

Comprehensive Annual Financial Report



Period Ending December 31, 2010
Town of Highland, Indiana

Comprehensive Annual Financial Report Town of Highland, Indiana



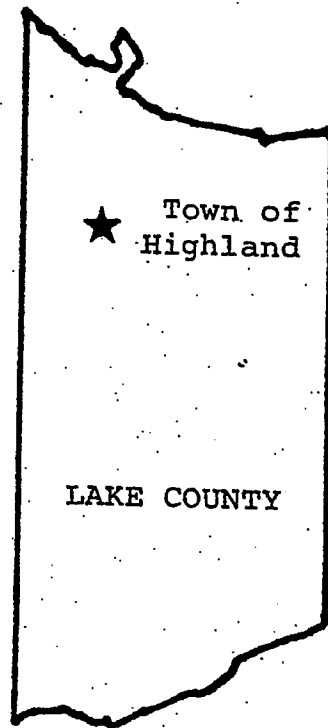
For the Year Ended
December 31, 2010

Prepared by the Office of the Highland Clerk-Treasurer

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

On the Cover. April 4, 2010 marked the centenary of the Town's incorporation as a municipal government. As part of the commemoration, the Select Centennial Commission engaged artist Judith Mayer to create a logo, to mark Highland's one hundredth anniversary. The logo graces the cover of this sixteenth CAFR to celebrate the fiscal year of Highland's One hundredth anniversary of incorporation. The logo incorporates a depiction of Tulips, a homage to the Town's settling by persons of Dutch heritage.





**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010
Town of Highland, Indiana**

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INTRODUCTORY SECTION



TOWN OF HIGHLAND

Highland Municipal Building • 3333 Ridge Road

Highland, Indiana 46322

219-838-1080 • Fax 219-972-5097



Population 23,696

Incorporated in 1910

Monday, October 31, 2011

Highland Town Council
Town of Highland, Indiana

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

As municipal executive, it is with pleasure that I submit this letter as introduction to the Comprehensive Annual Financial Report (CAFR) of the Town of Highland for the year ended December 31, 2010. This report has been prepared following guidelines set by the Government Finance Officers Association (GFOA) of the United States and Canada. As in previous years, this report will be submitted to the GFOA for its review.

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

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

Brian J. Novak
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

Monday, October 31, 2011

Highland Town Council
Brian J. Novak, 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, 2010**. As you may know, this is the *sixteenth* presentation of this annual financial report presented under a format that provides a greater degree of detail and disclosure.

State law requires that all general-purpose local governments publish within 60 days of the close of each fiscal year a cash basis financial report, which is then audited in accordance with generally accepted accounting standards by the Indiana State Board of Accounts. It is this officer's belief that higher standards of stewardship and transparency require more. So, since 1995, the Town of Highland through its Office of the Clerk-Treasurer has pressed this general-purpose local government to publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted accounting standards by the Indiana State Board of Accounts. Consistent with the desire for higher standards, the Office of the Clerk-Treasurer hereby issues the comprehensive annual financial report of the **Town of Highland** for the fiscal year ended December 31, 2010.

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, 2010**, 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, 2010**, 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 74-75** 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 76**. 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 83**. Also included in the governmental fund subsection are project-length budget-to-actual comparisons for each governmental fund for which a project-length budget has been adopted.

General Description

Highland is one of the "Ridge Communities," so-called because of the high ground that runs east-west through the northern part of the Town. The Ridge was once a beach-front for the receding waters of the Ice Age Lake Chicago. The Town of Highland was incorporated April 4, 1910, and celebrated its centenary of incorporation, throughout 2010 and early 2011.

The Town of Highland is essentially a residential community with retail and service establishments and a small cohort of light industry. The growth of the Town since the 1930 census can be attributed to the demand for residential sites in an area near the industrialized Calumet Region of northern Lake County. Today, Highland is one of Indiana's larger "towns," remaining the 8th largest municipality in the county and approximately 30th out of 566 in the state, with a 2010 census population of approximately 23,727.

Commerce and Transportation

The Town of Highland is located in Northwestern Indiana in Lake County, approximately 30 miles southeast of Chicago and 150 miles northwest of Indianapolis. The Tri-State Expressway (Interstate 80/94) is located just north of the Highland town limits. Other routes accessible to Town residents include Interstate 90, U. S. Highways 41 and 6, and State Roads 152 and 912. Interstate 65 is

approximately seven miles east of Highland. This close proximity to those major cities and the accessibility to transportation routes have allowed Highland to attract several new retail and commercial establishments as well as new residents from nearby Illinois.

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

Education

Public Education is provided by the School Town of Highland, which is a separate and distinct public entity governed by a separately elected Board of School Trustees. The Board is comprised of five (5) persons elected for terms of four (4) years on a staggered basis. The election is non-partisan. The School Town of Highland reported a combined enrollment of 3,410 for the 2010-2011 term. It maintains four (4) elementary school buildings, one (1) middle school, and one (1) high school. The following table indicates enrollment for the 2010-2011 and the preceding ten (10) terms:

School Town of Highland

<u>School Year</u>	<u>Enrollment</u>
2010-11	3,410
2009-10	3,405
2008-09	3,454
2007-08	3,454
2006-07	3,447
2005-06	3,451
2004-05	3,416
2003-04	3,382
2002-03	3,340
2001-02	3,306
2000-01	3,233

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

	Our Lady of Grace	Highland Christian	Calumet Baptist	Bible Baptist	Calvary Christian
2010-2011	168	357	(closed)	54	n/a

2009-2010	167	374	(closed)	70	n/a
2008-2009	167	374	(closed)	70	n/a
2007-2008	388*	367	(closed)	60	79
2006-2007	176	343	(closed)		97
2005-2006	176	349	(closed)		88
2004-2005	171	348	23		92
2003-2004	192	345	199		
2002-2003	231	360	200		
2001-2002	230	340	220		
2000-2001	238	355	289		

* 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. In 2010, a major project began that will result in a newly constructed Lincoln Community Center as well as a fully operational Fitness Center. The department offers arts & crafts programs and various other family activities to area residents. A community band and summer musical theater program is also featured. In addition, the department publishes and distributes **three** times annually to all Highland residents a program brochure which features most of the programs described.

