

# Comprehensive Annual Financial Report



**Period Ending December 31, 2012**  
**Town of Highland, Indiana**



# Comprehensive Annual Financial Report Town of Highland, Indiana

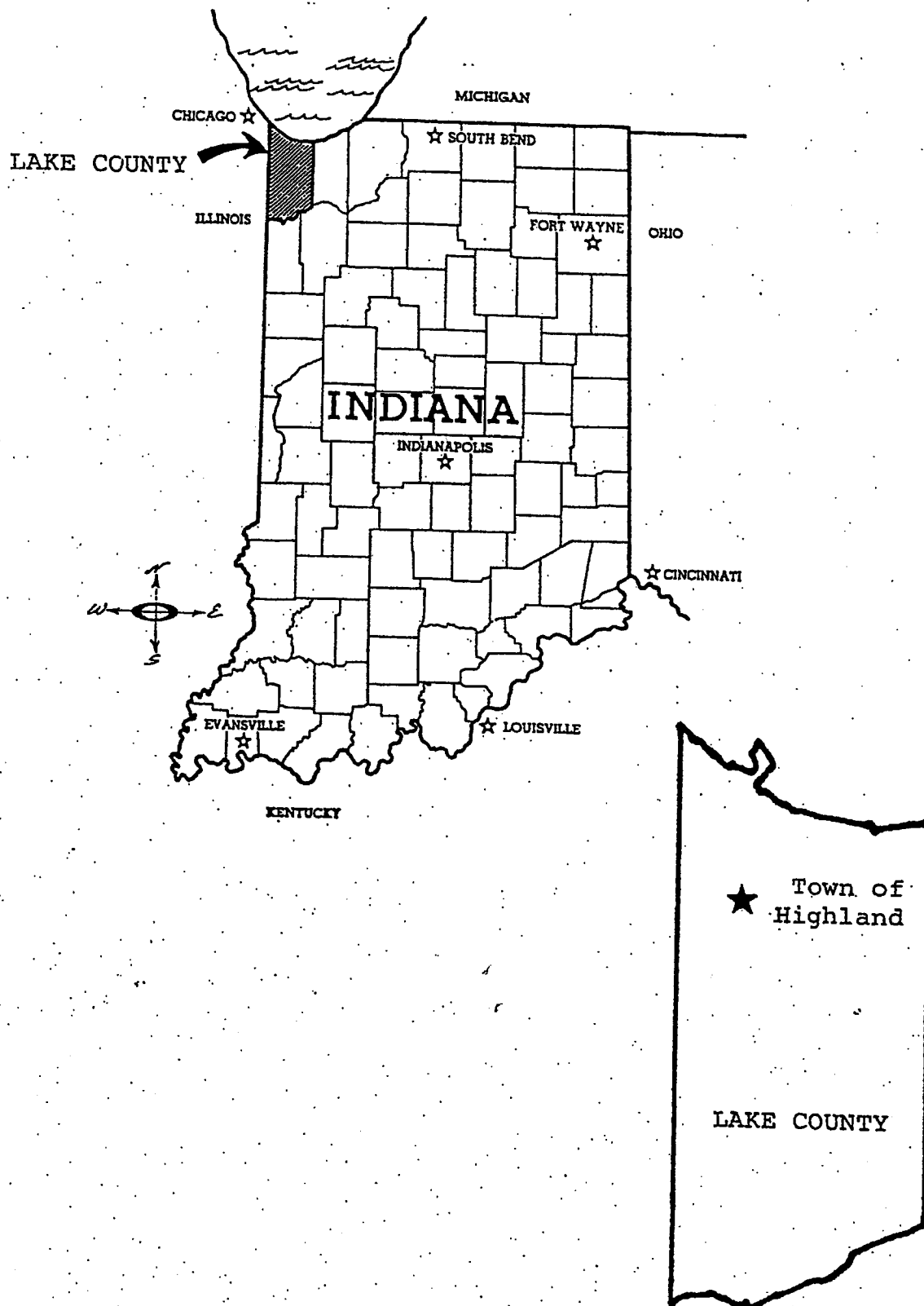


For the Year Ended  
December 31, 2012

Prepared by the Office of the Highland Clerk-Treasurer

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

**On the Cover.** Cakes by Karen a well regarded single proprietor, family bakery makes some of the greatest cakes and pastries in the region. The Facade Improvement Program helped fund this updated entrance to the legacy Highland Business. The motif is a great example of the Mid-Century Modern style.



TOWN OF HIGHLAND, INDIANA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2012

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# 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, December 21, 2013

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, 2012. 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 has been a difficult year for the Clerk-Treasurer, that complicated completing the CAFR. In light of this, I commend him especially for its completion.

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 *eighteenth* 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, IAM/MMC/CPFA  
Clerk-Treasurer

Kathryn A. Minchuk  
Deputy Clerk-Treasurer

**Staff**

Gina Banks  
Dawn Kovacich  
Kelley Hugus  
Trisha Mulloy  
Sylvia Ricketts  
Denise Jacobs

Saturday, December 21, 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, 2012**. As you may know, this is the *eighteenth* 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, 2012.

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

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, 2012**, are free of material misstatement. The State Board of Accounts have issued an *unqualified ("clean") opinion* on the **Town of Highland's** financial statements for the fiscal year ended **December 31, 2012**. The State Board of Accounts' report is presented as



**Professional Associations**

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

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

the first component of the financial section, located in the front of the 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 8<sup>th</sup> largest municipality in the county and approximately 32<sup>nd</sup> 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 3,243 for the 2012-2013 term. It maintains four (4) elementary school buildings, one (1) middle school, and one (1) high school. The following table indicates enrollment for the 2012-2013 and the preceding ten (10) terms:

### School Town of Highland

<u>School Year</u>	<u>Enrollment</u>
2012-13	3,243
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

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:

	<b>Our Lady of Grace</b>	<b>Highland Christian</b>	<b>Calumet Baptist</b>	<b>Bible Baptist</b>	<b>Calvary Christian</b>
2012-2013	150	458	(closed)	60	n/a
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 field house. In 2010, a major project began resulting in a newly constructed Lincoln Community Center as well as a 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.

### **Local Economy**

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 \_\_\_\_\_ 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 2012, this was largely unchanged. The Indiana Department of Transportation, completed an impressive improvement project fully reconstructing the 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. Even with so much retail and commercial development, residential development continues to occur as well. By the close of 2012, 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. The Town of Highland had an unemployment average unemployment rate of 7.5%, not seasonably adjusted. This still was below the average rate in Indiana 8.4%.

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. The Indiana Department of Transportation transferred the public way that hosted the bridge to the City of East Chicago. The City has entered into a public private partnership to reconstruct and operate the bridge as a toll operation. It is projected for completion in 2014.

### Local Economy

Micah R. Pollack, Ph.D., an area economist and assistant professor of economics at Indiana University Northwest, notes in the *Indiana Business Review, Gary Forecast 2013*, (Winter 2012), that the Northwest Indiana economy has fared worse than the national economy, he reports that for the area employment levels have largely



returned to pre-recession levels. Dr. Pollak is the current scholar who works with a forecast model specifically designed for the Region that hosts the Town of Highland. The forecast model, developed by Indiana University Northwest Professors Donald Coffin and Bala Ashanapalli, is called the Northwest Indiana Coincident Index and Leading Index. Dr. Pollak notes that the region economy experienced a “deeper and longer recession” as compared to the Nation and the State.

Dr. Pollak notes that manufacturing in the area continues to decline, having lost significant jobs since 1992. Dr. Pollak further notes that the health care sector is growing, with employment in that sector increasing by 72% since 1992 and continuing to grow.

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 respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information* for the year ended December 31, 2012. 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, 2011. 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. 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. The preparation of this report was arduous, complicated, and in some cases frustrated by an unusual confluence of circumstances. These in part explain the delay in its publication. Its completion is greeted with professional satisfaction and relief.

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, patience, assistance and cooperation of Carla Wenger, C.P.A., Jane Wilson and Jane Elder, C.P.A., of the Indiana State Board of Accounts for the timely and thorough completion of their

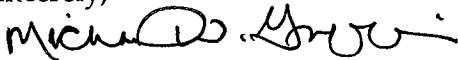
independent audit and their very special efforts in the development of this seventeenth CAFR.

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, 2012.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael W. Griffin". The signature is fluid and cursive, with a large initial "M" and a stylized "G".

Michael W. Griffin, IAMC/MMC/CPFA/CPFIM  
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, 2011

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.



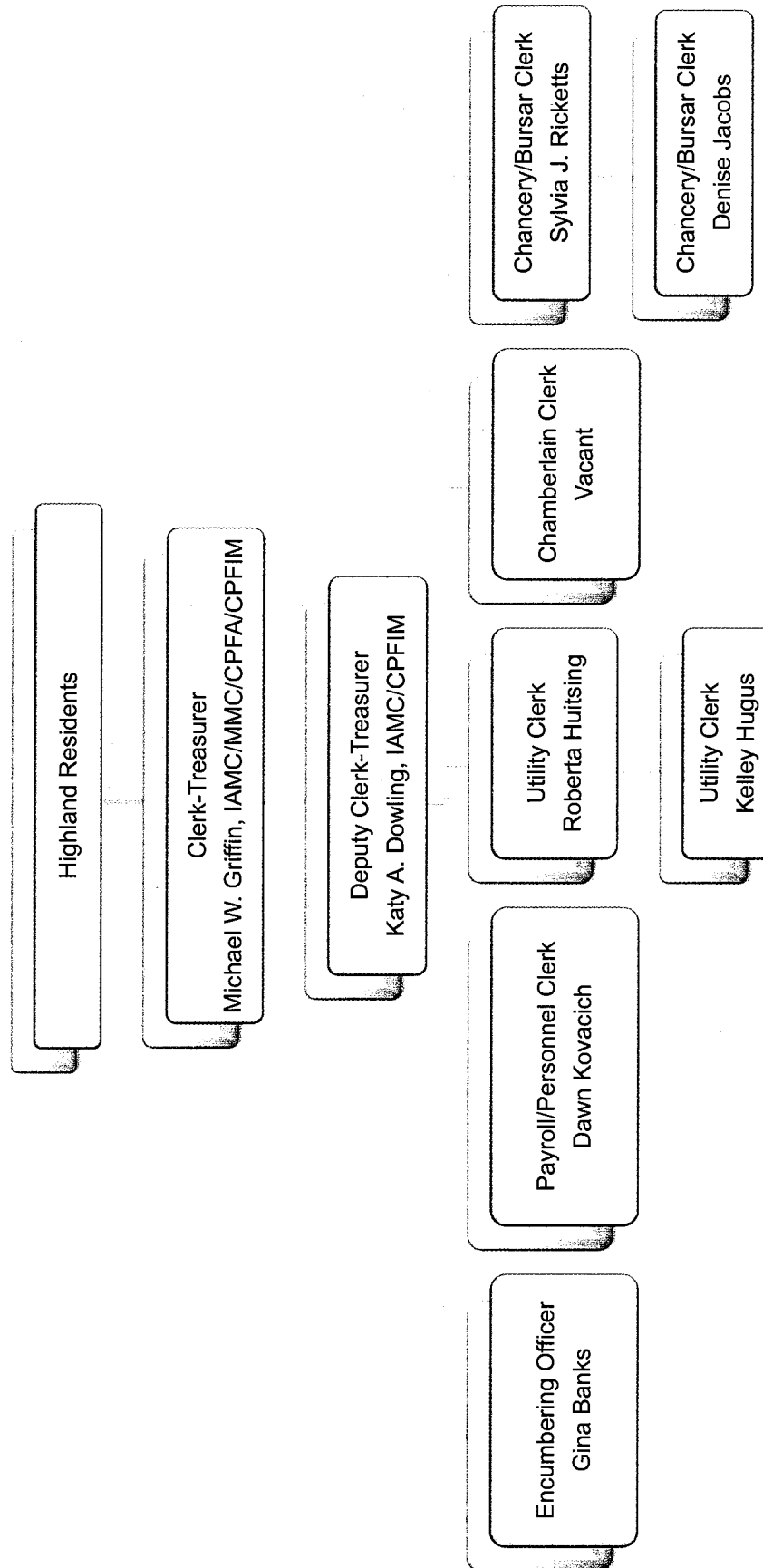
*Christopher P. Moynell*

President

*Jeffrey R. Enen*

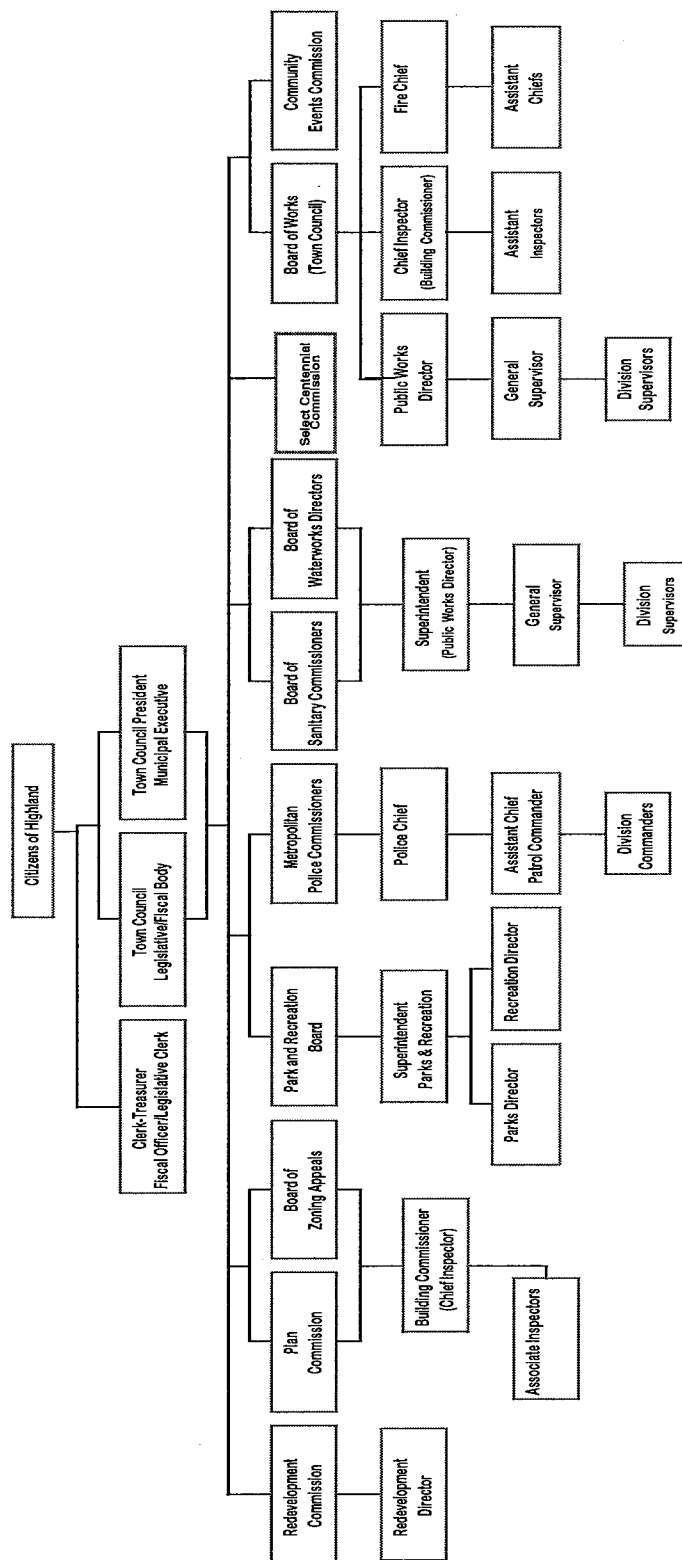
Executive Director

# Office of the Town Clerk-Treasurer



At June 30, 2012

# Municipal Government of Highland



At June 30, 2012

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TOWN of HIGHLAND  
LISTING of ELECTED and PRINCIPAL OFFICIALS  
at DECEMBER 31, 2012

<u>Elected Officials</u>	<u>Years of Service</u>	<u>Occupation</u>
Bernie Zemen, Town President	2004-2016	Owner/Operator <i>Timeless Images</i>
Dan Vassar, Town Vice-President	2004-2016	Marketing Manager <i>Weil-McLain</i>
Mark A. Herak, Town Councilor 2 <sup>nd</sup> Ward	2000-2016 1980-1990	Director <i>General Electric Capital</i>
Brian J. Novak, Town Councilor 4 <sup>th</sup> Ward	2004-2016	Police Officer <i>Norfolk Southern Railroad</i>
Konnie Kuiper, Town Councilor 5 <sup>th</sup> Ward	2004-2016	Funeral Director <i>Kuiper's Funeral Home</i>
Michael W. Griffin, IAMC/MMC/CPFA, Clerk-Treasurer 1992-2016		Chief Fiscal Officer <i>Town of Highland</i>

Attorneys and Consulting Professionals (2012)

Town Attorney:	Rhett Tauber, Tauber Law Group, P.C.
Waterworks Board Attorney:	Rhett Tauber, Tauber Law Group, P.C.
Plan Commission Attorney:	Jared Tauber, Tauber Law Group, P.C.
Metropolitan Police Commission Attorney:	Rhett Tauber, Tauber Law Group, P.C.
Board of Sanitary Commissioners Attorney:	Robert Tweedle, Attorney
Municipal Ordinance (Solicitor) Attorney:	Jared Tauber, Tauber Law Group, P.C.
Park & Recreation Board Attorney:	Rhett Tauber, Tauber Law Group, P.C.
Advisory Board of Zoning Appeals Attorney:	Jared Tauber, Tauber Law Group, P.C.
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 (2012)

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**

Robert Johnsen

Assistant Public Works Director

Timothy Gembala

Division Supervisor Water & Sewer

Colin Peterson

Division Supervisor Streets & Sanitation

Mike Pipta

Supervisor Facilities

John Mouratides

Supervisor Maintenance

### **Metropolitan Police Department**

Asst. Chief Patrick Vassar

Patrol Division

Cmdr. Ralph Potesta

Criminal Investigations Division

Cmdr. George Georgeff

Administrative Division

### **Building and Inspection Department**

Randy L. Bowman

Associate Inspector - Electrical

Donald B. Ross

Associate Inspector - Plumbing

David C. Jones

Associate Inspector - Code Enforcement

### **Parks and Recreation Department**

Bob Knight

Director of Parks

David Byers

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 2013**

Bernie Zemen

President

Dan Vassar

Vice President

Mark Herak

2<sup>nd</sup> Ward

Dennis Adams

4<sup>th</sup> Ward

Konnie Kuiper

5<sup>th</sup> Ward

Michael W. Griffin, IAMC/MMC/CPFA/CPFIM/CMO

Clerk-Treasurer

**TOWN of HIGHLAND**  
**LISTING of MUNICIPAL BOARDS and COMMISSIONS**  
**at DECEMBER 31, 2012**

**Municipal Plan Commission**

Mario Martini	2/1/2007 to First Monday in January 2015
Jim DeGraff	2/13/2012 to First Monday in January 2016
Thomas VanderWoude	1/13/2010 to First Monday in January 2013
Mark Schoke	10/15/2012 to First Monday in January 2014
Greg Cieslak	Legislative Appointment
Don Haynes	Legislative Appointment
Joseph Grzyski	Legislative Appointment

**Advisory Board of Zoning Appeals**

James DeGraaf	10/27/2008 to First Monday January 2016 <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	1/1/2009 to First Monday January 2013 <i>Fiscal Body Appointment</i>
Vernon D. Sieb	1/13/2010 to First Monday January 2014 <i>Executive Appointment – citizen member</i>

**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 2015
Gerald McMahon	2/17/2007 to First Monday in 2013
Rachel M. Delaney	9/26/2011 to First Monday in 2015

**Board of Sanitary Commissioners**

Rex Burton, President	02/12/2007 - 12/31/2014
Mark Knesek	01/15/2009 - 12/31/2013
David Jones	01/28/2008 - 12/31/2011
Jay D. Shelton	03/01/2012 - 12/31/2012
Greg A. Cieslak	07/25/2011- 01/01/2013

**Park and Recreation Board**

Vicki L. Crowel, President	1/15/2009 to First Monday in January 2013
Carlos O. Aburto	1 <sup>st</sup> Monday in Jan 2007 to 1 <sup>st</sup> Monday in January 2015
James E. Stange	10/18/2010 to 1 <sup>st</sup> Monday in January 2014
Christopher D. Ray	3/1/2012 to 1 <sup>st</sup> Monday in January 2016
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 K. Slagle	02/01/2012 – 01/01/2015
Danny Stombaugh	02/12/2007 - 01/01/2013
Dennis Adams	01/15/2009 - 01/01/2015
Larry Moes	07/25/2011 – 01/01/2013

### Redevelopment Commission

Tom G. Crowel, President	1/15/2009 - 1st day in Jan 2013 (Executive appointment)
Greg Kuzmar	1/26/2009- 1st day in Jan 2013 (Legislative appointment)
Dominic Noce	1/01/2007 - 1st day in Jan 2013 (Legislative appointment)
Mike Maloney	1/15/2009 – 1 <sup>st</sup> day in Jan 2013 (Executive appointment)
Bridget DeYoung	1/15/2009 – 1 <sup>st</sup> day in Jan 2013 (Executive appointment)

### Economic Development Commission

Matt Reardon, President	2/01/2010-02/01/2014
George VandeWerken	2/01/2009-02/01/2013
David Beanblossom	2/01/2008-02/01/2016

### 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)

Brian J. Novak	1/06/12 (Serves at pleasure of executive until recalled)
----------------	--

### 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 01/01/2013
Maria Culbertson	Term ends 01/01/2013
Phillip Culbertson	Term ends 01/01/2013
John Breslin	Term ends 01/01/2014
Brandon Wolak	Term ends 01/01/2013
Ericka Wolak	Term ends 01/01/2013
Robert Roach	Term ends 01/01/2013
Bob Benham	Term ends 01/01/2013
Adam Nyiri	Term ends 01/01/2013
Jerry Kuiper	Term ends 01/01/2013
Dawn Kuiper	Term ends 01/01/2013

### Main Street Bureau Board of Directors

Allencia Ballard	1/1/2011-1/1/2014
Lisa A. Gibson	1/1/2011-1/1/2014
Shirley A. Frankiewicz	1/1/2011-1/1/2014
Vicki Rust	3/26/2012-1/1/2013
George Siemer	1/1/2011-1/1/2014
Darlene S. Barron	1/1/2012 -1/1/2013
Cindy Rivera	Co-extensive with Chamber of Commerce
George J. VandeWerken	Co-extensive with EDC Term
Dan Vassar	Co-extensive with Town Council Term

**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**

Carolyn Turich, President	2/1/2030
Franklin Jones, Vice-President	2/1/2030
Charles Stapke, Secretary	2/1/2030

**Board of Trustees of the 1925 Police Pension Fund**

Bernie Zemen, President	Co-extensive with Council Presidency
Chief Peter T. Hojnicky	Co-extensive with Service as Chief
Michael W. Griffin, IAMC/MMC/CPFA	Co-extensive with Elected Term
Sgt. Michael O'Donnell	Feb 2007-Feb 2013
Cmdr. George Georgeff	Aug 2006-Feb 2015
Asst. Chief Patrick Vassar	Feb 2008-Feb 2014
Sgt. Timothy Towasnicki	Feb 2007-Feb 2013
Sgt. John Banasiak	Feb 2006-Feb 2015

**Notable Related Appointments of Assignments of Elected Officials**

Bernie Zemen	Town Executive (I.C. 36-1-2-5-(4); I.C. 36-5-2-2; I.C. 36-5-2-7) Board of Trustees of the Police Pension Fund, Chair Highland Chamber of Commerce, Liaison Board of Waterworks Directors, Liaison
Mark Herak	Budget Committee Chair Board of Sanitary Commissioners, Liaison Park and Recreation Board, Liaison Community Events Commission Committee, Liaison
Dan Vassar	Redevelopment Commission, Liaison
Brian Novak	Advisory Board of Zoning Appeals, 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, Master Municipal Clerks Academy Chair, Committee on Programs and Certification Association of Public Treasurers of US and Canada Certified Public Finance Administrator (CPFA) Certified Public Funds Investment Manager Member, Board of Directors

American Society for Public Administration  
Past President, Northwest Indiana Chapter  
*Honorary* Field Examiner,  
Indiana State Board of Accounts  
Pi, Alpha, Alpha Public Administration Academic Fraternity  
Board of Economists, The Times  
Adjunct Instructor  
Indiana University (NW) School of Public and Environmental Affairs  
CATV Committee/Gaming Consortium Representative  
Indiana Association of Cities and Towns Russell J. Lloyd Distinguished  
Service Recipient

**Town of Highland**  
**Elected Officers and Key Department Officials Wage and Salary 2012**

**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, 2012 through before noon January 1, 2016 and until a successor is elected and qualified.

**1<sup>st</sup> Ward Council**

Bernie Zemen (D) -- 1/1/2012 - 01/01/16\*  
Salary: \$1,226 per month / \$14,712 annually  
\$30.00 per month Longevity

**2<sup>nd</sup> Ward Council**

Mark A. Herak *Town Council President*  
(HFC) -1/1/2012 - 01/01/16\*  
Salary: \$1,164 per month / \$13,968 annually  
Waived Longevity

**3<sup>rd</sup> Ward Council**

Dan Vassar (D) -- 1/1/2012 - 01/01/16\*  
Salary: \$ 1,164 per month / \$13,968 annually  
\$10.00 per month Longevity

**4<sup>th</sup> Ward Council**

Brian J. Novak (D) -- 1/1/2012 - 01/01/16\*  
Salary: \$1,164 per month/\$13,968 annually  
\$40.00 per month Longevity

**5<sup>th</sup> Ward Council**

Konnie Kuiper (D)—1/1/2012 - 01/01/16\*  
Salary: \$1,164 per month/\$13,968 annually  
\$10.00 per month Longevity

**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: \$1,822.30 bi-weekly / \$ 47,379.80 annual base pay\*\*  
Plus longevity of \$57.60=\$47,437.40

**Metropolitan Police Department**

**Metropolitan Police Chief**

Peter T. Hojnicky  
Salary: \$ 2,782.14 bi-weekly / \$ 72,355.64 annual base pay\*\*  
Plus longevity of \$1,206.40 = \$73,562.04  
Plus Clothing \$950 plus car = \$74,512.04

**Public Works Department**

**Public Works Director Superintendent of Sanitary District & Waterworks**

John M. Bach  
Salary: \$ 2,921.71 bi-weekly / \$ 75,964.46 annual base pay\*\*  
Plus longevity of \$ 1,206.40 = \$ 77,170.86

## **Building and Inspection Department**

### **Chief Inspector/Building Commissioner**

Kenneth Mika

Salary: \$ 2,314.12 bi-weekly \$60,167.12 annual base pay\*\*  
Plus longevity of \$1,206.40 = \$61,373.52

## **Fire Department**

### **Fire Chief**

William R. Timmer, Jr., CFOD

Salary: \$ 2,211.82 bi-weekly \$ 57,507.32 annual base pay\*\*  
Plus longevity of \$603.20  
Plus clothing \$ 950 plus car = \$ 59060.52

### **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: \$1,500. 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: \$ 2,495.30 bi-weekly = \$ 64,877.80 annual base pay\*\*  
Plus longevity \$603.20 = \$ 65,481.00

## **Redevelopment Department**

### **Redevelopment Director**

Cecile Petro

Salary: 1,839.80 bi-weekly = \$47,834.80 annual base pay\*\*  
Plus longevity \$374.40=\$48,209.20



## **Municipal Boards and Commissions**

### **Municipal Plan Commission**

Meets 3<sup>rd</sup> 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 4<sup>th</sup> 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 3<sup>rd</sup> 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 2<sup>nd</sup> 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 2<sup>nd</sup> 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 2<sup>nd</sup> 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 4<sup>th</sup> 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 3<sup>rd</sup> Tuesday at 7:00 p.m.

- |                           |                                      |
|---------------------------|--------------------------------------|
| (1) President Salary:     | \$375.00 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. By special agreement and consent current members serve for less than the entitled statutory minimum.

### **Traffic Safety Commission**

Meets 1<sup>st</sup> 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 Town Council which combines the legislative and administrative authority for the civil town. It also serves as the Board of Works for the Town. The Town Council President serves as the Town Executive.

The five-member **Town Council** is elected by voters of the whole town and 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.

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 executive is a Superintendent of Sanitary District, appointed on the basis of his training or fitness to administer the utility to which he is assigned, who is the Public Works Director by virtue of his office .

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

### **Department of Water Works and Water Works District**

The current Water Works Board of Directors and Department of Water Works had its antecedent in the Highland Water & Power Company, which provided under a lease and service contract potable water to the Town, May 1, 1912. Later, the Town Board of Trustees, as it was then called, passed Ordinance 262 on December 20, 1932, creating a water department under a superintendent and managed by a water board which was two (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 executive 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 which pursuant to IC 36-1-1-24(3) is also the Works Board for the municipality.

## **Fire & EMS Department**

The Highland Fire/EMS Department, while sometimes styled as a "volunteer department" is actually a *paid-on-call* department, whose firefighters are "part-time" employees of the Town under the direction of a full-time Fire Chief. The Highland Fire Department is organized to save lives, suppress and control fires, provide 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) of whom are appointed by the municipal legislative body for a term of one (1) year. All of the territory within the corporate boundaries of the Town is also a special taxing district for the purpose of levying special benefit taxes for redevelopment purposes.

The Redevelopment Commission may levy a special benefit tax for two purposes. One is to carry out the operational purposes of the Commission (Confer specifically, IC 36-7-14-28). This special tax would provide funds, in part, to carry out the duties and objectives set forth generally in IC 36-7-14-11 and 36-7-14-12.2. It also would be levied to 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. Also, the Redevelopment Commission may establish allocation areas in support of the sale of Tax Increment Finance (TIF) Bonds in furtherance of its authority to dispose of blight or to carry out its authority for economic development.

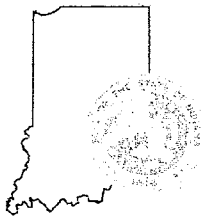
## Community Events Commission

It was the desire of the Town Council of the Town of Highland to establish an entity to ensure the successful planning and administration of annual events celebrating various civic holidays important to the community particularly including the anniversary of the Nation's independence. This entity actually had its origins back in 1976 when the communities throughout the Nation were encouraged to take special steps to mark the Nation's 200<sup>th</sup> 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**



# STATE OF INDIANA

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Fax: (317) 232-4711

Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

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, 2012, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the Table of Contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Lincoln Community Center Building Corporation or the Parks and Recreation Building Corporation, blended component units, which statements reflect total assets constituting fifteen percent, one percent, respectively, of the total assets at December 31, 2012, and total revenues constituting three percent and one percent, respectively of total revenues for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for 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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

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

## ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town as of December 31, 2012, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedules of Funding Progress, Schedules 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 about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town basic financial statements. The accompanying combining and individual nonmajor fund statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining and individual nonmajor fund statements and budgetary comparison schedule information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund statements and budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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.

Paul D. Joyce, CPA  
State Examiner

January 23, 2014

## 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, 2012**. Readers are encouraged 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 and deferred outflows of the TOWN of HIGHLAND exceeded its liabilities at the close of the most recent fiscal year by **\$67,636,496** (*net position*). Of this amount, **(\$468,017)** (*unrestricted net position*) may be used to meet the government's on-going obligations to citizens and creditors. (*This debit balance in unrestricted net position is attributable to net pension obligation that is from a 1925 Indiana law, which provides for a non-actuarial plan. There is a dedicated Trust Fund, the Police Pension Fund, which holds assets that are dedicated to paying the Town's obligation.*)
- The government's total net position increased by **\$1,540,030** in FY 2012. This increase represents an increase of value invested in capital net of related debt associated with the business activities of the TOWN of HIGHLAND. Further, the TOWN of HIGHLAND experienced a reduction in total liabilities of \$1,080,691, owing to retirement of some debt. The government also experienced total revenues of the primary government exceeding total expenditures by \$1,540,030 in the reported year. Significantly, charges for services represented the greatest percentage component of all revenues of the primary government in FY 2012 at 42.5% of total revenues. Property taxes represented approximately 42.3% of the total revenues of the primary government.
- As of the close of the current fiscal year, the TOWN OF HIGHLAND'S governmental funds reported combined ending fund balances of **\$10,327,336** an 18.4% increase amounting to **\$1,607,106** over the prior year. This increase in ending fund balances is attributable to slow down in capital expenditures, leaving bond proceeds from both prior and current years not fully expended. In fact, overall expenditures exceeded revenues for governmental funds in the current year by \$348,391, with governmental fund expenditures totaling \$13,821,732 and revenues totaling only \$13,473,341. However, of the government funds' combined ending fund balances, approximately 29% of this amount **(\$3,009,120)** is available for spending at the government's discretion (*unassigned fund balance*).
- At the close of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was **\$3,029,666** or 52% 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 **\$894,521** during the current fiscal year (2012). The key factor in this decrease was the pay down of principle using level principle technique. The decrease occurred even with the issuance of \$2,000,000 of new debt incurred by the municipal corporation for road resurfacing and a reconstruction project.

### 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 position* presents information of all of the TOWN OF HIGHLAND's assets, liabilities and deferred inflows/outflows of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in *net position* 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 position* changed during the most recent fiscal year. All changes in net position 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 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, economic development and culture and recreation. *Sanitation or solid waste management was transferred from the general government to the Sanitary District effective in 2012. There was a small expenditure credited to the general government however, the balance of this activity is now part of the Sanitary District.* The business-type activities of the TOWN of HIGHLAND include a Waterworks District (potable water utility) and the Sanitary District (waste & storm water utility and sanitation or solid waste 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-four (44) 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 major funds. In addition, the Parks and Recreation Bond and Interest Fund is included as a major fund for the fiscal year 2012. Data from the other forty-one (41) 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 and individual fund statements* and schedules section of 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 20-23 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, sanitation/solid waste management utility), both of which are considered 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 in the combining and individual fund statements and schedules section of 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* reported in the government-wide financial statements 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 TOWN of HIGHLAND maintains *two* different types of fiduciary funds. The pension trust fund accounts for the activities of 1925 Police Pension Fund, which accumulates resources for pension benefit payments for those retired police officers or survivors, covered under the 1925 Police Pension Plan, and not the 1977 Police and Fire Pension Plan. The Agency Funds reports resources held by the TOWN OF HIGHLAND in a custodial capacity for federal, state and other local governmental entities as well as for individuals usually as payroll deductions.

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 necessary to acquire 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 31-65** 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 and other post-employment benefits (OPEB) to its employees. Required supplementary information can be found on **pages 67-73** 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 pension and other post-employment benefits (OPEB). Combining and individual fund statements and schedules can be found on **pages 75-77** of this report.

#### Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the TOWN of HIGHLAND, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by **\$67,636,496** (total net position) at the close of the most recent fiscal year, *ending 31 December 2012*.

