

Comprehensive Annual Financial Report



Period Ending December 31, 2008
Town of Highland, Indiana



Comprehensive Annual Financial Report Town of Highland, Indiana



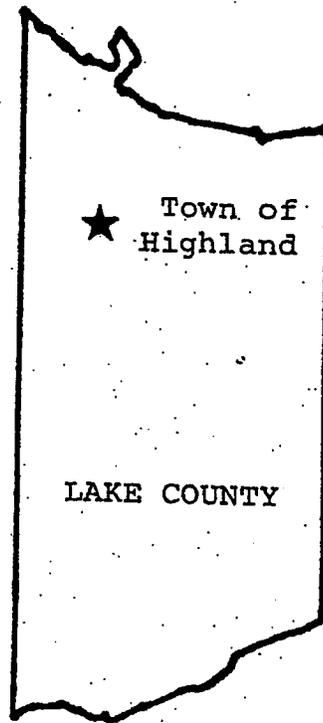
For the Year Ended
December 31, 2008

Prepared by the Office of the Highland Clerk-Treasurer

Michael W. Griffin, IAMC/MMC/CPFA
Clerk-Treasurer

On the Cover. August 22, 2009: Members of the Highland Town Council and the Board of Sanitary Commissioners break ground at the site of the **Homestead Gardens Detention Basin and Storm Sewer Improvement Project**, one of many programs to improve stormwater management and protect resident basements from flooding. Pictured from left to right: Bernie Zemen, First Ward Councilor; Brian Novak, Fourth Ward Councilor; Mark Knesek, Board of Sanitary Commissioners; Dan Vassar, Third Ward Councilor; Robert Johnsen, Board of Sanitary Commissioners; Mark A. Herak, Second Ward Councilor; David Jones, Board of Sanitary Commissioners; Thurm Ferrree, Board of Sanitary Commissioners; Konnie Kuiper, Fifth Ward Councilor; and Rex Burton, Board of Sanitary Commissioners. Not pictured. Town Clerk-Treasurer, Michael W. Griffin.

(Photos courtesy of M. Griffin)



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008
Town of Highland, Indiana**

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INTRODUCTORY SECTION



TOWN OF HIGHLAND

Highland Municipal Building • 3333 Ridge Road

Highland, Indiana 46322

219-838-1080 • Fax 219-972-5097



Population 23,546

Incorporated in
1910

Wednesday, September 30, 2009

Highland Town Council
Town of Highland, Indiana

Dear Members of the Town Council and Citizens of the Town of Highland:

It is with pleasure that I submit this letter as introduction to the Comprehensive Annual Financial Report (CAFR) of the Town of Highland for the year ended December 31, 2008. This report has been prepared following guidelines set by the Government Finance Officers Association (GFOA) of the United States and Canada. As in previous years, this report will be submitted to the GFOA for its review.

The Town of Highland continues to believe in the important public benefits to be derived from the level of disclosure and added accountability attained through comprehensive financial reporting. Part of what we believe sets our Town apart is the Town Council's commitment to sound fiscal growth and support of our clerk-treasurer's efforts to improve the quality of our public reporting and general public stewardship.

This comprehensive report is supported and encouraged by the entire Town Council, the Board of Waterworks Directors, and the Board of Sanitary Commissioners. I am reliably advised how nearly fourteen years ago our clerk-treasurer began to advocate for this form of reporting. I remain very pleased that the proper steps were taken to bring about this level of financial reporting, for what is now our *fourteenth* time. The Town Council and the associated boards and commissions recognize that the commitment by the Clerk-Treasurer to quality reporting and absolute compliance with statutory or regulatory requirements is in large part what makes this CAFR possible. Michael would encourage me to remember the staff in the Office of the Clerk-Treasurer as well as the on-going post-audit work of the Indiana State Board of Accounts for their important contributions as well.

I sincerely believe that this commitment to quality financial reporting benefits our entire community. I hope that after a review of this year's CAFR, you will come to think so too.

Sincerely,


Dan Vassar
Town Council President

TOWN COUNCIL

BERNIE ZEMEN
1st Ward

MARK A. HERAK
2nd Ward

DAN VASSAR
3rd Ward

BRIAN NOVAK
4th Ward

KONNIE KUIPER
5th Ward

JOHN M. BACH
Public Works Director

RHETT TAUBER
Attorney

CLERK - TREASURER

MICHAEL W. GRIFFIN

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TOWN of HIGHLAND
Highland Municipal Building • 3333 Ridge Road • Highland, Indiana 46322-2089
(219) 838-1080 • Utility (219) 972-7589 • Fax: (219) 972-5097



Office of the Clerk-Treasurer

Michael W. Griffin, IAM/CMC/CPFA
Clerk-Treasurer

Kathleen A. Dowling
Deputy Clerk-Treasurer

Staff

Shirley Frankiewicz
Dawn Kovacich
Kelley Hugus
Emmie Daniel
Sylvia Ricketts
Denise Jacobs
Gina Banks

Wednesday, September 30, 2009

Highland Town Council
Dan Vassar, President
Town of Highland, Indiana

Dear Mr. President, Members of the Town Council and Citizens of the Town of Highland:

Formal Transmittal

It is with great pride and sense of accomplishment that I submit the Comprehensive Annual Financial Report (CAFR) of the Town of Highland for the year ended December 31, 2008. As you may know, this is the *fourteenth* presentation of this annual financial report presented under a format that provides a greater degree of detail and disclosure.

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted accounting standards by the Indiana State Board of Accounts. Pursuant to that requirement, the Office of the Clerk-Treasurer hereby issues the comprehensive annual financial report of the **Town of Highland** for the fiscal year ended December 31, 2008.

The report consists of management's representations concerning the finances of the **Town of Highland**. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report.

To provide a reasonable basis for making these representations, management of the **Town of Highland** has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the Town of Highland's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Highland's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, the Office of the Clerk-Treasurer asserts that, to the best of its knowledge and belief, this financial report is complete and reliable in all material respects.

Professional Associations
Government Finance Officers Association
Association of Public Treasurers
International Institute of Municipal Clerks
Indiana League of Municipal Clerks & Treasurers
National Association of Parliamentarians
Indiana Association of Parliamentarians

Pi Alpha Alpha, Member
Master Municipal Clerk
Certified Public Finance Administrator
GFOA Award of Financial Reporting Achievement
IACT Award for Excellence in Municipal Finance

The **Town of Highland's** financial statements have been audited by the Indiana State Board of Accounts, an entity comprised of licensed certified public accountants and established by IC 5-11-1 to review and perform the external audit of governments in Indiana. The goal of the independent audit is to provide reasonable assurance that the financial statements of the **Town of Highland** for the fiscal year ended **December 31, 2008**, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The State Board of Accounts concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the **Town of Highland's** financial statements for the fiscal year ended **December 31, 2008**, are fairly presented in conformity with GAAP. The State Board of Accounts' report is presented as the first component of the financial section of this report.

GAAP requires that the management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment the MD&A and should be read in conjunction with it. The Town of Highland's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Town of Highland provides general governmental services. Police, Emergency Medical Services and Fire Departments provide such public safety services as traffic control, limited criminal investigation, property protection, local law enforcement, ambulance services, fire suppression and fire prevention. Other departments provide additional governmental services such as local code enforcement, planning, zoning, construction inspection, street and road maintenance, infrastructure maintenance and construction, solid waste collection and disposal, recycling, and limited cultural and recreational activities. Under Indiana law, the Highland Town Council also serves as the Works Board for the Town. The governing body for the Town's Water Utility is the Board of Waterworks Directors. In addition, the Board of Sanitary Commissioners is the governing body for the Sewage (Wastewater/Storm water) Utility. The Water Utility and the Sanitary District are reported as enterprise funds depicted as *business activity* of the primary government.

The primary government is governed by and operates under a five (5) member Town Council. The Town Council serves as the legislative and fiscal body of the Town. The five (5) members run from different districts or "wards" but are elected by the voters of the entire town for a term of four (4) years. The Town Executive is the Town Council President who is elected by the Town Council from its membership for a term of one year. As town executive, authority is limited to some appointments to boards and commissions, presiding at meetings of the Town Council, and the revocation of certain licenses issued by the Town. In addition, a Town Clerk-Treasurer is elected by the voters of the whole town for a term of four (4) years. The Clerk-Treasurer serves as the clerk of the legislative body and of the town, as well as the chief fiscal officer of the municipality and its departments.

The annual budget serves as the foundation for the **Town of Highland's** financial planning and control. All departments of the Town of Highland are required to submit requests for appropriation to the Town Council President and the Clerk-Treasurer on a date determined annually. The requests are then compiled and reviewed by the Town Council, the Town Council President and the Clerk-Treasurer. The Town Council is required to hold a pre-adoption hearing and an adoption hearing on the proposed budget. The budget as adopted must be within the property tax controls set forth in IC 6-1.1-18.5. The budget must be adopted no later than September 30 in a given year. (A recent change in law now changed this date to November 1). The appropriated budget is prepared by fund, function and department. The budget then is reviewed by the Indiana Department of Local Government Finance (DLGF) for compliance with IC 6-1.1-17 and the tax controls statute to which I earlier alluded. *In normal years*, the budget approving order is issued by the DLGF no later than February 15 of the year following the adoption by the budgetary body.

Transfers of appropriations between major categories of expense may be made only upon the approval of the Town Council as fiscal body. Transfers between departments require a special hearing published by legal notice just as if an additional appropriation was being sought.

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, the comparison is presented on **pages 69-70** as part of the basic financial statements for the governmental funds. The other major governmental fund, the Parks and Recreation Fund, has this comparison depicted on **page 71**. For governmental funds, other than the general fund with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which begins on **page 75**. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted.

General Description

Highland is one of the "Ridge Communities," so-called because of the high ground that runs east-west through the northern part of the Town. The Ridge was once a beach-front for the receding waters of the Ice Age Lake Chicago. The Town of Highland was incorporated April 4, 1910.

The Town of Highland is essentially a residential community with retail and service establishments and a small cohort of light industry. Although it is important to point out that as of the assessing period for the year 2000, commercial/industrial properties represent the majority of the tax base at approximately 57%, while residential property represents approximately 40% of the tax base. The growth of the Town since the 1930 census can be attributed to the demand for residential sites in an area near the industrialized Calumet Region of northern Lake County. Today, Highland is one of Indiana's larger "towns," as the 8th largest municipality in the county and approximately 30th out of 567 in the state, with a 2000 census population of approximately 23,546.

Commerce and Transportation

The Town of Highland is located in Northwestern Indiana in Lake County, approximately 30 miles southeast of Chicago and 150 miles northwest of Indianapolis. The Tri-State Expressway (Interstate 80/94) is located just north of the Highland town limits. Other routes accessible to Town residents include Interstate 90, U. S. Highways 41 and 6, and State Roads 152 and 912. Interstate 65 is approximately seven miles east of Highland. This close proximity to those major cities and the accessibility to transportation routes have allowed Highland to attract several new retail and commercial establishments as well as new residents from nearby Illinois.

Access to downtown Chicago is facilitated by bus services and the South Shore Railroad. Nearby Gary/Chicago Municipal Airport and the Griffith Airport furnish charter air services. Highland is within approximately sixty miles of O'Hare International Airport and Midway Airport, both located in Chicago.

Education

Public Education is provided by the School Town of Highland, which is a separate and distinct public entity governed by a separately elected Board of School Trustees. The Board is comprised of five (5) persons elected for terms of four (4) years on a staggered basis. The election is non-partisan. The School Town of Highland reported a combined enrollment of 3,454 for the 2007-2008 term. It maintains four (4) elementary school buildings, one (1) middle school, and one (1) high school. The following table indicates enrollment for the 2006-2007 and the preceding fourteen (14) terms:

School Town of Highland

<u>School Year</u>	<u>Enrollment</u>
2006-07	3,447
2005-06	3,451
2004-05	3,416
2003-04	3,382
2002-03	3,340
2001-02	3,306
2000-01	3,233
1999-00	3,250
1998-99	3,232
1997-98	3,258
1996-97	3,219
1995-96	3,279
1994-95	3,207
1993-94	3,195

Private, religious education is also available from three (3) other schools in Highland. Our Lady of Grace School, associated with the Gary Diocese, offers education for grades Kindergarten through Eighth. In the 2007-2008 year, it offered

a pre-K option as well. Highland Christian School, an independently organized school affiliated with the Christian Reformed Church of America, offers education from Kindergarten through Eighth grade. Calvary Christian School offers education Kindergarten through Eighth. *The Calumet Baptist School was an independent school offering grades seventh through twelfth in Highland, but in 2005 moved its facility to nearby Griffith, Indiana.* Its facility is now operated by another association, and it is called Bible Baptist School. A summary of the private school enrollment is set forth in the following table:

	Our Lady of Grace	Highland Christian	Calumet Baptist	Bible Baptist	Calvary Christian
2007-2008	388*	367		60	79
2006-2007	176	343	(closed)		97
2005-2006	176	349	(closed)		88
2004-2005	171	348	23		92
2003-2004	192	345	199		
2002-2003	231	360	200		
2001-2002	230	340	220		
2000-2001	238	355	289		
1999-2000	262	363	314		
1998-1999	273	372	311		
1997-1998	292	424	335		
1996-1997	299	388	335		

* 188 k-8; 200 Pre-schoolers

Cultural and Recreational Survey

The Town of Highland, through its Parks and Recreation Department, governed by a Park and Recreation Board, maintains 22 parks totaling 250 acres. The department also hosts and maintains the 4 mile Cross-Town Bike Trail. Highland's parks offer playground facilities, picnic areas, fishing ponds, tennis courts as well as baseball, softball and soccer fields. The Parks and Recreation Department also operates a year-round community and senior citizens center, Lincoln Community Center, which now features a 36,000 square foot athletic fieldhouse. The department offers arts & crafts programs and various other family activities to area residents. A community band and summer musical theater program is also featured. In addition, the department publishes and distributes three times annually to all Highland residents a program brochure which features most of the programs described.

The Parks and Recreation Department was instrumental in creating the Cooperative Special Recreation Initiative (CRSI). This is a shared effort between local parks and recreation departments to provide recreational opportunities for people with special needs.

Northwest Indiana also is home to the Northwest Indiana Symphony, which plays concerts in the Star Plaza Theater in Merrillville, as well as venues throughout the area, which has included on occasion, Highland's Main Square Park.

Highland is located in the *Lake County Library District*, one of seven Library Districts in Lake County. The Highland Branch is one of the largest branches in the Lake

County Library system. In addition to traditional lending of books, the library also provides many programs for many interests. Reading groups for all ages, business and tax planning seminars, and arts and crafts instruction are among the offerings.

Information Useful in Assessing the Government's Economic Condition

Highland boasts a 60-acre shopping center, Highland Grove, initiated during the summer of 1995. It continues to operate successfully and enjoys nearly full occupancy as of this writing. The shopping center includes national and regional chains such as a Target Store, and a Kohl's Department Store. In addition, there is an Office Max, a Dick's Sporting Goods, a Famous Footwear Shoe Store, a Best Buy and a Borders Book Store.

Retail, commercial and service sectors continue to be prominent in driving local new development in Highland. Forty-eight percent (48%) of employees in Highland work in retail trade. The portion of Highland workers in Accommodation and Food Service is 17.3%. You may wish to review **page 180** in the statistical section and review a summary of the **2002 Economic Census**.

Near the Highland Grove Mall site, a Meijer store is in operation. Meijer is a regional retailer which features the "hyper market" or "hyper store" concept. A hyper market store blends the grocery store with the department and automotive store to form a potentially single stop shopping venue. As previously stated, Meijer's primary building possesses 237,000 square feet of space to be used by a single retailer. In addition, a 4,662 square foot professional office building is located there, housing professional and insurance services. These join a 1950's retro-designed McDonald's Restaurant and a 12,786 square foot, two-story structure established to house a multi-service site for **First Midwest Bank**, a nationally chartered bank. Finally, a **Discount Tire** was recently added to the site. Also complimenting the existing retail, banking and professional development is an Office Depot.

This area has become an impressive commercial, retail and restaurant development in recent years. It is significant to note that while the development which lies east of Indianapolis Boulevard is considered an economic development area, no allocation area (TIF) exists and no special incentives were employed to foster this development.

At the start of 1996, approximately 758 acres, or 21%, of Highland remained undeveloped, although much of the space is the subject of development proposals. At the close of **2007**, the amount of the undeveloped land was reduced greatly. This was largely unchanged in **2008**. Even with so much retail and commercial development, residential development continues to occur as well. *By the close of 2008, building permits were issued for 8 single-family dwellings, 7 Institutional, Commercial or Industrial and 1,494 miscellaneous permits.*

Finally, the continuing presence of three Lake Michigan-based gaming and showboats in the nearby lakeshore communities of Gary, Hammond, and East Chicago continue to provide additional employment and financial opportunities. In fact, all three of these gaming sites, Hammond's *Horseshoe/Harrah's*, Gary's *Majestic*

Star and *Ameristar's East Chicago*, continue to make the list of the area's larger employers.

Donald L. Coffin, Ph.D., an area economist and associate professor of economics at Indiana University Northwest, notes in the *Indiana Business Review, Gary Forecast 2009*, (Winter 2008), that employment in Northwest Indiana grew at an average annual rate of 0.5 percent – a better performance than the .03 percent that had been forecasted. Further, Dr. Coffin observed that contrary to usual performance, the Northwest Indiana economy out performed the national one. National employment “declined by .03 percent in 2007 with decreasing employment each month during 2008.” Dr. Coffin reported the further surprising statistic that the unemployment rate in northwest Indiana increased from 4.5% in September 2007 to 5.5% in September 2008. He further reported that during the same period the U.S. unemployment rate experienced a greater increase, from 4.5% to 6.0%.

Dr. Coffin particularly noted that the construction sector experienced increased employment of 4.2% in 2008. This compared curiously to the overall national decline of 6% in the industry. Further, Dr. Coffin noted that residential building permits continued to decline in the region, falling from 1,782 in 2007 to 869 in 2008, representing a 51% decline.

Dr. Coffin also reported that national employment in iron and steel mills fell by 2.6% from 2007 to 2008. However, during the same period, iron and steel mills employment in Northwest Indiana *increased by nearly 2%*.

Dr. Coffin did not believe that the out performance of Northwest Indiana over the National economy would continue past 2008. He forecast that total establishment employment in Northwest Indiana would fall by perhaps 1.5%, with higher incidences in the construction, manufacturing and finance industries.

Dr. Coffin describes the service-providing sector generally and the health care and social services sectors as well as, hospitals in particular, as likely to continue offering the strongest prospects for growth in employment in Northwest Indiana. He reports that health care accounts for approximately 13% of total employment. He also projected that the hospital and health care / social services sectors would likely experience a 5% increase in employment in 2009. Finally, he forecasted employment declines in all other industries in Northwest Indiana for 2009.

Dr. Coffin projected that labor force growth would “slow to its long-term average of .05 percent per year.” He further projected that the overall unemployment rate should average 7.1 percent in the coming year. In short, the anomalous performance of Northwest Indiana in 2008 was unlikely to extend into 2009.

The Town of Highland, while not insulated from the character of the economy, has been able to maintain operations and manage spending. It is in this context that the Town of Highland continues to enjoy a stable outlook. However, the State Legislature's adoption of HEA 1001, which provides significant property tax relief largely through revenue reduction to civil units of government, and other profound changes to the system of public finance could affect this outlook, beginning in FY 2009 and later.

There was a General Reassessment in our County in FY 2003, which moved the assessment of real property toward a market based system. At reassessment, the metric was values at 1999. In 2007, there was conducted statewide "trending", designed to update market values to the 2005 values for the purposes of property taxation. Not unlike the general reassessment, the recent "trending" created a delay in collections of property taxes. The Indiana General Assembly did pass a law to permit the County Treasurers to issue lawfully binding "provisional tax bills," which at least in part ameliorated the problem of cash and collections for local governments, including the Town of Highland. The settlement of Pay 2006 taxes was made in early January of 2007. Nearly 52% of the final settlement for pay 2007, was not settled until early in FY 2008. Further, nearly 51% of the final tax settlement for FY 2008, was not distributed until the first quarter of 2009. As of this writing, bills for Pay 2009 are delayed but officials are hopeful that full settlement will occur before the end of Fiscal Year 2009.

A key provision in the "property tax reduction" is the adoption of hard tax caps, styled as "circuit breakers", which beginning in FY 2009 would limit the amount of property taxes on homesteads at 1.5%, on other residential and commercial property at 2.5% and all other classes of real property and improvements at 3.5% of the assessed value of the property subject to tax. These percentages are scheduled to change to 1%, 2% and 3% respectively in FY 2010. Further, a statutory reform that directs the State of Indiana to assume the liabilities of the pre-1977, non-actuarial public safety pensions for cities and towns, includes a provision that would "reduce and reset" the maximum levy for all affected units by the amount of "new money" the state provides. This meant for Highland an overall operating levy reduction in the amount of \$274,291. However, nearly all of this amount was equal to that previously committed to the Police Pension Fund, and not available for general expenditures. So, this reduction did not have an immediate impact on the general resources. The economic prospect for Highland, even in the context of the foregoing, is still stable. It is expected that service levels should be maintained but is strained by increases in group health insurance, having increased in FY 2009 by 12%.

Long-Term financial planning. Even with the foregoing tax complications, the Town Council and other boards of the Town continue to explore capital plans, but are circumspect. The Governor appointed a Blue Ribbon Panel, Chaired by the former Governor, Joseph Kernan and the Chief Justice of the Indiana Supreme Court, Randall Shepard, to consider the current tax problem and examine the structure of Indiana government at all levels. The commission submitted its report, but many of its recommendations have yet to be embraced by Indiana General Assembly. (See <http://indianalocalgovreform.iu.edu/recommendations/index.html>).

The Board of Sanitary Commissioners and the Town Council approved debt financing not to exceed \$10 million dollars to support an ambitious program of storm water and wastewater infrastructure improvements. Bonds in three series were sold on August 4, 2009 in the total amount of \$7,640,000. Two of the series were tax exempt and one in the amount of \$4,679,000 were sold as taxable, "Build America Bonds." Authorized by Federal legislation as part of the America Reinvestment and Recovery Act, commonly called the "stimulus package", authorized this form of finance. Although sold as taxable, the net cost of these bonds is highly mitigated by the payment of a 35 percent credit from the United

States Treasury to the issuer. The balance of the authorized amount may be issued later.

The Town Council purchased a second property nearly adjoining the campus of the current Municipal Building, located at 3309 Ridge Road for the amount of \$52,500. Owing to estate issues, the final title to this property is still pending. This was purchased with resources that became available when interest costs on temporary loans were lower than anticipated. In FY 2008, the Town Council purchased the adjoining property located at 3319 Ridge Road, financing with a five-year note, at the purchase price of \$132,500. The note will mature in February 2013 but may be prepaid without penalty. In 2008, the Town Council authorized the disposal of the single-family dwellings that are located on each property. As of this writing, no sale has been scheduled.

It was reported last year that the Park and Recreation Board was developing plans for a reconstruction and retrofit of the Lincoln Community Center, involving code compliance upgrades, entrance redesign and repair and facility modification. After considerable deliberation, the Board elected not to move forward with those plans.

Cash management policies and practices. The Town has for many years followed the policy of paying for goods or services received within 30–45 days of receipt of vendor billing. While investment earnings are reduced by this policy, we believe such a policy reinforces the worthiness of the Town as to its credit integrity and its moral ethos. However, we follow an aggressive policy with respect to projecting cash requirements, keeping temporarily idle funds invested in fully secure investments. The Town, through its Office of the Clerk–Treasurer, has also developed a written investment policy which employs the "most prudent investor" rule. Investments are made pursuant to this policy and Indiana statutes.

Section Five of the Investment Policy reads in pertinent part: "The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the entity's investment risk constraints established by IC 5-13-9 *et seq.* and cash flow needs." It further reads: "the basis used by the Clerk-Treasurer to determine whether market yields are being achieved shall be the ninety (90) days Treasury Bills rate."

For the period just ended. Fixed Market yields are highly correlated to the intended federal funds rate. There were 10 different changes to the federal funds rate by the Board of Governors, as the Open Market Committee responded to the economic downturn. In January, the rate was 3.94%, 31 basis points lower than the rate at the close of 2007. In fact, by December of 2008, the effective Federal funds rate had dropped by 378 basis points, to a rate of .16%. In 2008, the overall economy and the particular recession associated with the financial sector, contributed to lower interest rates and overall lower yields for the year as compared to last. The Town used a combination of interest bearing now accounts, special money market deposit accounts and the LGIP as its principal investment instruments. Certificates of deposit were not used because the yield for the short periods of obligation were insufficient and the term for higher yields were too long for our liquidity needs. *The average 90-day T-bill rate 1.365%* which is the usual benchmark or investment metric. At its *highest average quarter*, the average 90 T-bill rate was 2.04%. At its *lowest average quarter*, the rate was .30%, all evidence of the troubled economy.

The LGIP had a high monthly average percentage yield of 3.23%. Its lowest monthly annual percentage yield was 1.28%. The annualized average rate was 2.44%.

Indiana public investment law remains risk adverse in its orientation. It includes two or less years limits on maturities. Average available cash was comparatively the same in 2008 than in 2007. Investments exceeded the average 90 T-Bill benchmark by 108 basis points, based upon the annualized average yield. All instruments exceeded the 90-Day T-bill rate.

Risk Management. We have been fortunate that our attentiveness to detail, thoroughness, and fairness with respect to policies and issues has resulted in minimal risks related to costs to the Town. We frequently reassess our risk management positions and carriers and have historically involved members of the community with significant knowledge of the area in these assessments. The establishment of a specific Town Council subcommittee that assists with risk management is an example of this policy of involvement. Further, the Town Council has established a formal Risk Management and Safety Committee, which has as its charge the enhancement of safe work practices. Also, the Metropolitan Police Department convenes an Accident Review Board, which evaluates all police related automobile accidents and makes findings and determinations regarding their severity. In short, the Town of Highland has an on-going and meaningful commitment to risk management.

Pension and other post employment benefits. The Town of Highland participates in the Public Employees Retirement Fund (PERF), which is an agent multiple-employer defined benefit pension plan for our full-time non-public safety employees. Indiana law governs the participation. Annually, PERF actuaries determine the employers' contribution as a percentage of covered payroll. In fiscal year 2007, the employer's share of the pension cost was 7.25%. In 2008 the rate was 7.5%. In 2009, it is scheduled to increase to 7.75%. In addition, the pension plan requires and includes an annuity or forced savings account, funded from a contribution of three percent (3%) of covered wages and salaries. Unless the employer by proper legislative action elects to pay this on behalf of the employee, employees are required to contribute this amount. The Town of Highland pays the employee's share.

The Town of Highland participates in two pension plans, governed by Indiana law, for its full-time public safety (law enforcement) employees.

For full-time public safety employees hired by the Town before May 1, 1977, the Town sponsors a single employer defined benefit plan. The plan provides for retirement, disability and death benefits to plan members and beneficiaries. The law governing this pension plan was first enacted in 1925 and is still guided by the then extant understanding of pension savings as a "pay as you go" design. This non-actuarial design has persisted through the years. For some additional understanding of this please see the notes to the Financial Statements, beginning on page 60.

For full-time public safety employees hired by the Town after April 30, 1977, the Town participates in a cost-sharing multiple-employer defined benefit plan. The plan provides for retirement, disability and death benefits to plan members and beneficiaries. For some additional understanding of this plan please see the notes to the Financial Statements, beginning on **page 66**.

Independent Audit. We are very pleased that the Indiana State Board of Accounts has determined that the financial statements of the Town of Highland present fairly, in all material respects, the financial position and results of operations of the various funds and account groups for the year ended December 31, 2008. We continue to appreciate the professional **independence** and dedication to excellence exhibited by the Indiana State Board of Accounts with respect to the town's CAFR preparation and its external audit process.

Awards and Acknowledgements.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a **Certificate of Achievement for Excellence in Financial Reporting** to the **Town of Highland** for its comprehensive annual financial report for the fiscal year ended December 31, 2007. This was the thirteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Town believes its current report continues to meet the Certificate of Achievement Program requirements, and it is being submitted to GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not have been accomplished without the persevering service of the entire staff of the Clerk-Treasurer's Office: Shirley Frankiewicz, Sylvia Ricketts, Kelley Hugus, Emmie Daniel, Dawn Kovacich, Gina Banks and Denise Jacobs. I also wish to thank and acknowledge the Deputy Clerk-Treasurer, Kathleen Dowling, for her particularly special assistance.

It is also appropriate to acknowledge the service of Carol L. Morrison, Deputy Clerk-Treasurer Emeritus, who retired in August of 2008 after twenty-four years service to the Town of Highland, sixteen of which were spent as the Deputy Clerk-Treasurer.

Further, I thank the members of the Town Council, the Board of Waterworks Directors and the Board of Sanitary Commissioners for their support of the development of this **fourteenth** CAFR and their support for enhanced financial reporting.

The Town joins me in expressing particular appreciation for the assistance and cooperation of Charles W. Pride, C.P.A.; Mary Jo Small, C.P.A.; and Cynthia David, C.P.A., all of the Indiana State Board of Accounts, who offer continuing guidance in the preparation of these reports. In addition, the Town joins me in expressing

particular appreciation for the professional industry, assistance and cooperation of Cynthia David, C.P.A., Carla Wenger, C.P.A., Jane Elder, C.P.A., Kelly Wenger and Christine Barriga of the Indiana State Board of Accounts for the timely and thorough completion of their independent audit and their special efforts in the development of this fourteenth CAFR.

I also continue to thank former Dean Dennis Wichelns, Ph.D., interim Dean Sam Flint, Ph.D., the academic leadership, the faculty and the staff of the School of Public and Environmental Affairs at Indiana University Northwest for providing the continuing encouragement to pursue excellence in public service. It is an ideal that is also encouraged and shared by the Government Finance Officers' Association and it informs the work of preparing this and all comprehensive annual financial reports. I also acknowledge the assistance of the Center for Data Collection and Analysis, the Lake County Treasurer, as well as the Director of Finance, in the Office of the Lake County Auditor for data retrieval and additional research.

It is with a deep sense of professional satisfaction and servant-hearted leadership that I submit to the Town leadership and to *the citizens we serve* this 2008 Comprehensive Annual Financial Report for the Town of Highland.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael W. Griffin". The signature is fluid and cursive, with the first name "Michael" and last name "Griffin" clearly distinguishable.

Michael W. Griffin, IAMC/MMC/CPFA
Clerk-Treasurer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Highland
Indiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



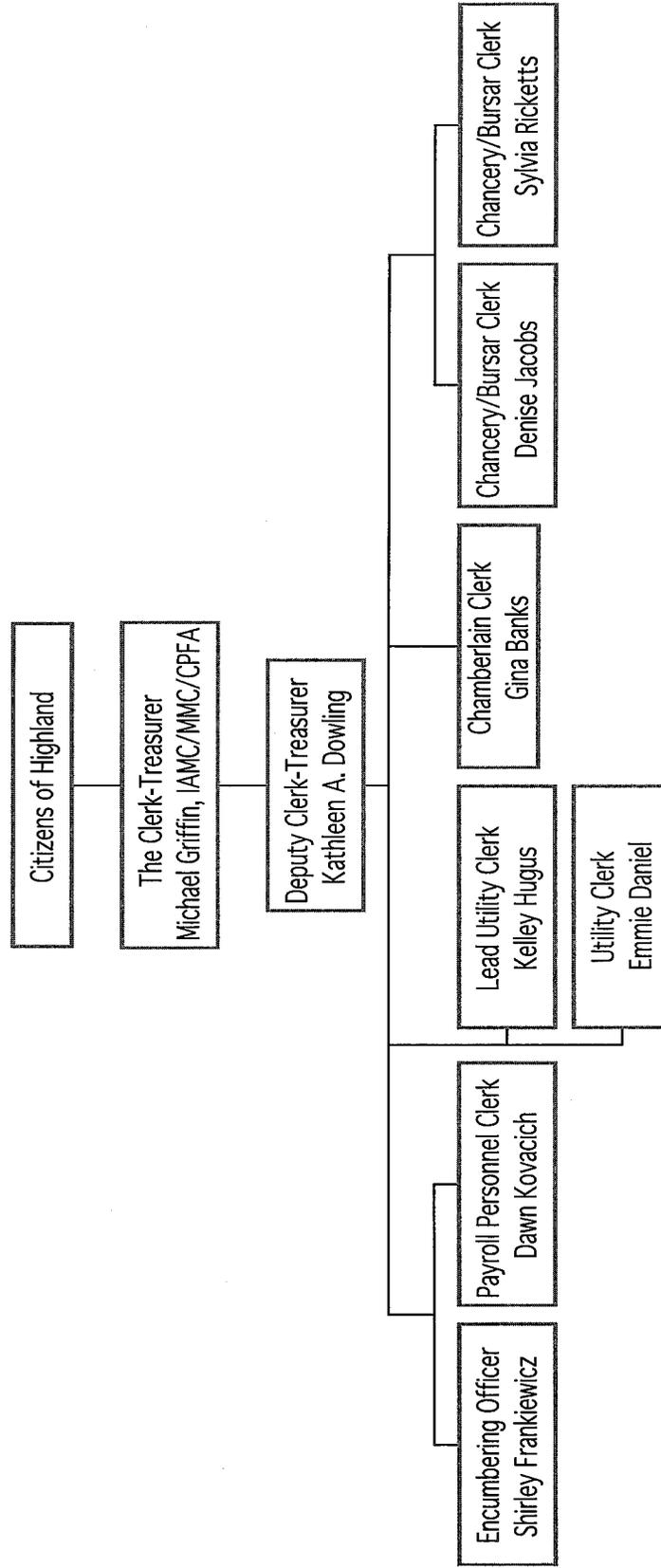
A handwritten signature in black ink, appearing to read "M. L. Post".

President

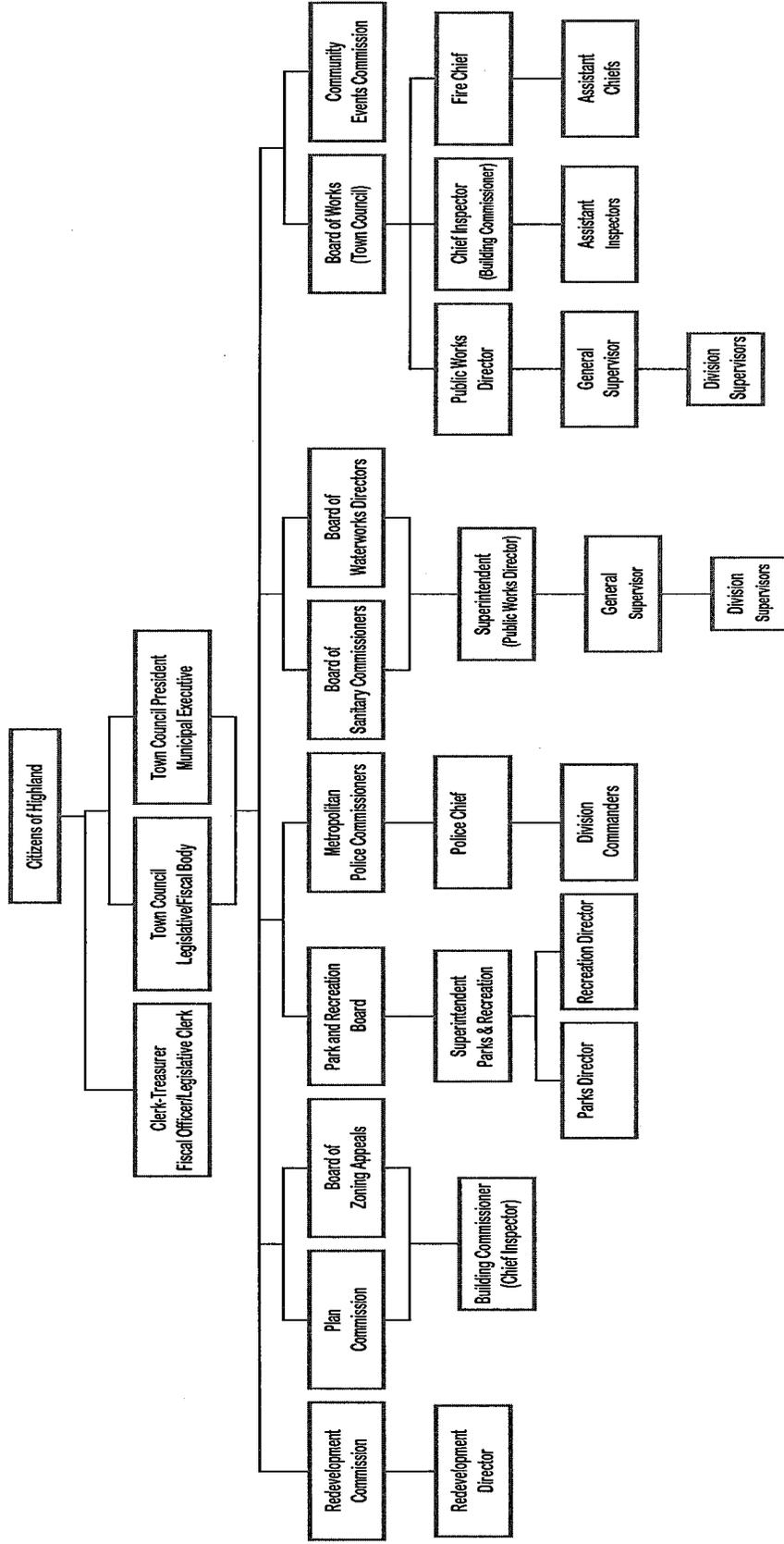
A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

Office of the Town Clerk-Treasurer



Municipal Government of Highland



TOWN of HIGHLAND
LISTING of ELECTED and PRINCIPAL OFFICIALS
at DECEMBER 31, 2008

<u>Elected Officials</u>	<u>Years of Service</u>	<u>Occupation</u>
Bernie Zemen, Town President	2004-2012	Proprietor/Photographer <i>Timeless Images Photography</i>
Konnie Kuiper, Vice President	2008-2012	Funeral Director <i>Kuiper's Funeral Home</i>
Mark A. Herak, Town Councilor <i>2nd Ward</i>	2000-2012 1980-1990	Manager, Procurement <i>G.E. Leasing</i>
Dan Vassar, Town Councilor, <i>3rd Ward</i>	2008-2012	Marketing Manager <i>Weil-McLain</i>
Brian J. Novak, Town Councilor, <i>4th Ward</i>	2008-2012	<i>Railroad Police Officer</i>
Michael W. Griffin, IAMC/MMC/CPFA, Clerk-Treasurer 1992-2012		Chief Fiscal Officer <i>Town of Highland</i>

Attorneys and Consulting Professionals (2008)

Town Attorney:	Rhett Tauber, Tauber Westland & Bennett
Waterworks Board Attorney:	Rhett Tauber, Tauber Westland & Bennett
Plan Commission Attorney:	David Westland, Tauber Westland & Bennett
Metropolitan Police Commission Attorney:	Rhett Tauber, Tauber Westland & Bennett
Board of Sanitary Commissioners Attorney:	Robert Tweedle, Attorney at Law
Municipal Ordinance (Solicitor) Attorney:	David Westland, Tauber Westland & Bennett
Redevelopment Commission:	Carol M. Green-Fraley, Green and Kuchel
Town (Works Board) Engineer:	Terry Hodnik, P.E., NIES Engineering
Plan Commission Engineer:	John Phipps, P.E., NIES Engineering
Waterworks Engineer:	Terry Hodnik, P.E., NIES Engineering
Sanitary District Engineer:	Terry Hodnik, P.E., NIES Engineering

Appointed Department Leadership (2008)

Town Position

John M. Bach	Public Works Director/Utilities Supt.
Peter T. Hojnicky	Metropolitan Police Chief
William R. Timmer, Jr., CFOD	Fire Chief
Alex M. Brown, CPRP	Parks and Recreation Superintendent
Kenneth J. Mika	Building Commissioner/Chief Inspector
Cecile Petro	Redevelopment Director

SENIOR ASSOCIATE STAFF

Office of the Clerk-Treasurer

Kathleen A. Dowling

Deputy Clerk-Treasurer

Department of Public Works

Jack Lannon

General Supervisor

Timothy Gembala

Division Supervisor Water & Sewer

Kevin Huzzie

Division Supervisor Streets & Sanitation

Mike Pipta

Supervisor Facilities

John Mouratides

Supervisor Maintenance

Metropolitan Police Department

Asst. Chief Patrick Vassar

Patrol Division

Cmdr. Ralph Potesta

Criminal Investigations Division

Cmdr. George Georgeff

Administrative Division

Building and Inspection Department

Randy L. Bowman

Associate Inspector - Electrical

John Earnshaw

Associate Inspector - Plumbing

David Jones

Associate Inspector - Code Enforcement

Parks and Recreation Department

Chris Kubisz

Director of Parks

Angela Clark

Director of Recreation

Fire Department

Rodger Lewis

Assistant Chief for Safety

Donald Scheidt

Assistant Chief of Logistics/Planning

Kenneth Mika

Assistant Chief of Operations

Michael Pipta

Assistant Chief of Operations

Fred Wanicki

Assistant Chief of Operations

TOWN COUNCIL and CLERK-TREASURER for 2009

Dan Vassar

President

Brian Novak

Vice President

Bernie Zemen

1st Ward

Mark A. Herak

2nd Ward

Konnie Kuiper

3rd Ward

Michael W. Griffin, IAMC/MMC/CPFA

Clerk-Treasurer

TOWN of HIGHLAND
LISTING of MUNICIPAL BOARDS and COMMISSIONS
at DECEMBER 31, 2008

Municipal Plan Commission

Mario Martini, President	07/01/2008 - First Monday in January 2011
Judith Mayer	06/01/06 - First Monday in January 2009
James K. Slagle	2/11/2008 - First Monday in January 2012
Daniel Grimmer	Legislative Appointment
Bernie Zemen	Legislative Appointment
Dan Vassar	Legislative Appointment
Vacancy	(formerly held by Dan Buksa)

Advisory Board of Zoning Appeals

Joseph Grzymalski	1 st Monday Jan 06 – First Monday January 2010 <i>Executive Appointment – citizen member</i>
Steven W. Wagner	1 st Monday Jan 07 – First Monday January 2011 <i>Executive Appointment – citizen member</i>
Mario Martini	8/22/2007 - First Monday January 2011 (Term co-extensive with Plan Commission term)
David Helms	10/27/2008 - First Monday January 2013 <i>Fiscal Body Appointment</i>
James Slagle	10/27/2008 - First Monday January 2012 <i>Executive Appointment-Coextensive with Plan Commission term</i>

Board of Water Works Directors

Keith Bruxvoort, President	2/11/2008 - First Monday in 2011
George Georgeff	2/11/2008 - First Monday in 2011
Gerald McMahon	02/17/2007 - First Monday in 2010
Philip E. Pena	04/01/2006 – First Monday in 2009
Fred Wanicki	10/27/2008 - First Monday in 2009

Board of Sanitary Commissioners

David Jones, President	01/01/2004 - 12/31/2011
Rex Burton	02/12/2007 - 12/31/2010
Joseph Fraley	01/08/2005 - 12/31/2008
Donal W. Downey	05/23/2005 - 12/31/2008
Jeanne Moseley	01/23/2006 - 12/31/2009

Park and Recreation Board

Dennis Tobin, President	Library Board Appointment
Thomas Arnold	First Monday Jan 2008 - First Monday Jan 2012
Carolyn Turich	First Monday Jan 2005 - First Monday Jan 2009
Carlos O. Aburto	July 1 st 2006 - First Monday Jan 2011
Edward Dabrowski	First Monday Jan 2006 - First Monday Jan 2010
Lawrence Vassar, School Board Appointment	Coextensive with School Board Term

Town Board of Metropolitan Police Commissioners

James DeGraff, Chairman	01/01/2008 - 01/01/2011
James Turoci	01/01/2008 - 01/01/2011
Danny Stombaugh,	02/12/2007 - 01/01/2010
Patricia Van Til	02/13/2006 - 01/01/2009
Mark Roorda	11/10/2009 – 01/01/2010

Redevelopment Commission

Adam Gawlikowski, President	2/25/2008 - First day in Jan 2009 (Legislative appointment)
Dominic Noce	2/25/2008 - First day in Jan 2009 (Executive appointment)
Brice Johnson	2/25/2008 - First day in Jan 2009 (Executive appointment)
Greg Kuzmar	6/9/2008 - First day in Jan 2009 (Executive appointment)
Jim Kessler	2/25/2008 - First day in Jan 2009 (Executive Appointment)
Bernie Zemen	Liaison

Economic Development Commission

Matt Reardon, President	8/14/2006-02/01/2010
George VandeWerken	8/14/2006-02/01/2009
David Beanblossom	2/12/2008-02/01/2012

Lake County Convention and Visitors Bureau Board Member

Mary Rakoczy	07/01/2004 - 06/30/2010
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Northern Indiana Regional Planning Commission Member (NIRPC)

Michael W. Griffin	7/01/03 (Serves at pleasure of executive until recalled)
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Community Events Commission

Karen Biernacki	Term ends 01/01/2009
Patty Dunham	Term ends 01/01/2010
Lisa Gauthier	Term ends 01/01/2010
Shelly Mayden	Term ends 01/01/2009
Laurel Roach	Term ends 01/01/2011
Dawn Wolak	Term ends 01/01/2009
Karen Ziants	Term ends 01/01/2009
Liz Breslin	Term ends 01/01/2010
Rose James	Term ends 01/01/2009
Doreen Kitchell	Term ends 01/01/2009
Shiela Wadkins	Term ends 01/01/2009
John Breslin	Term ends 01/01/2009
Brandon Wolak	Term ends 01/01/2009
Dawn Stevenson	Term ends 01/01/2009
Ellen Jasin	Term ends 01/01/2009
Robert Roach	Term ends 01/01/2009

Board of Trustees of the 1925 Police Pension Fund

Bernie Zemen, President	Co-extensive with Council Presidency
Chief Peter T. Hojnicky	Co-extensive with Service as Chief
Michael W. Griffin, IAMC/MMC/CPFA	Co-extensive with Elected Term
Sgt. Michael O'Donnell	Feb 2007-Feb 2010
Cmdr. George Georgeff	Aug 2006-Feb 2009
Asst. Chief Patrick Vassar	Feb 2008-Feb 2011
Sgt. Timothy Towasnicki	Feb 2007-Feb 2010
Sgt. John Banasiak	Feb 2006-Feb 2009

Notable Related Appointments of Assignments of Elected Officials

Bernie Zemen	Town Executive (I.C. 36-1-2-5-(4); I.C. 36-5-2-2;I.C. 36-5-2-7) Board of Trustees of the Police Pension Fund, Chair Budget Committee Chair Redevelopment Commission, Liaison Insurance Committee, Member
Konnie Kuiper	Town Board of Metropolitan Police Commissioners, Liaison Chamber of Commerce, Liaison
Brian Novak	Board of Waterworks Director, Liaison Fire Department, Liaison Insurance Committee, Member
Mark A. Herak	Advisory Board of Zoning Appeals, Liaison Board of Sanitary Commissioners, Liaison Special Events Advisory Committee, Liaison Park and Recreation Board, Liaison
Dan Vassar	Building and Inspection Department Committee, Liaison
Michael W. Griffin	Indiana League of Municipal Clerks & Treasurers Past State President Education Committee Legislative Committee Parliamentarian Indiana Accredited Municipal Clerk International Institute of Municipal Clerks Master Municipal Clerk (MMC) Association of Public Treasurers of US and Canada Certified Public Finance Administrator (CPFA) American Society for Public Administration Past President, Northwest Indiana Chapter <i>Honorary</i> Field Examiner, Indiana State Board of Accounts Pi, Alpha, Alpha Public Administration Academic Fraternity Board of Economists, The Times Adjunct Instructor Indiana University (NW) School of Public & Environmental Affairs CATV Committee/Gaming Consortium Representative

Town of Highland
Elected Officers and Key Department Officials Wage and Salary 2008

Office of the Town Council (Elected)

Meets 2nd & 4th Mondays at 7:00 p.m.

