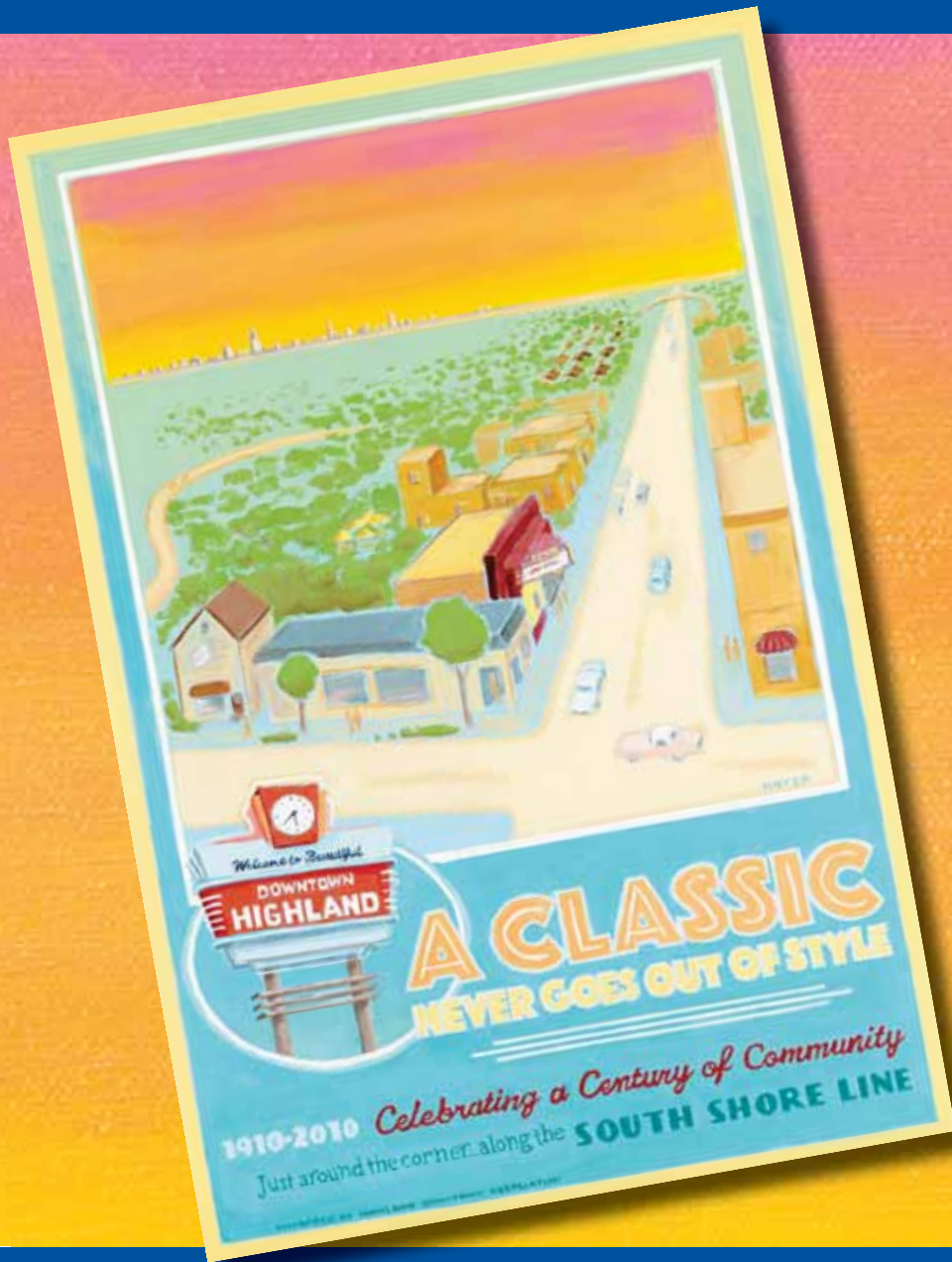


# Comprehensive Annual Financial Report



**Period Ending December 31, 2009**  
**Town of Highland, Indiana**



**FILED**  
10/05/2010

# Comprehensive Annual Financial Report Town of Highland, Indiana



For the Year Ended  
December 31, 2009

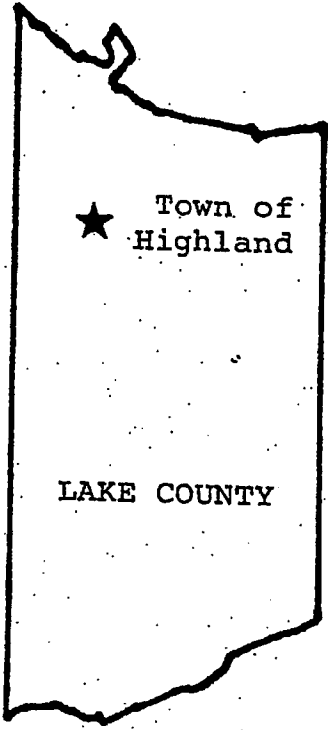
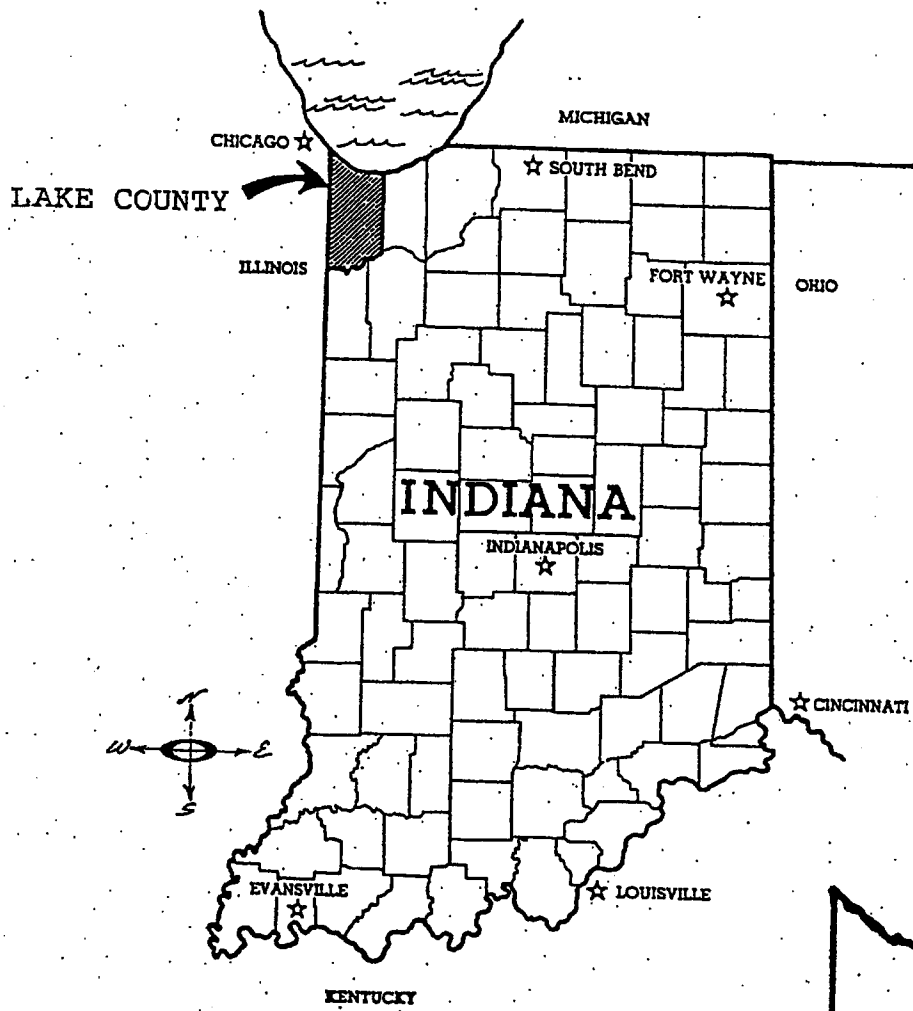
Prepared by the Office of the Highland Clerk-Treasurer

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

**On the Cover.** April 4, 2010 marks the centenary of the Town's incorporation as a municipal government. As part of the commemoration, the Highland Downtown Business Association commissioned artist Judith Mayer to create a poster, to mark Highland's One hundredth anniversary. Styled "*A Classic Never Goes Out of Style*" the rendering features the intersection of Kennedy Avenue and Highway Avenue located in the downtown. The art is also produced in a motif that captures the stylistic renderings of posters that were used to promote the South Shore Railroad, an interurban train line that connects Northwest Indiana to Chicago. These posters, first employed in the 1920's were revived in 1998 and continue to be popular.

(Poster use courtesy of J. Mayer)





**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009  
Town of Highland, Indiana**

**TABLE OF CONTENTS**

	<u>Pages</u>
<b>A. INTRODUCTORY SECTION</b>	
Title Page.....	
Table of Contents .....	i-iv
President’s Letter of Introduction .....	v
Letter of Transmittal .....	vii-xviii
Certificate of Achievement.....	xix
Organizational Charts .....	xx-xxi
Listing of Elected and Principal Officials .....	xxii
Listing of Senior Associate Staff.....	xxiii
Appointed Boards and Commissions et alia .....	xxiv-xxix
Overview of Highland Municipal Government.....	xxxi-xxxvii
 <b>B. FINANCIAL SECTION</b>	
Independent Auditors’ Opinion on General-Purpose Financial Statements .....	1-2
Management’s Discussion and Analysis.....	3-20
 <u>Basic Financial Statements:</u>	
Government-Wide Financial Statements:	
Statement of Net Assets .....	21-22
Statement of Activities .....	23
Fund Financial Statements:	
Balance Sheet-Governmental Funds .....	24-25
Statement of Revenues, Expenditures, and Other Changes in Fund	
Balances-Governmental Funds .....	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in	
Fund Balances of Governmental Funds to the Statement of Activities.....	27
Statement of Net Assets-Proprietary Funds.....	28-29
Statement of Revenues, Expenses and Other Changes in	
Fund Net Assets-Proprietary Funds .....	30
Statement of Cash Flows-Proprietary Funds .....	31-32
Statement of Fiduciary Net Assets-Fiduciary Funds .....	33
Statement of Changes in Fiduciary Net Assets-Fiduciary Funds.....	34
Notes to Financial Statements.....	35-67
 <u>Required Supplementary Information:</u>	
Schedules of Funding Progress.....	68
Schedules of Contributions from the Employer and Other Contributing Entities.....	69
Budgetary Comparison Schedules.....	70-72
Notes to Required Supplementary Information.....	73-74

**TOWN OF HIGHLAND, INDIANA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009  
 TABLE OF CONTENTS  
 (Continued)**

	<u>Pages</u>
<b>B. FINANCIAL SECTION (Continued)</b>	
<u>Supplemental Information:</u>	
Nonmajor Governmental Funds:	
Description .....	75
Combining Balance Sheet .....	76
Combining Statement of Revenues, Expenditures, and Other Changes In Fund Balances .....	77
Nonmajor Special Revenue Funds:	
Description .....	79-82
Combining Balance Sheet .....	83-85
Combining Statement of Revenues, Expenditures, and Other Changes In Fund Balances .....	86-88
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual .....	89-96
Nonmajor Debt Service Funds:	
Description .....	97
Combining Balance Sheet .....	98
Combining Statement of Revenues, Expenditures, and Other Changes In Fund Balances .....	99
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual .....	100-103
Nonmajor Capital Project Funds:	
Description .....	105-106
Combining Balance Sheet .....	107-108
Combining Statement of Revenues, Expenditures, and Other Changes In Fund Balances .....	109-110
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual .....	111-118
Internal Service Funds:	
Description .....	119
Combining Statement of Net Assets .....	120
Combining Statement of Revenues, Expenses, and Other Changes In Fund Net Assets .....	121
Combining Statement of Cash Flows .....	122
Fiduciary Funds:	
Description .....	123-124
Combining Statement of Fiduciary Net Assets – Fiduciary Funds .....	125
Combining Statement of Changes in Assets and Liabilities-Agency Funds .....	126

**TOWN OF HIGHLAND, INDIANA  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009**

**TABLE OF CONTENTS  
 (Continued)**

	<u>Pages</u>
<b>C. STATISTICAL SECTION (Not Covered by Auditors' Opinion)</b>	
Description .....	127
Financial Trends.....	129
Net Assets by Component.....	130
Changes in Net Assets Fiscal Years 2003-2009 .....	131
Government Activities Tax Revenues by Source .....	132
Fund Balances of Governmental Funds .....	133
Changes in Fund Balances of Governmental Funds .....	134
General Government Tax Revenues by Source .....	135
Government Wide Expenses by Function.....	136
Government Wide Expenses by Function Pie Graph.....	137
Government Wide Revenues .....	138
Government Wide Revenues Pie Graph.....	139
General Governmental Expenditures by Function (Old reporting model).....	140
General Revenues by Source (Older reporting model).....	141
Revenue Capacity .....	143
Total Property Tax Levies and Collections including Overlapping Units.....	144
Property Taxes Levied and Collected – Primary Government .....	145
Assessed and Estimated Actual Value of Taxable Property .....	146
Property Tax rates of the Direct and Overlapping Units.....	147
Property Tax rates of the Corporation by Fund.....	148
Ten Largest Taxpayers Current and Nine years ago.....	149
Debt Capacity .....	151
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita.....	152
Computation of Legal Debt Margin at 31 December 2009 .....	153
Computation of Direct and Overlapping Debt .....	154
Ratios of Outstanding Debt by Type Last 10 fiscal years.....	155
Ratio of Annual Debt Service Expenditures for General Bond Debt .....	156
Ratio of Annual Debt Service Expenditures Business Type Expenditures .....	157
Revenue Bond Coverage Water Utility .....	158
Revenue Bond Coverage Parks and Recreation Bldg. Corp. (Blended Component Unit).....	159
Demographic and Economic Information .....	161
Largest Highland Employers Current and Nine years ago .....	162
Largest Area Employers .....	163
Schedule of Building Permits in Last Ten Years .....	164
Bar Chart of Residential Building Permits by Value in Construction .....	165
Ten Largest Users of Water (2000-2009) .....	166-175
Statistics by Economic Sectors .....	176
Local Financial Institutions and Assets in the Town .....	177
Intended Federal Funds Rates for last ten years .....	178

Sanitary District 10 Year Statistical Summary .....	179
Water Utility 10 Year Statistical Summary .....	180
Operating Information .....	181
Full-time equivalent of Town Employees by Function.....	182
Office of Clerk-Treasurer Contact Units of Service 2008 .....	183
Operating Indicators by Function .....	184-185
Capital Asset Statistics by Function.....	186-187
Top Ten Vendors for the Primary Government for 2008 and 2009.....	188
Past Presidents of the Town of Highland .....	189-190
Past Clerks, Treasurers and Clerk-Treasurers of the Town of Highland.....	191-192
Miscellaneous Statistics.....	193-194

**INTRODUCTORY SECTION**



# TOWN OF HIGHLAND

Highland Municipal Building • 3333 Ridge Road

Highland, Indiana 46322

219-838-1080 • Fax 219-972-5097



Population 23,546

Incorporated in  
1910

Thursday, September 30, 2010

Highland Town Council  
Town of Highland, Indiana

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

It is with pleasure that I submit this letter as introduction to the Comprehensive Annual Financial Report (CAFR) of the Town of Highland for the year ended December 31, 2009. This report has been prepared following guidelines set by the Government Finance Officers Association (GFOA) of the United States and Canada. As in previous years, this report will be submitted to the GFOA for its review.

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

This comprehensive report is supported and encouraged by the entire Town Council, the Board of Waterworks Directors, and the Board of Sanitary Commissioners. I am reliably advised how nearly fourteen years ago our clerk-treasurer began to advocate for this form of reporting. I remain very pleased that the proper steps were taken to bring about this level of financial reporting, for what is now our *fifteenth* 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,

Mark A. Herak  
Town Council President

## TOWN COUNCIL

BERNIE ZEMEN  
*1st Ward*

MARK A. HERAK  
*2nd Ward*

DAN VASSAR  
*3rd Ward*

BRIAN NOVAK  
*4th Ward*

KONNIE KUIPER  
*5th Ward*

JOHN M. BACH  
*Public Works Director*

RHETT TAUBER  
*Attorney*

## CLERK - TREASURER

MICHAEL W. GRIFFIN

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



Office of the Clerk-Treasurer

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

Kathleen A. Dowling  
Deputy Clerk-Treasurer

Staff

Shirley Frankiewicz  
Dawn Kovacich  
Kelley Hugus  
Kathi Angotti  
Sylvia Ricketts  
Denise Jacobs  
Gina Banks

Thursday, September 30, 2010

Highland Town Council  
Mark A. Herak, 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, 2009. As you may know, this is the *fifteenth* presentation of this annual financial report presented under a format that provides a greater degree of detail and disclosure.

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted accounting standards by the Indiana State Board of Accounts. Pursuant to that requirement, the Office of the Clerk-Treasurer hereby issues the comprehensive annual financial report of the **Town of Highland** for the fiscal year ended December 31, 2009.

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

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

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

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

The **Town of Highland's** financial statements have been audited by the Indiana State Board of Accounts, an entity comprised of licensed certified public accountants and established by IC 5-11-1 to review and perform the external audit of governments in Indiana. The goal of the independent audit is to provide reasonable assurance that the financial statements of the **Town of Highland** for the fiscal year ended **December 31, 2009**, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The State Board of Accounts concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the **Town of Highland's** financial statements for the fiscal year ended **December 31, 2009**, are fairly presented in conformity with GAAP. The State Board of Accounts' report is presented as the first component of the financial section of this report.

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

### **Profile of the Government**

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

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

legislative body and of the town, as well as the chief fiscal officer of the municipality and its departments.

The annual budget serves as the foundation for the **Town of Highland's** financial planning and control. All departments of the Town of Highland are required to submit requests for appropriation to the Town Council President and the Clerk-Treasurer on a date determined annually. The requests are then compiled and reviewed by the Town Council, the Town Council President and the Clerk-Treasurer. The Town Council is required to hold a pre-adoption hearing and an adoption hearing on the proposed budget. The budget as adopted must be within the property tax controls set forth in IC 6-1.1-18.5. The budget must be adopted no later than 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 **pages 70-71** 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 72**. For governmental funds, other than the general fund with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which begins on **page 75**. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted.

### *General Description*

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

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

"towns," as the 8<sup>th</sup> largest municipality in the county and approximately 30<sup>th</sup> out of 567 in the state, with a 2000 census population of approximately 23,546.

***Commerce and Transportation***

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

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

***Education***

Public Education is provided by the School Town of Highland, which is a separate and distinct public entity governed by a separately elected Board of School Trustees. The Board is comprised of five (5) persons elected for terms of four (4) years on a staggered basis. The election is non-partisan. The School Town of Highland reported a combined enrollment of 3,105 for the 2008-2009 term. It maintains four (4) elementary school buildings, one (1) middle school, and one (1) high school. The following table indicates enrollment for the 2007-2008 and the preceding fourteen (14) terms:

**School Town of Highland**

<u>School Year</u>	<u>Enrollment</u>
2007-08	3,454
2006-07	3,447
2005-06	3,451
2004-05	3,416
2003-04	3,382
2002-03	3,340
2001-02	3,306
2000-01	3,233
1999-00	3,250
1998-99	3,232
1997-98	3,258
1996-97	3,219
1995-96	3,279
1994-95	3,207

Private, religious education is also available from three (3) other schools in Highland. Our Lady of Grace School, associated with the Gary Diocese, offers education for grades Kindergarten through Eighth. In the 2008-2009 year, it offered a pre-K option as well. Highland Christian School, an independently organized school affiliated with the Christian Reformed Church of America, offers education from Kindergarten through Eighth grade. Calvary Christian School offers education Kindergarten through Eighth. *The Calumet Baptist School was an independent school offering grades seventh through twelfth in Highland, but in 2005 moved its facility to nearby Griffith, Indiana.* Its facility is now operated by another association, and it is called Bible Baptist School. A summary of the private school enrollment is set forth in the following table:

	Our Lady of Grace	Highland Christian	Calumet Baptist	Bible Baptist	Calvary
<b>Christian</b>					
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		
2000-2001	238	355	289		
1999-2000	262	363	314		
1998-1999	273	372	311		
1997-1998	292	424	335		
1996-1997	299	388	335		

\* 188 k-8; 200 Pre-schoolers

### *Cultural and Recreational Survey*

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

The Parks and Recreation Department was instrumental in creating the Cooperative Special Recreation Initiative (CRSI). This is a shared effort between

local parks and recreation departments to provide recreational opportunities for people with special needs.

Northwest Indiana also is home to the Northwest Indiana Symphony, which plays concerts in various Public School Auditoriums, as well as other venues throughout the area, which has included on occasion, Highland's Main Square Park.

Highland is located in the *Lake County Library District*, one of seven Library Districts in Lake County. The Highland Branch is one of the largest branches in the Lake County Library system. In addition to traditional lending of books, the library also provides many programs for many interests. Reading groups for all ages, business and tax planning seminars, and arts and crafts instruction are among the offerings.

### **Information Useful in Assessing the Government's Economic Condition**

Highland boasts a 60-acre shopping center, Highland Grove, initiated during the summer of 1995. It continues to operate successfully and enjoys nearly full occupancy as of this writing. The shopping center includes national and regional chains such as a Target Store, and a Kohl's Department Store. In addition, there is an Office Max, a Dick's Sporting Goods, a Famous Footwear Shoe Store, a Best Buy, an Ulta 3 Cosmetics retailer and a Borders Book Store.

Retail, commercial and service sectors continue to be prominent in driving local new development in Highland. Forty-eight percent (48%) of employees in Highland work in retail trade. The portion of Highland workers in Accommodation and Food Service is 17.3%. You may wish to review [page 176](#) 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 hyper market store blends the grocery store with the department and automotive store to form a potentially single stop shopping venue. As previously stated, Meijer's primary building possesses 237,000 square feet of space to be used by a single retailer. In addition, a 4,662 square foot professional office building is located there, housing professional and insurance services. These join a 1950's retro-designed McDonald's Restaurant and a 12,786 square foot, two-story structure established to house a multi-service site for **First Midwest Bank**, a nationally chartered bank. Finally, a **Discount Tire** was recently added to the site. Also complimenting the existing retail, banking and professional development is an Office Depot.

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

At the start of 1996, approximately 758 acres, or 21%, of Highland remained undeveloped, although much of the space is the subject of development proposals. At the close of 2007, the amount of the undeveloped land was reduced greatly. This was largely unchanged in 2009. It expected that owing to a improvement project to be undertaken by the Indiana Department of Transportation, which will include the removal of a bridge on the northern end of Indianapolis Boulevard (U.S. Highway 41), new development opportunities may be seen regarding the remaining 21% of undeveloped property. Even with so much retail and commercial development, residential development continues to occur as well. *By the close of 2009, building permits were issued for 6 single-family dwellings, 5 Institutional, Commercial or Industrial and 1,304 miscellaneous permits.* This is significant in that these activities continued in a general recessionary economy.

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

### **Local Economy**

Donald L. Coffin, Ph.D., an area economist and associate professor of economics at Indiana University Northwest, notes in the *Indiana Business Review, Gary Forecast 2010*, (Winter 2008), that the Northwest Indiana economy has fared slightly better than the national economy, with a decline in establishment employment of 3.5 percent since the official start of the recession compared with a decline nationally of about 5.5 percent. He does point out, however, that in the past year, establishment employment declined by 4.8 percent.

Dr. Coffin particularly noted that the construction sector experienced the greatest hit from the recession locally. The construction industry experienced a loss of 4,000 jobs since the beginning of the recession, a decline of 19 percent. This compares unfavorably to the 14.9 percent decline in national unemployment, noted Dr. Coffin.

Dr. Coffin also reported that national employment in iron and steel mills fell by 18.5 percent since the beginning of the recession. However, during the same period, iron and steel mills employment in Northwest Indiana *increased by 5.2 percent. In fact, he further reports that growth continued in that job sector during the past year.* In fact, he further reported that manufacturing employment fell around 4.5 percent but this was still much less than the rate for this sector in the national economy, which experienced a 14 percent decline.

Dr. Coffin also reported that Northwest Indiana experienced a *decline* in retail employment of 9.1 percent, compared to a national decline of 9.4 percent. He further noted that financial activities experienced locally a decline of 6.2 percent in employment, with the national decline running at 6.4 percent.

Beginning in June, he noted that the overall unemployment rate for Northwest Indiana has been declining, rather than increasing. The September 2009 rate was 9.4 percent.

Dr. Coffin posits that the health care sector is likely to continue offering the strongest prospects for growth in employment in Northwest Indiana regardless of the recovery scenario generally experienced. He further suggests that based upon recent real GDP growth and recent growth in productivity, national employment rates could grow at an annual rate of 1 to 2 percent annually. Based upon that scenario and the historical lagging relationship of the Northwest Indiana employment to national employment, Dr. Coffin suggests that employment in Northwest Indiana could grow at an annual rate of .3 to .8 percent, a rather anemic rate. He further notes that even with this growth rate, the local unemployment rate could actually rise in the next year from 9.4 percent to 9.7 percent.

Dr. Coffin projected total employment to rise by a range of 800 to 2,200 jobs. In short, Dr. Coffin noted that the rate of growth in the local economy is dependent upon the quality of the national economic recovery.

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

### **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. The settlement of Pay 2006 taxes was made in early January of 2007. Nearly 52% of the final settlement for pay 2007, was not settled until early in FY 2008. Further, nearly 51% of the final tax settlement for FY 2008, was not distributed until the first quarter of 2009. FY 2009 bills were settled finally in January of 2010, with 51% of the approved levy remitted at that time. As of this writing, bills for Pay 2010 are delayed. An estimated distribution representing approximately 38% of the total approved levy was remitted in June of 2010. Officials are hopeful that a small distribution will occur before the end of Fiscal Year 2010, with a final settlement to occur in early FY 2011.

A key provision in the “property tax reduction” is the adoption of hard tax caps, styled as “circuit breakers.” In FY 2009 these caps limited the amount of property taxes on homesteads to 1.5 percent of their assessed value, on other residential and commercial property to 2.5 percent and all other classes of real property and improvements at 3.5% of the assessed value of the property subject to tax. These percentages changed to 1%, 2% and 3% respectively in FY 2010, which represents the final percentages. While tax caps are already a matter of statutory law, the Indiana General Assembly took the necessary steps to cause these tax caps to be placed into the Indiana Constitution. A referendum is slated for that purpose in November of 2010. If a majority of those voting favor this change, the tax caps will be 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 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 group health insurance, having increased in FY 2009 by 12%. The Town of Highland joined with an initial three (now five) other Indiana municipalities to form a Medical Trust under state law. 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%. It is projected that in 2011, the rate of increase will be 7.9%, a decided positive change from the previous double-digit 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 the 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 Council has directed that budgets for FY 2011 be reduced by 4.5% from their current operating levels. An allowance for estimated growth in group health insurance will be permitted to be added back. The effect is that the net reduction for the operating departments ranges from a high of 4.5% for departments with no worker insurance obligations to a low of around 3%. It is

believed that the cuts should significantly reduce, if not eliminate, the current deficit. 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, which will be at the 1%, 2% and 3% levels. It is believed that with the ambitious capital financing and programming that the primary government is undertaking, the resulting debt service levies could make it more likely that more properties could be subject to tax caps, thereby reducing collections. The tax caps have not had a significant effect on collections through 2009. 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.

*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>).

As previously stated, in 2009 the Board of Sanitary Commissioners and the Town Council approved debt financing not to exceed \$10 million dollars to support an ambitious program of storm water and wastewater infrastructure improvements. Bonds in three series were sold on August 4, 2009 in the total amount of \$7,640,000. Two of the series were tax exempt and one of the series in the amount of \$4,679,000 was sold as *taxable*, "Build America Bonds." This new instrument of finance was authorized by Federal legislation as part of the America Reinvestment and Recovery Act, commonly called the "stimulus package." Although sold as taxable, the net cost of these bonds is highly mitigated by the payment of a 35 percent credit from the United States Treasury to the issuer. The balance of the authorized amount of \$2,360,000 was recently sold, also as "Build America Bonds," with the proceeds delivered on September 28, 2010.

In FY 2010, the Town Council purchased a third property, located at 8745 Cottage Grove, which is also proximate to the current Town Hall campus and adjoins properties purchased in FY 2009 and FY 2008. The second property nearly adjoining the campus of the current Municipal Building, located at 3309 Ridge Road, was acquired for the amount of \$52,500. Owing to estate issues, the final title to this property was not settled until late 2009. This was purchased with resources that became available when interest costs on temporary loans were lower than anticipated. In FY 2008, the Town Council purchased the adjoining property located at 3319 Ridge Road, financing with a five-year note, at the purchase price of \$132,500. The note will mature in February 2013 but may be prepaid without penalty. After unsuccessful attempts to sell the houses and have them removed by a buyer from the property, the houses at 3309 and 3319 Ridge Road were razed in FY 2010. There has been no further action regarding the development of the property.

The Park and Recreation Board was developing plans for a reconstruction and retrofit of the Lincoln Community Center, involving code compliance upgrades, entrance redesign and repair and facility modification. In 2008, a citizen-initiated petition drive triggered the possibility of petition and remonstrance process. The Park and Recreation Board paused and rethought the project. In late 2009 and early 2010, the program was reinitiated and is moving forward with a sale of mortgage revenue bonds slightly in excess of 10 million dollars scheduled for mid October 2010.

*Independent Audit.* We are very pleased that the Indiana State Board of Accounts has determined that the financial statements of the Town of Highland present fairly, in all material respects, the financial position and results of operations of the various funds and account groups for the year ended December 31, 2009. 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, 2008. This was the fourteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

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

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

cooperation of Michelle Janosky, C.P.A., Carla Wenger, C.P.A., and Kelly Wenger 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 fifteenth CAFR.

Further, the Town joins me in thanking Maoris Whittaker and Curtis Whittaker, C.P.A., of Whittaker and Associates, PLLC, Certified Public Accountants, 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 citizens we serve* this 2009 Comprehensive Annual Financial Report for the Town of Highland.

Sincerely,

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

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

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Highland  
Indiana

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2008

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



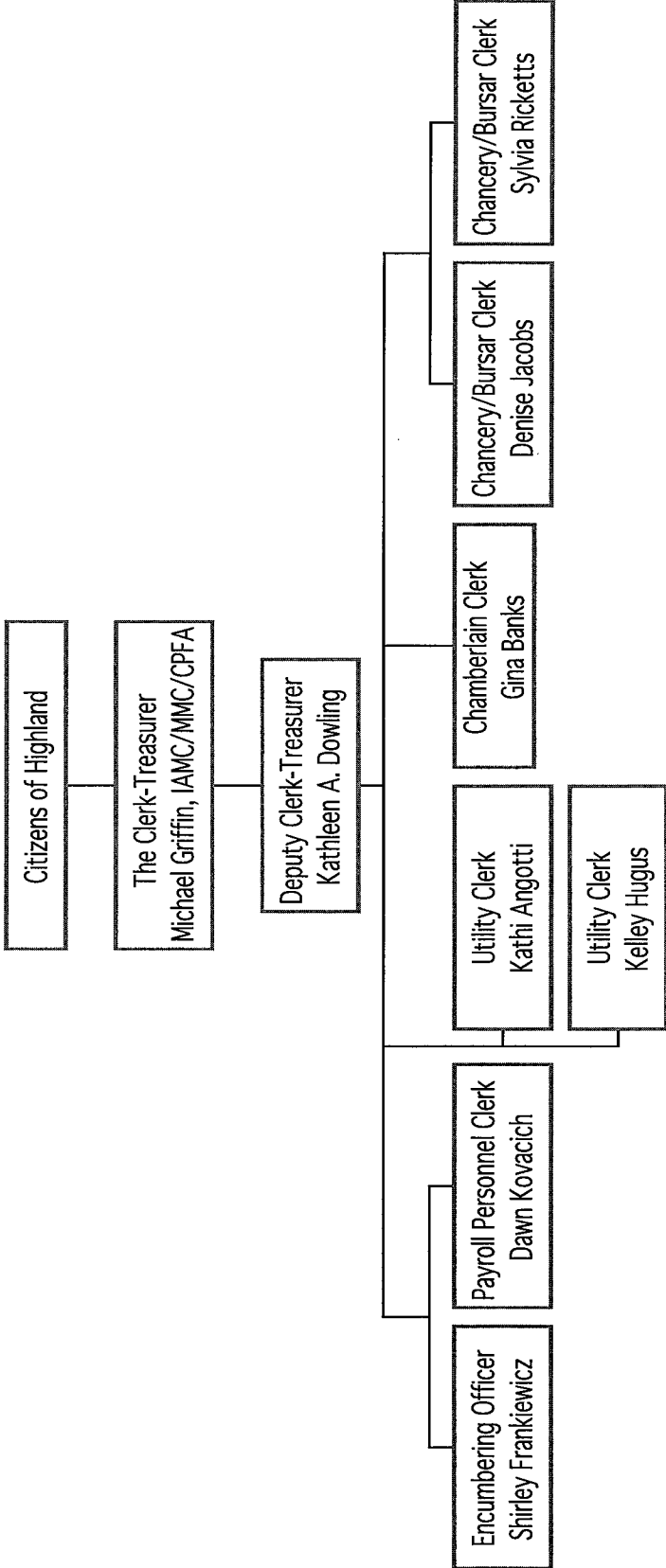
A stylized, handwritten signature in black ink.

President

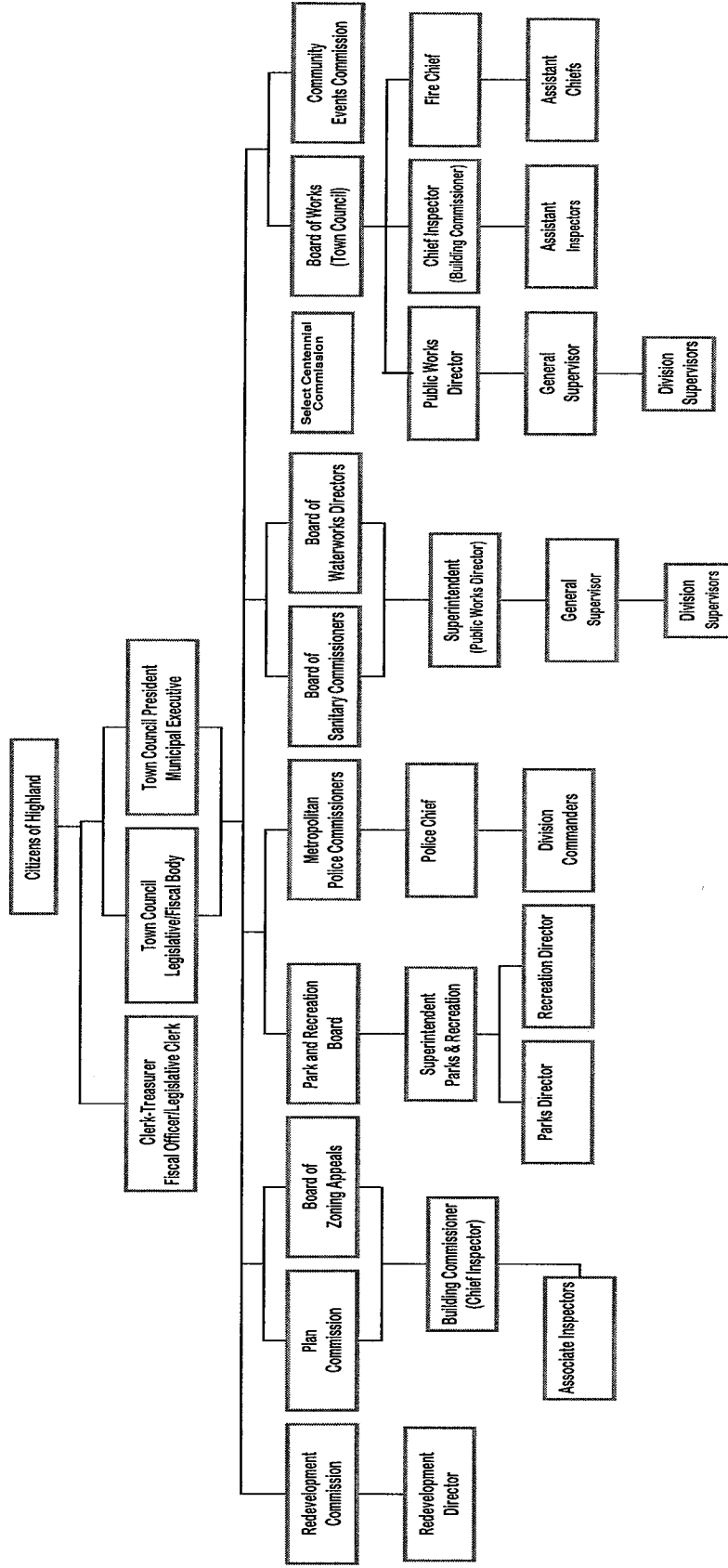
A handwritten signature in black ink that reads "Jeffrey R. Emery".

