

Comprehensive Annual Financial Report



Period Ending December 31, 2011
Town of Highland, Indiana



FILED
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Comprehensive Annual Financial Report Town of Highland, Indiana

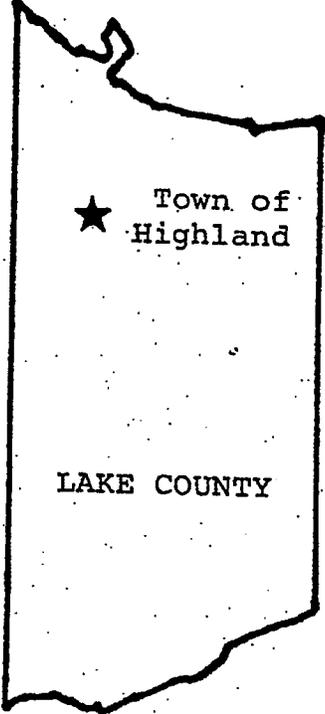


For the Year Ended
December 31, 2011

Prepared by the Office of the Highland Clerk-Treasurer

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

On the Cover. The Main Square Park, first developed and established in May, 1981, enjoyed a reconstruction of its Gazebo. In addition, improvements including concrete walking paths and a new food stand bathroom building were part of the retooling the park enjoyed. This view depicts the scene enjoyed looking southwest into the physical grounds of the park.



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2011
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 23,696

Incorporated in 1910

Saturday, September 29, 2012

Highland Town Council
Town of Highland, Indiana

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

As municipal executive, 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, 2011. 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 financial 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 seventeen 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 *seventeenth* 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,

Bernie Zemen
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, IAMC/MMC/CPFA
Clerk-Treasurer

Kathleen A. Dowling, IAMC
Deputy Clerk-Treasurer

Saturday, September 29, 2012

Highland Town Council
Bernie Zemen, 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, 2011**. As you may know, this is the *seventeenth* 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 60 days of the close of each fiscal year a cash basis financial report, which is then audited in accordance with generally accepted accounting standards by the Indiana State Board of Accounts. It is this officer's belief that higher standards of stewardship and transparency require more. So, since 1995, the Town of Highland through its Office of the Clerk-Treasurer has pressed this general-purpose local government to 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. Consistent with the desire for higher standards, 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, 2011.

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.

Staff

Gina Banks
Dawn Kovacich
Kelley Hugus
Sylvia Ricketts
Denise Jacobs
Robertta Huitsing



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
LACT 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, 2011**, 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, 2011**, 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 transmittal letter 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 November 1 in a given year. 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 **page 67** 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 69**. 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 73**. 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, and celebrated its centenary of incorporation, throughout 2010 and early 2011.

The Town of Highland is essentially a residential community with retail and service establishments and a small cohort of light industry. 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," remaining the 8th largest municipality in the county and approximately 30th out of 566 in the state, with a *2010 census population of approximately 23,727*.

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 3,296 for the 2011-2012 term. It maintains four (4) elementary school buildings, one (1) middle school, and one (1) high school. The following table indicates enrollment for the 2011-2012 and the preceding ten (10) terms:

School Town of Highland

<u>School Year</u>	<u>Enrollment</u>
2011-12	3,296
2010-11	3,410
2009-10	3,405
2008-09	3,454
2007-08	3,454
2006-07	3,447
2005-06	3,451
2004-05	3,416
2003-04	3,382
2002-03	3,340
2001-02	3,306

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. It offers 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
2011-2012	185	482	(closed)	60	n/a

2010-2011	168	357	(closed)	54	n/a
2009-2010	167	374	(closed)	70	n/a
2008-2009	167	374	(closed)	70	n/a
2007-2008	388*	367	(closed)	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		

* 188 k-8; 200 Pre-schoolers. Enrollments after this term all include a preschool number too.

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. In 2010, a major project began that will result in a newly constructed Lincoln Community Center as well as a fully operational Fitness Center. 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 various Public School Auditoriums, as well as other 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 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 the fall of 2011, Borders Book Store closed its Highland location. H.H. Gregg moved into the Borders location and began

their remodel in late 2011. In addition, there is an OfficeMax®, a Dick's Sporting Goods, a Famous Footwear Shoe Store, a Best Buy, and an Ulta Cosmetics retailer.

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 173** in the statistical section and review a summary of the **2007 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 hypermarket 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 this writing, approximately 758 acres, or 21%, of Highland remains undeveloped, although much of the space is the subject of development proposals. At the close of 2011, this was largely unchanged. It is expected that owing to an improvement project undertaken by the Indiana Department of Transportation, which will include the removal of a bridge on the northern end of Indianapolis Boulevard (U.S. Highway 41), new development opportunities may be seen regarding the remaining 21% of undeveloped property. This project was bid by the Indiana Department of Transportation in late 2010 with construction beginning in 2011. Even with so much retail and commercial development, residential development continues to occur as well. *By the close of 2011, building permits were issued for 3 single-family dwellings, 11 Institutional, Commercial or Industrial and 1,153 miscellaneous permits.* This is significant in that these activities continued in a general recessionary economy.

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. In early 2010, the Indiana Department of Transportation made a decision to permanently close the Cline Avenue bridge. This bridge is a major transportation artery for access to Ameristar's East Chicago casino. Although this caused initial layoffs, Ameristar added 507 jobs in 2011.

Local Economy

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 2011*, (Winter 2011), that the Northwest Indiana economy has fared worse than the national economy, with a decline in employment of 6.6 percent since the official start of the recession compared with a decline nationally of about 5.3 percent. However, Northwest Indiana fared better than the state, which has had a decline in employment of 7.9 percent. Dr. Coffin also indicates that Northwest Indiana's recovery is slower than the national recovery, which was the historical trend in both the 1990 and 2000 economic recoveries.

Dr. Coffin posits that the health care sector is likely to continue offering its historically strong growth in employment in Northwest Indiana, adding about 1,100 jobs, or growth of 2.7 percent. He further suggests that the construction sector will continue a mild recovery, adding approximately 1,500 jobs in the coming year. He further reported that the steel sector will see a reduction of roughly 500 jobs, despite a 10 percent annual growth in auto production. In addition, the retail trade is expected to lose another 600 jobs in the coming year. However, this is likely to be a net result of gains in areas south of Route 30 and in Porter County and losses in other areas. Dr. Coffin noted that local employment in Northwest Indiana has declined by 3.1 percent between June 2009 and September 2011.

Dr. Coffin states that real personal income in the nation must exceed 2.58 percent in order for Northwest Indiana to realize annual growth in employment. Further, Dr. Coffin projects that real person income will grow at an annualized rate of about 2.7 percent over the next year, suggesting that employment in Northwest Indiana will rise by about 0.03 percent. In addition, Dr. Coffin opines that gains in the healthcare and construction sectors will essentially offset losses in other employment sectors. However, the gains will take place in sectors with higher than average salaries and wages.

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 amendment to the Indiana Constitution, which provides significant property tax relief largely through circuit breakers complicates this outlook, as further discussed below.

Relevant Financial Policies

State Policies. 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 the property values at 1999. In 2007, statewide "trending" was conducted, 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. Fiscal Year 2009 bills were settled finally in January of 2010, with 51% of the approved levy remitted

at that time. Final distribution for FY 2010 took place on January 20, 2011. Although the first installment of FY 2011 tax distributions was slightly delayed, final settlement took place on December 28, 2011. Officials are hopeful FY 2012 property taxes will be distributed timely.

A key provision in the "property tax reduction" is the adoption of hard tax caps, styled as "circuit breakers". These caps limited the amount of property taxes on homesteads to 1 percent of their assessed value, on other residential and commercial property to 2 percent and all other classes of real property and improvements at 3% of the assessed value of the property subject to tax. The circuit breakers have been made a part of the Indiana Constitution, as a result, the tax caps have been rendered relatively "permanent" policy of the State of Indiana. The tax caps effectively reduce property taxes by reducing revenues to local governments.

Further, a companion statutory reform directing the State of Indiana to fund but not 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. This reduction contributed to an operating deficit, which was absorbed by unobligated cash balance on deposit to the credit of the general fund. In short, while not balanced, the budget is funded. 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 workforce health insurance, having increased in FY 2010 by 6%, and FY 2011 by 7.9%. The Town of Highland joined with an initial three other Indiana municipalities to form a Medical Trust under state law. At December 31, 2011, the Medical Trust had roughly 2,500 covered lives and 15 member municipalities. This initiative, organized by the Indiana Association of Cities and Towns, has as its goal controlling the cost-curve of group health insurance to local governments, by creating a larger pool of risk. In the initial year of the program, 2010, the increase in health insurance premiums for the Town of Highland was only 6%. In 2011, the rate of increase was 7.9%. In 2012, the rates are estimated to increase by 12%. Although not ideal, a decidedly positive change from the previous 25 percent increases experienced in previous years.

The Indiana General Assembly, noting that every county in the state but Lake County, has adopted at least one county *option* income tax, by act of law, froze, the growth quotients to operating property taxes for all civil governments in Lake County at 2007 levels, until the Lake County Council adopts a 1% option income tax, the proceeds of which, must be exclusively dedicated to property tax reduction, with no net increase in resources.

Local Policies. The Town Council and the Clerk-Treasurer have noted that governmental activities are in a period of contraction. The recessionary character of the economy persists. So, there is little will for raising revenues to bridge the deficit gap and few options permissible under Indiana law if the will was present. The fiscal principals worked to bring spending below likely income levels particularly in the General Fund. The gap was sufficiently closed after several years without raises that in FY 2012 full-time workers received 4% percent general increase, and remained within the income stream.

The fiscal principals are now working to formulate and formally adopt a new operating reserve ordinance that would set the operating reserve at five months on annual fund budget. In fact, this is the fund balance reserve on deposit to the credit of the General Fund at the beginning of FY 2012. The only caution is that revenue estimates could be effected by the overall economy and property tax collections could be affected by the Tax Caps. Finally, the Lake County Council continues to resist adoption of the 1% county option income tax. The Clerk-Treasurer has advised that the operating budget process should be fortified and reconstituted to align with a longer-term plan. For the FY 2013 budget, there are no plans to permit any net increase in operating expenditures unless supported by new revenues. Further, any cost increases in benefits will be absorbed within the constraint of no increased spending.

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>).

The Park and Recreation Board significantly completed reconstruction and retrofit of the Lincoln Community Center, involving code compliance upgrades, entrance redesign and repair and facility modification in 2012. The reconstruction was facilitated by establishment of the Lincoln Community Center Building Corporation, with a sale of mortgage revenue bonds in the amount of 11.16 million dollars.

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, 2011. 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, 2010. This was the sixteenth 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 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, Roberta Huitsing, Dawn Kovacich, Gina Banks and Denise Jacobs. I also wish to thank and acknowledge the Deputy Clerk-Treasurer, Katy Dowling, for her great and profoundly value-added assistance in completing this report.

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 **seventeenth** 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 Susan Lardino, C.P.A. and Karen Tetrault, C.P.A. of the Indiana State Board of Accounts for the timely and thorough completion of their independent audit and their very special efforts in the development of this seventeenth CAFR.

Further, the Town joins me in thanking James W. Treat, C.P.A., Partner, and Rosy Oshry of O.W. Krohn and Associates, LLP for their particular assistance in the preparation of this CAFR.

I also continue to thank Dean Pat Bankston, Ph.D., of the College of Health and Human Services, Director Barbara Peat, Ph.D., and Associate Director Sam Flint, Ph.D., as well as the faculty and the staff of the School (Division) 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 people we serve* this seventeenth Comprehensive Annual Financial Report for the Town of Highland, for the period ending December 31, 2011.

Sincerely,



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, 2010

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.



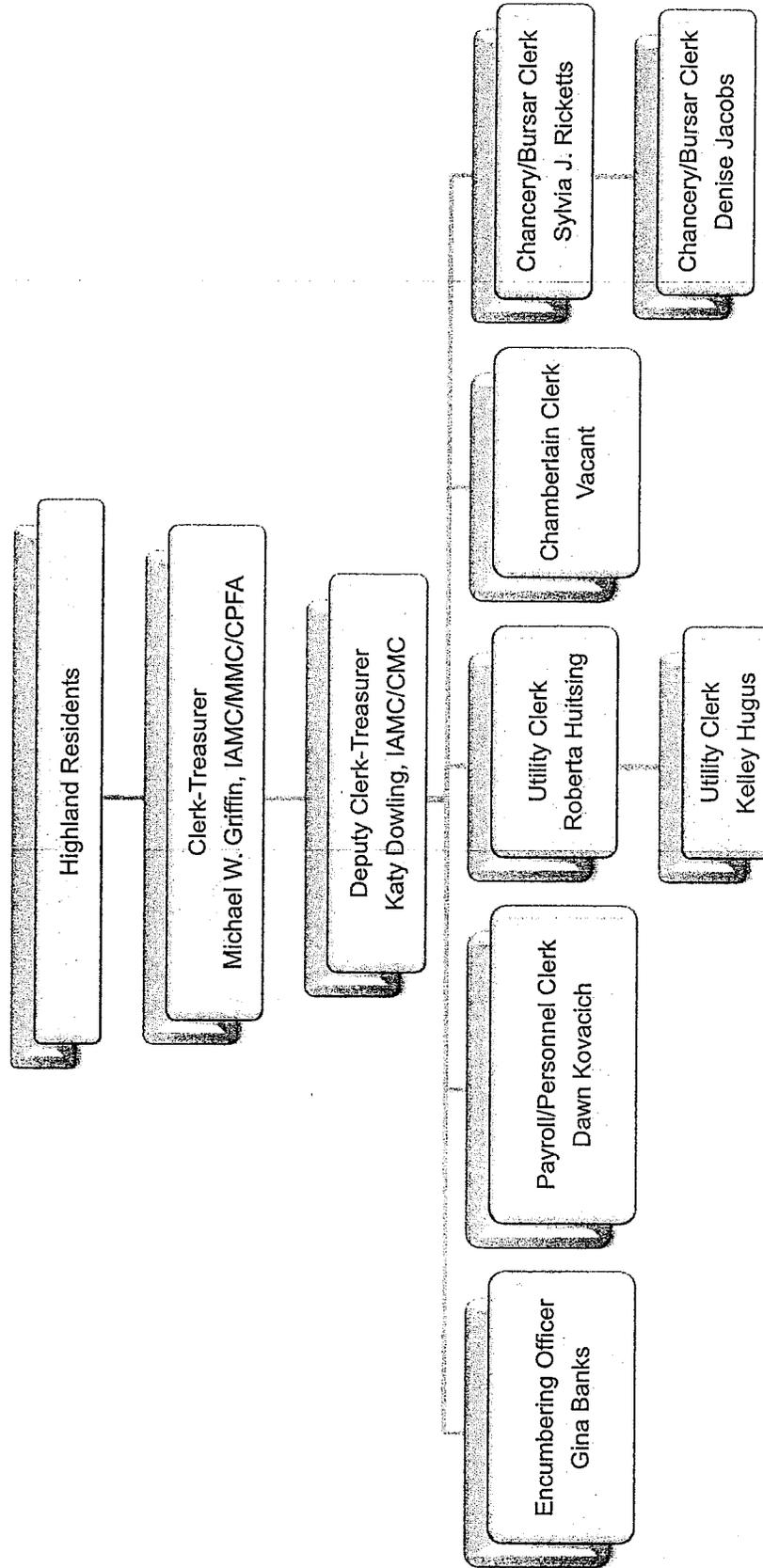
Linda C. Davison

President

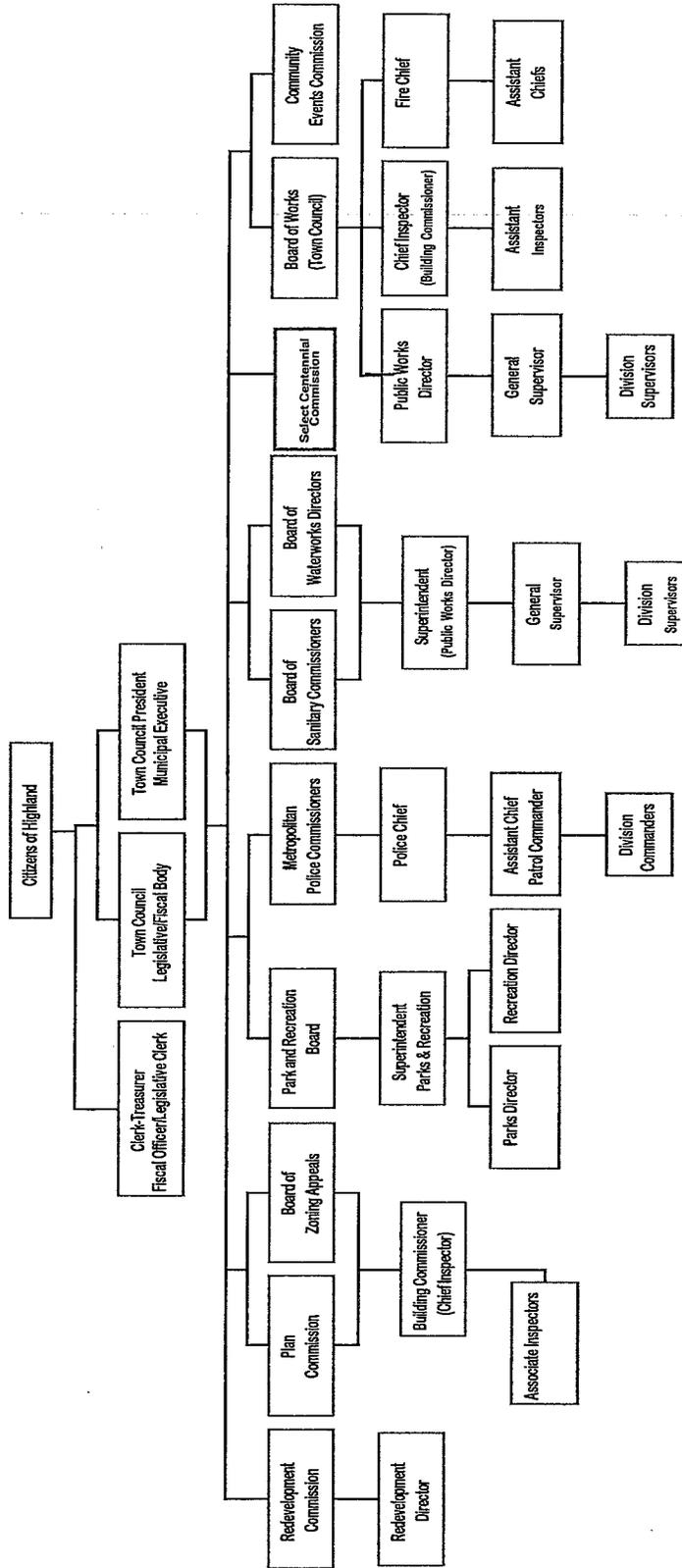
Jeffrey R. Emery

Executive Director

Office of the Town Clerk-Treasurer



Municipal Government of Highland



At June 30, 2011

TOWN of HIGHLAND
LISTING of ELECTED and PRINCIPAL OFFICIALS
at DECEMBER 31, 2011

<u>Elected Officials</u>	<u>Years of Service</u>	<u>Occupation</u>
Brian J. Novak, Town President	2008-2012	Police Officer <i>Norfolk Southern Railroad</i>
Konnie Kuiper, Town Vice-President	2008-2012	Funeral Director <i>Kuiper's Funeral Home</i>
Bernie Zemen, Town Councilor 1 st Ward	2004-2012	Owner/Operator <i>Timeless Images</i>
Mark A. Herak, Town Councilor 2 nd Ward	2000-2012 1980-1990	Director <i>General Electric Capital</i>
Dan Vassar, Town Councilor 3 rd Ward	2008-2012	Marketing Manager <i>Weil-McLain</i>
Michael W. Griffin, IAMC/MMC/CPFA, Clerk-Treasurer 1992-2012		Chief Fiscal Officer <i>Town of Highland</i>

Attorneys and Consulting Professionals (2011)

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
Municipal Ordinance (Solicitor) Attorney:	Nicole Bennett, Tauber Westland & Bennett
Park & Recreation Board Attorney:	Rhett Tauber, Tauber Westland & Bennett
Advisory Board of Zoning Appeals Attorney:	David Westland, Tauber Westland & Bennett
Redevelopment Commission Attorney:	Carol M. Green-Fraley, Beckman, Kelly & Smith
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 (2011)

Town Position

John M. Bach	Public Works Director/Utilities Superintendent
Peter T. Hojnicky	Metropolitan Police Chief
William 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

Timothy Gembala

General Supervisor

Kevin Huzzie

Division Supervisor Water & Sewer

Mike Pipta

Division Supervisor Streets & Sanitation

John Mouratides

Supervisor Facilities

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

Donald B. Ross

Associate Inspector - Plumbing

David C. Jones

Associate Inspector - Code Enforcement

Parks and Recreation Department

Bob Knight

Director of Parks

Angela Gora

Director of Recreation

Fire Department

Rodger Lewis

Assistant Chief for Safety

Donald Scheidt

Chief of Logistics/Planning

Kenneth Mika

Chief of Operations

Michael Pipta

Chief of Operations

Fred Wanicki

Chief of Operations

TOWN COUNCIL and CLERK-TREASURER for 2012

Bernie Zemen

President

Dan Vassar

Vice President

Mark Herak

2nd Ward

Brian Novak

4th Ward

Konnie Kuiper

5th Ward

Michael W. Griffin, IAMC/MMC/CPFA

Clerk-Treasurer

TOWN of HIGHLAND
LISTING of MUNICIPAL BOARDS and COMMISSIONS
at DECEMBER 31, 2011

Municipal Plan Commission

Daniel Grimmer, President	6/8/2009 to First Monday in January 2012
Mario Martini	2/1/2007 to First Monday in January 2015
James K. Slagle	2/11/2008 to First Monday in January 2012
Thomas VanderWoude	1/13/2010 to First Monday in January 2013
Greg Cieslak	7/25/2011 to First Monday in January 2014
Don Haynes	Legislative Appointment
Dan Vassar	Legislative Appointment

Advisory Board of Zoning Appeals

James Slagle, President	10/27/2008 to First Monday January 2012 <i>Executive Appointment-Coextensive with Plan Commission term</i>
Mario Martini	2/1/2007 to First Monday in January 2015
Steven W. Wagner	1/1/2007 to First Monday January 2015 <i>Executive Appointment – citizen member</i>
David Helms	10/27/2008 to First Monday January 2013 <i>Fiscal Body Appointment</i>
Vernon D. Sieb	1/13/2010 to First Monday January 2014

Board of Water Works Directors

Keith Bruxvoort, President	2/11/2008 to First Monday in 2014
George Georgeff	2/11/2008 to First Monday in 2014
James D. Norris	1/15/2009 to First Monday in 2012
Gerald McMahan	1/13/2010 to First Monday in 2013
Rachel M. Delaney	9/26/2011 to First Monday in 2012

Board of Sanitary Commissioners

Rex Burton, President	02/12/2007 - 12/31/2014
Thurman Ferree	01/15/2009 - 12/31/2012
Mark Knesek	01/15/2009 - 12/31/2013
David Jones	01/28/2008 - 12/31/2011
Robert Johnsen	01/15/2009 - 12/31/2012

Park and Recreation Board

Vicki L. Crowel, President	1/15/2009 to First Monday in January 2013
Carlos O. Aburto	1 st Monday in Jan 2007 to 1 st Monday in January 2015
Jim Stange	8/24/2010 to 1 st Monday in January 2014
Thomas Arnold	1 st Monday in Jan 2008 to 1 st Monday in January 2012
Lawrence Vassar	Coextensive with School Board Term
Dennis Tobin	Library Board Appointment

Town Board of Metropolitan Police Commissioners

James Turoci, President	01/28/2008 - 01/01/2014
James DeGraff	01/01/2009 - 01/01/2012
Danny Stombaugh	02/12/2007 - 01/01/2013
Dennis Adams	01/15/2009 - 01/01/2012
Larry Moes	07/25/2011 - 01/01/2013

Redevelopment Commission

Tom G. Crowel, President	1/15/2009 - 1st day in Jan 2012 <i>(Executive appointment)</i>
Greg Kuzmar	1/26/2009- 1st day in Jan 2012

Dominic Noce	(Legislative appointment) 1/01/2007 - 1st day in Jan 2012
Mike Maloney	(Legislative appointment) 1/15/2009 – 1 st day in Jan 2012
Bridget DeYoung	(Executive appointment) 1/15/2009 – 1 st day in Jan 2012 (Executive appointment)

Economic Development Commission

Matt Reardon, President	2/01/2010-02/01/2014
George VandeWerken	2/01/2009-02/01/2013
David Beanblossom	2/01/2008-02/01/2012

Lake County Convention and Visitors Bureau Board Member

Christine Cash	10/01/2010 – 06/30/2013
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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

Lisa Gauthier	Term ends 01/01/2014
Dawn Wolak	Term ends 01/01/2013
Karen Ziants	Term ends 01/01/2013
Liz Breslin	Term ends 01/01/2014
Rose James	Term ends 01/01/2012
Maria Culbertson	Term ends 01/01/2012
Phillip Culbertson	Term ends 01/01/2012
John Breslin	Term ends 01/01/2014
Brandon Wolak	Term ends 01/01/2012
Ericka Rozenich	Term ends 01/01/2012
Robert Roach	Term ends 01/01/2013
Bob Benham	Term ends 01/01/2012
Kimberly J. Kosmas	Term ends 01/01/2012

Main Street Bureau Board of Directors

Allencia Ballard	1/1/2011-1/1/2012
Lisa A. Gibson	1/1/2011-1/1/2012
Shirley A. Frankiewicz	1/1/2011-1/1/2012
Robert J. Hanrahan III	1/1/2011-1/1/2012
George Siemer	1/1/2011-1/1/2012
Cindy Rivera	1/1/2011-1/1/2012 (Executive appointment)
George J. VandeWerken	1/1/2011-1/1/2012 (Executive appointment)
Bernie Zemen	1/1/2011-1/1/2012 (Executive appointment)

Parks and Recreation Building (Holding) Corporation

Dennis Lewis	1/31/2013
Michael Fraley	1/31/2013
Barbara Lyon	1/31/2013

Lincoln Center Building (Holding) Corporation

Franklin Jones, President	2/1/2030
Charles Stapke	2/1/2030

Board of Trustees of the 1925 Police Pension Fund

Brian Novak, 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 2013
Cmdr. George Georgeff	Aug 2006-Feb 2012
Asst. Chief Patrick Vassar	Feb 2008-Feb 2014
Sgt. Timothy Towasnicki	Feb 2007-Feb 2013
Sgt. John Banasiak	Feb 2006-Feb 2012

Notable Related Appointments of Assignments of Elected Officials

Brian Novak	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 Traffic Safety Commission Member Advisory Board of Zoning Appeals, Liaison
Mark Herak	Budget Committee Chair Board of Sanitary Commissioners, Liaison Board of Waterworks Director, Liaison Community Events Commission Committee, Liaison
Dan Vassar	Plan Commission Member
Bernie Zemen	Park and Recreation Board, Liaison Chamber of Commerce, Co-Liaison Lake County Solid Waste Management District Board of Directors President's designee, Centennial Commission Redevelopment Commission, Liaison
Konnie Kuiper	Fire Department, Liaison Town Board of Metropolitan Police Commissioners, Liaison
Michael W. Griffin	Indiana League of Municipal Clerks & Treasurers Past State President Past State Vice President Past State Secretary Past State Treasurer Past Executive Director Education Committee Legislative Committee Past Parliamentarian Indiana Accredited Municipal Clerk International Institute of Municipal Clerks Master Municipal Clerk (MMC) Member, IIMC Legislative Committee Municipal Treasurers Association of US and Canada Certified Public Finance Administrator (CPFA) Committee on Membership 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 County of Lake Initiative for Fair Taxation, Co-Chair Board of Economists, The Times Adjunct Instructor Indiana University (NW) School of Public and Environmental Affairs CATV Committee/Gaming Consortium Representative

Town of Highland
Elected Officers and Key Department Officials Wage and Salary 2011

Office of the Town Council (Elected)

Meets 1st & 3rd 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 (D) -- 1/1/2008 - 01/01/12*
Salary: \$1,164 per month / \$13,968 annually
\$30.00 per month Longevity

2nd Ward Council

Mark A. Herak (HFC) -- 1/1/2008 - 01/01/12*
Salary: \$1,164 per month / \$13,968 annually
Waived 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 *Town Council President*
(D) -- 1/1/2008 - 01/01/12*
Salary: \$1,226 per month/\$14,712 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) -- 1/1/2008 - 01/01/12*
Salary: \$2,451.54 bi-weekly /\$63,740.04 annually**
Waived longevity

Deputy Clerk-Treasurer (Appointed)

Kathleen A. Dowling, IAMC/CMC
Salary: \$1,552.21 bi-weekly /\$ 40,357.46 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 = \$70,759.78
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 = \$ 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 \$1,206.40 = \$59,059.52

Fire Department

Fire Chief

William R. Timmer, Jr., CFOD
Salary: \$ 2,126.75 bi-weekly \$ 55,295.50 annual base pay**
Plus longevity of \$603.20
Plus clothing \$ 950 plus car = \$ 56,848.70

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 = \$ 62,881.78

Redevelopment Department

Redevelopment Director

Cecile Petro
Salary: 1,764.24 bi-weekly = \$45,870.24 annual base pay**
Plus longevity \$124.80=\$45,995.04

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 Members Salary:	\$40 per month/\$480 annually
(3) Legislative Appointees:	No additional salary

Advisory Board of Zoning Appeals

Meets 4th Wednesdays at 6:30 p.m.

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

Community Events Commission

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

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

Waterworks Board of Directors

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

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

Board of Sanitary Commissioners

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

(1) President Salary:	\$300.00 per month/\$3,600 annually*
(4) Other Members Salary:	\$300.00 per month/\$3,600 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.

Traffic Safety Commission

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

(1) President's Salary:	\$0 per month/\$0 annually
(5) Other Members 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 *Weak Mayor-Council* plan. While having a distinct legislative and executive, the municipal executive has very limited authority. The Highland Town Council 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 members 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 tradition, that office is for a term of one-year. The president presides at meetings of the Town Council and makes appointments when the law indicates that the municipal executive is authorized to do so. While identified as the municipal executive, the Town Council President has no veto or employee discharging authority.

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).

In March of 2006, the Town Council voted to convert to a Council-Manager form of government, appointing its first Town Manager. The conversion lasted 22 months and was discontinued in 2008.

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-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 administrative head 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 (2) 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 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-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-member panel, all of whom are appointed by the municipal executive for a term of one (1) year. No more than three (3) may be

of the same political party. The department's administrative head 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 532, which organized and established the Park and Recreation Board. The first full-time department executive 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-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, has responsibility for general street and road as well as general infrastructure maintenance. In addition, members of that staff are assigned to or have shared time responsibility with the municipal utilities (Water and Sewage Works) as well. The public work force is presently numbered up to 36. At anytime, there may be one-third deployed in service to the Water Works or the Sewage Works/Sanitary District. This department is under the direct supervision of the Town Council that pursuant to IC 36-1-1-24(3) is also the Works Board for the municipality.

Fire Department

The Highland Fire 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 emergency response services, 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 as head of department. The department is under the direct supervision of the Town Council.

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 36-7-4-202. Since Highland operates as a Town form of government, 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 (4) citizen members appointed by the municipal executive for a term of four (4) years (IC 36-7-4-207(b)(2)). No more than two (2) 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 (4) years following. Three (3) 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 decision to grant variances by a Board of Zoning Appeals is 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-member panel. The composition and authority for appointment are as follows:

The Municipal Executive appoints three (3) citizen members – one (1) must be a plan commission member; two (2) must not be members;

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

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

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

The Plan Commission appoints one (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 the 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-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 (2) 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 in 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 IC 36-7-14. 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) who 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 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 carry out 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. In addition, 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.

Main Street Bureau and Board of Directors

A bureau within the Redevelopment Department was established called the Highland Main Street Bureau. It features a Board of Directors, who serve without pay, under the direction of the Redevelopment Commission and are tasked with developing steps to restore, revitalize and promote the downtown of Highland. Further, the Board will conduct or advance activities that promote growth, development, and stability in the Highland downtown.

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 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 1335 on November 27, 2006 to be effective January 1, 2007. The Special Events Advisory Committee was recomposed to be a body of seven (7), with three (3) appointed by the Town Council President and four (4) 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 eleven (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 sixteen (16) persons*.

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, 2011, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lincoln Community Center Building Corporation or the Parks and Recreation Building Corporation, blended component units, which represent sixteen percent of the total assets and four percent of the total revenues of the governmental activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Lincoln Community Center Building Corporation and 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 of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we express no such opinion. 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 provides a reasonable basis for our opinions.

In our opinion, based on our audit and the reports 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, 2011, 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 of America.

In accordance with Government Auditing Standards, we have also issued our report dated August 28, 2012 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section and statistical tables are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

STATE BOARD OF ACCOUNTS

August 28, 2012

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, 2011**. 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 **\$66,096,466** (*net assets*). Of this amount, **(\$239,938)** (*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 Indiana 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.*)
- The government's total net assets increased by **\$1,595,533** in FY 2011. **Allowing for a prior period adjustment**, this increase represents an increase of \$1,916,604 in total net assets related to governmental activities and a decrease of (\$321,071) in total net assets in business type activities. **However, owing to the restatement of the prior period, the explanation of which is found on page 52 of the Notes to the Financial Statements, there was a positive adjustment of \$478,807 to the net assets of the prior period.** This government's total net increase is attributable, in part, to a reduction of total liabilities of \$3,306,215, owing to retirement of some debt and total revenues of the primary government exceeding total expenditures by \$1,116,726 in the reported year. Much of the revenue comes from the category of Other Revenues.
- As of the close of the current fiscal year, the TOWN OF HIGHLAND'S governmental funds reported combined ending fund balances of **\$8,720,230** a 9.5% decrease amounting to \$917,444 under the prior year. This decrease in ending fund balances is attributable to overall governmental activities expenditures at \$16,187,562 being higher than overall governmental activities revenues, at \$14,770,118. However, of the government funds' combined ending fund balances, the amount of **\$2,391,807** is available for spending at the government's discretion (*unassigned fund balance*).
- The TOWN of HIGHLAND implemented GASB 54, Fund balance Reporting and Governmental Fund Type Definitions in 2011. It establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in the governmental funds. See the Notes to the Financial Statements, the Note IV. I. styled *Fund Balances*, on **page 50-51** for descriptive detail on these new fund balance classifications along with a tabular summary for the major and non-major funds.
- At the end of the current fiscal year, unassigned fund balance for the general fund was **\$2,391,807** or 30% of total general fund expenditures, up as a percentage from the prior year by 4%. This higher fund balance is desirable owing to a freeze on operating property taxes imposed on units in Lake County Indiana only and to ameliorate the effects of low collections from property tax caps.
- The TOWN OF HIGHLAND'S total outstanding long-term debt slightly decreased by a net of **\$234,374** during 2011. The key factor in this decrease was the pay down of principle using level principle technique. The decrease occurred even with the issuance of \$1,540,000 of new debt to be paid by the special taxing districts associated with the Sanitary and the Waterworks Districts.

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 District (potable water utility) and the Sanitary District (waste & storm water utility).

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* and a legally separate *Lincoln Community Center Building (Holding) Corporation*, for which the TOWN of HIGHLAND is financially accountable. Financial information for these blended component units is reported *with* the financial information presented for the primary government itself. The Waterworks District 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 17-19 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 *governmental funds* and *governmental activities*.

The TOWN of HIGHLAND maintains *forty-five (45) 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**, and the **Parks and Recreation Fund**, both of which are considered to be major funds. In addition, the Parks and Recreation Bond and Interest Fund is included as a major fund for the fiscal year 2011. Data from the other forty-two (42) 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 on pages 67-68 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 Districts. *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 Parks and Recreation Building (holding) Corporation, the Lincoln Community Center 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 District (potable water utility) and the Sanitary District (waste & storm water 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 24-26 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 29-30 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 31-64 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 65-71 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 73-123 of 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 \$66,096,466 (total net assets) at the close of the most recent fiscal year, ending 31 December 2011.

By far the largest portion of the TOWN of HIGHLAND'S net assets (87%) 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, that amount being \$57,305,755. 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	
	2011	2010	2011	2010	2011	2010
Current and Other assets	\$ 13,251,540	\$ 16,425,982	\$ 6,197,020	\$ 7,092,977	\$ 19,448,560	\$ 23,518,959
Capital Assets	60,225,406	58,440,575	26,932,142	25,356,559	87,157,548	83,797,134
Total Assets	\$ 73,476,946	\$ 74,866,557	\$ 33,129,162	\$ 32,449,536	\$ 106,606,108	\$ 107,316,093
Long-term liabilities outstanding	22,201,317	17,840,731	13,080,929	12,648,636	35,282,246	30,489,367
Other liabilities	3,117,805	10,784,606	2,109,591	1,541,187	5,227,396	12,325,793
Total Liabilities	\$ 25,319,122	\$ 28,625,337	\$ 15,190,520	\$ 14,189,823	\$ 40,509,642	\$ 42,815,160
Net assets:	22,201,317				2,305,518	
Invested in capital assets net of related debt	43,742,707	42,381,406	13,563,048	13,880,256	57,305,755	56,261,662
Restricted	5,106,038	5,527,397	3,924,611	3,376,260	9,030,649	8,903,657
Restricted for:						
Highways and Streets	378,413	372,186	-	-	378,413	372,186
Debt Service	495,635	1,037,114	1,258,768	1,037,975	1,754,403	2,075,089
Capital Projects	3,693,601	3,628,449	2,665,843	2,338,285	6,359,444	5,966,734
Other purposes	538,389	489,648	-	-	538,389	489,648
Unrestricted	(690,921)	(1,667,583)	450,983	1,003,197	(239,938)	(664,386)
Total net assets	\$ 48,157,824	\$ 46,241,220	\$ 17,938,642	\$ 18,259,713	\$ 66,096,466	\$ 64,500,933

An additional portion of the TOWN of HIGHLAND'S net assets in the amount of \$9,030,649 (14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$239,938) represents what may be used to meet the government's ongoing obligations to citizens and creditors. The debit balance in unrestricted net 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. That net public safety pension obligation is \$5,550,976. 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. (Readers are encouraged to read Note V. G. 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 business-type activities and the town as a whole in two categories of net assets. The business-type activities have a positive balance reported for *unrestricted net assets* in the amount of \$450,983. However, this is a decrease of (\$552,214) from the previous year. This is due in part to a reduction overall in revenues from the prior year but represents expenditures in excess of revenues. Governmental activities reported an unrestricted balance in the amount of \$(690,921). As explained earlier, the debit balance in unrestricted net 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.