* Elected officials serve for a term of four years commencing noon January 1, 2008 through before noon January 1, 2012 and until a successor is elected and qualified.

1st Ward Council

Bernie Zemen *Town Council President*
Salary: \$1,236 per month / \$14,832 annually (D) -- 1/1/2008 - 01/01/12*
\$10.00 per month Longevity

2nd Ward Council

Mark A. Herak (HFC) -1/1/2008 - 01/01/12*
Salary: \$1,234 per month / \$14,808 annually
\$70 per month Longevity

3rd Ward Council

Dan Vassar (HFC) -- 1/1/2008 - 01/01/12*
Salary: \$ 1,164 per month / \$13,968 annually

4th Ward Council

Brian J. Novak (D) -- 1/1/2008 - 01/01/12*
Salary: \$1,164 per month/\$13,968 annually

5th Ward Council

Konnie Kuiper (HFC)—1/1/08 - 01/01/12*
Salary: \$1,164 per month/\$13,968 annually

Office of the Town Clerk-Treasurer

Clerk-Treasurer (Elected)

Michael W. Griffin, IAMC/MMC/CPFA (D) -- 1/1/2004 - 01/01/08*
Salary: \$2,411.54 bi-weekly / \$ 62,700.04 annually
Waived longevity

Deputy Clerk-Treasurer (Appointed)

Kathleen A. Dowling
Salary: \$1,468.12 bi-weekly / \$ 38,171.12 annual base pay

Metropolitan Police Department

Metropolitan Police Chief

Peter T. Hojnicky
Salary: \$ 2,675.13 bi-weekly / \$ 69,553.38 annual base pay
plus longevity of \$1,206.40 plus Clothing \$950 plus car = \$71,709.78

Public Works Department

Public Works Director Superintendent of Sanitary District & Waterworks

John M. Bach
Salary: \$ 2,809.34 bi-weekly / \$ 73,042.84 annual base pay
plus longevity of \$ 1,206.40 no car = \$ 74,249.24

Building and Inspection Department

Chief Inspector/Building Commissioner

Kenneth Mika
Salary: \$ 2,225.12 bi-weekly \$57,853.12 annual base pay
plus longevity of \$1,040.00 = \$58,893.12

Fire Department

Fire Chief

William R. Timmer, Jr., CFOD

Salary: \$ 2,126.75 bi-weekly \$ 55,295.50 annual base pay
plus longevity of \$499.20
plus clothing \$ 950 plus car = \$ 56,744.70

Assistant Fire Chief for Safety

Rodger Lewis

Salary: \$1,500 annually
plus \$12.25 hourly for Training and Fire Calls
plus \$200.00 annually for Auto and Clothing

Assistant Fire Chief for Logistics and Planning

Donald Scheidt

Salary: \$1,200 annually
plus \$12.25 hourly for Training and Fire Calls
plus \$200.00 annually for Auto and Clothing

Assistant Fire Ground Operations Chief

Ken Mika

Salary: \$1,200 annually
plus \$12.25 hourly for Training and Fire Calls
plus \$200.00 annually for Auto and Clothing

Assistant Fire Ground Operations Chief

Michael Pipta

Salary: \$1,200 annually
plus \$12.25 hourly for Training and Fire Calls
plus \$200.00 annually for Auto and Clothing

Assistant Fire Ground Operations Chief

Fred Wanicki

Salary: \$1200 annually
plus \$12.25 hourly for Training and Fire Calls
plus \$200.00 annually for Auto and Clothing

Parks and Recreation Department

Parks & Recreation Superintendent

Alex M. Brown, CPRP

Salary: \$ 2,399.33 bi-weekly = \$ 62,382.58 annual base pay
plus longevity \$499.20 no car = \$ 62,881.78

Redevelopment Department

Redevelopment Director

Cecile Petro

Salary: 1,764.24 bi-weekly = \$45,870.24 annual base pay

Municipal Boards and Commissions

Municipal Plan Commission

Meets 3rd Wednesdays at 7:00 p.m.

(1) President's Salary:	\$50 per month/\$600 annually
(3) Citizen Member's Salary:	\$40 per month/\$480 annually
(3) Legislative Appointees:	No additional salary

Advisory Board of Zoning Appeals

Meets 4th Wednesdays at 7:00 p.m.

(1) President's Salary:	\$50 per month/\$600 annually
(3) Citizen Member's Salary:	\$40 per month/\$480 annually
(1) Plan Commission Appointee:	\$40 per month/\$480 annually

Park and Recreation Board

Meets 3rd Thursdays at 7:00 p.m.

(1) President's Salary:	\$50 per month/\$600 annually
(3) Citizen Member's Salary:	\$40 per month/\$480 annually
(1) School Board Appointee:	Fixed and paid by School Board

Town Board of Metropolitan Police Commissioners

Meets 2nd Thursday at 7:00 p.m.

(1) Chairman's Salary:	\$50 per month/\$600 annually
(4) Other Member's Salary:	\$40 per month/\$480 annually

Redevelopment Commission

Meets 2nd Wednesday at 7:00 p.m.

(1) President's Salary:	\$50 per month/\$600 annually
(4) Other Member's Salary:	\$40 per month/\$480 annually

Community Events Commission

Meets 4th Tuesday at 7:00 p.m.

(1) President's Salary:	\$0 per month/\$0 annually
(22) Other Member's Salary:	\$0 per month/\$0 annually

Waterworks Board of Directors

Meets 4th Thursday at 7:30 p.m.

(1) President's Salary:	\$50 per month/\$600 annually
(4) Other Member's Salary:	\$40 per month/\$480 annually

Board of Sanitary Commissioners

Meets 3rd Tuesday at 7:00 p.m.

(1) President Salary:	\$183.75 per month/\$2,205 annually*
(4) Other Member's Salary:	\$157.50 per month/\$1,890 annually*

* Compensation for these Sanitary Commissioners is fixed by Indiana State Law to be a minimum of \$600 annually during non-construction and \$3,600 annually during construction. By special agreement and consent current members serve for less than the entitled statutory minimum.

Traffic Safety Commission

Meets 1st Wednesdays at 2:00 p.m.

(1) President's Salary:	\$0 per month/\$0 annually
(5) Other Member's Salary:	\$0 per month/\$0 annually

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Overview of Highland Municipal Government

The original plat of survey was for approximately five square miles. Presently, the Town boasts 6.9 square miles.

The Town's form of government is a Town Council, which possesses the legislative and administrative authority for the civil town. It also serves as the Board of Works for the Town. The Town Council President serves as the Town executive.

The five-member **Town Council** is elected by voters of the whole town and serve for a term of four years. The Town Council is the fiscal body as well as the legislative body of the town. A **president** is elected by the members of the council from its membership. By ordinance, that office is for a term of one-year and until a successor is elected and qualified. The president presides at meetings of the Town Council and makes appointments when law indicates that the municipal executive is authorized to do so. Under Indiana law, the Town Council President is also the municipal executive. However, Town executive powers are highly circumscribed as compared to those conferred on city executives.

In addition, the voters of the whole Town elect a **Clerk-Treasurer** who serves for a term of four years. The Clerk-Treasurer is clerk of the legislative body, custodian of the town seal, and chief fiscal officer of the civil town and its executive Departments (including the Sanitary District/Public Sanitation Department, Water Works District/Department, and the Parks and Recreation Department).

Sanitary District and Sewage Works

The current Sanitary District Board of Commissioners and Department of Public Sanitation has its antecedent in the Town Board of Trustees, which under the then effective law entitled *An Act Concerning Municipal Corporations*, passed by the Indiana General Assembly, March 6th, 1905, served as a Board of Works. Sewer Extensions and Improvements were executed by the Town Board of Trustees under declaratory resolutions acting in a governance model similar to the commissioner form. Later, the Town Board of Trustees, as it was then called, passed Ordinance 586 on July 21, 1969, creating a Department of public sanitation under a superintendent and managed by a board of sanitary commissioners.

In 1969, the Indiana General Assembly passed legislation which was part of its general revision of the earlier passed acts regarding sanitation districts statutes originally passed in March of 1917. Following some amendments in 1951 and 1969, the legislation provided that Indiana municipalities operating in counties having a population greater than 400,000 but less than 700,000, meaning Lake County, and each second class city by ordinance could establish and operate a municipal Department of Public Sanitation by forming such departments as executive departments of the municipality under the direction of a Board of Sanitary Commissioners.

On July 21, 1969, the Town of Highland passed the enabling Ordinance 586, which organized and established the department pursuant to IC 36-9-25 *et sequitur*. The ordinance essentially organized the department of public sanitation under a three member Board of Sanitary Commissioners appointed by the municipal executive for a term of four (4) years. Later, legislation permitted up to five (5) members.

The Board of Sanitary Commissioners, as currently constituted, is a five (5) member panel, all of whom are appointed by the municipal executive for a term of four (4) years. No more than three (3) of whom may be of the same political party. The Department's executive is a Superintendent of Sanitary District, appointed on the basis of his training or fitness to administer the utility to which he is assigned, who is the Public Works Director by virtue of his office .

In addition to managing the sewage works and having concurrent jurisdiction with the Board of Works, the Board of Sanitary Commissioners has jurisdiction over a special taxing district referred to as the Sanitary District, which is coterminous with the corporate boundaries of the Municipality. In addition, it is empowered to issue bonds and incur bonded indebtedness not to exceed twelve percent (12%) of the net assessed valuation of the jurisdiction.

Department of Water Works and Water Works District

The current Water Works Board of Directors and Department of Water Works had its antecedent in the Highland Water & Power Company, which provided under a lease and service contract potable water to the Town, May 1, 1912. Later, the Town Board of Trustees, as it was then called, passed Ordinance 262 on December 20, 1932, creating a water department under a superintendent and managed by a water board which was two members of the Town Board of Trustees and the Town Marshall.

On January 17, 1972, the Town Board of Trustees passed Ordinance No. 544 which re-established the Department of Water Works as an executive department and provided its management by a Board of Waterworks, which was the Town Board of Trustees convened for that purpose.

In 1982, the Indiana General Assembly passed the legislation which was part of its general revision of the earlier passed so-called "home rule" statutes. Following some amendments in 1983 and 1984, the legislation provided that Indiana Municipalities operating municipal water works under authorizing legislation in effect prior to January 1, 1982, or those that would thereafter establish and operate a municipal water works would do so by forming Water Works Departments as executive departments of the municipality under the direction of a Water Works Board of Directors. On March 28, 1993, the Town of Highland passed the enabling Ordinance No. 892, which organized and established the Water Works Board of Directors pursuant to IC 8-1.5-4-1 *et sequitur*. The ordinance essentially organized the Department of Water Works under a five (5) member board of directors appointed by the municipal executive for a term of (1) one year. The original ordinance provided that the members would be citizens of the community. Ordinance 892(a) passed January 14, 1985, amended the organizing ordinance to permit two (2) of the five (5) directors to be appointed from the membership of the Town Board of Trustees (Town Council).

The Water Works Board of Directors as currently constituted is a five (5) member panel, all of whom are appointed by the municipal executive for a term of one year. No more than three (3) may be of the same political party. The department's administrator is a Superintendent of Waterworks, appointed on the basis of his training or fitness to administer the utility to which he is assigned, who is the Public Works Director by virtue of his office.

In addition to managing the revenue for the Water Works, the Water Works Board of Directors has jurisdiction over a special taxing district referred to as the Water Works District, which is coterminous with the corporate boundaries of the Municipality. In addition, it is empowered to issue special taxing district bonds and incur bonded indebtedness not to exceed eight percent (8%) of the net assessed valuation of the jurisdiction.

Parks and Recreation Department

The current Park and Recreation Board and Department has its antecedent in the Highland Recreation Commission, originally formed in 1947. It consisted of volunteers who would develop a plan for play and programmed activity for the playgrounds of the schools and the Town.

In 1965, the Indiana General Assembly passed the Indiana Parks and Recreation Law, revising the 1955 State Statute, which authorized cities and towns to form Parks and Recreation Departments as executive departments of the municipality under the direction of a Park and Recreation Board. December 5, 1966, the Town of Highland passed the enabling Ordinance No. 532, which organized and established the Park and Recreation Board. The first full-time department administrator was hired in 1972. The first recreation associate was hired in 1978. The Parks and Recreation Department remains organized under the state statute as amended.

The Park and Recreation Board, as currently constituted, is a five (5) member panel, four (4) of whom are appointed by the municipal executive for a term of four (4) years on the basis of their interest in and knowledge of parks and recreation. No more than three (3) may be of the same political party. The fifth member is appointed by the School Board from its membership for a term no longer than the term enjoyed as a School Board trustee. The department's executive is a Superintendent of Parks and Recreation who is appointed based upon training or education in the field of parks and recreation.

Department of Public Works

The first executive department of the municipality, the Public Works Department, really operates as a agency entity, administering what functions of a street and solid waste management department, a water department and a waste/storm water department. The agency head, the public works director, has responsibility for general street and road as well as general infrastructure maintenance. In addition, it manages the Town's Solid Waste management program, which includes weekly solid waste collection, recycling, leaf collection and on-demand branch collection. Employees share time accounted for among the street and sanitation organization as well as, the two utilities. The public work force is presently numbered up to 35. At anytime, there may be one-third deployed in service to the Water Works or the Sewage Works/Sanitary District. While sharing financing and administrative responsibilities with the Board of Sanitary Commissioners and the Board of Waterworks Directors, the appointment of the department head is vested in the Town Council, which pursuant to IC 36-1-1-24(3) is also the Works Board for the municipality.

Fire and EMS Department

The Highland Fire/EMS Department, while sometimes styled as a "volunteer department" is actually a *paid-on-call* department, whose firefighters are "part-time" employees of the Town under the direction of a full-time Fire Chief. The Highland Fire Department is organized to save lives, suppress and control fires, provide services, such as EMS, hazardous materials recognition and response, fire prevention, and otherwise provide customer service activities as deemed in the best interest of the citizens of our community and the Fire Department. The Fire Department is made up of 35 active paid on call firefighters, 17 reserve members, all of whom are members of the Highland Firefighters Association, and the Fire Chief serves as head of the department. The department is under the direct supervision of the Town Council.

Building and Inspection Department

This department, which also serves as the support staff for the Plan Commission and the Advisory Board of Zoning Appeals, has authority for the administration and enforcement of the zoning, land use and building codes of the municipality. The department head, who is the Building Commissioner/Chief Inspector, is appointed by the Town Council. The department head acts as the lead administrator for the Plan Commission and the Board of Zoning Appeals.

Municipal Plan Commission and the Advisory Board of Zoning Appeals

The Municipal Plan Commission for the Town of Highland had its antecedents in an original plan commission established by the Town Board of Trustees by an ordinance passed on July 21, 1925. The original ordinance is referred to in a later Ordinance No. 372 passed June 16, 1953, which enacted a new Master Zoning Ordinance and established a plan commission pursuant to provisions in the Acts of the Indiana General Assembly of 1947. Ordinance No. 466, passed November 19, 1962, amended the local Zoning Ordinance and provided for the creation of a Board of Zoning Appeals pursuant to state law, as well.

The present day Master Zoning Ordinance, as amended from time to time, is the Comprehensive Master Zoning Ordinance No. 707 of the Town of Highland, passed by the Town Board of Trustees in 1975 to be effective in 1976. The provisions for planning and development are generally set forth in the Highland Municipal Code, Chapter 15.

The current Municipal Plan Commission for the Town of Highland is organized pursuant to provisions set forth in the Indiana Code Title 36-7-4-202. Since Highland's form of government is a "town", the provisions under the state planning law pertaining to (Advisory) plan commissions governs. So, as a Town Municipal (Advisory) plan commission, Highland's Municipal Plan Commission is organized as a seven member panel with four citizen members appointed by the municipal executive for a term of four years (IC 36-7-4-207(b)(2)). No more than two of the citizen members may be of the same political party. The terms pursuant to statute are from the first Monday in January to the first Monday in January four years following. Three members of the commission are legislative appointments who shall be either elected or appointed officials of the municipality or municipal employees.

The Plan Commission has a number of duties and powers set forth in the statute. Some of these are as follows:

- (1) Supervise and make rules for the administration of the affairs of the commission (in the case of an advisory plan commission).
- (2) Prescribe uniform rules pertaining to investigations and hearings;
- (3) Keep a complete record of all the departmental proceedings;
- (4) Record and file all bonds and contracts and assume responsibility for the custody and preservation for all papers and documents of the commission (in the case of an advisory commission);
- (5) Prepare, publish, and distribute reports, ordinances and other material relating to the activities authorized under this chapter (Title 36 Article 4, Chapter 4.);
- (6) Adopt a seal;
- (7) Certify to all official acts.

The Plan Commission has a "hearing and rulemaking" methodology. Planning matters must be acted upon at the Plan Commission level with subsequent action by the legislative body (Town Council) within a time certain. These procedures are generally outlined in IC 36-7-4-600 and in Rules and Procedures of the Highland Plan Commission.

The Advisory Board of Zoning Appeals is a quasi-judicial body that grants variances from the Zoning Laws upon a petitioner's establishment of "hardship" or some other necessary condition. This board does **not** amend the Zoning Ordinance. Rather, within the confines of and as set forth in the zoning ordinance, it grants permission to vary from particular rules of a given use. The establishment and general provisions of the Advisory Board of Zoning Appeals are set forth in IC 36-7-4-900 et seq.

In most counties, the decisions to grant variances by boards of zoning appeals are the final subject to the usual appeals to a court. However, owing to "special legislation," such boards in Lake County are reviewed. So, use variances, special exceptions, and special uses must be presented to the legislative body for its consideration (See IC 36-7-4-918.6). The legislative body may act to confirm, deny or take no action at all. There are a number of variances that are set forth in the zoning ordinance. These may be found in the Appendix B of the Highland Municipal Code.

The Advisory Board of Zoning Appeals is organized pursuant to law as a five (5) member panel. The composition and authority for appointment are as follows:

The Municipal Executive appoints 3 citizen members - 1 must be a plan commission member; 2 must not be members;

I.C. 36-7-4-902(a)(1)

The Municipal Fiscal Body appoints 1 citizen member who must not be a plan commission member;

I.C. 36-7-4-902(a)(2)

The Plan Commission appoints 1 member who must be a plan commission member other than the one appointed by the municipal executive;

I.C. 36-7-4-902(a)(3).

Highland Board of Metropolitan Police Commissioners • Metropolitan Department of Police

The current Department of Police had its antecedent in the office of Town Marshal, which is the first form of public safety service delivery for all incorporating Towns in Indiana. Highland elected its Town Marshal from 1910 until 1915. Beginning in 1916 (and for all Indiana Towns that still use the Marshal system), the Town Marshal became a legislatively appointed post. Indiana Statutes governing city forms of government require the use of police departments. Towns, while not required to do so, may form by local ordinance pursuant to Indiana Law (IC 36-8-9 et seq.) a Town Board of Metropolitan Police Commissioners, which abolishes the Marshal system, replacing it with a Metropolitan Police Department, requiring participation in a special law enforcement pension system and providing for the direct governance of the Police Department by a Town Board of Metropolitan Police Commissioners.

Following a required referendum of the community submitted to the voters on November 8, 1955 with a vote of 958 voting yes and 573 voting no, the Town Board abolished the office of Town

Marshal. On December 6, 1955, Ordinance No. 400 was passed establishing the Town Board of Metropolitan Police Commissioners as a three (3) member panel to be appointed by the Board of Trustees. In 1983, the legislative body passed Ordinance No. 893, providing for the appointment of two additional Police Commissioners, bringing the number to five (5) members. Each member serves for a term of three (3) years and at the pleasure of the appointing authority. Commissioners receive an annual salary paid monthly.

The Metropolitan Board of Police Commissioners is charged with the management and administration of the Department of Police. It is the appointment authority for the Department, appointing its civilian and sworn members subject to approval of qualifications by the Town Council. It also names the Chief, subject to the approval of qualifications as determined by the Town Board of Metropolitan Police Commissioners and approved by the Town Council. Once hired, decisions to promote and demote are the province of the Town Board of Metropolitan Police Commissioners, as by law, it is the Safety Board for the purposes of discipline. Further, the Town Board of Metropolitan Police Commissioners is charged with forming and promulgating general rules and regulations for the government and discipline of the Police Department and may make special and general orders to the Department through the Police Chief, who is defined at law as the "executive head of the department" (IC 36-8-9-4(d).) Appropriation and budgetary authority remains with the Town Council as the unit's fiscal body.

Redevelopment Commission and Department of Redevelopment

The statutory authority (enabling authority), providing for the establishment of Municipal Redevelopment Commissions, is generally set out in Indiana Code Title 36, Article 7, Chapter 14. In that chapter, general economic development and planning powers are spelled out for local units that adopt the statute through local ordinance. The Town of Highland, through its Town Council, passed Ordinance No. 946, establishing a Department of Redevelopment and providing for a Redevelopment Commission on January 22, 1990. The Redevelopment Commission is composed of five (5) members, three (3) of whom are appointed by the municipal executive and two (2) of whom are appointed by the municipal legislative body for a term of one (1) year. All of the territory within the corporate boundaries of the Town is also a special taxing district for the purpose of levying special benefit taxes for redevelopment purposes.

The Redevelopment Commission may levy a special benefit tax for two purposes. One is to carry out the operational purposes of the Commission (Confer specifically, IC 36-7-14-28). This special tax would provide funds, in part, to carry out the duties and objectives set forth generally in IC 36-7-14-11 and 36-7-14-12.2. It also would be levied to carryout specific duties set forth in IC 36-7-14-28, which are particularly:

- (1) the payment in whole or in part of planning and survey costs;
- (2) the costs of property acquisition and redevelopment;
- (3) the payment of all general expenses of the department of redevelopment.

In addition, the Redevelopment Commission may levy a tax in support of the payment on debt service (principal and interest) for any bonds sold pursuant to its authority under section 27 of the chapter. This tax may also be levied to partially support repayment of debt service issued as part of an allocation (TIF) district. Also, the Redevelopment Commission may establish allocation areas in support of the sale of Tax Increment Finance (TIF) Bonds in furtherance of its authority to dispose of blight or to carry out its authority for economic development.

Community Events Commission

It was the desire of the Town Council of the Town of Highland to establish an entity to ensure the successful planning and administration of annual events celebrating various civic holidays important to the community particularly including the anniversary of the Nation's independence. This entity actually had its origins back in 1976 when the communities throughout the Nation were encouraged to take special steps to mark the Nation's 200th Anniversary of Independence, which would officially take place July 4, 1976. The Town of Highland responded by establishing its first festival administering body, which was called the Highland Bicentennial Commission.

Its work was so well executed and the festival planning concept so well received, that at the conclusion of the Bicentennial observance, the Highland Bicentennial Commission was reformulated as Highland Commemorative Council. Later, a companion committee was also established formed in part from the Commemorative Council, called the Highland Diamond Jubilee Committee, which was established to plan and implement events to mark the Seventy-Fifth Anniversary of the Town of Highland's Incorporation, which would officially occur on April 4, 1985.

At the conclusion of the Diamond Jubilee Year, the Town Council reformulated the group once again to its current formulation as the Highland Council of Community Events. In 1999, The Town Council re-established the commission according to the provisions of the Home Rule Statute (IC 36-1-3 et seq.) adopting Ordinance No. 1112. Later, the Council of Community Events was dissolved by action of the Town Council and reconstituted as the Park Advisory Council of Community Events. Later, the Town Council amended the Highland Municipal Code, adopting Ordinance No.1335 on November 27, 2006 to be effective January 1, 2007. The Special Events Advisory Committee was recomposed to be a body of 7, with three appointed by the Town Council President and four appointed by the Town Council. In April 2008, the Town Council amended the Municipal Code again, adopting Ordinance No. 1385, which reconfigured the committee to be a body of 11 persons, with various appointment authorities, now renamed the Special Events Advisory Commission. Finally, the ordinance was amended still again, where the structure was fixed under its current iteration and the body was re-named the *Community Events Commission, a body of 16 persons*.

The general purpose of the Community Events Commission is to advise and assist with the planning and execution of special events within the Town of Highland. Section § 32.42 of the Highland Municipal Code sets forth its specific duties.

FINANCIAL SECTION



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF HIGHLAND, LAKE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Highland (Town), as of and for the year ended December 31, 2008, which collectively comprise the Town's basic financial statements. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements as listed in the Table of Contents. We did not audit the financial statements of the Parks and Recreation Building Corporation, a blended component unit, which statements reflect total assets constituting three percent and revenues constituting less than one percent of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Parks and Recreation Building Corporation is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States.

The Management's Discussion and Analysis, Schedules of Funding Progress, Schedule of Contributions from the Employer and Other Contributing Entities and Budgetary Comparison Schedules, as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 19, 2009

Management's Discussion and Analysis

As management of the TOWN of HIGHLAND, the proper officers of the Town offer readers of the TOWN of HIGHLAND'S financial statements this narrative overview and analysis of the financial activities of the TOWN of HIGHLAND for the fiscal year ended **December 31, 2008**. The proper officers of the Town encourage readers to consider the information presented here in conjunction with additional information that the proper officers have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets of the TOWN of HIGHLAND exceeded its liabilities at the close of the most recent fiscal year by **\$38,484,525** (*net assets*). Of this amount, **(-\$1,787,929)** (*unrestricted net assets*) may be used to meet the government's on-going obligations to citizens and creditors. (*This debit balance in unrestricted net assets is attributable to an unusual net pension obligation that is from a 1925 law, which provides for a non-actuarial plan. While accounting standards hold that this obligation is one for the entire Town, it should be noted that there is a dedicated Trust Fund, the Police Pension Fund, which is where the actual obligation is maintained. Adjusted for the Net Pension Obligation, Highland's unrestricted net assets would be \$3,547,586.*)
- The government's total net assets increased by **\$274,316** in FY 2008. Allowing for a prior period adjustment to the net assets at end of FY 2007, this increase represents an increase of \$532,589 in total net assets related to governmental activities and a *decrease* of \$258,273 in total net assets in business type activities. This increase is attributable to a slight positive net income in total activities of the primary government, with revenues totaling \$20,693,298 and expenses totaling \$20,418,982.
- As of the close of the current fiscal year, the TOWN OF HIGHLAND'S governmental funds reported combined ending fund balances of **\$8,265,784**, an increase amounting to \$1,092,530 over the prior year. This increase is attributable to unspent balance remaining in the Corporation Capital Fund, representing the remaining proceeds of the Municipal Bonds of 2008, a general obligation bond supporting local road and street construction. However, of the combined ending fund balances, the amount of \$8,090,300 is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was **\$1,446,835** or 19% of total general fund expenditures.
- The TOWN OF HIGHLAND'S total long-term debt increased by a net of **\$482,566** (4%) during the current fiscal year. The key factor in this increase was the issuance of new debt by the Municipal Corporation during fiscal year 2008.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the TOWN OF HIGHLAND'S basic financial statements. The TOWN OF HIGHLAND'S basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the TOWN OF HIGHLAND'S finances, in a manner similar to a private-sector business.

The statement of net assets presents information of all of the assets and liabilities, with the difference between the two reported *as net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the TOWN of HIGHLAND is improving or deteriorating.

The *statement of activities* presents information showing how the government's net *assets* changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the TOWN of HIGHLAND that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the TOWN of HIGHLAND include general government, public safety, highways and streets, sanitation, economic development and culture and recreation. The business-type activities of the TOWN of HIGHLAND include a Waterworks Utility and Sanitary District.

The government-wide financial statements include not only the TOWN of HIGHLAND itself (known as the *primary government*), but also a legally separate Parks and Recreation Building (Holding) Corporation for which the TOWN of HIGHLAND is financially accountable. Financial information for this blended component unit is reported *with* the financial information presented for the primary government itself. The Waterworks Department and the Sanitary District (sewer), although also technically separate, function for all practical purposes as departments of the TOWN of HIGHLAND, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on **pages 19-20** of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The TOWN of HIGHLAND, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the TOWN of HIGHLAND can be divided into three categories: *governmental* funds, *proprietary* funds, and *fiduciary* funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balances of spendable resources available at the end of fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *government funds* and *governmental activities*.

The TOWN of HIGHLAND maintains *thirty-six (36) individual governmental funds*. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the **General Fund**, the **Parks and Recreation Fund**, and the **Corporation Capital Fund** all three of which are considered to be major funds. Data from the other thirty-three (33) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The TOWN of HIGHLAND adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found of **pages 22-25** of this report.

Proprietary funds. The TOWN of HIGHLAND maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The TOWN of HIGHLAND uses enterprise funds to account for its Waterworks and Sanitary District. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the TOWN of HIGHLAND'S various functions. The TOWN of HIGHLAND uses internal service funds to account for its vestiges of health insurance self-funding, for its parks and recreation building (holding) corporation financing and for its information and communication technology operations. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Waterworks Utility and the Sanitary District (sewer utility), both of which are considered to be major funds of the TOWN of HIGHLAND. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on **pages 26-30** of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the TOWN of HIGHLAND'S own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on **pages 31-32** of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on **pages 33-66** of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the TOWN of HIGHLAND'S progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on **pages 67-71** of this report.

The combining statements, referred to earlier in connection with non-major governmental funds and internal service funds, are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on **pages 75-77** on this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the TOWN of HIGHLAND, assets exceeded liabilities by **\$38,484,525** (total net assets) at the close of the most recent fiscal year, *ending 31 December 2008*.

By far the largest portion of the TOWN of HIGHLAND'S net assets (88%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The TOWN of HIGHLAND uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for future spending. Although the TOWN of HIGHLAND'S investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TOWN of HIGHLAND'S Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and Other assets	\$ 14,182,038	\$ 17,129,678	\$ 5,282,186	\$ 5,785,213	\$ 19,464,224	\$ 22,914,891
Capital Assets	22,303,387	21,633,027	19,871,519	19,325,501	42,174,906	40,958,528
Total Assets	\$ 36,485,425	\$ 38,762,705	\$ 25,153,705	\$ 25,110,714	\$ 61,639,130	\$ 63,873,419
Long-term liabilities outstanding	12,782,203	11,655,323	3,966,944	4,312,671	16,749,147	15,967,994
Other liabilities	4,833,742	8,677,891	1,571,716	924,725	6,405,458	9,602,616
Total Liabilities	\$ 17,615,945	\$ 20,333,214	\$ 5,538,660	\$ 5,237,396	\$ 23,154,605	\$ 25,570,610
Net assets:						
Invested in capital assets net of related debt	16,129,072	16,591,125	17,787,254	14,825,501	33,916,326	31,416,626
Restricted	5,028,411	4,617,424	1,327,717	4,389,022	6,356,128	9,006,446
Unrestricted	(2,288,003)	(2,779,058)	500,074	658,795	(1,787,929)	(2,120,263)
Total net assets	\$ 18,869,480	\$ 18,336,891	\$ 19,615,045	\$ 19,873,318	\$ 38,484,525	\$ 38,210,209

An additional portion of the TOWN of HIGHLAND'S net assets (17%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (-\$1,787,929) ordinarily represents what may be used to meet the government's ongoing obligations to citizens and creditors. The *debit* balance in unrestricted assets is in part attributable to an unusual net pension obligation that is from a 1925 pension law, which provided for a non-actuarial plan. While accounting standards hold that this obligation is one for the entire Town, it should be noted that there is a dedicated trust fund, the Police Pension Fund, which is where the actual obligation is maintained. Adjusted for the *net pension obligation*, Highland's unrestricted net assets would be \$3,547,580. (Readers are encouraged to read Note V. F. 1(b) in notes to the Financial Reports found on page 59 of this CAFR.)

At the end of the current fiscal year, the TOWN of HIGHLAND is reporting positive balances for governmental and business-type activities and the town as a whole in two categories of net assets. The business-type activities has a positive balance reported for *unrestricted net assets* whereas governmental activities and the town as a whole are reporting *negative unrestricted net assets*. This is unchanged from the prior year, the reasons for which were addressed in the previous paragraph. (Readers are encouraged to read Note V. F. 1(b) in notes to the Financial Reports found on page 59 of this CAFR.)

There was a decrease of \$3,061,305 in restricted net assets reported in connection with the TOWN of HIGHLAND'S business-type activities. While there was an increase in resources for payment of debt service in the amount of \$339,499, there was a decrease of \$3,400,804 attributable to the expenditure of resources dedicated to capital projects from funds restricted for that purpose. These were remnants from the proceeds of the Sanitary District issued Series A and B bonds totaling \$3,500,000 in FY 2008.

The total net assets attributable to government-type activities increased by \$532,589 during FY 2008, allowing for the prior period adjustment. This net increase is primarily attributable to an increase in resources restricted for capital projects while resources for debt service and highways and streets decreased from the 2007 levels.

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Governmental activities. Governmental activities increased the TOWN of HIGHLAND'S net assets by \$532,589 thereby accounting for 194% of the total growth in the net assets of the Town of Highland. Business-type activities experienced a *reduction* in net assets of (-\$258,273.) The effect of these two net asset changes rendered a total increase in net assets for the entire Primary government of \$274,316. Key elements of this increase are as follows:

TOWN of HIGHLAND's CHANGES in NET ASSETS

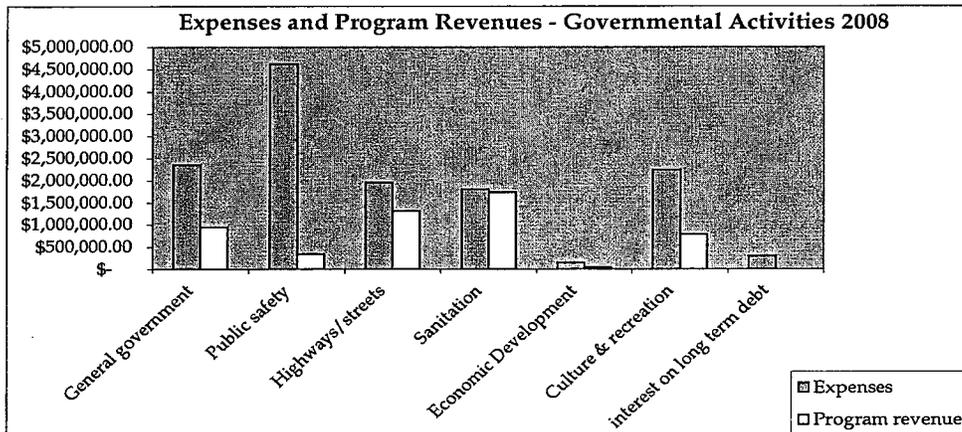
	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 3,420,252	\$ 3,180,706	\$ 5,777,891	\$ 5,778,423	9,198,143	\$ 8,959,129
Operating grants and contributions	1,027,318	1,084,944	-	-	1,027,318	1,084,944
Capital grants and contributions	731,455	609,888	-	16,000	731,455	625,888
General revenues:						
Property taxes	\$ 7,733,395	\$ 7,828,469	\$ 829,215	\$ 365,780	8,562,610	\$ 8,194,249
Other taxes	750,125	786,094	-	-	750,125	786,094
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	332,500	544,427	91,147	59,990	423,647	604,417
Total Revenues	\$ 13,995,045	\$ 14,034,528	\$ 6,698,253	\$ 6,220,193	20,693,298	\$ 20,254,721
Expenses:						
General government	\$ 2,363,967	\$ 2,119,504			2,363,967	2,119,504
Public safety	4,629,208	3,962,975			4,629,208	3,962,975
Highways/streets	1,967,533	2,076,600			1,967,533	2,076,600
Sanitation	1,811,419	1,683,635			1,811,419	1,683,635
Economic development	150,443	241,781			150,443	241,781
Culture and recreation	2,242,067	2,140,247			2,242,067	2,140,247
Interest on long-term debt	297,819	334,506			297,819	334,506
Water			2,684,156	3,229,142	2,684,156	3,229,142
Sanitary District (sewer)			4,272,370	3,686,723	4,272,370	3,686,723
Total expenses	\$ 13,462,456	\$ 12,559,248	\$ 6,956,526	\$ 6,915,865	20,418,982	\$ 19,475,113
Increase (decrease) in net assets	532,589	1,475,280	(258,273)	(695,672)	274,316	779,608
Net Assets Beginning	\$ 18,429,491	\$ 16,954,211	\$ 19,873,318	\$ 20,568,990	38,302,809	\$ 37,523,201
Prior Period Adjustment	\$ (92,600)	\$ -	\$ -	\$ -	(92,600)	\$ -
Restated Net Assets Beginning	\$ 18,336,891	\$ 16,954,211	\$ 19,873,318	\$ 20,568,990	38,210,209	\$ 37,523,201
Net Assets Ending	\$ 18,869,480	\$ 18,429,491	\$ 19,615,045	\$ 19,873,318	\$ 38,484,525	\$ 38,302,809

- As a percentage of total revenues to the *Primary Government* in FY 2008, *charges for services* represented approximately 44.4% of the total revenue stream. *Property and other taxes* represented 45% of the total revenue stream.
- As a percentage of total revenues associated with the *Governmental activities* in FY 2008, *charges for services* represented approximately 24% of the total revenue stream. *Property and other taxes* represented 60% of the total revenue stream.
- Revenues attributable to *Capital Grants, Charges for services* and *Property and other taxes* of the Primary Government in FY 2008 increased significantly over FY 2007. *Property and other taxes* increased by 3.7% from the prior year owing to planned increases in debt service levies. *Owing to a special law for municipalities in Lake County Indiana, property tax levies are frozen at the levels of FY 2007 until the County Council adopts a special local option income tax at 1%.* Charges for services increased by 2.7% in the amount of \$239,014. This was attributable to a scheduled 4.2 % increase in solid waste management fees, alarm service charges.

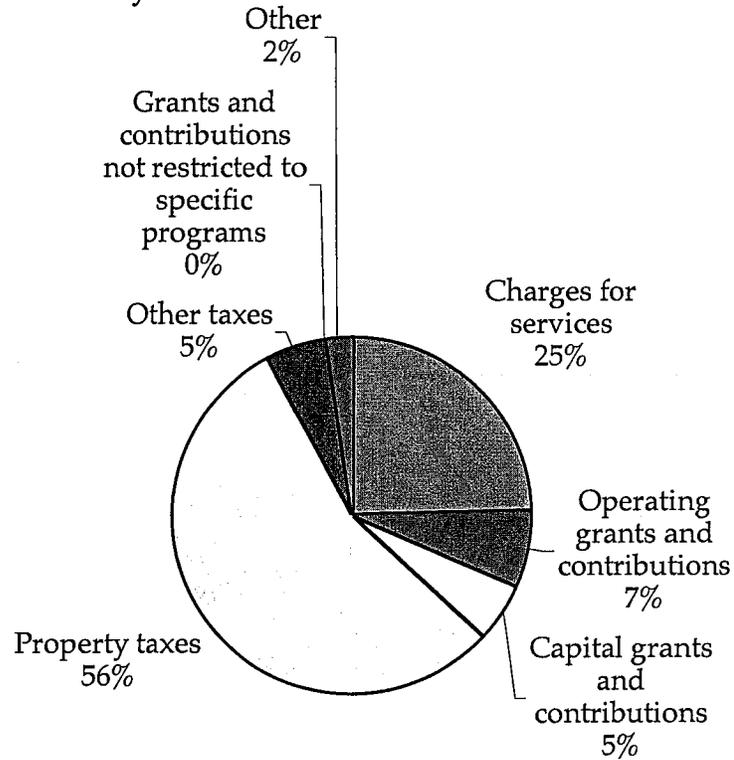
- Capital grants and contributions for the *Primary Government* increased in 2008 from its 2007 levels by \$105,567. The largest portion of the grant awards furnished resources to *Highways and Streets*. In fact, Capital grants increased by \$121,567 in *Governmental Activities* and decreased by \$16,000 in *Business-Type activities* over its 2007 levels.
- Operating grants and contributions continued the decline that began in 2007, decreasing in 2008 from its 2007 levels by (\$57,626). You may remember that these grants decreased in 2007 from their 2006 levels by (-\$109,991). Again, this change is entirely attributable to *Governmental Activities*. Some of these operating grants involve public safety functions. No operating grants and contributions were reported in *Business-Type activities* for 2008, 2007 or 2006.
- Economic development expenses significantly decreased by (-\$91,338) representing a decrease of 37.8% in 2008 from its 2007 levels. The decrease was primarily attributable to a decline in capital spending.
- Highway and street expenses decreased by 5.3% in 2008 from its 2007 levels by (-\$109,067). The decrease was attributable to decreased costs of labor due to snowplowing owing to a milder than usual winter.
- Public safety, General government, Sanitation and Culture and Recreation expenses increased significantly in 2008 from its 2007 levels by an aggregate total of \$1,140,300. The increases were attributable to a general wage and salary increase for all full-time workers of 50¢ per hour, plus a one time bonus of \$1,600; increases of 12% in group health insurance, increase in vendor costs for curbside waste collection and increased purchases of police cars. In particular, *Public safety spending increased by 16.8% over 2007 levels in the amount of \$666,233*. General Government spending increased by 11.5% over 2007 levels by the amount of \$244,463. Sanitation spending increased by 7.6% over 2007 levels by the amount of \$127,784. Finally, Culture and Recreation spending increased by 4.8% over 2007 levels in the amount of \$101,820.

**Expenses and Program Revenues Government Activities
2008**

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue</u>
General Government	\$ 2,363,967.00	\$ 946,907.00	\$ (1,417,060.00)
Public Safety	\$ 4,629,208.00	\$ 343,638.00	\$ (4,285,570.00)
Highways/Streets	\$ 1,967,533.00	\$ 1,318,031.00	\$ (649,502.00)
Sanitation	\$ 1,811,419.00	\$ 1,740,096.00	\$ (71,323.00)
Economic Development	\$ 150,443.00	\$ 43,093.00	\$ (107,350.00)
Culture & Recreation	\$ 2,242,067.00	\$ 787,260.00	\$ (1,454,807.00)
interest on long term debt	\$ 297,819.00	\$ -	\$ (297,819.00)



Revenues by Source Governmental Activities 2008



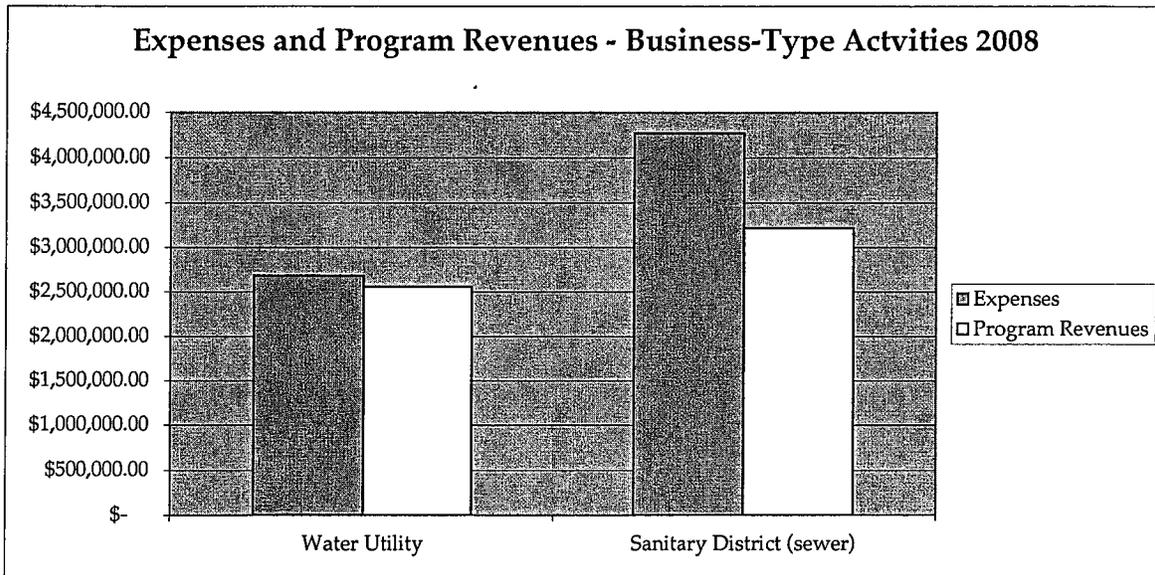
This graph shows revenues by source and their percentages for governmental activities in FY 2008. This does not include revenues from business activities.

Business-type activities. The TOWN of HIGHLAND'S net assets associated with Business-type Activities actually declined by (-\$258,273). The key elements of this change in net assets are as follows:

- As a percentage of total revenues to the *Business-Type activities* in FY 2008, *charges for services* represented approximately 86.26% of the total revenue stream. *Property taxes* represented 12.38% of the total revenue stream. Other revenues represented the final 1.36% of the revenue stream.
- The Sanitary District in 2008 experienced a small 1.8% increase in program revenues whereas, the Water District experienced a decrease of 2.8%. The increase for the Sanitary District can be attributable to the 5% nominal rate increase. The decrease for the water district is attributable to a reduction in billed consumption in 2008 (1,319,590,000 gallons) from 2007 (1,393,791,000 gallons).
- The Sanitary District experienced an increase in total expenses amounting to 15.9% for FY 2008. Much of this was attributable to expenses in certain capital programs and costs related to responses to incidents of flooding, particularly in September.
- The Waterworks Utility experienced a 16.9% decrease in total expenses for FY 2008. This is attributable to a reduction in capital expenses over the prior year and lower operating costs from the lower consumption.

