$2,429,672 because of the reasons stated above.

The **Major Grants** fund is used to account for any federal grant that is not required to be accounted for in its own fund. Accounting for these grants in one fund is more efficient and manageable.

- Expenditures in this fund decreased by \$2,801,936 primarily because of the amount of capital projects that were constructed in the current year. The use of grants varies from year to year.
- Typically, revenues should equal expenditures in this fund. However, some projects cannot be reimbursed until the project is over or reimbursements are not received in a timely fashion

and are not accounted for in the same period as the expenditures. This will lead to expenditures over revenues in some years as well as a negative fund balance on some occasions. In rare circumstances, we will receive the revenue before the project is started and expenditures are incurred. The amounts for grants not received in 2022/2023 are expected to be received in fiscal year 2023/2024.

The **Grants** fund is used to account for any non-federal grant that is not required to be accounted for in its own fund. It is also used to account for joint projects with local municipalities. Accounting for these grants and projects in one fund is more efficient and manageable.

The reasons for significant changes in the revenues and expenditures of the Grants fund from the prior year are as follows:

- The overall expenditures in this department decreased by \$213,879 primarily due to higher grant and joint project activity in 2021/2022 than in 2022/2023. The use of grants and joint projects will vary from year to year. There was a considerable amount of capital project activity in this fund including, but not limited to; MSRC (Mobile Source Reduction Committee), RAC (Rubberized Asphalt Concrete), SLPP (State & Local Partnership Program). The joint projects include street improvement projects with our neighboring cities, Redlands, and San Bernardino and with the IVDA (Inland Valley Development Agency) and San Manuel Band of Mission Indians.
- The overall revenues in this fund decreased by \$2,397,511 primarily due to the timing of receiving and expending funds.
- The fund balance of this fund decreased by \$894,242 primarily due to work performed and reimbursed in 2022/2023.

The **Development Impact Fee (DIF)** fund was established for new development to pay for the construction or expansion of off-site capital improvements that are necessitated by and benefit the new development.

The reasons for significant changes in the revenues, expenditures, and fund balance of the development impact fee fund from the prior year are as follows:

- In 2022/2023 revenues increased by \$1,746,656 due to an increased amount of development impact fees that were received.
- Expenditures in this fund decreased by \$2,694,313 due to this fund being more heavily used to pay for capital projects in 2021/2022 than in 2022/2023.
- The fund balance in this fund increased overall by \$1,372,719. This fund is expected to see an increase in activity in the fiscal year 2023/2024.

The **Capital Improvements** fund was established on January 1, 2016, to account for the former RDA bond proceeds that were transferred to the City and Housing Authority on approval of the Department of Finance (DOF).

The reasons for significant changes in the revenues, expenditures, and fund balance of the capital improvement fund from the prior year are as follows:

- Revenues in this fund increased by \$239,559 in 2022/2023.

- Expenditures in this fund also increased by \$468,006. This fund will continue to spend down the former RDA bond proceeds over the next several years and will probably see the capital project construction activity increase in fiscal year 2023/2024. With the main revenue source being only interest income, the fund balance will also be reduced over that same period.

Major Enterprise Funds

The City does not have any enterprise funds.

GENERAL FUND-BUDGET

The total expenditures of the general fund did not exceed the total appropriations for 2022/2023.

Differences between the original budget and the final amended budget of the General Fund can be briefly summarized as follows:

The following are significant increases to the expenditure budget for the General Fund:

- \$303,830 in the Police Department budget for the San Bernardino County Sheriff contract increase in FY 2022/2023.
- \$103,645 in the Parks budget to fund the purchase of two new trucks.
- \$1,650,000 General Fund transfer to the General Capital Financing fund to help offset future capital project expenditures.
- \$525,000 General Fund transfer to the General Services fund to help offset current & future expenditures in this fund.
- \$580,000 General Fund transfer to the Insurance Services fund to fund future sidewalk studies and repairs.
- Significant budgetary variances in the General Fund include:

The City received two allocations from the American Rescue Plan Act (ARPA), both in the amount of \$7,447,553.50, in June 2021 and June 2022.

For FY 2022/2023, the first allocation of this grant helped partially offset contract services in the Police Department (provided by San Bernardino County) and the Fire Department (provided by Cal Fire). This accounted for the two largest variances of expenditures in the General Fund. For fiscal years 2023/2024 & 2024/2025, the City will continue to use these grant funds (both allocations) for these purposes.

As for revenues, and very similar to last year, the City realized \$393,000 actual revenues over budgeted revenues in the sales & use tax line item. We believe this was due to the additional point of sales purchases (Amazon) in Highland, in addition to adding some new commercial businesses. This is the single largest significant variance for revenues in the General Fund. As in the past, some revenues increased, some decreased, and many remained relatively flat.

Additional information on the City's budget adjustments and policies can be found in the notes to required supplementary information on page 79.

CAPITAL ASSETS

Capital Assets (net of depreciation)

Governmental Activities

	2023	2022
Land	\$ 4,485,030	\$ 4,485,030
Rights of Way	89,966,309	89,650,461
Construction in progress	12,834,311	7,177,132
Buildings & improvements	20,453,107	21,544,667
Equipment, furniture & software	1,016,756	1,175,361
Vehicles	1,601,057	1,674,896
Infrastructure	99,558,333	103,879,414
Total	<u>\$ 229,914,903</u>	<u>\$ 229,586,961</u>

The major additions to capital assets during the year ended June 30, 2023, were as follows:

- Purchased a 2022 Ford F350 and a 2022 Ford F250 for Public Works.
- Replaced the YMCA Athletic Center Skylights.

Infrastructure additions include but are not limited to:

- Project No. OLA 20-002 CDBG Streets 21/22-Cunningham
- Project No. OLA 22-001 CDBG Streets 22/23-McKinley Avenue
- Project No. SIG 21-002 Traffic Signal Modification at 5th St and Del Rosa Drive

Additional information on the City's capital assets can be found in the notes to the financial statements starting on page 56.

LONG-TERM DEBT

Additional information on the City's long-term liabilities can be found in the notes to the accompanying financial statements starting on page 57.

Contacting the City's Financial Management:

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the city's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Administrative Services/City Treasurer, Chuck Dantuono, at the City of Highland, 27215 Base Line, Highland, California, 92346.

BASIC FINANCIAL STATEMENTS

City of Highland
Statement of Net Position
June 30, 2023

	Governmental Activities
ASSETS	
Cash and Investments	\$ 81,742,697
Receivables:	
Accounts	1,374,430
Interest	490,793
Property Taxes	206,609
Loans	695,728
Leases	2,286,297
Due from Other Governments	6,861,081
Advance to Successor Agency	906,871
Prepaid Items	12,879
Capital Assets, Not Being Depreciated	107,285,650
Capital Assets, Net of Depreciation	122,629,253
Total Assets	<u>324,492,288</u>
DEFERRED OUTFLOWS OF RESOURCES	
OPEB Related Items	193,693
Pension Related Items	2,665,465
Total Deferred Outflows of Resources	<u>2,859,158</u>
LIABILITIES	
Accounts Payable	5,470,574
Accrued Liabilities	135,710
Retention Payable	297,498
Deposits Payable	1,192,896
Unearned Revenue	8,362,355
Noncurrent Liabilities:	
Due Within One Year	217,523
Due in More Than One Year	13,758,941
Total Liabilities	<u>29,435,497</u>
DEFERRED INFLOWS OF RESOURCES	
OPEB Related Items	243,617
Pension Related Items	286,539
Lease Related	2,286,297
Total Deferred Inflows of Resources	<u>2,816,453</u>
NET POSITION	
Net Investment in Capital Assets	223,919,610
Restricted for:	
Public Safety	30,453
Public Works	34,296,922
Community Development	5,459,347
Unrestricted	31,393,164
Total Net Position	<u><u>\$ 295,099,496</u></u>

The accompanying notes are an integral part of this statement.

**City of Highland
Statement of Activities
Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$ 2,415,060	\$ 907,887	\$ 51,877	\$ -	\$ (1,455,296)
Public Safety	19,982,109	1,750,491	291,229	-	(17,940,389)
Public Works	13,683,221	2,916,475	2,806,411	9,547,768	1,587,433
Community Development	4,022,217	2,197,408	806,607	-	(1,018,202)
Total Governmental Activities	<u>\$ 40,102,607</u>	<u>\$ 7,772,261</u>	<u>\$ 3,956,124</u>	<u>\$ 9,547,768</u>	<u>(18,826,454)</u>
General Revenues:					
Taxes:					
Property Tax					16,627,854
Sales and Use Tax					4,057,069
Transient Occupancy Tax					265,074
Franchise Tax					2,091,919
Business Licenses Tax					546,140
Other					58,359
Gain on Sale of Capital Assets					-
Investment Income					570,764
Miscellaneous					<u>167,045</u>
Total General Revenues					<u>24,384,224</u>
Change in Net Position					5,557,770
Net Position - Beginning of Year					<u>289,541,726</u>
Net Position - End of Year					<u>\$ 295,099,496</u>

The accompanying notes are an integral part of this statement.

**City of Highland
Balance Sheet
Governmental Funds
June 30, 2023**

		Special Revenue		Capital Projects
	General	Grants	Major Grants	Capital Improvements
ASSETS				
Cash and Investments	\$ 21,201,119	\$ 11,586,329	\$ 6,556,157	\$ 6,868,305
Receivables:				
Accounts	1,300,925	-	-	-
Interest	184,816	-	-	24,000
Property Taxes	184,088	-	-	-
Loans	-	-	-	-
Leases	1,339,698	-	-	-
Due from Other Governments	1,108,899	2,373,037	1,873,125	-
Due from Other Funds	178,629	-	-	-
Advance to Successor Agency	725,496	-	-	-
Prepaid Items	12,879	-	-	-
Total Assets	\$ 26,236,549	\$ 13,959,366	\$ 8,429,282	\$ 6,892,305
LIABILITIES				
Accounts Payable	\$ 1,706,103	\$ 1,246,835	\$ 775,374	\$ 338,218
Accrued Liabilities	95,750	-	-	7,039
Retention Payable	-	121,319	75,469	16,547
Deposits Payable	1,192,896	-	-	-
Unearned Revenue	668,843	115,072	7,578,440	-
Due to Other Funds	-	-	-	-
Total Liabilities	3,663,592	1,483,226	8,429,283	361,804
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	119,014	1,781,353	1,228,593	-
Lease Related	1,339,698	-	-	-
Total Deferred Inflows of Resources	1,458,712	1,781,353	1,228,593	-
FUND BALANCES (DEFICITS)				
Nonspendable	738,375	-	-	-
Restricted	-	10,694,787	-	6,530,501
Committed	-	-	-	-
Assigned	15,061,485	-	-	-
Unassigned	5,314,385	-	(1,228,594)	-
Total Fund Balances	21,114,245	10,694,787	(1,228,594)	6,530,501
Total Liabilities, Deferred Inflows and Fund Balances	\$ 26,236,549	\$ 13,959,366	\$ 8,429,282	\$ 6,892,305

The accompanying notes are an integral part of this statement.

Capital Projects Development Impact Fees	Total Non-major Governmental Funds	Total Governmental Funds
\$ 7,678,248	\$ 22,136,862	\$ 76,027,020
-	71,680	1,372,605
65,090	176,168	450,074
-	22,521	206,609
-	695,728	695,728
-	946,599	2,286,297
-	1,506,020	6,861,081
-	-	178,629
-	181,375	906,871
-	-	12,879
<u>\$ 7,743,338</u>	<u>\$ 25,736,953</u>	<u>\$ 88,997,793</u>
\$ 5,588	\$ 1,387,133	\$ 5,459,251
-	26,227	129,016
29,189	54,974	297,498
-	-	1,192,896
-	-	8,362,355
-	178,629	178,629
<u>34,777</u>	<u>1,646,963</u>	<u>15,619,645</u>
-	851,526	3,980,486
-	946,599	2,286,297
-	1,798,125	6,266,783
-	-	738,375
7,708,561	14,889,546	39,823,395
-	-	-
-	7,623,323	22,684,808
-	(221,004)	3,864,787
<u>7,708,561</u>	<u>22,291,865</u>	<u>67,111,365</u>
<u>\$ 7,743,338</u>	<u>\$ 25,736,953</u>	<u>\$ 88,997,793</u>



City of Highland
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2023

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances of Governmental Funds	\$ 67,111,365
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When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the City as a whole.

Capital Assets, Not Being Depreciated	107,285,650
Capital Assets, Being Depreciated	222,918,068
Accumulated Depreciation	<u>(100,288,815)</u>
	229,914,903

Long-term 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. All liabilities (both current and long-term) are reported in the Statement of Net Position.

Compensated Absences	(908,590)
SBCTA Loan Payable	(5,995,293)
Net Pension Liability	(5,855,448)
Total OPEB Liability	<u>(1,068,133)</u>
	(13,827,464)

Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds.

Deferred Outflows Related to Pensions	2,665,465
Deferred Inflows Related to Pensions	(286,539)
Deferred Outflows Related to OPEB	193,693
Deferred Inflows Related to OPEB	(243,617)

In governmental funds, other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	3,980,486
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Internal service funds are used by management to charge the costs of certain activities, such as vehicle maintenance, self-insurance, and information technology, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

Net Position of Governmental Activities	<u><u>\$ 295,099,496</u></u>
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The accompanying notes are an integral part of this statement.

City of Highland
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	General Fund	Special Revenue		Capital Projects
		Grants	Major Grants	Capital Improvements
REVENUES				
Taxes	\$ 23,393,445	\$ -	\$ -	\$ -
Licenses and Permits	1,177,236	-	-	-
Intergovernmental	494,199	1,259,131	4,040,812	-
Charges for Services	1,954,538	-	-	-
Fines and Forfeitures	20,092	-	-	-
Investment Income	462,420	84,548	-	235,787
Rental Income	124,712	-	-	-
Miscellaneous	38,814	-	-	-
Total Revenues	<u>27,665,456</u>	<u>1,343,679</u>	<u>4,040,812</u>	<u>235,787</u>
EXPENDITURES				
Current:				
General Government	1,931,030	-	68	-
Public Safety	14,977,871	-	2,843,575	-
Public Works	1,942,487	84,057	13,136	253,789
Community Development	2,571,447	-	247,485	-
Capital Outlay	93,675	2,812,504	1,920,838	704,034
Total Expenditures	<u>21,516,510</u>	<u>2,896,561</u>	<u>5,025,102</u>	<u>957,823</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,148,946</u>	<u>(1,552,882)</u>	<u>(984,290)</u>	<u>(722,036)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	-	-	-	-
Transfers In	-	149,230	90,048	-
Transfers Out	(3,719,274)	-	-	(90,048)
Total Other Financing Sources (Uses)	<u>(3,719,274)</u>	<u>149,230</u>	<u>90,048</u>	<u>(90,048)</u>
Net Change in Fund Balances	2,429,672	(1,403,652)	(894,242)	(812,084)
Fund Balances, Beginning of Year	18,684,573	12,098,439	(334,352)	7,342,585
Fund Balances, End of Year	<u>\$ 21,114,245</u>	<u>\$ 10,694,787</u>	<u>\$ (1,228,594)</u>	<u>\$ 6,530,501</u>

Capital Projects Development Impact Fees	Total Non-major Governmental Funds	Total Governmental Funds
\$ -	\$ 1,516,006	\$ 24,909,451
-	-	1,177,236
-	5,359,978	11,154,120
1,954,780	543,022	4,452,340
-	23,758	43,850
167,623	335,446	1,285,824
-	120,000	244,712
-	146,339	185,153
<u>2,122,403</u>	<u>8,044,549</u>	<u>43,452,686</u>
-	-	1,931,098
-	1,467,526	19,288,972
-	3,194,232	5,487,701
-	489,182	3,308,114
<u>2,393,646</u>	<u>2,148,125</u>	<u>10,072,822</u>
<u>2,393,646</u>	<u>7,299,065</u>	<u>40,088,707</u>
<u>(271,243)</u>	<u>745,484</u>	<u>3,363,979</u>
1,643,962	-	1,643,962
-	2,759,297	2,998,575
-	(294,253)	(4,103,575)
<u>1,643,962</u>	<u>2,465,044</u>	<u>538,962</u>
1,372,719	3,210,528	3,902,941
<u>6,335,842</u>	<u>19,081,337</u>	<u>63,208,424</u>
<u>\$ 7,708,561</u>	<u>\$ 22,291,865</u>	<u>\$ 67,111,365</u>

The accompanying notes are an integral part of this statement.

City of Highland
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2023

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Changes in Fund Balances - Total Governmental Funds	\$ 3,902,941
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period, and also the net effect of various transactions involving capital assets (i.e., sales and donations):

Capital Expenditures	7,768,663
Depreciation Expense	(6,492,057)
Loss on Disposal	(948,664)

Revenues reported in the Statement of Activities, which are not considered available to finance current expenditures, are not reported as revenues in the governmental funds.	2,207,692
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The expenses below included in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (net change):

Compensated Absences	(111,888)
Net Pension Liability	(3,333,013)
Total OPEB Liability	181,976

The issuance of long-term debt (e.g., bonds, loans, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

SBCTA Loan Payable	(1,643,962)
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Amounts for deferred inflows and deferred outflows related to the City's Net Pension Liability are not reported in the funds. This is the net change in deferred inflows and outflows related to the net pension liability:

Deferred Outflows Related to Pensions	1,576,834
Deferred Inflows Related to Pensions	1,997,096
Deferred Outflows Related to OPEB	(42,115)
Deferred Inflows Related to OPEB	(225,970)

Internal Service Funds are used by management to charge the costs of certain activities, such as information technology and self-insurance, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

720,237

Change in Net Position of Governmental Activities

\$ 5,557,770

The accompanying notes are an integral part of this statement.

**City of Highland
Statement of Net Position
Proprietary Funds
June 30, 2023**

	Governmental Activities - Internal Service Funds
ASSETS	
Current:	
Cash and Investments	\$ 5,715,677
Receivables:	
Accounts	1,825
Interest	40,719
	<u>5,758,221</u>
Total Assets	
LIABILITIES	
Current:	
Accounts Payable	11,323
Accrued Liabilities	6,694
Claims Payable	14,000
	<u>32,017</u>
Total Current Liabilities	
Noncurrent:	
Claims Payable	135,000
	<u>135,000</u>
Total Noncurrent Liabilities	
Total Liabilities	<u>167,017</u>
NET POSITION	
Unrestricted	5,591,204
	<u>5,591,204</u>
Total Net Position	<u>\$ 5,591,204</u>

The accompanying notes are an integral part of this statement.

City of Highland
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2023

	Governmental Activities - Internal Service Funds
OPERATING REVENUES	
Charges for Services	\$ 596,359
Miscellaneous	23,811
Total Operating Revenue	<u>620,170</u>
OPERATING EXPENSES	
Salaries and Benefits	123,804
Insurance Premiums	460,171
Claims and Judgments	6,109
Legal Fees	-
Administrative Expenses	507,334
Insurance Adjusting Fees	-
Total Operating Expenses	<u>1,097,418</u>
Operating Income (Loss)	<u>(477,248)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest Revenue	<u>92,485</u>
Total Nonoperating Revenues (Expenses)	<u>92,485</u>
Income (Loss) before Contributions and Transfers	(384,763)
Transfers in	<u>1,105,000</u>
Change in Net Position	720,237
Total Net Position, Beginning of Year	<u>4,870,967</u>
Total Net Position, End of Year	<u><u>\$ 5,591,204</u></u>

The accompanying notes are an integral part of this statement.