Executive Director

# Office of the Town Clerk-Treasurer



# Municipal Government of Highland



At June 30, 2010

**TOWN of HIGHLAND**  
**LISTING of ELECTED and PRINCIPAL OFFICIALS**  
**at DECEMBER 31, 2009**

<u>Elected Officials</u>	<u>Years of Service</u>	<u>Occupation</u>
Dan Vassar, Town President	2008-2012	Marketing Manager <i>Weil-McLain</i>
Brian J. Novak, Vice President	2008-2012	Police Officer <i>Norfolk Southern Railroad</i>
Bernie Zemen, Town Councilor 1 <sup>st</sup> Ward	2004-2012	Owner / Operator <i>Timeless Images</i>
Mark A. Herak, Town Councilor 2 <sup>nd</sup> Ward	2000-2012 1980-1990	Director <i>General Electric Capital</i>
Konnie Kuiper, Town Councilor 5 <sup>th</sup> Ward	2008-2012	Funeral Director <i>Kuiper's Funeral Home</i>
Michael W. Griffin, IAMC/MMC/CPFA, Clerk-Treasurer 1992-2012		Chief Fiscal Officer <i>Town of Highland</i>

**Attorneys and Consulting Professionals (2009)**

Town Attorney:	Rhett Tauber, Tauber Westland & Bennett
Waterworks Board Attorney:	Rhett Tauber, Tauber Westland & Bennett
Plan Commission Attorney:	David Westland, Tauber Westland & Bennett
Metropolitan Police Commission Attorney:	Rhett Tauber, Tauber Westland & Bennett
Board of Sanitary Commissioners Attorney:	Robert Tweedle, Attorney
Municipal Ordinance (Solicitor) Attorney:	Nicole Bennett, Tauber Westland & Bennett
Park & Recreation Board Attorney:	Rhett Tauber, Tauber Westland & Bennett
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 (2009)**

**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

Jack Lannon General Supervisor  
Timothy Gembala Division Supervisor Water & Sewer  
Kevin Huzzie Division Supervisor Streets & Sanitation  
Mike Pipta Supervisor Facilities  
John Mouratides Supervisor Maintenance

## Metropolitan Police Department

Asst. Chief Patrick Vassar Patrol Division  
Cmdr. Ralph Potesta Criminal Investigations Division  
Cmdr. George Georgeff Administrative Division

## Building and Inspection Department

Randy L. Bowman Associate Inspector - Electrical  
Donald B. Ross Associate Inspector - Plumbing  
David C. Jones Associate Inspector - Code Enforcement

## Parks and Recreation Department

Chris Kubisz Director of Parks  
Angela Gora Director of Recreation

## Fire Department

Rodger Lewis Assistant Chief for Safety  
Donald Scheidt Chief of Logistics/Planning  
Kenneth Mika Chief of Operations  
Michael Pipta Chief of Operations  
Fred Wanicki Chief of Operations

## TOWN COUNCIL and CLERK-TREASURER for 2010

Mark Herak President  
Konnie Kuiper Vice President  
Bernie Zemen 1<sup>st</sup> Ward  
Dan Vassar 3<sup>rd</sup> Ward  
Brian Novak 4<sup>th</sup> Ward  
Michael W. Griffin, IAMC/MMC/CPFA Clerk-Treasurer

**TOWN of HIGHLAND**  
**LISTING of MUNICIPAL BOARDS and COMMISSIONS**  
**at DECEMBER 31, 2009**

**Municipal Plan Commission**

Mario Martini, President	02/1/2007 to First Monday in January 2011
Judith Mayer	1/15/2009 to First Monday in January 2013
James K. Slagle	2/11/2008 to First Monday in January 2012
Bob Montgomery	1/15/2009 to First Monday in January 2010
Daniel Grimmer	Legislative Appointment
Bernie Zemen	Legislative Appointment
Dan Vassar	Legislative Appointment

**Advisory Board of Zoning Appeals**

Mario Martini, President	8/22/2007 to First Monday in January 2011
Joseph Grzymalski	1/1/2008 to First Monday January 2010 <i>Executive Appointment – citizen member</i>
Steven W. Wagner	1 <sup>st</sup> Monday Jan 07 to First Monday January 2011 <i>Executive Appointment – citizen member</i>
David Helms	1 <sup>st</sup> Monday Jan 2009 to First Monday January 2013 <i>Fiscal Body Appointment</i>
James Slagle	10/27/2008 to First Monday January 2012 <i>Executive Appointment-Coextensive with Plan Commission term</i>

**Board of Water Works Directors**

Keith Bruxvoort, President	2/11/2008 to First Monday in 2011
George Georgeff	2/11/2008 to First Monday in 2011
Fred Wanicki, Jr.	1/15/2009 to First Monday in 2012
James D. Norris	1/15/2009 to First Monday in 2012
Gerald Mc Mahon	2/17/2007 to First Monday in 2010

**Board of Sanitary Commissioners**

Rex Burton, President	02/12/2007 - 12/31/2010
Thurman Ferree	01/15/2009 - 12/31/2012
Mark Knesek	01/15/2009 – 12/31/2009
David Jones	01/28/2008 - 12/31/2012
Robert Johnson	01/15/2009 - 12/31/2012

**Park and Recreation Board**

Dennis Tobin, President	Library Board Appointment
Carlos O. Aburto	1 <sup>st</sup> Monday Jan 2007 - 1 <sup>st</sup> Monday Jan 2011
Edward Dabrowski	1 <sup>st</sup> Monday Jan 2006 - 1 <sup>st</sup> Monday Jan 2010
Vicki L. Crowel	Jan 15 <sup>th</sup> 2009 – 1 <sup>st</sup> Monday Jan 2013
Lawrence Vassar	Coextensive with School Board Term
Thomas Arnold	1 <sup>st</sup> Monday Jan 2008-1 <sup>st</sup> Monday Jan 2012

**Town Board of Metropolitan Police Commissioners**

Danny Stombaugh, Chairman	02/12/2007 - 01/01/2010
James Turoci	01/28/2008 - 01/01/2011
James DeGraff	01/1/2009 - 01/01/2012

Dennis Adams  
Mark Roorda

01/15/2009 - 01/01/2012  
11/10/2008 – 01/01/2010

### **Redevelopment Commission**

Adam Gawlikowski, President

1/26/2009 -1st day in Jan 2010  
*(Legislative appointment)*

Dominic Noce

1/01/2007 - 1st day in Jan 2010  
*(Executive appointment)*

Tom G. Crowel

1/15/2009 - 1st day in Jan 2010  
*(Executive appointment)*

Greg Kuzmar

1/26/2009- 1st day in Jan 2010  
*(Executive appointment)*

Selena Rich

2/23/2009- 1st day in Jan 2010  
*(Legislative appointment)*

Luanne Jurczak

2/05/2009 – 6/30/2010  
*(Executive Appointment – Non-voting School Brd. Rep.)*

### **Economic Development Commission**

Matt Reardon, President

8/14/2006-02/01/2010

George VandeWerken

2/01/2009-02/01/2013

David Beanblossom

2/01/2008-02/01/2012

### **Lake County Convention and Visitors Bureau Board Member**

Mary Rakoczy

07/01/2004 - 06/30/2010

### **Northern Indiana Regional Planning Commission Member (NIRPC)**

Michael W. Griffin

7/01/03 (Serves at pleasure of executive until recalled)

### **Community Events Commission**

Patty Dunham

Term ends 01/01/2010

Lisa Gauthier

Term ends 01/01/2010

Laurel Roach

Term ends 01/01/2011

Dawn Wolak

Term ends 01/01/2013

Karen Ziants

Term ends 01/01/2013

Liz Breslin

Term ends 01/01/2010

Rose James

Term ends 01/01/2010

John Breslin

Term ends 01/01/2010

Brandon Wolak

Term ends 01/01/2010

Ellen Jasin

Term ends 01/01/2010

Ericka Rozenich

Term ends 01/01/2010

Robert Roach

Term ends 01/01/2013

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

Dan Vassar, President

Co-extensive with Council Presidency

Chief Peter T. Hojnicky

Co-extensive with Service as Chief

Michael W. Griffin, IAMC/MMC/CPFA

Co-extensive with Elected Term

Sgt. Michael O'Donnell

Feb 2007-Feb 2010

Cmdr. George Georgeff

Aug 2006-Feb 2009

Asst. Chief Patrick Vassar

Feb 2008-Feb 2011

Sgt. Timothy Towasnicki

Feb 2007-Feb 2010

Sgt. John Banasiak

Feb 2006-Feb 2009

## Notable Related Appointments of Assignments of Elected Officials

Dan Vassar	Town Executive (I.C. 36-1-2-5-(4); I.C. 36-5-2-2; I.C. 36-5-2-7) Board of Trustees of the Police Pension Fund, Chair Budget Committee Chair Board of Sanitary Commissioners, Liaison
Brian Novak	Town Board of Metropolitan Police Commissioners, Liaison Traffic Safety Commission Member
Mark Herak	Board of Waterworks Director, Liaison Advisory Board of Zoning Appeals, Liaison Community Events Commission Committee, Liaison
Bernie Zemen	Redevelopment Commission, Liaison Plan Commission Member Chamber of Commerce, Co-Liaison Lake County Solid Waste Management District Board of Directors President's designee, Centennial Commission
Konnie Kuiper	Fire Department, Liaison Chamber of Commerce, Co-Liaison Park and Recreation Board, 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 Municipal Treasurers Association of US and Canada Certified Public Finance Administrator (CPFA) Committee on Membership American Society for Public Administration Past President, Northwest Indiana Chapter <i>Honorary</i> Field Examiner, Indiana State Board of Accounts Pi, Alpha, Alpha Public Administration Academic Fraternity County of Lake Initiative for Fair Taxation, Co-Chair Board of Economists, The Times Adjunct Instructor Indiana University (NW) School of Public and Environmental Affairs CATV Committee/Gaming Consortium Representative

**Town of Highland**  
**Elected Officers and Key Department Officials Wage and Salary 2009**

**Office of the Town Council (Elected)**

Meets 2<sup>nd</sup> & 4<sup>th</sup> Mondays at 7:00 p.m.

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

\*\* Salaries are inflated due to a 27<sup>th</sup> pay anomaly owing to the way in which the bi-weekly pay dates fell in the 2009 calendar year.

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

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

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

Mark A. Herak (HFC) -1/1/2008 - 01/01/12\*  
Salary: \$1,164 per month / \$13,968 annually  
Waived Longevity

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

*Town Council President*

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

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

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

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

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

**Office of the Town Clerk-Treasurer**

**Clerk-Treasurer (Elected)**

Michael W. Griffin, IAMC/CMC/CMFA (D) - 1/1/2004 - 01/01/08\*  
Salary: \$2,451.54 bi-weekly / \$66,191.58 annually\*\*  
Waived longevity

**Deputy Clerk-Treasurer (Appointed)**

Kathleen A. Dowling  
Salary: \$1,552.21 bi-weekly / \$ 41,909.67 annual base pay\*\*

**Metropolitan Police Department**

**Metropolitan Police Chief**

Peter T. Hojnicky  
Salary: \$ 2,675.13 bi-weekly / \$ 72,228.51 annual base pay\*\*  
Plus longevity of \$1,252.80 = \$73,481.31  
plus Clothing \$950 plus car = \$74,431.31

**Public Works Department**

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

John M. Bach  
Salary: \$ 2,809.34 bi-weekly / \$ 75,852.18 annual base pay\*\*  
plus longevity of \$ 1,252.80 = \$ 77,104.98

## **Building and Inspection Department**

Chief Inspector/Building Commissioner

Kenneth Mika

Salary: \$ 2,225.12 bi-weekly \$60,078.24 annual base pay\*\*  
plus longevity of \$1,080.00 = \$61,158.24

## **Fire Department**

Fire Chief

William R. Timmer, Jr., CFOD

Salary: \$ 2,126.75 bi-weekly \$ 57,422.25 annual base pay\*\*  
Plus longevity of \$499.20  
Plus clothing \$ 950 plus car = \$ 58,871.45

Assistant Fire Chief for Safety

Rodger Lewis

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

Assistant Fire Chief for Logistics and Planning

Donald Scheidt

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

Assistant Fire Ground Operations Chief

Ken Mika

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

Assistant Fire Ground Operations Chief

Michael Pipta

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

Assistant Fire Ground Operations Chief

Fred Wanicki

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

## **Parks and Recreation Department**

Parks & Recreation Superintendent

Alex M. Brown, CPRP

Salary: \$ 2,399.33 bi-weekly = \$ 64,781.91 annual base pay\*\*  
Plus longevity \$518.40 = \$ 65,300.31

## **Redevelopment Department**

Redevelopment Director

Cecile Petro

Salary: 1,764.24 bi-weekly = \$47,634.48 annual base pay\*\*  
Plus longevity \$129.60=\$47,764.08

## 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 |
| (22) 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:     | \$183.75 per month/\$2,205 annually* |
| (4) Other Members Salary: | \$157.50 per month/\$1,890 annually* |

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

### Traffic Safety Commission

Meets 1<sup>st</sup> Wednesdays 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

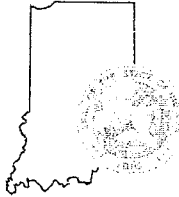
1999, The Town Council re-established the commission according to the provisions of the Home Rule Statute (IC 36-1-3 et seq.) adopting Ordinance 1112. Later, the Council of Community Events was dissolved by action of the Town Council and reconstituted as the Park Advisory Council of Community Events. 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*.

### **Select Centennial Commission**

This special commission was established by the Town Council “to plan, advise, coordinate, publicize, promote and implement such special events, programs and activities, and related projects so as to *appropriately* commemorate the centennial anniversary of the Incorporation of the Town of Highland, April 4, 2010. The 15-member commission continues through the centennial year and will dissolve in July 1, 2011.

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**FINANCIAL SECTION**



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Highland (Town), as of and for the year ended December 31, 2009, which collectively comprise the Town's primary government basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Parks and Recreation Building Corporation, a blended component unit, which represent two percent of the total assets and less than one percent of the total revenues of the governmental activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Parks and Recreation Building Corporation is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over reporting. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with Government Auditing Standards, we have also issued a report dated September 23, 2010, on our consideration of the Town's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. Our report on the internal control structure over financial reporting and our report on compliance with certain provisions of laws, regulations, contracts, and grants should be read along with this report.

STATE BOARD OF ACCOUNTS

September 23, 2010

## 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, 2009**. The proper officers of the Town encourage readers to consider the information presented here in conjunction with additional information that the proper officers have furnished in our letter of transmittal, which can be found in the introductory section of this report.

### Financial Highlights

- The assets of the TOWN of HIGHLAND exceeded its liabilities at the close of the most recent fiscal year by **\$44,607,579** (*net assets*). Of this amount, **\$4,188,261** (*unrestricted net assets*) may be used to meet the government's on-going obligations to citizens and creditors.
- The government's total net assets increased by **\$6,123,054** in FY 2009. **Allowing for a prior period adjustment**, this increase represents an increase of \$6,632,229 in total net assets related to governmental activities and a *decrease* of (\$509,175) in total net assets in business type activities. **However, owing to the restatement of the prior period due to the change in liability of the local law enforcement pension plan changing from one attributable to the primary government into a liability "on behalf of" the State of Indiana, there was a substantial increase to the beginning net asset value. This change in treatment of the pension liability due to a change in State law, rendered a positive adjustment of \$5,335,509 to the net assets of the prior period. If the prior period adjustment was not in place, the true increase in net assets for governmental activities is 1,296,720, and for the entire primary government is \$787,545.** This government's total net increase is attributable, in part, to a positive net income in total activities of the primary government, with revenues totaling \$21,990,144 and expenses totaling \$21,202,599. *For more information regarding the change of treatment of the public safety pension liability please see Note IV. I on page 54 of the CAFR.*
- As of the close of the current fiscal year, the TOWN OF HIGHLAND'S governmental funds reported combined ending fund balances of **\$8,343,022**, a very slight .93% increase amounting to \$77,238 over the prior year. This very slight increase in ending fund balances is attributable to overall governmental activities expenditures at \$13,615,944 being lower than overall governmental activities revenues, at \$14,912,664. However, of the government funds' combined ending fund balances, the amount of **\$7,430,829** is *available for spending* at the government's discretion (*unreserved/ unassigned fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was **\$1,713,979** or 23% of total general fund expenditures.
- The TOWN OF HIGHLAND'S total long-term debt increased by a net of **\$6,236,546** (52%) during the current fiscal year. The key factor in this increase was the issuance of new debt by the Department of Public Sanitation and Sanitary District during fiscal year 2009, in several series, in the total par value of \$7,640,00 for various storm water and watershed management projects.

### Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 21-23 of this report.

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

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

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

The TOWN of HIGHLAND maintains *forty (40) individual governmental funds*. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the **General Fund**, and the **Parks and Recreation Fund**, both of which are considered to be major funds. Data from the other thirty-eight (38) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found of pages 24-26 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 28-32 of this report.

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

The basic fiduciary fund financial statements can be found on pages 33-34 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35-67 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the TOWN of HIGHLAND'S progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 68-74 of this report.

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

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the TOWN of HIGHLAND, assets exceeded liabilities by \$44,607,579 (total net assets) at the close of the most recent fiscal year, *ending 31 December 2009*.

By far the largest portion of the TOWN of HIGHLAND'S net assets (75.5%) 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 \$33,680,683. The TOWN of HIGHLAND uses these capital assets to provide services to citizens. Consequently, these assets are *not* available for

future spending. Although the TOWN of HIGHLAND'S investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**TOWN of HIGHLAND'S Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and Other assets	\$ 15,223,472	\$ 14,182,038	\$ 9,312,283	\$ 5,282,186	\$ 24,535,755	\$ 19,464,224
Capital Assets	22,393,388	22,303,387	22,448,666	19,871,519	44,842,054	42,174,906
<b>Total Assets</b>	<b>\$ 37,616,860</b>	<b>\$ 36,485,425</b>	<b>\$ 31,760,949</b>	<b>\$ 25,153,705</b>	<b>\$ 69,377,809</b>	<b>\$ 61,639,130</b>
Long-term liabilities outstanding	6,679,233	12,782,203	11,066,498	3,966,944	17,745,731	16,749,147
Other liabilities	5,435,918	4,833,742	1,588,581	1,571,716	7,024,499	6,405,458
<b>Total Liabilities</b>	<b>\$ 12,115,151</b>	<b>\$ 17,615,945</b>	<b>\$ 12,655,079</b>	<b>\$ 5,538,660</b>	<b>\$ 24,770,230</b>	<b>\$ 23,154,605</b>
<b>Net assets:</b>						
Invested in capital assets						
net of related debt	16,624,533	16,129,072	17,056,150	17,787,254	33,680,683	33,916,326
Restricted	5,396,924	5,028,411	1,341,711	1,327,717	6,738,635	6,356,128
<i>Restricted for:</i>						
Highways and Streets	273,873	518,123	-	-	273,873	518,123
Debt Service	1,346,077	1,176,807	1,090,956	920,433	2,437,033	2,097,240
Capital Projects	3,382,797	3,018,887	250,755	407,284	3,633,552	3,426,171
Other purposes	394,177	314,594	-	-	394,177	314,594
Unrestricted	3,480,252	(2,288,003)	708,009	500,074	4,188,261	(1,787,929)
<b>Total net assets</b>	<b>\$ 25,501,709</b>	<b>\$ 18,869,480</b>	<b>\$ 19,105,870</b>	<b>\$ 19,615,045</b>	<b>\$ 44,607,579</b>	<b>\$ 38,484,525</b>

An additional portion of the TOWN of HIGHLAND'S net assets in the amount of **\$6,738,635** (15.11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* **\$4,188,261** represents what may be used to meet the government's ongoing obligations to citizens and creditors. Historically, the Primary government reported a **debit** balance in unrestricted assets in part attributable to an unusual net pension obligation that is from a 1925 police pension law, which provided for a non-actuarial plan. Effective for FY 2009, Indiana law changed the liability of this fund from the Primary Government to an "on behalf of" liability of the State of Indiana. This had a profoundly positive effect on the financial statements, requiring a prior period adjustment in the amount of \$5,335,509 to the net asset balance. *(Readers are encouraged to read Note IV. I. in notes to the Financial Reports found on page 54 of this CAFR.)*

- At the end of the current fiscal year, the TOWN of HIGHLAND is reporting positive balances for governmental and business-type activities and the town as a whole in two categories of net assets. The business-type activities have a positive balance reported for *unrestricted net assets* in the amount of **\$708,009**. This is an increase of \$207,935 over the previous year. This is due in part to an increase in wastewater and storm water rates of five percent over the previous year. Governmental activities reported an unrestricted balance in the amount of **\$3,480,252**. This is an increase of \$5,768,255 over the prior year. However, in the prior year governmental activities reported a *negative unrestricted net assets* balance of (-\$2,288,003). The change from the prior year is in part explained by a change in the treatment of the liability from the 1925 Police Pension Fund, by operation of state law, now being posted with the State of Indiana. This change brought about a prior period adjustment of \$5,335,509, as stated previously. *For more information regarding the change of treatment of the public safety pension liability please see note IV. I on page 54 of the CAFR. Further, readers are encouraged to read Note V. F. 1(b) in notes to the Financial Reports found on page 61 of this CAFR.)*

There was a slight increase of **\$13,994** in restricted net assets reported in connection with the TOWN of HIGHLAND's business-type activities. While there was an increase in resources for payment of debt service in the amount of **\$170,523**, there was a **decrease** of **\$156,529** dedicated to capital projects from funds restricted for that purpose.

The total net assets attributable to government-type activities increased by **\$6,632,229** during FY 2009, allowing for the prior period adjustment. This net increase is primarily attributable to the prior period adjustment which profoundly reduced the long-term liabilities of the Town owing to public safety

pension liability shifting from the Town to the State of Indiana, as previously explained, as well as the increase in resources for capital projects, which are comprised of the remaining proceeds from the Municipal Bonds of 2008 and large fund balance in the Municipal Cumulative Capital Development Fund.

**Governmental activities.** Governmental activities increased the TOWN of HIGHLAND'S net assets by \$1,296,720 (before allowing for the prior period adjustment) thereby accounting for 164.65% of the total growth in the net assets of the Town of Highland, again before allowing for the prior period adjustment. Allowing for the prior period adjustment, the increase is \$6,632,229, which represents 108.32% of the total increase. Business-type activities experienced a *reduction* in net assets of (-\$509,175.) The effect of these two net asset changes rendered a total increase in net assets for the entire Primary government of \$787,545, before allowing for the prior period adjustment and \$6,123,054 after allowing for the prior period adjustment. Key elements of this increase are as follows:

TOWN of HIGHLAND's CHANGES in NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 3,555,527	\$ 3,420,252	\$ 6,007,567	\$ 5,777,891	9,563,094	\$ 9,198,143
Operating grants and contributions	1,240,552	1,027,318	-	-	1,240,552	1,027,318
Capital grants and contributions	1,513,923	731,455	76,693	-	1,590,616	731,455
<b>General revenues:</b>						
Property taxes	\$ 7,705,918	\$ 7,733,395	\$ 975,323	\$ 829,215	8,681,241	\$ 8,562,610
Other taxes	733,229	750,125	-	-	733,229	750,125
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	163,515	332,500	17,897	91,147	181,412	423,647
<b>Total Revenues</b>	<b>\$ 14,912,664</b>	<b>\$ 13,995,045</b>	<b>\$ 7,077,480</b>	<b>\$ 6,698,253</b>	<b>21,990,144</b>	<b>\$ 20,693,298</b>
<b>Expenses:</b>						
General Government	\$ 2,245,786	\$ 2,363,967			2,245,786	2,363,967
Public Safety	4,797,793	4,629,208			4,797,793	4,629,208
Highways/ Streets	1,901,381	1,967,533			1,901,381	1,967,533
Sanitation	1,835,282	1,811,419			1,835,282	1,811,419
Economic Development	230,857	150,443			230,857	150,443
Culture and Recreation	2,257,740	2,242,067			2,257,740	2,242,067
Interest on long-term debt	347,105	297,819			347,105	297,819
Water			2,698,674	2,684,156	2,698,674	2,684,156
Sanitary District (sewer)			4,887,981	4,272,370	4,887,981	4,272,370
<b>Total expenses</b>	<b>\$ 13,615,944</b>	<b>\$ 13,462,456</b>	<b>\$ 7,586,655</b>	<b>\$ 6,956,526</b>	<b>21,202,599</b>	<b>\$ 20,418,982</b>
Increase (decrease) in net assets	1,296,720	532,589	(509,175)	(258,273)	787,545	274,316
Net Assets Beginning	\$ 18,869,480	\$ 18,429,491	\$ 19,615,045	\$ 19,873,318	38,484,525	\$ 38,302,809
Prior Period Adjustment	\$ 5,335,509	\$ (92,600)	\$ -	\$ -	5,335,509	\$ (92,600)
Restated Net Assets Beginning	\$ 24,204,989	\$ 18,336,891	\$ 19,615,045	\$ 19,873,318	43,820,034	38,210,209
Net Assets Ending	\$ 25,501,709	\$ 18,869,480	\$ 19,105,870	\$ 19,615,045	\$ 44,607,579	\$ 38,484,525

- As a percentage of total revenues to the *Primary Government* in FY 2009, *charges for services* represented approximately 43.49% of the total revenue stream. *Property and other taxes* represented 42.81% of the total revenue stream.

- As a percentage of total revenues associated with the *Governmental activities* in FY 2009, *charges for services* represented approximately 24% of the total revenue stream. Property and other taxes represented 57% of the total revenue stream associated with Governmental Activities.
- Revenues attributable to *Capital Grants, Charges for services, Operating Grants and contributions* and Property and other taxes of the **Primary Government** in FY 2009 increased notably over FY 2008. Capital Grants increased by 117.5%, which is attributable increased Federal highway aid associated with the Kennedy Avenue Reconstruction Project. Operating Grants increased by 20.8% over the prior year. This increase is attributable to various law enforcement initiatives and a Federal Emergency Management Agency reimbursement for payroll associated with a flood incident. Charges for services increased by 4% over the prior year, which is attributable to 4% increase in solid waste management user fees effective in May of 2009, a scheduled increase of 5% for the user charges of the Sanitary District, and the introduction of some new user charges associated with law enforcement.

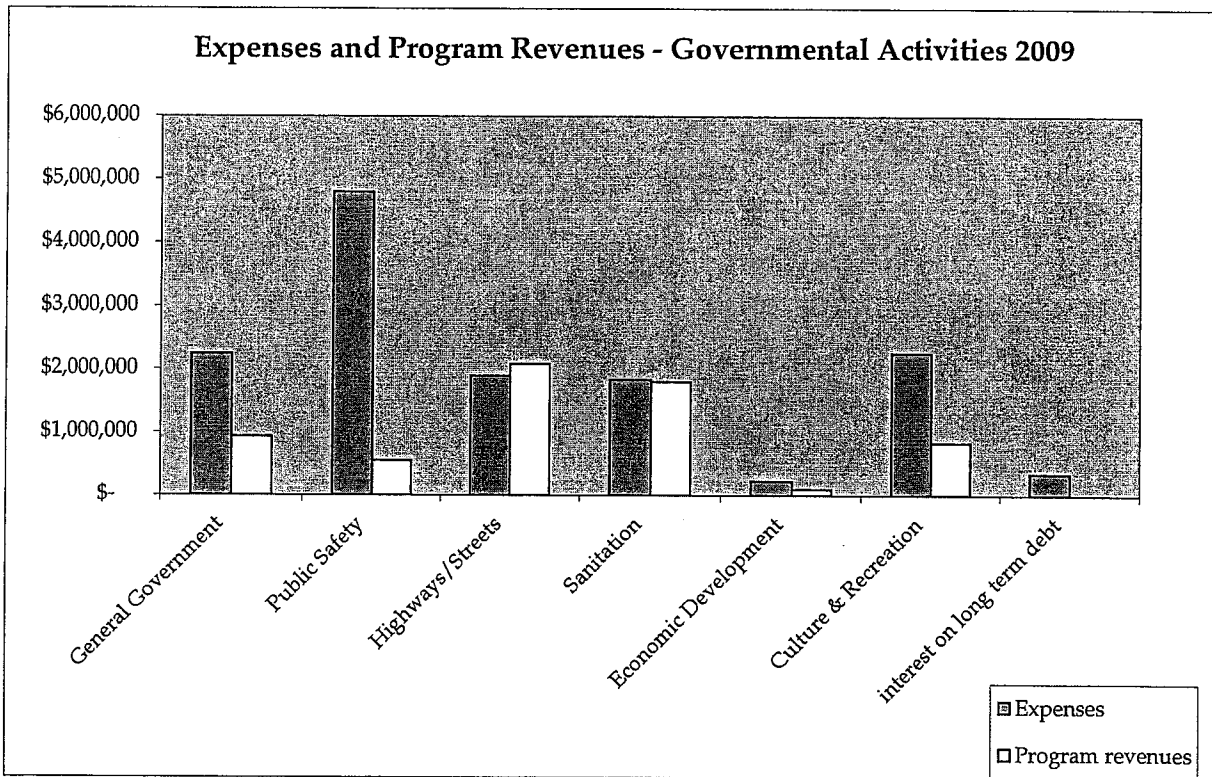
Property and other taxes increased by only 1.4% from the prior year. Property taxes attributable to debt service increased significantly. However, owing to the net offsetting effect of lower collection rates and an enforced reduction to the so-called maximum operating levy in the amount of \$273,895 from the prior year, the net increase was significantly arrested. The enforced reduction was part of property tax reform. The rationale was that since the state was assuming the full costs for the legacy public safety pensions for all municipalities, the tax levies that were used to support them needed to be "recovered" to prevent a so-called "windfall." It should be noted that the amount of the reduction did not reflect the actual levy allocated to police pensions in four of the previous five fiscal years. Further, owing to a special law for municipalities in Lake County, Indiana, property tax levies are frozen at the levels of FY 2007 until the County Council adopts a special local option income tax at 1%.

- Capital grants and contributions for the *Primary Government* increased in 2009 from its 2008 levels by \$859,161. The largest portion of the grant awards furnished resources to *Highways and Streets*. In fact, Capital grants increased by \$782,468 in *Governmental Activities* and only increased by \$76,693 in *Business-Type activities* over its 2008 levels.
- Operating grants and contributions reversed from the declines that marked 2007, and 2008. Operating grants increased over the 2008 levels by 20.8%, by adding \$213,234. This change is entirely attributable to *Governmental Activities*. Most of these operating grants involve public safety functions and a Federal Emergency Management Agency reimbursement for payroll associated with a flood incident. No operating grants and contributions were reported in *Business-Type activities for 2009, 2008, 2007 or 2006*.
- Charges for services, as stated, had an overall increase in revenues of \$364,951 in 2009 to the Primary Government. This increase is attributable to an increase of \$229,676 in *Business Type Activities*, and an increase of \$135,275 attributable to *Governmental Activities*. The increase in Business Type Activities is wholly attributable to the scheduled 5% increase in user charges of the Sanitary District. The increase in these fees in Governmental Activities is attributable to an increase to the user charges for solid waste management services and some new law enforcement user charges associated with arrest processing.
- General Government experienced a slight (-5%) decrease in spending in 2009. The decrease of (-\$118,181) was attributable to constrained spending in several of the general governmental departments.
- Highway and street expenses decreased by -3.4% in 2009 from its 2008 levels representing a reduction in the amount of (-\$66,152). The decrease was attributable to comparatively higher than usual expenditures in 2008 paid from the Corporation bonds of 2008 and constrained spending owing to declining revenues from the gasoline taxes that support these functions.
- Economic development, Public safety, Sanitation, and Culture and Recreation expenses increased significantly in 2009 from its 2008 levels by an aggregate total of \$288,535. Economic development

expenses significantly increased by \$80,414 representing an increase of 53.5% in 2009 from its 2008 levels. The increase was primarily attributable to increased consultant spending, associated with the development of design standards and rules associated with the Redevelopment Area of the Kennedy Avenue Corridor. Other increases were attributable to increases of 12% in group health insurance costs, increase in vendor costs for curbside waste collection and increased purchases of police cars as well as activities supported by operating grants for public safety. In particular, *Public safety spending increased by 3.6% over 2008 levels in the amount of 168,585*. Sanitation spending increased by 1.3% over 2008 levels in the amount of \$23,863. Finally, Culture and Recreation expenses increased by \$15,673 over the prior year, representing only a .7% increase.

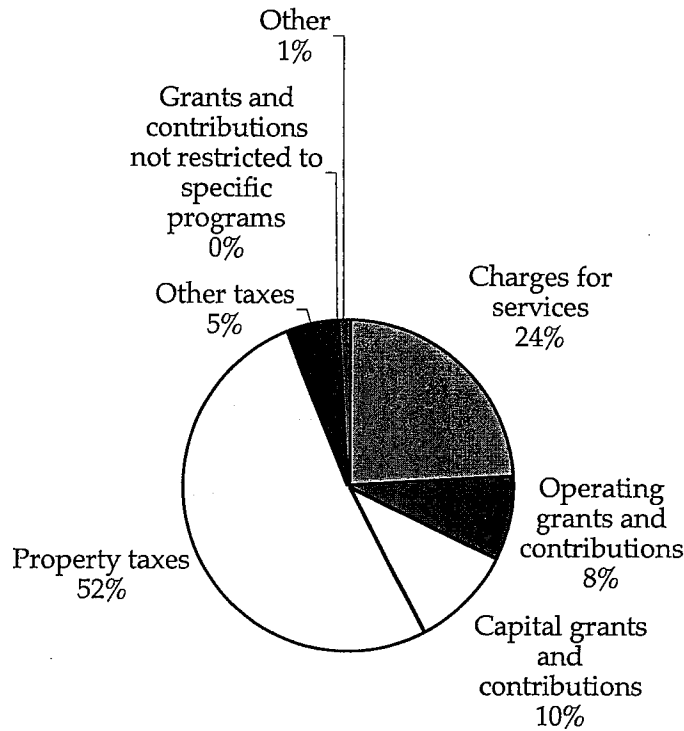
**Expenses and Program Revenues Government Activities  
2009**

	Expenses	Program Revenues	Net (Expense) Revenue
General Government	\$ 2,245,786	\$ 933,587	\$ (1,312,199)
Public Safety	\$ 4,797,793	\$ 550,651	\$ (4,247,142)
Highways/Streets	\$ 1,901,381	\$ 2,084,743	\$ 183,362
Sanitation	\$ 1,835,282	\$ 1,803,514	\$ (31,768)
Economic Development	\$ 230,857	\$ 99,261	\$ (131,596)
Culture & Recreation	\$ 2,257,740	\$ 838,246	\$ (1,419,494)
interest on long term debt	\$ 347,105	\$ -	\$ (347,105)



*This graph above compares spending by function to its related program revenues for governmental activities in FY 2009. 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.*

**Revenues by Source Governmental Activities 2009**



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

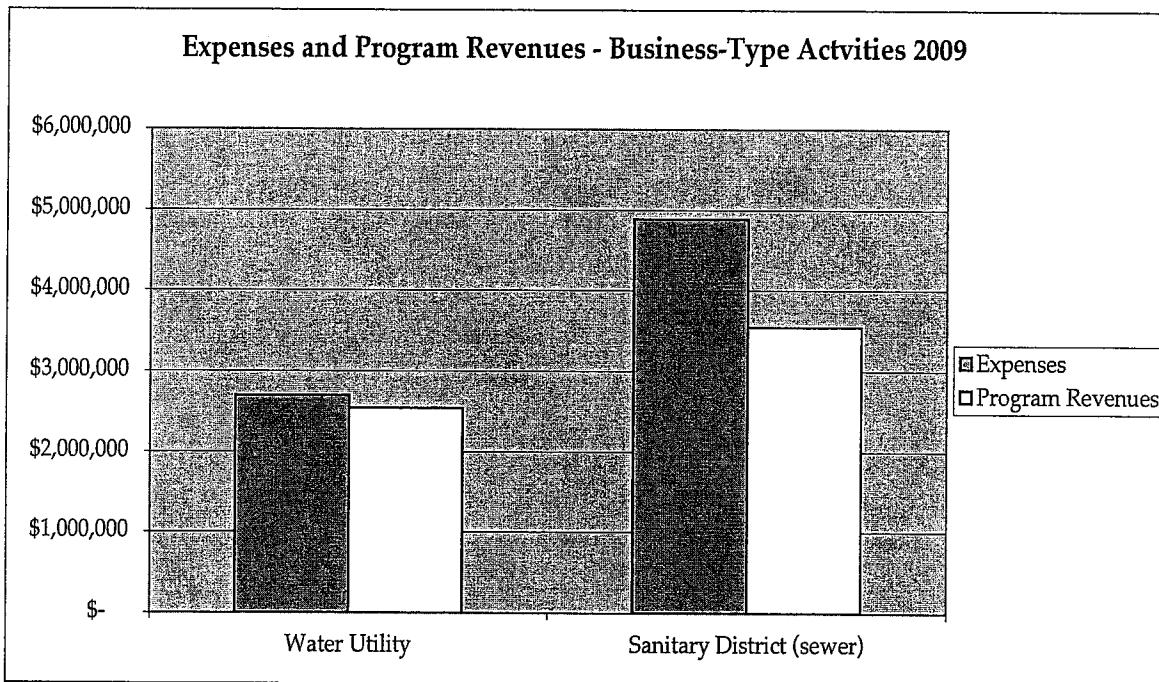
**Business-type activities.** The TOWN of HIGHLAND'S net assets associated with Business-type Activities actually declined by (-\$509,175). The key elements of this change in net assets are as follows:

- As a percentage of total revenues to the *Business-Type activities* in FY 2009, *charges for services* represented approximately 84.88% of the total revenue stream. *Property taxes* represented 13.78% of the total revenue stream. Capital grants and contributions represented 1.08% of the total business type activities revenue stream. Other revenues represented the final .25% of the business type activities revenue stream.

- The Sanitary District in 2009 experienced a 7.7% increase in program revenues whereas, the Water District experienced an decrease of .7%. The increase for the Sanitary District can be attributable to the 5% nominal rate increase. The decrease for the water district is attributable to a reduction in billed consumption in 2009 (1,285,928,000 gallons) from 2008 (1,319,590,000 gallons).
- The Sanitary District experienced an increase in total expenses amounting to 12.0% for FY 2009. Much of this was attributable to expenses in certain capital programs related to reducing inflow and infiltration in the wastewater collection system, increases in temporary storm water storage and treatment and disposal costs.
- The Waterworks Utility experienced a very slight 2.8% increase in total expenses for FY 2009. This is attributable to its share of costs associated with increases in health insurance and expenses related to transmission and distribution.

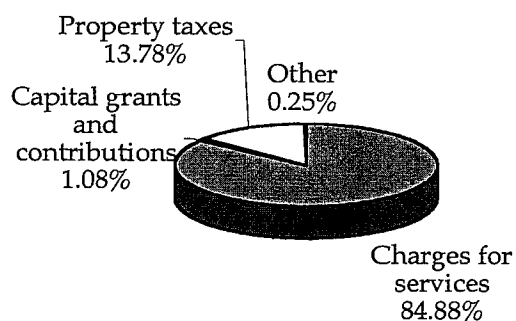
**Expenses and Program Revenues Business Type Activities  
2009**

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue</u>
Water Utility	\$ 2,698,674	\$ 2,540,742	\$ (157,932)
Sanitary District (sewer)	\$ 4,887,981	\$ 3,543,518	\$ (1,344,463)



*This graph above compares spending by function to its related program revenues for business-type activities in FY 2009. 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.*

### Business Activity Revenues by Source 2009



*This pie chart shows revenues by source and their percentages for business-type activities in FY 2009. This does not include revenues from government activities.*

#### **Financial Analysis of the Government's Funds**

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

*Governmental funds.* The focus of the TOWN of HIGHLAND'S *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the TOWN of HIGHLAND'S financing requirements. In particular, *unassigned*

*fund balance* (formerly unreserved fund balance) may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year ended 31 December 2009, the TOWN of HIGHLAND'S governmental funds reported combined ending fund balances of **\$8,343,022** a slight increase of \$77,238 in comparison with the prior year. Of the combined ending fund balance amount, **\$7,430,829** or (89%) is *available for spending* at the government's discretion (unassigned fund balance/*unreserved fund balance*) The remainder of fund balance in the amount of **\$912,193** is *restricted or committed fund balance* to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period 2) to cover wages and salaries earned in the current fiscal year but payable in the subsequent one or 3) for a variety of other restricted purposes.

The **General Fund** is the chief operating fund of the TOWN of HIGHLAND. At the end of the current fiscal year, unreserved, unassigned fund balance of the General Fund was **\$1,713,979**, while total fund balance reached **\$2,068,335**. As a measure of the *General Fund's liquidity*, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, unassigned fund balance represents twenty-three percent (23%) of total general fund expenditures (\$7,572,905), while total fund balance represents twenty-six percent (27%) of that same amount. Cash flows for this fund in FY 2009 were supported through significant short-term borrowing, evidenced by the issuance of tax anticipation warrants (TAW).

The fund balance of the TOWN of HIGHLAND'S General Fund experienced a net *increase* of **\$118,132** during the current fiscal year. Key factors in this small increase are as follows:

The pay 2008 property tax bills were again delayed and a portion of those collections were settled in 2009. Further, the pay 2009 property taxes were delayed as well, with some settlement in FY 2010. Even with the decreased revenues in 2009 for the General Fund and the slight decline in spending in FY 2009, the fund balance increased primarily because of the overall spending of the General Fund in the amount of \$7,572,905 came in under the overall revenue for the fund of \$7,716,601, allowing an increase in fund balance of the reported amount.

The *Parks and Recreation Fund* had a total fund balance of **\$240,579**. The Parks and Recreation Fund had an unreserved, undesignated fund balance of **\$202,098**. As a measure of the Parks and Recreation Fund's liquidity, it may be useful to compare both unreserved (unassigned) fund balance and total fund balance to total fund expenditures. Unreserved (unassigned) fund balance represents eleven percent (11%) of total Parks and Recreation Fund expenditures, while total fund balance represents twelve and ninety-six one hundredths percent (12.96%) of that same amount.

The fund balance of the TOWN of HIGHLAND'S Parks and Recreation Fund *from* \$241,738 *in* FY 2008 *to* \$240,579 *in* FY 2009, *a decrease of* (-\$1,159) during the current fiscal year. Key factors in this decrease is attributable to the 2008 property tax bills being again delayed and a portion of those collections was settled in 2009. Furthermore, total *expenditures* in the amount of \$1,856,994 exceeded the total revenues of \$1,855,835, producing a net reduction in the fund balance by the reported amount.

**Proprietary funds.** The TOWN of HIGHLAND'S proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Waterworks and Sanitary District utilities at the end of the year amounted to **\$708,009**. The **change** in net assets for the Waterworks Utility was (-\$155,341) and for the Sanitary District was (-\$353,834). The total change in net assets for all utilities was (-\$509,175). Other factors concerning the finances of these two funds have already been addressed in the discussion of the TOWN of HIGHLAND'S business-type activities.

## General Fund Budgetary Highlights

Differences between the original budget and the final amended budget equaled a net increase of \$767,176 in expenditures. The net increase is comprised of an increase to General Government in the amount of \$ 213,315; an increase to Public Safety in the amount of \$443,363; and an increase to Sanitation in the amount of \$110,498. Following are some of the main components of the increases:

- A net increase of \$101,413 to several departments of the General Fund to cover the cost of a one-time pay premium or bonus in the amount of \$1,600 for each full-time worker in lieu of a general raise.
- A net increase of \$80,064 in the Services and Works Board to cover the cost of a one-time workers compensation premium modification and energy costs.
- A net increase of \$87,000 in the Office of the Town Council to cover the cost of municipal election of 2008, delayed in billing.
- A net increase of \$12,384 in the Fire and Police Departments to cover the cost of equipment replaced by a Federal Emergency Management Agency Reimbursement Grant.
- A net increase of \$354,356 in carry over expenses from 2008 but slated to be paid in 2009 for various departments.
- A net increase of \$110,498 to expenditures in the Sanitation and Streets Department, owing to cover of expenses from prior year on the annual vendor contract that had not been paid or encumbered as well as the bonus payments described at the start of these highlights.

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

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

- General Fund saw a net increase in actual revenues of \$355,874 over the Final Revenue Budget, fixed at \$7,423,042. Actual revenues were \$7,778,916. This positive variance from final budget is attributable to the payment of excise and other tax revenues due in FY 2008 being paid and posted in early 2009, in approximately the amount of \$342,748. In addition, there was a positive variance of \$44,249 for fines and forfeits, which in part is attributable to a delayed distribution of the local share of court fees, higher than expected alarm service fees, and higher than projected fees from infraction deferrals. Finally, there was a \$266,806 positive variance in the charges for services category, which is attributable to conservative projections generally and an increase in solid waste user charges.
- General Fund had **final budgeted appropriations of \$8,716,311**. However, **actual appropriated expenditures** totaled only \$7,923,566, coming **under the final budget by (\$792,755)**. The majority of this under expenditure from the budgeted amount is due to the timing of payments, incurred in FY 2009, but which will be made in 2010. The source report uses the modified accrual accounting model.

## Capital assets and Debt Administration

**Capital assets.** The TOWN of HIGHLAND'S total investments in capital assets for the Primary Government (governmental and business type activities) as of December 31, 2009, amounts to \$44,842,054 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, road and highways. The total investment in capital assets in the TOWN of HIGHLAND for the current fiscal year represented an increase of \$2,667,148 or 6.32%. The specific components of the increase are a \$90,001

(.4%) increase for governmental activities and a \$2,577,147 (12.97%) increase for business-type activities.