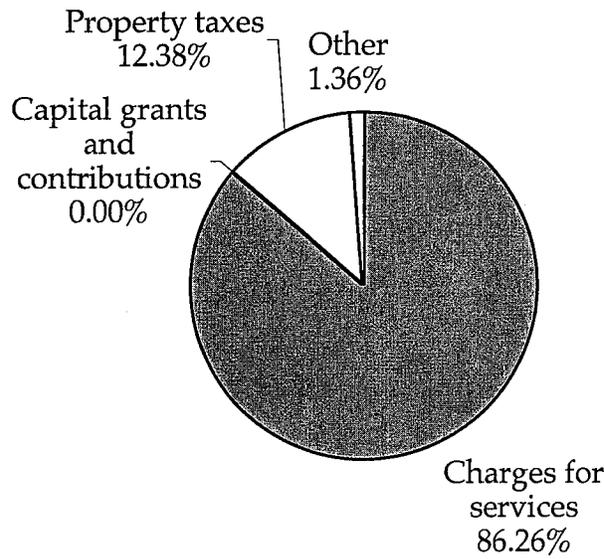
**Expenses and Program Revenues Business Type Activities
2008**

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue</u>
Water Utility	\$ 2,684,156.00	\$ 2,558,451.00	\$ (125,705.00)
Sanitary District (sewer)	\$ 4,272,370.00	\$ 3,219,440.00	\$ (1,052,930.00)



This graph shows revenues by source and their percentages for business-type activities in FY 2008. This does not include revenues from government activities.

Business Activity Revenues by Source 2008



This graph shows revenues by source and their percentages for business-type activities in FY 2008. This does not include revenues from government activities.

Financial Analysis of the Government's Funds

As noted earlier, the TOWN of HIGHLAND uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the TOWN of HIGHLAND'S *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the TOWN of HIGHLAND'S financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year ended 31 December 2008, the TOWN of HIGHLAND'S governmental funds reported combined ending fund balances of \$8,265,784 an increase of \$1,092,530 in comparison with the prior year. Of the combined ending fund balance amount, \$7,541,703 or (91.24%) is available for spending at the government's discretion (*unreserved fund balance*) The remainder of fund balance in the amount of \$724,081 is reserved or designated to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period 2) to cover wages and salaries earned in the current fiscal year but payable in the subsequent one or 3) for a variety of other restricted purposes.

The **General Fund** is the chief operating fund of the TOWN of HIGHLAND. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$1,446,835, while total fund balance reached \$1,950,203. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents nineteen percent (19%) of total general fund expenditures, while total fund balance represents twenty-six percent (26%) of that same amount. Cash flows for this fund in FY 2008 were supported through significant short-term borrowing.

The fund balance of the TOWN of HIGHLAND'S General Fund increased by \$363,834 during the current fiscal year. Key factors in this increase are as follows:

- The pay 2007 property tax bills were again delayed and a portion of those collections were settled in 2008. Further, the pay 2008 property taxes were delayed as well, with settlement in FY 2009. Even with property taxes frozen at the 2007 levels for all controlled funds, the allocation of taxes within the freeze may be changed. Within the total freeze, an added allocation of the total controlled levy was allocated to the General Fund, increasing the allocated tax levy by \$148,072 over the 2007 level at the expense of the several other funds subject to the freeze.
- The Town authorized an increase of 4% in the Solid Waste Management Fees effective in April of 2008 and also authorized an additional 6.56% increase effective in December of 2008, yielding an increase of \$184,976 over the previous year.

The **Parks and Recreation Fund** had a total fund balance of \$241,738. The Parks and Recreation Fund had an unreserved, undesignated fund balance of \$196,509. As a measure of the Parks and Recreation Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents eleven percent (11%) of total Parks and Recreation Fund expenditures, while total fund balance represents thirteen and sixty-one one hundredths percent (13.61%) of that same amount.

The fund balance of the TOWN of HIGHLAND'S Parks and Recreation Fund from \$158,812 in FY 2007 to \$241,738 in FY 2008, an increase of \$82,926 during the current fiscal year. Key factors in this increase is attributable to the 2007 property tax bills being again delayed and a portion of those collections was settled in 2008. Furthermore, there was a significant increase in other revenues in 2008 of \$55,193. Finally, there was significant controlling of spending relative to revenues, which included leaving some vacant positions unfilled.

Proprietary funds. The TOWN of HIGHLAND'S proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Waterworks and Sanitary District utilities at the end of the year amounted to \$504,074. The total change in net assets for both funds was (-\$110,113) for the Waterworks and (-\$148,160), for the Sanitary District, for a total of (-\$258,273). Other factors concerning the finances of these two funds have already been addressed in the discussion of the TOWN of HIGHLAND'S business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget equaled a net decrease of (-\$481,252) in expenditures. The net decrease is comprised of a reducing adjustment of (-\$503,368) attributable to year-end expenses carried over from FY 2008 to be disbursed in FY 2009 and true increases in FY 2008 of \$22,116, for a net decrease of (-\$481,252). Following are the main components of the increases:

- \$15,963 net increase in the Metropolitan Police Department for supplies.
- \$5,818 net increase to expenditures in the Sanitation and Streets Department, owing to increases in annual vendor contract.

The net increase was supported by increases in solid waste user residential user charges and unreserved, undesignated fund balance.

Differences between the final budget and the actual were relatively significant and can be briefly summarized as follows:

- General Fund experienced a net \$1,225,748 increase from the Final Revenue Budget, fixed at \$7,501,911. Actual revenues were \$8,727,659. This positive variance from final budget is attributable to the fact that only 48% of the expected 2007 tax revenue was collected in 2007, leaving nearly 52% as a receivable at year-end. The balance of pay 2007 property taxes, intergovernmental revenues and some court fees (shown in fines and forfeits) were finally settled in FY 2008. In addition, there was a positive variance of \$141,083 for charges for services, which in part is attributable to a better than expected yield from the scheduled increase in solid waste management fees. Finally, there was a \$39,027 positive variance in the other revenue category, which is attributable to better than expected investment yields.
- General Fund had final budgeted appropriations of \$7,859,773. However, actual appropriated expenditures totaled only \$7,482,091, coming under the final budget by (\$377,382). The majority of this under expenditure from the budgeted amount is due to the timing of payments, incurred in FY 2008, but which will be made in 2009. The source report uses the modified accrual accounting model.

Capital assets and Debt Administration

Capital assets. The TOWN of HIGHLAND'S investments in capital assets for its governmental and business type activities as of December 31, 2008, amounts to \$42,174,906 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, road and highways. The total investment in capital assets in the TOWN of HIGHLAND for the current fiscal year represented an increase of \$1,216,378 or 2.97%. The specific components of the increase are a \$670,360 (3.1%) increase for governmental activities and a \$546,018 (2.83%) increase for business-type activities.

TOWN of HIGHLAND'S CAPITAL ASSETS								
(net of depreciation)								
	Governmental Activities		Business-Type Activities		Total		Change to Capital Assets	Percentage change
	2008	2007	2008	2007	2008	2007		
Land	\$ 2,747,895	\$ 2,615,362	\$ 55,477	\$ 55,477	\$ 2,803,372	\$ 2,670,839	\$ 132,533.00	4.96%
Buildings and System	\$ 2,742,159	\$ 2,938,881	\$ 405,945	\$ 430,489	\$ 3,148,104	\$ 3,369,370	\$ (221,266.00)	-6.57%
Improvements other than buildings	\$ 769,439	\$ 877,067	\$ 2,546,909	\$ 2,656,716	\$ 3,316,348	\$ 3,533,783	\$ (217,435.00)	-6.15%
Machinery and equipment	\$ 1,448,269	\$ 1,446,378	\$ 812,455	\$ 696,604	\$ 2,260,724	\$ 2,142,982	\$ 117,742.00	5.49%
Infrastructure	\$ 12,657,438	\$ 12,598,376	\$ 15,292,755	\$ 15,233,361	\$ 27,950,193	\$ 27,831,737	\$ 118,456.00	0.43%
Construction in progress	\$ 1,938,187	\$ 1,156,963	\$ 757,978	\$ 252,854	\$ 2,696,165	\$ 1,409,817	\$ 1,286,348.00	91.24%
Total:	\$ 22,303,387	\$ 21,633,027	\$ 19,871,519	\$ 19,325,501	\$ 42,174,906	\$ 40,958,528	\$ 1,216,378.00	2.97%

Addition information on the TOWN of HIGHLAND's capital assets can be found in note IV. C on pages 43 to 45 of this report.

Major capital asset events during the fiscal year ending 31 December 2008 included the following:

Streets and Sanitation

Kennedy Avenue Reconstruction Project (North)

The Kennedy Avenue Reconstruction Project was awarded by the Indiana Department of Transportation to Grimmer Construction, Inc. in the amount of \$7,335,638.80. The limits of the project are the Little Calumet River (north) and Ridge Road (south). The project consisted of drainage improvements, curb installation, sidewalk replacement, water main replacement, and pavement reconstruction. Grimmer Construction, Inc. began construction in December 2008 and the project is scheduled for completion in early 2010. The project design and construction engineering services were performed by First Group Engineering, Inc.

Engineering Projects

Kennedy Avenue North – Preliminary Engineering for the Kennedy Avenue Improvement Project between Ridge Road and the Little Calumet River was completed in 2008. First Group Engineering, Inc. was contracted in 2003 to complete the survey portion of the design. In 2004, FGE, Inc. was contracted to complete the Design Study Report, Environmental Report and Preliminary Design in 2004 and 2005. Final Design was completed in 2006 and 2007. The Project (Federal-Aid) involves the reconstruction of Kennedy Avenue. The estimated cost for the Project is \$7,500,000 and has been rescheduled for construction in 2009.

Cline Avenue Project – Preliminary Engineering for the Cline Avenue Improvement Project between Ridge Road and 45th Avenue began in 2005. First Group Engineering, Inc. was contracted to complete the first phase of the preliminary engineering that includes the field survey, environmental study, and design study report portions of the engineering in 2005. Final Design will be completed in 2009. The Project (Federal-Aid) involves the reconstruction of Cline Avenue. The local share of the funding will be split between the Town of Highland and the Town of Griffith through an interlocal cooperation agreement. The estimated cost for the Project is \$2,565,200 and has been rescheduled for construction in 2010.

The following were projects that were **not** capitalized but were memorialized for the record:

Ridge Road Resurfacing Project(Phase II)

The Ridge Road Resurfacing Project (phase II) was completed in 2008. The project was funded with funds provided by the State of Indiana Major Moves initiative. The project limits were 5th Street to Osborne Avenue and included surfacing milling, 1" asphalt overlay, and thermoplastic pavement markings. The total cost for the project was \$102,654. The project was constructed by Rieth-Riley Construction Company, Inc. under the annual pavement maintenance contract. The Airmarking Co., Inc. completed pavement markings.

Street Resurfacing Projects

The following streets were paved in 2008 as part of the Town general maintenance program:

<u>Street</u>	<u>From</u>	<u>To</u>
Grand Boulevard	Gordon Drive	NS RR Crossing
Erie Street	42 nd Street	45 th Street
5 th Street	100 th Street	Lakeside Drive
Erie Street	Lincoln Street	Parkway Drive
Lincoln Street	Kennedy Avenue	Dead End (east of Erie Street)
Gordon Place	81 st Street	North Drive
Hook Street	41 st Street	Martha Street

Parkway Drive
37th Street

Idlewild Drive
Hook Street

Idlewild Drive
Kennedy Avenue

2800 Block of 37th Place (Cul-de-sac)
2800 Block of 38th Street (Cul-de-sac)
2500 Block of Martha Street

Department of Waterworks and Municipal Water Utility

Hook Street Water Main Installation Project and the Gordon Drive Water Main Replacement Project

The Highland Water Works completed the Hook Street Water Main Installation Project and the Gordon Drive Water Main Replacement Project. The work included the installation of 1,400 LF of 8" DIWM on Hook Street between 41st Street and Martha Street and the replacement of 1,000 LF of 4" CIWM with 8" DIWM on Gordon Place between 81st Street and North Drive. The work on Hook Street was completed in order to loop four (4) dead end water mains extending west from Kennedy Avenue. The work on Gordon Place was completed due to the condition of the existing water main and to improve water supply in the area. NIES Engineering, Inc. performed preliminary design and construction engineering services for the project. The project was constructed by Grimmer Construction, Inc. and the total cost was \$357,854.85.

The following was a project that was expensed and **not** capitalized as it was transferred immediately upon completion to the Hammond Water Department, the source of supply for the municipal utility. The transfer was in consequence of a new supply agreement. It is memorialized for the record:

Hammond Meter Vault Replacement Project

The Highland Water Works completed the reconstruction of the Hammond water meter vault located within the City of Hammond, Indiana, immediately north of the Little Calumet River. The meter vaults were replaced as a condition of the water purchase agreement between the Hammond Water Works and Highland Water Works, executed in 2006. NIES Engineering, Inc. performed preliminary design and construction engineering services for the project. The project was constructed by LGS Plumbing, Inc. (Contract 1) and Metropolitan Industries, Inc. (Contract 2).

Contract 1 consists of the following: Furnishing all equipment, labor, and materials for the construction of an underground packaged water meter vault, installation of the water meter vault, reinforced concrete base pad and tie down system for the water meter vault, demolition work, 18-inch and 20-inch ductile iron water main connections and valves, construction site dewatering, flow testing manholes, coordinating and providing electrical and telemetry service connections to the water meter vault and Highland's Bradley Pump Station, abandonment of two existing water meter vaults, capping abandoned water mains, storm water piping and catch basin, site access asphalt roadway, installation of a telemetry interface panel furnished by others, site grading, top soil and seeding, startup services, disinfection, pressure testing and all other work as shown or specified in the Project Documents.

Contract 2 consists of the following: Furnishing all equipment, labor and materials for the construction of the telemetry interface panel, delivery of the panel to the water meter vault manufacturer, related hardware and software modifications to the Hammond Water Treatment Plant, modifications to Highland Bradley Pump Station control system, telemetry equipment for transmitting to and receiving from the Hammond Water Treatment Plant and for transmitting to the Highland Bradley Pump Station, antenna cable and antennas for cellular phone data transmission to the Bradley Pump Station, verification of proper control connections in the water meter vault, on-site system startup and testing and all other related work as shown or specified in the Project Documents.

The final construction cost for Contract No. 1 was \$632,873.00 and for Contract No. 2 was \$64,855.00. The ownership of the meter vault, including operation and maintenance responsibilities, was transferred to the Hammond Water Department through an instrument dated October 10, 2008.

Sanitary District and Sewage Works

North Drive Pump Station Engine Generator Project

The Sanitary Board of Commissioners implemented a project for the installation of an 500KW diesel powered engine generator to supply electrical power to the North Drive Pump Station in the event of a power outage. In 2006, the US Army Corps of Engineers constructed the North Drive Pump Station as a part of the Little Calumet River Levee and Flood Protection Project. The station was constructed without the installation of a backup generator. NIES Engineering, Inc. performed preliminary design and construction engineering services for the project. Cummins Power LLC supplied the 500KW engine generator at the cost of \$94,428.00. The Automatic Transfer switch was supplied by Steiner Electric at the cost of \$9,514.82. Midwestern Electric, Inc. provided installation services in the amount of \$88,134.68.

North 5th Street Pump Station Engine Generator Project

The Sanitary Board of Commissioners implemented a project for the installation of two (2) 1000KW diesel powered engine generators to supply electrical power to the North 5th Street Pump Station in the event of a power outage. The pump station had operated since its construction without an emergency generator. NIES Engineering, Inc. was engaged to perform preliminary design services for the project. The project is scheduled for construction in 2009.

Homestead Gardens Detention Project

The Sanitary Board of Commissioners engaged the services of Christopher B. Burke Engineers, LTD to conduct a feasibility study for the Homestead Gardens Detention Basin to be constructed on town property located immediately west of the Little Calumet River Levee, north and south of 81st Street. The project was implemented in order to evaluate flood control solutions for the storm sewers tributary to the North Drive Pump Station.

LaPorte Street Storm Sewer Separation Project

Continuing with the District's sewer separation project, the Sanitary Board of Commissioners implemented the LaPorte Street Storm Sewer Separation Project. This includes the installation of 600 LF of storm sewer. In addition, 64 homes will be provided with service connections to the storm sewer in order to provide an outlet for private storm water sump pump discharges. NIES Engineering, Inc. was engaged to provide professional engineering design services for the project. The construction will begin and conclude in 2009.

Parks and Recreation

- A new tractor with a bucket and plow was purchased. The tractor has multiple utility and was purchased for \$46,958.
- A new 2 - 1/2 ton dump-truck was purchased replacing an older model. The dump truck features a crew cab for employee safety. The dump truck cost \$42,400.
- The **Lincoln Community Center Retrofit and Reconstruction Project** (Master Plan) was begun and was 50% complete with expenditures of \$13,596.12. This project involves the master planning of the Community Center, originally an elementary school that was first constructed in 1947 with upgrades made in 1950, 1965, and 1998. Preliminary plans called for some redesign, reconstruction, and some new construction. After initial efforts to develop financing, leadership elected to defer further action to another time.

Long-term debt. At the end of the current fiscal year, the TOWN of HIGHLAND had total bonded debt outstanding of \$11,989,381. Of this amount, \$10,774,019 comprises debt backed by the full faith and credit of the government. The remainder of the TOWN of HIGHLAND's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds), in the amount of \$1,215,362.

The TOWN of HIGHLAND's total debt increased by a net \$482,566 (4%) during the current fiscal year. General obligation debt had a net increase of \$673,408 (7%). Revenue bonded indebtedness decreased

by (-\$190,842) (-14%). The key factor in the overall increase was a general obligation taxing district bond issued by the Municipal Corporation in the amount of \$1,900,000.

The TOWN of HIGHLAND maintains an A+ rating from Standard and Poor's for its *rated* debt.

State statutes and the Indiana Constitution limit the amount of general obligation debt that a governmental entity may issue. Article 13 of the Indiana Constitution states that a municipal corporation may not exceed two percent (2%) of one-third of the total assessed valuation of the unit. Statutes also limit so-called special taxing districts, which are co-terminus with the boundaries of the Town. The Parks and Recreation District may not exceed two percent (2%), the Redevelopment District may not exceed two percent (2%), the Waterworks District may not exceed eight percent (8%) and the Sanitary District may not exceed twelve percent (12%) of one-third of the total assessed valuation of the Town.

TOWN of HIGHLAND'S Outstanding Debt General Obligation and Revenue Bonds						
	Governmental Activities		Business-Type Activities		Total	
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07	2008	2007
General Obligation Bonds	\$ 6,488,162.00	\$ 5,566,328.00	\$ 4,285,857.00	\$ 4,534,283.00	\$ 10,774,019.00	\$ 10,100,611.00
Special assessment debt with governmental commitment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds	\$ 1,215,362.00	\$ 1,406,204.00	\$ -	\$ -	\$ 1,215,362.00	\$ 1,406,204.00
Total	\$ 7,703,524.00	\$ 6,972,532.00	\$ 4,285,857.00	\$ 4,534,283.00	\$ 11,989,381.00	\$ 11,506,815.00
net of discounts or premiums						
Source: Statement of Net Assets						

Additional information on the TOWN of HIGHLAND'S long-term debt can be found in note IV (H) on pages 47-50 of this report.

Economic Factors and Next Year's Budget and Rates

- Inflationary trends in the region compare favorably to the national indices.
- The regional delay due to the delay of the property taxes owing to the general trending reassessment continues but shows signs of moving towards the normal cycle.
- The Indiana General Assembly passed a law applicable only to all units of government in Lake County except Schools, that *freezes* all property tax levies for controlled (operating) funds at FY 2008, unless and until the Lake County Council adopts a County-wide income tax dedicated to property tax replacement. In FY 2008, the Lake County Council passed the tax by a vote of 4 to 3. However, the County executive vetoed the ordinance and the County Council was unable to attain the necessary 5 votes to over ride the veto. There was no further action. There are no signs of reconsideration of this matter soon.

All of these factors were considered in preparing the TOWN of HIGHLAND's budget for the 2009 fiscal year.

During the current fiscal year, unreserved, undesignated fund balance in the general fund increased from \$1,056,582 at the end of 2007 to \$1,446,835 at the end of 2008. The TOWN of HIGHLAND has appropriated much of this amount for spending in the FY 2009 budget. It is intended that the use of this fund balance will offset revenue shortfalls owing to tax bill delays and permit expenditures for one-time deferred needs of the municipality. This includes payment of a one-time pay bonus to all full-time workers in the amount of \$1,600 and some select adjusting expenses. No general wage and salary increase was planned for FY 2009.

Solid Waste Management user charges were increased in April of 2008 by 4% and again in December 2008 by 6%. The increase was necessary to finance cost increases charged by the solid

waste curbside collection vendor after bids were solicited for these services and to further establish the solid waste program as fully funded by user charges.

Wastewater and Storm water rates increased by 5% in 2008, and are scheduled to increase an additional 5% in 2009 and again in 2010.

Finally, all five members of the Town Council and the Clerk-Treasurer were subject to municipal election in 2007. Three new persons and two incumbents assumed seats on the Town Council. The Clerk-Treasurer was re-elected. Their terms began at noon, January 1, 2008 and continue for four years until before noon January 1, 2012.

Requests for Information

This financial report is designed to provide a general overview of the TOWN of HIGHLAND's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Clerk-Treasurer, 3333 Ridge Road, TOWN of HIGHLAND, INDIANA, 46322.

TOWN OF HIGHLAND, INDIANA
STATEMENT OF NET ASSETS
December 31, 2008

Assets	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Cash and cash equivalents	\$ 2,878,573	\$ 735,589	\$ 3,614,172
Investments	192,797	-	192,797
Receivables (net of allowances for uncollectibles):			
Interest		21	4,616
Taxes	4,595		3,675,628
Accounts	3,374,546	301,082	161,341
Intergovernmental	76,064	85,277	119,449
Inventories	119,449	-	111,000
Prepaid items	-	111,000	8,546
Deferred charges	6,793	1,753	279,627
Restricted assets:	150,910	128,717	
Cash and cash equivalents			
Investments	4,053,761	3,271,515	7,325,276
Interest receivable	292,938	318,007	610,945
Taxes receivable	4,293	3,154	7,447
Intergovernmental receivable	971,804	92,563	1,064,367
Special assessments receivable	295,178	-	295,178
Cooperative receivable	10,337	-	10,337
Inventories	1,750,000	-	1,750,000
Capital assets:		233,498	233,498
Land and construction in progress	4,886,082	813,455	5,499,537
Other capital assets, net of depreciation	17,617,305	19,058,064	36,675,369
Total assets	36,485,425	25,153,705	61,639,130

The notes to the financial statements are an integral part of this statement.

Continued on next page

Continued on next page

TOWN OF HIGHLAND, INDIANA
STATEMENT OF NET ASSETS
December 31, 2008
(Continued)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts payable	259,372	640,801	900,173
Accrued payroll and withholdings payable	339,755	54,808	394,563
Taxes payable	-	11,841	11,841
Payable from restricted assets:			
Accounts payable	154,714	225,072	379,786
Accrued payroll and withholdings payable	49,775	-	49,775
Customer deposits	-	118,477	118,477
Accrued bond interest	131,196	77,736	208,932
Noncurrent liabilities:			
Amounts due within one year:			
General obligation bonds payable	789,000	375,000	1,164,000
Revenue bonds payable	205,000	-	205,000
Compensated absences	336,274	67,981	404,255
Note payable	28,400	-	28,400
Capital lease obligations	42,327	-	42,327
Tax anticipation warrants payable	2,497,929	-	2,497,929
Amounts due beyond one year:			
General obligation bonds payable (net of discounts or premiums)	5,699,162	3,910,857	9,610,019
Compensated absences	184,263	26,131	210,394
Note payable	113,600	-	113,600
Other post employment benefits payable	109,236	28,900	138,136
Revenue bonds payable (net of discounts or premiums)	1,010,362	-	1,010,362
Matured bonds and coupons payable	-	1,056	1,056
Capital lease obligations	263,661	-	263,661
Net pension obligation	5,401,919	-	5,401,919
Total liabilities	17,615,945	5,538,660	23,154,605
Net assets			
Invested in capital assets, net of related debt	16,129,072	17,787,254	33,916,326
Restricted for:			
Highways and streets	518,123	-	518,123
Debt service	1,176,807	920,433	2,097,240
Capital Projects	3,018,887	407,284	3,426,171
Other purposes	314,594	-	314,594
Unrestricted	(2,288,003)	500,074	(1,787,929)
Total net assets	\$ 18,669,480	\$ 19,615,045	\$ 38,484,525

The notes to the financial statements are an integral part of this statement.

TOWN OF HIGHLAND, INDIANA
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Operating		Governmental Activities	Primary Government		Totals
		Charges for Services	Grants and Contributions		Capital Grants and Contributions	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,363,967	\$ 861,534	\$ 8,800	\$ 76,573	\$ (1,417,060)	\$ -	\$ (1,417,060)
Public safety	4,629,208	235,500	108,138	-	(4,285,570)	-	(4,285,570)
Highways and streets	1,967,533	-	663,257	654,774	(649,502)	-	(649,502)
Sanitation	1,811,419	1,500,885	239,211	-	(71,323)	-	(71,323)
Urban redevelopment	150,443	42,985	-	108	(107,350)	-	(107,350)
Culture and recreation	2,242,067	779,348	7,912	-	(1,454,807)	-	(1,454,807)
Interest on long-term debt	297,819	-	-	-	(297,819)	-	(297,819)
Total governmental activities	13,462,456	3,420,252	1,027,318	731,455	(8,283,431)	-	(8,283,431)
Business-type activities:							
Water	2,684,156	2,558,451	-	-	(125,705)	-	(125,705)
Sanitary District	4,272,370	3,219,440	-	-	(1,052,930)	-	(1,052,930)
Total business-type activities	6,956,526	5,777,891	-	-	(1,178,635)	-	(1,178,635)
Total primary government	\$ 20,418,982	\$ 9,198,143	\$ 1,027,318	\$ 731,455	(8,283,431)	(1,178,635)	(9,462,066)
General revenues:							
Property taxes					7,733,395	829,215	8,562,610
Excise taxes					565,621	-	565,621
Financial institution tax					61,727	-	61,727
Commercial vehicle excise tax					39,562	-	39,562
ABC gallonage tax					62,332	-	62,332
Cigarette tax					20,883	-	20,883
Other					161,640	22,786	184,426
Investment earnings					170,860	68,361	239,221
Total general revenues					8,816,020	920,362	9,736,382
Change in net assets					532,589	(258,273)	274,316
Net assets - beginning					18,429,491	19,873,318	38,302,809
Prior period adjustment (Note IV.1.)					(92,600)	-	(92,600)
Restated net assets - beginning					18,336,891	19,873,318	38,210,209
Net assets - ending					\$ 18,869,480	\$ 19,615,045	\$ 38,484,525

The notes to the financial statements are an integral part of this statement.

TOWN OF HIGHLAND, INDIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008

Assets	Parks and Recreation			Other Governmental Funds	Totals
	General	Recreation	Capital		
Cash and cash equivalents	\$ 1,760,993	\$ 264,480	\$ 400,612	\$ 689,524	\$ 3,115,609
Investments	120,322	17,777	-	48,615	186,714
Receivables (net of allowances for uncollectibles):					
Interest	2,953	781	-	784	4,528
Taxes	2,738,262	569,397	-	66,887	3,374,546
Accounts	76,064	-	-	-	76,064
Intergovernmental	105,775	11,846	10,300	1,828	129,749
Restricted assets:					
Cash and cash equivalents	-	-	-	3,653,149	3,653,149
Investments	-	-	-	292,938	292,938
Interest receivable	-	-	-	4,293	4,293
Taxes receivable	-	-	-	971,804	971,804
Intergovernmental receivable	-	-	-	284,878	284,878
Special assessments receivable	-	-	-	10,337	10,337
Total assets	\$ 4,804,369	\$ 864,281	\$ 410,912	\$ 6,025,047	\$ 12,104,609

Liabilities and Fund Balances

Liabilities:					
Accounts payable	\$ 210,769	\$ 31,913	\$ -	\$ 10,643	\$ 253,325
Accrued payroll and withholdings payable	303,120	33,163	-	2,703	338,986
Deferred revenue	331,277	68,538	-	10,580	410,395
Tax anticipation warrants payable	2,009,000	488,929	-	-	2,497,929
Payable from restricted assets:					
Accounts payable	-	-	-	154,714	154,714
Accrued payroll and withholdings payable	-	-	-	49,775	49,775
Deferred revenue	-	-	-	133,701	133,701
Total liabilities	2,854,166	622,543	-	362,116	3,838,825

The notes to the financial statements are an integral part of this statement.

Continued on next page

TOWN OF HIGHLAND, INDIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008
(Continued)

	General	Parks and Recreation	Corporation Capital	Other Governmental Funds	Totals
Fund balances:					
Reserved for:					
Encumbrances	503,368	45,229	4,000	171,484	724,081
Unreserved, reported in:					
General fund	1,446,835	-	-	-	1,446,835
Special revenue funds	-	196,509	-	1,546,234	1,742,743
Capital projects funds	-	-	406,912	2,720,482	3,127,394
Debt service funds	-	-	-	1,224,731	1,224,731
Total fund balances	1,950,203	241,738	410,912	5,662,931	8,265,784
Total liabilities and fund balances	\$ 4,804,369	\$ 864,281	\$ 410,912	\$ 6,025,047	
Amounts reported for governmental activities in the Statement of Net Assets are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					22,303,387
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					2,294,096
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.					(1,052,802)
Prepaid items paid in the current period, but not expended currently and, therefore, are reported in the funds as expenditures.					6,793
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.					(7,436,623)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.					(109,236)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.					(5,401,919)
Net assets of governmental activities					\$ 18,869,480

The notes to the financial statements are an integral part of this statement.

TOWN OF HIGHLAND, INDIANA
 STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008

	General	Parks and Recreation	Corporation Capital	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 4,779,718	\$ 999,529	\$ -	\$ 1,855,087	\$ 7,634,334
Special assessments	-	-	-	86,912	86,912
Licenses and permits	391,592	-	-	11,670	403,262
Intergovernmental	665,227	87,059	10,300	1,852,007	2,614,593
Charges for services	1,777,401	452,750	-	77,108	2,307,259
Fines and forfeits	97,522	-	-	10,954	108,476
Other	179,612	320,412	-	147,833	647,857
Total revenues	7,891,072	1,859,750	10,300	4,041,571	13,802,693
Expenditures:					
Current:					
General government	1,397,938	-	-	-	1,397,938
Public safety	4,487,345	-	-	124,411	4,611,756
Highways and streets	-	-	-	1,134,616	1,134,616
Sanitation	1,658,642	-	-	146,368	1,805,010
Culture and recreation	-	1,776,824	-	63,936	1,840,760
Urban redevelopment	-	-	-	119,560	119,560
Debt service:					
Principal	-	-	-	1,169,000	1,169,000
Interest	-	-	-	332,913	332,913
Capital outlay:					
General government	-	-	-	970,422	970,422
Highways and streets	-	-	1,499,388	214,341	1,713,729
Culture and recreation	-	-	-	218,221	218,221
Urban redevelopment	-	-	-	19,574	19,574
Total expenditures	7,543,925	1,776,824	1,499,388	4,513,362	15,333,499
Excess (deficiency) of revenues over (under) expenditures	347,147	82,926	(1,489,088)	(471,791)	(1,530,806)
Other financing sources (uses):					
Transfers in	16,687	-	-	631,336	648,023
Transfers out	-	-	-	(66,687)	(66,687)
Issuance of debt	-	-	1,900,000	142,000	2,042,000
Total other financing sources and uses	16,687	-	1,900,000	706,649	2,623,336
Net change in fund balances	363,834	82,926	410,912	234,858	1,092,530
Fund balances - beginning	1,586,369	158,812	-	5,428,073	7,173,254
Fund balances - ending	\$ 1,950,203	\$ 241,738	\$ 410,912	\$ 5,662,931	\$ 8,265,784

The notes to the financial statements are an integral part of this statement.

TOWN OF HIGHLAND, INDIANA
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 For The Year Ended December 31, 2008

Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds (Statement of Revenues, Expenditures, and Other Changes in Fund Balances)	\$ 1,092,530
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	776,954
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(13,994)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	99,060
The issuance of long-term debt (e.g., bonds, 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(746,562)
Net pension obligations/other postemployment benefits are considered long-term obligations of the general government, but are not current expenditures.	(125,145)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(8,110)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	(542,144)
Change in net assets of governmental activities (Statement of Activities)	<u>\$ 532,589</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF HIGHLAND, INDIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2008

Assets	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities Internal Service Fund
	Water Utility	Sanitary District			
Current assets:					
Cash and cash equivalents	\$ 164,230	\$ 571,369	\$ 735,599	\$	163,576
Investments	-	-	-	-	6,083
Interest receivable	21	21	21	-	67
Taxes receivable (net of allowance)	-	301,082	301,082	-	-
Accounts receivable (net of allowance)	57,825	27,452	85,277	-	-
Inventories	79,322	31,678	111,000	-	-
Current portion of operating lease	-	-	-	-	203,578
Current portion of direct financing lease	-	-	-	-	9,250
Prepaid items	953	800	1,753	-	-
Restricted cash, cash equivalents and investments:					
Customer deposits	118,477	-	118,477	-	-
Total current assets	420,828	932,381	1,353,209		382,554
Noncurrent assets:					
Restricted cash, cash equivalents and investments:					
Improvement	235,352	52,518	287,870	-	-
Improvement - construction	-	1,931,455	1,931,455	-	-
Bond and interest	5,733	346,816	352,549	-	-
Extension	-	85,106	85,106	-	-
Reserve	489,495	-	489,495	-	-
Co-op	-	6,563	6,563	-	-
Investments	69,642	248,365	318,007	-	-
Other restricted assets:					
Interest receivable	683	2,471	3,154	-	-
Taxes receivable (net of allowance)	-	92,563	92,563	-	-
Inventories	233,498	-	233,498	-	-
Total restricted assets	1,034,403	2,765,857	3,800,260		
Deferred charges	-	128,717	128,717	-	30,949
Operating lease receivable	-	-	-	-	27,750
Net investment in direct financing lease	-	-	-	-	596,606
Capital assets:					
Land, improvements to land and construction in progress	220,828	592,627	813,455	-	-
Other capital assets (net of accumulated depreciation)	8,567,281	10,490,783	19,058,064	-	-
Total capital assets	8,788,109	11,083,410	19,871,519		
Total noncurrent assets	9,822,512	13,977,984	23,800,496		655,305
Total assets	10,243,340	14,910,365	25,153,705		1,037,859

The notes to the financial statements are an integral part of this statement.

Continued on next page

TOWN OF HIGHLAND, INDIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2008
(Continued)

Liabilities	Business-Type Activities -			Totals	Governmental Activities Internal Service Funds
	Enterprise Funds	Sanitary District	Utility		
Current liabilities:					
Accounts payable	103,142	537,659	-	640,801	6,047
Accrued payroll and withholding payable	33,728	21,080	-	54,808	769
Taxes payable	11,841	-	-	11,841	-
Revenue bonds and accrued interest	-	-	-	-	205,000
Compensated absences	-	-	-	-	-
Accrued interest payable	32,291	35,690	-	67,981	-
Current liabilities payable from restricted assets:					
Customer deposits	118,477	-	-	118,477	-
Accounts payable	225,072	-	-	225,072	-
Accrued interest payable	-	77,736	-	77,736	-
General obligation bonds payable	-	375,000	-	375,000	-
Total current liabilities	524,551	1,047,165	-	1,571,716	243,115
Noncurrent liabilities:					
General obligation bonds payable (net of unamortized premium)	-	3,910,857	-	3,910,857	-
Revenue bonds payable (net of unamortized discounts or premiums)	11,221	14,910	-	26,131	1,010,362
Compensated absences	13,492	15,408	-	28,900	-
Other postemployment benefits payable	-	1,056	-	1,056	-
Matured bonds and coupons payable	-	-	-	-	-
Total noncurrent liabilities	24,713	3,942,231	-	3,966,944	1,010,362
Total liabilities	549,264	4,989,396	-	5,538,660	1,253,477
Net Assets					
Invested in capital assets, net of related debt	8,788,109	8,999,145	-	17,787,254	-
Restricted for debt service	556,319	364,114	-	920,433	-
Restricted for capital projects	253,012	154,272	-	407,284	-
Unrestricted	96,636	403,438	-	500,074	(215,618)
Total net assets	\$ 9,694,076	\$ 9,920,969	\$ 19,615,045	\$ 19,615,045	\$ (215,618)

The notes to the financial statements are an integral part of this statement.

TOWN OF HIGHLAND, INDIANA
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended December 31, 2008

	Business-Type Activities - Enterprise Funds		Totals	Governmental Activities	
	Water Utility	Sanitary District		Internal	Service Fund
Operating revenues:					
Unmetered water revenue	\$ 629	\$ -	\$ 629		
Metered revenue:					
Fire protection revenue	1,964,101	3,158,742	5,122,843		
Penalties	313,693	-	313,693		
Other water revenue	18,196	39,499	57,695		
Charges for services	169,461	-	169,461		
Other	92,371	21,199	113,570	261,950	143
Total operating revenues	<u>2,558,451</u>	<u>3,219,440</u>	<u>5,777,891</u>		<u>262,093</u>
Operating expenses:					
Source of supply and expense - operations and maintenance	716,964	-	716,964		
Transmission and distribution	903,758	-	903,758		
Collection system - operations and maintenance	733,944	-	733,944		
Pumping - operations and maintenance	89,377	700,008	789,385		
Treatment and disposal expense - operations and maintenance	-	1,346,601	1,346,601		
Customer accounts	76,255	127,729	203,984		
Salaries and wages	-	-	-	15,497	
Materials and supplies	-	-	-	439	
Contractual services	-	-	-	66,762	
Insurance expense	-	-	-	6,017	
Administration and general	478,635	608,952	1,087,587	76,511	
Depreciation	359,400	543,986	903,386		
Total operating expenses	<u>2,624,389</u>	<u>4,061,220</u>	<u>6,685,609</u>	<u>165,226</u>	
Operating income (loss)	<u>(65,938)</u>	<u>(841,780)</u>	<u>(907,718)</u>		<u>96,967</u>
Nonoperating revenues (expenses):					
Interest and investment revenue	15,592	52,769	68,361		2,716
Contributions from property owners	-	22,786	22,786		
Local tax distributions	-	829,215	829,215		
Return of overpayment of taxes	(29,408)	-	(29,408)		
Loss on disposal of assets	(30,359)	(4,305)	(34,664)		
Interest expense	-	(198,116)	(198,116)		(61,756)
Amortization of bond issue costs	-	(8,729)	(8,729)		(4,861)
Total nonoperating revenue (expenses)	<u>(44,175)</u>	<u>693,620</u>	<u>649,445</u>		<u>(63,901)</u>
Income (loss) before contributions and transfers	<u>(110,113)</u>	<u>(148,160)</u>	<u>(258,273)</u>		<u>32,966</u>
Transfers out					
Change in net assets					
Total net assets - beginning	(110,113)	(148,160)	(258,273)		(548,370)
Total net assets - ending	9,804,189	10,069,129	19,873,318		332,752
Total net assets - ending	<u>\$ 9,694,076</u>	<u>\$ 9,920,969</u>	<u>\$ 19,615,045</u>		<u>\$ (215,618)</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF HIGHLAND, INDIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2008

	Business-Type Activities - Enterprise Funds		Totals	Governmental Activities	
	Water Utility	Sanitary District		Internal Service Fund	Service Fund
Cash flows from operating activities:					
Receipts from customers and users	\$ 2,553,091	\$ 3,216,873	\$ 5,769,964	\$ -	
Payments to suppliers	(1,688,702)	(2,862,961)	(4,351,663)	(150,019)	
Payments to employees	(754,992)	(846,488)	(1,601,480)	(15,487)	
Other receipts	-	-	-	181,069	
Net cash provided (used) by operating activities	109,397	(292,776)	(183,379)	15,563	
Cash flows from noncapital financing activities:					
Transfers to other funds	-	-	-	(581,336)	
Temporary loans repaid	-	-	-	80,000	
Net cash used by noncapital financing activities	-	-	-	(501,336)	
Cash flows from capital and related financing activities:					
Local tax distributions	(29,408)	634,959	605,551	-	
Acquisition and construction of capital assets	(553,124)	(416,563)	(969,687)	-	
Prior year bond issuance costs	-	(21,560)	(21,560)	-	
Capital contributions from property owners	-	22,786	22,786	-	
Principal paid on capital debt	-	(246,000)	(246,000)	(190,000)	
Interest paid on capital debt	-	(146,334)	(146,334)	(67,466)	
Net cash provided (used) by capital and related financing activities	(582,532)	(172,712)	(755,244)	(257,466)	
Cash flows from investing activities:					
Purchase of investments	(69,842)	(248,365)	(318,007)	(6,083)	
Proceeds from net investment in direct financing lease	-	-	-	268,000	
Proceeds from operating lease receivable	-	-	-	9,250	
Interest received	15,073	51,324	66,397	2,649	
Net cash provided by investing activities	(54,569)	(197,041)	(251,610)	273,816	
Net increase (decrease) in cash and cash equivalents	(527,704)	(662,529)	(1,190,233)	(469,423)	
Cash and cash equivalents, January 1 (including \$1,376,761 and \$3,129,245 for the Water Utility and Sanitary District, respectively, reported in restricted accounts)	1,540,991	3,656,356	5,197,347	632,999	
Cash and cash equivalents, December 31 (including \$849,057 and \$2,422,458 for the Water Utility and Sanitary District, respectively, reported in restricted accounts)	\$ 1,013,287	\$ 2,993,827	\$ 4,007,114	\$ 163,576	

The notes to the financial statements are an integral part of this statement.

Continued on next page

TOWN OF HIGHLAND, INDIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2008
(Continued)

	Business-Type Activities - Enterprise Funds			Governmental Activities	
	Water Utility	Sanitary District	Totals	Internal Service Fund	-
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (65,938)	\$ (841,780)	\$ (907,718)	\$	96,867
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	359,400	543,986	903,386	-	-
Noncash items:					
Deferred revenue recognized	-	-	-	-	(81,024)
(Increase) decrease in assets:					
Accounts receivable	(11,036)	(8,376)	(19,412)	-	-
Allowance for uncollectible accounts	4,183	5,609	9,792	-	-
Inventories	(158,344)	(16,911)	(175,255)	-	-
Prepaid items	400	341	741	-	-
Increase (decrease) in liabilities:					
Customer deposits	1,493	-	1,493	-	-
Accounts payable	29,667	14,830	44,497	-	(290)
Accrued payroll and withholdings payable	13,832	1,369	15,201	-	10
Tax payable	1,683	-	1,683	-	-
Retainage payable	(76,969)	-	(76,969)	-	-
Compensated absence payable	(2,466)	(7,252)	(9,718)	-	-
Other postemployment benefits payable	13,492	15,408	28,900	-	-
Total adjustments	175,335	549,004	724,339	(81,304)	-
Net cash provided (used) by operating activities	\$ 109,397	\$ (292,776)	\$ (183,379)	\$	15,563
Noncash investing, capital and financing activities:					
Purchase of capital assets on account	\$ 203,167	\$ 361,626	\$	-	-
Assets capitalized in prior year's construction in progress	145,320	98,799	-	-	-
Assets capitalized in prior year on account	(25,089)	(25,324)	-	-	-

The notes to the financial statements are an integral part of this statement.

TOWN OF HIGHLAND, INDIANA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2008

<u>Assets</u>	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Cash and cash equivalents	\$ 127,113	\$ 139,070
Receivables:		
Employer contributions	95,285	-
Interest and dividends	336	53
Total receivables	<u>95,621</u>	<u>53</u>
Investments at fair value:		
Participation in investment pools of other governments	83,590	-
Total assets	<u>306,324</u>	<u>\$ 139,123</u>
<u>Liabilities</u>		
Accounts payable	353	-
Payroll withholdings payable	-	48,395
Trust payable	-	90,728
Total liabilities	<u>353</u>	<u>\$ 139,123</u>
<u>Net Assets</u>		
Held in trust for:		
Employees' pension benefits and other purposes	<u>305,971</u>	
Total net assets	<u>\$ 305,971</u>	

The notes to the financial statements are an integral part of this statement.

TOWN OF HIGHLAND, INDIANA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

For The Year Ended December 31, 2008

		Pension Trust Fund
Additions		
Contributions:		
Employer	\$ 159,880	
On-behalf	491,648	
Other	1,477	
		653,005
Total contributions		653,005
Investment income:		
Net decrease in fair value of investments	(5,603)	
Interest	4,559	
		(1,044)
Total investment income		(1,044)
Total additions		651,961
Deductions		
Benefits	698,092	
Administrative expense	796	
		698,888
Total deductions		698,888
Changes in net assets		(46,927)
Net assets - beginning		352,898
Net assets - ending		\$ 305,971

The notes to the financial statements are an integral part of this statement.

**Notes to Financial
Statement**

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Town of Highland (government) was established under the laws of the State of Indiana. The government operates under a Town Council form of government and provides the following services: public safety (police and fire), highways and streets, health, welfare and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and urban redevelopment.

The accompanying financial statements present the activities of the government and its significant component unit. The component unit discussed below is included in the government's reporting entity because of the significance of its operational or financial relationships with the government. The blended component unit, although a legally separate entity, is in substance part of the government's operations and exists solely to provide services for the government; data from the unit is combined with data of the government.

Blended Component Unit

The Parks and Recreation Building Corporation is a significant blended component unit of the government. The government appoints a voting majority of the Parks and Recreation Building Corporation's board and a financial benefit/burden relationship exists between the government and the Parks and Recreation Building Corporation. Although it is legally separate from the government, the Parks and Recreation Building Corporation is reported as if it were a part of the government because it provides services entirely or almost entirely to the government. The Parks and Recreation Building Corporation's sole purpose was to finance and construct the government's multi-purpose recreational facility. Complete financial statements of the individual component unit can be obtained from the Town of Highland, Clerk-Treasurer's Office, at 3333 Ridge Road, Highland, Indiana, 46322.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses 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 among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Agency funds, however, report only assets and liabilities. Since they do not report equity (or changes in equity), they have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Proprietary fund types and pension trust funds are reported using the accrual basis of accounting. Under this method, revenues, including contributions received by pension trust funds, are recorded when earned and expenses, including benefits and refunds paid by pension trust funds, are recorded at the time the liabilities are incurred.

Property taxes, franchise fees, licenses and permits and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

The government reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The parks and recreation fund accounts for the operation of the Parks and Recreation Department including the maintenance of the park system and the operation of recreation and cultural programs.

The corporation capital fund accounts for the 2008 Municipal bond proceeds used for the construction of the Kennedy Avenue, Ridge Road, and Little Calumet River projects.

The government reports the following major proprietary funds:

The water utility fund accounts for the operation of the government's water distribution system.

The sanitary district fund accounts for the operation of the government's wastewater treatment plant, pumping stations and collection systems, as well as the storm water facilities.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the government reports the following fund types:

The internal service funds account for health insurance coverage; for expenditures and resources related to information and communications technology services provided to the executive departments of the municipality and its utilities; and for the Parks and Recreation Building Corporation, a blended component unit of the Town, established for the sole purpose of construction of a recreational facility and leasing such facility.

The pension trust fund accounts for the activities of the 1925 police officer's pension fund which accumulates resources for pension benefit payments.

Agency funds account for assets held by the government as an agent for federal, state and other local governmental entities and payroll deductions.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town and the utilities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues 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 enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

State statute (IC 5-13-9) authorizes the government to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Nonparticipating certificates of deposit, demand deposits and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost.