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

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

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

Information Useful in Assessing the Government's Economic Condition

Highland boasts a 60-acre shopping center, Highland Grove, initiated during the summer of 1995. It continues to operate successfully and enjoys 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 181** 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 complementing the existing retail, banking and professional development is an Office Depot.

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

At this writing, approximately 758 acres, or 21%, of Highland remains undeveloped, although much of the space is the subject of development proposals. At the close of 2010, this was largely unchanged. It expected that owing to an 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. This project was bid by the Indiana Department of Transportation in late 2010 with construction expected to begin during the summer of 2011. Even with so much retail and commercial development, residential development continues to occur as well. *By the close of 2010, building permits were issued for 4 single-family dwellings, 10 Institutional, Commercial or Industrial and 1,221 miscellaneous permits.* This is significant in that these activities continued in a general recessionary economy.

Finally, the continuing presence of three Lake Michigan-based gaming and showboats in the nearby lakeshore communities of Gary, Hammond, and East Chicago continue to provide additional employment and financial opportunities. In fact, all three of these gaming sites, Hammond's *Horseshoe/Harrah's*, Gary's *Majestic Star* and Ameristar's *East Chicago*, continue to make the list of the area's larger employers. In early 2010, the Indiana Department of Transportation made a decision to permanently close the Cline Avenue bridge. This bridge is a major transportation artery for access to Ameristar's East Chicago casino. The closing of the Cline Avenue bridge has negatively impacted the casino revenues generated by Ameristar and, consequently, 50 employees were laid-off in July of 2010.

Local Economy

Donald L. Coffin, Ph.D., an area economist and associate professor of economics at Indiana University Northwest, notes in the *Indiana Business Review, Gary Forecast 2011*, (Winter 2010), that the Northwest Indiana economy has fared slightly worse than the national economy, with a decline in employment of 7.2 percent since the official start of the recession compared with a decline nationally of about 5.3 percent. He also indicates that U.S. gross domestic product (GDP) declined by 4.1 percent since the official start of the recession. However, since the recovery began in June 2009, U.S. gross domestic product (GDP) has increased by 3 percent. Dr. Coffin does note that the GDP growth during the early stages of the recovery is comparable to the GDP growth coming out of the 1991 and 2001 recessions.

Dr. Coffin noted that local employment in northwest Indiana has grown by 1.3 percent between July 2009 and September 2010. He also noted that this has not led to a decline in the unemployment rate, which has remained relatively unchanged. However, total wages in the first quarter of 2010 for northwest Indiana continue to decline, down by 2.8 percent since the second quarter of 2009.

Dr. Coffin posits that the health care sector is likely to continue offering its historically strong growth in employment in Northwest Indiana, adding about 1,000 jobs, or growth of 2.7 percent. He further suggests that the entertainment sector will add approximately 280 jobs and the hotel/food service sector will add approximately 300 jobs. This translates to an increase of 3.8 percent and 1.3 percent, respectively. He further reported that manufacturing employment will continue to decline with losses near 2.3 percent, with most of that loss within the iron and steel mill sector.

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 .2 percent, a rather anemic rate. However, the baseline sub-state forecasts from the Econometric Model Research forecasts employment growth in northwest Indiana of about 1.3 percent for 2011, 1.7 percent for 2012, and 1.5 percent for 2013. If this occurs, it will match the fastest three-year growth in employment that northwest Indiana has experienced since 1990. The extent of employment growth will depend on growth in the economy.

Dr. Coffin projected total employment to rise by a range of 500 to 800 jobs. In short, Dr. Coffin noted that the Northwest Indiana economy will do better than FY 2009 and FY 2010, however, it will tend to be less unpleasant as opposed to a robust 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 2010 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 took place for that purpose in November of 2010. A majority of those voting favored this change and, as a result, the tax caps have been rendered relatively "permanent" policy of the State of Indiana. The tax caps effectively reduce property taxes by reducing revenues to local governments.

Further, a companion statutory reform directing the State of Indiana to fund but not assume the liabilities of the pre-1977, non-actuarial public safety pensions for cities and towns, includes a provision that would "reduce and reset" the maximum levy for all affected units by the amount of "new money" the state provides. This meant for Highland an overall operating levy reduction in the amount of \$274,291. This reduction contributed to an operating deficit, which was absorbed by unobligated cash balance on deposit to the credit of the general fund. In short, while not balanced, the budget is funded. The economic prospect for Highland, even in the context of the foregoing, is still stable. It is expected that service levels should be maintained but is strained by increases in group health insurance, having increased in FY 2010 by 6%. The Town of Highland joined with an initial three other Indiana municipalities to form a Medical Trust under state law. At December 31, 2010 the Medical Trust had roughly 2,500 covered lives. 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 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 directed that budgets for FY 2011 be reduced by 4.5% from the 2010 operating levels. An allowance for estimated growth in group health insurance was permitted to be added back. The effect is that the net reduction for the operating departments ranged 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 2010. Finally, the Lake County Council continues to resist adoption of the 1% county option income tax. The Clerk-Treasurer has advised that the operating budget process should be fortified and reconstituted to align with a longer-term plan. For the FY 2012 budget, there are no plans to permit any net increase in operating expenditures unless supported by new revenues. Further, any cost increases in benefits will be absorbed within the constraint of no increased spending.

Long-Term financial planning. Even with the foregoing tax complications, the Town Council and other boards of the Town continue to explore capital plans, but are circumspect. The Governor appointed a Blue Ribbon Panel, Chaired by the former Governor, Joseph Kernan and the Chief Justice of the Indiana Supreme Court, Randall Shepard, to consider the current tax problem and examine the structure of Indiana government at all levels. The commission submitted its report, but many of its recommendations have yet to be embraced by Indiana General Assembly. (See [http: indianalocalgovreform.iu.edu](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 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 developed 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. In late 2009 and into early 2010, the program was reinitiated moved forward with a sale of mortgage revenue bonds in the amount of 11.16 million dollars. This sale took place in December of 2010. The project is expected to be completed in late 2011.