**City of Highland
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2023**

	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Services	\$ 619,641
Cash Payments to Employees for Services	(123,630)
Cash Payments Made to Suppliers/Vendors	<u>(1,015,921)</u>
Net Cash Provided (Used) by Operating Activities	<u>(519,910)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash Received from Other Funds	<u>1,105,000</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>1,105,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>60,013</u>
Net Cash Provided (Used) by Investing Activities	<u>60,013</u>
Net Increase (Decrease) in Cash and Cash Equivalents	645,103
Cash and Cash Equivalents, Beginning of the Year	<u>5,070,574</u>
Cash and Cash Equivalents, End of the Year	<u><u>\$ 5,715,677</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	<u>\$ (477,248)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in Accounts Receivable	(529)
Increase (Decrease) in Accounts Payable	(36,307)
Increase (Decrease) in Accrued Liabilities	174
Increase (Decrease) in Claims Payable	<u>(6,000)</u>
Total Adjustments	<u>(42,662)</u>
Total Cash Provided (Used) by Operating Activities	<u><u>\$ (519,910)</u></u>

The accompanying notes are an integral part of this statement.

**City of Highland
Statement of Net Position
Fiduciary Funds
June 30, 2023**

	Successor Agency Private-purpose Trust Fund	Custodial Fund
ASSETS		
Cash and Investments	\$ 2,450,448	\$ -
Restricted Assets:		
Cash and Investments with Fiscal Agents	1,158,899	1,227,972
Total Assets	<u>3,609,347</u>	<u>1,227,972</u>
LIABILITIES		
Accounts Payable	-	-
Accrued Interest Payable	426,975	-
Advance from City of Highland	906,871	-
Long Term Liabilities:		
Due within one year	2,077,424	-
Due in more than one year	35,817,568	-
Total Liabilities	<u>39,228,838</u>	<u>-</u>
NET POSITION		
Net Position Held for the Benefit of Others	-	1,227,972
Net Position (Deficit) Held in Trust for Successor Agency	<u>(35,619,491)</u>	<u>-</u>
Total Net Position	<u>\$ (35,619,491)</u>	<u>\$ 1,227,972</u>

The accompanying notes are an integral part of this statement.

City of Highland
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2023

	Successor Agency Private-purpose Trust Fund	Custodial Fund
ADDITIONS		
Taxes and Assessments	\$ 3,682,834	\$ 49,550
Interest Income	40,130	-
Total Additions	3,722,964	49,550
DEDUCTIONS		
Administrative Expenses	16,701	26,875
Interest and Fiscal Charges	1,518,158	-
Total Deductions	1,534,859	26,875
Change in Net Position	2,188,105	22,675
Net Position, Beginning of Year	(37,807,596)	1,205,297
Net Position, End of Year	\$ (35,619,491)	\$ 1,227,972

The accompanying notes are an integral part of this statement.

**City of Highland
Notes to Financial Statements
Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Highland (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A) Description of Reporting Entity

The City (the primary government) has included within its reporting entity, for financial reporting purposes, all component units over which the City exercises financial accountability. Financial accountability is defined as follows: The level of accountability that exists if a primary government appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial burdens to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for government organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the primary government. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

The following component units meet the above-mentioned criteria, and are therefore included within the financial reporting entity of the City of Highland: the City of Highland Public Financing Authority and City of Highland Housing Authority.

The City of Highland Public Financing Authority (the Authority) was created for the purpose of assisting the financing or refinancing of certain public capital facilities by the City. The Authority is governed by a five-member Board of Directors which consists of members of the City Council. During the current fiscal year, the Authority had no fiscal activity.

The City of Highland Housing Authority (the Housing Authority) was established by the City Council in 2011, and is responsible for the administration of providing affordable housing in the City. The Housing Authority is governed by a five-member Board of Directors which consists of members of the City Council. The Housing Authority's financial transactions are reported in a special revenue fund. The Housing Authority does not prepare separate financial statements.

Since the City Council serves as the governing board for these component units, and there is a financial benefit/burden relationship between the City and these component units, all of the City's component units are considered to be blended component units. Blended component units, although legally separate entities, are in substance, part of the City's operations and are reported with the interfund data of the primary government. These component units do not issue separate component unit financial statements.

B) Basis of Accounting and Measurement Focus

The basic financial statements of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

**City of Highland
Notes to Financial Statements
Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units), as well as discretely presented component units. The City of Highland has no business-type activities and no discretely presented component units.

As a general rule, the effect of interfund activity has been eliminated in the Statement of Activities. An exception to this general rule would be for interfund services provided and used, which are not eliminated in the consolidation process. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included amount program revenues are reported instead as *general revenues*.

Government-wide financial statements are presented using the *economic resources measurement focus* and *accrual basis of accounting*. Under the *economic resources measurement focus*, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the *accrual basis of accounting*, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Program revenues include charges for services and payments made by parties outside the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expense.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording resources, related liabilities, obligations, reserves and equities segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**City of Highland
Notes to Financial Statements
Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fund financial statements for governmental funds are presented after the government-wide financial statements. These statements display information about the major funds individually and other governmental funds in the aggregate. Proprietary fund statements include financial information for internal service funds. Financial statements for fiduciary funds include financial information for private-purpose trust funds and custodial funds. Fiduciary funds of the City represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified accrual basis of accounting*. Their revenues are recognized when they become measurable and available as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days, except for grants which are considered available if they are collected within 90 days after year-end.

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle in lieu, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available when cash is received by the government.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed nonexchange transactions* are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period. Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus.

Amounts expended to acquire capital assets are recorded as expenditures in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

**City of Highland
Notes to Financial Statements
Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Proprietary and Fiduciary Funds

In the fund financial statements, proprietary funds and private-purpose trust funds are presented using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. The proprietary funds and the private-purpose trust funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's internal service funds are charges for services. Operating expenses for the internal service funds include the cost of insurance, salaries and benefits and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fiduciary funds consist of a private-purpose trust fund which is reported using the economic resources measurement focus and custodial funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C) Fund Classifications

The accounts of the City are organized and operated on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts, established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Expenditures of this fund include the general operating expenditures and other costs which are not paid through other funds.

Grants Special Revenue Fund - This fund is used to account for any nonfederal grant that is not required to be accounted for in its own fund. Also, included in this fund are joint projects with the County of San Bernardino, City of San Bernardino, East Valley Water District (EVWD), the Inland Valley Development Agency (IVDA), etc.

Major Grants Special Revenue Fund - This fund accounts for federal grants that are not required to be maintained in their own fund.

Capital Improvements Capital Projects Fund - This fund is used to account for the non-housing bond proceeds of the former redevelopment agency.

**City of Highland
Notes to Financial Statements
Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Development Impact Fees Capital Projects Fund - This fund is used to account for AB 1600 fees collected that are restricted for capital improvements for police facilities, fire facilities, general facilities, parks & recreation facilities, storm drains, streets/sidewalks, traffic control, bridges/culverts, streetlights, medians/landscaping and major arterials.

The City also reports the following fund types:

Proprietary Funds:

Internal Service Funds are used to finance and account for activities involved in rendering self-insurance and building maintenance services to departments within the City. Costs of materials and services used are accumulated in these funds and charged to the user departments as such goods are delivered or services rendered.

Fiduciary Funds:

The Private-purpose Trust Fund is used to account for the activities of the Successor Agency to the Highland Redevelopment Agency.

Custodial Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations and other governmental units. Cash and deposits are maintained for debt for which the City is not obligated.

D) Cash and Investments

Cash includes amounts in demand and time deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

Investments are reported in the accompanying financial statements at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

E) Advances to Successor Agency

The portion of fund balance associated with amounts that have been disbursed to the Successor Agency in the form of long-term advances have been classified as nonspendable unless the funds associated with repayment of the advances are otherwise restricted for specific purposes.

**City of Highland
Notes to Financial Statements
Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

F) Inventory and Prepaid Items

Inventory held by the general fund is stated at average cost using the consumption method. Prepaid items are for payments to vendors for costs applicable to future accounting periods. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

G) Property Tax Calendar

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date:	January 1
Levy Year:	July 1 to June 30
Due Dates:	First Installment – November 1 Second Installment – March 1
Delinquent Dates:	First Installment – December 10 Second Installment – April 10

Under California law, property taxes are assessed and collected by counties up to 1% of assessed value, plus other increases approved by voters. Property tax revenues are pooled and then allocated to cities based on complex formulas prescribed by state statutes.

H) Claims and Judgments

The City records a liability for litigation, judgments, and claims including losses incurred but not yet reported when it is probable that an asset has been impaired or a liability has been incurred prior to year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the insurance internal service fund that accounts for the City's self-insurance activities.

I) Interfund Transactions

Interfund transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

J) Compensated Absences

Permanent City employees earn from 80 to 160 vacation hours a year, depending upon their length of employment, and 96 sick hours a year. Employees can carry forward up to 400 hours in earned but unused vacation hours. Any regular full-time employee who voluntarily separates or retires from the City after a minimum of 10 years of service can be compensated for 40% of all unused sick leave at their current rate of pay. Floating holidays may be accumulated up to 48 hours, comp time earned up to 80 hours, and administration time may be accumulated up to 160 hours.

Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused vacation leave. Also, eligible for compensation are floating holidays, comp time, and administrative leave.

City of Highland
Notes to Financial Statements
Year Ended June 30, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

K) Capital Assets

Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets received prior to the implementation of GASB 72 are valued at their estimated fair market value at the date of the contribution. Contributed capital assets received subsequent to the implementation of GASB 72 are recorded at acquisition value as of the date received. Generally, capital asset purchases in excess of \$30,000 and infrastructure greater than \$100,000 are capitalized.

Capital assets include public domain (infrastructure) assets consisting of certain improvements including roads, streets, curbs, gutters, sidewalks, street lights, signs and signals, parks equipment, and storm drains. Depreciation has been provided using the straight-line method over the estimated useful lives of the assets in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported in the respective statement of net position.

The following schedule summarizes capital asset useful lives:

Buildings and Improvements	20 - 50 years
Equipment, Furniture and Software	3 - 20 years
Vehicles	3 - 15 years
Infrastructure - road system and storm drains	25 - 75 years

L) Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

M) Leases

Lessor: The City is a lessor for noncancellable leases of land owned by the City. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

**City of Highland
Notes to Financial Statements
Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

N) Net Position Flow Assumption

In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulation, laws, or other restrictions which the City cannot unilaterally alter.

Unrestricted describes the portion of net position which is not restricted to use.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position.

O) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and the governmental funds balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City currently reports deferred outflows related to the net pension and Total OPEB liabilities in accordance with GASB Statements No. 68 and 75.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has certain items, which arise only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, grant receivables, and other miscellaneous receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, the City reports deferred inflows as a result of the City's implementation of GASB Statement No. 68 and 75.

**City of Highland
Notes to Financial Statements
Year Ended June 30, 2023**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

P) Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City of Highland's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS.

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q) Other Postemployment Benefits (OPEB)

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used: July 1, 2021 Valuation Date, June 30, 2021 Measurement Date, and July 1, 2021 through June 30, 2022 Measurement Period.

R) Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

2) CASH AND INVESTMENTS

Cash and investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 81,742,697
Statement of Fiduciary Net Position:	
Cash and Investments	2,450,448
Cash and Investments with Fiscal Agents	2,386,871
Total Cash and Investments	<u>\$ 86,580,016</u>

Cash and Investments consist of the following:

Cash on Hand	\$ 1,150
Deposits with Financial Institutions	11,756,491
Investments	74,822,375
Total Cash and Investments	<u>\$ 86,580,016</u>

Investments Authorized by the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

City of Highland
Notes to Financial Statements
Year Ended June 30, 2023

2) CASH AND INVESTMENTS – Continued

Investment Types Authorized by State Law	Maximum Maturity*	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer*
California Local Agency Bonds	5 years	None	None
United States Treasury Obligations	5 years	None	None
Securities of the State of California	5 years	None	None
United States Agency Securities	5 years	None	None
Commercial Paper	270 days	25%	10%
Certificates of Deposit	5 years	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Bankers Acceptances	180 days	40%	None
Repurchase Agreements	92 days	None	None
Reverse Repurchase Agreements	1 year	20% Base Value	None
Mutual Funds	5 years	15%	10%
Medium Term Notes	5 years	30%	None
Mortgage Securities / Asset Backed	5 years	20%	None
California Asset Management Program (CAMP)	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

*Based on state law requirements or investment policy requirements, whichever is more restrictive
N/A - Not Applicable

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provision of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for these investments. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
United States Treasury Obligations	None	None	None
United States Agency Securities	None	None	None
Municipal Obligations	None	None	None
Commercial Paper	270 days	None	None
Certificates of Deposit	360 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	Life of Bonds	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rate. One of the ways that 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 flows 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 interest rate fluctuations is provided by the following table that shows the distribution of the City's investment by maturity:

City of Highland
Notes to Financial Statements
Year Ended June 30, 2023

2) CASH AND INVESTMENTS - Continued

Investment Type	Total June 30, 2023	Remaining Maturity		
		12 Months or Less	1 to 2 Years	2 to 5 Years
CAMP	\$ 10,874,746	\$ 10,874,746	\$ -	\$ -
LAIF	61,560,758	61,560,758	-	-
Held by Bond Fiscal Agent:				
Money Market Mutual Funds:				
Successor Agency	1,158,899	1,158,899	-	-
CFD	1,227,972	1,227,972	-	-
Total Pooled Investments	<u>\$ 74,822,375</u>	<u>\$ 74,822,375</u>	<u>\$ -</u>	<u>\$ -</u>

Disclosures Relating to 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 rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Total June 30, 2022	Minimum Legal Rating	Not	
			AAA	Rated
CAMP	\$ 10,874,746	N/A	\$ 10,874,746	\$ -
LAIF	61,560,758	N/A	-	61,560,758
Held by Bond Fiscal Agent:				
Money Market Mutual Funds:				
Successor Agency	1,158,899	A	-	1,158,899
CFD	1,227,972	A	-	1,227,972
Total Pooled Investments	<u>\$ 74,822,375</u>		<u>\$ 10,874,746</u>	<u>\$ 63,947,629</u>

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments (other than LAIF and CAMP external investment pools) that represent 5% or more of total City investments.

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. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

**City of Highland
Notes to Financial Statements
Year Ended June 30, 2023**

2) CASH AND INVESTMENTS - Continued

The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2023, the City's and the Successor Agency's deposits (bank balances) were either insured by the Federal Depository Insurance Corporation or collateralized under California Law.

Fair Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City's investments in LAIF, CAMP, and money market mutual funds are not subject to the fair value hierarchy.

Investment in State Investment Pool

The City is a voluntary participant in the LAIF which is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

California Asset Management Program

The City invests in this investment trust, which is similar to a money market mutual fund. The fund invests primarily in certificates of deposit, commercial paper, and U.S. Government and Agency obligations. The City is a voluntary participant in the investment pool.

The CAMP Cash Reserve Portfolio (the Pool) is exempt from registration with the Securities and Exchange Commission (SEC) under the Investment Company Act of 1940, but operates in a manner consistent with SEC Rule 2a-7, "Money Market Funds," of that Act. Accordingly, the Pool meets the definition of a "2a7-like pool" set forth in GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and External Investment Pools."

While the Pool itself is exempt from SEC registration, the Pool's investment advisor and administrator, PFM Asset Management, LLC, is registered with the SEC as an investment advisor under the Investment Advisors Act of 1940. PFM Asset Management, LLC has also filed a notice with the California Department of Corporations, as well as various other states, as an investment advisor under state securities laws.

City of Highland
Notes to Financial Statements
Year Ended June 30, 2023

2) CASH AND INVESTMENTS - Continued

In addition, the Pool also meets the definition of "Municipal Fund Security" outlined by Municipal Securities Rulemaking Board (MSRB) Rule 0-12, therefore contracts with prospective investors relating to shares of the Pool are conducted through PFM Asset Management's wholly-owned subsidiary, PFMAM, Inc., a broker-dealer which is registered with the SEC and MSRB, and is a member of the National Association of Securities Dealers (NASD). The Pool also files an income tax return annually with the Internal Revenue Service, though the net income of the Pool is generally exempt from federal income tax.

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at June 30, 2023 are as follows:

Due From (Receivable)	Due to (Payable)	Amount
General Fund	Other Governmental Funds	\$ 178,629
		<u>\$ 178,629</u>

Interfund balances are composed of short-term borrowings to cover deficit cash. Borrowings are expected to be repaid in the 2023-24 fiscal year.

Advances to Successor Agency consist of the following:

Advances From	Amount
General Fund	\$ 725,496
Housing Authority	
Special Revenue Fund	181,375
Total	<u>\$ 906,871</u>

The advances from the General Fund and General Capital Financing Capital Projects Fund were made to the Successor Agency to finance activities in the project areas. The advances from the Housing Authority Special Revenue Fund to the Successor Agency represents 20% of the total advances made by the General Fund and General Capital Financing Capital Projects Fund.

The advances are to be repaid with a defined schedule over a reasonable term of years at an interest rate not to exceed the interest rate earned by the funds deposited into the Local Agency Investment Fund. The annual advance repayments are subject to certain limitations, are subject to a formula distribution, and have a lower priority for repayment as described in AB 1484 (Health and Safety Code Section 34191.4(2)(A)).

Interfund transfers for the 2022-23 fiscal year consist of the following:

Transfer Out	Transfer In	Amount
General Fund	Other Governmental Funds	\$ 2,614,274
	Internal Service Funds	1,105,000
Capital Improvements	Major Grants Fund	90,048
Other Governmental Funds	Grants Fund	149,230
	Other Governmental Funds	145,023
		<u>\$ 4,103,575</u>

City of Highland
Notes to Financial Statements
Year Ended June 30, 2023

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

The transfer from the General Fund to the General Capital Financing Fund included \$1,649,000 for Future Projects. The General Fund (Fire Department) transferred \$871,942 to the Paramedic Department Special Revenue Fund to fund a shortage of medic tax revenue. The General Fund transferred \$1,105,000 to the Internal Service Funds (General Services and Insurance Services Fund) to fund future expenditures. The General Fund transferred \$53,803 to the Parks Maintenance District to fund a shortage in operating costs. The General Fund also transferred \$39,529 to other nonmajor governmental funds to cover current year operating costs.

The General Capital Financing Fund also transferred \$145,023 to the Gas Tax Fund to meet the SB 1 maintenance of effort requirement.