Money market investments that mature within one year or less at the date of their acquisition are reported at amortized cost. Other money market investments are reported at fair value.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the government in June and in December. State statutes (IC 6-1.1-17-16) require the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively. Delinquent property taxes outstanding at year end for governmental funds, net of allowances for uncollectible accounts, are recorded as a receivable with an offset to deferred revenue since the amounts are not considered available. For additional information about property tax rates and levies for 2008, see Note V.C.

3. Inventories and Prepaid Items

All inventories are valued at the lower of cost or market using the first in/first out (FIFO) method and consist of maintenance supplies and replacement parts held for consumption. The Town does not record inventories for its governmental funds. The cost is recorded as an expenditure in governmental funds at the time individual inventory items are purchased, and as an expense in proprietary funds at the time individual inventory are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

4. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net assets balance sheet because their use is limited by applicable bond indentures or governing body action.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ -	N/A	N/A
Construction in progress	-	N/A	N/A
Buildings	5,000	Straight-line	40 years
Improvements other than buildings	5,000	Straight-line	10 to 40 years
Machinery and equipment	5,000	Straight-line	4 to 20 years
Infrastructure and underground	5,000	Straight-line	15 to 50 years

N/A = Not applicable

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

6. Compensated Absences

- a. Vacation Leave – government employees earn vacation leave at rates from 10 days to 25 days per year based upon the number of years of service. Vacation leave is accrued each year and available to employees the following year. Accumulated vacation leave is paid to employees upon separation of employment.
- b. Personal Leave – government employees earn personal leave at the rate of 6 days per year. Unused personal leave may be accumulated to a maximum of 20 days. Accumulated personal leave is paid to employees upon separation of employment.
- c. Compensatory Time Earned – government employees who are nonexempt, nonsalaried, can earn compensatory time at one and one-half the time for all work performed in excess of 40 hours per week. Unused compensatory time may be accumulated indefinitely and is paid to employees upon separation of employment.

Vacation leave, personal leave, and compensatory time earned are accrued when incurred and reported as a liability in the Statement of Net Assets. Only amounts due and payable at year end are included in the fund statements.

TOWN OF HIGHLAND, INDIANA
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide Statement of Net Assets.

One element of that reconciliation states that "Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds." The details of this \$2,294,096 difference are as follows:

Deferred revenue	\$	544,096
Cooperative receivable		<u>1,750,000</u>
 Total	 \$	 <u><u>2,294,096</u></u>

Another element of that reconciliation states that "Internal service funds are used by management to charge the cost of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets." The details of this \$1,052,802 difference are as follows:

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Cash and cash equivalents	\$	163,576
Investments		6,083
Interest receivable		67
Deferred charges		30,949
Accounts payable		(6,047)
Accrued payroll and withholding payable		(769)
Accrued interest payable		(31,299)
Revenue bonds payable, net		<u>(1,215,362)</u>
 Total	 \$	 <u><u>(1,052,802)</u></u>

Another area of that reconciliation states that "Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$7,436,623 difference are as follows:

General obligation bonds, net	\$	(6,488,162)
Less: deferred charge for issuance costs (to be amortized over the life of the debt)		119,961
Note payable		(142,000)
Accrued interest payable		(99,897)
Capital lease obligations		(305,988)
Compensated absences		<u>(520,537)</u>
 Total	 \$	 <u><u>(7,436,623)</u></u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Other Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures, and Other Changes in Fund Balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide Statement of Activities.

One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period." The details of this \$776,954 difference are as follows:

Additions in capital assets	\$	2,828,492
Less:		
Transfers from construction in progress		(755,481)
Depreciation expense		<u>(1,296,057)</u>
 Total	 \$	 <u><u>776,954</u></u>

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Another element of that reconciliation explains that "The issuance of long-term debt (e.g., bonds, leases) provides 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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this \$746,562 difference are as follows:

Issuance of debt:	
General obligation bonds	\$ (1,900,000)
Notes payable	(142,000)
Principal repayment:	
General obligation bonds	979,000
Revenue bonds	190,000
Capital lease obligation	101,418
Amortization:	
Bond discount	(834)
Bond issue costs	(23,490)
Issuance costs to deferred debits	39,744
Change in accrued interest	<u>9,600</u>
Total	<u><u>\$ (746,562)</u></u>

Another element of that reconciliation explains that "Net pension obligations/other postemployment benefits are considered long-term obligations of the general government, but are not current expenditures." The details of this \$125,145 difference are as follows:

Change in net pension obligation	\$ (15,909)
Change in other post employment benefits	<u>(109,236)</u>
Total	<u><u>\$ (125,145)</u></u>

Another element of that reconciliation explains that "Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$8,110 difference are as follows:

Change in prepaid items	\$ (2,611)
Change in retained payable	10,000
Change in compensated absences	<u>(15,499)</u>
Total	<u><u>\$ (8,110)</u></u>

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis which is not consistent with accounting principles generally accepted in the United States. All annual appropriations lapse at fiscal year end.

On or before August 31, the Town Clerk-Treasurer submits to the Town Council a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the Town Council to obtain taxpayer comments. In September of each year, the Town Council through the passage of an ordinance approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the Town Clerk-Treasurer receives approval of the Indiana Department of Local Government Finance.

The government's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the Town Council. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

IV. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds; and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Town does not have a deposit policy for custodial credit risk.

At December 31, 2008, the bank balance held at Trust Indiana (formerly, MBIA Asset Management Group) in the amount of \$419,473 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-Town's name. The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2008, the Town had the following investments:

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Type	Primary	Investment Maturities (in Years)			Duration
	Government	Less	1-2	More	
	Market	Than 1		Than 2	
	Value				
U.S. agencies	\$ 85,920	\$ 85,920	\$ -	\$ -	
Commercial paper	32,230	32,230	-	-	
Pension relief - investment pool	83,590	-	-	-	3.1
Totals	<u>\$ 201,740</u>	<u>\$ 118,150</u>	<u>\$ -</u>	<u>\$ -</u>	

Investment Policies

Indiana Code 5-13-9 authorizes the Town to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the unit to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed fifty percent (50%) of the funds held by the Town and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise; or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the Town may enter into repurchase agreements with depositories designated by the Indiana State Board of Finance as depositories for state deposits involving the unit's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

At the option of the Town, an additional distribution in a prior year of police pension relief funds was held for investment in an external investment pool (Pension Relief Fund) by the Public Employees' Retirement Fund of Indiana (PERF). These deferred amounts invested in the Fund are available to participating cities and towns at their request. Responsibility of

TOWN OF HIGHLAND, INDIANA
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regulatory oversight for the pool is assumed by the PERF governing board, under direction by statute to "invest its assets with the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims." Utilizing external investment managers, the PERF Board diversifies such investments in accordance with prudent investment standards.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Town's investment policy for custodial credit risk was passed in Ordinance No. 1270 which strictly follows IC 5-13-9.

Primary Government:

Investment Type	Not in the Government's Name
U.S. agencies	\$ 86,127
Commercial paper	32,276
Other securities (Trust Indiana)	685,339
Pension relief investment pool	83,590
Total	\$ 887,332

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town must follow state statute and limit the stated final maturities of the investments to no more than two years. The Town's investment policy for interest rate risk is that any investment made must have a stated final maturity of not more than two years.

Interest rate risk of the Pension Relief Fund's fixed income portfolio, using the duration approach, is 3.1.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below. The Town's investment policy for credit risk was passed in Ordinance No. 1270 which strictly follows IC 5-13-9.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Standard & Poor's Rating	Town's Investments			
	Mutual Funds	Corporate Bonds	Government Sponsored Enterprise	Investment Pools
AAA	\$ -	\$ -	\$ 85,920	\$ -
A	-	32,230	-	-
Unrated - PERF pension relief	-	40,374	-	21,399
Totals	<u>\$ -</u>	<u>\$ 72,604</u>	<u>\$ 85,920</u>	<u>\$ 21,399</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Town does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

B. Receivables

The following receivable accounts have timing and credit characteristics different from typical accounts receivable.

Cooperative Receivable

The Town of Highland and the City of Hammond, through their respective Redevelopment Commissions approved an interlocal cooperation agreement on April 3, 2006, to burden share on a Redevelopment Project that involved the recovery, razing, rehabilitation and redevelopment of an under-maintained apartment complex in great need of redevelopment. The parcels are located on an area of land that is contiguous to the common borders of the City of Hammond and the Town of Highland, along the Little Calumet River and Highland's Redevelopment Area.

The Highland and Hammond Redevelopment Commissions determined that the project had a common and positive impact for both communities. The project was also aligned with the general redevelopment goals and objectives that both communities had for the area. In this context, the Highland Redevelopment Commission consented to participate and burden share with the City of Hammond on the costs of demolition of the apartments. The City of Hammond issued a \$23 million bond issue as its share of the project.

In July of 2006, the Highland Redevelopment Commission issued special taxing district bonds in the amount of \$1,750,000 to support its share of costs associated with the razing. While treated like a loan, the proceeds were not actually directly lent. Instead, the City of Hammond assigned its demolition contracts to the Town of Highland, which agreed to make progress payments to the contractor up to the capped amount of the bonds.

Further, under the terms of the interlocal agreement, in consideration for this burden sharing, the City of Hammond Redevelopment Commission would repay the Town of Highland the principal amount of its bonds sold to support the project (\$1,750,000) and the actual interest costs which

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

may be incurred after the first 18 months that the debt is in repayment. The source of the repayment would come from the sale of the redeveloped property to a private developer. The Town of Highland's participation in the project was substantially completed by December of 2006. Owing to this, the amount of \$1,750,000 is carried as a receivable from a cooperative redevelopment activity, for the year ended December 31, 2008.

Parks and Recreation Building Corporation Lease

The Parks and Recreation Building Corporation, a blended component unit reported as an internal service fund, has entered into a lease agreement with the government through 2012. The lease term commenced on the later of the day the building was ready for occupancy, or June 30, 1998. The government occupied the building as of October 1998. At the end of the lease period, the land and building become the property of the government. Accordingly, the lease is accounted for as a direct financing lease and will expire in 2012.

The following lists the component of the net investment in direct financing lease as of December 31, 2008:

Total minimum lease payments to be received	\$ 1,143,000
Less: amounts representing estimated executory costs	<u>(37,000)</u>
Minimum lease payment receivable	1,106,000
Less: unearned income	<u>(305,816)</u>
Net investment in direct financing lease	800,184
Less: current portion	<u>(203,578)</u>
Net investment in direct financing lease, less current portion	<u>\$ 596,606</u>

At December 31, 2008, minimum lease payments are as follows:

	Direct Financing Lease Payments	Operating Lease Payments
2009	\$ 278,000	\$ 9,250
2010	281,000	9,250
2011	289,000	9,250
2012	<u>295,000</u>	<u>9,250</u>
Totals	<u>\$ 1,143,000</u>	<u>\$ 37,000</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Prior Period Adjustment</u>	<u>Restated Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 2,615,362	\$ -	\$ 2,615,362	\$ 132,533	\$ -
Construction in progress	1,156,963	(92,600)	1,064,363	1,629,305	755,481
Total capital assets, not being depreciated	<u>3,772,325</u>	<u>(92,600)</u>	<u>3,679,725</u>	<u>1,761,838</u>	<u>755,481</u>
Capital assets, being depreciated:					
Buildings	6,924,681	-	6,924,681	-	8,289
Improvements other than buildings	3,486,646	-	3,486,646	-	-
Machinery and equipment	4,726,938	-	4,726,938	275,208	218,304
Infrastructure and underground	25,656,408	-	25,656,408	791,446	-
Totals	<u>40,794,673</u>	<u>-</u>	<u>40,794,673</u>	<u>1,066,654</u>	<u>226,593</u>
Less accumulated depreciation for:					
Buildings	3,985,800	-	3,985,800	196,722	8,289
Improvements other than buildings	2,609,579	-	2,609,579	107,628	-
Machinery and equipment	3,280,560	-	3,280,560	259,323	204,310
Infrastructure and underground	13,058,032	-	13,058,032	732,384	-
Totals	<u>22,933,971</u>	<u>-</u>	<u>22,933,971</u>	<u>1,296,057</u>	<u>212,599</u>
Total capital assets, being depreciated, net	<u>17,860,702</u>	<u>-</u>	<u>17,860,702</u>	<u>(229,403)</u>	<u>13,994</u>
Total governmental activity capital assets, net	<u>\$ 21,633,027</u>	<u>\$ (92,600)</u>	<u>\$ 21,540,427</u>	<u>\$ 1,532,435</u>	<u>\$ 769,475</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 55,477	\$ -	\$ 55,477	\$ -	\$ -
Construction in progress	252,854	-	252,854	1,239,896	734,772
Total capital assets, not being depreciated	<u>308,331</u>	<u>-</u>	<u>308,331</u>	<u>1,239,896</u>	<u>734,772</u>
Capital assets, being depreciated:					
Buildings	1,062,132	-	1,062,132	-	-
Improvements other than buildings	4,524,843	-	4,524,843	-	-
Machinery and equipment	1,749,136	-	1,749,136	234,728	34,437
Infrastructure and underground	29,125,647	-	29,125,647	744,215	329,747
Totals	<u>36,461,758</u>	<u>-</u>	<u>36,461,758</u>	<u>978,943</u>	<u>364,184</u>
Less accumulated depreciation for:					
Buildings	631,643	-	631,643	24,544	-
Improvements other than buildings	1,868,127	-	1,868,127	109,807	-
Machinery and equipment	1,052,532	-	1,052,532	110,265	25,825
Infrastructure and underground	13,892,286	-	13,892,286	658,770	303,696
Totals	<u>17,444,588</u>	<u>-</u>	<u>17,444,588</u>	<u>903,386</u>	<u>329,521</u>
Total capital assets, being depreciated, net	<u>19,017,170</u>	<u>-</u>	<u>19,017,170</u>	<u>75,557</u>	<u>34,663</u>
Total business-type activity capital assets, net	<u>\$ 19,325,501</u>	<u>\$ -</u>	<u>\$ 19,325,501</u>	<u>\$ 1,315,453</u>	<u>\$ 769,435</u>

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Depreciation expense was charged to functions/programs of the government as follows:

Governmental activities:	
General government	\$ 40,043
Public safety	207,927
Highway and streets	772,330
Urban redevelopment	1,801
Culture and recreation	<u>273,956</u>
Total depreciation expense - governmental activities	<u>\$ 1,296,057</u>
Business-type activities:	
Water	\$ 359,400
Sanitary District	<u>543,986</u>
Total depreciation expense - business-type activities	<u>\$ 903,386</u>

D. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2008	Committed
Governmental Funds:			
Kennedy, Ridge, and Little Calumet River project	\$ 2,693,348	\$ 1,771,587	\$ 705,435
Recreation Center/Lincoln Center	2,600	2,600	-
Cline/Ridge to 45th	<u>304,960</u>	<u>164,000</u>	<u>140,960</u>
Total governmental activities	<u>\$ 3,000,908</u>	<u>\$ 1,938,187</u>	<u>\$ 846,395</u>
Business-type activities:			
Water Utility:			
Kennedy, Ridge, and Little Calumet River project	\$ 203,167	\$ 203,167	\$ -
Sanitary District:			
Wastewater:			
Kennedy, Ridge, and Little Calumet project	216,326	216,326	-
Georgetown Phase II project (Wastewater portion)	25,500	22,833	2,667
Kleinman Road Sanitary Project	39,085	36,156	2,929
LaPorte Street	224,164	11,425	212,739
North Drive Pump Station Emergency Generator Project	224,678	192,213	32,465
North 5th Street Pump Station Emergency Generator Project	850,477	40,124	810,353
Storm Water:			
Wicker Park Manor Storm Sewer	35,000	9,981	25,019
Homestead Gardens Detention Basin	113,590	19,180	94,410
Caddy Marsh Ditch Flood Control	<u>24,500</u>	<u>6,573</u>	<u>17,927</u>
Total business-type activities	<u>\$ 1,956,487</u>	<u>\$ 757,978</u>	<u>\$ 1,198,509</u>

TOWN OF HIGHLAND, INDIANA
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Some of the above projects involved expenditures for preliminary engineering work only as of December 31, 2008. Financing has not yet been obtained, nor has the Town entered into any construction contracts.

E. Interfund Balances and Activity

Interfund transfers for the year ended December 31, 2008, were as follows:

Transfer From	Transfer To	Amount
Other governmental	General Fund	\$ 16,687
Other governmental	Other governmental	50,000
Internal Service	Other governmental	581,336
Total		\$ 648,023

The government typically uses transfers to fund ongoing operating subsidies.

F. Leases

1. Operating Leases

The government has entered into various operating leases having initial or remaining non-cancelable terms exceeding one year for copiers. Rental expenditures for these leases were \$6,217. The following is a schedule by years of future minimum rental payments as of December 31, 2008:

	Governmental Activities
2009	\$ 3,498
2010	756
Total	\$ 4,254

2. Capital Leases

The government has entered into various capital leases for vehicles and infrastructure. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2008, are as follows:

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Governmental Activities
2009	\$ 55,230
2010	48,846
2011	47,248
2012	45,652
2013	44,054
2014-2017	122,580
Total minimum lease payments	363,610
Less amount representing interest	57,622
Present value of net minimum lease payments	\$ 305,988

Assets acquired through capital leases still in effect are as follows:

	Governmental Activities
Machinery and equipment	\$ 395,507
Accumulated depreciation	(34,535)
Total	\$ 360,972

G. Short-Term Liabilities

Tax Anticipation Warrants

The government issues tax anticipation warrants in advance of property tax collections, depositing the proceeds in the appropriate fund. Tax anticipation warrants are necessary to meet budgeted expenditures prior to the time when tax proceeds are distributed.

Short-term debt activity for the year ended December 31, 2008, was as follows:

	Beginning Balance	Issued/ Draws	Redeemed/ Repayments	Ending Balance
Tax anticipation warrants	\$ 6,016,789	\$ 2,497,929	\$ 6,016,789	\$ 2,497,929

H. Long-Term Liabilities

1. General Obligation Bonds

The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding at year end are as follows:

Purpose	Original Issue Amount	Interest Rates	Balance December 31	Less: Unamortized (Premium) Discount	Amount
Governmental activities:					
2006 Park District bond	\$ 1,850,000	3.85% to 4.35%	\$ 1,665,000	\$ -	\$ 1,665,000
1998 Redevelopment District bond	1,850,000	4.3% to 4.5%	420,000	-	420,000
2002 Redevelopment District bond	610,000	3.06%	115,000	-	115,000
2006 Redevelopment District bond	1,750,000	6.375% to 6.5%	1,575,000	6,741	1,568,259
2005 Municipal bonds	1,091,903	3.1% to 4.0%	819,903	-	819,903
2008 Municipal bonds	<u>1,900,000</u>	4.75%	<u>1,900,000</u>	-	<u>1,900,000</u>
Total governmental activities	<u>\$ 9,051,903</u>		<u>\$ 6,494,903</u>	<u>\$ 6,741</u>	<u>\$ 6,488,162</u>
Business-type activities:					
2005 Sanitary District bond	\$ 1,175,000	3.1% to 4.0%	\$ 883,000	\$ -	\$ 883,000
2007A Sanitary District bond	1,469,500	4.25% to 4.5%	1,396,500	(10,885)	1,407,385
2007B Sanitary District bond	<u>2,030,500</u>	4.625% to 5.0%	<u>1,974,500</u>	<u>(20,972)</u>	<u>1,995,472</u>
Total business-type activities	<u>\$ 4,675,000</u>		<u>\$ 4,254,000</u>	<u>\$ (31,857)</u>	<u>\$ 4,285,857</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$ 789,000	\$ 274,203	\$ 375,000	\$ 182,826
2010	874,000	258,194	375,000	167,491
2011	659,000	222,034	376,000	152,040
2012	659,000	190,510	376,000	136,436
2013	659,000	158,784	376,000	120,671
2014-2018	2,664,903	328,885	1,521,500	371,370
2019-2023	190,000	-	569,000	147,161
2024-2028	<u>-</u>	<u>-</u>	<u>285,500</u>	<u>21,438</u>
Totals	<u>\$ 6,494,903</u>	<u>\$ 1,432,610</u>	<u>\$ 4,254,000</u>	<u>\$ 1,299,433</u>

2. Revenue Bonds

The government issues bonds to be paid by income derived from the acquired or constructed assets. Revenue bonds outstanding at year end are as follows:

Purpose	Original Issue Amount	Interest Rates	Balance at December 31	Plus Unamortized Premium	Revenue Bonds
Governmental activities:					
1997 Parks and Recreation holding corporation bonds	<u>\$ 2,600,000</u>	5.125% to 5.20%	<u>\$ 1,210,000</u>	<u>\$ (5,362)</u>	<u>\$ 1,215,362</u>

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2009	\$ 205,000	\$ 57,344
2010	225,000	46,326
2011	240,000	34,320
2012	260,000	21,320
2013	280,000	7,280
Totals	<u>\$ 1,210,000</u>	<u>\$ 166,590</u>

3. Notes Payable

The primary government has entered into a note. The outstanding note balance at December 31, 2008, is \$142,000. Annual debt service requirements to maturity for the note, are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2009	\$ 28,400	\$ 4,855
2010	28,400	3,896
2011	28,400	2,783
2012	28,400	1,670
2013	28,400	557
Totals	<u>\$ 142,000</u>	<u>\$ 13,761</u>

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2008, was as follows:

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation	\$ 5,573,903	\$ 1,900,000	\$ 979,000	\$ 6,494,903	\$ 789,000
Less deferred bond discount	(7,575)	-	(834)	(6,741)	-
Revenue	1,400,000	-	190,000	1,210,000	205,000
Add deferred bond premium	6,204	-	842	5,362	-
Total bonds payable	6,972,532	1,900,000	1,169,008	7,703,524	994,000
Capital leases	407,406	-	101,418	305,988	42,327
Note payable	-	142,000	-	142,000	28,400
Other postemployment benefits	-	109,236	-	109,236	-
Compensated absences	505,038	361,020	345,521	520,537	336,274
Net pension obligation	5,386,010	15,909	-	5,401,919	-
Total governmental activities long-term liabilities	\$ 13,270,986	\$ 2,528,165	\$ 1,615,947	\$ 14,183,204	\$ 1,401,001
Business-type activities:					
Water Utility:					
Other postemployment benefits	\$ -	\$ 13,492	\$ -	\$ 13,492	\$ -
Compensated absences	45,978	31,132	33,598	43,512	32,291
Total Water Utility long-term liabilities	45,978	44,624	33,598	57,004	32,291
Sanitary District:					
Bonds payable:					
General obligation	4,500,000	-	246,000	4,254,000	375,000
Add deferred bond premium	34,283	-	2,426	31,857	-
Total bonds payable	4,534,283	-	248,426	4,285,857	375,000
Other postemployment benefits	-	15,408	-	15,408	-
Compensated absences	57,852	28,944	36,196	50,600	35,690
Total Sanitary District long-term liabilities	4,592,135	44,352	284,622	4,351,865	410,690
Total business-type activities long-term liabilities	\$ 4,638,113	\$ 88,976	\$ 318,220	\$ 4,408,869	\$ 442,981

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Compensated absences and the net pension obligation for governmental activities typically have been liquidated from the General, Motor Vehicle Highway, and Parks and Recreation Funds.

I. Restatements and Reclassifications

For the year ended December 31, 2007, certain changes have been made to the financial statements to more appropriately reflect financial activity of the primary government. The following schedule presents a summary of restated beginning net assets. Prior period adjustments represent corrections to construction in progress.

Opinion Unit	Balance as Reported December 31, 2007	Prior Period Adjustments	Balance as Restated January 1, 2008
Governmental activities:			
Invested in capital assets, net of related debt	\$ 16,591,125	\$ (92,600)	\$ 16,498,525
Restricted for:			
Highways and streets	784,089	-	784,089
Debt service	1,230,696	-	1,230,696
Capital projects	2,399,474	-	2,399,474
Other purposes	203,165	-	203,165
Unrestricted	<u>(2,779,058)</u>	-	<u>(2,779,058)</u>
 Total net assets - governmental activities	 <u>\$ 18,429,491</u>	 <u>\$ (92,600)</u>	 <u>\$ 18,336,891</u>

J. Restricted Assets

The balances of restricted asset accounts in the enterprise funds are as follows:

Customer deposits	\$ 118,477
Improvement account	287,870
Improvement - construction	1,931,455
Bond and interest account	352,549
Extension account	85,106
Reserve account	489,495
Co-op account	6,563
Investments	318,007
Interest receivable	3,154
Taxes receivable	92,563
Inventories	<u>233,498</u>
 Total restricted assets	 <u>\$ 3,918,737</u>

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

K. Net Assets

On the government-wide Statement of Net Assets, the government reports a category titled invested in capital assets, net of related debt. The composition of the balance as of December 31, 2008, is as follows:

	Amount
Governmental activities:	
Capital assets	\$ 46,320,816
Less:	
Accumulated depreciation	(24,017,429)
Outstanding principal of related debt:	
General obligation bonds:	
2006 Park District bond	(1,665,000)
1998 Redevelopment District bond	(420,000)
2002 Redevelopment District bond	(115,000)
2005 Municipal bonds	(819,903)
2008 Municipal bonds	(1,900,000)
Add: unspent proceeds	400,612
Revenue bond	(1,210,000)
Note payable	(142,000)
Add: unspent proceeds	2,964
Capital lease obligations	(305,988)
 Total invested in capital assets, net of related debt	 \$ 16,129,072
 Business-type activities:	
Capital assets	\$ 37,889,972
Less:	
Accumulated depreciation	(18,018,453)
Outstanding principal of related debt:	
General obligation bonds:	
2005 Sanitary District bond	(883,000)
2007 Sanitary District bonds Series A and B	(3,402,857)
Add: unspent proceeds	2,169,735
Add: discount	31,857
 Total invested in capital assets, net of related debt	 \$ 17,787,254

V. Other Information

A. Risk Management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Group Health Insurance

Prior to October 1, 2000, the Town's Health Insurance Fund, an internal service fund, serviced the risk of loss related to employee health claims. The Town Council passed a resolution allowing this fund to stay open indefinitely.

No claims have been incurred or paid in the past two years and during 2008 the balance was transferred to a newly established Rainy Day Fund.

Worker's Compensation

During 1990, the government joined together with other governmental entities to form the Indiana Public Employer's Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for approximately 350 member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of worker's compensation claims. The government pays an annual premium to the risk pool for its worker's compensation coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Business-Type Capital Assets

The following is a breakdown of the business-type funds capital assets by utility:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Water Utility:				
Capital assets, not being depreciated:				
Land	\$ 17,661	\$ -	\$ -	\$ 17,661
Construction in progress	145,320	693,820	635,973	203,167
Total capital assets, not being depreciated	<u>162,981</u>	<u>693,820</u>	<u>635,973</u>	<u>220,828</u>
Capital assets, being depreciated:				
Buildings	1,062,132	-	-	1,062,132
Improvements other than buildings	3,957,279	-	-	3,957,279
Machinery and equipment	512,395	37,381	16,633	533,143
Infrastructure and underground	9,833,776	635,973	284,680	10,185,069
Totals	<u>15,365,582</u>	<u>673,354</u>	<u>301,313</u>	<u>15,737,623</u>

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities (continued):				
Water Utility (continued):				
Capital assets, being depreciated (continued):				
Less accumulated depreciation for:				
Buildings	631,643	24,544	-	656,187
Improvements other than buildings	1,609,317	89,122	-	1,698,439
Machinery and equipment	376,869	31,645	12,327	396,187
Infrastructure and underground	4,464,069	214,089	258,629	4,419,529
Totals	<u>7,081,898</u>	<u>359,400</u>	<u>270,956</u>	<u>7,170,342</u>
Total capital assets, being depreciated, net	<u>8,283,684</u>	<u>313,954</u>	<u>30,357</u>	<u>8,567,281</u>
Total Water Utility capital assets, net	<u>\$ 8,446,665</u>	<u>\$ 1,007,774</u>	<u>\$ 666,330</u>	<u>\$ 8,788,109</u>
Business-type activities:				
Sanitary District:				
Wastewater Utility:				
Capital assets, not being depreciated:				
Land	\$ 37,816	\$ -	\$ -	\$ 37,816
Construction in progress	107,534	510,342	98,799	519,077
Total capital assets, not being depreciated	<u>145,350</u>	<u>510,342</u>	<u>98,799</u>	<u>556,893</u>
Capital assets, being depreciated:				
Improvements other than buildings	567,564	-	-	567,564
Machinery and equipment	1,212,296	197,347	12,515	1,397,128
Infrastructure and underground	9,443,230	108,242	45,067	9,506,405
Totals	<u>11,223,090</u>	<u>305,589</u>	<u>57,582</u>	<u>11,471,097</u>
Less accumulated depreciation for:				
Improvements other than buildings	258,810	20,685	-	279,495
Machinery and equipment	651,640	78,559	8,209	721,990
Infrastructure and underground	4,147,238	208,493	45,067	4,310,664
Totals	<u>5,057,688</u>	<u>307,737</u>	<u>53,276</u>	<u>5,312,149</u>
Total capital assets, being depreciated, net	<u>6,165,402</u>	<u>(2,148)</u>	<u>4,306</u>	<u>6,158,948</u>
Total Wastewater Utility capital assets, net	<u>\$ 6,310,752</u>	<u>\$ 508,194</u>	<u>\$ 103,105</u>	<u>\$ 6,715,841</u>

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Sanitary District:				
Storm Water:				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 35,734	\$ -	\$ 35,734
Capital assets, being depreciated:				
Machinery and equipment	24,445	-	5,289	19,156
Infrastructure and underground	9,848,641	-	-	9,848,641
Totals	9,873,086	-	5,289	9,867,797
Less accumulated depreciation for:				
Machinery and equipment	24,023	61	5,289	18,795
Infrastructure and underground	5,280,979	236,188	-	5,517,167
Totals	5,305,002	236,249	5,289	5,535,962
Total capital assets, being depreciated, net	4,568,084	(236,249)	-	4,331,835
Total Storm Water capital assets, net	\$ 4,568,084	\$ (200,515)	\$ -	\$ 4,367,569

C. Subsequent Events

The second installment of the 2007 pay 2008 property taxes was billed in January 2009. Final distribution of the 2007 pay 2008 property taxes was completed in March 2009.

Due to delays caused by trending of assessments, the assessed valuations of Lake County were not finalized by February 15, 2009, as required. Therefore, the 2008 pay 2009 property tax rates and levies, as well as related budget orders for 2009, were not established until July 31, 2009. Currently, the County is anticipating billing the 2008 pay 2009 taxes in two installments with due dates of October 29 and November 30, 2009.

Beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Firefighter Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Pension Fund, the 1937 Firefighters' Fund, and the 1953 Police Pension Fund. For property taxes first due and payable after December 31, 2008, the Indiana Department of Local Government Finance shall reduce the maximum permissible property tax levy of any civil taxing unit and special service district by the amount of the payment to be made in 2009 by the State for the obligations.

The Board of Sanitary Commissioners on May 19, 2009, and the Town Council on July 13, 2009, approved debt financing not to exceed \$10 million dollars to support an ambitious program of storm water and wastewater infrastructure improvements. Bonds in three series were sold on August 4, 2009, in the total amount of \$7,640,000. Two of the series were tax exempt and one series in the amount of \$4,679,000 was sold as taxable, "Build America Bonds." Authorized by

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Federal legislation as part of the America Reinvestment and Recovery Act, commonly called the "stimulus package," authorized this form of finance. Although sold as taxable, the net cost of these bonds is highly mitigated by the payment of a 35% credit from the United States Treasury to the issuer. The balance of the authorized amount may be issued later.

D. Indiana Utility Regulatory Commission – Water Utility Withdrawal

Acting under Indiana Law, the Town Council adopted Ordinance No. 1386 to authorize withdrawal of the water utility from the jurisdiction of the Indiana Utility Regulatory Commission (IURC). Petitioners successfully sought option triggering a referendum on the matter, delaying the effective date of the ordinance. On November 4, 2009, the referendum was conducted and the residents voted to authorize the withdrawal. The withdrawal was effective 30 days following the certification of the referendum's results and its reporting to the Indiana Utility Regulatory Commission.

E. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

Town of Highland's Retiree's Group Health and Life Insurance Plan is a single-employer defined benefit healthcare plan administered by the Town on a pay-as-you-go basis. The plan provides for 50% life insurance benefits to employees who retire from the government on or after attaining age 55 with at least 20 years of service and is payable to age 65. The Town's plan also provides for retiree health care benefits until Medicare eligibility. This is available to eligible retirees and their spouses.

IC 5-10-8 assigns the authority to establish and amend benefit provisions to the Town. The Town contracted with the Alliance Benefit Group to provide the accrued actuarial liability for these benefits. The actuarial report for the plan is publicly available and includes the required supplementary information for the plan as a whole and for the participants. That report may be obtained by contacting the Town's Clerk Treasurer's office:

Town of Highland
Clerk Treasurer's Office
3333 Ridge Road
Highland, IN 46322

Funding Policy

The contribution requirements of plan members for the Town of Highland's Retiree's Group Health and Life Insurance Plan are established by the Town Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2008, the Town contributed \$41,492 to the plan, for expenditures for these postemployment benefits. Plan members receiving benefits contributed \$31,256, or approximately 75% of the total premiums, through their required contribution of \$397 per month for retiree-only coverage and \$834 per month for retiree and spouse coverage.

TOWN OF HIGHLAND, INDIANA
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Annual OPEB Cost and Net OPEB Obligation

The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation to the plan:

Annual required contribution	\$ 179,628
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
 Annual OPEB cost	 179,628
Contributions made	<u>(41,492)</u>
 Increase (decrease) in net OPEB obligation	 138,136
Net OPEB obligation, beginning of year	<u>-</u>
 Net OPEB obligation, end of year	 <u><u>\$ 138,136</u></u>

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 were as follows:

<u>Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12-31-08	<u>\$ 179,628</u>	23.1%	<u>\$ 138,136</u>

(Information for the prior two years is not available.)

Funded Status and Funding Progress

As of December 31, 2008, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$1,842,788, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,842,788. The covered payroll (annual payroll of active employees covered by the plan) was \$4,755,173, and the ratio of the UAAL to covered payroll was 39%.

The funded status of the plan as of December 31, 2008, was as follows:

TOWN OF HIGHLAND, INDIANA
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Actuarial accrued liability (AAL)	\$ <u>1,842,788</u>
Unfunded AAL	<u>(1,842,788)</u>
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	4,755,173
Unfunded AAL as a percentage of covered payroll	(39%)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumption

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2008, actuarial valuation, the projected unit credit with linear proration to decrement cost method was used. The actuarial assumptions included a 4.5% unfunded discount rate (8.0% fully-funded). The UAAL is being amortized as a level percentage over thirty years of projected payroll based on an open group. The remaining amortization period at December 31, 2008, was twenty-nine years. A salary scale of 3%, RP-2000 Combined Mortality Table, and employee turnover rates were also considered as part of the actuarial assumptions.

F. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The government contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the government authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at three percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy

PERF members are required to contribute 3% of their annual covered salary. The Town is required to contribute at an actuarially determined rate; the current rate is 7.25% of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by the Board of Trustees of PERF.

Information to segregate the assets/liabilities and the actuarial study figures between the government and the Utilities is not available. Therefore, the liability for Net Pension Obligation (NPO) is considered an obligation of the government and is presented in the governmental activities of the Statement of Net Assets and is not presented as an asset/liability of the business-type activities.

Annual Pension Cost

For 2008, the Town's annual pension cost of \$197,856 for PERF was greater than the Town's required and actual contributions of \$193,297.

b. 1925 Police Officers' Pension Plan

Plan Description

The government contributes to the 1925 Police Officers' Pension Plan which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy

Plan members are required by state statute (IC 36-8-6-4) to contribute an amount equal to 6% of the salary of a first class patrolman. The Town is required to contribute an amount equal to the funding deficit of the difference between receipts of the fund and the required disbursements of the fund (pay-as-you-go basis); the amount contributed for 2008 is \$653,005. The contribution requirements of plan members and the Town are established by state statute. Of this amount, \$491,648 is contributed by the State of Indiana on behalf of the Town. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

Annual Pension Cost

For 2008, the Town's annual pension cost of \$692,600 for the 1925 Police Officers Pension Plan was greater than the Town's required and actual contributions of \$653,005.

The Net Pension Obligation (NPO) is considered an obligation of the Town as a whole and is reflected in the Statement of Net Assets. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan.

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>
Annual required contribution	\$ 198,482	\$ 775,700
Interest on net pension obligation	4,484	317,800
Adjustment to annual required contribution	<u>(5,110)</u>	<u>(400,900)</u>
Annual pension cost	197,856	692,600
Contributions made	<u>193,297</u>	<u>653,005</u>
Increase in net pension obligation	4,559	39,595
Net pension obligation, beginning of year	<u>61,851</u>	<u>5,295,914</u>
Net pension obligation, end of year	<u>\$ 66,410</u>	<u>\$ 5,335,509</u>

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF	1925 Police Officers' Pension
Contribution rates:		
Town	7.25%	N/A
Plan members	3%	6%
Actuarial valuation date	07-01-08	01-01-08
Actuarial cost method	Entry age Normal Cost	Entry age
Amortization method	Level Dollar Closed Amortization Period	Level percentage of projected payroll, closed
Amortization period	30 years	30 years
Amortization period (from date)	07-01-07	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital

N/A = not applicable

Actuarial Assumptions	PERF	1925 Police Officers' Pension
Investment rate of return	7.25%	6%
Projected future salary increases:		
Total	4%	4%
Cost-of-living adjustments	1.5%	2.75/4%*

*2.75% converted members; 4% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 164,083	90%	\$ 46,631
	06-30-07	179,895	92%	61,851
	06-30-08	197,856	98%	66,410
1925 Police Officers' Pension Plan	12-31-06	732,200	97%	*5,376,759
	12-31-07	671,100	112%	5,295,914
	12-31-08	692,600	94%	5,335,509

*See Note III of Notes to Required Supplementary Information

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Membership in the 1925 Police Officers' Pension Plan at January 1, 2008, was comprised of the following:

	1925 Police Officers' Pension
Retires and beneficiaries currently receiving benefits	24
Terminated employees entitled to but not yet receiving benefits	-
Current active employees	-

Statement of Fiduciary Net Assets:

	1925 Police Officers' Pension
<u>Assets</u>	
Cash and cash equivalents	\$ 127,113
Receivables:	
Employer contributions	95,285
Interest and dividends	336
Total receivables	95,621
Investments at fair value:	
Participation in investment pools of other governments	83,590
Total assets	306,324
<u>Liabilities</u>	
Accounts payable	353
Net assets:	
Held in trust for:	
Employees' pension benefit	305,971
Total net assets	\$ 305,971

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Statement of Changes in Fiduciary Net Assets:

Additions

Contributions:

Employer	\$ 159,880
On-behalf	491,648
Other	<u>1,477</u>

Total contributions	<u>653,005</u>
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Investment income:

Net Increase in fair value of investments	(5,603)
Interest	<u>4,559</u>

Total investment income	<u>(1,044)</u>
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Total additions	<u>651,961</u>
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Deductions

Benefits	698,092
Administrative expense	<u>796</u>

Total deductions	<u>698,888</u>
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Change in net assets	(46,927)
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Net assets - beginning	<u>352,898</u>
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Net assets - ending	<u><u>\$ 305,971</u></u>
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Funded Status and Funding Progress for the Above Plans

The funded status of each plan as of July 1, 2008, the most recent actuarial valuation date (except the 1925 Police Officers' pension fund (which is as of January 1, 2008) is as follows:

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS
(Continued)

Retirement Plan	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
PERF	\$ 3,465,400	\$4,122,809	\$ (657,409)	84%	\$2,626,529	(25%)
1925 Police Officers' Pension Plan	352,898	10,546,900	(10,194,002)	3%	-	No covered payroll

The Schedule of Funding Progress, presented as RSI for the above plans following the Notes to the Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The government contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

PERF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the government are established by the Board of Trustees of PERF. The government's contributions to the plan for the years ending December 31, 2008, 2007, and 2006, were \$447,803, \$420,965, and \$440,184, respectively, equal to the required contributions for each year.

TOWN OF HIGHLAND, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund										
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)				
07-01-06	\$ 2,906,531	\$ 3,438,425	\$ (531,894)	85%	\$ 2,489,408	(21%)				
07-01-07	3,363,691	3,970,127	(606,436)	85%	2,626,627	(23%)				
07-01-08	3,465,400	4,122,809	(657,409)	84%	2,626,529	(25%)				
1925 Police Officers' Pension Plan										
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)				
01-01-03	\$ 579,608	\$ 10,819,400	\$ (10,239,792)	5%	\$ 138,000	(7,420%)				
01-01-04	437,080	11,532,700	(11,095,620)	4%	94,200	(11,779%)				
01-01-05	503,374	11,417,600	(10,914,226)	4%	97,800	(11,160%)				
01-01-06	299,251	11,079,900	(10,780,649)	3%	51,300	(21,015%)				
01-01-07	274,293	10,341,800	(10,067,507)	3%	-	No Covered Payroll				
01-01-08	352,898	10,546,900	(10,194,002)	3%	-	No Covered Payroll				
Other Postemployment Benefits - Single-Employer Defined Benefit Healthcare Plan										
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)				
12-31-08	\$ -	\$ 1,842,788	\$ (1,842,788)	0%	\$ 4,755,173	(39%)				
*	*	*	*	*	*	*				
*	*	*	*	*	*	*				

*Information not available

The accompanying Notes to Required Supplementary Information are an integral part of the required supplementary information.

TOWN OF HIGHLAND, INDIANA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS FROM THE
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan			
Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		City	State
12-31-03	\$ 1,282,400	11%	23%
12-31-04	1,341,400	20%	27%
12-31-05	830,500	17%	49%
12-31-06	805,000	31%	64%
12-31-07	749,500	40%	60%
12-31-08	775,700	21%	63%

The accompanying Notes to Required Supplementary Information are an integral part of the required supplementary information.

TOWN OF HIGHLAND, INDIANA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2008

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
General Fund				
Revenues:				
Taxes	\$ 4,865,230	\$ 4,865,230	\$ 5,619,829	\$ 754,599
Licenses and permits	213,700	213,700	391,277	177,577
Intergovernmental	598,554	598,554	641,492	42,938
Charges for services	1,448,622	1,633,622	1,774,705	141,083
Fines and forfeits	49,000	49,000	119,524	70,524
Other	326,805	141,805	180,832	39,027
Total revenues	7,501,911	7,501,911	8,727,659	1,225,748
Expenditures:				
Current:				
General government:				
Clerk-Treasurer:				
Personal services	104,794	120,436	106,061	14,375
Supplies	3,400	3,180	3,000	180
Other services and charges	50,922	51,142	44,308	6,834
Town Council:				
Personal services	89,271	80,230	79,065	1,165
Supplies	700	700	190	510
Other services and charges	252,963	196,913	181,956	14,957
Capital outlay	-	5,000	5,000	-
Board of Zoning:				
Personal services	3,359	3,359	3,187	172
Supplies	200	200	150	50
Other services and charges	8,988	8,988	3,951	5,037
Building and Inspection:				
Personal services	215,309	214,392	204,394	9,998
Supplies	10,433	9,281	6,709	2,572
Other services and charges	66,428	56,428	31,650	24,778
Plan Commission:				
Personal services	2,842	2,842	2,573	269
Supplies	325	325	324	1
Other services and charges	23,498	22,733	13,114	9,619
Board of Works:				
Other services and charges	787,487	706,266	626,486	79,780
Town Hall Monument:				
Supplies	3,800	3,800	3,192	608
Other services and charges	56,916	49,100	46,523	2,577
Town Manager:				
Personal services	35,111	2,826	2,826	-
Supplies	400	-	-	-
Other services and charges	8,080	3,396	570	2,826
Total general government	1,725,246	1,541,537	1,365,229	176,308

The accompanying Notes to Required Supplementary Information are an integral part of the required supplementary information.

Continued on next page

TOWN OF HIGHLAND, INDIANA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	General Fund			Variance with Final Budget Over (Under)
	Budget Amounts		Actual	
	Original	Final		
Expenditures (continued):				
Current (continued):				
Public safety:				
Volunteers in Police Service:				
Personal services	5,814	5,241	5,093	148
Supplies	11,300	10,833	10,263	570
Capital outlay	1,350	1,350	1,145	205
Fire and EMS Department:				
Personal services	223,555	197,792	191,698	6,094
Supplies	34,346	28,054	27,204	850
Other services and charges	95,137	86,344	63,927	22,417
Capital outlay	79,745	50,950	42,078	8,872
Police Department:				
Personal services	3,565,877	3,328,127	3,303,228	24,899
Supplies	159,359	175,322	166,720	8,602
Other services and charges	674,753	663,862	645,710	18,152
Total public safety	4,851,236	4,547,875	4,457,066	90,809
Sanitation:				
Sanitation and Streets:				
Personal services	297,737	303,181	291,984	11,197
Supplies	21,845	27,743	27,438	305
Other services and charges	1,441,067	1,435,543	1,336,780	98,763
Capital outlay	3,594	3,594	3,594	-
Total sanitation	1,764,243	1,770,061	1,659,796	110,265
Unappropriated	-	3,943,199	43,149	3,909,050
Total expenditures	8,340,725	7,859,473	7,525,240	4,277,432
Other financing sources (uses):				
Transfers in	-	-	16,687	16,687
Tax anticipation warrants received	-	-	2,009,000	2,009,000
Tax anticipation warrants repaid	-	-	(3,900,000)	(3,900,000)
Total other financing sources (uses)	-	-	(1,874,313)	(1,874,313)
Net change in fund balance	(838,814)	(357,562)	(671,894)	(4,925,997)
Fund balances - January 1	-	-	2,553,209	2,553,209
Fund balances - December 31	(838,814)	(357,562)	1,881,315	(2,372,788)

The accompanying Notes to Required Supplementary Information are an integral part of the required supplementary information.

Continued on next page

TOWN OF HIGHLAND, INDIANA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Parks and Recreation			Variance with Final Budget Over (Under)
	Budget Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 1,016,657	\$ 1,016,657	\$ 1,231,803	\$ 215,146
Intergovernmental	89,376	89,376	87,059	(2,317)
Charges for services	507,500	507,500	452,750	(54,750)
Other	274,000	274,000	320,228	46,228
Total revenues	<u>1,887,533</u>	<u>1,887,533</u>	<u>2,091,840</u>	<u>204,307</u>
Expenditures:				
Current:				
Culture and Recreation:				
Personal services	875,618	862,654	862,066	588
Supplies	129,743	126,757	119,378	7,379
Other services and charges	879,012	849,805	795,823	53,982
Total expenditures	<u>1,884,373</u>	<u>1,839,216</u>	<u>1,777,267</u>	<u>61,949</u>
Other financing sources (uses):				
Temporary loans repaid	-	-	(80,000)	(80,000)
Tax anticipation warrants received	-	488,929	488,929	-
Tax anticipation warrants repaid	-	-	(875,000)	(875,000)
Total other financing sources (uses)	<u>-</u>	<u>488,929</u>	<u>(466,071)</u>	<u>(955,000)</u>
Net change in fund balance	3,160	537,246	(151,498)	(612,642)
Fund balances - January 1	-	-	433,755	433,755
Fund balances - December 31	<u>\$ 3,160</u>	<u>\$ 537,246</u>	<u>\$ 282,257</u>	<u>\$ (378,887)</u>

The accompanying Notes to Required Supplementary Information are an integral part of the required supplementary information.