By far the largest portion of the TOWN of HIGHLAND'S net position (86%) 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 **\$58,280,063**. 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 Position

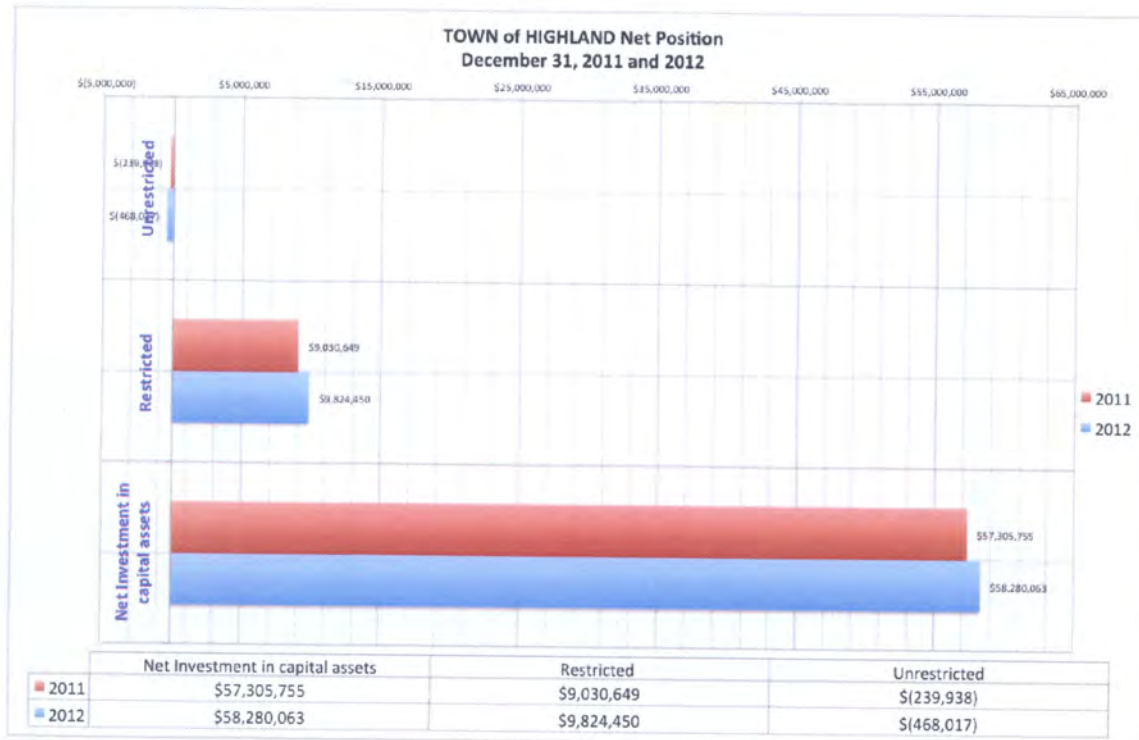
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and Other assets	\$ 14,240,316	\$ 13,251,540	\$ 6,490,675	\$ 6,197,020	\$ 20,730,991	\$ 19,448,560
Capital Assets	59,384,560	60,225,406	26,949,896	26,932,142	86,334,456	87,157,548
<b>Total Assets</b>	<b>\$ 73,624,876</b>	<b>\$ 73,476,946</b>	<b>\$ 33,440,571</b>	<b>\$ 33,129,162</b>	<b>\$ 107,065,447</b>	<b>\$ 106,606,108</b>
Long-term liabilities outstandi	22,516,310	22,201,317	11,324,158	13,080,929	33,840,468	35,282,246
Other liabilities	3,084,496	3,117,805	2,503,987	2,109,591	5,588,483	5,227,396
<b>Total Liabilities</b>	<b>\$ 25,600,806</b>	<b>\$ 25,319,122</b>	<b>\$ 13,828,145</b>	<b>\$ 15,190,520</b>	<b>\$ 39,428,951</b>	<b>\$ 40,509,642</b>
Net position:						
Net investment in capital assets	43,673,425	43,742,707	14,606,638	13,563,048	58,280,063	57,305,755
Restricted	5,482,404	5,106,038	4,342,046	3,924,611	9,824,450	9,030,649
Restricted for:						
Highways and Streets	305,451	378,413	-	-	305,451	378,413
Debt Service	1,052,832	495,635	2,630,080	1,258,768	3,682,912	1,754,403
Capital Projects	3,556,326	3,693,601	1,711,966	2,665,843	5,268,292	6,359,444
Other purposes	567,795	538,389	-	-	567,795	538,389
Unrestricted	(1,131,759)	(690,921)	663,742	450,983	(468,017)	(239,938)
<b>Total net position</b>	<b>\$ 48,024,070 *</b>	<b>\$ 48,157,824 *</b>	<b>\$ 19,612,426</b>	<b>\$ 17,938,642</b>	<b>\$ 67,636,496</b>	<b>\$ 66,096,466</b>

An additional portion of the TOWN of HIGHLAND'S net position in the amount of **\$9,824,450** (14.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net*



position (\$468,017) represents what may be used to meet the government's ongoing obligations to citizens and creditors. The **debit** balance in unrestricted net position 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 \$5,387,772.

- At the end of the current fiscal year, the TOWN of HIGHLAND is reporting positive balances for in its total net position, both for the government as a whole (\$67,636,496) as well as for its separate governmental (\$48,024,070) and business type (\$19,612,426) activities. The same held true for the prior year. However, owing to an unusual net pension obligation that is from an Indiana 1925 pension law, as previously explained, both governmental activities and the government as a whole continue to report a negative position in *unrestricted balance*. Additionally, this was also true for the prior year.



However, the TOWN of HIGHLAND's overall net position increased \$1,540,030 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

**Governmental Activities.** During the current fiscal year, the net position for governmental activities decreased \$133,754 from the prior fiscal year for an ending balance of **\$48,024,070**. The decrease in the overall net position of governmental activities is the result of the drawing down of prior years' accumulated capital funds, which even with the sale of 2 million corporation bonds, revenues did not equal or exceed expenditures. The higher expenditures were associated with economic development grants for façade improvements and park repairs and improvements. The reader may wish to review the schedules reporting the activity in the Parks Non-reverting Capital and the Redevelopment Capital Funds found among **pages 107-117** of this report.

- Expenses for the Primary Government overall increased from the prior year by \$818,182, a 3.7% increase. This represented a net increase in that expenses for governmental activities actually declined by 3.5% overall (-\$498,600). The net decrease would be actually greater. There was a general increase in wages and salaries of 4% for all full-time workers in the Primary Government as well as an increase to group health insurance premiums.

**TOWN of HIGHLAND's CHANGES in NET POSITION**

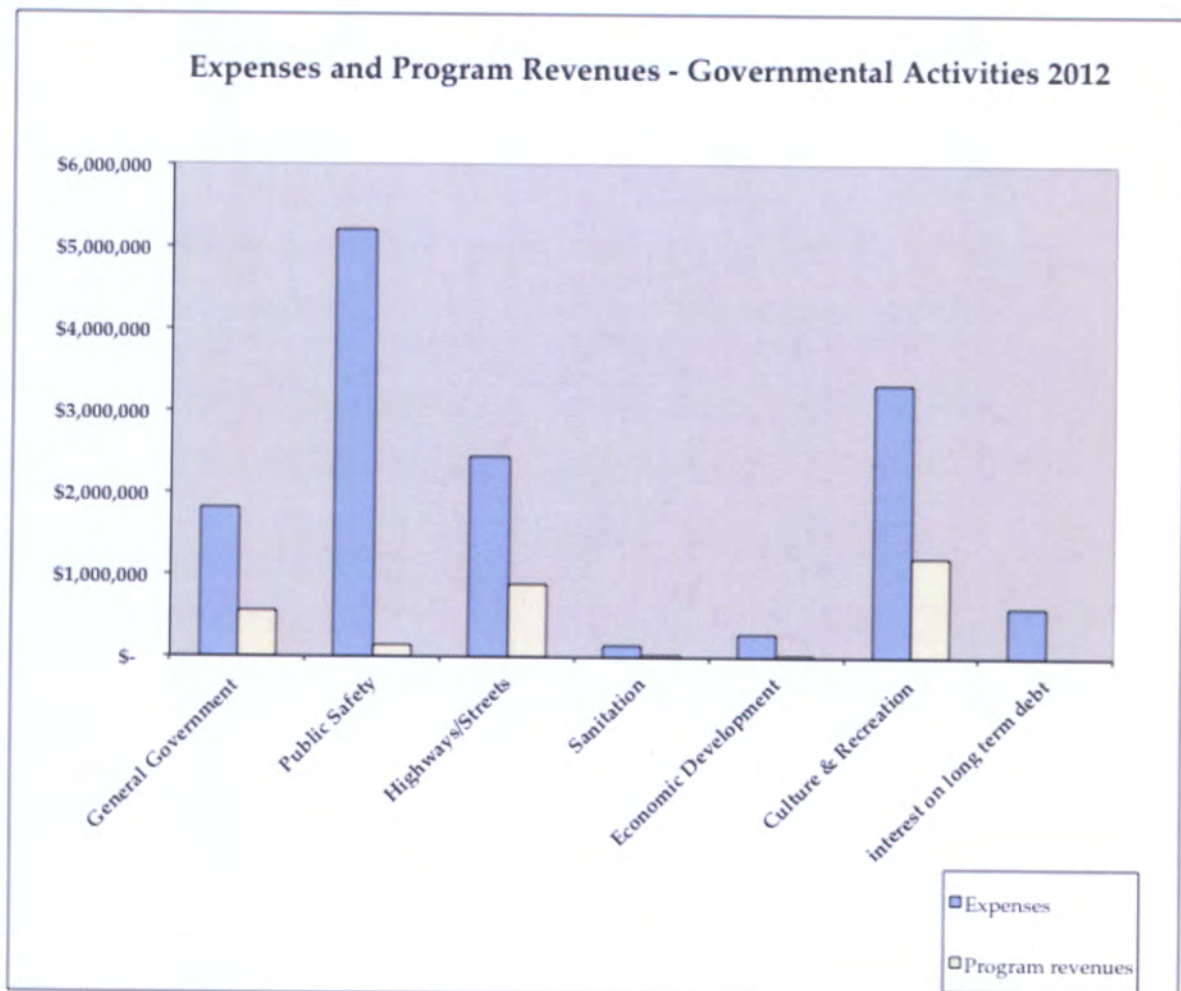
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 1,755,674	\$ 3,096,912	\$ 8,708,492	\$ 6,268,388	10,464,166	\$ 9,365,300
Operating grants and contributions	938,600	1,011,423	-	-	938,600	1,011,423
Capital grants and contributions	93,932	1,301,932	-	-	93,932	1,301,932
<b>General revenues:</b>						
Property taxes	\$ 8,540,831	\$ 7,714,880	\$ 1,864,965	\$ 1,182,487	10,405,796	\$ 8,897,367
Other taxes	767,107	749,666	184,505	-	951,612	749,666
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	1,588,799	1,880,281	156,700	152,150	1,745,499	2,032,431
<b>Total Revenues</b>	<b>\$ 13,684,943</b>	<b>\$ 15,755,094</b>	<b>\$ 10,914,662</b>	<b>\$ 7,603,025</b>	<b>24,599,605</b>	<b>\$ 23,358,119</b>
<b>Expenses:</b>						
General Government	\$ 1,820,627	\$ 1,714,164	-	-	1,820,627	1,714,164
Public Safety	5,207,664	5,598,122	-	-	5,207,664	5,598,122
Highways/Streets	2,434,109	1,604,041	-	-	2,434,109	1,604,041
Sanitation	142,781	1,992,101	-	-	142,781	1,992,101
Economic/Urban Re Development	273,985	264,391	-	-	273,985	264,391
Culture and Recreation	3,323,326	2,456,084	-	-	3,323,326	2,456,084
Interest on long-term debt	616,205	688,394	-	-	616,205	688,394
Water	-	-	2,682,859	2,449,074	2,682,859	2,449,074
Sanitary District (sewer)	-	-	6,558,019	5,475,022	6,558,019	5,475,022
<b>Total expenses</b>	<b>\$ 13,818,697</b>	<b>\$ 14,317,297</b>	<b>\$ 9,240,878</b>	<b>\$ 7,924,096</b>	<b>23,059,575</b>	<b>\$ 22,241,393</b>
<b>Increase (decrease) in net position</b>	<b>(133,754)</b>	<b>1,437,797</b>	<b>1,673,784</b>	<b>(321,071)</b>	<b>1,540,030</b>	<b>1,116,726</b>
Net Position Beginning	\$ 48,157,824	\$ 46,241,220	\$ 17,938,642	\$ 18,259,713	66,096,466	\$ 64,500,933
Prior Period Adjustment	\$ -	\$ 478,807	\$ -	\$ -	-	\$ 478,807
Restated Net Position Beginning	\$ 48,157,824	\$ 46,720,027	\$ 17,938,642	\$ 18,259,713	66,096,466	64,979,740
<b>Net Position Ending</b>	<b>\$ 48,024,070</b>	<b>\$ 48,157,824</b>	<b>\$ 19,612,426</b>	<b>\$ 17,938,642</b>	<b>\$ 67,636,496</b>	<b>\$ 66,096,467</b>

- As a percentage of total revenues to the *Primary Government* in FY 2012, *charges for services* represented approximately 42.54% of the total revenue stream. *Property and other taxes* represented 46.17% of the total revenue stream. Further, total property taxes increased by 17% over the prior year. While Lake County Governments continued to have a state imposed freeze on operating property tax levies at the 2007 levels in the current fiscal year, taxes used to support debt service are not similarly constrained. This increase in percentage is attributable to taxes 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%.*
- As a component of total revenues associated with the *governmental activities* in FY 2012, *charges for services* significantly decreased from the prior year. Charges for services in the current year totaled \$1,755,674 a decline of \$1,341,238 from 2011. This is attributable to the transfer of the sanitation (solid waste management) function from the governmental authority (the Works Board) to the business-type activities of the Sanitary District. The transfer was effective January 1, 2012. The reason for the transfer was to exploit the provisions in State law that allowed delinquent fees including trash services fees to be collected by administrative lien, improving collection rates. *Property and other taxes* represented 68% 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 and operating grants and contributions* for governmental activities *decreased* significantly in the current year. Capital grants and contributions experienced a profound reduction of 92.8%, in the amount of \$1,208,000, which is attributable to completion of Federal highway aid projects and a significant grant supported public safety project that provided for remote traffic signal control by public safety responders. Operating grants decreased by only 7.2% from the prior year. This slight decrease is due to a slight decrease in various law enforcement initiatives that are supported by operating grants.

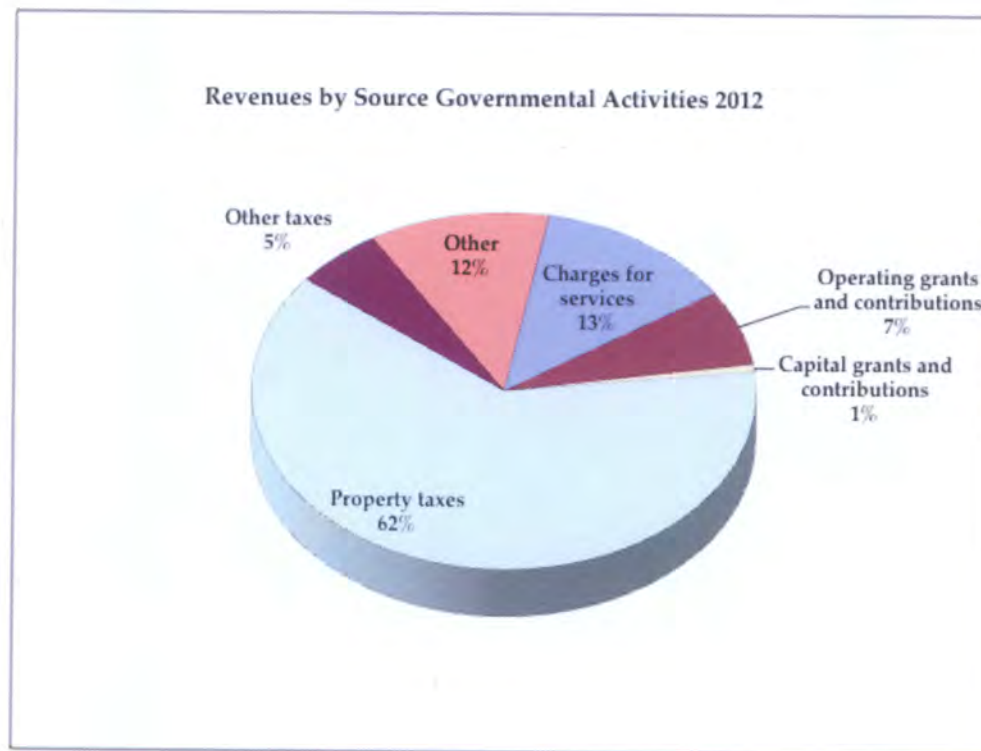
**Expenses and Program Revenues – Governmental Activities  
2012**

	<b>Expenses</b>	<b>Program Revenues</b>	<b>Net (Expense) Revenue</b>
General Government	\$ 1,820,627	\$ 556,521	\$ (1,264,106)
Public Safety	\$ 5,207,664	\$ 140,134	\$ (5,067,530)
Highways/Streets	\$ 2,434,109	\$ 878,705	\$ (1,555,404)
Sanitation	\$ 142,781	\$ 2,890	\$ (139,891)
Economic Development	\$ 273,985	\$ 8,907	\$ (265,078)
Culture & Recreation	\$ 3,323,326	\$ 1,201,049	\$ (2,122,277)
interest on long term debt	\$ 616,205	\$ -	\$ (616,205)

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 position associated with Business-type Activities actually increased by **\$1,673,784, an increase of 9.3%**. The key elements of this change in net position are as follows:

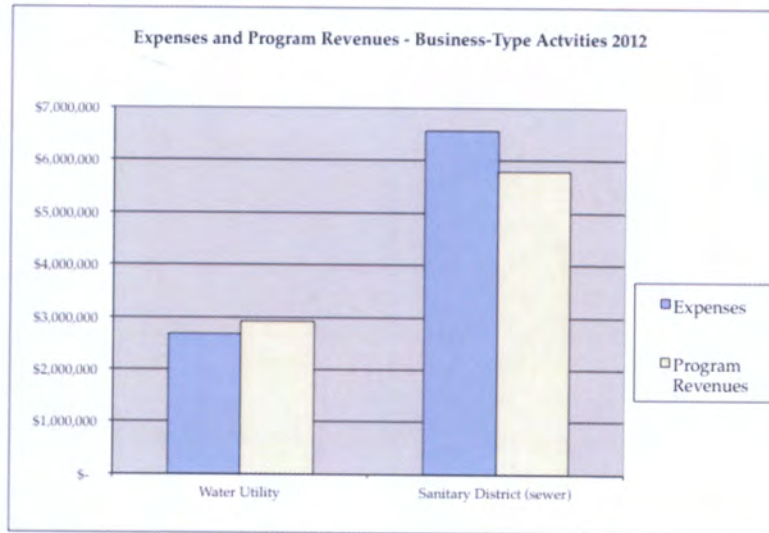
- As a percentage of total revenues associated with *Business-Type activities* in FY 2012, *charges for services* represented approximately 79.8% of the total revenue stream of business type activities. *Property taxes* represented 17.1% of the total revenue stream.
- The Sanitary District in the current year experienced a 55% increase in program revenues. This was attributable to the transfer of the sanitation (solid waste management) function from the works board to the board of sanitary commissioners. This in turn transferred the posting of the user charges associated with the function. The Water District experienced an increase of 15.1% in user charges. This is attributable to a rate increase and redesign for the water utility that went into effect in October of 2012.
- The Sanitary District experienced a 19.8% increase in total expenses in 2012. This was attributable to the transfer of the sanitation (solid waste management) function from the works board to the board of sanitary commissioners. The transfer added the expenses of that function as well. In addition, the increase was also driven by a general increase in wages and salaries of 4% for all full-time workers in the Primary Government as well as an increase in group health insurance premiums.
- The Waterworks District experienced a 9.5% increase in total expenses for FY 2012. This is largely attributable to a general increase in wages and salaries of 4% for all full-time workers in the Primary Government as well as an increase in group health insurance premiums.
- Overall expenditures associated with business-type activities was \$9,240,878, representing an increase of 16.6% over the prior year. Overall revenues also increased over the prior year, for a total of \$10,914,662 which represented a 43.6% increase over the prior year. This was attributable to the rate increase of the Waterworks previously mentioned and increases in property taxes to support debt service. Business-type activity property taxes increased by 57.7% in the amount of \$682,478 for a total of \$1,864,965 for the utilities.

### Expenses and Program Revenues Business Type Activities

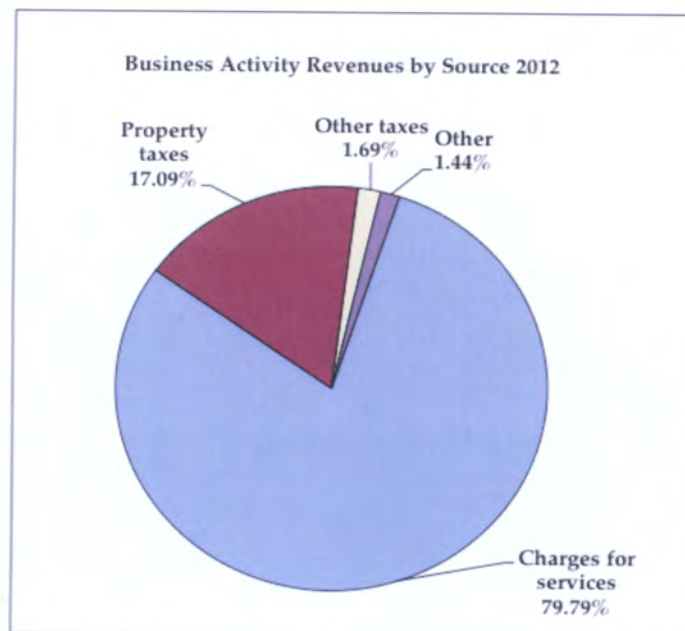
2012

	Expenses	Program Revenues	Net (Expense) Revenue
Water Utility	\$ 2,682,859	\$ 2,910,444	\$ 227,585
Sanitary District (sewer)	\$ 6,558,019	\$ 5,798,048	\$ (759,971)

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.



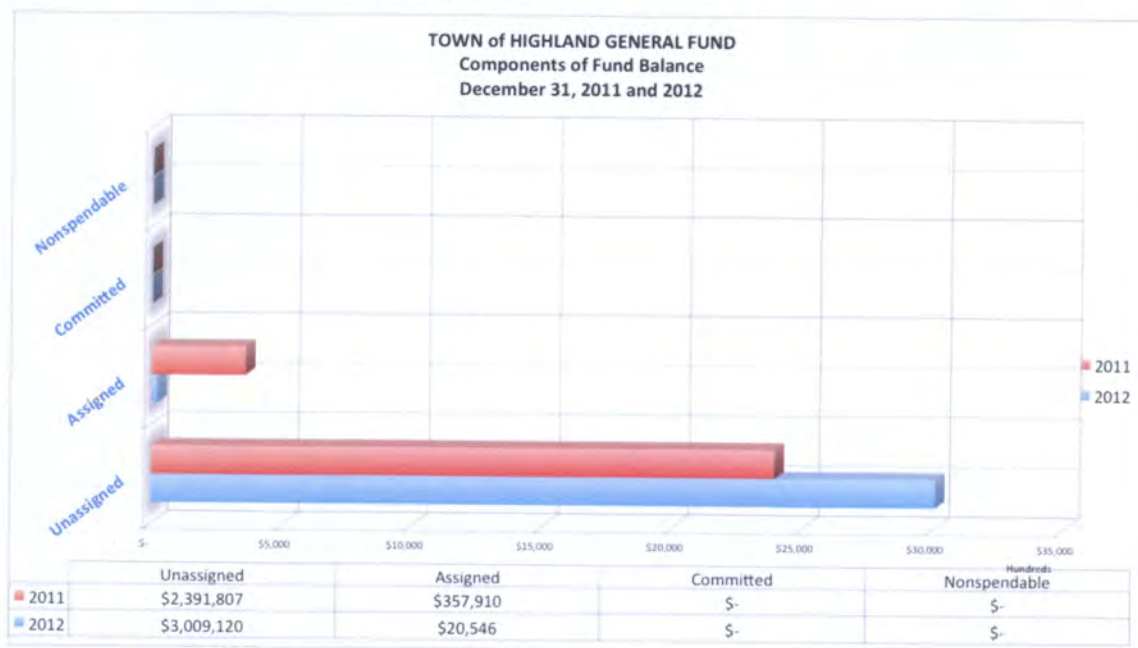
- Waterworks total revenues, which included both user charges and property taxes exceeded expenditures in the current year by \$779,217. Sanitary District total revenues, which also included both user charges and property and other taxes exceeded expenditures by \$737,867. In both cases, the property taxes largely supported the payment of debt service on either special taxing district bonds or a notes.

#### 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.

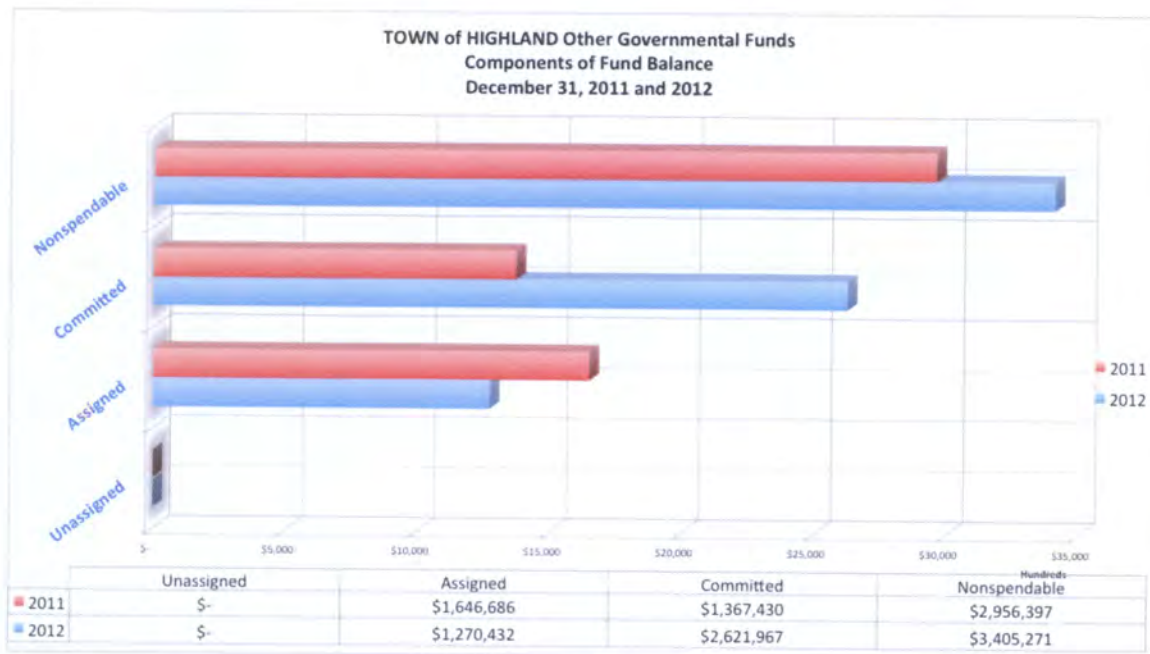
**Governmental funds.** The focus of the TOWN of HIGHLAND'S *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources (modified accrual basis). Such information is useful in assessing the TOWN of HIGHLAND's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose either by an external party, the TOWN of HIGHLAND itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the TOWN of HIGHLAND's Council.

As of the end of the current fiscal year ended 31 December 2012, the TOWN of HIGHLAND'S governmental funds reported combined ending fund balances of **\$10,327,336** a increase of 18.4% or \$1,607,106 in comparison with the prior year. Approximately 29% of this amount (\$ 3,009,120) constitutes *unassigned fund balance, which is available for spending at the government's discretion*. Another component of the combined ending fund balances is *restricted fund balance* in the amount of **\$3,405,271**. Finally, the remainder of the fund balances totaling **\$3,912,945** is either *committed* or *assigned* fund balance. The restricted, committed and assigned fund balances are so designed to indicated that these balances are 1) not in spendable form, 2) legally required to be maintained intact, 3) restricted for particular purposes, 4) committed for particular purposes, or 5) assigned for particular purposes.



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 **\$3,029,666** of which **\$20,546** was *assigned* and the remaining **\$3,009,120** was *unassigned*. As a measure of the *General Fund's liquidity*, it may be useful to compare the *unassigned* fund balance to total general fund expenditures. Unassigned fund balance represents fifty-one and one half percent (51.5%) of total general fund expenditures (\$5,847,709), while the total fund balance represents approximately 51.8% of that same amount.





The TOWN of HIGHLAND'S General Fund's fund balance rose by \$279,949, which represents a 10.2% 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 Town Council in fact formally adopted a cash reserve policy by ordinance in 2012 for the General, Parks and Recreation and Redevelopment General Funds.

The **Parks and Recreation Fund** had a total fund balance of **\$309,925**. 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 \$2,032,712. There was no unassigned fund balance available to measure liquidity.

The fund balance of the TOWN of HIGHLAND'S Parks and Recreation Fund declined from \$395,418 in FY 2011 to \$309,925 in FY 2012, a decrease of \$85,493 during the current fiscal year. A key factor in this decrease is attributable to the total expenditures of \$2,032,712 exceeding revenues of \$1,947,219. Revenue from a key daycare lessee was lost for a few months owing to the construction of the Lincoln Community Center. There also was a general increase in wages and salaries of four percent and an increase to group health insurance premiums.

The **Parks and Recreation Bond and Interest Fund**, a debt service fund and the remaining major governmental fund, had a decrease in fund balance in the current year of \$335,438 bringing the fund balance to \$171,421. The decrease was due to a strategic reduction in permissible property tax levy, to protect taxpayers from undue increase in property taxes and to ameliorate the effects of the tax caps commonly known as circuit breaker in Indiana property tax controls. Even with this reduction in reserves, the TOWN of HIGHLAND was able to meet its debt service payments without qualification. In 2013, the budget will be based upon the fully permissible property tax levy, thereby restoring cash reserves.

**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 position of the Waterworks and Sanitary Districts at the end of the year amounted to **\$663,742**, with the Waterworks having its own unrestricted net position of **\$31,951** and the Sanitary District having its own unrestricted net position of **\$631,791**. The change in net position for the Waterworks District was \$780,286 and for the Sanitary District was \$893,498. The total change in net position for all utilities was 1,673,784. 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 \$505,367 in expenditure authority. The net increase is comprised of an increase to General Government in the amount of \$41,232 and an increase to Public Safety in the amount of \$463,535.

*Final budget compared to actual results.* The following represents the significant differences between the final budget and actual expenditures:

	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Difference</u>
General Government:	\$1,533,588	\$1,298,749	(\$234,839)
Public Safety:	\$4,971,977	\$4,648,515	(\$323,462)

The budget to actual expenditures below authorized appropriations totaled \$505,367 from all functional categories. Total authorized final appropriations for the General Fund was \$6,623,854. The under expenditure in part was owing to intentional stewardship and falling below FTE staffing levels for the metropolitan police and other departments. However, the percentage difference between the final and the actual is 7.6%. This is within the budget estimate metric of 5-8%, which is informally observed as an acceptable tolerance for budget-making in Highland.

The following represents the significant differences between estimated revenues and actual revenues:

	<u>Final Estimate</u>	<u>Actual Revenues</u>	<u>Difference</u>
Taxes:	\$4,847,568	\$4,598,792	(\$248,776)
Licenses & Permits:	\$ 283,660	\$ 386,525	\$ 102,865
Intergovernmental:	\$ 455,344	\$ 527,150	\$ 71,806
Charges for services:	\$ 284,400	\$ 444,408	\$ 160,008
Fines and Forfeits:	\$ 30,405	\$ 134,516	\$ 104,111
Other:	\$ 76,800	\$ 100,305	\$ 23,505

It is noted that there is an aggregate positive variance of \$213,519 in revenues exceeding the final budget estimate. However, this is well within the revenue forecast tolerances of 5-8 percent, in fact being 3.6% in surplus from the estimate. This difference did not unduly impair budgetary policy makers when determining the final budget. Further, it worked to partially offset the deficit in actual tax revenues in part owing to dilatory tax payments and circuit breaker reductions to collections.

## 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, 2012, amounts to **\$86,334,456** (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. The total investment in capital assets in the TOWN of HIGHLAND for the current fiscal year decreased by \$823,092 or less than 1%. This is notable in that there was an approximate \$10.9 million addition with the completion of the Lincoln Community Center reconstruction. There was also an increase to the land attributable to acquisitions made by the Parks and Recreation Department. The specific components of the change in capital assets are comprised of a -1.4% decrease for governmental activities in the amount of \$840,846 and a very slight increase of \$17,754 representing a less than 1% increase for business-type activities.

### TOWN of HIGHLAND'S CAPITAL ASSETS

	(net of depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 3,006,846	\$ 2,934,588	\$ 60,946	\$ 60,946	\$ 3,067,792	\$ 2,995,534
Rights of Way Easements	14,243,606	14,243,771	-	-	14,243,606	14,243,771
Buildings and System	13,209,742	2,214,712	307,773	332,314	13,517,515	2,547,026
Improvements other than buildings	900,446	612,881	2,114,239	2,217,683	3,014,685	2,830,564
Computer Software/Licenses	-	7,600	-	-	-	7,600
Machinery and equipment	1,718,193	1,919,433	1,006,584	937,016	2,724,777	2,856,449
Infrastructure	26,066,300	24,505,812	23,363,543	20,323,951	49,429,843	44,829,763
Construction in progress	239,427	13,786,609	96,811	3,060,232	336,238	16,846,841
<b>Total:</b>	<b>\$ 59,384,560</b>	<b>\$ 60,225,406</b>	<b>\$ 26,949,896</b>	<b>\$ 26,932,142</b>	<b>\$ 86,334,456</b>	<b>\$ 87,157,548</b>



It is noted that determinations to hold equipment past its useful life but well within its design life, has significantly contributed to the decline in overall capital asset value for governmental activities. Even with replacement of police vehicles, machinery and equipment has dropped net asset value by (\$201,240). This accounts for the overall drop in capital asset value attributed to governmental activity between 2011 and 2012.

Additional information on the TOWN of HIGHLAND's capital assets can be found in Note IV. C on pages 46-47 of this report.

Major capital asset events during the fiscal year ending 31 December 2012 included the following:

#### **Streets and Sanitation**

##### ***3500 Garfield Avenue Reconstruction Project***

The Garfield Avenue Reconstruction Project was completed in 2012. The limits of the project were Johnston Street to Liable Road. The project consisted of drainage improvements, curb installation, sidewalk replacement, water main replacement, and pavement reconstruction. The Contract was awarded in August 2010 to deBoer Egolf Corporation in the amount of \$324,750. The final construction cost for the project was \$306,255. 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.

##### ***Street Resurfacing Projects***

The following streets were paved in 2012 as part of the Town general maintenance program:

Street	From	To
Highway Avenue	Delaware Place	Grace Street
Jewett Street	Grace Street	Johnston Street
Grand Boulevard	5th Street	Kennedy Avenue
Duluth Place	East of 81 <sup>st</sup> Street	
Norman Place	West of Johnston Street	
Spruce Street	81 <sup>st</sup> Street	North Drive
Martha Street	Munster Line	Idlewild Drive
Johnston Street	LaPorte Street	Garfield Avenue
Parrish Avenue	Ridge Road	Highway Avenue

##### ***3200 Condit Street Reconstruction Project***

A General Improvement District was established by the Town to support the curb and sidewalk installations on the project. Garcia Consulting Engineers were engage to perform Preliminary Design Engineering Services for the project. The work is scheduled to begin in 2013.