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, 2010. 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, 2009. This was the fifteenth 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 great and profoundly value-added assistance in completing this report.

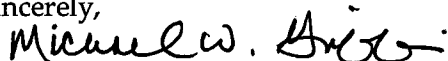
Further, I thank the members of the Town Council, the Board of Waterworks Directors and the Board of Sanitary Commissioners for their support of the development of this **sixteenth** CAFR and their support for enhanced financial reporting.

The Town joins me in expressing particular appreciation for the assistance and cooperation of Charles W. Pride, C.P.A.; Mary Jo Small, C.P.A.; and Cynthia David, C.P.A., all of the Indiana State Board of Accounts, who offer continuing guidance in the preparation of these reports. In addition, the Town joins me in expressing particular appreciation for the professional industry, assistance and cooperation of Susan Lardino, C.P.A. and Lori Adney, C.P.A of the Indiana State Board of Accounts for the timely and thorough completion of their independent audit and their very special efforts in the development of this sixteenth 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 sixteenth Comprehensive Annual Financial Report for the Town of Highland, for the period ending December 31, 2010.

Sincerely,



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

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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, 2009

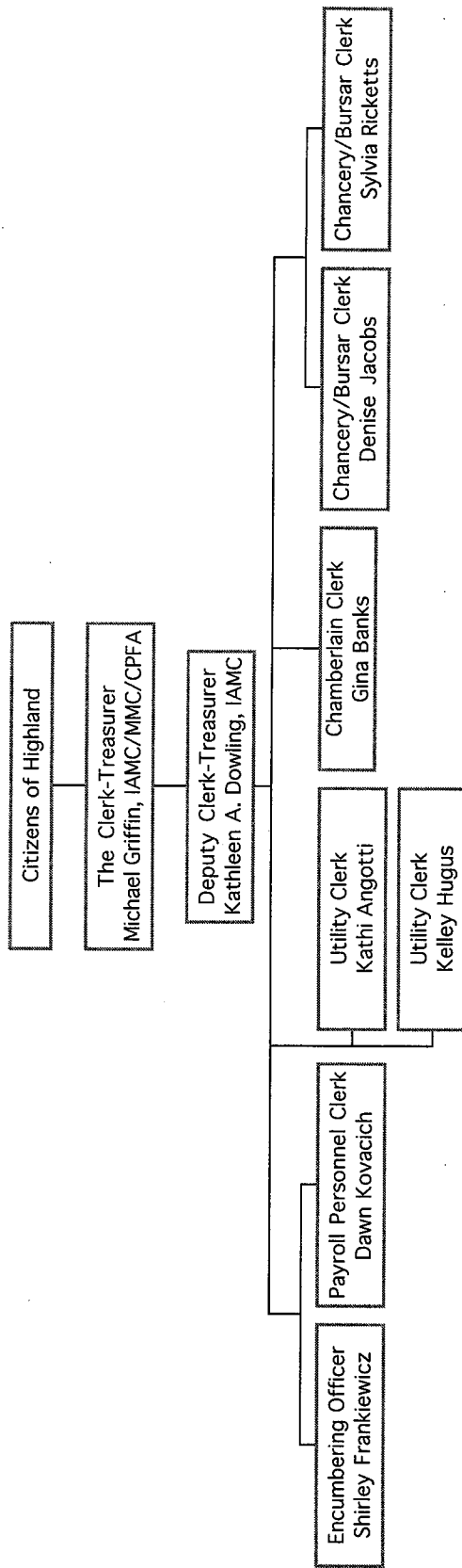
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