4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital Assets, Not Being Depreciated:					
Land	\$ 4,485,030	\$ -	\$ -	\$ -	\$ 4,485,030
Rights of Way	89,650,461	315,848	-	-	89,966,309
Construction in Progress	7,177,132	7,032,127	-	(1,374,948)	12,834,311
Total Capital Assets, Not Being Depreciated	101,312,623	7,347,975	-	(1,374,948)	107,285,650
Capital Assets Being Depreciated:					
Buildings and Improvements	40,354,611	-	-	-	40,354,611
Equipment, Furniture, and Software	4,983,036	-	-	149,702	5,132,738
Vehicles	3,399,688	103,640	(39,152)	-	3,464,176
Infrastructure - Road System	153,408,144	310,886	(1,160,989)	1,225,246	153,783,287
Infrastructure - Storm Drains	20,177,094	6,162	-	-	20,183,256
Total Capital Assets Being Depreciated	222,322,573	420,688	(1,200,141)	1,374,948	222,918,068
Less Accumulated Depreciation:					
Buildings and Improvements	(18,809,944)	(1,091,560)	-	-	(19,901,504)
Equipment, Furniture, and Software	(3,807,675)	(308,307)	-	-	(4,115,982)
Vehicles	(1,724,792)	(177,479)	39,152	-	(1,863,119)
Infrastructure - Road System	(65,530,994)	(4,635,794)	212,325	-	(69,954,463)
Infrastructure - Storm Drains	(4,174,830)	(278,917)	-	-	(4,453,747)
Total Accumulated Depreciation	(94,048,235)	(6,492,057)	251,477	-	(100,288,815)
Net Capital Assets Being Depreciated	128,274,338	(6,071,369)	(948,664)	1,374,948	122,629,253
Total Governmental Activities Capital Asset	\$ 229,586,961	\$ 1,276,606	\$ (948,664)	\$ -	\$ 229,914,903

Depreciation expense was charged to the following functions in the Statement of Activities:

General Government	\$ 142,119
Public Safety	693,137
Public Works	4,942,698
Community Development	714,103
Total	<u>\$ 6,492,057</u>

City of Highland
Notes to Financial Statements
Year Ended June 30, 2023

5) LONG-TERM LIABILITIES

The following is a summary of long-term liability activity for the year ended June 30, 2023:

Governmental Activities:	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Claims Payable	\$ 155,000	\$ 8,000	\$ 14,000	\$ 149,000	\$ 14,000
Compensated Absences	796,702	496,650	384,762	908,590	203,523
SBCTA Loan Payable	4,351,331	1,643,962	-	5,995,293	-
Total OPEB Liability	1,250,109	-	181,976	1,068,133	-
Net Pension Liability	2,522,435	3,333,013	-	5,855,448	-
Total	\$ 9,075,577	\$ 5,481,625	\$ 580,738	\$ 13,976,464	\$ 217,523

Claims Payable

The City retains the risk of loss for general liability and workers' compensation claims as described in Note 9. These amounts represent estimates of amounts to be paid for reported general liability and workers' compensation claims including incurred-but-not-reported claims based upon past experience, modified for current trends and information. While the ultimate amount of losses incurred through June 30, 2023 is dependent on future developments, based upon information from the City's attorneys, the City's claims administrators and others involved with the administration of the programs, City management believes the accrual is adequate to cover such losses. The estimated liability at June 30, 2023 for general liability claims amounted to \$149,000 and none for workers' compensation claims.

Compensated Absences

The City's policies relating to compensated absences are described in Note 1. J. As of June 30, 2023, this liability, to be paid in future years primarily from the general fund, is \$908,590.

SBCTA Loan Payable

In 2018, the City entered into a non-interest-bearing term Loan Agreement with the San Bernardino County Transportation Authority (SBCTA) to fund project costs for the *State Route 210 Baseline Interchange Project*. Per Article 2.2 of the agreement, SBCTA is authorized to withhold *Valley Major Street Program – Arterial Sub-Program* funds available to the City to pay the City's share of costs.

The amount withheld is equal to the loan payable amount. The maximum amount of the loan will not exceed \$9,682,383, which is two-thirds of the estimated City share of project costs. There is currently no repayment schedule for the loan.

The loan is secured by Measure I Local Funds and payable from *Regional Transportation Development Impact Fees (DIF)*, unless the DIF is required by the City to complete other committed projects. The loan has a maximum 10-year term, which begins at the completion of the construction of the project, with the first payment coming due no later than the end of construction. Per the terms of the agreement, the City is in default if funds are not repaid by the end of the term, at which point the terms would be renegotiated. SBCTA is authorized to withhold *Measure I* funds upon default, to satisfy the loan payments. If full repayment of the loan is not made by the end of the *Measure I 2010 – 2040* sales tax, SBCTA will forgive the loan obligation. The loan balance at June 30, 2023 is equal to \$5,995,293.

City of Highland
Notes to Financial Statements
Year Ended June 30, 2023

6) FIDUCIARY FUND LONG-TERM DEBT

The following is a summary of long-term debt for the Successor Agency Private-purpose Trust Fund:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Tax Allocation Bonds:					
2004B Refunding	\$ 785,000	\$ -	\$ 250,000	\$ 535,000	\$ 260,000
2015A	10,040,000	-	410,000	9,630,000	435,000
Unamortized Premium	737,774	-	58,112	679,662	58,112
2017 Refunding	28,685,000	-	1,270,000	27,415,000	1,300,000
Unamortized Discount	(388,982)	-	24,312	(364,670)	24,312
Total	<u>\$ 39,858,792</u>	<u>\$ -</u>	<u>\$ 2,012,424</u>	<u>\$ 37,894,992</u>	<u>\$ 2,077,424</u>

2004B Tax Allocation Refunding Bonds

In December 2004, the City of Highland Redevelopment Agency issued \$3,690,000 Tax Allocation Refunding Bonds Series 2004B. Proceeds from the bonds were used to refund the Agency's Highland Redevelopment Project Area No. 1, 1994 Tax Allocation Refunding Bonds.

The bonds consist of \$2,250,000 of serial bonds and \$1,440,000 of term bonds. The serial bonds accrue interest at rates between 1.35% and 5.30% and the principal amounts mature between December 1, 2004 and December 1, 2018 in amounts ranging from \$115,000 to \$200,000. Term bonds of \$1,440,000 accrue interest at 5.65% and mature on December 1, 2024.

The term bonds maturing in the years 2019 and 2024 are subject to mandatory sinking account redemption on each December 1, commencing on December 1, 2019 and December 1, 2029, respectively, at a redemption price equal to the principal amount thereof together with accrued interest, without premium. At June 30, 2023, the outstanding balance of the bonds was \$535,000.

Future debt service requirements for the 2004B Bonds are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 260,000	\$ 22,883	\$ 282,883
2025	275,000	7,769	282,769
Totals	<u>\$ 535,000</u>	<u>\$ 30,651</u>	<u>\$ 565,651</u>

2015A Tax Allocation Bonds

In February 2015, the Successor Agency to the Highland Redevelopment Agency issued \$12,340,000 Tax Allocation Refunding Bonds Series 2015A for the purpose of refunding the outstanding balance of the Tax Allocation Bonds Series 2004A.

The bonds consist of \$8,405,000 of serial bonds and \$3,935,000 of term bonds. The serial bonds accrue interest at rates between 2.00% and 5.00% and the principal amounts mature between December 1, 2015 and December 1, 2030 in amounts ranging from \$180,000 to \$890,000.

**City of Highland
Notes to Financial Statements
Year Ended June 30, 2023**

6) FIDUCIARY FUND LONG-TERM DEBT – Continued

Term bonds of \$3,935,000 accrue interest at 3.5% and mature on December 1, 2034. At June 30, 2023, the outstanding balance of the bonds was \$9,630,000, with future debt service requirements as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 435,000	\$ 397,250	\$ 832,250
2025	455,000	375,000	830,000
2026	710,000	345,875	1,055,875
2027	750,000	309,375	1,059,375
2028	785,000	271,000	1,056,000
2029	820,000	238,050	1,058,050
2030	850,000	203,475	1,053,475
2031	890,000	159,975	1,049,975
2032	935,000	121,363	1,056,363
2033	965,000	88,113	1,053,113
2034	1,000,000	53,725	1,053,725
2035	1,035,000	18,113	1,053,113
Totals	<u>\$ 9,630,000</u>	<u>\$ 2,581,313</u>	<u>\$ 12,211,313</u>

2017 Tax Allocation Refunding Bonds

In September 2017, the Successor Agency to the Highland Redevelopment Agency issued \$33,515,000 Tax Allocation Refunding Bonds Series 2017 for the purpose of refunding the outstanding balance of the Tax Allocation Bonds Series 2007. As a result, the 2007 bonds are considered defeased and the liability has been removed from these financial statements.

The 2017 bonds consist of \$11,540,000 of serial bonds and \$21,975,000 of term bonds. The serial bonds accrue interest at rates between 1.50% and 3.125% and the principal amounts mature between February 1, 2019 and February 1, 2027 in amounts ranging from \$1,180,000 to \$1,420,000. Term bonds of \$7,850,000 and \$14,125,000, accrue interest at 3.375%, maturing on February 1, 2032 and 3.625%, maturing on February 1, 2038, respectively.

At June 30, 2023, the outstanding balance of the bonds was \$27,415,000. Future debt service requirements for the 2017 Bonds are as follows:

City of Highland
Notes to Financial Statements
Year Ended June 30, 2023

6) FIDUCIARY FUND LONG-TERM DEBT - Continued

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,300,000	\$ 937,069	\$ 2,237,069
2025	1,335,000	902,944	2,237,944
2026	1,385,000	862,894	2,247,894
2027	1,420,000	821,344	2,241,344
2028	1,465,000	776,969	2,241,969
2029	1,515,000	727,525	2,242,525
2030	1,570,000	676,394	2,246,394
2031	1,625,000	623,406	2,248,406
2032	1,675,000	568,562	2,243,562
2033	1,735,000	512,031	2,247,031
2034	1,800,000	449,138	2,249,138
2035	1,860,000	383,887	2,243,887
2036	2,805,000	316,462	3,121,462
2037	2,910,000	214,781	3,124,781
2038	3,015,000	109,294	3,124,294
Totals	<u>\$ 27,415,000</u>	<u>\$ 8,882,700</u>	<u>\$ 36,297,700</u>

7) PENSION PLAN

General Information about the Defined Benefit Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the miscellaneous pool. Accordingly, rate plans within the miscellaneous pool are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous pool. The City sponsors two rate plans. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2021 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2021 actuarial valuation report. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

The Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

City of Highland
Notes to Financial Statements
Year Ended June 30, 2023

7) PENSION PLAN - Continued

	Miscellaneous	Miscellaneous PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	1-year average	Last 36 Mos. of Service
Required employee contribution rates	7%	7.25%
Required employer contribution rates	11.61% + \$488,319	7.76% + \$5,093

CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability was \$493,412 in fiscal year 2023.

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2023, the City reported a net pension liability for its proportionate shares of the net pension liability of the Plan of \$5,855,448.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability as of June 30, 2022 and 2023 was as follows:

Proportion - June 30, 2022	0.13284%
Proportion - June 30, 2023	0.12514%
Change - Increase (Decrease)	-0.00770%

For the year ended June 30, 2023, the City recognized pension expense of \$568,255. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**City of Highland
Notes to Financial Statements
Year Ended June 30, 2023**

7) PENSION PLAN - Continued

	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	\$ 809,172	\$ -
Differences between actual and expected experience	117,589	78,756
Changes in assumptions	600,013	-
Differences between employer's contributions and proportionate share of contributions	-	207,783
Change in employer's proportions	66,129	-
Net differences between projected and actual earnings on plan investments	1,072,562	-
Total	<u>\$ 2,665,465</u>	<u>\$ 286,539</u>

The deferred outflows of resources related to contributions subsequent to the measurement date of \$809,172 will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	
2024	\$ 391,480
2025	336,051
2026	186,207
2027	656,016
2028	-
Thereafter	-

Actuarial Assumptions – The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	entry-age normal
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Projected salary increase	(1)
Investment rate of return	6.90%
Mortality	(2)

- (1) Depending on age, service and type of employment
(2) Derived using CalPERS' Membership Data for all Funds.

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

**City of Highland
Notes to Financial Statements
Year Ended June 30, 2023**

7) PENSION PLAN - Continued

Long-term Expected Rate of Return - 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. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund.

The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	50%	4.80%	5.98%
Global Fixed Income	28%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	-	-0.92%

(1) An expected inflation of 2.0% used for this period.

(2) An expected inflation of 2.92% used for this period.

Discount Rate - The discount rate used to measure the total pension liability for PERF C was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events - On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

**City of Highland
Notes to Financial Statements
Year Ended June 30, 2023**

7) PENSION PLAN - Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease		5.90%
Net Pension Liability	\$	9,218,934
Current Discount Rate		6.90%
Net Pension Liability	\$	5,855,448
1% Increase		7.90%
Net Pension Liability	\$	3,088,133

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan - At June 30, 2023, the City reported no payables to the pension plan, for outstanding contributions required for the year ended June 30, 2023.

8) OTHER POSTEMPLOYMENT BENEFITS

General Information About the OPEB Plan

Plan Description – The City has established the Highland Retiree Healthcare Plan (the Plan), and participates in single-employer defined benefit retiree healthcare plan. A separate financial report is not prepared for the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – Under the Plan, the City pays \$200 per month for eligible retirees' health coverage, regardless of classification. Employees are eligible for retiree health benefits if they retire from the City on or after age 50 with at least 5 years of service, and are eligible for a PERS pension. The City benefit is paid for the lifetime of the retiree. The City also pays the PEMCHA administrative fee (0.33% of premium for 2022/23). The City does not provide dental and vision benefits.

Employees Covered by Benefit Terms – As of the July 1, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Retirees or spouses of retirees currently receiving benefits	10
Active employees	36
Total	<u>46</u>

Contributions – The City contributes to the Plan on a pay-as-you-go basis.

City of Highland
Notes to Financial Statements
Year Ended June 30, 2023

8) OTHER POST EMPLOYMENT BENEFITS – Continued

Total OPEB Liability – The City's total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation dated July 1, 2021 using the entry age, level percent of pay cost method, based on the following actuarial methods and assumptions:

Valuation Date	July 1, 2021
Actuarial Cost Method	Entry Age, Level Percent of Pay
Mortality	Pre-retirement: RP-2014 Employee Mortality Table. Post-retirement: RP-2014 Health Annuitant Mortality Table
Health Care Trend Rate	5.60% for 2022, 5.40% for 2023, 5.20% for 2024-2069, and 4.00% for 2070 and later years; Medicare ages 4.00% for all years
Inflation Rate	2.75%
Salary Increases	3.00%
Discount Rate	1.92% - Fidelity GO AA 20 Years Municipal Index - 2021 3.69% - Fidelity GO AA 20 Years Municipal Index - 2022

Discount Rate – The discount rate used to measure the total OPEB liability was 3.69 percent and is based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Changes in the Total OPEB Liability

	Total OPEB Liability (TOL)
Balance at June 30, 2022 (June 30, 2021 measurement date)	\$ 1,250,109
Changes in the year:	
Service cost	104,696
Interest on the total OPEB liability	25,612
Difference between expected and actual experience	-
Changes in assumptions or other inputs	(270,340)
Benefit payments, including implicit subsidy	(41,944)
Net changes	(181,976)
Balance at June 30, 2023 (June 30, 2022 measurement date)	\$ 1,068,133

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the City if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.69%)	Discount Rate (3.69%)	1% Increase (4.69%)
Total OPEB liability	\$ 1,208,585	\$ 1,068,133	\$ 952,740

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 would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

City of Highland
Notes to Financial Statements
Year Ended June 30, 2023

8) OTHER POST EMPLOYMENT BENEFITS – Continued

	1% Decrease	Trend Rate	1% Increase
Total OPEB liability	\$ 944,240	\$ 1,068,133	\$ 1,229,053

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City recognized OPEB expense of \$127,853. At June 30, 2023, the City reported deferred outflows and deferred inflows related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to the Measurement Date	\$ 26,000	\$ -
Difference between expected and actual experience	-	13,626
Changes of Assumptions	167,693	229,991
Total	<u>\$ 193,693</u>	<u>\$ 243,617</u>

The \$26,000 reported as deferred outflows related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the total OPEB liability during the fiscal ending June 30, 2024. Other amounts reported as deferred outflows and inflows related to OPEB will be recognized as expense as follows:

Year Ending June 30,	
2024	\$ (2,455)
2025	(2,455)
2026	(3,819)
2027	(11,751)
2028	(27,198)
Thereafter	(28,246)

9) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City obtains insurance coverage.

The City is a member of the California Intergovernmental Risk Authority (CIRA), a joint powers authority, which provides joint protection programs for public entities covering automobile, general liability, errors and omission losses, workers' compensation, and property claims. Under the program, the City has a \$100,000 retention limit similar to a deductible with CIRA being responsible for losses above that amount up to \$1 million.

CIRA has additional coverage of \$34 million in excess of its \$1 million retention limit through affiliated risk management authorities. CIRA also provides \$1 billion aggregate per occurrence property coverage to its members with such coverage provided by purchased insurance.

**City of Highland
Notes to Financial Statements
Year Ended June 30, 2023**

9) RISK MANAGEMENT - Continued

Liabilities of the City are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

CIRA covers workers' compensation claims up to its self-insurance limit of \$500,000. The Local Agency Workers Compensation Excess Pool provides excess coverage to statutory limits. The City pays an annual premium to CIRA and may share in any surplus revenues or may be required to pay additional assessments based upon CIRA's operating results. Financial statements of CIRA may be obtained from its administrative office located at 2230 East Bidwell Street, Folsom, California, 95630.

Additional claims and lawsuits have been filed against the City in the normal course of business. It is reasonably possible that the City may be liable for claims not to exceed \$100,000. In the opinion of management, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

The workers' compensation and general liability claims administrators have estimated liabilities for probable future payments including an estimate for claims incurred but not reported. Claims outstanding as of June 30, 2023, and changes during the past fiscal year was as follows:

General Liability Claims					\$ 149,000
Total					<u>\$ 149,000</u>
	Claims Payable Beginning of Year	Additions	Deletions	Claims Payable End of Year	
Fiscal Year					
2022-23	\$ 155,000	\$ 8,000	\$ 14,000	\$ 149,000	
2021-22	149,049	5,951	-	155,000	

10) DEBT ISSUED WITHOUT GOVERNMENT COMMITMENT

2001 Special Tax Bonds (Mello-Roos):

On September 1, 2001, the City of Highland Community Facilities District No. 2001-1 issued a Special Tax Bonds, Series 2001 in the amount of \$6,655,000. The bonds were issued to finance various public improvements located within the District and to prepay special taxes levied by CFD 90-1. In 2011, the Series 2001 bonds were refunded with the issuance of the Special Tax Refunding Bonds, Series 2011.

In June, 2021, the series 2011 bonds were refunded with the issuance of the CFD 2001-1 Special Tax Refunding Bond, Issue of 2021.

**City of Highland
Notes to Financial Statements
Year Ended June 30, 2023**

10) DEBT ISSUED WITHOUT GOVERNMENT COMMITMENT - Continued

The special term bonds mature on September 1, 2028. Interest rates on the bonds are 1.545% with annual principal and interest payments ranging from \$343,141 to \$353,329. Principal and interest payments on the tax bonds are payable solely from special tax assessments to be levied and collected from property owners within the District. It is management's determination that the City of Highland is in no way liable for repayment, but is only acting as agent for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings, if appropriate.

At June 30, 2023, the amount outstanding was \$1,990,000.

11) COMMITMENTS AND CONTINGENCIES

The City is a defendant in various litigations in the normal course of City operations, which in the opinion of management will not significantly adversely affect the City's financial position. The City participates in various federal and state programs. These programs are subject to examination by the grantors, and the amount of expenditures which may be disallowed by the granting agencies, if any, cannot be determined at this time.

12) LEASES

Lease Receivable - In prior fiscal years, the City entered into various land lease agreements with third parties to lease pieces of land owned by the City. The initial lease terms ranged from 20 to 55 years. The City currently receives monthly payments from all leases of \$21,353. The City recognized \$155,156 in lease revenue and \$101,085 in interest revenue during the current fiscal year related to the various leases. As of June 30, 2023, the City's receivable for lease payments was \$2,286,297. Also, the City has a deferred inflow of resources associated with leases that will be recognized as revenue over the lease terms. As of June 30, 2023, the balance of the deferred inflow of resources was \$2,286,297.

13) FUND BALANCE

Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The City considers restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as inventory) or (b) legally or contractually required to be maintained intact (such as endowments).

Restricted Fund Balance - This classification includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation. If the Council action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted.

City of Highland
Notes to Financial Statements
Year Ended June 30, 2023

13) FUND BALANCE - Continued

Committed Fund Balance - This classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken to remove or revise the limitation.