#### **Department of Waterworks and Municipal Water Utility**

In conjunction with the Indiana Department of Transportation and their plans to raze the Indianapolis Boulevard overpass north of Ridge Road, the Department of Water Works implemented a plan to install a new 10" DIWM from the Highland Plaza/Ultra Shopping Centers to 81<sup>st</sup> Street. The work was completed in order to complete a loop of the water system and improve flows to the Wicker Park Manor Subdivision. The work was added to the construction contract between the INDOT and Rieth Riley Construction Company, Inc. through an agreement between the Department of Water Works and the INDOT. Rex Construction Co., Inc. performed the work as a subcontractor to Rieth Riley Construction Co., Inc. The estimated construction cost authorized by the agreement was \$217,639.18.

##### ***3500 Garfield Avenue Water Main Installation Project***

In conjunction with the Garfield 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 3500 block of Garfield Avenue. The work was performed by deBoer Egolf Corporation at a cost to the water utility of \$61,972. The project design and construction engineer services were performed by Garcia Consulting Engineers.

#### **Sanitary District and Wastewater/Storm Waterworks**

##### ***Supervisory Control and Data Acquisition System (SCADA)***

The Sanitary Board of Commissioner and the Water Works Board of Directors completed the 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 \$566,940.00 and by the Water Works District in the amount of \$131,238.00. NIES Engineering, Inc. was engaged to provide professional engineering design and construction engineering services for the project.

#### 42<sup>nd</sup> Street Sanitary Sewer Improvement Project

The Sanitary Board of Commissioners constructed the 42nd Street Sanitary Sewer Improvement Project, which included the installation of a 525 linear feet of 15-inch SDR 26 PVC sanitary sewer, 1510 linear feet of 12-inch SDR 26 PVC sanitary sewer, 450 linear feet of 10-inch SDR 26 PVC sanitary sewer, 110 linear feet of 8-inch SDR 35 PVC sanitary sewer, sanitary sewer manholes with encapsulation systems, sanitary service connections/laterals to approximately 9 homes and relocation of approximately 240 linear feet of water main with new 8-inch ductile iron water main. The project further consisted of the removal of pumps, controls, electric service and other related materials from an existing Cherub Manor lift station to decommission the lift station and retrofit the structure as a sanitary sewer manhole. The Project was awarded to Grimmer Construction, Inc. in August 2011 in the amount of \$1,125,237.00. NIES Engineering, Inc. was engaged to provide professional engineering design and construction engineering services for the project. The construction was substantially complete in December 2012. The final construction cost for the project was \$1,096,478.

#### 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 and was completed 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 \$29,954,281, net of discounts and premiums. Of this amount, \$18,622,716 plus \$500,000 of special taxing district notes making an effective total of \$19,122,716, which 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 capital leases secured solely by specified revenue sources (i.e. revenue bonds and notes), in the amount of \$11,541,638.

The TOWN of HIGHLAND's total debt decreased by a net (\$894,521) representing a (2.8%) percent decrease during 2012. General obligation bond debt had a net increase of \$347,255. General obligation note decreased by \$250,000. The combined general obligation bonds and notes debt had a net increase of \$97,255 (.51%). Revenue bonded indebtedness decreased by (\$843,289), representing a 7% decrease. The reason for the overall decrease was that the only new debt issued during year was for an amount that was less than the regularly scheduled principal reductions on the existing outstanding debt. The new debt issued was a general obligation bond of the municipal corporation in the amount of \$2,000,000.

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-12	31-Dec-11	31-Dec-12	31-Dec-11	2012	2011	
General Obligation Bonds	\$ 6,235,469	\$ 4,999,461	\$ 12,387,247	\$ 13,276,000	\$ 18,622,716	\$ 18,275,461	
Special assessment debt with governmental commitment	-	-	-	-	-	-	
Notes	-	-	500,000	750,000	500,000	\$ 750,000	
Revenue Bonds	10,831,565	11,674,854	-	-	10,831,565	11,674,854	
Capital Leases	710,073	858,560	-	-	710,073	858,560	
<b>Total</b>	<b>\$ 17,777,107</b>	<b>\$ 17,532,875</b>	<b>\$ 12,887,247</b>	<b>\$ 14,026,000</b>	<b>\$ 30,664,354</b>	<b>\$ 31,558,875</b>	
net of discounts or premiums							

Additional information on the TOWN of HIGHLAND'S long-term debt can be found in note IV (H) on pages 48-51 of this report.

## Economic Factors and Next Year's Budget and Rates

- Inflationary trends in the region compare favorably to the national indices.
- The recent delays of the property taxes distributions owing to the general trending reassessment has been reduced drastically, and now is very close to 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 2012 there was no further action. However, in 2013 the Lake County Council did in fact pass three county-wide income taxes totaling 1.5%. The freeze on the property tax growth quotient is fully thawed effective FY 2014. The income tax distributions will be new exogenous revenues, coming monthly in FY 2014.

The certified assessed valuation for the Town of Highland continues to decline from the prior year. This is due in part to the recession and in part due to a significant deduction the legislature provided for homestead property, that significantly reduces the value of the tax base. This has a general effect of making revenue reductions from the circuit breaker more likely.

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 2013 fiscal year.

The operating budget growth for 2012 was again constrained but not entirely contracted. During the current fiscal year, ending fund balance in the General fund increased by \$279,949. Further, unassigned fund balance in the General Fund increased from \$2,391,807 in 2011 to \$3,009,120 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. Further, a formal policy was adopted to set for the General Fund, the Parks and Recreation Fund, and the Redevelopment General 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. These would be transitionally effective in FY 2013. In operation, the likely impact of tax cap or circuit breaker loss 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 2012 was reported to be approximately \$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.

(Optimized at 88% scale postscript.)

TOWN OF HIGHLAND, INDIANA  
STATEMENT OF NET POSITION  
December 31, 2012

Assets	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Cash and cash equivalents	\$ 5,096,651	\$ 1,270,921	\$ 6,367,572
Investments	178,602	-	178,602
Receivables (net of allowances for uncollectibles):			
Interest			
Taxes	2,122	-	2,122
Accounts	329,328	9,728	339,056
Intergovernmental	103,170	174,102	277,272
Special assessments receivable	138,114	26,408	164,522
Inventories	-	47,407	47,407
Prepaid items	-	115,967	115,967
Deferred charges	34,589	1,788	36,377
Restricted assets:	240,726	294,914	535,640
Cash and cash equivalents	4,760,204	4,310,087	9,070,291
Accounts receivable	7,574	68,691	76,265
Investments	1,192,100	22,060	1,214,160
Interest receivable	346	11	357
Taxes receivable	169,698	118,880	288,578
Intergovernmental receivable	215,651	-	215,651
Special assessments receivable	21,441	-	21,441
Cooperative receivable	1,750,000	-	1,750,000
Inventories	-	29,711	29,711
Capital assets:			
Land and construction in progress	17,489,879	157,757	17,647,636
Other capital assets, net of depreciation	41,894,681	26,792,139	68,686,820
Total assets	73,624,876	33,440,571	107,065,447

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

Continued on next page

TOWN OF HIGHLAND, INDIANA  
STATEMENT OF NET POSITION  
December 31, 2012  
(Continued)

<u>Liabilities</u>	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Accounts payable	145,090	257,432	402,522
Accrued payroll and withholdings payable	150,654	36,315	186,969
Deferred revenue	-	8,696	8,696
Taxes payable	-	16,586	16,586
Payable from restricted assets:			
Accounts payable	184,897	30,285	215,182
Accrued payroll and withholdings payable	12,972	-	12,972
Customer deposits	-	84,961	84,961
Accrued bond interest	355,724	254,892	610,616
Noncurrent liabilities:			
Amounts due within one year:			
General obligation bonds payable	1,009,000	1,283,000	2,292,000
Revenue bonds - due within one year	780,000	-	780,000
Compensated absences	297,083	31,820	328,903
Note payable	-	500,000	500,000
Capital lease obligations	149,076	-	149,076
Amounts due beyond one year:			
General obligation bonds payable (net of discounts or premiums)	5,226,469	11,104,247	16,330,716
Revenue bonds payable (net of discounts or premiums)	10,051,565	-	10,051,565
Compensated absences	382,395	88,697	471,092
Capital lease obligations	560,997	-	560,997
Other postemployment benefits payable	662,041	130,158	792,199
Matured bonds and coupons payable	-	1,056	1,056
Net pension obligation	5,632,843	-	5,632,843
Total liabilities	25,600,806	13,828,145	39,428,951
<u>Net Position</u>			
Net investment in capital assets			
Restricted for:	43,673,425	14,606,638	58,280,063
Highways and streets	305,451	-	305,451
Debt service	1,052,832	2,630,080	3,682,912
Capital projects	3,556,326	1,711,966	5,268,292
Other purposes	567,795	-	567,795
Unrestricted	(1,131,759)	663,742	(468,017)
Total net position	\$ 48,024,070	\$ 19,612,426	\$ 67,636,496

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, 2012

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	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	\$ 1,820,627	\$ 517,418	\$ 39,103	\$ -	\$ (1,264,106)	\$ (1,264,106)
Public safety	5,207,664	107,715	28,791	3,628	(5,067,530)	(5,067,530)
Highways and streets	2,434,109	405	870,706	7,594	(1,555,404)	(1,555,404)
Sanitation	142,781	2,890	-	-	(139,891)	(139,891)
Economic development	273,985	8,907	-	-	(265,078)	(265,078)
Culture and recreation	3,323,326	1,118,339	-	82,710	(2,122,277)	(2,122,277)
Interest on long-term debt	616,205	-	-	-	(616,205)	(616,205)
Total governmental activities	13,818,697	1,755,674	938,600	93,932	(11,030,491)	(11,030,491)
Business-type activities:						
Water	2,682,859	2,910,444	-	-	227,585	227,585
Sanitary District	6,558,019	5,798,048	-	-	(759,971)	(759,971)
Total business-type activities	9,240,878	8,708,492	-	-	(532,386)	(532,386)
Total primary government	\$ 23,059,575	\$ 10,464,166	\$ 938,600	\$ 93,932	(11,030,491)	(11,562,877)
General revenues:						
Property taxes					8,540,831	10,405,796
Excise taxes					630,685	807,325
Financial institution tax					56,329	64,194
Cigarette tax					80,093	80,093
Other					1,580,521	1,736,095
Investment earnings					8,278	9,404
Total general revenues					10,896,737	13,102,907
Change in net position					(133,754)	1,540,030
Net position - beginning					48,157,824	66,096,466
Net position - ending					\$ 48,024,070	\$ 67,636,496

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

TOWN OF HIGHLAND, INDIANA  
BALANCE SHEET -  
GOVERNMENTAL FUNDS  
December 31, 2012

<u>Assets</u>	<u>General</u>	<u>Parks and Recreation</u>	<u>Parks and Recreation Bond and Interest (Non-Exempt)</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
Cash and cash equivalents	\$ 3,005,598	\$ 426,547	\$ -	\$ 1,015,186	\$ 4,447,331
Investments	84,620	-	-	77,837	162,457
Receivables (net of allowances for uncollectibles):					
Interest	2,014	30	-	70	2,114
Taxes	270,020	51,657	-	7,651	329,328
Accounts	102,518	597	-	55	103,170
Intergovernmental	125,912	10,628	-	1,574	138,114
Restricted assets:					
Cash and cash equivalents	-	-	171,421	4,588,783	4,760,204
Investments	-	-	-	1,192,100	1,192,100
Interest receivable	-	-	-	346	346
Taxes receivable	-	-	37,103	132,595	169,698
Intergovernmental receivable	-	-	7,634	208,017	215,651
Accounts receivable Treasury	-	-	-	-	-
subsidy payments (net of allowance)	-	-	-	7,574	7,574
Special assessments receivable	-	-	-	21,441	21,441
Total assets	\$ 3,590,682	\$ 489,459	\$ 216,158	\$ 7,253,229	\$ 11,549,528
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ 93,543	\$ 42,024	\$ -	\$ 4,767	\$ 140,334
Accrued payroll and withholdings payable	132,234	17,975	-	445	150,654
Deferred revenue - unavailable	335,239	119,535	-	11,715	466,489
Payable from restricted assets:					
Accounts payable	-	-	-	184,897	184,897
Accrued payroll and withholdings payable	-	-	-	12,972	12,972
Deferred revenue - unavailable	-	-	44,737	222,109	266,846
Total liabilities	561,016	179,534	44,737	436,905	1,222,192

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, 2012  
(Continued)

	General	Parks and Recreation	Parks and Recreation Bond and Interest (Non-Exempt)	Other Governmental Funds	Totals
Fund balances:					
Spendable:					
Restricted	-	-	171,421	3,233,850	3,405,271
Committed	-	-	-	2,621,967	2,621,967
Assigned	20,546	309,925	-	960,507	1,290,978
Unassigned	3,009,120	-	-	-	3,009,120
Total fund balances	3,029,666	309,925	171,421	6,816,324	10,327,336
Total liabilities and fund balances	\$ 3,590,682	\$ 489,459	\$ 216,158	\$ 7,253,229	

Amounts reported for governmental activities in the Statement of Net Position 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 position.

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 position of governmental activities

	59,384,560
	2,483,335
	(10,259,748)
	34,589
	(7,651,118)
	(662,041)
	(5,632,843)
	<u>\$ 48,024,070</u>

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, 2012

	General	Parks and Recreation	Parks and Recreation Bond and Interest (Non-Exempt)	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 4,598,793	\$ 881,113	\$ 632,870	\$ 2,428,055	\$ 8,540,831
Special assessments	-	-	-	50,347	50,347
Licenses and permits	404,995	-	-	18,985	423,980
Intergovernmental	530,439	71,968	51,692	1,885,696	2,539,795
Charges for services	488,506	965,589	-	155,259	1,609,354
Fines and forfeits	4,520	-	-	6,400	10,920
Other	180,643	28,549	-	88,922	298,114
<b>Total revenues</b>	<b>6,207,896</b>	<b>1,947,219</b>	<b>684,562</b>	<b>4,633,664</b>	<b>13,473,341</b>
<b>Expenditures:</b>					
Current:					
General government	1,317,381	-	-	152,343	1,469,724
Public safety	4,509,545	-	-	279,356	4,788,901
Highways and streets	-	-	-	959,746	959,746
Sanitation	5,362	-	-	136,800	142,162
Culture and recreation	-	2,032,712	-	4,751	2,037,463
Urban redevelopment	-	-	-	124,085	124,085
Debt service:					
Principal	-	-	585,000	1,182,487	1,767,487
Interest	-	-	435,000	296,910	731,910
Capital outlay:					
General government	-	-	-	39,583	39,583
Public safety	15,421	-	-	110,346	125,767
Economic development	-	-	-	69,040	69,040
Highways and streets	-	-	-	531,081	531,081
Sanitation	-	-	-	-	-
Culture and recreation	-	-	-	1,034,783	1,034,783
<b>Total expenditures</b>	<b>5,847,709</b>	<b>2,032,712</b>	<b>1,020,000</b>	<b>4,921,311</b>	<b>13,821,732</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>360,187</b>	<b>(85,493)</b>	<b>(335,438)</b>	<b>(287,647)</b>	<b>(348,391)</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	80,238	80,238
Transfers out	(80,238)	-	-	-	(80,238)
Bonds issued	-	-	-	2,000,000	2,000,000
Bonds issuance costs	-	-	-	(53,766)	(53,766)
Bonds premiums	-	-	-	9,263	9,263
<b>Total other financing sources and uses</b>	<b>(80,238)</b>	<b>-</b>	<b>-</b>	<b>2,035,735</b>	<b>1,955,497</b>
<b>Net change in fund balances</b>	<b>279,949</b>	<b>(85,493)</b>	<b>(335,438)</b>	<b>1,748,088</b>	<b>1,607,106</b>
<b>Fund balances - beginning</b>	<b>2,749,717</b>	<b>395,418</b>	<b>506,859</b>	<b>5,088,236</b>	<b>8,720,230</b>
<b>Fund balances - ending</b>	<b>\$ 3,029,666</b>	<b>\$ 309,925</b>	<b>\$ 171,421</b>	<b>\$ 6,816,324</b>	<b>\$ 10,327,336</b>

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, 2012

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).	\$ 1,607,106
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.	(940,846)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	124,603
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 position. 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.	(237,397)
Net pension obligations/other postemployment benefits are considered long-term obligations of the general government, but are not current expenditures.	(230,632)
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.	(50,406)
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.	(506,182)
Change in net position of governmental activities (Statement of Activities)	<u>\$ (133,754)</u>

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

TOWN OF HIGHLAND, INDIANA  
STATEMENT OF NET POSITION -  
PROPRIETARY FUNDS  
December 31, 2012

Assets	Business-Type Activities -			Governmental	
	Enterprise Funds	Sanitary District	Totals	Internal Service Funds	
	Water Utility				
Current assets:					
Cash and cash equivalents	\$ 595,602	\$ 675,319	\$ 1,270,921	\$ 649,320	
Investments	-	-	-	16,145	
Interest receivable	-	-	-	8	
Current portion of direct financing lease	-	-	-	1,280,546	
Taxes receivable (net of allowance)	-	-	-	9,728	
Accounts receivable (net of allowance)	82,992	91,110	174,102	-	
Inventories	82,141	33,826	115,967	-	
Intergovernmental receivable (net of allowance)	5,720	20,688	26,408	-	
Special assessment receivable	-	47,407	47,407	-	
Prepaid items	938	850	1,788	-	
Restricted current assets:					
Cash and cash equivalents	82,761	-	82,761	-	
Accounts receivable Treasury subsidy payments (net of allowance)	-	68,691	68,691	-	
Total current assets	850,154	947,619	1,797,773	1,946,019	
Noncurrent assets:					
Restricted cash, cash equivalents and investments:					
Improvement	-	1,120,745	1,120,745	-	
Improvement - construction	-	238,287	238,287	-	
Bond and interest	264,468	1,298,134	1,562,603	-	
Extension	-	198,725	198,725	-	
Sanitary B&I exempt debt service	-	3,143	3,143	-	
Reserve	1,073,481	-	1,073,481	-	
Co-op	-	30,342	30,342	-	
Investments	22,060	-	22,060	-	
Other restricted assets:					
Interest receivable	11	-	11	-	
Taxes receivable (net of allowance)	26,231	92,649	118,880	-	
Inventories	29,711	-	29,711	-	
Total restricted assets	1,415,963	2,982,025	4,397,988	-	
Deferred charges	1,572	293,342	294,914	127,439	
Net investment in direct financing lease	-	-	-	9,313,716	
Capital assets:					
Land, improvements to land and construction in progress	17,661	140,096	157,757	-	
Other capital assets (net of accumulated depreciation)	8,567,444	18,224,695	26,792,139	-	
Total capital assets	8,585,105	18,364,791	26,949,896	-	
Total noncurrent assets	10,002,640	21,640,158	31,642,798	9,441,155	
Total assets	10,852,794	22,587,777	33,440,571	11,387,174	

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

Continued on next page

TOWN OF HIGHLAND, INDIANA  
STATEMENT OF NET POSITION -  
PROPRIETARY FUNDS  
December 31, 2012  
(Continued)

Liabilities	Business-Type Activities -			Governmental Activities
	Enterprise Funds	Sanitary District	Totals	Internal Service Funds
	Water Utility			
Current liabilities:				
Accounts payable	76,417	181,015	257,432	4,756
Accrued payroll and withholding payable	16,346	19,969	36,315	-
Taxes payable	16,586	-	16,586	-
Revenue bonds payable	-	-	-	780,000
Notes payable	500,000	-	500,000	-
Deferred revenue	-	8,696	8,696	-
Compensated absences	14,819	17,001	31,820	-
Current liabilities payable from restricted assets:				
Customer deposits	84,961	-	84,961	-
Accounts payable	6,472	23,813	30,285	-
Accrued interest payable	4,425	250,467	254,892	216,339
General obligation bonds payable	-	1,283,000	1,283,000	-
Total current liabilities	720,026	1,783,961	2,503,987	1,001,095
Noncurrent liabilities:				
General obligation bonds payable (net of unamortized premium)	-	11,104,247	11,104,247	-
Revenue bonds payable	-	-	-	10,051,565
Notes payable	-	-	-	-
Compensated absences	42,860	45,837	88,697	-
Other postemployment benefits payable	68,842	61,316	130,158	-
Matured bonds and coupons payable	-	1,056	1,056	-
Total noncurrent liabilities	111,702	11,212,456	11,324,158	10,051,565
Total liabilities	831,728	12,996,417	13,828,145	11,052,660
Net Position				
Net investment in capital assets	8,629,094	5,977,544	14,606,638	-
Restricted for debt service	1,360,021	1,270,059	2,630,080	-
Restricted for capital projects	-	1,711,966	1,711,966	-
Unrestricted	31,951	631,791	663,742	334,514
Total net position	10,021,066	9,591,360	19,612,426	334,514

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

TOWN OF HIGHLAND, INDIANA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -  
PROPRIETARY FUNDS  
For The Year Ended December 31, 2012

	Business-Type Activities -			Governmental	
	Enterprise Funds			Activities	
	Water	Sanitary	Totals	Internal	Service Fund
	Utility	District			
Operating revenues:					
Unmetered water revenue	\$ 580,830	\$ -	\$ 580,830	\$ -	-
Metered revenue	1,667,441	1,669,910	3,337,351	-	-
Stormwater usage charge	-	1,169,167	1,169,167	-	-
Fire protection revenue	327,899	-	327,899	-	-
Penalties	19,292	26,801	46,093	-	-
Penalties - stormwater	-	13,731	13,731	-	-
Other water revenue	182,021	-	182,021	-	-
Flat rate revenues	-	579,326	579,326	-	-
Trash revenue	-	1,847,625	1,847,625	-	-
Charges for services	-	-	-	731,778	-
Other	132,961	491,488	624,449	-	-
Total operating revenues	2,910,444	5,798,046	8,708,492	731,778	-
Operating expenses:					
Source of supply and expense - operations and maintenance	827,538	-	827,538	-	-
Transmission and distribution	724,158	-	724,158	-	-
Collection system - operations and maintenance	-	680,821	680,821	-	-
Pumping - operations and maintenance	14,479	368,227	382,706	-	-
Treatment and disposal expense - operations and maintenance	-	1,275,908	1,275,908	-	-
Customer accounts	61,362	110,964	172,326	-	-
Trash services	-	1,702,589	1,702,589	-	-
Materials and supplies	-	-	-	1,799	-
Contractual services	620,070	947,523	1,567,593	133,962	-
Administration and general	421,067	820,375	1,241,442	7,050	-
Depreciation	-	-	-	-	-
Total operating expenses	2,688,674	5,906,407	8,575,081	142,811	-
Operating income (loss)	241,770	(108,359)	133,411	588,967	-
Nonoperating revenues (expenses):					
Interest and investment revenue	147	979	1,126	163	-
Property tax distributions	509,960	1,355,005	1,864,965	-	-
Other tax distributions	41,672	142,833	184,505	-	-
BAB's subsidy	-	140,564	140,564	-	-
Interest expense	(11,042)	(614,465)	(625,507)	(347,663)	-
Amortization of bond issue costs	(3,143)	(37,147)	(40,290)	(20,605)	-
Gain on disposal of asset	922	-	922	-	-
Total nonoperating revenue (expenses)	538,516	987,769	1,526,285	(368,105)	-
Income (loss) before contributions and transfers	780,286	879,410	1,659,696	220,862	-
Capital contributions from property owners	-	14,088	14,088	-	-
Change in net position	780,286	893,498	1,673,784	220,862	-
Total net position - beginning	9,240,780	8,697,862	17,938,642	113,652	-
Total net position - ending	\$ 10,021,066	\$ 9,591,360	\$ 19,612,426	\$ 334,514	-

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, 2012

	Business-Type Activities			Governmental Activities	
	Enterprise Funds			Internal Service Fund	
	Water Utility	Sanitary District	Totals		
Cash flows from operating activities:					
Receipts from customers and users	\$ 2,903,630	\$ 5,795,713	\$ 8,699,343	\$ -	-
Payments to suppliers	(1,626,514)	(4,169,597)	(5,796,111)	(143,442)	
Payments to employees	(576,698)	(1,124,520)	(1,701,218)	-	
Other receipts	-	-	-	178,140	
Net cash provided (used) by operating activities	700,418	501,596	1,202,014	34,698	
Cash flows from noncapital financing activities:					
Transfers to other funds	-	-	-	(155,089)	
Cash flows from capital and related financing activities:					
Local tax distributions	519,681	1,471,978	1,991,659	-	
Acquisition and construction of capital assets	(187,486)	(1,083,517)	(1,270,983)	-	
BAB's subsidy	-	138,066	138,066	-	
Capital contributions from property owners	-	15,313	15,313	-	
Principal paid on capital debt	(250,000)	(888,000)	(1,138,000)	(845,000)	
Interest paid on capital debt	(9,091)	(622,777)	(631,868)	(356,987)	
Net cash provided (used) by capital and related financing activities	73,124	(988,937)	(895,813)	(1,201,987)	
Cash flows from investing activities:					
Purchase of investments	(2,565)	-	(2,565)	(2,231)	
Proceeds from net investment in direct financing lease	-	-	-	805,000	
Proceeds from operating lease receivable	-	-	-	9,250	
Interest received	146	1,344	1,490	162	
Net cash provided by investing activities	(2,419)	1,344	(1,075)	812,181	
Net increase (decrease) in cash and cash equivalents	771,123	(465,997)	305,126	(510,197)	
Cash and cash equivalents, January 1					
(Including \$557,641 and \$3,074,033 for the Water Utility and Sanitary District, respectively, reported in restricted accounts)	1,245,190	4,030,692	5,275,882	1,159,517	
Cash and cash equivalents, December 31					
(Including \$1,420,711 and \$2,889,376 for the Water Utility and Sanitary District, respectively, reported in restricted accounts)	\$ 2,016,313	\$ 3,564,695	\$ 5,581,008	\$ 649,320	

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, 2012  
(Continued)

	Business-Type Activities			Governmental Activities	
	Enterprise Funds			Internal Service Fund	
	Water Utility	Sanitary District	Totals		
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 241,770	\$ (108,359)	\$ 133,411	\$	588,967
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	421,067	820,375	1,241,442	-	-
(Increase) decrease in assets:					
Accounts receivable	(19,555)	(2,335)	(21,890)	-	-
Inventories	42,031	8,668	50,699	-	-
Prepaid items	19	(68)	(49)	-	-
Increase (decrease) in liabilities:					
Customer deposits	12,741	-	12,741	-	-
Accounts payable	(24,621)	(240,713)	(265,334)	(631)	-
Accrued payroll and withholdings payable	5,951	7,891	13,842	-	-
Taxes payable	6,401	-	6,401	-	-
Compensated absence payable	5,064	8,353	13,417	-	-
Other postemployment benefits payable	9,550	7,784	17,334	-	-
Noncash items:					
Deferred revenue recognized	-	-	-	(553,638)	-
Total adjustments	458,648	609,955	1,068,603	(554,269)	-
Net cash provided (used) by operating activities	\$ 700,418	\$ 501,596	\$ 1,202,014	\$	34,698
Noncash investing, capital and financing activities:					
Construction in progress on account	\$ 6,472	\$ -	\$ -	\$	-

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

TOWN OF HIGHLAND, INDIANA  
STATEMENT OF FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS  
December 31, 2012

	Pension Trust Fund	Agency Funds
<u>Assets</u>		
Cash and cash equivalents	\$ 392,830	\$ 195,419
Investments	-	24,341
Receivables:		
Employer contributions	625	-
Interest and dividends	31	16
Total receivables	656	16
Investments at fair value:		
Participation in investment pools of other governments	2,988	-
Total assets	396,474	\$ 219,776
<u>Liabilities</u>		
Payroll withholdings payable	\$ -	\$ 16,067
Trust payable	-	203,709
Total liabilities	-	\$ 219,776
<u>Net Position</u>		
Held in trust for:		
Employees' pension benefits and other purposes	396,474	
Total net position	\$ 396,474	

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



TOWN OF HIGHLAND, INDIANA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2012

	Pension Trust Fund
<u>Additions</u>	
Contributions:	
Employer	\$ 7,974
On-behalf	649,793
Other	1,769
Total contributions	659,536
Investment income:	
Interest and dividends	384
Total investment income	384
Total additions	659,920
<u>Deductions</u>	
Benefits	732,357
Administrative expense	2,088
Total deductions	734,445
Changes in net position	(74,525)
Net position - beginning	470,999
Net position - ending	\$ 396,474

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 Lincoln Community Center Building Corporation is a significant blended component unit of the government. The government appoints a voting majority of the Lincoln Community Center Building Corporation's board and a financial benefit/burden relationship exists between the government and the Lincoln Community Center Building Corporation. Although it is legally separate from the government, the Lincoln Community 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 Community 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.

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. (Note V.E.)

#### **B. Government-Wide and Fund Financial Statements**

Government-wide financial statements (i.e., the Statement of Net Position 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.

## Town Of Highland, Indiana

### Notes To Financial Statements

(Continued)

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 are reported as general revenues as well as other items not properly included among program revenues.

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

#### 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. Resources are derived from property taxes, program revenues, user charges and rental fees.

## Town Of Highland, Indiana

### Notes To Financial Statements

(Continued)

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. Resources are derived from a special taxing district property and other taxes.

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.

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 recreational facility and leasing such facility; the Parks and Recreation Building Corporation, a blended component unit of the Town, established for the sole purpose of construction of a recreational facility and leasing such facility; 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.

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*, *returns on investment*, 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 Position

##### 1. Deposits and Investments

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

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

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

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

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

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

**2. Property Taxes**

Property taxes levied are collected by the County Treasurer and are distributed to the government in June and in December, 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.

Trending of assessments delays were greatly curbed from the previous year. However, the assessed valuations of Lake County were still not finalized by February 15, 2012 as required. However, the 2011 pay 2012 property tax rates and levies, as well as related budget orders for 2012, were established earlier than the previous year. The County billed 2011 pay 2012 taxes in two installments with due dates of May 25 and November 13, 2012. Final distribution of the 2011 pay 2012 property taxes was completed on December 28, 2012.

**3. Inventories and Prepaid Items**

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

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

**4. Restricted Assets**

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

# Town Of Highland, Indiana

## Notes To Financial Statements

(Continued)

### 5. Capital Assets

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

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

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ All	N/A	N/A
Construction in progress	All	N/A	N/A
Right of Way (Streets)	All	N/A	N/A
Right of Way (Alleys)	All	N/A	N/A
Buildings	10,000	Straight-line	40 years
Improvements other than buildings	10,000	Straight-line	10 to 40 years
Machinery and equipment	10,000	Straight-line	4 to 20 years
Urban Local Roads/Street	10,000	Straight-line	40 years
Sidewalks	10,000	Straight-line	15 years
Streetlights	10,000	Straight-line	20 years
Infrastructure and underground	10,000	Straight-line	15 to 50 years
Computer Software/License	25,000	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.

## **Town Of Highland, Indiana**

### **Notes To Financial Statements**

**(Continued)**

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

#### **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 Position. 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 other financing uses.

#### **8. Net Position**

In the government-wide Statement of Net Position, certain assets are reported as restricted if such assets are restricted based upon limitations set by outside parties or documents. These would include bond covenants, which require certain debt payments and capital expenditures, grant agreements, donations by outside sources or funds from the State of Indiana specifying disbursement or use requirements.

#### **9. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations requiring the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. In most cases this is the Town Council as the legislative body of the primary government. It is also the municipal fiscal body. It can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance or other legislative instrument of equal dignity) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria as committed. The Town Council may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. For a further detail, the reader is encouraged to review Note IV H. Fund Balance on **page 52**.



# Town Of Highland, Indiana

## Notes To Financial Statements

(Continued)

### E. New Accounting Pronouncements

GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position provides guidance for reporting and presenting the financial statement elements of deferred inflows of resources and deferred outflows of resources. Based upon the definition provided of these new elements, the Town currently has no such items to report. GASB No. 63 still requires that the statements report net assets as net position in the government wide financial statements, proprietary statements and fiduciary statements. It does not change the fund financial statements. 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 Position.

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

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 \$2,483,335 difference are as follows:

Deferred revenue	\$ 733,335
Cooperative receivable	1,750,000
Total	<u>\$ 2,483,335</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 Position." The details of this \$10,259,748 difference are as follows:

Cash and cash equivalents	\$ 649,320
Investments	16,145
Interest receivable	8
Deferred charges	127,439
Accounts payable	(4,756)
Accrued interest payable	(216,339)
Revenue bonds payable, net	<u>(10,831,565)</u>
Total	<u>\$ (10,259,748)</u>

Another area of that reconciliation states that "Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$7,651,118 difference are as follows:

General obligation bonds, net	\$ (6,235,469)
Less: deferred charge for issuance costs (to be amortized over the life of the debt)	113,287
Accrued interest payable	(139,385)
Capital lease obligations	(710,073)
Compensated absences	<u>(679,478)</u>
Total	<u>\$ (7,651,118)</u>

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

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 position 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 depreciation exceeded capital outlays in the current period." The details of this \$840,846 difference are as follows:

Additions in capital assets	\$ 1,147,441
Less:	
Depreciation expense	<u>(1,988,287)</u>
Total	<u>\$ (840,846)</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 position. 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 \$237,397 difference are as follows:

Issuance of debt:	
General obligation bonds, net of issuance costs	\$ (1,946,234)
Principal repayment:	
General obligation bonds	774,000
Revenue bonds	845,000
Capital lease obligation	148,487
Amortization:	
Bond discount	(1,421)
Deferred debits	(39,222)
Discount	(2,863)
Premium	(8,587)
Change in accrued interest	<u>(6,557)</u>
Total	<u>\$ (237,397)</u>

# Town Of Highland, Indiana

## Notes To Financial Statements

(Continued)

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 \$230,632 difference are as follows:

Change in net pension obligation	\$ (81,867)
Change in other post employment benefits	<u>(148,765)</u>
Total	<u>\$ (230,632)</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 \$50,406 difference are as follows:

Change in prepaid items	\$ (15,098)
Change in compensated absences	<u>(35,308)</u>
Total	<u>\$ (50,406)</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 \$506,182 difference are as follows:

Internal service fund income	\$ 220,862
Interest expense eliminated	532,897
Internal service fund receivable	(1,280,546)
Recognition of amortization of deferred debits	<u>20,605</u>
Total	<u>\$ (506,182)</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 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.

# Town Of Highland, Indiana

## Notes To Financial Statements

(Continued)

### 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, 2012, the bank balance held at Trust Indiana, the State sponsored Local Government Investment Pool, in the amount of \$2,910,245 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-Town's name.