TOWN OF HIGHLAND, INDIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2008

Note I. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedules:

- A. After conferring with the Town Council President and several department heads, the Town Clerk-Treasurer submits to the Town Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Prior to adoption, the Town advertises the budget and the Town Council holds public hearings to obtain taxpayer comments. The Town Council may reduce, but not increase the budget from the advertised amounts.
- C. No later than September 20th of each year, the budget for the next year is approved by the Town Council through the passage of an ordinance.
- D. Copies of the budget ordinance and advertisements for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance for their review and approval. The budget becomes legally enacted after the Town Clerk-Treasurer receives approval from the Indiana Department of Local Government Finance. This approval is required by Indiana Statute and ad valorem property tax rates are to be set by February 15th of the year budgeted. The budget ordinance as approved by the Indiana Department of Local Government Finance becomes the Town's expenditures budget. The Town's maximum tax levy is restricted by Indiana Law, with certain adjustments and exceptions. If the advertised budget, for funds for which property taxes are levied or for which highway use taxes are received, exceeds the spending and tax limits of the state control laws, an excess levy can be granted by the Indiana Department of Local Government Finance, upon appeal by the Town.
- E. The legal level of budgetary control (the level at which expenditures may not exceed appropriations without the governing body's approval) is by object classification for all funds except for the General Fund, which is by object classification within each department. The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the Town Council. Any revisions that alter the total appropriations for any fund or any department of the General Fund must be approved by the Town Council and, in some instances, by the Indiana Department of Local Government Finance.
- F. Formal budgetary integration is required by State statute and is employed as a management control device. An annual budget was legally adopted for the following funds:

Major funds:

General Fund

Special revenue fund:

Parks and Recreation

Capital projects fund:

Corporation Capital

TOWN OF HIGHLAND, INDIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2008
(Continued)

Nonmajor funds:

Special revenue funds:

Motor Vehicle Highway, Local Road and Street, Law Enforcement Continuing Education, Innkeepers Tax, Solid Waste Grant Fund, Shared Ethics Initiative Fund, Redevelopment General, Rainy Day Fund, Special Events Nonreverting Fund, VIPS/Parks Public Safety Fund

Debt service funds:

Corporation Bond and Interest, Parks and Recreation Bond and Interest, Redevelopment Bond and Interest

Capital projects funds:

Cumulative Capital Improvement, Cumulative Capital Development, Local Major Moves, General Improvement Fund, Municipal Cumulative Street, Gaming Revenue Sharing, Highland Building Acquisition Project Fund, Park Nonreverting Capital, Redevelopment Capital

- G. The Town's budgetary process is based upon cash outflows, which is a Non-GAAP basis. Appropriations lapse with the expiration of the budgetary period unless encumbered by a purchase order or contract. Encumbered appropriations are carried over and added to the subsequent year's budget.
- H. Budgeted amounts are as originally adopted, or as amended by the Town Council and approved by the Indiana Department of Local Government Finance in the regular legal manner. The net effect of individual amendments to the budget increased the original appropriations by \$297,289 in 2008.
- I. Expenditures did not exceed appropriations for any funds or any departments within the General Fund which required legally approved budgets.

Note II. Budgetary to GAAP reconciliation

The major differences between Budgetary (Non-GAAP) basis and GAAP basis are:

- A. Revenues are recorded when received in cash (budgetary) as opposed to susceptible to accrual (GAAP).
- B. Expenditures are recorded when paid in cash (budgetary) as opposed to when the liability is incurred (GAAP).
- C. Tax anticipation warrants are treated as cash financing sources and uses (budgetary), but are reported only on the balance sheet of the fund statements (GAAP).

TOWN OF HIGHLAND, INDIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2008
(Continued)

	General	Parks and Recreation
Net change in fund balance (budgetary basis)	\$ (671,894)	\$ (151,498)
Adjustments:		
To adjust revenues for accruals	(836,587)	(232,090)
To adjust expenditures for tax anticipation warrants (net)	1,891,000	386,071
To adjust for temporary loan repayment	-	80,000
To adjust expenditures for accruals	(18,685)	443
Net change in fund balance (GAAP basis)	\$ 363,834	\$ 82,926

Note III. 1925 Police Officers' Pension Plan

The amount of net pension obligation calculated by the actuary at January 1, 2006, contained an error. The amount reported at December 31, 2006, increased by \$8,300.

**Governmental
Funds**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue

Funds which account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service

Funds which account for the accumulation of resources for and the payment of long-term debt principal and interest.

Capital Project

Funds which account for the financial resources to be used for the acquisition or construction of major capital facilities and the payment of long-term debt principal, interest, and related costs incurred to acquire or construct major capital facilities (other than those financed by Proprietary Funds).

TOWN OF HIGHLAND, INDIANA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008

<u>Assets</u>	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
Cash and cash equivalents	\$ 689,524	\$ -	\$ -	\$ 689,524
Investments	48,615	-	-	48,615
Receivables (net of allowances for uncollectibles):				
Interest	794	-	-	794
Taxes	66,887	-	-	66,887
Intergovernmental	1,828	-	-	1,828
Restricted assets:				
Cash and cash equivalents	769,774	594,059	2,289,316	3,653,149
Investments	50,177	30,052	212,709	292,938
Interest receivable	596	1,183	2,514	4,293
Taxes receivable	-	668,424	303,380	971,804
Intergovernmental receivable	219,974	14,285	50,619	284,878
Special assessments receivable	-	-	10,337	10,337
Total assets	\$ 1,848,169	\$ 1,308,003	\$ 2,868,875	\$ 6,025,047
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 10,643	\$ -	\$ -	\$ 10,643
Accrued payroll and withholdings payable	2,703	-	-	2,703
Deferred revenue	10,580	-	-	10,580
Payable from restricted assets:				
Accounts payable	115,649	-	39,065	154,714
Accrued payroll and withholdings payable	49,775	-	-	49,775
Deferred revenue	-	82,672	51,029	133,701
Total liabilities	189,350	82,672	90,094	362,116
Fund balances:				
Reserved for:				
Encumbrances	112,585	600	58,299	171,484
Unreserved, reported in:				
Special revenue funds	1,546,234	-	-	1,546,234
Capital projects funds	-	-	2,720,482	2,720,482
Debt service funds	-	1,224,731	-	1,224,731
Total fund balances	1,658,819	1,225,331	2,778,781	5,662,931
Total liabilities and fund balances	\$ 1,848,169	\$ 1,308,003	\$ 2,868,875	\$ 6,025,047

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
Revenues:				
Taxes:				
Property	\$ 113,354	\$ 1,204,919	\$ 536,814	\$ 1,855,087
Special assessments	-	-	86,912	86,912
Licenses and permits	11,670	-	-	11,670
Intergovernmental	1,248,310	155,513	448,184	1,852,007
Charges for services	77,108	-	-	77,108
Fines and forfeits	10,954	-	-	10,954
Other	79,731	19,184	48,918	147,833
Total revenues	1,541,127	1,379,616	1,120,828	4,041,571
Expenditures:				
Current:				
Public safety	124,411	-	-	124,411
Highways and streets	1,134,616	-	-	1,134,616
Sanitation	146,368	-	-	146,368
Culture and recreation	63,936	-	-	63,936
Urban redevelopment	119,560	-	-	119,560
Debt service:				
Principal	-	1,169,000	-	1,169,000
Interest	-	332,913	-	332,913
Capital outlay:				
General government	-	-	970,422	970,422
Highways and streets	-	-	214,341	214,341
Culture and recreation	-	-	218,221	218,221
Urban redevelopment	-	-	19,574	19,574
Total expenditures	1,588,891	1,501,913	1,422,558	4,513,362
Excess (deficiency) of revenues over (under) expenditures	(47,764)	(122,297)	(301,730)	(471,791)
Other financing sources (uses):				
Transfers in	581,336	50,000	-	631,336
Transfers out	(66,687)	-	-	(66,687)
Issuance of debt	-	-	142,000	142,000
Total other financing sources and uses	514,649	50,000	142,000	706,649
Net change in fund balances	466,885	(72,297)	(159,730)	234,858
Fund balances - beginning	1,191,934	1,297,628	2,938,511	5,428,073
Fund balances - ending	\$ 1,658,819	\$ 1,225,331	\$ 2,778,781	\$ 5,662,931

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**Special Revenue
Funds**

NONMAJOR SPECIAL REVENUE FUNDS

- Motor Vehicle Highway - To account for the construction and maintenance of streets, alleys and the operations of the street maintenance activities of the public works department. Resources are derived from state motor vehicle (gasoline tax) distributions. (Confer IC 8-14-1-5 et seq.)
- Local Road and Street - To account for the operation and maintenance of the local road and street systems. Resources are derived from state gasoline tax distributions. (Confer IC 8-14-2-5)
- Park Donation - To account for monies provided by private donors for parks and recreation purposes.
- Federal Forfeited and Seized Assets - To account for expenditures by the Metropolitan Police Department related to drug enforcement and other approved law enforcement purposes. Resources are derived from distributions from the Federal Government of confiscated assets, seized from illegal drug or other unlawful activities, gathered from cooperative law enforcement operations with Federal and law enforcement agencies.
- Law Enforcement Continuing Education - To account for expenditures related to continuing education of law enforcement officers employed by the Metropolitan Police Department as well as law enforcement equipment and supplies. Resources are derived from special fees collected from enforcement incidents, gun permit applications, accident reports, and vehicle inspection. (Confer IC 5-2-8-6; IC 9-29-4-1; IC 9-29-11-1(a); IC 35-47-2-3)
- Hazardous Materials Response - To account for expenditures related to emergency response activities carried out by the Highland Fire Department in consequence of hazardous materials incidents. Resources may be used for training, equipment, and supplies acquisition that are required in consequence of hazardous materials incidents. Resources are derived from fees imposed upon hazardous materials actors, donations, or gifts and from interest earned from lawful investments. (Confer IC 36-8-12.2-8.1 et seq.)
- Innkeepers Tax - To account for expenditures of the Town related to economic development projects or purposes. Resources are derived from distributions from a county tax imposed upon Inns, Lodges, Hotels, and Motels. (Confer IC 6-9-2 et seq.)
- Solid Waste Grant Fund - To account for expenditures of the Town related to programs of the municipality that are consistent with the terms of the Lake County Solid Waste District Management Twenty-Year Plan, and to support the ongoing integrated, community based solid waste management program. Resources are derived from grant distributions from a county solid waste management special taxing district tax. (Confer IC 13-9.5 et seq.)

NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

- Donation - To account for monies provided by private donors.
- Highway of Flags
Donation - To account for monies provided by private donors, including an original gift from the Council for the Encouragement of Patriotism, benefiting the Highway of Flags Veterans' Monument, located on the southeast corner of the intersection of Ridge Road and Indianapolis Boulevard (US Highway 41).
- Fire Department Homeland
Security Grant - To account for expenditures related to special enhanced training and acquisition of emergency equipment under the aegis of the municipal Fire Department according to the terms of a special grant awarded for this particular purpose. Resources are derived from a special grant awarded by the Federal Emergency Management Agency of the United States Homeland Security Department.
- Shared Ethics Initiative Fund - To account for expenditures and resources received in consequence of an interlocal cooperation agreement between several municipalities to support cooperative activities, training and instruction related to ethics and standards for elected and appointed officers as well as employees. Resources are derived from participating municipalities' annual fees, special charges that may be fixed from time to time, and interest earned on fund balance.
- Traffic and Children
Safety Grant Fund - To account for expenditures related to special safety programs and activities carried out by the Metropolitan Police Department involving installation of child safety seats, special traffic enforcement initiatives involving seat belt law compliance to operating without impairment and pedestrian safety initiatives. Resources for this fund are derived from grants, awards or prizes that are given in support and in consequence of law enforcement efforts or programs for traffic control, traffic safety, child safety, pedestrian safety, passenger safety and related programs; or that are given in support and in consequence of law enforcement efforts for sobriety enforcement, provided such monies are not required to be accounted for in another fund; or that are given in support and consequence of law enforcement efforts under such programs as the Indiana Automotive Safety Program, the Safe Kids Project and which support the establishment of Car Seat Fitting Station; and from investment yields.
- Law Enforcement
Block Grant - To account for expenditures by the Metropolitan Police Department related to law enforcement and implementation of Bicycle Police Patrols. Resources are derived from distributions from a United States Department of Justice Local Law Enforcement Block Grant.
- Redevelopment General - To account for the operation and redevelopment activities of the Department of Redevelopment and the Redevelopment Commission. Resources are derived from a specific annual property tax levy and miscellaneous revenues. (Confer IC 36-7-14 et seq.)

NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

- Rainy Day Fund - To account for the accumulation of resources set aside for special circumstances or exigencies as a resource reserve and the associated expenditures in support of lawful purposes of the municipality, including meeting exigencies as defined or identified by ordinance of the municipality as well as such other purposes permitted by IC 36-1-8-5.1, the authorizing law for "rainy day funds" in Indiana. Presently, these purposes include, making temporary loans to other funds of the municipality for cash flow purposes, to pay deductibles on insurance not already provided for in other funds of the municipality, to pay monetary settlements, damages or claims in consequence of a legal cause of action, and to pay and provide resources for the reimbursement of costs borne by municipal employees for a limited medical health group benefit, expiring in 2009.
- Safe Neighborhood Grant - To account for expenditures related to special safety programs and activities carried out by the Metropolitan Police Department that support and extend safe neighborhoods according to the terms of a special grant awarded for these particular purposes. Resources are derived from a special grant awarded by the United States Department of Justice through the Indiana Criminal Justice Institute.
- Fire Computer Grant Fund - To account for expenditures related to the purchase of computer equipment and software carried out by the Fire Department according to the terms of a special grant awarded for this particular purpose. Resources are derived from a special grant award.
- Special Events Nonreverting Fund - To account for expenditures and resources received in support of special community or cultural events activities not otherwise accounted for in the Park and Recreation Fund, administered by the Special Events Advisory Committee, as established pursuant to IC 36-10-2 and IC 36-1-3. Resources are derived from special user fees, rentals, and charges authorized by the Town Council.
- Local Forfeited and Seized Assets Fund - To account for expenditures and resources received in consequence of special law enforcement activities. Similar to the Federal Forfeited and Seized Assets Fund, resources are derived from distributions and liquidations of confiscated assets, seized from illegal or unlawful activities, gathered in consequence of state or local cooperative law enforcement operations unrelated to Federal law enforcement activities.
- VIPS/Parks Public Safety Fund - To account for resources and expenditures associated with the Town of Highland Metropolitan Police Department's Volunteers in Policing Services program. The fund was established by way of an interlocal cooperation governmental agreement between the Park and Recreation Board and the Town Council, adopted July 14, 2008, and July 17, 2008. The source of funding is from a revenue-sharing program of certain communications license fees paid to the Parks and Recreation Department by certain wireless communications service providers under separate license agreements, permitting mobile tower or equipment to occupy or co-locate on Parks and Recreation property.

TOWN OF HIGHLAND, INDIANA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2008

Assets	Motor Vehicle Highway	Local Road and Street	Park Donation	Federal Forfeited and Seized Assets	Law Enforcement Continuing Education	Hazardous Materials Response	Innkeepers Tax	Solid Waste Grant Fund
Cash and cash equivalents	\$ -	\$ -	6,116	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):								
Interest	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Restricted assets:								
Cash and cash equivalents	377,901	161,312	-	33,693	40,045	3,693	2,939	122,550
Investments	32,752	8,485	-	3,856	3,362	-	50	1,672
Interest receivable	426	83	-	38	33	-	-	16
Intergovernmental receivable	98,140	40,605	-	-	1,492	-	-	79,737
Total assets	\$ 509,219	\$ 210,485	\$ 6,116	\$ 37,587	\$ 44,932	\$ 3,693	\$ 2,989	\$ 203,975
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Payable from restricted assets:								
Accounts payable	109,426	-	-	120	912	-	-	1,960
Accrued payroll and withholdings payable	49,775	-	-	-	-	-	-	-
Total liabilities	159,201	-	-	120	912	-	-	1,960
Fund balances:								
Reserved for:								
Encumbrances	98,543	-	-	-	912	-	-	-
Unreserved, reported in:								
Special revenue funds	251,475	210,485	6,116	37,467	43,108	3,693	2,989	202,015
Total fund balances	350,018	210,485	6,116	37,467	44,020	3,693	2,989	202,015
Total liabilities and fund balances	\$ 509,219	\$ 210,485	\$ 6,116	\$ 37,587	\$ 44,932	\$ 3,693	\$ 2,989	\$ 203,975

Continued on next page

TOWN OF HIGHLAND, INDIANA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2008
(Continued)

Assets	Donation	Highway of Flags Donation	Fire		Shared Ethics Initiative Fund	Traffic and Children Safety Grant Fund	Law Enforcement Block Grant	Redevelopment General
			Department Homeland Security Grant	Department Homeland Security Grant				
Cash and cash equivalents	\$ 26,429	\$ 22,750	\$ -	\$ 8,737	\$ -	\$ -	\$ -	\$ 53,023
Investments	-	2,812	-	1,079	-	-	-	2,577
Receivables (net of allowances for uncollectibles):								
Interest	-	-	-	-	-	-	-	-
Taxes	-	28	-	11	-	-	-	342
Intergovernmental	-	-	-	-	-	-	-	66,887
Restricted assets:								
Cash and cash equivalents	-	-	22	-	3,930	234	-	-
Investments	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-	-	-
Total assets	\$ 26,429	\$ 25,590	\$ 22	\$ 9,827	\$ 3,930	\$ 234	\$ 124,657	
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ 362	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,281
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	2,703
Deferred revenue	-	-	-	-	-	-	-	10,580
Payable from restricted assets:								
Accounts payable	-	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	-
Total liabilities	362	-	-	-	-	-	-	23,564
Fund balances:								
Reserved for:								
Encumbrances	-	-	-	-	-	-	-	13,130
Unreserved, reported in:								
Special revenue funds	26,067	25,590	22	9,827	3,930	234	87,963	
Total fund balances	26,067	25,590	22	9,827	3,930	234	101,093	
Total liabilities and fund balances	\$ 26,429	\$ 25,590	\$ 22	\$ 9,827	\$ 3,930	\$ 234	\$ 124,657	

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2008
 (Continued)

Assets	Rainy Day Fund	Safe Neighborhood Grant	Fire Computer Grant Fund	Special Events Nonreverting Fund	Local Forfeited and Seized Assets	VIPS Parks Public Safety Fund	Totals
Cash and cash equivalents	\$ 547,032	\$ -	\$ -	\$ 20,600	\$ 4,550	\$ 287	\$ 689,524
Investments	41,243	-	-	904	-	-	48,615
Receivables (net of allowances for uncollectibles):							
Interest	404	-	-	9	-	-	794
Taxes	-	-	-	-	-	-	66,887
Intergovernmental	-	-	-	-	-	-	1,828
Restricted assets:							
Cash and cash equivalents	-	23,454	1	-	-	-	769,774
Investments	-	-	-	-	-	-	50,177
Interest receivable	-	-	-	-	-	-	596
Intergovernmental receivable	-	-	-	-	-	-	219,974
Total assets	\$ 588,679	\$ 23,454	\$ 1	\$ 21,513	\$ 4,550	\$ 287	\$ 1,848,169
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,643
Accrued payroll and withholdings payable	-	-	-	-	-	-	2,703
Deferred revenue	-	-	-	-	-	-	10,580
Payable from restricted assets:							
Accounts payable	-	3,231	-	-	-	-	115,649
Accrued payroll and withholdings payable	-	-	-	-	-	-	49,775
Total liabilities	-	3,231	-	-	-	-	189,350
Fund balances:							
Reserved for:							
Encumbrances	-	-	-	-	-	-	112,585
Unreserved, reported in:							
Special revenue funds	588,679	20,223	1	21,513	4,550	287	1,546,234
Total fund balances	588,679	20,223	1	21,513	4,550	287	1,658,819
Total liabilities and fund balances	\$ 588,679	\$ 23,454	\$ 1	\$ 21,513	\$ 4,550	\$ 287	\$ 1,848,169

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2008

	Motor Vehicle Highway	Local Road and Street	Park Donation	Federal Forfeited and Seized Assets	Law Enforcement Continuing Education	Hazardous Materials Response	Innkeepers Tax	Solid Waste Grant Fund
Revenues:								
Taxes:								
Property Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental Charges for services	663,257	243,933	-	-	11,670	-	4,677	239,211
Fines and forfeits	-	-	-	-	16,352	756	-	-
Other	29,337	2,214	3,210	7,872	3,082	-	76	213
				910	2,339	-	-	-
Total revenues	692,594	246,147	3,210	8,782	33,443	756	4,753	239,424
Expenditures:								
Current:								
Public safety	-	-	-	13,903	25,301	-	-	-
Highways and streets	919,941	214,675	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Culture and recreation	-	-	2,763	-	-	-	10,372	146,368
Urban redevelopment	-	-	-	-	-	-	-	-
Total expenditures	919,941	214,675	2,763	13,903	25,301	-	10,372	146,368
Excess (deficiency) of revenues over (under) expenditures	(227,347)	31,472	447	(5,121)	8,142	756	(5,619)	93,056
Other financing sources (uses):								
Transfers in	(16,687)	(50,000)	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	(16,687)	(50,000)	-	-	-	-	-	-
Net change in fund balances	(244,034)	(18,528)	447	(5,121)	8,142	756	(5,619)	93,056
Fund balances - beginning	594,052	229,013	5,669	42,588	35,878	2,937	8,608	108,959
Fund balances - ending	350,018	210,485	6,116	37,467	44,020	3,693	2,989	202,015

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Donation	Highway of Flags Donation	Fire Department Homeland Security Grant	Shared Ethics Initiative Fund	Traffic and Children Safety Grant Fund	Law Enforcement Block Grant	Redevelopment General
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,354
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	8,780	-	-	9,868
Charges for services	-	-	-	-	-	-	1,500
Fines and forfeits	-	-	-	-	-	-	-
Other	21,702	501	-	141	-	-	5,428
Total revenues	21,702	501	-	8,921	-	-	130,150
Expenditures:							
Current:							
Public safety	22,859	-	-	1,560	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	119,560
Total expenditures	22,859	-	-	1,560	-	-	119,560
Excess (deficiency) of revenues over (under) expenditures	(1,157)	501	-	7,361	-	-	10,590
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-
Net change in fund balances	(1,157)	501	-	7,361	-	-	10,590
Fund balances - beginning	27,224	25,089	22	2,466	3,930	234	90,503
Fund balances - ending	26,067	25,590	22	9,827	3,930	234	101,093

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Rainy Day Fund	Safe Neighborhood Grant	Fire Computer Grant Fund	Special Events Nonreverting Fund	Local Forfeited and Seized Assets	VIPS Parks Public Safety Fund	Totals
Revenues:							
Taxes:							
Property	-	-	-	-	-	-	113,354
Licenses and permits	-	-	-	-	-	-	11,670
Intergovernmental	-	71,092	-	-	7,492	-	1,248,310
Charges for services	-	-	-	58,500	-	-	77,108
Fines and forfeits	-	-	-	-	-	-	10,954
Other	7,343	-	-	317	-	6,000	79,731
Total revenues	<u>7,343</u>	<u>71,092</u>	-	<u>58,817</u>	<u>7,492</u>	<u>6,000</u>	<u>1,541,127</u>
Expenditures:							
Current:							
Public safety	-	50,877	-	-	4,198	5,713	124,411
Highways and streets	-	-	-	-	-	-	1,134,616
Sanitation	-	-	-	-	-	-	146,368
Culture and recreation	-	-	-	50,801	-	-	63,936
Urban redevelopment	-	-	-	-	-	-	119,560
Total expenditures	-	<u>50,877</u>	-	<u>50,801</u>	<u>4,198</u>	<u>5,713</u>	<u>1,588,891</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,343</u>	<u>20,215</u>	-	<u>8,016</u>	<u>3,294</u>	<u>287</u>	<u>(47,764)</u>
Other financing sources (uses):							
Transfers in	581,336	-	-	-	-	-	581,336
Transfers out	-	-	-	-	-	-	(66,687)
Total other financing sources and uses	<u>581,336</u>	-	-	-	-	-	<u>514,649</u>
Net change in fund balances	<u>588,679</u>	<u>20,215</u>	-	<u>8,016</u>	<u>3,294</u>	<u>287</u>	<u>466,885</u>
Fund balances - beginning	-	8	1	13,497	1,256	-	1,191,934
Fund balances - ending	<u>\$ 588,679</u>	<u>\$ 20,223</u>	<u>\$ 1</u>	<u>\$ 21,513</u>	<u>\$ 4,550</u>	<u>\$ 287</u>	<u>\$ 1,658,819</u>

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - MOTOR VEHICLE HIGHWAY
 For The Year Ended December 31, 2008

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 683,374	\$ 683,374	\$ 658,824	\$ (24,550)
Other	9,000	9,000	29,248	20,248
Total revenues	<u>692,374</u>	<u>692,374</u>	<u>688,072</u>	<u>(4,302)</u>
Expenditures:				
Current:				
Highways and streets:				
Personal services	485,608	504,740	475,937	28,803
Supplies	231,885	279,301	279,170	131
Other services and charges	282,790	225,575	218,110	7,465
Capital outlay	39,834	4,834	4,786	48
Total expenditures	<u>1,040,117</u>	<u>1,014,450</u>	<u>978,003</u>	<u>36,447</u>
Other financing uses:				
Transfers out	-	-	(16,687)	16,687
Net change in fund balance	<u>(347,743)</u>	<u>(322,076)</u>	<u>(306,618)</u>	<u>(24,062)</u>
Fund balances - January 1	-	-	717,271	(717,271)
Fund balances - December 31	<u>\$ (347,743)</u>	<u>\$ (322,076)</u>	<u>\$ 410,653</u>	<u>\$ (741,333)</u>
Budget/GAAP Reconciliation:				
Net change in fund balance, budgetary basis			\$ (306,618)	
To adjust revenues for accruals			4,522	
To adjust expenditures for accruals			58,062	
Net change in fund balance, GAAP basis			<u>\$ (244,034)</u>	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - LOCAL ROAD AND STREET
 For The Year Ended December 31, 2008

	Budget Amounts			Actual		Variance with Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental	\$ 267,515	\$ 267,515	\$	248,546	\$	(18,969)
Other	-	-		2,131		2,131
Total revenues	267,515	267,515		250,677		(16,838)
Expenditures:						
Current:						
Highways and streets:						
Personal services	69,449	69,449		68,751		698
Other services and charges	175,000	175,000		146,055		28,945
Total expenditures	244,449	244,449		214,806		29,643
Other financing uses:						
Transfers out	-	-		(50,000)		50,000
Net change in fund balance	23,066	23,066		(14,129)		(46,481)
Fund balances - January 1	-	-		183,925		183,925
Fund balances - December 31	\$ 23,066	\$ 23,066	\$	\$ 169,796	\$	\$ 137,444
Budget/GAAP Reconciliation						
Net change in fund balance, budgetary basis			\$	(14,129)		
To adjust revenues for accruals				(4,530)		
To adjust expenditures for accruals				131		
Net change in fund balance, GAAP basis			\$	(18,528)		

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - LAW ENFORCEMENT CONTINUING EDUCATION
 For The Year Ended December 31, 2008

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Licenses and permits	\$ 6,340	\$ 6,340	\$ 11,910	\$ 5,570
Charges for services	23,860	23,860	18,837	(5,023)
Fines and forfeits	3,440	3,440	2,514	(926)
Other	-	-	566	566
Total revenues	<u>33,640</u>	<u>33,640</u>	<u>33,827</u>	<u>187</u>
Expenditures:				
Current:				
Public safety:				
Supplies	9,275	9,275	9,099	176
Other services and charges	21,451	20,539	16,178	4,361
Total expenditures	<u>30,726</u>	<u>29,814</u>	<u>25,277</u>	<u>4,537</u>
Net change in fund balance	2,914	3,826	8,550	(4,350)
Fund balances - January 1	-	-	34,857	34,857
Fund balances - December 31	<u>\$ 2,914</u>	<u>\$ 3,826</u>	<u>\$ 43,407</u>	<u>\$ 30,507</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 8,550	
To adjust revenues for accruals			(384)	
To adjust expenditures for accruals			(24)	
Net change in fund balance, GAAP basis			<u>\$ 8,142</u>	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - INNKEEPERS TAX
 For The Year Ended December 31, 2008

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 4,677	\$ 4,677	\$ -
Other	-	76	76	-
Total revenues	-	4,753	4,753	-
Expenditures:				
Current:				
Culture and recreation:				
Supplies	4,896	5,269	5,268	1
Other services and charges	-	10,000	10,000	-
Total expenditures	4,896	15,269	15,268	1
Net change in fund balance	(4,896)	(10,516)	(10,515)	(1)
Fund balances - January 1	-	-	13,504	13,504
Fund balances - December 31	\$ (4,896)	\$ (10,516)	\$ 2,989	\$ 13,503
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budgetary basis			\$ (10,515)	
To adjust expenditures for accruals			4,896	
Net change in fund balance, GAAP basis			\$ (5,619)	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - SOLID WASTE GRANT FUND
 For The Year Ended December 31, 2008

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ 159,474	\$ 159,474	\$ -
Other	-	-	197	197
Total revenues	-	159,474	159,671	197
Expenditures:				
Current:				
Sanitation:				
Supplies	11,375	12,000	10,000	2,000
Other services and charges	114,936	114,311	112,024	2,287
Capital outlay	-	26,000	25,900	100
Total expenditures	126,311	152,311	147,924	4,387
Net change in fund balance	(126,311)	7,163	11,747	(4,190)
Fund balances - January 1	-	-	112,475	112,475
Fund balances - December 31	\$ (126,311)	\$ 7,163	\$ 124,222	\$ 108,285
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budgetary basis			\$ 11,747	
To adjust revenues for accruals			79,753	
To adjust expenditures for accruals			1,556	
Net change in fund balance, GAAP basis			\$ 93,056	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - RAINY DAY FUND
 For The Year Ended December 31, 2008

	Budget Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues:				
Other	\$ -	\$ 6,939	\$ 6,939	-
Expenditures:				
Current:				
Culture and recreation:				
Other services and charges	-	300,000	-	300,000
Other financing sources (uses):				
Transfers in			581,336	581,336
Temporary loan made			(137,500)	(137,500)
Temporary loan repayment			137,500	137,500
Total other financing sources (uses):			581,336	581,336
Net change in fund balance	-	(293,061)	588,275	281,336
Fund balances - January 1	-	-	-	-
Fund balances - December 31	\$ -	\$ (293,061)	\$ 588,275	\$ 281,336
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budgetary basis			\$ 588,275	
To adjust revenues for accruals			404	
Net change in fund balance, GAAP basis			\$ 588,679	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - SHARED ETHICS INITIATIVE FUND
 For The Year Ended December 31, 2007

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 8,500	\$ 8,780	\$ 8,780	\$ -
Other	-	130	130	-
Total revenues	<u>8,500</u>	<u>8,910</u>	<u>8,910</u>	<u>-</u>
Expenditures:				
Current:				
General government:				
Supplies	-	406	185	221
Other services and charges	-	9,590	1,375	8,215
Total expenditures	<u>-</u>	<u>9,996</u>	<u>1,560</u>	<u>8,436</u>
Net change in fund balance	8,500	(1,086)	7,350	(8,436)
Fund balances - January 1	-	-	2,466	2,466
Fund balances - December 31	<u>\$ 8,500</u>	<u>\$ (1,086)</u>	<u>\$ 9,816</u>	<u>\$ (5,970)</u>
Budget/GAAP Reconciliation				
Net change in fund balance, GAAP basis			\$ 7,350	
To adjust revenues for accruals			<u>11</u>	
Net change in fund balance, GAAP basis			<u>\$ 7,361</u>	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - REDEVELOPMENT GENERAL
 For The Year Ended December 31, 2008

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 115,227	\$ 115,277	\$ 136,658	\$ 21,381
Intergovernmental	10,134	10,134	9,868	(266)
Charges for services	1,300	1,300	1,500	200
Other	1,750	1,750	5,684	3,934
Total revenues	128,411	128,461	153,710	25,249
Expenditures:				
Current:				
Urban redevelopment:				
Personal services	65,060	59,767	58,948	819
Supplies	2,217	865	845	20
Other services and charges	63,866	49,788	50,359	(571)
Total expenditures	131,143	110,420	110,152	288
Other financing sources:				
Temporary loan repayment	-	-	(39,000)	(39,000)
Net change in fund balance	(2,732)	18,041	4,558	(14,019)
Fund balances - January 1	-	-	51,042	51,042
Fund balances - December 31	\$ (2,732)	\$ 18,041	\$ 55,600	\$ 37,023
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 4,558	
To adjust revenues for accruals			(23,559)	
To adjust expenditures for accruals			29,591	
Net change in fund balance, GAAP basis			\$ 10,590	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - SPECIAL EVENTS NONREVERTING FUND
 For The Year Ended December 31, 2008

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Charges for services	\$ 54,300	\$ 54,300	\$ 58,500	\$ 4,200
Other	-	700	308	(392)
Total revenues	54,300	55,000	58,808	3,808
Expenditures:				
Current:				
Culture and recreation:				
Personal services	10,930	10,930	7,366	3,564
Supplies	1,000	1,000	713	287
Other services and charges	43,850	43,850	42,722	1,128
Total expenditures	55,780	55,780	50,801	4,979
Net change in fund balance	(1,480)	(780)	8,007	(1,171)
Fund balances - January 1	-	-	13,497	13,497
Fund balances - December 31	\$ (1,480)	\$ (780)	\$ 21,504	\$ 12,326
Budget/GAAP Reconciliation				
Net change in fund balance, GAAP basis			\$ 8,007	
To adjust revenues for accruals			<u>9</u>	
Net change in fund balance, GAAP basis			<u>\$ 8,016</u>	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - VIPS/PARKS PUBLIC SAFETY FUND

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Other	-	\$ 6,000	\$ 6,000	\$ -
Expenditures:				
Current:				
Culture and recreation:				
Supplies	-	6,000	5,713	287
Net change in fund balance	-	-	287	(287)
Fund balances - January 1	-	-	-	-
Fund balances - December 31	-	-	\$ 287	\$ (287)
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, GAAP basis			\$ 287	

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**Debt Service
Funds**

NONMAJOR DEBT SERVICE FUNDS

Corporation Bond and Interest - To account for the accumulation of resources for, and the payment of general long-term debt of the Town. Resources are derived from an annual tax levy. Property Tax levy in excess of actual requirements is legally restricted to servicing the debt. (Confer IC 35-5-2-11; IC 6-1.1-20)

Parks and Recreation Bond and Interest - To account for the accumulation of resources for and payment of the general long-term debt of the Park Special Taxing District. Resources are derived from an annual tax levy. Property Tax levy in excess of actual requirements is legally restricted to servicing the debt. (Confer IC 36-10-3-27; IC 6-1.1-20)

Redevelopment Bond and Interest - To account for the accumulation of resources for and payment of general long-term debt of the Redevelopment District undertaken in support of redevelopment projects. Resources are derived from an annual tax levy. Property tax in excess of annual requirements is legally restricted to servicing the debt. (Confer IC 36-1-10 et seq.; IC 6-1.1-20)

TOWN OF HIGHLAND, INDIANA
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 December 31, 2008

<u>Assets</u>	<u>Corporation Bond and Interest</u>	<u>Parks and Recreation Bond and Interest</u>	<u>Redevelopment Bond and Interest</u>	<u>Totals</u>
Restricted assets:				
Cash and cash equivalents	\$ 59,551	\$ 217,618	\$ 316,890	\$ 594,059
Investments	-	-	30,052	30,052
Interest receivable	182	369	632	1,183
Taxes receivable	38,349	293,257	336,818	668,424
Intergovernmental receivable	1,181	6,099	7,005	14,285
Total assets	<u>\$ 99,263</u>	<u>\$ 517,343</u>	<u>\$ 691,397</u>	<u>\$ 1,308,003</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Payable from restricted assets:				
Deferred revenue	\$ 6,835	\$ 35,297	\$ 40,540	\$ 82,672
Fund balances:				
Reserved for:				
Encumbrances	600	-	-	600
Unreserved, reported in:				
Debt service funds	<u>91,828</u>	<u>482,046</u>	<u>650,857</u>	<u>1,224,731</u>
Total fund balances	<u>92,428</u>	<u>482,046</u>	<u>650,857</u>	<u>1,225,331</u>
Total liabilities and fund balances	<u>\$ 99,263</u>	<u>\$ 517,343</u>	<u>\$ 691,397</u>	<u>\$ 1,308,003</u>

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 For The Year Ended December 31, 2008

	Corporation Bond and Interest	Parks and Recreation Bond and Interest	Redevelopment Bond and Interest	Totals
Revenues:				
Taxes:				
Property	\$ 98,925	\$ 514,831	\$ 591,163	\$ 1,204,919
Intergovernmental	8,680	44,822	102,011	155,513
Other	3,338	5,514	10,332	19,184
Total revenues	110,943	565,167	703,506	1,379,616
Expenditures:				
Debt service:				
Principal	309,000	375,000	485,000	1,169,000
Interest	37,674	159,446	135,793	332,913
Total expenditures	346,674	534,446	620,793	1,501,913
Excess (deficiency) of revenues over (under) expenditures	(235,731)	30,721	82,713	(122,297)
Other financing sources:				
Transfers in	50,000	-	-	50,000
Total other financing sources	50,000	-	-	50,000
Net change in fund balances	(185,731)	30,721	82,713	(72,297)
Fund balances - beginning	278,159	451,325	568,144	1,297,628
Fund balances - ending	\$ 92,428	\$ 482,046	\$ 650,857	\$ 1,225,331

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 For The Year Ended December 31, 2008

	Corporation Bond and Interest	Parks and Recreation Bond and Interest	Redevelopment Bond and Interest	Totals
Revenues:				
Taxes:				
Property	\$ 98,925	\$ 514,831	\$ 591,163	\$ 1,204,919
Intergovernmental	8,680	44,822	102,011	155,513
Other	3,338	5,514	10,332	19,184
Total revenues	110,943	565,167	703,506	1,379,616
Expenditures:				
Debt service:				
Principal	309,000	375,000	485,000	1,169,000
Interest	37,674	159,446	135,793	332,913
Total expenditures	346,674	534,446	620,793	1,501,913
Excess (deficiency) of revenues over (under) expenditures	(235,731)	30,721	82,713	(122,297)
Other financing sources:				
Transfers in	50,000	-	-	50,000
Total other financing sources	50,000	-	-	50,000
Net change in fund balances	(185,731)	30,721	82,713	(72,297)
Fund balances - beginning	278,159	451,325	568,144	1,297,628
Fund balances - ending	\$ 92,428	\$ 482,046	\$ 650,857	\$ 1,225,331

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 DEBT SERVICE FUNDS - REDEVELOPMENT BOND AND INTEREST
 For The Year Ended December 31, 2008

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 601,383	\$ 601,383	\$ 742,271	\$ 140,888
Intergovernmental	103,400	103,400	102,011	(1,389)
Other	1,000	1,000	9,700	8,700
Total revenues	705,783	705,783	853,982	148,199
Expenditures:				
Debt service:				
Principal	485,000	485,000	485,000	-
Interest	135,793	135,793	135,793	-
Total expenditures	620,793	620,793	620,793	-
Other financing uses:				
Tax anticipation warrants repaid	-	-	(639,000)	639,000
Net change in fund balance	84,990	84,990	(405,811)	787,199
Fund balances - January 1	-	-	752,753	752,753
Fund balances - December 31	\$ 84,990	\$ 84,990	\$ 346,942	\$ 1,539,952
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (405,811)	
To adjust revenues for accruals			(150,476)	
To adjust for tax anticipation warrants payable			639,000	
Net change in fund balance, GAAP basis			\$ 82,713	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 DEBT SERVICE FUNDS - CORPORATION BOND AND INTEREST
 For The Year Ended December 31, 2008

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 101,388	\$ 101,388	\$ 256,871	\$ 155,483
Intergovernmental	8,914	8,914	8,680	(234)
Other	250	250	3,156	2,906
Total revenues	110,552	110,552	268,707	158,155
Expenditures:				
Debt service:				
Principal	309,000	309,000	309,000	-
Interest	38,274	37,674	37,674	-
Total expenditures	347,274	346,674	346,674	-
Other financing sources (uses):				
Transfers in	50,000	50,000	50,000	-
Temporary loan received	-	-	16,500	(16,500)
Temporary loan repayment	-	-	(16,500)	16,500
Tax anticipation warrants repaid	-	-	(172,789)	172,789
Total other financing sources (uses)	50,000	50,000	(122,789)	172,789
Net change in fund balance	(186,722)	(186,122)	(200,756)	330,944
Fund balances - January 1	-	-	260,307	260,307
Fund balances - December 31	(186,722)	(186,122)	59,551	591,251
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (200,756)	
To adjust revenues for accruals			(157,764)	
To adjust for tax anticipation warrants payable			172,789	
Net change in fund balance, GAAP basis			(185,731)	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 DEBT SERVICE FUNDS - PARKS AND RECREATION BOND AND INTEREST
 For The Year Ended December 31, 2008

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 523,606	\$ 523,606	\$ 627,426	\$ 103,820
Intergovernmental	46,032	46,032	44,822	(1,210)
Other	1,200	1,200	5,145	3,945
Total revenues	570,838	570,838	677,393	106,555
Expenditures:				
Debt service:				
Principal	185,000	185,000	185,000	-
Interest	349,446	349,446	349,446	-
Total expenditures	534,446	534,446	534,446	-
Other financing uses:				
Tax anticipation warrants repaid	-	-	(430,000)	430,000
Net change in fund balance	36,392	36,392	(287,063)	536,555
Fund balances - January 1	-	-	504,671	504,671
Fund balances - December 31	\$ 36,392	\$ 36,392	\$ 217,618	\$ 1,041,226
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budgetary basis			\$ (287,063)	
To adjust revenues for accruals			(112,226)	
To adjust for tax anticipation warrants payable			430,000	
Net change in fund balance, GAAP basis			\$ 30,721	

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**Capital Projects
Funds**

NONMAJOR CAPITAL PROJECTS FUNDS

Cumulative Capital Improvement -

To account for financial resources related to improvement projects or the payment of debt incurred for improvements to the Town. Resources are derived from state cigarette tax distributions. (Confer IC 6-7-1-31.1)

Cumulative Capital Development -

To account for expenditures related to capital improvements and leases of public safety equipment or vehicles. Resources are derived from a specific tax levy.

Local Major Moves -

To account for expenditures and resources related to certain infrastructure and capital improvement projects of the municipality, which may include street and highway resurfacing or reconstruction, bridge construction, and making contributions to the Regional Development Authority. Authorized under Indiana Code 8-14-16, resources are derived from a one-time, state distribution of proceeds, granted only to units in seven northern counties, in consequence of a long term-lease of its Toll Road (I-90) and interest earned on fund balance.

General Improvement Fund -

To account for financial resources related to infrastructure improvements, including sidewalks, gutters, and curbs, specifically identified for and made in an established General Improvement District. Resources for this fund are derived from assessments paid by property holders in the district whose property is specifically found to be benefited from the improvements. Authority for the fund comes from the provisions of IC 36-9-17 et seq.

Municipal Cumulative Street -

To account for expenditures and resources related to the acquisition of rights-of-way for public ways or sidewalks, or the construction or reconstruction of public ways or sidewalks. Resources are derived from municipal and miscellaneous revenues. (Confer IC 36-9-16.5-2)

NONMAJOR CAPITAL PROJECT FUNDS

(Continued)

Gaming Revenue Sharing -

To account for financial resources related to expenditures for infrastructure improvements. Resources for this fund are derived under a revenue sharing agreement executed between and among the Government of Lake County and several municipalities in the county in which a share of the County's revenue collected from a gaming boat admissions' tax is allocated and distributed on a pro-rata basis to non-gaming communities. Authority for this fund comes from an Ordinance of the Lake County Council as adopted by the Lake County Commissioners and a companion ordinance of the Town of Highland, all enacted under provisions of IC 36-1-3 et seq., and IC 36-1-7 et seq.

Highland Building Acquisition Project Fund -

To account for proceeds from the sale of Revenue Notes of 2008 which were raised in support of the specific purchase of real estate located at 3315 Ridge Road, Highland, immediately adjoining the campus of the Municipal Building. The resources in the fund are expended only for the purpose of paying the acquisition cost of the property, including any related taxes and the expenses of issuance of the Notes.

Park Nonreverting Capital -

To account for financial resources for the purpose of acquiring land or making specific capital improvements to facilities and plant under the jurisdiction of the parks and recreation department.

Redevelopment Capital -

To account for financial resources for the purpose of acquiring land or making specific capital improvements to facilities and plant under the jurisdiction of the redevelopment department.