**TOWN of HIGHLAND'S CAPITAL ASSETS**

	(net of depreciation)						Change to Capital Assets	Percentage change
	Governmental Activities		Business-Type Activities		Total			
	2009	2008	2009	2008	2009	2008		
Land	\$ 2,800,029	\$ 2,747,895	\$ 55,477	\$ 55,477	\$ 2,855,506	\$ 2,803,372	\$ 52,134	1.86%
Buildings and System Improvements other than buildings	\$ 2,566,906	\$ 2,742,159	\$ 381,402	\$ 405,945	\$ 2,948,308	\$ 3,148,104	\$ (199,796)	-6.35%
Machinery and equipment	\$ 760,974	\$ 769,439	\$ 2,443,597	\$ 2,546,909	\$ 3,204,571	\$ 3,316,348	\$ (111,777)	-3.37%
Infrastructure	\$ 1,452,652	\$ 1,448,269	\$ 929,797	\$ 812,455	\$ 2,382,449	\$ 2,260,724	\$ 121,725	5.38%
Construction in progress	\$ 11,941,040	\$ 12,657,438	\$ 15,278,602	\$ 15,292,755	\$ 27,219,642	\$ 27,950,193	\$ (730,551)	-2.61%
<b>Total:</b>	\$ 2,871,787	\$ 1,938,187	\$ 3,359,792	\$ 757,978	\$ 6,231,579	\$ 2,696,165	\$ 3,535,414	131.13%
	\$ 22,393,388	\$ 22,303,387	\$ 22,448,666	\$ 19,871,519	\$ 44,842,054	\$ 42,174,906	\$ 2,667,148	6.32%
	\$ 90,001		\$ 2,577,147	12.97%				
	0.40%	Water Utility	\$ 8,552,282	\$ 8,446,665				
		Wastewater	\$ 8,164,679	\$ 6,310,752				
		Stormwater	\$ 5,731,705	\$ 4,568,084				
			\$ 22,448,666	\$ 19,325,501				

Addition information on the TOWN of HIGHLAND's capital assets can be found in Note IV. C on pages 48 to 50 of this report.

Major capital asset events during the fiscal year ending 31 December 2009 included the following:

**Streets and Sanitation**

***Kennedy Avenue Reconstruction Project (North)***

The Kennedy Avenue Reconstruction Project was awarded by the Indiana Department of Transportation to Grimmer Construction, Inc. in the amount of \$7,335,639 in 2008. The limits of the project are the Little Calumet River (north) and Ridge Road (south). The project consisted of drainage improvements, curb installation, sidewalk replacement, water main replacement, and pavement reconstruction. Grimmer Construction, Inc. began construction in December 2008 and work continued throughout 2009. The project is scheduled for completion in July 2010. The project design and construction engineering services were performed by First Group Engineering, Inc.

***2000-2100 Ridgewood Avenue Reconstruction Project***

The Ridgewood Avenue Reconstruction Project was substantially completed in 2009. The limits of the project were Prairie Avenue to Parkway Drive. The project consisted of drainage improvements, curb installation, sidewalk replacement, water main replacement, and pavement reconstruction. The Contract was awarded in July 2009 to Grimmer Construction, Inc. in the amount of \$434,842. 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 2009 as part of the Town general maintenance program:

Street	From	To
LaPorte Street	Kennedy Avenue	Grace Street

44 <sup>th</sup> Street	5 <sup>th</sup> Street	Cul-de-Sac
Delaware Place	44 <sup>th</sup> Street	45 <sup>th</sup> Street
5 <sup>th</sup> Place	44 <sup>th</sup> Street	45 <sup>th</sup> Street
Industrial Drive	Indianapolis Boulevard	Spring Street
Spring Street	45 <sup>th</sup> Street	Industrial Drive
Express Drive		
38 <sup>th</sup> Street	Orchard Street	Liabe Road
LaVerne Drive	Grace Street	Arbor Hill Drive
Lincoln Street	Cottage Grove Avenue	Arbor Hill Drive
Park Drive	Highway Avenue	Jewett Street
99 <sup>th</sup> Place West		
99 <sup>th</sup> Street West		
42 <sup>nd</sup> Street	5 <sup>th</sup> Street	Erie Street
Forrest Drive	41 <sup>st</sup> Street	43 <sup>rd</sup> Street
Lincoln Street	Prairie Avenue	Parkway Drive
Lincoln Street	Carolina Street	5 <sup>th</sup> Street
Garfield Avenue	Kennedy Avenue	Gordon Drive
LaPorte Street	Henry Street	Kennedy Avenue
Prairie Avenue	Main Street	Ramblewood Drive
Ramblewood Drive	Prairie Avenue	Prairie Avenue
Idlewild Drive	Martha Street	Bluebird Lane
Main Street	Kennedy Avenue	Highland/Griffith Corporate Limit

### Engineering Projects

#### *Cline Avenue Project*

Preliminary Engineering for the Cline Avenue Improvement Project between Ridge Road and 45<sup>th</sup> Avenue began in 2005 and was completed in 2009 by First Group Engineering, Inc. The Project (Federal-Aid) involves the reconstruction of Cline Avenue. The local share of the funding will split between the Town of Highland and the Town of Griffith through an interlocal cooperation agreement. The estimated cost for the Project is \$5,153,392 and has been schedule for bid letting in February 2010. The Project is scheduled for construction in 2010-2011.

#### *45<sup>th</sup> Avenue Resurfacing Project*

First Group Engineering, Inc. was engaged to provide preliminary engineering design services in support of the 45<sup>th</sup> Avenue Resurfacing Project. The construction project is being funded through the Town of Highland's allocation of American Recovery and Reinvestment Act Funds (stimulus funding). Highland's allocation is \$493,657. Walsh & Kelly, Inc. was awarded the project through the Indiana Department of Transportation in the amount of \$306,3098. Work is scheduled to begin and conclude in the Summer of 2010.

#### *Highland Street Reconstruction Project*

The Town of Highland was approved for a Community Development Block Grant (FY 2009) for the reconstruction of the 8700 block of Highland Street in the amount of \$113,350. The limits of the project are Ridge Road and Highway Avenue. The project consists of drainage improvements, curb installation, sidewalk replacement, water main replacement and pavement reconstruction. Garcia Consulting Engineers was contracted to provide preliminary design engineering services. The Project is scheduled for construction in the Spring/Summer of 2010.

### Department of Waterworks and Municipal Water Utility

#### *Ridgewood Avenue Water Main Installation Project*

In conjunction with the Ridgewood 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 2000-2100 block of Ridgewood Avenue. The work was performed

by Grimmer Construction, Inc. at a cost to the water utility of \$97,190. The project design and construction engineer services were performed by Garcia Consulting Engineers.

### **Sanitary District and Sewage (Waste & Storm water) Works**

#### ***North Drive Pump Station Engine Generator Project***

The Sanitary Board of Commissioners completed a project for the installation of an 500KW diesel powered engine generator to supply electrical power to the North Drive Pump Station in the event of a power outage. In 2006, the US Army Corps of Engineers constructed the North Drive Pump Station as a part of the Little Calumet River Levee and Flood Protection Project. The station was constructed without the installation of a backup generator. NIES Engineering, Inc. performed preliminary design and construction engineering services for the project. Cummins Power LLC supplied the 500KW engine generator at the cost of \$94,428. The Automatic Transfer switch was supplied by Steiner Electric at the cost of \$9,516. Midwestern Electric, Inc. provided installation services in the amount of \$88,135.

#### ***North 5th Street Pump Station Engine Generator Project***

The Sanitary Board of Commissioners completed a project for the installation of two (2) 1000KW diesel powered engine generators to supply electrical power to the North 5<sup>th</sup> Street Pump Station in the event of a power outage. Zonatherm Products, Incorporated supplied the 2000KW Engine-Generator package (4-500KW Engine-Generators) at the cost of \$399,770. Austgen Electric, Inc. provided installation services in the amount of \$355,216. NIES Engineering, Inc. was engaged to performed preliminary design services and construction inspection for the project. The project was substantially completed in September 2009.

#### ***Homestead Gardens Detention Project***

The Sanitary Board of Commissioners constructed the Homestead Gardens Detention Facility and associated storm sewer improvements. Christopher B. Burke Engineers, LTD performed preliminary design engineering services for the construction of an 8.5 Acre-Feet detention basin located east of Johnston Street, between Grand Boulevard and 81<sup>st</sup> Street. In addition, new storm sewers were installed in the 3500 block of Grand Boulevard; Johnston Street between Grand Boulevard and Strong Place; and in the 8100-8200 blocks of Grace Place. The project was implemented in order to evaluate flood control solutions for the storm sewers tributary to the North Drive Pump Station. The Project was awarded on July 21, 2009 to Gatlin Plumbing & Heating, Inc. in the amount of \$767,638. Work began in August 2009 with a scheduled completion in the Spring of 2010. Christopher B. Burke Engineers, LTD performed construction engineering services on the project.

#### ***LaPorte Street Sewer Separation Project***

The Sanitary Board of Commissioners constructed the LaPorte Street Sewer Separation Project. The project includes the installation of 600 LF of storm sewer. In addition, 64 homes will provided with service connections to the storm sewer in order to provide an outlet for private storm water sump pump discharges. The Project was awarded to deBoer Egolf Corporation in January 2009 in the amount of \$185,596. Two change orders to contract brought the final cost to \$189,357. NIES Engineering, Inc. was engaged to provide professional engineering design services and construction engineering services for the project. The construction concluded in May 2009.

#### ***Franklin Street Sewer Separation Project***

The Sanitary Board of Commissioners constructed the Franklin Street Sewer Separation Project. This project consists of the furnishing of all equipment, labor and materials for the construction of approximately 680 linear feet of 12-inch PVC storm sewer, removal of 660 LF of 12-inch PVC and replacement with 660 linear feet of 18-inch PVC storm sewer and installation of 4-inch PVC laterals for approximately 151 homes to the new and existing storm sewers. The Project was awarded to B & D Sewer and Backhoe Service, Inc. in July 2009 in the amount of \$443,343. Two change orders to contract brought the final cost to \$418,480. NIES Engineering, Inc. was engaged to provide professional engineering design services and construction engineering services for the project. The construction concluded in October 2009.

#### ***Hess Drive Sewer Separation Project***

The Sanitary Board of Commissioners constructed the Hess Drive Street Sewer Separation Project. This project consists of the furnishing of all equipment, labor and materials for the construction of approximately 900 linear feet of 12-inch PVC storm sewer and installation of 4-inch PVC laterals for approximately 32 homes to the new storm sewer. The Project was awarded to deBoer Egolf Corporation in August 2009 in the amount of \$123,458. One change order to contract brought the final cost to \$113,537. NIES Engineering, Inc. was engaged to provide professional engineering design services and construction engineering services for the project. The construction substantially concluded in November 2009.

#### ***Wicker Park Manor Storm Sewer Improvement Project***

The Sanitary Board of Commissioners constructed the Wicker Park Manor Storm Sewer Improvement Project. This project consists of the furnishing of all equipment, labor and materials for the construction of approximately 170 linear feet of 15-inch PVC storm sewer, 133 linear feet of 24-inch PVC storm sewer and 985 linear feet of 30-inch PVC storm sewer. The Project was awarded to Engineered Companies, Inc. in July 2009 in the amount of \$224,492. NIES Engineering, Inc. was engaged to provide professional engineering design services and construction engineering services for the project. The construction is scheduled for completion in the Spring of 2010.

#### ***Strong Street Sewer Separation Project***

The Sanitary Board of Commissioners initiated the Strong Street Sewer Separation Project in September 2009. This project is a part of a continuing program for the separation of private foundation drains and sump pumps from the sanitary sewer system. NIES Engineering, Inc. was engaged to provide professional engineering design services for the project. The construction is scheduled to begin in the spring of 2010.

#### **Parks and Recreation**

- Meadows Pond Stabilization – Large pond received bank stabilization and aerators for \$20,758.
- Electronic marquee was purchased and installed at Main Square Park for costs totaling \$22,046.
- New scoreboards were purchased and installed at the Sharp Athletic Complex for \$27,520.
- The park department completed their 5-year comprehensive master plan with expenditures of \$26,150. The master plan was submitted to the Indiana Department of Natural Resources and was accepted and approved.
- 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. This project involves the master planning of the Community Center, originally an elementary school that was first constructed in 1947 with upgrades made in 1950, 1965, and 1998. Preliminary plans called for some redesign, reconstruction, and some new construction. After initial efforts to develop financing, leadership elected to defer further action to another time.

**Long-term debt.** At the end of the current fiscal year, the TOWN of HIGHLAND had total bonded debt outstanding of \$18,225,927. Of this amount, \$17,216,473 comprises debt backed by the full faith and credit of the government. The remainder of the TOWN of HIGHLAND's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds), in the amount of \$1,009,454.

The TOWN of HIGHLAND's total debt increased by a net \$6,236,546 (52%) during 2009. General obligation debt had a net increase of \$6,442,454 (60%). Revenue bonded indebtedness decreased by (-\$205,908) (-17%). The key factor in the overall increase was a general obligation special taxing district bond issued by the Sanitary District in the nominal amount of \$7,640,000.

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

State statutes and the Indiana Constitution limit the amount of general obligation debt that a governmental entity may issue. Article 13 of the Indiana Constitution states that a municipal

corporation may not exceed two percent (2%) of one-third of the total assessed valuation of the unit. Statutes also limit so-called special taxing districts, which are co-terminus with the boundaries of the Town. The Parks and Recreation District may not exceed two percent (2%), the Redevelopment District may not exceed two percent (2%), the Waterworks District may not exceed eight percent (8%) and the Sanitary District may not exceed twelve percent (12%) of one-third of the total assessed valuation of the Town.

<b>TOWN of HIGHLAND'S Outstanding Debt</b>					
General Obligation and Revenue Bonds					

	Governmental Activities		Business-Type Activities		Total	
	31-Dec-09	31-Dec-08	31-Dec-09	31-Dec-08	2009	2008
General Obligation Bonds	\$ 5,699,966.00	\$ 6,488,162.00	\$ 11,516,507.00	\$ 4,285,857.00	\$ 17,216,473.00	\$ 10,774,019.00
Special assessment debt with governmental commitment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds	\$ 1,009,454.00	\$ 1,215,362.00	\$ -	\$ -	\$ 1,009,454.00	\$ 1,215,362.00
<b>Total</b>	<b>\$ 6,709,420.00</b>	<b>\$ 7,703,524.00</b>	<b>\$ 11,516,507.00</b>	<b>\$ 4,285,857.00</b>	<b>\$ 18,225,927.00</b>	<b>\$ 11,989,381.00</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 51-53 of this report.

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

- Inflationary trends in the region compare favorably to the national indices.
- The regional delay due to the delay of the property taxes owing to the general trending reassessment continues but shows signs of moving towards the normal cycle.
- The Indiana General Assembly passed a law applicable only to all units of government in Lake County except Schools, that *freezes* all property tax levies for controlled (operating) funds at FY 2007, unless and until the Lake County Council adopts a County-wide income tax dedicated to property tax replacement. In FY 2008, the Lake County Council passed the tax by a vote of 4 to 3. However, the County executive vetoed the ordinance and the County Council was unable to attain the necessary 5 votes to over ride the veto. In 2009 there was no further action. There are no signs of reconsideration of this matter soon, even in 2010 as it is an election year.

Further, owing to the operating levy freeze, increases in operating costs, and a reduction of \$273,895 to the maximum operating levy imposed by legislation styled as property tax reform, directed to reduce property tax burdens. This action placed the operating budget into a deficit position of approximately \$320,000 in FY 2009 if all appropriations were expended in the Corporation General Fund. The budget, *while not balanced*, was funded from operating balance or cash reserves in the General Fund.

All of these factors were considered in preparing the TOWN of HIGHLAND's budget for the 2010 fiscal year.

The operating budget growth for 2010 was constrained but not entirely contracted. During the current fiscal year, ending fund balance in the General fund increased by \$118,132 over the prior year. However, unreserved, undesignated fund balance in the general fund increased from

\$1,446,835 at the end of 2008 to \$1,713,979 at the end of 2009. Part of this increase is attributable to the proceeds from temporary warrants to cover cash flow. The TOWN of HIGHLAND has appropriated much of this amount for spending in the FY 2010 budget. It is intended that the use of this fund balance will offset revenue shortfalls owing to tax bill delays and permit expenditures for one-time deferred needs of the municipality. The Town Council indicated an intention to review its position and move to contract the budget in FY 2011. No general wage and salary increase is planned for FY 2010.

Further complicating the fiscal position of the Primary Government, is the imposition of so called *circuit breakers*, which operate, in fact, as hard *tax caps* on property tax collections. In FY 2009, by operation of law, property tax bills could not exceed 1.5% the gross valuation of owner-occupied residential properties (homesteads), 2.5% of non-owner occupied residential properties and farms, and 3.5% for all other classes of property. The caps operate to reduce total collections and can only be reliably calculated by conducting a parcel-by-parcel study and gathering the spending of overlapping jurisdictions. The effect to the municipality in FY 2009 was not significant. Further, in FY 2010, the caps are reduced to 1%, 2% and 3% respectively. The effects of the caps on collections are not yet known. As this is written the final budget order from the state department of local government finance is not yet issued. As a consequence, final property tax bills could not be calculated. The impact of the tax caps is an unknown but remain a critical concern to the fiscal position of the municipality.

Solid Waste Management user charges were increased in May of 2009 by 4%. The increase was necessary to finance cost increases charged by the solid waste curbside collection vendor after bids were solicited for these services and to further establish the solid waste program as fully funded by user charges.

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

#### **Requests for Information**

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

TOWN OF HIGHLAND, INDIANA  
STATEMENT OF NET ASSETS  
December 31, 2009

FINAL

Assets	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	3,937,604	\$ 856,784	\$ 4,794,388
Investments	23,446	13,216	36,662
Receivables (net of allowances for uncollectibles):			
Interest	990	62	1,052
Taxes	3,588,595	108,008	3,696,603
Accounts	102,100	130,347	232,447
Intergovernmental	112,217	10,036	122,253
Special assessments	-	28,638	28,638
Inventories	-	85,890	85,890
Prepaid items	14,943	1,355	16,298
Deferred charges	123,213	302,128	425,341
Restricted assets:			
Cash and cash equivalents	3,982,828	7,248,539	11,231,367
Investments	193,759	48,962	242,721
Interest receivable	933	3,046	3,979
Taxes receivable	1,033,698	386,312	1,420,010
Intergovernmental receivable	356,945	-	356,945
Special assessments receivable	2,201	-	2,201
Cooperative receivable	1,750,000	-	1,750,000
Inventories	-	88,960	88,960
Capital assets:			
Land and construction in progress	5,671,816	3,415,269	9,087,085
Other capital assets, net of depreciation	16,721,572	19,033,397	35,754,969
Total assets	37,616,860	31,760,949	69,377,809

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

Continued on next page

TOWN OF HIGHLAND, INDIANA  
STATEMENT OF NET ASSETS  
December 31, 2009  
(Continued)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Liabilities</u>			
Accounts payable	243,122	657,326	900,448
Accrued payroll and withholdings payable	97,405	27,416	124,821
Taxes payable	-	9,501	9,501
Payable from restricted assets:			
Accounts payable	148,496	8,263	156,759
Accrued payroll and withholdings payable	13,641	-	13,641
Customer deposits	-	82,672	82,672
Accrued bond interest	146,488	217,692	364,180
Noncurrent liabilities:			
Amounts due within one year:			
General obligation bonds payable	874,000	566,000	1,440,000
Revenue bonds payable	225,000	-	225,000
Compensated absences	212,089	19,711	231,800
Note payable	28,400	-	28,400
Capital lease obligations	54,277	-	54,277
Tax anticipation warrants payable	3,393,000	-	3,393,000
Amounts due beyond one year:			
General obligation bonds payable (net of discounts or premiums)	4,825,996	10,950,507	15,776,503
Compensated absences	365,514	89,629	455,143
Note payable	85,200	-	85,200
Other post employment benefits payable	267,729	25,306	283,035
Revenue bonds payable (net of discounts or premiums)	784,454	-	784,454
Matured bonds and coupons payable	-	1,056	1,056
Capital lease obligations	292,436	-	292,436
Net pension obligation	67,904	-	67,904
Total liabilities	12,115,151	12,655,079	24,770,230
<u>Net assets</u>			
Invested in capital assets, net of related debt	16,624,533	17,056,150	33,680,683
Restricted for:			
Highways and streets	273,873	-	273,873
Debt service	1,346,077	1,090,956	2,437,033
Capital Projects	3,382,797	250,755	3,633,552
Other purposes	394,177	-	394,177
Unrestricted	3,450,252	708,009	4,188,261
Total net assets	\$ 25,501,709	\$ 19,105,870	\$ 44,607,579

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, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>Primary government:</b>							
Governmental activities:							
General government	\$ 2,245,786	\$ 847,387	\$ 14,000	\$ 72,200	\$ (1,312,199)	\$ -	\$ (1,312,199)
Public safety	4,797,793	164,551	386,100	-	(4,247,142)	-	(4,247,142)
Highways and streets	1,901,381	-	643,020	1,441,723	183,362	-	183,362
Sanitation	1,835,282	1,644,040	159,474	-	(31,768)	-	(31,768)
Urban redevelopment	230,857	87,516	11,745	-	(131,596)	-	(131,596)
Culture and recreation	2,257,740	812,033	26,213	-	(1,419,494)	-	(1,419,494)
Interest on long-term debt	347,105	-	-	-	(347,105)	-	(347,105)
<b>Total governmental activities</b>	<b>13,615,944</b>	<b>3,555,527</b>	<b>1,240,552</b>	<b>1,513,923</b>	<b>(7,305,942)</b>	<b>-</b>	<b>(7,305,942)</b>
<b>Business-type activities:</b>							
Water	2,698,674	2,540,742	-	-	-	(157,932)	(157,932)
Sanitary District	4,887,951	3,466,925	-	76,693	-	(1,344,463)	(1,344,463)
<b>Total business-type activities</b>	<b>7,586,625</b>	<b>6,007,667</b>	<b>-</b>	<b>76,693</b>	<b>-</b>	<b>(1,502,395)</b>	<b>(1,502,395)</b>
<b>Total primary government</b>	<b>\$ 21,202,599</b>	<b>\$ 9,563,094</b>	<b>\$ 1,240,552</b>	<b>\$ 1,590,616</b>	<b>(7,305,942)</b>	<b>(1,502,395)</b>	<b>(8,808,337)</b>
<b>General revenues:</b>							
Property taxes					7,705,918	975,323	8,681,241
Excise taxes					564,559	-	564,559
Financial institution tax					57,664	-	57,664
Commercial vehicle excise tax					33,249	-	33,249
ABC gallonage tax					58,066	-	58,066
Cigarette tax					19,691	-	19,691
Other					138,658	-	138,658
Investment earnings					24,857	17,897	42,754
<b>Total general revenues</b>					<b>8,602,662</b>	<b>993,220</b>	<b>9,595,882</b>
<b>Change in net assets</b>					<b>1,296,720</b>	<b>(509,175)</b>	<b>787,545</b>
<b>Net assets - beginning</b>					<b>18,869,480</b>	<b>19,615,045</b>	<b>38,484,525</b>
<b>Prior period adjustment (Note IV.1)</b>					<b>5,335,509</b>	<b>-</b>	<b>5,335,509</b>
<b>Restated net assets - beginning</b>					<b>24,204,989</b>	<b>19,615,045</b>	<b>43,820,034</b>
<b>Net assets - ending</b>					<b>\$ 25,501,709</b>	<b>\$ 19,105,870</b>	<b>\$ 44,607,579</b>

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

TOWN OF HIGHLAND, INDIANA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2009

Assets	General	Parks and Recreation	Other Governmental Funds	Totals
Cash and cash equivalents	\$ 2,481,903	\$ 393,588	\$ 863,375	\$ 3,738,866
Investments	208	1,001	17,230	18,439
Receivables (net of allowances for uncollectibles):				
Interest	751	71	142	964
Taxes	2,886,872	612,268	89,455	3,588,595
Accounts	102,100	-	-	102,100
Intergovernmental	97,970	12,431	1,816	112,217
Interfund receivable:				
Interfund loans	-	-	65,500	65,500
Restricted assets:				
Cash and cash equivalents	-	-	3,982,829	3,982,829
Investments	-	-	193,759	193,759
Interest receivable	-	-	933	933
Taxes receivable	-	-	1,033,698	1,033,698
Accounts receivable	-	-	-	-
Intergovernmental receivable	-	-	356,945	356,945
Special assessments receivable	-	-	2,201	2,201
Total assets	<u>\$ 5,589,804</u>	<u>\$ 1,019,359</u>	<u>\$ 6,607,883</u>	<u>\$ 13,197,046</u>
<b>Liabilities and fund balances</b>				
Liabilities:				
Accounts payable	\$ 78,579	\$ 36,484	\$ 121,324	\$ 236,387
Accrued payroll and withholdings payable	84,659	11,703	836	97,198
Deferred revenue	588,231	117,593	17,181	693,005
Tax anticipation warrants payable	2,780,000	613,000	-	3,393,000
Payable from restricted assets:				
Accounts payable	-	-	148,496	148,496
Accrued payroll and withholdings payable	-	-	13,641	13,641
Interfund payable:				
Interfund loans	-	-	65,500	65,500
Deferred revenue	-	-	206,797	206,797
Total liabilities	<u>3,501,469</u>	<u>778,780</u>	<u>573,775</u>	<u>4,854,024</u>

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, 2009  
(Continued)

	General	Parks and Recreation	Other Governmental Funds	Totals
Fund balances:				
Reserved for:				
Encumbrances	354,356	38,481	519,356	912,193
Unreserved, reported in:				
General fund	1,713,979	-	-	1,713,979
Special revenue funds	-	202,098	1,562,792	1,764,890
Debt service funds	-	-	1,339,682	1,339,682
Capital projects funds	-	-	2,612,278	2,612,278
Total fund balances	2,068,335	240,579	6,034,108	8,343,022
Total liabilities and fund balances	\$ 5,569,804	\$ 1,019,359	\$ 6,607,883	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	22,393,388
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,649,802
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(810,840)
Prepaid items paid in the current period, but not expended currently and, therefore, are reported in the funds as expenditures.	14,943
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(6,762,973)
Other post employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(257,729)
Net pension obligation are not due and payable in the current period and, therefore, are not reported in the funds.	(67,904)
Net assets of governmental activities	\$ 25,501,709

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

TOWN OF HIGHLAND, INDIANA  
 STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009

	General	Parks and Recreation	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 4,580,444	\$ 970,688	\$ 1,799,081	\$ 7,350,213
Special assessments	-	-	30,256	30,256
Licenses and permits	319,667	-	19,140	338,807
Intergovernmental	633,583	87,208	2,839,104	3,559,895
Charges for services	1,966,423	483,887	85,437	2,535,747
Fines and forfeits	113,413	-	27,035	140,448
Other	103,071	314,052	92,421	509,544
<b>Total revenues</b>	<b>7,716,601</b>	<b>1,855,835</b>	<b>4,892,474</b>	<b>14,464,910</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,476,259	-	-	1,476,259
Public safety	4,382,563	-	209,778	4,592,341
Highways and streets	-	-	1,154,710	1,154,710
Sanitation	1,714,083	-	122,616	1,836,699
Culture and recreation	-	1,856,994	91,468	1,948,462
Urban redevelopment	-	-	119,456	119,456
Debt service:				
Principal	-	-	994,000	994,000
Interest	-	-	357,627	357,627
Capital outlay:				
General government	-	-	829,747	829,747
Public safety	-	-	83,052	83,052
Highways and streets	-	-	971,287	971,287
Culture and recreation	-	-	150,151	150,151
Urban redevelopment	-	-	23,340	23,340
<b>Total expenditures</b>	<b>7,572,905</b>	<b>1,856,994</b>	<b>5,107,232</b>	<b>14,537,131</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>143,696</b>	<b>(1,159)</b>	<b>(214,758)</b>	<b>(72,221)</b>
<b>Other financing sources (uses):</b>				
Transfers in	18,436	-	158,240	176,676
Transfers out	(44,000)	-	(132,676)	(176,676)
Issuance of debt	-	-	149,459	149,459
<b>Total other financing sources and uses</b>	<b>(25,564)</b>	<b>-</b>	<b>175,023</b>	<b>149,459</b>
<b>Net change in fund balances</b>	<b>118,132</b>	<b>(1,159)</b>	<b>(39,735)</b>	<b>77,238</b>
<b>Fund balances - beginning</b>	<b>1,950,203</b>	<b>241,738</b>	<b>6,073,843</b>	<b>8,265,784</b>
<b>Fund balances - ending</b>	<b>\$ 2,068,335</b>	<b>\$ 240,579</b>	<b>\$ 6,034,108</b>	<b>\$ 8,343,022</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, 2009

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).	\$ 77,238
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.	96,229
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(6,228)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	355,706
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	935,715
Net pension obligations/other post employment benefits are considered long-term obligations of the general government, but are not current expenditures.	(149,987)
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.	(48,916)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	<u>36,963</u>
Change in net assets of governmental activities (statement of activities)	<u>\$ 1,296,720</u>

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

TOWN OF HIGHLAND, INDIANA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
December 31, 2009

Assets	Business-Type Activities - Enterprise Funds		Total	Governmental Activities	
	Water Utility	Sanitary District		Internal Service Fund	
<b>Current assets:</b>					
Cash and cash equivalents	\$ 292,685	\$ 564,099	\$ 856,784	\$ 198,737	
Investments	-	13,216	13,216	5,007	
Interest receivable	4	58	62	26	
Taxes receivable (net of allowance)	-	108,008	108,008	-	
Accounts receivable (net of allowance)	63,310	67,037	130,347	-	
Intergovernmental receivable (net of allowance)	-	10,036	10,036	-	
Special assessments receivable	-	28,638	28,638	-	
Inventories	66,714	19,176	85,890	-	
Current portion of operating lease	-	-	-	205,847	
Current portion of direct financing lease	-	-	-	9,250	
Prepaid items	688	667	1,355	-	
Restricted cash, cash equivalents and investments:					
Customer deposits	84,164	-	84,164	-	
<b>Total current assets</b>	<b>507,565</b>	<b>810,935</b>	<b>1,318,500</b>	<b>418,867</b>	
<b>Noncurrent assets:</b>					
Restricted cash, cash equivalents and investments:					
Improvement	-	58,143	58,143	-	
Improvement - Construction	-	6,123,989	6,123,989	-	
Bond and interest	652	270,862	271,514	-	
Extension	-	91,828	91,828	-	
Reserve	609,195	-	609,195	-	
Co-op	-	6,563	6,563	-	
Sanitary special public safety	-	3,143	3,143	-	
Investments	36,440	12,522	48,962	-	
Other restricted assets:					
Interest receivable	160	2,886	3,046	-	
Taxes receivable (net of allowance)	-	386,312	386,312	-	
Inventories	88,980	-	88,980	-	
<b>Total restricted assets:</b>	<b>735,407</b>	<b>6,956,248</b>	<b>7,691,655</b>	<b>-</b>	
Deferred charges	-	302,128	302,128	25,709	
Operating lease receivable	-	-	-	18,500	
Net investment in direct financing lease	-	-	-	400,009	
<b>Capital assets:</b>					
Land, improvements to land and construction in progress	355,792	3,069,477	3,415,269	-	
Other capital assets (net of accumulated depreciation)	8,196,490	10,836,907	19,033,397	-	
<b>Total capital assets</b>	<b>8,552,282</b>	<b>13,896,384</b>	<b>22,448,666</b>	<b>-</b>	
<b>Total noncurrent assets</b>	<b>9,287,689</b>	<b>21,154,760</b>	<b>30,442,449</b>	<b>444,218</b>	
<b>Total assets</b>	<b>9,795,254</b>	<b>21,965,695</b>	<b>31,760,949</b>	<b>863,085</b>	

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

Continued on next page

TOWN OF HIGHLAND, INDIANA  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
December 31, 2009  
(Continued)

Liabilities	Business-Type Activities - Enterprise Funds			Governmental Activities Internal Service Funds
	Water Utility	Sanitary District	Total	
<b>Current liabilities:</b>				
Accounts payable	84,571	572,755	657,326	6,735
Accrued payroll and withholding payable	8,921	18,485	27,416	207
Taxes payable	9,501	-	9,501	-
Revenue bonds payable	-	-	-	225,000
Compensated absences	-	-	-	-
Accrued interest payable	2,009	17,702	19,711	23,923
<b>Current liabilities payable from restricted assets:</b>				
Customer deposits	82,672	-	82,672	-
Accounts payable	8,263	-	8,263	-
Accrued interest payable	-	217,692	217,692	-
General obligation bonds payable	-	566,000	566,000	-
<b>Total current liabilities</b>	<b>195,937</b>	<b>1,392,644</b>	<b>1,588,581</b>	<b>255,865</b>
<b>Noncurrent liabilities:</b>				
General obligation bonds payable (net of unamortized premium)	-	10,950,507	10,950,507	-
Revenue bonds payable (net of unamortized discounts or premiums)	-	-	-	784,454
Compensated absences	49,086	40,543	89,629	-
Other post employment benefits payable	11,496	13,810	25,306	-
Matured bonds and coupons payable	-	1,056	1,056	-
<b>Total noncurrent liabilities</b>	<b>60,582</b>	<b>11,005,916</b>	<b>11,066,498</b>	<b>784,454</b>
<b>Total liabilities</b>	<b>256,519</b>	<b>12,398,560</b>	<b>12,655,079</b>	<b>1,040,319</b>
<b>Net assets</b>				
Invested in capital assets, net of related debt	8,552,282	8,503,868	17,056,150	-
Restricted for debt service	646,447	444,509	1,090,956	-
Restricted for capital projects	80,697	170,058	250,755	-
Unrestricted	259,309	448,700	708,009	(177,234)
<b>Total net assets</b>	<b>\$ 9,538,735</b>	<b>\$ 9,567,135</b>	<b>\$ 19,105,870</b>	<b>\$ (177,234)</b>

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

TOWN OF HIGHLAND, INDIANA  
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS

For The Year Ended December 31, 2009

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities Internal Service Fund
	Water Utility	Sanitary District			
Operating revenues:					
Unmetered water revenue	\$ 184	\$ -	\$ 184		
Metered revenue	1,906,337	3,315,084	5,221,421		
Fire protection revenue	314,768	-	314,768		
Penalties	16,725	38,436	55,161		
Other water revenue	168,686	-	168,686		
Charges for services	-	-	-		264,598
Other	134,042	113,305	247,347		945
Total operating revenues	<u>2,540,742</u>	<u>3,466,825</u>	<u>6,007,567</u>		<u>265,543</u>
Operating expenses:					
Source of supply and expense - operations and maintenance	721,344	-	721,344		
Transmission and distribution	977,650	-	977,650		
Collection system - operations and maintenance	-	809,212	809,212		
Pumping - operations and maintenance	75,431	779,045	854,476		
Treatment and disposal expense - operations and maintenance	-	1,422,183	1,422,183		
Customer accounts	77,400	139,727	217,127		
Salaries and wages	-	-	-		13,529
Materials and supplies	-	-	-		465
Contractual services	-	-	-		145,273
Administration and general	473,512	830,596	1,304,108		14,230
Depreciation	372,359	568,002	940,361		
Total operating expenses	<u>2,697,696</u>	<u>4,548,765</u>	<u>7,246,461</u>		<u>173,497</u>
Operating income (loss)	<u>(156,954)</u>	<u>(1,081,940)</u>	<u>(1,238,894)</u>		<u>92,046</u>
Nonoperating revenues (expenses):					
Interest and investment revenue	1,939	15,958	17,897		639
Local tax distributions	652	974,671	975,323		-
Loss on disposal of assets	(978)	(977)	(1,955)		-
Interest expense	-	(321,009)	(321,009)		(49,060)
Amortization of bond issue costs	-	(17,230)	(17,230)		(5,240)
Total nonoperating revenue (expenses)	<u>1,613</u>	<u>651,413</u>	<u>653,026</u>		<u>(53,661)</u>
Income (loss) before contributions and transfers	<u>(155,341)</u>	<u>(430,527)</u>	<u>(585,868)</u>		<u>38,385</u>
Contributions from property owners	-	76,693	76,693		-
Change in net assets	<u>(155,341)</u>	<u>(353,834)</u>	<u>(509,175)</u>		<u>38,385</u>
Total net assets - beginning	<u>9,694,076</u>	<u>9,920,969</u>	<u>19,615,045</u>		<u>(215,619)</u>
Total net assets - ending	<u>\$ 9,538,735</u>	<u>\$ 9,567,135</u>	<u>\$ 19,105,870</u>		<u>\$ (177,234)</u>

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

TOWN OF HIGHLAND, INDIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For The Year Ended December 31, 2009

	Business-Type Activities Enterprise Funds		Total	Governmental Activities
	Water Utility	Sanitary District		Internal Service Fund
Cash flows from operating activities:				
Receipts from customers and users	\$ 2,499,452	\$ 3,427,240	\$ 5,926,692	\$ -
Payments to suppliers	(1,461,644)	(3,040,546)	(4,502,190)	(159,280)
Payments to employees	(768,318)	(878,972)	(1,647,290)	(14,091)
Other receipts	-	-	-	181,871
Net cash provided (used) by operating activities	269,490	(492,278)	(222,788)	8,500
Cash flows from capital and related financing activities:				
Local tax distributions	652	863,960	864,612	-
Acquisition and construction of capital assets	(332,414)	(3,392,006)	(3,724,420)	-
Proceeds from capital debt (net of discounts and premiums)	-	7,416,880	7,416,880	-
Capital contributions from property owners	-	48,055	48,055	-
Principal paid on capital debt	-	(375,000)	(375,000)	(205,000)
Interest paid on capital debt	-	(182,923)	(182,923)	(57,345)
Net cash provided (used) by capital and related financing activities	(331,762)	4,378,966	4,047,204	(262,345)
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	33,202	235,843	269,045	-
Purchase of investments	-	(13,216)	(13,216)	(5,007)
Proceeds from net investment in direct financing lease	-	-	-	278,000
Proceeds from operating lease receivable	-	-	-	9,250
Interest received	2,479	15,485	17,964	680
Net cash provided by investing activities	35,681	238,112	273,793	282,923
Net increase (decrease) in cash and cash equivalents	(26,591)	4,124,800	4,098,209	29,078
Cash and cash equivalents, January 1				
(Including \$649,057 and \$2,422,458 for the Water Utility and Sanitary District, respectively, reported in restricted accounts)	1,013,287	2,993,827	4,007,114	169,659
Cash and cash equivalents, December 31				
(Including \$694,011 and \$6,554,528 for the Water Utility and Sanitary District, respectively, reported in restricted accounts)	\$ 986,696	\$ 7,118,627	\$ 8,105,323	\$ 198,737

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, 2009  
(Continued)

	Business-Type Activities Enterprise Funds		Total	Governmental Activities Internal Service Fund
	Water Utility	Sanitary District		
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (156,954)	\$ (1,081,940)	\$ (1,238,894)	\$ 92,046
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	372,359	568,002	940,361	-
Noncash items:				(83,672)
Deferred revenue recognized				
(Increase) decrease in assets:				
Accounts receivable	4,969	(1,545)	3,424	-
Allowance for uncollectible accounts	(10,454)	(38,040)	(48,494)	-
Inventories	157,146	12,502	169,648	-
Prepaid items	265	133	398	-
Increase (decrease) in liabilities:				
Customer deposits	(35,805)	-	(35,805)	-
Accounts payable	(40,476)	45,148	4,672	688
Accrued payroll and withholdings payable	(24,807)	(2,585)	(27,392)	(562)
Tax payable	(2,340)	-	(2,340)	-
Compensated absence payable	7,583	7,645	15,228	-
Other post employment benefits payable	(1,956)	(1,598)	(3,554)	-
Total adjustments	426,444	589,662	1,016,106	(83,546)
Net cash provided (used) by operating activities	\$ 269,490	\$ (492,278)	\$ (222,788)	\$ 8,500
Noncash investing, capital and financing activities:				
Purchase of capital assets on account	\$ 8,263	\$ 351,574	\$	\$
Assets capitalized in prior year's construction in progress	-	665,551	-	-
Assets capitalized in prior year on account	(203,167)	(361,626)	-	-

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

TOWN OF HIGHLAND, INDIANA  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
December 31, 2009

<u>Assets</u>	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Cash and cash equivalents	\$ 206,343	\$ 229,008
Receivables:		
Employer contributions	37,133	-
Interest and dividends	133	23
Total receivables	<u>37,266</u>	<u>23</u>
Investments at fair value:		
Participation in investment pools of other governments	<u>105,661</u>	<u>-</u>
Total assets	<u>349,270</u>	<u>\$ 229,031</u>
<u>Liabilities</u>		
Payroll withholdings payable	-	\$ 60,593
Trust payable	-	168,438
Total liabilities	<u>-</u>	<u>\$ 229,031</u>
<u>Net assets</u>		
Held in trust for:		
Employees' pension benefits and other purposes	<u>349,270</u>	
Total net assets	<u>\$ 349,270</u>	

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

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

For The Year Ended December 31, 2009

<u>Additions</u>	<u>Pension Trust Fund</u>
Contributions:	
Employer	52,991
On-behalf	704,850
Other	3,142
<u>Total contributions</u>	<u>760,983</u>
Investment income:	
Net increase in fair value of investments	6,900
Interest	1,409
<u>Total investment income</u>	<u>8,309</u>
<u>Total additions</u>	<u>769,292</u>
<u>Deductions</u>	
Benefits	724,103
Administrative expense	1,890
<u>Total deductions</u>	<u>725,993</u>
Changes in net assets	43,299
Net assets - beginning	305,971
Net assets - ending	\$ 349,270

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

**Notes to Financial  
Statement**

TOWN OF HIGHLAND, INDIANA  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Blended Component Unit

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

B. Government-Wide and Fund Financial Statements

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

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

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

The government reports the following major proprietary funds:

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

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

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

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

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

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

2. Property Taxes

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

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

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

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.