Assigned Fund Balance - This classification includes amounts that are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the City Manager to assign fund balance. The City Council may also assign fund balance. Unlike commitments, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned Fund Balance - This classification includes the residual balance for the City's general fund and includes all spendable amounts not contained in other classifications. In other funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The City's fund balances at June 30, 2023, are presented below:

	Special Revenue			Capital Projects Funds		Total Non-major Governmental Funds	Total Governmental Funds
	General	Grants	Major Grants	Capital Improvements	Development Impact Fees		
Nonspendable:							
Prepaid Items	\$ 12,879	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,879
Long-term Advances & Loans	725,496	-	-	-	-	-	725,496
Restricted:							
Public Safety Operations	-	-	-	-	-	30,453	30,453
Highways and Street Projects	-	10,694,787	-	6,530,501	-	5,196,969	22,422,257
Parks and Recreation	-	-	-	-	-	300,682	300,682
Capital Improvements	-	-	-	-	7,708,561	4,903,377	12,611,938
Low and Moderate Income Housing Activities	-	-	-	-	-	4,458,065	4,458,065
Assigned:							
Public Safety:							
Vehicle Replacement	2,800,000	-	-	-	-	-	2,800,000
Equipment Replacement	250,000	-	-	-	-	-	250,000
Other Purposes:							
Vehicle Replacement	475,000	-	-	-	-	-	475,000
Equipment Replacement	200,000	-	-	-	-	-	200,000
Compensated Absences	908,590	-	-	-	-	-	908,590
Net Pension Liability	2,927,724	-	-	-	-	-	2,927,724
OPEB Liability	534,067	-	-	-	-	-	534,067
Capital Projects	636,487	-	-	-	-	7,623,323	8,259,810
Technical Enhancements	400,000	-	-	-	-	-	400,000
Service Enhancements	1,079,617	-	-	-	-	-	1,079,617
City Hall	200,000	-	-	-	-	-	200,000
Fire Facilities	4,650,000	-	-	-	-	-	4,650,000
Unassigned	5,314,385	-	(1,228,594)	-	-	(221,004)	3,864,787
Total Fund Balance (Deficit)	\$ 21,114,245	\$ 10,694,787	\$ (1,228,594)	\$ 6,530,501	\$ 7,708,561	\$ 22,291,865	\$ 67,111,365

**City of Highland
Notes to Financial Statements
Year Ended June 30, 2023**

14) FUND DEFICITS

Deficits in nonmajor funds at June 30, 2023 included the following: Article 3 Special Revenue Fund - \$221,004. This deficit is due to the application of the availability period in governmental funds for grants due from other governments. The related revenues are expected to be received and recognized in the subsequent fiscal year.

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REQUIRED SUPPLEMENTARY INFORMATION

City of Highland
Budgetary Comparison Schedule By Department
Budget and Actual - General Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Taxes	\$ 22,397,165	\$ 22,410,230	\$ 23,393,445	\$ 983,215
Licenses and Permits	607,030	607,030	1,177,236	570,206
Intergovernmental	17,735	308,500	494,199	185,699
Charges for Services	1,709,975	1,709,975	1,954,538	244,563
Fines and Forfeitures	105,000	105,000	20,092	(84,908)
Investment Income	85,000	85,000	462,420	377,420
Rental Income	133,750	133,750	124,712	(9,038)
Miscellaneous	21,000	21,000	38,814	17,814
Total Revenues	25,076,655	25,380,485	27,665,456	2,284,971
EXPENDITURES:				
Current:				
General Government:				
City Council	205,675	205,675	205,610	65
City Clerk	369,125	401,500	398,676	2,824
General Government	706,240	706,240	625,331	80,909
Personnel	69,250	69,250	59,970	9,280
Finance	688,365	688,365	641,443	46,922
Public Safety:				
Police Department	12,173,175	12,477,005	11,464,400	1,012,605
Animal Control	496,465	496,465	467,380	29,085
Fire Department	3,864,865	3,871,450	3,046,092	825,358
Public Works:				
Engineering	615,370	615,370	595,500	19,870
Parks	1,173,290	1,173,290	1,209,296	(36,006)
Graffiti	129,175	129,175	128,127	1,048
Trails	14,500	14,500	9,564	4,936
Community Development:				
Planning	818,605	840,425	775,449	64,976
Public Services	637,540	637,540	564,779	72,761
Building and Safety	705,420	705,420	669,422	35,998
Code Enforcement	386,330	461,330	460,888	442
Community Volunteer Services	104,710	104,710	100,908	3,802
Capital Outlay	746,650	904,295	93,675	810,620
Total Expenditures	23,904,750	24,502,005	21,516,510	2,985,495
Excess (Deficiency) of Revenues over Expenditures	1,171,905	878,480	6,148,946	5,270,466
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Transfers Out	(1,919,640)	(4,714,170)	(3,719,274)	994,896
Total Other Financing Sources (Uses)	(1,919,640)	(4,714,170)	(3,719,274)	994,896
Net Change in Fund Balance	(747,735)	(3,835,690)	2,429,672	6,265,362
Fund Balance, Beginning of Year	18,684,573	18,684,573	18,684,573	-
Fund Balance, End of Year	\$ 17,936,838	\$ 14,848,883	\$ 21,114,245	\$ 6,265,362

City of Highland
Budgetary Comparison Schedule
Budget and Actual - Grants
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Intergovernmental	\$ 2,653,000	\$ 2,653,000	\$ 1,259,131	\$ (1,393,869)
Investment Income	-	-	84,548	84,548
Miscellaneous	-	-	-	-
Total Revenues	2,653,000	2,653,000	1,343,679	(1,309,321)
EXPENDITURES:				
Current:				
Public Works	-	-	84,057	(84,057)
Capital Outlay	6,565,000	6,777,045	2,812,504	3,964,541
Total Expenditures	6,565,000	6,777,045	2,896,561	3,880,484
Excess (Deficiency) of Revenues over Expenditures	(3,912,000)	(4,124,045)	(1,552,882)	2,571,163
OTHER FINANCING SOURCES (USES):				
Transfers In	-	149,250	149,230	(20)
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	149,250	149,230	(20)
Net Change in Fund Balance	(3,912,000)	(3,974,795)	(1,403,652)	2,571,143
Fund Balance, Beginning of Year	12,098,439	12,098,439	12,098,439	-
Fund Balance, End of Year	\$ 8,186,439	\$ 8,123,644	\$ 10,694,787	\$ 2,571,143

City of Highland
Budgetary Comparison Schedule
Budget and Actual - Major Grants
Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Intergovernmental	\$ 22,251,000	\$ 22,251,000	\$ 4,040,812	\$ (18,210,188)
Miscellaneous	-	-	-	-
Total Revenues	22,251,000	22,251,000	4,040,812	(18,210,188)
EXPENDITURES:				
Current:				
General Government	-	-	68	(68)
Public Safety	-	151,000	2,843,575	(2,692,575)
Public Works	-	-	13,136	(13,136)
Community Development	-	-	247,485	(247,485)
Capital Outlay	22,251,000	24,000,000	1,920,838	22,079,162
Total Expenditures	22,251,000	24,151,000	5,025,102	19,125,898
Excess (Deficiency) of Revenues over Expenditures	-	(1,900,000)	(984,290)	915,710
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	90,048	90,048
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	90,048	-
Net Change in Fund Balance	-	(1,900,000)	(894,242)	1,005,758
Fund Balance, Beginning of Year	(334,352)	(334,352)	(334,352)	-
Fund Balance, End of Year	\$ (334,352)	\$ (2,234,352)	\$ (1,228,594)	\$ 1,005,758

City of Highland
Required Supplementary Information
Year Ended June, 2023

Schedule of Changes in Total OPEB Liability
and Related Ratios - Last Ten Fiscal Years*

	Measurement Period		
	2022	2021	2020
Total OPEB Liability			
Service cost	\$ 104,696	\$ 87,235	\$ 66,100
Interest on total OPEB liability	25,612	27,404	29,999
Difference between expected and actual experience	-	(8,350)	-
Changes in Assumptions	(270,340)	134,241	83,368
Benefit payments, including implicit subsidy	(41,944)	(43,181)	(37,784)
Net change in total OPEB liability	(181,976)	197,349	141,683
Total OPEB liability - beginning	1,250,109	1,052,760	911,077
Total OPEB liability - ending	<u>\$ 1,068,133</u>	<u>\$ 1,250,109</u>	<u>\$ 1,052,760</u>
 Covered-employee payroll	 \$ 3,142,359	 \$ 3,119,466	 \$ 2,858,967
Total OPEB liability as a percentage of covered-employee payroll	33.99%	40.07%	36.82%

*Fiscal year 2018 was the first year of implementation; therefore, 10 years of information not available.

Notes to the Schedule of Changes in the City's Total OPEB Liability

No assets are accumulated in a trust that meets the criteria in GASBS NO. 75, paragraph 4, to pay related benefits.

Benefit Changes: None

Changes in Assumptions: In 2019, the accounting discount rate changed from 3.62% to 3.13%. In 2020, the accounting discount rate changed from 3.13% to 2.45%. In 2021, the accounting discount rate changed from 2.45% to 1.92%. In 2022, the accounting discount rate changed from 1.92% to 3.69%.

Measurement Period		
2019	2018	2017
\$ 57,152	\$ 25,712	\$ 24,963
30,820	25,599	25,002
(18,868)	(40,757)	-
65,412	-	-
(35,035)	(33,347)	(28,484)
99,481	(22,793)	21,481
811,596	834,389	812,908
<u>\$ 911,077</u>	<u>\$ 811,596</u>	<u>\$ 834,389</u>
\$ 2,811,994	\$ 2,668,338	\$ 2,668,273
32.40%	30.42%	31.27%

**City of Highland
Required Supplementary Information
Year Ended June 30, 2023**

**Schedule of the City's Proportionate Share of the Net Pension Liability
Last 10 Years***

Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a % of Payroll	Plan Fiduciary Net Position as a % of the Total Pension Liability
2022	0.12514%	\$ 5,855,448	\$ 3,142,359	186.34%	76.27%
2021	0.04664%	2,522,435	3,119,466	80.86%	88.91%
2020	0.04632%	5,040,141	2,858,967	176.29%	76.22%
2019	0.04593%	4,706,642	2,811,994	167.38%	76.48%
2018	0.04531%	4,366,668	2,668,338	163.65%	77.17%
2017	0.04585%	4,547,512	2,668,273	170.43%	74.87%
2016	0.04564%	3,949,652	2,518,215	148.02%	75.23%
2015	0.04548%	3,121,917	2,437,659	128.07%	78.40%
2014	0.04897%	3,047,168	2,426,611	125.57%	79.19%

*Fiscal year 2015 was the first year of implementation; therefore, 10 years of information are not yet available.

Notes to the Schedule of the City's Proportionate Share of the Net Pension Liability

Benefit Changes: None

Changes in Assumptions: In 2017, the accounting discount rate changed from 7.65% to 7.15%. In 2022, the accounting discount rate changed from 7.15% to 6.90%.

**City of Highland
Required Supplementary Information
Year Ended June 30, 2023**

**Schedule of Pension Plan Contributions
Last 10 Years***

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2023	\$ 809,172	\$ (809,172)	\$ -	\$ 3,319,012	24.38%
2022	748,452	(748,452)	-	3,142,359	23.82%
2021	728,478	(728,478)	-	3,119,466	23.35%
2020	669,787	(669,787)	-	2,858,967	23.43%
2019	594,646	(594,646)	-	2,811,994	21.15%
2018	515,418	(515,418)	-	2,668,338	19.32%
2017	483,969	(483,969)	-	2,668,273	18.14%
2016	445,379	(445,379)	-	2,518,215	17.69%
2015	395,286	(395,286)	-	2,437,659	16.22%

*Fiscal year 2015 was the first year of implementation, therefore, 10 years of information are not yet available.

Notes to the Schedule of Plan Contributions

Valuation Date: 6/30/2013, 6/30/2014, 6/30/2015, 6/30/2016, 6/30/2017, 6/30/2018, 6/30/19, 6/30/20, 6/30/21

City of Highland
Notes to Required Supplementary Information
Year Ended June 30, 2023

Budgetary Information

The City adopts an annual budget prepared on the modified accrual basis for its governmental funds (e.g., General Fund, Special Revenue Funds, and Capital Projects Funds), and on an accrual basis for its Internal Services Funds, which is consistent with generally accepted accounting principles (GAAP). The City Manager is required to prepare and submit to the City Council the annual budget of the City and administer it after adoption.

A two-year budget was adopted by City Council on June 8, 2021 for fiscal years 2021-22 and 2022-23. City Manager approval is required for budget revisions within a department and City Council approval is required for budget revisions that affect the total appropriations of a department. Every fund, except for the General Fund and Capital Improvement Capital Projects Fund, is considered a department. For each department, total expenditures may not legally exceed total appropriations. All annual appropriations lapse at fiscal year-end. Budgeted expenditure amounts represent original appropriations adjusted by \$597,255 for supplemental appropriations during the year ended June 30, 2023.

There were no budgeted appropriations for the non-major FEMA Special Revenue Fund, which is used to account for all expenditures that are associated with unanticipated events that will most likely be reimbursed by FEMA and/or CAL EMA. Accordingly, no budgetary comparison for this fund is presented in the financial statements.

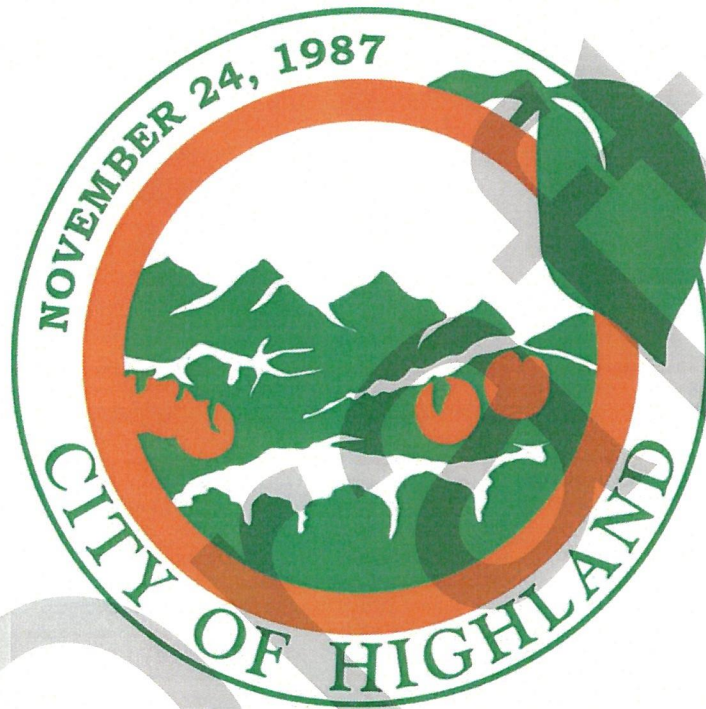
SUPPLEMENTARY INFORMATION

City of Highland
Budgetary Comparison Schedule
Budget and Actual - Capital Improvements
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment Income	\$ 50,000	\$ 235,787	\$ 185,787
Miscellaneous	-	-	-
Total Revenues	<u>50,000</u>	<u>235,787</u>	<u>185,787</u>
EXPENDITURES:			
Current:			
Public Works	251,890	253,789	(1,899)
Capital Outlay	<u>2,238,000</u>	<u>704,034</u>	<u>1,533,966</u>
Total Expenditures	<u>2,489,890</u>	<u>957,823</u>	<u>1,532,067</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,439,890)</u>	<u>(722,036)</u>	<u>1,717,854</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	-	(90,048)	(90,048)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(90,048)</u>	<u>(90,048)</u>
Net Change in Fund Balance	(2,439,890)	(812,084)	1,627,806
Fund Balance, Beginning of Year	<u>7,342,585</u>	<u>7,342,585</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 4,902,695</u></u>	<u><u>\$ 6,530,501</u></u>	<u><u>\$ 1,627,806</u></u>

City of Highland
Budgetary Comparison Schedule
Budget and Actual - Development Impact Fees
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for Services	\$ 225,000	\$ 1,954,780	\$ 1,729,780
Miscellaneous	-	-	-
Investment Income	60,000	167,623	107,623
Total Revenues	285,000	2,122,403	1,837,403
EXPENDITURES:			
Current:			
Public Works	-	-	-
Capital Outlay	2,482,890	2,393,646	89,244
Total Expenditures	2,482,890	2,393,646	89,244
Excess (Deficiency) of Revenues over Expenditures	(2,197,890)	(271,243)	1,926,647
OTHER FINANCING SOURCES (USES)			
Issuance of Debt	-	1,643,962	1,643,962
Total Other Financing Sources (Uses)	-	1,643,962	1,643,962
Net Change in Fund Balance	(2,197,890)	1,372,719	3,570,609
Fund Balance, Beginning of Year	6,335,842	6,335,842	-
Fund Balance, End of Year	\$ 4,137,952	\$ 7,708,561	\$ 3,570,609



NON-MAJOR GOVERNMENTAL FUNDS

City of Highland Non-major Governmental Funds

Special Revenue Funds

The following Special Revenue Funds have been classified as other governmental funds in the accompanying financial statements:

Measure I - In June 1990, the taxpayers voted for added taxes on gasoline to provide additional monies by approving a one-half cent sales tax increase. In 2004, the taxpayers voted to reauthorize this tax until 2040. These funds are kept locally for major road and transportation expenses and are disbursed to the City by the San Bernardino County Transportation Authority (SBCTA).

Traffic Safety - This fund accounts for the financial transactions as prescribed by the State of California statute on California Vehicle Code Fines. Revenues are collected by the County and remitted to the City for expenditures related to Traffic Safety such as crossing guards and traffic safety improvements.

Gas Tax Fund - This fund accounts for the construction and maintenance of the roads and related road operations in the City. Financing is provided by the City's share of state gasoline taxes from the State of California Transportation Department. This fund also accounts for Prop 1B funds.

Article 3 - These are State funds provided through SBCTA as grants, and are to be used for bikeways & pedestrian ways.

Community Development Block Grant (CDBG) - Received from the County of San Bernardino. The grants are used to develop a viable urban community by providing decent housing and a suitable living environment. The City accomplishes this by providing properly maintained roads and taking care of target areas such as Ward Street and Cunningham Street through code enforcement services and neighborhood revitalization.

Developer Fees - These are fees collected from developers to finish tracts with street lights, trees, street widening, signals, etc., to be done at a later time when areas are totally developed.

Landscape Maintenance District - Different areas of the City have been placed into the Landscape Maintenance District to maintain the landscaping surrounding a particular tract of homes. These funds are used to maintain that level of service that was previously provided by the developer.

Street Light District - This is a citywide assessment for service. These funds are collected to maintain street lights throughout the City. The City adds street lights as the need arises.

Community Trails District - This is funded by assessments to particular property owners who have access to the trails for usage by bicycles, horses, and citizens.

Parks Maintenance District - Certain areas of the City that have access to the Canyon Oaks Park, Cunningham Park, Oak Creek Park & Seeley Park have been placed into the Parks Maintenance District. This assessment is for the maintenance of the parks.

FEMA - The FEMA fund is used to account for all expenditures in one fund that are associated with unanticipated events that will most likely be reimbursed by FEMA and/or Cal EMA.

Air Quality Management District (AQMD) - This fund is used to account for the City's share of vehicle registration fees that the State of California has allocated to address air quality concerns in Southern California. These monies are to be used in air quality maintenance programs locally and/or regionally.

City of Highland Non-major Governmental Funds

Special Revenue Funds - Continued

Citizens Option for Public Safety Program (COPS) - This fund is used for front line police services including anti-gang and community crime prevention programs.

Street and Storm Drain Maintenance District - This is funded by special assessments for street and storm drain maintenance within a tract.

Justice Assistance Grant (JAG) - This grant is funded by the U. S. Department of Justice for local law enforcement purposes. This grant mainly aids in equipment purchases and special project over-time.

Paramedic Department - This fund accounts for the monies received through the medic tax. The medic tax partially funds the paramedic program. The City contracts with the State (Cal-Fire) for this service.

Housing Authority - This fund accounts for the housing funds and certain housing assets of the dissolved RDA after the date of dissolution.