The total net assets attributable to government-type activities increased by \$1,437,797 during FY 2011, allowing for the prior period adjustments. This net increase is attributable to the fact that revenues exceeded expenditures in governmental-type activities by \$1,437,797. There has been a concerted effort to control spending and husband revenues to develop an appropriate operating reserve to address effects from tax caps.

Governmental Activities. Governmental activities nominally increased the TOWN of HIGHLAND'S net assets by \$1,916,604. This amount includes the net increase of \$1,437,797 explained in the prior paragraph and the restatement of the prior period in the amount of \$478,807, which is explained further in the *Notes to the Financial Statements in Note IV J*. found on page 52. Allowing for the prior period adjustment, relying on the \$1,437,797 net increase, this represents 129% of the total increase to net assets for the *Primary Government*. Business-type activities experienced a *reduction* in net assets of (\$321,071.) The effect of these two net asset changes rendered a total increase in net assets for the entire Primary government of \$1,595,533, before allowing for the prior period adjustment and \$1,116,726 after allowing for the prior period adjustment. Key elements of this increase are as follows:

TOWN of HIGHLAND'S CHANGES in NET ASSETS							
Source: Statement of Activities (Gov Wide)	Governmental Activities		Business-Type Activities		Total		Pct of All Revenues
	2011	2010	2011	2010	2011	2010	
Revenues:							
Program revenues:							
Charges for services	\$ 3,096,912	\$ 3,365,468	\$ 6,268,388	\$ 6,129,854	9,365,300	\$ 9,495,322	40.09%
Operating grants and contributions	1,011,423	1,069,502	-	-	1,011,423	1,069,502	4.33%
Capital grants and contributions	1,301,932	6,577,953	-	-	1,301,932	6,577,953	5.57%
General revenues:							
Property taxes	\$ 7,714,880	\$ 6,785,424	\$ 1,182,487	\$ 1,279,173	8,897,367	\$ 8,064,597	38.09%
Other taxes	749,666	695,102	-	-	749,666	695,102	3.21%
Grants and contributions not restricted to specific programs					9,647,033	8,759,699	
Other	1,880,281	186,569	152,150	286,114	2,032,431	472,683	0.00%
Total Revenues	\$ 15,755,094	\$ 18,680,018	\$ 7,603,025	\$ 7,695,141	23,358,119	\$ 26,375,159	100.00%
Expenses:							
General Government	\$ 1,714,164	\$ 1,382,727			1,714,164	1,382,727	7.71%
Public Safety	5,598,122	5,020,309			5,598,122	5,020,309	25.17%
Highways/Streets	1,604,041	1,031,980			1,604,041	1,031,980	7.21%
Sanitation	1,992,101	1,851,337			1,992,101	1,851,337	8.96%
Economic/Urban Re Developpr	264,391	340,892			264,391	340,892	1.19%
Culture and Recreation	2,456,084	1,996,962			2,456,084	1,996,962	11.04%
Interest on long-term debt	688,394	367,489			688,394	367,489	3.10%
Water			2,449,074	2,917,801	2,449,074	2,917,801	11.01%
Sanitary District (sewer)			5,475,022	5,623,497	5,475,022	5,623,497	24.62%
Total expenses	\$ 14,317,297	\$ 11,991,696	\$ 7,924,096	\$ 8,541,298	22,241,393	\$ 20,532,994	100.00%
Increase (decrease) in net assets	1,437,797	6,688,322	(321,071)	(846,157)	1,116,726	5,842,165	
Net Assets Beginning	\$ 46,241,220	\$ 25,501,709	\$ 18,259,713	\$ 19,105,870	64,500,933	\$ 44,607,579	
Prior Period Adjustment	\$ 478,807	\$ 14,051,189	\$ -	\$ -	478,807	\$ 14,051,189	
Restated Net Assets Beginning	\$ 46,720,027	\$ 39,552,898	\$ 18,259,713	\$ 19,105,870	64,979,740	58,658,768	
Net Assets Ending	\$ 48,157,824	\$ 46,241,220	\$ 17,938,642	\$ 18,259,713	\$ 66,096,466	\$ 64,500,933	

- As a percentage of total revenues to the *Primary Government* in FY 2011, *charges for services* represented approximately 40.09% of the total revenue stream. *Property and other taxes* represented 41.3% of the total revenue stream, which is a reversal of the last several years where this category ran second to user fees in percentage of revenues. While Lake County Governments continue to have a state imposed freeze on operating property tax levies at the 2007 levels, taxes used to support debt service are not similarly constrained. This increase in percentage is attributable to taxes to support debt service.
- As a percentage of total revenues associated with the *governmental activities* in FY 2011, *charges for services* represented approximately 20% of the total revenue stream. *Property and other taxes* represented 54% of the total revenue stream associated with governmental activities. This illustrates the previous point, as the debt service requirements increased owing to a capital lease associated with the conversion of the Lincoln Community Center of the Parks and Recreation Department.

- Revenues attributable to *capital grants, user charges and operating grants and contributions* of the **Primary Government** in FY 2011 decreased over FY 2010. Capital grants and contributions experienced a profound reduction of 80.2%, which is attributable to completion of Federal highway aid associated significant highway projects and less grant supported or capital activity. Operating grants decreased by only 5.4% from the prior year. This slight decrease is due to a slight decrease in various law enforcement initiatives that are supported by operating grants. Even charges for services showed a very slight net decrease of 1.4% below the prior year.

Property and other taxes increased by 10.1% from the prior year. This is entirely attributable taxes dedicated to support debt service. It should be noted that *owing to a special law for municipalities in Lake County, Indiana, operating property tax levies are frozen at the levels of FY 2007 until the County Council adopts a special local option income tax at 1%*. The primary government experienced lower collection rates, in part attributable to the economy, contributing to delinquencies and the impact of the property tax caps imposed by law for all units of government in Indiana. The State Constitution was amended in late 2010 to make the statutory tax caps (styled as circuit breakers) a part of the "permanent, organic law" of the state.

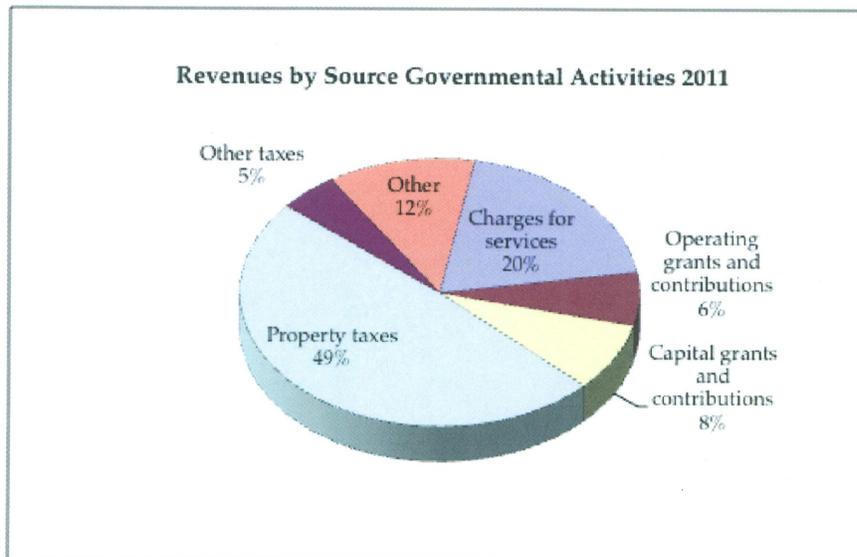
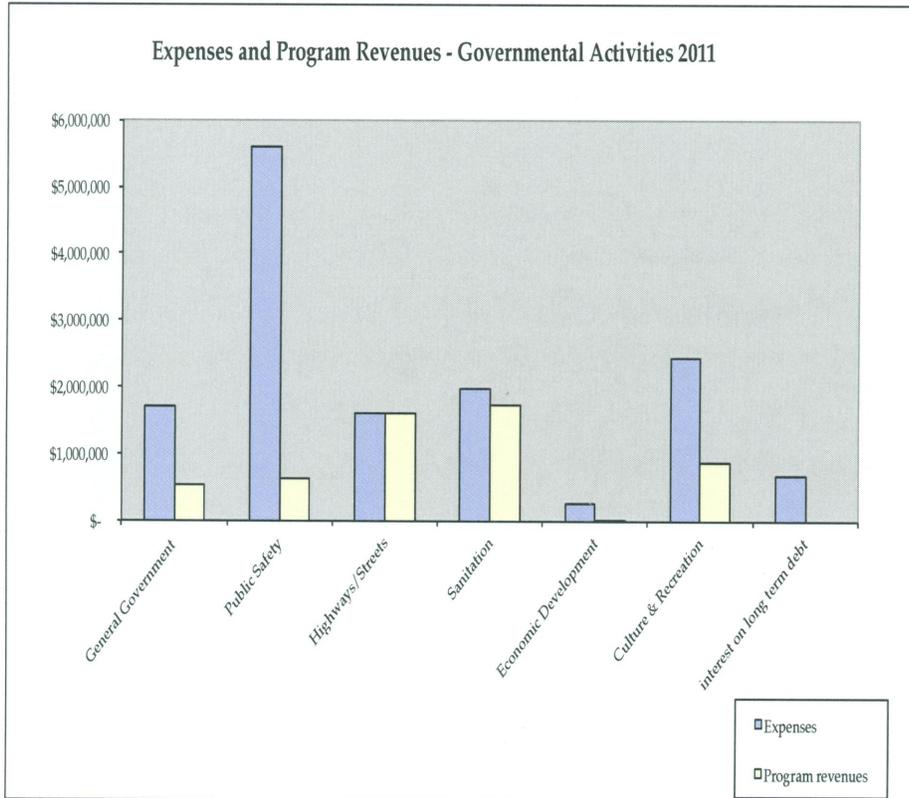
- As previously stated, capital grants and contributions for the **Primary Government** significantly decreased in 2011 from its 2010 levels by \$5,276,021. The largest portion of the grant awards furnished resources to *Highways and Streets*. All of these represented capital grants for governmental activity. The reason for the decline was previously discussed. There were no capital grants attributable to business activities in 2011.
- Operating grants and contributions resumed the declines that marked the previous three years. Operating grants decreased from the 2010 levels by \$58,079. This change is entirely attributable to **Governmental Activities**. Most of these operating grants involve public safety functions and a decline in grant supportable activity. No operating grants and contributions were reported in *Business-Type activities since 2006*.
- Charges for services, as stated, had an overall decrease in revenues of (\$130,022) in 2011 to the Primary Government. The total net reduction in service charges is comprised of a reduction of \$268,556 in charges for services attributable to *governmental activity* but an increase in charges for services of \$138,534 in *business activities*. The government experienced an actual increase in rates of 3% for solid waste management services effective in April of 2011. However, with the economy, the amount of delinquencies increased and a small reduction in solid waste customers occurred. The increase in Business Type Activities is wholly attributable to user charges of the Sanitary District, and greater measured service use. This is true even with a small drop in customers.
- General Government experienced a significant 24% increase in spending in 2011. The increase of \$331,437 was attributable to increase in capital outlays attributable to some minor building repairs, computer acquisitions, and non-health insurance costs.
- Highway and Street expenses increased by 55% in 2011 from its 2010 levels in the amount of \$572,061. The increase was attributable specific road improvement or paving projects.
- Public Safety, expenses increased notably in 2011 from its 2010 levels by 12% representing an aggregate total of \$577,813. The increase was primarily attributable to increased costs associated with health insurance and acquisitions of moving equipment. Also, culture and recreation spending was up by 23% over its 2010 levels, representing increased spending of \$459,122. This is attributable to the equipping and outfitting costs associated with the retrofitted community center. Sanitation (solid waste management) spending increased by 8% over 2010 levels in the amount of \$140,764 The increase was largely attributable to a scheduled contract increase with the solid waste collection hauler, effective in April.

Expenses and Program Revenues Government Activities

2011

	Expenses	Program Revenues	Net (Expense) Revenue
General Government	\$ 1,714,164	\$ 532,909	\$ (1,181,255)
Public Safety	5,598,122	625,602	(4,972,520)
Highways/Streets	1,604,041	1,617,364	13,323
Sanitation	1,992,101	1,734,714	(257,387)
Economic and Redevelopment	264,391	8,908	(255,483)
Culture & Recreation	2,456,084	890,770	(1,565,314)
Interest on long term debt	688,394	-	(688,394)

The bar graph below compares spending by function to its related program revenues for governmental activities in FY 2011. This does not include revenues from business activities. The comparisons are designed to depict graphically the amount of varying sufficiency of program revenues for each function.



This pie chart reports the sources of revenue for Governmental activities and does not include those attributable to business activities.

Business-type activities. The TOWN of HIGHLAND'S net assets associated with Business-type Activities actually declined by **(\$321,071)**. The key elements of this change in net assets are as follows:

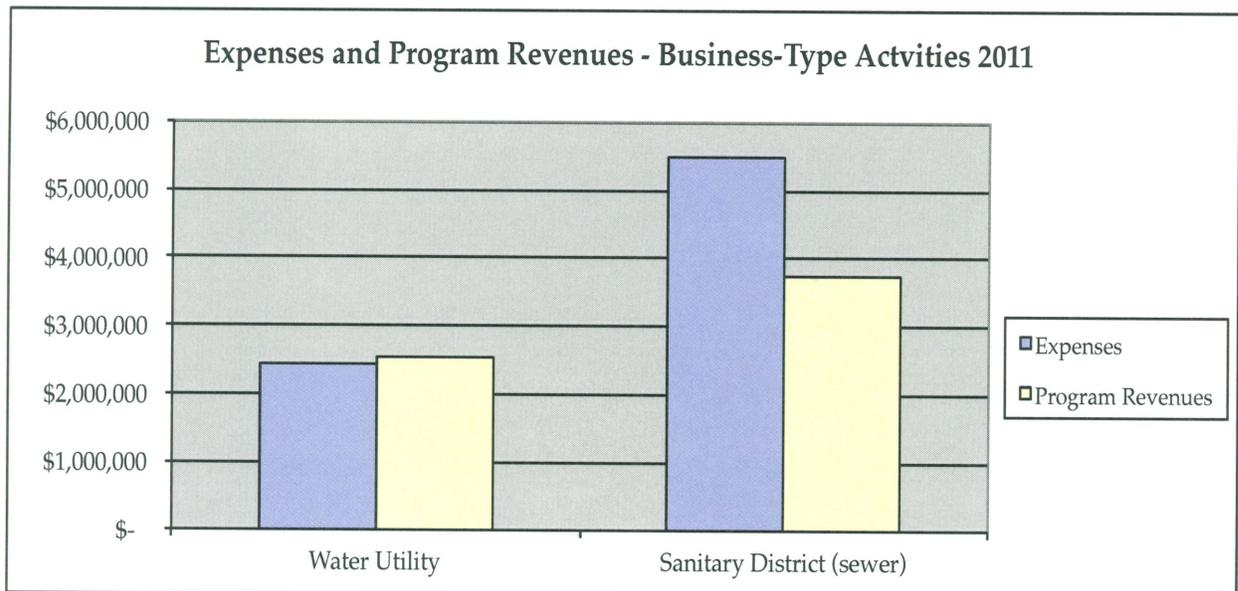
- As a percentage of total revenues to the *Business-Type activities* in FY 2011, *charges for services* represented approximately 82.45% of the total revenue stream of business type activities. *Property taxes* represented 15.55% of the total revenue stream.
- The Sanitary District in 2011 experienced a 4.1% increase in program revenues whereas, the Water District experienced a decrease of .4%. The increase for the Sanitary District can be attributable to a modest increase in billed consumption for wastewater. The decrease for the water district is attributable to a modest reduction in billed consumption in 2011.
- The Sanitary District experienced a small 2.6% decrease in total expenses in 2011. This small reduction is largely owing to reductions in some operating categories, which offset increases in health and other insurance.
- The Waterworks District experienced a 16.1% decrease in total expenses for FY 2011. This is attributable to a reduction in capital expenditures related to transmission and distribution. The reduction was sufficient to offset increases in health and other insurance.

Expenses and Program Revenues Business Type Activities

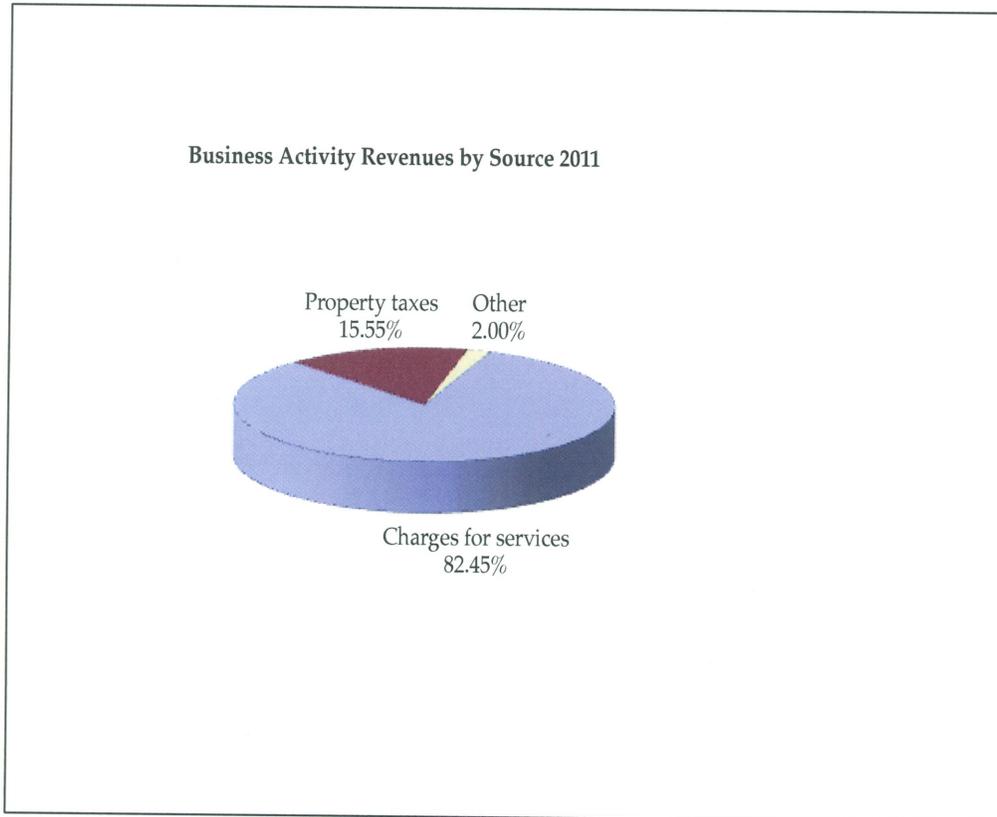
2011

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue</u>
Water Utility	\$ 2,449,074	\$ 2,527,827	\$ 78,753
Sanitary District (sewer)	\$ 5,475,022	\$ 3,740,561	\$ (1,734,461)

This graph below compares spending by function to its related program revenues for business-type activities in FY 2011. This does not include revenues from governmental activities. The comparisons are designed to depict graphically the amount of varying sufficiency of program revenues to each utilities' expenses.



This pie chart shows revenues by source and their percentages for business-type activities in FY 2011. 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 (modified accrual basis). This fiscal year the town implemented GASB 54, which requires governmental fund balances to be categorized as nonspendable or spendable. *Nonspendable funds* include those, which cannot be spent because of the form such as inventory, prepaids, or are required to be maintained intact due to legal constraints such as the corpus of an endowment fund. The TOWN of HIGHLAND has no such funds and as a result all of its funds are identified as spendable. Spendable funds are further categorized as *restricted*, *committed*, *assigned* or *unassigned* based upon the level of constraints imposed on the use of those resources. Restricted fund balances have externally imposed constraints such as bond covenants, laws or regulation of other governments or enabling legislation. Committed, assigned and unassigned identify funds with levels of constraints imposed by the Town and are therefore available at the Town's discretion.

As of the end of the current fiscal year ended 31 December 2011, the TOWN of HIGHLAND'S governmental funds reported combined ending fund balances of **\$8,720,230** a decrease of 9.5% or \$917,444 in comparison with the prior year. Of the combined ending fund balance amount, **\$2,391,807** is *unassigned fund balance*. The fund balance in the amount of **\$2,956,397** is *restricted fund balance*. Finally, the remainder of the fund balance totaling **\$3,372,026** is either *committed* or *assigned* fund balance.

The **General Fund** is the chief operating fund of the TOWN of HIGHLAND. At the end of the current fiscal year, the total fund balance of the General Fund was **\$2,749,717** of which **\$357,910**, was *assigned* and the remaining **\$2,391,807** was *unassigned*. As a measure of the *General Fund's liquidity*, it may be useful to compare the *unassigned* fund balance to total fund expenditures. Unassigned fund balance represents thirty percent (30%) of total general fund expenditures (\$7,927,819).

The TOWN of HIGHLAND'S General Fund's fund balance rose by \$363,137, which represents a 15.2% increase. This was attributable to intentional controls or reductions in spending and better than forecast revenues for taxes and some miscellaneous funds. Increasing operating reserve is a desirable policy in response to the increasing effects of the Indiana Constitutional tax caps and the legislative frozen operating levies at 2007 levels.

The **Parks and Recreation Fund** had a total fund balance of **\$395,418**. The entire fund balance represents *assigned* funds. As a measure of the Parks and Recreation Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The Parks and Recreation Fund had expenditures of \$1,793,644. There were no unassigned fund available to measure liquidity.

The fund balance of the TOWN of HIGHLAND'S Parks and Recreation Fund rose *from \$287,591 in FY 2010 to \$395,418 in FY 2011, an increase of \$107,827* during the current fiscal year. Key factors in this increase is attributable to revenues of \$1,901,471 exceeded the total *expenditures* of \$1,793,644, producing a net increase in the fund balance by the reported amount. Intergovernmental and recreation user fees revenues slightly exceeded forecasts. Personnel expenditures and professional services were lower than forecast.

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 Districts at the end of the year amounted to **\$450,983**. The **change** in net assets for the Waterworks District was \$80,551 and for the Sanitary District was (\$401,622). The total change in net assets for all utilities was (\$321,071). 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 budget equaled a net increase of **\$426,290** in expenditures. The net increase is comprised of an increase to General Government in the amount of **\$83,482**; an increase to Public Safety in the amount of **\$338,403**; and an increase to Sanitation in the amount of **\$4,405**. Following are some of the main components of the increases:

- A net increase of \$426,290 to several departments of the General Fund to cover the costs such as insurance supported repairs, transfers for future use and expenses incurred in 2010 but not yet to be paid until 2011. The net increases are generally set forth as follows:
- A net increase of \$23,184 in the Town Council Office to cover increases related to incurred but unspent costs associated with holiday longevity awards, newsletter editorial costs, and re-codification.
- A net increase of \$18,242 in the Board of Works Department to cover increases related to incurred but unspent costs associated with electric and natural gas utilities.
- A net increase of \$43,558 in the Building and Inspection Department, encumbered to be transferred to unsafe building fund for future use.
- A net increase of \$6,914 in the Town Hall and Monuments Department to cover the costs associated with building care and custodial services.
- A net increase of \$1,397 in the Volunteers in Police Service (VIPS) Department to cover the costs associated with equipment.
- A net increase of \$199,091 for various departments, mostly comprising payroll earned in the prior year but not disbursed until 2011.

Differences between **the final budget** and **the actual** for revenues were notable and can be briefly summarized as follows:

- General Fund budgeted final total revenues was \$7,486,063. Actual revenues were **\$10,718,224**. This positive variance in the total amount of \$3,232,161 includes the proceeds of a temporary loan warrant in the amount of **\$2,650,000**. The purpose of the loan was to support cash flow until property taxes were received. Removing the effect of the temporary loan proceeds, the positive variance is then **\$582,161**. Some of the variance is attributable to conservative estimates for most revenues relative to likely collection. However, two revenue categories, intergovernmental with a variance of \$199,854 and charges for services with a positive variance of \$111,133 were strategically forecast in order to assure accretion toward better cash reserves to ameliorate effects of tax caps..
- General Fund had **final budgeted appropriations of \$8,242,726**. However, **actual expenditures** totaled only **\$7,316,812**, coming **under the final budget by \$916,381**. The under expenditure from the budgeted amount is due in

small part to the timing of payments, incurred in FY 2011, but which will be made in 2012 and based upon intentional spending constrains to address possible lower overall collection rates due to the economy. The source report uses the modified accrual accounting model.

Capital assets and Debt Administration

Capital assets. The TOWN of HIGHLAND'S total investments in capital assets for the Primary Government (governmental and business type activities) as of December 31, 2011, amounts to \$87,157,548 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads and highways. Pursuant to the guidance of GASB 51, capital assets include intangible assets, comprised of the value of rights of way, easements and software, with software being depreciable. This has been affected by a restatement of the beginning balance capital assets. *Please refer to Note IV. J. styled as "Restatement", which is found on page 52 of this report for greater detail.* The total investment in capital assets in the TOWN of HIGHLAND for the current fiscal year increased by \$3,360,414 or 4%. The specific components of the increase are comprised of an increase for governmental activities in the amount of \$1,784,831 (3.05%) and a \$1,575,583 (6.21%) increase for business-type activities.

TOWN of HIGHLAND'S CAPITAL ASSETS						
(net of depreciation)						
	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 2,934,588	\$ 2,934,588	\$ 60,946	\$ 60,946	\$ 2,995,534	\$ 2,995,534
Rights of Way Easements	14,243,771	14,243,771	-	-	14,243,771	14,243,771
Buildings and System	2,214,712	2,384,862	332,314	356,857	2,547,026	2,741,719
Improvements other than buildings	612,881	700,083	2,217,683	2,328,140	2,830,564	3,028,223
Computer Software/ Licenses	7,600	17,505	-	-	7,600	17,505
Machinery and equipment	1,919,433	1,549,568	937,016	1,125,469	2,856,449	2,675,037
Infrastructure	24,505,812	23,896,060	20,323,951	17,712,471	44,829,763	41,608,531
Construction in progress	13,786,609	12,714,138	3,060,232	3,772,676	16,846,841	16,486,814
Total:	\$ 60,225,406	\$ 58,440,575	\$ 26,932,142	\$ 25,356,559	\$ 87,157,548	\$ 83,797,134

Additional information on the TOWN of HIGHLAND's capital assets can be found in Note IV. C on pages 44-45 of this report.

Major capital asset events during the fiscal year ending 31 December 2011 included the following:

Streets and Sanitation

Cline Avenue Project

The Cline Avenue Reconstruction Project was awarded by the Indiana Department of Transportation to Gatlin Plumbing and Heating, Inc. in the amount of \$4,145,779 in February 2010. The limits of the project are Ridge Road (north) and 45th Avenue (south). The project consisted of drainage improvements, curb installation, sidewalk installation, light, bridge removal and replacement at the Cady Marsh Ditch, and pavement reconstruction. The local share (20%) of the project was split between the Town of Highland and the Town of Griffith. The Project was partially funded with American Recovery and Reinvestment Act (ARRA) of 2009. Construction began in May 2010. The project was substantially completed in August 2, 2011 and finally accepted on September 19, 2011. Final cost of the project was \$3,909,879. The project design and construction engineering services were performed by First Group Engineering, Inc.

8700-8800 Idlewild Avenue Reconstruction Project

The Idlewild Avenue Reconstruction Project was completed in 2011. The limits of the project were Lincoln Street to Ridgewood Avenue. The project consisted of drainage improvements, curb installation, sidewalk replacement, water main replacement, and pavement reconstruction. The Contract was awarded in August 2010 to Walsh & Kelly, Inc. in the amount of \$576,032. The final construction cost for the project was \$554,874. A General Improvement District was established by the Town to support the curb and sidewalk installations on the project. The project design and construction engineer services were performed by Garcia Consulting Engineers.

8700-8900 Woodward Avenue Reconstruction Project

The Woodward Avenue Reconstruction Project was implemented in 2011. The limits of the project were Parkway Drive to Ridgewood Avenue. The project consisted of drainage improvements, curb installation, sidewalk replacement, water main replacement, and pavement reconstruction. The Contract was awarded in August 2011 to Walsh & Kelly, Inc. in the amount of \$669,680. A General Improvement District was established by the Town to support the curb and sidewalk installations on the project. The project design and construction engineer services were performed by Garcia Consulting Engineers.

Wicker Park Drive Reconstruction Project

The Town of Highland was approved for a Community Development Block Grant (FY 2011) for the reconstruction of the 8100-8200 blocks of Wicker Park Drive in the amount of \$113,350. The limits of the project are 81st Street and Sycamore Drive. The project consists of curb repairs, sidewalk repairs, tree removal, surface milling and resurfacing. Walsh & Kelly, Inc. was awarded the contract for construction on October 17, 2011 in the amount of \$208,046 and began construction October 27, 2011. The Project was substantially completed in December 2011. Garcia Consulting Engineers provided preliminary design engineering and construction engineering services.

Street Resurfacing Projects

The following streets were paved in 2011 as part of the Town general maintenance program:

Street	From	To
Ramblewood Drive	US Route 41	Prairie Avenue
Richard Street	37 th Place	Parkway Drive
Hook Street	Lincoln Street	Parkway Drive
1 st Street	Lincoln Street	Wicker Street
2 nd Street	Lincoln Street	Ridge Road
Schneider Avenue	Lincoln Street	Ridgewood Avenue
Clough Street	East of Osborne Avenue	
Clough Street	West of Osborne Avenue	
Waymond Avenue	North of 45 th Avenue	
Highway Avenue	5 th Street	Delaware Street
Parrish Avenue	LaPorte Street	Highway Avenue

Department of Waterworks and Municipal Water Utility

Woodward Avenue Water Main Installation Project

In conjunction with the Woodward Avenue Reconstruction Project, the Water Works Board of Directors installed an eight (8") inch ductile iron water main, replacing the existing four (4") inch asbestos-cement water main in the 8700-8900 block of Woodward Avenue. The work was performed by Walsh & Kelly, Inc. (sub-contracted) at a cost to the water utility of \$169,339. The project design and construction engineer services were performed by Garcia Consulting Engineers.

Sanitary District and Wastewater/Storm waterworks

Strong Street Sewer Separation Project

The Sanitary Board of Commissioners constructed the Strong Street Sewer Separation Project, which included Strong Street between 5th Street and Grace Street. The Project area included the cul-de-sac streets off Strong Street; 5th Place; Delaware Street; Delaware Place; Parrish Place; Cottage Grove Avenue; Cottage Grove Place, and Parrish Avenue from Strong Street to LaPorte Street. This project consisted of the furnishing of all equipment, labor and materials for the construction of approximately 5,000 linear feet of 12-inch PVC storm sewer, 460 linear feet of 15-inch PVC storm sewer, 660 linear feet of 18-inch PVC storm sewer, 20 linear feet of 21-inch PVC storm sewer, 740 linear feet of 27-inch PVC storm sewer and 300 linear feet of 30-inch PVC storm sewer, including all manholes, catch basins and inlets. The project also includes the installation of 4-inch PVC laterals for approximately 213 homes to the new and existing storm sewers, extended to 3 feet behind the property and installation of Insert-a-Tees for connection of the laterals to the storm sewer system. The Project was awarded to deBoer Egolf Corporation in January 2010 in the amount of \$1,051,731. NIES Engineering, Inc. was engaged to provide professional engineering design and construction engineering services for the project. The construction was substantially complete in December 2010. The project was finally accepted in June 2011. The final construction cost for the project was \$1,005,848.

Garfield Avenue Sewer Separation Project

The Sanitary Board of Commissioners constructed the Garfield Avenue Sewer Separation Project. This project consisted of the furnishing of all equipment, labor and materials for the construction of approximately 1210 linear feet of 12-inch PVC storm sewer, 110 linear feet of 15-inch PVC storm sewer, manholes, catch basins, inlets and installation of 4-inch PVC laterals for approximately 150 homes to the new and existing storm sewers, extended to 3 feet behind the property lines as shown on the plans. The project also includes the installation of Insert-a-Tees into the storm sewer for connection to the laterals. The project also includes the installation of approximately 30 LF of 4-inch Class 350 ductile iron water main and 600 LF of 8-inch Class 350 ductile iron water main with polyethylene encasement, as well as the additional excavation, removal and disposal of approximately 2300 cubic yards of asphalt and slag backfill over existing storm sewers and replacement with B-borrow backfill and pavement restoration. The work includes excavation, backfilling, grading, sidewalk restoration, landscaping restoration, pavement restoration and all other related work and appurtenances. The Project was awarded to McDonough Demolition in May 2011 in the amount of \$582,874. NIES Engineering, Inc. was engaged to provide professional engineering design and construction engineering services for the project. The construction was substantially complete in December 2010.

Parrish Avenue Sewer Improvement and Water Main Replacement Project

The Sanitary Board of Commissioners and the Water Works Board of Directors implemented a project for sewer (storm and sanitary) improvements and water main replacement in the 8900 block of Parrish Avenue. The project consisted of all equipment, labor and materials for the construction of approximately 630 linear feet of 8-inch ductile iron water main to replace an existing 6 inch Transit water main servicing this area. New water services were provided to each house along the proposed main. The project also involved the construction of 6 new 6-inch sanitary sewer service laterals which are to replace the existing laterals. 15 new 4-inch storm sewer laterals were constructed as part of the storm sewer separation project. Asphalt pavement along a portion of the length of Parrish Avenue was removed, including aggregate base course, and replaced with 8-inch depth aggregate base course, 3-inch depth of asphalt binder course and 1.5-inch depth of asphalt surface course. The remainder of the length of Parrish Avenue was milled to a 1.5-inch depth, tack coated and replaced with new 1.5-inch asphalt surface course. The work further included excavation, pipe removal and plugging, storm catch basin and manhole construction, backfilling, grading, sidewalk restoration, landscape restoration, pavement restoration, driveway restoration, water main and water valve abandonment and all other related work and appurtenances. The project was awarded to Gatlin Plumbing and Heating, Incorporated on March 11, 2011 in the amount of \$277,222. The final construction cost for the project was \$236,618. NIES Engineering, Inc. was engaged to provide professional engineering design and construction engineering services for the project. The construction was substantially complete in November 2011.

Supervisory Control and Data Acquisition System (SCADA)

The Sanitary Board of Commissioner and the Water Works Board of Directors implemented a project for the construction of a Supervisory Control and Data Acquisition System (SCADA). The Project was awarded to Sweeney Electric Company, Inc. in January 2010 by the Sanitary District in the amount of \$566,940 and by the Water Works District in the amount of \$131,238. NIES Engineering, Inc. was engaged to provide professional engineering design and construction engineering services for the project. The Project is still under construction.

37th Place Engine Generator Project

The Sanitary Board of Commissioners completed a project for the installation of a high kilowatt natural gas- powered engine generator to supply electrical power to the 37th Place Pump Station in the event of a power outage. The project consisted of furnishing all equipment, labor and materials to provide and install one (1) pre-fabricated, skid mounted, weatherproof, sound controlled, standby power system. The work included all earthwork, installation of variable speed drive equipment for existing lift station pumps, electrical conduit and wiring, concrete support pads and foundation, miscellaneous electrical work, gas piping, valves and regulators, concrete walk, gravel walkway around engine-generator, surface restoration, new fencing, A-Jacks, geotextile fabric and rip-rap erosion protection work. The work also includes furnishing and installing an automatic transfer switch. The project was awarded to Sweeney Electric Company in December 2010 in the amount of \$122,350. The project was completed in November 2011. The final construction cost for the project was \$125,412. NIES Engineering, Inc. was engaged to provide professional engineering design and construction engineering services for the project.

Parks and Recreation

The **Lincoln Community Center Retrofit and Reconstruction Project** (Master Plan) had been placed on hold at the end of 2008 and early 2009. It was reinitiated in late 2010. The construction phase of the project continued to advance in 2011. It is expected to be completed in mid-year 2012. 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. In late 2010, \$11,160,000 First Mortgage Bonds of the Lincoln Center Building Corporation were sold to support the reconstruction. It involves a reconstruction and retrofit of up to 49,970 sq. ft. of the facility, which will include a 6,500 sq. ft. Fitness Center. Located on 11.7 acres of park space, the only portion of the existing building that will be retained is the 39,000 sq. ft. Fieldhouse, contracted in 1997.

Long-term debt. At the end of the current fiscal year, the TOWN of HIGHLAND Primary Government had total bonded debt outstanding of \$30,700,315. Of this amount, \$18,275,461 plus \$750,000 of special taxing notes making an effective total to \$19,025,461 comprises debt backed by the full faith and credit of the government (General Obligation Bonds and notes, repaid by property taxes). The remainder of the TOWN of HIGHLAND's debt represents bonds and notes secured solely by specified revenue sources (i.e. revenue bonds and notes), in the amount of \$11,674,854.