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

4. Restricted Assets

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

5. Capital Assets

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

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

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

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

N/A = Not applicable

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

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

6. Compensated Absences

- a. Vacation Leave – government employees earn vacation leave at rates from 10 days to 25 days per year based upon the number of years of service. Vacation leave is accrued each year and available to employees the following year. Accumulated vacation leave is paid to employees upon separation of employment.
- b. Personal Leave – government employees earn personal leave at the rate of 6 days per year. Unused personal leave may be accumulated to a maximum of 20 days. Accumulated personal leave is paid to employees upon separation of employment.
- c. Compensatory Time Earned – government employees who are 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 Assets. 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 Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

8. Fund Equity

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

II. Reconciliation of Government-Wide and Fund Financial Statements

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

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

One element of that reconciliation states that "Other long-term assets are not available to pay for current-period expenditures, and therefore, are deferred in the funds." The details of this \$2,664,745 difference are as follows:

Deferred revenue	\$ 899,802
Cooperative receivable	<u>1,750,000</u>
<b>Total</b>	<b>\$ <u>2,649,802</u></b>

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

Another element of that reconciliation states that "Internal service funds are used by management to charge the cost of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets." The details of this \$810,840 difference are as follows:

Cash and cash equivalents	\$ 198,737
Investments	5,007
Interest receivable	26
Deferred charges	25,709
Accounts payable	(6,735)
Accrued payroll and withholding payable	(207)
Accrued interest payable	(23,923)
Revenue bonds payable, net	(1,009,454)
<b>Total</b>	<b>\$ (810,840)</b>

Another area of that reconciliation states that "Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$6,762,973 difference are as follows:

General obligation bonds, net	\$ (5,699,996)
Less: deferred charge for issuance costs (to be amortized over the life of the debt)	97,504
Note payable	(113,600)
Accrued interest payable	(122,565)
Capital lease obligations	(346,713)
Compensated absences	(577,603)
<b>Total</b>	<b>\$ (6,762,973)</b>

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

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

One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period." The details of this \$96,229 difference are as follows:

Additions in capital assets	\$ 1,462,776
Less:	
Construction in Progress transfer	(18,256)
Depreciation expense	(1,348,291)
<b>Total</b>	<b>\$ 96,229</b>

Another element of that reconciliation explains that "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this \$935,715 difference are as follows:

Issuance of debt:	
Capital Lease	(149,459)
Principal repayment:	
General obligation bonds	\$ 789,000
Notes payable	28,400
Revenue bonds	205,000
Capital lease obligation	108,734
Amortization:	
Bond discount	(834)
Deferred debits	(22,457)
Change in accrued interest	(22,669)
Total	<u>\$ 935,715</u>

Another element of that reconciliation explains that "Net pension obligations/other post employment benefits are considered long-term obligations of the general government, but are not current expenditures." The details of this \$149,987 difference are as follows:

Change in net pension obligation	\$ (1,494)
Change in other post employment benefits	(148,493)
Total	<u>\$ (149,987)</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 \$48,916 difference are as follows:

Change in prepaid items	\$ 8,150
Change in compensated absences	(57,066)
Total	<u>\$ (48,916)</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 \$36,963 difference are as follows:

Internal service fund income	\$ 38,385
Internal service fund receivable affecting revenue eliminated	<u>(1,422)</u>
Total	<u>\$ 36,963</u>

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

III. Stewardship, Compliance and Accountability

Budgetary Information

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

On or before August 31, the Town Clerk-Treasurer submits to the Town Council a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the Town Council to obtain taxpayer comments.

In September of each year, the Town Council through the passage of an ordinance approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the Town Clerk-Treasurer receives approval of the Indiana Department of Local Government Finance.

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

IV. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

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

At December 31, 2009, the bank balance held at Trust Indiana (formerly, MBIA Asset Management Group) in the amount of \$2,876,549 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-Town's name. The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2009, the Town had the following investments:

Investment Type	Primary Government Market Value
U.S. agencies	\$ 17,955
Commercial paper	8,965
Other securities (Trust Indiana)	267,630
Pension relief investment pool	<u>90,491</u>
Totals	<u>\$ 385,041</u>

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

Investment Policies

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

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

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

At the option of the Town, an additional distribution in a prior year of police pension relief funds was held for investment in an external investment pool (Pension Relief Fund) by the Public Employees' Retirement Fund of Indiana (PERF). These deferred amounts invested in the Fund are available to participating cities and towns at their request. Responsibility of regulatory oversight for the pool is assumed by the PERF governing board, under direction by statute to "invest its assets with the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims." Utilizing external investment managers, the PERF Board diversifies such investments in accordance with prudent investment standards.

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

Investment Custodial Credit Risk

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

Investment Type	Not in the Government's Name
US agencies	\$ 17,955
Commercial paper	8,965
Other securities (Trust Indiana)	267,630
Totals	\$ 294,550

Interest Rate Risk

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

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

Credit Risk

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

Standard & Poor's Rating	Town's Investments	
	Government Sponsored Enterprise	Investment Pools
AAA	\$ 26,920	\$ 36,809
AA	-	3,972
A	-	9,931
BBB	-	7,057
BB	-	285
Unrated - Trust Indiana	-	267,630
Unrated - PERF pension relief	-	1,698
Totals	\$ 26,920	\$ 327,382

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<sup>rd</sup> 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, 2009.

Parks and Recreation Building Corporation Lease

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

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

The following lists the component of the net investment in direct financing lease as of December 31, 2009:

Total minimum lease payments to be received	\$ 865,000
Less: amounts representing estimated executory costs	(27,750)
Minimum lease payment receivable	837,250
Less: unearned income	(231,394)
Net investment in direct financing lease	605,856
Less: current portion	(205,847)
Net investment in direct financing lease, less current portion	\$ 400,009

At December 31, 2009, minimum lease payments are as follows:

	Direct Financing Lease Payments	Operating Lease Payments
2010	281,000	9,250
2011	289,000	9,250
2012	295,000	9,250
Totals	\$ 865,000	\$ 27,750

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

C. Capital Assets

Capital asset activity for the year ended December 31, 2009, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 2,747,895	\$ 52,134	\$ -	\$ 2,800,029
Construction in progress	<u>1,938,187</u>	<u>951,856</u>	<u>18,256</u>	<u>2,871,787</u>
Total capital assets, not being depreciated	<u>4,686,082</u>	<u>1,003,990</u>	<u>18,256</u>	<u>5,671,816</u>
Capital assets, being depreciated:				
Buildings	6,916,392	16,374	-	6,932,766
Improvements other than buildings	3,486,646	95,640	-	3,582,286
Machinery and equipment	4,783,842	311,566	185,528	4,909,880
Infrastructure and underground	<u>26,447,854</u>	<u>35,206</u>	<u>-</u>	<u>26,483,060</u>
Totals	<u>41,634,734</u>	<u>458,786</u>	<u>185,528</u>	<u>41,907,992</u>
Less accumulated depreciation for:				
Buildings	4,174,233	191,627	-	4,365,860
Improvements other than buildings	2,717,207	104,105	-	2,821,312
Machinery and equipment	3,335,573	300,955	179,300	3,457,228
Infrastructure and underground	<u>13,790,416</u>	<u>751,604</u>	<u>-</u>	<u>14,542,020</u>
Totals	<u>24,017,429</u>	<u>1,348,291</u>	<u>179,300</u>	<u>25,186,420</u>
Total capital assets, being depreciated, net	<u>17,617,305</u>	<u>(889,505)</u>	<u>6,228</u>	<u>16,721,572</u>
Total governmental activity capital assets, net	<u>\$ 22,303,387</u>	<u>\$ 114,485</u>	<u>\$ 24,484</u>	<u>\$ 22,393,388</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 55,477	\$ -	\$ -	\$ 55,477
Construction in progress	<u>757,978</u>	<u>3,267,365</u>	<u>665,551</u>	<u>3,359,792</u>
Total capital assets, not being depreciated	<u>813,455</u>	<u>3,267,365</u>	<u>665,551</u>	<u>3,415,269</u>
Capital assets, being depreciated:				
Buildings	1,062,132	-	-	1,062,132
Improvements other than buildings	4,524,843	6,495	-	4,531,338
Machinery and equipment	1,949,427	245,604	79,548	2,115,483
Infrastructure and underground	<u>29,540,115</u>	<u>665,551</u>	<u>-</u>	<u>30,205,666</u>
Totals	<u>37,076,517</u>	<u>917,650</u>	<u>79,548</u>	<u>37,914,619</u>
Less accumulated depreciation for:				
Buildings	656,187	24,544	-	680,731
Improvements other than buildings	1,977,934	109,807	-	2,087,741
Machinery and equipment	1,136,972	126,306	77,592	1,185,686
Infrastructure and underground	<u>14,247,360</u>	<u>679,704</u>	<u>-</u>	<u>14,927,064</u>
Totals	<u>18,018,453</u>	<u>940,361</u>	<u>77,592</u>	<u>18,881,222</u>
Total capital assets, being depreciated, net	<u>19,058,064</u>	<u>(22,711)</u>	<u>1,956</u>	<u>19,033,397</u>
Total business-type activity capital assets, net	<u>\$ 19,871,519</u>	<u>\$ 3,244,654</u>	<u>\$ 667,507</u>	<u>\$ 22,448,666</u>

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

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

Governmental activities:	
General government	\$ 82,055
Public safety	224,634
Highway and streets	756,176
Urban redevelopment	1,801
Culture and recreation	<u>283,625</u>

Total depreciation expense - governmental activities	<u>\$ 1,348,291</u>
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Business-type activities:	
Water	\$ 372,359
Sanitary District	<u>568,002</u>

Total depreciation expense - business-type activities	<u>\$ 940,361</u>
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D. Construction Commitments

Construction work in progress is composed of the following:

<u>Project</u>	<u>Total Project Authorized</u>	<u>Expended to December 31, 2009</u>	<u>Committed</u>
Governmental Funds:			
Kennedy Avenue Federal-Aid Highway Project	\$ 7,538,911	\$ 2,198,988	\$ 5,339,923
Cline/Ridge to 45th	304,960	304,960	-
North 5th Street Pump Station Emergency Generator Project	34,522	34,522	-
Ridgewood Reconstruction Project	695,409	281,534	413,875
45th From Kennedy to Kleinman Reconstruction	35,520	35,520	-
Highland Street Reconstruction Project	289,229	13,663	275,566
Recreation Center/Lincoln Center	<u>2,600</u>	<u>2,600</u>	<u>-</u>
Total governmental activities	<u>\$ 8,901,151</u>	<u>\$ 2,871,787</u>	<u>\$ 6,029,364</u>
Business-type activities:			
Water Utility:			
Kennedy Avenue Federal-Aid Highway Project	\$ 206,883	\$ 206,883	\$ -
Ridgewood Reconstruction Project	105,260	104,670	590
SCADA System Design	141,238	9,121	132,117
U.S. 41 INDOT Water Main Project	35,000	17,457	17,543
Sanitary District:			
Wastewater:			
North 5th Street Pump Station Emergency Generator Project	820,387	904,462	(84,075)
Kennedy Avenue Federal-Aid Highway Project	216,326	217,116	(790)
Kennedy Avenue Sanitary Sewer Extension Project	162,151	23,861	138,290
Ridgewood Reconstruction Project	54,240	56,467	(2,227)
41st Lane Sanitary Sewer Project	9,989	9,989	-
SCADA System Design	450,702	17,998	432,704
CIPP Lining of Sanitary Sewers	156,071	156,071	-
Storm Water:			
Wicker Park Manor Storm Sewer	306,251	278,476	27,775
Homestead Gardens Detention Basin	868,528	850,315	18,213
Caddy Marsh Ditch Flood Control	10,933	10,933	-
Franklin Street Project	478,480	452,394	26,086
Strong Street from 5th to Grace St. Sewer Separation Project	<u>1,121,731</u>	<u>43,579</u>	<u>1,078,152</u>
Total business-type activities	<u>\$ 5,144,170</u>	<u>\$ 3,359,792</u>	<u>\$ 1,784,378</u>

Some of the above projects involved expenditures for preliminary engineering work only as of December 31, 2009. Financing has not yet been obtained, nor has the Town entered into any construction contracts.

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

E. Interfund Balances and Activity

Interfund transfers for the year ended December 31, 2009, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General fund	Other governmental	\$ 44,000
Other governmental	General fund	18,436
Other governmental	Other governmental	<u>114,240</u>
Totals		<u>\$ 176,676</u>

The government typically uses transfers to fund ongoing operating subsidies.

F. Leases

Capital Leases

The government has entered into various capital leases for vehicles and infrastructure. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2009, are as follows:

	<u>Governmental Activities</u>
2010	\$ 66,452
2011	66,636
2012	64,346
2013	62,053
2014	59,762
2015-2017	<u>80,124</u>
Total minimum lease payments	399,373
Less amount representing interest	<u>52,660</u>
Present value of net minimum lease payments	<u>\$ 346,713</u>

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

	<u>Governmental Activities</u>
Machinery and equipment	\$ 376,659
Accumulated depreciation	<u>(59,646)</u>
Totals	<u>\$ 317,013</u>

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

G. Short-Term Liabilities

Tax Anticipation Warrants

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

Short-term debt activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Issued/ Draws	Redeemed/ Repayments	Ending Balance
Tax anticipation warrants	\$ 2,497,929	\$ 3,393,000	\$ 2,497,929	\$ 3,393,000

H. Long-Term Liabilities

1. General Obligation Bonds

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

The Board of Sanitary Commissioners on May 19, 2009 and the Town Council on July 13, 2009 approved debt financing not to exceed \$10 million dollars to support an ambitious program of storm water and wastewater infrastructure improvements. Bonds in three series were sold on August 4, 2009 in the total amount of \$7,640,000. Two of the series were tax exempt and one series in the amount of \$4,679,000 was sold as taxable, "Build America Bonds." Authorized by Federal legislation as part of the America Reinvestment and Recovery Act, commonly called the "stimulus package", authorized this form of finance. Although sold as taxable, the net cost of these bonds is highly mitigated by the payment of a 35% percent credit from the United States Treasury to the issuer.

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%	\$ 1,480,000	\$ -	\$ 1,480,000
1998 Redevelopment District bond	1,850,000	4.3% to 4.5%	215,000	-	215,000
2005 Municipal bonds	1,091,903	3.1% to 4.0%	710,903	-	710,903
2006 Redevelopment District bond	1,750,000	6.375% to 6.5%	1,400,000	5,907	1,394,093
2008 Municipal bonds	<u>1,900,000</u>	4.75%	<u>1,900,000</u>	<u>-</u>	<u>1,900,000</u>
<b>Total governmental activities</b>	<b><u>\$ 8,441,903</u></b>		<b><u>\$ 5,705,903</u></b>	<b><u>\$ 5,907</u></b>	<b><u>\$ 5,699,996</u></b>
<b>Business-type activities:</b>					
2005 Sanitary District bond	\$ 1,175,000	3.1% to 4.0%	\$ 766,000	\$ -	\$ 766,000
2007A Sanitary District bond	1,469,500	4.25% to 4.5%	1,250,500	(9,686)	1,260,186
2007B Sanitary District bond	2,030,500	4.625% to 5.0%	1,862,500	(19,745)	1,882,245
2009A Sanitary District bond	2,121,000	2.25% to 3.85%	2,121,000	-	2,121,000
2009B Sanitary District bond	4,679,000	6.0% to 6.625%	4,679,000	31,924	4,647,076
2009C Sanitary District bond	<u>840,000</u>	2.25% to 3.5%	<u>840,000</u>	<u>-</u>	<u>840,000</u>
<b>Total business-type activities</b>	<b><u>\$ 12,315,000</u></b>		<b><u>\$ 11,519,000</u></b>	<b><u>\$ 2,493</u></b>	<b><u>\$ 11,516,507</u></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
2010	\$ 874,000	\$ 258,194	\$ 566,000	\$ 537,002
2011	659,000	222,034	758,000	533,311
2012	659,000	190,510	758,000	508,419
2013	659,000	158,784	758,000	482,198
2014	659,000	126,808	759,000	454,291
2015-2019	2,195,903	202,083	3,358,500	1,780,637
2020-2024	-	4,513	2,671,000	1,064,633
2025-2029	-	-	1,890,500	306,148
Totals	\$ 5,705,903	\$ 1,162,926	\$ 11,519,000	\$ 5,666,639

2. Revenue Bonds

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

Purpose	Original Issue Amount	Interest Rates	Balance at December 31	Plus Unamortized Premium	Revenue Bonds
Governmental activities: 1997 Parks and Recreation holding corporation bonds	\$ 2,600,000	5.125% to 5.20%	\$ 1,005,000	\$ (4,454)	\$ 1,009,454

The government appropriates not less than \$302,280 annually in its Parks and Recreation Bond and Interest Fund to remit lease payments to the Parks and Recreation Building Corporation to repay the Parks and Recreation Holding Corporation Bonds.

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2010	\$ 225,000	\$ 46,326
2011	\$ 240,000	\$ 34,324
2012	260,000	21,320
2013	280,000	7,280
Totals	\$ 1,005,000	\$ 109,250

3. Notes Payable

The primary government has entered into a note. The outstanding note balance at December 31, 2009 is \$113,600. Annual debt service requirements to maturity for the note are as follows:

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

Year Ended December 31	Governmental Activities	
	Principal	Interest
2010	\$ 28,400	\$ 3,896
2011	28,400	2,783
2012	28,400	1,670
2013	28,400	557
Totals	\$ 113,600	\$ 8,906

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation	\$ 6,494,903	\$ -	\$ 789,000	\$ 5,705,903	\$ 874,000
Less deferred bond discount	(6,741)	-	(834)	(5,907)	-
Revenue	1,210,000	-	205,000	1,005,000	225,000
Add deferred bond premium	5,362	-	908	4,454	-
Total bonds payable	7,703,524	-	994,074	6,709,450	1,099,000
Capital leases	305,988	149,459	108,734	346,713	54,277
Note payable	142,000	-	28,400	113,600	28,400
Other post employment benefits	109,236	148,493	-	257,729	-
Compensated absences	520,537	503,220	446,154	577,603	212,089
Net pension obligation	66,410 *	1,494	-	67,904	-
Total governmental activities long-term liabilities	<u>\$ 8,847,695</u>	<u>\$ 802,666</u>	<u>\$ 1,577,362</u>	<u>\$ 8,072,999</u>	<u>\$ 1,393,766</u>
* Net pension obligation beginning balance has been restated to exclude the 1925 Police Officers' Pension Obligation by \$5,335,509.					
<b>Business-type activities:</b>					
Water Utility:					
Other post employment benefits	\$ 13,492	\$ -	\$ 1,996	\$ 11,496	\$ -
Compensated absences	43,512	52,368	44,785	51,095	2,009
Total Water Utility long-term liabilities	<u>57,004</u>	<u>52,368</u>	<u>46,781</u>	<u>62,591</u>	<u>2,009</u>
Sanitary District:					
Bonds payable:					
General obligation	4,254,000	7,640,000	375,000	11,519,000	566,000
Add deferred bond premium	31,857	-	2,426	29,431	-
Less deferred bond discount	-	(32,480)	(556)	(31,924)	-
Total bonds payable	4,285,857	7,607,520	376,870	11,516,507	566,000
Other post employment benefits	15,408	-	1,598	13,810	-
Compensated absences	50,600	49,009	41,364	58,245	17,702
Total Sanitary District long-term liabilities	<u>4,351,865</u>	<u>7,656,529</u>	<u>419,832</u>	<u>11,588,562</u>	<u>583,702</u>
Total business-type activities long-term liabilities	<u>\$ 4,408,869</u>	<u>\$ 7,708,897</u>	<u>\$ 466,613</u>	<u>\$ 11,651,153</u>	<u>\$ 585,711</u>

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

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

I. Restatements and Reclassifications

For the year ended December 31, 2009, certain changes have been made to the financial statements to more appropriately reflect changes in funding contributions of the governmental activities. Indiana Code 5-10.3-11-4.7 states "(a) In 2009 and each year thereafter, the state board shall distribute from the pension relief fund to each unit of local government the total amount of pension, disability, and survivor benefit payments from the 1925 police pension fund (IC 36-8-6), and the 1937 firefighters' pension fund (IC 36-8-7), and the 1953 police pension fund (IC 36-8-7.5) to be made by the unit in the calendar year, as estimated by the state board under section 4 of this chapter, after subtracting any distributions to the unit from the public deposit insurance fund that will be used for benefit payments." Therefore the pension obligation of \$5,335,509 for the 1925 Police Pension is no longer a liability to the town. The following schedule presents a summary of restated beginning balances by opinion units.

Opinion Unit	Balance as Reported December 31, 2008	Prior Period Adjustments	Balance as Restated January 1, 2009
Governmental activities:			
Net assets	\$ 18,869,480	\$ 5,335,509	\$ 24,204,989

J. Restricted Assets

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

Customer deposits	\$ 84,164
Improvement account	58,143
Improvement - construction	6,123,989
Bond and interest account	271,514
Extension account	91,828
Reserve account	609,195
Co-op account	6,563
Sanitary special public safety account	3,143
Investments	48,962
Interest receivable	3,046
Taxes receivable	386,312
Inventories	<u>88,960</u>
Total restricted assets	<u>\$ 7,775,819</u>

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

K. Net Assets

On the government wide Statement of Net Assets, the government reports a category titled Invested in capital assets, net of related debt. The composition of the balance as of December 31, 2009, is as follows:

	<u>Amount</u>
Governmental activities:	
Capital assets	\$ 47,579,808
Less:	
Accumulated depreciation	(25,186,420)
Outstanding principal of related debt:	
General obligation bonds:	
2006 Park District bond	(1,480,000)
1998 Redevelopment District bond	(215,000)
2005 Municipal bonds	(710,903)
2008 Municipal bonds	(1,900,000)
Revenue bond	(1,005,000)
Note payable	(113,600)
Add: unspent proceeds	2,361
Capital lease obligations	<u>(346,713)</u>
 Total invested in capital assets, net of related debt	 \$ <u>16,624,533</u>
 Business-type activities:	
Capital assets	\$ 41,329,888
Less:	
Accumulated depreciation	(18,881,222)
Outstanding principal of related debt:	
General obligation bonds:	
2005 Sanitary District bond	(766,000)
2007 Sanitary District bonds Series A and B	(3,142,431)
2009 Sanitary District bonds Series A, B and C	(7,608,075)
Add: Unspent proceeds	<u>6,123,989</u>
 Total invested in capital assets, net of related debt	 \$ <u>17,056,149</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.

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

Worker's Compensation

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

B. Business-Type Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Water utility:				
Capital assets, not being depreciated:				
Land	\$ 17,661	\$ -	\$ -	\$ 17,661
Construction in progress	203,167	134,964	-	338,131
Total capital assets, not being depreciated	220,828	134,964	-	355,792
Capital assets, being depreciated:				
Buildings	1,062,132	-	-	1,062,132
Improvements other than buildings	3,957,279	-	-	3,957,279
Machinery and equipment	533,143	2,546	39,774	495,915
Infrastructure and underground	10,185,069	-	-	10,185,069
Totals	15,737,623	2,546	39,774	15,700,395
Less accumulated depreciation for:				
Buildings	656,187	24,544	-	680,731
Improvements other than buildings	1,698,439	89,122	-	1,787,561
Machinery and equipment	396,187	27,664	38,796	385,055
Infrastructure and underground	4,419,529	231,029	-	4,650,558
Totals	7,170,342	372,359	38,796	7,503,905
Total capital assets, being depreciated, net	8,567,281	(369,813)	978	8,196,490
Total Water Utility capital assets, net	\$ 8,788,109	\$ (234,849)	\$ 978	\$ 8,552,282

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

Business-type activities:

Sanitary District:

Wastewater Utility:

Capital assets, not being depreciated:

Land	\$ 37,816	\$ -	\$ -	\$ 37,816
Construction in progress	519,077	1,532,438	665,551	1,385,964

Total capital assets, not being depreciated	<u>556,893</u>	<u>1,532,438</u>	<u>665,551</u>	<u>1,423,780</u>
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Capital assets, being depreciated:

Improvements other than buildings	567,564	6,495	-	574,059
Machinery and equipment	1,397,128	243,058	39,774	1,600,412
Infrastructure and underground	9,506,405	665,551	-	10,171,956

Totals	<u>11,471,097</u>	<u>915,104</u>	<u>39,774</u>	<u>12,346,427</u>
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Less accumulated depreciation for:

Improvements other than buildings	279,495	20,685	-	300,180
Machinery and equipment	721,990	98,581	38,796	781,775
Infrastructure and underground	4,310,664	212,909	-	4,523,573

Totals	<u>5,312,149</u>	<u>332,175</u>	<u>38,796</u>	<u>5,605,528</u>
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Total capital assets, being depreciated, net	<u>6,158,948</u>	<u>582,929</u>	<u>978</u>	<u>6,740,899</u>
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Total Wastewater Utility  
capital assets, net

	<u>\$ 6,715,841</u>	<u>\$ 2,115,367</u>	<u>\$ 666,529</u>	<u>\$ 8,164,679</u>
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Business-type activities:

Sanitary District:

Storm Water:

Capital assets, not being depreciated:

Construction in progress	\$ 35,734	\$ 1,599,963	\$ -	\$ 1,635,697
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Capital assets, being depreciated:

Machinery and equipment	19,156	-	-	19,156
Infrastructure and underground	9,848,641	-	-	9,848,641

Totals	<u>9,867,797</u>	<u>-</u>	<u>-</u>	<u>9,867,797</u>
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Less accumulated depreciation for:

Machinery and equipment	18,795	61	-	18,856
Infrastructure and underground	5,517,167	235,766	-	5,752,933

Totals	<u>5,535,962</u>	<u>235,827</u>	<u>-</u>	<u>5,771,789</u>
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Total capital assets, being  
depreciated, net

	<u>4,331,835</u>	<u>(235,827)</u>	<u>-</u>	<u>4,096,008</u>
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Total Storm Water  
capital assets, net

	<u>\$ 4,367,569</u>	<u>\$ 1,364,136</u>	<u>\$ -</u>	<u>\$ 5,731,705</u>
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TOWN OF HIGHLAND, INDIANA  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Subsequent Events

It is expected that the Town Council will issue Recovery Zone Economic Development Bonds in the amount of \$890,000 before December 31 2010. This is an allocation of an authorized amount granted to Lake County in the amount of \$15,000,000. Since Lake County did not identify a specific project, it elected to share its authorization with cities and towns that presented projects that comport with the purpose of the Recovery Zone Economic Development Bonds. The Town of Highland has several smaller road reconstruction and infrastructure projects that will be funded by these bonds. The bonds are sold in the taxable market, much like so-called "Build America Bonds." However, rather than a 35% credit provided by the United States Treasury against interest costs, the credit is instead 45%.

Further, Board of Sanitary Commissioners of the Sanitary District is expected to issue \$2.4 million dollars in Build America Bonds, which is the remaining balance authorized earlier in 2009 against a total authority of \$10,000,000. The Board issued only \$7.6 million of these bonds in 2009. The purpose would be for additional waste water inflow and infiltration remediation, and other watershed management projects.

Finally, the Lincoln Center Reconstruction Project that was initiated and then curtailed in 2009, is being resumed in 2010. The Town Council has formed a Lincoln Center Building Corporation to finance the reconstruction. It is expected that approximately \$10 plus million dollars of mortgage bonds will be issued in late September or early October 2010 to finance the reconstruction project.

While these projects are have been determined to be meritorious, there is also a concern about the impact of these significant debt service levies may have in triggering abated tax collections due to property tax caps.

D. Indiana Utility Regulatory Commission – Water Utility Withdrawal

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

E. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

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

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

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

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

Funding Policy

The contribution requirements of plan members for the Town of Highland's Retiree's Group Health and Life Insurance Plan are established by the Town Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2009, the Town contributed \$45,641 to the plan, for expenditures for these postemployment benefits. Plan members receiving benefits contributed \$27,887, or approximately 38% of the total premiums, through their required contribution of \$469 per month for retiree-only coverage and \$918 per month for retiree and spouse coverage.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	\$	190,212
Interest on net OPEB obligation		6,216
Adjustment to annual required contribution		<u>(5,888)</u>
Annual OPEB cost		190,540
Contributions made		<u>45,641</u>
Increase (decrease) in net OPEB obligation		144,899
Net OPEB obligation, beginning of year		<u>138,136</u>
Net OPEB obligation, end of year	\$	<u><u>283,035</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 2009 and 2008 were as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12-31-09	\$ 190,540	24.0%	\$ 283,035
12-31-08	179,628	23.1%	138,136

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

Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$1,984,381, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,984,381. The covered payroll (annual payroll of active employees covered by the plan) was \$4,995,258, and the ratio of the UAAL to covered payroll was 40%.

The funded status of the plan as of December 31, 2009, was as follows:

Actuarial value of plan assets	\$	-
Actuarial accrued liability (AAL)		1,984,381
Unfunded AAL		(1,984,381)
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)		4,995,258
Unfunded AAL as a percentage of covered payroll		(40%)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents 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, 2009, actuarial valuation, the projected unit credit with linear proration to decrement cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 10% for medical and 4.5% for dental reduced by decrements to an ultimate rate of 4.5% (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, 2009, was twenty-eight years. A salary scale of 3%, RP-2000 Combined Mortality Table, and employee turnover rates were also considered as part of the actuarial assumptions.

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

F. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

The government contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the government authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at three percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy

PERF members are required to contribute 3 percent of their annual covered salary. The Town is required to contribute at an actuarially determined rate; the current rate is 7.25 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 PERF.

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

Annual Pension Cost

For 2009, the Town's annual pension cost of \$202,884 for PERF was greater than the Town's required and actual contributions of \$201,390.

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 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.

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

Funding Policy

Plan members are required by state statute (IC 36-8-6-4) to contribute an amount equal to six percent (6%) of the salary of a first class patrolman. The contribution requirements of plan members are established by state statute. The State of Indiana has contributed \$704,850 on behalf of the municipality. On behalf contributions from the State of Indiana approximates the amount paid out for benefits.

The Net Pension Obligation (NPO) is considered an obligation of the State of Indiana and is reflected in the Statement of Net Assets for the State of Indiana.

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

Actuarial Information for the Above Plans

	PERF
Annual required contribution	\$ 203,556
Interest on net pension obligation	4,815
Adjustment to annual required contribution	(5,487)
Annual pension cost	202,884
Contributions made	201,390
Increase in net pension obligation	1,494
Net pension obligation, beginning of year	66,410
Net pension obligation, end of year	\$ 67,904

	PERF	1925 Police Officers' Pension**
Contribution rates:		
Town	7.50%	N/A
Plan members	3%	6%
Actuarial valuation date	07-01-09	01-01-09
Actuarial cost method	Entry age Normal Cost	Entry age
Amortization method	Level Dollar Closed Amortization Period	Level percentage of projected payroll, closed
Amortization period	30 years	30 years
Amortization period (from date)	07-01-08	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital

N/A = not applicable

Actuarial Assumptions	PERF	1925 Police Officers' Pension
Investment rate of return	7.50%	6%
Projected future salary increases:		
Total	4%	4%
Cost-of-living adjustments	1.5%	2.75/4%*

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

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

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-07	\$ 179,895	92%	\$ 61,851
	06-30-08	197,856	98%	66,410
	06-30-09	202,884	99%	67,904
1925 Police Officers' Pension Plan	12-31-07	671,100	112%	5,295,914
	12-31-08	692,600	94%	5,335,509
	12-31-09	753,100	101%	5,328,252
		753,100		

Membership in the 1925 Police Officers' Pension Plan at January 1, 2009, was comprised of the following:

	<u>1925 Police Officers' Pension</u>
Retirees and beneficiaries currently receiving benefits	25
Terminated employees entitled to but not yet receiving benefits	-
Current active employees	-

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

Statement of Fiduciary Net Assets:

	1925 Police Officers' Pension
<u>Assets:</u>	
Cash and cash equivalents	\$ 206,343
Receivables:	
Employer contributions	37,133
Interest and dividends	<u>133</u>
Total receivables	<u>37,266</u>
Investments at fair value:	
Participation in investment pools of other governments	<u>105,661</u>
Total assets	<u>349,270</u>
<u>Liabilities:</u>	
Accounts payable	-
Net assets:	
Held in trust for:	
Employees' pension benefit	<u>349,270</u>
Total net assets	<u>\$ 349,270</u>

Statement of Changes in Fiduciary Net Assets:

<u>Additions:</u>	
Contributions:	
Employer	\$ 52,991
On-behalf	704,850
Other	<u>3,142</u>
Total contributions	<u>760,983</u>
Investment income:	
Net Increase in fair value of investments	6,900
Interest	<u>1,409</u>
Total investment income	<u>8,309</u>
Total additions	<u>769,292</u>
<u>Deductions:</u>	
Benefits	724,103
Administrative expense	<u>1,890</u>
Total deductions	<u>725,993</u>
Change in net assets	43,299
Net assets - beginning	<u>305,971</u>
Net assets - ending	<u>\$ 349,270</u>

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

Funded status and Funding Progress for the Above Plans

The funded status of each plan as of July 1, 2009, the most recent actuarial valuation date (except the 1925 Police Officers' pension fund (which is as of January 1, 2009) is as follows:

Retirement Plan	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
PERF	\$3,351,170	\$4,136,192	\$ (784,922)	81%	\$2,822,912	(28%)
1925 Police Officers' Pension Plans	305,971	11,286,100	(10,980,129)	3%	-	No covered payroll

The Schedule of Funding Progress, presented as RSI for the above plans following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with twenty years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits. An option for reduced early benefits exists if aged 50.

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

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

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 19.5% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the government are established by the Board of Trustees of PERF. The government's contributions to the plan for the years ending December 31, 2009, 2008, and 2007, were \$407,997, \$447,803, and \$420,965, respectively, equal to the required contributions for each year.

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

Public Employees' Retirement Fund							
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)	
07-01-06	\$ 2,906,531	\$ 3,438,425	\$ (531,894)	85%	\$ 2,489,408	(21%)	
07-01-07	3,363,691	3,970,127	(606,436)	85%	2,626,627	(23%)	
07-01-08	3,465,400	4,122,809	(657,409)	84%	2,626,529	(25%)	
07-01-09	3,351,170	4,136,092	(784,922)	81%	2,822,912	(28%)	

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-03	\$ 579,608	\$ 10,819,400	\$ (10,239,792)	5%	\$ 138,000	(7420%)
01-01-04	437,080	11,532,700	(11,095,620)	4%	94,200	(11779%)
01-01-05	503,374	11,417,600	(10,914,226)	4%	97,800	(11160%)
01-01-06	299,251	11,079,900	(10,780,649)	3%	51,300	(21015%)
01-01-07	274,293	10,341,800	(10,067,507)	3%	-	No Covered Payroll
01-01-08	352,898	10,546,900	(10,194,002)	3%	-	No Covered Payroll
01-01-09	305,971	11,286,100	(10,980,129)	3%	-	No Covered Payroll

Other Postemployment Benefits - Single-Employer Defined Benefit Healthcare Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
12-31-08	\$ -	\$ 1,842,788	\$ (1,842,788)	0%	\$ 4,755,173	(39%)
12-31-09	*	1,984,381	(1,984,381)	0%	4,995,258	(40%)

\*Information not available.

The accompanying notes to required supplementary information are an integral part of the required supplementary information.

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

1925 Police Officers' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		City	State
12-31-04	1,341,400	20%	27%
12-31-05	830,500	17%	49%
12-31-06	805,000	31%	64%
12-31-07	749,500	40%	60%
12-31-08	775,700	21%	63%
12-31-09	843,400	6%	84%

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 FUNDS  
 For The Year Ended December 31, 2009

	General Fund				Variance with Final Budget Over (Under)
	Budget Amounts		Actual	Final	
	Original	Final			
<b>Revenues:</b>					
Taxes	\$ 4,720,601	\$ 4,720,601	\$ 4,657,437	\$ (63,164)	
Licenses and permits	328,200	328,200	316,997	(11,203)	
Intergovernmental	306,155	306,155	648,903	342,748	
Charges for services	1,676,251	1,676,251	1,943,057	266,806	
Fines and forfeits	63,000	63,000	107,249	44,249	
Other	328,835	328,835	105,273	(223,562)	
<b>Total revenues</b>	<b>7,423,042</b>	<b>7,423,042</b>	<b>7,778,916</b>	<b>355,874</b>	
<b>Expenditures:</b>					
<b>Current:</b>					
General government:					
Clerk-Treasurer					
Personal services	106,689	117,117	104,065	13,052	
Supplies	3,400	3,400	3,027	373	
Other services and charges	57,461	57,461	50,428	7,033	
Town Council					
Personal services	78,629	77,829	77,688	141	
Supplies	700	700	297	403	
Other services and charges	212,662	250,325	200,939	49,386	
Capital outlay	-	50,500	50,049	451	
Board of Zoning					
Personal services	3,359	3,359	3,359	-	
Supplies	200	200	125	75	
Other services and charges	8,520	3,520	3,075	445	
Building and Inspection					
Personal services	226,472	242,210	227,702	14,508	
Supplies	8,750	7,401	7,154	247	
Other services and charges	62,643	90,643	48,276	42,367	
Plan Commission					
Personal services	2,842	2,842	2,659	183	
Supplies	325	325	178	147	
Other services and charges	22,920	13,185	10,337	2,848	
Board of Works					
Other services and charges	764,047	844,111	614,487	229,624	
Town Hall Monument					
Supplies	3,800	3,800	2,801	999	
Other services and charges	52,300	60,116	53,059	7,057	
<b>Total general government</b>	<b>1,615,729</b>	<b>1,829,044</b>	<b>1,459,705</b>	<b>369,339</b>	

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 FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	General Fund			Variance with Final Budget Over (Under)
	Budget Amounts		Actual	
	Original	Final		
Expenditures (continued):				
Current (continued):				
Public safety:				
Volunteers in Police Service				
Personal services	3,220	3,793	2,659	1,134
Supplies	17,600	21,808	19,152	2,656
Other services and charges	1,650	2,850	1,902	948
Fire and EMS Department				
Personal services	204,215	243,270	202,847	40,423
Supplies	26,645	35,518	26,591	8,827
Other services and charges	85,575	91,664	64,808	26,856
Capital outlay	41,000	78,296	43,360	34,936
Police Department				
Personal services	3,352,379	3,674,939	3,400,894	274,045
Supplies	151,700	141,751	115,089	26,662
Other services and charges	727,838	743,796	710,043	33,753
Capital outlay	-	17,500	17,500	-
Total public safety	4,611,822	5,055,185	4,604,945	450,240
Sanitation:				
Sanitation and Streets				
Personal services	294,280	306,990	305,371	1,619
Supplies	30,550	30,550	26,395	4,155
Other services and charges	1,396,754	1,494,542	1,490,070	4,472
Total sanitation	1,721,584	1,832,082	1,821,836	10,246
Unappropriated	-	2,011,661	37,070	1,974,591
Total expenditures	7,949,135	8,716,311	7,923,556	2,804,416
Other financing sources (uses):				
Transfers in	-	-	18,436	18,436
Transfers out	-	-	(44,000)	(44,000)
Tax anticipation warrants received	-	-	2,780,000	2,780,000
Tax anticipation warrants repaid	-	-	(2,009,000)	(2,009,000)
Total other financing sources (uses)	-	-	745,436	745,436
Net change in fund balance	(526,093)	(1,293,269)	600,796	(1,703,106)
Fund balances - beginning	(838,814)	(357,562)	1,881,315	2,238,877
Fund balances - December 31	\$ (1,364,907)	\$ (1,650,831)	\$ 2,482,111	\$ 535,771

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 FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Parks and Recreation			Variance with Final Budget Over (Under)
	Budget Amounts		Actual	
	Original	Final		
<b>Revenues:</b>				
Taxes				
Intergovernmental	\$ 999,046	\$ 999,046	\$ 976,287	\$ (22,759)
Charges for services	44,168	44,168	87,208	43,040
Other	507,000	507,000	483,887	(23,113)
	300,522	300,522	314,762	14,240
<b>Total revenues</b>	<b>1,850,736</b>	<b>1,850,736</b>	<b>1,862,144</b>	<b>11,408</b>
<b>Expenditures:</b>				
Current:				
Culture and recreation:				
Personal services	865,000	926,129	913,147	12,982
Supplies	122,000	124,987	111,613	13,374
Other services and charges	871,000	879,003	849,103	29,900
<b>Unappropriated</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>(20)</b>
<b>Total expenditures</b>	<b>1,858,000</b>	<b>1,930,119</b>	<b>1,873,883</b>	<b>56,236</b>
<b>Other financing sources (uses):</b>				
Tax anticipation warrants received	-	-	613,000	613,000
Tax anticipation warrants repaid	-	-	(488,929)	(488,929)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>124,071</b>	<b>124,071</b>
<b>Net change in fund balance</b>	<b>(7,264)</b>	<b>(79,383)</b>	<b>112,332</b>	<b>79,243</b>
<b>Fund balances - beginning</b>	<b>3,160</b>	<b>537,246</b>	<b>282,257</b>	<b>(254,989)</b>
<b>Fund balances - December 31</b>	<b>\$ (4,104)</b>	<b>\$ 457,863</b>	<b>\$ 394,589</b>	<b>\$ (175,746)</b>

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, 2009

Note I. Budgets and Budgetary Accounting

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

- A. After conferring with the Town Council President and several department heads, the Town Clerk-Treasurer submits to the Town Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- B. Prior to adoption, the Town advertises the budget and the Town Council holds public hearings to obtain taxpayer comments. The Town Council may reduce, but not increase the budget from the advertised amounts.
- C. No later than September 20<sup>th</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.
- 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

TOWN OF HIGHLAND, INDIANA  
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
 December 31, 2009  
 (Continued)

Nonmajor funds:

Special revenue funds:

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

Debt service funds:

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

Capital projects funds:

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

- G. The Town's budgetary process is based upon cash outflows, which is a Non-GAAP basis. Appropriations lapse with the expiration of the budgetary period unless encumbered by a purchase order or contract. Encumbered appropriations are carried over and added to the subsequent year's budget.
- H. Budgeted amounts are as originally adopted, or as amended by the Town Council and approved by the Indiana Department of Local Government Finance in the regular legal manner. The net effect of individual amendments to the budget increased the original appropriations by \$1,041,170 in 2009.
- I. Expenditures exceeded appropriations for the Shared Ethics Initiative Fund by \$359, and the Highland Building Acquisition Project Fund by \$603.