TOWN OF HIGHLAND, INDIANA
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 December 31, 2008

<u>Assets</u>	<u>Cumulative Capital Improvement</u>	<u>Cumulative Capital Development</u>	<u>Local Major Moves</u>	<u>General Improvement Fund</u>	<u>Municipal Cumulative Street</u>
Restricted assets:					
Cash and cash equivalents	\$ 188,571	\$ 620,888	\$ 70,663	\$ 141,635	\$ 27,077
Investments	15,759	72,601	8,651	11,150	-
Interest receivable	313	886	163	109	-
Taxes receivable	-	282,367	-	-	-
Intergovernmental receivable	6,706	5,872	-	-	-
Special assessments receivable	-	-	-	10,337	-
Total assets	\$ 191,349	\$ 982,614	\$ 79,477	\$ 163,231	\$ 27,077
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Payable from restricted assets:					
Accounts payable	-	-	-	-	-
Deferred revenue	6,706	33,986	-	10,337	-
Total liabilities	6,706	33,986	-	10,337	-
Fund balances:					
Reserved for:					
Encumbrances	-	1,000	-	-	-
Unreserved, reported in:					
Capital projects funds	184,643	947,628	79,477	152,894	27,077
Total fund balances	184,643	948,628	79,477	152,894	27,077
Total liabilities and fund balances	\$ 191,349	\$ 982,614	\$ 79,477	\$ 163,231	\$ 27,077

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 December 31, 2008
 (Continued)

<u>Assets</u>	Gaming Revenue Sharing	Highland Building Acquisition Project Fund	Park Nonreverting Capital	Redevelopment Capital	Totals
Restricted assets:					
Cash and cash equivalents	\$ 378,818	\$ 5,422	\$ 393,026	\$ 483,216	\$ 2,289,316
Investments	11,150	-	48,568	44,830	212,709
Interest receivable	109	-	495	439	2,514
Taxes receivable	-	-	-	21,013	303,380
Intergovernmental receivable	38,041	-	-	-	50,619
Special assessments receivable	-	-	-	-	10,337
Total assets	\$ 428,118	\$ 5,422	\$ 442,089	\$ 549,498	\$ 2,868,875
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Payable from restricted assets:					
Accounts payable	\$ 23,775	-	\$ 15,290	-	\$ 39,065
Deferred revenue	-	-	-	-	51,029
Total liabilities	23,775	-	15,290	-	90,094
Fund balances:					
Reserved for:					
Encumbrances	41,078	-	15,170	1,051	58,299
Unreserved, reported in:					
Capital projects funds	363,265	5,422	411,629	548,447	2,720,482
Total fund balances	404,343	5,422	426,799	549,498	2,778,781
Total liabilities and fund balances	\$ 428,118	\$ 5,422	\$ 442,089	\$ 549,498	\$ 2,868,875

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 For The Year Ended December 31, 2008

	Cumulative Capital Improvement	Cumulative Capital Development	Local Major Moves	General Improvement Fund	Municipal Cumulative Street
Revenues:					
Taxes:					
Property	\$ -	\$ 495,843	\$ -	\$ -	\$ -
Special assessments	-	-	-	51,239	24,415
Intergovernmental	76,573	43,158	-	-	-
Other	5,221	15,750	3,808	1,475	-
Total revenues	<u>81,794</u>	<u>554,751</u>	<u>3,808</u>	<u>52,714</u>	<u>24,415</u>
Expenditures:					
Capital outlay:					
General government	136,572	694,814	-	-	-
Highways and streets	-	-	126,131	525	24,410
Culture and recreation	-	-	-	-	-
Urban redevelopment	-	-	-	-	-
Total expenditures	<u>136,572</u>	<u>694,814</u>	<u>126,131</u>	<u>525</u>	<u>24,410</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(54,778)</u>	<u>(140,063)</u>	<u>(122,323)</u>	<u>52,189</u>	<u>5</u>
Other financing sources:					
Issuance of debt	-	-	-	-	-
Net change in fund balances	<u>(54,778)</u>	<u>(140,063)</u>	<u>(122,323)</u>	<u>52,189</u>	<u>5</u>
Fund balances - beginning	<u>239,421</u>	<u>1,088,691</u>	<u>201,800</u>	<u>100,705</u>	<u>27,072</u>
Fund balances - ending	<u>\$ 184,643</u>	<u>\$ 948,628</u>	<u>\$ 79,477</u>	<u>\$ 152,894</u>	<u>\$ 27,077</u>

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Gaming Revenue Sharing	Highland Building Acquisition Project Fund	Park Nonreverting Capital	Redevelopment Capital	Totals
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ 40,971	\$ 536,814
Special assessments	-	-	11,258	-	86,912
Intergovernmental	324,887	-	-	3,566	448,184
Other	1,366	2,458	10,286	8,554	48,918
Total revenues	326,253	2,458	21,544	53,091	1,120,828
Expenditures:					
Capital outlay:					
General government	-	139,036	-	-	970,422
Highways and streets	63,275	-	-	-	214,341
Culture and recreation	-	-	218,221	-	218,221
Urban redevelopment	-	-	-	19,574	19,574
Total expenditures	63,275	139,036	218,221	19,574	1,422,558
Excess (deficiency) of revenues over (under) expenditures	262,978	(136,578)	(196,677)	33,517	(301,730)
Other financing sources:					
Issuance of debt	-	142,000	-	-	142,000
Net change in fund balances	262,978	5,422	(196,677)	33,517	(159,730)
Fund balances - beginning	141,365	-	623,476	515,981	2,938,511
Fund balances - ending	\$ 404,343	\$ 5,422	\$ 426,799	\$ 549,498	\$ 2,778,781

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - MAJOR AND NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL IMPROVEMENT
 For The Year Ended December 31, 2008

	Budget Amounts			Actual	Variance with Final Budget Over (Under)
	Original	Final			
Revenues:					
Intergovernmental	\$ 82,646	\$ 82,646	\$	76,573	\$ (6,073)
Other	<u>1,000</u>	<u>1,000</u>		<u>5,207</u>	<u>4,207</u>
Total revenues	<u>83,646</u>	<u>83,646</u>		<u>81,780</u>	<u>(1,866)</u>
Expenditures:					
Capital outlay:					
General government:					
Other services and charges	182,500	182,500		136,572	45,928
Net change in fund balance	<u>(98,854)</u>	<u>(98,854)</u>		<u>(54,792)</u>	<u>(47,794)</u>
Fund balances - January 1	-	-		<u>239,122</u>	<u>239,122</u>
Fund balances - December 31	<u>\$ (98,854)</u>	<u>\$ (98,854)</u>	\$	<u>184,330</u>	<u>\$ 191,328</u>
Budget/GAAP Reconciliation					
Net change in fund balance, budgetary basis			\$	(54,792)	
To adjust revenues for accruals				<u>14</u>	
Net change in fund balance, GAAP basis			\$	<u>(54,778)</u>	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - MAJOR AND NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL DEVELOPMENT
 For The Year Ended December 31, 2008

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 504,162	\$ 504,162	\$ 584,003	\$ 79,841
Intergovernmental	44,322	44,322	43,158	(1,164)
Other	8,000	8,000	15,163	7,163
Total revenues	556,484	556,484	642,324	85,840
Expenditures:				
Capital outlay:				
General government:				
Supplies	-	2,214	2,214	-
Other services and charges	105,476	224,476	224,377	99
Capital outlay	646,132	518,876	468,223	50,653
Total expenditures	751,608	745,566	694,814	50,752
Net change in fund balance	(195,124)	(189,082)	(52,490)	35,088
Fund balances - January 1	-	-	745,979	745,979
Fund balances - December 31	\$ (195,124)	\$ (189,082)	\$ 693,489	\$ 781,067
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (52,490)	
To adjust revenues for accruals			(87,573)	
Net change in fund balance, GAAP basis			\$ (140,063)	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - MAJOR AND NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - LOCAL MAJOR MOVES
 For The Year Ended December 31, 2008

	Budget Amounts			Actual		Variance with Final Budget Over (Under)
	Original	Final				
Revenues:						
Other	\$ 500	\$ 500		\$ 3,645		\$ 3,145
Expenditures:						
Capital outlay:						
Highways and streets:						
Other services and charges	23,339	198,339		126,131		72,208
Net change in fund balance	(22,839)	(197,839)		(122,486)		(69,063)
Fund balances - January 1	-	-		201,800		201,800
Fund balances - December 31	\$ (22,839)	\$ (197,839)		\$ 79,314		\$ 132,737
 Budget/GAAP Reconciliation						
Net change in fund balance, budgetary basis				\$ (122,486)		
To adjust revenues for accruals				163		
Net change in fund balance, GAAP basis				\$ (122,323)		

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - MAJOR AND NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - GENERAL IMPROVEMENT FUND
 For The Year Ended December 31, 2008

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Special assessments	\$ 51,239	\$ 51,239	\$ 51,239	\$ -
Other	-	-	1,366	1,366
Total revenues	51,239	51,239	52,605	1,366
Expenditures:				
Capital outlay:				
Highways and streets:				
Other services and charges	12	2,812	537	2,275
Capital outlay	5,421	5,421	5,421	-
Total expenditures	5,433	8,233	5,958	2,275
Net change in fund balance	45,806	43,006	46,647	(909)
Fund balances - January 1	-	-	106,138	106,138
Fund balances - December 31	\$ 45,806	\$ 43,006	\$ 152,785	\$ 105,229
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 46,647	
To adjust revenues for accruals			109	
To adjust expenditures for accruals			5,433	
Net change in fund balance, GAAP basis			\$ 52,189	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - MAJOR AND NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - MUNICIPAL CUMULATIVE STREET
 For The Year Ended December 31, 2008

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Special assessments	\$ -	\$ -	\$ 24,415	\$ 24,415
Expenditures:				
Capital outlay:				
Highways and streets:				
Other services and charges	-	35,000	24,410	10,590
Net change in fund balance	-	(35,000)	5	13,825
Fund balances - January 1	-	-	27,072	27,072
Fund balances - December 31	\$ -	\$ (35,000)	\$ 27,077	\$ 40,897
Budget/GAAP Reconciliation				
Net change in fund balance, GAAP basis			\$ 5	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - GAMING REVENUE SHARING
 For The Year Ended December 31, 2008

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 245,000	\$ 245,000	\$ 315,027	\$ 70,027
Other	500	500	1,812	1,312
Total revenues	245,500	245,500	316,839	71,339
Expenditures:				
Capital outlay:				
Highways and streets:	99,037	67,960	67,960	-
Other services and charges				
Net change in fund balance	146,463	177,540	248,879	71,339
Fund balances - January 1	-	-	141,089	141,089
Fund balances - December 31	\$ 146,463	\$ 177,540	\$ 389,968	\$ 212,428
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 248,879	
To adjust revenues for accruals			9,414	
To adjust expenditures for accruals			4,685	
Net change in fund balance, GAAP basis			\$ 262,978	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - MAJOR AND NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - HIGHLAND BUILDING ACQUISITION PROJECT FUND
 For The Year Ended December 31, 2008

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Other	\$ -	\$ -	\$ 2,458	\$ 2,458
Expenditures:				
Capital outlay:				
General government:				
Other services and charges	17,500	17,500	11,536	5,964
Capital outlay	127,500	127,500	127,500	-
Total expenditures	145,000	145,000	139,036	5,964
Other financing sources:				
Issuance of debt	144,459	144,459	142,000	2,459
Net change in fund balance	(541)	(541)	5,422	(1,047)
Fund balances - January 1	-	-	-	-
Fund balances - December 31	(541)	(541)	5,422	(1,047)
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budgetary basis			\$ 5,422	\$ 5,422

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - MAJOR AND NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - PARK NONREVERTING CAPITAL
 For The Year Ended December 31, 2008

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Charges for services	\$ 11,257	\$ 11,257	\$ 11,257	\$ -
Other	-	-	9,792	9,792
Total revenues	<u>11,257</u>	<u>11,257</u>	<u>21,049</u>	<u>9,792</u>
Expenditures:				
Capital outlay:				
Culture and recreation:				
Other services and charges	-	24,430	24,412	18
Capital outlay	536,824	537,482	231,069	306,413
Total expenditures	<u>536,824</u>	<u>561,912</u>	<u>255,481</u>	<u>306,431</u>
Net change in fund balance	(525,567)	(550,655)	(234,432)	(296,639)
Fund balances - January 1	-	-	676,026	676,026
Fund balances - December 31	<u>\$ (525,567)</u>	<u>\$ (550,655)</u>	<u>\$ 441,594</u>	<u>\$ 379,387</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (234,432)	
To adjust revenues for accruals			495	
To adjust expenditures for accruals			37,260	
Net change in fund balance, GAAP basis			<u>\$ (196,677)</u>	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - MAJOR AND NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - REDEVELOPMENT CAPITAL
 For The Year Ended December 31, 2008

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 41,666	\$ 41,666	\$ 49,572	\$ 7,906
Intergovernmental	3,663	3,663	3,567	(96)
Other	8,000	8,000	8,115	115
Total revenues	53,329	53,329	61,254	7,925
Expenditures:				
Capital outlay:				
Urban redevelopment and housing:				
Other services and charges	55,000	38,063	22,637	15,426
Capital outlay	378,114	128,935	-	128,935
Total expenditures	433,114	166,998	22,637	144,361
Other financing sources:				
Temporary loan	-	-	39,000	(39,000)
Net change in fund balance	(379,785)	(113,669)	77,617	(175,436)
Fund balances - January 1	-	-	450,429	450,429
Fund balances - December 31	\$ (379,785)	\$ (113,669)	\$ 528,046	\$ 274,993
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 77,617	
To adjust revenues for accruals			(47,163)	
To adjust expenditures for accruals			3,063	
Net change in fund balance, GAAP basis			\$ 33,517	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - CORPORATION CAPITAL PROJECT FUND
 For The Year Ended December 31, 2008

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Capital outlay:				
Highway and streets	1,182,863	1,178,863	29,052	1,149,811
Other services and charges	2,062,985	2,062,985	1,470,336	592,649
Capital outlay				
Total expenditures	3,245,848	3,241,848	1,499,388	1,742,460
Other financing sources:				
Issuance of debt	1,900,000	1,900,000	1,900,000	-
Net change in fund balance	(1,345,848)	(1,341,848)	400,612	(1,742,460)
Fund balances - January 1	-	-	-	-
Fund balances - December 31	\$ (1,345,848)	\$ (1,341,848)	\$ 400,612	\$ (1,742,460)
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 400,612	

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments of the Town, or to other governments, on a cost reimbursement basis.

Health Insurance -

To account for employer and employees' contributions when the municipality operated a partially self-funded medical insurance program. The fund is a vestigial fund, as the municipality has not operated such a program since 2000.

Parks and Recreation Building Corporation -

To account for the financing and construction of a 39,000 sq. ft. parks and recreation facility adjoining the current Lincoln Community Center by the Parks and Recreation Building (Holding) Corporation, a non-profit corporation organized under the laws of the State of Indiana, styled as a "blended component unit" of the Town. Resources are derived from First Mortgage Bonds of the Parks and Recreation Building Corporation, issued pursuant to IC 36-1-10 et seq., interest earned from investments and from lease revenues derived according to the terms of a capital lease with the Town of Highland as lessee.

Information and Communication Technology -

To account for expenditures and resources related to information and communications technology services provided to the executive departments of the municipality and its utilities. The services include managing, maintenance and acquisition of information and communications hardware, software, and software licenses. Hardware may include, computers, telephones, facsimile machines and documents imaging and management devices. As an internal service fund, resources are derived from annual charges assessed to the several funds associated with the several municipal departments and utilities, and interest earned on fund balance.

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 December 31, 2008

<u>Assets</u>	Health Insurance	Parks and Recreation Building Corporation	Information and Communication Technology	Totals
Current assets:				
Cash and cash equivalents	-	\$ 111,924	\$ 51,652	\$ 163,576
Investments	-	-	6,083	6,083
Interest receivable	-	-	67	67
Current portion of operating lease	-	203,578	-	203,578
Current portion of direct financing lease	-	9,250	-	9,250
Total current assets	-	324,752	57,802	382,554
Noncurrent assets:				
Deferred charges	-	30,949	-	30,949
Operating lease receivable	-	27,750	-	27,750
Net investment in direct financing lease	-	596,606	-	596,606
Total noncurrent assets	-	655,305	-	655,305
Total assets	-	980,057	57,802	1,037,859
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	-	-	6,047	6,047
Accrued payroll and withholdings payable	-	-	769	769
Revenue bonds payable	-	205,000	-	205,000
Accrued interest payable	-	31,299	-	31,299
Total current liabilities	-	236,299	6,816	243,115
Noncurrent liabilities:				
Revenue bonds payable (net)	-	1,010,362	-	1,010,362
Total noncurrent liabilities	-	1,010,362	-	1,010,362
Total liabilities	-	1,246,661	6,816	1,253,477
<u>Net Assets</u>				
Unrestricted	-	(266,604)	50,986	(215,618)
Total net assets	-	\$ (266,604)	\$ 50,986	\$ (215,618)

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 For The Year Ended December 31, 2008

	Health Insurance	Parks and Recreation Building Corporation	Information and Communication Technology	Totals
Operating revenues:				
Charges for services	\$ -	\$ 81,024	\$ 180,926	\$ 261,950
Other	-	-	143	143
Total operating revenue	-	81,024	181,069	262,093
Operating expenses:				
Salary and wages	-	-	15,497	15,497
Material and supplies	-	-	439	439
Contractual services	-	-	66,762	66,762
Other	-	-	6,017	6,017
Administration and general	-	6,925	69,586	76,511
Total operating expenses	-	6,925	158,301	165,226
Operating income (loss)	-	74,099	22,768	96,867
Nonoperating revenues (expenses):				
Interest income	-	1,347	1,369	2,716
Interest expense	-	(61,756)	-	(61,756)
Amortization of bond issue costs	-	(4,861)	-	(4,861)
Total nonoperating revenue (expenses)	-	(65,270)	1,369	(63,901)
Income before transfers	-	8,829	24,137	32,966
Transfers out	(581,336)	-	-	(581,336)
Change in net assets	(581,336)	8,829	24,137	(548,370)
Total net assets - beginning	581,336	(275,433)	26,849	332,752
Total net assets - ending	\$ -	\$ (266,604)	\$ 50,986	\$ (215,618)

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For The Year Ended December 31, 2008

	Health Insurance	Parks and Recreation Building Corporation	Information and Communication Technology	Totals
Cash flows from operating activities:				
Payments to suppliers	\$ -	\$ (6,925)	\$ (143,094)	\$ (150,019)
Payments to employees	-	-	(15,487)	(15,487)
Other receipts	-	-	181,069	181,069
Net cash used by operating activities	-	(6,925)	22,488	15,563
Cash flows from noncapital financing activities:				
Transfers to other funds	(581,336)	-	-	(581,336)
Temporary loans repaid	80,000	-	-	80,000
Net cash provided by noncapital financing activities	(501,336)	-	-	(501,336)
Cash flows from capital and related financing activities:				
Principal paid on capital debt	-	(190,000)	-	(190,000)
Interest paid on capital debt	-	(67,466)	-	(67,466)
Net cash used by capital and related financing activities	-	(257,466)	-	(257,466)
Cash flows from investing activities:				
Proceeds from net investment in direct financing lease	-	268,000	-	268,000
Proceeds from operating lease receivable	-	9,250	-	9,250
Interest received	-	1,347	1,302	2,649
Net cash provided by investing activities	-	278,597	1,302	279,899
Net increase in cash and cash equivalents	(501,336)	14,206	23,790	(463,340)
Cash and cash equivalents, January 1	501,336	97,718	33,945	632,999
Cash and cash equivalents, December 31	\$ -	\$ 111,924	\$ 57,735	\$ 169,659
Reconciliation of operating income to net cash used by operating activities:				
Operating income (loss)	\$ -	\$ 74,099	\$ 22,768	\$ 96,867
Adjustments to reconcile operating income to net cash used by operating activities:				
Increase (decrease) in liabilities:				
Accounts payable	-	-	(290)	(290)
Wages payable	-	-	10	10
Noncash items:				
Deferred revenue recognized	-	(81,024)	-	(81,024)
Total adjustments	-	(81,024)	(280)	(81,304)
Net cash used by operating activities	\$ -	\$ (6,925)	\$ 22,488	\$ 15,563

FIDUCIARY FUNDS

Agency Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

AGENCY FUNDS

Payroll -	To account for the payroll of employees of the Town and its executive departments and municipal utilities.
Parks and Recreation Escrow -	To account for security or damage deposits made by lessee tenants, to the Parks and Recreation Department as lessor, for long-term use of rooms in the community center.
Insurance Premium -	To account for department shares allocated and collected for insurance premiums payable by the municipality.
Gasoline -	To account for department shares allocated and collected for gasoline payable by the municipality.
Traffic Violations -	To account for infraction deferral fees, moving traffic violations fines and state imposed court user fees collected by and under the authority of a Traffic Violations Bureau, established by the county court to make such collections on its behalf. Collections are periodically transferred to the Clerk of the Lake Circuit and Superior Courts. Authority for the fund comes from IC 36-1-3; IC 33-19-5 and IC 34-4-32.
Aflac FSA Agency Fund -	To account for expenditures and resources received in consequence of the municipality's special flexible spending accounts and employee plan established according to the terms of the Internal Revenue Code Section 125. Resources are derived from a one-time operating contribution of the Town and from participating employees' and officers' payroll deduction.

FIDUCIARY FUNDS

(Continued)

Capital Projects Retainage Agency Fund -

To account for retainage collected in consequence of a public works or capital improvement project, as set forth in IC 36-1-12, in which the contracts are valued in excess of the threshold set forth in IC 36-1-12-14, and to which the contractor has agreed to permit the required withholding from a payment to the contractor or subcontractor until the occurrence of specified event to be held by the municipality. The funds on deposit are custodial in nature.

Parks License Fees Cash Agency Fund -

To account for revenue derived from certain communications license fees paid by certain wireless communications service providers under a separate license agreement to the Parks and Recreation Department of the Town of Highland, and then to support a revenue-sharing program with and for the benefit of the Town of Highland, Metropolitan Police Department's division of Volunteers in Policing Services, pursuant to an intergovernmental cooperation agreement. Once deposited, the license fees are then distributed to Park and Recreation Special Operating (General) Fund and to the VIPS/Parks Public Safety Fund according to a formula set forth in the interlocal cooperation agreement.

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 December 31, 2008

	Payroll	Parks and Recreation Escrow	Insurance Premium	Gasoline	Traffic Violations	Aflac FSA Agency Fund	Capital Projects Retainage Agency Fund	Parks License Fees Cash Agency Fund	Totals
Assets:									
Cash and cash equivalents	\$ 48,344	\$ 12,734	\$ 8,857	\$ -	\$ 6,708	\$ 15,103	\$ 47,324	\$ -	\$ 139,070
Interest receivable	51	-	-	-	-	2	-	-	53
Total assets	\$ 48,395	\$ 12,734	\$ 8,857	\$ -	\$ 6,708	\$ 15,105	\$ 47,324	\$ -	\$ 139,123
Liabilities:									
Payroll withholdings payable	\$ 48,395	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,395
Trust payable	-	12,734	8,857	-	6,708	15,105	47,324	-	90,728
Total liabilities	\$ 48,395	\$ 12,734	\$ 8,857	\$ -	\$ 6,708	\$ 15,105	\$ 47,324	\$ -	\$ 139,123

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For The Year Ended December 31, 2008

	Payroll	Parks and Recreation Escrow	Insurance Premium	Gasoline	Traffic Violations	Aflac FSA Agency Fund	Capital Projects Retainage Agency Fund	Parks License Fees Cash Agency Fund	Totals
Assets:									
Cash and cash equivalents, January 1, 2008	\$ 47,145	\$ 12,734	\$ 3,578	\$ -	\$ 2,759	\$ 15,936	\$ -	\$ -	\$ 82,152
Additions	1,774,521	-	1,504,599	185,838	24,885	24,352	205,369	6,180	3,725,744
Deductions	(1,773,322)	-	(1,499,320)	(185,838)	(20,936)	(25,185)	(158,045)	(6,180)	(3,668,826)
Cash and cash equivalents, December 31, 2008	48,344	12,734	8,857	-	6,708	15,103	47,324	-	139,070
Interest receivable, January 1, 2008	44	-	-	-	-	6	-	-	50
Additions	51	-	-	-	-	2	-	-	53
Deductions	(44)	-	-	-	-	(6)	-	-	(50)
Interest receivable, December 31, 2008	51	-	-	-	-	2	-	-	53
Total assets, December 31, 2008	\$ 48,395	\$ 12,734	\$ 8,857	\$ -	\$ 6,708	\$ 15,105	\$ 47,324	\$ -	\$ 139,123
Liabilities:									
Payroll withholdings payable, January 1, 2008	\$ 47,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,189
Additions	1,774,572	-	-	-	-	-	-	-	1,774,572
Deductions	(1,773,366)	-	-	-	-	-	-	-	(1,773,366)
Payroll withholdings payable, December 31, 2008	48,395	-	-	-	-	-	-	-	48,395
Trust payable, January 1, 2008	-	12,734	3,578	-	2,759	15,942	-	-	35,013
Additions	-	-	1,504,599	185,838	24,885	24,354	205,369	6,180	1,951,225
Deductions	-	-	(1,499,320)	(185,838)	(20,936)	(25,191)	(158,045)	(6,180)	(1,895,510)
Trust payable, December 31, 2008	-	12,734	8,857	-	6,708	15,105	47,324	-	90,728
Total liabilities, December 31, 2008	\$ 48,395	\$ 12,734	\$ 8,857	\$ -	\$ 6,708	\$ 15,105	\$ 47,324	\$ -	\$ 139,123

STATISTICAL SECTION

Statistical Section

This part of the Town of Highland’s comprehensive annual 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	Pages
Financial Trends <i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	133-145
Revenue Capacity <i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	147-153
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	155-163
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	165-184
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.</i>	185-197

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year.

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Financial Trends

TOWN OF HIGHLAND
NET ASSETS by COMPONENT
Fiscal Years 2003 - 2008
(accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental Accounts						
Investment in capital assets, net of related debt	\$ 14,587,666	\$ 11,401,886	\$ 10,987,839	\$ 16,022,139	\$ 16,591,125	\$ 16,129,072
Restricted	2,660,744	3,698,490	3,586,422	4,708,632	4,617,424	5,028,411
Unrestricted	(2,920,252)	(2,879,382)	(3,361,600)	(3,776,560)	(2,779,058)	(2,288,003)
Total Governmental Activities Net Assets	\$ 14,328,158	\$ 12,220,994	\$ 11,212,661	\$ 16,954,211	\$ 18,429,491	\$ 18,869,480
Business-type Activities						
Investment in capital assets, net of related debt	\$ 10,917,934	\$ 16,527,488	\$ 16,001,186	\$ 17,309,888	\$ 14,825,501	\$ 17,787,254
Restricted	1,990,705	1,372,497	3,614,059	2,917,715	4,389,022	1,327,717
Unrestricted	460,160	1,171,139	597,843	341,387	658,795	500,074
Total Business-type Activities Net Assets	\$ 13,368,799	\$ 19,071,124	\$ 20,213,088	\$ 20,568,990	\$ 19,873,318	\$ 19,615,045
Primary Government						
Investment in capital assets, net of related debt	\$ 25,505,600	\$ 27,929,374	\$ 26,989,025	\$ 33,332,027	\$ 31,416,626	\$ 33,916,326
Restricted	4,651,449	5,070,987	7,200,481	7,626,347	9,006,446	6,356,128
Unrestricted	(2,460,092)	(1,708,243)	(2,763,757)	(3,435,173)	(2,120,263)	(1,787,929)
Total Primary Government Net Assets	\$ 27,696,957	\$ 31,292,118	\$ 31,425,749	\$ 37,523,201	\$ 38,302,809	\$ 38,484,525

This report should reflect 10 years of data.
However, data not available prior to 2003 in part owing to the reporting model.

TOWN OF HIGHLAND
Changes in Net Assets
Fiscal Years 2003 - 2008
(accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental Activities:						
General government	\$ 1,506,033	\$ 748,354	\$ 1,442,017	\$ 2,083,441	\$ 2,119,504	\$ 2,363,967
Public safety	4,424,905	4,174,337	6,325,184	4,984,503	3,962,975	4,629,208
Highways/streets	2,733,525	925,083	2,345,077	1,882,447	2,076,600	1,967,533
Sanitation	1,250,587	1,487,584	1,433,711	1,570,682	1,693,635	1,811,419
Economic development	396,685	63,080	239,639	1,871,473	241,781	150,443
Health and welfare	1,545,834	7,000	2,023,220	2,112,857	2,140,247	2,242,067
Interest on long-term debt	2,722,819	240,201	207,489	284,697	334,508	297,819
Total governmental activities expenses	<u>11,869,689</u>	<u>10,044,623</u>	<u>14,016,537</u>	<u>14,700,100</u>	<u>12,559,248</u>	<u>13,462,456</u>
Business-Type Activities:						
Water	3,016,042	2,276,318	2,282,223	2,165,686	3,229,142	2,684,156
Sanitary District (sewer)	2,635,039	2,353,091	2,676,647	3,670,388	3,686,723	4,272,370
Total business-type activities	<u>5,652,080</u>	<u>4,629,409</u>	<u>4,958,870</u>	<u>5,836,074</u>	<u>6,915,865</u>	<u>6,956,526</u>
Total primary government expenses	<u>\$ 17,521,769</u>	<u>\$ 14,674,034</u>	<u>\$ 18,985,407</u>	<u>\$ 20,536,074</u>	<u>\$ 18,475,113</u>	<u>\$ 20,418,982</u>
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 551,893	\$ 600,629	\$ 564,176	\$ 667,044	\$ 726,177	\$ 861,584
Public Safety	1,178,155	1,186,922	1,186,967	1,286,124	1,630,052	295,500
Sanitation	762,721	612,381	797,903	821,114	1,429,690	1,500,885
Culture and recreation	109,724	193,370	196,467	191,644	2,764	779,348
Other activities	1,315,660	1,183,073	1,257,294	1,194,935	1,084,944	42,965
Operating grants and contributions	1,153,937	1,068,372	968,662	1,353,620	609,688	1,027,318
Capital grants and contributions	5,050,720	4,650,128	4,733,534	5,466,361	4,875,538	731,455
Total governmental activities program revenues	<u>8,214,010</u>	<u>7,268,435</u>	<u>7,303,266</u>	<u>8,003,070</u>	<u>7,991,196</u>	<u>8,000,055</u>
Business-type activities:						
Charges for services:						
Water	3,171,106	2,590,590	2,708,956	2,531,464	2,632,026	2,558,451
Sanitary District (sewer)	2,145,852	2,230,218	3,009,709	2,961,916	3,146,397	3,219,440
Operating grants and contributions	5,316,958	717,616	52,090	5,493,980	16,000	-
Capital grants and contributions	10,377,678	5,478,424	5,770,755	5,794,423	5,794,423	5,777,691
Total business-type activities	<u>21,811,394</u>	<u>10,996,848</u>	<u>11,511,601</u>	<u>11,781,783</u>	<u>11,588,846</u>	<u>11,555,586</u>
Total primary government program revenues	<u>\$ 29,735,404</u>	<u>\$ 18,265,283</u>	<u>\$ 18,814,867</u>	<u>\$ 19,784,853</u>	<u>\$ 19,580,042</u>	<u>\$ 19,555,641</u>
Net (expense)/revenue	<u>\$ (6,808,969)</u>	<u>\$ (5,194,697)</u>	<u>\$ (9,263,203)</u>	<u>\$ (9,233,719)</u>	<u>\$ (7,683,710)</u>	<u>\$ (8,283,431)</u>
Governmental activities	<u>(335,122)</u>	<u>849,015</u>	<u>801,885</u>	<u>(342,594)</u>	<u>(1,121,442)</u>	<u>(1,178,635)</u>
Business-type activities	<u>(7,144,081)</u>	<u>(4,345,682)</u>	<u>(8,465,088)</u>	<u>(8,891,113)</u>	<u>(6,562,268)</u>	<u>(7,104,796)</u>
Total primary government net expense	<u>\$ (7,879,203)</u>	<u>\$ (3,496,667)</u>	<u>\$ (7,661,203)</u>	<u>\$ (9,133,707)</u>	<u>\$ (7,703,952)</u>	<u>\$ (8,283,431)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes	\$ 5,655,269	\$ 6,704,371	\$ 7,078,601	\$ 7,207,152	\$ 7,828,469	\$ 7,733,395
Excise taxes	519,623	667,574	542,153	555,440	607,315	585,621
Financial institution tax	-	131,775	71,815	35,450	60,268	61,727
Commercial vehicle excise tax	-	60,689	32,727	17,013	35,520	39,562
ABC gallonage tax	47,963	75,543	62,426	58,225	60,436	62,332
Cigarette tax	23,215	23,964	19,851	22,941	22,555	20,863
Other	55,056	115,839	105,875	147,842	140,933	161,640
Unrestricted investment earnings	72,333	38,622	208,272	323,136	317,620	170,860
Special: Cooperative agreement revenue	-	-	-	1,750,000	-	-
Transfers	-	-	-	-	85,674	-
Total governmental activities	<u>6,373,659</u>	<u>7,818,777</u>	<u>8,121,620</u>	<u>10,117,199</u>	<u>9,158,990</u>	<u>8,816,020</u>
Business-type activities:						
Taxes						
Property taxes	650,090	617,054	505,995	576,090	365,780	829,215
Excise taxes	297,710	37,898	-	-	-	-
Financial institution tax	8,332	21,667	-	-	-	-
Commercial vehicle excise tax	2,158,497	160	52,907	122,404	39,053	22,786
Other	12,671	9,053	47,539	-	106,611	68,361
Unrestricted investment earnings	3,118,958	694,164	606,441	698,494	(85,674)	-
Transfers	9,492,627	8,512,941	8,728,261	10,815,693	425,770	920,362
Total business-type activities	<u>15,281,285</u>	<u>10,228,713</u>	<u>13,996,679</u>	<u>12,227,281</u>	<u>11,584,603</u>	<u>12,816,822</u>
Change in Net Assets	<u>\$ (485,810)</u>	<u>\$ 2,624,080</u>	<u>\$ (1,141,363)</u>	<u>\$ 863,480</u>	<u>\$ 1,475,280</u>	<u>\$ 532,589</u>
Governmental activities	<u>2,763,846</u>	<u>1,543,179</u>	<u>355,900</u>	<u>355,900</u>	<u>(695,672)</u>	<u>(259,273)</u>
Business-type activities	<u>(2,343,656)</u>	<u>(4,167,259)</u>	<u>(266,943)</u>	<u>(1,239,390)</u>	<u>(779,608)</u>	<u>(274,316)</u>

This report should reflect 10 years of data. However, data not available prior to 2003 in part owing to the reporting model.

Town of Highland
Government Activities Tax Revenues By Source
Fiscal Years 2003 - 2008
(accrual basis of accounting)

Fiscal Year	Property Tax	Excise Tax	Commercial				Cigarette Tax	Total
			Financial Institution Tax	Vehicle Excise Tax	ABC Gallonage Tax			
2003	\$ 5,655,269	\$ 519,823	\$ -	\$ -	\$ 47,963	\$ 23,215	\$ 6,246,270	
2004	\$ 6,704,371	\$ 667,574	\$ 131,775	\$ 60,889	\$ 75,546	\$ 23,964	\$ 7,664,119	
2005	\$ 7,078,601	\$ 542,153	\$ 71,815	\$ 32,727	\$ 62,426	\$ 19,851	\$ 7,807,573	
2006	\$ 7,207,152	\$ 555,440	\$ 35,450	\$ 17,013	\$ 58,225	\$ 22,941	\$ 7,896,221	
2007	\$ 7,828,469	\$ 607,315	\$ 60,268	\$ 35,520	\$ 60,436	\$ 22,555	\$ 8,614,563	
2008	\$ 7,733,395	\$ 565,621	\$ 61,727	\$ 39,562	\$ 62,332	\$ 20,883	\$ 8,483,520	

This report should reflect 10 years of data. However, data not available prior to 2003 in part owing to the reporting model.

TOWN OF HIGHLAND
Fund Balances of Governmental Funds
Fiscal Years 2003 - 2008
(modified accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General fund						
Reserved	\$ 366,359	\$ 300,587	\$ 93,508	\$ 308,757	\$ 529,787	\$ 503,368
Unreserved	1,672,190	(2,538,179)	230,815	647,891	1,056,582	1,446,835
Total general fund	<u>\$ 2,038,549</u>	<u>\$ (2,237,592)</u>	<u>\$ 324,323</u>	<u>\$ 956,648</u>	<u>\$ 1,586,369</u>	<u>\$ 1,950,203</u>
All other governmental funds						
Reserved	\$ 627,020	\$ 670,205	\$ 97,837	\$ 454,065	\$ 642,957	\$ 220,713
Unreserved, reported in:						
Special revenue funds	858,221	(13,861)	863,737	1,102,641	1,076,115	1,742,743
Capital projects funds	773,997	1,376,272	2,112,000	4,065,553	2,570,185	3,127,394
Debt service funds	553,143	259,206	541,058	800,155	1,297,628	1,224,731
Total all other governmental funds	<u>\$ 2,812,381</u>	<u>\$ 2,291,822</u>	<u>\$ 3,614,632</u>	<u>\$ 6,422,414</u>	<u>\$ 5,586,885</u>	<u>\$ 6,315,581</u>

This report should reflect 10 years of data. However, data not available prior to 2003 in part owing to the reporting model.

TOWN OF HIGHLAND
Changes in Fund Balances of Governmental Funds
Fiscal Years 2003 - 2008
(modified accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Revenues						
Taxes	\$4,141,538	\$3,561,860	\$10,446,059	\$8,205,190	\$7,753,356	\$7,634,334
Special assessments	17,659	17,402	24,400	64,548	33,249	86,912
Licenses and permits	311,312	342,872	308,782	401,900	413,616	403,262
Intergovernmental	2,720,825	3,033,747	2,693,115	3,208,548	2,540,559	2,614,593
Charges for services	2,196,554	2,250,560	2,321,359	2,117,618	2,306,150	2,307,259
Fines and forfeits	14,905	56,663	16,201	74,950	93,053	108,476
Other	246,543	259,262	423,531	820,322	718,570	647,857
Total revenues	9,649,336	9,522,366	16,233,447	14,893,076	13,858,553	13,802,693
Expenditures						
General government	2,343,457	1,544,967	1,348,605	1,546,079	1,387,823	1,397,938
Public safety	3,813,753	4,231,834	4,978,387	4,711,404	4,256,225	4,611,756
Highways and streets	973,398	836,254	961,537	1,055,462	1,155,597	1,134,616
Sanitation	1,250,587	1,437,584	1,433,711	1,570,682	1,683,635	1,805,010
Culture and recreation	1,697,503	1,641,600	1,747,652	1,898,981	1,846,896	1,840,760
Urban redevelopment	48,316	63,510	91,599	153,164	131,631	119,560
Debt service						
Principal	840,000	925,000	1,000,000	1,084,000	779,000	1,169,000
Interest	311,762	278,173	231,879	226,404	367,198	332,913
Capital Outlay	1,577,333	290,281	1,860,995	2,947,325	2,833,015	2,921,946
Total expenditures	12,851,109	11,249,203	13,654,365	15,193,501	14,441,020	15,333,499
Excess of revenues over (under) expenditures	(3,201,773)	(1,726,837)	2,579,082	(300,425)	(582,467)	(1,530,806)
Other financing sources (uses)						
Capital leases	-	-	80,690	149,282	376,659	0
Issuance of Debt	-	-	1,091,903	3,591,250	0	2,042,000
Transfers in	70,000	160,049	131,481	69,592	69,659	648,023
Transfers out	(70,000)	(160,049)	(131,481)	(69,592)	(69,659)	(66,687)
Temporary loans	267,276	-	-	-	-	-
Tax anticipation warrants received	7,775,237 *	-	-	-	-	-
Tax anticipation warrants repaid	(4,760,000) *	-	-	-	-	-
Total other financing sources (uses)	3,282,513 *	\$ -	1,172,593	3,740,532	376,659	2,623,336
Net change in fund balances	\$ 80,740 *	\$ (1,726,837)	\$ 3,751,675	\$ 3,440,107	\$ (205,808)	\$ 1,092,530
Debt service as a percentage of noncapital expenditures	10.22%	10.98%	10.45%	10.70%	9.87%	12.10%

* A Prior Period Adjustment was made to the beginning January 1, 2004 balance that removed the Tax Anticipation Warrant line items which would affect the financing sources (uses) and change in fund balances totals.
This report should reflect 10 years of data. However, data not available prior to 2003 in part owing to the reporting model.

TOWN OF HIGHLAND
General Government Tax Revenues By Source
Fiscal Years 2003 - 2008
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>
2003	\$ 4,141,538
2004	3,561,860
2005	10,446,059
2006	\$8,205,190
2007	\$7,753,356
2008	\$7,634,334

This report should reflect 10 years of data. However, data not available prior to 2003 in part owing to the reporting model.

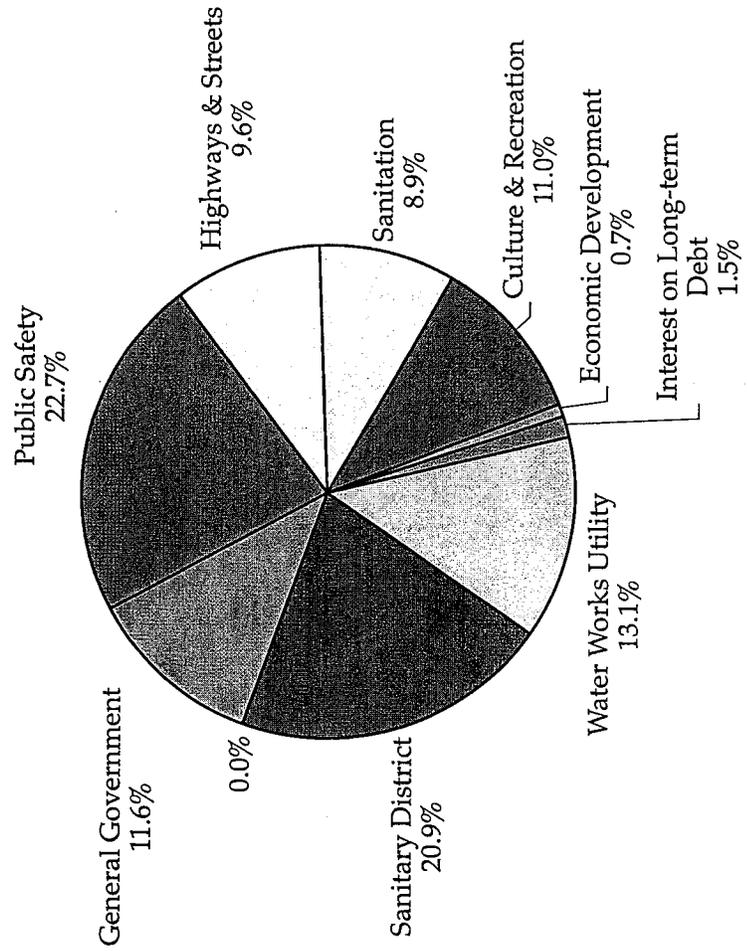
**Town of Highland
Government-wide Expenses by Function
Fiscal Years FY 2003-2008**

Fiscal Year Ended Dec. 31	Governmental Activity						Business-Type Activity			Total Primary Government
	General Government	Public Safety	Highways Streets & Roadways	Sanitation	Culture & Recreation	Economic Development	Interest on Long-term Debt	Water	Sanitary District	
2008	\$ 2,363,967	\$ 4,629,208	\$ 1,967,533	\$ 1,811,419	\$ 2,242,067	\$ 150,443	\$ 297,819	\$ 2,684,156	\$ 4,272,370	\$ 20,418,982
2007	\$ 2,119,504	\$ 3,962,975	\$ 2,076,600	\$ 1,683,635	\$ 2,140,247	\$ 241,781	\$ 334,506	\$ 3,229,142	\$ 3,686,723	\$ 19,475,113
2006	\$ 2,063,441	\$ 4,934,503	\$ 1,882,447	\$ 1,570,682	\$ 2,112,857	\$ 1,871,473	\$ 264,697	\$ 2,165,586	\$ 3,670,388	\$ 20,536,074
2005	\$ 1,442,017	\$ 6,325,184	\$ 2,341,114	\$ 1,483,711	\$ 2,023,220	\$ 239,839	\$ 211,452	\$ 2,292,223	\$ 2,676,647	\$ 18,985,407
2004	\$ 748,354	\$ 4,741,337	\$ 928,083	\$ 1,437,584	\$ 1,859,186	\$ 83,080	\$ 240,201	\$ 2,276,318	\$ 2,353,091	\$ 14,667,234
2003	\$ 1,500,498	\$ 4,424,506	\$ 2,473,525	\$ 1,250,587	\$ 1,545,834	\$ 396,885	\$ 272,319	\$ 3,016,042	\$ 2,636,038	\$ 17,516,234

Note: The schedule above is being developed according to the GASB 34 guidelines. Because the change significantly changed the manner of reporting, the report begins with 2003, the first effective year of the new model for Highland. Please consult a later page in the statistical section in order to see prior years, which does not reflect the new GASB 34 formatting convention.

Fiscal Year Ended Dec. 31	Governmental Activity						Business-Type Activity			Total Primary Government
	General Government	Public Safety	Highways Streets & Roadways	Sanitation	Culture & Recreation	Economic Development	Interest on Long-term Debt	Water	Sanitary District	
2008	11.58%	22.67%	9.64%	8.87%	10.98%	0.74%	1.46%	13.15%	20.92%	100.00%
2007	10.88%	20.35%	10.66%	8.65%	10.99%	1.24%	1.72%	16.58%	18.93%	100.00%
2006	10.05%	24.03%	9.17%	7.65%	10.29%	9.11%	1.29%	10.55%	17.87%	100.00%
2005	7.60%	33.32%	12.33%	7.55%	10.66%	1.26%	1.11%	12.07%	14.10%	100.00%
2004	5.10%	32.33%	6.33%	9.80%	12.68%	0.57%	1.64%	15.52%	16.04%	100.00%
2003	8.57%	25.26%	14.12%	7.14%	8.83%	2.27%	1.55%	17.22%	15.05%	100.00%

Government Wide Expenses by Function 2008



**Town of Highland
Government-Wide Revenues
Fiscal Years 2003-2008**

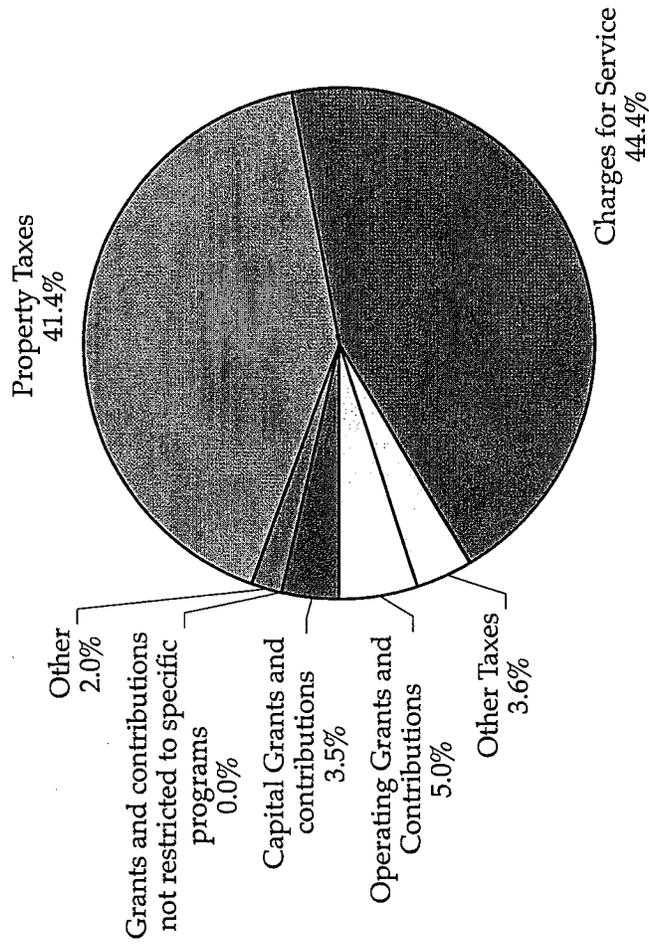
Fiscal Year Ended Dec. 31	Program Revenues				General Revenues				Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions Not Restricted to Specific Programs	Other Taxes	Other		
2008	\$ 9,198,143	\$ 1,027,318	\$ 731,455	\$ 8,562,610	\$ -	\$ 750,125	\$ 423,647	\$ 20,693,298	
2007	\$ 8,959,129	\$ 1,084,944	\$ 625,888	\$ 8,194,249	\$ -	\$ 786,094	\$ 604,417	\$ 20,254,721	
2006	\$ 8,439,306	\$ 1,194,935	\$ 1,325,520	\$ 7,783,242	\$ -	\$ 689,069	\$ 2,343,382	\$ 21,775,454	
2005	\$ 8,434,078	\$ 1,237,294	\$ 852,717	\$ 7,584,596	\$ -	\$ 728,972	\$ 414,693	\$ 19,252,350	
2004	\$ 7,514,180	\$ 1,030,383	\$ 1,783,989	\$ 7,321,425	\$ -	\$ 1,027,645	\$ 163,874	\$ 18,841,496	
2003	\$ 7,916,541	\$ 1,315,260	\$ 1,145,877	\$ 6,305,359	\$ 2,213,553	\$ 888,711	\$ 85,004	\$ 19,870,305	

Note: The schedule above is being developed according to the GASB 34 guidelines. Because the change significantly changed the manner of reporting, the report begins with 2003, the first effective year of the new model for Highland. Please consult a later page in the statistical section in order to see prior years, which does not reflect the new GASB 34 formatting convention.