The TOWN of HIGHLAND's total debt decreased by a net (\$234,374) representing a (1%) percent decrease during 2011. General obligation bond debt had a net decrease of (\$746,333). **General obligation note increased by \$750,000. The combined general obligation bonds and notes debt had a net increase of \$3,667 (.02%).** Revenue bonded indebtedness decreased by (\$238,041), representing a 2% decrease. Revenue note indebtedness decreased (\$85,200) a 100% decrease. The combined revenue bond and note indebtedness decreased by a net (\$323,241) or (2.7%). The key factor in the overall decrease was that very little new debt was issued, while existing debt was paid down. The only new debt issued was a general obligation (special taxing district) judgment bond of the Sanitary District in the amount of \$790,000 and a general obligation (special taxing district) note of the Waterworks District in the amount of \$750,000.

The TOWN of HIGHLAND maintains an A+ rating from Standard and Poor's for its *rated* g.o. 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-11	31-Dec-10	31-Dec-11	31-Dec-10	2011	2010
General Obligation Bonds	\$ 4,999,461.00	\$ 5,712,041.00	\$ 13,276,000.00	\$ 13,309,753.00	\$ 18,275,461.00	\$ 19,021,794.00
Special assessment debt with governmental commitment	-	-	-	-	-	-
Notes	-	85,200	750,000	-	750,000	-
Revenue Bonds	11,674,854	11,912,895	-	-	11,674,854	11,912,895
Total	\$ 16,674,315.00	\$ 17,710,136.00	\$ 14,026,000.00	\$ 13,309,753.00	\$ 30,700,315.00	\$ 30,934,689.00

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 2007, 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. In 2011 there was no further action. There are no signs of reconsideration of this matter soon.

Further, owing to the operating levy freeze, increases in operating costs, and a reduction of \$273,895 to the maximum operating levy imposed by legislation styled as property tax reform, directed to reduce property tax burdens. This placed the operating budget into a deficit position of approximately \$313,000 in FY 2011 if all appropriations were expended in the Corporation General Fund. However, the deficit was based upon a preliminary estimate. In fact, not all appropriations were expended and revenues exceeded forecast sufficiently eliminating the deficit. In fact, spending seemed sufficiently controlled or reduced that for FY 2012 a slight surplus is cautiously projected.

General employee raises were not granted in FY 2011, FY 2010 or FY 2009. However, overtime, longevity and promotions were permitted without constraint.

All of these factors were considered in preparing the TOWN of HIGHLAND'S budget for the 2012 fiscal year.

The operating budget growth for 2011 was constrained but not entirely contracted. In other cases spending was actually reduced. During the current fiscal year, ending fund balance in the General fund increased by \$363,137. Further, unassigned fund balance in the General Fund increased from \$2,002,826 in 2010 to \$2,391,807 in the current year. The TOWN of HIGHLAND has appropriated little of this amount for spending in the FY 2012 budget. It is intended that this fund balance will offset revenue shortfalls owing to tax bill delays and permit expenditures for one-time deferred needs of the municipality. The Town Council indicated an intention to review its position and move to contract the operating budget in FY 2013 as necessary. Further, a formal policy is being deliberated to set for the General Fund, and perhaps the Parks and Recreation Fund, a target operating balance representing five months expenditure. This larger than customary balance is suggested owing to the potential impact of reduced revenues from the effect of tax caps. In operation, the likely impact is profoundly difficult to forecast and only can be accurately calculated at the time that the property tax bills are prepared and issued for collection. When billing meets the statutory timetable, this would mean the impact would not be known, at earliest the fourth month of a fiscal year already underway.

The Indiana Constitution was amended in 2010 to include the formerly statutorily authorized *circuit breakers*, which operate, as hard *tax caps* on property tax collections. The law provides that property tax bills can not exceed 1% the gross valuation of owner-occupied residential properties (homesteads), 2% of non-owner occupied residential properties and farms, and 3% for all other classes of property. As suggested earlier, the caps reduce total collections and can only be reliably calculated by conducting a parcel-by-parcel study and gathering the spending of overlapping jurisdictions. The effects of the caps on collections for FY 2010 were not discernable. The impact of the tax caps for FY 2011 is reported at \$48,500 for the operating funds. In FY 2012, the effect is reported to be in excess of \$150,000.

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, 2011

Assets	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Cash and cash equivalents	\$ 5,260,728	\$ 1,644,208	\$ 6,904,936
Investments	409,110	-	409,110
Receivables (net of allowances for uncollectibles):			
Interest	1,934	38	1,972
Taxes	374,652	11,091	385,743
Accounts	101,743	152,212	253,955
Intergovernmental	123,471	15,409	138,880
Special assessments receivable	-	48,632	48,632
Inventories	-	137,603	137,603
Prepaid items	49,687	1,739	51,426
Deferred charges	226,182	335,957	562,139
Restricted assets:			
Cash and cash equivalents	4,073,759	3,631,674	7,705,433
Accounts receivable Treasury subsidy payments (net of allowance)	8,220	69,146	77,366
Investments	486,183	19,495	485,678
Interest receivable	281	337	618
Taxes receivable	127,744	70,705	198,449
Intergovernmental receivable	268,122	-	268,122
Special assessments receivable	9,724	-	9,724
Cooperative receivable	1,750,000	-	1,750,000
Inventories	-	58,774	58,774
Capital assets:			
Land and construction in progress	30,964,968	3,121,178	34,086,146
Other capital assets, net of depreciation	29,280,438	23,810,964	53,071,402
Total assets	73,476,946	33,129,162	106,606,108

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
December 31, 2011
(Continued)

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<u>Liabilities</u>			
Accounts payable	334,085	314,597	648,682
Accrued payroll and withholdings payable	204,017	22,473	226,490
Deferred revenue	-	11,649	11,649
Taxes payable	-	10,185	10,185
Payable from restricted assets:			
Accounts payable	178,968	251,163	430,131
Accrued payroll and withholdings payable	11,588	-	11,588
Customer deposits	-	72,220	72,220
Accrued bond interest	348,167	261,253	610,420
Noncurrent liabilities:			
Amounts due within one year:			
General obligation bonds payable	774,000	888,000	1,662,000
Revenue bonds - due within one year	845,000	-	845,000
Compensated absences	271,315	28,051	299,366
Note payable	-	250,000	250,000
Capital lease obligations	149,665	-	149,665
Amounts due beyond one year:			
General obligation bonds payable (net of discounts or premiums)	4,225,461	12,388,000	16,613,461
Revenue bonds payable (net of discounts or premiums)	10,829,854	-	10,829,854
Compensated absences	372,855	79,049	451,904
Note payable	-	500,000	500,000
Capital lease obligations	708,895	-	708,895
Other postemployment benefits payable	513,276	112,824	626,100
Matured bonds and coupons payable	-	1,056	1,056
Net pension obligation	5,550,976	-	5,550,976
Total liabilities	25,319,122	15,190,520	40,509,642
<u>Net Assets</u>			
Invested in capital assets, net of related debt	43,742,707	13,563,048	57,305,755
Restricted for:			
Highways and streets	378,413	-	378,413
Debt service	495,635	1,258,768	1,754,403
Capital projects	3,693,601	2,665,843	6,359,444
Other purposes	538,389	-	538,389
Unrestricted	(690,921)	450,983	(239,938)
Total net assets	\$ 48,157,824	\$ 17,938,642	\$ 66,096,466

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, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Totals
Primary government:						
Governmental activities:						
General government	\$ 1,714,164	\$ 101,000	\$ -	\$ (1,181,255)	\$ -	\$ (1,181,255)
Public safety	5,598,122	42,164	479,748	(4,972,520)	-	(4,972,520)
Highways and streets	1,604,041	3,847	745,258	13,323	-	13,323
Sanitation	1,992,101	1,734,714	-	(257,387)	-	(257,387)
Economic development	141,055	8,908	-	(132,147)	-	(132,147)
Culture and recreation	2,456,084	813,844	76,926	(1,565,314)	-	(1,565,314)
Urban redevelopment	123,336	-	-	(123,336)	-	(123,336)
Interest on long-term debt	688,394	-	-	(688,394)	-	(688,394)
Total governmental activities	14,317,297	3,096,912	1,301,932	(8,907,030)	-	(8,907,030)
Business-type activities:						
Water	2,449,074	2,527,827	-	-	78,753	78,753
Sanitary District	5,475,022	3,740,561	-	-	(1,734,461)	(1,734,461)
Total business-type activities	7,924,096	6,268,388	-	-	(1,655,708)	(1,655,708)
Total primary government	\$ 22,241,393	\$ 9,365,300	\$ 1,011,423	\$ (8,907,030)	(1,655,708)	(10,562,738)
General revenues:						
Property taxes				7,714,880	1,182,487	8,897,367
Excise taxes				606,145	-	606,145
Financial institution tax				59,092	-	59,092
Cigarette tax				84,429	-	84,429
Other			*	1,866,792	143,134	2,009,926
Investment earnings				13,489	9,016	22,505
Total general revenues				10,344,827	1,334,637	11,679,464
Change in net assets				1,437,797	(321,071)	1,116,726
Net assets - beginning				46,241,220	18,259,713	64,500,933
Prior period adjustments (Note IV.1.)				478,807	-	478,807
Restated net assets - beginning				46,720,027	18,259,713	64,979,740
Net assets - ending				\$ 48,157,824	\$ 17,938,642	\$ 66,096,466

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

* This includes \$47,351 in ABC Gallonage Tax. See note 2 on the Government Activities Tax Revenues by Source Schedule in Statistical Section.

TOWN OF HIGHLAND, INDIANA
BALANCE SHEET -
GOVERNMENTAL FUNDS
December 31, 2011

Assets	Governmental Funds				Totals
	General	Parks and Recreation	Parks and Recreation Bond and Interest (Non-Exempt)	Other Governmental Funds	
Cash and cash equivalents	\$ 2,744,984	\$ 466,109	\$ -	\$ 890,118	\$ 4,101,211
Investments	304,402	-	-	90,794	395,196
Receivables (net of allowances for uncollectibles):					
Interest	1,814	32	-	81	1,927
Taxes	296,685	69,451	-	8,516	374,652
Accounts	101,743	-	-	-	101,743
Intergovernmental	102,521	13,356	-	7,594	123,471
Restricted assets:					
Cash and cash equivalents	-	-	506,859	3,566,900	4,073,759
Investments	-	-	-	466,183	466,183
Interest receivable	-	-	-	281	281
Taxes receivable	-	-	91,831	35,913	127,744
Intergovernmental receivable	-	-	17,659	250,463	268,122
Accounts receivable Treasury	-	-	-	-	-
subsidy payments (net of allowance)	-	-	-	8,220	8,220
Special assessments receivable	-	-	-	9,724	9,724
Total assets	\$ 3,552,149	\$ 548,948	\$ 616,349	\$ 5,334,787	\$ 10,052,233
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 259,543	\$ 56,906	\$ -	\$ 12,249	\$ 328,698
Accrued payroll and withholdings payable	189,151	13,817	-	1,049	204,017
Deferred revenue - unavailable	353,738	82,807	-	10,154	446,699
Payable from restricted assets:					
Accounts payable	-	-	-	178,968	178,968
Accrued payroll and withholdings payable	-	-	-	11,588	11,588
Deferred revenue - unavailable	-	-	109,490	52,543	162,033
Total liabilities	802,432	153,530	109,490	266,551	1,332,003

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, 2011
(Continued)

	General	Parks and Recreation	Parks and Recreation Bond and Interest (Non-Exempt)	Other Governmental Funds	Totals
Fund balances:					
Spendable:					
Restricted	-	-	506,859	2,449,538	2,956,397
Committed	-	-	-	1,367,430	1,367,430
Assigned	357,910	395,418	-	1,251,268	2,004,596
Unassigned	2,391,807	-	-	-	2,391,807
Total fund balances	2,749,717	395,418	506,859	5,068,236	8,720,230
Total liabilities and fund balances	\$ 3,552,149	\$ 548,948	\$ 616,349	\$ 5,334,787	

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.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

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.

Prepaid items paid in the current period, but not expended currently and, therefore, are reported in the funds as expenditures.

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.

Net pension obligation are not due and payable in the current period and, therefore, are not reported in the funds.

Net assets of governmental activities	60,225,406	2,358,732	(10,586,133)	49,687	(6,545,846)	(513,276)	(5,550,976)	\$ 48,157,824
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The notes to the financial statements are an integral part of this statement.

TOWN OF HIGHLAND, INDIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2011

	General	Parks and Recreation	Parks and Recreation Bond and Interest (Non-Exempt)	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$ 4,541,888	\$ 1,063,210	\$ 1,405,823	\$ 703,959	\$ 7,714,880
Special assessments	-	-	-	42,790	42,790
Licenses and permits	333,568	-	-	15,250	348,818
Intergovernmental	587,812	110,110	121,036	2,563,350	3,382,308
Charges for services	2,190,856	712,314	-	104,667	3,007,837
Fines and forfeits	5,480	-	-	8,292	13,772
Other	175,352	15,837	-	68,524	259,713
Total revenues	7,834,956	1,901,471	1,526,859	3,506,832	14,770,118
Expenditures:					
Current:					
General government	1,187,777	-	-	156,755	1,344,532
Public safety	4,354,492	-	-	315,208	4,669,700
Highways and streets	-	-	-	949,848	949,848
Sanitation	1,825,592	-	-	131,613	1,957,205
Culture and recreation	-	1,789,753	345,000	1,631	2,136,384
Urban redevelopment	-	-	-	121,535	121,535
Debt service:					
Principal	-	-	-	1,137,586	1,137,586
Interest	34,372	3,891	675,000	328,226	1,041,489
Capital outlay:					
General government	-	-	-	42,540	42,540
Public safety	525,586	-	-	591,178	1,116,764
Economic development	-	-	-	129,887	129,887
Highways and streets	-	-	-	963,053	963,053
Sanitation	-	-	-	34,500	34,500
Culture and recreation	-	-	-	542,539	542,539
Total expenditures	7,927,819	1,793,644	1,020,000	5,446,099	16,187,562
Excess (deficiency) of revenues over (under) expenditures	(92,863)	107,827	506,859	(1,939,267)	(1,417,444)
Other financing sources (uses):					
Issuance of capital lease	500,000	-	-	-	500,000
Transfers in	-	-	-	44,000	44,000
Transfers out	(44,000)	-	-	-	(44,000)
Total other financing sources and uses	456,000	-	-	44,000	500,000
Net change in fund balances	363,137	107,827	506,859	(1,895,267)	(917,444)
Fund balances - beginning	2,386,580	287,591	-	6,963,503	9,637,674
Fund balances - ending	\$ 2,749,717	\$ 395,418	\$ 506,859	\$ 5,068,236	\$ 8,720,230

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, 2011

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 Changes in Fund Balances).	\$ (917,444)
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.	1,306,024
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	73,225
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.	456,499
Net pension obligations/other postemployment benefits are considered long-term obligations of the general government, but are not current expenditures.	(297,618)
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.	(2,552)
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.	<u>819,663</u>
Change in net assets of governmental activities (Statement of Activities)	<u>\$ 1,437,797</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, 2011

Assets	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water Utility	Sanitary District	Totals	
Current assets:				
Cash and cash equivalents	\$ 687,549	\$ 956,659	\$ 1,644,208	\$ 1,159,517
Investments	-	-	-	13,914
Interest receivable	-	38	38	7
Current portion of operating lease	-	-	-	9,250
Taxes receivable (net of allowance)	-	-	-	754,705
Accounts receivable (net of allowance)	63,437	11,091	11,091	-
Inventories	95,109	88,775	152,212	-
Intergovernmental receivable (net of allowance)	42,494	137,603	137,603	-
Special assessment receivable	-	15,409	15,409	-
Prepaid items	957	48,632	48,632	-
Restricted current assets:				
Cash and cash equivalents	73,763	-	73,763	-
Accounts receivable Treasury subsidy payments (net of allowance)	-	69,146	69,146	-
Total current assets	920,815	1,233,026	2,153,841	1,937,393
Noncurrent assets:				
Restricted cash, cash equivalents and investments:				
Improvement	-	851,551	851,551	-
Bond and interest	-	1,302,749	1,302,749	-
Extension	3,878	755,387	759,265	-
Sanitary B&I exempt debt service	-	150,887	150,887	-
Reserve	-	3,143	3,143	-
Co-op	480,000	-	480,000	-
Sanitary special public safety	-	6,592	6,592	-
Investments	19,495	3,724	3,724	-
Other restricted assets:				
Interest receivable	10	327	337	-
Taxes receivable (net of allowance)	-	70,705	70,705	-
Inventories	58,774	-	58,774	-
Total restricted assets	562,157	3,145,065	3,707,222	-
Deferred charges	4,715	331,242	335,957	148,044
Net investment in direct financing lease	-	-	-	9,935,830
Capital assets:				
Land, improvements to land and construction in progress	706,051	2,415,127	3,121,178	-
Other capital assets (net of accumulated depreciation)	8,124,442	15,686,522	23,810,964	-
Total capital assets	8,830,493	18,101,649	26,932,142	-
Total noncurrent assets	9,397,365	21,577,956	30,975,321	10,083,874
Total assets	10,318,180	22,810,982	33,129,162	12,021,267

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, 2011
(Continued)

Liabilities	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water Utility	Sanitary District	Totals	
Current liabilities:				
Accounts payable	96,426	218,171	314,597	5,387
Accrued payroll and withholding payable	10,395	12,078	22,473	-
Taxes payable	10,185	-	10,185	-
Notes payable	250,000	-	250,000	-
Deferred revenue	-	11,649	11,649	-
Compensated absences	13,412	14,639	28,051	-
Revenue bonds payable	-	-	-	845,000
Accrued interest payable	-	-	-	227,374
Current liabilities payable from restricted assets:				
Customer deposits	72,220	-	72,220	-
Accounts payable	23,793	227,370	251,163	-
Accrued interest payable	2,474	258,779	261,253	-
General obligation bonds payable	-	886,000	886,000	-
Total current liabilities	478,905	1,630,686	2,109,591	1,077,761
Noncurrent liabilities:				
General obligation bonds payable (net of unamortized premium)	-	12,388,000	12,388,000	-
Revenue bonds payable (net of unamortized premium or discount)	-	-	-	10,829,854
Notes payable	500,000	-	500,000	-
Compensated absences	39,203	39,846	79,049	-
Other postemployment benefits payable	59,292	53,532	112,824	-
Matured bonds and coupons payable	-	1,056	1,056	-
Total noncurrent liabilities	598,495	12,482,434	13,080,929	10,829,854
Total liabilities	1,077,400	14,113,120	15,190,520	11,907,615
Net Assets				
Invested in capital assets, net of related debt	8,737,397	4,825,651	13,563,048	-
Restricted for debt service	503,383	755,385	1,258,768	-
Restricted for capital projects	-	2,665,843	2,665,843	-
Unrestricted	-	450,983	450,983	113,652
Total net assets	9,240,780	8,697,862	17,938,642	113,652

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

TOWN OF HIGHLAND, INDIANA
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
 PROPRIETARY FUNDS
 For The Year Ended December 31, 2011

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities Internal Service Fund
	Water Utility	Sanitary District			
Operating revenues:	\$	146	\$	146	\$
Unmetered water revenue					
Metered revenue	1,900,867	1,694,446		3,595,313	
Stormwater usage charge	-	1,167,506		1,167,506	
Fire protection revenue	313,393	-		313,393	
Penalties	17,398	27,438		44,836	
Penalties - stormwater	-	12,519		12,519	
Other water revenue	167,086	-		167,086	
Flat rate revenues	-	578,209		578,209	
Charges for services	-	-		-	745,569
Other	128,937	260,443		389,380	
Total operating revenues	2,527,827	3,740,561		6,268,388	745,569
Operating expenses:					
Source of supply and expense - operations and maintenance	764,420	-		764,420	
Transmission and distribution	668,608	-		668,608	
Collection system - operations and maintenance	-	642,809		642,809	
Pumping - operations and maintenance	14,630	676,681		691,311	
Treatment and disposal expense - operations and maintenance	-	1,230,038		1,230,038	
Customer accounts	63,785	124,312		188,097	
Salaries and wages	-	-		-	1,868
Materials and supplies	-	-		-	2,650
Contractual services	519,341	1,457,741		1,977,082	137,449
Administration and general	415,292	679,608		1,094,900	11,060
Depreciation	-	-		-	-
Total operating expenses	2,446,076	4,811,189		7,257,265	153,027
Operating income (loss)	81,751	(1,070,628)		(988,877)	592,542
Nonoperating revenues (expenses):					
Interest and investment revenue	172	8,844		9,016	164
Local tax distributions	1,626	1,180,861		1,182,487	-
BAB's subsidy	-	138,494		138,494	-
Interest expense	(2,474)	(629,892)		(632,366)	(413,770)
Amortization of bond issue costs	(524)	(33,941)		(34,465)	(20,865)
Total nonoperating revenue (expenses)	(1,200)	664,366		663,166	(434,471)
Income (loss) before contributions and transfers	80,551	(406,262)		(325,711)	158,071
Capital contributions from property owners	-	4,640		4,640	-
Change in net assets	80,551	(401,622)		(321,071)	158,071
Total net assets - beginning	9,160,229	9,099,484		18,259,713	(44,419)
Total net assets - ending	9,240,780	8,697,862		17,938,642	113,652

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, 2011

	Business-Type Activities Enterprise Funds			Governmental Activities	
	Water Utility	Sanitary District		Totals	Internal Service Fund
Cash flows from operating activities:					
Receipts from customers and users	\$ 2,531,274	\$ 3,717,559	\$ 6,248,833	\$ -	
Payments to suppliers	(1,465,459)	(2,987,504)	(4,452,963)	(161,908)	
Payments to employees	(552,447)	(901,159)	(1,453,606)	(2,241)	
Other receipts	-	-	-	178,150	
Net cash provided (used) by operating activities	<u>513,368</u>	<u>(171,104)</u>	<u>342,264</u>	<u>14,001</u>	
Cash flows from capital and related financing activities:					
Local tax distributions	1,626	1,836,028	1,837,654	-	
Acquisition and construction of capital assets	(694,428)	(2,011,460)	(2,705,888)	-	
Bond issuance costs	(5,239)	-	(5,239)	-	
Proceeds from capital debt (net of discounts and premiums)	750,000	781,343	1,531,343	-	
BAP's subsidy	-	133,030	133,030	-	
Capital contributions from property owners	-	81,517	81,517	-	
Principal paid on capital debt	-	(823,000)	(823,000)	(240,000)	
Interest paid on capital debt	-	(621,789)	(621,789)	(284,937)	
Net cash provided (used) by capital and related financing activities	<u>51,959</u>	<u>(624,331)</u>	<u>(572,372)</u>	<u>(524,937)</u>	
Cash flows from investing activities:					
Purchase of investments	(4,316)	-	(4,316)	-	
Sale of investments	184	85,601	85,785	328	
Proceeds from net investment in direct financing lease	-	-	-	1,309,000	
Proceeds from operating lease receivable	-	-	-	9,250	
Interest received	183	9,257	9,440	177	
Net cash provided by investing activities	<u>(3,949)</u>	<u>94,858</u>	<u>90,909</u>	<u>1,318,755</u>	
Net increase (decrease) in cash and cash equivalents	561,378	(700,577)	(139,199)	807,819	
Cash and cash equivalents, January 1 (Including \$347,225 and \$4,176,671 for the Water Utility and Sanitary District, respectively, reported in restricted accounts)	683,812	4,731,269	5,415,081	351,698	
Cash and cash equivalents, December 31 (Including \$557,641 and \$3,074,033 for the Water Utility and Sanitary District, respectively, reported in restricted accounts)	<u>\$ 1,245,190</u>	<u>\$ 4,030,692</u>	<u>\$ 5,275,882</u>	<u>\$ 1,159,517</u>	

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, 2011
(Continued)

	Business-Type Activities Enterprise Funds		Totals	Governmental Activities
	Water Utility	Sanitary District		Internal Service Fund
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 81,751	\$ (1,070,628)	\$ (988,877)	\$ 592,542
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	415,292	679,608	1,094,900	-
(Increase) decrease in assets:				
Accounts receivable	675	(23,002)	(22,327)	-
Inventories	(27,908)	(22,794)	(50,702)	-
Prepaid items	(6)	(4)	(10)	-
Increase (decrease) in liabilities:				
Customer deposits	2,772	-	2,772	-
Accounts payable	17,969	259,146	277,115	(10,749)
Accrued payroll and withholdings payable	(425)	714	289	(373)
Taxes payable	859	-	859	-
Compensated absence payable	1,285	(2,290)	(1,005)	-
Other postemployment benefits payable	21,104	8,146	29,250	-
Noncash items:				
Deferred revenue recognized	-	-	-	(567,419)
Total adjustments	431,617	899,524	1,331,141	(578,541)
Net cash provided (used) by operating activities	\$ 513,368	\$ (171,104)	\$ 342,264	\$ 14,001
Noncash investing, capital and financing activities:				
Construction in progress on account	\$ 37,793	\$ 233,998		\$ -
\$11,160,000 in bonds were issued in the Internal Funds in 2010, no new bonds were issued in 2011. Therefore, there are no non-cash lease financing transactions in the Internal Funds to report.				

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, 2011

<u>Assets</u>	Pension Trust Fund	Agency Funds
Cash and cash equivalents	\$ 466,186	\$ 326,078
Investments	-	20,978
Receivables:		
Employer contributions	2,204	-
Interest and dividends	34	16
Total receivables	2,238	16
Investments at fair value:		
Participation in investment pools of other governments	2,575	-
Total assets	470,999	\$ 347,072
<u>Liabilities</u>		
Payroll withholdings payable	-	\$ 50,584
Trust payable	-	296,488
Total liabilities	-	\$ 347,072
<u>Net Assets</u>		
Held in trust for:		
Employees' pension benefits and other purposes	470,999	
Total net assets	\$ 470,999	

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, 2011

<u>Additions</u>	Pension Trust Fund
<u>Contributions:</u>	
Employer	\$ 28,712
On-behalf	684,323
Other	4,493
Total contributions	<u>717,528</u>
<u>Investment income:</u>	
Net increase in fair value of investments	58
Interest and dividends	362
Total investment income	<u>420</u>
Total additions	<u>717,948</u>
<u>Deductions</u>	
Benefits	697,774
Administrative expense	1,810
Total deductions	<u>699,584</u>
Changes in net assets	18,364
Net assets - beginning	<u>452,635</u>
Net assets - ending	<u>\$ 470,999</u>

The notes to the financial statements are an integral part of this 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 units. The component units discussed below are included in the government's reporting entity because of the significance of their operational or financial relationships with the government. The blended component units, although legally separate entities, are in substance part of the government's operations and exist solely to provide services for the government; data from the units are combined with data of the government.

Blended Component Units

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.

The Lincoln Community Center Building Corporation is a significant blended component unit of the government. The government appoints a voting majority of the Lincoln Center Building Corporation's board and a financial benefit/burden relationship exists between the government and the Lincoln Center Building Corporation. Although it is legally separate from the government, the Lincoln Center 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 Lincoln Center Building Corporation's sole purpose was to finance and reconstruct the government's general office for park operations, fitness center facilities, classrooms, and meeting rooms of the Lincoln Community Center. 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.

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

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.

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 Parks and Recreation Bond and Interest (Non-exempt) Fund accounts for the accumulation of resources for and payment of the general long-term debt of the Park Special Taxing District.

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 collection 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 include the Lincoln Community Center Building Corporation, a blended component unit of the Town, established for the sole purpose of construction and reconstruction of a community center and leasing such facility; and the Parks and Recreation Building Corporation, a blended component unit of the Town, established for the sole purpose of construction of a 36,000 sq. ft. field house and leasing such facility; and the Information and Communication Technology Fund, which accounts for expenditures and resources related to information and communications technology services provided to the executive departments of the municipality and its utilities.

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 non-operating 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 non-operating 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.

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.

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

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, in ordinary periods. 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 percent 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.

The second installment of the 2009 pay 2010 property taxes was due on November 30, 2010. Final distribution of the 2009 pay 2010 property taxes was completed on January 20, 2011.

Due to delays caused by trending of assessments, the assessed valuations of Lake County were not finalized by February 15, 2011 as required. However, the 2010 pay 2011 property tax rates and levies, as well as related budget orders for 2011, were established earlier than the previous year. The County billed 2010 pay 2011 taxes in two installments with due dates of June 25 and November 30, 2011. Final distribution of the 2010 pay 2011 property taxes was completed on December 29, 2011.

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 and proprietary fund 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.

5. Capital Assets

Capital assets, which include property, plant, equipment and discretely identified infrastructure assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements.

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

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	\$ All	N/A	N/A
Construction in progress	All	N/A	N/A
Rights of Way (Streets)	All	N/A	N/A
Rights of Way (Alleys)	All	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
Urban Local Roads/Street	5,000	Straight-line	40 years
Sidewalks	5,000	Straight-line	15 years
Streetlights	5,000	Straight-line	20 years
Infrastructure and underground	5,000	Straight-line	15 to 50 years
Computer Software/License	5,000	Straight-line	5 years

All = 100% of expenditures for these items is capitalized

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 accumulated to a maximum of 5 days can be carried over to a subsequent 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 non-exempt, non-salaried, 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.

E. New Accounting Pronouncements

GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund definitions. This statement establishes the fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. This statement was effective for the Town's current financial statements.

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 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 \$2,358,732 difference are as follows:

Deferred revenue	\$	608,732
Cooperative receivable		<u>1,750,000</u>
Total	\$	<u><u>2,358,732</u></u>

Another element of that reconciliation states that "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."

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

The details of this \$10,586,133 difference are as follows:

Cash and cash equivalents	\$ 1,159,517
Investments	13,914
Interest receivable	7
Deferred charges	148,044
Accounts payable	(5,387)
Accrued interest payable	(227,374)
Revenue bonds payable, net	<u>(11,674,854)</u>
Total	<u>\$ (10,586,133)</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 \$6,545,846 difference are as follows:

General obligation bonds, net	\$ (4,999,461)
Less: deferred charge for issuance costs (to be amortized over the life of the debt)	78,138
Accrued interest payable	(121,793)
Capital lease obligations	(858,560)
Compensated absences	<u>(644,170)</u>
Total	<u>\$ (6,545,846)</u>

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

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes 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 \$1,306,024 difference are as follows:

Additions in capital assets	\$ 3,229,544
Less:	
Depreciation expense	<u>(1,923,520)</u>
Total	<u>\$ 1,306,024</u>

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 \$456,499 difference are as follows:

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

Issuance of debt:	
Capital lease and bond	\$ (500,000)
Principal repayment:	
General obligation bonds	714,000
Notes payable	85,200
Revenue bonds	240,000
Capital lease obligation	101,430
Amortization:	
Bond discount	(1,420)
Deferred debits	(40,011)
Discount	(3,022)
Change in accrued interest	<u>(139,678)</u>
Total	<u>\$ 456,499</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 \$297,618 difference are as follows:

Change in net pension obligation	\$ (157,768)
Change in other post employment benefits	<u>(139,850)</u>
Total	<u>\$ (297,618)</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 \$2,552 difference are as follows:

Change in prepaid items	\$ 15,849
Change in compensated absences	<u>(18,401)</u>
Total	<u>\$ (2,552)</u>

Another element of that reconciliation explains that "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." The details of this \$819,663 difference are as follows:

Internal service fund income	\$ 158,071
Interest expense eliminated	675,000
Internal service fund receivable affecting revenue eliminated	<u>(13,408)</u>
Total	<u>\$ 819,663</u>

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

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

and public hearings are conducted by the Town Council to obtain taxpayer comments. On or before November 1 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. With regard to bank deposits, compliance with the Indiana Code 5-13-8-1 will protect the Town from any loss due to bank failure. The investment policy of the Town provides for compliance with the state law governing investments and deposits, which eliminates the custodial risk for deposit accounts. As for other investments, the State investment and depository law does not require the elimination of custodial risk, but its inherent limitations regarding safekeeping greatly reduce custodial credit risk. Due to the foregoing, the Town's deposit and investment policy is otherwise silent on the matter of custodial credit risk.

At December 31, 2011, the bank balance held at Trust Indiana (formerly, MBIA Asset Management Group) in the amount of \$2,893,905 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, 2011, the Town had the following investments:

Investment Type	Primary Government Market Value
U.S. agencies	\$ 170,210
Commercial paper	153,625
Other securities (Trust Indiana)	594,506
Totals	<u>\$ 918,341</u>

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

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. *Effective July 1, 2012, up to 30% of the investment portfolio may have a stated final maturity of not more than five 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 50 percent 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 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.

Also, the Town may invest in the State sponsored Local Government Investment Pool (LGIP), the corpus of which is constrained by the same investment instruments as the local government, with the exception that the LGIP may also invest in commercial paper, provided it is 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.

Further, the Town may invest in municipal securities issued by an Indiana local governmental entity, a quasi-governmental entity related to the state, or a unit of government, municipal corporation, or special taxing district in Indiana, provided the issuer has not defaulted on any of the issuer's obligations within the twenty (20) years preceding the purchase.

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. With regard to bank deposits, compliance with the Indiana Code 5-13-8-1 will protect the Town from any loss due to bank failure. The investment policy of the Town provides for compliance with the state law governing investments and deposits, which eliminates the custodial risk for deposit accounts. As for other investments, the State investment and depository law does not require the elimination of custodial risk, but its inherent limitations regarding safekeeping greatly reduce custodial credit risk. So, the Town's deposit and investment policy is otherwise silent on the matter of custodial credit risk.

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

Investment Type	Not in the Government's Name
U.S. agencies	\$ 170,210
Commercial paper	153,625
Other securities (Trust Indiana)	594,506
Total	\$ 918,341

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.

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. The state law cited greatly reduces credit risk, by its provisions regarding bank deposit accounts, being covered by the public deposit insurance fund, providing for some collateralization, or being covered by the FDIC or full faith and credit of the issuing entity, and in some cases requiring ratings 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. A review of the portion of this note outlining the investment policy generally provides detail.

TOWN OF HIGHLAND
December 31, 2011
IV. A. 2. Credit Risk

~~The following table is intended to be inserted into the West Financial Services by Bond~~

Standard & Poor's Rating	Town's Investments		
	U.S. Agencies	Commercial Paper	Other Securities
AA+	\$ 170,210	\$ -	\$ -
A1+	-	68,529	-
A1	-	85,096	-
Unrated - Trust Indiana	-	-	594,506
Totals	\$ 170,210	\$ 153,625	\$ 594,506

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.

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

At December 31, 2011, minimum lease payments are as follows:

2012	\$	1,020,000
2013		1,020,000
2014		1,020,000
2015		1,020,000
2016		1,020,000
2017-2021		5,100,000
2022-2026		5,100,000
2027-2030		<u>3,570,000</u>
 Totals	 \$	 <u><u>18,870,000</u></u>

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 has been accounted for as a direct financing lease and was set to expire in 2012.

On March 25, 2010 the lease schedule between the Corporation and the Town was modified to include an extension of the lease until 2013 adding an additional lease payment of \$302,280.