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)	\$ 600,796	\$ 112,332
Adjustments:		
To adjust revenues for accruals	(62,315)	(6,309)
To adjust expenditures for tax anticipation warrants (net)	(771,000)	(124,071)
To adjust expenditures for accruals	350,651	16,889
Net change in fund balance (GAAP basis)	\$ 118,132	\$ (1,159)

**Governmental  
Funds**

## **NONMAJOR GOVERNMENTAL FUNDS**

Special Revenue	Funds which account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditures for specific purposes.
Debt Service	Funds which account for the accumulation of resources for and the payment of long-term debt principal and interest.
Capital Project	Funds which account for the financial resources to be used for the acquisition or construction of major capital facilities and the payment of long-term debt principal, interest, and related costs incurred to acquire or construct major capital facilities (other than those financed by Proprietary Funds).

TOWN OF HIGHLAND, INDIANA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2009

Assets	Nonmajor	Nonmajor	Nonmajor	Totals
	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
Cash and cash equivalents	\$ 863,375	\$ -	\$ -	\$ 863,375
Investments	17,230	-	-	17,230
Receivables (net of allowances for uncollectibles):				
Interest	142	-	-	142
Taxes	89,455	-	-	89,455
Intergovernmental	1,816	-	-	1,816
Interfund receivable:				
Interfund loans	65,500	-	-	65,500
Restricted assets:				
Cash and cash equivalents	747,790	711,756	2,523,283	3,982,829
Investments	31,163	36,923	125,873	193,759
Interest receivable	138	171	624	933
Taxes receivable	-	793,164	240,534	1,033,698
Intergovernmental receivable	147,160	16,051	193,734	356,945
Special assessments receivable	-	-	2,201	2,201
Total assets	\$ 1,963,769	\$ 1,558,065	\$ 3,086,049	\$ 6,607,883
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 121,324	\$ -	\$ -	\$ 121,324
Accrued payroll and withholdings payable	836	-	-	836
Deferred revenue	17,181	-	-	17,181
Payable from restricted assets:				
Accounts payable	91,698	-	56,798	148,496
Accrued payroll and withholdings payable	13,641	-	-	13,641
Interfund payable:				
Interfund loans	-	65,500	-	65,500
Deferred revenue	-	152,283	54,514	206,797
Total liabilities	244,680	217,783	111,312	573,775
Fund balances:				
Reserved for:				
Encumbrances	156,297	600	362,459	519,356
Unreserved, reported in:				
Special revenue funds	1,562,792	-	-	1,562,792
Debt service funds	-	1,339,682	-	1,339,682
Capital projects funds	-	-	2,612,278	2,612,278
Total fund balances	1,719,089	1,340,282	2,974,737	6,034,108
Total liabilities and fund balances	\$ 1,963,769	\$ 1,558,065	\$ 3,086,049	\$ 6,607,883

TOWN OF HIGHLAND, INDIANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2009

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total
<b>Revenues:</b>				
<b>Taxes:</b>				
Property	\$ 141,821	\$ 1,275,918	\$ 381,342	\$ 1,799,081
Special assessments	-	-	30,256	30,256
Licenses and permits	19,140	-	-	19,140
Intergovernmental	1,367,774	207,808	1,263,522	2,839,104
Charges for services	84,359	-	1,078	85,437
Fines and forfeits	27,035	-	-	27,035
Other	74,169	1,288	16,964	92,421
<b>Total revenues</b>	<b>1,714,298</b>	<b>1,485,014</b>	<b>1,693,162</b>	<b>4,892,474</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public safety	209,778	-	-	209,778
Highways and streets	1,154,710	-	-	1,154,710
Sanitation	122,616	-	-	122,616
Culture and recreation	91,468	-	-	91,468
Urban redevelopment	119,456	-	-	119,456
Debt service:				
Principal	-	994,000	-	994,000
Interest	-	357,627	-	357,627
Capital outlay:				
General government	-	-	829,747	829,747
Public safety	-	-	83,052	83,052
Highways and streets	-	-	971,287	971,287
Culture and Recreation	-	-	150,151	150,151
Urban redevelopment	-	-	23,340	23,340
<b>Total expenditures</b>	<b>1,698,028</b>	<b>1,351,627</b>	<b>2,057,577</b>	<b>5,107,232</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>16,270</b>	<b>133,387</b>	<b>(364,415)</b>	<b>(214,758)</b>
<b>Other financing sources (uses):</b>				
Transfers in	44,000	114,240	-	158,240
Transfers out	-	(132,676)	-	(132,676)
Issuance of debt	-	-	149,459	149,459
<b>Total other financing sources and uses</b>	<b>44,000</b>	<b>(18,436)</b>	<b>149,459</b>	<b>175,023</b>
<b>Net change in fund balances</b>	<b>60,270</b>	<b>114,951</b>	<b>(214,956)</b>	<b>(39,735)</b>
<b>Fund balances - beginning</b>	<b>1,658,819</b>	<b>1,225,331</b>	<b>3,189,693</b>	<b>6,073,843</b>
<b>Fund balances - ending</b>	<b>\$ 1,719,089</b>	<b>\$ 1,340,282</b>	<b>\$ 2,974,737</b>	<b>\$ 6,034,108</b>

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**Special Revenue  
Funds**

## NONMAJOR SPECIAL REVENUE FUNDS

- Motor Vehicle Highway - To account for the construction and maintenance of streets, alleys and the operations of the street maintenance activities of the public works department. Resources are derived from state motor vehicle (gasoline tax) distributions. (Confer IC 8-14-1-5 et seq.)
- Local Road and Street - To account for the operation and maintenance of the local road and street systems. Resources are derived from state gasoline tax distributions. (Confer IC 8-14-2-5)
- 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 receivers' 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)

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

## NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

- 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.)
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- 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.
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- 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.

## NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

Special Public  
Safety –

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.

Special Select Centennial  
Commission –

To account for the accumulation of resources and the associated expenditures in support of programs, operations and special events undertaken by the Town under advice of its Select Centennial Commission, pursuant to the authority of 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.

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, 2009

Assets	Motor Vehicle Highway	Local Road and Street	Unsafe Building	Park Donation	Federal Forfeited and Seized Assets	Law Enforcement Continuing Education	Hazardous Materials Response	Innkeepers Tax
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 11,012	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-	-	-	-
Receivables (net of allowances for uncollectibles):								
Interest	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Interfund receivable:								
Interfund loans	-	-	-	-	-	-	-	-
Restricted assets:								
Cash and cash equivalents	142,801	125,876	1	-	45,285	48,387	3,693	7,757
Investments	5,725	5,428	-	-	1,801	2,992	-	32
Interest receivable	25	24	-	-	8	13	-	-
Intergovernmental receivable	94,944	49,414	-	-	-	2,802	-	-
<b>Total assets</b>	<b>\$ 243,495</b>	<b>\$ 180,742</b>	<b>\$ 1</b>	<b>\$ 11,012</b>	<b>\$ 47,094</b>	<b>\$ 54,194</b>	<b>\$ 3,693</b>	<b>\$ 7,789</b>

**Liabilities and Fund Balances**

<b>Liabilities:</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	-
Interfund payable:								
Deferred revenue	-	-	-	-	-	-	-	-
Payable from restricted assets:								
Accounts payable	91,698	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	13,641	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>105,339</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>								
Reserved for:								
Encumbrances	33,015	738	-	-	-	878	-	-
Unreserved, reported in:								
Special revenue funds	105,141	180,004	1	11,012	47,094	53,316	3,693	7,789
<b>Total fund balances</b>	<b>138,156</b>	<b>180,742</b>	<b>1</b>	<b>11,012</b>	<b>47,094</b>	<b>54,194</b>	<b>3,693</b>	<b>7,789</b>
<b>Total liabilities and fund balances</b>	<b>\$ 243,495</b>	<b>\$ 180,742</b>	<b>\$ 1</b>	<b>\$ 11,012</b>	<b>\$ 47,094</b>	<b>\$ 54,194</b>	<b>\$ 3,693</b>	<b>\$ 7,789</b>

Continued on next page

TOWN OF HIGHLAND, INDIANA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 December 31, 2009  
 (Continued)

Assets	Solid Waste Grant Fund	Donation	Highway of Flags Donation	Fire Department Homeland Security Grant	Shared Ethics Initiative Fund	Traffic and Children Safety Grant Fund	Law Enforcement Block Grant
Cash and cash equivalents	\$ -	\$ 27,197	\$ 25,697	\$ -	\$ 16,695	\$ -	\$ -
Investments	-	-	-	-	658	-	-
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	-	-	-	-
Taxes	-	-	-	-	3	-	-
Intergovernmental	-	-	-	-	-	-	-
Interfund receivable:							
interfund loans	-	-	-	-	-	-	-
Restricted assets:							
Cash and cash equivalents	331,988	-	-	22	-	3,930	234
Investments	15,185	-	-	-	-	-	-
Interest receivable	68	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 347,241</b>	<b>\$ 27,197</b>	<b>\$ 25,697</b>	<b>\$ 22</b>	<b>\$ 17,356</b>	<b>\$ 3,930</b>	<b>\$ 234</b>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Accounts payable	\$ 107,437	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Interfund payable:							
Deferred revenue	-	-	-	-	-	-	-
Payable from restricted assets:							
Accounts payable	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>107,437</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:							
Reserved for:							
Encumbrances	105,837	-	-	-	-	-	-
Unreserved, reported in:							
Special revenue funds	133,967	27,197	25,697	22	17,356	3,930	234
<b>Total fund balances</b>	<b>239,804</b>	<b>27,197</b>	<b>25,697</b>	<b>22</b>	<b>17,356</b>	<b>3,930</b>	<b>234</b>
<b>Total liabilities and fund balances</b>	<b>\$ 347,241</b>	<b>\$ 27,197</b>	<b>\$ 25,697</b>	<b>\$ 22</b>	<b>\$ 17,356</b>	<b>\$ 3,930</b>	<b>\$ 234</b>

Continued on next page

TOWN OF HIGHLAND, INDIANA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 December 31, 2009  
 (Continued)

Assets	Redevelopment General	Rainy Day Fund	Safe Neighborhood Grant	Fire Computer Grant Fund	Special Events Nonreverting Fund	Local Forfeited and Seized Assets	Special Public Safety	Special Select Centennial Commission	VIPS Parks Public Safety Fund	Totals
Cash and cash equivalents	\$ 84,945	\$ 543,451	\$ -	\$ -	\$ 17,826	\$ 9,784	\$ 115,790	\$ 9,480	\$ 1,498	\$ 863,375
Investments	1,805	13,810	-	-	957	-	-	-	-	17,230
Receivables (net of allowances for uncollectibles):										
Interest	74	61	-	-	4	-	-	-	-	142
Taxes	89,455	-	-	-	-	-	-	-	-	89,455
Intergovernmental	1,816	-	-	-	-	-	-	-	-	1,816
Interfund receivable:										
Interfund loans	-	65,500	-	-	-	-	-	-	-	65,500
Restricted assets:										
Cash and cash equivalents	-	-	37,815	1	-	-	-	-	-	747,790
Investments	-	-	-	-	-	-	-	-	-	31,163
Interest receivable	-	-	-	-	-	-	-	-	-	138
Intergovernmental receivable	-	-	-	-	-	-	-	-	-	147,160
<b>Total assets</b>	<b>\$ 178,095</b>	<b>\$ 622,822</b>	<b>\$ 37,815</b>	<b>\$ 1</b>	<b>\$ 18,787</b>	<b>\$ 9,784</b>	<b>\$ 115,790</b>	<b>\$ 9,480</b>	<b>\$ 1,498</b>	<b>\$ 1,963,769</b>
<b>Liabilities and Fund Balances</b>										
<b>Liabilities:</b>										
Accounts payable	\$ 7,305	\$ -	\$ 400	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ 1,182	\$ 121,324
Accrued payroll and withholdings payable	836	-	-	-	-	-	-	-	-	836
Interfund payable:										
Deferred revenue	17,181	-	-	-	-	-	-	-	-	17,181
Payable from restricted assets:										
Accounts payable	-	-	-	-	-	-	-	-	-	91,698
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	-	-	13,641
<b>Total liabilities</b>	<b>25,322</b>	<b>-</b>	<b>400</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,182</b>	<b>244,680</b>
<b>Fund balances:</b>										
Reserved for:										
Encumbrances	15,829	-	-	-	-	-	-	-	-	156,297
Unreserved, reported in:										
Special revenue funds	136,844	622,822	37,415	1	13,787	9,784	115,790	9,480	316	1,562,792
<b>Total fund balances</b>	<b>152,773</b>	<b>622,822</b>	<b>37,415</b>	<b>1</b>	<b>13,787</b>	<b>9,784</b>	<b>115,790</b>	<b>9,480</b>	<b>316</b>	<b>1,719,089</b>
<b>Total liabilities and fund balances</b>	<b>\$ 178,095</b>	<b>\$ 622,822</b>	<b>\$ 37,815</b>	<b>\$ 1</b>	<b>\$ 18,787</b>	<b>\$ 9,784</b>	<b>\$ 115,790</b>	<b>\$ 9,480</b>	<b>\$ 1,498</b>	<b>\$ 1,963,769</b>

TOWN OF HIGHLAND, INDIANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 For The Year Ended December 31, 2009

	Motor Vehicle Highway	Local Road and Street	Unsafe Building	Park Donation	Federal Forfeited and Seized Assets	Law Enforcement Continuing Education	Hazardous Materials Response	Innkeepers Tax
<b>Revenues:</b>								
<b>Taxes:</b>								
Property	-	-	\$ -	-	\$ -	-	\$ -	-
Licenses and permits	-	-	-	-	-	13,140	-	-
Intergovernmental	643,020	254,210	-	-	-	-	-	4,773
Charges for services	-	-	-	-	21,271	19,838	-	-
Fines and forfeits	-	-	-	-	143	5,764	-	-
Other	15,527	348	11,745	9,550	-	1,536	-	27
<b>Total revenues</b>	<b>658,547</b>	<b>254,558</b>	<b>11,745</b>	<b>9,550</b>	<b>21,414</b>	<b>40,278</b>	<b>-</b>	<b>4,800</b>
<b>Expenditures:</b>								
<b>Current:</b>								
Public safety	-	-	-	-	11,787	30,104	-	-
Highways and streets	870,409	284,301	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	4,654	-	-	-	-
Urban redevelopment	-	-	11,744	-	-	-	-	-
<b>Total expenditures</b>	<b>870,409</b>	<b>284,301</b>	<b>11,744</b>	<b>4,654</b>	<b>11,787</b>	<b>30,104</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	(211,862)	(29,743)	1	4,896	9,627	10,174	-	4,800
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Net change in fund balances	(211,862)	(29,743)	1	4,896	9,627	10,174	-	4,800
Fund balances - beginning	350,018	210,485	-	6,116	37,467	44,020	3,693	2,989
Fund balances - ending	138,156	180,742	1	11,012	47,094	54,194	3,693	7,789

Continued on next page

TOWN OF HIGHLAND, INDIANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Solid Waste Grant Fund	Donation	Highway of Flags Donation	Fire Department Homeland Security Grant	Shared Ethics Initiative Fund	Traffic and Children Safety Grant Fund	Law Enforcement Block Grant
<b>Revenues:</b>							
Taxes:							
Property	-	\$ -	-	\$ -	-	-	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	159,474	-	-	-	14,000	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	931	15,118	107	-	44	-	-
<b>Total revenues</b>	<b>160,405</b>	<b>15,118</b>	<b>107</b>	<b>-</b>	<b>14,044</b>	<b>-</b>	<b>-</b>
<b>Expenditures:</b>							
Current:							
Public safety	-	13,988	-	-	6,515	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	122,616	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>122,616</b>	<b>13,988</b>	<b>-</b>	<b>-</b>	<b>6,515</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>37,789</b>	<b>1,130</b>	<b>107</b>	<b>-</b>	<b>7,529</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>37,789</b>	<b>1,130</b>	<b>107</b>	<b>-</b>	<b>7,529</b>	<b>-</b>	<b>-</b>
<b>Fund balances - beginning</b>	<b>202,015</b>	<b>26,067</b>	<b>25,590</b>	<b>22</b>	<b>9,827</b>	<b>3,930</b>	<b>234</b>
<b>Fund balances - ending</b>	<b>\$ 239,804</b>	<b>\$ 27,197</b>	<b>\$ 25,697</b>	<b>\$ 22</b>	<b>\$ 17,356</b>	<b>\$ 3,930</b>	<b>\$ 234</b>

Continued on next page

TOWN OF HIGHLAND, INDIANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Redevelopment General	Rainy Day Fund	Safe Neighborhood Grant	Fire Computer Grant Fund	Special Events Nonreverting Fund	Local Forfeited and Seized Assets	Special Public Safety	Special Select Centennial Commission	VIPS Parks Public Safety Fund	Total
Revenues:										
Taxes:										
Property	\$ 141,821	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,821
Licenses and permits	-	-	-	-	-	-	-	-	6,000	19,140
Intergovernmental	12,668	-	147,692	-	-	5,234	126,703	-	-	1,367,774
Charges for services	-	-	-	-	55,908	-	-	8,613	-	84,359
Fines and forfeits	-	-	-	-	-	-	-	-	-	27,035
Other	4,903	2,207	-	-	1,458	-	-	10,525	-	74,169
Total revenues	159,392	2,207	147,692	-	57,366	5,234	126,703	19,138	6,000	1,714,298
Expenditures:										
Current:										
Public safety	-	-	130,500	-	-	-	10,913	-	5,971	209,778
Highways and streets	-	-	-	-	-	-	-	-	-	1,154,710
Sanitation	-	-	-	-	-	-	-	-	-	122,616
Culture and recreation	-	12,064	-	-	65,092	-	-	9,658	-	91,468
Urban redevelopment	107,712	-	-	-	-	-	-	-	-	119,456
Total expenditures	107,712	12,064	130,500	-	65,092	-	10,913	9,658	5,971	1,698,028
Excess (deficiency) of revenues over (under) expenditures	51,680	(9,857)	17,192	-	(7,726)	5,234	115,790	9,480	29	16,270
Other financing sources (uses):										
Transfers in	-	44,000	-	-	-	-	-	-	-	44,000
Net change in fund balances	51,680	34,143	17,192	-	(7,726)	5,234	115,790	9,480	29	60,270
Fund balances - beginning	101,093	588,679	20,223	1	21,513	4,550	-	-	287	1,658,819
Fund balances - ending	\$ 152,773	\$ 622,822	\$ 37,415	\$ 1	\$ 13,787	\$ 9,784	\$ 115,790	\$ 9,480	\$ 316	\$ 1,719,089

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, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 813,118	\$ 813,118	\$ 646,216	\$ (166,902)
Other	2,000	2,000	15,928	13,928
Total revenues	815,118	815,118	662,144	(152,974)
Expenditures:				
Current:				
Highways and streets	483,365	544,791	478,370	66,421
Personal services	360,120	329,224	321,439	7,785
Supplies	98,676	95,105	80,912	14,193
Other services and charges	38,000	43,551	43,550	1
Capital Outlay				
Total expenditures	980,161	1,012,671	924,271	88,400
Net change in fund balance	(165,043)	(197,553)	(262,127)	(241,374)
Fund balances - beginning	-	-	410,653	(410,653)
Fund balances - December 31	\$ (165,043)	\$ (197,553)	\$ 148,526	\$ (652,027)
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (262,127)	
To adjust revenues for accruals			(3,597)	
To adjust expenditures for accruals			53,862	
Net change in fund balance, GAAP basis			\$ (211,862)	

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, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 266,890	\$ 266,890	\$ 245,401	\$ (21,489)
Other	-	-	407	407
Total revenues	266,890	266,890	245,808	(21,082)
Expenditures:				
Current:				
Highways and streets	69,449	69,449	69,269	180
Personal services	325,000	324,263	215,031	109,232
Other services and charges				
Total expenditures	394,449	393,712	284,300	109,412
Net change in fund balance	(127,559)	(126,822)	(38,492)	(130,494)
Fund balances - beginning	-	-	169,796	169,796
Fund balances - December 31	\$ (127,559)	\$ (126,822)	\$ 131,304	\$ 39,302
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (38,492)	
To adjust revenues for accruals			8,749	
Net change in fund balance, GAAP basis			\$ (29,743)	

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  
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 For the Year Ended December 31, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues:</b>				
Licenses and permits	\$ 29,497	\$ 29,497	\$ 13,140	\$ (16,357)
Charges for services	-	-	19,838	19,838
Fines and forfeits	-	-	4,454	4,454
Other	-	-	1,556	1,556
<b>Total revenues</b>	<b>29,497</b>	<b>29,497</b>	<b>38,988</b>	<b>9,491</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Public safety				
Supplies	10,500	11,156	10,074	1,082
Other services and charges	20,900	19,705	15,782	3,923
Capital outlay	-	4,823	5,160	(337)
<b>Total expenditures</b>	<b>31,400</b>	<b>35,684</b>	<b>31,016</b>	<b>4,668</b>
<b>Net change in fund balance</b>	<b>(1,903)</b>	<b>(6,187)</b>	<b>7,972</b>	<b>4,823</b>
<b>Fund balances - beginning</b>	<b>-</b>	<b>-</b>	<b>43,407</b>	<b>43,407</b>
<b>Fund balances - December 31</b>	<b>\$ (1,903)</b>	<b>\$ (6,187)</b>	<b>\$ 51,379</b>	<b>\$ 48,230</b>
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budgetary basis			\$ 7,972	
To adjust revenues for accruals			1,290	
To adjust expenditures for accruals			912	
<b>Net change in fund balance, GAAP basis</b>			<b>\$ 10,174</b>	

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, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 149,906	\$ 149,906	\$ 239,211	\$ 89,305
Other	-	-	879	879
Total revenues	<u>149,906</u>	<u>149,906</u>	<u>240,090</u>	<u>90,184</u>
Expenditures:				
Current:				
Sanitation				
Supplies	11,375	10,285	10,285	-
Other services and charges	111,600	6,854	6,854	-
Total expenditures	<u>122,975</u>	<u>17,139</u>	<u>17,139</u>	<u>-</u>
Net change in fund balance	26,931	132,767	222,951	90,184
Fund balances - beginning	-	-	124,222	124,222
Fund balances - December 31	<u>\$ 26,931</u>	<u>\$ 132,767</u>	<u>\$ 347,173</u>	<u>\$ 214,406</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 222,951	
To adjust revenues for accruals			(79,685)	
To adjust expenditures for accruals			(105,477)	
Net change in fund balance, GAAP basis			<u>\$ 37,789</u>	

TOWN OF HIGHLAND, INDIANA  
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 SPECIAL REVENUE FUNDS - SHARED ETHICS INITIATIVE FUND  
 For The Year Ended December 31, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 14,000	\$ 14,000
Other	-	-	52	52
Total revenues	-	-	14,052	14,052
Expenditures:				
Current:				
General Government	-	-	-	440
Supplies	-	440	-	(799)
Other services and charges	-	5,716	6,515	(359)
Total expenditures	-	6,156	6,515	(359)
Net change in fund balance	-	(6,156)	7,537	14,411
Fund balances - beginning	-	-	9,816	9,816
Fund balances - December 31	\$ -	\$ (6,156)	\$ 17,353	\$ 24,227
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, GAAP basis			\$ 7,537	
To adjust revenues for accruals			(8)	
Net change in fund balance, GAAP basis			\$ 7,529	

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, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 145,965	\$ 145,965	\$ 125,866	\$ (20,099)
Intergovernmental	7,859	7,859	12,668	4,809
Other	1,175	1,175	5,171	3,996
<b>Total revenues</b>	<b>154,999</b>	<b>154,999</b>	<b>143,705</b>	<b>(11,294)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
Urban redevelopment				
Personal services	65,760	69,515	61,429	8,086
Supplies	3,000	1,976	995	981
Other services and charges	86,400	82,862	50,131	32,731
<b>Total expenditures</b>	<b>155,160</b>	<b>154,353</b>	<b>112,555</b>	<b>41,798</b>
<b>Net change in fund balance</b>	<b>(161)</b>	<b>646</b>	<b>31,150</b>	<b>(53,092)</b>
<b>Fund balances - beginning</b>	<b>-</b>	<b>-</b>	<b>55,600</b>	<b>55,600</b>
<b>Fund balances - December 31</b>	<b>\$ (161)</b>	<b>\$ 646</b>	<b>\$ 86,750</b>	<b>\$ 2,508</b>
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budgetary basis			\$ 31,150	
To adjust revenues for accruals			15,687	
To adjust expenditures for accruals			4,843	
<b>Net change in fund balance, GAAP basis</b>			<b>\$ 51,680</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, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Charges For Services	\$ -	\$ -	\$ 55,908	\$ 55,908
Other	-	-	1,463	1,463
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>57,371</b>	<b>57,371</b>
Expenditures:				
Current:				
Culture and recreation				
Personal services	10,930	8,930	7,222	1,708
Supplies	1,000	1,000	300	700
Other services and charges	44,375	56,375	52,570	3,805
<b>Total expenditures</b>	<b>56,305</b>	<b>66,305</b>	<b>60,092</b>	<b>6,213</b>
<b>Net change in fund balance</b>	<b>(56,305)</b>	<b>(66,305)</b>	<b>(2,721)</b>	<b>51,158</b>
Fund balances - beginning	-	-	21,504	21,504
<b>Fund balances - December 31</b>	<b>\$(56,305)</b>	<b>\$(66,305)</b>	<b>\$ 18,783</b>	<b>\$ 72,662</b>
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, GAAP basis			\$ (2,721)	
To adjust revenues for accruals			(5)	
To adjust expenditures for accruals			(5,000)	
<b>Net change in fund balance, GAAP basis</b>			<b>\$(7,726)</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, 2009

	Budget Amounts			Actual		Variance with Final Budget Over (Under)
	Original	Final				
Revenues:						
Licenses and permits	\$ 6,000	\$ 6,000	\$	6,000	\$	-
Expenditures:						
Current:						
Culture and recreation	500	500	380			120
Personal services	5,500	5,500	4,409			1,091
Supplies						
Total expenditures	6,000	6,000	4,789			1,211
Net change in fund balance	-	-	1,211			(1,211)
Fund balances - beginning	-	-	287			287
Fund balances - December 31	-	-	\$ 1,498	\$	1,498	\$ (924)
 Budget/GAAP Reconciliation						
Net change in fund balance, GAAP basis			\$ 1,211			
To adjust expenditures for accruals			(1,182)			
Net change in fund balance, GAAP basis			\$ 29			

**Debt Service  
Funds**

## NONMAJOR DEBT SERVICE FUNDS

### 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.

### 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 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.

### 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, 2009

Assets	Corporation Bond and Interest (Exempt)	Corporation Bond and Interest (Non-Exempt)	Parks and Recreation Bond and Interest	Redevelopment Bond and Interest	Totals
Restricted assets:					
Cash and cash equivalents	\$ 40,008	\$ 59,749	\$ 265,457	\$ 346,542	\$ 711,756
Investments	-	-	12,989	23,934	36,923
Interest receivable	-	-	61	110	171
Taxes receivable	171,620	66,925	298,182	256,437	793,164
Intergovernmental receivable	3,432	1,359	6,054	5,206	16,051
Total assets	<u>\$ 215,060</u>	<u>\$ 128,033</u>	<u>\$ 582,743</u>	<u>\$ 632,229</u>	<u>\$ 1,558,065</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Payable from restricted assets:					
Interfund payable:					
Interfund loan	\$ 32,909	\$ 12,854	\$ 65,500	\$ -	\$ 65,500
Deferred revenue	-	-	57,269	49,251	152,283
Total liabilities	<u>32,909</u>	<u>12,854</u>	<u>122,769</u>	<u>49,251</u>	<u>217,783</u>
Fund balances:					
Reserved for:					
Encumbrances	-	600	-	-	600
Unreserved, reported in:					
Debt service funds	182,151	114,579	459,974	582,978	1,339,682
Total fund balances	<u>182,151</u>	<u>115,179</u>	<u>459,974</u>	<u>582,978</u>	<u>1,340,282</u>
Total liabilities and fund balances	<u>\$ 215,060</u>	<u>\$ 128,033</u>	<u>\$ 582,743</u>	<u>\$ 632,229</u>	<u>\$ 1,558,065</u>

TOWN OF HIGHLAND, INDIANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR DEBT SERVICE FUNDS  
 For The Year Ended December 31, 2009

	Corporation Bond and Interest (Exempt)	Corporation Bond and Interest (Non-Exempt)	Parks and Recreation Bond and Interest	Redevelopment Bond and Interest	Total
<b>Revenues:</b>					
<b>Taxes:</b>					
Property	\$ 272,087	\$ 124,540	\$ 472,737	\$ 406,554	\$ 1,275,918
Intergovernmental	24,304	9,476	42,228	131,800	207,808
Other	-	-	240	1,048	1,288
<b>Total revenues</b>	<u>296,391</u>	<u>134,016</u>	<u>515,205</u>	<u>539,402</u>	<u>1,485,014</u>
<b>Expenditures:</b>					
<b>Debt service:</b>					
Principal	-	109,000	390,000	495,000	994,000
Interest	-	98,069	147,277	112,281	357,627
<b>Total expenditures</b>	<u>-</u>	<u>207,069</u>	<u>537,277</u>	<u>607,281</u>	<u>1,351,627</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>296,391</u>	<u>(73,053)</u>	<u>(22,072)</u>	<u>(67,879)</u>	<u>133,387</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	114,240	-	-	114,240
Transfers out	(114,240)	(18,436)	-	-	(132,676)
<b>Total other financing sources (uses):</b>	<u>(114,240)</u>	<u>95,804</u>	<u>-</u>	<u>-</u>	<u>(18,436)</u>
<b>Net change in fund balances</b>	<u>182,151</u>	<u>22,751</u>	<u>(22,072)</u>	<u>(67,879)</u>	<u>114,951</u>
<b>Fund balances - beginning</b>	<u>-</u>	<u>92,428</u>	<u>482,046</u>	<u>650,857</u>	<u>1,225,331</u>
<b>Fund balances - ending</b>	<u>\$ 182,151</u>	<u>\$ 115,179</u>	<u>\$ 459,974</u>	<u>\$ 582,978</u>	<u>\$ 1,340,282</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 (EXEMPT)  
 For The Year Ended December 31, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	129,944	\$ 129,944
Intergovernmental	-	-	24,304	24,304
Total revenues	-	-	154,248	154,248
Other financing sources (uses):				
Transfers out	-	-	(114,240)	114,240
Net change in fund balance	-	-	40,008	268,488
Fund balances - beginning	-	-	-	-
Fund balances - December 31	\$ -	\$ -	\$ 40,008	\$ 268,488
<b>Budget/GAAP Reconciliation</b>				
Net change in fund balance, budgetary basis			\$ 40,008	
To adjust revenues for accruals			142,143	
To adjust expenditures for accruals			-	
Net change in fund balance, GAAP basis			\$ 182,151	

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, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 280,036	\$ 280,036	\$ 101,804	\$ (178,232)
Intergovernmental	9,786	9,786	9,476	(310)
Other	-	-	182	182
Total revenues	289,822	289,822	111,462	(178,360)
Expenditures:				
Debt service:				
Principal	109,000	109,000	109,000	-
Interest	98,068	98,068	98,068	-
Total expenditures	207,068	207,068	207,068	-
Other financing sources (uses):				
Transfers in	-	-	114,240	(114,240)
Transfers out	-	-	(18,436)	18,436
Total other financing sources (uses):	-	-	95,804	(95,804)
Net change in fund balance	82,754	82,754	198	(274,164)
Fund balances - beginning	-	-	59,551	59,551
Fund balances - December 31	\$ 82,754	\$ 82,754	\$ 59,749	\$ (214,613)
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 198	
To adjust revenues for accruals			22,553	
Net change in fund balance, GAAP basis			\$ 22,751	

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, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 486,548	\$ 486,548	\$ 489,829	\$ 3,281
Intergovernmental	21,380	21,380	42,228	20,848
Other	-	-	548	548
Total revenues	507,928	507,928	532,605	24,677
Expenditures:				
Debt service:				
Principal	185,000	185,000	185,000	-
Interest	352,278	352,278	352,277	1
Total expenditures	537,278	537,278	537,277	1
Other financing sources:				
Interfund loan proceeds	-	-	65,500	(65,500)
Net change in fund balance	(29,350)	(29,350)	60,828	(40,824)
Fund balances - beginning	-	-	217,618	217,618
Fund balances - December 31	\$ (29,350)	\$ (29,350)	\$ 278,446	\$ 176,794
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 60,828	
To adjust revenues for accruals			(17,400)	
To adjust expenditures for accruals			(65,500)	
Net change in fund balance, GAAP basis			\$ (22,072)	

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, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 418,432	\$ 418,432	\$ 497,445	\$ 79,013
Intergovernmental	25,791	25,791	131,800	106,009
Other	-	-	1,570	1,570
Total revenues	<u>444,223</u>	<u>444,223</u>	<u>630,815</u>	<u>186,592</u>
Expenditures:				
Debt service:				
Principal	495,000	495,000	495,000	-
Interest	112,281	112,281	112,281	-
Total expenditures	<u>607,281</u>	<u>607,281</u>	<u>607,281</u>	<u>-</u>
Net change in fund balance	(163,058)	(163,058)	23,534	186,592
Fund balances - beginning	-	-	346,942	346,942
Fund balances - December 31	<u>\$ (163,058)</u>	<u>\$ (163,058)</u>	<u>\$ 370,476</u>	<u>\$ 533,534</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budgetary basis			\$ 23,534	
To adjust revenues for accruals			(91,413)	
Net change in fund balance, GAAP basis			<u>\$ (67,879)</u>	

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**Capital Projects  
Funds**

## 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.
Local Major Moves -	To account for expenditures and resources related to certain infrastructure and capital improvement projects of the municipality, which may include street and highway resurfacing or reconstruction, bridge construction, and making contributions to the Regional Development Authority. Authorized under Indiana Code 8-14-16, resources are derived from a one-time, state distribution of proceeds, granted only to units in seven northern counties, in consequence of a long term-lease of its Toll Road (I-90) and interest earned on fund balance.
General Improvement Fund -	To account for financial resources related to infrastructure improvements, including sidewalks, gutters, and curbs, specifically identified for and made in an established General Improvement District. Resources for this fund are derived from assessments paid by property holders in the district whose property is specifically found to be benefited from the improvements. Authority for the fund comes from the provisions of IC 36-9-17 et seq.
Municipal Cumulative Street -	To account for expenditures and resources related to the acquisition of rights-of-way for public ways or sidewalks, or the construction or reconstruction of public ways or sidewalks. Resources are derived from municipal and miscellaneous revenues. (Confer IC 36-9-16.5-2)

## NONMAJOR CAPITAL PROJECT FUNDS

(Continued)

Gaming Revenue  
Sharing -

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

Highland Building Acquisition  
Project Fund -

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

Park Nonreverting Capital -

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

Redevelopment Capital -

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

TOWN OF HIGHLAND, INDIANA  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 December 31, 2009

Assets	Corporation Capital	Cumulative Capital Improvement	Cumulative Capital Development	Local Major Moves	General Improvement Fund	Municipal Cumulative Street
<b>Restricted assets:</b>						
Cash and cash equivalents	\$ 83,403	\$ 242,547	\$ 831,518	\$ 79,554	\$ 129,445	\$ 26,573
Investments	6,270	15,487	54,216	-	9,735	2,000
Interest receivable	30	101	272	-	43	9
Taxes receivable	-	-	240,534	-	-	-
Intergovernmental receivable	124,351	6,116	4,883	-	-	-
Special assessments receivable	-	-	-	-	2,201	-
<b>Total assets</b>	<b>\$ 214,054</b>	<b>\$ 264,251</b>	<b>\$ 1,131,423</b>	<b>\$ 79,554</b>	<b>\$ 141,424</b>	<b>\$ 28,582</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities:</b>						
Payable from restricted assets:						
Accounts payable	\$ 21,370	-	\$ 28,509	-	-	-
Deferred revenue	-	6,116	46,197	-	2,201	-
<b>Total liabilities</b>	<b>21,370</b>	<b>6,116</b>	<b>74,706</b>	<b>-</b>	<b>2,201</b>	<b>-</b>
<b>Fund balances:</b>						
Reserved for:						
Encumbrances	308,032	-	22,919	-	-	-
Unreserved, reported in: Capital projects funds	(115,348)	258,135	1,033,798	79,554	139,223	28,582
<b>Total fund balances</b>	<b>192,684</b>	<b>258,135</b>	<b>1,056,717</b>	<b>79,554</b>	<b>139,223</b>	<b>28,582</b>
<b>Total liabilities and fund balances</b>	<b>\$ 214,054</b>	<b>\$ 264,251</b>	<b>\$ 1,131,423</b>	<b>\$ 79,554</b>	<b>\$ 141,424</b>	<b>\$ 28,582</b>

Continued on next page

TOWN OF HIGHLAND, INDIANA  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 December 31, 2009  
 (Continued)

<u>Assets</u>	Gaming Revenue Sharing	Highland Building Acquisition Project Fund	Park Nonreverting Capital	Redevelopment Capital	Totals
Restricted assets:					
Cash and cash equivalents	\$ 332,185	\$ 4,866	\$ 283,267	\$ 509,925	\$ 2,523,283
Investments	17,400	-	858	19,707	125,673
Interest receivable	78	-	4	87	624
Taxes receivable	-	-	-	-	240,534
Intergovernmental receivable	58,384	-	-	-	193,734
Special assessments receivable	-	-	-	-	2,201
<b>Total assets</b>	<b>\$ 408,047</b>	<b>\$ 4,866</b>	<b>\$ 284,129</b>	<b>\$ 529,719</b>	<b>\$ 3,086,049</b>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Payable from restricted assets:					
Accounts payable	\$ 1,108	\$ -	\$ 4,760	\$ 1,051	\$ 56,798
Deferred revenue	-	-	-	-	54,514
<b>Total liabilities</b>	<b>1,108</b>	<b>-</b>	<b>4,760</b>	<b>1,051</b>	<b>111,312</b>
Fund balances:					
Reserved for:					
Encumbrances	30,457	-	-	1,051	362,459
Unreserved, reported in:					
Capital projects funds	376,482	4,866	279,369	527,617	2,612,278
<b>Total fund balances</b>	<b>406,939</b>	<b>4,866</b>	<b>279,369</b>	<b>528,668</b>	<b>2,974,737</b>
<b>Total liabilities and fund balances</b>	<b>\$ 408,047</b>	<b>\$ 4,866</b>	<b>\$ 284,129</b>	<b>\$ 529,719</b>	<b>\$ 3,086,049</b>

TOWN OF HIGHLAND, INDIANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 For The Year Ended December 31, 2009