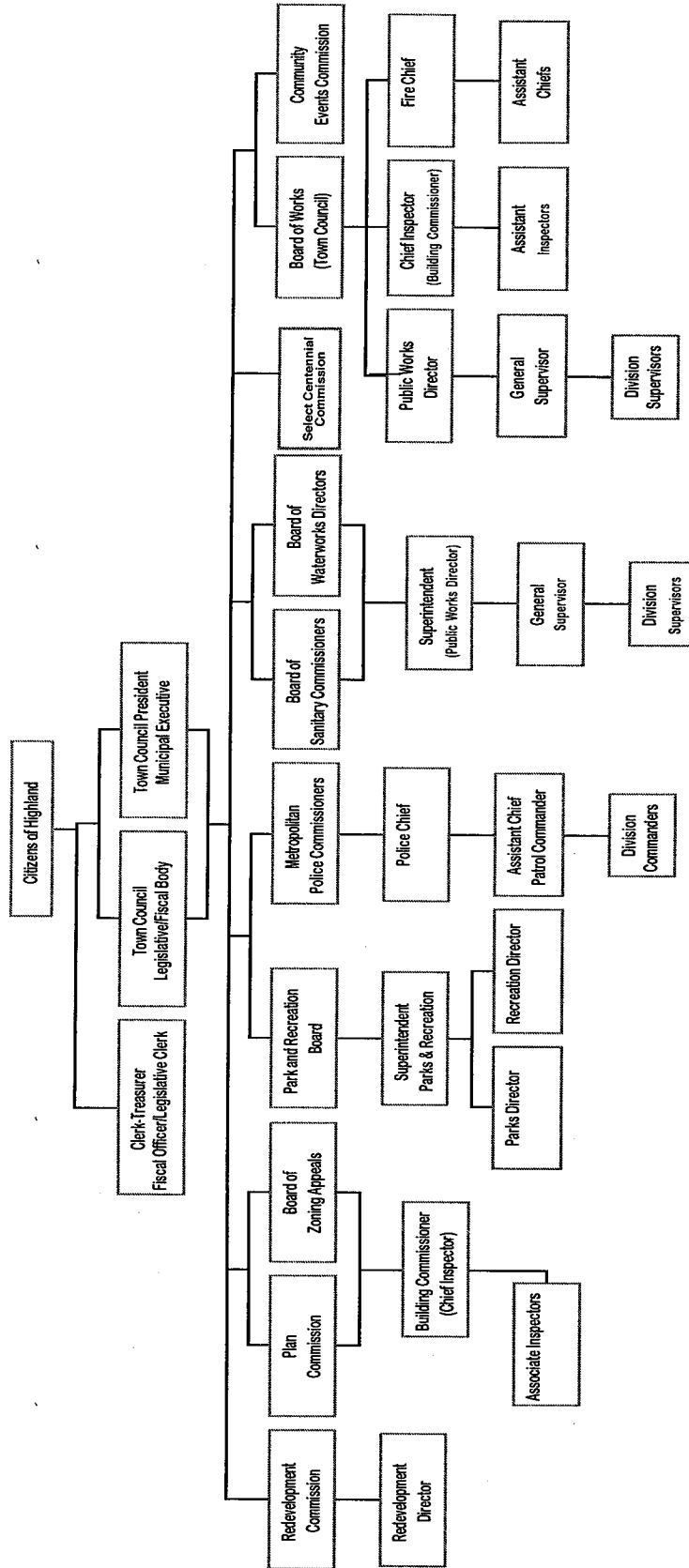
President

Executive Director

Office of the Town Clerk-Treasurer



Municipal Government of Highland



At June 30, 2011

TOWN of HIGHLAND
LISTING of ELECTED and PRINCIPAL OFFICIALS
at DECEMBER 31, 2010

<u>Elected Officials</u>	<u>Years of Service</u>	<u>Occupation</u>
Mark A. Herak, Town President	2000-2012 1980-1990	Director <i>General Electric Capital</i>
Konnie Kuiper, Town Vice-President	2008-2012	Funeral Director <i>Kuiper's Funeral Home</i>
Bernie Zemen, Town Councilor <i>1st Ward</i>	2004-2012	Owner/Operator <i>Timeless Images</i>
Dan Vassar, Town Councilor <i>3rd Ward</i>	2008-2012	Marketing Manager <i>Weil-McLain</i>
Brian J. Novak, Town Councilor <i>4th Ward</i>	2008-2012	Police Officer <i>Norfolk Southern Railroad</i>
Michael W. Griffin, IAMC/MMC/CPFA, Clerk-Treasurer 1992-2012		Chief Fiscal Officer <i>Town of Highland</i>

Attorneys and Consulting Professionals (2010)

Town Attorney:	Rhett Tauber, Tauber Westland & Bennett
Waterworks Board Attorney:	Rhett Tauber, Tauber Westland & Bennett
Plan Commission Attorney:	David Westland, Tauber Westland & Bennett
Metropolitan Police Commission Attorney:	Rhett Tauber, Tauber Westland & Bennett
Board of Sanitary Commissioners Attorney:	Robert Tweedle, Attorney
Municipal Ordinance (Solicitor) Attorney:	Nicole Bennett, Tauber Westland & Bennett
Park & Recreation Board Attorney:	Rhett Tauber, Tauber Westland & Bennett
Advisory Board of Zoning Appeals Attorney:	David Westland, Tauber Westland & Bennett
Redevelopment Commission Attorney:	Carol M. Green-Fraley, Beckman, Kelly & Smith
Town (Works Board) Engineer:	Terry Hodnik, P.E., NIES Engineering
Plan Commission Engineer:	John Phipps, P.E., NIES Engineering
Waterworks Engineer:	Terry Hodnik, P.E., NIES Engineering
Sanitary District Engineer:	Terry Hodnik, P.E., NIES Engineering

Appointed Department Leadership (2010)

Town Position

John M. Bach	Public Works Director/Utilities Superintendent
Peter T. Hojnicki	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

At December 31, 2010

Office of the Clerk-Treasurer

Kathleen A. Dowling, IAMC

Deputy Clerk-Treasurer

Department of Public Works

Jack Lannon (*deceased*)

General Supervisor

Timothy Gembala

Supervisor Water & Sewer

Kevin Huzzie

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

* (As Commander of Patrol Division he also holds designation as Assistant Chief)

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

Assistant Chief of Logistics/Planning

Kenneth Mika

Assistant Chief of Operations

Michael Pipta

Assistant Chief of Operations

Fred Wanicki

Assistant Chief of Operations

TOWN COUNCIL and CLERK-TREASURER for 2011

Brian J. Novak

President

Konnie Kuiper

Vice President

Bernie Zemen

1st Ward

Mark A. Herak

2nd Ward

Dan Vassar

3rd Ward

Michael W. Griffin, IAMC/MMC/CPFA

Clerk-Treasurer

**TOWN of HIGHLAND
LISTING of MUNICIPAL BOARDS and COMMISSIONS
at DECEMBER 31, 2010**

Municipal Plan Commission

Daniel Grimmer, President	6/8/2009 Legislative Appointment
Mario Martini	2/1/2007 to First Monday in January 2011
James K. Slagle	2/11/2008 to First Monday in January 2012
Thomas VanderWoude	1/13/2010 to First Monday in January 2013
Dan Vassar	Legislative Appointment
Vacancy	Executive Appointment

Advisory Board of Zoning Appeals

James Slagle, President	10/27/2008 to First Monday January 2012
	<i>Executive Appointment-Coextensive with Plan Commission term</i>
Mario Martini	2/1/2007 to First Monday in January 2011
Steven W. Wagner	1/1/2007 to First Monday January 2011
	<i>Executive Appointment – citizen member</i>
David Helms	10/27/2008 to First Monday January 2013
	<i>Fiscal Body Appointment</i>
Vernon D. Sieb	1/13/2010 to First Monday January 2014

Board of Water Works Directors

Keith Bruxvoort, President	2/11/2008 to First Monday in 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 McMahon	1/13/2010 to First Monday in 2013