The following lists the component of the net investment in direct financing lease as of December 31, 2011:

Total minimum lease payments to be received	\$	597,280
Less: amounts representing estimated executory costs		<u>(9,250)</u>
 Minimum lease payment receivable		 588,030
Less: unearned income		<u>(193,012)</u>
 Net investment in direct financing lease		 395,018
Less: current portion		<u>(198,191)</u>
 Net investment in direct financing lease, less current portion	 \$	 <u><u>196,827</u></u>

At December 31, 2011, minimum lease payments are as follows:

		Direct Financing Lease Payments		Operating Lease Payments
		<u> </u>		<u> </u>
2012	\$	295,000	\$	9,250
2013		<u>302,280</u>		<u>-</u>
 Totals	 \$	 <u><u>597,280</u></u>	 \$	 <u><u>9,250</u></u>

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Prior Period Adjustment</u>	<u>Restated Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$ 2,934,588	\$ -	\$ 2,934,588	\$ -	\$ -	\$ 2,934,588
Rights of way and easements	14,243,771	-	14,243,771	-	-	14,243,771
Construction in progress	12,714,138	-	12,714,138	1,650,889	578,418	13,786,609
Total capital assets, not being depreciated	29,892,497	-	29,892,497	1,650,889	578,418	30,964,968
Capital assets, being depreciated:						
Buildings	6,932,766	-	6,932,766	-	-	6,932,766
Improvements other than buildings	3,599,581	-	3,599,581	-	-	3,599,581
Computer software/license	83,248	-	83,248	-	-	83,248
Machinery and equipment	4,931,584	-	4,931,584	694,330	324,101	5,301,813
Infrastructure and underground	49,884,450	(3,993,915)	45,890,535	1,463,993	-	47,354,528
Totals	65,431,629	(3,993,915)	61,437,714	2,158,323	324,101	63,271,936
Less accumulated depreciation for:						
Buildings	4,547,904	-	4,547,904	170,150	-	4,718,054
Improvements other than buildings	2,899,498	-	2,899,498	87,202	-	2,986,700
Computer software/license	65,743	-	65,743	9,905	-	75,648
Machinery and equipment	3,382,016	-	3,382,016	323,215	322,851	3,382,380
Infrastructure and underground	25,988,390	(4,472,722)	21,515,668	1,333,048	-	22,848,716
Totals	36,883,551	(4,472,722)	32,410,829	1,923,520	322,851	34,011,498
Total capital assets, being depreciated, net	28,548,078	478,807	29,026,885	234,803	1,250	29,260,438
Total governmental activity capital assets, net	\$ 58,440,575	\$ 478,807	\$ 58,919,382	\$ 1,885,692	\$ 579,668	\$ 60,225,406
Business-type activities:						
Capital assets, not being depreciated:						
Land	\$ 60,946	\$ -	\$ 60,946	\$ -	\$ -	\$ 60,946
Construction in progress	3,772,676	-	3,772,676	2,664,830	3,377,274	3,060,232
Total capital assets, not being depreciated	3,833,622	-	3,833,622	2,664,830	3,377,274	3,121,178
Capital assets, being depreciated:						
Buildings	1,062,132	-	1,062,132	-	-	1,062,132
Improvements other than buildings	4,526,338	-	4,526,338	-	-	4,526,338
Machinery and equipment	2,332,800	-	2,332,800	-	-	2,332,800
Infrastructure and underground	33,291,144	-	33,291,144	3,382,927	-	36,674,071
Totals	41,212,414	-	41,212,414	3,382,927	-	44,595,341
Less accumulated depreciation for:						
Buildings	705,275	-	705,275	24,543	-	729,818
Improvements other than buildings	2,198,198	-	2,198,198	110,457	-	2,308,655
Machinery and equipment	1,207,331	-	1,207,331	188,453	-	1,395,784
Infrastructure and underground	15,578,673	-	15,578,673	771,447	-	16,350,120
Totals	19,689,477	-	19,689,477	1,094,900	-	20,784,377
Total capital assets, being depreciated, net	21,522,937	-	21,522,937	2,288,027	-	23,810,964
Total business-type activity capital assets, net	\$ 25,356,559	\$ -	\$ 25,356,559	\$ 4,952,857	\$ 3,377,274	\$ 26,932,142

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	\$ 35,663
Public safety	232,874
Highway and streets	1,391,673
Urban redevelopment	1,801
Culture and recreation	<u>261,509</u>
 Total depreciation expense - governmental activities	 <u>\$ 1,923,520</u>
 Business-type activities:	
Water Utility	\$ 415,292
Sanitary District	<u>679,608</u>
 Total depreciation expense - business-type activities	 <u>\$ 1,094,900</u>

D. Construction Commitments

Construction work in progress is composed of the following:

<u>Project</u>	<u>Total Project Authorized</u>	<u>Expended to December 31, 2011</u>	<u>Committed</u>
Governmental Funds:			
Recreation Center/Lincoln Center	\$ 11,377,000	\$ 11,160,000	\$ 217,000
Little Calumet Bike Trail/Path Project	110,237	76,926	33,311
Sheppard Park Project	25,000	7,500	17,500
Opticom Project	485,000	481,073	3,927
Cline/Ridge to 45th Project	4,316,887	1,294,639	3,022,248
Woodward Avenue Improvement Project	508,399	459,463	48,936
Wicker Park Reconstruction Project	225,271	100,214	125,057
Kleinman Road from Ridge to 45th Ave.	137,800	204,706	(66,906)
3500 Block of Garfield Ave. Reconstruction Project	<u>250,089</u>	<u>2,088</u>	<u>248,001</u>
 Total governmental activities	 <u>\$ 17,435,683</u>	 <u>\$ 13,786,609</u>	 <u>\$ 3,649,074</u>
 Business-Type Activities:			
Water Utility:			
Woodward Avenue Improvement Project	\$ 168,514	\$ 168,006	\$ 508
US 41 INDOT Water Main Project	255,661	241,319	14,342
SCADA System Design	152,238	149,914	2,324
Garfield Street Sewer Separation Project	128,150	115,651	12,499
Bradley Street Pump Station Chlorination Project	13,500	13,500	-
3500 Block of Garfield Ave. Reconstruction Project	<u>69,820</u>	<u>-</u>	<u>69,820</u>

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

Sanitary District:

Sanitary Sewer:

US Route 41 Sanitary Sewer Relocation Project	312,469	301,735	10,734
42nd Street Sanitary Sewer Improvement Project	1,286,549	511,774	774,775
Garfield Street Sewer Separation Project	641,219	635,234	5,985
37th Place Pump Station Odor Control Project	51,996	2,538	49,458
SCADA System Design	680,000	680,030	(30)
3500 Block of Garfield Ave. Reconstruction Project	38,990	-	38,990

Storm Water:

Martha Street Storm Sewer Improvement Project	122,780	77,110	45,670
Woodward Avenue Improvement Project	85,175	76,974	8,201
Cline Avenue Storm Sewer	86,447	86,447	-

Total business-type activities	<u>\$ 4,093,508</u>	<u>\$ 3,060,232</u>	<u>\$ 1,033,276</u>
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Some of the above projects involved expenditures for preliminary engineering work only as of December 31, 2011. 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, 2011, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General	Other governmental fund	<u>\$ 44,000</u>

The government typically uses transfers to fund ongoing operating subsidies.

F. Leases

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, 2011, are as follows:

	<u>Governmental Activities</u>
2012	\$ 178,784
2013	178,069
2014	158,473
2015	104,877
2016	101,278
2017-2020	<u>280,036</u>
Total minimum lease payments	1,001,517
Less amount representing interest	<u>142,957</u>
Present value of net minimum lease payments	<u>\$ 858,560</u>

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

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

	Governmental Activities
Improvements other than buildings	\$ 12,588
Machinery and equipment	1,144,151
Totals	1,156,739
Accumulated depreciation	(151,611)
Total	\$ 1,005,128

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, 2011, was as follows:

	Beginning Balance	Issued/ Draws	Redeemed/ Repayments	Ending Balance
Tax anticipation warrants	\$ 2,950,000	\$ -	\$ 2,950,000	\$ -

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.

The Board of Sanitary Commissioners caused Judgment Bonds in the amount of \$790,000 to be issued on October 25, 2011. The purpose of the issue was to support the local share of a settlement reached in a class action suit, Lee Lieberman et alia versus the Town of Highland and Sanitary District owing to property damage from back-ups and flooding. The settlement amount was \$1,950,000, of which the municipal insurer paid \$1,170,000 and the Sanitary District paid \$780,000. The additional amount supported issuance costs.

The Board of Waterworks Directors also caused a special taxing district note in the amount of \$750,000 to be issued on October 25, 2011. Issued under a special law permitting negotiated borrowing for amounts of \$2,000,000 or less and for a term of 5 years or less, the note proceeds were used to support costs for certain water infrastructure improvements.

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:

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

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%	\$ 1,110,000	\$ -	1,110,000
- maturity February 1, 2017					
- installments of \$185,000 plus interest					
2005 Municipal bonds	1,091,903	3.0% to 4.0%	492,903	-	492,903
- maturity February 1, 2016					
- installments of \$55,000 to \$55,903 plus interest					
2006 Redevelopment District bond	1,750,000	6.375% to 6.5%	1,050,000	(4,580)	1,045,420
- maturity February 1, 2017					
- installments of \$175,000 plus interest					
2008 Municipal bond	1,900,000	4.75%	1,520,000	-	1,520,000
- maturity February 1, 2019					
- installments of \$190,000 plus interest					
2010 Recovery Zone Economic Development Bonds	<u>890,000</u>	2.0% to 5.5%	<u>835,000</u>	<u>(3,862)</u>	<u>831,138</u>
- maturity August 1, 2018					
- installments of \$55,000 to \$60,000 plus interest					
Total governmental activities	<u>\$ 7,481,903</u>		<u>\$ 5,007,903</u>	<u>\$ (8,442)</u>	<u>\$ 4,999,461</u>
Business-type activities:					
2005 Sanitary District bond	\$ 1,175,000	3.0% to 4.0%	\$ 531,000	\$ -	\$ 531,000
- maturity February 1, 2016					
- installments of \$59,000 plus interest					
2007A Sanitary District bond	1,112,988	4.25% to 4.5%	958,500	7,290	965,790
- maturity February 1, 2018					
- installments of \$73,000 to \$75,500 plus interest					
2007B Sanitary District bond	2,030,500	4.625% to 5.0%	1,638,500	17,288	1,655,788
- maturity February 1, 2026					
- installments of \$56,000 to \$57,500 plus interest					
2009A Sanitary District bond	2,121,000	2.25% to 3.85%	1,800,000	-	1,800,000
- maturity August 1, 2017					
- installments of \$107,000 to \$287,000 plus interest					
2009B Sanitary District bond	4,679,000	6.0% to 6.625%	4,679,000	(28,578)	4,650,422
- maturity February 1, 2029					
- installments of \$190,000 to \$287,000 plus interest					
2009C Sanitary District bond	840,000	2.25% to 3.5%	588,000	-	588,000
- maturity February 1, 2015					
- installments of \$84,000 plus interest					
2010 Sanitary District Build America Bonds	2,360,000	1.75% to 5.5%	2,295,000	-	2,295,000
- maturity February 1, 2029					
- installments of \$65,000 to \$66,000 plus interest					
2011 Sanitary District Judgment Funding Bonds	<u>790,000</u>	1.89%	<u>790,000</u>	<u>-</u>	<u>790,000</u>
- maturity February 1, 2014					
- installments of \$395,000 plus interest					
Total business-type activities	<u>\$ 15,108,488</u>		<u>\$ 13,280,000</u>	<u>\$ (4,000)</u>	<u>\$ 13,276,000</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
2012	\$ 774,000	\$ 226,357	\$ 888,000	\$ 612,832
2013	779,000	191,423	1,283,000	594,851
2014	779,000	155,128	1,284,000	556,350
2015	780,000	117,609	890,000	515,972
2016	725,903	79,194	831,000	481,646
2017-2021	1,170,000	66,598	3,639,500	1,864,858
2022-2026	-	-	3,179,500	908,617
2027-2031	-	-	1,285,000	122,129
Totals	<u>\$ 5,007,903</u>	<u>\$ 836,309</u>	<u>\$ 13,280,000</u>	<u>\$ 5,657,255</u>

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

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/(Less) Unamortized Premium/ (Discount)	Revenue Bonds
Governmental activities:					
1997 Parks and Recreation Building Corporation bonds	\$ 2,600,000	5.125% to 5.20%	\$ 540,000	\$ 2,395	\$ 542,395
2010 Lincoln Community Center Building Corporation bonds	<u>11,160,000</u>	2.000% to 5.750%	<u>11,160,000</u>	<u>(27,541)</u>	<u>11,132,459</u>
Totals	<u>\$13,760,000</u>		<u>\$11,700,000</u>	<u>\$ (25,146)</u>	<u>\$ 11,674,854</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2012	\$ 845,000	\$ 537,732
2013	780,000	512,442
2014	510,000	492,465
2015	530,000	476,868
2016	545,000	458,290
2017-2021	3,050,000	1,920,048
2022-2026	3,200,000	1,133,200
2027-2030	<u>2,240,000</u>	<u>257,600</u>
Totals	<u>\$ 11,700,000</u>	<u>\$ 5,788,645</u>

3. Notes Payable

The government has entered into a note. The outstanding note balance at December 31, 2011, is \$750,000. Annual debt service requirements to maturity for the note are as follows:

Year Ended December 31	Business-Type Activities	
	Principal	Interest
2012	\$ 250,000	\$ 6,638
2013	<u>500,000</u>	<u>6,638</u>
Totals	<u>\$ 750,000</u>	<u>\$ 13,276</u>

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation	\$ 5,721,903	\$ -	\$ 714,000	\$ 5,007,903	\$ 774,000
Less deferred bond discount	(9,862)	-	(1,420)	(8,442)	-
Revenue	11,940,000	-	240,000	11,700,000	845,000
Add deferred bond premium	3,458	-	1,063	2,395	-
Less deferred bond discount	(30,563)	-	(3,022)	(27,541)	-
Total bonds payable	17,624,936	-	950,621	16,674,315	1,619,000
Capital leases	459,990	500,000	101,430	858,560	149,665
Note payable	85,200	-	85,200	-	-
Other postemployment benefits	373,426	139,850	-	513,276	-
Compensated absences	625,769	430,871	412,470	644,170	271,315
Net pension obligation	5,393,208	157,768	-	5,550,976	-
Total governmental activities long-term liabilities	\$ 24,562,529	\$ 1,228,489	\$ 1,549,721	\$ 24,241,297	\$ 2,039,980
Business-type activities:					
Water Utility:					
Note payable	\$ -	\$ 750,000	\$ -	\$ 750,000	\$ 250,000
Other postemployment benefits	38,188	21,104	-	59,292	-
Compensated absences	51,330	30,948	29,663	52,615	13,412
Total Water Utility long-term liabilities	89,518	802,052	29,663	861,907	263,412
Sanitary District:					
Bonds payable:					
General obligation	13,313,000	790,000	823,000	13,280,000	888,000
Add deferred bond premium	27,003	-	2,425	24,578	-
Less deferred bond discount	(30,250)	-	(1,672)	(28,578)	-
Total bonds payable	13,309,753	790,000	823,753	13,276,000	888,000
Other postemployment benefits	45,386	8,146	-	53,532	-
Compensated absences	56,775	72,330	74,620	54,485	14,639
Total Sanitary District long-term liabilities	13,411,914	870,476	898,373	13,384,017	902,639
Total business-type activities long-term liabilities	\$ 13,501,432	\$ 1,672,528	\$ 928,036	\$ 14,245,924	\$ 1,166,051

Compensated absences, other post-employment benefits (OPEB) and the net pension obligation for governmental activities typically have been liquidated from the General, Motor Vehicle Highway, and Parks and Recreation Funds.

I. Fund Balances

Fund balances are classified as Nonspendable, Restricted, Committed, Assigned and Unassigned based on the extent to which the Town is bound to observe constraints imposed on the use of the resources in governmental funds. The classifications are as follows:

Nonspendable – The nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted – The fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors through debt covenants, grantors, contributors, or laws or regulation of other governments or it is imposed by law through enabling legislation.

Committed – The committed fund balance includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the Town Council. Those committed amounts cannot be used for other purposes unless the Town Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and does not have a specific purpose. In the governmental funds, other than the general fund, if liabilities incurred exceeded the assets, the fund may report a negative fund balance.

Generally, the Town would first apply restricted resources, then committed, assigned and unassigned resources when an expense is incurred for purposes for more than one classification of fund balance are available.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are as follows:

	General	Parks and Recreation	Parks and Recreation Bond and Interest (Non-Exempt)	Nonmajor Governmental Funds	Totals
Fund Balance:					
Unspendable for:					
General government	\$ -	\$ -	\$ -	\$ -	-
Highways and roads					-
Culture and recreation					-
Restricted for:					
Public safety	-	-	-	91,465	91,465
Highways and roads	-	-	-	413,942	413,942
Debt service	-	-	506,859	211,971	718,830
Capital projects	-	-	-	1,218,063	1,218,063
Economic development	-	-	-	259,169	259,169
Other purposes	-	-	-	254,928	254,928
Committed to:					
Public safety	-	-	-	129,608	129,608
Highways and roads	-	-	-	25,282	25,282
Culture and recreation	-	-	-	264,408	264,408
Economic development	-	-	-	469,450	469,450
Debt service	-	-	-	1,448	1,448
Capital projects	-	-	-	404,151	404,151
Other purposes	-	-	-	73,083	73,083
Assigned to:					
General government	96,028	-	-	-	96,028
Public safety	139,922	-	-	44,135	184,057
Highways and roads	-	-	-	5,633	5,633
Public works	118,289	-	-	-	118,289
Culture and recreation	3,671	395,418	-	101,850	500,939
Economic development	-	-	-	14,037	14,037
Capital projects	-	-	-	486,154	486,154
Other purposes	-	-	-	599,459	599,459
Unassigned	2,391,807	-	-	-	2,391,807
Totals	<u>\$ 2,749,717</u>	<u>\$ 395,418</u>	<u>\$ 506,859</u>	<u>\$ 5,068,236</u>	<u>\$ 8,720,230</u>

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

J. Restatements

For the year ended December 31, 2011, certain changes have been made to the financial statements to reflect more appropriately the financial activity of the Town.

In 2010, the Town of Highland was first required to comply with the provisions of GASB 51, which required the inclusion and presentation of certain intangible assets in the financial statements. In readying for compliance, the Town determined that it was appropriate to review easements and rights of way, which were believed to be included in values of the infrastructure, but not discretely reported. In reviewing these values, the Town revisited the complete inventory of public ways, streets, and roads and alleys. This process using market value adjusted for inflation and year of acquisition, produced values that were significant. In short, bringing the financial statements into compliance with GASB 51 required an adjustment to the financial statements. Therefore, the capital assets of the primary government are restated.

The following schedule presents a summary of restated beginning balances by fund type.

Opinion Unit	Balance as Reported December 31, 2010	Prior Period Adjustments	Balance as Restated January 1, 2011
Governmental activities:			
Net assets:			
Other capital assets, net of depreciation	\$ 28,548,078	\$ 478,807	\$ 29,026,885

K. Restricted Net Assets

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

Customer deposits	\$ 73,763
Accounts receivable - Treasury subsidy payments	69,146
Improvement account	851,551
Improvement - construction	1,302,749
Bond and interest account	759,265
Extension account	150,887
Sanitary B&I exempt debt service	3,143
Reserve account	480,000
Co-op account	6,592
Sanitary special public safety	3,724
Investments	19,495
Interest receivable	337
Taxes receivable	70,705
Inventories	58,774
Total restricted assets	<u>\$ 3,850,131</u>

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

L. Investment in Capital Assets Net of Related Debt

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, 2011, is as follows:

	Amount
Governmental activities:	
Capital assets	\$ 94,236,904
Less:	
Accumulated depreciation	(34,011,498)
Outstanding principal of related debt:	
General obligation bonds:	
2006 Park District bond	(1,110,000)
2005 Municipal bonds	(492,903)
2008 Municipal bonds	(1,520,000)
2006 Redevelopment District Bond	(1,045,420)
2010 Build America bonds	(831,138)
1997 Revenue bond	(542,395)
2010 Revenue bond	(11,132,459)
Capital lease obligations	(858,560)
Add: Unspent proceeds	1,050,176
Total invested in capital assets, net of related debt	\$ 43,742,707
Business-type activities:	
Capital assets	\$ 47,716,519
Less:	
Accumulated depreciation	(20,784,377)
Outstanding principal of related debt:	
General obligation bonds:	
2005 Sanitary District bond	(531,000)
2007 Sanitary District bonds Series A and B	(2,621,578)
2009 Sanitary District bonds Series A, B and C	(7,038,422)
2010 Sanitary District Build America bonds	(2,295,000)
2011 Sanitary District Judgment Funding bonds	(790,000)
Notes Payable:	
2011 Waterworks District Promissory Note	(750,000)
Add: Unspent proceeds	656,906
Total invested in capital assets, net of related debt	\$ 13,563,048

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.

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

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Worker's Compensation

During 1990, the government joined with other governmental entities in 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>Reclassification</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	211,960	-	654,155	177,725	688,390
Total capital assets, not being depreciated	229,621	-	654,155	177,725	706,051
Capital assets, being depreciated:					
Buildings	1,062,132	-	-	-	1,062,132
Improvements other than buildings	3,957,279	-	-	-	3,957,279
Machinery and equipment	596,908	-	-	-	596,908
Infrastructure and underground	10,515,079	-	181,441	-	10,696,520
Totals	16,131,398	-	181,441	-	16,312,839
Less accumulated depreciation for:					
Buildings	705,275	-	24,543	-	729,818
Improvements other than buildings	1,876,683	-	89,122	-	1,965,805
Machinery and equipment	355,169	-	61,736	-	416,905
Infrastructure and underground	4,835,978	-	239,891	-	5,075,869
Totals	7,773,105	-	415,292	-	8,188,397
Total capital assets, being depreciated, net	8,358,293	-	(233,851)	-	8,124,442
Total Water Utility capital assets, net	\$ 8,587,914	\$ -	\$ 420,304	\$ 177,725	\$ 8,830,493
Business-type activities:					
Sanitary District:					
Wastewater Utility:					
Capital assets, not being depreciated:					
Land	\$ 43,285	\$ -	\$ -	\$ -	\$ 43,285
Construction in progress	3,430,703	(1,550,379)	1,876,132	1,625,145	2,131,311
Total capital assets, not being depreciated	3,473,988	(1,550,379)	1,876,132	1,625,145	2,174,596
Capital assets, being depreciated:					
Improvements other than buildings	569,059	-	-	-	569,059
Machinery and equipment	1,722,427	-	-	-	1,722,427
Infrastructure and underground	12,850,282	-	1,627,082	-	14,477,364
Totals	15,141,768	-	1,627,082	-	16,768,850
Less accumulated depreciation for:					
Improvements other than buildings	321,515	-	21,335	-	342,850
Machinery and equipment	838,937	-	126,659	-	965,596
Infrastructure and underground	4,759,227	-	298,535	-	5,057,762
Totals	5,919,679	-	446,529	-	6,366,208
Total capital assets, being depreciated, net	9,222,089	-	1,180,553	-	10,402,642
Total Wastewater Utility capital assets, net	\$ 12,696,077	\$ (1,550,379)	\$ 3,056,685	\$ 1,625,145	\$ 12,577,238

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

Business-type activities:					
Sanitary District:					
Storm Water:					
Capital assets, not being depreciated:					
Construction in progress	\$ 130,013	\$ 1,550,379	\$ 134,543	\$ 1,574,404	\$ 240,531
Capital assets, being depreciated:					
Machinery and equipment	13,465	-	-	-	13,465
Infrastructure and underground	9,925,783	-	1,574,404	-	11,500,187
Totals	<u>9,939,248</u>	<u>-</u>	<u>1,574,404</u>	<u>-</u>	<u>11,513,652</u>
Less accumulated depreciation for:					
Machinery and equipment	13,226	-	58	-	13,284
Infrastructure and underground	5,983,467	-	233,021	-	6,216,488
Totals	<u>5,996,693</u>	<u>-</u>	<u>233,079</u>	<u>-</u>	<u>6,229,772</u>
Total capital assets, being depreciated, net	<u>3,942,555</u>	<u>-</u>	<u>1,341,325</u>	<u>-</u>	<u>5,283,880</u>
Total Storm Water capital assets, net	<u>\$ 4,072,568</u>	<u>\$ 1,550,379</u>	<u>\$ 1,475,868</u>	<u>\$ 1,574,404</u>	<u>\$ 5,524,411</u>

C. Subsequent Events

On March 1, 2012, the Parks and Recreation Department, as a special taxing district, issued \$2,000,000 in park district bonds in two series. Series A, in the amount of \$300,000 had a five-year maturity and supported the acquisition of vehicles and equipment. Series B, in the amount of \$1,700,000 had a ten-year maturity and supported park land acquisition and improvements.

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, 2008, 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. Receipts Pledged in Connection with Component Unit Debt

The Town of Highland has pledged, as security for bonds issued by Parks and Recreation Building Corporation, lease-rental payments payable from unlimited ad valorem taxes to be levied upon all taxable property in the Town of Highland, which is specifically exempt from the state circuit breaker law. The bonds, issued by the Parks and Recreation Building Corporation in 1997 in the amount of \$2,600,000 are payable through 2013. The Town of Highland has committed to appropriate each year, from the unlimited ad valorem levy, amounts sufficient to cover the principal and interest requirements on the Parks and Recreation Building Corporation's debt. The Parks and Recreation Building Corporation has pledged, as the sole security for the bonds, the annual appropriations supporting the semi-annual lease payments from the Town of Highland.

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

The Town of Highland has pledged, as security for bonds issued by Lincoln Community Center Building Corporation, lease-rental payments payable from ad valorem taxes to be levied upon all taxable property in the Town of Highland, which is specifically subject to the state circuit breaker law. The bonds, issued by the Lincoln Community Center Building Corporation in 2010 in the amount of \$11,160,000 are payable through 2030. The Town of Highland has committed to appropriate each year, from the unlimited ad valorem levy, the amount of \$1,020,000, which will be sufficient to cover the principal and interest requirements on the Lincoln Community Center Building Corporation's debt. The Lincoln Community Center Building Corporation has pledged, as the sole security for the bonds, the annual appropriations supporting the semiannual lease payments from the Town of Highland.

F. 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 percent life insurance benefits to employees who retire from the government with at least 20 years of service, while eligible for a benefit from the state public retirement system on or after attaining age 55 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.

Indiana Code 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 and can be amended by the Town Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2011, the Town contributed \$45,651 to the plan, for expenditures for these postemployment benefits. Plan members receiving benefits contributed \$322,984, or approximately 72 percent of the total premiums, through their required contribution of \$557 per month for retiree-only coverage and \$1,079 per month for retiree and spouse coverage.

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:

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

Annual required contribution	\$ 230,045
Interest on net OPEB obligation	20,565
Adjustment to annual required contribution	<u>(19,479)</u>
Annual OPEB cost	231,131
Contributions made	<u>62,031</u>
Increase (decrease) in net OPEB obligation	169,100
Net OPEB obligation, beginning of year	<u>457,000</u>
Net OPEB obligation, end of year	<u>\$ 626,100</u>

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011, 2010 and 2009 were as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12-31-11	\$ 231,131	26.8%	\$ 626,100
12-31-10	217,693	20.1%	457,000
12-31-09	190,540	24.0%	283,035

Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$2,426,376, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,426,376. The covered payroll (annual payroll of active employees covered by the plan) was \$5,145,116, and the ratio of the UAAL to covered payroll was 47.2 percent.

The funded status of the plan as of December 31, 2011, was as follows:

Actuarial value of plan assets	\$ -
Actuarial accrued liability (AAL)	<u>2,426,376</u>
Unfunded AAL	\$ (2,426,376)
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 5,145,116
Unfunded AAL as a percentage of covered payroll	47%

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

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 Financial Statements, presents multiyear 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, 2011, 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, 2011, was 27 years. A healthcare cost trend inflation rate of 10 percent initially reduced by decrements to an ultimate inflation rate of 5 percent after 7 years, salary scale of 3 percent, RP-2000 Combined Mortality Table, and employee turnover rates were also considered as part of the actuarial assumptions.

G. Pension Plans

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

a. INPRS: Public Employees' Retirement Fund

Plan Description

The government contributes to the Indiana Public Employees' Retirement System (INPRS) (formerly known as the Indiana Public Employee's Retirement Fund (PERF)) a defined benefit pension plan. INPRS is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. 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 INPRS Board, most requirements of the system and give the government authority to contribute to the plan. The INPRS Board has the authority to establish and amend the benefits of the plan. The INPRS 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 3 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.

INPRS 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:

Town Of Highland, Indiana
Notes To Financial Statements
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Indiana Public Employees' Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (317) 232-3882
Toll-free: (888) 526-1687

Funding Policy

INPRS members are required to contribute 3 percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate; the current rate is 9.75 percent 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 INPRS.

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 2011, the Town's annual pension cost of \$ 285,504 for INPRS was greater than the Town's required and actual contributions of \$208,908.

b. 1925 Police Officers' Pension Plan

Plan Description

The Town 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 Board has the authority to establish and amend the benefits of the plan. The plan provides retirement, disability, and death benefits to plan members, survivors 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.

Funding Policy

Plan members are required by state statute (IC 36-8-6-4) to contribute an amount equal to 6 percent of the salary of a first class patrolman. The contribution requirements of plan members are established and may be amended by state statute. The State of Indiana has contributed \$684,323 on behalf of the municipality. *On behalf contributions from the State of Indiana approximates the amount paid out for benefits. The contributions from the State of Indiana were recognized as revenues and paid out as expenses during the Town of Highland's fiscal year, the period ending December 31, 2011.*

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

Annual Pension Cost

For 2011, the Town's annual pension cost of \$798,700 for the 1925 Police Officers' Pension Plan was greater than the Town's required and actual contributions of \$717,528.

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

	PERF	1925 Police Officers' Pension
Annual required contribution	\$ 286,372	\$ 903,200
Interest on net pension obligation	5,738	318,700
Adjustment to annual required contribution	(6,606)	(423,200)
Annual pension cost	285,504	798,700
Contributions made	208,908	717,528
Increase in net pension obligation	76,596	81,172
Net pension obligation, beginning of year	81,972	5,311,236
Net pension obligation, end of year	\$ 158,568	\$ 5,392,408

	INPRS	1925 Police Officers' Pension
Contribution rates:		
Town	8.00%	N/A
Plan members	3%	6%
Actuarial valuation date	07-01-11	01-01-11
Actuarial cost method	Entry age normal cost	Entry age normal cost
Amortization method	Level Dollar Closed amortization period	Level percentage of projected payroll, closed
Amortization period	30 years	30 years
Amortization period (from date)	07-01-09	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

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

Actuarial Assumptions	INPRS	1925 Police Officers' Pension
Investment rate of return	7%	6%
Projected future salary increases:		
Total	4%	4%
Cost-of-living adjustments	1%	2.75/4%*

*2.75% converted members; 4% non-converted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
INPRS	06-30-09	\$ 202,884	99%	\$ 67,904
	06-30-10	225,474	94%	81,972
	06-30-11	285,504	73%	158,568
1925 Police Officers' Pension Plan	12-31-09	753,100	101%	5,328,252
	12-31-10	797,400	102%	5,311,236
	12-31-11	798,700	90%	5,392,408

For financial reporting purposes the projection of benefits for these plans does not explicitly incorporate the potential effects of the legal limit on employer contributions disclosed.

Membership in the 1925 Police Officers' Pension Plan at January 1, 2011, was comprised of the following:

	1925 Police Officers' Pension
Retirees and beneficiaries currently receiving benefits	23
Terminated employees entitled to but not yet receiving benefits	-
Current active employees	-

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

Statement of Fiduciary Net Assets:

<u>Assets</u>	<u>1925 Police Officers' Pension</u>
Cash and cash equivalents	\$ 466,186
Receivables:	
Employer contributions	2,204
Interest and dividend	34
Total receivables	<u>2,238</u>
Investments at fair value:	
Participation in investment pools of other governments	<u>2,575</u>
Total assets	<u>470,999</u>
<u>Net Assets</u>	
Held in trust for:	
Employees' pension benefits and other purposes	<u>470,999</u>
Total net assets	<u>\$ 470,999</u>

Statement of Changes in Fiduciary Net Assets:

<u>Additions</u>	
Contributions:	
Employer	\$ 28,712
On-behalf	684,323
Other	4,493
Total contributions	<u>717,528</u>
Investment income:	
Net increase in fair value of investments	58
Interest and dividends	362
Total investment income	<u>420</u>
Total additions	<u>717,948</u>
<u>Deductions</u>	
Benefits	697,774
Administrative expense	1,810
Total deductions	<u>699,584</u>
Changes in net assets	18,364
Net assets - beginning	<u>452,635</u>
Net assets - ending	<u>\$ 470,999</u>

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

Funded status and Funding Progress for the Above Plans

The funded status of each plan as of July 1, 2011, the most recent actuarial valuation date (except the 1925 Police Officers' pension fund (which is as of January 1, 2011)) is as follows:

<u>Retirement Plan</u>	<i>Actuarial Value of Plan Assets (a)</i>	<i>Actuarial Accrued Liability (AAL) Entry Age (b)</i>	<i>Unfunded AAL (b-a)</i>	<i>Funded Ratio (a/b)</i>	<i>Annual Covered Payroll (c)</i>	<i>Unfunded AAL as a Percentag e of Covered Payroll ((b-a)/c)</i>
INPRS	\$ 2,778,458	\$ 4,247,814	\$ (1,469,356)	65%	\$ 2,696,396	(55%)
1925 Police Officers' Pension Plans	470,999	11,335,600	(10,864,601)	4%	-	No covered payroll

The Schedule of Funding Progress, presented as RSI for the above plans following the Notes to Financial Statements, presents multiyear 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

Beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Fire Fighter 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 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 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 (INPRS) 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 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS 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:

Indiana Public Employees' Retirement System
 One North Capitol, Suite 001
 Indianapolis, IN 46204
 Ph. (317) 232-3882
 Toll-free: (888) 526-1687

Town Of Highland, Indiana
Notes To Financial Statements
(Continued)

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6 percent of the first-class police officers' and firefighters' salary and the government is to contribute at an actuarially determined rate. The current rate, which was changed in 2009 from the rate of 21 percent, is 19.7 percent of the first-class police officers' and firefighters' salary. The contribution of 21 percent had been the employer's rate from the inception of the plan in 1977, continuing until 2009. The contribution requirements of plan members and the government are established by the Board of Trustees of INPRS. The government's contributions to the plan for the years ending December 31, 2011, 2010, and 2009, were \$684,323, \$405,889 and \$407,997, 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)
07-01-07	\$ 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%)
07-01-09	3,351,170	4,136,092	(784,922)	81%	2,822,912	(28%)
07-01-10	3,087,261	4,463,808	(1,376,547)	69%	2,843,505	(48%)
07-01-11	2,778,458	4,247,814	(1,469,356)	65%	2,696,396	(54%)

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)
01-01-06	\$ 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
01-01-09	305,971	11,286,100	(10,980,129)	3%	-	No Covered Payroll
01-01-10	453,094	11,766,300	(11,313,206)	4%	-	No Covered Payroll
01-01-11	470,999	11,335,600	(10,864,601)	4%	-	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)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
12-31-09	\$ -	\$ 1,984,381	\$ (1,984,381)	0%	\$ 4,995,258	(40%)
12-31-10	-	2,248,713	(2,248,713)	0%	4,995,258	(45%)
12-31-11	-	2,426,376	(2,426,376)	0%	5,145,116	(47%)

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	
		Town	State
12-31-06	\$ 805,000	31%	64%
12-31-07	749,500	40%	60%
12-31-08	775,700	21%	63%
12-31-09	843,400	6%	71%
12-31-10	894,500	7%	84%
12-31-11	903,200	3%	97%

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, 2011

	General Fund			
	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 4,649,369	\$ 4,649,369	\$ 7,423,068	\$ 2,773,699
Licenses and permits	328,825	328,825	335,058	6,233
Intergovernmental	390,223	390,223	590,077	199,854
Charges for services	1,991,646	1,991,646	2,102,779	111,133
Fines and forfeits	70,500	70,500	126,226	55,726
Other	55,500	55,500	141,016	85,516
Total revenues	7,486,063	7,486,063	10,718,224	3,232,161
Expenditures:				
Current:				
General government:				
Clerk-Treasurer:				
Personal services	104,774	106,619	97,262	9,357
Supplies	3,400	5,460	2,025	3,435
Other services and charges	55,503	54,003	49,184	4,819
Town Council:				
Personal services	79,164	79,164	77,641	1,523
Supplies	700	700	190	510
Other services and charges	198,987	222,171	198,813	82,358
Board of Zoning:				
Personal services	3,359	3,359	3,359	-
Supplies	200	200	-	200
Other services and charges	7,976	3,316	3,043	273
Building and Inspection:				
Personal services	218,732	205,698	200,478	5,220
Supplies	6,750	8,369	7,803	566
Other services and charges	57,178	112,151	75,594	36,557
Plan Commission:				
Personal services	2,842	2,481	2,421	60
Supplies	325	325	-	325
Other services and charges	21,746	15,946	14,562	1,384
Board of Works:				
Other services and charges	729,664	747,906	525,345	222,561
Town Hall Monument:				
Personal services	-	19,600	10,067	9,533
Supplies	3,800	3,819	2,540	1,279
Other services and charges	49,775	37,070	33,488	3,582
Total general government	1,544,875	1,628,357	1,244,815	383,542

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, 2011
 (Continued)

	General Fund			Variance with Final Budget
	Budget Amounts		Actual	
	Original	Final		
Expenditures (continued):				
Current (continued):				
Public safety:				
Volunteers in Police Service:				
Personal services	2,720	2,720	2,231	489
Supplies	16,089	17,095	15,380	1,715
Other services and charges	2,650	3,041	840	2,201
Fire and EMS Department:				
Personal services	207,557	227,014	180,197	46,817
Supplies	31,670	47,359	32,510	14,849
Other services and charges	85,929	114,022	73,194	40,828
Capital outlay	14,500	38,757	25,586	13,171
Police Department:				
Personal services	3,226,967	3,318,904	3,111,746	207,158
Supplies	98,400	234,215	171,438	62,777
Other services and charges	769,441	791,199	746,676	44,523
Total public safety	<u>4,455,923</u>	<u>4,794,326</u>	<u>4,359,798</u>	<u>434,528</u>
Sanitation:				
Sanitation and Streets:				
Personal services	292,552	295,076	273,259	21,817
Supplies	26,450	28,331	21,278	7,053
Other services and charges	1,496,636	1,496,636	1,371,957	124,679
Total sanitation	<u>1,815,638</u>	<u>1,820,043</u>	<u>1,666,494</u>	<u>153,549</u>
Unappropriated	-	-	45,705	(45,705)
Total expenditures	<u>7,816,436</u>	<u>8,242,726</u>	<u>7,316,812</u>	<u>925,914</u>
Other financing sources (uses):				
Transfers out	-	-	(44,000)	(44,000)
Tax anticipation warrants repaid	-	-	(2,650,000)	(2,650,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(2,694,000)</u>	<u>(2,694,000)</u>
Net change in fund balance	(330,373)	(756,663)	707,412	(387,753)
Fund balances - beginning	<u>2,341,974</u>	<u>2,341,974</u>	<u>2,341,974</u>	<u>535,771</u>
Fund balances - December 31	<u>\$ 2,011,601</u>	<u>\$ 1,585,311</u>	<u>\$ 3,049,386</u>	<u>\$ 148,018</u>

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, 2011
 (Continued)

	Parks and Recreation			
	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,088,370	\$ 1,088,370	\$ 1,567,008	\$ 478,638
Intergovernmental	51,967	51,967	91,539	39,572
Charges for services	615,500	615,500	721,438	105,938
Other	153,140	153,140	25,768	(127,372)
Total revenues	<u>1,908,977</u>	<u>1,908,977</u>	<u>2,405,753</u>	<u>496,776</u>
Expenditures:				
Current:				
Culture and recreation:				
Personal services	877,178	891,983	855,932	36,051
Supplies	91,586	107,463	102,073	5,390
Other services and charges	852,493	882,782	824,665	58,117
Other	-	-	6,769	(6,769)
Total expenditures	<u>1,821,257</u>	<u>1,882,228</u>	<u>1,789,439</u>	<u>92,789</u>
Other financing sources (uses):				
Tax anticipation warrants repaid	-	-	(300,000)	(300,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>(300,000)</u>
Net change in fund balance	<u>87,720</u>	<u>26,749</u>	<u>316,314</u>	<u>103,987</u>
Fund balances - beginning	<u>149,795</u>	<u>149,795</u>	<u>149,795</u>	<u>(175,746)</u>
Fund balances - December 31	<u>\$ 237,515</u>	<u>\$ 176,544</u>	<u>\$ 466,109</u>	<u>\$ (71,759)</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, 2011

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 November 1st 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. Formal budgetary integration is required by state statute and is employed as a management control method.
- 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

Debt service fund:

Park and Recreation Bond and Interest (Non-Exempt)

TOWN OF HIGHLAND, INDIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2011
(Continued)

Nonmajor funds:

Special revenue funds:

Motor Vehicle Highway, Local Road and Street, Law Enforcement Continuing Education, Solid Waste Grant Fund, Redevelopment General, Special Events Nonreverting Fund, and VIPS/Parks Public Safety Fund

Debt service funds:

Corporation Bond and Interest (Non-Exempt), Corporation Bond and Interest (Exempt) Parks and Recreation Bond and Interest (Exempt), Redevelopment Bond and Interest (Exempt)

Capital projects funds:

Corporation Capital, Cumulative Capital Improvement, Cumulative Capital Development, 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 \$119,534 in 2011.
- 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).