	Corporation Capital	Cumulative Capital Improvement	Cumulative Capital Development	Local Major Moves	General Improvement Fund	Municipal Cumulative Street
<b>Revenues:</b>						
<b>Taxes:</b>						
Property	\$ -	\$ -	\$ 381,342	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	8,515	21,741
Intergovernmental	764,203	72,200	34,065	-	-	-
Charges for services	-	-	-	-	-	-
Other	4,205	1,292	3,578	77	1,682	32
<b>Total revenues</b>	<b>768,408</b>	<b>73,492</b>	<b>418,985</b>	<b>77</b>	<b>10,197</b>	<b>21,773</b>
<b>Expenditures:</b>						
<b>Capital outlay:</b>						
General government	451,841	-	377,303	-	-	-
Public Safety	-	-	83,052	-	-	-
Highways and streets	534,795	-	-	-	23,868	20,268
Culture and recreation	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-
<b>Total expenditures</b>	<b>986,636</b>	<b>-</b>	<b>460,355</b>	<b>-</b>	<b>23,868</b>	<b>20,268</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(218,228)</b>	<b>73,492</b>	<b>(41,370)</b>	<b>77</b>	<b>(13,671)</b>	<b>1,505</b>
<b>Other financing sources (uses):</b>						
Issuance of debt	-	-	149,459	-	-	-
<b>Net change in fund balances</b>	<b>(218,228)</b>	<b>73,492</b>	<b>108,089</b>	<b>77</b>	<b>(13,671)</b>	<b>1,505</b>
<b>Fund balances - beginning</b>	<b>410,912</b>	<b>184,643</b>	<b>948,628</b>	<b>79,477</b>	<b>152,894</b>	<b>27,077</b>
<b>Fund balances - ending</b>	<b>192,684</b>	<b>258,135</b>	<b>1,056,717</b>	<b>79,554</b>	<b>139,223</b>	<b>28,582</b>

Continued on next page

TOWN OF HIGHLAND, INDIANA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 For The Year Ended December 31, 2009  
 (Continued)

	Gaming Revenue Sharing	Highland Building Acquisition Project Fund	Park Nonreverting Capital	Redevelopment Capital	Total
<b>Revenues:</b>					
<b>Taxes:</b>					
Property	\$ -	\$ -	\$ -	\$ -	\$ 381,342
Special assessments	-	-	-	-	30,256
Intergovernmental	393,054	-	-	-	1,263,522
Charges for services	-	-	-	1,078	1,078
Other	1,898	47	2,721	1,432	16,964
<b>Total revenues</b>	<u>394,952</u>	<u>47</u>	<u>2,721</u>	<u>2,510</u>	<u>1,693,162</u>
<b>Expenditures:</b>					
<b>Capital outlay:</b>					
General government	-	603	-	-	829,747
Public Safety	-	-	-	-	83,052
Highways and streets	392,356	-	-	-	971,287
Culture and recreation	-	-	150,151	-	150,151
Urban redevelopment	-	-	-	23,340	23,340
<b>Total expenditures</b>	<u>392,356</u>	<u>603</u>	<u>150,151</u>	<u>23,340</u>	<u>2,057,577</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>2,596</u>	<u>(556)</u>	<u>(147,430)</u>	<u>(20,830)</u>	<u>(364,415)</u>
<b>Other financing sources (uses):</b>					
Issuance of debt	-	-	-	-	149,459
<b>Net change in fund balances</b>	<u>2,596</u>	<u>(556)</u>	<u>(147,430)</u>	<u>(20,830)</u>	<u>(214,956)</u>
<b>Fund balances - beginning</b>	<u>404,343</u>	<u>5,422</u>	<u>426,799</u>	<u>549,498</u>	<u>3,189,693</u>
<b>Fund balances - ending</b>	<u>\$ 406,939</u>	<u>\$ 4,866</u>	<u>\$ 279,369</u>	<u>\$ 528,668</u>	<u>\$ 2,974,737</u>

TOWN OF HIGHLAND, INDIANA  
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - CORPORATION CAPITAL  
 For the Year Ended December 31, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 650,152	\$ 650,152
Other	-	-	4,175	4,175
Total revenues	-	-	654,327	654,327
Expenditures:				
Capital outlay:				
General government:				
Other services and charges	1,153,811	849,779	430,471	419,308
Highways and streets:				
Capital outlay	593,649	593,649	534,795	58,854
Total expenditures	1,747,460	1,443,428	965,266	478,162
Net change in fund balance	(1,747,460)	(1,443,428)	(310,939)	176,165
Fund balances - beginning	-	-	400,612	400,612
Fund balances - December 31	\$ (1,747,460)	\$ (1,443,428)	\$ 89,673	\$ 576,777
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (310,939)	
To adjust revenues for accruals			114,081	
To adjust expenditures for accruals			(21,370)	
Net change in fund balance, GAAP basis			\$ (218,228)	

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, 2009

	Budget Amounts			Actual		Variance with Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental	\$ -	\$ -	\$	72,200	\$	72,200
Other	-	-		1,504		1,504
Total revenues	-	-		73,704		73,704
Expenditures:						
Capital outlay:						
General government:						
Other services and charges	182,000	182,000		-		182,000
Net change in fund balance	(182,000)	(182,000)		73,704		(108,296)
Fund balances - beginning	-	-		184,330		184,330
Fund balances - December 31	\$ (182,000)	\$ (182,000)	\$	258,034	\$	76,034
 Budget/GAAP Reconciliation						
Net change in fund balance, budgetary basis			\$	73,704		
To adjust revenues for accruals				(212)		
Net change in fund balance, GAAP basis			\$	73,492		

TOWN OF HIGHLAND, INDIANA  
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL DEVELOPMENT  
 For The Year Ended December 31, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 392,482	\$ 392,482	\$ 436,375	\$ 43,893
Intergovernmental	13,779	13,779	34,065	20,286
Other	1,000	1,000	4,192	3,192
Total revenues	<u>407,261</u>	<u>407,261</u>	<u>474,632</u>	<u>67,371</u>
Expenditures:				
Capital outlay:				
General government:				
Other services and charges	138,846	198,035	181,362	16,673
Capital outlay	17,000	135,892	101,025	34,867
Total expenditures	<u>155,846</u>	<u>333,927</u>	<u>282,387</u>	<u>51,540</u>
Net change in fund balance	251,415	73,334	192,245	15,831
Fund balances - beginning	-	-	693,489	693,489
Fund balances - December 31	<u>\$ 251,415</u>	<u>\$ 73,334</u>	<u>\$ 885,734</u>	<u>\$ 709,920</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budgetary basis			\$ 192,245	
To adjust revenues for accruals			(55,647)	
To adjust expenditures for accruals			(28,509)	
Net change in fund balance, GAAP basis			<u>\$ 108,089</u>	

TOWN OF HIGHLAND, INDIANA  
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - LOCAL MAJOR MOVES  
 For The Year Ended December 31, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Other	-	-	\$ 240	\$ 240
Expenditures:				
Capital outlay:				
Highways and streets:				
Other services and charges				
Net change in fund balance	-	-	240	240
Fund balances - beginning	-	-	79,314	79,314
Fund balances - December 31	-	-	\$ 79,554	\$ 79,554
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budgetary basis			\$ 240	
To adjust revenues for accruals			(163)	
Net change in fund balance, GAAP basis			\$ 77	

TOWN OF HIGHLAND, INDIANA  
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - GENERAL IMPROVEMENT FUND  
 For The Year Ended December 31, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Special assessments	\$ -	\$ -	\$ 8,515	\$ 8,515
Other	-	-	1,748	1,748
Total revenues	-	-	10,263	10,263
Expenditures:				
Capital outlay:				
Highways and streets:				
Other services and charges	-	3,000	424	2,576
Capital outlay	-	25,678	23,444	2,234
Total expenditures	-	28,678	23,868	4,810
Net change in fund balance	-	(28,678)	(13,605)	5,453
Fund balances - beginning	-	-	152,785	152,785
Fund balances - December 31	\$ -	\$ (28,678)	\$ 139,180	\$ 158,238
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budgetary basis			\$ (13,605)	
To adjust revenues for accruals			(66)	
Net change in fund balance, GAAP basis			\$ (13,671)	

TOWN OF HIGHLAND, INDIANA  
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - MUNICIPAL CUMULATIVE STREET  
 For The Year Ended December 31, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Special assessments	\$ -	\$ -	\$ 21,741	\$ 21,741
Other	-	-	23	23
Total revenues	-	-	21,764	21,764
Expenditures:				
Capital outlay:				
Highways and streets:				
Other services and charges	-	25,000	20,268	4,732
Net change in fund balance	-	(25,000)	1,496	17,032
Fund balances - beginning	-	-	27,077	27,077
Fund balances - December 31	\$ -	\$ (25,000)	\$ 28,573	\$ 44,109
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 1,496	
To adjust revenues for accruals			9	
Net change in fund balance, GAAP basis			\$ 1,505	

TOWN OF HIGHLAND, INDIANA  
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - GAMING REVENUE SHARING  
 For The Year Ended December 31, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 372,633	\$ 372,633
Other	-	-	2,007	2,007
Total revenues	-	-	374,640	374,640
Expenditures:				
Capital outlay:				
Highways and streets:				
Other services and charges	-	41,078	41,000	78
Capital outlay	-	374,023	374,023	-
Total Expenditures	-	415,101	415,023	78
Net change in fund balance	-	(415,101)	(40,383)	374,562
Fund balances - beginning	-	-	389,968	389,968
Fund balances - December 31	\$ -	\$ (415,101)	\$ 349,585	\$ 764,530
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (40,383)	
To adjust revenues for accruals			20,312	
To adjust expenditures for accruals			22,667	
Net change in fund balance, GAAP basis			\$ 2,596	

TOWN OF HIGHLAND, INDIANA  
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS  
 CAPITAL PROJECTS FUNDS - HIGHLAND BUILDING ACQUISITION PROJECT FUND  
 For the Year Ended December 31, 2009

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Other	\$ -	\$ -	\$ 47	\$ 47
Expenditures:				
Capital outlay:				
General government:				
Other services and charges	-	-	603	(603)
Net change in fund balance	-	-	(556)	650
Fund balances - beginning	-	-	5,422	5,422
Fund balances - December 31	\$ -	\$ -	\$ 4,866	\$ 6,072
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budgetary basis			\$ (556)	



## INTERNAL SERVICE FUNDS

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

### Parks and Recreation

#### Building Corporation -

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

### Information and Communication Technology -

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

TOWN OF HIGHLAND, INDIANA  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 December 31, 2009

<u>Assets</u>	Parks and Recreation Building Corporation	Information and Communication Technology	Total
Current assets:			
Cash and cash equivalents	\$ 130,324	\$ 68,413	\$ 198,737
Investments	-	5,007	5,007
Interest receivable	-	26	26
Current portion of operating lease	205,847	-	205,847
Current portion of direct financing lease	9,250	-	9,250
Total current assets	<u>345,421</u>	<u>73,446</u>	<u>418,867</u>
Deferred charges	25,709	-	25,709
Operating lease receivable	18,500	-	18,500
Net investment in direct financing lease	400,009	-	400,009
Total noncurrent assets	<u>444,218</u>	<u>-</u>	<u>444,218</u>
Total assets	<u>789,639</u>	<u>73,446</u>	<u>863,085</u>
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	-	6,735	6,735
Accrued payroll and withholdings payable	-	207	207
Revenue bonds payable	225,000	-	225,000
Accrued interest payable	23,923	-	23,923
Total current liabilities	<u>248,923</u>	<u>6,942</u>	<u>255,865</u>
Noncurrent liabilities:			
Revenue bonds payable (net)	784,454	-	784,454
Total noncurrent liabilities	<u>784,454</u>	<u>-</u>	<u>784,454</u>
Total liabilities	<u>1,033,377</u>	<u>6,942</u>	<u>1,040,319</u>
<u>Net Assets</u>			
Unrestricted	(243,738)	66,504	(177,234)
Total net assets	<u>\$ (243,738)</u>	<u>\$ 66,504</u>	<u>\$ (177,234)</u>

TOWN OF HIGHLAND, INDIANA  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN FUND NET ASSETS**  
INTERNAL SERVICE FUNDS  
For The Year Ended December 31, 2009

	Parks and Recreation Building Corporation	Information and Communication Technology	Total
Operating revenues:			
Charges for services	\$ 83,672	\$ 180,926	\$ 264,598
Other	-	945	945
Total operating revenue	<u>83,672</u>	<u>181,871</u>	<u>265,543</u>
Operating expenses:			
Salaries and wages	-	13,529	13,529
Material and supplies	-	465	465
Contractual services	-	145,273	145,273
Administration and general	6,604	7,626	14,230
Total operating expenses	<u>6,604</u>	<u>166,893</u>	<u>173,497</u>
Operating income (loss)	<u>77,068</u>	<u>14,978</u>	<u>92,046</u>
Nonoperating revenues (expenses):			
Interest income	99	540	639
Interest expense	(49,060)	-	(49,060)
Amortization of bond issue costs	(5,240)	-	(5,240)
Total nonoperating revenue (expenses)	<u>(54,201)</u>	<u>540</u>	<u>(53,661)</u>
Change in net assets	<u>22,867</u>	<u>15,518</u>	<u>38,385</u>
Total net assets - beginning	<u>(266,605)</u>	<u>50,986</u>	<u>(215,619)</u>
Total net assets - ending	<u>\$ (243,738)</u>	<u>\$ 66,504</u>	<u>\$ (177,234)</u>

TOWN OF HIGHLAND, INDIANA  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 For The Year Ended December 31, 2009

	Parks and Recreation Building Corporation	Information and Communication Technology	Total
Cash flows from operating activities:			
Payments to suppliers	\$ (6,604)	\$ (152,676)	\$ (159,280)
Payments to employees	-	(14,091)	(14,091)
Other receipts	-	181,871	181,871
Net cash used by operating activities	<u>(6,604)</u>	<u>15,104</u>	<u>8,500</u>
Cash flows from capital and related financing activities:			
Principal paid on capital debt	(205,000)	-	(205,000)
Interest paid on capital debt	<u>(57,345)</u>	<u>-</u>	<u>(57,345)</u>
Net cash used by capital and related financing activities	<u>(262,345)</u>	<u>-</u>	<u>(262,345)</u>
Cash flows from investing activities:			
Purchase of investments	-	(5,007)	(5,007)
Proceeds from net investment in direct financing lease	278,000	-	278,000
Proceeds from operating lease receivable	9,250	-	9,250
Interest received	99	581	680
Net cash provided by investing activities	<u>287,349</u>	<u>(4,426)</u>	<u>282,923</u>
Net increase in cash and cash equivalents	18,400	10,678	29,078
Cash and cash equivalents, January 1	<u>111,924</u>	<u>57,735</u>	<u>169,659</u>
Cash and cash equivalents, December 31	<u>\$ 130,324</u>	<u>\$ 68,413</u>	<u>\$ 198,737</u>
Reconciliation of operating income to net cash used by operating activities:			
Operating income (loss)	\$ 77,068	\$ 14,978	\$ 92,046
Adjustments to reconcile operating income to net cash used by operating activities:			
Increase (decrease) in liabilities:			
Accounts payable	-	688	688
Wages payable	-	(562)	(562)
Noncash items:			
Deferred revenue recognized	<u>(83,672)</u>	<u>-</u>	<u>(83,672)</u>
Total adjustments	<u>(83,672)</u>	<u>126</u>	<u>(83,546)</u>
Net cash used by operating activities	<u>\$ (6,604)</u>	<u>\$ 15,104</u>	<u>\$ 8,500</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.
Gasoline -	To account for department shares allocated and collected for gasoline payable by the municipality.
Traffic Violations -	To account for infraction deferral fees, moving traffic violations fines and state imposed court user fees collected by and under the authority of a Traffic Violations Bureau, established by the county court to make such collections on its behalf. Collections are periodically transferred to the Clerk of the Lake Circuit and Superior Courts. Authority for the fund comes from IC 36-1-3; IC 33-19-5 and IC 34-4-32.
Aflac FSA Agency Fund -	To account for expenditures and resources received in consequence of the municipality's special flexible spending accounts and employee plan established according to the terms of the Internal Revenue Code Section 125. Resources are derived from a one-time operating contribution of the Town and from participating employees' and officers' payroll deduction.
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.

FIDUCIARY FUNDS  
(Continued)

Parks License Fees Cash  
Agency Fund -

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

TOWN OF HIGHLAND, INDIANA  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 AGENCY FUNDS  
 December 31, 2009

	Payroll	Parks and Recreation Escrow	Insurance Premium	Gasoline	Traffic Violations	Aflac FSA Agency Fund	Capital Projects Retainage Agency Fund	Parks License Fees Cash Agency Fund	Totals
<b>Assets:</b>									
Cash and cash equivalents	\$ 60,571	\$ 12,734	\$ 7,824	\$ -	\$ 822	\$ 16,770	\$ 130,287	\$ -	\$ 229,008
Interest receivable	22	-	-	-	-	1	-	-	23
<b>Total assets</b>	<b>\$ 60,593</b>	<b>\$ 12,734</b>	<b>\$ 7,824</b>	<b>\$ -</b>	<b>\$ 822</b>	<b>\$ 16,771</b>	<b>\$ 130,287</b>	<b>\$ -</b>	<b>\$ 229,031</b>
<b>Liabilities:</b>									
Payroll withholdings payable	\$ 60,593	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,593
Trust payable	-	12,734	7,824	-	822	16,771	130,287	-	168,438
<b>Total liabilities</b>	<b>\$ 60,593</b>	<b>\$ 12,734</b>	<b>\$ 7,824</b>	<b>\$ -</b>	<b>\$ 822</b>	<b>\$ 16,771</b>	<b>\$ 130,287</b>	<b>\$ -</b>	<b>\$ 229,031</b>

TOWN OF HIGHLAND, INDIANA  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2009

	Payroll	Parks and Recreation Escrow	Insurance Premium	Gasoline	Traffic Violations	Atiac FSA Agency Fund	Capital Projects Retainage Agency Fund	Parks License Fees Cash Agency Fund	Totals
<b>Assets:</b>									
Cash and cash equivalents, January 1, 2009	\$ 48,344	\$ 12,734	\$ 8,857	\$ -	\$ 6,708	\$ 15,103	\$ 47,324	\$ -	\$ 139,070
Additions	1,770,489	-	1,599,558	159,271	29,725	24,616	170,907	18,847	3,773,391
Deductions	(1,758,240)	-	(1,600,591)	(159,271)	(35,611)	(22,949)	(87,944)	(18,847)	(3,683,453)
Cash and cash equivalents, December 31, 2009	60,571	12,734	7,824	-	822	16,770	130,287	-	229,008
Interest receivable, January 1, 2009	51	-	-	-	-	2	-	-	53
Additions	22	-	-	-	-	1	-	-	23
Deductions	(51)	-	-	-	-	(2)	-	-	(53)
Interest receivable, December 31, 2009	22	-	-	-	-	1	-	-	23
Total assets, December 31, 2009	\$ 60,593	\$ 12,734	\$ 7,824	\$ -	\$ 822	\$ 16,771	\$ 130,287	\$ -	\$ 229,031
<b>Liabilities:</b>									
Payroll withholdings payable, January 1, 2009	\$ 48,395	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,395
Additions	1,770,489	-	-	-	-	-	-	-	1,770,489
Deductions	(1,758,291)	-	-	-	-	-	-	-	(1,758,291)
Payroll withholdings payable, December 31, 2009	60,593	-	-	-	-	-	-	-	60,593
Trust payable, January 1, 2009	-	12,734	8,857	-	6,708	15,105	47,324	-	90,728
Additions	-	-	1,599,558	159,271	29,725	24,617	170,907	18,847	2,002,925
Deductions	-	-	(1,600,591)	(159,271)	(35,611)	(22,951)	(87,944)	(18,847)	(1,925,215)
Trust payable, December 31, 2009	-	12,734	7,824	-	822	16,771	130,287	-	166,438
Total liabilities, December 31, 2009	\$ 60,593	\$ 12,734	\$ 7,824	\$ -	\$ 822	\$ 16,771	\$ 130,287	\$ -	\$ 229,031

**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.

<b>Contents</b>	<b>Pages</b>
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>	129-142
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	143-149
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>	152-159
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>	162-180
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>	182-188

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

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## Financial Trends

**TOWN OF HIGHLAND**  
**NET ASSETS by COMPONENT**  
**Fiscal Years 2003 - 2009**  
**(accrual basis of accounting)**

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Governmental Accounts</b>							
Investment in capital assets, net of related debt	\$ 14,587,666	\$ 11,401,886	\$ 10,987,939	\$ 16,022,139	\$ 16,591,125	\$ 16,129,072	\$ 16,624,533
Restricted	2,660,744	3,698,490	3,586,422	4,708,632	4,617,424	5,028,411	5,396,924
Unrestricted	(2,920,252)	(2,879,382)	(3,361,600)	(3,776,560)	(2,779,059)	(2,288,003)	3,480,252
<b>Total Governmental Activities Net Assets</b>	<b>\$ 14,328,158</b>	<b>\$ 12,220,994</b>	<b>\$ 11,212,661</b>	<b>\$ 16,954,211</b>	<b>\$ 18,429,491</b>	<b>\$ 18,669,480</b>	<b>\$ 25,501,709</b>
<b>Business-type Activities</b>							
Investment in capital assets, net of related debt	\$ 10,917,934	\$ 16,527,488	\$ 16,001,186	\$ 17,309,888	\$ 14,825,501	\$ 17,787,254	\$ 17,056,150
Restricted	1,990,705	1,372,497	3,614,059	2,917,715	4,388,022	1,327,717	1,341,711
Unrestricted	460,160	1,171,139	597,843	341,387	658,795	500,074	708,009
<b>Total Business-type Activities Net Assets</b>	<b>\$ 13,368,799</b>	<b>\$ 19,071,124</b>	<b>\$ 20,213,088</b>	<b>\$ 20,588,990</b>	<b>\$ 19,873,318</b>	<b>\$ 19,615,045</b>	<b>\$ 19,105,870</b>
<b>Primary Government</b>							
Investment in capital assets, net of related debt	\$ 25,505,600	\$ 27,929,374	\$ 26,989,025	\$ 33,332,027	\$ 31,416,626	\$ 33,916,326	\$ 33,680,683
Restricted	4,651,449	5,070,987	7,200,481	7,626,347	9,006,446	6,356,128	6,739,635
Unrestricted	(2,460,092)	(1,708,243)	(2,763,757)	(3,435,173)	(2,120,263)	(1,787,929)	4,188,261
<b>Total Primary Government Net Assets</b>	<b>\$ 27,696,957</b>	<b>\$ 31,292,118</b>	<b>\$ 31,425,749</b>	<b>\$ 37,523,201</b>	<b>\$ 38,302,809</b>	<b>\$ 38,484,525</b>	<b>\$ 44,607,579</b>

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

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

**TOWN OF HIGHLAND**  
**Changes in Net Assets**  
**Fiscal Years 2003 - 2009**  
**(accrual basis of accounting)**

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
<b>Expenses</b>							
<b>Governmental Activities:</b>							
General government	\$ 1,506,033	\$ 748,354	\$ 1,442,017	\$ 2,063,441	\$ 2,119,504	\$ 2,363,867	\$ 2,245,786
Public safety	4,424,506	4,741,337	6,325,184	4,934,503	3,992,975	4,629,208	4,797,793
Highways/streets	2,473,563	928,083	1,892,447	2,076,600	1,967,533	1,967,533	1,901,381
Sanitation	1,250,387	1,437,584	1,570,682	1,683,635	1,811,419	1,835,282	1,835,282
Urban Redevelopment	395,085	63,080	239,839	1,871,473	241,781	150,443	230,857
Health and welfare	1,545,834	7,000	2,028,220	2,112,857	2,140,247	2,242,067	2,257,740
Culture and recreation	272,319	1,859,186	207,489	264,997	297,819	347,105	347,105
Interest on long-term debt	11,659,582	10,044,825	14,016,537	14,700,100	12,559,248	13,462,455	13,615,944
<b>Total governmental activities expenses</b>	<b>30,160,442</b>	<b>22,776,318</b>	<b>22,392,223</b>	<b>21,655,986</b>	<b>32,229,142</b>	<b>26,664,156</b>	<b>26,668,674</b>
Sanitary District (sewer)	2,636,038	2,353,091	2,675,647	3,670,389	3,686,723	4,272,370	4,887,961
Business-type activities	5,652,080	4,629,409	4,969,870	5,835,974	6,915,865	6,956,528	7,590,655
<b>Total primary government expenses</b>	<b>\$ 17,521,769</b>	<b>\$ 14,674,234</b>	<b>\$ 18,985,407</b>	<b>\$ 20,538,074</b>	<b>\$ 19,475,113</b>	<b>\$ 20,418,892</b>	<b>\$ 21,202,589</b>
<b>Program Revenues</b>							
<b>Governmental activities:</b>							
Charges for services:							
General government	\$ 551,893	\$ 600,629	\$ 564,176	\$ 667,044	\$ 726,177	\$ 861,534	\$ 847,387
Public Safety	1,178,155	1,186,992	1,186,987	1,266,124	1,429,690	1,500,885	1,644,040
Urban redevelopment	762,791	812,381	797,803	821,114	838,983	779,348	812,033
Culture and recreation	106,744	153,370	165,467	191,644	2764	42,885	-
Other activities	1,315,280	1,030,393	1,237,284	1,194,985	1,084,944	1,027,318	1,240,552
Operating grants and contributions	1,145,877	1,069,373	900,657	1,323,520	609,868	731,455	1,513,923
Capital grants and contributions	5,060,720	4,850,128	4,753,538	5,466,381	4,875,538	5,179,025	6,310,002
Business-type activities:							
Charges for services:							
Water	3,171,106	2,530,590	2,708,956	2,331,464	2,632,026	2,558,451	2,540,742
Sanitary District (sewer)	2,145,662	2,230,218	3,009,709	2,961,916	3,146,397	3,219,440	3,466,825
Operating grants and contributions	-	-	-	-	-	-	-
Capital grants and contributions	5,316,958	717,616	52,080	5,439,390	16,000	5,777,891	76,693
Business-type activities	19,377,678	10,328,532	10,524,089	10,959,761	10,669,961	10,856,916	12,394,262
<b>Total primary government program revenues</b>	<b>\$ (6,808,969)</b>	<b>\$ (5,194,697)</b>	<b>\$ (9,263,203)</b>	<b>\$ (9,233,719)</b>	<b>\$ (7,683,710)</b>	<b>\$ (9,283,431)</b>	<b>\$ (7,305,942)</b>
<b>Governmental activities</b>	<b>\$ (385,122)</b>	<b>\$ (849,015)</b>	<b>\$ (801,865)</b>	<b>\$ (1,178,659)</b>	<b>\$ (1,121,442)</b>	<b>\$ (1,302,395)</b>	<b>\$ (1,302,395)</b>
<b>Total primary government net expense</b>	<b>\$ (7,144,091)</b>	<b>\$ (4,345,682)</b>	<b>\$ (8,461,318)</b>	<b>\$ (9,376,313)</b>	<b>\$ (8,605,152)</b>	<b>\$ (9,492,069)</b>	<b>\$ (8,908,397)</b>
<b>General Revenues and Other Changes in Net Assets</b>							
<b>Governmental activities:</b>							
Taxes							
Property taxes	\$ 5,655,269	\$ 6,704,371	\$ 7,078,601	\$ 7,207,152	\$ 7,828,469	\$ 7,793,365	\$ 7,705,918
Excise taxes	519,823	667,574	542,153	565,440	607,315	565,621	564,559
Financial institution tax	-	131,775	71,815	35,450	60,268	61,727	57,664
Commercial vehicle excise tax	-	60,889	32,727	35,520	39,562	33,249	33,249
ABC gallonage tax	47,963	75,543	58,225	62,426	60,436	62,332	58,066
Cigarette tax	23,215	23,864	19,851	22,941	22,555	20,883	19,691
Other	55,056	115,839	105,975	147,842	140,933	161,640	138,658
Unrestricted investment earnings	72,333	38,822	206,272	323,136	317,820	170,860	24,857
Special: Cooperative agreement revenue	-	-	-	1,750,000	-	-	-
Transfers	6,373,659	7,818,777	8,121,820	10,117,199	8,574	8,816,020	8,602,662
<b>Total governmental activities</b>	<b>28,778,055</b>	<b>29,869,762</b>	<b>30,928,226</b>	<b>30,928,226</b>	<b>30,928,226</b>	<b>30,928,226</b>	<b>30,928,226</b>
Business-type activities:							
Taxes							
Property taxes	650,090	617,054	505,995	576,090	365,780	828,215	975,323
Excise taxes	297,710	37,898	-	-	-	-	-
Financial institution tax	-	8,332	-	-	-	-	-
Commercial vehicle excise tax	-	21,667	-	-	-	-	-
Other	2,156,497	160	52,907	122,404	39,053	22,786	17,897
Unrestricted investment earnings	12,671	9,053	47,539	-	106,611	68,361	-
Transfers	3,118,968	694,164	506,441	688,494	425,770	920,362	993,220
<b>Total business-type activities</b>	<b>\$ 9,492,827</b>	<b>\$ 8,512,941</b>	<b>\$ 8,728,221</b>	<b>\$ 10,815,693</b>	<b>\$ 9,584,700</b>	<b>\$ 9,736,362</b>	<b>\$ 9,595,992</b>
<b>Total primary government</b>	<b>\$ (1,302,395)</b>	<b>\$ (1,121,442)</b>	<b>\$ (1,302,395)</b>	<b>\$ (1,302,395)</b>	<b>\$ (1,302,395)</b>	<b>\$ (1,302,395)</b>	<b>\$ (1,302,395)</b>
<b>Change in Net Assets</b>	<b>\$ (495,310)</b>	<b>\$ (2,624,080)</b>	<b>\$ (1,411,383)</b>	<b>\$ (883,460)</b>	<b>\$ (1,475,280)</b>	<b>\$ (532,589)</b>	<b>\$ (1,296,720)</b>
<b>Governmental activities</b>	<b>2,763,846</b>	<b>1,543,179</b>	<b>1,408,326</b>	<b>1,408,326</b>	<b>1,408,326</b>	<b>1,408,326</b>	<b>1,408,326</b>
<b>Business-type activities</b>	<b>2,348,556</b>	<b>4,167,259</b>	<b>2,665,943</b>	<b>1,239,380</b>	<b>779,608</b>	<b>274,316</b>	<b>787,545</b>
<b>Total primary government</b>	<b>\$ 5,112,402</b>	<b>\$ 5,710,438</b>	<b>\$ 4,074,269</b>	<b>\$ 2,647,706</b>	<b>\$ 2,187,934</b>	<b>\$ 1,682,642</b>	<b>\$ 2,195,871</b>

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

**Town of Highland**  
**Government Activities Tax Revenues By Source**  
**Fiscal Years 2003 - 2009**  
**(accrual basis of accounting)**

Fiscal Year	Property Tax	Excise Tax	Commercial				Cigarette Tax	Total
			Financial Institution Tax	Vehicle Excise Tax	ABC Gallonage Tax			
2003	\$ 5,655,269	\$ 519,823	\$ -	\$ -	\$ 47,963	\$ 23,215	\$ 6,246,270	
2004	\$ 6,704,371	\$ 667,574	\$ 131,775	\$ 60,889	\$ 75,546	\$ 23,964	\$ 7,664,119	
2005	\$ 7,078,601	\$ 542,153	\$ 71,815	\$ 32,727	\$ 62,426	\$ 19,851	\$ 7,807,573	
2006	\$ 7,207,152	\$ 555,440	\$ 35,450	\$ 17,013	\$ 58,225	\$ 22,941	\$ 7,896,221	
2007	\$ 7,828,469	\$ 607,315	\$ 60,268	\$ 35,520	\$ 60,436	\$ 22,555	\$ 8,614,563	
2008	\$ 7,733,395	\$ 565,621	\$ 61,727	\$ 39,562	\$ 62,332	\$ 20,883	\$ 8,483,520	
2009	\$ 7,705,918	\$ 564,559	\$ 57,664	\$ 33,249	\$ 58,066	\$ 19,691	\$ 8,439,147	

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

**TOWN OF HIGHLAND**  
**Fund Balances of Governmental Funds**  
**Fiscal Years 2003 - 2009**  
**(modified accrual basis of accounting)**

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

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

**TOWN OF HIGHLAND**  
**Changes in Fund Balances of Governmental Funds**  
**Fiscal Years 2003 - 2009**  
**(modified accrual basis of accounting)**

	Fiscal Year				
	2003	2004	2005	2006	2007
<b>Revenues</b>					
Taxes	\$4,141,538	\$3,561,860	\$10,446,059	\$8,205,190	\$7,753,356
Special assessments	17,659	17,402	24,400	64,548	33,249
Licenses and permits	311,312	342,872	308,782	401,900	413,616
Intergovernmental	2,720,825	3,033,747	2,693,115	3,208,548	2,540,559
Charges for services	2,196,554	2,250,560	2,321,359	2,117,618	2,306,150
Fines and forfeits	14,905	56,663	16,201	74,950	93,053
Other	246,543	259,262	423,531	820,322	718,570
<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>Expenditures</b>					
General government	2,343,457	1,544,967	1,348,605	1,546,079	1,387,823
Public safety	3,813,753	4,231,834	4,978,387	4,711,404	4,256,225
Highways and streets	973,398	836,254	961,537	1,055,462	1,155,597
Sanitation	1,250,587	1,437,584	1,433,711	1,570,682	1,683,635
Culture and recreation	1,697,503	1,641,600	1,747,652	1,898,981	1,846,896
Urban redevelopment	43,316	63,510	91,599	153,164	131,631
Debt service					
Principal	840,000	925,000	1,000,000	1,084,000	779,000
Interest	311,762	278,173	231,879	226,404	367,198
Capital Outlay	1,577,333	290,281	1,860,995	2,947,325	2,833,015
<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>
Excess of revenues over (under) expenditures	(3,201,773)	(1,726,837)	2,579,082	(900,425)	(582,467)
<b>Other financing sources (uses)</b>					
Capital leases	-	-	80,690	149,282	376,659
Issuance of Debt	-	-	1,091,903	3,591,250	0
Transfers in	70,000	160,049	131,481	69,592	69,659
Transfers out	(70,000)	(160,049)	(131,481)	(69,592)	(69,659)
Temporary loans	267,276	-	-	-	-
Tax anticipation warrants received	7,775,237 *	-	-	-	-
Tax anticipation warrants repaid	(4,760,000) *	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>3,282,513 *</b>	<b>\$ -</b>	<b>1,172,593</b>	<b>3,740,532</b>	<b>376,659</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>
Debt service as a percentage of noncapital expenditures	10.22%	10.98%	10.45%	10.70%	9.87%
					12.10%

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

**TOWN OF HIGHLAND**  
**General Government Tax Revenues By Source**  
**Fiscal Years 2003 - 2009**  
 (modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>
2003	\$ 4,141,538
2004	3,561,860
2005	10,446,059
2006	\$8,205,190
2007	\$7,753,356
2008	\$7,634,334
2009	\$7,350,213

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

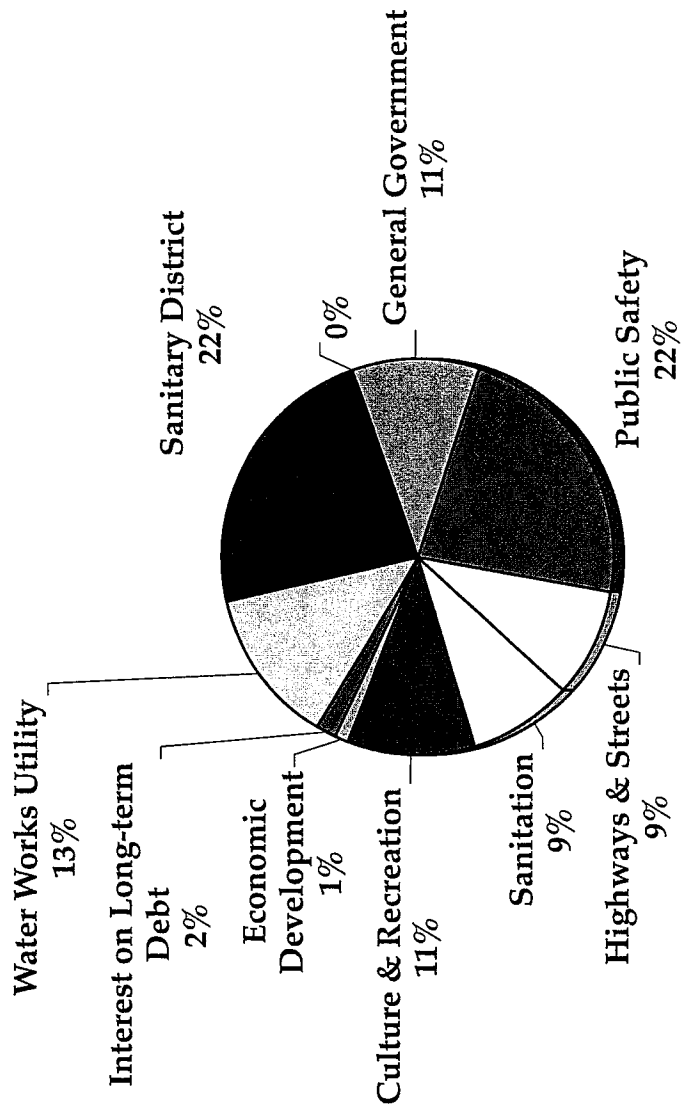
**Town of Highland  
Government-wide Expenses by Function  
Fiscal Years FY 2003-2009**

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	Interest on Long-term Debt	Water	Sanitary District	Total	
2009	\$ 2,245,786	\$ 4,797,793	\$ 1,901,381	\$ 1,895,282	\$ 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	\$ 1,493,711	\$ 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	\$ 396,865	\$ 272,319	\$ 3,016,042	\$ 2,636,038	\$ 17,516,294	

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

Fiscal Year Ended Dec. 31	Governmental Activity						Business-Type Activity				Total
	General Government	Public Safety	Highways Streets & Roadways	Sanitation	Culture & Recreation	Economic Development	Interest on Long-term Debt	Water	Sanitary District	Total	
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%	8.89%	2.27%	1.55%	17.22%	15.05%	100.00%	

# Government Wide Expenses by Function 2009



**Town of Highland  
Government-Wide Revenues  
Fiscal Years 2003-2009**

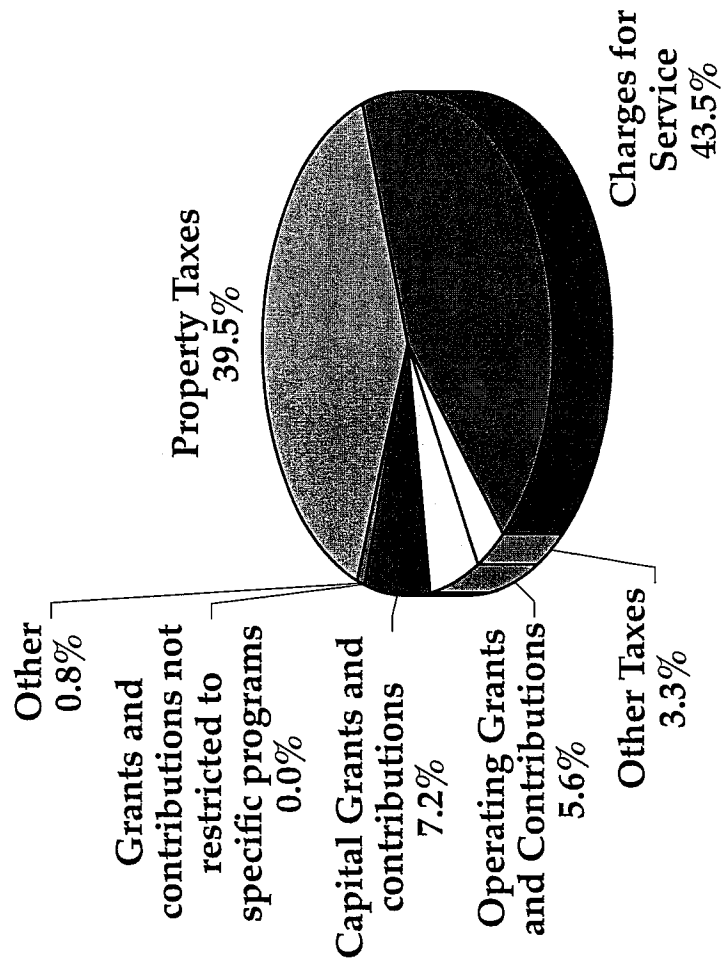
Fiscal Year Ended Dec. 31	Program Revenues			General Revenues					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions Not Restricted to Specific Programs	Other Taxes	Other		
2009	\$ 9,563,094	\$ 1,240,552	\$ 1,590,616	\$ 8,681,241	\$ -	\$ 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	\$ 7,763,242	\$ -	\$ 689,069	\$ 2,343,382	\$ 21,775,454	
2005	\$ 8,434,078	\$ 1,237,294	\$ 852,717	\$ 7,584,596	\$ -	\$ 728,972	\$ 414,693	\$ 19,252,350	
2004	\$ 7,514,180	\$ 1,030,383	\$ 1,783,989	\$ 7,321,425	\$ -	\$ 1,027,645	\$ 163,874	\$ 18,841,496	
2003	\$ 7,916,541	\$ 1,315,260	\$ 1,145,877	\$ 6,305,359	\$ 2,213,553	\$ 888,711	\$ 85,004	\$ 19,870,305	

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

This includes governmental and business like activities

2009	43.49%	5.64%	7.23%	39.48%	0.00%	3.33%	0.82%	100.00%
2008	44.45%	4.96%	3.53%	41.38%	0.00%	3.62%	2.05%	100.00%
2007	44.23%	5.36%	3.09%	40.46%	0.00%	3.88%	2.98%	100.00%
2006	38.76%	5.49%	6.09%	35.74%	0.00%	3.16%	10.76%	100.00%
2005	43.81%	6.43%	4.43%	39.40%	0.00%	3.79%	2.15%	100.00%
2004	39.88%	5.47%	9.47%	38.86%	0.00%	5.45%	0.87%	100.00%
2003	39.84%	6.62%	5.77%	31.73%	11.14%	4.47%	0.43%	100.00%

**Revenue by Source for All Activities 2009  
of the Primary Government**



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

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

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

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

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

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

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

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

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## Revenue Capacity

**Town of Highland  
Property Tax Levies and Collections  
Includes Overlapping Jurisdictions  
2001-2009**

Fiscal Year Ended Dec. 31	Net Current Taxes Charged	Net Current Tax Collections	Current Tax Collections as a Percent of Current Tax Levy	Delinquent Tax & Penalty Collections	Total Tax Collections	Total Tax Collections as a Percent of Current Tax Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Current Tax Levy
2009	\$ 23,068,261	\$ 22,036,176	95.53%	\$ 987,377	\$23,023,553	99.81%	\$ 855,708	3.71%
2008	\$ 22,762,788	\$ 21,769,472	95.64%	\$ 987,376	\$22,756,849	99.97%	\$ 725,335	3.19%
2007	\$ 27,892,823	\$ 26,804,899	96.10%	\$ 862,741	\$27,667,640	99.19%	\$ 520,418	1.87%
2006	\$ 25,512,967	\$ 24,800,570	97.21%	\$ 1,401,868	\$26,202,437	102.70%	\$ 545,227	2.14%
2005	\$ 25,046,077	\$ 23,957,082	95.65%	\$ 706,583	\$24,663,665	98.47%	\$ 625,977	2.50%
2004	\$ 24,991,293	\$ 24,148,740	96.63%	\$ 509,518	\$24,658,258	98.67%	\$ 390,158	1.56%
2003	\$ 25,585,470	\$ 25,002,082	97.72%	\$ 808,074	\$25,810,156	100.88%	\$ 154,507	0.60%
2002	\$ 35,549,521	\$ 34,400,697	96.77%	\$ 943,976	\$35,344,673	99.42%	\$ 865,106	2.43%
2001	\$ 32,381,402	\$ 31,346,601	96.80%	\$ 1,129,476	\$32,476,077	100.29%	\$ 1,668,153	5.15%

Source: Lake County Auditor's Office

Note: All years presented on a modified accrual basis.