*In addition, there is the amount of \$795,800 in time deposit United States Treasury State and Local Government Series (SLGS) Instrument, which are backed by the full faith and credit of the United States of America.*

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, 2012, the Town had the following investments:

Investment Type	Primary Government Market Value
U.S. agencies	\$ 116,743
U.S. treasuries - SLGS	795,800
Commercial paper	166,061
Other securities (Trust Indiana)	341,487
Totals	<u>\$ 1,420,091</u>

#### Investment Policies

Indiana Code 5-13-9 authorizes the Town to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the unit to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal

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

government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of or interest in an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 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)

Primary Government:

Investment Type	Not in the Government's Name
U.S. agencies	\$ 116,743
U.S. treasuries - SLGS	795,800
Commercial paper	166,061
Other securities (Trust Indiana)	341,487
Total	<u>\$ 1,420,091</u>

### 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.

Standard & Poor's Rating	Town's Investments			
	U.S. Agencies	U.S. Treasuries - SLGS	Commercial Paper	Other Securities
AAA	\$ 26,535	\$ -	\$ -	\$ -
AA+	53,060	795,800	-	-
A1+	37,148	-	74,512	-
A1	-	-	91,549	-
Unrated - Trust Indiana	-	-	-	341,487
Totals	<u>\$ 116,743</u>	<u>\$ 795,800</u>	<u>\$ 166,061</u>	<u>\$ 341,487</u>

### Concentration of Credit Risk

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

# Town Of Highland, Indiana

## Notes To Financial Statements

(Continued)

### B. Receivables

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

#### Cooperative Receivable

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

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

In July of 2006, the Highland Redevelopment Commission issued special taxing district bonds in the amount of \$1,750,000 to support its share of costs associated with the razing. While treated like a loan, the proceeds were not actually directly lent. Instead, the City of Hammond assigned its demolition contracts to the Town of Highland, which agreed to make progress payments to the contractor up to the capped amount of the bonds. Further, under the terms of the interlocal agreement, in consideration for this burden sharing, the City of Hammond Redevelopment Commission would repay the Town of Highland the principal amount of its bonds sold to support the project (\$1,750,000) and the actual interest costs which may be incurred after the first 18 months that the debt is in repayment. The source of the repayment would come from the sale of the redeveloped property to a private developer. The Town of Highland's participation in the project was substantially completed by December of 2006. Owing to this, the amount of \$1,750,000 is carried as a receivable from a cooperative redevelopment activity, for the year ended December 31, 2012. (Note V.C.)

#### Lincoln Community Center Building Corporation Lease

The Lincoln Community Center Building Corporation, a blended component unit reported as an internal service fund, has entered into a lease agreement with the Town for 20 years. The lease has been accounted for as a direct financing lease and was set to expire in 2030. The bonds are considered Build America Bonds and the Town is reimbursed for a portion of each semiannual lease payment made to the Corporation. The total reimbursement accounts for 11 percent of the total lease payments due from the Town of Highland.

The following lists the component of the net investment in direct financing lease as of December 31, 2012:

Total minimum lease payments to be received	\$ 18,360,000
Less: amounts representing estimated executory costs	<u>-</u>
Minimum lease payment receivable	18,360,000
Less: unearned income	<u>(7,971,816)</u>
Net investment in direct financing lease	10,388,184
Less: current portion	<u>(1,074,468)</u>
Net investment in direct financing lease, less current portion	<u>\$ 9,313,716</u>

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

At December 31, 2012, minimum lease payments are as follows:

2013	\$ 1,020,000
2014	1,020,000
2015	1,020,000
2016	1,020,000
2017	1,020,000
2018-2022	5,100,000
2023-2027	5,100,000
2028-2030	<u>3,060,000</u>
Totals	<u>\$ 18,360,000</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. *(Note V.E.)*

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, 2012:

Total minimum lease payments to be received	\$ 302,280
Less: amounts representing estimated executory costs	<u>-</u>
Minimum lease payment receivable	302,280
Less: unearned income	<u>(96,202)</u>
Net investment in direct financing lease	206,078
Less: current portion	<u>(206,078)</u>
Net investment in direct financing lease, less current portion	<u>\$ -</u>

At December 31, 2012, minimum lease payments are as follows:

	Direct Financing Lease Payments
2013	<u>\$ 302,280</u>



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

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**Town Of Highland, Indiana**  
**Notes To Financial Statements**  
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**C. Capital Assets**

Capital asset activity for the year ended December 31, 2012, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,934,588	\$ 72,258	\$ -	\$ 3,006,846
Rights of way and easements	14,243,771	-	165	14,243,606
Construction in progress	13,786,609	728,408	14,275,590	239,427
<b>Total capital assets, not being depreciated</b>	<b>30,964,968</b>	<b>800,666</b>	<b>14,275,755</b>	<b>17,489,879</b>
Capital assets, being depreciated:				
Buildings	6,932,766	11,160,000	-	18,092,766
Improvements other than buildings	3,599,581	370,366	1,842	3,968,105
Computer software/license	83,248	-	-	83,248
Machinery and equipment	5,301,813	200,346	118,889	5,383,270
Infrastructure and underground	47,354,528	2,909,698	-	50,264,226
<b>Totals</b>	<b>63,271,936</b>	<b>14,640,410</b>	<b>120,731</b>	<b>77,791,615</b>
Less accumulated depreciation for:				
Buildings	4,718,054	164,970	-	4,883,024
Improvements other than buildings	2,986,700	81,512	553	3,067,659
Computer software/license	75,648	7,600	-	83,248
Machinery and equipment	3,382,380	384,995	102,298	3,665,077
Infrastructure and underground	22,848,716	1,349,210	-	24,197,926
<b>Totals</b>	<b>34,011,498</b>	<b>1,988,287</b>	<b>102,851</b>	<b>35,896,934</b>
<b>Total capital assets, being depreciated, net</b>	<b>29,260,438</b>	<b>12,652,123</b>	<b>17,880</b>	<b>41,894,681</b>
<b>Total governmental activity capital assets, net</b>	<b>\$ 60,225,406</b>	<b>\$ 13,452,789</b>	<b>\$ 14,293,635</b>	<b>\$ 59,384,560</b>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 60,946	\$ -	\$ -	\$ 60,946
Construction in progress	3,060,232	1,008,550	3,971,971	96,811
<b>Total capital assets, not being depreciated</b>	<b>3,121,178</b>	<b>1,008,550</b>	<b>3,971,971</b>	<b>157,757</b>
Capital assets, being depreciated:				
Buildings	1,062,132	-	-	1,062,132
Improvements other than buildings	4,526,338	-	-	4,526,338
Machinery and equipment	2,332,800	244,407	17,337	2,559,870
Infrastructure and underground	36,674,071	3,979,132	-	40,653,203
<b>Totals</b>	<b>44,595,341</b>	<b>4,223,539</b>	<b>17,337</b>	<b>48,801,543</b>
Less accumulated depreciation for:				
Buildings	729,818	24,541	-	754,359
Improvements other than buildings	2,308,655	103,444	-	2,412,099
Machinery and equipment	1,395,784	173,917	16,415	1,553,286
Infrastructure and underground	16,350,120	939,540	-	17,289,660
<b>Totals</b>	<b>20,784,377</b>	<b>1,241,442</b>	<b>16,415</b>	<b>22,009,404</b>
<b>Total capital assets, being depreciated, net</b>	<b>23,810,964</b>	<b>2,982,097</b>	<b>922</b>	<b>26,792,139</b>
<b>Total business-type activity capital assets, net</b>	<b>\$ 26,932,142</b>	<b>\$ 3,990,647</b>	<b>\$ 3,972,893</b>	<b>\$ 26,949,896</b>

**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	\$ 22,810
Public safety	252,321
Highway and streets	1,385,820
Urban redevelopment	68,438
Culture and recreation	<u>258,898</u>

Total depreciation expense - governmental activities	<u>\$ 1,988,287</u>
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Business-type activities:

Water Utility	\$ 421,067
Sanitary District	<u>820,375</u>

Total depreciation expense - business-type activities	<u>\$ 1,241,442</u>
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**D. Construction Commitments**

Construction work in progress is composed of the following:

<u>Project</u>	<u>Project Authorized</u>	<u>December 31, 2012</u>	<u>Committed</u>
Governmental Funds:			
Park Improvements Project	\$ 180,000	\$ 61,077	\$ 118,923
Condit Street Project	31,525	12,999	18,526
Park Gazebo Project	164,815	159,915	4,900
45th Avenue Park Project *	<u>5,436</u>	<u>5,436</u>	<u>-</u>
Total governmental activities	<u>\$ 381,776</u>	<u>\$ 239,427</u>	<u>\$ 142,349</u>
Business-Type Activities:			
Sanitary District:			
Sanitary Sewer:			
LaPorte Street Equalization Basin Outlet Valve Project	\$ 12,293	\$ 12,293	\$ -
Grace Street Force Main Project	<u>13,500</u>	<u>7,407</u>	<u>6,093</u>
Storm Water:			
Martha Street Storm Sewer Improvement Project	<u>122,780</u>	<u>77,111</u>	<u>45,669</u>
Total business-type activities	<u>\$ 148,573</u>	<u>\$ 96,811</u>	<u>\$ 51,762</u>

\* The 45th Avenue Project is a work in progress, undertaken in cooperation with the Highland Community Foundation. No estimate for the total project has been set. These amounts represent the expenses as of the ending date, which are incremental. Additional expenses are expected, but not set forth in a final estimate or approval. It is currently funded with the pay as you go method.

# Town Of Highland, Indiana

## Notes To Financial Statements

(Continued)

Some of the above projects involved expenditures for preliminary engineering work only as of December 31, 2012. 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, 2012, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General	Other governmental funds	\$ 80,238

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, 2012, are as follows:

	<u>Governmental Activities</u>
2013	\$ 178,069
2014	158,473
2015	104,877
2016	101,278
2017	60,012
2018-2021	<u>220,023</u>
Total minimum lease payments	822,732
Less amount representing interest	<u>112,659</u>
Present value of net minimum lease payments	<u>\$ 710,073</u>

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

	<u>Governmental Activities</u>
Improvements other than buildings	\$ 12,588
Machinery and equipment	<u>1,144,151</u>
Totals	<u>1,156,739</u>
Accumulated depreciation	<u>(247,769)</u>
Total	<u>\$ 908,970</u>

### G. Long-Term Liabilities

#### 1. General Obligation Bonds

# Town Of Highland, Indiana

## Notes To Financial Statements

(Continued)

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

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.

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

Purpose	Original Issue Amount	Interest Rates	Balance December 31	Less: Unamortized Premium (Discount)	Amount
<b>Governmental activities:</b>					
2006 Park District bond	\$ 1,850,000	3.85% to 4.35%	\$ 925,000	\$ -	925,000
- maturity February 1, 2017					
- installments of \$185,000 plus interest					
2005 Municipal bonds	1,091,903	3.0% to 4.0%	383,903	-	383,903
- maturity February 1, 2016					
- installments of \$54,000 to \$55,903 plus interest					
2006 Redevelopment District bond	1,750,000	6.375% to 6.5%	875,000	(3,746)	871,254
- maturity February 1, 2017					
- installments of \$175,000 plus interest					
2008 Municipal bond	1,900,000	4.75%	1,330,000	-	1,330,000
- maturity February 1, 2019					
- installments of \$190,000 plus interest					
2010 Recovery Zone Economic Development Bonds	890,000	2.0% to 5.5%	720,000	(3,275)	716,725
- maturity August 1, 2018					
- installments of \$55,000 to \$60,000 plus interest					
2012A Park District bond	300,000	1.25% to 1.75%	300,000	-	300,000
- maturity August 1, 2017					
- installments of \$30,000 plus interest					
2012B Park District bond	1,700,000	1.00% to 2.50%	1,700,000	8,587	1,708,587
- maturity August 1, 2022					
- installments of \$85,000 plus interest					
<b>Total governmental activities</b>	<b>\$ 9,481,903</b>		<b>\$ 6,233,903</b>	<b>\$ 1,566</b>	<b>\$ 6,235,469</b>
<b>Business-type activities:</b>					
2005 Sanitary District bond	\$ 1,175,000	3.0% to 4.0%	\$ 413,000	\$ -	\$ 413,000
- maturity February 1, 2016					
- installments of \$58,000 to \$59,000 plus interest					
2007A Sanitary District bond	1,469,500	4.25% to 4.5%	812,500	6,091	818,591
- 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%	1,526,500	16,061	1,542,561
- 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%	1,586,000	-	1,586,000
- 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	(26,905)	4,652,095
- maturity February 1, 2029					
- installments of \$190,000 to \$287,000 plus interest					
2009C Sanitary District bond	840,000	2.25% to 3.5%	420,000	-	420,000
- maturity February 1, 2015					
- installments of \$84,000 plus interest					
2010 Sanitary District Build America Bonds	2,360,000	1.75% to 5.5%	2,165,000	-	2,165,000
- maturity February 1, 2029					
- installments of \$65,000 to \$66,000 plus interest					
2011 Sanitary District Judgment Funding Bonds	790,000	1.89%	790,000	-	790,000
- maturity February 1, 2014					
- installments of \$395,000 plus interest					
<b>Total business-type activities</b>	<b>\$ 15,465,000</b>		<b>\$ 12,392,000</b>	<b>\$ (4,753)</b>	<b>\$ 12,387,247</b>

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

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
2013	\$ 1,009,000	\$ 244,509	\$ 1,283,000	\$ 591,107
2014	1,009,000	189,866	1,284,000	552,648
2015	1,010,000	149,406	890,000	515,973
2016	955,903	107,529	831,000	481,647
2017	900,000	67,995	868,000	449,394
2018-2022	1,350,000	81,438	3,495,500	1,671,818
2023-2027	-	-	2,969,500	725,540
2028-2032	-	-	771,000	48,851
Totals	<u>\$ 6,233,903</u>	<u>\$ 840,743</u>	<u>\$ 12,392,000</u>	<u>\$ 5,036,978</u>

2. Revenue Bonds

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

Purpose	Original Issue Amount	Interest Rates	Balance at December 31	Plus/(Less) Unamortized Premium/ (Discount)	Revenue Bonds
Governmental activities:					
1997 Parks and Recreation Building Corporation bonds	\$ 2,600,000	5.10% to 5.20%	\$ 280,000	\$ 1,243	\$ 281,243
2010 Lincoln Community Center Building Corporation bonds	<u>11,160,000</u>	<u>2.000% to 5.750%</u>	<u>10,575,000</u>	<u>(24,678)</u>	<u>10,550,322</u>
Totals	<u>\$13,760,000</u>		<u>\$10,855,000</u>	<u>\$ (23,435)</u>	<u>\$ 10,831,565</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2013	\$ 780,000	\$ 512,442
2014	510,000	492,465
2015	530,000	476,868
2016	545,000	458,290
2017	565,000	437,035
2018-2022	3,125,000	1,778,213
2023-2027	3,200,000	957,600
2028-2031	<u>1,600,000</u>	<u>138,000</u>
Totals	<u>\$ 10,855,000</u>	<u>\$ 5,250,913</u>

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

**3. Notes Payable**

The government has entered into a note. The outstanding note balance at December 31, 2012, is \$500,000. Annual debt service requirements to maturity for the note are as follows:

Year Ended December 31	Business-Type Activities	
	Principal	Interest
2013	\$ 500,000	\$ 6,638
Totals	\$ 500,000	\$ 6,638

**4. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2012, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation	\$ 5,007,903	\$ 2,000,000	\$ 774,000	\$ 6,233,903	\$ 1,009,000
Add deferred bond premium	-	9,263	676	8,587	-
Less deferred bond discount	(8,442)	-	(1,421)	(7,021)	-
Revenue	11,700,000	-	845,000	10,855,000	780,000
Add deferred bond premium	2,395	-	1,152	1,243	-
Less deferred bond discount	(27,541)	-	(2,863)	(24,678)	-
<b>Total bonds payable</b>	<b>16,674,315</b>	<b>2,009,263</b>	<b>1,616,544</b>	<b>17,067,034</b>	<b>1,789,000</b>
Capital leases	858,560	-	148,487	710,073	149,076
Other postemployment benefits	513,276	148,765	-	662,041	-
Compensated absences	644,170	487,438	452,130	679,478	297,083
Net pension obligation	5,550,976	81,867	-	5,632,843	-
<b>Total governmental activities     long-term liabilities</b>	<b>\$ 24,241,297</b>	<b>\$ 2,727,333</b>	<b>\$ 2,217,161</b>	<b>\$ 24,751,469</b>	<b>\$ 2,235,159</b>
<b>Business-type activities:</b>					
Water Utility:					
Note payable	\$ 750,000	\$ -	\$ 250,000	\$ 500,000	\$ 500,000
Other postemployment benefits	59,292	9,550	-	68,842	-
Compensated absences	52,615	52,327	47,263	57,679	14,819
<b>Total Water Utility     long-term liabilities</b>	<b>861,907</b>	<b>61,877</b>	<b>297,263</b>	<b>626,521</b>	<b>514,819</b>
<b>Sanitary District:</b>					
Bonds payable:					
General obligation	13,280,000	-	888,000	12,392,000	1,283,000
Add deferred bond premium	24,578	-	2,426	22,152	-
Less deferred bond discount	(28,578)	-	(1,673)	(26,905)	-
<b>Total bonds payable</b>	<b>13,276,000</b>	<b>-</b>	<b>888,753</b>	<b>12,387,247</b>	<b>1,283,000</b>
Other postemployment benefits	53,532	7,784	-	61,316	-
Compensated absences	54,485	60,546	52,193	62,838	17,001
<b>Total Sanitary District     long-term liabilities</b>	<b>13,384,017</b>	<b>68,330</b>	<b>940,946</b>	<b>12,511,401</b>	<b>1,300,001</b>
<b>Total business-type activities long-term liabilities</b>	<b>\$ 14,245,924</b>	<b>\$ 130,207</b>	<b>\$ 1,238,209</b>	<b>\$ 13,137,922</b>	<b>\$ 1,814,820</b>

**Town Of Highland, Indiana**  
**Notes To Financial Statements**  
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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.

**H. 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 maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. The Town does not have any nonspendable fund balance.

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) 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. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Town Council.

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: (next page)



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

	General	Parks and Recreation	Parks and Recreation Bond and Interest (Non-Exempt)	Nonmajor Governmental Funds	Totals
Fund Balance:					
Restricted for:					
Grants	\$ -	\$ -	\$ -	\$ 254,856	\$ 254,856
Highway and road maintenance	-	-	-	367,900	367,900
Police	-	-	-	45,190	45,190
Park projects debt service	-	-	171,421	375,190	546,611
Road projects debt service	-	-	-	333,188	333,188
Economic development projects debt service	-	-	-	291,611	291,611
Capital projects	-	-	-	1,252,122	1,252,122
Economic development projects	-	-	-	313,793	313,793
Committed to:					
Police	-	-	-	131,332	131,332
Fire	-	-	-	3,715	3,715
Grants	-	-	-	4,165	4,165
Highways and roads capital projects	-	-	-	706,299	706,299
Parks capital projects	-	-	-	1,147,863	1,147,863
Economic development capital projects	-	-	-	464,845	464,845
Unsafe building projects	-	-	-	105,689	105,689
Road projects debt service	-	-	-	58,059	58,059
Assigned to:					
Fiscal year 2012 appropriations	20,546	-	-	245,934	266,480
Police	-	-	-	16,364	16,364
Parks and recreation operating	-	309,925	-	4,658	314,583
Economic development projects	-	-	-	76,042	76,042
Other purposes	-	-	-	617,509	617,509
Unassigned	3,009,120	-	-	-	3,009,120
Totals	\$ 3,029,666	\$ 309,925	\$ 171,421	\$ 6,816,324	\$ 10,327,336

**I. Restricted Net Position**

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

Customer deposits	\$ 82,761
Accounts receivable - Treasury subsidy payments	68,691
Improvement account	1,120,745
Improvement - construction	238,287
Bond and interest account	1,562,603
Extension account	198,725
Sanitary B&I exempt debt service	3,143
Reserve account	1,073,481
Co-op account	30,342
Investments	22,060
Interest receivable	11
Taxes receivable	118,880
Inventories	29,711
Total restricted assets	<u>\$ 4,549,440</u>

**J. Net Investment in Capital Assets**

On the government-wide Statement of Net Position, the government reports a category titled Net Investment in capital assets. The composition of the balance as of December 31, 2012, is as follows: (see next page)

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

	<u>Amount</u>
Governmental activities:	
Capital assets	\$ 95,281,494
Less:	
Accumulated depreciation	(35,896,934)
Outstanding principal of related debt:	
General obligation bonds:	
2006 Park District bond	(925,000)
2012A Park District bond	(300,000)
2012B Park District bond	(1,708,587)
2005 Municipal bonds	(383,903)
2008 Municipal bonds	(1,330,000)
2010 Build America bonds	(716,725)
1997 Revenue bond	(281,243)
2010 Revenue bond	(10,550,322)
Capital lease obligations	(710,073)
Add: Unspent proceeds	<u>1,194,718</u>
Total Net investment in capital assets	\$ <u>43,673,425</u>
Business-type activities:	
Capital assets	\$ 48,959,300
Less:	
Accumulated depreciation	(22,009,404)
Outstanding principal of related debt:	
General obligation bonds:	
2005 Sanitary District bond	(413,000)
2007 Sanitary District bonds Series A and B	(2,361,152)
2009 Sanitary District bonds Series A, B and C	(6,658,095)
2010 Sanitary District Build America bonds	(2,165,000)
2011 Sanitary District Judgment Funding bonds	(790,000)
Notes Payable:	
2011 Waterworks District Promissory Note	(500,000)
Add: Unspent proceeds	<u>543,992</u>
Total Net investment in capital assets	\$ <u>14,606,641</u>

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 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 together with other governmental entities in the Indiana Public Employer's Plan, Inc., a public entity risk pool currently operating as a common risk management

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

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:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Water Utility:				
Capital assets, not being depreciated:				
Land	\$ 17,661	\$ -	\$ -	\$ 17,661
Construction in progress	688,390	159,675	848,065	-
Total capital assets, not being depreciated	706,051	159,675	848,065	17,661
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	12,316	17,337	591,887
Infrastructure and underground	10,696,520	852,675	-	11,549,195
Totals	16,312,839	864,991	17,337	17,160,493
Less accumulated depreciation for:				
Buildings	729,818	24,541	-	754,359
Improvements other than buildings	1,965,805	89,123	-	2,054,928
Machinery and equipment	416,905	58,435	16,415	458,925
Infrastructure and underground	5,075,869	248,968	-	5,324,837
Totals	8,188,397	421,067	16,415	8,593,049
Total capital assets, being depreciated, net	8,124,442	443,924	922	8,567,444
Total Water Utility capital assets, net	\$ 8,830,493	\$ 603,599	\$ 848,987	\$ 8,585,105
Business-type activities:				
Sanitary District:				
Wastewater Utility:				
Capital assets, not being depreciated:				
Land	\$ 43,285	\$ -	\$ -	\$ 43,285
Construction in progress	2,131,311	848,875	2,960,486	19,700
Total capital assets, not being depreciated	2,174,596	848,875	2,960,486	62,985
Capital assets, being depreciated:				
Improvements other than buildings	569,059	-	-	569,059
Machinery and equipment	1,722,427	232,091	-	1,954,518
Infrastructure and underground	14,477,364	2,963,037	-	17,440,401
Totals	16,768,850	3,195,128	-	19,963,978
Less accumulated depreciation for:				
Improvements other than buildings	342,850	14,321	-	357,171
Machinery and equipment	965,596	115,422	-	1,081,018
Infrastructure and underground	5,057,762	378,840	-	5,436,602
Totals	6,366,208	508,583	-	6,874,791
Total capital assets, being depreciated, net	10,402,642	2,686,545	-	13,089,187
Total Wastewater Utility capital assets, net	\$ 12,577,238	\$ 3,535,420	\$ 2,960,486	\$ 13,152,172

**Town Of Highland, Indiana**  
**Notes To Financial Statements**  
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Business-type activities:			
Sanitary District:			
Storm Water:			
Capital assets, not being depreciated:			
Construction in progress	\$ 240,531	\$ -	\$ 163,420 \$ 77,111
Capital assets, being depreciated:			
Machinery and equipment	13,465	-	13,465
Infrastructure and underground	11,500,187	163,420	11,663,607
Totals	11,513,652	163,420	11,677,072
Less accumulated depreciation for:			
Machinery and equipment	13,284	60	13,344
Infrastructure and underground	6,216,488	311,732	6,528,220
Totals	6,229,772	311,792	6,541,564
Total capital assets, being depreciated, net	5,283,880	(148,372)	5,135,508
Total Storm Water capital assets, net	\$ 5,524,411	\$ (148,372)	\$ 163,420 \$ 5,212,619

**C. Subsequent Events**

In January 2013, the Parks and Recreation Building Corporation has made all bond payments and received all lease payments. The remaining cash has been transferred to the Town of Highland. On June 20, 2013 the Board of Directors of the Parks and Recreation Building Corporation authorized the transfer of any remaining unassigned cash, transferred title to the Parks and Recreation Department of the Town of Highland and then dissolved the corporation.

The Town of Highland through its Town Council engaged in May 2013 Architectural Services and Project Management Services in support of the construction of a Police Department Facility. On October 14, 2013, the Town Council passed and adopted a preliminary resolution presenting the Town's determination to enter into a lease for the construction and equipping of a new facility.

The City of Hammond tendered payment of \$1,753,814 on August 13, 2013 in order to repay the Town of Highland Redevelopment Commission its \$1,750,000 in principal and accrued interest of \$3,814. The Redevelopment Commission determined to retire the outstanding bonds and caused the proper notification to be issued pursuant to the terms of the original bond resolution. A payment of \$715,220 was wired by December 2, 2013 comprising \$700,000 of principal and \$15,220 of interest in order to fully retire the outstanding debt. This receivable, depicted earlier in the notes will likely be ended.

**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 Lincoln Community Center Building Corporation, lease-rental payments payable from ad valorem taxes to be levied upon all

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

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.

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 semiannual lease payments from the Town of Highland. **(Note V.C.)**

### 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  
Office of the Clerk-Treasurer  
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, 2012, the Town contributed \$78,482 to the plan, for expenditures for these postemployment benefits. Plan members receiving benefits contributed \$84,451, or approximately 52 percent of the total cost of coverage that includes the implicit subsidy portion of the benefit, through their required contribution of \$595 per month for retiree-only coverage and \$1,191 per month for retiree and spouse coverage.

**Town Of Highland, Indiana**  
**Notes To Financial Statements**  
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Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$ 243,092
Interest on net OPEB obligation	28,175
Adjustment to annual required contribution	<u>(26,686)</u>
Annual OPEB cost	244,581
Contributions made	<u>78,482</u>
Increase (decrease) in net OPEB obligation	166,099
Net OPEB obligation, beginning of year	<u>626,100</u>
Net OPEB obligation, end of year	<u><u>\$ 792,199</u></u>

The Town's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012, 2011 and 2010 were as follows:

<u>Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12-31-12	\$ 244,581	32.1%	\$ 792,199
12-31-11	231,131	26.8%	626,100
12-31-10	217,693	20.1%	457,000

# Town Of Highland, Indiana

## Notes To Financial Statements

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### Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$2,598,777, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,598,777. The covered payroll (annual payroll of active employees covered by the plan) was \$5,299,469, and the ratio of the UAAL to covered payroll was 49.0 percent.

The funded status of the plan as of December 31, 2012, was as follows:

Actuarial value of plan assets	\$ -
Actuarial accrued liability (AAL)	<u>2,598,777</u>
Unfunded AAL	\$ (2,598,777)
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	\$ 5,299,469
Unfunded AAL as a percentage of covered payroll	49%

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, 2012, 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, 2012, was 27 years. A healthcare cost trend inflation rate of 8 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. Both rates included a 3% inflation assumption.

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

G. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

The government contributes to the Indiana Public Employees' Retirement Fund, a defined benefit pension plan. PERF 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 Indiana Public Retirement System (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 PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 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:

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

Funding Policy

PERF 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 10.00 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 Position and is not presented as an asset/liability of the business-type activities.

Annual Pension Cost

For 2012, the Town's annual pension cost of \$303,865 for PERF was greater than the Town's required and actual contributions of \$217,362.



# Town Of Highland, Indiana

## Notes To Financial Statements

(Continued)

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 \$649,793 on behalf of the municipality. *On behalf contributions from the State of Indiana approximates the amount paid out for benefits.\**

Annual Pension Cost

For 2012, the Town's annual pension cost of \$654,900 for the 1925 Police Officers' Pension Plan was less than the Town's required and actual contributions of \$659,536.

The Net Pension Obligation (NPO) is considered an obligation of the Town as a whole and is reflected in the Statement of Net Position. 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	\$ 305,543	\$ 769,700
Interest on net pension obligation	11,100	323,500
Adjustment to annual required contribution	<u>(12,778)</u>	<u>(438,300)</u>
Annual pension cost	303,865	654,900
Contributions made	<u>217,362</u>	<u>659,536</u>
Increase (Decrease) in net pension obligation	86,503	(4,636)
Net pension obligation, beginning of year	<u>158,568</u>	<u>5,392,408</u>
Net pension obligation, end of year	<u><u>\$ 245,071</u></u>	<u><u>\$ 5,387,772</u></u>

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

	PERF	1925 Police Officers' Pension
Contribution rates:		
Town	10.00%	N/A
Plan members	3%	6%
Actuarial valuation date	07-01-12	01-01-12
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)	07-01-10	01-01-05
Asset valuation method	4-year smoothing of gains/losses on market value with a 20% corridor	N/A

N/A = not applicable

Actuarial Assumptions	PERF	1925 Police Officers' Pension
Investment rate of return	6.75%	6%
Projected future salary increases:		
Total	4%	3.25%
Cost-of-living adjustments	1%	2.25/3.25%*

\*2.25% converted members; 3.25% non-converted members

It is noted that the following is provided by PERF. It is reported on the state's fiscal year, which ends on 6-30. The Primary Government ends on a calendar year, 12-31. At the time of preparation, the information was not available.

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-10	\$ 225,474	94%	81,972
	06-30-11	285,504	73%	158,568
	06-30-12	303,865	72%	245,071
1925 Police Officers' Pension Plan	12-31-10	797,400	102%	5,311,236
	12-31-11	798,700	90%	5,392,408
	12-31-12	654,900	101%	5,387,772

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.

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

Membership in the 1925 Police Officers' Pension Plan at January 1, 2012, was comprised of the following:

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

Statement of Fiduciary Net Position:

<u>Assets:</u>	<u>1925 Police Officers' Pension</u>
Cash and cash equivalents	\$ 392,830
Receivables:	
Employer contributions	625
Interest and dividends	<u>31</u>
Total receivables	<u>656</u>
Investments at fair value:	
Participation in investment pools of other governments	<u>2,988</u>
Total assets	<u>396,474</u>
<u>Net position:</u>	
Held in trust for:	
Employees' pension benefits and other purposes	<u>396,474</u>
Total net position	<u><u>\$ 396,474</u></u>

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

Statement of Changes in Fiduciary Net Assets:

Additions:

Contributions:

Employer	\$ 7,974
On-behalf	649,793
Other	<u>1,769</u>

Total contributions	<u>659,536</u>
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Investment income:

Interest and dividends	<u>384</u>
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Total investment income	<u>384</u>
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Total additions	<u>659,920</u>
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Deductions:

Benefits	732,357
Administrative expense	<u>2,088</u>

Total deductions	<u>734,445</u>
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Change in net position	(74,525)
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Net position - beginning	<u>470,999</u>
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Net position - ending	<u><u>\$ 396,474</u></u>
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Funded status and Funding Progress for the Above Plans

The funded status of each plan as of July 1, 2012, the most recent actuarial valuation date (except the 1925 Police Officers' pension fund (which is as of January 1, 2012) is as follows:

<i>Retirement Plan</i>	<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 Percentage of Covered Payroll ((b-a)/c)</i>
PERF	\$ 2,529,396	\$ 4,794,298	\$ (2,264,902)	53%	\$ 2,906,272	(78%)
1925 Police Officers' Pension Plans	470,999	9,469,500	(8,998,501)	5%	-	No covered payroll

## **Town Of Highland, Indiana**

### **Notes To Financial Statements**

**(Continued)**

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**

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 System (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 Retirement System  
One North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

###### **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 19.5 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, 2012, 2011, and 2010, were \$649,793, \$684,323, and \$405,889, respectively, equal to the required contributions for each year.