Capital Projects Funds

The following Capital Projects Funds have been classified as other governmental funds in the accompanying financial statements:

General Capital Financing Capital Projects Fund - This fund is used to match potential competitive grants and fund future capital projects.

Community Facilities District - The Greenspot Corridor (CFD 90-1) in the east end of the City has been placed into a CFD (Mello-Roos) to provide needed infrastructure, housing, and commercial retail growth to that area. Also to be provided are police and fire services. Tract 14326 (CFD 2001-1) is a residential Community Facilities District, as is Tract 17682 (CFD 2007-1).

**City of Highland
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2023**

	Special Revenue					
	Measure I	Traffic Safety	Gas Tax	Article 3	CDBG	Developer Fees
ASSETS						
Cash and Investments	\$ 2,678,978	\$ -	\$ 1,413,093	\$ -	\$ -	\$ 4,867,135
Receivables:						
Accounts	-	-	-	-	-	-
Interest	18,513	-	11,421	-	-	40,242
Property Taxes	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Leases	-	-	-	-	-	-
Due From Other Governments	253,441	3,402	349,059	221,003	29,733	-
Advance to Successor Agency	-	-	-	-	-	-
Total Assets	\$ 2,950,932	\$ 3,402	\$ 1,773,573	\$ 221,003	\$ 29,733	\$ 4,907,377
LIABILITIES						
Accounts Payable	\$ 65,554	\$ -	\$ 478,831	\$ 78,781	\$ 3,011	\$ 4,000
Accrued Liabilities	-	-	18,023	-	-	-
Retention Payable	1,146	-	42,986	3,857	-	-
Due to Other Funds	-	3,402	-	138,366	26,722	-
Total Liabilities	66,700	3,402	539,840	221,004	29,733	4,000
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues	-	-	-	221,003	-	-
Lease Related	-	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	221,003	-	-
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	2,884,232	-	1,233,733	-	-	4,903,377
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	(221,004)	-	-
Total Fund Balances	2,884,232	-	1,233,733	(221,004)	-	4,903,377
Total Liabilities, Deferred Inflows and Fund Balances	\$ 2,950,932	\$ 3,402	\$ 1,773,573	\$ 221,003	\$ 29,733	\$ 4,907,377

Landscape Maintenance District	Street Light District	Community Trails District	Parks Maintenance District	Special Revenue			Street and Storm Drain Maintenance
				FEMA	AQMD	COPS	
\$ 96,660	\$ 119,716	\$ 53,517	\$ 261,394	\$ -	\$ 325,336	\$ -	\$ 620,358
-	529	-	-	-	-	-	-
-	-	-	1,627	-	2,416	-	8,342
5,613	4,195	170	1,200	-	-	-	87
-	-	-	-	-	-	-	-
-	-	-	-	-	18,859	-	-
-	-	-	-	-	-	-	-
<u>\$ 102,273</u>	<u>\$ 124,440</u>	<u>\$ 53,687</u>	<u>\$ 264,221</u>	<u>\$ -</u>	<u>\$ 346,611</u>	<u>\$ -</u>	<u>\$ 628,787</u>
\$ 64,193	\$ 52,509	\$ -	\$ 15,819	\$ -	\$ 4,880	\$ -	\$ -
1,407	-	-	1,407	-	-	-	118
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
65,600	52,509	-	17,226	-	4,880	-	118
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
36,673	71,931	53,687	246,995	-	341,731	-	628,669
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
36,673	71,931	53,687	246,995	-	341,731	-	628,669
<u>\$ 102,273</u>	<u>\$ 124,440</u>	<u>\$ 53,687</u>	<u>\$ 264,221</u>	<u>\$ -</u>	<u>\$ 346,611</u>	<u>\$ -</u>	<u>\$ 628,787</u>

(Continued)

City of Highland
Combining Balance Sheet
Non-major Governmental Funds (Continued)
June 30, 2023

	Special Revenue			Capital Projects		Total
	Justice Assistance Grant	Paramedic Department	Housing Authority	General Capital Financing	Community Facilities District	Non-major Governmental Funds
ASSETS						
Cash and Investments	\$ 30,453	\$ 462,177	\$ 3,566,914	\$ 7,641,131	\$ -	\$ 22,136,862
Receivables:						
Accounts	-	-	-	60,981	10,170	71,680
Interest	-	-	28,419	65,188	-	176,168
Property Taxes	-	5,812	-	-	5,444	22,521
Loans	-	-	695,728	-	-	695,728
Leases	-	-	946,599	-	-	946,599
Due From Other Governments	-	51,573	578,950	-	-	1,506,020
Advance to Successor Agency	-	-	181,375	-	-	181,375
Total Assets	<u>\$ 30,453</u>	<u>\$ 519,562</u>	<u>\$ 5,997,985</u>	<u>\$ 7,767,300</u>	<u>\$ 15,614</u>	<u>\$ 25,736,953</u>
LIABILITIES						
Accounts Payable	\$ -	\$ 467,989	\$ 10,260	\$ 135,831	\$ 5,475	\$ 1,387,133
Accrued Liabilities	-	-	4,111	1,161	-	26,227
Retention Payable	-	-	-	6,985	-	54,974
Due to Other Funds	-	-	-	-	10,139	178,629
Total Liabilities	<u>-</u>	<u>467,989</u>	<u>14,371</u>	<u>143,977</u>	<u>15,614</u>	<u>1,646,963</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues	-	51,573	578,950	-	-	851,526
Lease Related	-	-	946,599	-	-	946,599
Total Deferred Inflows of Resources	<u>-</u>	<u>51,573</u>	<u>1,525,549</u>	<u>-</u>	<u>-</u>	<u>1,798,125</u>
FUND BALANCES (DEFICITS)						
Nonspendable	-	-	-	-	-	-
Restricted	30,453	-	4,458,065	-	-	14,889,546
Assigned	-	-	-	7,623,323	-	7,623,323
Unassigned	-	-	-	-	-	(221,004)
Total Fund Balances	<u>30,453</u>	<u>-</u>	<u>4,458,065</u>	<u>7,623,323</u>	<u>-</u>	<u>22,291,865</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 30,453</u>	<u>\$ 519,562</u>	<u>\$ 5,997,985</u>	<u>\$ 7,767,300</u>	<u>\$ 15,614</u>	<u>\$ 25,736,953</u>



City of Highland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
Year Ended June 30, 2023

	Special Revenue				
	Measure I	Traffic Safety	Gas Tax	Article 3	Developer Fees
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-
Intergovernmental	1,496,223	-	2,730,763	55,980	806,609
Charges for Services	-	-	-	-	398,546
Fines and Forfeitures	-	23,758	-	-	-
Investment Income	23,349	-	25,381	-	91,270
Rental Income	-	-	-	-	-
Miscellaneous	-	-	9,656	-	-
Total Revenues	1,519,572	23,758	2,765,800	55,980	806,609
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	-	63,287	-	-	-
Public Works	-	-	1,823,807	-	4,000
Community Development	-	-	-	192,594	-
Capital Outlay	263,587	-	859,727	193,954	230
Total Expenditures	263,587	63,287	2,683,534	193,954	4,230
Excess (Deficiency) of Revenues Over Expenditures	1,255,985	(39,529)	82,266	(137,974)	485,586
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	-	-	-	-	-
Transfers In	-	39,529	145,023	-	-
Transfers Out	(149,230)	-	-	-	-
Total Other Financing Sources (Uses)	(149,230)	39,529	145,023	-	-
Net Change in Fund Balances	1,106,755	-	227,289	(137,974)	485,586
Fund Balances, Beginning	1,777,477	-	1,006,444	(83,030)	4,417,791
Fund Balances, End of Year	\$ 2,884,232	\$ -	\$ 1,233,733	\$ (221,004)	\$ 4,903,377

Special Revenue							
Landscape Maintenance District	Street Light District	Community Trails District	Parks Maintenance District	FEMA	AQMD	COPS	Street and Storm Drain Maintenance
\$ 555,000	\$ 415,003	\$ 16,801	\$ 118,715	\$ -	\$ -	\$ -	\$ 43,496
-	-	-	-	-	-	-	-
-	-	-	-	-	74,644	165,306	-
-	-	-	-	-	-	-	-
216	324	108	2,551	-	6,160	-	13,170
-	-	-	-	-	-	-	-
3,517	89,837	-	-	-	-	-	28,560
558,733	505,164	16,909	121,266	-	80,804	165,306	85,226
-	-	-	-	-	-	-	-
-	-	-	-	-	-	165,306	-
522,060	450,182	1,150	134,508	-	74,625	-	15,023
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
522,060	450,182	1,150	134,508	-	74,625	165,306	15,023
36,673	54,982	15,759	(13,242)	-	6,179	-	70,203
-	-	-	-	-	-	-	-
-	-	-	53,803	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	53,803	-	-	-	-
36,673	54,982	15,759	40,561	-	6,179	-	70,203
-	16,949	37,928	206,434	-	335,552	-	558,466
\$ 36,673	\$ 71,931	\$ 53,687	\$ 246,995	\$ -	\$ 341,731	\$ -	\$ 628,669

(Continued)

City of Highland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds (Continued)
Year Ended June 30, 2023

	Special Revenue			Capital Projects		Total Non-major Governmental Funds
	Justice Assistance Grant	Paramedic Department	Housing Authority	General Capital Financing	Community Facilities District	
REVENUES						
Taxes	\$ -	\$ 366,991	\$ -	\$ -	\$ -	\$ 1,516,006
Licenses and Permits	-	-	-	-	-	-
Intergovernmental	30,453	-	-	-	-	5,359,978
Charges for Services	-	-	-	144,476	-	543,022
Fines and Forfeitures	-	-	-	-	-	23,758
Investment Income	-	-	64,571	108,346	-	335,446
Rental Income	-	-	120,000	-	-	120,000
Miscellaneous	-	-	4,599	-	10,170	146,339
Total Revenues	30,453	366,991	189,170	252,822	10,170	8,044,549
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Public Safety	-	1,238,933	-	-	-	1,467,526
Public Works	-	-	-	158,707	10,170	3,194,232
Community Development	-	-	296,588	-	-	489,182
Capital Outlay	-	-	-	226,849	-	2,148,125
Total Expenditures	-	1,238,933	296,588	385,556	10,170	7,299,065
Excess (Deficiency) of Revenues Over Expenditures	30,453	(871,942)	(107,418)	(132,734)	-	745,484
OTHER FINANCING SOURCES (USES)						
Sale of Capital Assets	-	-	-	-	-	-
Transfers In	-	871,942	-	1,649,000	-	2,759,297
Transfers Out	-	-	-	(145,023)	-	(294,253)
Total Other Financing Sources (Uses)	-	871,942	-	1,503,977	-	2,465,044
Net Change in Fund Balances	30,453	-	(107,418)	1,371,243	-	3,210,528
Fund Balances, Beginning	-	-	4,565,483	6,252,080	-	19,081,337
Fund Balances, End of Year	\$ 30,453	\$ -	\$ 4,458,065	\$ 7,623,323	\$ -	\$ 22,291,865

City of Highland
Budgetary Comparison Schedule
Measure I - Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 1,168,255	\$ 1,496,223	\$ 327,968
Investment Income	19,000	23,349	4,349
Total Revenues	<u>1,187,255</u>	<u>1,519,572</u>	<u>332,317</u>
EXPENDITURES:			
Current:			
Public Works	-	-	-
Capital Outlay	<u>282,000</u>	<u>263,587</u>	<u>18,413</u>
Total Expenditures	<u>282,000</u>	<u>263,587</u>	<u>18,413</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(149,250)</u>	<u>(149,230)</u>	<u>20</u>
Total Other Financing Sources (Uses)	<u>(149,250)</u>	<u>(149,230)</u>	<u>20</u>
Net Change in Fund Balance	756,005	1,106,755	350,750
Fund Balance, Beginning of Year	<u>1,777,477</u>	<u>1,777,477</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,533,482</u>	<u>\$ 2,884,232</u>	<u>\$ 350,730</u>

**City of Highland
Budgetary Comparison Schedule
Traffic Safety - Special Revenue Fund
Year Ended June 30, 2023**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Fines and Forfeitures	\$ 64,000	\$ 23,758	\$ (40,242)
Investment Income	-	-	-
Total Revenues	<u>64,000</u>	<u>23,758</u>	<u>(40,242)</u>
EXPENDITURES:			
Current:			
Public Safety	63,290	63,287	3
Capital Outlay	-	-	-
Total Expenditures	<u>63,290</u>	<u>63,287</u>	<u>3</u>
Excess (Deficiency) of Revenues over Expenditures	<u>710</u>	<u>(39,529)</u>	<u>(40,239)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>39,530</u>	<u>39,529</u>	<u>(1)</u>
Total Other Financing Sources (Uses)	<u>39,530</u>	<u>39,529</u>	<u>(1)</u>
Net Change in Fund Balances	40,240	-	(40,240)
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	<u><u>\$ 40,240</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (40,240)</u></u>

City of Highland
Budgetary Comparison Schedule
Gas Tax - Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 2,642,425	\$ 2,730,763	\$ 88,338
Investment Income	10,000	25,381	15,381
Miscellaneous	15,000	9,656	(5,344)
Total Revenues	2,667,425	2,765,800	98,375
EXPENDITURES:			
Current:			
Public Works	1,847,475	1,823,807	23,668
Capital Outlay	933,225	859,727	73,498
Total Expenditures	2,780,700	2,683,534	97,166
Excess (Deficiency) of Revenues over Expenditures	(113,275)	82,266	195,541
OTHER FINANCING SOURCES (USES)			
Transfers In	145,025	145,023	(2)
Total Other Financing Sources (Uses)	145,025	145,023	(2)
Net Change in Fund Balances	31,750	227,289	195,539
Fund Balance, Beginning of Year	1,006,444	1,006,444	-
Fund Balance, End of Year	<u>\$ 1,038,194</u>	<u>\$ 1,233,733</u>	<u>\$ 195,539</u>

**City of Highland
Budgetary Comparison Schedule
Article 3 - Special Revenue Fund
Year Ended June 30, 2023**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 28,000	\$ 55,980	\$ 27,980
Total Revenues	<u>28,000</u>	<u>55,980</u>	<u>27,980</u>
EXPENDITURES:			
Capital Outlay	<u>221,000</u>	<u>193,954</u>	<u>27,046</u>
Total Expenditures	<u>221,000</u>	<u>193,954</u>	<u>27,046</u>
Excess (Deficiency) of Revenues over Expenditures	(193,000)	(137,974)	55,026
Fund Balance, Beginning of Year	<u>(83,030)</u>	<u>(83,030)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (276,030)</u></u>	<u><u>\$ (221,004)</u></u>	<u><u>\$ 55,026</u></u>

**City of Highland
Budgetary Comparison Schedule
CDBG - Special Revenue Fund
Year Ended June 30, 2023**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 655,795	\$ 806,609	\$ 150,814
Total Revenues	<u>655,795</u>	<u>806,609</u>	<u>150,814</u>
EXPENDITURES:			
Current:			
Community Development	265,795	192,594	73,201
Capital Outlay	<u>602,700</u>	<u>603,778</u>	<u>(1,078)</u>
Total Expenditures	<u>868,495</u>	<u>796,372</u>	<u>72,123</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(212,700)</u>	<u>10,237</u>	<u>222,937</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(212,700)	10,237	222,937
Fund Balance, Beginning of Year	<u>(10,237)</u>	<u>(10,237)</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ (222,937)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 222,937</u></u>

City of Highland
Budgetary Comparison Schedule
Developer Fees - Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for Services	\$ 10,000	\$ 398,546	\$ 388,546
Investment Income	40,000	91,270	51,270
Total Revenues	50,000	489,816	439,816
EXPENDITURES:			
Current:			
Public Works	31,435	4,000	27,435
Capital Outlay	-	230	(230)
Total Expenditures	31,435	4,230	27,205
Excess (Deficiency) of Revenues over Expenditures	18,565	485,586	467,021
Fund Balance, Beginning of Year	4,417,791	4,417,791	-
Fund Balance, End of Year	<u>\$ 4,436,356</u>	<u>\$ 4,903,377</u>	<u>\$ 467,021</u>

City of Highland
Budgetary Comparison Schedule
Landscape Maintenance District - Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 415,000	\$ 555,000	\$ 140,000
Investment Income	-	216	216
Miscellaneous	-	3,517	3,517
Total Revenues	<u>415,000</u>	<u>558,733</u>	<u>143,733</u>
EXPENDITURES:			
Current:			
Public Works	<u>570,225</u>	<u>522,060</u>	<u>48,165</u>
Total Expenditures	<u>570,225</u>	<u>522,060</u>	<u>48,165</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(155,225)</u>	<u>36,673</u>	<u>191,898</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(155,225)	36,673	191,898
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (155,225)</u>	<u>\$ 36,673</u>	<u>\$ 191,898</u>

**City of Highland
Budgetary Comparison Schedule
Street Light District - Special Revenue Fund
Year Ended June 30, 2023**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 350,000	\$ 415,003	\$ 65,003
Interest	-	324	324
Miscellaneous	25,000	89,837	64,837
Total Revenues	375,000	505,164	130,164
EXPENDITURES:			
Current:			
Public Works	450,200	450,182	18
Total Expenditures	450,200	450,182	18
Excess (Deficiency) of Revenues over Expenditures	(75,200)	54,982	130,182
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(75,200)	54,982	130,182
Fund Balance, Beginning of Year	16,949	16,949	-
Fund Balance, End of Year	\$ (58,251)	\$ 71,931	\$ 130,182

**City of Highland
Budgetary Comparison Schedule
Community Trails - Special Revenue Fund
Year Ended June 30, 2023**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 12,750	\$ 16,801	\$ 4,051
Interest	-	108	108
Total Revenues	12,750	16,909	4,159
EXPENDITURES:			
Current:			
Public Works	27,100	1,150	25,950
Total Expenditures	27,100	1,150	25,950
Excess (Deficiency) of Revenues over Expenditures	(14,350)	15,759	30,109
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(14,350)	15,759	30,109
Fund Balance, Beginning of Year	37,928	37,928	-
Fund Balance, End of Year	<u>\$ 23,578</u>	<u>\$ 53,687</u>	<u>\$ 30,109</u>

City of Highland
Budgetary Comparison Schedule
Parks Maintenance District - Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 89,500	\$ 118,715	\$ 29,215
Investment Income	900	2,551	1,651
Total Revenues	<u>90,400</u>	<u>121,266</u>	<u>30,866</u>
EXPENDITURES:			
Current:			
Public Works	<u>134,540</u>	<u>134,508</u>	<u>32</u>
Total Expenditures	<u>134,540</u>	<u>134,508</u>	<u>32</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(44,140)</u>	<u>(13,242)</u>	<u>30,898</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>50,815</u>	<u>53,803</u>	<u>2,988</u>
Total Other Financing Sources (Uses)	<u>50,815</u>	<u>53,803</u>	<u>2,988</u>
Net Change in Fund Balances	6,675	40,561	33,886
Fund Balance, Beginning of Year	<u>206,434</u>	<u>206,434</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 213,109</u></u>	<u><u>\$ 246,995</u></u>	<u><u>\$ 33,886</u></u>

**City of Highland
Budgetary Comparison Schedule
AQMD - Special Revenue Fund
Year Ended June 30, 2023**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 72,000	\$ 74,644	\$ 2,644
Investment Income	2,600	6,160	3,560
	<u>74,600</u>	<u>80,804</u>	<u>6,204</u>
Total Revenues			
EXPENDITURES:			
Current			
Public Works	43,400	74,625	(31,225)
Capital Outlay	45,000	-	45,000
	<u>88,400</u>	<u>74,625</u>	<u>13,775</u>
Total Expenditures			
Excess (Deficiency) of Revenues over Expenditures	(13,800)	6,179	19,979
Fund Balance, Beginning of Year	335,552	335,552	-
Fund Balance, End of Year	<u>\$ 321,752</u>	<u>\$ 341,731</u>	<u>\$ 19,979</u>