	General	Parks and Recreation
Net change in fund balance (budgetary basis)	\$ 707,412	\$ 316,314
Adjustments:		
To adjust revenues for accruals	(2,883,269)	(504,282)
To adjust expenditures for tax anticipation warrants	2,650,000	300,000
To adjust expenditures for accruals	(111,006)	(4,205)
Net change in fund balance (GAAP basis)	\$ 363,137	\$ 107,827

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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
 December 31, 2011

<u>Assets</u>	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
Cash and cash equivalents	\$ 890,118	\$ -	\$ -	\$ 890,118
Investments	90,794	-	-	90,794
Receivables (net of allowances for uncollectibles):				
Interest	81	-	-	81
Taxes	8,516	-	-	8,516
Intergovernmental	7,594	-	-	7,594
Restricted assets:				
Cash and cash equivalents	776,121	183,353	2,607,426	3,566,900
Investments	76,060	21,835	368,288	466,183
Interest receivable	40	11	230	281
Taxes receivable	-	12,609	23,304	35,913
Intergovernmental receivable	139,725	2,425	108,313	250,463
Accounts receivable Treasury subsidy payments (net of allowance)	-	8,220	-	8,220
Special assessments receivable	-	-	9,724	9,724
Total assets	\$ 1,989,049	\$ 228,453	\$ 3,117,285	\$ 5,334,787
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 12,249	\$ -	\$ -	\$ 12,249
Accrued payroll and withholdings payable	1,049	-	-	1,049
Deferred revenue - unavailable	10,154	-	-	10,154
Payable from restricted assets:				
Accounts payable	53,065	-	125,903	178,968
Accrued payroll and withholdings payable	11,588	-	-	11,588
Deferred revenue - unavailable	-	15,034	37,509	52,543
Total liabilities	88,105	15,034	163,412	266,551
Fund balances:				
Spendable:				
Restricted	1,019,504	211,971	1,218,063	2,449,538
Committed	218,562	1,448	1,147,420	1,367,430
Assigned	662,878	-	588,390	1,251,268
Total fund balances	1,900,944	213,419	2,953,873	5,068,236
Total liabilities and fund balances	\$ 1,989,049	\$ 228,453	\$ 3,117,285	\$ 5,334,787

TOWN OF HIGHLAND, INDIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
Revenues:				
Taxes:				
Property	\$ 153,152	\$ 194,046	\$ 356,761	\$ 703,959
Special assessments	-	-	42,790	42,790
Licenses and permits	15,250	-	-	15,250
Intergovernmental	1,742,317	98,010	723,023	2,563,350
Charges for services	101,070	-	3,597	104,667
Fines and forfeits	8,292	-	-	8,292
Other	37,647	10,573	20,304	68,524
Total revenues	2,057,728	302,629	1,146,475	3,506,832
Expenditures:				
Current:				
General government	87,457	825	68,473	156,755
Public safety	301,855	-	13,353	315,208
Highways and streets	869,233	-	80,615	949,848
Sanitation	131,613	-	-	131,613
Culture and recreation	1,631	-	-	1,631
Urban redevelopment	119,129	-	2,406	121,535
Debt service:				
Principal	-	954,000	183,586	1,137,586
Interest	-	303,179	25,047	328,226
Capital outlay:				
General government	-	-	42,540	42,540
Public safety	499,977	-	91,201	591,178
Economic Development	-	-	129,887	129,887
Highways and streets	-	-	963,053	963,053
Sanitation	34,500	-	-	34,500
Culture and recreation	-	-	542,539	542,539
Total expenditures	2,045,395	1,258,004	2,142,700	5,446,099
Excess (deficiency) of revenues over (under) expenditures	12,333	(955,375)	(996,225)	(1,939,267)
Other financing sources (uses):				
Transfers in	44,000	-	-	44,000
Net change in fund balances	56,333	(955,375)	(996,225)	(1,895,267)
Fund balances - beginning	1,844,611	1,168,794	3,950,098	6,963,503
Fund balances - ending	\$ 1,900,944	\$ 213,419	\$ 2,953,873	\$ 5,068,236

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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 local road and street systems. Resources are derived from state gasoline tax distributions. (Confer IC 8-14-2-5)
- Unsafe Building - To account for expenditures and resources received for the programs of the Town related to operation and enforcement of the state unsafe building law. Resources are derived from settlements, bonds posted, money received in satisfaction of receiver's notes, or money received for payment or settlement of civil penalties. (Confer IC 36-7-9 et seq.)
- 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.)

NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

Redevelopment TIF Highland Downtown -	To account for resources and expenditures related to economic development and redevelopment carried out by the Highland Redevelopment department that particularly support efforts in an identified area of the Town known as the Highland Downtown Redevelopment District. Resources are derived from the capture of increased valuation and tax increment from the redevelopment area.
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.)
Donation -	To account for monies provided by private donors.
Special Select Centennial Commission Fund -	To account for the accumulation of resources and the associated expenditures in support of programs, operations and special events undertaken by the Town under advice of its Select Centennial Commission , pursuant to the authority of Indiana Code 36-10-2, and Indiana Code 36-1-3 et seq. This commission is established to program for and assist with the public commemoration of the municipality's 100 th anniversary of incorporation, April 4, 2010. Resources are derived from an initial contribution from public funds of the Town's General Fund, user charges, fees, and contributions, raised or charged in association with activities promoting the municipal centennial.
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.

NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

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.
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.
Redevelopment TIF Highland Acres -	To account for resources and expenditures related to economic development and redevelopment carried out by the Highland Redevelopment department that particularly support efforts in an identified area of the Town known as the Highland Acres Redevelopment Area. Resources are derived from the capture of increased valuation and tax increment from the redevelopment area.
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.)
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 Indiana Code 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.

NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

- 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.
- Special Public
Safety Fund - To account for resources and expenditures associated with any lawful public safety purpose. The fund was established by Home rule to account for the proceeds of a special, one-time intergovernmental distribution in the amount of \$126,703. The source of funding is from the particular distribution transferred from dormant county welfare funds, by the Lake County Council and distributed pursuant to provisions set forth in Section 477 of Public Law 182-2009 (ss). This one-time surplus was distributed to all Lake County taxing units with the sole constraint that the funds must be used for public safety purposes. The source is non-recurrent and it is expected that the fund will be dissolved and defeased when the proceeds are fully expended.
- Sexual Predator
Grant Fund - To account for resources and expenditures related to special safety programs and activities carried out by the Metropolitan Police Department that support special efforts to protect certain vulnerable populations, including children, from sexual predatory practices, and enhance law enforcement efforts directed at sexual predators 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.
- 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 Indiana Code 36-10-2 and Indiana Code 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.
- Economic Development - To account for resources and expenditures related to economic development and redevelopment which are carried out by the Highland Redevelopment department. Expenditures may be broadly applied to support economic development or redevelopment activities. Resources are derived from special fees and applications fees collected from petitioners seeking tax abatement.

NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

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, 2011

Assets	Motor Vehicle Highway	Local Road and Street	Unsafe Building	Park Donation	Federal Forfeited and Seized Assets	Law Enforcement Continuing Education	Hazardous Materials Response
Cash and cash equivalents	\$ -	\$ -	\$ -	14,007	\$ -	\$ -	\$ -
Investments	-	-	-	1,863	-	-	-
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	1	-	-	-
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	216,280	100,713	61,570	-	41,950	76,983	3,693
Investments	1,997	13,232	7,816	-	8,709	9,340	-
Interest receivable	1	7	4	-	5	5	-
Intergovernmental receivable	89,355	40,387	-	-	-	938	-
Total assets	\$ 307,633	\$ 154,339	\$ 69,390	\$ 15,871	\$ 50,664	\$ 87,266	\$ 3,693

Liabilities and Fund Balances

Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Deferred revenue - unavailable	-	-	-	-	-	-	-
Payable from restricted assets:							
Accounts payable	29,034	1,775	-	-	-	4,229	-
Accrued payroll and withholdings payable	11,588	-	-	-	-	-	-
Total liabilities	40,622	1,775	-	-	-	4,229	-
Fund balances:							
Spendable:							
Restricted	265,178	148,764	-	-	-	-	-
Committed	-	-	69,390	15,871	50,664	74,757	3,693
Assigned	1,833	3,800	-	-	-	8,280	-
Total fund balances	267,011	152,564	69,390	15,871	50,664	83,037	3,693
Total liabilities and fund balances	\$ 307,633	\$ 154,339	\$ 69,390	\$ 15,871	\$ 50,664	\$ 87,266	\$ 3,693

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING BALANCE SHEET -
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2011
 (Continued)

Assets	Innkeepers Tax	Redevelopment TIF		Solid Waste Grant Fund	Donation	Special Revenue Centennial	Highway of Flags Donation	Fire Department	
		Highland DOWNTOWN	Highland					Homeland Security Grant	Shared Ethics Initiative Fund
Cash and cash equivalents	\$ -	\$ 28,069	\$ -	\$ 31,792	\$ -	\$ 8,027	\$ 21,027	\$ -	\$ 20,686
Investments	-	-	-	-	-	1,589	4,782	-	3,141
Receivables (net of allowances for uncollectibles):									
Interest	-	-	-	-	-	1	2	-	2
Taxes	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Restricted assets:									
Cash and cash equivalents	10,098	-	-	221,233	-	-	-	22	-
Investments	1,449	-	-	33,517	-	-	-	-	-
Interest receivable	1	-	-	17	-	-	-	-	-
Intergovernmental receivable	4,725	-	-	-	-	-	-	-	-
Total assets	\$ 16,273	\$ 28,069	\$ -	\$ 254,767	\$ 31,792	\$ 9,617	\$ 25,811	\$ 22	\$ 23,829

Liabilities and Fund Balances

Liabilities:	\$ -	\$ -	\$ -	\$ 416	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	-	-
Deferred revenue - unavailable	-	-	-	-	-	-	-	-	-
Payable from restricted assets:									
Accounts payable	-	-	-	8,056	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	8,056	416	-	-	-	-
Fund balances:									
Spendable:									
Restricted	16,273	28,069	238,655	-	-	-	-	22	-
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	8,056	31,376	9,617	25,811	-	-	23,829
Total fund balances	16,273	28,069	246,711	31,376	9,617	25,811	22	22	23,829
Total liabilities and fund balances	\$ 16,273	\$ 28,069	\$ 254,767	\$ 31,792	\$ 9,617	\$ 25,811	\$ 22	\$ 22	\$ 23,829

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING BALANCE SHEET -
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2011
 (Continued)

Assets	Traffic and Children Safety Grant Fund	Law Enforcement Block Grant	Fund 15 Fire Computer Grant	Redevelopment TIF		Rainy Day Fund	Safe Neighborhood Grant	Special Public Safety
				Highland Acres	General			
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 2,602	\$ 215,427	\$ 451,566	\$ -	\$ 63,065
Investments	-	-	-	-	20,624	43,665	-	13,310
Receivables (net of allowances for uncollectibles):								
Interest	-	-	-	-	43	23	-	8
Taxes	-	-	-	-	8,516	-	-	-
Intergovernmental	-	-	-	-	1,638	-	-	5,956
Restricted assets:								
Cash and cash equivalents	3,930	234	1	-	-	-	38,614	-
Investments	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-	-	-
Total assets	\$ 3,930	\$ 234	\$ 1	\$ 2,602	\$ 246,248	\$ 495,254	\$ 38,614	\$ 82,339
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,698	\$ -	\$ -	\$ 3,531
Accrued payroll and withholdings payable	-	-	-	-	1,049	-	-	-
Deferred revenue - unavailable	-	-	-	-	10,154	-	-	-
Payable from restricted assets:								
Accounts payable	-	-	-	-	-	-	7,731	-
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	-
Total liabilities					13,901		7,731	3,531
Fund balances:								
Spendable:								
Restricted	-	-	-	2,602	228,498	-	22,144	69,321
Committed	3,930	234	1	-	-	-	-	-
Assigned	-	-	-	-	3,849	495,254	8,739	9,487
Total fund balances	3,930	234	1	2,602	232,347	495,254	30,883	78,808
Total liabilities and fund balances	\$ 3,930	\$ 234	\$ 1	\$ 2,602	\$ 246,248	\$ 495,254	\$ 38,614	\$ 82,339

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING BALANCE SHEET -
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2011
 (Continued)

Assets	Sexual Predator Grant Fund	Special Events Nonreverting Fund	Local Forfeited and Seized Assets	Economic Development	VIPS Parks Public Safety Fund	Totals
Cash and cash equivalents	-	10,884	12,928	9,250	788	890,118
Investments	-	-	1,820	-	-	90,794
Receivables (net of allowances for uncollectibles):						
Interest	-	-	-	-	-	81
Taxes	-	-	1	-	-	8,516
Intergovernmental:	-	-	-	-	-	7,594
Restricted assets:						
Cash and cash equivalents	800	-	-	-	-	776,121
Investments	-	-	-	-	-	76,060
Interest receivable	-	-	-	-	-	40
Intergovernmental receivable	4,320	-	-	-	-	139,725
Total assets	5,120	10,884	14,749	9,250	788	1,989,049
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	-	5,368	-	-	236	12,249
Accrued payroll and withholdings payable	-	-	-	-	-	1,049
Deferred revenue - unavailable	-	-	-	-	-	10,154
Payable from restricted assets:						
Accounts payable	2,240	-	-	-	-	53,065
Accrued payroll and withholdings payable	-	-	-	-	-	11,588
Total liabilities	2,240	5,368	-	-	236	88,105
Fund balances:						
Spendable:						
Restricted	-	-	-	-	-	1,019,504
Committed	-	-	-	-	-	218,562
Assigned	2,880	5,516	14,749	9,250	552	662,878
Total fund balances	2,880	5,516	14,749	9,250	552	1,900,944
Total liabilities and fund balances	5,120	10,884	14,749	9,250	788	1,989,049

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2011

	Motor Vehicle Highway	Local Road and Street	Unsafe Building	Park Donation	Federal Forfeited and Seized Assets	Law Enforcement Continuing Education	Hazardous Materials Response
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	9,250	-
Intergovernmental	638,620	229,639	-	-	-	-	-
Charges for services	-	-	-	-	-	29,870	-
Fines and forfeits	-	-	-	-	2,807	5,485	-
Other	2,948	448	70	7,277	80	85	-
Total revenues	641,568	230,087	70	7,277	2,887	44,690	-
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	9,180	32,515	-
Highways and streets	578,565	290,668	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	1,631	-	-	-
Urban redevelopment	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Total expenditures	578,565	290,668	-	1,631	9,180	32,515	-
Excess (deficiency) of revenues over (under) expenditures	63,003	(60,581)	70	5,646	(6,293)	12,175	-
Other financing sources:							
Transfers in	-	-	-	-	-	-	-
Net change in fund balances	63,003	(60,581)	70	5,646	(6,293)	12,175	-
Fund balances - beginning	204,008	213,145	69,320	10,225	56,957	70,862	3,693
Fund balances - ending	\$ 267,011	\$ 152,564	\$ 69,390	\$ 15,871	\$ 50,664	\$ 83,037	\$ 3,693

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TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2011
 (Continued)

	Innkeepers Tax	Redevelopment TIF		Solid Waste Grant Fund	Donation	Special Revenue Centennial	Highway of Flags Donation	Fire Department Homeland Security Grant	Shared Ethics Initiative Fund
		Downtown Highland	Highland						
Revenues:									
Taxes:									
Property			21,883						
Licenses and permits									
Intergovernmental	3,221			151,024					
Charges for services						640			
Fines and forfeits									
Other	14			396	16,533	14	43		5,537
Total revenues	3,235	21,883		151,420	16,533	654	43		5,537
Expenditures:									
Current:									
General government	1,000				13,019	798			4,750
Public safety									
Highways and streets									
Sanitation				131,613					
Culture and recreation									
Urban redevelopment									
Capital outlay:									
Public safety				34,500					
Sanitation									
Total expenditures	1,000			166,113	13,019	798			4,750
Excess (deficiency) of revenues over (under) expenditures	2,235	21,883		(14,693)	3,514	(144)	43		787
Other financing sources:									
Transfers in									
Net change in fund balances	2,235	21,883		(14,693)	3,514	(144)	43		787
Fund balances - beginning	14,038	6,186		261,404	27,862	9,761	25,768	22	23,042
Fund balances - ending	16,273	28,069		246,711	31,376	9,617	25,811	22	23,829

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TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2011
 (Continued)

	Traffic and Children Safety Grant Fund	Law Enforcement Block Grant	Fire Computer Grant	Fund 15 Grant	Highland Acres	Redevelopment General	Rainy Day Fund	Safe Neighborhood Grant	Special Public Safety
Revenues:									
Taxes:									
Property	-	-	-	-	894	130,375	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	11,225	-	101,000	479,748
Charges for services	-	-	-	-	-	2,650	-	-	300
Fines and forfeits	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	1,214	396	-	170
Total revenues	-	-	-	-	894	145,464	396	101,000	480,218
Expenditures:									
Current:									
General government	-	-	-	-	-	-	-	-	-
Public safety	-	700	-	-	-	-	-	65,640	65,129
Highways and streets	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	41	119,088	-	-	-
Capital outlay:									
Public safety	-	-	-	-	-	-	-	29,555	463,738
Sanitation	-	-	-	-	-	-	-	-	-
Total expenditures	-	700	-	-	41	119,088	-	95,195	528,867
Excess (deficiency) of revenues over (under) expenditures	-	(700)	-	-	853	26,376	396	5,805	(48,649)
Other financing sources:									
Transfers in	-	-	-	-	-	-	44,000	-	-
Net change in fund balances	-	(700)	-	-	853	26,376	44,396	5,805	(48,649)
Fund balances - beginning	3,930	934	1	1,749	205,971	450,858	25,078	127,457	
Fund balances - ending	\$ 3,930	\$ 234	\$ 1	\$ 2,602	\$ 232,347	\$ 495,254	\$ 30,883	\$ 78,808	

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2011
 (Continued)

	Sexual Predator Grant Fund	Special Events Nonreverting Fund	Local Forfeited and Seized Assets	Economic Development	VIPS Parks Public Safety Fund	Totals
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	153,152
Licenses and permits	-	-	-	-	6,000	15,250
Intergovernmental	127,840	-	-	-	-	1,742,317
Charges for services	-	62,610	-	5,000	-	101,070
Fines and forfeits	-	-	-	-	-	8,292
Other	-	2,405	17	-	-	37,647
Total revenues	127,840	65,015	17	5,000	6,000	2,057,728
Expenditures:						
Current:						
General government	-	67,890	-	-	-	87,457
Public safety	120,954	-	-	-	7,737	301,855
Highways and streets	-	-	-	-	-	869,233
Sanitation	-	-	-	-	-	131,613
Culture and recreation	-	-	-	-	-	1,631
Urban redevelopment	-	-	-	-	-	119,129
Capital outlay:						
Public safety	6,684	-	-	-	-	499,977
Sanitation	-	-	-	-	-	34,500
Total expenditures	127,638	67,890	-	-	7,737	2,045,395
Excess (deficiency) of revenues over (under) expenditures	202	(2,875)	17	5,000	(1,737)	12,333
Other financing sources:						
Transfers in	-	-	-	-	-	44,000
Net change in fund balances	202	(2,875)	17	5,000	(1,737)	56,333
Fund balances - beginning	2,678	8,391	14,732	4,250	2,289	1,844,611
Fund balances - ending	2,880	5,516	14,749	9,250	552	1,900,944

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, 2011

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 750,037	\$ 750,037	\$ 646,099	\$ (103,938)
Other	-	-	2,949	2,949
Total revenues	<u>750,037</u>	<u>750,037</u>	<u>649,048</u>	<u>(100,989)</u>
Expenditures:				
Current:				
Highways and streets:				
Personal services	398,864	410,318	344,381	65,937
Supplies	202,470	208,373	207,088	1,285
Other services and charges	64,086	78,233	58,998	17,235
Total expenditures	<u>665,420</u>	<u>694,924</u>	<u>610,467</u>	<u>84,457</u>
Net change in fund balance	84,617	55,113	38,581	(185,446)
Fund balances - beginning	179,696	179,696	179,696	-
Fund balances - December 31	<u>\$ 264,313</u>	<u>\$ 234,809</u>	<u>\$ 218,277</u>	<u>\$ (185,446)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budgetary basis			\$ 38,581	
To adjust revenues for accruals			(7,481)	
To adjust expenditures for accruals			31,903	
Net change in fund balance, GAAP basis			<u>\$ 63,003</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, 2011

	Budget Amounts			Actual		Variance with Final Budget
	Original	Final				
Revenues:						
Intergovernmental	\$ 295,969	\$ 295,969	\$	231,253	\$	(64,716)
Other	-	-		470		470
Total revenues	295,969	295,969		231,723		(64,246)
Expenditures:						
Current:						
Highways and streets:						
Personal services	69,892	69,892		69,173		719
Other services and charges	225,000	231,073		225,793		5,280
Total expenditures	294,892	300,965		294,966		5,999
Net change in fund balance	1,077	(4,996)		(63,243)		(70,245)
Fund balances - beginning	177,188	177,188		177,188		-
Fund balances - December 31	\$ 178,265	\$ 172,192	\$	\$ 113,945	\$	\$ (70,245)
 Budget/GAAP Reconciliation						
Net change in fund balance, budgetary basis			\$	(63,243)		
To adjust revenues for accruals				(1,636)		
To adjust expenditures for accruals				4,298		
Net change in fund balance, GAAP basis			\$	(60,581)		

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, 2011

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Licenses and permits	\$ 8,900	\$ 8,900	\$ 9,250	\$ 350
Charges for services	23,025	23,025	29,870	6,845
Fines and forfeits	5,000	5,000	5,707	707
Other	95	95	90	(5)
Total revenues	37,020	37,020	44,917	7,897
Expenditures:				
Current:				
Public safety:				
Supplies	17,700	17,700	10,734	6,966
Other services and charges	23,900	23,949	17,601	6,348
Total expenditures	41,600	41,649	28,335	13,314
Net change in fund balance	(4,580)	(4,629)	16,582	(5,417)
Fund balances - beginning	69,741	69,741	69,741	-
Fund balances - December 31	\$ 65,161	\$ 65,112	\$ 86,323	\$ (5,417)
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 16,582	
To adjust revenues for accruals			(227)	
To adjust expenditures for accruals			(4,180)	
Net change in fund balance, GAAP basis			\$ 12,175	

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, 2011

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 145,000	\$ 145,000	\$ 151,024	\$ 6,024
Other	-	-	429	429
Total revenues	145,000	145,000	151,453	6,453
Expenditures:				
Current:				
Sanitation:				
Supplies	20,000	16,800	3,932	12,868
Other services and charges	121,800	241,075	237,875	3,200
Capital outlay	-	34,500	34,500	-
Total expenditures	141,800	292,375	276,307	16,068
Net change in fund balance	3,200	(147,375)	(124,854)	(9,615)
Fund balances - beginning	379,604	* 379,604	379,604	-
Fund balances - December 31	\$ 382,804	\$ 232,229	\$ 254,750	\$ (9,615)
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budgetary basis			\$ (124,854)	
To adjust revenues for accruals			(33)	
To adjust expenditures for accruals			110,194	
Net change in fund balance, GAAP basis			\$ (14,693)	

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, 2011

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 133,460	\$ 133,460	\$ 212,609	\$ 79,149
Intergovernmental	7,277	7,277	11,225	3,948
Other	353	353	3,915	3,562
Total revenues	141,090	141,090	227,749	86,659
Expenditures:				
Current:				
Urban redevelopment:				
Personal services	68,724	70,819	58,394	12,425
Supplies	2,000	2,513	960	1,553
Other services and charges	73,608	83,403	57,954	25,449
Total expenditures	144,332	156,735	117,308	39,427
Net change in fund balance	(3,242)	(15,645)	110,441	47,232
Fund balances - beginning	125,610	125,610	125,610	-
Fund balances - December 31	\$ 122,368	\$ 109,965	\$ 236,051	\$ 47,232
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budgetary basis			\$ 110,441	
To adjust revenues for accruals			(82,285)	
To adjust expenditures for accruals			(1,780)	
Net change in fund balance, GAAP basis			\$ 26,376	

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, 2011

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 63,757	\$ 63,757	\$ 63,865	\$ 108
Other	846	846	1,152	306
Total revenues	64,603	64,603	65,017	414
Expenditures:				
Current:				
Culture and recreation:				
Personal services	7,102	7,102	7,092	10
Supplies	1,000	1,000	427	573
Other services and charges	58,785	58,785	55,003	3,782
Total expenditures	66,887	66,887	62,522	4,365
Net change in fund balance	(2,284)	(2,284)	2,495	(3,951)
Fund balances - beginning	8,389	8,389	8,389	-
Fund balances - December 31	\$ 6,105	\$ 6,105	\$ 10,884	\$ (3,951)
Budget/GAAP Reconciliation				
Net change in fund balance, GAAP basis			\$ 2,495	
To adjust revenues for accruals			(2)	
To adjust expenditures for accruals			(5,368)	
Net change in fund balance, GAAP basis			\$ (2,875)	

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
 For The Year Ended December 31, 2011

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Licenses and permits	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Expenditures:				
Current:				
Culture and recreation:				
Personal services	1,032	1,032	767	265
Supplies	7,376	7,376	6,853	523
Total expenditures	8,408	8,408	7,620	788
Net change in fund balance	(2,408)	(2,408)	(1,620)	(788)
Fund balances - beginning	2,408	2,408	2,408	-
Fund balances - December 31	\$ -	\$ -	\$ 788	\$ (788)
Budget/GAAP Reconciliation				
Net change in fund balance, GAAP basis			\$ (1,620)	
To adjust expenditures for accruals			(117)	
Net change in fund balance, GAAP basis			\$ (1,737)	

NONMAJOR DEBT SERVICE FUNDS

Corporation Bond and Interest (Non-exempt) Fund -

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 the actual requirements is legally restricted to servicing the debt. (Confer IC 36-5-2-11; IC 6-1.1-20). This fund is distinguished from the exempt fund in that its tax levies are fully subject to the so-called property tax caps enacted into law in Indiana. The tax caps limit property taxes that may be collected on certain classes of property by percentages. Property tax collections may not exceed one percent of the gross assessed value for owner occupied residential property; it may not exceed 2 percent for non-owner occupied residential and farm land; and it may not exceed 3 percent for all other classes of property. In effect this fund services property tax backed debt issued after June 30, 2008.

Corporation Bond and Interest (Exempt) Fund -

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 the actual requirements is legally restricted to servicing the debt. (Confer IC 36-5-2-11; IC 6-1.1-20). This fund is distinguished from its counterpart of same name by having its tax levies not counted against the so-called property tax caps enacted into law in Indiana. The tax caps limit property taxes that may be collected on certain classes of property by percentages. Property tax collections may not exceed one percent of the gross assessed value for owner occupied residential property; it may not exceed 2 percent for non-owner occupied residential and farm land; and it may not exceed 3 percent for all other classes of property. In effect this fund services property tax backed debt issued before July 1, 2008. This exemption will remain in effect until 2020.

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, 2011

Assets	Corporation Bond and Interest (Non-Exempt)	Corporation Bond and Interest (Exempt)	Parks and Recreation Bond and Interest (Exempt)	Redevelopment Bond and Interest (Exempt)	Totals
Restricted assets:					
Cash and cash equivalents	\$ 6,286	\$ 1,448	\$ 40,808	\$ 134,811	\$ 183,353
Investments	-	-	355	21,480	21,835
Interest receivable	-	-	-	11	11
Taxes receivable	5,413	-	7,196	-	12,609
Intergovernmental receivable	1,041	-	1,384	-	2,425
Accounts receivable Treasury subsidy payments (net of allowance)	8,220	-	-	-	8,220
Total assets	\$ 20,960	\$ 1,448	\$ 49,743	\$ 156,302	\$ 228,453
Liabilities and Fund Balances					
Liabilities:					
Payable from restricted assets:					
Deferred revenue - unavailable	\$ 6,454	-	\$ 8,580	-	\$ 15,034
Fund balances:					
Spendable:					
Restricted	14,506	-	41,163	156,302	211,971
Committed	-	1,448	-	-	1,448
Total fund balances	14,506	1,448	41,163	156,302	213,419
Total liabilities and fund balances	\$ 20,960	\$ 1,448	\$ 49,743	\$ 156,302	\$ 228,453

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR DEBT SERVICE FUNDS
 For The Year Ended December 31, 2011

	Corporation Bond and Interest (Non-Exempt)	Corporation Bond and Interest (Exempt)	Parks and Recreation Bond and Interest (Exempt)	Redevelopment Bond and Interest (Exempt)	Totals
Revenues:					
Taxes:					
Property	\$ 82,874	\$ -	\$ 111,172	\$ -	\$ 194,046
Intergovernmental	15,354	-	9,484	73,172	98,010
Other	10,303	38	22	210	10,573
Total revenues	108,531	38	120,678	73,382	302,629
Expenditures:					
Current:					
General government	425	-	-	400	825
Debt service:					
Principal	245,000	109,000	425,000	175,000	954,000
Interest	99,607	21,737	108,663	73,172	303,179
Total expenditures	345,032	130,737	533,663	248,572	1,258,004
Excess (deficiency) of revenues over (under) expenditures	(236,501)	(130,699)	(412,985)	(175,190)	(955,375)
Net change in fund balances	(236,501)	(130,699)	(412,985)	(175,190)	(955,375)
Fund balances - beginning	251,007	132,147	454,148	331,492	1,168,794
Fund balances - ending	14,506	1,448	41,163	156,302	213,419

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 (NON-EXEMPT)
 For The Year Ended December 31, 2011

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 84,835	\$ 84,835	\$ 195,250	\$ 110,415
Intergovernmental	16,845	16,845	7,135	(9,710)
Other	-	-	10,303	10,303
Total revenues	101,680	101,680	212,688	111,008
Expenditures:				
Debt service:				
Principal	245,000	245,000	245,000	-
Interest	99,608	99,608	99,608	-
Other	425	425	425	-
Total expenditures	345,033	345,033	345,033	-
Net change in fund balance	(243,353)	(243,353)	(132,345)	111,008
Fund balances - beginning	138,631	138,631	138,631	-
Fund balances - December 31	\$(104,722)	\$(104,722)	\$ 6,286	\$ 111,008
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (132,345)	
To adjust revenues for accruals			(104,156)	
Net change in fund balance, GAAP basis			\$ (236,501)	

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 (EXEMPT)
 For The Year Ended December 31, 2011

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ 98,384	\$ 98,384
Intergovernmental	7,391	7,391	-	(7,391)
Other	-	-	43	43
Total revenues	7,391	7,391	98,427	91,036
Expenditures:				
Debt service:				
Principal	109,000	109,000	109,000	-
Interest	21,737	21,737	21,737	-
Total expenditures	130,737	130,737	130,737	-
Net change in fund balance	(123,346)	(123,346)	(32,310)	91,036
Fund balances - beginning	33,758	33,758	33,758	-
Fund balances - December 31	<u>\$(89,588)</u>	<u>\$(89,588)</u>	<u>\$ 1,448</u>	<u>\$ 91,036</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (32,310)	
To adjust revenues for accruals			<u>(98,389)</u>	
Net change in fund balance, GAAP basis			<u>\$ (130,699)</u>	

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 (EXEMPT)
 For The Year Ended December 31, 2011

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 112,768	\$ 112,768	\$ 413,125	\$ 300,357
Intergovernmental	25,726	25,726	9,484	(16,242)
Other	-	-	34	34
Total revenues	138,494	138,494	422,643	284,149
Expenditures:				
Debt service:				
Principal	445,280	445,280	445,280	-
Interest	88,384	88,384	88,383	1
Total expenditures	533,664	533,664	533,663	1
Net change in fund balance	(395,170)	(395,170)	(111,020)	284,148
Fund balances - beginning	152,183	152,183	152,183	-
Fund balances - December 31	<u>(242,987)</u>	<u>(242,987)</u>	<u>41,163</u>	<u>284,148</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (111,020)	
To adjust revenues for accruals			(301,965)	
Net change in fund balance, GAAP basis			<u>\$ (412,985)</u>	

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 (EXEMPT)
 For The Year Ended December 31, 2011

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 6,990	\$ 6,990	\$ 73,172	\$ 66,182
Other	-	-	238	238
Total revenues	6,990	6,990	73,410	66,420
Expenditures:				
Debt service:				
Principal	175,000	175,000	175,000	-
Interest	73,173	73,173	73,172	1
Other	400	400	27,208	(26,808)
Total expenditures	248,573	248,573	275,380	(26,807)
Net change in fund balance	(241,583)	(241,583)	(201,970)	93,227
Fund balances - beginning	358,261	358,261	358,261	-
Fund balances - December 31	\$ 116,678	\$ 116,678	\$ 156,291	\$ 93,227
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (201,970)	
To adjust revenues for accruals			(28)	
To adjust expenditures for accruals			26,808	
Net change in fund balance, GAAP basis			\$ (175,190)	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
 DEBT SERVICE FUNDS - PARK AND RECREATION BOND AND INTEREST (NON-EXEMPT)
 For The Year Ended December 31, 2011

	Budget Amounts		Final	Actual	Variance with Final Budget
	Original				
Revenues:					
Taxes	\$ 1,439,090	\$	1,439,090	\$ 1,405,823	\$ (33,267)
Intergovernmental	23,747		23,747	121,036	97,289
Total revenues	1,462,837		1,462,837	1,526,859	64,022
Expenditures:					
Current:					
Culture and recreation	345,000		345,000	345,000	-
Debt service:					
Interest	675,000		675,000	675,000	-
Total expenditures	1,020,000		1,020,000	1,020,000	-
Net change in fund balance	442,837		442,837	506,859	64,022
Fund balances - beginning	-		-	-	-
Fund balances - December 31	\$ 442,837	\$	442,837	\$ 506,859	\$ 64,022

NONMAJOR CAPITAL PROJECT FUNDS

- Corporation Capital Fund - To account for expenditures and resources received in consequence certain capital improvement projects of the municipality, which may include street and highway resurfacing or reconstruction. Resources are derived from the sale proceeds of general obligation bonds of the corporation and interest earned on fund balance.
- Corporation Capital Fund - To account for expenditures and resources received in consequence certain capital improvement projects of the municipality, which may include street and highway resurfacing or reconstruction. Resources are derived from the sale proceeds of general obligation bonds of the corporation and interest earned on fund balance.
- 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 Indiana Code 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 Indiana Code 36-1-3 et seq., and Indiana Code 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, 2011

<u>Assets</u>	Corporation Capital	Cumulative Capital Improvement	Cumulative Capital Development	Local Major Moves	General Improvement Fund	Municipal Cumulative Street
Restricted assets:						
Cash and cash equivalents	\$ 173,441	\$ 80,945	\$ 1,057,841	\$ -	\$ 94,729	\$ 21,444
Investments	-	9,333	177,678	-	21,259	3,836
Interest receivable	-	21	108	-	18	2
Taxes receivable	-	-	23,304	-	-	-
Intergovernmental receivable	-	-	4,481	-	-	-
Special assessments receivable	-	-	-	-	9,724	-
Total assets	\$ 173,441	\$ 90,299	\$ 1,263,412	\$ -	\$ 125,730	\$ 25,282
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Payable from restricted assets:						
Accounts payable	\$ 398	-	\$ 31,279	-	-	-
Deferred revenue - unavailable	-	-	27,785	-	9,724	-
Total liabilities	398	-	59,064	-	9,724	-
Fund balances:						
Spendable:						
Restricted	48,994	90,299	1,078,770	-	-	-
Committed	-	-	-	-	116,006	25,282
Assigned	124,049	-	125,578	-	-	-
Total fund balances	173,043	90,299	1,204,348	-	116,006	25,282
Total liabilities and fund balances	\$ 173,441	\$ 90,299	\$ 1,263,412	\$ -	\$ 125,730	\$ 25,282

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING BALANCE SHEET -
 NONMAJOR CAPITAL PROJECTS FUNDS
 December 31, 2011
 (Continued)

<u>Assets</u>	Gaming Revenue Sharing	Highland Building Acquisition Project Fund	Park Nonreverting Capital	Redevelopment Capital	Totals
Restricted assets:					
Cash and cash equivalents	\$ 421,653	\$ 3,980	\$ 368,079	\$ 385,314	\$ 2,607,426
Investments	30,185	905	39,125	85,967	368,288
Interest receivable	16	-	20	45	230
Taxes receivable	-	-	-	-	23,304
Intergovernmental receivable	67,933	-	35,899	-	108,313
Special assessments receivable	-	-	-	-	9,724
Total assets	\$ 519,787	\$ 4,885	\$ 443,123	\$ 471,326	\$ 3,117,285
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Payable from restricted assets:					
Accounts payable	-	-	93,288	938	125,903
Deferred revenue - unavailable	-	-	-	-	37,509
Total liabilities	-	-	93,288	938	163,412
Fund balances:					
Spendable:					
Restricted	-	-	-	-	1,218,063
Committed	283,260	4,885	248,537	469,450	1,147,420
Assigned	236,527	-	101,298	938	588,390
Total fund balances	519,787	4,885	349,835	470,388	2,953,873
Total liabilities and fund balances	\$ 519,787	\$ 4,885	\$ 443,123	\$ 471,326	\$ 3,117,285