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 - 12/31/2013
David Jones	01/28/2008 - 12/31/2011
Robert Johnson	01/15/2009 - 12/31/2012

Park and Recreation Board

Vicki L. Crowel, President	1/15/2009 to First Monday in January 2013
Carlos O. Aburto	1 st Monday in Jan 2007 to 1 st Monday in January 2011
Jim Stange	8/24/2010 to 1 st Monday in January 2014
Thomas Arnold	1 st Monday in Jan 2008 to 1 st Monday in January 2012
Lawrence Vassar	School Board Appointment
Dennis Tobin	Library Board Appointment

Town Board of Metropolitan Police Commissioners

James Turoci, President	01/28/2008 - 01/01/2011
James DeGraff	01/01/2009 - 01/01/2012
Danny Stombaugh	02/12/2007 - 01/01/2010
Dennis Adams	01/15/2009 - 01/01/2012
Andrew R. Hein	01/13/2010 - 01/01/2013

Redevelopment Commission

Tom G. Crowel, President	1/15/2009 - 1st day in Jan 2011
	<i>(Executive appointment)</i>
Greg Kuzmar	1/26/2009- 1st day in Jan 2011
	<i>(Legislative appointment)</i>

Town of Highland
Elected Officers and Key Department Officials Wage and Salary 2010

Office of the Town Council (Elected)

Meets 1st & 3rd Mondays at 7:00 p.m.

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

1st Ward Council

Bernie Zemen (D) -- 1/1/2008 - 01/01/12*
Salary: \$1,164 per month / \$13,968 annually
\$10.00 per month Longevity

2nd Ward Council

Mark A. Herak *Town Council President*
(HFC) -1/1/2008 - 01/01/12*
Salary: \$1,164 per month / \$13,968 annually
Waived Longevity & President's Pay

3rd Ward Council

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

4th Ward Council

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

5th Ward Council

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

Office of the Town Clerk-Treasurer

Clerk-Treasurer (Elected)

Michael W. Griffin, IAMC/MMC/CPFA (D) -- 1/1/2004 - 01/01/08*
Salary: \$2,451.54 bi-weekly /\$63,740.04 annually**
Waived longevity

Deputy Clerk-Treasurer (Appointed)

Kathleen A. Dowling, IAMC
Salary: \$1,552.21 bi-weekly /\$ 40,357.46 annual base pay**

Metropolitan Police Department

Metropolitan Police Chief

Peter T. Hojnicky
Salary: \$ 2,675.13 bi-weekly /\$ 69,553.38 annual base pay**
Plus longevity of \$1,206.40 = \$70,759.78
plus Clothing \$950 plus car = \$71,709.78

Public Works Department

Public Works Director Superintendent of Sanitary District & Waterworks

John M. Bach
Salary: \$ 2,809.34 bi-weekly /\$ 73,042.84 annual base pay**
plus longevity of \$ 1,206.40 = \$ 74,249.24

Building and Inspection Department

Chief Inspector/Building Commissioner

Kenneth Mika
Salary: \$ 2,225.12 bi-weekly \$57,853.12 annual base pay**
plus longevity of \$1,206.40 = \$59,059.52

	Advisory Board of Zoning Appeals, Liaison
Dan Vassar	Redevelopment Commission, Liaison Plan Commission Member
Bernie Zemen	Town Board of Metropolitan Police Commissioners, Liaison Chamber of Commerce, Co-Liaison Lake County Solid Waste Management District Board of Directors President's designee, Centennial Commission Park and Recreation Board, Liaison
Konnie Kuiper	Fire Department, Liaison
Michael W. Griffin	Indiana League of Municipal Clerks & Treasurers Past State President Past State Vice President Past State Secretary Past State Treasurer Past Executive Director Education Committee Legislative Committee Past Parliamentarian Indiana Accredited Municipal Clerk International Institute of Municipal Clerks Master Municipal Clerk (MMC) Member, Master Municipal Clerks Academy Chair, Committee on Programs and Certification Association of Public Treasurers of US and Canada Certified Public Finance Administrator (CPFA) 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 Chair of the 16 Plus Cities and Towns Association

Town of Highland
Elected Officers and Key Department Officials Wage and Salary 2010

Office of the Town Council (Elected)

Meets 1st & 3rd Mondays at 7:00 p.m.

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

1st Ward Council

Bernie Zemen (D) -- 1/1/2008 - 01/01/12*
Salary: \$1,164 per month / \$13,968 annually
\$10.00 per month Longevity

2nd Ward Council

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

3rd Ward Council

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

4th Ward Council

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

5th Ward Council

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

Office of the Town Clerk-Treasurer

Clerk-Treasurer (Elected)

Michael W. Griffin, IAMC/MMC/CPFA (D) -- 1/1/2004 - 01/01/08*
Salary: \$2,451.54 bi-weekly / \$63,740.04 annually**
Waived longevity

Deputy Clerk-Treasurer (Appointed)

Kathleen A. Dowling
Salary: \$1,552.21 bi-weekly / \$ 40,357.46 annual base pay**

Metropolitan Police Department

Metropolitan Police Chief

Peter T. Hojnicky
Salary: \$ 2,675.13 bi-weekly / \$ 69,553.38 annual base pay**
Plus longevity of \$1,206.40 = \$70,759.78
plus Clothing \$950 plus car = \$71,709.78

Public Works Department

Public Works Director Superintendent of Sanitary District & Waterworks

John M. Bach
Salary: \$ 2,809.34 bi-weekly / \$ 73,042.84 annual base pay**
plus longevity of \$ 1,206.40 = \$ 74,249.24

Building and Inspection Department

Chief Inspector/Building Commissioner

Kenneth Mika
Salary: \$ 2,225.12 bi-weekly \$57,853.12 annual base pay**
plus longevity of \$1,206.40 = \$59,059.52

Fire Department

Fire Chief

William R. Timmer, Jr., CFOD
Salary: \$ 2,126.75 bi-weekly \$ 55,295.50 annual base pay**
Plus longevity of \$499.20
Plus clothing \$ 950 plus car = \$ 56,744.70