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

Indiana Public Employees' Retirement System						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
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%)
07-01-12	2,529,396	4,794,298	(2,264,902)	53%	2,906,272	(78%)

1925 Police Officers' Pension Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-07	\$ 274,293	\$ 10,341,800	\$ (10,067,507)	3%	\$ 51,300	(19,625%)
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	349,270	11,766,300	(11,417,030)	3%	-	No Covered Payroll
01-01-11	452,635	11,335,600	(10,882,965)	4%	-	No Covered Payroll
01-01-12	470,999	9,469,500	(8,998,501)	5%	-	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) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
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%)
12-31-12	-	2,598,777	(2,598,777)	0%	5,299,469	(49%)

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		State
		Town		
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%
12-31-12	769,700	1%		99%

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 FUND  
For The Year Ended December 31, 2012

	General Fund			
	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 4,847,568	\$ 4,847,568	\$ 4,598,792	\$ (248,776)
Licenses and permits	283,660	283,660	386,525	102,865
Intergovernmental	455,344	455,344	527,150	71,806
Charges for services	284,400	284,400	444,408	160,008
Fines and forfeits	30,405	30,405	134,516	104,111
Other	76,800	76,800	100,305	23,505
Total revenues	5,978,177	5,978,177	6,191,696	213,519
Expenditures:				
Current:				
General government:				
Clerk-Treasurer:				
Personal services	104,602	110,368	100,071	10,297
Supplies	3,400	5,295	3,602	1,693
Other services and charges	55,675	56,540	52,280	4,260
Town Council:				
Personal services	79,164	79,164	78,824	340
Supplies	700	700	515	185
Other services and charges	198,387	147,731	102,497	45,234
Board of Zoning:				
Personal services	3,359	3,359	3,288	71
Supplies	200	396	196	200
Other services and charges	7,976	7,231	6,643	588
Building and Inspection:				
Personal services	216,165	227,742	208,565	19,177
Supplies	6,750	7,242	6,760	482
Other services and charges	59,745	97,241	54,946	42,295
Plan Commission:				
Personal services	2,842	2,892	2,885	7
Supplies	325	521	246	275
Other services and charges	21,745	23,892	18,927	4,965
Board of Works:				
Other services and charges	686,555	718,504	620,971	97,533
Town Hall Monument:				
Personal services	28,190	27,256	21,574	5,682
Supplies	4,700	6,000	4,769	1,231
Other services and charges	11,275	11,514	11,190	324
Total general government	1,491,756	1,533,588	1,298,749	234,839

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 FUND  
For The Year Ended December 31, 2012  
(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	2,824	2,738		86
Supplies	16,089	17,647	15,369		2,278
Other services and charges	2,650	4,763	2,583		2,180
Fire and EMS Department:					
Personal services	208,275	233,506	185,661		47,845
Supplies	31,670	45,460	33,127		12,333
Other services and charges	87,277	94,285	60,052		34,233
Capital outlay	12,434	25,381	15,421		9,960
Police Department:					
Personal services	3,211,388	3,400,371	3,241,060		159,311
Supplies	110,500	249,084	201,803		47,281
Other services and charges	825,439	898,656	890,701		7,955
Total public safety	4,508,442	4,971,977	4,648,515		323,462
Sanitation:					
Sanitation and Streets:					
Supplies	614	614	614		-
Other services and charges	117,675	117,675	117,675		-
Total sanitation	118,289	118,289	118,289		-
Unappropriated	-	-	5,073		(5,073)
Total expenditures	6,118,487	6,623,854	6,070,626		553,228
Other financing sources (uses):					
Transfers out	-	-	(80,238)		(80,238)
Total other financing sources (uses)	-	-	(80,238)		(80,238)
Net change in fund balance	(140,310)	(645,677)	40,832		686,509
Fund balances - beginning	3,049,386	3,049,386	3,049,386		-
Fund balances - December 31	\$ 2,909,076	\$ 2,403,709	\$ 3,090,218	\$	686,509

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 FUND  
For The Year Ended December 31, 2012  
(Continued)

Parks and Recreation					
	Budget Amounts		Actual	Variance with Final Budget	
	Original	Final			
Revenues:					
Taxes	\$ 927,379	\$ 927,379	\$ 881,113	\$ (46,266)	
Intergovernmental	45,385	45,385	71,968	26,583	
Charges for services	891,240	891,240	905,646	14,406	
Other	117,760	117,760	145,147	27,387	
Total revenues	1,981,764	1,981,764	2,003,874	22,110	
Expenditures:					
Current:					
Culture and recreation:					
Personal services	948,300	997,801	968,904	28,897	
Supplies	112,900	96,613	92,909	3,704	
Other services and charges	921,800	970,952	962,799	8,153	
Other	-	57	18,824	(18,767)	
Total expenditures	1,983,000	2,065,423	2,043,436	21,987	
Net change in fund balance	(1,236)	(83,659)	(39,562)	44,097	
Fund balances - beginning	466,109	466,109	466,109	-	
Fund balances - December 31	\$ 464,873	\$ 382,450	\$ 426,547	\$ 44,097	

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, 2012**

**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 1<sup>st</sup> 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 15<sup>th</sup> 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 funds:

Parks and Recreation Bond and Interest (Non-Exempt)

**TOWN OF HIGHLAND, INDIANA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2012**  
**(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, Redevelopment Bond and Interest

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 \$2,946,994 in 2012.
- 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)	\$ 40,832	\$ (39,562)
Adjustments:		
To adjust revenues for accruals	16,200	(56,655)
To adjust expenditures for accruals	222,917	10,724
Net change in fund balance (GAAP basis)	\$ 279,949	\$ (85,493)

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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, 2012

Assets	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
Cash and cash equivalents	\$ 1,015,186	\$ -	\$ -	\$ 1,015,186
Investments	77,837	-	-	77,837
Receivables (net of allowances for uncollectibles):				
Interest	70	-	-	70
Taxes	7,651	-	-	7,651
Intergovernmental	1,629	-	-	1,629
Restricted assets:				
Cash and cash equivalents	850,993	1,043,174	2,694,616	4,588,783
Investments	73,006	7,296	1,111,798	1,192,100
Interest receivable	36	4	306	346
Taxes receivable	-	111,426	21,169	132,595
Intergovernmental receivable	132,761	22,924	52,332	208,017
Special assessments receivable	-	-	21,441	21,441
Accounts receivable Treasury	-	-	-	-
subsidy payments (net of allowance)	-	7,574	-	7,574
Total assets	\$ 2,159,169	\$ 1,192,398	\$ 3,901,662	\$ 7,253,229
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 4,767	\$ -	\$ -	\$ 4,767
Accrued payroll and withholdings payable	445	-	-	445
Deferred revenue - unavailable	11,715	-	-	11,715
Payable from restricted assets:				
Accounts payable	155,533	-	29,364	184,897
Accrued payroll and withholdings payable	12,972	-	-	12,972
Deferred revenue - unavailable	-	134,350	87,759	222,109
Total liabilities	185,432	134,350	117,123	436,905
Fund balances:				
Spendable:				
Restricted	981,739	999,989	1,252,122	3,233,850
Committed	262,126	58,059	2,301,782	2,621,967
Assigned	729,872	-	230,635	960,507
Total fund balances	1,973,737	1,058,048	3,784,539	6,816,324
Total liabilities and fund balances	\$ 2,159,169	\$ 1,192,398	\$ 3,901,662	\$ 7,253,229

TOWN OF HIGHLAND, INDIANA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
<b>Revenues:</b>				
<b>Taxes:</b>				
Property	\$ 149,722	\$ 1,917,254	\$ 361,079	\$ 2,428,055
Special assessments	-	-	50,347	50,347
Licenses and permits	18,985	-	-	18,985
Intergovernmental	1,195,908	232,737	457,051	1,885,696
Charges for services	155,259	-	-	155,259
Fines and forfeits	6,400	-	-	6,400
Other	40,559	70	48,293	88,922
<b>Total revenues</b>	<u>1,566,833</u>	<u>2,150,061</u>	<u>916,770</u>	<u>4,633,664</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	102,881	825	48,637	152,343
Public safety	272,832	-	6,524	279,356
Highways and streets	924,919	-	34,827	959,746
Sanitation	136,800	-	-	136,800
Culture and recreation	2,181	-	2,570	4,751
Urban redevelopment	118,885	-	5,200	124,085
<b>Debt service:</b>				
Principal	-	1,034,000	148,487	1,182,487
Interest	-	270,607	26,303	296,910
<b>Capital outlay:</b>				
General government	-	-	39,583	39,583
Public safety	15,780	-	94,566	110,346
Urban redevelopment	-	-	69,040	69,040
Highways and streets	-	-	531,081	531,081
Sanitation	-	-	-	-
Culture and recreation	-	-	1,034,783	1,034,783
<b>Total expenditures</b>	<u>1,574,278</u>	<u>1,305,432</u>	<u>2,041,601</u>	<u>4,921,311</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(7,445)</u>	<u>844,629</u>	<u>(1,124,831)</u>	<u>(287,647)</u>
<b>Other financing sources (uses):</b>				
Bonds issued	-	-	2,000,000	2,000,000
Bonds issuance costs	-	-	(53,766)	(53,766)
Bonds premiums	-	-	9,263	9,263
Transfers in	80,238	-	-	80,238
<b>Total other financing sources and uses</b>	<u>80,238</u>	<u>-</u>	<u>1,955,497</u>	<u>2,035,735</u>
<b>Net change in fund balances</b>	<u>72,793</u>	<u>844,629</u>	<u>830,666</u>	<u>1,748,088</u>
<b>Fund balances - beginning</b>	<u>1,900,944</u>	<u>213,419</u>	<u>2,953,873</u>	<u>5,068,236</u>
<b>Fund balances - ending</b>	<u>\$ 1,973,737</u>	<u>\$ 1,058,048</u>	<u>\$ 3,784,539</u>	<u>\$ 6,816,324</u>

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## 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 Downtown Highland -	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 on-going 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 Revenue Centennial –	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 <b>Select Centennial Commission</b> , pursuant to the authority of IC 36-10-2, and IC 36-1-3 et seq. This commission is established to program for and assist with the public commemoration of the municipality's 100 <sup>th</sup> 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.)



## NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

### Rainy Day Fund -

To account for the accumulation of resources set aside for special circumstances or exigencies as a resource reserve and the associated expenditures in support of lawful purposes of the municipality, including meeting exigencies as defined or identified by ordinance of the municipality as well as such other purposes permitted by IC 36-1-8-5.1, the authorizing law for "rainy day funds" in Indiana. Presently, these purposes include, making temporary loans to other funds of the municipality for cash flow purposes, to pay deductibles on insurance not already provided for in other funds of the municipality, to pay monetary settlements, damages or claims in consequence of a legal cause of action, and to pay and provide resources for the reimbursement of costs borne by municipal employees for a limited medical health group benefit, expiring in 2009.

### Safe Neighborhood Grant -

To account for expenditures related to special safety programs and activities carried out by the Metropolitan Police Department that support and extend safe neighborhoods according to the terms of a special grant awarded for these particular purposes. Resources are derived from a special grant awarded by the United States Department of Justice through the Indiana Criminal Justice Institute.

### 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 IC 36-10-2 and IC 36-1-3. Resources are derived from special user fees, rentals, and charges authorized by the Town Council.

## NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

### 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.

### 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, 2012

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	\$ -	\$ -	\$ -	\$ 15,062	\$ -	\$ -	\$ -
Investments	-	-	-	2,162	-	-	-
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	1	-	-	-
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	224,044	55,928	96,615	-	33,842	77,764	3,693
Investments	2,317	1,395	9,069	-	8,817	10,836	-
Interest receivable	1	1	5	-	4	5	-
Intergovernmental receivable	87,191	40,190	-	-	-	1,348	-
Total assets	\$ 313,553	\$ 97,514	\$ 105,689	\$ 17,225	\$ 42,663	\$ 89,953	\$ 3,693
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Deferred revenue - unavaliable	2,490	-	-	-	-	-	-
Payable from restricted assets:							
Accounts payable	15,224	12,481	-	-	-	657	-
Accrued payroll and withholdings payable	12,972	-	-	-	-	-	-
Total liabilities	30,686	12,481	-	-	-	657	-
Fund balances:							
Spendable:							
Restricted	282,867	85,033	-	-	-	-	-
Committed	-	-	105,689	17,225	42,663	88,669	3,693
Assigned	-	-	-	-	-	627	-
Total fund balances	282,867	85,033	105,689	17,225	42,663	89,296	3,693
Total liabilities and fund balances	\$ 313,553	\$ 97,514	\$ 105,689	\$ 17,225	\$ 42,663	\$ 89,953	\$ 3,693

Continued on next page

TOWN OF HIGHLAND, INDIANA  
COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE FUNDS  
December 31, 2012  
(Continued)

Assets	Redevelopment		Solid Waste Grant Fund	Donation	Special Revenue Centennial	Highway of Flags Donation	Fire Department Homeland Security Grant	Shared Ethics Initiative Fund
	Innkeepers Tax	TIF Downtown Highland						
Cash and cash equivalents	\$ -	\$ 40,909	\$ -	\$ 24,977	\$ 7,557	\$ 20,297	\$ -	\$ 18,706
Investments	-	-	-	-	1,843	5,549	-	3,644
Receivables (net of allowances for uncollectibles):								
Interest	-	-	-	-	1	3	-	2
Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Restricted assets:								
Cash and cash equivalents	15,834	-	338,990	-	-	-	22	-
Investments	1,682	-	38,890	-	-	-	-	-
Interest receivable	1	-	19	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-	-	-
Total assets	\$ 17,517	\$ 40,909	\$ 377,899	\$ 24,977	\$ 9,401	\$ 25,849	\$ 22	\$ 22,352
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ -	\$ -	\$ -	\$ 28	\$ -	\$ -	\$ -	\$ 500
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	-
Deferred revenue - unavailable	-	-	-	-	-	-	-	-
Payable from restricted assets:								
Accounts payable	-	-	125,155	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	-
Total liabilities	-	-	125,155	28	-	-	-	500
Fund balances:								
Spendable:								
Restricted	13,009	40,909	252,744	-	-	-	-	-
Committed	-	-	-	-	-	-	22	-
Assigned	4,508	-	-	24,949	9,401	25,849	-	21,852
Total fund balances	17,517	40,909	252,744	24,949	9,401	25,849	22	21,852
Total liabilities and fund balances	\$ 17,517	\$ 40,909	\$ 377,899	\$ 24,977	\$ 9,401	\$ 25,849	\$ 22	\$ 22,352

Continued on next page

TOWN OF HIGHLAND, INDIANA  
COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE FUNDS  
December 31, 2012  
(Continued)

Assets	Traffic and Children Safety Grant Fund	Law Enforcement Block Grant	Fire Computer Grant Fund	Redevelopment		Rainy Day Fund	Safe Neighborhood Grant	Special Public Safety Fund
				Highland TIF Acres	General			
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 8,985	\$ 236,311	\$ 510,274	\$ -	\$ 35,757
Investments	-	-	-	-	23,930	29,169	-	9,428
Receivables (net of allowances for uncollectibles):								
Interest	-	-	-	-	42	15	-	5
Taxes	-	-	-	-	7,651	-	-	-
Intergovernmental	-	-	-	-	1,629	-	-	-
Restricted assets:								
Cash and cash equivalents	3,930	234	1	-	-	-	96	-
Investments	-	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-	-	-
Total assets	\$ 3,930	\$ 234	\$ 1	\$ 8,985	\$ 269,563	\$ 539,458	\$ 96	\$ 45,190
<b>Liabilities and Fund Balances</b>								
<b>Liabilities:</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,839	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	445	-	-	-
Deferred revenue - unavailable	-	-	-	-	9,225	-	-	-
Payable from restricted assets:								
Accounts payable	-	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	12,509	-	-	-
<b>Fund balances:</b>								
Spendable:								
Restricted	-	-	-	8,985	250,890	-	96	45,190
Committed	3,930	234	1	-	-	-	-	-
Assigned	-	-	-	-	6,164	539,458	-	-
Total fund balances	3,930	234	1	8,985	257,054	539,458	96	45,190
Total liabilities and fund balances	\$ 3,930	\$ 234	\$ 1	\$ 8,985	\$ 269,563	\$ 539,458	\$ 96	\$ 45,190

Continued on next page

TOWN OF HIGHLAND, INDIANA  
COMBINING BALANCE SHEET -  
NONMAJOR SPECIAL REVENUE FUNDS  
December 31, 2012  
(Continued)

<u>Assets</u>	Sexual Predator Grant Fund	Special Events Nontexting Fund	Local Forfeited and Seized Assets Fund	Economic Development	VIPS Parks Public Safety Fund	Totals
Cash and cash equivalents	\$ -	\$ 6,058	\$ 12,403	\$ 76,042	\$ 1,848	\$ 1,015,186
Investments	-	-	2,112	-	-	77,837
Receivables (net of allowances for uncollectibles):						
Interest	-	-	1	-	-	70
Taxes	-	-	-	-	-	7,651
Intergovernmental	-	-	-	-	-	1,629
Restricted assets:						
Cash and cash equivalents	-	-	-	-	-	850,993
Investments	-	-	-	-	-	73,006
Interest receivable	-	-	-	-	-	36
Intergovernmental receivable	4,032	-	-	-	-	132,761
Total assets	\$ 4,032	\$ 6,058	\$ 14,516	\$ 76,042	\$ 1,848	\$ 2,159,169
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Accounts payable	\$ -	\$ 1,400	\$ -	\$ -	\$ -	\$ 4,767
Accrued payroll and withholdings payable	-	-	-	-	-	445
Deferred revenue - unavailable	-	-	-	-	-	11,715
Payable from restricted assets:						
Accounts payable	2,016	-	-	-	-	155,533
Accrued payroll and withholdings payable	-	-	-	-	-	12,972
Total liabilities	2,016	1,400	-	-	-	185,432
Fund balances:						
Spending:						
Restricted	2,016	-	-	-	-	981,739
Committed	-	-	-	-	-	262,126
Assigned	-	4,658	14,516	76,042	1,848	729,872
Total fund balances	2,016	4,658	14,516	76,042	1,848	1,973,737
Total liabilities and fund balances	\$ 4,032	\$ 6,058	\$ 14,516	\$ 76,042	\$ 1,848	\$ 2,159,169

TOWN OF HIGHLAND, INDIANA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
NONMAJOR SPECIAL REVENUE FUNDS  
For The Year Ended December 31, 2012

	Motor Vehicle Highway	Local Road and Street	Unsafe Building	Park Donation	Federal Forfeited and Seized Assets Fund	Law Enforcement Continuing Education	Hazardous Materials Response
Revenues:							
Taxes:							
Property	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	10,785	-
Intergovernmental	634,939	235,767	-	-	-	-	-
Charges for services	-	-	-	-	-	28,595	-
Fines and forfeits	-	-	-	-	1,287	4,018	-
Other	1,858	680	61	3,535	64	1,279	-
	<u>636,797</u>	<u>236,447</u>	<u>61</u>	<u>3,535</u>	<u>1,351</u>	<u>44,677</u>	-
Total revenues							
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	9,352	38,418	-
Highways and streets	620,941	303,978	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	2,181	-	-	-
Urban redevelopment	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
	<u>620,941</u>	<u>303,978</u>	<u>-</u>	<u>2,181</u>	<u>9,352</u>	<u>38,418</u>	<u>-</u>
Total expenditures							
Excess (deficiency) of revenues over (under) expenditures	<u>15,856</u>	<u>(67,531)</u>	<u>61</u>	<u>1,354</u>	<u>(8,001)</u>	<u>6,259</u>	<u>-</u>
Other financing sources:							
Transfers in	-	-	36,238	-	-	-	-
Net change in fund balances	<u>15,856</u>	<u>(67,531)</u>	<u>36,299</u>	<u>1,354</u>	<u>(8,001)</u>	<u>6,259</u>	<u>-</u>
Fund balances - beginning	<u>267,011</u>	<u>152,564</u>	<u>69,390</u>	<u>15,871</u>	<u>50,664</u>	<u>83,037</u>	<u>3,693</u>
Fund balances - ending	<u>\$ 282,867</u>	<u>\$ 85,033</u>	<u>\$ 105,689</u>	<u>\$ 17,225</u>	<u>\$ 42,663</u>	<u>\$ 89,296</u>	<u>\$ 3,693</u>

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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, 2012  
(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
Revenues:									
Taxes:									
Property	\$ -	\$ 12,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-	-
Intergovernmental	4,725	-	142,574	-	-	-	-	-	-
Charges for services	-	-	-	-	-	280	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-
Other	11	-	259	-	14,699	12	38	-	14,274
Total revenues	4,736	12,840	142,833	-	14,699	292	38	-	14,274
Expenditures:									
Current:									
General government	3,492	-	-	-	21,126	508	-	-	16,251
Public safety	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-	-
Sanitation	-	-	136,800	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-	-	-
Capital outlay:									
Public safety	-	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-	-
Total expenditures	3,492	-	136,800	-	21,126	508	-	-	16,251
Excess (deficiency) of revenues over (under) expenditures	1,244	12,840	6,033	-	(6,427)	(216)	38	-	(1,977)
Other financing sources:									
Transfers in	-	-	-	-	-	-	-	-	-
Net change in fund balances	1,244	12,840	6,033	-	(6,427)	(216)	38	-	(1,977)
Fund balances - beginning	16,273	28,069	246,711	-	31,376	9,617	25,811	22	23,829
Fund balances - ending	\$ 17,517	\$ 40,909	\$ 252,744	\$ -	\$ 24,949	\$ 9,401	\$ 25,849	\$ 22	\$ 21,852

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, 2012  
(Continued)

	Traffic and Children Safety Grant Fund	Law Enforcement Block Grant	Fire Computer Grant Fund	Redevelopment TIF Highland Acres	Redevelopment General	Rainy Day Fund	Safe Neighborhood Grant	Special Public Safety Fund
Revenues:								
Taxes:								
Property	\$ -	\$ -	\$ -	\$ 6,383	\$ 130,499	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	2,200
Intergovernmental	-	-	-	-	10,659	-	39,103	3,628
Charges for services	-	-	-	-	1,200	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other	-	-	-	-	1,234	204	-	83
Total revenues	-	-	-	6,383	143,592	204	39,103	5,911
Expenditures:								
Current:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	69,890	26,890
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	118,885	-	-	-
Capital outlay:								
Public safety	-	-	-	-	-	-	-	12,639
Sanitation	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	118,885	-	69,890	39,529
Excess (deficiency) of revenues over (under) expenditures	-	-	-	6,383	24,707	204	(30,787)	(33,618)
Other financing sources:								
Transfers in	-	-	-	-	-	44,000	-	-
Net change in fund balances	-	-	-	6,383	24,707	44,204	(30,787)	(33,618)
Fund balances - beginning	3,930	234	1	2,602	232,347	495,254	30,883	78,808
Fund balances - ending	\$ 3,930	\$ 234	\$ 1	\$ 8,985	\$ 257,054	\$ 539,458	\$ 96	\$ 45,190

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, 2012  
 (Continued)

	Sexual Predator Grant Fund	Special Events Nonreverting Fund	Local Forfeited and Seized Assets Fund	Economic Development	VIPS Parks Public Safety Fund	Totals
<b>Revenues:</b>						
<b>Taxes:</b>						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,722
Licenses and permits	-	-	-	-	6,000	18,985
Intergovernmental	124,513	-	-	-	-	1,195,908
Charges for services	-	58,392	-	66,792	-	155,259
Fines and forfeits	-	-	1,095	-	-	6,400
Other	-	2,254	14	-	-	40,559
<b>Total revenues</b>	<u>124,513</u>	<u>60,646</u>	<u>1,109</u>	<u>66,792</u>	<u>6,000</u>	<u>1,566,833</u>
<b>Expenditures:</b>						
<b>Current:</b>						
General government	-	61,504	-	-	-	102,881
Public safety	123,578	-	-	-	4,704	272,832
Highways and streets	-	-	-	-	-	924,919
Sanitation	-	-	-	-	-	136,800
Culture and recreation	-	-	-	-	-	2,181
Urban redevelopment	-	-	-	-	-	118,885
Capital outlay:						
Public safety	1,799	-	1,342	-	-	15,780
Sanitation	-	-	-	-	-	-
<b>Total expenditures</b>	<u>125,377</u>	<u>61,504</u>	<u>1,342</u>	<u>-</u>	<u>4,704</u>	<u>1,574,278</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(864)</u>	<u>(858)</u>	<u>(233)</u>	<u>66,792</u>	<u>1,296</u>	<u>(7,445)</u>
Other financing sources:						
Transfers in	-	-	-	-	-	80,238
Net change in fund balances	<u>(864)</u>	<u>(858)</u>	<u>(233)</u>	<u>66,792</u>	<u>1,296</u>	<u>72,793</u>
Fund balances - beginning	<u>2,880</u>	<u>5,516</u>	<u>14,749</u>	<u>9,250</u>	<u>552</u>	<u>1,900,944</u>
Fund balances - ending	<u>\$ 2,016</u>	<u>\$ 4,658</u>	<u>\$ 14,516</u>	<u>\$ 76,042</u>	<u>\$ 1,848</u>	<u>\$ 1,973,737</u>

TOWN OF HIGHLAND, INDIANA  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS - MOTOR VEHICLE HIGHWAY  
For The Year Ended December 31, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 665,646	\$ 665,646	\$ 637,104	\$ (28,542)
Other	-	-	4,347	4,347
Total revenues	665,646	665,646	641,451	(24,195)
Expenditures:				
Current:				
Highways and streets:				
Personal services	405,900	441,793	408,774	33,019
Supplies	202,470	203,678	187,296	16,382
Other services and charges	57,312	58,964	37,297	21,667
Total expenditures	665,682	704,435	633,367	71,068
Net change in fund balance	(36)	(38,789)	8,084	46,873
Fund balances - beginning	218,277	218,277	218,277	-
Fund balances - December 31	\$ 218,241	\$ 179,488	\$ 226,361	\$ 46,873
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 8,084	
To adjust revenues for accruals			(4,954)	
To adjust expenditures for accruals			12,426	
Net change in fund balance, GAAP basis			\$ 15,556	

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, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 238,086	\$ 238,086	\$ 235,964	\$ (2,122)
Other	-	-	685	685
Total revenues	238,086	238,086	236,649	(1,437)
Expenditures:				
Current:				
Highways and streets:				
Personal services	70,777	70,777	69,167	1,610
Other services and charges	225,000	225,000	224,104	896
Total expenditures	295,777	295,777	293,271	2,506
Net change in fund balance	(57,691)	(57,691)	(56,622)	1,069
Fund balances - beginning	113,945	113,945	113,945	-
Fund balances - December 31	\$ 56,254	\$ 56,254	\$ 57,323	\$ 1,069
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (56,622)	
To adjust revenues for accruals			(203)	
To adjust expenditures for accruals			(10,706)	
Net change in fund balance, GAAP basis			\$ (67,531)	

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, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Licenses and permits	\$ 8,900	\$ 8,900	\$ 10,785	\$ 1,885
Charges for services	26,000	26,000	28,595	2,595
Fines and forfeits	5,200	5,200	3,608	(1,592)
Other	50	50	1,279	1,229
Total revenues	40,150	40,150	44,267	4,117
Expenditures:				
Current:				
Public safety:				
Supplies	17,700	23,989	22,465	1,524
Other services and charges	25,900	27,891	19,525	8,366
Total expenditures	43,600	51,880	41,990	9,890
Net change in fund balance	(3,450)	(11,730)	2,277	14,007
Fund balances - beginning	86,323	86,323	86,323	-
Fund balances - December 31	\$ 82,873	\$ 74,593	\$ 88,600	\$ 14,007
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 2,277	
To adjust revenues for accruals			410	
To adjust expenditures for accruals			3,572	
Net change in fund balance, GAAP basis			\$ 6,259	

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, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 145,000	\$ 145,000	\$ 142,574	\$ (2,426)
Other	-	-	257	257
Total revenues	145,000	145,000	142,831	(2,169)
Expenditures:				
Current:				
Sanitation:				
Supplies	20,000	24,885	12,291	12,594
Other services and charges	123,500	126,671	7,410	119,261
Capital outlay	20,000	20,000	-	20,000
Total expenditures	163,500	171,556	19,701	151,855
Net change in fund balance	(18,500)	(26,556)	123,130	149,686
Fund balances - beginning	254,750	254,750	254,750	-
Fund balances - December 31	\$ 236,250	\$ 228,194	\$ 377,880	\$ 149,686
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 123,130	
To adjust revenues for accruals			2	
To adjust expenditures for accruals			(117,099)	
Net change in fund balance, GAAP basis			\$ 6,033	

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, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 137,351	\$ 137,351	\$ 130,499	\$ (6,852)
Intergovernmental	6,137	6,137	10,669	4,522
Other	750	750	2,380	1,630
<b>Total revenues</b>	<b>144,238</b>	<b>144,238</b>	<b>143,538</b>	<b>(700)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Urban redevelopment:				
Personal services	69,355	72,605	61,872	10,733
Supplies	2,000	2,450	1,954	496
Other services and charges	72,842	77,631	55,922	22,109
<b>Total expenditures</b>	<b>144,197</b>	<b>152,686</b>	<b>119,348</b>	<b>33,338</b>
<b>Net change in fund balance</b>	<b>41</b>	<b>(8,448)</b>	<b>24,190</b>	<b>32,638</b>
<b>Fund balances - beginning</b>	<b>236,051</b>	<b>236,051</b>	<b>236,051</b>	<b>-</b>
<b>Fund balances - December 31</b>	<b>\$ 236,092</b>	<b>\$ 227,603</b>	<b>\$ 260,241</b>	<b>\$ 32,638</b>
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budgetary basis			\$ 24,190	
To adjust revenues for accruals			54	
To adjust expenditures for accruals			463	
<b>Net change in fund balance, GAAP basis</b>			<b>\$ 24,707</b>	

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, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 63,200	\$ 63,200	\$ 59,611	\$ (3,589)
Other	926	926	1,034	108
<b>Total revenues</b>	<b>64,126</b>	<b>64,126</b>	<b>60,645</b>	<b>(3,481)</b>
<b>Expenditures:</b>				
Current:				
General Government:				
Personal services	7,102	8,116	8,082	34
Supplies	1,000	1,023	1,022	1
Other services and charges	61,685	61,016	56,367	4,649
<b>Total expenditures</b>	<b>69,787</b>	<b>70,155</b>	<b>65,471</b>	<b>4,684</b>
<b>Net change in fund balance</b>	<b>(5,661)</b>	<b>(6,029)</b>	<b>(4,826)</b>	<b>1,203</b>
<b>Fund balances - beginning</b>	<b>10,884</b>	<b>10,884</b>	<b>10,884</b>	<b>-</b>
<b>Fund balances - December 31</b>	<b>\$ 5,223</b>	<b>\$ 4,855</b>	<b>\$ 6,058</b>	<b>\$ 1,203</b>
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, GAAP basis			\$ (4,826)	
To adjust revenues for accruals			-	
To adjust expenditures for accruals			3,968	
<b>Net change in fund balance, GAAP basis</b>			<b>\$ (858)</b>	



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, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Licenses and permits	\$ 6,000	\$ 6,000	\$ 6,000	\$ -
Expenditures:				
Current:				
Public Safety:				
Personal services	865	865	431	434
Supplies	5,923	5,923	4,509	1,414
Total expenditures	6,788	6,788	4,940	1,848
Net change in fund balance	(788)	(788)	1,060	1,848
Fund balances - beginning	788	788	788	-
Fund balances - December 31	\$ -	\$ -	\$ 1,848	\$ 1,848
Budget/GAAP Reconciliation				
Net change in fund balance, GAAP basis			\$ 1,060	
To adjust expenditures for accruals			236	
Net change in fund balance, GAAP basis			\$ 1,296	



## NONMAJOR DEBT SERVICE FUNDS

### Corporation Bond and Interest (Non-exempt) -

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% for non-owner occupied residential and farm land; and it may not exceed 3% 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) -

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% for non-owner occupied residential and farm land; and it may not exceed 3% 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, 2012

<u>Assets</u>	<u>Corporation Bond and Interest (Non-Exempt)</u>	<u>Corporation Bond and Interest (Exempt)</u>	<u>Parks and Recreation Bond and Interest</u>	<u>Redevelopment Bond and Interest</u>	<u>Totals</u>
Restricted assets:					
Cash and cash equivalents	\$ 325,614	\$ 58,059	\$ 375,190	\$ 284,311	\$ 1,043,174
Investments	-	-	-	7,296	7,296
Interest receivable	-	-	-	4	4
Taxes receivable	38,599	9,837	46,365	16,625	111,426
Intergovernmental receivable	7,941	2,024	9,539	3,420	22,924
Accounts receivable Treasury subsidy payments (net of allowance)	7,574	-	-	-	7,574
Total assets	\$ 379,728	\$ 69,920	\$ 431,094	\$ 311,656	\$ 1,192,398
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Payable from restricted assets:					
Deferred revenue - unavailable	\$ 46,540	\$ 11,861	\$ 55,904	\$ 20,045	\$ 134,350
Fund balances:					
Spendable:					
Restricted	333,188	-	375,190	291,611	999,989
Committed	-	58,059	-	-	58,059
Total fund balances	333,188	58,059	375,190	291,611	1,058,048
Total liabilities and fund balances	\$ 379,728	\$ 69,920	\$ 431,094	\$ 311,656	\$ 1,192,398

TOWN OF HIGHLAND, INDIANA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
NONMAJOR DEBT SERVICE FUNDS  
For The Year Ended December 31, 2012

	Corporation Bond and Interest (Non-Exempt)	Corporation Bond and Interest (Exempt)	Parks and Recreation Bond and Interest	Redevelopment Bond and Interest	Totals
Revenues:					
Taxes:					
Property	\$ 658,381	\$ 188,747	\$ 801,636	\$ 287,490	\$ 1,917,254
Intergovernmental	69,261	13,704	64,595	85,177	232,737
Other	-	-	12	58	70
Total revenues	<u>727,642</u>	<u>183,451</u>	<u>866,243</u>	<u>372,725</u>	<u>2,150,061</u>
Expenditures:					
Current:					
General government	425	-	-	400	825
Debt service:					
Principal	305,000	109,000	445,000	175,000	1,034,000
Interest	103,535	17,840	87,216	62,016	270,607
Total expenditures	<u>408,960</u>	<u>126,840</u>	<u>532,216</u>	<u>237,416</u>	<u>1,305,432</u>
Excess (deficiency) of revenues over (under) expenditures	<u>318,682</u>	<u>56,611</u>	<u>334,027</u>	<u>135,309</u>	<u>844,629</u>
Net change in fund balances	318,682	56,611	334,027	135,309	844,629
Fund balances - beginning	14,506	1,448	41,163	156,302	213,419
Fund balances - ending	<u>\$ 333,188</u>	<u>\$ 58,059</u>	<u>\$ 375,190</u>	<u>\$ 291,611</u>	<u>\$ 1,058,048</u>

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, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 692,952	\$ 692,952	\$ 658,381	\$ (34,571)
Intergovernmental	2,137	2,137	53,776	51,639
Other	13,712	13,712	16,131	2,419
Total revenues	708,801	708,801	728,288	19,487
Expenditures:				
Debt service:				
Principal	305,000	305,000	305,000	-
Interest	103,535	103,535	103,535	-
Other	1,025	1,025	425	600
Total expenditures	409,560	409,560	408,960	600
Net change in fund balance	299,241	299,241	319,328	20,087
Fund balances - beginning	6,286	6,286	6,286	-
Fund balances - December 31	\$ 305,527	\$ 305,527	\$ 325,614	\$ 20,087
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 319,328	
To adjust revenues for accruals			(646)	
Net change in fund balance, GAAP basis			\$ 318,682	

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, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 176,594	\$ 176,594	\$ 189,747	\$ (6,847)
Intergovernmental	1,500	1,500	13,704	12,204
Total revenues	178,094	178,094	183,451	5,357
Expenditures:				
Debt service:				
Principal	109,000	109,000	109,000	-
Interest	17,840	17,840	17,840	-
Total expenditures	126,840	126,840	126,840	-
Net change in fund balance	51,254	51,254	56,611	5,357
Fund balances - beginning	1,448	1,448	1,448	-
Fund balances - December 31	\$ 52,702	\$ 52,702	\$ 58,059	\$ 5,357

TOWN OF HIGHLAND, INDIANA  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
DEBT SERVICE FUNDS - PARKS AND RECREATION BOND AND INTEREST  
For The Year Ended December 31, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 832,389	\$ 832,389	\$ 801,636	\$ (30,733)
Intergovernmental	4,832	4,832	84,595	59,763
Other	-	-	12	12
<b>Total revenues</b>	<u>837,201</u>	<u>837,201</u>	<u>866,243</u>	<u>29,042</u>
<b>Expenditures:</b>				
Debt service:				
Principal	459,040	459,040	459,040	-
Interest	73,177	73,177	73,176	1
<b>Total expenditures</b>	<u>532,217</u>	<u>532,217</u>	<u>532,216</u>	<u>1</u>
<b>Net change in fund balance</b>	304,984	304,984	334,027	29,043
<b>Fund balances - beginning</b>	41,163	41,163	41,163	-
<b>Fund balances - December 31</b>	<u>\$ 346,147</u>	<u>\$ 346,147</u>	<u>\$ 375,190</u>	<u>\$ 29,043</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  
For The Year Ended December 31, 2012

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
<b>Revenues:</b>				
Taxes	\$ 298,455	\$ 298,455	\$ 287,490	\$ (10,965)
Intergovernmental	5,377	5,377	85,177	79,800
Other	-	-	65	65
<b>Total revenues</b>	<b>303,832</b>	<b>303,832</b>	<b>372,732</b>	<b>68,900</b>
<b>Expenditures:</b>				
Debt service:				
Principal	175,000	175,000	175,000	-
Interest	62,016	62,016	62,016	-
Other	400	400	400	-
<b>Total expenditures</b>	<b>237,416</b>	<b>237,416</b>	<b>237,416</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>66,416</b>	<b>66,416</b>	<b>135,316</b>	<b>68,900</b>
<b>Fund balances - beginning</b>	<b>156,291</b>	<b>156,291</b>	<b>156,291</b>	<b>-</b>
<b>Fund balances - December 31</b>	<b>\$ 222,707</b>	<b>\$ 222,707</b>	<b>\$ 291,607</b>	<b>\$ 68,900</b>
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budgetary basis			\$ 135,316	
To adjust revenues for accruals			(7)	
<b>Net change in fund balance, GAAP basis</b>			<b>\$ 135,309</b>	

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## NONMAJOR CAPITAL PROJECT FUNDS

Corporation Capital -	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.
General Improvement Fund -	To account for financial resources related to infrastructure improvements, including sidewalks, gutters, and curbs, specifically identified for and made in an established General Improvement District. Resources for this fund are derived from assessments paid by property holders in the district whose property is specifically found to be benefited from the improvements. Authority for the fund comes from the provisions of IC 36-9-17 et seq.
Municipal Cumulative Street -	To account for expenditures and resources related to the acquisition of rights-of-way for public ways or sidewalks, or the construction or reconstruction of public ways or sidewalks. Resources are derived from municipal and miscellaneous revenues. (Confer IC 36-9-16.5-2)

## NONMAJOR CAPITAL PROJECT FUNDS

(Continued)