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR CAPITAL PROJECTS FUNDS
 For The Year Ended December 31, 2011

	Corporation Capital	Cumulative Capital Improvement	Cumulative Capital Development	Local Major Moves	General Improvement Fund	Municipal Cumulative Street
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ 356,761	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	34,673	8,117
Intergovernmental	5,600	67,618	30,716	-	-	-
Charges for services	-	3,597	-	-	-	-
Other	-	264	1,873	-	-	43
Total revenues	5,600	71,479	389,350	-	34,673	8,160
Expenditures:						
Current:						
General government	36,001	-	32,472	-	-	-
Public safety	-	-	13,353	-	-	-
Highways and streets	-	-	-	79,554	609	-
Urban redevelopment	-	-	-	-	-	-
Debt service:						
Principal	-	-	183,586	-	-	-
Interest	-	-	25,047	-	-	-
Capital outlay:						
General government	-	-	42,540	-	-	-
Public safety	-	-	91,201	-	-	-
Economic development	-	68,102	-	-	-	-
Highways and streets	412,871	-	5,900	-	82,286	9,633
Culture and recreation	-	-	-	-	-	-
Total expenditures	448,872	68,102	394,099	79,554	82,895	9,633
Excess (deficiency) of revenues over (under) expenditures	(443,272)	3,377	(4,749)	(79,554)	(48,222)	(1,473)
Net change in fund balances	(443,272)	3,377	(4,749)	(79,554)	(48,222)	(1,473)
Fund balances - beginning	616,315	86,922	1,209,097	79,554	164,228	26,755
Fund balances - ending	\$ 173,043	\$ 90,299	\$ 1,204,348	\$ -	\$ 116,006	\$ 25,282

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR CAPITAL PROJECTS FUNDS
 For The Year Ended December 31, 2011
 (Continued)

	Gaming Revenue Sharing	Highland Building Acquisition Project Fund	Park Nonreverting Capital	Redevelopment Capital	Totals
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ 356,761
Special assessments	-	-	-	-	42,790
Intergovernmental	529,434	-	89,655	-	723,023
Charges for services	-	-	-	-	3,597
Other	274	7	16,985	858	20,304
Total revenues	529,708	7	106,640	858	1,146,475
Expenditures:					
Current:					
General government	-	-	-	-	68,473
Public safety	-	-	-	-	13,353
Highways and streets	452	-	-	-	80,615
Urban redevelopment	-	-	-	2,406	2,406
Debt service:					
Principal	-	-	-	-	183,566
Interest	-	-	-	-	25,047
Capital outlay:					
General government	-	-	-	-	42,540
Public safety	-	-	-	-	91,201
Urban redevelopment	-	-	-	61,765	129,887
Highways and streets	452,363	-	-	-	963,053
Culture and recreation	-	-	542,539	-	542,539
Total expenditures	452,815	-	542,539	64,191	2,142,700
Excess (deficiency) of revenues over (under) expenditures	76,893	7	(435,899)	(63,333)	(996,225)
Net change in fund balances	76,893	7	(435,899)	(63,333)	(996,225)
Fund balances - beginning	442,894	4,878	765,734	533,721	3,950,098
Fund balances - ending	\$ 519,787	\$ 4,885	\$ 349,835	\$ 470,388	\$ 2,953,873

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - CORPORATION CAPITAL
 For The Year Ended December 31, 2011

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 8,800	\$ 8,800
Other	-	-	2	2
Total revenues	-	-	8,802	8,802
Expenditures:				
Capital outlay:				
General government:				
Other services and charges	566,278	29,001	36,001	(7,000)
Highways and streets:				
Capital outlay	760,461	847,311	672,468	174,843
Total expenditures	1,326,739	876,312	708,469	167,843
Net change in fund balance	(1,326,739)	(876,312)	(699,667)	(159,041)
Fund balances - beginning	873,108	873,108	873,108	-
Fund balances - December 31	\$ (453,631)	\$ (3,204)	\$ 173,441	\$ (159,041)
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (699,667)	
To adjust revenues for accruals			(3,202)	
To adjust expenditures for accruals			259,597	
Net change in fund balance, GAAP basis			\$ (443,272)	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL IMPROVEMENT
 For The Year Ended December 31, 2011

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 61,926	\$ 61,926	\$ 67,618	\$ 5,692
Other	-	-	3,856	3,856
Total revenues	61,926	61,926	71,474	9,548
Expenditures:				
Capital outlay:				
Economic development:	73,228	73,228	68,102	5,126
Capital outlay	73,228	73,228	68,102	5,126
Total expenditures	(11,302)	(11,302)	3,372	4,422
Fund balances - beginning	86,906	86,906	86,906	-
Fund balances - December 31	\$ 75,604	\$ 75,604	\$ 90,278	\$ 4,422
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 3,372	
To adjust revenues for accruals			5	
Net change in fund balance, GAAP basis			\$ 3,377	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL DEVELOPMENT
 For The Year Ended December 31, 2011

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 365,204	\$ 365,204	\$ 590,365	\$ 225,161
Intergovernmental	20,225	20,225	30,716	10,491
Other	1,705	1,705	1,979	274
Total revenues	387,134	387,134	623,060	235,926
Expenditures:				
Capital outlay:				
General government:				
Supplies	-	596	596	-
Other services and charges	105,000	87,969	16,501	71,468
Capital outlay	29,400	104,026	42,540	61,486
Public safety:				
Supplies	-	14,844	5,983	8,861
Capital outlay	108,000	92,560	92,560	-
Debt service:				
Principal	184,825	212,025	202,435	9,590
Interest	5,000	2,205	2,205	-
Total expenditures	432,225	514,225	362,820	151,405
Net change in fund balance	(45,091)	(127,091)	260,240	84,521
Fund balances - beginning	975,279	975,279	975,279	-
Fund balances - December 31	\$ 930,188	\$ 848,188	\$ 1,235,519	\$ 84,521
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 260,240	
To adjust revenues for accruals			(233,710)	
To adjust expenditures for accruals			(31,279)	
Net change in fund balance, GAAP basis			\$ (4,749)	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - PARK NONREVERTING CAPITAL
 For The Year Ended December 31, 2011

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Other	-	-	71,775	71,775
Expenditures:				
Capital outlay:				
Culture and recreation	851	851	-	851
Other services and charges				
Capital outlay	116,352	800,313	454,414	345,899
Total expenditures	117,203	801,164	454,414	346,750
Net change in fund balance	(117,203)	(801,164)	(382,639)	(274,975)
Fund balances - beginning	769,843	769,843	769,843	-
Fund balances - December 31	672,640	(11,321)	407,204	(274,975)
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budgetary basis			\$ (382,639)	
To adjust revenues for accruals			34,865	
To adjust expenditures for accruals			(88,125)	
Net change in fund balance, GAAP basis			\$ (435,899)	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - REDEVELOPMENT CAPITAL
 For The Year Ended December 31, 2011

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Other	\$ -	\$ -	\$ 921	\$ 921
Total revenues	-	-	921	921
Expenditures:				
Capital outlay:				
Urban redevelopment and housing:				
Other services and charges	46,100	126,100	1,468	124,632
Capital outlay	354,000	274,000	61,785	212,215
Total expenditures	400,100	400,100	63,253	336,847
Net change in fund balance	(400,100)	(400,100)	(62,332)	(335,926)
Fund balances - beginning	533,613	533,613	533,613	-
Fund balances - December 31	\$ 133,513	\$ 133,513	\$ 471,281	\$ (335,926)
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budgetary basis			\$ (62,332)	
To adjust revenues for accruals			(63)	
To adjust expenditures for accruals			(938)	
Net change in fund balance, GAAP basis			\$ (63,333)	

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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.

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 Indiana Code 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.

Lincoln Community Center

Building Corporation -

To account for the financing, construction and reconstruction of the current Lincoln Community Center, by the Lincoln Community Center 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 Build America Bonds of the Lincoln Community Center Building Corporation, issued pursuant to Indiana Code 36-1-10 et seq., investment earnings, U.S. Treasury Department Build America Bond Credits, and from lease-rental payments paid by the municipality under the terms of a capital lease agreement, with the Town of Highland Parks and Recreation Department as lessee and the Lincoln Community Center Building Corporation as lessor.

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, 2011

Assets	Lincoln Community Center Building Corporation	Parks and Recreation Building Corporation	Information and Communication Technology	Totals
Current assets:				
Cash and cash equivalents	\$ 895,035	\$ 156,405	\$ 108,077	\$ 1,159,517
Investments	-	-	13,914	13,914
Interest receivable	-	-	7	7
Current portion of operating lease	-	9,250	-	9,250
Current portion of direct financing lease	556,514	198,191	-	754,705
Total current assets	1,451,549	363,846	121,998	1,937,393
Noncurrent assets:				
Deferred charges	134,225	13,819	-	148,044
Net investment in direct financing lease	9,739,003	196,827	-	9,935,830
Total noncurrent assets	9,873,228	210,646	-	10,083,874
Total assets	11,324,777	574,492	121,998	12,021,267
Liabilities				
Current liabilities:				
Accounts payable	-	-	5,387	5,387
Revenue bonds payable	585,000	260,000	-	845,000
Accrued interest payable	214,477	12,897	-	227,374
Total current liabilities	799,477	272,897	5,387	1,077,761
Noncurrent liabilities:				
Revenue bonds payable (net)	10,547,459	282,395	-	10,829,854
Total noncurrent liabilities	10,547,459	282,395	-	10,829,854
Total liabilities	11,346,936	555,292	5,387	11,907,615
Net Assets				
Unrestricted	(22,159)	19,200	116,611	113,652
Total net assets	\$ (22,159)	\$ 19,200	\$ 116,611	\$ 113,652

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
 INTERNAL SERVICE FUNDS
 For The Year Ended December 31, 2011

	Lincoln Community Center Building Corporation	Parks and Recreation Building Corporation	Information and Communication Technology	Totals
Operating revenues:				
Charges for services	\$ 463,486	\$ 103,933	\$ 178,150	\$ 745,569
Operating expenses:				
Salary and wages	-	-	1,868	1,868
Material and supplies	-	-	2,650	2,650
Contractual services	-	-	137,449	137,449
Administration and general	3	11,057	-	11,060
Total operating expenses	3	11,057	141,967	153,027
Operating income (loss)	463,483	92,876	36,183	592,542
Nonoperating revenues (expenses):				
Interest and investment revenue	21	15	128	164
Interest expense	(386,244)	(27,526)	-	(413,770)
Amortization of bond issue costs	(14,727)	(6,138)	-	(20,865)
Total nonoperating revenue (expenses)	(400,950)	(33,649)	128	(434,471)
Change in net assets	62,533	59,227	36,311	158,071
Total net assets - beginning	(84,692)	(40,027)	80,300	(44,419)
Total net assets - ending	\$ (22,159)	\$ 19,200	\$ 116,611	\$ 113,652

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF CASH FLOWS -
 INTERNAL SERVICE FUNDS
 For The Year Ended December 31, 2011

	Lincoln Community Center Building Corporation	Parks and Recreation Building Corporation	Information and Communication Technology	Totals
Cash flows from operating activities:				
Payments to suppliers	(3)	(11,057)	(150,848)	\$ (161,908)
Payments to employees	-	-	(2,241)	(2,241)
Other receipts	-	-	178,150	178,150
Net cash provided (used) by operating activities	(3)	(11,057)	25,061	14,001
Cash flows from capital and related financing activities:				
Principal paid on capital debt	-	(240,000)	-	(240,000)
Interest paid on capital debt	(250,617)	(34,320)	-	(284,937)
Net cash provided (used) by capital and related financing activities	(250,617)	(274,320)	-	(524,937)
Cash flows from investing activities:				
Proceeds from sale of investments	-	-	328	328
Proceeds from net investment in direct financing lease	1,020,000	289,000	-	1,309,000
Proceeds from operating lease receivable	-	9,250	-	9,250
Interest received	21	15	141	177
Net cash provided (used) by investing activities	1,020,021	298,265	469	1,318,755
Net increase (decrease) in cash and cash equivalents	769,401	12,888	25,530	807,819
Cash and cash equivalents, January 1	125,634	143,517	82,547	351,698
Cash and cash equivalents, December 31	\$ 895,035	\$ 156,405	\$ 108,077	\$ 1,159,517
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 463,483	\$ 92,876	\$ 36,183	\$ 592,542
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Increase (decrease) in liabilities:				
Accounts payable	-	-	(10,749)	(10,749)
Wages payable	-	-	(373)	(373)
Noncash items:				
Deferred revenue recognized	(463,486)	(103,933)	-	(567,419)
Total adjustments	(463,486)	(103,933)	(11,122)	(578,541)
Net cash provided (used) by operating activities	\$ (3)	\$ (11,057)	\$ 25,061	\$ 14,001

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.
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 Indiana Code 36-1-3; Indiana Code 33-19-5 and Indiana Code 34-4-32.
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.
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.
Capital Projects Retainage Agency Fund -	To account for retainage collected in consequence of a public works or capital improvement project, as set forth in Indiana Code 36-1-12, in which the contracts are valued in excess of the threshold set forth in Indiana Code 36-1-12-14, and to which the contractor has agreed to permit the required withholding from a payment to the contractor or sub-contractor until the occurrence of specified event to be held by the municipality. The funds on deposit are custodial in nature.

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
 AGENCY FUNDS
 December 31, 2011

	Payroll	Parks and Recreation Escrow	Insurance Premium	Traffic Violations	Park License Fees	Aflac FSA Agency Fund	Capital Projects Retainage Agency Fund	Totals
Assets:								
Cash and cash equivalents	\$ 50,581	\$ 3,361	\$ 9,380	91	\$ -	\$ 24,042	\$ 238,623	\$ 326,078
Investments	-	701	-	-	-	-	20,277	20,978
Interest receivable	3	1	-	-	-	1	11	16
Total assets	\$ 50,584	\$ 4,063	\$ 9,380	91	\$ -	\$ 24,043	\$ 258,911	\$ 347,072
Liabilities:								
Payroll withholdings payables	\$ 50,584	-	\$ -	-	\$ -	-	\$ -	\$ 50,584
Trust payable	-	4,063	9,380	91	-	24,043	258,911	296,488
Total liabilities	\$ 50,584	\$ 4,063	\$ 9,380	91	\$ -	\$ 24,043	\$ 258,911	\$ 347,072

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS
 For The Year Ended December 31, 2011

	Payroll	Parks and Recreation Escrow	Insurance Premium	Traffic Violations	Park License Fees	Aflac FSA Agency Fund	Capital Projects Retainage Agency Fund	Totals
Assets:								
Cash and cash equivalents, January 1, 2011	\$ 52,847	\$ 10,849	\$ 8,511	\$ 617	\$ -	\$ 20,163	\$ 265,002	\$ 357,989
Additions	1,584,664	1,235	1,870,816	181,201	19,995	20,504	233,617	3,912,032
Deductions	(1,586,930)	(8,723)	(1,869,947)	(181,727)	(19,995)	(16,625)	(259,996)	(3,943,943)
Cash and cash equivalents, December 31, 2011	50,584	3,361	9,380	91	-	24,042	238,623	326,078
Investments, January 1, 2011	-	1,914	-	-	-	-	16,385	18,299
Additions	-	-	-	-	-	-	4,088	4,088
Deductions	-	(1,213)	-	-	-	-	(196)	(1,409)
Investments, December 31, 2011	-	701	-	-	-	-	20,277	20,978
Interest receivable, January 1, 2011	5	3	-	-	-	1	23	32
Additions	3	1	-	-	-	1	11	16
Deductions	(5)	(3)	-	-	-	(1)	(23)	(32)
Interest receivable, December 31, 2011	3	1	-	-	-	1	11	16
Total assets, December 31, 2011	\$ 50,584	\$ 4,063	\$ 9,380	\$ 91	\$ -	\$ 24,043	\$ 258,911	\$ 347,072
Liabilities:								
Payroll withholdings payable, January 1, 2011	\$ 52,852	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,852
Additions	1,584,667	-	-	-	-	-	-	1,584,667
Deductions	(1,586,935)	-	-	-	-	-	-	(1,586,935)
Payroll withholdings payable, December 31, 2011	50,584	-	-	-	-	-	-	50,584
Trust payable, January 1, 2011	-	12,766	8,511	617	-	20,164	281,410	323,468
Additions	-	1,236	1,870,816	181,201	19,995	20,505	237,716	2,331,469
Deductions	-	(9,939)	(1,869,947)	(181,727)	(19,995)	(16,625)	(260,215)	(2,366,449)
Trust payable, December 31, 2011	-	4,063	9,380	91	-	24,043	258,911	286,488
Total liabilities, December 31, 2011	\$ 50,584	\$ 4,063	\$ 9,380	\$ 91	\$ -	\$ 24,043	\$ 258,911	\$ 347,072

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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>	127-137
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	139-145
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>	147-155
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>	157-177
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>	179-185

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 - 2011

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental Accounts									
Investment in capital assets, net of related debt	\$ 14,587,666	\$ 11,401,886	\$ 10,987,639	\$ 16,022,139	\$ 16,591,125	\$ 16,129,072	\$ 16,624,533	\$ 42,381,406 **	\$ 43,742,707
Restricted	2,660,744	3,698,490	3,586,422	4,708,632	4,617,424	5,028,411	5,396,924	5,527,397	5,106,038
Unrestricted	(2,920,252)	(2,879,382)	(3,361,600)	(3,776,560)	(2,779,058)	(2,286,003)	3,480,252	(1,667,563)	(690,921)
Total Governmental Activities Net Assets	\$ 14,328,158	\$ 12,220,994	\$ 11,212,661	\$ 16,954,211	\$ 18,429,491	\$ 18,869,480	\$ 25,501,709	\$ 46,241,220	\$ 48,157,824
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	\$ 17,056,150	\$ 13,880,256	\$ 13,563,048
Restricted	1,990,705	1,372,497	3,614,059	2,917,715	4,389,022	1,327,717	1,341,711	3,376,260	3,924,611
Unrestricted	460,160	1,171,139	597,843	341,387	658,795	500,074	708,009	1,003,197	450,989
Total Business-type Activities Net Assets	\$ 13,368,799	\$ 19,071,124	\$ 20,213,068	\$ 20,568,990	\$ 19,873,319	\$ 19,615,045	\$ 19,105,870	\$ 18,259,713	\$ 17,938,642
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	\$ 33,680,683	\$ 56,261,662	\$ 57,305,755
Restricted	4,651,449	5,070,987	7,200,481	7,626,347	9,006,446	6,356,128	6,738,635	8,903,657	9,030,649
Unrestricted	(2,460,092)	(1,708,243)	(2,763,757)	(3,435,173)	(2,120,263)	(1,787,929)	4,188,261	(664,386)	(239,938)
Total Primary Government Net Assets	\$ 27,696,957	\$ 31,292,118	\$ 31,425,749	\$ 37,523,201	\$ 38,302,809	\$ 38,484,525	\$ 44,607,579	\$ 64,500,933	\$ 66,096,466

* This is a significant change from prior year balances. This is due to a change in state law, in which the State of Indiana assumes the liability for public safety legacy pensions. This change removed the direct liability for these pension obligations and made them instead on behalf of the State. This change removed \$5,335,509 of liability from the governmental activities of the Primary Government.

** Increase is largely due to changes attributable to compliance with GASB 51 and review of the valuation of rights of way.

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 - 2011
 (accrual basis of accounting)

	Fiscal Year										
	2003	2004	2005	2006	2007	2008	2009	2010	2011		
Expenses											
Governmental Activities:											
General government	\$ 1,506,033	\$ 748,954	\$ 1,442,017	\$ 2,063,441	\$ 2,119,504	\$ 2,363,967	\$ 2,245,786	\$ 1,362,727	\$ 1,714,164		
Public safety	4,424,506	4,744,337	6,325,104	4,984,953	3,962,975	4,629,208	4,797,793	5,020,309	5,596,122		
Highway/streets	2,473,526	629,089	1,927,477	1,967,533	2,076,600	1,967,533	1,861,381	1,031,980	1,804,041		
Sanitation	1,250,537	1,437,584	1,433,711	1,570,682	1,863,633	1,611,419	1,865,282	1,851,337	1,992,101		
Urban Redevelopment/Econ Development	396,885	83,080	239,889	1,671,473	241,781	150,443	230,857	340,852	264,391		
Health and welfare	1,545,834	7,060	2,023,220	2,112,657	2,140,247	2,242,067	2,257,740	1,986,862	2,456,084		
Interest on long-term debt	272,819	240,203	207,469	264,697	334,506	297,819	347,105	367,489	688,394		
Total governmental activities expenses	11,869,689	10,044,823	14,016,557	14,700,100	12,559,248	13,462,486	13,615,944	11,981,696	14,317,297		
Business-Type Activities:											
Water	3,016,042	2,276,318	2,292,223	2,165,586	3,228,142	2,684,156	2,698,674	2,917,801	2,449,074		
Sanitary District (sewer)	2,695,038	2,353,091	3,670,889	3,670,889	3,686,723	4,272,370	4,887,981	5,623,497	5,475,022		
Total business-type activities	5,652,080	4,629,409	4,963,112	5,835,974	6,914,865	6,956,526	7,586,655	8,541,298	7,924,096		
Total primary government expenses	17,521,769	14,674,234	18,985,407	20,536,074	19,475,113	20,418,992	21,202,599	20,522,994	22,241,393		
Program Revenues											
Governmental activities:											
Charges for services:											
Financial institution	\$ 551,893	\$ 600,629	\$ 564,176	\$ 667,044	\$ 726,177	\$ 861,534	\$ 847,387	\$ 693,382	\$ 431,909		
Public Safety	-	-	-	-	163,092	235,500	164,351	490,536	103,690		
Highways and Streets	1,178,155	1,186,992	1,186,967	1,266,124	1,429,690	1,500,885	1,644,040	1,699,829	1,734,714		
Urban Redevelopment/Econ Development	762,791	812,381	767,803	821,114	698,983	779,348	87,516	9,313	8,908		
Culture and recreation	106,744	156,370	186,467	2,704	2,704	42,965	812,033	472,406	813,844		
Other activities	1,315,969	1,030,389	1,297,318	1,194,685	1,084,944	1,027,318	1,240,552	1,089,502	1,011,423		
Operating grants and contributions	1,145,877	1,068,372	1,329,260	1,369,668	731,455	731,455	1,518,923	6,577,953	1,301,952		
Capital grants and contributions	5,069,720	4,650,128	4,753,934	5,466,581	4,875,538	5,179,025	6,310,002	11,012,823	5,410,267		
Total governmental activities program revenues	10,377,678	10,329,552	10,524,059	10,959,761	10,659,961	10,956,916	12,394,262	17,142,777	11,678,655		
Business-Type activities:											
Charges for services:											
Water	3,171,106	2,550,590	2,708,956	2,581,464	2,635,026	2,556,451	2,540,742	2,596,732	2,527,827		
Sanitary District (sewer)	2,145,852	2,230,218	3,009,709	2,961,916	3,146,397	3,219,440	3,468,625	3,593,122	3,740,561		
Total business-type activities	5,316,958	4,780,808	5,718,665	5,543,380	5,781,423	5,775,891	6,024,260	6,190,854	6,268,388		
Total primary government program revenues	15,694,636	15,110,360	16,242,724	16,503,141	16,441,384	16,732,807	18,418,522	23,333,631	17,947,043		
Net (expense)/revenue	(6,806,969)	(5,194,697)	(9,263,203)	(9,283,719)	(7,663,710)	(6,283,491)	(7,305,942)	(8,786,424)	(8,807,030)		
Governmental activities	(335,122)	(848,015)	(801,885)	(342,594)	(1,121,442)	(1,176,635)	(1,502,395)	(2,411,444)	(1,655,708)		
Business-type activities	(7,144,091)	(4,345,982)	(6,461,318)	(9,576,313)	(8,805,152)	(9,482,056)	(8,806,337)	(3,380,217)	(110,562,738)		
Total primary government net expense	(7,879,213)	(5,540,679)	(7,724,503)	(8,919,907)	(10,468,862)	(10,658,546)	(10,312,277)	(11,261,661)	(12,418,246)		
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	\$ 7,829,469	\$ 7,733,395	\$ 7,705,918	\$ 6,785,424	\$ 7,714,660		
Excise taxes	519,823	667,574	542,153	555,440	607,315	565,621	564,559	559,473	606,145		
Commercial institution tax	-	131,775	71,815	35,450	60,268	61,727	57,664	48,400	59,092		
Commercial vehicle excise tax	-	60,899	32,727	17,013	35,520	39,562	33,249	34,080	-		
ABC gallongage tax	47,963	75,543	62,426	56,225	60,436	62,332	58,066	34,347	-		
Cigarette tax	23,215	23,964	19,851	22,841	22,555	20,883	19,691	18,602	84,429		
Other	55,056	115,639	105,875	147,842	140,933	161,640	138,658	157,871	1,866,792		
Unrestricted investment earnings	72,333	39,822	208,272	323,136	317,820	170,860	24,857	28,698	13,469		
Special, Cooperative agreement revenue	-	-	-	-	-	-	-	-	-		
Transfers	-	-	-	-	65,674	-	-	-	-		
Total governmental activities	6,373,659	7,818,777	8,121,820	10,117,199	9,158,950	8,816,020	8,602,682	7,667,095	10,344,627		
Business-Type activities:											
Taxes											
Property taxes	650,090	617,054	505,995	576,090	365,780	629,215	975,323	1,278,173	1,182,467		
Excise taxes	297,710	37,898	-	-	-	-	-	-	-		
Financial institution tax	-	6,332	-	-	-	-	-	-	-		
Commercial vehicle excise tax	2,158,497	21,667	52,207	39,053	39,053	22,766	28,766	287,634	143,134		
Other	12,671	9,053	47,539	122,404	106,611	86,361	17,897	18,480	9,016		
Unrestricted investment earnings	-	-	-	-	-	-	-	-	-		
Transfers	3,119,569	694,164	605,441	698,494	428,770	920,362	959,220	1,565,287	1,334,657		
Total business-type activities	9,492,627	8,512,941	8,728,261	10,815,953	9,584,760	9,736,382	9,595,682	9,232,382	11,679,464		
Total primary government	(1,505,568)	(721,692)	(602,682)	(798,708)	(1,309,912)	(1,122,464)	(1,207,595)	(1,594,269)	(2,078,822)		
Change in Net Assets	(435,310)	(2,624,080)	(1,441,383)	(1,441,383)	(1,475,280)	(52,569)	(1,296,720)	(6,668,322)	(1,437,797)		
Governmental activities	(2,763,616)	(1,945,178)	(1,408,326)	(353,900)	(695,273)	(256,273)	(509,175)	(846,157)	(821,071)		
Business-type activities	2,328,056	(4,167,259)	(2,669,946)	(1,239,580)	(719,606)	(274,316)	(287,545)	(5,942,165)	(1,116,726)		

This report should reflect 10 years of data. However, data not available prior to 2003 in part owing to the reporting model. Source: Statement of Activities (Government Wide Financial Statement)

Town of Highland
Government Activities Tax Revenues By Source
Fiscal Years 2003 - 2011
At December 31

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
2009	\$ 7,705,918	\$ 564,559	\$ 57,664	\$ 33,249	\$ 58,066	\$ 19,691	\$ 8,439,147
2010	\$ 6,785,424	\$ 559,473	\$ 48,400	\$ 34,080	\$ 34,347	\$ 18,802	\$ 7,480,526
2011	\$ 7,714,880	\$ 606,145	\$ 59,092	\$ -	\$ -	\$ 84,429	\$ 8,464,546

(This excludes the taxes collected by the Business activities)

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

(1) Excise Tax in 2011 includes \$571,368 in Auto and Aircraft Excise Tax, and \$34,777 in Commercial Vehicle Excise Taxes. In prior years these were discretely reported in the government wide statement.

(2) On the Government Wide statement, the category of Other General Revenues includes \$47,351 in ABC Gallonage Tax.

(3) This figure for cigarette tax includes a \$16,811 allocated for the General Fund, and \$67,618 for Cumulative Capital Improvement Fund.

TOWN OF HIGHLAND
Fund Balances of Governmental Funds
Fiscal Years 2003 - 2011
As of December 31

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
General fund										
Reserved	\$ 366,359	\$ 300,587	\$ 89,508	\$ 308,757	\$ 529,787	\$ 503,368	\$ 354,356	\$ 383,754	\$ -	
Unreserved	1,672,190	(2,538,179)	230,815	647,891	1,056,582	1,446,835	1,713,979	2,002,826	0	
Spendable										\$ 357,910
Assigned										2,391,807
Unassigned										
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>	<u>\$ 2,068,335</u>	<u>\$ 2,386,580</u>	<u>\$ 2,749,717</u>	
All other governmental funds										
Reserved	\$ 627,020	\$ 670,205	\$ 97,837	\$ 454,065	\$ 642,957	\$ 220,713	\$ 557,837	\$ 1,311,857		
Unreserved, reported in:										
Special revenue funds	858,221	(13,861)	863,737	1,102,641	1,076,115	1,742,743	1,764,890	1,866,510		
Capital projects funds	773,997	1,376,272	2,112,000	4,065,553	2,570,185	3,127,394	2,612,278	2,903,933		
Debt service funds	553,143	259,206	541,058	800,155	1,297,628	1,224,731	1,339,682	1,168,794		
Spendable										\$ 2,956,397
Restricted										1,367,430
Committed										1,646,686
Assigned										
Unassigned										
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>	<u>\$ 6,274,687</u>	<u>\$ 7,251,094</u>	<u>\$ 5,970,513</u>	

This report should reflect 10 years of data. However, data not available prior to 2003 in part owing to the reporting model.
Source: Balance Sheet Governmental Funds
Special Note: In fiscal year 2011 the Town of Highland implemented provisions of GASB 54, which changed reporting for Governmental Funds.
The new reporting begins after FY 2010.

TOWN OF HIGHLAND
Changes in Fund Balances of Governmental Funds
Fiscal Years 2003 - 2011
As of December 31

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues									
Taxes	\$4,141,538	\$3,561,860	\$10,446,059	\$8,205,190	\$7,753,356	\$7,634,334	\$7,350,213	\$7,226,397	\$7,714,880
Special assessments	17,659	17,402	24,400	64,548	33,249	86,912	30,256	42,565	42,790
Licenses and permits	311,312	342,872	308,782	401,900	413,616	403,262	338,807	392,282	346,818
Intergovernmental	2,720,825	3,033,747	2,693,115	3,208,548	2,540,559	2,614,593	3,559,895	2,892,927	3,382,308
Charges for services	2,196,554	2,250,560	2,321,359	2,117,618	2,306,150	2,307,259	2,535,747	2,934,688	3,007,937
Fines and forfeits	14,905	56,663	16,201	74,950	93,053	108,476	140,448	132,055	13,772
Other	246,543	259,262	423,531	820,322	718,570	647,857	509,544	305,218	259,713
Total revenues	9,649,336	9,522,366	16,233,447	14,893,076	13,858,553	13,802,693	14,464,910	13,986,132	14,770,118
Expenditures									
General government	2,343,457	1,544,967	1,348,605	1,546,079	1,387,823	1,397,938	1,476,259	1,448,594	1,344,532
Public safety	3,813,753	4,231,834	4,978,387	4,711,404	4,256,235	4,611,756	4,592,341	4,817,074	4,669,700
Highways and streets	973,398	836,254	961,537	1,055,462	1,155,597	1,134,616	1,154,710	810,182	949,848
Sanitation	1,250,587	1,437,584	1,433,711	1,570,682	1,683,635	1,805,010	1,836,699	1,850,805	1,957,205
Culture and recreation	1,697,503	1,641,600	1,747,652	1,898,981	1,846,896	1,840,760	1,948,462	1,856,821	2,136,384
Urban redevelopment	43,316	63,510	91,599	153,164	131,631	119,560	119,456	106,509	121,535
Debt service									
Principal	840,000	925,000	1,000,000	1,084,000	779,000	1,169,000	994,000	1,099,000	1,137,586
Interest	311,782	278,173	231,879	226,404	367,198	332,913	357,627	324,270	1,041,489
Capital Outlay	1,577,333	290,281	1,860,995	2,947,325	2,833,015	2,921,946	2,057,577	1,997,720	2,829,283
Total expenditures	12,851,109	11,249,203	13,654,365	15,193,501	14,441,020	15,333,439	14,537,131	14,310,975	16,187,562
Excess of revenues over (under) expenditures	(3,201,773)	(1,726,837)	2,579,082	(300,425)	(582,467)	(1,530,806)	(72,221)	(324,843)	(1,417,444)
Other financing sources (uses)									
Capital leases	-	-	80,690	149,282	376,659	2,042,000	149,459	1,088,943	500,000
Issuance of Debt	-	-	1,091,903	3,591,250	0	0	0	(4,448)	0
Contribution in lieu of park land									
Transfers in	70,000	160,049	131,481	69,592	69,659	648,023	176,676	42,000	44,000
Transfers out	(70,000)	(160,049)	(131,481)	(69,592)	(69,659)	(66,887)	(176,676)	(42,000)	(44,000)
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	2,823,336	149,459	1,619,495	500,000
Net change in fund balances	\$ 80,740 *	\$ (1,726,837)	\$ 3,751,675	\$ 3,440,107	\$ (205,808)	\$ 1,092,530	\$ 77,238	\$ 1,294,652	\$ (917,444)
Additions to Capital Assets									
Debt service as a percentage of noncapital expenditures	10.22%	10.98%	10.45%	10.70%	9.87%	12.10%	10.34%	16.821,596 **	1,306,024

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

** The resulting percentage is obtained by strictly applying the formula of Debt Service over total expenditures minus capital additions. Since, the expenditures of the Lincoln Center Holding Corporation are reckoned as an internal service fund, the value of the Lincoln Community Center Project under CIP at \$11,160,000 could be adjusted out. If so, the Capital additions would be \$10,390,313, rendering a ratio 36%.

Debt Service as a percentage of non capital expenditures relies on a capital additions rather than capital outlay. This report should reflect 10 years of data. However, data not available prior to 2003 in part owing to the reporting model.

Source: Statement of Revenues, Expenditures, and Other Changes in Fund Balances for Governmental Funds

TOWN OF HIGHLAND
General Government Tax Revenues By Source
Fiscal Years 2003 - 2011
As of December 31

<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
2009	\$7,350,213
2010	\$7,226,397
2011	\$7,714,880

This report should reflect 10 years of data. However, data not available prior to 2003 in part owing to the reporting model.
Source: *Statement of Revenues, Expenditures and Other Changes in Fund Balances Governmental Funds*

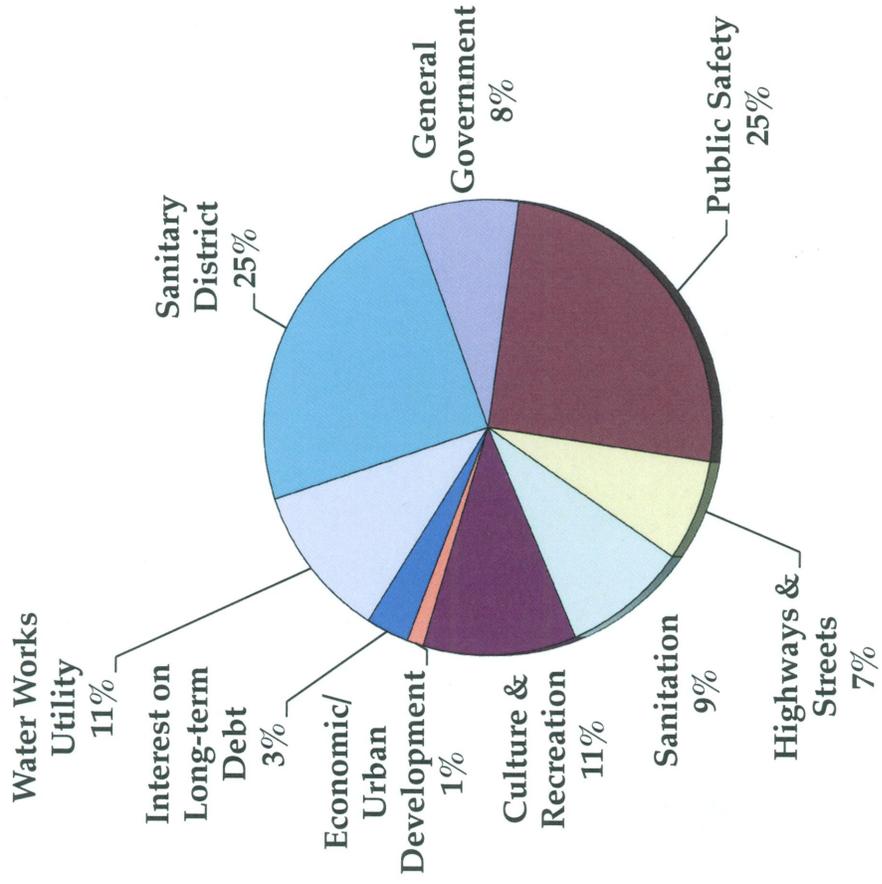
**Town of Highland
Government-wide Expenses by Function
Fiscal Years FY 2003-2011**

Fiscal Year Ended Dec. 31	Governmental Activity						Business-Type Activity			Total Primary Government
	General Government	Public Safety	Highways Streets & Roadways	Sanitation	Culture & Recreation	Urban Redevelopment Econ Development	Interest on Long-term Debt	Water	Sanitary District	
2011	\$ 1,714,164	\$ 5,598,122	\$ 1,604,041	\$ 1,992,101	\$ 2,456,084	\$ 264,391	\$ 688,394	\$ 2,449,074	\$ 5,475,022	\$ 22,241,393
2010	\$ 1,382,727	\$ 5,020,309	\$ 1,031,980	\$ 1,851,337	\$ 1,996,962	\$ 340,892	\$ 367,489	\$ 2,917,801	\$ 5,623,497	\$ 20,532,994
2009	\$ 2,245,786	\$ 4,797,793	\$ 1,901,381	\$ 1,835,282	\$ 2,257,740	\$ 230,857	\$ 347,105	\$ 2,698,674	\$ 4,887,981	\$ 21,202,599
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	\$ 1,433,711	\$ 2,023,220	\$ 239,839	\$ 211,452	\$ 2,292,223	\$ 2,676,647	\$ 16,985,407
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. This should reflect ten years of data but owing to the reporting model on data prior to 2003 is available.