Assistant Fire Chief for Safety

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

Assistant Fire Chief for Logistics and Planning

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

Assistant Fire Ground Operations Chief

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

Assistant Fire Ground Operations Chief

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

Assistant Fire Ground Operations Chief

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

Parks and Recreation Department

Parks & Recreation Superintendent

Alex M. Brown, CPRP
Salary: \$ 2,399.33 bi-weekly = \$ 62,382.58 annual base pay**
Plus longevity \$499.20 = \$ 62,881.78

Redevelopment Department

Redevelopment Director

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

Municipal Boards and Commissions

Municipal Plan Commission

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

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

Advisory Board of Zoning Appeals

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

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

Park and Recreation Board

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

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

Town Board of Metropolitan Police Commissioners

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

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

Redevelopment Commission

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

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

Community Events Commission

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

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

Waterworks Board of Directors

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

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

Board of Sanitary Commissioners

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

(1) President Salary:	\$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. In 2011, the Board chose to assume compensation as set forth in State law.

Traffic Safety Commission

Meets 1st 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 Department

The Highland Fire Department, while sometimes styled as a "volunteer department" is actually a *paid-on-call* department, whose firefighters are "part-time" employees of the Town under the direction of a full-time Fire Chief. The Highland Fire Department is organized to save lives, suppress and control fires, provide emergency response services, hazardous materials recognition and response, fire prevention, and otherwise provide customer service activities as deemed in the best interest of the citizens of our community and the Fire Department. The Fire Department is

made up of 35 active paid on call firefighters, 17 reserve members, all of whom are members of the Highland Firefighters Association, and the Fire Chief as head of department. The department is under the direct supervision of the Town Council.

Municipal Plan Commission and the Advisory Board of Zoning Appeals

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

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

The current Municipal Plan Commission for the Town of Highland is organized pursuant to provisions set forth in the Indiana Code 36-7-4-202. Since Highland operates as a Town form of government, the provisions under the state planning law pertaining to (Advisory) Plan Commissions governs. So, as a Town Municipal (Advisory) Plan Commission, Highland's Municipal Plan Commission is organized as a seven-member panel with four (4) citizen members appointed by the municipal executive for a term of four (4) years (IC 36-7-4-207(b)(2)). No more than two (2) of the citizen members may be of the same political party. The terms pursuant to statute are from the first Monday in January to the first Monday in January four (4) years following. Three (3) members of the commission are legislative appointments who shall be either elected or appointed officials of the municipality or municipal employees.

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

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

The Plan Commission has a "hearing and rulemaking" methodology. Planning matters must be acted upon at the Plan Commission level with subsequent action by the legislative body (Town

Council) within a time certain. These procedures are generally outlined in IC 36-7-4-600 and in Rules and Procedures of the Highland Plan Commission.

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

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

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

The Municipal Executive appoints three (3) citizen members – one (1) must be a plan commission member; two (2) must not be members;
I.C. 36-7-4-902(a)(1)

The Municipal Fiscal Body appoints one (1) citizen member who must not be a plan commission member;
I.C. 36-7-4-902(a)(2)

The Plan Commission appoints one (1) member who must be a plan commission member other than the one appointed by the municipal executive;
I.C. 36-7-4-902(a)(3).

Highland Board of Metropolitan Police Commissioners • Metropolitan Department of Police

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

Following a required referendum of the community submitted to the voters on November 8, 1955 with a vote of 958 voting yes and 573 voting no, the Town Board abolished the Office of Town Marshal. On December 6, 1955, Ordinance No. 400 was passed establishing the Town Board of

Metropolitan Police Commissioners as a three-member panel to be appointed by the Board of Trustees. In 1983, the legislative body passed Ordinance No. 893, providing for the appointment of two (2) additional Police Commissioners, bringing the number to five (5) members. Each member serves for a term of three (3) years and at the pleasure of the appointing authority. Commissioners receive an annual salary, paid monthly.

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

Redevelopment Commission and Department of Redevelopment

The statutory authority (enabling authority), providing for the establishment of Municipal Redevelopment Commissions, is generally set out in IC 36-7-14. In that chapter, general economic development and planning powers are spelled out for local units that adopt the statute through local ordinance. The Town of Highland, through its Town Council, passed Ordinance No. 946, establishing a Department of Redevelopment and providing for a Redevelopment Commission on January 22, 1990. The Redevelopment Commission is composed of five (5) members, three (3) of whom are appointed by the municipal executive and two (2) 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 200th Anniversary of Independence, which would officially take place July 4, 1976. The Town of Highland responded by establishing its first festival administering body, which was called the Highland Bicentennial Commission.

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

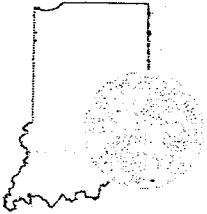
At the conclusion of the Diamond Jubilee Year, the Town Council reformulated the group once again to its current formulation as the Highland Council of Community Events. In 1999, The Town Council re-established the commission according to the provisions of the Home Rule Statute (IC 36-1-3 et seq.) adopting Ordinance 1112. Later, the Council of Community Events was dissolved by action of the Town Council and reconstituted as the Park Advisory Council of Community Events. Later, the Town Council amended the Highland Municipal Code, adopting Ordinance 1335 on November 27, 2006 to be effective January 1, 2007. The Special Events Advisory Committee was recomposed to be a body of seven (7), with three (3) appointed by the Town Council President and four (4) appointed by the Town Council. In April 2008, the Town Council amended the Municipal Code again, adopting Ordinance No. 1385, which reconfigured the committee to be a body of eleven (11) persons, with various appointment authorities, now renamed the Special Events Advisory Commission. Finally, the ordinance was amended still again, where the structure was fixed under its current iteration and the body was re-named the *Community Events Commission, a body of sixteen (16) persons.*