### Gaming Revenue Sharing -

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

### Highland Building Acquisition Project Fund -

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

### Park Nonreverting Capital -

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

### Redevelopment Capital -

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

TOWN OF HIGHLAND, INDIANA  
COMBINING BALANCE SHEET -  
NONMAJOR CAPITAL PROJECTS FUNDS  
December 31, 2012

<u>Assets</u>	Corporation Capital	Cumulative Capital Improvement	Cumulative Capital Development	General Improvement Fund	Municipal Cumulative Street
Restricted assets:					
Cash and cash equivalents	\$ 5,598	\$ 74,533	\$ 1,062,016	\$ 111,180	\$ 20,827
Investments	-	10,829	106,224	24,667	4,451
Interest receivable	-	20	68	12	2
Taxes receivable	-	-	21,169	-	-
Intergovernmental receivable	-	-	4,355	-	-
Special assessments receivable	-	-	-	21,441	-
Total assets	\$ 5,598	\$ 85,382	\$ 1,193,832	\$ 157,300	\$ 25,280
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Payable from restricted assets:					
Accounts payable	\$ -	-	\$ 7,166	-	\$ -
Deferred revenue - unavailable	-	-	25,524	19,496	-
Total liabilities	-	-	32,690	19,496	-
Fund balances:					
Spendable:					
Restricted	5,598	85,382	1,161,142	-	-
Committed	-	-	-	137,804	25,280
Assigned	-	-	-	-	-
Total fund balances	5,598	85,382	1,161,142	137,804	25,280
Total liabilities and fund balances	\$ 5,598	\$ 85,382	\$ 1,193,832	\$ 157,300	\$ 25,280

Continued on next page

TOWN OF HIGHLAND, INDIANA  
COMBINING BALANCE SHEET -  
NONMAJOR CAPITAL PROJECTS FUNDS  
December 31, 2012  
(Continued)

		Gaming Revenue Sharing	Highland Building Acquisition Project Fund	Park Nonreverting Capital	Redevelopment Capital	Totals
<u>Assets</u>						
Restricted assets:						
Cash and cash equivalents	\$	518,776	\$ 3,841	\$ 521,400	\$ 376,445	\$ 2,694,616
Investments		35,024	1,050	841,197	88,356	1,111,798
Interest receivable		17	-	143	44	306
Taxes receivable		-	-	-	-	21,169
Intergovernmental receivable		42,739	-	-	-	52,332
Special assessments receivable		-	-	5,238	-	21,441
Total assets	\$	596,556	\$ 4,891	\$ 1,367,978	\$ 464,845	\$ 3,901,662
<u>Liabilities and Fund Balances</u>						
Liabilities:						
Payable from restricted assets:						
Accounts payable	\$	-	\$ -	\$ 22,198	\$ -	\$ 29,364
Deferred revenue - unavailable		42,739	-	-	-	87,759
Total liabilities		42,739	-	22,198	-	117,123
Fund balances:						
Spendable:						
Restricted		-	-	-	-	1,252,122
Committed	538,324	4,891	1,130,638	464,845	-	2,301,782
Assigned	15,493	-	215,142	-	-	230,635
Total fund balances	553,817	4,891	1,345,780	464,845	-	3,784,539
Total liabilities and fund balances	\$	596,556	\$ 4,891	\$ 1,367,978	\$ 464,845	\$ 3,901,662

TOWN OF HIGHLAND, INDIANA  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
NONMAJOR CAPITAL PROJECTS FUNDS  
For The Year Ended December 31, 2012

	Revenues:				
	Corporation Capital	Cumulative Capital Improvement	Cumulative Capital Development	General Improvement Fund	Municipal Cumulative Street
Taxes:					
Property	\$ -	\$ -	\$ 361,079	\$ -	\$ -
Special assessments	-	-	-	39,029	11,318
Intergovernmental	-	62,930	29,493	-	-
Charges for services	-	-	-	-	-
Other	-	255	20,359	157	29
Total revenues	-	63,185	410,931	39,186	11,347
Expenditures:					
Current:					
General government	-	-	48,637	-	-
Public safety	-	-	6,524	-	-
Highways and streets	-	-	-	620	-
Urban redevelopment	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	-	-	148,487	-	-
Interest	-	-	26,303	-	-
Capital outlay:					
General government	-	-	39,583	-	-
Public safety	-	-	94,566	-	-
Urban redevelopment	-	68,102	-	-	-
Highways and streets	167,445	-	90,037	16,768	11,349
Culture and recreation	-	-	-	-	-
Total expenditures	167,445	68,102	454,137	17,388	11,349
Excess (deficiency) of revenues over (under) expenditures	(167,445)	(4,917)	(43,206)	21,798	(2)
Other financing sources (uses):					
Bonds issued	-	-	-	-	-
Bonds issuance costs	-	-	-	-	-
Bonds premiums	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-
Net change in fund balances	(167,445)	(4,917)	(43,206)	21,798	(2)
Fund balances - beginning	173,043	90,299	1,204,348	116,006	25,282
Fund balances - ending	\$ 5,598	\$ 85,382	\$ 1,161,142	\$ 137,804	\$ 25,280

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, 2012  
(Continued)

	Gaming Revenue Sharing	Highland Building Acquisition Project Fund	Park Nonreverting Capital	Redevelopment Capital	Totals
<b>Revenues:</b>					
<b>Taxes:</b>					
Property	\$ -	\$ -	\$ -	\$ -	\$ 361,079
Special assessments	-	-	-	-	50,347
Intergovernmental	313,487	-	51,141	-	457,051
Charges for services	-	-	-	-	-
Other	232	6	26,660	595	48,293
<b>Total revenues</b>	<b>313,719</b>	<b>6</b>	<b>77,801</b>	<b>595</b>	<b>916,770</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	-	-	-	-	48,637
Public safety	-	-	-	-	6,524
Highways and streets	34,207	-	-	-	34,827
Urban redevelopment	-	-	-	5,200	5,200
Culture and recreation	-	-	2,570	-	2,570
<b>Debt service:</b>					
Principal	-	-	-	-	148,487
Interest	-	-	-	-	26,303
<b>Capital outlay:</b>					
General government	-	-	-	-	39,583
Public safety	-	-	-	-	94,566
Urban redevelopment	-	-	-	938	69,040
Highways and streets	245,482	-	-	-	531,081
Culture and recreation	-	-	1,034,783	-	1,034,783
<b>Total expenditures</b>	<b>279,689</b>	<b>-</b>	<b>1,037,353</b>	<b>6,138</b>	<b>2,041,601</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>34,030</b>	<b>6</b>	<b>(959,552)</b>	<b>(5,543)</b>	<b>(1,124,831)</b>
<b>Other financing sources (uses):</b>					
Bonds issued	-	-	2,000,000	-	2,000,000
Bonds issuance costs	-	-	(53,766)	-	(53,766)
Bonds premiums	-	-	9,263	-	9,263
<b>Total other financing sources and uses</b>	<b>-</b>	<b>-</b>	<b>1,955,497</b>	<b>-</b>	<b>1,955,497</b>
<b>Net change in fund balances</b>	<b>34,030</b>	<b>6</b>	<b>995,945</b>	<b>(5,543)</b>	<b>830,666</b>
<b>Fund balances - beginning</b>	<b>519,787</b>	<b>4,885</b>	<b>349,835</b>	<b>470,388</b>	<b>2,353,873</b>
<b>Fund balances - ending</b>	<b>\$ 553,817</b>	<b>\$ 4,891</b>	<b>\$ 1,345,780</b>	<b>\$ 464,845</b>	<b>\$ 3,784,539</b>

TOWN OF HIGHLAND, INDIANA  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - MAJOR AND NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUNDS - CORPORATION CAPITAL  
For The Year Ended December 31, 2012

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-
Total revenues	-	-	-	-
Expenditures:				
Capital outlay:				
General government:				
Other services and charges	-	-	-	-
Highways and streets:				
Capital outlay	167,843	167,843	167,843	-
Total expenditures	167,843	167,843	167,843	-
Net change in fund balance	(167,843)	(167,843)	(167,843)	-
Fund balances - beginning	173,441	173,441	173,441	-
Fund balances - December 31	\$ 5,598	\$ 5,598	\$ 5,598	\$ -
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (167,843)	
To adjust expenditures for accruals			398	
Net change in fund balance, GAAP basis			\$ (167,445)	

TOWN OF HIGHLAND, INDIANA  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - MAJOR AND NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL IMPROVEMENT  
For The Year Ended December 31, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ 64,300	\$ 64,300	\$ 62,930	\$ (1,370)
Other	-	-	256	256
<b>Total revenues</b>	<u>64,300</u>	<u>64,300</u>	<u>63,186</u>	<u>(1,114)</u>
<b>Expenditures:</b>				
Capital outlay:				
Economic development:	73,228	73,228	68,102	5,126
Capital outlay	73,228	73,228	68,102	5,126
<b>Total expenditures</b>	<u>(8,928)</u>	<u>(8,928)</u>	<u>(4,916)</u>	<u>4,012</u>
<b>Net change in fund balance</b>	<u>90,278</u>	<u>90,278</u>	<u>90,278</u>	<u>-</u>
<b>Fund balances - beginning</b>	<u>\$ 81,350</u>	<u>\$ 81,350</u>	<u>\$ 85,362</u>	<u>\$ 4,012</u>
<b>Fund balances - December 31</b>				
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budgetary basis			\$ (4,916)	
To adjust revenues for accruals			(1)	
<b>Net change in fund balance, GAAP basis</b>			<u>\$ (4,917)</u>	

TOWN OF HIGHLAND, INDIANA  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - MAJOR AND NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL DEVELOPMENT  
For The Year Ended December 31, 2012

	Budget Amounts				Variance with
	Original	Final	Actual		Final Budget
<b>Revenues:</b>					
Taxes	\$ 380,039	\$ 380,039	\$ 361,079	\$	(18,960)
Intergovernmental	16,796	16,796	29,492		12,696
Other	1,000	1,000	20,400		19,400
<b>Total revenues</b>	<b>397,835</b>	<b>397,835</b>	<b>410,971</b>		<b>13,136</b>
<b>Expenditures:</b>					
Capital outlay:					
General government:					
Other services and charges	15,000	44,242	41,471		2,771
Capital outlay	54,400	164,062	151,489		12,573
Public safety:					
Supplies	7,000	16,112	11,940		4,172
Capital outlay	102,000	98,304	94,567		3,737
Debt service:					
Principal	148,486	148,486	148,486		-
Interest	35,338	35,338	30,297		5,041
<b>Total expenditures</b>	<b>362,224</b>	<b>506,544</b>	<b>478,250</b>		<b>28,294</b>
<b>Net change in fund balance</b>	<b>35,611</b>	<b>(108,709)</b>	<b>(67,279)</b>		<b>41,430</b>
<b>Fund balances - beginning</b>	<b>1,235,519</b>	<b>1,235,519</b>	<b>1,235,519</b>		<b>-</b>
<b>Fund balances - December 31</b>	<b>\$ 1,271,130</b>	<b>\$ 1,126,810</b>	<b>\$ 1,168,240</b>	<b>\$</b>	<b>41,430</b>
<b>Budget/GAAP Reconciliation</b>					
Net change in fund balance, budgetary basis			\$ (67,279)		
To adjust revenues for accruals			(40)		
To adjust expenditures for accruals			24,113		
<b>Net change in fund balance, GAAP basis</b>			<b>\$ (43,206)</b>	<b>\$</b>	

TOWN OF HIGHLAND, INDIANA  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - MAJOR AND NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUNDS - PARK NONREVERTING CAPITAL  
For The Year Ended December 31, 2012

	Budget Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 26,046	\$ 26,046
Other	-	-	108,338	108,338
<b>Total revenues</b>	-	-	134,384	134,384
<b>Expenditures:</b>				
Capital outlay:				
Culture and recreation	851	86,051	28,616	57,435
Other services and charges	345,900	2,410,700	1,105,872	1,304,828
Capital outlay				
<b>Total expenditures</b>	346,751	2,496,751	1,134,488	1,382,263
<b>Other financing sources (uses):</b>				
Issuance of long term debt	-	-	1,955,497	(1,955,497)
<b>Net change in fund balance</b>	(346,751)	(2,496,751)	955,393	3,452,144
<b>Fund balances - beginning</b>	407,204	407,204	407,204	-
<b>Fund balances - December 31</b>	\$ 60,453	\$ (2,089,547)	\$ 1,362,597	\$ 3,452,144
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budgetary basis			\$ 955,393	
To adjust revenues for accruals			(56,583)	
To adjust expenditures for accruals			97,135	
<b>Net change in fund balance, GAAP basis</b>			\$ 995,945	

TOWN OF HIGHLAND, INDIANA  
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - MAJOR AND NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUNDS - REDEVELOPMENT CAPITAL  
For The Year Ended December 31, 2012

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Other	\$ -	\$ -	\$ 596	\$ 596
Total revenues	-	-	596	596
Expenditures:				
Capital outlay:				
Urban redevelopment and housing:				
Other services and charges	226,100	226,100	6,138	219,962
Capital outlay	174,000	174,938	938	174,000
Total expenditures	400,100	401,038	7,076	393,962
Net change in fund balance	(400,100)	(401,038)	(6,480)	394,558
Fund balances - beginning	471,281	471,281	471,281	-
Fund balances - December 31	\$ 71,181	\$ 70,243	\$ 464,801	\$ 394,558
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (6,480)	
To adjust revenues for accruals			(1)	
To adjust expenditures for accruals			938	
Net change in fund balance, GAAP basis			\$ (5,543)	

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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.

### 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 IC 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.

### Parks and Recreation

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

### Information and Communication Technology -

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

TOWN OF HIGHLAND, INDIANA  
COMBINING STATEMENT OF NET POSITION -  
INTERNAL SERVICE FUNDS  
December 31, 2012

Assets	Lincoln Community Center Building Corporation	Parks and Recreation Building Corporation	Information and Communication Technology	Totals
Current assets:				
Cash and cash equivalents	\$ 327,417	\$ 174,202	\$ 147,701	\$ 649,320
Investments	-	-	16,145	16,145
Interest receivable	-	-	8	8
Current portion of direct financing lease	1,074,468	206,078	-	1,280,546
Total current assets	1,401,885	380,280	163,854	1,946,019
Noncurrent assets:				
Deferred charges	120,270	7,169	-	127,439
Net investment in direct financing lease	9,313,716	-	-	9,313,716
Total noncurrent assets	9,433,986	7,169	-	9,441,155
Total assets	10,835,871	387,449	163,854	11,387,174
Liabilities				
Current liabilities:				
Accounts payable	-	-	4,756	4,756
Revenue bonds payable	500,000	280,000	-	780,000
Accrued interest payable	209,650	6,689	-	216,339
Total current liabilities	709,650	286,689	4,756	1,001,095
Noncurrent liabilities:				
Revenue bonds payable (net)	10,060,322	1,243	-	10,061,565
Total noncurrent liabilities	10,060,322	1,243	-	10,061,565
Total liabilities	10,769,972	287,932	4,756	11,052,660
Net Position				
Unrestricted	75,899	99,517	159,098	334,514
Total net position	\$ 75,899	\$ 99,517	\$ 159,098	\$ 334,514

TOWN OF HIGHLAND, INDIANA  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -  
 INTERNAL SERVICE FUNDS  
 For The Year Ended December 31, 2012

	Lincoln Community Center Building Corporation	Parks and Recreation Building Corporation	Information and Communication Technology	Totals
Operating revenues:				
Charges for services	\$ 447,579	\$ 106,059	\$ 178,140	\$ 731,778
Operating expenses:				
Material and supplies	-	-	1,799	1,799
Contractual services	-	-	133,962	133,962
Administration and general	1,900	5,150	-	7,050
Total operating expenses	1,900	5,150	135,761	142,811
Operating income (loss)	445,679	100,909	42,379	588,967
Nonoperating revenues (expenses):				
Interest income	38	17	108	163
Interest expense	(333,704)	(13,959)	-	(347,663)
Amortization of bond issue costs	(13,955)	(6,650)	-	(20,605)
Total nonoperating revenue (expenses)	(347,621)	(20,592)	108	(368,105)
Change in net position	98,058	80,317	42,487	220,862
Total net position - beginning	(22,159)	19,200	116,611	113,652
Total net position - ending	\$ 75,899	\$ 99,517	\$ 159,098	\$ 334,514

TOWN OF HIGHLAND, INDIANA  
COMBINING STATEMENT OF CASH FLOWS -  
INTERNAL SERVICE FUNDS  
For The Year Ended December 31, 2012

	Lincoln Community Center Building Corporation	Parks and Recreation Building Corporation	Information and Communication Technology	Totals
Cash flows from operating activities:				
Payments to suppliers	\$ (1,900)	\$ (5,150)	\$ (136,392)	\$ (143,442)
Other receipts	-	-	178,140	178,140
Net cash provided (used) by operating activities	(1,900)	(5,150)	41,748	34,698
Cash flows from noncapital financing activities:				
Transfers to other funds	(155,089)	-	-	(155,089)
Cash flows from capital and related financing activities:				
Principal paid on capital debt	(585,000)	(280,000)	-	(865,000)
Interest paid on capital debt	(335,667)	(21,320)	-	(356,987)
Net cash provided (used) by capital and related financing activities	(920,667)	(281,320)	-	(1,201,987)
Cash flows from investing activities:				
Purchase of investments	-	-	(2,231)	(2,231)
Proceeds from net investment in direct financing lease	510,000	295,000	-	805,000
Proceeds from operating lease receivable	-	9,250	-	9,250
Interest received	38	17	107	162
Net cash provided (used) by investing activities	510,038	304,267	(2,124)	812,181
Net increase (decrease) in cash and cash equivalents	(567,618)	17,797	39,624	(510,197)
Cash and cash equivalents, January 1	895,035	156,405	108,077	1,159,517
Cash and cash equivalents, December 31	<u>\$ 327,417</u>	<u>\$ 174,202</u>	<u>\$ 147,701</u>	<u>\$ 649,320</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 445,679	\$ 100,909	\$ 42,379	\$ 588,967
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Increase (decrease) in liabilities:				
Accounts payable	-	-	(631)	(631)
Wages payable	-	-	-	-
Noncash items:				
Deferred revenue recognized	(447,579)	(106,059)	-	(553,638)
Total adjustments	(447,579)	(106,059)	(631)	(554,269)
Net cash provided (used) by operating activities	<u>\$ (1,900)</u>	<u>\$ (5,150)</u>	<u>\$ 41,748</u>	<u>\$ 34,698</u>



## 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 IC 36-1-3; IC 33-19-5 and IC 34-4-32.
Parks License Fees 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 IC 36-1-12, in which the contracts are valued in excess of the threshold set forth in IC 36-1-12-14, and to which the contractor has agreed to permit the required withholding from a payment to the contractor or subcontractor until the occurrence of specified event to be held by the municipality. The funds on deposit are custodial in nature.

TOWN OF HIGHLAND, INDIANA  
COMBINING STATEMENT OF FIDUCIARY NET POSITION -  
AGENCY FUNDS  
December 31, 2012

	Payroll	Parks and Recreation Escrow	Insurance Premium	Traffic Violations	Parks License Fees Agency Fund	Aflac FSA Agency Fund	Capital Projects Retainage Agency Fund	Totals
<b>Assets:</b>								
Cash and cash equivalents	\$ 16,063	\$ 8,827	\$ 9,179	\$ 1,188	\$ -	\$ 18,007	\$ 142,155	\$ 195,419
Investments	-	814	-	-	-	-	23,527	24,341
Interest receivable	4	-	-	-	-	-	12	16
<b>Total assets</b>	<b>\$ 16,067</b>	<b>\$ 9,641</b>	<b>\$ 9,179</b>	<b>\$ 1,188</b>	<b>\$ -</b>	<b>\$ 18,007</b>	<b>\$ 165,694</b>	<b>\$ 219,776</b>
<b>Liabilities:</b>								
Payroll withholdings payable	\$ 16,067	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,067
Trust payable	-	9,641	9,179	1,188	-	18,007	165,694	203,709
<b>Total liabilities</b>	<b>\$ 16,067</b>	<b>\$ 9,641</b>	<b>\$ 9,179</b>	<b>\$ 1,188</b>	<b>\$ -</b>	<b>\$ 18,007</b>	<b>\$ 165,694</b>	<b>\$ 219,776</b>

TOWN OF HIGHLAND, INDIANA  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
AGENCY FUNDS  
For The Year Ended December 31, 2012

	Payroll	Parks and Recreation Escrow	Insurance Premium	Traffic Violations	Parks License Fees Agency Fund	Aflac FSA Agency Fund	Capital Projects Retainage Agency Fund	Totals
<b>Assets:</b>								
Cash and cash equivalents, January 1, 2012	\$ 50,581	\$ 3,361	\$ 9,380	\$ 91	\$ -	\$ 24,042	\$ 238,623	\$ 326,078
Additions	1,611,857	15,291	2,041,769	128,498	20,595	14,251	132,340	3,964,597
Deductions	(1,646,374)	(9,825)	(2,041,970)	(127,401)	(20,595)	(20,286)	(228,808)	(4,095,256)
Cash and cash equivalents, December 31, 2012	16,067	8,827	9,179	1,188	-	18,007	142,155	195,419
Investments, January 1, 2012	-	701	-	-	-	-	20,277	20,978
Additions	-	113	-	-	-	-	3,405	3,518
Deductions	-	-	-	-	-	-	(155)	(155)
Investments, December 31, 2012	-	814	-	-	-	-	23,527	24,341
Interest receivable, January 1, 2012	3	1	-	-	-	1	11	16
Additions	4	-	-	-	-	-	12	16
Deductions	(3)	(1)	-	-	-	(1)	(11)	(16)
Interest receivable, December 31, 2012	4	-	-	-	-	-	12	16
Total assets, December 31, 2012	16,067	9,641	9,179	1,188	-	18,007	165,694	219,776
<b>Liabilities:</b>								
Payroll withholdings payable, January 1, 2012	\$ 50,584	-	-	-	-	-	-	\$ 50,584
Additions	1,611,857	-	-	-	-	-	-	1,611,857
Deductions	(1,646,374)	-	-	-	-	-	-	(1,646,374)
Payroll withholdings payable, December 31, 2012	16,067	-	-	-	-	-	-	16,067
Trust payable, January 1, 2012	-	4,063	9,380	91	-	24,043	258,911	296,488
Additions	-	15,404	2,041,769	128,498	20,595	14,251	135,757	2,356,274
Deductions	-	(9,826)	(2,041,970)	(127,401)	(20,595)	(20,287)	(228,974)	(2,449,053)
Trust payable, December 31, 2012	-	9,641	9,179	1,188	-	18,007	165,694	203,709
Total liabilities, December 31, 2012	16,067	9,641	9,179	1,188	-	18,007	165,694	219,776



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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>	129-139
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	141-147
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>	149-158
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>	159-179
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>	181-187

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 POSITION by COMPONENT**  
Last Ten Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental Accounts</b>									
Net Investment in Capital Assets									
Restricted	\$ 11,401,886	\$ 10,987,839	\$ 16,022,139	\$ 16,591,125	\$ 16,129,072	\$ 16,824,533	\$ 42,381,406	** \$ 43,742,707	** \$ 43,673,425
Unrestricted	3,698,480	3,586,422	4,708,632	4,617,424	5,028,411	5,396,924	5,527,397	5,106,038	5,482,404
Total Governmental Activities Net Position	<u>(2,879,382)</u>	<u>(3,361,600)</u>	<u>(3,776,560)</u>	<u>(2,779,058)</u>	<u>(2,288,003)</u>	<u>3,480,252</u>	<u>(1,667,583)</u>	<u>(990,921)</u>	<u>(1,131,759)</u>
	\$ 12,220,994	\$ 11,212,661	\$ 16,954,211	\$ 18,429,481	\$ 18,869,480	\$ 25,501,709	\$ 46,241,220	\$ 48,157,824	\$ 48,024,070
<b>Business-type Activities</b>									
Net Investment in capital assets									
Restricted	\$ 16,527,488	\$ 16,001,186	\$ 17,309,888	\$ 14,825,501	\$ 17,787,254	\$ 17,056,150	\$ 13,880,256	\$ 13,563,048	\$ 14,606,638
Unrestricted	1,372,497	3,614,059	2,917,715	4,389,022	1,327,717	1,341,711	3,376,260	3,924,611	4,342,046
Total Business-type Activities Net Position	<u>1,171,139</u>	<u>597,843</u>	<u>341,387</u>	<u>658,795</u>	<u>500,074</u>	<u>708,009</u>	<u>1,003,197</u>	<u>450,983</u>	<u>663,742</u>
	\$ 19,071,124	\$ 20,213,088	\$ 20,568,990	\$ 19,873,318	\$ 19,615,045	\$ 19,105,870	\$ 18,259,713	\$ 17,938,642	\$ 19,612,426
<b>Primary Government</b>									
Net Investment in Capital Assets									
Restricted	\$ 27,929,374	\$ 26,989,025	\$ 33,332,027	\$ 31,416,626	\$ 33,916,326	\$ 33,680,883	\$ 56,261,662	\$ 57,305,755	\$ 58,280,063
Unrestricted	5,070,987	7,200,481	7,626,347	9,006,446	6,356,128	6,738,635	8,903,657	9,030,649	9,824,450
Total Primary Government Net Position	<u>(1,708,243)</u>	<u>(2,763,757)</u>	<u>(3,435,173)</u>	<u>(2,120,263)</u>	<u>(1,787,929)</u>	<u>4,188,261</u>	<u>(654,386)</u>	<u>(239,938)</u>	<u>(468,017)</u>
	\$ 31,292,118	\$ 31,425,749	\$ 37,523,201	\$ 38,302,809	\$ 38,484,525	\$ 44,907,579	\$ 64,500,933	\$ 66,096,466	\$ 67,636,496

\* 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 \$5,385,509 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.  
Source: Statement of Net Position

# **TOWN OF HIGHLAND** **Changes in Net Position** Last Ten Years (accrual basis of accounting)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
<b>Governmental Activities:</b>										
General government	\$ 1,506,033	\$ 748,354	\$ 1,442,017	\$ 2,063,441	\$ 2,119,504	\$ 2,363,967	\$ 2,245,766	\$ 1,382,727	\$ 1,714,164	\$ 1,820,827
Public safety	4,424,506	4,741,337	6,325,184	4,934,503	5,982,975	4,629,206	4,787,783	5,020,309	5,996,122	5,207,864
Highway/streets	2,473,525	928,083	2,345,077	1,882,447	2,078,600	1,967,333	1,801,381	1,531,980	1,604,041	2,434,109
Sanitation	1,250,587	1,437,584	1,433,711	1,570,682	1,683,685	1,871,418	1,855,282	1,851,337	1,992,101	142,781
Urban Redevelopment/Econ Development	396,885	83,080	239,639	1,871,473	241,761	130,443	230,657	340,892	264,391	273,965
Health and welfare	1,545,834	7,000	2,023,220	2,112,857	2,140,247	2,242,067	2,257,740	1,996,982	2,456,064	3,323,326
Culture and recreation	272,319	1,859,188	209,220	240,687	384,306	297,619	347,105	367,469	889,384	816,205
Interest on long-term debt	272,319	240,201	207,489	265,687	384,306	297,619	347,105	367,469	889,384	816,205
Total governmental activities expenses	11,669,883	10,044,925	14,016,537	14,700,100	12,359,266	13,482,456	13,615,944	11,991,696	14,317,287	13,816,597
<b>Business-Type Activities:</b>										
Water	3,016,042	2,278,318	2,292,223	2,166,588	3,229,142	2,684,156	2,696,674	2,617,801	2,449,074	2,682,859
Sanitary District (sewer)	2,696,038	2,359,091	2,676,647	3,670,388	3,686,723	4,272,370	4,887,981	5,623,497	5,475,022	6,558,019
Sanitary District (water)	5,652,080	4,629,409	4,969,870	5,835,974	6,915,665	6,956,526	7,586,655	8,541,298	7,924,096	9,240,878
Total business-type activities	11,364,160	9,266,818	10,038,940	11,672,950	13,831,530	14,636,661	15,171,310	16,762,595	15,848,190	18,481,756
Total primary government expenses	\$ 23,034,043	\$ 19,311,743	\$ 24,055,477	\$ 26,373,050	\$ 26,190,796	\$ 28,119,117	\$ 28,787,254	\$ 28,754,291	\$ 30,165,477	\$ 32,300,353
<b>Program Revenues</b>										
General government	\$ 1,178,155	\$ 1,186,982	\$ 1,186,987	\$ 1,266,124	\$ 1,429,580	\$ 1,500,865	\$ 1,844,040	\$ 1,899,829	\$ 1,734,714	\$ 2,890
Public Safety	762,791	812,381	797,803	821,114	888,983	779,348	87,516	9,313	8,908	8,907
Highways and Streets	106,744	153,370	168,467	181,644	2,764	42,985	812,083	472,406	813,844	1,118,339
Sanitation	1,315,260	1,030,383	1,237,294	1,194,935	1,084,944	1,027,318	1,240,552	1,069,502	1,011,423	998,600
Culture and recreation	1,145,877	1,096,373	600,827	1,329,320	899,898	731,458	1,513,923	6,577,953	1,301,932	93,932
Operating grants and contributions	5,060,720	4,850,128	4,753,934	5,436,581	4,873,558	5,179,025	6,310,002	11,072,923	5,410,267	2,769,206
Total governmental activities program revenues	10,569,727	10,066,539	10,569,727	12,062,680	13,170,813	14,257,681	16,587,868	28,154,861	23,968,151	24,780,444
<b>Business-type activities:</b>										
Water	3,171,106	2,530,590	2,708,958	2,531,464	2,632,026	2,558,451	2,540,742	2,536,732	2,527,827	2,910,444
Sanitary District (sewer)	2,143,952	2,230,218	3,008,709	2,961,916	3,146,387	3,219,440	3,466,825	3,593,122	3,740,561	5,798,046
Sanitary District (water)	5,316,959	5,478,424	52,090	5,493,390	5,794,423	5,777,897	5,084,260	6,128,854	6,265,388	8,708,492
Operating grants and contributions	10,377,876	10,328,552	10,524,089	10,953,781	10,689,961	10,956,916	12,394,262	17,142,777	11,678,655	11,498,698
Total business-type activities program revenues	29,010,093	29,029,994	29,024,936	29,940,451	29,663,807	29,552,694	34,466,664	49,371,535	44,693,601	54,915,630
Total primary government program revenues	\$ 39,580,020	\$ 39,096,533	\$ 39,594,663	\$ 41,993,131	\$ 42,844,620	\$ 43,810,375	\$ 51,054,532	\$ 77,526,396	\$ 68,661,752	\$ 79,696,074
<b>Net (expense)/revenue</b>	\$ (1,053,863)	\$ (358,190)	\$ 1,538,186	\$ 1,672,980	\$ 1,323,817	\$ 1,266,442	\$ 1,213,722	\$ 8,227,105	\$ 1,396,725	\$ 1,884,727
<b>Business-type activities</b>										
General government	\$ (6,808,869)	\$ (5,194,587)	\$ (9,283,203)	\$ (9,233,719)	\$ (7,893,710)	\$ (8,283,431)	\$ (7,305,942)	\$ (978,773)	\$ (6,907,030)	\$ (11,030,491)
Public Safety	(335,122)	840,015	801,885	(342,594)	(1,121,442)	(1,178,535)	(1,502,395)	(2,390,217)	(1,655,708)	(532,386)
Highways and Streets	(7,144,091)	(4,343,582)	(6,461,319)	(9,576,313)	(8,805,152)	(9,462,066)	(8,808,337)	(3,390,217)	(10,562,738)	(11,562,871)
Sanitation	5,855,269	6,704,371	7,078,601	7,207,152	7,828,469	7,733,395	7,705,918	6,785,424	7,714,880	8,540,831
Excise taxes	519,823	867,574	542,153	555,440	607,315	565,621	564,559	559,473	606,145	830,985
Commercial vehicle excise tax	-	131,775	71,615	35,450	60,268	61,727	57,664	48,400	59,092	56,329
ABC gallonage tax	47,963	60,889	32,727	17,013	35,520	39,562	33,249	34,080	-	-
Cigarette tax	23,215	75,543	62,426	58,225	60,436	62,332	56,066	34,347	-	-
Other	55,056	115,639	105,975	147,842	22,555	20,883	19,691	10,802	84,429	80,093
Unrestricted investment earnings	72,333	38,822	208,272	323,196	317,820	170,860	24,857	28,698	13,489	-
Special Cooperative agreement revenue	-	-	-	1,750,000	85,674	-	-	-	-	-
Transfers	6,373,659	7,819,777	8,121,820	10,117,199	9,156,890	8,816,020	6,602,662	7,667,095	10,344,827	10,866,737
Total governmental activities	1,864,965	297,710	505,995	576,090	365,760	829,215	975,323	1,279,173	1,182,487	1,864,965
<b>Business-type activities:</b>										
Property taxes	617,054	37,898	-	-	-	-	-	-	-	176,840
Excise taxes	297,710	8,332	-	-	-	-	-	-	-	7,665
Financial institution tax	-	21,667	-	-	-	-	-	-	-	-
Commercial vehicle excise tax	-	180	52,907	122,404	39,053	22,786	-	267,634	143,134	155,574
Other	2,158,497	12,671	47,539	605,441	425,770	68,361	17,897	18,480	8,018	1,126
Unrestricted investment earnings	3,118,968	8,512,164	8,121,820	10,117,199	9,156,890	8,816,020	6,602,662	7,667,095	10,344,827	10,866,737
Transfers	9,492,827	8,121,820	8,121,820	10,117,199	9,156,890	8,816,020	6,602,662	7,667,095	10,344,827	10,866,737
Total business-type activities	15,864,965	17,640,846	15,864,965	17,640,846	15,864,965	15,864,965	15,864,965	15,864,965	15,864,965	15,864,965
Total primary government	\$ 1,864,965	\$ 297,710	\$ 505,995	\$ 576,090	\$ 365,760	\$ 829,215	\$ 975,323	\$ 1,279,173	\$ 1,182,487	\$ 1,864,965
<b>Change in Net Position</b>	\$ (1,053,863)	\$ (358,190)	\$ 1,538,186	\$ 1,672,980	\$ 1,323,817	\$ 1,266,442	\$ 1,213,722	\$ 8,227,105	\$ 1,396,725	\$ 1,884,727
Governmental activities	\$ (6,808,869)	\$ (5,194,587)	\$ (9,283,203)	\$ (9,233,719)	\$ (7,893,710)	\$ (8,283,431)	\$ (7,305,942)	\$ (978,773)	\$ (6,907,030)	\$ (11,030,491)
Business-type activities	\$ (358,190)	\$ (358,190)	\$ (358,190)	\$ (358,190)	\$ (358,190)	\$ (358,190)	\$ (358,190)	\$ (358,190)	\$ (358,190)	\$ (358,190)
Total primary government	\$ (7,147,059)	\$ (5,552,777)	\$ (9,641,393)	\$ (9,591,909)	\$ (8,247,420)	\$ (8,641,621)	\$ (7,611,934)	\$ (8,346,963)	\$ (7,265,225)	\$ (11,388,681)

Source: Statement of Activities (Government Wide Financial Statement)  
 \* Sudden reduction in sanitation expenditures in 2012 is attributable to the reassignment of this function from the Civil Town to the Sanitary District, a Business Activity.  
 The expense represents transitional costs still borne by the Civil government.