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

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

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

**Town of Highland  
Property Tax Levies and Collections  
Limited to the Primary Government  
2001-2009**

Fiscal Year Ended Dec. 31	Net Current Taxes Charged	Net Current Tax Collections	Current Tax Collections as a Percent of Current Tax Levy	Delinquent Tax & Penalty Collections	Total Tax Collections	Total Tax Collections as a Percent of Current Tax Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Current Tax Levy
2009	\$ 8,417,289	\$ 8,041,036	95.53%	\$ 131,061	\$ 8,172,097	97.09%	\$ 312,281	3.71%
2008	\$ 8,687,415	\$ 8,308,644	95.64%	\$ 116,551	\$ 8,425,195	96.98%	\$ 277,129	3.19%
2007	\$ 8,427,576	\$ 8,098,901	96.10%	\$ 211,711	\$ 8,310,612	98.61%	\$ 157,596	1.87%
2006	\$ 7,953,809	\$ 7,731,898	97.21%	\$ 191,820	\$ 7,923,718	99.62%	\$ 170,212	2.14%
2005	\$ 6,965,238	\$ 6,662,250	95.65%	\$ 150,955	\$ 6,813,205	97.82%	\$ 174,131	2.50%
2004	\$ 7,289,247	\$ 7,043,599	96.63%	\$ 129,390	\$ 7,172,989	98.41%	\$ 113,712	1.56%
2003	\$ 7,322,435	\$ 7,155,483	97.72%	\$ 252,778	\$ 7,408,261 (1)	101.17%	\$ 43,935	0.60%
2002	\$ 6,618,962	\$ 6,405,170	96.77%	\$ 525	\$ 6,405,695	96.78%	\$ 160,841	2.43%
2001	\$ 6,482,509	\$ 6,275,069	96.80%	\$ 196,418	\$ 6,471,487	99.83%	\$ 333,849	5.15%

Source: Lake County Auditor's Office

Note: All years presented on a modified accrual basis.

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

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

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

**Town of Highland**  
**Assessed and Actual Value of Taxable Property**  
**Last Ten Fiscal Years 1999-2009\***

Funding Fiscal Year Ended Dec. 31	Actual Real Assessed Value	Net Real Estate Nonbus Personal Prop Assessed Value	Railroad, Utilities & Personal Prop ACTUAL Assessed Value	Railroad, Utilities & Personal Prop NET Assessed Value	Total Assessed Net Value	Ratio of Total Assessed to Actual Value	Total Assessed value Increase or (Decrease)	Percent of Increase	Difference Actual to Net Assessed Value	Total Corporation Tax Rate	Percent Taxable	Total Overlapping Tax Rate
2009	\$ 1,797,274,900	\$ 1,020,728,244	\$ 59,373,550	\$ 58,834,140	\$ 1,079,562,384	100%	\$ (309,782,717)	-22.30%	\$ 777,086,066	\$ 0.7785	60.07%	\$ 2,2280
2008	\$ 1,837,757,000	\$ 1,329,753,661	\$ 61,735,410	\$ 59,611,440	\$ 1,389,345,101	100%	\$ 80,707,510	6.17%	\$ 510,147,309	\$ 0.6256	75.60%	\$ 2,9025
2007	\$ 1,747,956,900	\$ 1,250,627,481	\$ 59,366,480	\$ 58,010,110	\$ 1,308,637,591	100%	\$ 137,483,589	11.74%	\$ 498,687,769	\$ 0.6428	74.87%	\$ 2,9848
2006	\$ 1,475,713,920	\$ 1,068,602,470	\$ 103,568,140	\$ 102,551,532	\$ 1,171,154,002	100%	\$ 2,304,157	0.20%	\$ 408,128,058	\$ 0.6776	79.36%	\$ 3,2863
2005	\$ 1,468,814,190	\$ 1,063,924,655	\$ 105,932,410	\$ 104,924,990	\$ 1,168,849,645	100%	\$ (679,213)	-0.06%	\$ 405,896,755	\$ 0.5661	78.58%	\$ 3,0638
2004	\$ 1,464,260,650	\$ 1,066,625,390	\$ 103,788,528	\$ 102,703,668	\$ 1,169,529,058	100%	\$ (7,528,162)	-0.64%	\$ 398,520,120	\$ 0.6223	79.97%	\$ 3,0163
2003	\$ 1,456,363,300	\$ 1,073,011,720	\$ 105,009,360	\$ 104,045,500	\$ 1,177,057,220	100%	\$ 675,941,086	134.89%	** \$ 386,315,440	\$ 0.8508	80.71%	\$ 3,0142
2002	\$ 539,061,865	\$ 404,169,264	\$ 97,821,560	\$ 96,946,870	\$ 501,116,134	100%	\$ 40,814,874	#DIV/0!	* \$ 135,67,781	\$ 1.3478	92.96%	\$ 6.1961
Funding Fiscal Year Ended Dec. 31	Real Assessed Value	Real Estimated Actual Value	Utilities & Personal Assessed Value	Utilities & Personal Estimated Actual Value	Total Assessed Value	Total Estimated Actual Value	Ratio of Total Assessed to Estimated Actual Value	Total Assessed value Increase or (Decrease)	Percent of Increase	Total Assessed Value	Percent of Increase	Total Assessed Value
2001	\$ 175,198,590	\$ 525,595,770	\$ 31,670,970	\$ 95,012,910	\$ 159,870,808	\$ 479,612,424	33.33%	\$ 6,370,388	4.15%	\$ 4,0607	4.15%	\$ 17,1209
2000	\$ 121,823,220	\$ 365,469,660	\$ 31,677,200	\$ 95,031,500	\$ 153,500,420	\$ 460,501,260	33.33%	\$ 6,676,560	5.99%	\$ 4,4885	5.99%	\$ 17,1216
1999	\$ 116,660,730	\$ 349,962,190	\$ 28,163,130	\$ 84,489,390	\$ 144,823,860	\$ 434,471,580	33.33%			\$ 4,4663		\$ 17,2808

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

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

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

Year Ended Dec. 31	Highland Civil	Highland Sanitary* District	Lake County	North Township	Highland Schools	Library	State & All Other Taxing Units	Gross Total	Percent Increase or Decrease
2009	\$ 0.7039	\$ 0.0746	\$ 0.5972	\$ 0.0765	\$ 0.6725	\$ 0.1033	\$ -	\$ 2.2280	-23.24%
2008	\$ 0.5714	\$ 0.0542	\$ 0.9755	\$ 0.0667	\$ 1.1588	\$ 0.0735	\$ 0.0024	\$ 2.9025	-2.76%
2007	\$ 0.6211	\$ 0.0217	\$ 1.0152	\$ 0.0676	\$ 1.1562	\$ 0.1006	\$ 0.0024	\$ 2.9848	-8.67%
2006	\$ 0.6588	\$ 0.0188	\$ 1.1543	\$ 0.0744	\$ 1.2572	\$ 0.1024	\$ 0.0024	\$ 3.2683	6.67%**
2005	\$ 0.5806	\$ 0.0140	\$ 1.1254	\$ 0.0704	\$ 1.1667	\$ 0.1043	\$ 0.0024	\$ 3.0638	1.57%
2004	\$ 0.5990	\$ 0.0233	\$ 1.1530	\$ 0.0756	\$ 1.0561	\$ 0.1069	\$ 0.0024	\$ 3.0163	0.07%
2003	\$ 0.5875	\$ 0.0433	\$ 1.2029	\$ 0.0726	\$ 1.0145	\$ 0.0901	\$ 0.0033	\$ 3.0142	-51.35%
2002	\$ 1.2679	\$ 0.0799	\$ 1.9447	\$ 0.4110	\$ 2.3117	\$ 0.1776	\$ 0.0033	\$ 6.1961	-63.81%
2001	\$ 3.8086	\$ 0.2521	\$ 5.2314	\$ 0.3362	\$ 6.9488	\$ 0.5338	\$ 0.0100	\$ 17.1209	-0.004%
2000	\$ 3.8625	\$ 0.5860	\$ 5.0002	\$ 0.3022	\$ 6.8330	\$ 0.5277	\$ 0.0100	\$ 17.1216	

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

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

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

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

**Town of Highland  
Property Tax Rates of the Primary Government  
by Fund  
Last Ten Fiscal Years FY 2000 to 2009**

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Corporation General	\$ 0.4366	\$ 0.3503	\$ 0.3602	\$ 0.3960	\$ 0.3909	\$ 0.3541	\$ 0.3485	\$ 0.7517	\$ 2.1541	\$ 2.2630
Corp. Bond	\$ 0.0259	\$ 0.0073	\$ 0.0206	\$ 0.0263	\$ 0.0136	\$ 0.0141	\$ 0.0151	\$ 0.0245	\$ 0.1044	\$ 0.1444
Corp Bond Exempt	\$ 0.0101									
Police Pension	\$ 0.0054	\$ 0.0120	\$ 0.0207	\$ 0.0174	\$ 0.0100	\$ 0.0171	\$ 0.0024	\$ 0.0405	\$ 0.1239	\$ 0.0729
Parks & Recreation	\$ 0.0924	\$ 0.0732	\$ 0.0805	\$ 0.0668	\$ 0.0719	\$ 0.0655	\$ 0.0720	\$ 0.1425	\$ 0.4467	\$ 0.3937
Park District Bond Exempt	\$ 0.0450									
Park District Bond	\$ -	\$ 0.0377	\$ 0.0407	\$ 0.0581	\$ 0.0058	\$ 0.0417	\$ 0.0435	\$ 0.0948	\$ 0.2294	\$ 0.0719
Hydrant Rental	\$ -	\$ -	\$ -	\$ 0.0128	\$ -	\$ 0.0248	\$ 0.0230	\$ 0.0497	\$ 0.2121	\$ 0.1475
Sanitary District	\$ 0.0163	\$ 0.0127	\$ 0.0135	\$ 0.0145	\$ 0.0140	\$ 0.0135	\$ 0.0136	\$ 0.0221	\$ 0.0949	\$ 0.0944
Lease Rental Payment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sanitary District Bond	\$ -	\$ 0.0415	\$ 0.0082	\$ 0.0043	\$ -	\$ 0.0098	\$ 0.0297	\$ 0.0578	\$ 0.1572	\$ 0.4916
Sanitary District Bond Exempt	\$ 0.0583									
Public Works Bldg. Corp.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cum. Cap. Development	\$ 0.0363	\$ 0.0363	\$ 0.0370	\$ 0.0146	\$ 0.0146	\$ 0.0146	\$ 0.0146	\$ 0.0330	\$ 0.0990	\$ 0.0666
Water District Bond	\$ -	\$ -	\$ 0.0003	\$ 0.0250	\$ 0.0202	\$ 0.0220	\$ 0.0223	\$ 0.0497	\$ 0.1648	\$ 0.0990
Parks Bldg. Corp. Lease	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.1719
Redevelopment Gen.	\$ 0.0135	\$ 0.0083	\$ 0.0088	\$ 0.0103	\$ 0.0048	\$ 0.0032	\$ 0.0016	\$ 0.0023	\$ 0.0489	\$ 0.1708
Redevelopment Bond Exempt	\$ 0.0387									\$ 0.0355
Redevelopment Bond	\$ -	\$ 0.0433	\$ 0.0491	\$ 0.0270	\$ 0.0366	\$ 0.0370	\$ 0.0391	\$ 0.0662	\$ 0.2253	\$ 0.2253
Redevelopment Capital	\$ -	\$ 0.0030	\$ 0.0032	\$ 0.0045	\$ 0.0037	\$ 0.0049	\$ 0.0054	\$ 0.0130	\$ -	\$ -
<b>Total Corporation:</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>\$1.3478</b>	<b>\$4.0607</b>	<b>\$4.4485</b>
<b>Total Tax Rate*:</b>	\$ 2.2280	\$ 2.9025	\$ 2.9848	\$ 3.2683	\$ 3.0638	\$ 3.0163	\$ 3.0142	\$ 6.1961	\$ 17.1209	\$ 17.1216

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**

		2009			Percent of
Taxpayer	Product or Service	Real & Impmnt Assessed Value	Personal Property Assessed Value	Total Assessed Value	Town's Tax Base
Highland Grove, L.L.C.	Shopping Center	\$ 17,579,400	-	\$ 17,579,400	1.50%
Meijer's Stores	Retail Hypermarket	\$ 17,400,900	-	\$ 17,400,900	1.49%
Hampton Associate	Rental Housing Association	\$ 14,921,200	-	\$ 14,921,200	1.27%
ATG Development Corporation	Developer	\$ 13,937,400	-	\$ 13,937,400	1.19%
Dayton Hudson (Target)	Retailer Department Store	\$ 7,669,000	-	\$ 7,669,000	0.65%
Opus North Development	Retail Shopping Mall	\$ 7,113,300	-	\$ 7,113,300	0.61%
Acme Markets, Inc.	Retail Shopping Mall	\$ 5,643,900	-	\$ 5,643,900	0.48%
Christenson Chevrolet	AutoSales and Service	\$ 4,269,100	-	\$ 4,269,100	0.36%
Styliades, Tr 1	Auto Sales and Service	\$ 2,012,100	-	\$ 2,012,100	0.17%
Bosak Land Co., LLC	Auto Sales and Service s	\$ 1,883,200	-	\$ 1,883,200	0.16%
		<u>\$74,850,100.</u>	<u>\$0.</u>	<u>\$74,850,100.</u>	<u>6.39%</u>

		2000			Percent of
Taxpayer	Product or Service	Real & Impmnt Assessed Value	Personal Property Assessed Value	Total Assessed Value	Town's Tax Base
Highland Grove Shopping Mall	Retail Mail	\$ 4,026,840	\$ 2,761,450	\$ 20,364,870	4.42%
Meijer's	Retail Hyper Market Store	\$ 3,167,180	\$ 195,260	\$ 10,087,320	2.19%
Strack & Van Til	Retail Grocer	\$ 977,370	\$ 2,079,520	\$ 9,170,670	1.99%
Hampton-in-Highland	Rental Housing Association	\$ 3,005,840	-	\$ 9,017,520	1.96%
Indiana Bell	Regulated telephone utility	-	\$ 2,141,360	\$ 6,424,080	1.40%
Dayton-Hudson Corp. (Target)	Retail Department Store	\$ 1,416,430	\$ 689,530	\$ 6,317,880	1.37%
Terry Shaver Pontiac	Automobile Retailer	\$ 320,900	\$ 1,740,080	\$ 6,182,940	1.34%
Northern Indiana Public Service Co.	Natural gas & Electric Utility	\$ -	\$ 1,857,000	\$ 5,571,000	1.21%
Webb Ford	Automobile Retailer	\$ 496,650	\$ 1,043,460	\$ 4,620,330	1.00%
Christenson Chevrolet	Automobile Retailer	\$ 720,290	\$ 379,340	\$ 3,298,890	0.72%
		<u>\$14,131,500.</u>	<u>\$12,887,000.</u>	<u>\$81,055,500.</u>	<u>13.80%</u>

\*\* In order to make assessed values seem equivalent, the values in 2000 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**  
**and Net Bond and Note Debt per Capita**  
**Last Ten Fiscal Years FY 2000 to 2009**  
**Primary Government**

Fiscal Year Ended Dec. 31	Population	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
2009 ***	22,594	\$1,079,562,384	\$ 17,338,503	\$ 1,610,544	\$ 15,727,959	1.4569%	\$696
2008 ***	22,622	\$1,389,345,101	\$ 10,916,019	\$ 2,097,240	\$ 8,818,779	0.6347%	\$390
2007 ***	22,667	\$1,308,637,591	\$ 10,100,611	\$ 1,811,630	\$ 8,288,981	0.6334%	\$366
2006 ***	22,722	\$1,171,154,002	\$ 7,561,367	\$ 1,076,406	\$ 6,484,961	0.5537%	\$285
2005 ***	22,894	\$1,168,849,845	\$ 5,208,731	\$ 1,312,064	\$ 3,896,667	0.3334%	\$170
2004 ***	23,048	\$1,169,529,058	\$ 4,040,000	\$ 684,871	\$ 3,355,129	0.2869%	\$146
2003 ***	23,246	\$1,177,057,220	\$ 5,615,000	\$ 1,168,135	\$ 4,446,865	0.3778%	\$191
2002 ***	23,403	\$159,870,808	\$ 7,322,818 *	\$ 1,774,341	\$ 5,548,477	3.4706%	\$237
2001 ***	23,488	\$153,500,420	\$ 7,840,537 *	\$ 1,708,627	\$ 6,131,910	3.9947%	\$261
2000	23,546	\$144,823,860	\$ 8,898,380 *	\$ 2,282,639	\$ 6,615,741	4.5681%	\$281

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

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

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

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

Using Certified Assessed Valuation

**True Tax Assessed Value:** 1,081,218,846  
**Adjusted Value:\*** \$ 360,406,282

**Town of Highland  
 Computation of Legal Debt Margin  
 at December 31, 2009**

	<u>Corporation Town of Highland</u>	<u>Parks &amp; Rec. District</u>	<u>Redevelopment District</u>	<u>Waterworks District</u>	<u>Sanitary District</u>
Assessed Valuation	360,406,282	360,406,282	360,406,282	360,406,282	360,406,282
Debt Limit Percentage	2.00%	2.00%	2.00%	8.00%	12.00%
Debt Limit	\$ 7,208,126	\$ 7,208,126	\$ 7,208,126	\$ 28,832,503	\$ 43,248,754
Bonds Outstanding	\$ 2,610,903	\$ 1,480,000	\$ 1,615,000	\$ -	\$ 11,519,000
<b>Subtotal</b>	<b>\$ 4,597,223</b>	<b>\$ 5,728,126</b>	<b>\$ 5,593,126</b>	<b>\$ 28,832,503</b>	<b>\$ 31,729,754</b>
Amount Available in Debt Service Fund	\$ 296,730	* \$ 459,974	\$ 582,978	\$ 652	\$ 270,862
<b>Legal Debt Margin</b>	<b>\$ 4,893,953</b>	<b>\$ 6,188,100</b>	<b>\$ 6,176,104</b>	<b>\$ 28,833,155</b>	<b>\$ 32,000,616</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, which is a blended component unit of the municipality. The municipality supports the corporation's debt service through a capital lease. The bonds outstanding represent only those that are obligations of the special taxing district. It does not include the revenue or mortgage debt of the Holding Corporation. Lease rental supports the debt service payments and the eventual acquisition of the facility held by the corporation.

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

For the purpose of evaluating debt, Indiana actually still relies on 1/3 the assessed value to determine permissible debt limits under Indiana Const. Article XIII. The Certified AV is 1,081,218,846  
 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.

**Town of Highland**  
**Computation of Direct and Overlapping Debt**  
**Payable from or backed by Property Taxes**  
**as of December 31, 2009**

Taxing Unit	Certified Assessed Valuation	Bonds Outstanding	Percent Applicable to Highland	Amount Applicable to Highland
Town of Highland*	\$ 1,081,218,846	\$ 17,338,503	100.00%	\$ 17,338,503
School Town of Highland	\$ 1,081,218,846	\$ 53,423,579 **	100.00%	\$ 53,423,579
	<b>Subtotal:</b>	<b>\$ 70,762,082</b>	<b>Subtotal:</b>	<b>\$ 70,762,082</b>
<b>Indirect or overlapping Debt</b>				
North Township	\$ 6,367,655,193	\$ -	16.98%	\$ -
Lake County Library	\$ 11,482,519,944	\$ 25,540,000	9.42%	\$ 2,404,901
Lake County	\$ 20,701,304,042	\$ 58,155,000 **	5.22%	\$ 3,037,407
	<b>Subtotal:</b>	<b>\$ 83,695,000</b>	<b>Subtotal:</b>	<b>\$ 5,442,308</b>
	<b>Grand Total</b>	<b>\$ 154,457,082</b>	<b>Grand Total</b>	<b>\$ 76,204,390</b>
				49.34%

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

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

The Town of Highland through its Parks & Recreation Bldg. Corp has outstanding revenue debt in the amount of \$1,180,030

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

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

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

Fiscal Year Ended Dec. 31	Governmental Activities					Business-Type Activities					Total Primary Government	Estimated Population	Debt Per Capita
	General Obligation Bonds	Revenue Bonds	Mortgage Bonds	Notes/Loans Payable	Capital Leases	General Obligation Bonds	Revenue Bonds	Mortgage Bonds	Notes/Loans Payable	Capital Leases			
2009	\$ 5,705,903	\$ -	\$ 1,005,000	\$ 113,600	\$ 346,713	\$11,519,000	\$ -	\$ -	\$ -	\$ -	\$18,690,216	22,594	\$827.22
2008	\$ 6,494,903	\$ -	\$ 1,210,000	\$ 142,000	\$ 305,988	\$ 4,254,000	\$ -	\$ -	\$ -	\$ -	\$12,406,891	22,622	\$548.44
2007	\$ 5,573,903	\$ -	\$ 1,400,000	\$ -	\$ 407,406	\$ 4,500,000	\$ -	\$ -	\$ -	\$ -	\$11,881,309	22,667	\$524.17
2006	\$ 6,172,903	\$ -	\$ 1,580,000	\$ -	\$ 128,253	\$ 1,397,000	\$ -	\$ -	\$ -	\$ -	\$ 9,278,156	22,722	\$408.33
2005	\$ 3,491,903	\$ -	\$ 1,745,000	\$ -	\$ 59,651	\$ 1,720,000	\$ -	\$ -	\$ -	\$ -	\$ 7,206,554	22,894	\$314.78
2004	\$ 3,245,000	\$ -	\$ 1,900,000	\$ -	\$ 5,721	\$ 795,000	\$ -	\$ -	\$ -	\$ -	\$ 6,750,721	23,048	\$292.90
2003	\$ 4,030,000	\$ -	\$ 2,040,000	\$ -	\$ 34,832	\$ 1,585,000	\$ -	\$ -	\$ -	\$ -	\$ 9,074,832	23,246	\$390.38
2002	\$ 4,740,000	\$ -	\$ 2,170,000	\$ -	\$ 144,512	\$ 2,395,000	\$ -	\$ -	\$ -	\$ 1,690	\$11,326,202	23,403	\$483.96
2001	\$ 4,730,000	\$ -	\$ 2,290,000	\$ 51,364	\$ 207,247	\$ 3,045,000	\$ -	\$ -	\$ 29,524	\$ 4,136	\$12,812,271	23,488	\$545.48
2000	\$ 4,525,000	\$ -	\$ 2,400,000	\$ 102,728	\$ 488,958	\$ 4,230,000	\$ -	\$ -	\$ 59,048	\$ 30,231	\$14,790,965	23,546	\$628.17

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

**Town of Highland**  
**Ratio of Annual Debt Service Expenditures**  
**for Governmental Bond and Note Debt to Governmental Expenditures**  
**Last Ten Fiscal Years 2000 to 2009**

Fiscal Year Ended Dec. 31	Principal	Interest	Total Debt Service	Total Governmental Expenditures	Ratio of Debt Services to General Expenditures
2009	\$ 994,000	\$ 357,627	\$ 1,351,627	\$ 13,615,944	9.93%
2008	\$ 1,169,000	\$ 332,913	\$ 1,501,913	\$ 13,462,456	11.16%
2007	\$ 779,000	\$ 367,198	\$ 1,146,198	\$ 12,559,248	9.13%
2006	\$ 1,084,000	\$ 226,404	\$ 1,310,404	\$ 14,700,100	8.91%
2005	\$ 1,000,000	\$ 231,879	\$ 1,231,879	\$ 14,016,537	8.79%
2004	\$ 925,000	\$ 278,173	\$ 1,203,173	\$ 10,044,825	11.98%
2003	\$ 840,000	\$ 311,762	\$ 1,151,762	\$ 11,869,689	9.70%
2002	\$ 1,215,000	\$ 405,077	\$ 1,620,077	\$ 12,584,987	12.87%
2001	\$ 1,795,000	\$ 441,942	\$ 2,236,942	\$ 13,916,494	16.07%
2000	\$ 1,750,000	\$ 520,615	\$ 2,270,615	\$ 14,666,376	15.48%

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

Governmental debt service excludes debt service of the utilities.

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

Fiscal Year Ended Dec. 31	Principal		Interest		Total Debt Service		Total Utilities' Expenditures		Ratio of Debt Services to Utilities' Expenditures	
2009	\$	375,000	\$	182,923	\$	557,923	\$	7,586,655		7.35%
2008	\$	246,000	\$	146,334	\$	392,334	\$	6,956,526		5.64%
2007	\$	397,000	\$	53,842	\$	450,842	\$	6,915,865		6.52%
2006	\$	513,000	\$	62,998	\$	575,998	\$	5,835,974		9.87%
2005	\$	865,000	\$	68,500	\$	933,500	\$	4,968,870		18.79%
2004	\$	1,370,000	\$	125,985	\$	1,495,985	\$	4,629,409		32.31%
2003	\$	1,300,000	\$	237,724	\$	1,537,724	\$	5,652,080		27.21%

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

These exclude capital lease purchases

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

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

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

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

This excludes Special Taxing District Debt which is repaid with an ad valorem tax.

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

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements		Total	Coverage
				Principal	Interest		
2009	\$ 83,672	\$ 6,604	\$ 77,068	\$ 205,000	\$ 57,345	\$ 262,345	0.29
2008	\$ 81,024	\$ 6,925	\$ 74,099	\$ 190,000	\$ 67,466	\$ 257,466	0.29
2007	\$ 79,746	\$ 5,874	\$ 73,872	\$ 180,000	\$ 76,948	\$ 256,948	0.29
2006	\$ 79,472	\$ 5,451	\$ 74,021	\$ 165,000	\$ 85,788	\$ 250,788	0.30
2005	\$ 77,920	\$ 5,672	\$ 72,248	\$ 155,000	\$ 93,987	\$ 248,987	0.29
2004	\$ 77,189	\$ 8,728	\$ 68,461	\$ 140,000	\$ 101,548	\$ 241,548	0.28
2003	\$ 75,363	\$ 120,179	\$ (44,816)	\$ 130,000	\$ 108,466	\$ 238,466	-0.19
2002	\$ 74,358	\$ 8,222	\$ 66,136	\$ 120,000	\$ 114,872	\$ 234,872	0.28
2001	\$ 73,262	\$ 24,638	\$ 48,624	\$ 110,000	\$ 120,753	\$ 230,753	0.21
2000	\$ 78,001	\$ 16,210	\$ 61,791	\$ 105,000	\$ 126,234	\$ 231,234	0.27

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

The corporation as an entity did not exist prior to 1998.

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## Demographic & Economic Information

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

2009		Reported Employment
Employer	Type of Business	
Strack & Van Til/Ultra Foods, Inc.	Groceries/Warehouse	599 (1)
Prompt Ambulance Service	Emergency Medical Services	502
School Town of Highland	Public Education K-12	402 (2)
Meijer's	Groceries	280
Target Store (Dayton Hudson)	Retailer	249
Emcor/Hyre Electric Company	Electrical Services Contractor	200
<b>Town of Highland</b>	Municipal Government	264 (3)
Kohl's Department Store	Retailer	130
Patrick's Pros	Party Organizer	125
Miner-Dunn Hamburgers	Restaurant	103
Allen's Landscape Construction	Garden Center	90
Comfort Keepers	Home Health Care	85
AMS Mechanical Systems	Mechanical Contractor	80
Webb Ford, Inc.	Auto Dealership	64
Old Country Buffet	Restaurant	72
Christenson Chevrolet	Auto Dealership	70
First Financial Bank	Financial Services/Banking	66
Round the Clock	Family Restaurant	60

2000		Reported Employment
Employer	Type of Business	
Ultra Foods, Inc/Strack & Van Tils	Retail grocer	567 (1)
Meiers	Retail Grocer/Hyper Market	500
School Town of Highland	Public Education K-12	391 (2)
JWP/Hire Electric Company	Electrical Contractor	350
Jewel Foods	Retail grocer	320
Sand Ridge Bank	Financial Services/Banking	261
Target (dayton Hudson)	Retailer	200
<b>Town of Highland</b>	Municipal Government	172 (3)
Kohl's Department Store	Retailer	162
Webb Ford, Inc.	Auto Dealership	85
Terry Shaver Pontiac, Inc.	Auto Dealership	81
Christenson Chevrolet, Inc.	Auto Dealership	65
Fieldhouse, Inc.	HVAC Contractor	39

- (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 264 total employees, 115 are full-time workers, one is a full-time elected official, 34 are part-time officials, 33 are part-time firefighters and 87 other part-time workers. Firefighters are paid on demand when needed but are on call 24 hours a day.

Sources: Reference USA  
Lexis Nexus Academic  
US Business Directory

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

2009			
Employer	Type of Business	Location	Reported Employment
Mittal/Arceor Steel	Steel Manufacturing	East Chicago/Burns Harbor	9,700 **
US Steel Gary Works (USX)	Steel Manufacturing	Gary	6,000
Community Hospital	Medical Services	Munster	3,000
St. Margaret/Mercy Hospitals	Medical Services	Dyer/Hammond	3,000
NIPSCO/NiSource	Electric/Natural Gas Utility	Merrillville	2,498
Horseshoe Casino	Entertainment Gaming	Hammond	2,463
Methodist Hospitals	Medical Services	Gary/Merrillville	2,000
BP Amoco	Oil Refinery	Whiting	1,800
Ameristar Casino	Entertainment Gaming	East Chicago	1,381
Majestic Star & Majestic Star II Casinos	Entertainment Gaming	Gary	1,381
St. Mary Medical Center	Medical Services	Hobart	1,234
St. Anthony Medical Center	Medical Services	Crown Point	1,045
St. Catherine Hospital	Medical Services	East Chicago	1,000
Bulkmatic Transport	Trucking	Griffith	750
Hammond Clinic	Medical Services	Munster	600
Radisson Star Plaza	Hotels/Motels/Entertainment	Merrillville	520
Elgin & Joliet Eastern Railway	Railroads	Whiting	500
Lee Communications The TIMES	Newspaper	Munster	350

2000			
Employer	Type of Business	Location	Reported Employment
US Steel Gary Works (USX)	Steel Manufacturing	Gary	7,500
Ispat/Inland Steel	Steel Manufacturing	East Chicago	6,900
NIPSCO/NiSource	Electric/Natural Gas Utility	Merrillville	3,200
LTV Steel Company	Steel Manufacturing	East Chicago	3,100
Methodist Hospitals	Medical Services	Gary/Merrillville	3,100
Community Hospital	Medical Services	Munster	2300-2500
Horseshoe Empress Casino	Entertainment Gaming	Hammond	2,272
Harrah's Casino	Entertainment Gaming	East Chicago	1,797
BP Amoco	Oil Refinery	Whiting/Hammond	1,200
St. Margaret/Mercy Hospitals	Medical Services	Dyer/Hammond	1,000
Howard Publications The TIMES	Newspaper	Munster	600
Hammond Clinic	Medical Services	Munster	584
Cerestar USA Corp.	Corn Products Processor	Hammond	575
Unilever	Soap Manufacturer	Hammond	420

East Chicago Works: 6,000 • Burns Harbor Works: 3,700

\*\*

**Town of Highland  
Schedule of Building Permits  
Last Ten Fiscal Years FY 2000 to 2009**

Year	Residential		Multiple Family		Totals	
	Single Family Permits	Value	Permits	Value		Permits
2009	6	\$ 1,366,000	0	\$ -	1,315	\$ 11,024,394
2008	8	\$ 1,509,200	3	\$ 535,000	1,512	\$ 22,560,215
2007	22	\$ 4,619,269	0	\$ -	1,594	\$ 19,978,854
2006	26	\$ 5,079,102	1	\$ 247,000	1,373	\$ 16,127,532
2005	18	\$ 2,716,425	1	\$ 240,000	1,007	\$ 14,045,986
2004	12	\$ 1,796,000	4	\$ 2,300,000	938	\$ 17,634,428
2003	25	\$ 4,316,252	2	\$ 900,000	880	\$ 12,362,049
2002	21	\$ 3,827,454	3	\$ 1,060,000	829	\$ 11,475,050
2001	48	\$ 6,240,724	9	\$ 2,610,000	863	\$ 17,283,888
2000	43	\$ 6,674,505	13	\$ 3,546,210	737	\$ 17,417,172

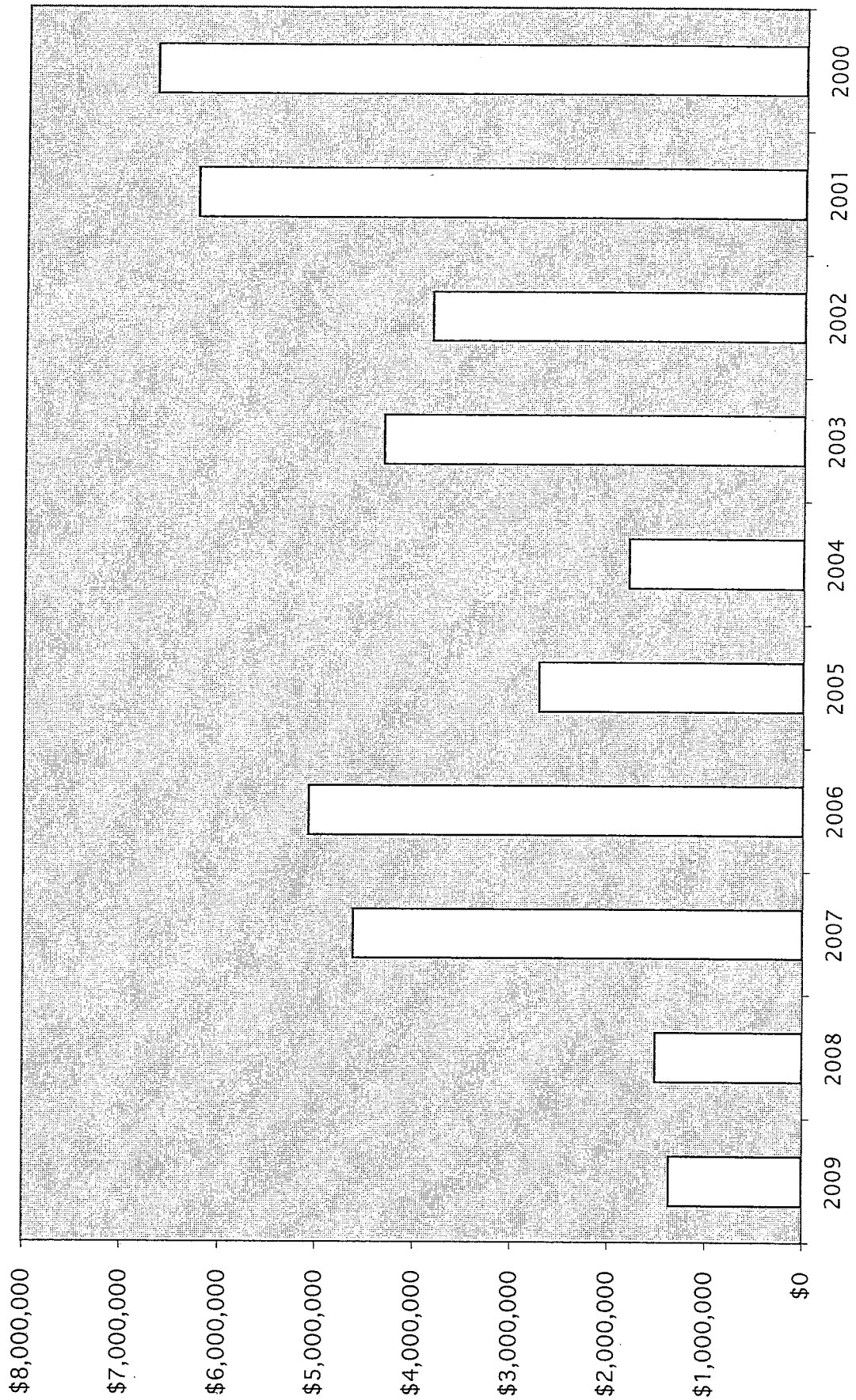
Year	Institutional, Commercial, Industrial		Miscellaneous		Totals	
	Permits	Value	Permits	Value		Permits
2009	5	\$ 1,718,503	1,304	\$ 7,939,891	1,315	\$ 11,024,394
2008	7	\$ 8,558,425 **	1,494	\$ 11,957,590	1,512	\$ 22,560,215
2007	3	\$ 754,739 **	1,569	\$ 14,604,846	1,594	\$ 19,978,854
2006	3	\$ 2,097,900 *	1,343	\$ 8,703,530	1,373	\$ 16,127,532
2005	3	\$ 4,500,000 *	985	\$ 6,589,561	1,007	\$ 14,045,986
2004	6	\$ 6,596,000	916	\$ 6,942,428	938	\$ 17,634,428
2003	2	\$ 701,235	851	\$ 6,444,562	880	\$ 12,362,049
2002	2	\$ 922,000	803	\$ 5,665,596	829	\$ 11,475,050
2001	4	\$ 3,392,500	802	\$ 5,040,664	863	\$ 17,283,888
2000	10	\$ 3,033,133	671	\$ 4,163,324	737	\$ 17,417,172

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

\* Institutional Value above includes Reconstruction at Main Square Park and its Gazebo plus other improvements amounting to \$897,900

\*\* Institutional & Commercial Values above includes Best Buy Retailer addition and New McDonald's replacing former site on Ridge Road.

# Residential Building Permits



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

<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	541,140	\$438,734	3.61%
Hampton in Highland	Apartment Complex	19,405	\$44,916	0.13%
Porte d' leau	Town House Assn	13,191	\$20,099	0.09%
School Town of Highland	Public Schools	7,517	\$16,745	0.05%
Pleasant View Dairy	Dairy Products	7,315	\$9,884	0.05%
Wildwood Condo Association	Condominiums	4,241	\$9,387	0.03%
Meyers Development Corp.	Commercial/Condo	4,344	\$9,332	0.03%
Georgetown Condos	Condominiums	4,575	\$8,992	0.03%
ATG/Embassy Place	Condominiums	4,489	\$8,332	0.03%
Meijer Inc., #170A	Retail Grocer	3,880	\$5,786	0.03%

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

**Town of Highland  
Ten Largest Users of Water  
Water Utility  
December 31, 2008**

<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**

<u>User</u>	<u>Business</u>	<u>Consumption (1,000 Gallons)</u>	<u>Billed Revenue</u>	<u>Percentage of Billed Flow</u>
Town of Dyer	Municipality	518,251	\$400,245	37.25%
Hampton in Highland	Apartment Complex	21,776	\$ 33,147	1.57%
Porte d' leau	Town House Assn	9,644	\$ 17,790	0.69%
Pleasant View Dairy	Dairy Products	9,600	\$ 12,888	0.69%
School Town of Highland	Public Schools	9,188	\$ 19,240	0.66%
Meijer Inc., #170A	Retail Grocer	6,655	\$ 9,151	0.48%
Meyers Development Corp.	Commercial/Condo	4,886	\$ 9,644	0.35%
Wildwood Condo Association	Condominiums	4,233	\$ 9,185	0.30%
Georgetown Condos	Condominiums	3,603	\$ 6,830	0.26%
Les Chateau	Condominiums	3,723	\$ 6,724	0.27%

Note: Total billed flow for the 12 months ending December 31, 2004, was 1,391,411,000 gallons.