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

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, 2010, 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 the Parks and Recreation Building Corporation or the Lincoln Community Center Building Corporation, blended component units, which represents 16 percent of the total assets and less than 1 percent of the total revenues of the governmental activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Parks and Recreation Building Corporation and the Lincoln Community Center Building Corporation is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over 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 reports 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, 2010, 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 forming an opinion on the basic financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual nonmajor fund 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 22, 2011, 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 22, 2011

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, 2010**. 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 **\$64,500,933** (*net assets*). Of this amount, **(-\$664,386)** (*unrestricted net assets*) may be used to meet the government's on-going obligations to citizens and creditors. (*This debit balance in unrestricted net assets is attributable to an unusual net pension obligation that is from a 1925 law, which provides for a non-actuarial plan. While accounting standards hold that this obligation is one for the entire Town, it should be noted that there is a dedicated Trust Fund, the Police Pension Fund, which is where the actual obligation is maintained. Adjusted for the Net Pension Obligation, Highland's unrestricted net assets would be \$4,728,822.*)
- The government's total net assets increased by **\$19,893,354** in FY 2010. **Allowing for a prior period adjustment**, this increase represents an increase of \$20,739,511 in total net assets related to governmental activities and a *decrease* of (\$846,157) in total net assets in business type activities. **However, owing to the restatement of the prior period due to compliance with GASB 51, which caused an addition of intangible assets, rendered a positive adjustment of \$14,051,189 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 \$6,688,322 and for the entire primary government is \$5,842,165.* 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 \$26,375,159 and expenses totaling \$20,532,994. Much of the increased revenue is attributable to significant capital grants and contributions in 2010.
- As of the close of the current fiscal year, the TOWN OF HIGHLAND'S governmental funds reported combined ending fund balances of **\$9,637,674** a 15.52% increase amounting to \$1,294,652 over the prior year. This increase in ending fund balances is attributable to overall governmental activities expenditures at \$11,991,696 being lower than overall governmental activities revenues, at \$18,680,018. However, of the government funds' combined ending fund balances, the amount of **\$7,942,063** 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 **\$2,002,826** or 26% of total general fund expenditures.
- The TOWN OF HIGHLAND'S total long-term debt increased by a net of **\$12,793,962** (70%) during 2010. The key factor in this increase was the issuance of new debt by the Lincoln Community Center Building Corporation for the reconstruction of the Lincoln Community Center in the amount of \$11,160,000 and by the Department of Public Sanitation and Sanitary District in the total par value of \$2,360,00 for various storm water and watershed management projects. Finally, the Town Council issued Corporation Economic Development Target Area Bonds in the amount of \$890,000 for road resurfacing and improvement.

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 and a legally separate Lincoln Community Center Building (Holding) Corporation, for which the TOWN of HIGHLAND is financially accountable. Financial information for these blended component units is reported *with* the financial information presented for the primary government itself. The Waterworks 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-four (44) individual governmental funds*. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the **General Fund**, and the **Parks and**

Recreation Fund, both of which are considered to be major funds. Data from the other forty-two (42) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements can be found 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 the Lincoln Community Center Building (holding) Corporation financing and for its information and communication technology operations. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Waterworks 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 35-71 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 72-78 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 79-81 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 \$64,500,933 (total net assets) at the close of the most recent fiscal year, ending 31 December 2010.

By far the largest portion of the TOWN of HIGHLAND'S net assets (84%) 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 \$56,261,662. 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	
	2010	2009	2010	2009	2010	2009
Current and Other assets	\$ 16,425,982	\$ 15,223,472	\$ 7,092,977	\$ 9,312,283	\$ 23,518,959	\$ 24,535,755
Capital Assets	58,440,575	22,393,388	25,356,559	22,448,666	83,797,134	44,842,054
Total Assets	\$ 74,866,557	\$ 37,616,860	\$ 32,449,536	\$ 31,760,949	\$ 107,316,093	\$ 69,377,809
Long-term liabilities outstanding	17,840,731	6,679,233	12,648,636	11,066,498	30,489,367	17,745,731
Other liabilities	10,784,606	5,435,918	1,541,187	1,588,581	12,325,793	7,024,499
Total Liabilities	\$ 28,625,337	\$ 12,115,151	\$ 14,189,823	\$ 12,655,079	\$ 42,815,160	\$ 24,770,230
Net assets:						
Invested in capital assets						
net of related debt	42,381,406	16,624,533	13,880,256	17,056,150	56,261,662	33,680,683
Restricted	5,527,397	5,396,924	3,376,260	1,341,711	8,903,657	6,738,635
Restricted for:						
Highways and Streets	372,186	273,873	-	-	372,186	273,873
Debt Service	1,037,114	1,346,077	1,037,975	1,090,956	2,075,089	2,437,033
Capital Projects	3,628,449	3,382,797	2,338,285	250,755	5,966,734	3,633,552
Other purposes	489,648	394,177	-	-	489,648	394,177
Unrestricted	(1,667,583)	3,480,252	1,003,197	708,009	(664,386)	4,188,261
Total net assets	\$ 46,241,220	\$ 25,501,709	\$ 18,259,713	\$ 19,105,870	\$ 64,500,933	\$ 44,607,579

An additional portion of the TOWN of HIGHLAND'S net assets in the amount of \$10,737,107 (17%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$-664,386) represents what may be used to meet the government's ongoing obligations to citizens and creditors. The *debit* balance in unrestricted net assets is in part attributable to an unusual net pension obligation that is from a 1925 pension law, which provided for a non-actuarial plan. That net public safety pension obligation is \$5,393,208. While accounting standards hold that this obligation is one for the entire Town, it should be noted that there is a dedicated trust fund, the Police Pension Fund, which is where the actual obligation is maintained. Adjusted for the *net pension obligation*, Highland's unrestricted net assets would be \$4,728,822. (Readers are encouraged to read Note V. F. 1(b) in notes to the Financial Reports found on page 62 of this CAFR.)