Fiscal Year Ended Dec. 31	Governmental Activity						Business-Type Activity			Total
	General Government	Public Safety	Highways Streets & Roadways	Sanitation	Culture & Recreation	Economic Development	Interest on Long-term Debt	Water	Sanitary District	
2011	8.35%	27.26%	7.81%	9.70%	11.96%	1.29%	3.35%	11.93%	26.66%	108.32%
2010	6.73%	24.45%	5.03%	9.02%	9.73%	1.66%	1.79%	14.21%	27.39%	100.00%
2009	10.59%	22.69%	8.97%	8.66%	10.65%	1.09%	1.64%	12.73%	23.05%	100.00%
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 2011



**Town of Highland
Government-Wide Revenues
Fiscal Years 2003-2011**

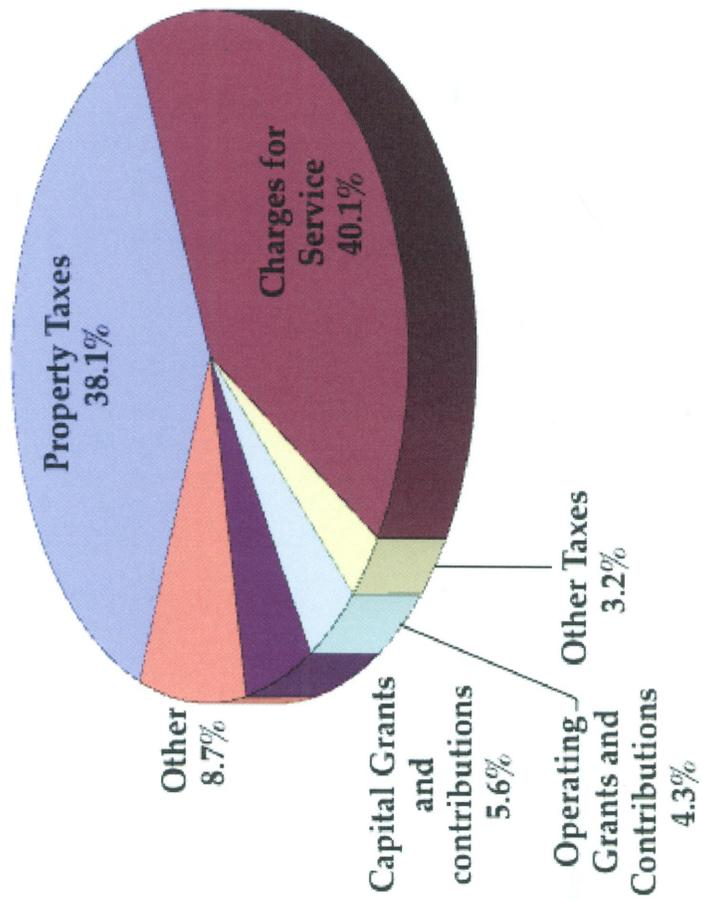
Fiscal Year Ended Dec. 31	Program Revenues				General Revenues				Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions Not Restricted to Specific Programs	Other Taxes	Other	Total	
2011	\$ 9,365,300	\$ 1,011,423	\$ 1,301,932	\$ 8,897,367	\$ -	\$ 749,666	\$ 2,032,431	\$ 23,358,119	
2010	\$ 9,495,322	\$ 1,069,502	\$ 6,577,953	\$ 8,064,597	\$ -	\$ 695,102	\$ 472,683	\$ 26,375,159	
2009	\$ 9,563,094	\$ 1,240,552	\$ 1,590,616	\$ 8,681,241	\$ -	\$ 733,229	\$ 181,412	\$ 21,990,144	
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 report should reflect ten years of information.

This includes governmental and business like activities

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	Total	
2011	35.51%	3.83%	4.94%	33.73%	0.00%	2.84%	7.71%	88.56%	
2010	36.00%	4.05%	24.94%	30.58%	0.00%	2.64%	1.79%	100.00%	
2009	43.49%	5.64%	7.23%	39.48%	0.00%	3.33%	0.82%	100.00%	
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 2011
of the Primary Government**



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Revenue Capacity

**Town of Highland
Property Tax Levies and Collections
Includes Overlapping Jurisdictions
2002-2011**

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
2011	\$ 24,962,329	\$ 23,905,290	95.77%	\$ 37,272	\$ 23,942,562	95.91%	\$ 398,026	1.59%
2010	\$ 24,549,613	\$ 23,503,640	95.74%	\$ 43,659	\$ 23,547,299	95.92%	\$ 348,934	1.42%
2009	\$ 23,068,261	\$ 22,036,176	95.53%	\$ 19,667	\$ 22,055,843	95.61%	\$ 855,708	3.71%
2008	\$ 22,762,788	\$ 21,769,472	95.64%	\$ 48,034	\$ 21,817,506	95.85%	\$ 725,335	3.19%
2007	\$ 27,892,823	\$ 26,804,899	96.10%	\$ 5,688	\$ 26,810,587	96.12%	\$ 520,418	1.87%
2006	\$ 25,512,967	\$ 24,800,570	97.21%	\$ 23,296	\$ 24,823,866	97.30%	\$ 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%	\$ 44,058	\$ 25,046,140	97.89%	\$ 154,507	0.60%
2002	\$ 35,549,521	\$ 34,400,697	96.77%	\$ 15,096	\$ 34,415,793	96.81%	\$ 865,106	2.43%

Source: Lake County Auditor's Office
 Note: ADFA Report
 Tax Abstract for billing

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 is no longer in effect.

**Town of Highland
Property Tax Levies and Collections
Limited to the Primary Government
2002-2011**

<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>
2011	\$ 9,127,369	\$ 8,741,281	95.77%	\$ 12,778	\$ 8,754,059	95.91%	\$ 145,125	1.59%
2010	\$ 8,705,095	\$ 8,334,258	95.74%	\$ 15,669	\$ 8,349,927	95.92%	\$ 123,612	1.42%
2009	\$ 8,411,659	\$ 8,035,658	95.53%	\$ 6,729	\$ 8,042,387	95.61%	\$ 312,073	3.71%
2008	\$ 8,687,415	\$ 8,308,644	95.64%	\$ 19,981	\$ 8,328,625	95.87%	\$ 277,129	3.19%
2007	\$ 8,427,576	\$ 8,098,901	96.10%	\$ 1,686	\$ 8,100,586	96.12%	\$ 157,596	1.87%
2006	\$ 7,953,809	\$ 7,731,898	97.21%	\$ 7,158	\$ 7,739,056	97.30%	\$ 170,212	2.14%
2005	\$ 6,965,238	\$ 6,662,250	95.65%	\$ 196,420	\$ 6,858,670	98.47%	\$ 174,131	2.50%
2004	\$ 7,289,247	\$ 7,043,599	96.63%	\$ 148,701	\$ 7,192,300	98.67%	\$ 113,712	1.56%
2003	\$ 7,322,435	\$ 7,155,483	97.72%	\$ 12,448	\$ 7,167,932	97.89%	\$ 43,935	0.60%
2002	\$ 6,618,962	\$ 6,405,170	96.77%	\$ 2,648	\$ 6,407,817	96.81%	\$ 160,841	2.43%

Source: Lake County Auditor's Office

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.

Town of Highland
Assessed and Actual Value of Taxable Property
Last Ten Fiscal Years 2002-2011

Funding Fiscal Year Ended Dec. 31	Actual Real Assessed Value	Net Real Estate		Railroad, Utilities & Personal Prop		Railroad, Utilities & Personal Prop		Total Net Assessed Value	Total Certified Assessed Value Estimated	Ratio of Total Assessed to Estimated Actual Value
		Nonbus Personal Prop Assessed Value	Personal Prop Assessed Value	ACTUAL Assessed Value	NET Assessed Value	NET Assessed Value	Tax Abstract			
2011	\$ 1,715,450,000	\$ 972,138,497	\$ 62,680,350	\$ 61,810,340	\$ 1,033,948,837	\$ 1,034,572,598	99.9%			
2010	\$ 1,801,024,100	\$ 1,038,141,311	\$ 61,757,400	\$ 60,536,200	\$ 1,098,677,511	\$ 1,096,253,782	100.2%			
2009	\$ 1,797,274,900	\$ 1,020,728,244	\$ 59,373,550	\$ 58,834,140	\$ 1,079,562,384	\$ 1,081,218,846	99.8%			
2008	\$ 1,837,757,000	\$ 1,329,733,661	\$ 61,735,410	\$ 59,611,440	\$ 1,388,345,101	\$ 1,388,875,121	100.0%			
2007	\$ 1,747,958,900	\$ 1,250,627,481	\$ 59,366,480	\$ 58,010,110	\$ 1,308,637,591	\$ 1,311,072,791	99.8%			
2006	\$ 1,475,713,920	\$ 1,068,602,470	\$ 103,568,140	\$ 102,551,532	\$ 1,171,154,002	\$ 1,173,820,512	99.8%			
2005	\$ 1,468,814,190	\$ 1,063,924,855	\$ 105,932,410	\$ 104,924,990	\$ 1,168,849,845	\$ 1,171,415,645	99.8%			
2004	\$ 1,464,260,650	\$ 1,066,825,390	\$ 103,788,528	\$ 102,703,668	\$ 1,169,529,058	\$ 1,171,399,568	99.8%			
2003	\$ 1,458,363,300	\$ 1,073,011,720	\$ 105,009,360	\$ 104,045,500	\$ 1,177,057,220	\$ 1,160,547,908	101.4%			
2002	\$ 539,061,865	\$ 404,169,264	\$ 97,821,560	\$ 96,946,870	\$ 501,116,134	\$ 501,116,134	100.0%			

Funding Fiscal Year Ended Dec. 31	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
2010	\$ 19,115,127	1.77%	\$ 764,103,989	\$ 0.7920	58.98%	\$ 2.3088
2009	\$ (309,782,717)	-22.30%	\$ 777,086,066	\$ 0.7785	58.15%	\$ 2.2280
2008	\$ 80,707,510	6.17%	\$ 510,147,309	\$ 0.6256	73.14%	\$ 2.9025
2007	\$ 137,483,589	11.74%	\$ 498,687,789	\$ 0.6428	72.41%	\$ 2.9848
2006	\$ 2,304,157	0.20%	\$ 408,128,058	\$ 0.6776	74.16%	\$ 3.2683
2005	\$ (679,213)	-0.06%	\$ 405,896,755	\$ 0.5946	74.22%	\$ 3.0638
2004	\$ (7,528,162)	-0.64%	\$ 398,520,120	\$ 0.6223	74.58%	\$ 3.0163
2003	\$ 675,941,086	134.89%	\$ 386,315,440	\$ 0.6308	75.29% **	\$ 3.0142 **
2002			\$ 195,767,291	\$ 1.3478	78.68% *	\$ 6.1961 *

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 39.33%. 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.

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	Highland Waterworks District	Total Corporation	Lake County	North Township	Highland Schools	Library	State & All Other Taxing Units	Gross Total	Percent Increase or Decrease
2011	\$ 0.7638	\$ 0.1238	\$ -	\$ 0.8876	\$ 0.6263	\$ 0.0795	\$ 0.7499	\$ 0.1066	\$ -	\$ 2.4499	6.11%
2010	\$ 0.6751	\$ 0.1169	\$ -	\$ 0.7920	\$ 0.6224	\$ 0.0746	\$ 0.7192	\$ 0.1006	\$ -	\$ 2.3088	3.63%
2009	\$ 0.7039	\$ 0.0746	\$ -	\$ 0.7785	\$ 0.5972	\$ 0.0765	\$ 0.6725	\$ 0.1033	\$ -	\$ 2.2280	-23.24%
2008	\$ 0.5714	\$ 0.0542	\$ -	\$ 0.6256	\$ 0.9755	\$ 0.0667	\$ 1.1588	\$ 0.0735	\$ 0.0024	\$ 2.9025	-2.76%**
2007	\$ 0.6208	\$ 0.0217	\$ 0.0003	\$ 0.6428	\$ 1.0152	\$ 0.0676	\$ 1.1562	\$ 0.1006	\$ 0.0024	\$ 2.9848	-8.67%**
2006	\$ 0.6938	\$ 0.0188	\$ 0.0250	\$ 0.6776	\$ 1.1543	\$ 0.0744	\$ 1.2572	\$ 0.1024	\$ 0.0024	\$ 3.2683	6.67%
2005	\$ 0.5604	\$ 0.0140	\$ 0.0202	\$ 0.5946	\$ 1.1254	\$ 0.0704	\$ 1.1667	\$ 0.1043	\$ 0.0024	\$ 3.0638	1.57%
2004	\$ 0.5770	\$ 0.0233	\$ 0.0220	\$ 0.6223	\$ 1.1530	\$ 0.0756	\$ 1.0561	\$ 0.1069	\$ 0.0024	\$ 3.0163	0.07%
2003	\$ 0.5652	\$ 0.0433	\$ 0.0223	\$ 0.6308	\$ 1.2029	\$ 0.0726	\$ 1.0145	\$ 0.0901	\$ 0.0033	\$ 3.0142	-51.35%
2002	\$ 1.2182	\$ 0.0799	\$ 0.0497	\$ 1.3478	\$ 1.9447	\$ 0.4110	\$ 2.3117	\$ 0.1776	\$ 0.0033	\$ 6.1961	

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 2002 to 2011**

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Corporation General	\$ 0.4494	\$ 0.4316	\$ 0.4366	\$ 0.3503	\$ 0.3602	\$ 0.3960	\$ 0.3909	\$ 0.3541	\$ 0.3485	\$ 0.7517
Corp. Bond	\$ 0.0082	\$ 0.0294	\$ 0.0259	\$ 0.0073	\$ 0.0206	\$ 0.0263	\$ 0.0136	\$ 0.0141	\$ 0.0151	\$ 0.0245
Corp Bond Exempt	-	\$ 0.0129	\$ 0.0101	-	-	-	-	-	-	-
Police Pension	\$ 0.0028	\$ 0.0054	\$ 0.0054	\$ 0.0120	\$ 0.0207	\$ 0.0174	\$ 0.0100	\$ 0.0171	\$ 0.0024	\$ 0.0405
Parks & Recreation	\$ 0.1052	\$ 0.0907	\$ 0.0924	\$ 0.0732	\$ 0.0805	\$ 0.0668	\$ 0.0719	\$ 0.0655	\$ 0.0720	\$ 0.1425
Park District Bond Exempt	\$ 0.0109	\$ 0.0449	\$ 0.0450	-	-	-	-	-	-	-
Park District Bond	\$ 0.1391	-	-	\$ 0.0377	\$ 0.0407	\$ 0.0581	\$ 0.0058	\$ 0.0417	\$ 0.0435	\$ 0.0948
Hydrant Rental	-	-	-	-	-	\$ 0.0128	-	\$ 0.0248	\$ 0.0230	\$ 0.0497
Sanitary District	\$ 0.0168	\$ 0.0161	\$ 0.0163	\$ 0.0127	\$ 0.0135	\$ 0.0145	\$ 0.0140	\$ 0.0135	\$ 0.0136	\$ 0.0221
Lease Rental Payment	-	-	-	-	-	-	-	-	-	-
Sanitary District Bond	\$ 0.0816	\$ 0.0818	-	\$ 0.0415	\$ 0.0082	\$ 0.0043	-	\$ 0.0098	\$ 0.0297	\$ 0.0578
Sanitary District Bond Exempt	\$ 0.0254	\$ 0.0190	\$ 0.0583	-	-	-	-	-	-	-
Public Works Bldg. Corp.	-	-	-	-	-	-	-	-	-	-
Cum. Cap. Development	\$ 0.0353	\$ 0.0353	\$ 0.0363	\$ 0.0363	\$ 0.0370	\$ 0.0146	\$ 0.0146	\$ 0.0146	\$ 0.0146	\$ 0.0330
Water District Bond	-	-	-	-	\$ 0.0003	\$ 0.0250	\$ 0.0202	\$ 0.0220	\$ 0.0223	\$ 0.0497
Parks Bldg. Corp. Lease	-	-	-	-	-	-	-	-	-	-
Redevelopment Gen.	\$ 0.0129	\$ 0.0127	\$ 0.0135	\$ 0.0083	\$ 0.0088	\$ 0.0103	\$ 0.0048	\$ 0.0032	\$ 0.0016	\$ 0.0023
Redevelopment Bond Exempt	-	\$ 0.0122	\$ 0.0387	\$ 0.0433	\$ 0.0491	\$ 0.0270	\$ 0.0366	\$ 0.0370	\$ 0.0391	\$ 0.0662
Redevelopment Bond.	-	-	-	\$ 0.0030	\$ 0.0032	\$ 0.0045	\$ 0.0037	\$ 0.0049	\$ 0.0054	\$ 0.0130
Redevelopment Capital.	-	-	-	\$ 0.6256	\$ 0.6428	\$ 0.6776	\$ 0.5861	\$ 0.6223	\$ 0.6308	\$ 1.3478
Total Corporation:	\$0.8876	\$0.7920	\$0.7785	\$2.9025	\$2.9848	\$3.2683	\$3.0638	\$3.0163	\$3.0142	\$6.1961
Total Tax Rate*:	\$ 2.4499	\$ 2.2280	\$ 2.2280	\$ 2.9025	\$ 2.9848	\$ 3.2683	\$ 3.0638	\$ 3.0163	\$ 3.0142	\$ 6.1961

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

		2011			Percent of
Taxpayer	Product or Service	Real & Impmnt Assessed Value	Personal Property Assessed Value	Total Assessed Value	Town's Tax Base
Hampton in Highland Associates	Rental Housing Association	\$ 17,985,800	\$ -	\$ 17,985,800	1.54%
Meijer's Stores	Retail Hypermarket	\$ 17,966,000	\$ -	\$ 17,966,000	1.53%
Highland Grove, L.L.C.	Shopping Center	\$ 17,605,400	\$ -	\$ 17,605,400	1.50%
ATG Development Corporation	Developer	\$ 13,505,900	\$ -	\$ 13,505,900	1.15%
Dayton Hudson (Target)	Retailer Department Store	\$ 7,622,000		\$ 7,622,000	0.65%
Opus North Development	Retail Shopping Mall	\$ 7,272,200		\$ 7,272,200	0.62%
HIBB Associates, LLC	Retail Shopping Mall	\$ 5,958,300		\$ 5,958,300	0.51%
Millford P. Christenson (Christenson Chevrolet)	AutoSales and Service	\$ 3,336,400		\$ 3,336,400	0.28%
SVT, LLC	Warehousing	\$ 2,072,600		\$ 2,072,600	0.18%
Goodenow Grove Group	Auto Sales and Service	\$ 1,990,200		\$ 1,990,200	0.17%
		<u>\$77,329,000.</u>	<u>\$0.</u>	<u>\$77,329,000.</u>	<u>6.60%</u>

		2002			Percent of
Taxpayer	Product or Service	Real & Impmnt Assessed Value	Personal Property Assessed Value	Total Assessed Value	Town's Tax Base
Meijer's	Retail Hyper Market Store	\$ 701,660	\$ 5,098,780	\$ 17,401,320	1.16%
Hampton-Highland Associates	Rental Housing Association	\$ 8,231,000	\$ 55,520	\$ 24,859,560	1.65%
Highland Grove, LLC	Shopping Center	\$ 8,238,500	\$ -	\$ 24,715,500	1.64%
Stracks and Van Til/Ultra Foods	Retail Hyper Market Store	\$ 1,119,700	\$ 6,495,240	\$ 22,844,820	1.52%
Indiana Bell Telephone	Telecommunications Utility	\$ 193,500	\$ 7,275,940	\$ 22,408,320	1.49%
Dayton-Hudson (Target)	Retail Department Store	\$ 1,985,360	\$ 4,249,300	\$ 18,703,980	1.24%
Terry Shaver Pontiac	Automobile Retailer	\$ 962,700	\$ 5,198,450	\$ 18,483,450	1.23%
Webb Ford	Automobile Retailer	\$ 1,490,000	\$ 4,289,090	\$ 17,337,270	1.15%
Northern Indiana Public Service Co.	Regulated Gas & Electric utility	\$ 931,620	\$ 4,935,460	\$ 17,601,240	1.17%
Opus North Development	Retail Shopping Mall	\$ 4,321,700	\$ -	\$ 12,965,100	0.86%
		<u>\$28,175,740.</u>	<u>\$37,597,780.</u>	<u>\$197,320,560.</u>	<u>13.80%</u>

** In order to make assessed values seem equivalent, the values in 2002 are multiplied by 3. In 1999 the assessed value used "true tax" as basis for valuation. In 2009, 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, Actual Property Value
and Net Bond and Note Debt per Capita
Last Ten Fiscal Years FY 2002 to 2011
Primary Government

Fiscal Year Ended Dec. 31	Population	Actual Value for Property	Assessed Value for Subsequent Debt Reduction**	Gross Bond & Note Debt	Less Debt Service Funds	Net Bond & Note Debt	Net Bond & Note Debt to Assessed Value	Net Bond & Note Debt per Capita	Net Bond & Note Debt to Actual Property Value
2011	23,705	\$1,778,130,350	\$1,034,572,598	\$ 19,884,021	\$ 1,754,403	\$ 18,129,618	1.75%	\$765	1.02%
2010	23,727	\$1,862,781,400	\$1,096,253,782	\$ 19,106,994	\$ 2,075,089	\$ 17,031,905	1.55%	\$718	0.91%
2009**	22,594	\$1,856,648,450	\$1,081,218,846	\$ 17,330,103	\$ 2,437,033	\$ 14,893,070	1.38%	\$659	0.80%
2008**	22,622	\$1,899,492,410	\$1,388,875,121	\$ 10,916,019	\$ 2,097,240	\$ 8,818,779	0.63%	\$390	0.46%
2007**	22,667	\$1,807,325,380	\$1,311,072,791	\$ 10,100,611	\$ 1,811,630	\$ 8,288,981	0.63%	\$366	0.46%
2006**	22,722	\$1,579,282,060	\$1,173,820,512	\$ 7,561,367	\$ 1,076,406	\$ 6,484,961	0.55%	\$285	0.41%
2005**	22,894	\$1,574,746,600	\$1,171,415,645	\$ 5,208,731	\$ 1,312,064	\$ 3,896,667	0.33%	\$170	0.25%
2004**	23,048	\$1,568,049,178	\$1,171,339,568	\$ 4,040,000	\$ 684,871	\$ 3,355,129	0.29%	\$146	0.21%
2003**	23,246	\$1,563,372,660	\$1,160,547,908	\$ 5,615,000	\$ 1,168,135	\$ 4,446,865	0.38%	\$191	0.28%
2002**	23,403	\$636,883,425	\$501,116,134	\$ 7,322,818 *	\$ 1,774,341	\$ 5,548,477	1.11%	\$237	0.87%

* Includes general obligation, capital lease, 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.

The Assessed value used in this report is the certified net assessed value, which is used to set tax rates.
The abstract assessed value is actually against which tax bills and rates are applied. (See page ___ for comparison)
No revenue debt or mortgage debt of a building corporation is included.
This does not include temporary loans (tax anticipation warrants) for cash flow purposes as these are short term debt.

Source: Statement of Net Assets

** Estimates provided by the United States Census Bureau.

**Town of Highland
Computation of Legal Debt Margin
at December 31, 2011**

Using Certified Assessed Valuation
Certified Assessed Value 1,034,572,598
 Adjusted Value:* \$ 344,857,533

	<u>General Obligation and Special Taxing Districts - Governmental Activity</u>		<u>Special Taxing Districts - Business Activity</u>		
	<u>Corporation Town of Highland</u>	<u>Parks & Rec. District</u>	<u>Redevelopment District</u>	<u>Waterworks District</u>	<u>Sanitary District</u>
Adjusted Assessed Value	344,857,533	344,857,533	344,857,533	344,857,533	344,857,533
Debt Limit Percentage	2.00%	2.00%	2.00%	8.00%	12.00%
Debt Limit	\$ 6,897,151	\$ 6,897,151	\$ 6,897,151	\$ 27,588,603	\$ 41,382,904
Bonds Outstanding	\$ 2,847,903	\$ 1,110,000	\$ 1,050,000	\$ 750,000 **	\$ 13,280,000
Subtotal	\$ 4,049,248	\$ 5,787,151	\$ 5,847,151	\$ 26,838,603	\$ 28,102,904
Amount Available in Debt Service Fund	\$ 14,506 *	\$ 41,163	\$ 156,302	\$ 503,383	\$ 755,385
Legal Debt Margin	\$ 4,063,754	\$ 5,828,314	\$ 6,003,453	\$ 27,341,986	\$ 28,858,289

* 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, and the Lincoln Community Center Building Corporation, which are blended component units 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. The balance of \$506,859 was not included as it is for a capital lease exclusively.

** The General Obligation Note is included under the Waterworks District as it is repaid by property taxes and counts against debt limit.

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 1,081,218,846. This is distinguished from the Tax Abstract Assessed Valuation which is depicted on Confer IC 36-1-15-4 called adjusted value.

This excludes tax anticipation warrants and a revenue note of the Town.
 Source: *Statement of Net Assets Proprietary Funds and Combining Balance Sheet Non-major Debt Service Funds*
 Source: *Notes to the Financial Statements IV H.*

Town of Highland
Computation of Direct and Overlapping Debt
Payable from or backed by Property Taxes
As of December 31

Governmental Unit	Bonds Outstanding	Percent Applicable to Highland	Amount Applicable to Highland
Direct Debt:			
Town of Highland*	\$ 31,019,889	100.00%	\$ 31,019,889
Overlapping Debt:			
School Town of Highland	\$ 46,711,036 **	100.00%	\$ 46,711,036
North Township	\$ 700,000	16.97%	\$ 118,801,1216
Lake County Library	\$ 22,835,000 **	9.22%	\$ 2,105,869
Lake County	\$ 38,590,000	5.17%	\$ 1,995,829
Total Overlapping Debt	\$ 108,836,036		\$ 50,931,535
Total Direct and Overlapping Debt:			\$ 81,951,424

* Includes Parks District, Redevelopment District, Corporation and the Sanitary District, which is a property tax repaid debt but is included in the business-like activity. In addition includes Parks and Recreation as well as Lincoln Community Center Building Corporation debt.
 ** Amount includes Building Corporation Mortgage Bonds

These are included in the Town of Highland debt.
 Sources: Lake County Auditor and
 Office of the Highland Clerk-Treasurer

The overlap is calculated by taking the percentage of the certified net assessed valuation of the primary government relative to the certified net assessed valuation for each of the overlapping governmental units. The certified assessed valuation is provided the FY 2011 budget orders [prepared by the Indiana Department of Government Finance.]

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

Fiscal Year Ended Dec. 31	Governmental Activities							Business-Type Activities							Estimated Total Personal Income	Debt as Percentage of Personal Income
	General Obligation Bonds	Revenue Bonds	Mortgage Bonds	Notes/Loans Payable	Capital Leases	General Obligation Bonds	Revenue Bonds	Mortgage Bonds	Notes/Loans Payable	Capital Leases	Total Primary Government	Estimated Population	Debt Per Capita			
2011	\$ 5,007,903	\$ -	\$ 11,700,000	\$ -	\$ 858,560	\$ 13,280,000	\$ -	\$ -	\$ 750,000	\$ -	\$ 31,596,463	23,705	\$ 1,332.90	\$ 683,272,920	4.62%	
2010	\$ 5,721,903	\$ -	\$ 11,940,000	\$ 85,200	\$ 459,990	\$ 13,313,000	\$ -	\$ -	\$ -	\$ -	\$ 31,520,093	23,727	\$ 1,328.45	\$ 671,358,808	4.69%	
2009	\$ 5,705,903	\$ -	\$ 1,005,000	\$ 113,600	\$ 346,713	\$ 11,519,000	\$ -	\$ -	\$ -	\$ -	\$ 18,690,216	22,594	\$ 827.22	\$ 631,711,972	2.96%	
2008	\$ 6,494,903	\$ -	\$ 1,210,000	\$ 142,000	\$ 305,988	\$ 4,254,000	\$ -	\$ -	\$ -	\$ -	\$ 12,406,891	22,622	\$ 548.44	\$ 625,974,267	1.98%	
2007	\$ 5,573,903	\$ -	\$ 1,400,000	\$ -	\$ 407,406	\$ 4,500,000	\$ -	\$ -	\$ -	\$ -	\$ 11,881,309	22,667	\$ 524.17	\$ 620,685,928	1.91%	
2006	\$ 6,172,903	\$ -	\$ 1,580,000	\$ -	\$ 128,253	\$ 1,397,000	\$ -	\$ -	\$ -	\$ -	\$ 9,278,156	22,722	\$ 408.33	\$ 615,642,592	1.51%	
2005	\$ 3,491,903	\$ -	\$ 1,745,000	\$ -	\$ 59,651	\$ 1,720,000	\$ 190,000	\$ -	\$ -	\$ -	\$ 7,206,554	22,894	\$ 314.78	\$ 613,703,890	1.17%	
2004	\$ 3,245,000	\$ -	\$ 1,900,000	\$ -	\$ 5,721	\$ 795,000	\$ 805,000	\$ -	\$ -	\$ -	\$ 6,750,721	23,048	\$ 292.90	\$ 611,188,708	1.10%	
2003	\$ 4,030,000	\$ -	\$ 2,040,000	\$ -	\$ 34,892	\$ 1,585,000	\$ 1,385,000	\$ -	\$ -	\$ -	\$ 9,074,832	23,246	\$ 390.38	\$ 613,089,074	1.48%	
2002	\$ 4,740,000	\$ -	\$ 2,170,000	\$ -	\$ 144,512	\$ 2,335,000	\$ 1,935,000	\$ -	\$ -	\$ 1,690	\$ 11,326,202	23,403	\$ 483.96	\$ 613,856,946	1.85%	

(Per \$1000)

Sources:
 Population estimates provided by U.S. Census Bureau
 Town of Highland Comprehensive Annual Financial Reports
 Notes to Financial Statements, IV, (F), (H)
 Amounts are not adjusted for premiums or discounts.

Town of Highland
Ratio of Annual Debt Service Expenditures
for Governmental Bond and Note Debt to Governmental Expenditures
Last Ten Fiscal Years 2002 to 2011

<u>Fiscal Year Ended Dec. 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Governmental Expenditures</u>	<u>Ratio of Debt Services to General Expenditures</u>
2011	\$ 1,137,586	\$ 1,041,489	\$ 2,179,075	\$ 16,187,562	13.46%
2010	\$ 1,099,000	\$ 324,270	\$ 1,423,270	\$ 11,991,696	11.87%
2009	\$ 994,000	\$ 357,627	\$ 1,351,627	\$ 13,615,944	9.93%
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%

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

Governmental debt service excludes debt service of the utilities.

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances For Governmental Funds.

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 Dec. 31	Principal	Interest	Total Debt Service	Total Utilities' Expenditures	Ratio of Debt Services to Utilities' Expenditures
2011	\$ 823,000	\$ 621,789	\$ 1,444,789	\$ 7,257,265	19.91%
2010	\$ 566,000	\$ 539,077	\$ 1,105,077	\$ 8,541,298	12.94%
2009	\$ 375,000	\$ 182,923	\$ 557,923	\$ 7,586,655	7.35%
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%

Source: Statement of Cash Flows Proprietary Funds

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
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		Total	Coverage
				Principal	Interest		
2011	\$ 103,933	\$ 11,057	\$ 92,876	\$ 240,000	\$ 34,320	\$ 274,320	0.34
2010	\$ 101,380	\$ 5,765	\$ 95,615	\$ 225,000	\$ 46,326	\$ 271,326	0.35
2009	\$ 83,672	\$ 6,604	\$ 77,068	\$ 205,000	\$ 57,345	\$ 262,345	0.29
2008	\$ 81,024	\$ 6,925	\$ 74,099	\$ 190,000	\$ 67,466	\$ 257,466	0.29
2007	\$ 79,746	\$ 5,874	\$ 73,872	\$ 180,000	\$ 76,948	\$ 256,948	0.29
2006	\$ 79,472	\$ 5,451	\$ 74,021	\$ 165,000	\$ 85,788	\$ 250,788	0.30
2005	\$ 77,920	\$ 5,672	\$ 72,248	\$ 155,000	\$ 93,987	\$ 248,987	0.29
2004	\$ 77,189	\$ 8,728	\$ 68,461	\$ 140,000	\$ 101,548	\$ 241,548	0.28
2003	\$ 75,363	\$ 120,179	\$ (44,816)	\$ 130,000	\$ 108,466	\$ 238,466	-0.19
2002	\$ 74,358	\$ 8,222	\$ 66,136	\$ 120,000	\$ 114,872	\$ 234,872	0.28

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.

Town of Highland
Revenue Bond Coverage
Lincoln Community Center Building Corporation
A blended component unit of the municipality

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements		Total	Coverage
				Principal	Interest		
2011	\$ 463,486	\$ 3	\$ 463,483	\$ -	\$ 250,617	\$ 250,617	1.85
2010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-

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 until late 2010.

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Demographic & Economic Information

**Town of Highland
Economic and Demographic Statistics**

Fiscal Year Ended Dec. 31	Estimated Population	Estimated Total Personal Income # (Per \$1000)	PER Capita Personal Income #	Public School K-12 Enrollment	Private School K-12 Enrollment	Town of HIGHLAND Unemployment Rates*	State of Indiana Unemployment Rates	United States Unemployment Rates
2011	23,705	\$ 683,272,920	\$ 28,824	3,410	579	8.5%	9.0%	9.0%
2010	23,767	\$ 671,358,808	\$ 28,248	3,405	611	10.7%	10.1%	9.6%
2009	22,594	\$ 631,711,972	\$ 27,959	3,454	611	9.2%	10.4%	9.3%
2008	22,622	\$ 625,974,267	\$ 27,671	3,454	894	5.1%	5.9%	5.8%
2007	22,667	\$ 620,685,928	\$ 27,383	3,447	616	4.2%	4.6%	4.6%
2006	22,722	\$ 615,642,592	\$ 27,095	3,451	613	4.7%	5.0%	4.6%
2005	22,894	\$ 613,703,890	\$ 26,806	3,416	634	4.6%	5.3%	5.1%
2004	23,048	\$ 611,188,708	\$ 26,518	3,382	736	5.8%	5.3%	5.5%
2003	23,246	\$ 609,738,861	\$ 26,230	3,340	791	5.7%	5.3%	6.0%
2002	23,403	\$ 607,111,265	\$ 25,942	3,306	790	5.9%	5.2%	5.8%

Sources:

Population and income estimates provided by U.S. Census Bureau
 Other Unemployment rates Bureau of Labor Statistics
 Highland Unemployment rates Indiana Department of Workforce Development
 * Not seasonally adjusted

Town of Highland
List of Largest Employers in Highland
Current Year and Nine Years Ago

2011			
Employer	Type of Business	Reported Employment	Percentage of Local Workforce
Strack & Van Til/Ultra Foods, Inc.	Groceries/Warehouse	599 (1)	4.5%
School Town of Highland	Public Education K-12	402 (2)	3.1%
Meijers	Groceries	400	3.0%
Emcor/hyre Electric Company	Electrical Services Contractor	350	2.7%
Town of Highland	Municipal Government	239 (3)	1.8%
Prompt Ambulance	Emergency Medical Services	197	1.5%
Kohl's Department Store	Retailer	180	1.4%
Target Store (Dayton Hudson)	Retailer	165	1.3%
Patrick's Pros	Party/Event Organizer	125	0.9%
Best Buy, Inc.	Electronics and appliances retailer	125	0.9%
Aller's Landscape Construction	Garden Center	90	0.7%
Webb Ford, Inc.	Auto Dealership	85	0.6%
Old Country Buffet	Restaurant	80	0.6%
Comfort Keepers	Home Health Care	80	0.6%
Christenson Chevrolet	Auto Dealership	70	0.5%
Palika Enterprises	Retailer	65	0.5%
First Financial Bank	Financial Services/Banking	63	0.5%

2002			
Employer	Type of Business	Reported Employment	Percentage of Local Workforce
Ultra Foods, Inc/Strack & Van Til's	Retail Grocer	547 (4)	4.3%
Meijers	Retail Grocer/Hyper Market	500	4.0%
School Town of Highland	Public Education K-12	395 (5)	3.1%
JWP/Hire Electric Company	Electrical Contractor	370 (6)	2.9%
Jewel Foods	Retail grocer	350	2.8%
Town of Highland	Municipal Government	334 (7)	2.7%
Sand Ridge Bank (now First Financial)	Financial Services/Banking	259	2.1%
Target (Dayton Hudson)	Retailer	210	1.7%
Kohl's Department Store	Retailer	178	1.4%
Webb Ford, Inc.	Auto Dealership	110	0.9%
Terry Shaver Pontiac, Inc.	Auto Dealership	81	0.6%
Christenson Chevrolet, Inc.	Auto Dealership	76	0.6%

- (1) Total includes employees at Strack & Van Til store and corporate offices; and employees at Ultra Foods.
- (2) This total includes certified teachers, administrators and non-certified employees.
- (3) Of the 239 total employees, 108 are full-timeworkers, one is a full-time elected official, 31 are part-time officials, 33 are part-time firefighters and 66 other part-time workers. Firefighters are paid on demand when needed but are on call 24 hours a day.
- (4) Total includes 288 employees at Strack & Van Til store and corporate offices; 249 employees at Ultra Foods
- (5) This total includes 180 certified teachers and administrators, 215 non-certified employees
- (6) Total includes 300 employees in the field and 70 office employees
- (7) Of the 334 total employees, 122 are full-time workers, once is a full-time elected official, 40 are part-time officials, 45 are part-time firefighters and 126 other part-time workers. Firefighters are paid on demand when needed but are on call 24 hours a day.