**Town of Highland  
Ten Largest Users of Water  
Water Utility  
December 31, 2003**

<u>User</u>	<u>Business</u>	<u>Consumption (1,000 Gallons)</u>	<u>Billed Revenue</u>	<u>Percentage of Billed Flow</u>
Town of Dyer	Municipality	483,119	\$373,113	35.36%
Hampton in Highland	Apartment Complex	22,736	\$ 34,505	1.66%
School Town of Highland	Public Schools	10,139	\$ 19,757	0.74%
Porte d' leau	Town House Assn	9,450	\$ 15,341	0.69%
Pleasant View Dairy	Dairy Products	8,734	\$ 11,719	0.64%
Meiers Development Corp.	Commercial/Condo	5,092	\$ 10,064	0.37%
Meijer Inc., #170A	Retail Grocer	4,545	\$ 6,180	0.33%
Wildwood Condo Association	Condominiums	4,425	\$ 9,543	0.32%
Spot Not Car Wash	Car wash	4,003	\$ 5,417	0.29%
Les Chateau	Condominiums	3,851	\$ 7,054	0.28%

Note: Total billed flow for the 12 months ending December 31, 2003, was 1,366,408,000 gallons.

**Town of Highland  
Ten Largest Users of Water  
Water Utility  
December 31, 2002**

<u>User</u>	<u>Business</u>	<u>Consumption (1,000 Gallons)</u>	<u>Billed Revenue</u>	<u>Percentage of Billed Flow</u>
Town of Dyer	Municipality	525,302	\$405,691	34.71%
Hampton in Highland	Apartment Complex	24,509	\$ 36,662	1.62%
School Town of Highland	Public Schools	10,922	\$ 21,030	0.72%
Porte d' leau	Town House Assn	9,478	\$ 14,387	0.63%
Pleasant View Dairy	Dairy Products	8,881	\$ 13,202	0.59%
Meyers Development Corp.	Commercial/Condo	5,185	\$ 10,257	0.34%
Meijer Inc., #170A	Retail Grocer	4,545	\$ 6,180	0.30%
Wildwood Condo Association	Condominiums	4,418	\$ 9,876	0.29%
ATG/Embassy Place	Condominiums	4,370	\$ 8,492	0.29%
Les Chateau	Condominiums	4,097	\$ 7,522	0.27%

Note: Total billed flow for the 12 months ending December 31, 2002, was 1,513,394,000 gallons.

**Town of Highland  
Ten Largest Users of Water  
Water Utility  
December 31, 2001**

<u>User</u>	<u>Business</u>	<u>Consumption (1,000 Gallons)</u>	<u>Billed Revenue</u>	<u>Percentage of Billed Flow</u>
Town of Dyer	Municipality	453,166	\$376,955	32.45%
Hampton in Highland	Apartment Complex	23,592	\$ 35,149	1.69%
School Town of Highland	Public Schools	10,799	\$ 26,759	0.77%
Pleasant View Dairy	Dairy Products	8,335	\$ 11,159	0.60%
Porte d' l'eau	Town House Assn	7,596	\$ 12,692	0.54%
Meyers Development Corp.	Commercial/Condo	6,570	\$ 12,612	0.47%
Spot-Not Car Wash	Car Wash	5,064	\$ 6,790	0.36%
ATG/Embassy Place	Condominiums	4,840	\$ 8,830	0.35%
Ultra Foods	Retail Grocer	4,072	\$ 5,715	0.29%
Les Chateau	Condominiums	3,990	\$ 7,064	0.29%

Note: Total billed flow for the 12 months ending December 31, 2001, was 1,396,439,000 gallons.

**Town of Highland  
Ten Largest Users of Water  
Water Utility  
December 31, 2000**

<u>User</u>	<u>Business</u>	<u>Consumption (1,000 Gallons)</u>	<u>Billed Revenue</u>	<u>Percentage of Billed Flow</u>
Town of Dyer	Municipality	462,988	\$357,566	34.04%
Hampton in Highland	Apartment Complex	25,552	\$38,096	1.88%
School Town of Highland	Public Schools	10,613	\$21,523	0.78%
Pleasant View Dairy	Dairy Products	8,922	\$11,918	0.66%
Porte d' leau	Town House Assn	8,633	\$14,471	0.63%
Spot-Not Car Wash	Car Wash	5,200	\$7,470	0.38%
ATG/Embassy Place	Condominiums	5,175	\$8,994	0.38%
Meyers Development Corp.	Commercial/Condo	5,065	\$9,979	0.37%
Les Chateau	Condominiums	4,779	\$7,152	0.35%
Ultra Foods	Retail Grocer	4,384	\$6,169	0.32%

Note: Total billed flow for the 12 months ending December 31, 2000, was 1,360,244,000 gallons.

**Town of Highland  
Statistics by Economic Sector**

Industry Description	Number of Establishments		Number of Employees		Annual Payroll		Shipments/Sales/Receipts	
	Highland	Lake County	Highland	Lake County	Highland	Lake County	Highland	Lake County
Retail Trade	139	1,715	2,857	26,506	\$ 61,739,000	\$ 559,759,000	\$ 705,188,000	\$ 7,102,425,000
Information	7	99	12	2,012	\$ 243,000.00	\$ 72,769,000	N	N
Educational Services*	9	98	88	888	\$ 1,272,000	\$ 21,466,000	\$ 2,421,000	\$ 51,607,000
Arts, Entertainment, Recreation	10	111	b	6,068	D	\$ 135,851,000	D	\$ 674,919,000
Accommodation and Food Services	61	993	1,049	19,402	\$ 10,268,000	\$ 265,535,000	\$ 38,973,000	\$ 1,069,166,000
Wholesale Trade	24	396	257	5,198	\$ 7,362,000	\$ 25,487,500	\$ 185,710,000	\$ 3,348,813
Manufacturing	N	411	N	26,654	\$	\$ 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, 2008**

Institutions	Assets in Highland as of 30 June 09	Pctge of Total	Assets in Highland as of 30 June 08	Pctge of Total	Number of Offices
First Financial Bank NA*	\$ 261,081,000	31.04%	\$ 265,144,000	31.70%	3
Centier Bank	\$ 174,374,000	20.73%	\$ 158,652,000	18.97%	2
First Midwest Bank**	\$ 232,753,000	27.68%	\$ 241,473,000	28.87%	3
Fifth/Third Bank	\$ 40,217,000	4.78%	\$ 33,717,000	4.03%	2
Standard Bank & Trust	\$ 38,797,000	4.61%	\$ 46,334,000	5.54%	1
JP Morgan Chase Bank NA***	\$ 35,939,000	4.27%	\$ 34,274,000	4.10%	1
Citizens Financial Services , FSB	\$ 28,477,000	3.39%	\$ 26,727,000	3.20%	1
Lake Federal Bank FSB	\$ 14,596,000	1.74%	\$ 16,302,000	1.95%	1
First Federal Savings and Loan Assn.	\$ 14,759,000	1.75%	\$ 13,879,000	1.66%	1
	<b>\$ 840,993,000</b>		<b>\$ 836,502,000</b>		<b>15</b>

Source: Federal Deposit Insurance Corporation/Office of Thrift Supervision

\* Formerly Sand Ridge Bank

\*\* Formerly Bank Calumet

\*\*\* Formerly Bank One, NA

\*\*\*\* This branch was located in the Jewel Foods Store, which at the end of June 2007 was closed.

**Town of Highland  
Intended Federal Funds Rate  
Last Ten Years 2000 - 2009**

Months	2009	Change (in basis Points)	2008	2007	2006	2005	2004	2003	2002	2001	2000
January	0.25%	9.00	3.94%	5.25%	4.50%	2.25%	1.00%	1.25%	1.75%	6.00%	5.50%
February	0.25%	0.00	2.98%	5.25%	4.50%	2.50%	1.00%	1.25%	1.75%	5.50%	5.75%
March	0.25%	0.00	2.61%	5.25%	4.75%	2.75%	1.00%	1.25%	1.75%	5.00%	6.00%
April	0.25%	0.00	2.28%	5.25%	4.75%	2.75%	1.00%	1.25%	1.75%	4.50%	6.00%
May	0.25%	0.00	1.98%	5.25%	5.00%	3.00%	1.00%	1.25%	1.75%	4.00%	6.50%
June	0.25%	0.00	2.00%	5.25%	5.25%	3.25%	1.25%	1.00%	1.75%	3.75%	6.50%
July	0.25%	0.00	2.00%	5.25%	5.25%	3.25%	1.25%	1.00%	1.75%	3.75%	6.50%
August	0.25%	0.00	2.00%	5.25%	5.25%	3.50%	1.50%	1.00%	1.75%	3.50%	6.50%
September	0.25%	0.00	1.81%	4.75%	5.25%	3.75%	1.75%	1.00%	1.75%	3.00%	6.50%
October	0.25%	0.00	0.97%	4.50%	5.25%	3.75%	1.75%	1.00%	1.75%	2.50%	6.50%
November	0.25%	0.00	0.39%	4.50%	5.25%	4.00%	2.00%	1.00%	1.25%	2.00%	6.50%
December	0.25%	0.00	0.16%	4.25%	5.25%	4.25%	2.25%	1.00%	1.25%	1.75%	6.50%
Number of Annual Changes	1		10	3	4	8	5	1	1	10	3

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

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

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Operating Revenues	\$ 3,466,825	\$ 3,219,440	\$ 3,146,397	\$ 2,961,916	\$ 3,009,709	\$ 2,230,218	\$ 2,145,852	\$ 2,193,742	\$ 2,063,314	\$ 2,169,744
Operating Expenses	4,548,765	4,061,220	3,626,984	3,926,763	2,658,792	2,351,970	2,606,103	1,656,334	2,200,209	2,106,133
Operating Income(Loss)	(1,081,940)	(841,780)	(480,587)	(664,847)	350,917	(121,752)	(460,251)	537,408	(136,895)	63,611
Nonoperating Revenues(Expenses)	651,413	693,620	355,863	293,068	245,420	393,725	677,781	23,173	84,872	133,650
Extraordinary Items	-	-	-	-	-	-	-	(240,000)	(240,000)	(230,000)
Operating Transfers Out	-	-	-	-	-	-	-	-	-	-
Net Income(Loss)	\$ (430,527)	\$ (148,160)	\$ (124,724)	\$ (371,759)	\$ 596,337	\$ 271,979	\$ 217,530	\$ 320,581	\$ (292,023)	\$ (32,739)
Current Assets	\$ 810,935	\$ 932,381	\$ 691,839	\$ 636,814	\$ 598,875	\$ 414,630	\$ 250,640	\$ 327,809	\$ 321,734	\$ 459,552
Restricted Assets	6,956,248	2,765,857	3,205,525	939,762	2,248,038	622,985	749,409	239,360	1,347,692	1,873,927
Const. in Progress & Land	3,059,477	592,627	145,350	57,789	401,739	378,833	521,645	1,176,212	16,513	18,329
Utility Plant in Service	22,214,224	21,338,894	21,096,176	20,110,943	18,357,155	18,235,323	10,716,152	9,791,680	9,524,693	8,946,862
Accumulated Depreciation	(11,377,317)	(10,848,111)	(10,222,818)	(10,051,739)	(9,635,350)	(9,166,280)	(5,763,876)	(5,520,685)	(5,395,097)	(5,170,283)
Deferred Charges	302,128	128,717	-	24,212	26,877	-	-	-	-	-
Total Assets	\$ 21,965,695	\$ 14,910,365	\$ 14,916,072	\$ 11,717,781	\$ 11,997,334	\$ 10,485,491	\$ 6,473,970	\$ 6,014,376	\$ 5,815,475	\$ 6,128,387
Current Liabilities	\$ 1,392,644	\$ 1,047,165	\$ 526,249	\$ 484,800	\$ 279,281	\$ 182,137	\$ 694,274	\$ 168,119	\$ 254,343	\$ 281,476
Long-Term Liabilities	11,005,916	3,942,231	4,320,694	1,012,291	1,125,604	40,882	46,583	38,617	34,073	52,310
Total Net Assets	9,567,135	9,920,969	10,069,129	10,220,690	10,592,449	10,262,472	5,733,113	5,054,308	4,773,727	5,065,750
Total Liabilities and Net Assets	\$ 21,965,695	\$ 14,910,365	\$ 14,916,072	\$ 11,717,781	\$ 11,997,334	\$ 10,485,491	\$ 6,473,970	\$ 6,014,376	\$ 5,815,475	\$ 6,128,387
Residual Equity Transfers Out:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (40,000)	\$ -	\$ -
Number of Customers:	8040	8093	8053	8053	7991	8032	8,210	7,945	7,893	7,789
Residential	842	819	838	801	826	818	826	797	799	800
Commercial et alia	8,882	8,912	8,891	8,854	8,817	8,850	9,036	8,742	8,692	8,589
Totals										

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

	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Operating Revenues	\$ 2,540,742	\$ 2,558,451	\$ 2,632,026	\$ 2,531,464	\$ 2,708,956	\$ 2,530,590	\$ 3,171,106	\$ 2,607,978	\$ 2,496,122	\$ 2,411,382
Operating Expenses	2,697,696	2,624,389	3,228,073	2,143,308	2,168,476	2,107,284	2,761,550	2,055,698	2,084,923	1,923,141
Operating Income(Loss)	(156,954)	(65,938)	(596,047)	388,156	540,480	423,306	409,556	552,280	411,199	488,241
Nonoperating Revenues(Expenses)	1,613	(44,175)	94,773	339,503	219,419	130,284	(1,737)	46,319	51,380	7,667
Extraordinary Items										
Net Income(Loss)	\$ (155,341)	\$ (110,113)	\$ (501,274)	\$ 727,659	\$ 759,899	\$ 553,590	\$ 407,819	\$ 598,599	\$ 462,579	\$ 495,908
Before contributions and transfers										
Current Assets	\$ 507,565	\$ 420,828	\$ 396,112	\$ 695,304	\$ 284,772	\$ 286,773	\$ 298,354	\$ 283,684	\$ 281,051	\$ 420,444
Restricted Assets	735,407	1,034,403	1,351,865	1,693,328	1,567,391	1,590,547	1,540,290	1,670,119	1,622,717	1,451,153
Utility Plant In Service	15,700,395	15,516,795	15,365,582	15,272,991	15,074,956	13,727,364	14,939,774	14,924,740	14,815,000	14,496,152
Accumulated Depreciation	(7,503,905)	(6,949,514)	(7,081,898)	(6,760,345)	(6,468,959)	(6,138,871)	(6,677,931)	(6,330,488)	(6,061,212)	(5,698,392)
Const. Work in Progress/Land	355,792	220,828	162,981	77,122	176,641	1,176,084	108,333	11,002		179,505
Deferred Debits	0	0	0	0	5,724	16,505	27,288	38,069	48,850	59,631
Total Assets	\$ 9,795,254	\$ 10,243,340	\$ 10,194,642	\$ 10,918,400	\$ 10,645,531	\$ 10,658,402	\$ 10,236,108	\$ 10,597,126	\$ 10,706,406	\$ 10,908,493
Current Liabilities	\$ 195,937	\$ 524,551	\$ 303,896	\$ 562,220	\$ 742,217	\$ 1,148,804	\$ 1,097,545	\$ 1,112,282	\$ 1,112,326	\$ 1,117,331
Long-Term Liabilities	60,582	24,713	86,557	8,110	282,672	700,946	1,502,877	2,256,977	2,964,812	3,655,304
Total Net Assets	9,538,735	9,694,076	9,804,189	10,348,300	9,620,641	8,808,652	7,635,686	5,822,702	5,224,103	4,757,132
Total Liabilities, Contributions	(256,519)									
Total Liabilities and Net Assets	\$ 9,538,735	\$ 10,243,340	\$ 10,194,642	\$ 10,918,630	\$ 10,645,530	\$ 10,658,402	\$ 10,236,108	\$ 10,597,126	\$ 10,706,406	\$ 10,908,493
Number of Customers:										
Residential	8,279	8,228	8,208	8,176	8,137	8,225	8,510	8,149	8,104	8,003
Commercial et alia	845	824	822	828	853	848	838	819	821	823
Total	9,124	9,052	9,030	9,004	8,990	9,073	9,348	8,968	8,925	8,826

\*Information is not available.

## Operating Information

**TOWN OF HIGHLAND**  
**Full-time Equivalent Town Government Employees by Function**  
**Fiscal Years 2003 - 2009**

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

This report should reflect 10 years of data. However, data was not readily available prior to 2003.

**Town of Highland  
Contact Units of Service  
Office of the Clerk-Treasurer  
For the Year Ending December 31, 2009**

Service Area	Weekdays in person	Weekdays by phone	Saturdays in person	Saturdays by phone	Total Service Contacts	Pctge.
Utility Collections	18,010	5,957	-	-	23,967	59.1%
Building & Inspections	3,667	3,173	-	-	6,840	16.9%
Public Works	1,072	2,643	-	-	3,715	9.2%
Yard Waste Tags	-	-	-	-	-	0.0%
Other Matters	2,539	3,497	-	-	6,036	14.9%

<b>TOTALS:</b>	25,288	15,270	0	0	40,558	
2007	32,576	30,778			82,047	
2006	51,269	30,778	0	0	82,047	
2006	51,269	30,778	0	0	82,047	
2005	25,778	51,654	0	0	77,432	
2004	24,868	20,327	688	271	46,154	
2003	43,053	26,348	1,611	680	71,692	
2002	9,970	4,814	324	90	15,198	
2001	24,197	19,730	668	271	44,866	
2000	24,918	19,363	839	239	45,359	
1999	11,892	7,668	590	120	20,270	
Year 2009 Contacts by Phone	15,270	38%	Year 2009 Contacts on Saturdays	-	0%	
Year 2009 Contacts in Person	25,288	62%	Year 2009 Contacts in Weekdays	40,558	100%	

Service contacts are tracked by staff on a weekly basis using a tally sheet. A mark is made for each contact by category. The method admits of some error. So all numbers above should be construed as estimates. Owing to cash flow and spending concerns, **Saturday hours were suspended in June of 2004.** This affected the regular tallies by staff.

**TOWN OF HIGHLAND**  
**Operating Indicators by Function**  
**Fiscal Years 2003 - 2009**

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

Source: Various Town of Highland Departments.

Continued on next page

This report should reflect 10 years of data. However, data not available prior to 2003.  
 See Clerk-Treasurer service units

**TOWN OF HIGHLAND**  
**Operating Indicators by Function, continued**  
**Fiscal Years 2003 - 2009**

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

Source: Various Town of Highland Departments.  
(1) The Parks and Recreation Department tracked usage by generated revenues not participation in events in years prior to 2006.

This report should reflect 10 years of data. However, data not available prior to 2003.

**TOWN OF HIGHLAND**  
**Capital Asset Statistics by Function**  
**Fiscal Years 2003 - 2009**

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

Source: Various Town Departments

Continued on next page

This report should reflect 10 years of data. However, data not available prior to 2003.

**TOWN OF HIGHLAND**  
**Capital Asset Statistics by Function, continued**  
**Fiscal Years 2003 - 2009**

Function	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Parks and Recreation							
Parks acreage	250	250	250	250	250	250	250
Parks	22	22	22	22	22	22	22
Picnic Shelters	4	4	4	4	4	4	4
Gazebos	2	2	2	2	2	2	2
Tennis courts	6	6	6	6	6	6	6
Basketball Courts (indoor)	5	5	5	5	5	5	5
Basketball Courts (outdoor)	10	10	10	10	10	10	9
Baseball Fields	9	10	10	10	10	11	11
Softball Fields	11	11	11	11	11	12	12
Soccer Fields	5	9	9	9	9	10	10
Community use centers	1	1	1	1	1	1	1
Bike trails (miles)	4	4	4	4	4	4	4
Tractors/Mowers	12	12	12	12	12	13	13
Vehicles	11	11	10	10	10	11	11
Water							
Water mains (miles)	86.04	86.04	88.27	88.27	88.27	88.27	88.27
Fire Hydrants	550	600	600	600	720	783	793
Storage Capacity (MG)	7.5	7.5	7.5	7.5	7.5	7.5	7.5
Sanitary District							
Sanitary (Waste water) sewer lines(mile)	73.45	73.45	74.10	74.10	74.10	74.10	74.10
Lift stations (Sanitary)	10	10	10	10	10	10	10
Sanitary Retention Basins	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

Source: Various Town Departments

This report should reflect 10 years of data. However, data not available prior to 2003.

**Town of Highland Primary Government  
Top Ten Vendors for 2009**

Vendors	Amount Paid	Description
JP Morgan Chase Bank	2,573,823.61	Repayment of temporary loan plus interest
Internal Revenue Service	1,358,957.41	Payroll and Income taxes collected for workforce
Sanitary District of Hammond	1,336,265.70	Cost of wastewater treatment
Illiana Disposal Service Partnership	1,329,177.84	Contract cost for curbside solid waste collection
United Health Care Insurance Company	1,278,875.90	Group health insurance Premiums
Wells Fargo Bank, N.A.	751,616.49	Bond Registrar & Agency services
Hammond Water Works Department	697,860.00	Cost of potable water supply
Northern Indiana Public Service Company, Inc.	664,355.32	Energy costs for electric and natural gas services
Reith-Riley Construction	653,456.88	Costs for asphalt paving and concrete services
First Group Engineering	622,950.92	Roadway Construction and Design engineering services

**Top Ten Vendors for 2008**

Vendors	Amount Paid	Description
JP Morgan Chase Bank	6,201,096.98	Repayment of temporary loan plus interest
Indiana Department of Transportation	1,489,985.20	Local payment share for Federal Highway Project
Internal Revenue Service	1,377,350.34	Payroll and Income taxes collected for workforce
Illiana Disposal Service	1,270,531.56	Contract cost for curbside solid waste collection
Sanitary District of Hammond	1,211,180.22	Cost of wastewater treatment
United Health Care Insurance Company	1,080,273.49	Group health insurance Premiums
Hammond Water Works Department	696,209.50	Cost of potable water supply
Northern Indiana Public Service Company, Inc.	655,915.56	Energy costs for electric and natural gas services
Reith-Riley Construction	612,073.44	Costs for asphalt paving and concrete services
Indiana Police Pension Fund	570,795.37	Employer and employee shares for Public safety pension

**Highland Town Board of Trustees  
Presidents of the Board**

*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

**Highland Town Board of Trustees  
Presidents of the Board**

*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

**Highland Town Board of Trustees  
Presidents of the Board**

*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  
Presidents of the Council**

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

- Dennis Tobin, 1991

**Highland Town Council  
Presidents of the Council**

*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

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)

**Town of Highland  
Miscellaneous Statistics and Facts**

Population (2000): 23,546

Male:	11,297
Female:	12,249
Veterans	2,478
Median age:	39.8 years

Work force Total:	12,683	of this 5,998 are female
Per Capita Income:	\$24,530	(2000)
Median Household Income:	\$51,297	(2000)
Education: (2000)		
Bachelors Degree or Higher		22.1 %
Persons 25 years and older w/High School diploma		87.8%

Population History:

Year	Town of Highland Population	Pct change	Lake County Population	Pct change
1940	2,723		293,195	
1950	5,878	115.9%	368,152	25.6%
1960	16,284	177.0%	513,269	39.4%
1970	24,947	53.2%	546,253	6.4%
1980	25,935	4.0%	522,917	(4.3%)
1990	23,696	(8.6%)	475,594	(9.0%)
2000	23,546	(0.63%)	484,564	1.88%

Registered Voters: 17,402 (06/15/01)

Housing:	<u>1990</u>	<u>2000</u>
Total Housing Units	8,892	9,925
Total Occupied Units	8,728	9,636
Owner Occupied:	6,939	7,569

Year Structure Built:

1990-2000	10.4%
1980-1990	5.1 %
1970-1980	19.2%

Elevation:

North of Ridge 595 above sea level  
 South of Ridge 615 above sea level  
 Area: 7 square miles (6.9 sq. miles)  
 Road miles: 88.99 miles

1960-1969	26.9%	Sanitary Sewer Lines: 74.10 miles (12/05)
1950-1959	25.9%	Water Lines: 88.27 miles (12/05)
1940-1949	7.7%	Storm Sewer Lines: 58.27 miles (12/05)
1939 or earlier	4.8%	Sanitary Manholes: 1092 precast/628 block
		Storm Manholes: 858 precast/320 block
		Sidewalk 8,935 feet

Census Populations of Lake County's 19 Municipalities

	1990	2000
City of Gary	116,646	102,746
City of Hammond	84,236	83,048
City of East Chicago	33,892	32,414
Town of Merrillville	27,257	30,560
City of Hobart	21,822	25,363
Town of Schererville	19,962	24,851
<b>Town of Highland</b>	<b>23,696</b>	<b>23,546</b>
Town of Munster	19,949	21,511
Town of Griffith	17,916	17,334
City of Crown Point	17,728	19,806
City of Lake Station	13,899	13,948
Town of Dyer	10,923	13,895
Town of Cedar Lake	8,885	9,279
Town of St. John	4,921	8,382
Town of Lowell	6,430	7,505
City of Whiting	5,155	5,137
Town of Winfield	645	2,298
Town of New Chicago	2,066	2,063
Town of Schneider	310	317

Highland is the seventh largest municipality and the third largest town in Lake County.

**Distance and Direction to Major Cities**

Chicago, IL	(NW)	21 miles
Indianapolis, IN	(SE)	165 miles
Detroit, MI	(NE)	250 miles
Toledo, OH	(E)	210 miles

**Climate**

Coldest month: January  
Average Temp 20.1 F.

Hottest month: July  
Average Temp 72.9 F.

ISO Fire Service Rating: 4

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

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS  
TOWN OF HIGHLAND  
LAKE COUNTY, INDIANA  
January 1, 2009 to December 31, 2009





TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	4-5
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	6-7
Schedule of Expenditures of Federal Awards.....	8
Note to Schedule of Expenditures of Federal Awards.....	9
Schedule of Findings and Questioned Costs.....	10-12
Schedule of Prior Audit Findings.....	13
Corrective Action Plan.....	14-17
Exit Conference.....	18

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Michael W. Griffin	01-01-08 to 12-31-11
President of the Town Council	Dan Vassar	01-01-09 to 12-31-09
	Mark A. Herak	01-01-10 to 12-31-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statements of the Town of Highland (Town), as of and for the year ended December 31, 2009, as presented in its Comprehensive Annual Financial Report (CAFR), and have expressed our unqualified opinion thereon dated September 23, 2010. The CAFR is a separate report containing our Independent Auditor's Report and is on file at the Town Clerk-Treasurer's Office. It is available upon request.

Our audit was conducted for the purpose of opinions on the financial statements that collectively comprise the Town's basic financial statements. This supplemental report is intended to present our Supplemental Audit of Federal Awards which includes our Report over Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards and the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133. Also included, are the Schedule of Expenditures of Federal Awards and related notes, as well as the Schedule of Findings and Questioned Costs.

The above schedules have been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, are fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

STATE BOARD OF ACCOUNTS

September 23, 2010



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

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

We have audited the basic financial statements of the Town of Highland (Town), as of and for the year ended December 31, 2009, as presented in its Comprehensive Annual Financial Report (CAFR), and have expressed our unqualified opinion thereon dated September 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Parks and Recreation Building Corporation, a blended component unit, as described in our report on the Town's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in item 2009-01 of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we consider the significant deficiency described above as item 2009-01 to be a material weakness.

Compliance

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

The Town's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

September 23, 2010



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REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Town of Highland (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2009. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

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

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

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

A control deficiency in a Town's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

Schedule of Expenditures of Federal Awards

We have audited the accompanying basic financial statements of the Town of Highland (Town), as of and for the year ended December 31, 2009, as presented in its Comprehensive Annual Financial Report (CAFR), and have expressed our unqualified opinion thereon dated September 23, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

STATE BOARD OF ACCOUNTS

September 23, 2010

TOWN OF HIGHLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through Indiana Department of Agriculture Farmers' Market Promotion Program	10.168		\$ 500
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Edward Byrne Memorial Formula Grant Program	16.579		11,202
Pass-Through Indiana State Police Law Enforcement Assistance - Narcotics and Dangerous Drugs Training	16.004		750
Pass-Through Indiana Criminal Justice Institute Community Prosecution and Project Safe Neighborhoods Project Safe Neighborhoods	16.609	07-GPN-001 06-AGN-007	52,610 48,279
Total for program			100,889
Anti-Gang Initiative Project Safe Neighborhoods	16.744	07-AGN-004	32,442
Total for federal grantor agency			145,283
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction Kennedy Avenue Reconstruction Project	20.205		364,165
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster State and Community Highway Safety Big City/Big County Seat Belt Enforcement	20.600	PT-10-04-04-24	14,076
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants OPO Banquet Equipment DUI Task Force Enforcement Program Aggressive Driving Enforcement Program	20.601	K4-2009-04-03-09 K8-2009-03-03-17 K4-2009-08-01-10	500 19,988 1,751
Total for program			22,239
Total for cluster			36,315
Total for federal grantor agency			400,480
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters) Disaster 1795	97.036		51,713
Total federal awards expended			\$ 597,976

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF HIGHLAND  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

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

TOWN OF HIGHLAND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified?		yes
Significant deficiencies identified that are not considered to be material weaknesses?		no
Noncompliance material to financial statements noted?		no

Federal Awards:

Internal control over major programs:		
Material weaknesses identified?		no
Significant deficiencies identified that are not considered to be material weaknesses?		none reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?		no

Identification of Major Programs:

Highway Planning and Construction Cluster	
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	no

Section II – Financial Statement Findings

FINDING 2009-1, INTERNAL CONTROLS OVER REPORTING

The Town does not have adequate internal controls in place for the review and verification of information prepared by third parties and presented for audit.

Financial Statements-Water Utility and Sanitary District

The Town employs various accounting consultants to prepare financial statements to be used in the preparation of the Comprehensive Annual Financial Report. Water Utility and Sanitary District financial reports are prepared on the accrual basis of accounting by a consultant. The statements were presented to the State Board of Accounts examiners prior to being reviewed by the Clerk-Treasurer or any of his designees. The statements contained obvious errors, including a prior period adjustment which was

TOWN OF HIGHLAND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

reported in the Statement of Cash Flows and not presented in the Statement of Activities in accordance with generally accepted accounting principles. The adjustment would not be reported on the Statement of Cash Flows unless it was an adjustment to cash and cash equivalents. In addition, an explanatory note to the financial statements was not included.

Capital Assets

Another consultant is employed to prepare a report of Capital Assets and the related Accumulated Depreciation activities, and Construction Work in Progress. Total capital assets, net of accumulated depreciation, including Construction Work in Progress and Land account for \$44,842,054 of the \$69,377,809 total assets reported on the Statement of Net Assets for governmental and business-type activities. An employee in the Clerk-Treasurer's office maintains records of capital assets and construction in progress based upon information provided to by the various City departments. These records are then provided to the consultant for the preparation of the report. The records maintained by this clerk are not reviewed by management to ensure the record is complete and accurate. Our review of the minutes of the Town Council indicated some major additions were excluded. Some of the excluded items included property purchased at 3309 Ridge Road, and three police vehicles and a diesel truck acquired through capital leases. The property purchase of \$52,134 represented 100% of the additions to the Town land. The purchase of the police vehicles of \$66,407 and the diesel truck of \$44,659 represented 35% of the additions to the Town's Equipment and Vehicles.

Furthermore, some construction in progress included in the records maintained by the employee were excluded from the report prepared by the consultant. The employee's records of construction in progress additions exceeded the report's additions by \$527,566 which accounted for 14% of the total additions to construction in progress. Also, the report excluded items capitalized through accounts payable or contracts payable of \$382,315. The Clerk-Treasurer subsequently determined that the report is prepared on the cash basis of accounting even though the Town reports on an accrual basis of accounting.

The beginning balance of the capital assets exceeded the prior year ending balance by \$52,156. The difference could not be identified.

It was brought to our attention by the Director of Public Works that two items included in the Construction in Progress balance should not have been capitalized. The two projects are reported as Caddy Marsh Ditch Flood Control (\$10,933) and 41st Lane Sanitary Sewer Project (\$9,989).

During the course of the audit, the report was revised several times by the consultant to adjust for the items brought to their attention. Failure to review the reports caused delays in the performance of our audit procedures.

Comprehensive Annual Financial Report

Finally, a third consultant was employed to prepare the Comprehensive Annual Financial Report (CAFR) for submission to the Government Finance Officers Association (GFOA) for consideration of receiving a certificate for excellence in reporting. This report contained several errors which should have been detected by management prior to presentation to the State Board of Accounts for audit. Some of the more obvious errors included inconsistent names of funds and spelling errors; a fund included on the Statement of Revenues, Expenditures, and Changes in Fund Balances which was not included on the Combining Balance Sheet or listed on the pages defining the funds; and the balances reported in the Combining Statement of Fiduciary Net Assets - Agency Funds did not agree to the balances reported on

TOWN OF HIGHLAND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

the Statement of Fiduciary Net Assets. Significant changes to reported dollar amounts were also detected and corrected by examiners. Dollar errors occurred by not reporting new capital leases as issuance of debt on the Statement of Revenues, Expenditures, and Changes in Fund Balances; not ensuring both transfers in and out of funds were recorded; reporting taxes receivable amounts net of amounts to be reported as deferred revenues on the Balance Sheets, but still reporting a portion of the deferred revenues; and including prior year receivables or payables as current year amounts.

Because of the extent to which third party reports are to be relied upon by management to report the financial transactions of the Town, and the lack of evidence of reviews performed by management, this indicates a material weakness within the internal control structure of the Town.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

We recommended that officials establish a system for review and comparison of consultant prepared reports to records maintained by the Town. Such a system could include the establishment of checklists which identify which record or records should agree to which reported amounts, including that prior year ending reported balances should agree to beginning balances for current year reports. Officials should also ensure that departments communicate clearly when items should be capitalized or expensed as well as reasons for the determination if not clearly identified. These individuals should then be included and consulted as financial statements are being prepared to ensure records are complete and accurate.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF HIGHLAND  
SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



# TOWN OF HIGHLAND

Highland Municipal Building • 3333 Ridge Road

Highland, Indiana 46322

219-838-1080 • Fax 219-972-5097



Population 23,546

Incorporated in  
1910

Thursday, September 23, 2010

Bruce Hartman, C.P.A.  
State Examiner  
Indiana State Board of Accounts  
Indiana Government Center South E 418  
302 W. Washington Street  
Indianapolis, Indiana 46204-2738

**Re: Corrective Action Plan in Response to the Schedule of Findings Filed for the Town of Highland, Lake County, Indiana, pursuant to Circular No. A-133 for its Audit Period ending December 31, 2009.**

Dear Mr. Hartman:

The proper officers of the Town of Highland, Lake County, Indiana, met with the Lead Field Examiner of the State Board of Accounts on September 23, 2010, for what is commonly called an exit conference regarding the audit findings for the audit conducted for the fiscal year ended December 31, 2009, all pursuant to IC 5-11-1-8 and IC 5-11-1-25(a)(5). At that time, the examiner presented to the proper officers written audit results and comments. In addition, the examiner presented a Supplemental Audit Report of Federal Awards, pursuant to guidance offered in Single Audit Act of 1984 and OMB Circular No. A-133. A finding was identified and reported. This letter represents the corrective action plan and response addressing the reported finding.

### **Finding No. 2009-1 Internal Controls over Reporting**

The auditor states that the Town does not have adequate internal controls in place for the review and verification of information prepared by third parties and presented for audit. It is noted that there were no material weaknesses reported over major programs funded by Federal Awards. This finding was related to internal controls related to financial reporting.

*Recommendation.* The auditor recommends that officials establish a system for review and comparison of consultant prepared reports to records maintained by the Town. Such a system could include the establishment of checklists which identify which record or records should agree to which reported amounts, including that prior year ending reported balances should agree to beginning balances for current year reports. Officials should also ensure that departments communicate clearly when items should be capitalized or expensed as well as reasons

### 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

for the determination if not clearly identified. These individuals should then be included and consulted as financial statements are being prepared to ensure records are complete and accurate.

### **Corrective Action Plan and Response**

*Response.* While proper officers hold a sincere and different view regarding materiality and what may have informed the finding, the proper officers concur in the need to fortify and enhance the internal review of the several reports generated in support of the preparation of the Comprehensive Annual Financial Report. The proper officers note that some of the early fieldwork and review was performed over a draft iteration of the capital asset record, which was not ready for review by the external auditors. This may have informed the finding as it was finally identified and reported. Further, the final report -- the one intended to represent work product ready for audit and review -- fully presented all assets and was not marred by any of the identified concerns or omissions raised in this finding. This was made available before the conclusion of the audit fieldwork. The proper officer conferred with the third party consultants, either in person or by telephone, during the preparation of the financial statements in order to ensure completeness and accuracy. The proper officers further note that in the course of preparing the management discussion and analysis, which is prepared by the Town Clerk-Treasurer, issues were discovered with the financial statements, which prompted the corresponding further refinement and correction. It is believed that this process represented a form of compensating control.

However, the proper officers acknowledge and share the concern that the capital asset record was presented as if ready for audit without a step of review or approval by a clearly authorized designee or the responsible financial officer. Further, the proper officers share the auditor's view recognizing the importance of and the need to enhance and fortify processes of review and internal control related to the several reports that inform the Town's financial reporting. We further recognize and agree that any process or controls should provide reasonable assurance regarding the reliability of financial information and records among other objectives.

The proper officers also wish to note that owing to a staff issue of the auditee, the completion of some of the underlying utility reports was unduly delayed. Additionally, there was a change in the manner in which the financial reports were to be prepared in this audit period, distinct and different from prior years. Both of these elements worked to make this process more protracted than desired and introduced

complications in the annual reporting process, placing stresses on the usual workflows and work product. It is believed that there were identified compensating controls that had been in practice in previous years, but in the current instance, the execution of these was confounded.

*Corrective Action Plan.* The proper officers share the auditor's belief that a system for review and comparison be implemented and formalized over the series of actions that are antecedent to the preparation of the financial reports. Supporting records will not be delivered to auditing officials before review by and authorization from the Clerk-Treasurer or the Deputy Clerk-Treasurer. We will continue to have an opening conference or meeting with any and all third party consultants and a review conference to assure the consistency and reasonable assurance regarding the reliability of the financial information and records.

In addition, the following action list, or additional steps have been or will be taken:

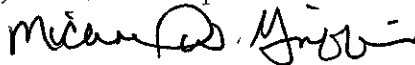
1. With the imprimatur of the proper board or commission, require the department head (Public Works Director or Parks and Recreation Superintendent, etc.) to cause project information to be clearly noted on every accounts payable voucher or invoice that is related to capital project construction work in progress. This includes clearly identifying and verifying any design engineering services
2. With the imprimatur of the proper board or commission, require project managers to submit a project completion summary that contains information on all additions that need to be capitalized (i.e. miles of road, feet of sidewalk, mains, pipe, etc). This will be filed periodically (monthly) with the Chancery/Bursar Clerk in the Office of the Clerk-Treasurer. The Chancery/Bursar Clerk will timely report to the Clerk-Treasurer or the Deputy Clerk-Treasurer when this and any related report has not been filed. In support of this, a monthly checklist will be created for the Chancery/Bursar Clerk to utilize to ensure that she is receiving the reports from each department on a monthly basis.
3. Modify capital asset property/equipment reporting form and ensure that ALL department leadership understand the threshold for reporting (i.e. \$5,000 or more). Subject to budgetary limitations, cause a workshop to be conducted for department heads to better understand the capital asset ordinance and policy of the municipality.

4. A step will be added to current processes and assigned to a responsible worker to compare project data obtained through accounts payable voucher review against meeting minutes of the Town Council, Sanitary Board, Waterworks Board of Directors or board with spending authority over a capital project.

In addition, a step will be added to current processes and assigned to a responsible worker to compare acquisition reports submitted by departments against meeting minutes of the Town Council, Sanitary Board, Waterworks Board of Directors or board with spending authority over a capital project.

5. Streamline utility account project reporting to allow the capital asset report and the Utility report to be balanced to each other on a monthly balance to ensure that any discrepancies are rectified on a timely basis.
6. The current capital asset report must be changed to modified accrual to ensure that it accurately properly supports the final financial report and complies with the GAAP standards for the assets it reports for the business activities and the governmental activities of the primary government. In addition, insist that the capital asset report include a project summary page to assist in the balancing process.

It is believed that the forgoing will enhance and fortify internal controls related to financial reporting, which provide reasonable assurance regarding the reliability of the financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations.



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

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Cc: Mary Jo Small, C.P.A., SBA District (Field) Supervisor  
Kathleen A. Dowling, Deputy Clerk-Treasurer

TOWN OF HIGHLAND  
EXIT CONFERENCE

The contents of this report were discussed on September 23, 2010, with Michael W. Griffin, Clerk-Treasurer; Kathleen Dowling, Deputy Clerk-Treasurer; and Mark A. Herak, President of the Town Council.