**City of Highland
Budgetary Comparison Schedule
COPS - Special Revenue Fund
Year Ended June 30, 2023**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 165,310	\$ 165,306	\$ (4)
Total Revenues	<u>165,310</u>	<u>165,306</u>	<u>(4)</u>
EXPENDITURES			
Current:			
Public Safety	<u>165,310</u>	<u>165,306</u>	<u>4</u>
Total Expenditures	<u>165,310</u>	<u>165,306</u>	<u>4</u>
Excess (Deficiency) of Revenues over Expenditures	-	-	-
Fund Balance, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>-</u></u>

City of Highland
Budgetary Comparison Schedule
Street and Storm Drain Maintenance - Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 40,400	\$ 43,496	\$ 3,096
Investment Income	3,400	13,170	9,770
Miscellaneous	-	28,560	28,560
	<u>43,800</u>	<u>85,226</u>	<u>41,426</u>
Total Revenues			
EXPENDITURES:			
Current:			
Public Works	36,030	15,023	21,007
	<u>36,030</u>	<u>15,023</u>	<u>21,007</u>
Total Expenditures			
Excess (Deficiency) of Revenues over Expenditures	7,770	70,203	62,433
Fund Balance, Beginning of Year	558,466	558,466	-
Fund Balance, End of Year	<u>\$ 566,236</u>	<u>\$ 628,669</u>	<u>\$ 62,433</u>

City of Highland
Budgetary Comparison Schedule
Justice Assistance Grant - Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$ 20,000	\$ 30,453	\$ 10,453
Total Revenues	20,000	30,453	10,453
EXPENDITURES:			
Current:			
Public Safety	20,000	-	20,000
Capital Outlay	-	-	-
Total Expenditures	20,000	-	20,000
Excess (Deficiency) of Revenues over Expenditures	-	30,453	30,453
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ -	\$ 30,453	\$ 30,453

City of Highland
Budgetary Comparison Schedule
Paramedic Department - Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Taxes	\$ 360,000	\$ 366,991	\$ 6,991
Miscellaneous	-	-	-
Total Revenues	360,000	366,991	6,991
EXPENDITURES:			
Current:			
Public Safety	2,228,825	1,238,933	989,892
Capital Outlay	-	-	-
Total Expenditures	2,228,825	1,238,933	989,892
Excess (Deficiency) of Revenues over Expenditures	(1,868,825)	(871,942)	996,883
OTHER FINANCING SOURCES:			
Transfers In	1,868,825	871,942	(996,883)
Total Other Financing Sources (Uses)	1,868,825	871,942	(996,883)
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ -	\$ -	\$ -

City of Highland
Budgetary Comparison Schedule
Housing Authority - Special Revenue Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Investment Income	\$ 54,720	\$ 64,571	\$ 9,851
Rental Income	120,000	120,000	-
Miscellaneous	4,500	4,599	99
Total Revenues	179,220	189,170	9,950
EXPENDITURES:			
Current:			
Community Development	296,680	296,588	92
Total Expenditures	296,680	296,588	92
Excess (Deficiency) of Revenues over Expenditures	(117,460)	(107,418)	10,042
Fund Balance, Beginning of Year	4,565,483	4,565,483	-
Fund Balance, End of Year	<u>\$ 4,448,023</u>	<u>\$ 4,458,065</u>	<u>\$ 10,042</u>

City of Highland
Budgetary Comparison Schedule
General Capital Financing - Capital Projects Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for Services	\$ 100,000	\$ 144,476	\$ 44,476
Investment Income	146,870	108,346	(38,524)
Miscellaneous	5,000	-	(5,000)
Total Revenues	<u>251,870</u>	<u>252,822</u>	<u>952</u>
EXPENDITURES:			
Current:			
Public Works	157,685	158,707	(1,022)
Capital Outlay	1,117,165	226,849	890,316
Total Expenditures	<u>1,274,850</u>	<u>385,556</u>	<u>889,294</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,022,980)</u>	<u>(132,734)</u>	<u>890,246</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	1,650,000	1,649,000	(1,000)
Transfers Out	(145,025)	(145,023)	2
Total Other Financing Sources (Uses)	<u>1,504,975</u>	<u>1,503,977</u>	<u>(998)</u>
Net Change in Fund Balance	481,995	1,371,243	889,248
Fund Balance, Beginning of Year	<u>6,252,080</u>	<u>6,252,080</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 6,734,075</u>	<u>\$ 7,623,323</u>	<u>\$ 889,248</u>

City of Highland
Budgetary Comparison Schedule
Community Facilities District - Capital Projects Fund
Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Miscellaneous	\$ 10,350	\$ 10,170	\$ (180)
Total Revenues	10,350	10,170	(180)
EXPENDITURES:			
Current:			
Public Works	10,350	10,170	180
Total Expenditures	10,350	10,170	180
Excess (Deficiency) of Revenues over Expenditures	-	-	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Highland Internal Service Funds

The Internal Service Funds are used to allocate the cost of providing goods and services by one department to other departments on a cost reimbursement basis. The City has two internal service funds; the Insurance Fund & the General Services Fund.

Insurance - This fund accounts for all expenditures relating to insurance premiums for both workers compensation and general liability of the City.

General Services - This fund accounts for all expenditures relating to City Hall including; utilities, janitorial services, computer network, copier leases, equipment and building maintenance repairs.

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City of Highland
Combining Statement of Net Position
Internal Service Funds
June 30, 2023

	Governmental Activities Internal Service Funds		Total
	Insurance	General Services	
ASSETS			
Current:			
Cash and Investments	\$ 4,213,759	\$ 1,501,918	\$ 5,715,677
Receivable:			
Accounts	-	1,825	1,825
Interest	29,313	11,406	40,719
	<u>4,243,072</u>	<u>1,515,149</u>	<u>5,758,221</u>
Total Assets			
LIABILITIES			
Current:			
Accounts Payable	1,109	10,214	11,323
Accrued Liabilities	2,983	3,711	6,694
Claims Payable	14,000	-	14,000
	<u>18,092</u>	<u>13,925</u>	<u>32,017</u>
Total Current Liabilities			
Noncurrent:			
Claims Payable	135,000	-	135,000
	<u>135,000</u>	<u>-</u>	<u>135,000</u>
Total Noncurrent Liabilities			
Total Liabilities	<u>153,092</u>	<u>13,925</u>	<u>167,017</u>
NET POSITION			
Unrestricted	4,089,980	1,501,224	5,591,204
	<u>\$ 4,089,980</u>	<u>\$ 1,501,224</u>	<u>\$ 5,591,204</u>
Total Net Position			

City of Highland
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year Ended June 30, 2023

	Governmental Activities Internal Service Funds		
	Insurance	General Services	Total
OPERATING REVENUES			
Charges for Services	\$ 503,838	\$ 92,521	\$ 596,359
Miscellaneous	23,811	-	23,811
Total Operating Revenues	527,649	92,521	620,170
OPERATING EXPENSES			
Salaries and Benefits	123,804	-	123,804
Insurance Premiums	460,171	-	460,171
Claims and Judgments	6,109	-	6,109
Legal Fees	-	-	-
Administrative Expenses	12,306	495,028	507,334
Insurance Adjusting Fees	-	-	-
Total Operating Expenses	602,390	495,028	1,097,418
Operating Income (Loss)	(74,741)	(402,507)	(477,248)
NONOPERATING REVENUES (EXPENSES)			
Investment Income	74,740	17,745	92,485
Income before Contributions and Transfers	(1)	(384,762)	(384,763)
Transfers in	580,000	525,000	1,105,000
Change in Net Position	579,999	140,238	720,237
Net Position, Beginning of Year	3,509,981	1,360,986	4,870,967
Net Position, End of Year	\$ 4,089,980	\$ 1,501,224	\$ 5,591,204

City of Highland
Combining Statement of Cash Flows
Internal Service Funds
Year Ended June 30, 2023

	Governmental Activities Internal Service Funds		
	Insurance	General Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Services	\$ 527,649	\$ 91,992	\$ 619,641
Cash Payments to Employees for Services	(123,527)	(103)	(123,630)
Cash Payments Made to Suppliers/Vendors	(489,012)	(526,909)	(1,015,921)
Net Cash Provided (Used) By Operations	(84,890)	(435,020)	(519,910)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash Received from Other Funds	580,000	525,000	1,105,000
Net Cash Provided (Used) By NonCapital Financing Activities	580,000	525,000	1,105,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	52,302	7,711	60,013
Net Cash Provided (Used) By Investing Activities	52,302	7,711	60,013
Net Increase (Decrease) in Cash and Cash Equivalents	547,412	97,691	645,103
Cash and Equivalents - Beginning of Year	3,666,347	1,404,227	5,070,574
Cash and Equivalents - End of Year	<u>\$ 4,213,759</u>	<u>\$ 1,501,918</u>	<u>\$ 5,715,677</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ (74,741)	\$ (402,507)	\$ (477,248)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
(Increase) Decrease in Accounts Receivable		(529)	(529)
Increase (Decrease) in Accounts Payable	(4,426)	(31,881)	(36,307)
Increase (Decrease) in Accrued Liabilities	277	(103)	174
Increase (Decrease) in Claims Payable	(6,000)	-	(6,000)
Net Cash Provided (Used) by Operating Activities	<u>\$ (84,890)</u>	<u>\$ (435,020)</u>	<u>\$ (519,910)</u>

STATISTICAL SECTION

STATISTICAL SECTION

This section of the City of Highland's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

CONTENTS	PAGE
Financial Trends	118 – 121
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	122 – 125
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	126 – 130
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	131 – 132
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	133 – 134
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report of the relevant fiscal year.

CITY OF HIGHLAND
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2023	2022	2021	2020	2019
Governmental activities:					
Investment in capital assets	225,563,572	225,235,630	225,865,157	227,112,025	221,003,257
Restricted for:					
Public safety	30,453	-	4,622	-	-
Highways and streets	34,296,922	33,314,130	36,238,519	38,678,179	42,249,331
Community Development	5,459,347	5,385,260	5,437,302	5,303,599	5,186,442
Unrestricted	29,749,202	25,606,706	19,744,041	18,903,986	21,353,346
Total governmental activities net position	<u>\$ 295,099,496</u>	<u>\$ 289,541,726</u>	<u>\$ 287,289,641</u>	<u>\$ 289,997,789</u>	<u>\$ 289,792,376</u>
	2018	2017	2016	2015	2014
Governmental activities:					
Investment in capital assets	214,466,575	216,035,504	210,865,837	216,726,391	209,133,022
Restricted for:					
Public safety	26,836	87,188	10,181,809	10,811,124	11,383,704
Highways and streets	41,447,249	30,801,998	35,846,032	24,126,132	22,951,998
Community Development	5,060,289	4,386,881	4,339,917	1,392,208	1,343,835
Unrestricted	24,874,004	28,349,878	16,375,043	9,320,447	11,098,575
Total governmental activities net position	<u>\$ 285,874,953</u>	<u>\$ 279,661,449</u>	<u>\$ 277,608,638</u>	<u>\$ 262,376,302</u>	<u>\$ 255,911,134</u>

CITY OF HIGHLAND
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses:										
Governmental activities:										
General government	2,415,060	2,329,674	2,970,378	2,667,209	2,391,929	2,152,914	1,988,317	8,026,419	6,693,784	7,288,603
Public safety	19,982,109	18,165,480	17,233,793	16,849,924	15,621,202	14,542,332	14,411,209	12,958,169	12,331,238	11,800,508
Highways and streets	13,683,221	15,510,734	13,951,011	10,727,700	10,608,389	9,797,412	10,392,619	10,618,305	12,304,340	13,352,100
Community Development	4,022,217	4,845,025	3,610,883	3,254,385	3,424,262	3,473,178	2,471,487	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	<u>40,102,607</u>	<u>40,850,913</u>	<u>37,766,065</u>	<u>33,499,218</u>	<u>32,045,782</u>	<u>29,965,836</u>	<u>29,263,632</u>	<u>31,602,893</u>	<u>31,329,362</u>	<u>32,441,211</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	907,887	125,608	362,563	242,669	338,758	761,641	726,087	1,583,415	1,080,488	1,037,804
Public safety	1,750,491	1,511,188	1,307,179	1,248,384	1,284,504	1,279,121	1,266,079	3,679,629	3,517,820	3,785,784
Highways and streets	2,916,475	1,332,697	2,194,101	1,930,553	1,748,406	2,688,276	2,809,938	1,020,765	886,907	949,736
Community Development	2,197,408	2,135,481	1,234,314	1,183,807	1,300,273	1,721,294	1,574,576	-	-	-
Operating grants and contributions	3,956,124	2,811,500	3,909,827	3,097,787	3,305,218	3,206,718	2,204,994	9,032,776	4,464,421	7,901,021
Capital grants and contributions	9,547,768	12,935,771	4,994,406	4,730,717	8,345,767	8,344,599	4,618,091	1,054,688	11,931,594	17,151,933
Total governmental activities program revenues	<u>21,276,153</u>	<u>20,852,245</u>	<u>14,002,390</u>	<u>12,433,917</u>	<u>16,322,926</u>	<u>18,001,649</u>	<u>13,199,765</u>	<u>16,371,273</u>	<u>21,881,230</u>	<u>30,826,278</u>
Net revenues (expenses) governmental activities	<u>(18,826,454)</u>	<u>(19,998,668)</u>	<u>(23,763,675)</u>	<u>(21,065,301)</u>	<u>(15,722,856)</u>	<u>(11,964,186)</u>	<u>(16,063,867)</u>	<u>(15,231,620)</u>	<u>(9,448,132)</u>	<u>(1,614,933)</u>
General revenues and other changes in net position:										
Governmental activities:										
Taxes:										
Property taxes	16,627,854	15,406,948	14,517,673	14,021,888	13,389,467	13,036,416	11,809,133	8,456,523	8,568,219	8,188,274
Sales and use taxes	4,057,069	4,017,078	3,714,315	3,076,668	2,918,109	2,702,065	2,632,596	2,224,734	1,682,344	1,639,446
Transient occupancy tax	265,074	268,259	271,603	264,958	266,893	179,088	302,330	274,410	264,628	249,722
Franchise taxes	2,091,919	1,930,701	1,825,256	1,615,213	1,587,002	1,502,402	1,535,420	1,587,761	1,561,126	1,500,203
Business license tax	546,140	446,810	491,867	536,749	497,286	558,270	173,025	263,489	344,282	253,690
Other	58,359	63,608	40,576	44,146	26,286	28,623	24,032	14,459	14,362	47,160
Gain on Sale of Capital Assets	-	-	356,150	-	-	-	-	-	-	-
Investment income	570,764	(22,924)	133,727	436,821	522,967	315,496	317,167	104,983	987,829	48,567
State motor vehicle in lieu, unrestricted	-	-	-	-	-	-	-	-	-	-
Rental income	-	-	-	-	-	-	-	-	-	-
Land contribution from the Successor Agency	-	-	-	-	-	-	-	-	-	-
Miscellaneous	167,045	140,273	188,643	189,052	432,269	140,458	133,812	991,825	1,403,154	1,004,511
Total governmental activities	<u>24,384,224</u>	<u>22,250,753</u>	<u>21,539,810</u>	<u>20,185,495</u>	<u>19,640,279</u>	<u>18,462,818</u>	<u>16,927,515</u>	<u>13,918,184</u>	<u>14,825,944</u>	<u>12,931,573</u>
Changes in net position governmental activities	<u>\$ 5,557,770</u>	<u>\$ 2,252,085</u>	<u>\$ (2,223,865)</u>	<u>\$ (879,806)</u>	<u>\$ 3,917,423</u>	<u>\$ 6,498,632</u>	<u>\$ 863,648</u>	<u>\$ (1,313,436)</u>	<u>\$ 5,377,812</u>	<u>\$ 11,316,640</u>
Extraordinary item: Loss on transfer	-	-	-	-	-	-	-	-	-	-
Restatement of Land	-	-	-	-	-	-	-	-	-	-
Restatement of Net Position	-	-	(484,283)	-	-	(285,128)	1,189,163	-	-	(946,087)
Extraordinary item: Repayment of Advance	-	-	-	-	-	-	-	-	-	-
Extraordinary item: Bond Proceeds (former RDA)	-	-	-	-	-	-	-	16,545,772	-	-
Implementation of GASB 68 & 71	-	-	-	-	-	-	-	-	-	(3,513,889)
Restatement of Depreciation	-	-	-	-	-	-	-	-	-	(3,859,190)
Restatement of Capital Assets (note 16)	-	-	-	-	-	-	-	-	1,087,356	3,746,577
Changes in net position governmental activities	<u>\$ 5,557,770</u>	<u>\$ 2,252,085</u>	<u>\$ (2,708,148)</u>	<u>\$ (879,806)</u>	<u>\$ 3,917,423</u>	<u>\$ 6,213,504</u>	<u>\$ 2,052,811</u>	<u>\$ 15,232,336</u>	<u>\$ 6,465,168</u>	<u>\$ 6,744,051</u>

CITY OF HIGHLAND
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General fund:										
Nonspendable	738,375	872,740	974,619	978,226	977,829	999,339	990,099	1,061,528	1,178,728	1,390,548
Spendable:										
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	15,061,485	11,680,011	11,680,011	9,840,573	9,872,519	10,070,945	9,293,748	5,004,971	5,201,502	5,079,911
Unassigned	5,314,385	6,131,822	3,265,164	3,057,435	3,020,491	3,178,858	3,198,945	1,108,361	2,102,381	2,008,776
Total general fund	<u>\$ 21,114,245</u>	<u>\$ 18,684,573</u>	<u>\$ 15,919,794</u>	<u>\$ 13,876,234</u>	<u>\$ 13,870,839</u>	<u>\$ 14,249,142</u>	<u>\$ 13,482,792</u>	<u>\$ 7,174,860</u>	<u>\$ 8,482,611</u>	<u>\$ 8,479,235</u>
All other governmental funds:										
Nonspendable:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	-	-	-	-	-	-	1,362,235	1,425,413	1,425,413	-
Restricted:										
Special revenue funds	25,584,333	25,020,963	26,194,182	26,985,405	28,126,206	27,407,827	27,734,045	35,540,081	25,662,859	27,064,666
Capital projects funds	14,239,062	13,678,427	15,486,261	16,996,373	19,309,569	19,148,448	11,147,755	13,094,825	23,432	58,771
Committed:										
Assigned:										
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects funds	7,623,323	6,252,080	5,073,966	5,103,960	6,006,439	7,884,827	6,792,406	7,330,504	8,462,764	9,104,185
Unassigned:										
Special revenue funds	(1,449,598)	(427,619)	(694,177)	(411,719)	(746,061)	(943,910)	(882,715)	(525,490)	(9,580,909)	(7,302,032)
Capital projects funds	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 45,997,120</u>	<u>\$ 44,523,851</u>	<u>\$ 46,060,232</u>	<u>\$ 48,674,019</u>	<u>\$ 52,696,153</u>	<u>\$ 53,497,192</u>	<u>\$ 46,153,726</u>	<u>\$ 56,865,333</u>	<u>\$ 25,993,559</u>	<u>\$ 28,925,590</u>