This includes governmental and business like activities

2008	44.45%	4.96%	3.53%	41.38%	0.00%	3.62%	2.05%	100.00%
2007	44.23%	5.36%	3.09%	40.46%	0.00%	3.88%	2.98%	100.00%
2006	38.76%	5.49%	6.09%	35.74%	0.00%	3.16%	10.76%	100.00%
2005	43.81%	6.43%	4.43%	39.40%	0.00%	3.79%	2.15%	100.00%
2004	39.88%	5.47%	9.47%	38.86%	0.00%	5.45%	0.87%	100.00%
2003	39.84%	6.62%	5.77%	31.73%	11.14%	4.47%	0.43%	100.00%

Revenue by Source for All Activities 2008 of the Primary Government



Town of Highland
General Government Expenditures by Function
Last Ten Fiscal Years FY 1993-2002
(Older reporting model)

Fiscal Year Ended Dec. 31	General Government	Public Safety	Highways Streets & Roadways	Sanitation	Culture & Recreation	Economic Development	Capital Outlay	Debt Service	Total
2002	\$ 2,009,089	\$ 3,370,235	\$ 1,090,722	\$ 1,352,727	\$ 1,596,102	\$ 47,336	\$ 1,498,669	\$ 1,620,077	\$ 12,584,957
2001	\$ 1,924,735	\$ 3,622,831	\$ 1,321,599	\$ 1,415,124	\$ 1,555,484	\$ 29,527	\$ 1,810,252	\$ 2,236,942	\$ 13,916,494
2000	\$ 1,924,458	\$ 3,501,112	\$ 1,476,152	\$ 1,251,220	\$ 1,461,771	\$ 19,552	\$ 2,761,496	\$ 2,270,615	\$ 14,666,376
1999	\$ 1,935,748	\$ 3,122,282	\$ 1,547,861	\$ 1,234,796	\$ 1,382,110	\$ 127,207	\$ 3,540,298	\$ 2,099,958	\$ 14,990,260
1998	\$ 1,868,555	\$ 3,046,558	\$ 1,179,535	\$ 1,258,746	\$ 1,246,164	\$ 70,005	\$ 2,991,823	\$ 2,064,978	\$ 13,726,364
1997	\$ 1,781,390	\$ 2,822,451	\$ 903,020	\$ 1,110,958	\$ 1,193,552	\$ 23,175	\$ 940,883	\$ 1,683,394	\$ 10,458,823
1996	\$ 1,691,750	\$ 3,113,115	\$ 942,246	\$ 1,143,378	\$ 1,094,634	\$ -	\$ 1,334,876	\$ 1,674,521	\$ 10,994,520
1995	\$ 3,038,878	\$ 2,537,414	\$ 806,594	\$ 260,003	\$ 1,043,186	\$ 25,667	\$ 786,937	\$ 1,551,561	\$ 10,050,240
1994	\$ 1,704,471	\$ 2,444,628	\$ 803,184	\$ 1,017,882	\$ 971,125	\$ -	\$ 932,033	\$ 1,491,948	\$ 9,365,271
1993	\$ 1,686,285	\$ 2,165,891	\$ 764,007	\$ 923,690	\$ 975,020	\$ -	\$ 878,374	\$ 1,439,513	\$ 8,832,780
2002	15.96%	26.78%	8.67%	10.75%	12.68%	0.38%	11.91%	12.87%	100.00%
2001	13.83%	26.03%	9.50%	10.17%	11.18%	0.21%	13.01%	16.07%	100.00%
2000	13.12%	23.87%	10.06%	8.53%	9.97%	0.13%	18.83%	15.48%	100.00%
1999	12.91%	20.83%	10.33%	8.24%	9.22%	0.85%	23.62%	14.01%	100.00%
1998	13.61%	22.19%	8.59%	9.17%	9.08%	0.51%	21.80%	15.04%	100.00%
1997	17.03%	26.99%	8.63%	10.62%	11.41%	0.22%	9.00%	16.10%	100.00%
1996	15.39%	28.32%	8.57%	10.40%	9.96%	0.00%	12.14%	15.23%	100.00%
1995	30.24%	25.25%	8.03%	2.59%	10.38%	0.26%	7.83%	15.44%	100.00%
1994	18.20%	26.10%	8.58%	10.87%	10.37%	0.00%	9.95%	15.93%	100.00%
1993	19.09%	24.52%	8.65%	10.46%	11.04%	0.00%	9.94%	16.30%	100.00%

Note: The schedule above includes General, Special Revenue, Debt Service, Capital Projects, as well as the Component Unit expenditures.

This schedule is based upon the older reporting model. It is presented until a full 10 years of data is gathered under the new reporting model.

Town of Highland
General Revenue by Source
Last Ten Fiscal Years 1993-2002
(Older reporting model)

Fiscal Year Ended Dec. 31	Taxes	Special Assessments	License & Permits	Inter-Government	Charges for Services	Fines & Forfeits	Misc.	Total
2002	\$ 6,138,352	\$ 76,071	\$ 249,686	\$ 2,818,967	\$ 2,155,283	\$ 75,410	\$ 326,070	\$ 11,839,839
2001	\$ 5,939,273	\$ 126,495	\$ 322,927	\$ 3,048,279	\$ 2,048,863	\$ 52,142	\$ 449,707	\$ 11,987,686
2000	\$ 7,186,825	\$ 3,751	\$ 294,241	\$ 2,642,260	\$ 1,850,124	\$ 49,179	\$ 516,311	\$ 12,542,691
1999	\$ 6,908,992	\$ 185,488	\$ 378,055	\$ 2,703,661	\$ 1,727,098	\$ 51,540	\$ 832,850	\$ 12,787,684
1998	\$ 6,677,808	\$ 22,149	\$ 496,297	\$ 3,060,723	\$ 1,711,965	\$ 48,712	\$ 1,139,496	\$ 13,157,150
1997	\$ 6,395,249	-	\$ 362,263	\$ 1,831,143	\$ 1,675,852	\$ 58,965	\$ 914,875	\$ 11,238,347
1996	\$ 5,791,614	-	\$ 343,605	\$ 1,584,060	\$ 1,620,364	\$ 68,813	\$ 255,310	\$ 9,663,766
1995	\$ 5,951,438	-	\$ 331,577	\$ 1,341,060	\$ 1,463,374	\$ 435,087	\$ 327,800	\$ 9,850,336
1994	\$ 5,799,420	-	\$ 338,507	\$ 1,203,105	\$ 1,124,529	\$ 171,814	\$ 535,009	\$ 9,172,384
1993	\$ 5,374,627	-	\$ 185,230	\$ 1,438,774	\$ 1,349,225	\$ 90,957	\$ 299,037	\$ 8,737,850
2002	51.84%	0.64%	2.11%	23.81%	18.20%	0.64%	2.75%	100.00%
2001	49.54%	1.06%	2.69%	25.43%	17.09%	0.43%	3.75%	100.00%
2000	57.30%	0.03%	2.35%	21.07%	14.75%	0.39%	4.12%	100.00%
1999	54.03%	1.45%	2.96%	21.14%	13.51%	0.40%	6.51%	100.00%
1998	50.75%	0.17%	3.77%	23.26%	13.01%	0.37%	8.66%	100.00%
1997	56.91%	0.00%	3.22%	16.29%	14.91%	0.52%	8.14%	100.00%
1996	59.93%	0.00%	3.56%	16.39%	16.77%	0.71%	2.64%	100.00%
1995	60.42%	0.00%	3.37%	13.61%	14.86%	4.42%	3.33%	100.00%
1994	63.23%	0.00%	3.69%	13.12%	12.26%	1.87%	5.83%	100.00%
1993	61.51%	0.00%	2.12%	16.47%	15.44%	1.04%	3.42%	100.00%

Notes: The schedule includes General, Special Revenue, Debt Service, Capital Projects, as well as the Component Unit revenues.

This schedule is based upon the older reporting model. It is presented until a full 10 years of data is gathered under the new reporting model.

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Revenue Capacity

**Town of Highland
Property Tax Levies and Collections
Includes Overlapping Jurisdictions
2001-2008**

Fiscal Year Ended Dec. 31	Net Current Taxes Charged	Net Current Tax Collections	Current Tax Collections as a Percent of Current Tax Levy	Delinquent Tax & Penalty Collections	Total Tax Collections	Total Tax Collections as a Percent of Current Tax Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Current Tax Levy
2008	\$ 22,762,788	\$ 21,769,472	95.64%	\$ 987,376	\$22,756,849	99.97%	\$ 725,335	3.19%
2007	\$ 27,892,823	\$ 26,804,899	96.10%	\$ 862,741	\$27,667,640	99.19%	\$ 520,418	1.87%
2006	\$ 25,512,967	\$ 24,800,570	97.21%	\$ 1,401,868	\$26,202,437 (1)	102.70%	\$ 545,227	2.14%
2005	\$ 25,046,077	\$ 23,957,082	95.65%	\$ 706,583	\$24,663,665	98.47%	\$ 625,977	2.50%
2004	\$ 24,991,293	\$ 24,148,740	96.63%	\$ 509,518	\$24,658,258	98.67%	\$ 390,158	1.56%
2003	\$ 25,585,470	\$ 25,002,082	97.72%	\$ 808,074	\$25,810,156 (1)	100.88%	\$ 154,507	0.60%
2002	\$ 35,549,521	\$ 34,400,697	96.77%	\$ 943,976	\$35,344,673	99.42%	\$ 865,106	2.43%
2001	\$ 32,381,402	\$ 31,346,601	96.80%	\$ 1,129,476	\$32,476,077 (1)	100.29%	\$ 1,668,153	5.15%

Source: Lake County Auditor's Office
Note: All years presented on a modified accrual basis.

The report should include fully ten years. The discrete data prior to 2001 was not available.

Net Current Taxes is the amount of taxes due after allowing the homestead, property tax replacement credits that the State pays for taxpayers as part of its relief program. In FY 2009, the state relief will no longer be in effect.

(1) The sum of the current tax collections and delinquent tax collections exceed 100%. Information is not available to break out delinquent taxes by year of levy

**Town of Highland
Property Tax Levies and Collections
Limited to the Primary Government
2001-2008**

<u>Fiscal Year Ended Dec. 31</u>	<u>Net Current Taxes Charged</u>	<u>Net Current Tax Collections</u>	<u>Current Tax Collections as a Percent of Current Tax Levy</u>	<u>Delinquent Tax & Penalty Collections</u>	<u>Total Tax Collections</u>	<u>Total Tax Collections as a Percent of Current Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as a Percent of Current Tax Levy</u>
2008	\$ 8,687,415	\$ 8,308,644	95.64%	\$ 116,551	\$ 8,425,195	96.98%	\$ 277,129	3.19%
2007	\$ 8,427,576	\$ 8,098,901	96.10%	\$ 211,711	\$ 8,310,612	98.61%	\$ 157,596	1.87%
2006	\$ 7,953,809	\$ 7,731,898	97.21%	\$ 191,820	\$ 7,923,718	99.62%	\$ 170,212	2.14%
2005	\$ 6,965,238	\$ 6,662,250	95.65%	\$ 150,955	\$ 6,813,205	97.82%	\$ 174,131	2.50%
2004	\$ 7,289,247	\$ 7,043,599	96.63%	\$ 129,390	\$ 7,172,989	98.41%	\$ 113,712	1.56%
2003	\$ 7,322,435	\$ 7,155,483	97.72%	\$ 252,778	\$ 7,408,261 (1)	101.17%	\$ 43,935	0.60%
2002	\$ 6,618,962	\$ 6,405,170	96.77%	\$ 525	\$ 6,405,695	96.78%	\$ 160,841	2.43%
2001	\$ 6,482,509	\$ 6,275,069	96.80%	\$ 196,418	\$ 6,471,487	99.83%	\$ 333,849	5.15%

Source: Lake County Auditor's Office

Note: All years presented on a modified accrual basis.

The report should include fully ten years. The discrete data prior to 2001 was not available.

Net Current Taxes is the amount of taxes due after allowing the homestead, property tax replacement credits that the State pays for taxpayers as part of its relief program. In FY 2009, the state relief will no longer be in effect.

(1) The sum of the current tax collections and delinquent tax collections exceed 100%. Information is not available to break out delinquent taxes by year of levy

Town of Highland
Assessed and Actual Value of Taxable Property
Last Ten Fiscal Years 1999-2008*

Funding Fiscal Year Ended Dec. 31	Actual Real Assessed Value	Net Real Estate Nonbus Personal Prop Assessed Value	Railroad, Utilities & Personal Prop ACTUAL Assessed Value	Railroad, Utilities & Personal Prop NET Assessed Value	Total Net Assessed Value	Ratio of Total Assessed to Actual Value	Total Assessed value Increase or (Decrease)	Percent of Increase	Difference Actual to Net Assessed Value	Total Corporation Tax Rate	Percent Taxable	Total Overlapping Tax Rate
2008	\$ 1,837,757,000	\$ 1,329,733,661	\$ 61,735,410	\$ 59,611,440	\$ 1,389,345,101	100%	\$ 80,707,510	6.17%	\$ 510,147,309	\$ 0.6256	75.60%	\$ 2,9025
2007	\$ 1,747,958,900	\$ 1,250,627,481	\$ 59,366,480	\$ 58,010,110	\$ 1,309,637,591	100%	\$ 137,483,589	11.74%	\$ 498,667,789	\$ 0.6428	74.87%	\$ 2,9648
2006	\$ 1,475,713,920	\$ 1,068,602,470	\$ 103,568,140	\$ 102,551,532	\$ 1,171,154,002	100%	\$ 2,304,157	0.20%	\$ 408,128,058	\$ 0.6776	79.36%	\$ 3,2883
2005	\$ 1,468,814,190	\$ 1,063,824,855	\$ 105,932,410	\$ 104,924,990	\$ 1,168,849,845	100%	\$ (679,213)	-0.06%	\$ 405,896,755	\$ 0.5861	79.58%	\$ 3,0638
2004	\$ 1,464,260,650	\$ 1,056,825,390	\$ 103,788,528	\$ 102,703,668	\$ 1,169,529,058	100%	\$ (7,528,162)	-0.64%	\$ 398,520,120	\$ 0.5223	79.87%	\$ 3,0163
2003	\$ 1,458,363,300	\$ 1,073,011,720	\$ 105,009,360	\$ 104,045,500	\$ 1,177,527,220	100%	\$ 675,941,086	134.89%	** \$ 386,315,440	\$ 0.6308	80.71%	\$ 3,0142
2002	\$ 539,061,865	\$ 404,169,264	\$ 97,821,560	\$ 96,946,870	\$ 501,116,134	100%	\$ 21,503,710	4.95%	* \$ 135,767,291	\$ 1.3478	92.96%	\$ 6,1961
Funding Fiscal Year Ended Dec. 31	Real Assessed Value	Real Estimated Actual Value	Utilities & Personal Assessed Value	Utilities & Personal Estimated Actual Value	Total Assessed Value	Total Estimated Actual Value	Ratio of Total Assessed to Estimated Actual Value	Total Assessed value Increase or (Decrease)	Percent of Increase	Total Assessed	Percent of Increase	Total Assessed
2001	\$ 175,198,590	\$ 525,595,770	\$ 31,670,970	\$ 95,012,910	\$ 159,870,808	\$ 479,612,424	33.33%	\$ 6,370,388	4.15%	\$ 4,0607	17.1209	\$ 17,1209
2000	\$ 121,823,220	\$ 365,469,660	\$ 31,677,200	\$ 95,031,600	\$ 153,500,420	\$ 460,501,260	33.33%	\$ 8,676,560	5.99%	\$ 4,4485	17.1216	\$ 17,1216
1999	\$ 116,660,730	\$ 349,982,190	\$ 28,163,130	\$ 84,489,390	\$ 144,823,860	\$ 454,471,580	33.33%			\$ 4,4863	17.2908	\$ 17,2908

Note: Data per the Lake County Auditor's Office.
 * Beginning in FY 2002, the State of Indiana taxed based upon 100% of the True Tax value of property instead of 33.33%. In addition, a general reassessment was conducted affecting values in FY 2003. This is presenting the value of the tax abstract. This is the assessed value used to generate a tax bill. This is not to be confused with Certified Assessed Value which is an estimate of AV used to fix tax rates. A meaningful way to determine a percentage of taxable property was not ascertainable from data prior to 2002.

Tax rates are applied per \$100 of assessed valuation.

**Town of Highland
Property Tax Rates
All Direct and Overlapping Governments
Last Ten Fiscal Years**

Year Ended Dec. 31	Highland Civil	Highland Sanitary* District	Lake County	North Township	Highland Schools	Library	State & All Other Taxing Units	Gross Total	Percent Increase or Decrease
2008	\$ 0.5714	\$ 0.0542	\$ 0.9755	\$ 0.0667	\$ 1.1588	\$ 0.0735	\$ 0.0024	\$ 2.9025	-2.757%
2007	\$ 0.6211	\$ 0.0217	\$ 1.0152	\$ 0.0676	\$ 1.1562	\$ 0.1006	\$ 0.0024	\$ 2.9848	-8.674% **
2006	\$ 0.6588	\$ 0.0188	\$ 1.1543	\$ 0.0744	\$ 1.2572	\$ 0.1024	\$ 0.0024	\$ 3.2683	6.675% **
2005	\$ 0.5806	\$ 0.0140	\$ 1.1254	\$ 0.0704	\$ 1.1667	\$ 0.1043	\$ 0.0024	\$ 3.0638	1.575%
2004	\$ 0.5990	\$ 0.0233	\$ 1.1530	\$ 0.0756	\$ 1.0561	\$ 0.1069	\$ 0.0024	\$ 3.0163	0.070%
2003	\$ 0.5875	\$ 0.0433	\$ 1.2029	\$ 0.0726	\$ 1.0145	\$ 0.0901	\$ 0.0033	\$ 3.0142	-51.353%
2002	\$ 1.2679	\$ 0.0799	\$ 1.9447	\$ 0.4110	\$ 2.3117	\$ 0.1776	\$ 0.0033	\$ 6.1961	-63.810%
2001	\$ 3.8086	\$ 0.2521	\$ 5.2314	\$ 0.3362	\$ 6.9488	\$ 0.5338	\$ 0.0100	\$ 17.1209	0.00%
2000	\$ 3.8625	\$ 0.5860	\$ 5.0002	\$ 0.3022	\$ 6.8330	\$ 0.5277	\$ 0.0100	\$ 17.1216	-0.98%
1999	\$ 3.5661	\$ 0.9202	\$ 5.0492	\$ 0.2801	\$ 6.9512	\$ 0.5140	\$ 0.0100	\$ 17.2908	

Note: Data per the Lake County Auditor's Office.

Note: Rates are based per \$100 of net assessed valuation
* Component Unit

The gross rate has not been adjusted for Property Tax Replacement Credit

** Beginning in FY 2002 the state bases rates on 100 % of the True Tax value instead of the former 33 1/3 percent.

**Town of Highland
Property Tax Rates of the Primary Government
by Fund
Last Ten Fiscal Years FY 1999 to 2008**

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Corporation General	\$ 0.3503	\$ 0.3602	\$ 0.3960	\$ 0.3909	\$ 0.3541	\$ 0.3485	\$ 0.7517	\$ 2.1541	\$ 2.2630	\$ 2.0241
Corp. Bond	\$ 0.0073	\$ 0.0206	\$ 0.0263	\$ 0.0136	\$ 0.0141	\$ 0.0151	\$ 0.0245	\$ 0.1044	\$ 0.1444	\$ 0.0416
Police Pension	\$ 0.0120	\$ 0.0207	\$ 0.0174	\$ 0.0100	\$ 0.0171	\$ 0.0024	\$ 0.0405	\$ 0.1239	\$ 0.0729	\$ 0.1502
Parks & Recreation	\$ 0.0732	\$ 0.0805	\$ 0.0668	\$ 0.0719	\$ 0.0655	\$ 0.0720	\$ 0.1425	\$ 0.4467	\$ 0.3937	\$ 0.5136
Park District Bond	\$ 0.0377	\$ 0.0407	\$ 0.0581	\$ 0.0058	\$ 0.0417	\$ 0.0435	\$ 0.0948	\$ 0.2294	\$ 0.0719	\$ 0.0811
Hydrant Rental	\$ -	\$ -	\$ 0.0128	\$ -	\$ 0.0248	\$ 0.0230	\$ 0.0497	\$ 0.2121	\$ 0.1475	\$ 0.1748
Sanitary District	\$ 0.0127	\$ 0.0135	\$ 0.0145	\$ 0.0140	\$ 0.0135	\$ 0.0136	\$ 0.0221	\$ 0.0949	\$ 0.0944	\$ 0.0897
Lease Rental Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sanitary District Bond	\$ 0.0415	\$ 0.0082	\$ 0.0043	\$ -	\$ 0.0098	\$ 0.0297	\$ 0.0578	\$ 0.1572	\$ 0.4916	\$ 0.8305
Public Works Bldg. Corp.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.0666	\$ 0.0835
Cum. Cap. Development	\$ 0.0363	\$ 0.0370	\$ 0.0146	\$ 0.0146	\$ 0.0146	\$ 0.0146	\$ 0.0330	\$ 0.0990	\$ 0.0990	\$ 0.0990
Water District Bond	\$ -	\$ 0.0003	\$ 0.0250	\$ 0.0202	\$ 0.0220	\$ 0.0223	\$ 0.0497	\$ 0.1648	\$ 0.1719	\$ 0.0703
Parks Bldg. Corp. Lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.1708	\$ 0.0947
Redevelopment Gen.	\$ 0.0083	\$ 0.0088	\$ 0.0103	\$ 0.0048	\$ 0.0032	\$ 0.0016	\$ 0.0023	\$ 0.0489	\$ 0.0355	\$ 0.1002
Redevelopment Bond.	\$ 0.0433	\$ 0.0491	\$ 0.0270	\$ 0.0366	\$ 0.0370	\$ 0.0391	\$ 0.0662	\$ 0.2253	\$ 0.2253	\$ 0.1330
Redevelopment Capital.	\$ 0.0030	\$ 0.0032	\$ 0.0045	\$ 0.0037	\$ 0.0049	\$ 0.0054	\$ 0.0130	\$ -	\$ -	\$ -
Total Corporation:	\$0.6256	\$0.6428	\$0.6776	\$0.5861	\$0.6223	\$0.6308	\$1.3478	\$4.0607	\$4.4485	\$4.4863
Total Tax Rate*:	\$ 2.9025	\$ 2.9848	\$ 3.2683	\$ 3.0638	\$ 3.0163	\$ 3.0142	\$ 6.1961	\$ 17.1209	\$ 17.1216	\$ 17.2908

Note: Data per the Lake County Auditor's Office.

Note: Rates are based per \$100 of net assessed valuation

Note: Sanitary District is a Component Unit is listed above.

* Total Rate includes rates of overlapping taxing units, net of state property tax replacement credit.

*** Beginning in FY 2002 the state bases rates on 100 % of the True Tax value instead of the former 33 1/3 percent.

**** Assessed valuation affected by general reassessment.

Town of Highland
Ten Largest Taxpayers
Current Year and Nine Years Ago

		2008			Percent of
Taxpayer	Product or Service	Real & Impmnt Assessed Value	Personal Property Assessed Value	Total Assessed Value	Town's Tax Base
Hampton - in - Highland	Rental Housing Association	\$ 19,491,000	\$ -	\$ 19,491,000	1.67%
Highland Grove, L.L.C.	Shopping Center	\$ 19,417,900	\$ -	\$ 19,417,900	1.66%
Meijer's Stores	Retail Hypermarket	\$ 17,328,400	\$ -	\$ 17,328,400	1.48%
ATG Development Corp.	Developer	\$ 14,497,800		\$ 14,497,800	1.24%
Dayton Hudson (Target)	Retailer Department Store	\$ 8,109,200		\$ 8,109,200	0.69%
Opus North Development	Retail Shopping Mall	\$ 6,222,600		\$ 6,222,600	0.53%
SVT, LLC	Warehousing	\$ 1,997,200		\$ 1,997,200	0.17%
Hyre Electric (EMCOR)	Electrical Services Contractor	\$ 1,806,000		\$ 1,806,000	0.15%
Indiana Bell (SBC)	Telephone Utility	\$ -	\$ 494,500	\$ 494,500	0.04%
Northern Indiana Public Service Co	Natural Gas/Electric Utility	\$ -	\$ 1,225,500	\$ 1,225,500	0.10%
		<u>\$88,870,100.</u>	<u>\$1,720,000.</u>	<u>\$90,590,100.</u>	<u>7.75%</u>

		1999			Percent of
Taxpayer	Product or Service	Real & Impmnt Assessed Value	Personal Property Assessed Value	Total Assessed Value	Town's Tax Base
Hampton - in - Highland	Rental Housing Association	\$ 3,139,660	\$ 59,510	\$ 9,597,510	2.21%
Highland Grove Shopping Center	Retail Mall	\$ 2,482,590	-	\$ 7,447,770	1.77%
Strack & Van Til	Retail Grocer	\$ 434,910	\$ 2,087,040	\$ 7,565,850	1.74%
Indiana Bell	Telephone Utility	\$ 64,500	\$ 2,364,060	\$ 7,285,680	1.68%
Terry Shaver Pontiac, Inc.	Automobile Retailer	\$ 296,870	\$ 1,740,920	\$ 6,113,370	1.41%
Northern Indiana Public Service Co	Natural Gas/Electric Utility	\$ 310,540	\$ 1,711,220	\$ 6,065,280	1.40%
Webb Ford	Automobile Retailer	\$ 471,650	\$ 1,166,620	\$ 4,914,810	1.13%
Dayton-Hudson Corp. (Target)	Retail Department Store	\$ 1,416,430	-	\$ 4,249,290	0.98%
Griffland Center, Inc	Retail & Strip Mall	\$ 1,204,960	-	\$ 3,614,880	0.83%
Christenson Chevrolet	Automobile Retailer	\$ 659,430	\$ 371,970	\$ 3,094,200	0.71%
		<u>\$10,481,540.</u>	<u>\$9,501,340.</u>	<u>\$59,948,640.</u>	<u>13.80%</u>

** In order to make assessed values seem equivalent, the values in 1999 are multiplied by 3. In 1999 the assessed value used "true tax" as basis for valuation. In 2008, assessed value employs a procedure to attain to market value. This may account for some of the variation.

Source: Office of the Lake County Assessor

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Debt Capacity

Town of Highland
Ratio of Net Bond Debt and Note Debt to Assessed Value
and Net Bond and Note Debt to Assessed Value
Last Ten Fiscal Years FY 1999 to 2008
Primary Government

<u>Fiscal Year Ended Dec. 31</u>	<u>Population</u>	<u>Assessed Value for Subsequent Debt Reduction</u> **	<u>Gross Bond & Note Debt</u>	<u>Less Debt Service Funds</u>	<u>Net Bond & Note Debt</u>	<u>Net Bond & Note Debt to Assessed Value</u>	<u>Net Bond & Note Debt per Capita</u>
2008 ***	22,641	\$1,389,345,101	\$ 10,916,019	\$ 2,097,240	\$ 8,818,779	0.6347%	\$390
2007 ***	22,668	\$1,308,637,591	\$ 10,100,611	\$ 1,811,630	\$ 8,288,981	0.6334%	\$366
2006 ***	22,726	\$1,171,154,002	\$ 7,561,367	\$ 1,076,406	\$ 6,484,961	0.5537%	\$285
2005 ***	22,903	\$1,168,849,845	\$ 5,208,731	\$ 1,312,064	\$ 3,896,667	0.3334%	\$170
2004 ***	23,054	\$1,169,529,058	\$ 4,040,000	\$ 684,871	\$ 3,355,129	0.2869%	\$146
2003 ***	23,250	\$1,177,057,220	\$ 5,615,000	\$ 1,168,135	\$ 4,446,865	0.3778%	\$191
2002 ***	23,406	\$501,116,134	\$ 7,322,818	\$ 1,774,341	\$ 5,548,477	1.1072%	\$237
2001 ***	23,489	\$159,870,808	\$ 7,840,537 *	\$ 1,708,627	\$ 6,131,910	3.8355%	\$261
2000	23,546	\$153,500,420	\$ 8,898,380 *	\$ 2,282,639	\$ 6,615,741	4.3099%	\$281
1999	23,696	\$144,823,860	\$ 10,566,223 *	\$ 2,022,881	\$ 8,543,342	5.8991%	\$361

* Includes general obligation as well as a note obligation of the Municipality
Amounts above include the Sanitary and Water District as well as the general obligation debt of the Corporation.

** For the purpose of evaluating debt, Indiana actually still relies on 1/3 the assessed value to determine permissible debt limits under Indiana Const. Article XIII. Confer IC 36-1-15-4 called adjusted value.

No revenue debt is included.
This does not include temporary loans for cash flow purposes as these are short term debt.

*** Estimates provided by the United States Census Bureau.

**Town of Highland
Computation of Legal Debt Margin
at December 31, 2008**

Using Certified Assessed Valuation
True Tax Assessed Value: 1,388,875,121
 Adjusted Value:* \$ 462,958,374

	Corporation Town of Highland	Parks & Rec. District	Redevelopment District	Waterworks District	Sanitary District
Assessed Valuation	462,958,374	462,958,374	462,958,374	462,958,374	462,958,374
Debt Limit Percentage	2.00%	2.00%	2.00%	8.00%	12.00%
Debt Limit	\$9,259,167	\$ 9,259,167	\$ 9,259,167	\$ 37,036,670	\$55,555,005
Bonds Outstanding	\$ 2,719,903	\$ 1,665,000	\$ 2,103,259	\$ -	\$ 4,285,857
Subtotal	\$ 6,539,264	\$ 7,594,167	\$ 7,155,908	\$ 37,036,670	\$ 51,269,148
Amount Available in Debt Service Fund	\$ 91,828	* \$ 482,046	\$ 650,857	\$ 556,319	\$ 364,114
Legal Debt Margin	\$ 6,631,092	\$ 8,076,213	\$ 7,806,765	\$ 37,592,989	\$ 51,633,262

* This fund now pays both special taxing district debt as well as capital lease payments made pursuant to I.C. 36-1-10, to the Parks and Recreation Building Corporation, which is a blended component unit of the municipality. The municipality supports the corporation's debt service through a capital lease. The bonds outstanding represent only those that are obligations of the special taxing district. It does not include the revenue or mortgage debt of the Holding Corporation. Lease rental supports the debt service payments and the eventual acquisition of the facility held by the corporation.

Please Note: The civil town debt limit is established by the Indiana Constitution (Article XIII debt). The debt of the other entities is considered debt incurred by political subdivisions with special taxing districts. These are considered statutory debt limits and that is why the debt limit percentage can exceed the 2% limit of the municipal corporation.

For the purpose of evaluating debt, Indiana actually still relies on 1/3 the assessed value to determine permissible debt limits under Indiana Const. Article XIII. The Certified AV is 1,388,875,121
 This is distinguished from the Tax Abstract Assessed Valuation which is depicted on
 Confer IC 36-1-15-4 called adjusted value.

**Town of Highland
Computation of Direct and Overlapping Debt
Payable from or backed by Property Taxes
as of December 31, 2008**

	Certified Assessed Valuation	Bonds Outstanding	Percent Applicable to Highland	Amount Applicable to Highland
Town of Highland*	\$ 1,388,875,121	\$ 10,916,019	100.00%	\$ 10,916,019
School Town of Highland	\$ 1,388,875,121	\$ 38,582,981 **	100.00%	\$ 38,582,981
	Subtotal:	\$ 49,499,000	Subtotal:	\$ 49,499,000
Indirect or overlapping Debt				
North Township	\$ 7,400,300,227	\$ -	18.77%	\$ -
Lake County Library	\$ 14,262,568,550	\$ 26,830,000	9.74%	\$ 2,612,679
Lake County	\$ 24,448,186,900	\$ 71,498,968 **	5.68%	\$ 4,061,779
	Subtotal:	\$ 98,328,968	Subtotal:	\$ 6,674,459
	Grand Total	\$ 147,827,968	Grand Total	\$ 56,173,459
				38.00%

* Includes Parks District, Redevelopment District, Corporation and Sanitary District.

** Amount includes Building Corporation Mortgage Bonds which is a blended component unit of the School Town. It is included because the lease is tied to a property levy.

The Town of Highland through its Parks & Recreation Bldg. Corp has outstanding revenue debt in the amount of \$1,210,000.

Sources: Lake County Auditor and
Office of the Highland Clerk-Treasurer

Certified Assessed Valuation is the one determined by the Indiana Department of Local Government Finance. It is the basis for determining debt margin and used to compute tax rates. Elsewhere in the statistical section the abstract assessed valuation is used, which is the value that informs the calculation of tax bills.

**Town of Highland
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year Ended Dec. 31	Governmental Activities					Business-Type Activities					Total Primary Government	Estimated Population	Debt Per Capita
	General Obligation Bonds	Revenue Bonds	Mortgage Bonds	Notes/Loans Payable	Capital Leases	General Obligation Bonds	Revenue Bonds	Mortgage Bonds	Notes/Loans Payable	Capital Leases			
2008	\$ 6,494,903	\$ -	\$ 1,210,000	\$ 142,000	\$ 305,988	\$4,254,000	\$ -	\$ -	\$ -	\$ -	\$12,406,891	22,641	\$547.98
2007	\$ 5,573,903	\$ -	\$ 1,400,000	\$ -	\$ 407,406	\$4,500,000	\$ -	\$ -	\$ -	\$ -	\$11,881,309	22,668	\$524.14
2006	\$ 6,172,903	\$ -	\$ 1,580,000	\$ -	\$ 128,253	\$1,397,000	\$ -	\$ -	\$ -	\$ -	\$ 9,278,156	22,726	\$408.26
2005	\$ 3,491,903	\$ -	\$ 1,745,000	\$ -	\$ 59,651	\$1,720,000	\$ 190,000	\$ -	\$ -	\$ -	\$ 7,206,554	22,903	\$314.66
2004	\$ 3,245,000	\$ -	\$ 1,900,000	\$ -	\$ 5,721	\$ 795,000	\$ 805,000	\$ -	\$ -	\$ -	\$ 6,750,721	23,054	\$292.82
2003	\$ 4,030,000	\$ -	\$ 2,040,000	\$ -	\$ 34,832	\$1,585,000	\$ 1,385,000	\$ -	\$ -	\$ -	\$ 9,074,832	23,250	\$390.32
2002	\$ 4,740,000	\$ -	\$ 2,170,000	\$ -	\$ 144,512	\$2,335,000	\$ 1,935,000	\$ -	\$ -	\$ 1,690	\$11,326,202	23,406	\$483.90
2001	\$ 4,730,000	\$ -	\$ 2,290,000	\$ 51,364	\$ 207,247	\$3,045,000	\$2,455,000	\$ -	\$29,524	\$ 4,136	\$12,812,271	23,489	\$545.46
2000	\$ 4,525,000	\$ -	\$ 2,400,000	\$ 102,728	\$ 488,958	\$4,230,000	\$2,955,000	\$ -	\$59,048	\$30,231	\$14,790,965	23,546	\$628.17
1999	\$ 4,800,000	\$ -	\$ 2,505,000	\$ 154,092	\$ 794,694	\$5,545,000	\$3,425,000	\$ -	\$88,572	\$49,607	\$17,361,965	23,696	\$732.70

Sources:
Population estimates provided by U.S. Census Bureau
Town of Highland Comprehensive Annual Financial Reports

Town of Highland
Ratio of Annual Debt Service Expenditures
for Governmental Bond and Note Debt to Governmental Expenditures
Last Ten Fiscal Years 1999 to 2008

<u>Fiscal Year Ended Dec. 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Services to General Expenditures</u>
2008	\$ 1,169,000	\$ 332,913	\$ 1,501,913	\$ 13,462,456	11.16%
2007	\$ 779,000	\$ 367,198	\$ 1,146,198	\$ 12,559,248	9.13%
2006	\$ 1,084,000	\$ 226,404	\$ 1,310,404	\$ 14,700,100	8.91%
2005	\$ 1,000,000	\$ 231,879	\$ 1,231,879	\$ 14,016,537	8.79%
2004	\$ 925,000	\$ 278,173	\$ 1,203,173	\$ 10,044,825	11.98%
2003	\$ 840,000	\$ 311,762	\$ 1,151,762	\$ 11,869,689	9.70%
2002	\$ 1,215,000	\$ 405,077	\$ 1,620,077	\$ 12,584,987	12.87%
2001	\$ 1,795,000	\$ 441,942	\$ 2,236,942	\$ 13,916,494	16.07%
2000	\$ 1,750,000	\$ 520,615	\$ 2,270,615	\$ 14,666,376	15.48%
1999	\$ 1,732,000	\$ 367,958	\$ 2,099,958	\$ 14,990,260	14.01%

General Expenditures includes the governmental activities and excludes the business type expenditures.

Governmental debt service excludes debt service of the utilities.

**Town of Highland
Ratio of Annual Debt Service Expenditures
for Business Type (Utilities) Bond and Note Debt to Business Type (Utilities) Expenditures**

Fiscal Year Ended	Principal		Interest		Total Debt Service		Total Utilities' Expenditures		Ratio of Debt Services to Utilities' Expenditures	
2008	\$	246,000	\$	146,334	\$	392,334	\$	6,956,526		5.64%
2007	\$	397,000	\$	53,842	\$	450,842	\$	6,915,865		6.52%
2006	\$	513,000	\$	62,998	\$	575,998	\$	5,835,974		9.87%
2005	\$	865,000	\$	68,500	\$	933,500	\$	4,968,870		18.79%
2004	\$	1,370,000	\$	125,985	\$	1,495,985	\$	4,629,409		32.31%
2003	\$	1,300,000	\$	237,724	\$	1,537,724	\$	5,652,080		27.21%

This report should reflect 10 years of data. However, data not available prior to 2003 in part owing to the reporting model.

These exclude capital lease purchases

**Town of Highland
Revenue Bond Coverage
Water Utility
Last Ten Fiscal Years**

Fiscal Year	Operating Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements		Total	Coverage
				Principal	Interest		
2006	\$ 2,531,464	\$ 2,143,308	\$ 388,156	\$ 190,000	\$ 5,415	\$ 195,415	1.99
2005	\$ 2,708,956	\$ 2,168,476	\$ 540,480	\$ 615,000	\$ 36,730	\$ 651,730	0.83
2004	\$ 2,530,590	\$ 2,107,284	\$ 423,306	\$ 580,000	\$ 69,195	\$ 649,195	0.65
2003	\$ 3,171,106	\$ 2,761,550	\$ 409,556	\$ 550,000	\$ 163,784	\$ 713,784	0.57
2002	\$ 2,607,978	\$ 2,055,698	\$ 552,280	\$ 520,000	\$ 126,875	\$ 646,875	0.85
2001	\$ 2,496,122	\$ 2,084,923	\$ 411,199	\$ 500,000	\$ 152,760	\$ 652,760	0.63
2000	\$ 2,411,382	\$ 1,923,141	\$ 488,241	\$ 470,000	\$ 176,761	\$ 646,761	0.75
1999	\$ 2,424,520	\$ 2,053,293	\$ 371,227	\$ 450,000	\$ 200,696	\$ 650,696	0.57
1998	\$ 2,308,675	\$ 1,715,655	\$ 593,020	\$ 440,000	\$ 219,618	\$ 659,618	0.90
1997	\$ 2,185,484	\$ 1,663,771	\$ 521,713	\$ 405,000	\$ 238,395	\$ 643,395	0.81

Coverage is the Ratio of Net Revenue to Total Debt Service Required for the period. As the number equals or exceeds one, the ratio is considered favorable.

It should be noted that the revenue debt was fully matured January 2006.

This excludes Special Taxing District Debt which is repaid with an ad valorem tax.

Town of Highland
Revenue Bond Coverage
Parks and Recreation Building Corporation
A blended component unit of the municipality

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
2008	\$ 81,024	\$ 6,925	\$ 74,099	\$ 190,000	\$ 67,466	0.29
2007	\$ 79,746	\$ 5,874	\$ 73,872	\$ 180,000	\$ 76,948	0.29
2006	\$ 79,472	\$ 5,451	\$ 74,021	\$ 165,000	\$ 85,788	0.30
2005	\$ 77,920	\$ 5,672	\$ 72,248	\$ 155,000	\$ 93,987	0.29
2004	\$ 77,189	\$ 8,728	\$ 68,461	\$ 140,000	\$ 101,548	0.28
2003	\$ 75,363	\$ 120,179	\$ (44,816)	\$ 130,000	\$ 108,466	-0.19
2002	\$ 74,358	\$ 8,222	\$ 66,136	\$ 120,000	\$ 114,872	0.28
2001	\$ 73,262	\$ 24,638	\$ 48,624	\$ 110,000	\$ 120,753	0.21
2000	\$ 78,001	\$ 16,210	\$ 61,791	\$ 105,000	\$ 126,234	0.27

Coverage is the Ratio of Net Revenue to Total Debt Service Required for the period. As the number equals or exceeds one, the ratio is considered favorable.

The corporation as an entity did not exist prior to 1998.

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Demographic & Economic Information

**Town of Highland
List of Largest Employers in Highland
Current Year and Nine Years Ago**

2008		
Employer	Type of Business	Reported Employment
Strack & Van Til/Ultra Foods, Inc.	Groceries/Warehouse	599 (1)
School Town of Highland	Public Education K-12	420
Meijer's	Groceries	400
Emcor/Hyre Electric Company	Electrical Services Contractor	350
Town of Highland	Municipal Government	264 (4) total employ
Target Store (Dayton Hudson)	Retailer	249
Kohl's Department Store	Retailer	180
Prompt Ambulance Service	Emergency Medical Services	180
Patrick's Pros	Party Organizer	125
Allen's Landscape Construction	Garden Center	90
Miner-Dunn Harnbrugers	Restaurant	88
Webb Ford, Inc.	Auto Dealership	85
AMS Mechanical Systems	Mechanical Contractor	80
Comfort Keepers	Home Health Care	80
Old Country Buffet	Restaurant	80
Christenson Chevrolet	Auto Dealership	70
1999		
Employer	Type of Business	Reported Employment
Ultra Foods, Inc./Strack & Van Til's	Retail grocer	549 (1)
School Town of Highland	Public Education K-12	395 (2)
JWP/Hire Electric Company	Electrical Contractor	260
Sand Ridge Bank	Finance and Banking	256
Target Stores, Inc.	Retailer	210
Kohl's Department Store	Retailer	174
Town of Highland	Municipal Government	163 (3)
Fieldhouse, Inc.	HVAC Contractor	126
Webb Ford, Inc.	Auto Dealership	85
Terry Shaver Pontiac, Inc.	Auto Dealership	81
Christenson Chevrolet, Inc.	Auto Dealership	65

- (1) Total includes employees at Strack & Van Til store and corporate offices; and employees at Ultra Foods.
(2) This total includes 186 certified teachers and administrators and 209 non-certified employees
(4) Of the 264 total employees, 115 are full-time workers, one is a full-time elected official, 34 are part-time officials, 33 are part-time firefighters and 87 other part-time workers. Firefighters are paid on demand when needed but are on call 24 hours a day.
(3) Of the 163 total employees, one is a full-time elected official, 48 are part-time firefighters. Firefighters are paid on demand when needed but are on call 24 hours a day.