**Town of Highland**  
**Government Activities Tax Revenues By Source**  
**Last Ten Years**  
**At December 31**

Fiscal Year	Property Tax	Automobile Excise Tax	Financial Institution Tax	Commercial			Total
				Vehicle Excise Tax	ABC Gallonage Tax	Cigarette 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	(1) \$ 59,092	\$ -	(1) \$ -	(2) \$ 84,429	(3) \$ 8,464,546
2012	\$ 8,540,831	\$ 596,126	\$ 56,329	\$ 34,559	\$ -	\$ 80,093	\$ 9,307,938

(This excludes the taxes collected by the Business activities)

Source: Statement of Activities

(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 in 2011. On the Government Wide statement, the category of Other General Revenues includes \$54,183 in ABC Gallonage Tax in 2012.

(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**  
**Last Ten Fiscal Years**

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General fund</b>									
Reserved	\$ 366,359	\$ 300,587	\$ 93,508	\$ 308,757	\$ 529,787	\$ 503,368	\$ 354,356	\$ 388,754	\$ -
Unreserved	1,672,190	(2,538,179)	230,815	647,891	1,056,582	1,446,895	1,713,979	2,002,826	0
<b>Spendable</b>									
Assigned									\$ 357,910
Unassigned									2,391,807
<b>Total general fund</b>	<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>
<b>All other governmental funds</b>									
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	
<b>Spendable</b>									
Restricted									\$ 2,956,397
Committed									1,367,430
Assigned									1,646,686
Unassigned									
<b>Total all other governmental funds</b>	<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>
<b>Total of General and Other Funds</b>	<u>\$ 4,850,930</u>	<u>\$ 54,230</u>	<u>\$ 3,938,955</u>	<u>\$ 7,379,062</u>	<u>\$ 7,173,254</u>	<u>\$ 8,265,784</u>	<u>\$ 8,343,022</u>	<u>\$ 9,637,674</u>	<u>\$ 8,720,230</u>

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**  
**LAST TEN YEARS**

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Revenues</b>										
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	\$7,714,980	\$8,540,831
Special assessments	17,659	17,402	24,400	64,548	33,249	86,912	30,256	42,565	42,790	50,347
Licenses and permits	311,312	342,872	308,782	413,616	413,616	392,282	338,807	348,818	348,818	423,980
Intergovernmental	2,720,825	3,033,747	2,693,115	3,208,548	2,540,559	2,614,593	2,892,927	3,382,308	3,382,308	2,539,785
Charges for services	2,196,554	2,250,560	2,321,359	2,117,618	2,306,150	2,535,747	2,535,747	2,594,688	3,007,937	1,609,354
Fines and forfeits	14,905	56,663	16,201	74,950	93,053	108,476	140,448	132,055	13,772	10,920
Other	246,543	259,262	423,531	820,322	718,570	647,857	509,544	305,218	259,713	298,114
<b>Total revenues</b>	<b>9,649,336</b>	<b>9,522,366</b>	<b>16,233,447</b>	<b>14,893,076</b>	<b>13,858,553</b>	<b>13,802,693</b>	<b>14,464,910</b>	<b>13,986,192</b>	<b>14,770,118</b>	<b>19,473,941</b>
<b>Expenditures</b>										
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	1,469,724
Public safety	3,813,753	4,231,834	4,979,387	4,711,404	4,256,225	4,611,756	4,592,341	4,817,074	4,669,700	4,788,901
Highways and streets	973,398	686,254	961,537	1,055,462	1,155,597	1,134,616	1,154,710	810,182	949,848	959,746
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	142,162
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	2,037,463
Urban redevelopment	43,316	63,510	91,599	153,164	131,631	119,560	119,560	106,509	121,535	124,085
Debt service	840,000	925,000	1,000,000	1,084,000	779,000	1,169,000	994,000	1,099,000	1,137,586	1,767,487
Principal	311,762	278,173	231,879	226,404	367,198	332,913	357,627	324,270	1,041,489	731,910
Interest	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	1,800,254
Capital Outlay										
<b>Total expenditures</b>	<b>12,851,109</b>	<b>11,249,203</b>	<b>13,654,365</b>	<b>15,193,501</b>	<b>14,441,020</b>	<b>15,333,499</b>	<b>14,537,131</b>	<b>14,310,975</b>	<b>16,187,562</b>	<b>13,821,732</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(3,201,773)</b>	<b>(1,726,837)</b>	<b>2,579,082</b>	<b>(300,425)</b>	<b>(582,467)</b>	<b>(1,530,806)</b>	<b>(72,221)</b>	<b>(324,843)</b>	<b>(1,417,444)</b>	<b>(348,391)</b>
<b>Other financing sources (uses)</b>										
Capital leases	-	-	80,690	149,282	376,659	0	149,459	1,088,943	500,000	0
Insurance of Debt	-	-	1,091,903	3,591,250	0	2,042,000	0	(4,448)	0	2,000,000
Insurance Discount on Debt	-	-	-	-	-	-	-	-	0	0
Contributions in lieu of park land	-	-	-	-	-	-	-	-	0	0
Transfers in	70,000	160,049	131,481	69,592	69,659	648,023	176,676	42,000	44,000	80,238
Transfers out	(70,000)	(160,049)	(131,481)	(69,592)	(69,659)	(66,667)	(176,676)	(42,000)	(44,000)	(80,238)
Temporary loans	267,276	-	-	-	-	-	-	-	-	-
Tax anticipation warrants received	7,775,237	-	-	-	-	-	-	-	-	-
Bond Insurance Costs	-	-	-	-	-	-	-	-	-	(53,766)
Insurance Premium	-	-	-	-	-	-	-	-	-	9,263
Tax anticipation warrants repaid	(4,760,000)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<b>3,282,513</b>	<b>\$ (1,726,837)</b>	<b>\$ 3,751,675</b>	<b>\$ 3,440,107</b>	<b>\$ (205,808)</b>	<b>\$ 1,092,530</b>	<b>\$ 77,238</b>	<b>\$ 1,294,652</b>	<b>\$ (917,444)</b>	<b>\$ 1,507,106</b>
<b>Net change in fund balances</b>	<b>\$ 80,740</b>	<b>\$ (1,726,837)</b>	<b>\$ 3,751,675</b>	<b>\$ 3,440,107</b>	<b>\$ (205,808)</b>	<b>\$ 1,092,530</b>	<b>\$ 77,238</b>	<b>\$ 1,294,652</b>	<b>\$ (917,444)</b>	<b>\$ 1,507,106</b>
<b>Additions to Capital Assets</b>										
Debt service as a percentage of noncapital expenditures	10.22%	10.98%	10.45%	10.70%	9.87%	12.10%	10.34%	16.82%	16.82%	19.72%

\* 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

\*\* 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.

Source: Statement of Revenues, Expenditures, and Other Changes in Fund Balances for Governmental Funds  
Additions to Capital Assets in Notes to the Financial Statements, Note II B.

**TOWN OF HIGHLAND**  
**General Government Tax Revenues By Source**  
**Last Ten Fiscal Years**

<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
2012	\$8,540,831

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

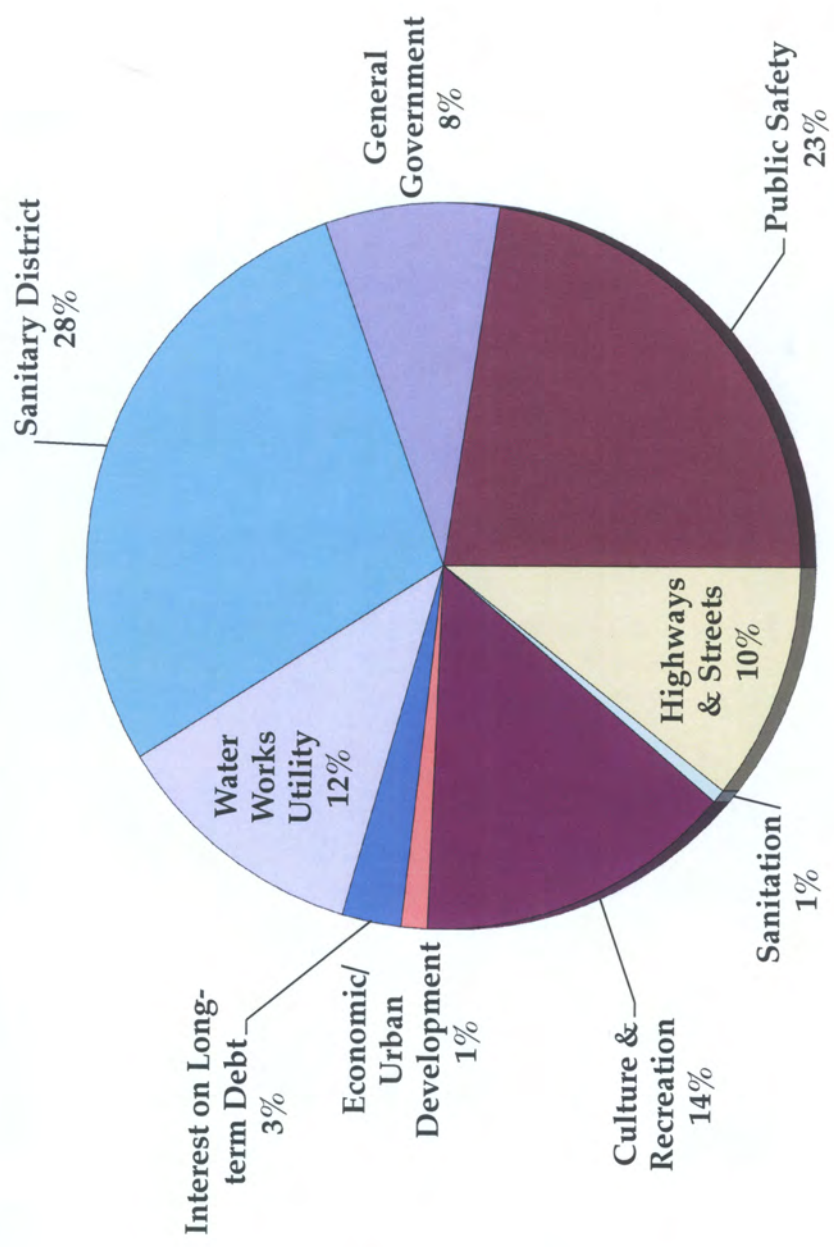
**Town of Highland**  
**Primary Government Expenses by Function**  
**Last Ten Years**

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	
								Total		
2012	\$ 1,820,627	\$ 5,207,664	\$ 2,434,109	\$ 142,781	\$ 3,323,326	\$ 273,985	\$ 616,205	\$ 2,682,859	\$ 6,558,019	\$ 23,059,575
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	\$ 18,985,407
2004	\$ 748,354	\$ 4,741,337	\$ 928,083	\$ 1,437,584	\$ 1,859,186	\$ 83,080	\$ 240,201	\$ 2,276,318	\$ 2,353,091	\$ 14,667,234
2003	\$ 1,500,498	\$ 4,424,506	\$ 2,473,525	\$ 1,250,587	\$ 1,545,834	\$ 396,885	\$ 272,319	\$ 3,016,042	\$ 2,636,038	\$ 17,516,234
Fiscal Year Ended Dec. 31	General Government	Public Safety	Highways Streets & Roadways	Sanitation	Culture & Recreation	Economic Development	Interest on Long-term Debt	Water	Sanitary District	Total
2012	7.90%	22.58%	10.56%	0.62%	14.41%	1.19%	2.67%	11.63%	28.44%	100.00%
2011	7.71%	25.17%	7.21%	8.96%	11.04%	1.19%	3.10%	11.01%	24.62%	100.00%
2010	6.73%	24.45%	5.03%	9.02%	9.73%	1.66%	1.79%	14.21%	27.39%	100.00%
2009	10.59%	22.63%	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%

Source: Statement of Activities

Note: In 2012 the sanitation function (solid waste management) was assigned from the Civil Town to the Sanitary District. There was some transition costs still attributable to the Sanitary District.

## Government Wide Expenses by Function 2012



**Town of Highland**  
**Revenues of the Primary Government**  
**Last Ten Fiscal Years**

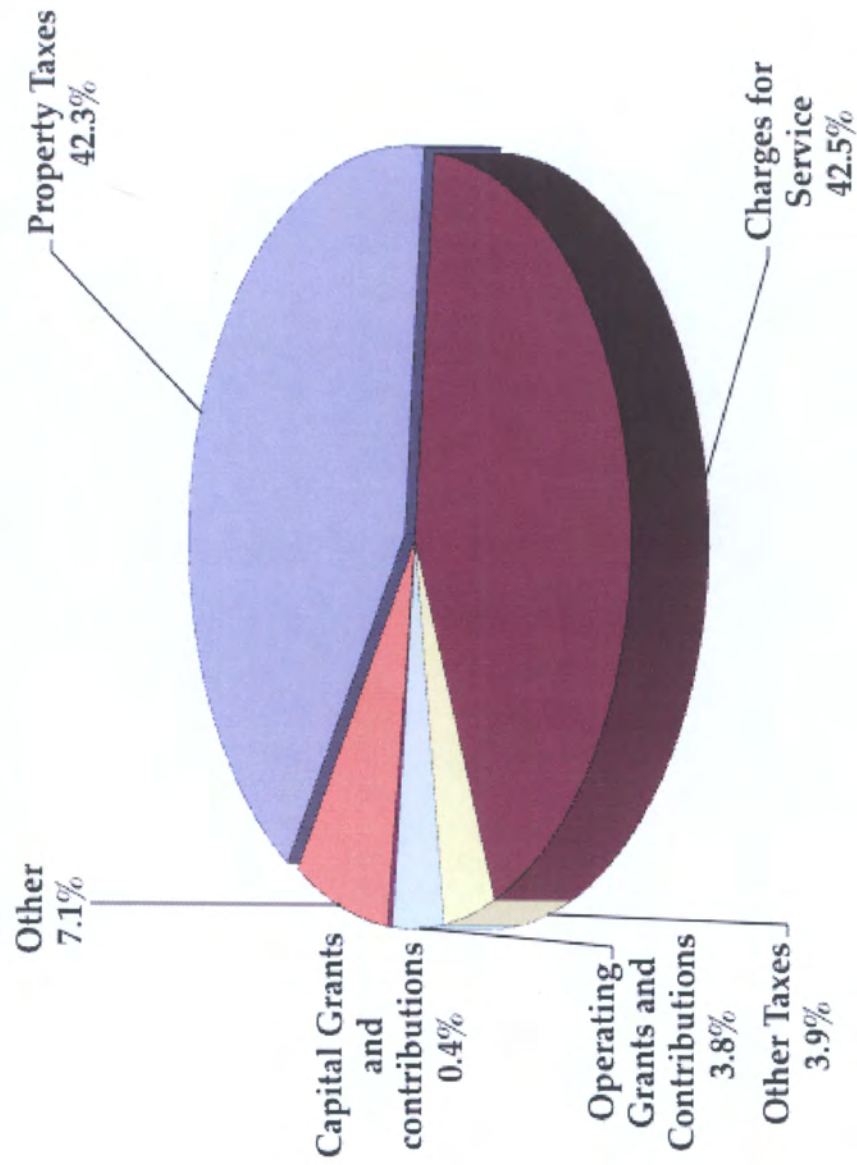
Fiscal Year Ended Dec. 31	Program Revenues				General Revenues			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions Not Restricted to Specific Programs	Other Taxes	Other	Total
2012	\$ 10,464,166	\$ 938,600	\$ 93,932	\$ 10,405,796	\$ -	\$ 951,612	\$ 1,745,499	\$ 24,599,605
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

This includes governmental and business like activities

Fiscal Year Ended Dec. 31	Program Revenues				General Revenues			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions Not Restricted to Specific Programs	Other Taxes	Other	Total
2012	42.54%	3.82%	0.38%	42.30%	0.00%	3.87%	7.10%	100.00%
2011	40.09%	4.33%	5.57%	38.09%	0.00%	3.21%	8.70%	100.00%
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%

Source: Statement of Activities

Revenue by Source for All Activities 2012  
of the Primary Government





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## Revenue Capacity

**Town of Highland  
Property Tax Levies and Collections  
Includes Overlapping Jurisdictions  
Last Ten Years**

<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 &amp; 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>
2012	\$ 27,411,151	\$ 26,430,736	96.42%	\$ 56,802	\$ 26,487,538	96.63%	\$ 371,612	1.36%
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  
Last Ten Years**

<b>Fiscal Year Ended Dec. 31</b>	<b>Net Current Taxes Charged</b>	<b>Net Current Tax Collections</b>	<b>Current Tax Collections as a Percent of Current Tax Levy</b>	<b>Delinquent Tax &amp; Penalty Collections</b>	<b>Total Tax Collections</b>	<b>Total Tax Collections as a Percent of Current Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Outstanding Delinquent Taxes as a Percent of Current Tax Levy</b>
2012	\$ 11,318,565	\$ 10,913,360	96.42%	\$ 23,769	\$ 10,937,129	96.63%	\$ 153,932	1.36%
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**

<b>Funding Fiscal Year Ended Dec. 31</b>	<b>Actual Real Assessed Value</b>	<b>Net Real Estate Nonbus Personal Prop Assessed Value</b>	<b>Railroad, Utilities &amp; Personal Prop ACTUAL Assessed Value</b>	<b>Railroad, Utilities &amp; Personal Prop NET Assessed Value</b>	<b>Total Net Assessed Value Tax Abstract</b>	<b>Total Certified Net Assessed Value Estimated</b>	<b>Ratio of Total Assessed to Estimated Actual Value</b>
2012	\$ 1,708,821,001	\$ 970,613,877	\$ 62,186,975	\$ 61,360,275	\$ 1,031,974,152	\$ 1,032,715,884	99.9%
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	\$ 1,389,345,101	\$ 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	\$ 1,171,339,568	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%

<b>Funding Fiscal Year Ended Dec. 31</b>	<b>Total Assessed value Increase or (Decrease)</b>	<b>Percent of Increase</b>	<b>Difference Actual to Net Assessed Value</b>	<b>Total Corporation Tax Rate</b>	<b>Percent Taxable</b>	<b>Total Overlapping Tax Rate</b>
2012	\$ (1,974,685)	-0.19%	\$ 739,033,824	\$ 1.0960	56.27%	2.7205
2011	\$ (64,728,674)	-5.89%	\$ 744,181,513	\$ 0.8876	58.15%	2.4499
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

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

Beginning in FY 2002, the State of Indiana taxed based upon 100% of the True Tax value of property instead of 33.33%. In addition, a general reassessment was conducted affecting values in FY 2003. This is presenting the value of the tax abstract. This is the assessed value used to generate a tax bill. This is not to be confused with Certified Net 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
2012	\$ 0.9044	\$ 0.1783	\$ 0.0133	\$ 1.0960	\$ 0.6084	\$ 0.0768	\$ 0.8358	\$ 0.1035	\$ -	\$ 2.7205	11.05%
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	\$ 0.6338	\$ 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	#DIV/0!

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**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Corporation General	\$ 0.4694	\$ 0.4494	\$ 0.4316	\$ 0.4366	\$ 0.3503	\$ 0.3602	\$ 0.3960	\$ 0.3909	\$ 0.3541	\$ 0.3485
Corp. Bond	\$ 0.0671	\$ 0.0082	\$ 0.0294	\$ 0.0259	\$ 0.0073	\$ 0.0206	\$ 0.0263	\$ 0.0136	\$ 0.0141	\$ 0.0151
Corp Bond Exempt	\$ 0.0171	-	\$ 0.0129	\$ 0.0101	-	-	-	-	-	-
Police Pension	\$ 0.0009	\$ 0.0028	\$ 0.0054	\$ 0.0054	\$ 0.0120	\$ 0.0207	\$ 0.0174	\$ 0.0100	\$ 0.0171	\$ 0.0024
Parks & Recreation	\$ 0.0898	\$ 0.1052	\$ 0.0907	\$ 0.0924	\$ 0.0732	\$ 0.0805	\$ 0.0668	\$ 0.0719	\$ 0.0655	\$ 0.0720
Park District Bond Exempt	\$ 0.0806	\$ 0.0109	\$ 0.0449	\$ 0.0450	-	-	-	-	-	-
Park District Bond	\$ 0.0645	\$ 0.1391	-	-	\$ 0.0377	\$ 0.0407	\$ 0.0581	\$ 0.0058	\$ 0.0417	\$ 0.0435
Hydrant Rental	-	-	-	-	-	-	\$ 0.0128	-	\$ 0.0248	\$ 0.0230
Sanitary District	\$ 0.0170	\$ 0.0168	\$ 0.0161	\$ 0.0163	\$ 0.0127	\$ 0.0135	\$ 0.0145	\$ 0.0140	\$ 0.0135	\$ 0.0136
Lease Rental Payment	-	-	-	-	-	-	-	-	-	-
Sanitary District Bond	\$ 0.1190	\$ 0.0816	\$ 0.0818	-	\$ 0.0415	\$ 0.0082	\$ 0.0043	-	\$ 0.0098	\$ 0.0297
Sanitary District Bond Exempt	\$ 0.0423	\$ 0.0254	\$ 0.0190	\$ 0.0583	-	-	-	-	-	-
Public Works Bldg. Corp.	-	-	-	-	-	-	-	-	-	-
Cum. Cap. Development	\$ 0.0368	\$ 0.0353	\$ 0.0353	\$ 0.0363	\$ 0.0363	\$ 0.0370	\$ 0.0146	\$ 0.0146	\$ 0.0146	\$ 0.0146
Water District Bond	\$ 0.0493	-	-	-	-	\$ 0.0003	\$ 0.0250	\$ 0.0202	\$ 0.0220	\$ 0.0223
Parks Bldg. Corp. Lease	-	-	-	-	-	-	-	-	-	-
Redevelopment Gen.	\$ 0.0133	\$ 0.0129	\$ 0.0127	\$ 0.0135	\$ 0.0083	\$ 0.0088	\$ 0.0103	\$ 0.0048	\$ 0.0032	\$ 0.0016
Redevelopment Bond Exempt	\$ 0.0289	-	\$ 0.0122	\$ 0.0387	-	-	-	-	-	-
Redevelopment Bond.	\$ -	-	-	-	\$ 0.0433	\$ 0.0491	\$ 0.0270	\$ 0.0366	\$ 0.0370	\$ 0.0391
Redevelopment Capital.	\$ -	-	-	-	\$ 0.0030	\$ 0.0032	\$ 0.0045	\$ 0.0037	\$ 0.0049	\$ 0.0054
<b>Total Corporation:</b>	<b>\$1.0960</b>	<b>\$0.8876</b>	<b>\$0.7920</b>	<b>\$0.7785</b>	<b>\$0.6256</b>	<b>\$0.6428</b>	<b>\$0.6776</b>	<b>\$0.5861</b>	<b>\$0.6223</b>	<b>\$0.6308</b>
<b>Total Tax Rate*:</b>	<b>\$ 2.7205</b>	<b>\$ 2.4499</b>	<b>\$ 2.2280</b>	<b>\$ 2.2280</b>	<b>\$ 2.9025</b>	<b>\$ 2.9848</b>	<b>\$ 3.2683</b>	<b>\$ 3.0638</b>	<b>\$ 3.0163</b>	<b>\$ 3.0142</b>

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

2012					
Taxpayer	Product or Service	Real & Impmnt Assessed Value	Personal Property Assessed Value	Total Assessed Value	Percent of Town's Tax Base
Highland Grove, L.L.C.	Shopping Center	\$ 18,945,700	\$ -	\$ 18,945,700	1.84%
Meijer's Stores	Retail Hypermarket	\$ 18,193,900	\$ -	\$ 18,193,900	1.76%
Hampton in Highland Associates	Rental housing Association	\$ 17,816,900	\$ -	\$ 17,816,900	1.73%
ATG Development Corporation	Developer	\$ 12,542,900	\$ -	\$ 12,542,900	1.22%
UP Improvements LLC	Shopping Center Management	\$ 10,163,200	\$ -	\$ 10,163,200	0.98%
Dayton Hudson (Target)	Retail Department Store	\$ 7,445,500	\$ -	\$ 7,445,500	0.72%
HIBB Associates, LLC	Retail Shopping Mall	\$ 6,154,600	\$ -	\$ 6,154,600	0.60%
Opus North Development	Retail Shopping Mall	\$ 5,955,600	\$ -	\$ 5,955,600	0.58%
Highland Plaza Improvement LLC	Shopping Center Management	\$ 4,935,700	\$ -	\$ 4,935,700	0.48%
Milford P. Christenson	Auto Sales and Service	\$ 3,104,200	\$ -	\$ 3,104,200	0.30%
		<u>\$86,312,500.</u>	<u>\$0.</u>	<u>\$86,312,500.</u>	<u>8.36%</u>

2003					
Taxpayer	Product or Service	Real & Impmnt Assessed Value	Personal Property Assessed Value	Total Assessed Value	Percent of Town's Tax Base **
Meijer's	Retail Hyper Market Store	\$ 13,278,000	\$ 9,972,990	\$ 23,250,990	2.00%
Hampton-Highland Associates	Rental Housing Association	\$ 17,460,200	\$ -	\$ 17,460,200	1.50%
Highland Grove, LLC	Shopping Center	\$ 15,140,000	\$ -	\$ 15,140,000	1.30%
ATG Development Corporation	Developer	\$ 10,528,000	\$ -	\$ 10,528,000	0.91%
Dayton-Hudson (Target)	Retail Department Store	\$ 7,471,800	\$ -	\$ 7,471,800	0.64%
Opus North Development	Retail Shopping Mall	\$ 6,485,600	\$ -	\$ 6,485,600	0.56%
ACME Markets	Retailer	\$ 6,152,600	\$ -	\$ 6,152,600	0.53%
Stracks and Van Til/ Ultra Foods	Retail Hyper Market Store	\$ -	\$ 6,014,060	\$ 6,014,060	0.52%
Indiana Bell Telephone	Telecommunications Utility	\$ -	\$ 5,916,330	\$ 5,916,330	0.51%
Northern Indiana Public Service Co.	Regulated Gas & Electric utility	\$ -	\$ 5,014,160	\$ 5,014,160	0.43%
		<u>\$76,516,200.</u>	<u>\$26,917,540.</u>	<u>\$103,433,740.</u>	<u>8.91%</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**  
**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
2012	23,458	\$1,771,007,976	\$1,032,715,884	\$ 19,832,789	\$ 3,682,912	\$ 16,149,877	1.56%	\$688	0.91%
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%

\* 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.  
Revenue or Mortgage bonds are excluded

\*\* 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 Position

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

Using Certified Assessed Valuation

Certified Assessed Value \$ 1,032,715,884  
Adjusted Value:\*\* \$ 344,238,628

**Town of Highland  
Computation of Legal Debt Margin  
at December 31, 2012**

General Obligation and Special Taxing Districts - Governmental Activity		Special Taxing Districts - Business Activity		
Corporation Town of Highland	Parks & Rec. District	Redevelopment District	Waterworks District	Sanitary District
Adjusted Assessed Value 344,238,628	344,238,628	344,238,628	344,238,628	344,238,628
Debt Limit Percentage 2.00%	2.00%	2.00%	8.00%	12.00%
Debt Limit \$6,884,773	\$ 6,884,773	\$ 6,884,773	\$ 27,539,090	\$41,308,635
Bonds Outstanding \$ 2,433,903	\$ 2,925,000	\$ 875,000	\$ 500,000 **	\$ 12,392,000
<b>Subtotal \$ 4,450,870</b>	<b>\$ 3,959,773</b>	<b>\$ 6,009,773</b>	<b>\$ 27,039,090</b>	<b>\$ 28,916,635</b>
Amount Available in Debt Service Fund \$ 391,247 *	* \$ 375,190	\$ 291,611	\$ 292,544	\$ 1,270,059
<b>Legal Debt Margin \$ 4,842,117</b>	<b>\$ 4,334,963</b>	<b>\$ 6,301,384</b>	<b>\$ 27,331,634</b>	<b>\$ 30,186,694</b>

\* 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 Corporations. 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**  
**Direct and Overlapping Debt Attributable to Governmental Activities**  
**Payable from or backed by Property Taxes**  
**As of December 31 2012**

<b>Governmental Unit</b>	<b>Bonds Outstanding</b>	<b>Percent Applicable to Highland</b>	<b>Amount Applicable to Highland</b>
<b>Direct Debt:</b>			
Town of Highland*	\$ 17,090,469	100.00%	\$ 17,090,469
<b>Overlapping Debt:</b>			
School Town of Highland	\$ 38,761,200 **	100.00%	\$ 38,761,200
North Township	\$ 569,712	16.17%	\$ 92,130,9597
Lake County Library	\$ 21,410,000	9.16%	\$ 1,960,480
Lake County	\$ 110,824,975	5.05%	\$ 5,591,324
county Solid Waste Management District	\$ 5,865,000	5.05%	\$ 295,900
<b>Total Overlapping Debt</b>	<b>\$ 177,430,887</b>		<b>\$ 46,701,035</b>
<b>Total Direct and Overlapping Debt:</b>			<b>\$ 63,791,504</b>

\* Includes Parks District, Redevelopment District, Corporation  
In addition includes Parks and Recreation as well as Lincoln Community Center Building Corporation debt.  
This excludes the Sanitary District, and Waterworks, which have property tax repaid debt. An additional schedule is supplied for business activity.

\*\* Amount includes Building Corporation Mortgage Bonds

Sources: Office of Highland Clerk-Treasurer and Notes to the Financial Statements Note IV, G.

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 2012 budget orders [prepared by the Indiana Department of Government Finance.]

**Town of Highland**  
**Direct and Overlapping Debt Attributable to Business Activities**  
**Payable from or backed by Property Taxes**  
**As of December 31 2012**

<b>Governmental Unit</b>	<b>Bonds Outstanding</b>	<b>Percent Applicable to Highland</b>	<b>Amount Applicable to Highland</b>
<b>Direct Debt:</b>			
Town of Highland Sanitary District	\$ 12,392,000	100.00%	\$ 12,392,000
Town of Highland Water District Note	\$ 500,000	100.00%	\$ 500,000
<b>Total Direct and Overlapping Debt:</b>			<b>\$ 12,892,000</b>

This reflects business activity debt that is payable in part or in total by property taxes. Because it is significant this schedule is included.

Sources: Office of Highland Clerk-Treasurer and Notes to the Financial Statements Note IV, G.



**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
2012	\$ 6,233,903	\$ -	\$ 10,855,000	\$ -	\$ 710,073	\$ 12,392,000	\$ -	\$ -	\$ 500,000	\$ -	\$ 30,690,976	23,458	\$ 1,308.34	\$ 704,584,488	4.36%
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	\$ -	\$ 34,832	\$ 1,585,000	\$ 1,385,000	\$ -	\$ -	\$ -	\$ 9,074,832	23,246	\$ 390.38	\$ 613,089,074	1.48%
															(Per \$1000)

(Per \$1000)

Sources:  
Population estimates provided by U.S. Census Bureau  
Town of Highland Comprehensive Annual Financial Reports  
Notes to Financial Statements (F), (P), (T)  
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**

<b>Fiscal Year Ended Dec. 31</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total Governmental Expenditures</b>	<b>Ratio of Debt Services to General Expenditures</b>
2012	\$ 1,767,487	\$ 731,910	\$ 2,499,397	\$ 13,821,732	18.08%
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%

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**  
**Last Ten Years**

Fiscal Year Ended Dec. 31	Principal		Interest		Total Debt Service		Total Utilities' Expenditures		Ratio of Debt Services to Utilities' Expenditures	
2012	\$	1,138,000	\$	631,868	\$	1,769,868	\$	8,575,081		20.64%
2011	\$	823,000	\$	621,789	\$	1,444,789	\$	7,257,265		19.91%
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	\$	1,301,690	\$	237,970	\$	1,539,660	\$	5,367,653		28.68%

Source: Statement of Cash Flows Proprietary Funds

These exclude capital lease purchases

**Town of Highland**  
**Revenue Bond Coverage**  
**Parks and Recreation Building Corporation**  
**A blended component unit of the municipality**  
**Last Ten Years**

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements		Total	Coverage
				Principal	Interest		
2012	\$ 106,059	\$ 5,150	\$ 100,909	\$ 260,000	\$ 21,320	\$ 281,320	0.36
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

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.

Source: Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets Internal Service Funds  
Combining Statement of Cash Flows Internal Service Funds

**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		
2012	\$ 447,579	\$ 1,900	\$ 445,679	\$ 585,000	\$ 335,667	\$ 920,667	0.48
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.

Should include data from the last 10 years but the corporation was not formed until late 2010.