Sources: Reference USA
Lexis Nexus Academic
US Business Directory
U.S. Census Bureau Factfinder Selected Econ Characteristics

**Town of Highland
List of Largest Employers in Area
Current Year and Nine Years Ago**

2011				
Employer	Type of Business	Location	Reported Employment	Percentage of Local Workforce
Mittal/Arceelor Steel	Steel Manufacturing	East Chicago/Burns Harbor	7,926	3.3%
US Steel Gary Works (USX)	Steel Manufacturing	Gary	6,000	2.5%
NIPSCO/NISource	Electric/Natural Gas Utility	Merrillville	3,800	1.6%
Methodist Hospitals	Medical Services	Gary/Merrillville	3,500	1.5%
BP Amoco	Oil Refinery	Whiting	3,000	1.2%
St. Margaret/Mercy Hospitals	Medical Services	Dyer/Hammond	2,937	1.2%
Community Hospital	Medical Services	Munster	2,800	1.2%
Horseshoe Casino	Entertainment Gaming	Hammond	2,244	0.9%
Ameristar Casino	Entertainment Gaming	East Chicago	1,800	0.7%
St. Anthony Medical Center	Medical Services	Crown Point	1,600	0.7%
Bulkmatic Transport	Trucking	Griffith	1,300	0.5%
Majestic Star & Majestic Star II Casinos	Entertainment Gaming	Gary	1,349	0.6%
St. Mary Medical Center	Medical Services	Hobart	1,100	0.5%
St. Catherine Hospital	Medical Services	East Chicago	850	0.4%
Indiana Harbor Belt Railroad	Rail Transfer	Hammond	762	0.3%
Wal-Mart	Retail	Hammond	642	0.3%
Hammond Clinic	Medical Services	Munster	600	0.2%
Lear Seating Corp.	Automotive Seating	Hammond	525	0.2%

2002				
Employer	Type of Business	Location	Reported Employment	Percentage of Local Workforce
US Steel Gary Works (USX)	Steel Manufacturing	Gary	7,000	3.1%
Ispeal/Inland Steel	Steel Manufacturing	East Chicago	6,900	3.0%
Methodist Hospitals	Medical Services	Gary/Merrillville	3,292	1.4%
St. Margaret/Mercy Hospitals	Medical Services	Dyer/Hammond	3,200	1.4%
Community Hospital	Hospital Medical Services	Munster	3,000	1.3%
NIPSCO/NISource	Electric/Natural Gas Utility	Merrillville	2,670	1.2%
Horseshoe Empress Casino	Entertainment Gaming	Hammond	2,430	1.1%
Harrati's Casino	Entertainment Gaming	East Chicago	1,800	0.8%
ISG Steel Company	Steel Manufacturing	East Chicago	1,600	0.7%
BP Amoco	Oil Refinery	Whiting/Hammond	1,287	0.6%
Hammond Clinic	Medical Services	Munster	520	0.2%
Howard Publications The TIMES	Newspaper	Munster	500	0.2%
Unilever	Soap Manufacturer	Hammond	340	0.1%
Gargill (mcc Cerestar USA Corp.)	Corn Products Processor	Hammond	261	0.1%

Sources: Reference U.S.A.

LexisNexis Academic

Hoovers, Inc.

U.S. Business Directory

Northwestern Indiana Regional Planning Commission

Casino Association of Indiana

Northwest Indiana Times

**Town of Highland
Schedule of Building Permits
Last Ten Fiscal Years FY 2002 to 2011**

Year	Residential		Multiple Family		Totals	
	Single Family Permits	Value	Permits	Value		Permits
2011	3	\$ 564,500	0	\$ -	1,167	\$ 11,335,584
2010	4	\$ 732,500	0	\$ -	1,235	\$ 21,184,977
2009	6	\$ 1,366,000	0	\$ -	1,315	\$ 11,024,394
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	\$ 16,127,582
2005	18	\$ 2,716,425	1	\$ 240,000	1,007	\$ 14,045,986
2004	12	\$ 1,796,000	4	\$ 2,300,000	988	\$ 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

Year	Institutional, Commercial, Industrial		Miscellaneous		Totals	
	Permits	Value	Permits	Value		Permits
2011	11	\$ 4,585,945 ***	1,153	\$ 6,185,139	1,167	\$ 11,335,584
2010	10	\$ 5,795,225	1,221	\$ 14,657,252	1,235	\$ 21,184,977
2009	5	\$ 1,718,503	1,304	\$ 7,939,891	1,315	\$ 11,024,394
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	\$ 16,127,582
2005	3	\$ 4,500,000 *	985	\$ 6,589,561	1,007	\$ 14,045,986
2004	6	\$ 6,596,000	916	\$ 6,942,428	988	\$ 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

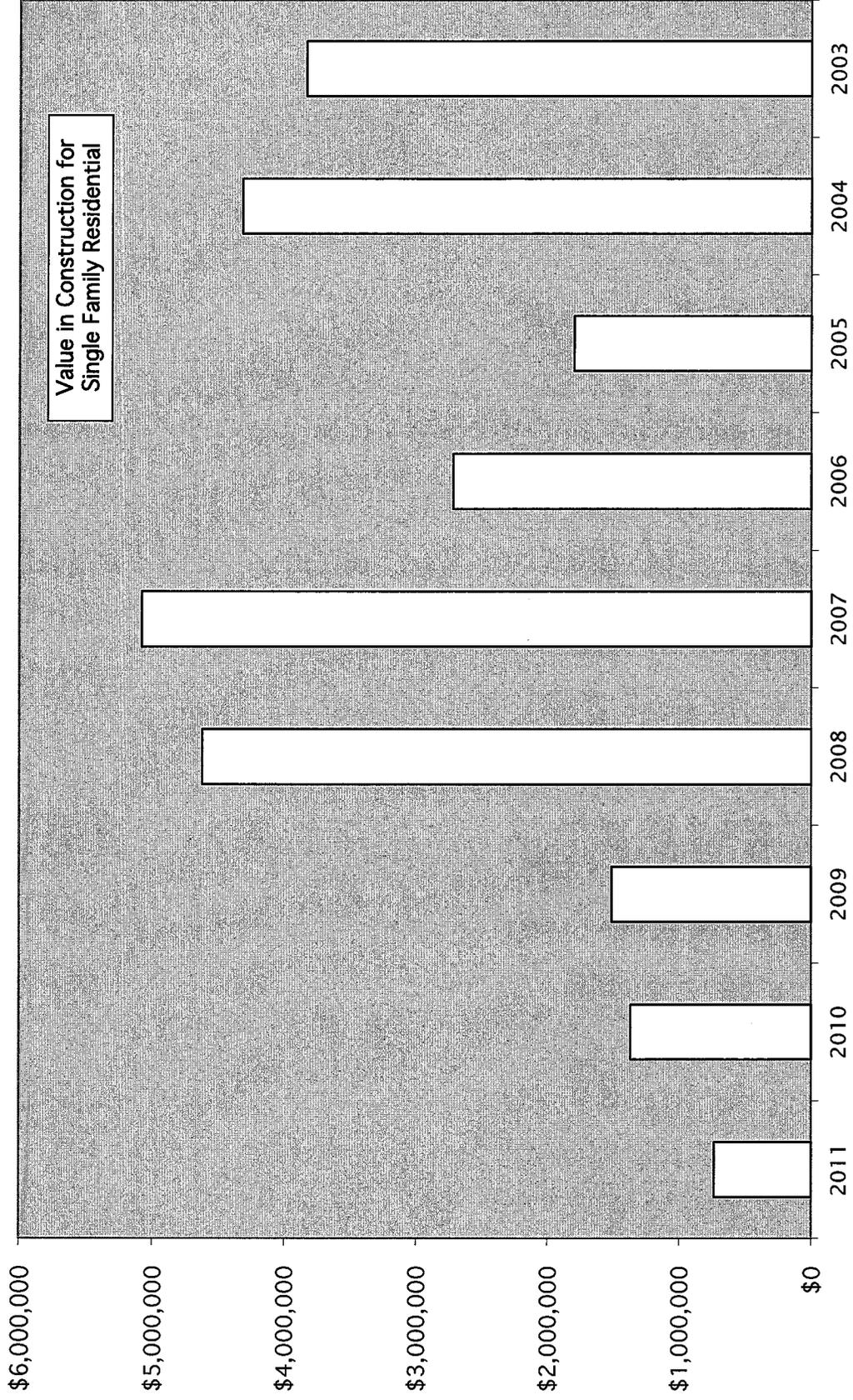
Note: Data from annual building reports prepared by building commissioner.

* 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.

*** Institutional & Commercial Values above include Hampton in Highlands restoration and a comprehensive remodel of Strack & VanTil Grocery

Residential Building Permits



**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2011**

User	Business	Consumption (1,000 Gallons)	Billed Revenue	Percentage of Billed Flow
Town of Dyer	Municipality	588,280	\$438,724	42.01%
Hampton in Highland	Apartment Complex	19,405	\$44,916	1.39%
Porte d'leau	Town House Assn	13,191	\$20,099	0.94%
Pleasant View Dairy	Dairy Products	7,315	\$9,884	0.52%
School Town of Highland	Public Schools	6,958	\$16,074	0.50%
Wildwood Condo Association	Condominiums	5,311	\$10,467	0.38%
Georgetown Condos	Condominiums	5,192	\$10,382	0.37%
ATG/Embassy Place	Condominiums	4,570	\$8,001	0.33%
Meyers Development Corp.	Commercial/Condo	4,178	\$9,187	0.30%
Les Chateaux	Condominiums	3,915	\$7,039	0.28%

Note: Total billed flow for the 12 months ending December 31, 2011, was 1,342,690,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2010**

User	Business	Consumption (1,000 Gallons)	Billed Revenue	Percentage of Billed Flow
Town of Dyer	Municipality	560,154	\$457,665	40.00%
Hampton in Highland	Apartment Complex	18,343	\$28,624	1.31%
Porte d' leau	Town House Assn	13,238	\$20,392	0.95%
Pleasant View Dairy	Dairy Products	6,599	\$8,888	0.47%
School Town of Highland	Public Schools	6,483	\$16,517	0.46%
Wildwood Condo Association	Condominiums	5,491	\$10,597	0.39%
Georgetown Condos	Condominiums	5,392	\$10,802	0.39%
Meyers Development Corp.	Commercial/Condo	5,186	\$10,492	0.37%
ATG/Embassy Place	Condominiums	4,378	\$8,062	0.31%
Les Chateaux	Condominiums	3,993	\$7,039	0.29%

Note: Total billed flow for the 12 months ending December 31, 2010, was 1,400,230,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2009**

User	Business	Consumption (1,000 Gallons)	Billed Revenue	Percentage of Billed Flow
Town of Dyer	Municipality	541,140	\$438,734	36.08%
Hampton in Highland	Apartment Complex	19,405	\$44,916	1.29%
Porte d' leau	Town House Assn	13,191	\$20,099	0.88%
School Town of Highland	Public Schools	7,517	\$16,745	0.50%
Pleasant View Dairy	Dairy Products	7,315	\$9,884	0.49%
Wildwood Condo Association	Condominiums	4,241	\$9,387	0.28%
Meyers Development Corp.	Commercial/Condo	4,344	\$9,332	0.29%
Georgetown Condos	Condominiums	4,575	\$8,992	0.31%
ATG/Embassy Place	Condominiums	4,489	\$8,332	0.30%
Meijer Inc., #170A	Retail Grocer	3,880	\$5,786	0.26%

Note: Total billed flow for the 12 months ending December 31, 2009, was 1,500,000,000 gallons.

**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
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	139	1,715	2,857	26,506	\$ 61,739,000	\$ 559,759,000	\$ 705,188,000	\$ 7,102,425,000
Information	7	99	12	2,012	\$ 243,000.00	\$ 72,769,000	N	N
Educational Services*	9	98	88	888	\$ 1,272,000	\$ 21,466,000	\$ 2,421,000	\$ 51,607,000
Arts, Entertainment, Recreation	10	111	b	6,068	D	\$ 135,851,000	D	\$ 674,919,000
Accommodation and Food Services	61	993	1,049	19,402	\$ 10,268,000	\$ 265,535,000	\$ 38,973,000	\$ 1,069,166,000
Wholesale Trade	24	396	257	5,198	\$ 7,362,000	\$ 25,487,500	\$ 185,710,000	\$ 3,348,813
Manufacturing	N	411	N	26,654	N	\$ 1,488,954,000	N	\$ 21,914,467,000

* Excludes Elementary and Secondary Schools, Junior Colleges, Colleges, Universities and Professional Schools.

D Withheld to avoid disclosure of individual companies.

N/A Not Available

b = 20 to 99 employees

Source: U.S. Bureau of the Census, 2007 Economic Census ECo2-IN. Geographic Area Series

**Town of Highland
Local Financial Institutions
Assets in the Town as of June 30, 2011**

Institutions	Assets in Highland as of 30 June 10	Pctge of Total	Assets in Highland as of 30 June 11	Pctge of Total	Number of Offices
First Financial Bank NA*	\$ 278,799,000	30.55%	\$ 275,939,000	31.58%	3
Centier Bank	\$ 173,998,000	19.07%	\$ 174,937,000	20.02%	2
First Midwest Bank**	\$ 262,950,000	28.82%	\$ 253,908,000	29.06%	3
Fifth/Third Bank	\$ 37,634,000	4.12%	\$ 34,389,000	3.94%	2
Standard Bank & Trust	\$ 60,844,000	6.67%	\$ 32,357,000	3.70%	1
JP Morgan Chase Bank NA	\$ 37,431,000	4.10%	\$ 39,761,000	4.55%	1
Citizens Financial Services , FSB	\$ 31,037,000	3.40%	\$ 33,982,000	3.89%	1
Lake Federal Bank FSB	\$ 14,613,000	1.60%	\$ 13,809,000	1.58%	1
First Federal Savings and Loan Assn.	\$ 15,223,000	1.67%	\$ 14,650,000	1.68%	1
	\$ 912,529,000		\$ 873,732,000		15

Source: Federal Deposit Insurance Corporation/Office of Thrift Supervision

* Formerly Sand Ridge Bank

** Formerly Bank Calumet

*** Formerly Bank One, NA

**Town of Highland
Intended Federal Funds Rate
Last Ten Years 2002 - 2011**

Months	2011	Change (in basis points)	2010	2009	2008	2007	2006	2005	2004	2003	2002
January	0.17%	-1.00	0.11%	0.15%	3.94%	5.25%	4.50%	2.25%	1.00%	1.25%	1.75%
February	0.16%	-1.00	0.13%	0.22%	2.98%	5.25%	4.50%	2.50%	1.00%	1.25%	1.75%
March	0.14%	-2.00	0.16%	0.18%	2.61%	5.25%	4.75%	2.75%	1.00%	1.25%	1.75%
April	0.10%	-4.00	0.20%	0.15%	2.28%	5.25%	4.75%	2.75%	1.00%	1.25%	1.75%
May	0.09%	-1.00	0.20%	0.18%	1.98%	5.25%	5.00%	3.00%	1.00%	1.25%	1.75%
June	0.09%		0.18%	0.21%	2.00%	5.25%	5.25%	3.25%	1.25%	1.00%	1.75%
July	0.07%	-2.00	0.18%	0.16%	2.00%	5.25%	5.25%	3.25%	1.25%	1.00%	1.75%
August	0.10%	3.00	0.19%	0.16%	2.00%	5.25%	5.25%	3.50%	1.50%	1.00%	1.75%
September	0.08%	-2.00	0.19%	0.15%	1.81%	4.75%	5.25%	3.75%	1.75%	1.00%	1.75%
October	0.07%	-1.00	0.19%	0.12%	0.97%	4.50%	5.25%	3.75%	1.75%	1.00%	1.75%
November	0.08%	1.00	0.19%	0.12%	0.39%	4.50%	5.25%	4.00%	2.00%	1.00%	1.25%
December	0.07%	-1.00	0.18%	0.12%	0.16%	4.25%	5.25%	4.25%	2.25%	1.00%	1.25%
Number of Annual Changes	10		7	9	10	3	4	8	5	1	1

Source: Federal Open Market Committee of the Federal Reserve Board of Governors

SANITARY DISTRICT
TOWN OF HIGHLAND
TEN YEAR STATISTICAL SUMMARY
(ENTERPRISE FUND ONLY)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Operating Revenues	\$ 3,740,561	\$ 3,593,122	\$ 3,466,825	\$ 3,219,440	\$ 3,146,997	\$ 2,961,916	\$ 3,009,709	\$ 2,230,218	\$ 2,145,852	\$ 2,193,742
Operating Expenses	4,811,189	5,021,642	4,548,765	4,061,220	3,626,984	3,626,763	2,658,792	2,351,970	2,606,103	1,656,334
Operating Income(Loss)	(1,070,628)	(1,428,520)	(1,081,940)	(841,780)	(480,587)	(664,847)	350,917	(121,752)	(460,251)	537,408
Nonoperating Revenues(Expenses)	664,366	843,345	651,413	663,620	355,863	293,088	245,420	393,725	677,781	23,173
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-	-	(240,000)
Net Income(Loss)	\$ (406,262)	\$ (585,175)	\$ (430,527)	\$ (148,160)	\$ (124,724)	\$ (371,759)	\$ 596,337	\$ 271,973	\$ 217,530	\$ 320,581
Current Assets	\$ 1,233,026	\$ 998,363	\$ 810,935	\$ 932,381	\$ 691,839	\$ 636,814	\$ 598,875	\$ 414,630	\$ 250,640	\$ 327,809
Restricted Assets	3,145,065	4,847,101	6,956,248	2,765,857	3,205,525	939,762	2,248,038	622,935	749,409	239,360
Const. in Progress & Land	2,415,127	3,604,001	3,059,477	592,627	145,350	57,789	401,739	378,833	521,645	1,176,212
Utility Plant in Service	28,282,502	25,081,016	22,214,224	21,338,894	21,096,176	20,110,943	18,357,155	18,235,323	10,716,152	9,791,680
Accumulated Depreciation	(12,595,980)	(11,916,372)	(11,377,317)	(10,846,111)	(10,222,818)	(10,051,739)	(9,635,350)	(9,166,230)	(5,763,876)	(5,520,685)
Deferred Charges	331,242	357,279	302,128	128,717	24,212	24,212	26,877	-	-	-
Total Assets	\$ 22,810,982	\$ 22,971,388	\$ 21,965,695	\$ 14,910,365	\$ 14,916,072	\$ 11,717,781	\$ 11,997,334	\$ 10,485,491	\$ 6,473,970	\$ 6,014,376
Current Liabilities	\$ 1,630,686	\$ 1,298,681	\$ 1,392,644	\$ 1,047,165	\$ 526,249	\$ 484,800	\$ 279,281	\$ 182,137	\$ 694,274	\$ 188,119
Long-Term Liabilities	12,482,434	12,573,222	11,005,916	3,942,231	4,320,694	1,012,291	1,125,604	40,882	46,583	38,617
Total Net Assets	-	9,099,484	9,567,135	9,920,969	10,069,129	10,220,690	10,592,449	10,262,472	5,733,113	5,054,308
Total Liabilities and Net Assets	\$ 14,113,120	\$ 22,971,387	\$ 21,965,695	\$ 14,910,365	\$ 14,916,072	\$ 11,717,781	\$ 11,997,334	\$ 10,485,491	\$ 6,473,970	\$ 6,014,376
Residual Equity Transfers Out:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (40,000)
Number of Customers:	8090	8100	8040	8093	8053	8053	7991	8032	8210	7945
Residential	798	791	842	819	838	801	826	818	826	797
Commercial et alia	888	8891	8882	8912	8891	8854	8817	8850	9036	8742
Totals										

**WATERWORKS UTILITY
TOWN OF HIGHLAND
TEN YEAR STATISTICAL SUMMARY**

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Operating Revenues	\$ 2,527,827	\$ 2,536,732	\$ 2,540,742	\$ 2,558,451	\$ 2,632,026	\$ 2,531,464	\$ 2,708,956	\$ 2,530,590	\$ 3,171,106	\$ 2,607,978
Operating Expenses	2,446,076	2,917,801	2,697,696	2,624,389	3,228,073	2,143,308	2,168,476	2,107,284	2,761,550	2,055,698
Operating Income(Loss)	81,751	(381,069)	(156,954)	(65,938)	(596,047)	388,156	540,480	423,306	409,556	552,280
Nonoperating Revenues(Expenses) Extraordinary Items	(1,200)	2,563	1,613	(44,175)	94,773	339,503	219,419	130,284	(1,737)	46,319
Net Income(Loss)	\$ 80,551	\$ (378,506)	\$ (155,341)	\$ (110,113)	\$ (501,274)	\$ 727,659	\$ 759,899	\$ 553,590	\$ 407,819	\$ 598,599
Before contributions and transfers										
Current Assets	\$ 920,815	\$ 553,176	\$ 507,565	\$ 420,828	\$ 396,112	\$ 695,304	\$ 284,772	\$ 286,773	\$ 298,354	\$ 283,684
Restricted Assets	562,157	337,058	735,407	1,034,403	1,351,865	1,633,328	1,567,391	1,590,547	1,540,290	1,670,119
Utility Plant in Service	16,312,839	16,131,398	15,700,395	15,516,795	15,365,582	15,272,991	15,074,956	13,727,364	14,939,774	14,924,740
Accumulated Depreciation	(8,188,397)	(7,773,105)	(7,503,905)	(6,949,514)	(7,081,898)	(6,760,345)	(6,463,953)	(6,138,871)	(6,677,931)	(6,330,488)
Const. Work in Progress/Land	706,051	211,960	355,792	220,828	162,981	77,122	176,641	1,176,084	108,333	11,002
Deferred Debits	0	0	0	0	0	0	5,724	16,505	27,288	38,069
Total Assets	\$ 10,313,465	\$ 9,460,487	\$ 9,795,254	\$ 10,243,340	\$ 10,194,642	\$ 10,918,400	\$ 10,645,531	\$ 10,658,402	\$ 10,236,108	\$ 10,597,126
Current Liabilities	\$ 478,905	\$ 242,506	\$ 195,937	\$ 524,551	\$ 303,896	\$ 562,220	\$ 742,217	\$ 1,149,804	\$ 1,037,545	\$ 1,112,282
Long-Term Liabilities	598,495	75,414	60,582	24,713	86,557	8,110	282,672	700,946	1,502,877	2,256,977
Total Net Assets	9,240,780	9,160,229	9,538,735	9,694,076	9,804,189	10,348,300	9,620,641	8,808,652	7,635,686	5,822,702
Total Liabilities, Contributions Total Liabilities and Net Assets	(1,077,400) \$ 9,240,780	(317,920) \$ 9,160,229	(256,519) \$ 9,538,735	\$ 10,243,340	\$ 10,194,642	\$ 10,918,650	\$ 10,645,530	\$ 10,658,402	\$ 10,236,108	\$ 10,597,126
Number of Customers:										
Residential	8,220	8,223	8,279	8,228	8,208	8,176	8,137	8,225	8,510	8,149
Commercial et alia	800	797	845	824	822	828	853	848	838	819
Total	9,020	9,020	9,124	9,052	9,030	9,004	8,990	9,073	9,348	8,968

*Information is not available.

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Operating Information

TOWN OF HIGHLAND
Full-time Equivalent Town Government Employees by Function
Fiscal Years 2003 - 2011

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Elected Official	1	1	1	1	1	1	1	1	1	1
General Government	11	11	11	11	11	11	11	11	11	11
Public Safety										
Police										
Sworn	43	37	43	39	41	41	41	39	37	
non Sworn	9	8	7	8	9	8	8	8	7	
(1) Fire										
Firefighters and officers	1	1	1	1	1	1	1	1	1	
(1) Emergency										
Public Works										
Supervisors	2	2	2	2	2	2	2	2	2	
Clerical	1	1	1	1	1	1	1	1	1	
Highways and streets	15	11	11	12	11	12	12	12	6	
Sanitation	10	6	6	6	6	6	6	6	7	
Park and recreation	16	14	16	21	16	16	17	17	17	
Redevelopment	0	0	1	1	1	1	1	1	1	
Water	11	7	7	9	9	12	12	12	8	
Sanitary District	3	3	3	3	3	3	3	3	8	
Total	123	102	110	115	112	115	116	114	112	

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
Operating Indicators by Function
Fiscal Years 2003 - 2011

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
General government										
Clerk-Treasurer Contact Units of Service										
Utility Collections	30,939	19,047	44,107	43,771	26,178	24,195	23,967	30,032	26,702	
Building & Inspections Referrals	9,592	7,109	12,080	13,629	9,228	4,787	6,840	9,796	7,034	
Public Works referrals	5,133	3,109	5,115	5,016	5,176	2,744	3,715	3,110	2,196	
Yard Waste Tags	13,746	6,875	6,636	2,191						
Other	12,282	9,994	9,494	17,440	6,204	5,768	6,036	6,944	6,417	
Business Licenses				321	115	744	598	843	970	
Domestic Pet Tags		1,564	1,491	1,432	1,451	1,600	1,414	1,501	1,475	
Access to Public Records Requests					47	29	38	22	20	
Marriages Solemnized	9	10	7	2	4	3	3	9	9	
Police										
Citations	4,341	5,579	5,186	5,234	4,564	4,284	5,265	4,652	4,611	
Warnings Written	4,054	6,203	5,658	5,480	5,423	6,108	7,019	6,576	6,459	
Parking Citations	36	57	37	43	17	10	33	16	29	
DUI/OWI Arrests	156	162	174	210	218	170	244	202	166	
Accident Arrests	272	293	217	240	224	233	189	190	202	
Accidents Investigated	1,295	1,207	1,142	1,074	1,090	1,309	1,061	1,183	1,345	
Criminal Arrests	320	370	349	388	364	577	435	327	361	
	10,474	13,871	12,763	12,669	11,900	12,691	14,246	13,146	12,415	
Fire										
Structure Fires	11	13	22	25	12	11	12	1	16	
Vehicle Fires	28	21	21	20	12	17	19	14	7	
General Alarms/False Alarms	122	118	118	114	138	141	135	139	160	
Brush fires, carbon monoxide calls, hazmat, etc	135	107	94	100	132	146	71	68	87	
Ambulance - back-up to service provider	12	9	9	5	1	1	0	0	0	
Emergency/Ambulance Provider										
Dispatched to:										
Private Residence	N/A	148	1,386	1,295	1,224	1,218	1,257	1,851	1,259	
Commercial Property	N/A	17	113	209	259	314	266	151	282	
Public Property and Streets	N/A	21	94	195	347	396	342	132	265	
Advanced Life Support Transports	N/A	70	666	705	766	722	771	875	862	
Basic Life Support Transports	N/A	45	157	341	344	413	299	383	361	
Dry Runs, Refusal of Services	N/A	71	570	653	693	793	834	876	583	
Dispatched		186	1,593	1,699	1,803	1,928	1,904	2,134	1,942	
Actual transports		115	1,023	1,046	1,110	1,135	1,070	1,258	1,223	

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 - 2011

Function	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Highways and Streets								
Street resurfacing (miles)	2.18	0.59	8.47	8.47	4.34	2.47	4.32	3.11
Sanitation								
Refuse collected (annual tons)	9,856.80	10,530.28	9,354.78	11,417.32	10,731.75	10,942.68	10,233.52	10,290.20
Recyclables collected (annual tons)	2,118.57	2,215.13	2,052.93	2,263.93	2,050.85	2,206.86	1,828.42	1,806.68
Parks and Recreation (1)								
Leases	\$ 152,880	\$ 156,118	\$ 164,105	\$ 161,500	\$ 149,575	\$ 18,488	\$ 202,364	\$ 214,673
Community Center/Events	65,721	66,108	57,677	41,857	82,328	86,079	79,550	78,414
Softball	170,980	172,258	163,670	164,328	166,681	175,729	167,478	158,543
Basketball	34,641	44,457	41,238	38,084	36,498	30,425	26,899	24,568
Seniors Programs	41,434	65,273	106,178	103,629	92,037	42,229	68,110	81,247
Children's Programs	33,187	26,827	32,766	35,701	32,341	23,678	57,588	80,394
Gymnastics	16,377	16,619	22,269	19,296	18,201	16,762	15,557	14,289
Adult Fitness	28,618	21,851	26,434	25,498	57,272	50,773	55,345	71,433
Dance (Adult & Youth)					23,941	17,211	15,582	12,846
Park Program Participation								
Resident				4,597	8,820	5,106	5,267 (1)	5,416 (1)
Non-Resident				3,030	5,047	4,761	5,237	4,543
Audiences				4,200	9,200	8,830	10,235	11,561
Participants				2,630	480	700	8,705	9,908
Total:				<u>14,457</u>	<u>23,547</u>	<u>19,397</u>	<u>29,444</u>	<u>31,428</u>
Water								
New Connections	40	31	26	26	26	25	6	-
Avg. Daily Consumption (millions of gallons)	3.706	3.842	4.001	3.800	3.822	3.855	3.782	3.821
Sanitary District								
New Connections (Sanitary & Storm)	74	53	38	38	37	45	9	-
Avg. Daily Treatment (millions of gallons)	2.722	2.801	2.989	3.780	3.096	3.789	3.850	3.289

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, continued
Fiscal Years 2003 - 2011

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Parks and Recreation										
Parks acreage	250	250	250	250	250	250	250	250	250	
Parks	22	22	22	22	22	22	22	22	22	
Picnic Shelters	4	4	4	4	4	4	4	4	4	
Gazebos	2	2	2	2	2	2	2	2	2	
Tennis courts	6	6	6	6	6	6	6	6	6	
Basketball Courts (indoor)	5	5	5	5	5	5	5	5	5	
Basketball Courts (outdoor)	10	10	10	10	10	10	9	9	9	
Baseball Fields	9	10	10	10	10	11	11	11	11	
Softball Fields	11	11	11	11	11	12	12	12	11	
Soccer Fields	5	9	9	9	9	10	10	10	10	
Community use centers	1	1	1	1	1	1	1	1	1	
Bike trails (miles)	4	4	4	4	4	4	4	4	4	
Tractors/Mowers	12	12	12	12	12	13	13	13	13	
Vehicles	11	11	10	10	10	11	11	11	11	
Water										
Water mains (miles)	86.04	86.04	88.27	88.27	88.27	88.27	88.27	111.78	111.78	
Fire Hydrants	550	600	600	600	720	783	793	795	795	
Storage Capacity (MG)	7.5	7.5	7.5	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	74.10	92.68	92.68	
Lift stations (Sanitary)	10	10	10	10	10	10	10	12	12	
Lift Stations (Storm)	5	5	5	5	5	5	5	5	5	
Sanitary Retention Basins	2	2	2	2	2	2	2	2	2	
Storm sewer lines(miles)	58.14	58.14	58.27	58.27	58.27	58.27	58.67	84.58	84.58	

Source: Various Town 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 2011**

Vendors	Amount Paid	Description
Centier Bank	\$ 2,988,264	Repayment of temporary loan plus interest
Wells Fargo Bank, N.A.	\$ 2,839,060	Bond Registrar & Agency services
IACT Medical Trust	\$ 1,454,024	Group health insurance premiums
Republic Services of Indiana	\$ 1,444,139	Contract cost for curbside solid waste collection
Internal Revenue Service	\$ 1,199,134	Payroll withheld taxes
Sanitary District of Hammond	\$ 1,081,229	Wastewater treatment services from the POTW
Walsh & Kelley	\$ 969,298	Costs for asphalt paving and concrete services
Highland Class Settlement	\$ 780,000	Costs for settlement of flood lawsuit
Northern Indiana Public Service Co.	\$ 770,684	Costs for gas and electric utility supply
Hammond Waterworks Department	\$ 675,175	Costs for potable water supply

Top Ten Vendors for 2010

Vendors	Amount Paid	Description
JP Morgan Chase Bank	\$ 3,451,860	Repayment of temporary loan plus interest
Wells Fargo Bank, N.A.	\$ 1,497,314	Bond Registrar & Agency services
Illiana Disposal Service Partnership	\$ 1,367,293	Contract cost for curbside solid waste collection
IACT Medical Trust	\$ 1,309,732	Group health insurance Premiums
Internal Revenue Service	\$ 1,242,107	Payroll withheld taxes
Sanitary District of Hammond	\$ 1,132,132	Wastewater treatment services from the POTW
De Boer Golf Corporation	\$ 998,213	Costs for a storm water management project
Water Resources Corp.	\$ 790,139	Costs for equipment related to SCADA
Reith-Riley Construction	\$ 698,425	Costs for asphalt paving and concrete services
Waterworks Department of Hammond	\$ 696,875	Costs for potable water supply

**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**
(title changes by law)

44th President

- Dennis Tobin, 1991

45th President

- Lynn R. Powell, 1992

**Highland Town Council
Presidents of the Council**

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

58th President

- Mark A. Herak, 2010

59th President

- Brian J. Novak, 2011

60th President

- Bernie Zemen, 2012

Town of Highland was incorporated April 4, 1910. Andrew Reiner presented the petition requesting incorporation in February of that year to the Lake County Commissioners. Incorporation being granted, the first election was held for the first officials, with Highland then conducting regular elections in the usual cycle in 1911. At the time of Highland's incorporation, Indiana law provided for separately elected Town Clerks and Town Treasurers. This was the law until 1935.

Town Clerk &
Town Treasurer:

1910-1911

H.S. Daugherty, Clerk (1st Clerk)
John Lynch, Treasurer (1st Treasurer)

1912-1915

H.S. Daugherty, Clerk
John Lynch, Treasurer

1916-1919

H.S. Daugherty, Clerk
Richard Hook, Treasurer (2nd Treasurer)

1920-1923

J.G. Eriks, Clerk (2nd Clerk)
D. Moes, Treasurer (3rd Treasurer)

1924-1927

J.G. Eriks, Clerk
Nick Porter, Treasurer (4th Treasurer)

1928-1931

John Groot, Clerk (3rd Clerk)
Otto M. Schmidt, Treasurer (5th Treasurer)

1932-1935

Bartel Zandstra, Clerk (4th and last Town Clerk)
Harold Douthet, Treasurer (6th Treasurer)

In 1935, the Indiana Legislature abolished the separate offices of clerk and treasurer and combined them into the successor office, Clerk-Treasurer. Terms are for four years, beginning on January 1st at Noon and concluding before noon, on January 1st four years following.

Town Clerk-Treasurer:

1936-1943 (1st Clerk-Treasurer)

Bartel Zandstra

(replaced on 7/20/43 mid-term owing his US Army service by)
Rose Langley (2nd Clerk-Treasurer)

1943-1952
Rose Langley

(On 7/20/48 Ms. Langley married)
Rose Langley-Merrick
(replaced on 09/16/48 in mid-term by)

John Blom (3rd Clerk-Treasurer)

1952-1956 (4th Clerk-Treasurer)
Kenneth Dickinson

1956-1980 (5th Clerk-Treasurer)
Irene Ketchum (D)

1980-1992 (6th Clerk-Treasurer)
Paul L. Doherty (D)

1992 to present (7th Clerk-Treasurer)
Michael W. Griffin (D)

Deputy Clerk-Treasurers

Rose Langley (1936 to 7/20/43)

Helen Lauvhan

Clara Brendel

Barbara Jones

Ilse Kokinda (10/31/90 - 06/05/93)

Carol L. Morrison (06/06/93 to 08/09/2008)

Kathleen Ann Dowling (07/28/2008 to present)

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STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS
TOWN OF HIGHLAND
LAKE COUNTY, INDIANA
January 1, 2011 to December 31, 2011



FILED
11/27/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Michael W. Griffin	01-01-08 to 12-31-15
President of the Town Council	Brian J. Novak Bernard Zemen, Jr.	01-01-11 to 12-31-11 01-01-12 to 12-31-12



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the 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, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated August 28, 2012. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Lincoln Community Center Building Corporation and the Parks and Recreation Building Corporation, blended component units, as described in our report on the Town's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

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

This report is intended solely for the information and use of the Town's management, the Town Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 28, 2012

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Town of Highland (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended December 31, 2011. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Town's compliance with those requirements.

In our opinion, the Town complied in all material respects with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011.

Internal Control Over Compliance

The management of the Town is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended December 31, 2011, and have issued our report thereon dated August 28, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the Town's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the Town's management, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 28, 2012

TOWN OF HIGHLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Public Safety Partnership and Community Policing Grants (COPS) COPS Technology Program Opticom Project	16.710	2010CKWX0499	\$ 479,748
COPS Child Sexual Predator Program (CSPP)		2009CSWX0009	<u>127,840</u>
Total for program			<u>607,588</u>
Pass-Through Indiana Criminal Justice Institute Community Prosecution and Project Safe Neighborhoods Project Safe Neighborhoods	16.609	09-GPN-002 10-GPN-001	56,000 <u>45,000</u>
Total for program			<u>101,000</u>
Total for federal grantor agency			<u>708,588</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction Cline Avenue Reconstruction	20.205	DES No. 0400711	<u>230,070</u>
Recreational Trails Program Little Calumet River Bike Trail	20.219	DES No. 0900060	<u>89,655</u>
Total for federal grantor agency			<u>319,725</u>
Total federal awards expended			<u>\$ 1,028,313</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF HIGHLAND
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Highland and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

TOWN OF HIGHLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Material weaknesses identified? no
 Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:
 Material weaknesses identified? no
 Significant deficiencies identified? none reported

Type of auditor's report issued on compliance for major program: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? no

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
16.710	Public Safety Partnership and Community Policing Grants (COPS)

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF HIGHLAND
SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF HIGHLAND
EXIT CONFERENCE

The contents of this report were discussed on August 28, 2012, with Michael W. Griffin, Clerk-Treasurer, and Kathleen A. Dowling, Deputy Clerk-Treasurer. Our report disclosed no material items that warrant comment at this time.