Sources: Reference USA
Lexis Nexus Academic
US Business Directory

Town of Highland List of Largest Employers in Area Current Year and Nine Years Ago

2008

Employer	Type of Business	Location	Reported Employment
US Steel Gary Works (USX)	Steel Manufacturing	Gary	5,300
Mittal/Arcelor Steel	Steel Manufacturing	East Chicago/Burns Harbor	5,100
Community Hospital	Medical Services	Munster	2,800
Horseshoe Casino	Entertainment Gaming	Hammond	2,800
NIPSCO/NiSource	Electric/Natural Gas Utility	Merrillville	2,800
St. Margaret/Mercy Hospitals	Medical Services	Dyer/Hammond	2,600
Methodist Hospitals	Medical Services	Gary/Merrillville	2,000
Ameristar Casino	Entertainment Gaming	East Chicago	1,800
BP Amoco	Oil Refinery	Whiting	1,800
Majestic Star & Majestic Star II Casinos	Entertainment Gaming	Gary	1,400
Bulkmatic Transport	Trucking	Griffith	1,300
St. Anthony Medical Center	Medical Services	Crown Point	1,200
St. Mary Medical Center	Medical Services	Hobart	1,200
St. Catherine Hospital	Medical Services	East Chicago	1,000
Hammond Clinic	Medical Services	Munster	600
Radisson Star Plaza	Hotels/Motels/Entertainment	Merrillville	520
Elgin & Joliet Eastern Railway	Railroads	Whiting	500
Lee Communications The TIMES	Newspaper	Munster	500

1999

Employer	Type of Business	Location	Reported Employment
US Steel Gary Works (USX)	Steel Manufacturing	Gary	8,000
Ispat/Inland Steel	Steel Manufacturing	East Chicago	7,700
LTV Steel Company	Steel Manufacturing	East Chicago	4,000
NIPSCO/NiSource	Electric/Natural Gas Utility	Merrillville	3,200
Methodist Hospitals	Medical Services	Gary/Merrillville	3,070
Empress Casino	Entertainment Gaming	Hammond	2,038
Community Hospital	Medical Services	Munster	2,010
Methodist Hospitals	Medical Services	Gary/Merrillville	2,000
Harrah's Casino	Entertainment Gaming	East Chicago	1,800
St. Margaret/Mercy Hospitals	Medical Services	Dyer/Hammond	1,000
Hammond Clinic	Medical Services	Munster	600
Howard Publications The TIMES	Newspaper	Munster	554
Cerestar USA Corp.	Corn Products Processor	Hammond	539
Unilever	Soap Manufacturer	Hammond	423

**Town of Highland
Schedule of Building Permits
Last Ten Fiscal Years FY 1999 to 2008**

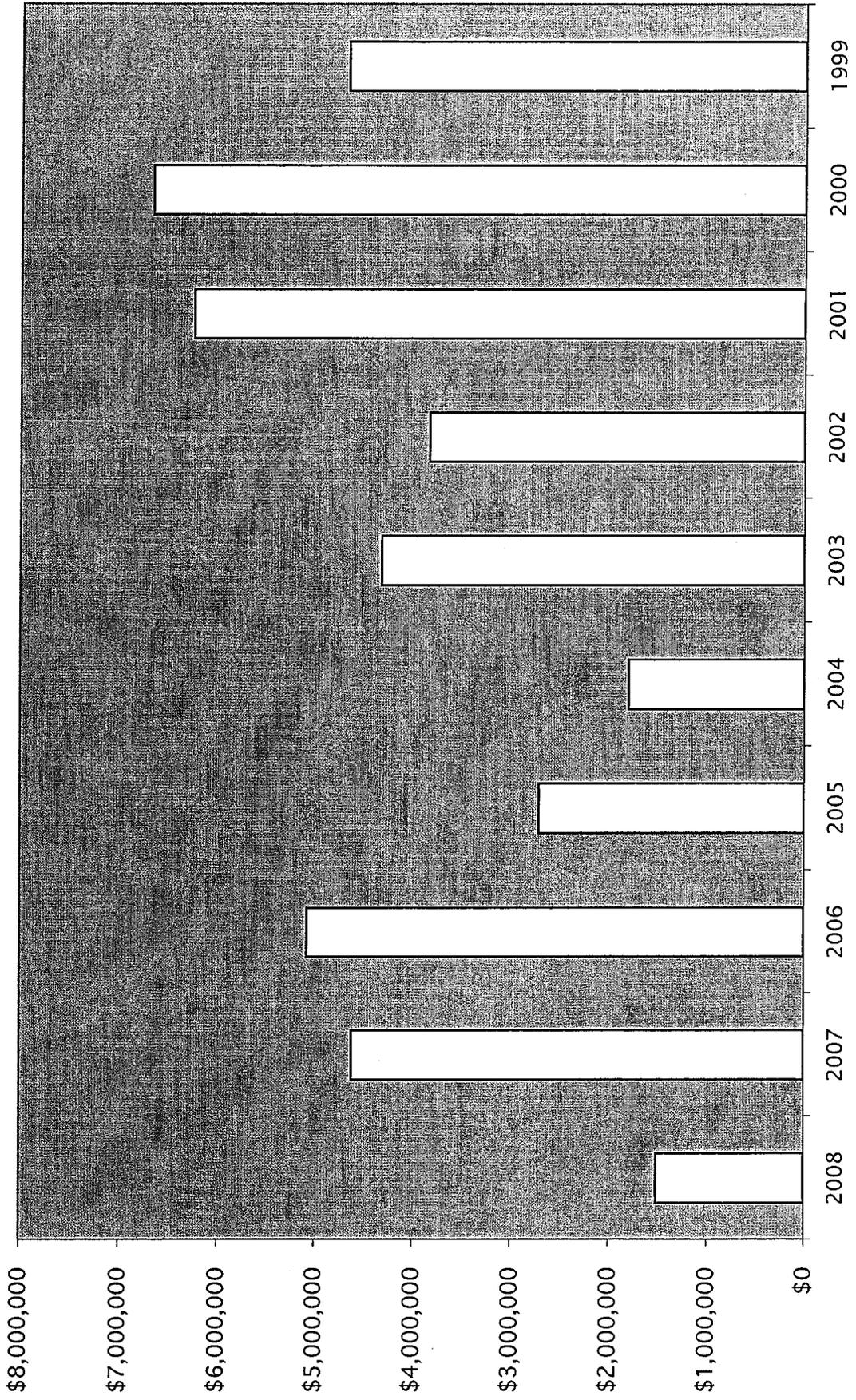
Year	Residential		Multiple Family		Totals	
	Single Family Permits	Value	Permits	Value		Permits
2008	8	\$ 1,509,200	3	\$ 535,000	1,512	\$ 22,560,215
2007	22	\$ 4,619,269	0	\$ -	1,594	\$ 19,978,854
2006	26	\$ 5,079,102	1	\$ 247,000	1,373	\$ 16,127,532
2005	18	\$ 2,716,425	1	\$ 240,000	1,007	\$ 14,045,986
2004	12	\$ 1,796,000	4	\$ 2,300,000	938	\$ 17,634,428
2003	25	\$ 4,316,252	2	\$ 900,000	880	\$ 12,362,049
2002	21	\$ 3,827,454	3	\$ 1,060,000	829	\$ 11,475,050
2001	48	\$ 6,240,724	9	\$ 2,610,000	863	\$ 17,283,888
2000	43	\$ 6,674,505	13	\$ 3,546,210	737	\$ 17,417,172
1999	30	\$ 4,670,500	48	\$ 17,275,180	657	\$ 33,234,147
Institutional, Commercial, Industrial						
Year	Permits	Value	Permits	Value	Totals	Value
2008	7	\$ 8,558,425 **	1,494	\$ 11,957,590	1,512	\$ 22,560,215
2007	3	\$ 754,739 *	1,569	\$ 14,604,846	1,594	\$ 19,978,854
2006	3	\$ 2,097,900 *	1,343	\$ 8,703,530	1,373	\$ 16,127,532
2005	3	\$ 4,500,000	985	\$ 6,589,561	1,007	\$ 14,045,986
2004	6	\$ 6,596,000	916	\$ 6,942,428	938	\$ 17,634,428
2003	2	\$ 701,235	851	\$ 6,444,562	880	\$ 12,362,049
2002	2	\$ 922,000	803	\$ 5,665,596	829	\$ 11,475,050
2001	4	\$ 3,392,500	802	\$ 5,040,664	863	\$ 17,283,888
2000	10	\$ 3,033,133	671	\$ 4,163,324	737	\$ 17,417,172
1999	6	\$ 6,381,125	573	\$ 4,907,342	657	\$ 33,234,147

Note: Data from annual building reports prepared by building commissioner.

* Institutional Value above includes Reconstruction at Main Square Park and its Gazebo plus other improvements amounting to \$897,900

** Institutional & Commercial Values above includes Best Buy Retailer addition and New McDonald's replacing former site on Ridge Road.

Residential Building Permits



**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2008**

User	Business	Consumption (1,000 Gallons)	Billed Revenue	Percentage of Billed Flow
Town of Dyer	Municipality	542,634	\$440,782	38.56%
Hampton in Highland	Apartment Complex	18,293	\$28,597	1.30%
Porte d' leau	Town House Assn	12,456	\$19,204	0.89%
School Town of Highland	Public Schools	7,538	\$17,534	0.54%
Pleasant View Dairy	Dairy Products	6,872	\$9,249	0.49%
Meyers Development Corp.	Commercial/Condo	5,616	\$10,855	0.40%
Georgetown Condos	Condominiums	5,400	\$10,205	0.38%
Meijer Inc., #170A	Retail Grocer	4,702	\$6,937	0.33%
Wildwood Condo Association	Condominiums	4,589	\$9,653	0.33%
ATG/Embassy Place	Condominiums	4,225	\$8,222	0.30%

Note: Total billed flow for the 12 months ending December 31, 2008, was 1,407,170,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2007**

User	Business	Consumption (1,000 Gallons)	Billed Revenue	Percentage of Billed Flow
Town of Dyer	Municipality	599,141	\$488,127	42.95%
Hampton in Highland	Apartment Complex	18,336	\$28,815	1.31%
School Town of Highland	Public Schools	8,150	\$19,196	0.58%
Porte d' leau	Town House Assn	10,821	\$17,525	0.78%
Meijer Inc., #170A	Retail Grocer	6,386	\$8,947	0.46%
Meyers Development Corp.	Commercial/Condo	5,454	\$11,117	0.39%
Wildwood Condo Association	Condominiums	4,216	\$9,223	0.30%
Georgetown Condos	Condominiums	4,580	\$8,926	0.33%
Pleasant View Dairy	Dairy Products	6,552	\$8,915	0.47%
ATG/Embassy Place	Condominiums	4,706	\$8,222	0.34%

Note: Total billed flow for the 12 months ending December 31, 2007, was 1,395,119,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2006**

User	Business	Consumption (1,000 Gallons)	Billed Revenue	Percentage of Billed Flow
Town of Dyer	Municipality	534,292	\$402,321	38.56%
Hampton in Highland	Apartment Complex	18,890	\$28,399	1.36%
Porte d'leau	Town House Assn	9,646	\$15,711	0.70%
Meijer Inc., #170A	Retail Grocer	8,020	\$10,932	0.58%
School Town of Highland	Public Schools	7,271	\$18,133	0.52%
Pleasant View Dairy	Dairy Products	6,702	\$9,044	0.48%
Meyers Development Corp.	Commercial/Condo	5,743	\$11,097	0.41%
Wildwood Condo Association	Condominiums	4,788	\$9,883	0.35%
ATG/Embassy Place	Condominiums	4,424	\$8,656	0.32%
Georgetown Condos	Condominiums	3,898	\$7,419	0.28%

Note: Total billed flow for the 12 months ending December 31, 2006, was 1,385,768,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2005**

User	Business	Consumption (1,000 Gallons)	Billed Revenue	Percentage of Billed Flow
Town of Dyer	Municipality	596,555	\$423,385	42.87%
Hampton in Highland	Apartment Complex	21,092	\$32,006	1.52%
School Town of Highland	Public Schools	8,806	\$17,187	0.63%
Porte d' leau	Town House Assn	10,593	\$16,492	0.76%
Pleasant View Dairy	Dairy Products	8,172	\$10,937	0.59%
Meyers Development Corp.	Commercial/Condo	5,112	\$10,303	0.37%
Meijer Inc., #170A	Retail Grocer	7,274	\$10,172	0.52%
Wildwood Condo Association	Condominiums	4,768	\$9,290	0.34%
ATG/Embassy Place	Condominiums	4,152	\$7,419	0.30%
Georgetown Condos	Condominiums	3,898	\$7,867	0.28%

Note: Total billed flow for the 12 months ending December 31, 2005, was 1,556,798,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2004**

<u>User</u>	<u>Business</u>	<u>Consumption (1,000 Gallons)</u>	<u>Billed Revenue</u>	<u>Percentage of Billed Flow</u>
Town of Dyer	Municipality	518,251	\$400,245	37.25%
Hampton in Highland	Apartment Complex	21,776	\$ 33,147	1.57%
Porte d' leau	Town House Assn	9,644	\$ 17,790	0.69%
Pleasant View Dairy	Dairy Products	9,600	\$ 12,888	0.69%
School Town of Highland	Public Schools	9,188	\$ 19,240	0.66%
Meijer Inc., #170A	Retail Grocer	6,655	\$ 9,151	0.48%
Meyers Development Corp.	Commercial/Condo	4,886	\$ 9,644	0.35%
Wildwood Condo Association	Condominiums	4,233	\$ 9,185	0.30%
Georgetown Condos	Condominiums	3,603	\$ 6,830	0.26%
Les Chateau	Condominiums	3,723	\$ 6,724	0.27%

Note: Total billed flow for the 12 months ending December 31, 2004, was 1,391,411,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2003**

<u>User</u>	<u>Business</u>	<u>Consumption (1,000 Gallons)</u>	<u>Billed Revenue</u>	<u>Percentage of Billed Flow</u>
Town of Dyer	Municipality	483,119	\$373,113	35.36%
Hampton in Highland	Apartment Complex	22,736	\$ 34,505	1.66%
School Town of Highland	Public Schools	10,139	\$ 19,757	0.74%
Porte d' leau	Town House Assn	9,450	\$ 15,341	0.69%
Pleasant View Dairy	Dairy Products	8,734	\$ 11,719	0.64%
Meyers Development Corp.	Commercial/Condo	5,092	\$ 10,064	0.37%
Meijer Inc., #170A	Retail Grocer	4,545	\$ 6,180	0.33%
Wildwood Condo Association	Condominiums	4,425	\$ 9,543	0.32%
Spot Not Car Wash	Car wash	4,003	\$ 5,417	0.29%
Les Chateau	Condominiums	3,851	\$ 7,054	0.28%

Note: Total billed flow for the 12 months ending December 31, 2003, was 1,366,408,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2002**

<u>User</u>	<u>Business</u>	<u>Consumption (1,000 Gallons)</u>	<u>Billed Revenue</u>	<u>Percentage of Billed Flow</u>
Town of Dyer	Municipality	525,302	\$405,691	34.71%
Hampton in Highland	Apartment Complex	24,509	\$ 36,662	1.62%
School Town of Highland	Public Schools	10,922	\$ 21,030	0.72%
Porte d' leau	Town House Assn	9,478	\$ 14,387	0.63%
Pleasant View Dairy	Dairy Products	8,881	\$ 13,202	0.59%
Meyers Development Corp.	Commercial/Condo	5,185	\$ 10,257	0.34%
Meijer Inc., #170A	Retail Grocer	4,545	\$ 6,180	0.30%
Wildwood Condo Association	Condominiums	4,418	\$ 9,876	0.29%
ATG/Embassy Place	Condominiums	4,370	\$ 8,492	0.29%
Les Chateau	Condominiums	4,097	\$ 7,522	0.27%

Note: Total billed flow for the 12 months ending December 31, 2002, was 1,513,394,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2001**

<u>User</u>	<u>Business</u>	<u>Consumption (1,000 Gallons)</u>	<u>Billed Revenue</u>	<u>Percentage of Billed Flow</u>
Town of Dyer	Municipality	453,166	\$376,955	32.45%
Hampton in Highland	Apartment Complex	23,592	\$ 35,149	1.69%
School Town of Highland	Public Schools	10,799	\$ 26,759	0.77%
Pleasant View Dairy	Dairy Products	8,335	\$ 11,159	0.60%
Porte d' leau	Town House Assn	7,596	\$ 12,692	0.54%
Meyers Development Corp.	Commercial/Condo	6,570	\$ 12,612	0.47%
Spot-Not Car Wash	Car Wash	5,064	\$ 6,790	0.36%
ATG/Embassy Place	Condominiums	4,840	\$ 8,830	0.35%
Ultra Foods	Retail Grocer	4,072	\$ 5,715	0.29%
Les Chateau	Condominiums	3,990	\$ 7,064	0.29%

Note: Total billed flow for the 12 months ending December 31, 2001, was 1,396,439,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2000**

<u>User</u>	<u>Business</u>	<u>Consumption (1,000 Gallons)</u>	<u>Billed Revenue</u>	<u>Percentage of Billed Flow</u>
Town of Dyer	Municipality	462,988	\$357,566	34.04%
Hampton in Highland	Apartment Complex	25,552	\$38,096	1.88%
School Town of Highland	Public Schools	10,613	\$21,523	0.78%
Pleasant View Dairy	Dairy Products	8,922	\$11,918	0.66%
Porte d' leau	Town House Assn	8,633	\$14,471	0.63%
Spot-Not Car Wash	Car Wash	5,200	\$7,470	0.38%
ATG/Embassy Place	Condominiums	5,175	\$8,994	0.38%
Meyers Development Corp.	Commercial/Condo	5,065	\$9,979	0.37%
Les Chateau	Condominiums	4,779	\$7,152	0.35%
Ultra Foods	Retail Grocer	4,384	\$6,169	0.32%

Note: Total billed flow for the 12 months ending December 31, 2000, was 1,360,244,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 1999**

<u>User</u>	<u>Business</u>	<u>Consumption (1,000 Gallons)</u>	<u>Billed Revenue</u>	<u>Percentage of Billed Flow</u>
Town of Dyer	Municipality	470,136	\$353,489	33.51%
Hampton in Highland	Apartment Complex	25,327	\$ 38,382	1.81%
School Town of Highland	Public Schools	10,714	\$ 21,709	0.76%
Pleasant View Dairy	Dairy Products	10,429	\$ 13,879	0.74%
Porte d' leau	Town House Assn	9,010	\$ 14,541	0.64%
Meyers Development	Condominiums	6,414	\$ 11,947	0.46%
Spot-Not Car Wash	Car Wash	5,688	\$ 7,373	0.41%
Ultra Foods	Retail Grocer	4,598	\$ 6,449	0.33%
Les Chateau	Condominiums	3,816	\$ 6,812	0.27%
ATG/Embassy Place	Condominiums	3,816	\$ 6,557	0.27%

Note: Total billed flow for the 12 months ending December 31, 1999, was 1,403,123,000 gallons.

**Town of Highland
Statistics by Economic Sector**

Industry Description	Number of Establishments		Number of Employees		Annual Payroll		Shipments/Sales/Receipts	
	Highland	Lake County	Highland	Lake County	Highland	Lake County	Highland	Lake County
Retail Trade	141	1764	3170	26304	\$ 63,465,000	\$ 493,029,000	\$ 804,797,000	\$ 5,456,028,000
Real Estate, Rental and Leasing	26	405	87	2016	\$ 1,414,000	\$ 46,834,000	\$ 8,859,000	\$ 259,110,000
Professional, scientific & technical	82	882	374	7381	\$ 11,335,000	\$ 204,574,000	\$ 29,504,000	\$ 514,089,000
Administrative, Support and Waste Remediation Svcs	37	434	533	7123	\$ 9,619,000	\$ 154,819,000	\$ 23,239,000	\$ 426,765,000
Educational Services*	6	77	91	D	\$ 789,000	\$ \$500,000 - \$999,999	\$ 2,161,000	D
Health care & Social assistance	68	1126	457	26938	\$ 10,961,000	\$ 911,971,000	\$ 30,743,000	\$ 2,192,792,000
Arts, Entertainment, Recreation	5	101	D	4999	\$ \$100,000-\$249,000	\$ 114,647,000	D	\$ 551,245,000
Accommodation and Food Services	58	912	1152	18890	\$ 9,494,000	\$ 221,490,000	\$ 33,655,000	\$ 926,744,000
Other Services (Excludes Public Admin)	66	871	483	7896	\$ 9,531,000	\$ 159,910,000	\$ 25,856,000	\$ 467,541,000
Wholesale Trade	32	478	275	5933	\$ 7,991,000	\$ 450,224,000	\$ 208,279,000	\$ 3,538,212,000
Manufacturing	0	412	0	27275	\$ -	\$ 1,358,631,000	\$ -	\$ 13,481,042,000
Information	7	113	36	2384	\$ 823,000	\$ 76,955,000	N/A	N/A

* Excludes Elementary and Secondary Schools, Junior Colleges, Colleges, Universities and Professional Schools.

D Withheld to avoid disclosure of individual companies.

N/A Not Available

Source: U.S. Bureau of the Census, 2002 Economic Census. ECo2-IN. Geographic Area Series

**Town of Highland
Local Financial Institutions
Assets in the Town as of June 30, 2008**

Institutions	Assets in Highland as of 30 June 08	Pctge of Total	Assets in Highland as of 30 June 07	Pctge of Total	Number of Offices
First Financial Bank NA*	\$ 265,144,000	31.70%	\$ 276,698,000	33.37%	3
Centier Bank	\$ 158,652,000	18.97%	\$ 148,842,000	17.95%	2
First Midwest Bank**	\$ 241,473,000	28.87%	\$ 220,808,000	26.63%	3
Fifth/Third Bank	\$ 33,717,000	4.03%	\$ 46,153,000	5.57%	2
Standard Bank & Trust	\$ 46,334,000	5.54%	\$ 38,596,000	4.66%	1
JP Morgan Chase Bank NA***	\$ 34,274,000	4.10%	\$ 34,397,000	4.15%	1
Citizens Financial Services , FSB	\$ 26,727,000	3.20%	\$ 31,532,000	3.80%	1
Lake Federal Bank FSB	\$ 16,302,000	1.95%	\$ 17,428,000	2.10%	1
First Federal Savings and Loan Assn.	\$ 13,879,000	1.66%	\$ 14,607,000	1.76%	1
TCF National Bank****	\$ -	0.00%	\$ -	0.00%	0
	\$ 836,502,000		\$ 829,061,000		15

Source: Federal Deposit Insurance Corporation/Office of Thrift Supervision

**Town of Highland
Intended Federal Funds Rate
Last Ten Years 1999 - 2008**

Months	2008	Change (in basis points)	2007	2006	2005	2004	2003	2002	2001	2000	1999
January	3.94%	31.00	5.25%	4.50%	2.25%	1.00%	1.25%	1.75%	6.00%	5.50%	4.75%
February	2.98%	96.00	5.25%	4.50%	2.50%	1.00%	1.25%	1.75%	5.50%	5.75%	4.75%
March	2.61%	37.00	5.25%	4.75%	2.75%	1.00%	1.25%	1.75%	5.00%	6.00%	4.75%
April	2.28%	33.00	5.25%	4.75%	2.75%	1.00%	1.25%	1.75%	4.50%	6.00%	4.75%
May	1.98%	30.00	5.25%	5.00%	3.00%	1.00%	1.25%	1.75%	4.00%	6.50%	4.75%
June	2.00%	2.00	5.25%	5.25%	3.25%	1.25%	1.00%	1.75%	3.75%	6.50%	5.00%
July	2.00%	0.00	5.25%	5.25%	3.25%	1.25%	1.00%	1.75%	3.75%	6.50%	5.00%
August	2.00%	0.00	5.25%	5.25%	3.50%	1.50%	1.00%	1.75%	3.50%	6.50%	5.25%
September	1.81%	19.00	4.75%	5.25%	3.75%	1.75%	1.00%	1.75%	3.00%	6.50%	5.25%
October	0.97%	84.00	4.50%	5.25%	3.75%	1.75%	1.00%	1.75%	2.50%	6.50%	5.25%
November	0.39%	58.00	4.50%	5.25%	4.00%	2.00%	1.00%	1.25%	2.00%	6.50%	5.50%
December	0.16%	23.00	4.25%	5.25%	4.25%	2.25%	1.00%	1.25%	1.75%	6.50%	5.50%
Number of Annual Changes	10		3	4	8	5	1	1	10	3	3

Source: Federal Open Market Committee of the Federal Reserve Board of Governors

SANITARY DISTRICT
TOWN OF HIGHLAND
TEN YEAR STATISTICAL SUMMARY
(ENTERPRISE FUND ONLY)

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Operating Revenues	\$ 3,219,440	\$ 3,146,397	\$ 2,961,916	\$ 3,009,709	\$ 2,230,218	\$ 2,145,852	\$ 2,193,742	\$ 2,063,314	\$ 2,169,744	\$ 2,165,596
Operating Expenses	4,061,220	3,626,984	3,626,763	2,658,792	2,351,970	2,606,103	1,656,334	2,200,209	2,106,133	2,081,461
Operating Income(Loss)	(841,780)	(480,587)	(664,847)	350,917	(121,752)	(460,251)	537,408	(136,895)	63,611	84,135
Nonoperating Revenues(Expenses)	693,620	355,863	293,088	245,420	393,725	677,781	23,173	84,872	133,650	87,937
Extraordinary Items	-	-	-	-	-	-	(240,000)	(240,000)	(230,000)	-
Operating Transfers Out	-	-	-	-	-	-	-	-	-	-
Net Income(Loss)	\$ (148,160)	\$ (124,724)	\$ (371,759)	\$ 596,337	\$ 271,973	\$ 217,530	\$ 320,581	\$ (292,023)	\$ (32,739)	\$ 172,072
Current Assets	\$ 932,381	\$ 691,839	\$ 636,814	\$ 598,875	\$ 414,630	\$ 250,640	\$ 327,809	\$ 321,734	\$ 459,552	\$ 459,631
Restricted Assets	2,765,857	3,205,525	939,762	2,248,038	622,935	749,409	239,360	1,347,692	1,873,927	1,853,921
Const. in Progress & Land	592,627	145,850	57,789	401,739	378,833	521,645	1,176,212	16,513	18,329	5,545
Utility Plant in Service	21,338,894	21,096,176	20,110,943	18,357,155	18,235,323	10,716,152	9,791,680	9,524,633	8,946,862	8,552,960
Accumulated Depreciation	(10,848,111)	(10,222,818)	(10,051,739)	(9,635,350)	(9,166,230)	(5,763,876)	(5,520,685)	(5,395,097)	(5,170,283)	(4,926,016)
Deferred Charges	128,717	-	24,212	26,877	-	-	-	-	-	-
Total Assets	\$ 14,910,365	\$ 14,916,072	\$ 11,717,781	\$ 11,997,334	\$ 10,485,491	\$ 6,473,970	\$ 6,014,376	\$ 5,815,475	\$ 6,128,387	\$ 5,946,041
Current Liabilities	\$ 1,047,165	\$ 526,249	\$ 484,800	\$ 279,281	\$ 182,137	\$ 694,274	\$ 168,119	\$ 254,343	\$ 281,476	\$ 67,825
Long-Term Liabilities	3,942,231	4,320,694	1,012,291	1,125,604	40,882	46,583	38,617	34,073	52,310	69,551
Total Net Assets	9,920,969	10,069,129	10,220,690	10,592,449	10,262,472	5,733,113	5,054,308	4,773,727	5,065,750	3,714,025
Total Liabilities and Net Assets	\$ 14,910,365	\$ 14,916,072	\$ 11,717,781	\$ 11,997,334	\$ 10,485,491	\$ 6,473,970	\$ 6,014,376	\$ 5,815,475	\$ 6,128,387	\$ 4,582,762
Residual Equity Transfers Out:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (40,000)	\$ -	\$ -	\$ -
Number of Customers:	8093	8053	8053	7991	8,032	8,210	7,945	7,893	7,789	7,657
Residential	819	838	801	826	818	826	797	799	800	794
Commercial et alia	8,912	8,891	8,854	8,817	8,850	9,036	8,742	8,692	8,589	8,451
Totals										

WATERWORKS UTILITY
TOWN OF HIGHLAND
TEN YEAR STATISTICAL SUMMARY

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Operating Revenues	\$ 2,558,451	\$ 2,632,026	\$ 2,531,464	\$ 2,708,956	\$ 2,530,590	\$ 3,171,106	\$ 2,607,978	\$ 2,496,122	\$ 2,411,382	\$ 2,424,520
Operating Expenses	2,624,389	3,228,073	2,143,308	2,168,476	2,107,284	2,761,550	2,055,698	2,084,923	1,923,141	2,053,293
Operating Income(Loss)	(65,938)	(596,047)	388,156	540,480	423,306	409,556	552,280	411,199	488,241	371,227
Nonoperating Revenues(Expenses)	(44,175)	94,773	339,503	219,419	130,284	(1,737)	46,319	51,380	7,667	(182,128)
Extraordinary Items										
Net Income(Loss)	\$ (110,113)	\$ (501,274)	\$ 727,659	\$ 759,899	\$ 553,590	\$ 407,819	\$ 598,599	\$ 462,579	\$ 495,908	\$ 189,099
Before contributions and transfers										
Current Assets	\$ 420,828	\$ 396,112	\$ 695,304	\$ 284,772	\$ 286,773	\$ 298,354	\$ 283,684	\$ 281,051	\$ 420,444	\$ 405,418
Restricted Assets	1,034,403	1,351,865	1,633,328	1,567,391	1,590,547	1,540,290	1,670,119	1,622,717	1,451,153	1,331,361
Utility Plant In Service	15,516,795	15,365,582	15,272,991	15,074,956	13,727,364	14,939,774	14,924,740	14,815,000	14,496,152	14,949,093
Accumulated Depreciation	(6,949,514)	(7,081,898)	(6,760,345)	(6,463,953)	(6,138,871)	(6,677,931)	(6,330,488)	(6,061,212)	(5,698,392)	(5,266,556)
Const. Work in Progress/Land	220,828	162,981	77,122	176,641	1,176,084	108,333	11,002		179,505	166,161
Deferred Debits	0	0	0	5,724	16,505	27,288	38,069	48,850	59,631	70,414
Total Assets	\$ 10,243,340	\$ 10,194,642	\$ 10,918,400	\$ 10,645,531	\$ 10,658,402	\$ 10,236,108	\$ 10,597,126	\$ 10,706,406	\$ 10,908,493	\$ 11,655,891
Current Liabilities	\$ 524,551	\$ 303,896	\$ 562,220	\$ 742,217	\$ 1,148,804	\$ 1,097,545	\$ 1,112,282	\$ 1,112,326	\$ 1,117,331	\$ 1,097,169
Long-Term Liabilities	24,713	86,557	8,110	282,672	700,946	1,502,877	2,256,977	2,964,812	3,655,304	4,303,881
Total Net Assets	9,694,076	9,804,189	10,348,300	9,620,641	8,808,652	7,635,686	5,822,702	5,224,103	4,757,132	4,910,860
Total Liabilities, Contributions										
Total Liabilities and Net Assets	\$ 10,243,340	\$ 10,194,642	\$ 10,918,630	\$ 10,645,530	\$ 10,658,402	\$ 10,236,108	\$ 10,597,126	\$ 10,706,406	\$ 10,908,493	\$ 11,655,891
Number of Customers:										
Residential	8,228	8,208	8,176	8,137	8,225	8,510	8,149	8,104	8,003	7,820
Commercial et alia	824	822	828	853	848	838	819	821	823	818
Total	9,052	9,030	9,004	8,990	9,073	9,348	8,968	8,925	8,826	8,638

*Information is not available.

Operating Information

TOWN OF HIGHLAND
Full-time Equivalent Town Government Employees by Function
Fiscal Years 2003 - 2008

<u>Function</u>	<u>Fiscal Year</u>					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Elected Official	1	1	1	1	1	1
General Government	11	11	11	11	11	11
Public Safety						
Police						
Sworn	43	37	43	39	41	41
non Sworn	9	8	7	8	9	8
(1) Fire						
Firefighters and officers	1	1	1	1	1	1
(1) Emergency						
Public Works						
Supervisors	2	2	2	2	2	2
Clerical	1	1	1	1	1	1
Highways and streets	15	11	11	12	11	12
Sanitation	10	6	6	6	6	6
Park and recreation	16	14	16	21	16	16
Redevelopment	0	0	1	1	1	1
Water	11	7	7	9	9	12
Sanitary District	3	3	3	3	3	3
Total	123	102	110	115	112	115

Source: Town of Highland Office of the Clerk-Treasurer

(1) Firefighters and EMT's are on call 24 hours a day. They are only paid when they are called into service.

This report should reflect 10 years of data. However, data was not readily available prior to 2003.

Town of Highland
Contact Units of Service
Office of the Clerk-Treasurer
For the Year Ending December 31, 2008

Service Area	Weekdays in person	Weekdays by phone	Saturdays in person	Saturdays by phone	Total Service Contacts	Pctge.
Utility Collections	3,105	21,090	-	-	24,195	64.5%
Building & Inspections	1,923	2,864	-	-	4,787	12.8%
Public Works	915	1,829	-	-	2,744	7.3%
Yard Waste Tags	-	-	-	-	-	0.0%
Other Matters	3,227	2,541	-	-	5,768	15.4%
TOTALS:	9,170	28,324	0	0	37,494	
2006	32,576	30,778	0	0	82,047	
2006	51,269	30,778	0	0	82,047	
2005	51,269	30,778	0	0	82,047	
2005	25,778	51,654	0	0	77,432	
2004	24,868	20,327	688	271	46,154	
2003	43,053	26,348	1,611	680	71,692	
2002	9,970	4,814	324	90	15,198	
2001	24,197	19,730	668	271	44,866	
2000	24,918	19,363	839	239	45,359	
1999	11,892	7,668	590	120	20,270	
Year 2008 Contacts by Phone	28,324	76%	Year 2008 Contacts on Saturdays	-	0%	
Year 2008 Contacts in Person	9,170	24%	Year 2008 Contacts in Weekdays	37,494	100%	

Service contacts are tracked by staff on a weekly basis using a tally sheet. A mark is made for each contact by category. The method admits of some error. So all numbers above should be construed as estimates. Owing to cash flow and spending concerns, **Saturday hours were suspended in June of 2004.** This affected the regular tallies by staff.

TOWN OF HIGHLAND
Operating Indicators by Function
Fiscal Years 2003 - 2008

Function	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General government						
Clerk-Treasurer Contact Units of Service						
Utility Collections	30,939	19,047	44,107	43,771	26,178	24,195
Building & Inspections referrals	9,592	7,109	12,080	13,629	9,228	4,787
Public Works referrals	5,133	3,109	5,115	5,016	5,176	2,744
Yard Waste Tags	13,746	6,875	6,636	2,191		
Other	12,282	9,994	9,494	17,440	6,204	5,768
Business Licenses				321	115	744
Domestic Pet Tags		1,564	1,491	1,432	1,451	1,600
Access to Public Records Requests					47	29
Police						
Citations	4,341	5,579	5,186	5,234	4,564	4,284
Warnings Written	4,054	6,203	5,658	5,480	5,423	6,108
Parking Citations	36	57	37	43	17	10
DUI/OVI Arrests	156	162	174	210	218	170
Accident Arrests	272	293	217	240	224	233
Accidents Investigated	1,295	1,207	1,142	1,074	1,090	1,309
Criminal Arrests	320	370	349	388	364	577
	10,474	13,871	12,763	12,669	11,900	12,691
Fire						
Structure Fires	11	13	22	25	12	11
Vehicle Fires	28	21	21	20	12	17
General Alarms/False Alarms	122	118	118	114	138	141
Brush fires, carbon monoxide calls, hazmat, etc	135	107	94	100	132	146
Ambulance - back-up to service provider	12	9	9	5	1	1
Emergency/Ambulance Provider						
Dispatched to:						
Private Residence	N/A	148	1,386	1,295	1,224	1,218
Commercial Property	N/A	17	113	209	259	314
Public Property and Streets	N/A	21	94	195	347	396
Advanced Life Support Transports	N/A	70	666	705	766	722
Basic Life Support Transports	N/A	45	157	341	344	413
Dry Runs, Refusal of Services	N/A	71	570	653	693	793
Dispatched		186	1,593	1,699	1,803	1,928
Actual transports		115	1,023	1,046	1,110	1,135

Continued on next page

Source: Various Town of Highland Departments.

This report should reflect 10 years of data. However, data not available prior to 2003.
 See Clerk-Treasurer service units

TOWN OF HIGHLAND
Operating Indicators by Function, continued
Fiscal Years 2003 - 2008

Function	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Highways and streets						
Street resurfacing (miles)	2.18	0.59	8.47	8.47	4.34	2.47
Sanitation						
Refuse collected (annual tons)	9,856.80	10,530.28	9,354.78	11,417.32	10,731.75	10,942.68
Recyclables collected (annual tons)	2,118.57	2,215.13	2,052.93	2,263.93	2,050.85	2,206.86
Parks and Recreation (1)						
Leases	\$ 152,880	\$ 156,118	\$ 164,105	\$ 161,500	\$ 149,575	\$ 18,488
Community Center/Events	65,721	66,108	57,677	41,857	82,328	86,079
Softball	170,980	172,258	163,670	164,328	166,681	175,729
Basketball	34,641	44,457	41,238	38,084	36,498	30,425
Seniors Programs	41,434	65,273	106,178	103,629	92,037	42,229
Children's Programs	33,187	26,827	32,766	35,701	32,341	23,678
Gymnastics	16,377	16,619	22,269	19,296	18,201	16,762
Adult Fitness	28,618	21,851	26,434	25,498	57,272	50,773
Dance (Adult & Youth)					23,941	17,211
Park Program Participation						
Resident				4,597	8,820	5,106
Non-Resident				3,030	5,047	4,761
Audiences				4,200	9,200	8,830
Participants				2,630	480	700
Total:				<u>14,457</u>	<u>23,547</u>	<u>19,397</u>
Water						
New Connections	40	31	26	26	26	25
Avg. Daily Consumption (millions of gallons)	3.706	3.842	4.001	3.800	3.822	3.855
Sanitary District						
New Connections (Sanitary & Storm)	74	53	38	38	37	45
Avg. Daily Treatment (millions of gallons)	2.722	2.801	2.989	3.780	3.096	3.789

Source: Various Town of Highland Departments.

(1) The Parks and Recreation Department tracked usage by generated revenues not participation in events in years prior to 2006.

This report should reflect 10 years of data. However, data not available prior to 2003.

TOWN OF HIGHLAND
Capital Asset Statistics by Function
Fiscal Years 2003 - 2008

Function	Fiscal Years					
	2003	2004	2005	2006	2007	2008
General government						
Buildings	1	1	1	1	1	1
Vehicles	1	1	2	2	2	3
Monuments	1	2	3	3	3	3
Public Safety						
Police						
Stations	1	1	1	1	1	1
Off-site storage Facility	17	28	27	37	37	1
Marked Patrol Vehicles	1	1	1	1	1	1
K-9 Vehicles	10	9	11	10	10	24
Unmarked Vehicles	2	1	1	1	1	0
Motorcycles	1	1	1	1	1	11
Animal Control Vehicle			1	1	1	1
Volunteers In Police Service Vehicles			1	4	4	1
5						5
Fire						
Stations	2	2	2	2	2	2
Fire Fighting Vehicles	10	10	10	10	10	8
General vehicles	2	2	2	2	2	3
Highways and streets						
Streets (miles)	N/A	N/A	89.28	89.28	88.99	88.99
Street lights	121	121	121	121	121	121
Traffic signals	20	20	21	21	21	20

Source: Various City Departments

Continued on next page

This report should reflect 10 years of data. However, data not available prior to 2003.

TOWN OF HIGHLAND
Capital Asset Statistics by Function, continued
Fiscal Years 2003 - 2008

Function	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Parks and Recreation						
Parks acreage	250	250	250	250	250	250
Parks	22	22	22	22	22	22
Picnic Shelters	4	4	4	4	4	4
Gazebos	2	2	2	2	2	2
Tennis courts	6	6	6	6	6	8
Basketball Courts (indoor)	5	5	5	5	5	5
Basketball Courts (outdoor)	10	10	10	10	10	10
Baseball Fields	9	10	10	10	10	11
Softball Fields	11	11	11	11	11	12
Soccer Fields	5	9	9	9	9	10
Community use centers	1	1	1	1	1	1
Bike trails (miles)	4	4	4	4	4	4
Tractors/Mowers	12	12	12	12	12	13
Vehicles	11	11	10	10	10	11
Water						
Water mains (miles)	86.04	86.04	88.27	88.27	88.27	88.27
Fire Hydrants	550	600	600	600	720	783
Storage Capacity (MG)	7.5	7.5	7.5	7.5	7.5	7.5
Sanitary District						
Sanitary (Waste water) sewer lines(miles)	73.45	73.45	74.10	74.10	74.10	74.10
Lift stations (Sanitary)	10	10	10	10	10	10
Sanitary Retention Basins	2	2	2	2	2	2
Storm sewer lines(miles)	58.14	58.14	58.27	58.27	58.27	58.27

Source: Various City Departments

This report should reflect 10 years of data. However, data not available prior to 2003.

**Town of Highland Primary Government
Top Ten Vendors for 2008**

<u>Vendors</u>	<u>Amount Paid</u>	<u>Description</u>
JP Morgan Chase Bank	\$ 6,201,096.98	Repayment of temporary loan plus interest
Indiana Department of Transportation	\$ 1,489,985.20	Local payment share for Federal Highway Project
Internal Revenue Service	\$ 1,377,350.34	Payroll and Income taxes collected for workforce
Illiana Disposal Service	\$ 1,270,531.56	Contract cost for curbside solid waste collection
Sanitary District of Hammond	\$ 1,211,180.22	Cost of wastewater treatment
United Health Care Insurance Company	\$ 1,080,273.49	Group health insurance Premiums
Hammond Water Works Department	\$ 696,209.50	Cost of potable water supply
Northern Indiana Public Service Company, Inc.	\$ 655,915.56	Energy costs for electric and natural gas services
Reith-Riley Construction	\$ 612,073.44	Costs for asphalt paving and concrete services
Indiana Police Pension Fund	\$ 570,795.37	Employer and employee shares for Public safety pension

**Highland Town Board of Trustees
Presidents of the Board**

1st President

- Charles Wirth, 1910-1921

2nd President

- Garrett, Krooswyk, 1922-1927

3rd President

- Charles Wirth, 1928-1929

4th President

- B.I. Weller, 1930-1931

5th President

- George Brant, 1932, Jan - Sep, 1933

6th President

- B.I. Weller, Sep-Dec, 1933

7th President

- Frank A. Thwing, 1934-1939

8th President

- Andrew Wagner, 1940-1943

9th President

- Thomas Stidham, 1944-1945

10th President

- John A. Blom, 1946-1947

11th President

- John DeLeeuw, 1948-1950

12th President

- Ralph Dunn, 1951

13th President

- John Farmer, Jan -Oct 20, 1952

14th President

- Robert Ross, Oct 21'52- July 1, 1953

15th President

- Benjamin Gearhart, July 2,'53- May 1, '54

16th President

- James Bateman, May 2, 1954- Mar 15, 1955

**Highland Town Board of Trustees
Presidents of the Board**

17th President

- Michael Kruglinsky, Mar 16 - Dec 1955

18th President

- John Farmer, 1956-1959

19th President

- Donald R. Adams, 1960-1963

20th President

- David Morrow, 1964-1965

21st President

- Paul Doherty, 1966-1967

22nd President

- George Van Prooyen, 1968

23rd President

- Lynn Powell, Jan 20-Dec, 1969

24th President

- George Van Prooyen, 1970

25th President

- Lynn Powell, 1971

26th President

- Chester Napiwocki, 1972

27th President

- Robert Engerski, 1973

28th President

- Jack Silverman, 1974

29th President

- Paul Doherty, 1975

30th President

- George Van Til , 1976

31st President

- James L. Wieser , 1977

**Highland Town Board of Trustees
Presidents of the Board**

32nd President

- Paul Doherty , 1978

33rd President

- David Morrow , 1979

34th President

- James L. Wieser , 1980

35th President

- John Oakley , 1981

36th President

- Thurman Ferree , 1982-1983

37th President

- Carl Miklusak , 1984

38th President

- John Oakley , 1985

39th President

- Thurman Ferree, 1986

40th President

- Dennis Tobin , 1987

41st President

- John Oakley , 1988

42nd President

- Dennis Tobin , 1989

43rd President

- Dominic Noce, 1990

**Highland Town Council
Presidents of the Council**

44th President

- Dennis Tobin, 1991

45th President

- Lynn R. Powell, 1992

46th President

- Lance Ryskamp, 1993

47th President

- George Georgeff, 1994-1995

48th President

- Dennis Simala , 1996

49th President

- Larry Wolendowski, 1997

50th President

- Dennis Simala, 1998

51st President

- Charles Podgorny, 1999

52nd President

- George Georgeff, 2000

53rd President

- Mark A. Herak, 2001-2005

54th President

- Joseph A. Wszolek, 2006

55th President

- Daniel Dernulc, 2007

56th President

- Bernie Zemen, 2008

57th President

- Dan Vassar, 2009

**Town of Highland
Miscellaneous Statistics and Facts**

Population (2000): 23,546

Male: 11,297

Female: 12,249

Veterans 2,478

Median age: 39.8 years

Work force Total: 12,683 of this 5,998 are female

Per Capita Income: \$24,530 (2000)

Median Household Income: \$51,297 (2000)

Education: (2000)

Bachelors Degree or Higher 22.1 %

Persons 25 years and older w/High School diploma 87.8%

Population History:

Year	Town of Highland Population	Pct change	Lake County Population	Pct change
1940	2,723		293,195	
1950	5,878	115.9%	368,152	25.6%
1960	16,284	177.0%	513,269	39.4%
1970	24,947	53.2%	546,253	6.4%
1980	25,935	4.0%	522,917	(4.3%)
1990	23,696	(8.6%)	475,594	(9.0%)
2000	23,546	(0.63%)	484,564	1.88%

Registered Voters: 17,402 (06/15/01)

Housing:	<u>1990</u>	<u>2000</u>
Total Housing Units	8,892	9,925
Total Occupied Units	8,728	9,636
Owner Occupied:	6,939	7,569

Year Structure Built:

1990-2000 10.4%

1980-1990 5.1 %

1970-1980 19.2%

Elevation:

North of Ridge 595 above sea level

South of Ridge 615 above sea level

Area: 7 square miles (6.9 sq. miles)

Road miles: 88.99 miles

1960-1969	26.9%	Sanitary Sewer Lines: 74.10 miles (12/05)
1950-1959	25.9%	Water Lines: 88.27 miles (12/05)
1940-1949	7.7%	Storm Sewer Lines: 58.27 miles (12/05)
1939 or earlier	4.8%	Sanitary Manholes: 1092 precast/628 block
		Storm Manholes: 858 precast/320 block
		Sidewalk 8,935 feet

Census Populations of Lake County's 19 Municipalities

	1990	2000
City of Gary	116,646	102,746
City of Hammond	84,236	83,048
City of East Chicago	33,892	32,414
Town of Merrillville	27,257	30,560
City of Hobart	21,822	25,363
Town of Schererville	19,962	24,851
Town of Highland	23,696	23,546
Town of Munster	19,949	21,511
Town of Griffith	17,916	17,334
City of Crown Point	17,728	19,806
City of Lake Station	13,899	13,948
Town of Dyer	10,923	13,895
Town of Cedar Lake	8,885	9,279
Town of St. John	4,921	8,382
Town of Lowell	6,430	7,505
City of Whiting	5,155	5,137
Town of Winfield	645	2,298
Town of New Chicago	2,066	2,063
Town of Schneider	310	317

Highland is the seventh largest municipality and the third largest town in Lake County.

Distance and Direction to Major Cities

Chicago, IL	(NW)	21 miles
Indianapolis, IN	(SE)	165 miles
Detroit, MI	(NE)	250 miles
Toledo, OH	(E)	210 miles

Climate

Coldest month: January	Hottest month: July
Average Temp 20.1 F.	Average Temp 72.9 F.

ISO Fire Service Rating: 4

Overlapping Governments Serving the Town of Highland

Name of Government	Net Assessed Valuation Pay 2008
Lake County	\$ 24,448,186,900*
Lake County Solid Waste District	\$ 24,448,186,900*
Lake County Library District	\$ 14,262,568,550*
North Township	\$ 7,400,300,227*
School Town of Highland	\$ 1,388,875,121*
Town of Highland	\$ 1,388,875,121*

* Certified NAV is not the same as the Tax Abstract AV.

Cities and Town Facts for Indiana

There are 567 cities and towns in Indiana. 119 cities (1 city of the first class; 19 cities of the second class and 98 of the third class with 448 towns. There are 79 Towns with a total population over 2,000 and 369 with populations of 2000 or less.)

Cities and Towns in Indiana Census of Elected Officials (2000) revised mid-term

119	Mayors
448	Clerk-Treasurers in Towns
99	Clerk-Treasurers in Cities
19	City Clerks
1	Appointed City-County Clerk of Council
775	City Councilors
1,516	Town Councilors
76	City or Town Court Judges

567 Cities and Towns in Indiana

119	Cities (Update)
	• 1 Consolidated City (1 st Class)
	• 19 Cities of the Second Class
	• 99 Cities of the Third Class
448	Towns