## Demographic & Economic Information

**Town of Highland  
Economic and Demographic Statistics**

Fiscal Year Ended Dec. 31	Estimated Population	Estimated Total Personal Income #	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
2012	23,458	\$ 704,584,488	\$ 30,036	3,243	668	7.5%	8.4%	6.0%
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%

**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**

2012			
Employer	Type of Business	Reported Employment	Percentage of Local Workforce
Strack & Van Til/Ultra Foods, Inc.	Groceries/Warehouse	599 (1)	5.0%
School Town of Highland	Public Education K-12	402 (2)	3.4%
Meijer's	Groceries	400	3.3%
Emcor/Hyre Electric Company	Electrical Services Contractor	350	2.9%
<b>Town of Highland</b>	Municipal Government	239 (3)	2.0%
Prompt Ambulance	Emergency Medical Services	180	1.5%
Kohl's Department Store	Retailer	180	1.5%
Target Store (Dayton Hudson)	Retailer	150	1.3%
Patrick's Pros	Party/Event Organizer	125	1.0%
Best Buy, Inc.	Electronics and appliances retailer	100	0.8%
Allen's Landscape Construction	Garden Center	90	0.8%
Webb Ford, Inc.	Auto Dealership	85	0.7%
Old Country Buffet	Restaurant	80	0.7%
Comfort Keepers	Home Health Care	80	0.7%
Christenson Chevrolet	Auto Dealership	70	0.6%
First Financial Bank	Financial Services/Banking	63	0.5%

2003			
Employer	Type of Business	Reported Employment	Percentage of Local Workforce
Strack & Van Til/Ultra Foods, Inc.	Groceries/Warehouse	638 (1)	7.1%
Meijer's	Super grocer	500	5.6%
School Town of Highland	Public Education K-12	384 (2)	4.3%
JWP/Hire Electric Company	Electrical Contractor	370	4.1%
Jewel Foods	Retail grocer	350	3.9%
<b>Town of Highland</b>	Municipal Government	334 (4)	3.7%
Sand Ridge Bank (now First Financial)	Financial Services/ Banking	259	2.9%
Target (dayton Hudson)	Retailer	210	2.3%
Kohl's Department Store	Retailer	178	2.0%
Webb Ford, Inc.	Auto Dealership	110	1.2%
Thomas Dodge/Chrysler/Jeep	Auto Dealership	100	1.1%
Christenson Chevrolet, Inc.	Auto Dealership	66	0.7%

(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) 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**

2012				
Employer	Type of Business	Location	Reported Employment	Percentage of Local Workforce
Mittal/Arcelor Steel	Steel Manufacturing	East Chicago/Burns Harbor	11,000	4.6%
US Steel Gary Works (USX)	Steel Manufacturing	Gary	6,000	2.5%
NIPSCO/NISource	Electric/Natural Gas Utility	Merrillville	3,096	1.3%
Methodist Hospitals	Medical Services	Gary/Merrillville	3,500	1.5%
BP Amoco	Oil Refinery	Whiting	3,000	1.3%
Franciscan St. Margaret/Mercy Hospitals	Medical Services	Dyer/Hammond	3,000	1.3%
Community Hospital	Medical Services	Munster	2,800	1.2%
Horseshoe Casino	Entertainment Gaming	Hammond	2,200	0.9%
Ameristar Casino	Entertainment Gaming	East Chicago	1,800	0.8%
St. Anthony Medical Center	Medical Services	Crown Point	1,450	0.6%
Bulkmatic Transport	Trucking	Griffith	1,300	0.5%
Majestic Star & Majestic Star II Casinos	Entertainment Gaming	Gary	1,344	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	802	0.3%
Lear Seating Corp.	Automotive Seating	Hammond	751	0.3%
Hammond Clinic	Medical Services	Munster	600	0.3%
Wal-Mart	Retail	Hammond	590	0.2%

2003				
Employer	Type of Business	Location	Reported Employment	Percentage of Local Workforce
US Steel Gary Works (USX)	Steel Manufacturing	Gary	8,000	3.5%
Ispat/Inland Steel	Steel Manufacturing	East Chicago	7,000	3.0%
Methodist Hospitals	Medical Services	Gary/Merrillville	3,260	1.4%
St. Margaret/Mercy Hospitals	Medical Services	Dyer/Hammond	3,000	1.3%
Community Hospital	Hospital Medical Services	Munster	3,000	1.3%
NIPSCO/NISource	Electric/Natural Gas Utility	Merrillville	2,670	1.2%
Majestic Star Casino	Entertainment Gaming	Gary	2,351	1.0%
Harrah's Casino	Entertainment Gaming	East Chicago	2,200	1.0%
Harrah's Casino	Entertainment Gaming	East Chicago	1,700	0.7%
BP Amoco	Oil Refinery	Whiting/Hammond	1,500	0.6%
Indiana Trump Casino	Entertainment Gaming	Gary	1,200	0.5%
Hammond Clinic	Medical Services	Munster	600	0.3%
Cerestar USA (Cargill)	Corn Products Processor	Hammond	569	0.2%
Lee Communications (The TIMES)	News Paper/Media Services	Munster	500	0.2%
Unilever	Soap Manufacturing	Hammond	480	0.2%
PepsiAmericas, Inc.	Beverage Production	Munster	475	0.2%

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**

Year	Residential		Multiple Family	
	Single Family Permits	Value	Permits	Value
2012	4	\$ 897,592	0	\$ -
2011	3	\$ 564,500	0	\$ -
2010	4	\$ 732,500	0	\$ -
2009	6	\$ 1,366,000	0	\$ -
2008	8	\$ 1,509,200	3	\$ 535,000
2007	22	\$ 4,619,269	0	\$ -
2006	26	\$ 5,079,102	1	\$ 247,000
2005	18	\$ 2,716,425	1	\$ 240,000
2004	12	\$ 1,796,000	4	\$ 2,300,000
2003	25	\$ 4,316,252	2	\$ 900,000
<b>Institutional, Commercial, Industrial</b>				
Year	Miscellaneous		Totals	
	Permits	Value	Permits	Value
2012	1	\$ 575,000	1,390	\$ 17,661,668
2011	11	\$ 4,585,945 ***	1,167	\$ 11,335,584
2010	10	\$ 5,795,225	1,235	\$ 21,184,977
2009	5	\$ 1,718,503	1,315	\$ 11,024,394
2008	7	\$ 8,558,425 **	1,512	\$ 22,560,215
2007	3	\$ 754,739 **	1,594	\$ 19,978,854
2006	3	\$ 2,097,900 *	1,373	\$ 16,127,532
2005	3	\$ 4,500,000 *	1,007	\$ 14,045,986
2004	6	\$ 6,596,000	938	\$ 17,634,428
2003	2	\$ 701,235	880	\$ 12,362,049

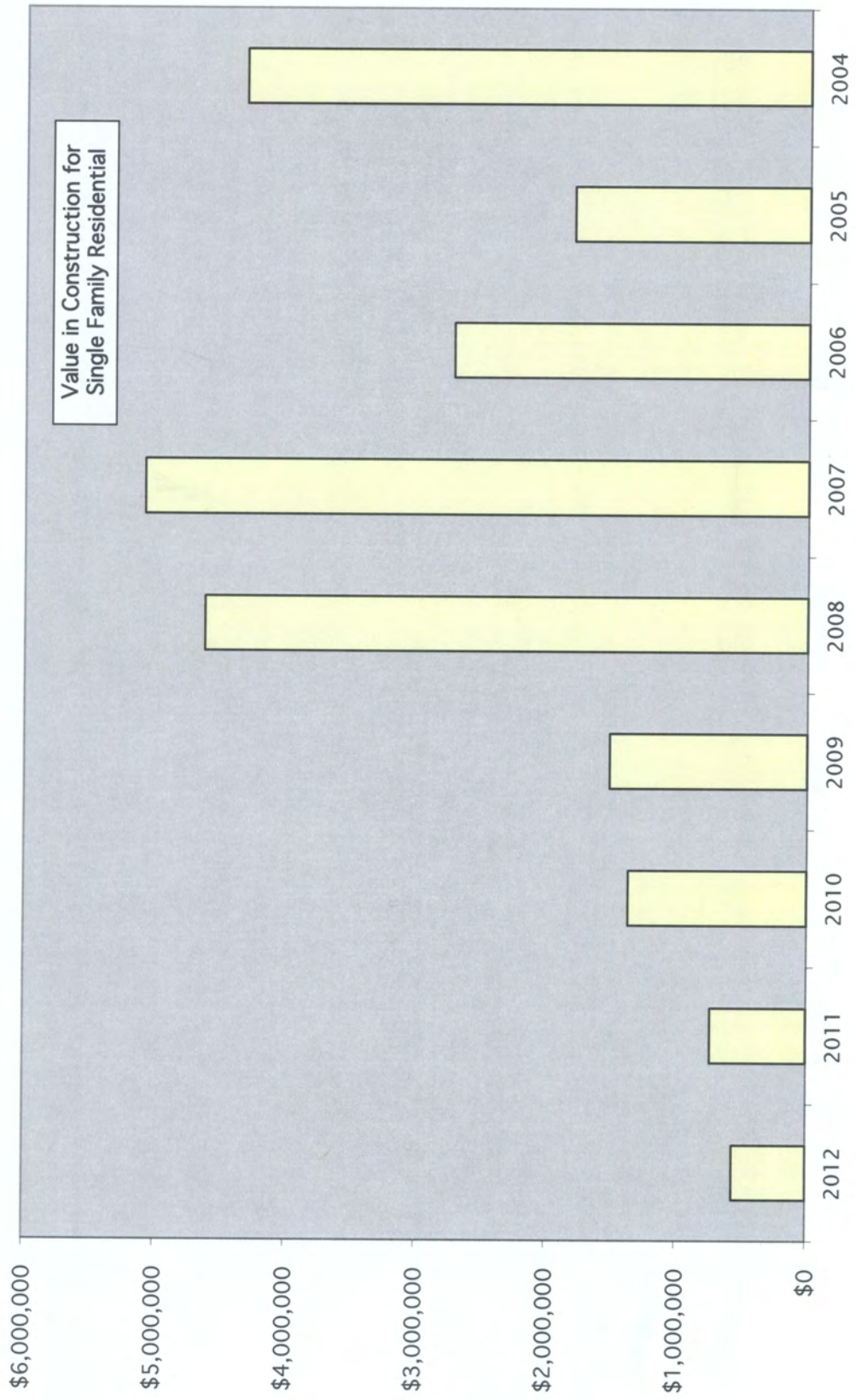
Note: Data from annual building reports prepared by building commissioner.

\* 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, 2012**

<b>User</b>	<b>Business</b>	<b>Consumption (1,000 Gallons)</b>	<b>Billed Revenue</b>	<b>Percentage of Billed Flow</b>
Town of Dyer	Municipality	543,925	\$441,830	37.74%
Hampton in Highland	Apartment Complex	17,193	\$31,557	1.19%
Porte d' leau	Town House Assn	13,523	\$23,702	0.94%
Pleasant View Dairy	Dairy Products	7,316	\$10,537	0.51%
Meijer's Incorporated	Retail Grocer	6,984	\$10,912	0.48%
School Town of Highland	Public Schools	6,004	\$18,952	0.42%
Georgetown Condos	Condominiums	5,303	\$11,783	0.37%
Wildwood Condo Association	Condominiums	5,188	\$12,830	0.36%
ATG/Embassy Place	Condominiums	4,733	\$10,296	0.33%
Meyers Development Corp.	Commercial/Condo	4,356	\$10,696	0.30%
Les Chateaux	Condominiums	3,647	\$7,358	0.25%

**Note:** Total billed flow for the 12 months ending December 31, 2012, was 1,441,070,000 gallons.

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

<b>User</b>	<b>Business</b>	<b>Consumption (1,000 Gallons)</b>	<b>Billed Revenue</b>	<b>Percentage of Billed Flow</b>
Town of Dyer	Municipality	588,280	\$438,724	43.81%
Hampton in Highland	Apartment Complex	19,405	\$44,916	1.45%
Porte d' leau	Town House Assn	13,191	\$20,099	0.98%
Pleasant View Dairy	Dairy Products	7,315	\$9,884	0.54%
School Town of Highland	Public Schools	6,958	\$16,074	0.52%
Wildwood Condo Association	Condominiums	5,311	\$10,467	0.40%
Georgetown Condos	Condominiums	5,192	\$10,382	0.39%
ATG/Embassy Place	Condominiums	4,570	\$8,001	0.34%
Meyers Development Corp.	Commercial/Condo	4,178	\$9,187	0.30%
Les Chateaux	Condominiums	3,915	\$7,039	0.29%

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**

<b>User</b>	<b>Business</b>	<b>Consumption (1,000 Gallons)</b>	<b>Billed Revenue</b>	<b>Percentage of Billed Flow</b>
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, 2007**

<b>User</b>	<b>Business</b>	<b>Consumption (1,000 Gallons)</b>	<b>Billed Revenue</b>	<b>Percentage of Billed Flow</b>
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, 2008**

<b>User</b>	<b>Business</b>	<b>Consumption (1,000 Gallons)</b>	<b>Billed Revenue</b>	<b>Percentage of Billed Flow</b>
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**

<b>User</b>	<b>Business</b>	<b>Consumption (1,000 Gallons)</b>	<b>Billed Revenue</b>	<b>Percentage of Billed Flow</b>
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**

<b>User</b>	<b>Business</b>	<b>Consumption (1,000 Gallons)</b>	<b>Billed Revenue</b>	<b>Percentage of Billed Flow</b>
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**

<b>User</b>	<b>Business</b>	<b>Consumption (1,000 Gallons)</b>	<b>Billed Revenue</b>	<b>Percentage of Billed Flow</b>
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**

<b>User</b>	<b>Business</b>	<b>Consumption (1,000 Gallons)</b>	<b>Billed Revenue</b>	<b>Percentage of Billed Flow</b>
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**

<b>User</b>	<b>Business</b>	<b>Consumption (1,000 Gallons)</b>	<b>Billed Revenue</b>	<b>Percentage of Billed Flow</b>
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  
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	6,088	\$ 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, 2012**

<b>Institutions</b>	<b>Assets in Highland as of 30 June 11</b>	<b>Pctge of Total</b>	<b>Assets in Highland as of 30 June 12</b>	<b>Pctge of Total</b>	<b>Number of Offices</b>
First Financial Bank NA*	\$ 275,939,000	31.58%	\$ 281,761,000	31.45%	3
Centier Bank	\$ 174,937,000	20.02%	\$ 179,689,000	20.06%	2
First Midwest Bank**	\$ 253,908,000	29.06%	\$ 258,488,000	28.85%	2
Fifth/Third Bank	\$ 34,389,000	3.94%	\$ 32,850,000	3.67%	2
Standard Bank & Trust	\$ 32,357,000	3.70%	\$ 35,310,000	3.94%	1
JP Morgan Chase Bank NA	\$ 39,761,000	4.55%	\$ 44,627,000	4.98%	1
Citizens Financial Services, FSB	\$ 33,982,000	3.89%	\$ 34,754,000	3.88%	1
Lake Federal Bank FSB	\$ 13,809,000	1.58%	\$ 13,003,000	1.45%	1
First Federal Savings and Loan Assn.	\$ 14,650,000	1.68%	\$ 15,361,000	1.71%	1
	<b>\$ 873,732,000</b>		<b>\$ 895,843,000</b>		<b>14</b>

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**

Months	2012	Change (in basis points)	2011	2010	2009	2008	2007	2006	2005	2004	2003
January	0.08%	1.00	0.17%	0.11%	0.15%	3.94%	5.25%	4.50%	2.25%	1.00%	1.25%
February	0.10%	2.00	0.16%	0.13%	0.22%	2.98%	5.25%	4.50%	2.50%	1.00%	1.25%
March	0.13%	3.00	0.14%	0.16%	0.18%	2.61%	5.25%	4.75%	2.75%	1.00%	1.25%
April	0.14%	1.00	0.10%	0.20%	0.15%	2.28%	5.25%	4.75%	2.75%	1.00%	1.25%
May	0.16%	2.00	0.09%	0.20%	0.18%	1.98%	5.25%	5.00%	3.00%	1.00%	1.25%
June	0.16%		0.09%	0.18%	0.21%	2.00%	5.25%	5.25%	3.25%	1.25%	1.00%
July	0.16%		0.07%	0.18%	0.16%	2.00%	5.25%	5.25%	3.25%	1.25%	1.00%
August	0.13%	-3.00	0.10%	0.19%	0.16%	2.00%	5.25%	5.25%	3.50%	1.50%	1.00%
September	0.14%	1.00	0.08%	0.19%	0.15%	1.81%	4.75%	5.25%	3.75%	1.75%	1.00%
October	0.16%	2.00	0.07%	0.19%	0.12%	0.97%	4.50%	5.25%	3.75%	1.75%	1.00%
November	0.16%		0.08%	0.19%	0.12%	0.39%	4.50%	5.25%	4.00%	2.00%	1.00%
December	0.16%		0.07%	0.18%	0.12%	0.16%	4.25%	5.25%	4.25%	2.25%	1.00%
Number of Annual Changes	8		10	7	9	10	3	4	8	5	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	\$ 3,146,397	\$ 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	1,856,334
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	693,620	355,863	293,088	245,420	393,725	677,781	23,173
Extraordinary Items	-	-	-	-	-	-	-	-	-	(240,000)
Operating Transfers Out	-	-	-	-	-	-	-	-	-	-
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	3,145,085	4,847,101	6,956,248	2,785,857	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)	(10,848,111)	(10,222,816)	(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	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 Position	-	-	-	-	-	-	-	-	-	753,332
	-	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 Position	\$ 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:										
Residential	8090	8100	8040	8093	8053	8053	7991	8,032	8,210	7,945
Commercial et alia	798	791	842	819	838	801	826	818	826	797
Totals	8,888	8,891	8,882	8,912	8,891	8,854	8,817	8,850	9,036	8,742

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

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Operating Revenues	\$ 2,910,444	\$ 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
Operating Expenses	2,668,674	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
Operating Income(Loss)	241,770	81,751	(381,069)	(156,954)	(65,938)	(596,047)	388,156	540,480	423,306	409,556
Nonoperating Revenues(Expenses)	538,516	(1,200)	2,563	1,613	(44,175)	94,773	339,503	219,419	130,284	(1,737)
Extraordinary Items										
Net Income(Loss)	\$ 780,286	\$ 80,551	\$ (378,506)	\$ (155,341)	\$ (110,113)	\$ (501,274)	\$ 727,659	\$ 759,899	\$ 553,590	\$ 407,819
Before contributions and transfers										
Current Assets	\$ 850,154	\$ 920,815	\$ 553,176	\$ 507,665	\$ 420,828	\$ 396,112	\$ 695,304	\$ 284,772	\$ 286,773	\$ 298,354
Restricted Assets	1,415,963	562,157	337,058	735,407	1,034,403	1,351,865	1,633,328	1,567,391	1,590,547	1,540,290
Utility Plant In Service	17,160,493	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
Accumulated Depreciation	8,567,444	(8,188,997)	(7,773,105)	(7,503,905)	(6,949,514)	(7,081,898)	(6,760,345)	(6,463,953)	(6,138,871)	(6,677,931)
Const. Work in Progress/Land	17,661	706,051	211,960	355,792	220,828	162,981	77,122	176,641	1,176,084	108,333
Deferred Debits	0	0	0	0	0	0	0	5,724	16,505	27,288
Total Assets	\$ 28,011,715	\$ 10,313,465	\$ 9,460,487	\$ 9,795,254	\$ 10,243,340	\$ 10,194,842	\$ 10,918,400	\$ 10,645,531	\$ 10,658,402	\$ 10,236,108
Current Liabilities	\$ 720,026	\$ 478,905	\$ 242,506	\$ 195,937	\$ 524,551	\$ 303,896	\$ 562,220	\$ 742,217	\$ 1,148,804	\$ 1,097,545
Long-Term Liabilities	111,702	598,495	75,414	60,582	24,713	86,557	8,110	282,672	700,946	1,502,877
Total Net Position	10,021,066	9,240,780	9,160,229	9,538,735	9,694,076	9,804,189	10,348,300	9,620,641	8,808,652	7,635,886
Total Liabilities, Contributions	(831,728)	(1,077,400)	(317,920)	(256,519)						
Total Liabilities and Net Position	\$ 10,021,066	\$ 9,240,780	\$ 9,160,229	\$ 9,538,735	\$ 10,243,340	\$ 10,194,842	\$ 10,918,630	\$ 10,645,530	\$ 10,658,402	\$ 10,236,108
Number of Customers:										
Residential	8,189	8,220	8,223	8,279	8,228	8,208	8,176	8,137	8,225	8,510
Commercial et alia	804	800	797	845	824	822	828	853	848	838
Total	8,993	9,020	9,020	9,124	9,052	9,030	9,004	8,990	9,073	9,348

\*Information is not available.

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## Operating Information

**TOWN OF HIGHLAND**  
**Full-time Equivalent Town Government Employees by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Elected Official	1	1	1	1	1	1	1	1	1	1
General Government	11	11	11	11	11	11	11	11	11	10
Public Safety										
Police										
Sworn	43	37	43	39	41	41	41	39	37	35
non Sworn	9	8	7	8	9	8	8	8	7	8
(1) Fire										
Firefighters and officers	1	1	1	1	1	1	1	1	1	1
(1) Emergency										
Public Works										
Supervisors	2	2	2	2	2	2	2	2	6	6
Clerical	1	1	1	1	1	1	1	1	2	2
Highways and streets	15	11	11	12	11	12	12	12	6	5
Sanitation	10	6	6	6	6	6	6	6	7	8 *
Park and recreation	16	14	16	21	16	16	17	17	17	16
Redevelopment	0	0	1	1	1	1	1	1	1	1
Water	11	7	7	9	9	12	12	12	8	8
Sanitary District	3	3	3	3	3	3	3	3	8	6
<b>Total</b>	<b>123</b>	<b>102</b>	<b>110</b>	<b>115</b>	<b>112</b>	<b>115</b>	<b>116</b>	<b>114</b>	<b>112</b>	<b>107</b>

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.

\* In 2012 the Sanitation Function was assigned to the Sanitary District. This listing is retained to show the discrete staffing.

**TOWN OF HIGHLAND**  
Operating Indicators by Function  
The Last Ten Fiscal Years

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	26,887
Building & Inspections Referrals	9,592	7,109	12,080	13,629	9,228	4,787	6,840	9,796	7,034	9,220
Public Works referrals	5,133	3,109	5,115	5,016	5,176	2,744	3,715	3,110	2,196	2,965
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	7,779
Business Licenses				321	115	744	598	843	970	971
Domestic Pet Tags		1,564	1,491	1,432	1,451	1,600	1,414	1,501	1,475	1,600
Access to Public Records Requests					47	29	38	22	20	27
Marriages Solemnized	9	10	7	2	4	3	3	9	9	4
Police										
Citations	4,341	5,579	5,186	5,234	4,584	4,284	5,265	4,652	4,611	4,098
Warnings Written	4,054	6,203	5,658	5,480	5,423	6,108	7,019	6,576	6,459	5,872
Parking Citations	36	57	37	43	17	10	33	16	29	165
DUI/OWI Arrests	156	162	174	210	218	170	244	202	166	126
Accident Arrests	272	293	217	240	224	233	189	190	202	207
Accidents Investigated	1,295	1,207	1,142	1,074	1,090	1,309	1,061	1,183	1,345	1,115
Criminal Arrests	320	370	349	388	364	577	435	327	361	327
	10,474	13,871	12,763	12,669	11,900	12,691	14,246	13,146	12,415	11,910
Fire										
Structure Fires	11	13	22	25	12	11	12	1	16	220
Vehicle Fires	28	21	21	20	12	17	19	14	7	12
General Alarms/False Alarms	122	118	118	114	138	141	135	139	160	185
Brush fires, carbon monoxide calls, hazmat, etc	135	107	94	100	132	146	71	68	87	80
Ambulance - back-up to service provider	12	9	9	5	1	1	0	0	0	0
Emergency/Ambulance Provider										
Dispatched to:	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Private Residence	N/A	148	1,386	1,295	1,224	1,218	1,257	1,851	1,259	1,801
Commercial Property	N/A	17	113	209	259	314	266	151	282	209
Public Property and Streets	N/A	21	94	195	347	396	342	132	265	246
Advanced Life Support Transports	N/A	70	666	705	766	722	771	875	862	904
Basic Life Support Transports	N/A	45	157	341	344	413	299	383	361	365
Dry Runs, Refusal of Services	N/A	71	570	653	693	793	834	876	583	984
Dispatched		186	1,593	1,699	1,803	1,928	1,904	2,134	1,942	2,253
Actual transports		115	1,023	1,046	1,110	1,135	1,070	1,258	1,223	1,269

Continued on next page

Source: Various Town of Highland Departments.

See Clerk-Treasurer service units



**TOWN OF HIGHLAND**  
Operating Indicators by Function, continued  
Last Ten Years

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Highways and Streets										
Street resurfacing (miles)	2.18	0.59	8.47	8.47	4.34	2.47	4.32	3.11	2.88	1.03
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	9,565.57	8,708.74
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	1,671.04	1,767.15
Parks and Recreation (1)										
Leases	\$ 152,880	\$ 156,118	\$ 164,105	\$ 161,500	\$ 149,575	\$ 18,488	\$ 202,364	\$ 214,673	142,178	\$ 117,171
Community Center/Events	65,721	66,108	57,677	41,857	82,328	86,079	79,550	78,414	40,948	\$ 96,834
Softball	170,980	172,258	163,670	164,328	166,681	175,729	167,478	158,543	147,838	\$ 139,363
Basketball	34,641	44,457	41,298	38,084	36,498	30,425	26,899	24,568	28,918	\$ 28,918
Seniors Programs	41,434	65,273	106,178	103,629	92,037	42,229	68,110	81,247	84,932	\$ 122,270
Children's Programs	33,187	26,827	32,766	35,701	32,341	23,678	57,588	80,394	76,823	\$ 108,215
Gymnastics	16,377	16,619	22,269	19,296	18,201	16,762	15,557	14,289	16,081	\$ 37,044
Adult Fitness	28,618	21,851	26,434	25,498	57,272	50,773	55,345	71,433	88,597	\$ 93,368
Dance (Adult & Youth)					23,941	17,211	15,582	12,846	12,531	\$ 24,076
Park Program Participation										
Resident				4,597	8,820	5,106	5,267 (1)	5,416 (1)	5,790	5,042
Non-Resident				3,030	5,047	4,761	5,237	4,543	4,694	5,684
Audiences				4,200	9,200	8,830	10,235	11,561	10,000	9,700
Participants				2,630	480	700	8,705	9,908	6,256	5,406
Total:				14,457	23,547	19,397	29,444	31,428	26,740	25,832
Water										
New Connections	40	31	26	26	26	25	6	-	6	0
Avg. Daily Consumption (millions of gallons)	3,706	3,842	4,001	3,800	3,822	3,855	3,782	3,821	3,680	3,696
Avg. Daily Consumption Highland only (millions of gallons)	2,360	2,400	2,630	2,340	2,400	2,360	2,300	2,000	2,23	2,09
Sanitary District										
New Connections (Sanitary & Storm)	74	53	38	38	37	45	9	-	7	0
Avg. Daily Treatment (millions of gallons)	2,722	2,801	2,989	3,780	3,720	3,789	3,850	3,289	3,560	2,770

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.

**TOWN OF HIGHLAND**  
**Capital Asset Statistics by Function**  
**Last Ten Years**

Function	Fiscal Years									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	1	1	2	2	2	3	3	3	3	3
Monuments	1	2	3	3	3	3	3	3	3	3
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Off-site Storage Facility	17	28	27	37	37	1	1	1	1	1
Marked Patrol Vehicles	1	1	1	1	1	1	2	2	3	3
K-9 Vehicles	10	9	11	10	10	24	28	28	26	26
Unmarked Vehicles	2	1	1	1	1	0	0	0	1	1
Motorcycles	1	1	1	1	1	11	11	11	11	11
Animal Control Vehicle						1	1	1	1	1
Volunteers In Police Service Vehicles						1	1	1	1	1
Trailers			1	4	4	1	6	5	8	8
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Fire Fighting Vehicles	10	10	10	10	10	8	8	8	10	10
General vehicles	2	2	2	2	2	3	3	3	3	3
Highways and streets										
Streets (miles)	N/A	N/A	89.28	89.28	88.99	88.99	88.99	91	91	0
Street lights	121	121	121	121	121	121	121	274	274	0
Traffic signals	20	20	21	21	21	20	20	20	20	0
Sidewalks					91	91	91	91	91.64	0

Continued on next page

Source: Various Town Departments

**TOWN OF HIGHLAND**  
**Capital Asset Statistics by Function, continued**  
**Fiscal Years 2003 - 2012**

Function	Fiscal Year										
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
<b>Parks and Recreation</b>											
Parks Acreage	250	250	250	250	250	250	250	250	250	250	250
Parks	22	22	22	22	22	22	22	22	22	22	22
Picnic Shelters	4	4	4	4	4	4	4	4	4	4	4
Gazebos	2	2	2	2	2	2	2	2	2	2	2
Tennis courts	6	6	6	6	6	8	8	8	8	8	8
Basketball Courts (indoor)	5	5	5	5	5	5	5	5	4	4	4
Basketball Courts (outdoor)	10	10	10	10	10	10	9	9	9	9	9
Baseball Fields	9	10	10	10	10	11	11	11	11	11	11
Softball Fields	11	11	11	11	11	12	12	12	11	11	11
Soccer Fields	5	9	9	9	9	10	10	10	10	10	10
Community use centers	1	1	1	1	1	1	1	1	1	1	1
Bike trails (miles)	4	4	4	4	4	4	4	4	4	4	4
Tractors/Mowers	12	12	12	12	12	13	13	13	13	13	13
Vehicles	11	11	10	10	10	11	11	11	11	11	11
<b>Water</b>											
Water Mains (miles)	86.04	86.04	88.27	88.27	88.27	88.27	88.27	111.78	111.78	111.78	0
Fire Hydrants	550	600	600	600	720	783	793	795	795	795	0
Storage Capacity (MG)	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	0
<b>Sanitary District</b>											
Sanitary (Waste water) sewer lines(miles)	73.45	73.45	74.10	74.10	74.10	74.10	74.10	92.68	92.68	92.68	92.68
Lift stations (Sanitary)	10	10	10	10	10	10	10	12	12	12	11
Lift Stations (Storm)	5	5	5	5	5	5	5	5	5	5	5
Sanitary Retention Basins	2	2	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	84.58	104.65

Source: Various Town Departments

**Town of Highland Primary Government  
Top Ten Vendors for 2012**

<u>Vendors</u>	<u>Amount Paid</u>	<u>Description</u>
Wells Fargo Bank, N.A.	\$ 2,877,591	Bond Registrar & Agency services
IACCT Medical Trust	\$ 1,635,502	Group health insurance premiums
Republic Services of Indiana	\$ 1,483,245	Contract cost for curbside solid waste collection
Internal Revenue Service	\$ 1,265,236	Payroll withheld taxes
Sanitary District of Hammond	\$ 905,212	Wastewater treatment services from the POTW
Grimmer Construction, Inc.	\$ 796,752	Costs for sewer and water reconstruction projects
Walsh & Kelley	\$ 735,174	Costs for asphalt paving and concrete services
Hammond Waterworks Department	\$ 718,800	Costs for potable water supply
Indiana Police Pension Fund	\$ 675,141	Employer contribution for defined benefit pension
NIES Engineering, Inc.	\$ 470,886	Engineering and design advise for the water, storm and wastewater

**Top Ten Vendors for 2011**

<u>Vendors</u>	<u>Amount Paid</u>	<u>Description</u>
Centier Bank	\$ 2,988,264	Repayment of temporary loan plus interest
Wells Fargo Bank, N.A.	\$ 2,839,060	Bond Registrar & Agency services
IACCT 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**

<u>Vendors</u>	<u>Amount Paid</u>	<u>Description</u>
JP Morgan Chase Bank	\$ 3,451,660	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
IACCT 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 Egoif 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

### *1<sup>st</sup> President*

- Charles Wirth, 1910-1921

### *2<sup>nd</sup> President*

- Garrett, Krooswyk, 1922-1927

### *3<sup>rd</sup> President*

- Charles Wirth, 1928-1929

### *4<sup>th</sup> President*

- B.I. Weller, 1930-1931

### *5<sup>th</sup> President*

- George Brant, 1932, Jan – Sep, 1933

### *6<sup>th</sup> President*

- B.I. Weller, Sep-Dec, 1933

### *7<sup>th</sup> President*

- Frank A. Thwing, 1934-1939

### *8<sup>th</sup> President*

- Andrew Wagner, 1940-1943

### *9<sup>th</sup> President*

- Thomas Stidham, 1944-1945

### *10<sup>th</sup> President*

- John A. Blom, 1946-1947

### *11<sup>th</sup> President*

- John DeLeeuw, 1948-1950

### *12<sup>th</sup> President*

- Ralph Dunn, 1951

### *13<sup>th</sup> President*

- John Farmer, Jan –Oct 20, 1952

### *14<sup>th</sup> President*

- Robert Ross, Oct 21'52– July 1, 1953

### *15<sup>th</sup> President*

- Benjamin Gearhart, July 2,'53- May 1, '54

### *16<sup>th</sup> President*

- James Bateman, May 2, 1954– Mar 15, 1955

### *17<sup>th</sup> President*

- Michael Kruglinsky, Mar 16 – Dec 1955

### *18<sup>th</sup> President*

- John Farmer, 1956-1959

### *19<sup>th</sup> President*

- Donald R. Adams, 1960-1963

### *20<sup>th</sup> President*

- David Morrow, 1964-1965

### *21<sup>st</sup> President*

- Paul Doherty, 1966-1967

### *22<sup>nd</sup> President*

- George Van Prooyen, 1968

### *23<sup>rd</sup> President*

- Lynn Powell, Jan 20-Dec, 1969

### *24<sup>th</sup> President*

- George Van Prooyen, 1970

### *25<sup>th</sup> President*

- Lynn Powell, 1971

### *26<sup>th</sup> President*

- Chester Napiwocki, 1972

### *27<sup>th</sup> President*

- Robert Engerski, 1973

### *28<sup>th</sup> President*

- Jack Silverman, 1974

### *29<sup>th</sup> President*

- Paul Doherty, 1975

### *30<sup>th</sup> President*

- George Van Til, 1976

### *31<sup>st</sup> President*

- James L. Wieser, 1977

### *32<sup>nd</sup> President*

- Paul Doherty, 1978

### *33<sup>rd</sup> President*

- David Morrow, 1979

*34<sup>th</sup> President*

- James L. Wieser , 1980

*35<sup>th</sup> President*

- John Oakley , 1981

*36<sup>th</sup> President*

- Thurman Ferree , 1982-1983

*37<sup>th</sup> President*

- Carl Miklusak , 1984

*38<sup>th</sup> President*

- John Oakley , 1985

*39<sup>th</sup> President*

- Thurman Ferree, 1986

*40<sup>th</sup> President*

- Dennis Tobin , 1987

*41<sup>st</sup> President*

- John Oakley , 1988

*42<sup>nd</sup> President*

- Dennis Tobin , 1989

*43<sup>rd</sup> President*

- Dominic Noce, 1990

**Highland Town Council (renamed)  
Presidents of the Council**

*44<sup>th</sup> President*

- Dennis Tobin, 1991

*45<sup>th</sup> President*

- Lynn R. Powell, 1992

*46<sup>th</sup> President*

- Lance Ryskamp, 1993

*47<sup>th</sup> President*

- George Georgeff, 1994-1995

*48<sup>th</sup> President*

- Dennis Simala , 1996

*49<sup>th</sup> President*

- Larry Wolendowski, 1997

*50<sup>th</sup> President*

- Dennis Simala, 1998

*51<sup>st</sup> President*

- Charles Podgorny, 1999

*52<sup>nd</sup> President*

- George Georgeff, 2000

*53<sup>rd</sup> President*

- Mark A. Herak, 2001-2005

*54<sup>th</sup> President*

- Joseph A. Wszolek, 2006

*55<sup>th</sup> President*

- Daniel Dernulc, 2007

*56<sup>th</sup> President*

- Bernie Zemen, 2008

*57<sup>th</sup> President*

- Dan Vassar, 2009

*58<sup>th</sup> President*

- Mark A. Herak, 2010

*59<sup>th</sup> President*

- Brian J. Novak, 2011

*60<sup>th</sup> President*

- Bernie Zemen, 2012

*61<sup>st</sup> President*

- Brian J. Novak, Jan 2013 – Oct 31 2013

*62<sup>nd</sup> President*

- Bernie Zemen, Nov. 1 2013 – Jan 13 2014

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 (1<sup>st</sup> Treasurer)

1912-1915

H.S. Daugherty, Clerk  
John Lynch, Treasurer

1916-1919

H.S. Daugherty, Clerk  
Richard Hook, Treasurer (2<sup>nd</sup> Treasurer)

1920-1923

J.G. Eriks, Clerk (2nd Clerk)  
D. Moes, Treasurer (3<sup>rd</sup> Treasurer)

1924-1927

J.G. Eriks, Clerk  
Nick Porter, Treasurer (4<sup>th</sup> Treasurer)

1928-1931

John Groot, Clerk (3rd Clerk)  
Otto M. Schmidt, Treasurer (5<sup>th</sup> Treasurer)

1932-1935

Bartel Zandstra, Clerk (4th and last Town Clerk)  
Harold Douthet, Treasurer (6<sup>th</sup> 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 1<sup>st</sup> at Noon and concluding before noon, on January 1<sup>st</sup> four years following.

Town Clerk-Treasurer:

1936-1943 (1<sup>st</sup> Clerk-Treasurer)

Bartel Zandstra

(replaced on 7/20/43 mid-term owing his US Army service by)

Rose Langley (2<sup>nd</sup> 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 (3<sup>rd</sup> Clerk-Treasurer)

1952-1956 (4<sup>th</sup> Clerk-Treasurer)  
Kenneth Dickinson

1956-1980 (5<sup>th</sup> Clerk-Treasurer)  
Irene Ketchum (D)

1980-1992 (6<sup>th</sup> Clerk-Treasurer)  
Paul L. Doherty (D)

1992 to present (7<sup>th</sup> 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 10.06.2013)

Kathryn A. Burdett-Minchuk (10.13.2013 to present)



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