CITY OF HIGHLAND
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues:										
Taxes	24,909,451	23,163,468	21,885,819	20,541,202	19,710,927	19,013,261	17,458,633	16,070,934	15,456,880	14,869,000
Licenses and permits	1,177,236	1,217,429	618,458	509,501	537,720	855,744	705,796	684,186	561,943	582,506
Intergovernmental	11,154,120	15,611,819	8,182,201	8,913,837	12,454,853	10,929,304	4,517,927	19,025,112	6,584,075	9,674,444
Charges for services	4,452,340	2,362,870	2,697,541	2,287,702	2,346,284	3,914,972	4,155,849	1,999,287	1,568,001	1,963,528
Fines and forfeitures	43,850	121,887	80,226	99,604	73,838	116,380	139,888	182,037	237,306	457,300
Investment income	1,285,825	(128,949)	454,062	1,184,670	1,482,102	824,331	633,959	217,790	1,027,138	89,532
Rental income	244,712	251,042	244,930	239,890	227,190	226,068	219,926	120,691	121,961	122,441
Miscellaneous	185,153	86,482	374,675	87,465	398,788	320,619	195,598	671,337	1,293,862	870,354
Total revenues	43,452,687	42,686,048	34,537,912	33,863,871	37,231,702	36,200,679	28,027,576	38,971,374	26,851,166	28,629,105
Expenditures:										
Current:										
General government+	1,931,098	1,801,743	2,140,731	1,904,692	2,097,547	1,724,479	1,736,158	8,036,914	6,230,511	6,147,009
Highways and streets+	5,487,701	5,375,194	5,056,624	5,441,043	4,886,690	4,716,911	5,481,471	2,729,393	3,234,358	3,727,336
Public safety+	19,288,972	17,495,556	16,570,676	16,164,583	14,931,777	13,913,656	13,238,605	12,408,648	11,793,948	11,313,648
Community Development+	3,308,114	4,137,401	2,903,259	2,454,195	2,558,426	2,499,347	2,471,487	-	-	-
Capital outlay	10,072,822	15,370,721	8,808,826	11,916,097	13,936,604	5,236,471	10,199,258	2,778,168	8,521,004	14,068,287
Debt service:										
Principal*	-	-	-	-	-	-	-	-	-	-
Interest*	-	-	-	-	-	-	-	-	-	-
Pass-through payments*	-	-	-	-	-	-	-	-	-	-
SERAF Payment*	-	-	-	-	-	-	-	-	-	-
Payment to bond escrow agent*	-	-	-	-	-	-	-	-	-	-
Total expenditures	40,088,707	44,180,615	35,480,116	37,880,610	38,411,044	28,090,863	33,126,979	25,953,123	29,779,821	35,256,280
Excess (deficiency) of revenues over (under) expenditures	3,363,980	(1,494,567)	(942,204)	(4,016,739)	(1,179,342)	8,109,816	(5,099,403)	13,018,251	(2,928,655)	(6,627,175)
Other financing sources (uses):										
Sale of Capital Assets	-	-	402,000	-	-	-	-	-	-	-
Issuance of long term debt	1,643,961	3,397,965	469,081	-	-	-	-	-	-	-
Payment to bond escrow agent	-	-	-	-	-	-	-	-	-	-
Transfers in	2,998,575	2,456,734	1,864,923	1,919,422	2,995,704	2,191,020	2,017,731	3,448,326	3,522,188	708,567
Transfers out	(4,103,575)	(3,131,734)	(2,364,027)	(1,919,422)	(2,995,704)	(2,191,020)	(2,017,731)	(3,448,326)	(3,522,188)	(708,567)
Total other financing sources (uses)	538,961	2,722,965	371,977	-	-	-	-	-	-	(946,087)
Extraordinary Item	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 3,902,941	\$ 1,228,398	\$ (570,227)	\$ (4,016,739)	\$ (1,179,342)	\$ 8,109,816	\$ (5,099,403)	\$ 13,018,251	\$ (2,928,655)	\$ (7,573,262)

Debt service* as a percentage of noncapital + expenditures.

0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 0.0% 0.0%

Debt service is for the former RDA.

The RDA was dissolved on February 1, 2012.

CITY OF HIGHLAND
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Assessed Value					
Category	2023	2022	2021	2020	2019
Residential	3,960,857,745	3,714,571,853	3,559,231,681	3,421,547,404	3,235,632,104
Commercial	291,697,092	277,843,224	260,893,974	262,495,563	232,261,059
Industrial	85,793,793	69,404,126	57,592,686	52,476,393	51,299,293
Irrigated	74,307	72,850	438,128	680,270	666,931
Dry Farm	-	-	-	-	-
Recreational	434,378	1,465,450	2,013,113	2,010,581	1,327,099
Institutional	32,017,491	31,389,694	31,067,831	30,851,503	30,051,724
Miscellaneous	14,109,232	13,667,029	13,595,907	13,035,651	9,917,709
Vacant Land	120,115,497	104,697,062	89,904,034	91,922,879	88,609,668
SBE Nonunitary	37,800	37,800	37,800	37,800	18,900
Unsecured	88,477,432	80,602,464	75,228,717	68,665,836	61,381,977
Govt. Owned	24,733,613	24,248,640	24,000,000	-	-
Unknown	-	-	-	-	-
Exemptions	(117,980,381)	(115,727,998)	(111,624,080)	(97,885,315)	(82,876,255)
Total	4,500,367,999	4,202,272,194	4,002,379,791	3,845,838,565	3,628,290,209
Total direct rate	0.24883	0.24875	0.24871	0.24924	0.23904

Category	2018	2017	2016	2015	2014
Residential	3,058,458,940	2,906,523,051	2,773,541,762	2,609,720,470	2,447,887,756
Commercial	221,613,336	210,815,100	198,338,374	196,409,096	194,061,982
Industrial	48,639,494	48,108,184	46,948,732	42,808,510	42,408,595
Irrigated	655,502	642,650	632,998	794,784	791,192
Dry Farm	129,918	127,371	200,535	196,606	195,718
Recreational	1,324,666	1,322,280	1,519,489	2,391,470	2,390,411
Institutional	28,952,472	28,702,907	28,271,761	27,748,091	27,588,682
Miscellaneous	9,841,856	9,906,629	9,556,408	11,796,187	12,959,361
Vacant Land	88,183,693	82,278,983	76,496,990	75,088,677	74,106,442
SBE Nonunitary	18,900	18,900	18,900	18,900	31,500
Unsecured	56,298,251	58,764,229	62,288,201	61,175,324	62,341,169
Govt. Owned	-	-	-	-	-
Unknown	-	-	-	-	-
Exemptions	(79,270,623)	(73,367,998)	(72,450,406)	(61,581,215)	(60,509,158)
Total	3,434,846,405	3,273,842,286	3,125,363,744	2,966,566,900	2,804,253,650
Total direct rate	0.23904	0.23903	0.23904	0.23898	0.23897

NOTE:

In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only re-assessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: HdL

CITY OF HIGHLAND
Direct and Overlapping Property Tax Rates
(Rate per \$100 of assessed value)
Last Eight Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016
City Direct Rate:								
Property Tax General Fund								
Assessed value of City basic rate	\$ 0.24400	\$ 0.24400	\$ 0.24400	\$ 0.24400	\$ 0.24400	\$ 0.24400	\$ 0.24400	\$ 0.24400
Total City Direct Rate	\$ 0.24400	\$ 0.24400	\$ 0.24400	\$ 0.24400	\$ 0.24400	\$ 0.24400	\$ 0.24400	\$ 0.24400
Overlapping Rates:								
County Free Library	\$ 0.01344	\$ 0.01344	\$ 0.01344	\$ 0.01344	\$ 0.01344	\$ 0.01344	\$ 0.01344	\$ 0.01344
County General Fund	\$ 0.13880	\$ 0.13880	\$ 0.13880	\$ 0.13880	\$ 0.13880	\$ 0.13880	\$ 0.13880	\$ 0.13880
County Superintendent	\$ 0.00712	\$ 0.00712	\$ 0.00712	\$ 0.00712	\$ 0.00712	\$ 0.00712	\$ 0.00712	\$ 0.00712
Inland Empire Joint Resource Conservation District	\$ 0.00049	\$ 0.00049	\$ 0.00049	\$ 0.00049	\$ 0.00049	\$ 0.00049	\$ 0.00049	\$ 0.00049
Education Revenue Augmentation Fund	\$ 0.21010	\$ 0.21010	\$ 0.21010	\$ 0.21010	\$ 0.21010	\$ 0.21010	\$ 0.21010	\$ 0.21010
Flood Control Administration 3-6	\$ 0.00080	\$ 0.00080	\$ 0.00080	\$ 0.00080	\$ 0.00080	\$ 0.00080	\$ 0.00080	\$ 0.00080
Flood Control Zone 3	\$ 0.02430	\$ 0.02430	\$ 0.02430	\$ 0.02430	\$ 0.02430	\$ 0.02430	\$ 0.02430	\$ 0.02430
Redlands Unified	\$ 0.28670	\$ 0.28670	\$ 0.28670	\$ 0.28670	\$ 0.28670	\$ 0.28670	\$ 0.28670	\$ 0.28670
San Bernardino Community College	\$ 0.04880	\$ 0.04880	\$ 0.04880	\$ 0.04880	\$ 0.04880	\$ 0.04880	\$ 0.04880	\$ 0.04880
San Bernardino Valley Municipal Water	\$ 0.02510	\$ 0.02510	\$ 0.02510	\$ 0.02510	\$ 0.02510	\$ 0.02510	\$ 0.02510	\$ 0.02510
San Bernardino Valley Water Conservation District	\$ 0.00043	\$ 0.00043	\$ 0.00043	\$ 0.00043	\$ 0.00043	\$ 0.00043	\$ 0.00043	\$ 0.00043
Total Direct rates	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000	\$ 1.00000
Redlands Unified School Bond 1993	\$ 0.02790	\$ 0.06620	\$ 0.03600	\$ 0.03390	\$ 0.03240	\$ 0.04940	\$ 0.05240	\$ 0.05670
San Bernardino Community College Bond	\$ 0.04500	\$ 0.05340	\$ 0.06510	\$ 0.05620	\$ 0.04070	\$ 0.03760	\$ 0.03500	\$ 0.04030
San Bernardino Unified School Bond	\$ 0.08780	\$ 0.10890	\$ 0.10340	\$ 0.09690	\$ 0.11260	\$ 0.10070	\$ 0.07950	\$ 0.11820
San Bernardino Valley Muni Water District Bond	\$ 0.13000	\$ 0.13000	\$ 0.14250	\$ 0.14250	\$ 0.15250	\$ 0.15250	\$ 0.16250	\$ 0.16250
Total Overlapping Rates	\$ 0.29070	\$ 0.35850	\$ 0.34700	\$ 0.32950	\$ 0.33820	\$ 0.34020	\$ 0.32940	\$ 0.37770
Total Direct & Overlapping Tax Rates	\$ 1.29070	\$ 1.35850	\$ 1.34700	\$ 1.32950	\$ 1.33820	\$ 1.34020	\$ 1.32940	\$ 1.37770
Redevelopment Rate	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total Direct Rate	\$ 0.24883	\$ 0.24875	\$ 0.24871	\$ 0.24924	\$ 0.23904	\$ 0.23904	\$ 0.23903	\$ 0.23904

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property taxes reside in. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of other bonds of overlapping governments.

The RDA was dissolved on February 1, 2012.

The Total Direct rate is the weighted average of all individual direct rates applied to by the government preparing the statistical section.

Information for additional years is unavailable.

Source: HdL

CITY OF HIGHLAND
Principal Property Tax Payers
Current Fiscal Year & Nine Years Ago

Taxpayer	<u>2023</u>		<u>2014</u>	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Victoria Development Company	28,514,992	0.63%	24,573,347	0.88%
Miracle Mile Properties, LP	19,042,818	0.42%		
Lowes HIW Inc.	25,088,210	0.56%	16,255,380	0.58%
Highland AL-MC Group	14,672,494	0.33%		
Greenspot Village & Marketplace LLC	16,619,375	0.37%	11,261,105	0.40%
Greenspot Ranch Investors			13,607,922	0.49%
RRM Properties Limited	27,556,008	0.61%		
Cole LA Highland California LP			9,659,478	0.34%
Boulder Baseline Investors			9,582,192	0.34%
2018 3 IH Borrower	13,812,657	0.31%		
Sam Menlo Trust			16,478,654	0.59%
Mountain Breeze Villas LP			8,934,830	0.32%
ACAA LP			8,585,694	0.31%
iH2 Property West LP ETAL			8,558,337	0.31%
KAGR2 Highland 7000 LP	23,114,916	0.51%		
HVP Associates LLC	16,591,204	0.37%		
OE 27400 5th ST LLC	24,480,000	0.54%		
	<u>\$ 209,492,674</u>	<u>4.66%</u>	<u>\$ 127,496,939</u>	<u>4.55%</u>

The amounts shown above include assessed value (secured & unsecured) data for both the City and the former Redevelopment Agency.

Source: HdL

CITY OF HIGHLAND
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Property Taxes Levied for the Fiscal Year	Amount Collected	Percent of Levy	Property Tax Collections in Subsequent Years	Amount Collected	Percent of Levy
2014	\$ 6,842,379	5,494,205	80.30%	72,621	5,566,826	81.36%
2015	\$ 7,238,423	5,672,014	78.36%	68,951	5,740,965	79.31%
2016	\$ 7,625,888	5,943,945	77.94%	61,230	6,005,175	78.75%
2017	\$ 7,988,175	6,241,970	78.14%	59,210	6,301,180	78.88%
2018	\$ 8,381,025	6,520,591	77.80%	41,528	6,562,119	78.30%
2019	\$ 8,853,028	6,546,737	73.95%	266,468	6,813,206	76.96%
2020	\$ 9,383,846	6,975,060	74.33%	39,387	7,014,447	74.75%
2021	\$ 9,765,807	7,337,106	75.13%	47,591	7,384,697	75.62%
2022	\$ 10,253,544	7,689,449	74.99%	45,215	7,734,665	75.43%
2023	\$ 10,980,898	8,148,129	74.20%	41,079	8,189,208	74.58%

The amounts presented include City property taxes (24.4%) of the 1% general levy.

Source: San Bernardino County Auditor Controller's Office and City records.

CITY OF HIGHLAND
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Governmental Activities

Fiscal Year Ended June 30	Former RDA Tax Allocation Bonds	Percentage of Personal Income ¹	Debt Per Capita ¹
2014	-	0.00%	-
2015	-	0.00%	-
2016	-	0.00%	-
2017	-	0.00%	-
2018	-	0.00%	-
2019	-	0.00%	-
2020	-	0.00%	-
2021	-	0.00%	-
2022	-	0.00%	-
2023	-	0.00%	-

¹ These ratios are calculated using personal income and population for the prior calendar year.

Notes: Details regarding the Successor Agency to the Highland Redevelopment Agency's outstanding debt can be found in the notes to the financial statements.

CITY OF HIGHLAND
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Outstanding General Bonded Debt

Fiscal Year Ended June 30	Former RDA Tax Allocation Bonds	Percent of Assessed Value ¹	Per Capita
2014	-	0.00%	-
2015	-	0.00%	-
2016	-	0.00%	-
2017	-	0.00%	-
2018	-	0.00%	-
2019	-	0.00%	-
2020	-	0.00%	-
2021	-	0.00%	-
2022	-	0.00%	-
2023	-	0.00%	-

¹ Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

Notes: Details regarding the Successor Agency to the Highland Redevelopment Agency's outstanding debt can be found in the notes to the financial statements.

CITY OF HIGHLAND
Overlapping Tax & Assessment Debt
June 30, 2023

2022-2023 Assessed Valuation

\$ 4,202,272,194

	Percentage Applicable ¹	Outstanding Debt 6/30/2022	City's Share of Overlapping Debt
<u>Overlapping Tax and Assessment Debt</u>			
San Bernardino Community College District	4.937%	\$ 730,017,126	\$ 36,040,946
Redlands Unified School District	12.021%	59,303,512	7,128,875
San Bernardino Unified School District	9.063%	276,764,806	25,083,194
City of Highland CFD 90-1	100.00%	-	-
City of Highland CFD 2001-1	100.00%	2,300,000	2,300,000
Redlands Unified School District CFD 2001-1 and 2006-1	100.00%	17,030,000	17,030,000
Total Overlapping Tax and Assessment Debt			\$ 87,583,015
<u>Direct & Overlapping General Fund Obligation Debt</u>			
San Bernardino County General Fund Obligations	1.578%	188,035,000	\$ 2,967,192
San Bernardino County Pension Obligations	1.578%	119,835,000	1,890,996
San Bernardino County Flood Control District COP	1.578%	44,780,000	706,628
San Bernardino Unified School District COP	9.063%	83,385,000	7,557,183
City of Highland	100.000%	-	-
Total Direct & Overlapping General Fund Obligation Debt			\$ 13,121,999
<u>Overlapping Tax Increment Debt (Successor Agencies)</u>			
Successor Agency to the Highland RDA (SARDA)	100.00%	39,510,000	\$ 39,510,000
San Bernardino County (IVDA) Tax Allocation Bonds	0.003%	220,470,000	6,614
Total Overlapping Tax Increment Debt (Successor Agencies)			\$ 39,516,614
TOTAL DIRECT DEBT			\$ -
TOTAL OVERLAPPING DEBT			\$ 140,221,628
COMBINED TOTAL DEBT			² \$ 140,221,628

1. The percentage of overlapping debt applicable to the city is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

2. Excludes tax and revenue anticipation notes, revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2022-2023 Assessed Valuation:

Total Overlapping Tax & Assessment Debt	2.08%
Total Direct Debt	0.00%
Combined Total Debt	3.34%

Details regarding the Successor Agency to the Highland Redevelopment Agency's (SARDA) outstanding debt can be found in the notes to the financial statements.

Source: California Municipal Statistics, Inc.

CITY OF HIGHLAND
Legal Debt Margin Information
Last Ten Years

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Assessed Valuation	\$ 4,500,367,999	\$ 4,202,272,194	\$ 4,002,379,791	\$ 3,845,838,565	\$ 3,628,290,209	\$ 3,434,846,405	\$ 3,273,842,286	\$ 3,125,363,744	\$ 2,966,566,900	\$ 2,804,253,650
Conversion percentage	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>	<u>25%</u>
Adjusted assessed valuation	\$ 1,125,092,000	\$ 1,050,568,049	\$ 1,000,594,948	\$ 961,459,641	\$ 907,072,552	\$ 858,711,601	\$ 818,460,572	\$ 781,340,936	\$ 741,641,725	\$ 701,063,413
Debt limit percentage	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>	<u>15%</u>
Debt limit	168,763,800	157,585,207	150,089,242	144,218,946	136,060,883	128,806,740	122,769,086	117,201,140	111,246,259	105,159,512
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 168,763,800</u>	<u>\$ 157,585,207</u>	<u>\$ 150,089,242</u>	<u>\$ 144,218,946</u>	<u>\$ 136,060,883</u>	<u>\$ 128,806,740</u>	<u>\$ 122,769,086</u>	<u>\$ 117,201,140</u>	<u>\$ 111,246,259</u>	<u>\$ 105,159,512</u>
Total debt applicable to the limit as a percentage of debt limit	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City of Highland
San Bernardino County Tax Assessor

CITY OF HIGHLAND
Pledged-Revenue Coverage
Last Ten Fiscal Years

Tax Allocation Bonds

Fiscal Year Ended June 30	Former RDA Tax Increment	<u>Debt Service</u>		Coverage
		Principal	Interest	
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-
2018	-	-	-	-
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-

Note: Details regarding the SARDA's outstanding debt can be found in the notes to the financial statements. The RDA was dissolved on 2/1/2012.

In January of 2011, the RDA Board approved the re-payment of \$6,021,420 of advances (loans) from the City.

CITY OF HIGHLAND
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population (1)	Personal Income (2) (in thousands)	Per Capital Personal Income (3)	Unemployment Rate (4)
2014	54,033	1,173,489	21,718	10.6%
2015	53,340	1,121,794	21,031	7.0%
2016	53,645	1,165,867	21,733	5.6%
2017	54,377	1,170,411	21,524	5.0%
2018	54,761	1,215,505	22,196	5.1%
2019	55,778	1,278,521	22,921	4.1%
2020	55,323	1,353,800	24,470	3.8%
2021	55,060	1,471,700	26,729	10.0%
2022	56,546	1,552,565	27,456	7.9%
2023	55,984	1,722,559	30,768	4.1%

Sources:

- (1) State Department of Finance/HdL
- (2) Calculated using City of Highland per capital personal income
- (3) HdL
- (4) HdL

CITY OF HIGHLAND
Full-time City Employees only
by Department
Last Ten Fiscal Years

Full-Time Equivalent Employees as of June 30

<u>Department</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City clerk	1.950	1.950	1.950	1.950	1.950	1.950	1.850	1.850	1.950	1.950
General government	3.750	3.750	3.750	3.750	3.850	3.850	3.800	3.800	3.925	3.925
Personnel	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.250	0.300	0.300
Finance	4.500	4.500	4.500	4.500	4.500	4.475	4.125	4.150	4.375	4.375
Public works (Gas tax)	4.350	4.350	4.350	4.350	4.300	4.300	4.300	4.300	5.200	5.200
Engineering	1.350	1.350	1.350	1.350	0.350	0.350	0.350	0.350	0.350	0.350
Planning	5.050	5.050	5.050	5.050	5.050	5.050	5.150	5.150	5.550	5.550
Public services	3.000	3.000	3.000	3.000	3.000	3.000	2.000	2.000	2.000	2.000
Building and safety	2.050	2.050	2.050	2.050	2.050	2.050	2.050	1.550	1.550	1.550
Code enforcement	2.900	2.900	2.900	2.900	2.900	2.900	1.900	2.400	2.400	2.400
Parks and trails	1.150	1.150	1.150	1.150	1.150	1.150	1.150	1.150	2.150	2.150
Graffiti	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
CDBG	1.400	1.400	1.400	1.400	1.400	1.400	1.400	1.400	1.400	1.400
Street/Storm Drain	0.050	0.050	0.050	0.050	-	-	-	-	-	-
HUD grant	-	-	-	-	-	-	-	-	-	-
Assessment districts	1.200	1.200	1.200	1.200	1.200	1.200	1.200	1.200	-	-
Capital improvements	1.150	1.150	1.150	1.150	1.150	1.175	1.175	-	-	-
AQMD AB 2766	-	-	-	-	-	-	-	-	-	-
Volunteer Services	0.750	0.750	0.750	0.750	-	-	-	-	-	-
General capital financing	0.250	0.250	0.250	0.250	-	-	-	-	-	-
General liability	0.350	0.350	0.350	0.350	0.350	0.350	0.350	0.350	0.400	0.400
Building services	0.850	0.850	0.850	0.850	0.850	0.850	0.850	0.850	0.850	0.850
Housing authority	0.700	0.700	0.700	0.700	0.700	0.700	0.450	0.450	0.100	0.100
Redevelopment/Successor agency	-	-	-	-	-	-	0.650	1.800	0.500	0.500
	<u>38.000</u>	<u>38.000</u>	<u>38.000</u>	<u>38.000</u>	<u>36.000</u>	<u>36.000</u>	<u>34.000</u>	<u>34.000</u>	<u>34.000</u>	<u>34.000</u>

Source: City of Highland.

CITY OF HIGHLAND
Operating Indicators
by Department
Last Ten Fiscal Years

	<u>Fiscal Year</u>									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Police department:										
Calls for service	42,729	42,729	47,283	47,083	46,493	48,187	46,337	48,204	48,314	45,795
Adult Bookings	1,577	1,577	1,377	1,342	1,787	1,344	1,673	1,557	1,726	1,644
Animal control services:										
Calls for service	2,809	2,860	2,488	2,668	3,149	3,076	3,310	3,650	3,914	4,268
Impounds	1,376	1,523	1,170	1,266	1,467	1,453	1,540	1,556	1,792	2,066
Dog licenses issued	1,135	1,113	1,205	1,267	1,501	1,627	1,787	1,968	2,287	2,394
Public works:										
Roadway maintained (miles)	143.47	143.47	143.47	143.35	142.67	142.67	142.67	142.67	142.67	142.50
Planning:										
Applications	290	115	110	62	95	121	130	139	146	190
Building and safety:										
Building permits issued	1,789	1,894	1,208	957	1,263	1,336	1,268	1,389	n/a*	1,154
Administration:										
New business licenses	474	283	503	316	312	343	247	366	973	411
Renewed business licenses	3,379	2,522	2,971	2,973	2,949	2,499	2,219	1,842	1,479	1,520
Parks:										
Number of parks	7	7	7	7	7	7	7	7	7	7
Acreage	37.25	37.25	37.25	37.25	37.25	37.25	37.25	37.25	37.25	37.25

CITY OF HIGHLAND
Capital Asset Statistics
by Function
Last Ten Fiscal Years

	<u>Fiscal Year</u>									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Police:										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	3	3	3	3	3	3	3	3	3	3
Public works:										
Corporation yards	1	1	1	1	1	1	1	1	1	1
Streets (miles)	143.47	143.47	143.47	143.35	142.67	142.67	142.67	142.67	142.67	142.50
Street lights	3,495	3,495	3,495	3,495	3,495	3,495	3,490	3,455	3,455	3,395
Traffic signals	57	57	57	57	57	56	55	54	54	52
Recreation:										
Parks	7	7	7	7	7	7	7	7	7	7
Community centers	1	1	1	1	1	1	1	1	1	1
Athletic centers	1	1	1	1	1	1	1	1	1	1
Libraries	1	1	1	1	1	1	1	1	1	1

Source: City of Highland

THE CITY OF HIGHLAND MISSION AND VALUES

Highland is dedicated to the betterment of the individual, the family, the neighborhood and the community. The City Council and the staff of the City of Highland are dedicated to providing the quality of public facilities and services that its citizens are willing to fund and will do so as efficiently as possible.

This Mission is established to reflect the following beliefs which represent the predominant beliefs of the community. They express what matters most in the conduct of public affairs affecting the citizenry of Highland.

RESPONSIBILITY

Everyone in the community has rights and is responsible for their own actions.

SERVICE

Volunteer service is a valued community resource.

ACCOUNTABILITY

Public resources and finances are to be stewarded carefully and conservatively-we live within our means and will not place huge debts on future generations.

CREATIVITY

Creative solutions are the norm, not the exception.

NEIGHBORHOOD STABILITY

Neighborhood stability and a sense of ownership are to be encouraged and strengthened.

VISION

The community has a vision of the future and how it will get there.

FAMILY

Families are the basic unit of society and the essence of what makes our community. All values should be encouraged at this family level.

Draft Single Audit Report

CITY OF HIGHLAND

**Single Audit Report on
Federal Award Programs**

June 30, 2023

CITY OF HIGHLAND
SINGLE AUDIT REPORT ON FEDERAL AWARD PROGRAMS
Year Ended June 30, 2023

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**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

City Council
City of Highland
Highland, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Highland (City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December __, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December __, 2023

**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on the Schedule
of Expenditures of Federal Awards Required by Uniform Guidance**

City Council
City of Highland
Highland, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Highland's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Highland, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Highland and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal

program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information, of the City of Highland, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December __, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 is fairly stated in all material respects in relation to the basic financial statements as a whole.

December __, 2023

CITY OF HIGHLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal ALN Number	Program Identification Number	Program Expend- itures	Provided to Sub- Recipients
<i>Department of Housing and Urban Development</i>				
CDBG - Entitlement Grants Cluster				
Passed through the County of San Bernardino:				
Community Development Block Grant	14.218	HIGH-21-1-15 Z/1355	\$ 89,335	\$ -
Community Development Block Grant	14.218	HIGH 21-1-02 A/1219	25,000	25,000
Community Development Block Grant	14.218	HIGH 21-2-05 D/2620	12,720	12,720
Community Development Block Grant	14.218	HIGH 21-2-05 Z/2443	13,750	13,750
COVID-19 - Community Development Block Grant	14.218	HIGH 19CV-1-05W/0200	12,824	12,824
COVID-19 - Community Development Block Grant	14.218	HIGH 19CV-1-05W/0202	38,965	38,965
Community Development Block Grant	14.218	HIGH 21-1-03K-0243	200,000	-
Community Development Block Grant	14.218	HIGH 22-1-03K-0264	403,778	-
<i>Total Department of Housing and Urban Development Programs</i>			<u>796,372 *</u>	<u>103,259</u>
<i>Department of the Treasury</i>				
Direct Recipient				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	-	3,105,775 *	-
<i>Total Department of Treasury Programs</i>			<u>3,105,775</u>	<u>-</u>
<i>Department of Homeland Security</i>				
Passed through the San Bernardino Co. Fire Protection District:				
Homeland Security Grant Program	97.067	DHS-20-GPD-067-00-01	11,862	-
<i>Total Department of Homeland Security Programs</i>			<u>11,862</u>	<u>-</u>
<i>Department of Transportation</i>				
Passed through the California Department of Transportation:				
Recreational Trails Program	20.219	RT 36-013 OR ZT 36-057	34,997	-
Highway Planning and Construction Cluster				
Passed through the California Department of Transportation:				
Highway Planning and Construction	20.205	BRLSN 5449 (034)	22,658	-
Highway Planning and Construction	20.205	BR-NBIL 5449 (505)	173,010	-
Highway Planning and Construction	20.205	PNRSL 5449 (033)	27,200	-
Highway Planning and Construction	20.205	SRTS 5449 (040)	15,196	-
<i>Total Highway Planning and Construction Cluster</i>			<u>238,064</u>	<u>-</u>
<i>Total Department of Transportation Programs</i>			<u>273,061</u>	<u>-</u>
<i>Department of Commerce</i>				
Passed through the San Manuel Band of Mission Indians:				
Economic Development Assistance	11.300	EDA 07-01-07415	544,801	-
<i>Total Department of Commerce Programs</i>			<u>544,801</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 4,731,871</u>	<u>\$ 103,259</u>

* = Major Program

CITY OF HIGHLAND
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Highland (the City) under programs of the federal government as well as federal financial assistance passed through other government agencies for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial statements of the City. The City's reporting entity is defined in Note 1 of the notes to the City's financial statements.

2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting for governmental funds and the accrual basis for proprietary funds, which is described in Note 1 of the notes to the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass through entity identifying numbers are presented when available. The City has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

3) Relationship to Other Reports

Amounts reported in the accompanying Schedule agree to the amounts reported within the City's Annual Comprehensive Financial Report and Federal Financial Report.

4) Contingencies

Under the terms of federal and state grants, additional audits may be requested by the grantor agencies, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to a request for reimbursement to the grantor agencies.

5) Subrecipient Expenditures

During the fiscal year ended June 30, 2023, the City made payments to subrecipients which consisted of the following:

Highland Senior Center	\$ 25,000
Central Little League	12,720
YMCA	13,750
Highland Grocery	12,824
Highland Ready Made Food	38,965
Total Subrecipients	<u>\$ 103,259</u>

CITY OF HIGHLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material Weakness(es) Identified? No

Significant Deficiencies Identified not Considered
to be Material Weaknesses? None Reported

Noncompliance Material to Financial Statements Noted? No

Federal Awards

Internal Control Over Major Programs:

Material Weakness(es) Identified? No

Significant Deficiencies Identified not Considered
to be Material Weaknesses? None Reported

Type of Auditor's Report Issued on Compliance for Major Programs: Unmodified

Any Audit Findings Disclosed that are Required to be Reported
in Accordance With Uniform Guidance? No

Identification of Major Programs:

CFDA Numbers	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Recovery Funds
14.218	Community Development Block Grant

Dollar Threshold used to Distinguish Between Type A
And Type B Programs: \$ 750,000

Auditee Qualified as Low-Risk Auditee? Yes

CITY OF HIGHLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no auditor's findings to be reported in accordance with *Government Auditing Standards*.

Draft

CITY OF HIGHLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no auditor's findings to be reported in accordance with *Uniform Guidance*.

Draft

CITY OF HIGHLAND
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no auditor's findings to be reported in accordance with *Government Auditing Standards*.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no auditor's findings to be reported in accordance with the *Uniform Guidance*.

Draft

Draft Internal Control Report

**Independent Auditor's Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

City Council
City of Highland
Highland, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Highland (City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December __, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December __, 2023



Draft Audit Conclusion Letter

December __, 2023

City Council
City of Highland
Highland, California

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Highland (City) for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 1, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of the fair value of investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of investments in determining that it is reasonable in relation to the financial statements as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that they are reasonable in relation to the financial statements as a whole.

Management's estimates for the net pension and total OPEB liabilities are based on actuarial information provided by the California Public Employee Retirement System's (CalPERS) actuarial office, and other sources. We evaluated the key factors and assumptions to develop these liabilities in determining that the estimated liabilities are reasonable in relation to the financial statements as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the fair value of investments in Note 2 to the financial statements represents amounts susceptible to market fluctuation.

The disclosure of accumulated depreciation in Note 4 to the financial statements is based on estimated useful lives which could differ from actual useful lives of each capitalized item.

The disclosures for the net pension and total OPEB liabilities in Notes 5, 7 and 8 to the financial statements are based on assumptions for discount rates, etc., which could differ from actual experience. The notes disclose the differences in these liabilities if different assumptions are used in estimating these liabilities.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December __, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis and other required supplementary information, as listed in the City's financial statements, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information (e.g., budgetary schedules, combining statements, individual fund statements), which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. Such information has 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 it.

Restriction on Use

This information is intended solely for the information and use of the City Council and management of the City of Highland and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Draft Appropriations Limit Report

**INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES
APPLIED TO APPROPRIATIONS LIMIT WORKSHEETS**

City Council
City of Highland
Highland, California

We have performed procedures enumerated below to be the accompanying Appropriations Limit worksheet of the City of Highland, for the year ended June 30, 2023. These procedures, which were agreed to by the City of Highland and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII B of the California Constitution*), were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The City's management is responsible for the Appropriations Limit worksheet. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the completed worksheets and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned documents to those that were selected by a recorded vote of the City Council.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit worksheet, we added last year's limit to total adjustments and agreed the resulting amount to this year's limit.

Finding: No exceptions were noted as a result of our procedures.

3. We agreed the current year information presented in the accompanying Appropriations Limit worksheet to the other documents referenced in #1 above.

Finding: No exceptions were noted as a result of our procedures.

4. We agreed the prior year appropriations limit presented in the accompanying Appropriations Limit worksheet to the prior year appropriations limit adopted by the City Council during the prior year.

Finding: No exceptions were noted as a result of our procedures.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit worksheet. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriations limit for the base year, as defined by the League publication entitled *Article XIII B of the California Constitution*.

This report is intended solely for the use of the City Council and management of the City of Highland and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Van Lant + Fankhaenel, LLP

December __, 2023

CITY OF HIGHLAND
APPROPRIATIONS LIMIT COMPUTATION
2022 - 2023

	<u>2022-23</u>
Change in Per Capita Personal Income	7.55%
Population Change	
City Population Growth	-0.6483%
A. Change in Per Capita Personal Income Converted to a Ratio	1.0755
B. Population Growth Converted to a Ratio	0.993517
Calculation of Growth Factor (A x B)	1.0685275
2021 - 2022 Appropriations Limit	<u>\$ 40,212,353</u>
2022 - 2023 Appropriations Limit (\$40,212,353 x 1.0685275)	<u>\$ 42,967,991</u>

Business Item No. 4

AB 1600 Development Impact Fees Annual Report
Government Code Section 66006
For June 30, 2023

Project #	Title	Balance 6/30/2022	Transfers	Revenues	Interest	GASB 31 Int. Inc. Adj.	Expenditures	Balance 6/30/2023
9700	Law Enforcement Facilities & Equipment	360,633.52	-	26,552.96	9,996.13	(2,167.83)	-	395,014.79
9701	Fire Facilities & Equipment	438,520.85	-	92,950.57	13,721.19	(2,975.67)	-	542,216.94
9702	General Facilities	433,152.74	-	118,716.21	14,247.80	(3,089.88)	-	563,026.88
9703	Parks & Recreation Facilities	536,580.33	-	166,218.34	18,144.41	(3,934.92)	74,162.50 e	642,845.66
9711	Library Facilities	326,073.34	-	104,042.56	11,104.46	(2,408.19)	-	438,812.17
9712	Local Circulation	779,667.36	-	500,220.98	33,043.34	(7,166.01)	618,150.46 f-k	687,615.22
9713	Regional Flood	564,485.09	-	106,002.58	17,310.22	(3,754.01)	-	684,043.88
9714	Public Use Facilities	1,214,165.11	-	129,680.22	34,694.54	(7,524.10)	-	1,371,015.77
9715	Regional Circulation-Del Rosa	312,023.60	-	25,571.86	8,715.83	(1,890.17)	-	344,421.11
9716	Regional Circulation-Base Line	708,987.81	-	58,394.18	19,811.78	(4,296.52)	-	782,897.25
9717	Regional Circulation-Fifth Street	697,146.73	-	57,396.36	19,480.31	(4,224.63)	-	769,798.76
9718	Regional Circulation-Arterials	(35,595.37)	-	569,033.64	13,771.97	(2,986.68)	57,371.21 a-c	486,852.34
9845	SBCTA Agreement 18-1001978	-	-	1,643,961.63	-	-	1,643,961.63 d	-
		<u>6,335,841.10</u>	<u>-</u>	<u>3,598,742.09</u>	<u>214,042.00</u>	<u>(46,418.62)</u>	<u>2,393,645.80</u>	<u>7,708,560.77</u>
								7,708,560.77

Summary of expenditures:

a Project BRG 12-001 Orange Street Bridge	8,368.05
b Project BRG 04-004a Boulder Avenue Bridge	48,543.16
c Project STR 15-002 Boulder Avenue	460.00
d Project ICH 09-001 DIF Agreement 18-1001978	1,643,961.63
e YMCA Skylights	74,162.50
f Project SDR 17-001	7,657.50
g Project SIG 21-002	603,616.67
h Project STR 20-002 Pacific Street Pavement Rehab	6,358.79
i Project STR 20-001 PMP Sector E Rehab	230.00
j Project OLA 20-001	172.50
k Project SDR 19-001	115.00
	<u>2,393,645.80</u>

Business Item No. 5

**Developer In Lieu Fee Annual Report
For June 30, 2023**

Project #	Title	Balance 7/1/2022	Revenues	Interest	GASB 31 Int. Inc. Adj.	Expenditures	Transfers	Balance 6/30/2023
9543	Microfilm	148,777.73	15,564.24	3,769.00	(727.41)	4,000.00 a	-	163,383.56
9647	Street/Trees	317,484.93	8,881.62	7,665.00	(1,479.31)	230.00 b	-	332,322.24
9648	Signals	1,890,279.53	-	44,426.00	(8,574.05)	-	-	1,926,131.48
9650	Bledsoe Creek	5,527.96	-	130.00	(25.08)	-	-	5,632.88
9651	Medians	782,102.79	-	18,381.00	(3,547.51)	-	-	796,936.28
9653	Underground Utilities	551,324.64	36,600.00	13,818.00	(2,666.70)	-	-	599,075.94
9654	Landscaping	16,914.50	-	398.00	(76.72)	-	-	17,235.78
9720	Inclusionary Housing	705,379.03	337,500.00	24,510.00	(4,730.35)	-	-	1,062,658.68
		<u>4,417,791.11</u>	<u>398,545.86</u>	<u>113,097.00</u>	<u>(21,827.13)</u>	<u>4,230.00</u>	<u>-</u>	<u>4,903,376.84</u>
								4,903,376.84

Summary of expenditures:

a Entering documents into laserfische/new scanner.

b Project STR 11-005 Cunningham St to Palm Ave

4,000.00

230.00

4,230.00