- At the end of the current fiscal year, the TOWN of HIGHLAND is reporting positive balances for business-type activities and the town as a whole in two categories of net assets. The business-type activities have a positive balance reported for *unrestricted net assets* in the amount of \$1,003,197. This is an increase of \$295,188 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 \$(-1,667,583). This is largely owing to a change in the treatment of the public safety pension obligations from 2009 to 2010. In 2009, it was initially determined that owing to change in the manner of state funding support for local police pension funding, the net pension obligation would be listed as a liability of the State of Indiana rather than the primary government. This was later determined to be a misunderstanding of the law and the liability was to be properly reported as one of the primary government. For more information regarding the change of treatment of the public safety pension liability please see note IV. 1 on page 56 of the CAFR.

There was a notable net increase of \$3,881,993 in restricted net assets reported in connection with the TOWN of HIGHLAND's business-type activities. While there was a decrease in resources for payment of debt service in the amount of (\$52,981) there was an increase of \$2,087,530 dedicated to capital projects from funds restricted for that purpose.

The total net assets attributable to government-type activities increased by \$20,739,511 during FY 2010, allowing for the prior period adjustments. This net increase is primarily attributable to prior period adjustment attributable to booking certain intangible assets as part of capital assets, to bring our financial reporting in compliance with GASB 51. As part of that compliance, the rights-of-way and easements were revalued using a more reasonable valuation method. The total amount of this prior period adjustment is \$19,225,591, which after also entering the prior period adjustment associated with rebooking the 1925 Police Pension liability of \$5,174,402, nets as a prior period adjustment of \$14,051,189. Please see Note IV I in the notes to the financial statements page 56 for further information.

Governmental activities. Governmental activities increased the TOWN of HIGHLAND'S net assets by \$6,688,322 (before allowing for the prior period adjustment) thereby accounting for 114% of the total growth in the net assets of the Town of Highland, again before allowing for the prior period adjustment, that net growth number being only \$5,842,165. Allowing for the prior period adjustment, the nominal increase is \$20,739,511, which represents 80% of the total increase to net assets for the Primary Government. Business-type activities experienced a reduction in net assets of (-\$846,157.) The effect of these two net asset changes rendered a total increase in net assets for the entire Primary government of \$5,842,165, before allowing for the prior period adjustment and \$20,739,511 after allowing for the prior period adjustment. Key elements of this increase are as follows:

	Governmental Activities		Business-Type Activities		Total		Pct of All Revenues
	2010	2009	2010	2009	2010	2009	
Revenues:							
Program revenues:							
Charges for services	\$ 3,365,468	\$ 3,555,527	\$ 6,129,854	\$ 6,007,567	9,495,322	\$ 9,563,094	36.00%
Operating grants and contributions	1,069,502	1,240,552	-	-	1,069,502	1,240,552	4.05%
Capital grants and contributions	6,577,953	1,513,923	-	76,693	6,577,953	1,590,616	24.94%
General revenues:							
Property taxes	\$ 6,785,424	\$ 7,705,918	\$ 1,279,173	\$ 975,323	8,064,597	\$ 8,681,241	30.58%
Other taxes	695,102	733,229	-	-	695,102	733,229	2.64%
Grants and contributions not restricted to specific programs	-	-	-	-	-	-	0.00%
Other	186,569	163,515	286,114	17,897	472,683	181,412	1.79%
Total Revenues	\$ 18,680,018	\$ 14,912,664	\$ 7,695,141	\$ 7,077,480	26,375,159	\$ 21,990,144	100.00%
Expenses:							
General Government	\$ 1,382,727	\$ 2,245,786			1,382,727	2,245,786	6.73%
Public Safety	5,020,309	4,797,793			5,020,309	4,797,793	24.45%
Highways/Streets	1,031,980	1,901,381			1,031,980	1,901,381	5.03%
Sanitation	1,851,337	1,835,282			1,851,337	1,835,282	9.02%
Economic/Urban Re Developpr	340,892	230,857			340,892	230,857	1.66%
Culture and Recreation	1,996,962	2,257,740			1,996,962	2,257,740	9.73%
Interest on long-term debt	367,489	347,105			367,489	347,105	1.79%
Water			2,917,801	2,698,674	2,917,801	2,698,674	14.21%
Sanitary District (sewer)			5,623,497	4,887,981	5,623,497	4,887,981	27.39%
Total expenses	\$ 11,991,696	\$ 13,615,944	\$ 8,541,298	\$ 7,586,655	20,532,994	\$ 21,202,599	100.00%
Increase (decrease) in net assets	6,688,322	1,296,720	(846,157)	(509,175)	5,842,165	787,545	
Net Assets Beginning	\$ 25,501,709	\$ 18,869,480	\$ 19,105,870	\$ 19,615,045	44,607,579	\$ 38,484,525	
Prior Period Adjustment	\$ 14,051,189	\$ 5,335,509	\$ -	\$ -	14,051,189	\$ 5,335,509	
Restated Net Assets Beginning	\$ 39,552,898	\$ 24,204,989	\$ 19,105,870	\$ 19,615,045	58,658,768	43,820,034	
Net Assets Ending	\$ 46,241,220	\$ 25,501,709	\$ 18,259,713	\$ 19,105,870	\$ 64,500,933	\$ 38,484,525	

- As a percentage of total revenues to the *Primary Government* in FY 2010, *charges for services* represented approximately 36% of the total revenue stream. *Property and other taxes* represented 30.6% of the total revenue stream.
- As a percentage of total revenues associated with the *Governmental activities* in FY 2010, *charges for services* represented approximately 18% of the total revenue stream. *Property and other taxes* represented 40% 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 2010 increased profoundly over FY 2009. Capital Grants increased by 334%, which is attributable to increased Federal highway aid associated with the Kennedy Avenue Reconstruction Project, law enforcement related grants dealing with preventing sexual predation, Build America Bond Credits, a modest ARRA Grant, and a homeland security grant to support the acquisition and installation of traffic control pre-emption devices. Operating Grants decreased by a net 13.8% from the prior year. This decrease is to a slight decrease to various law enforcement initiatives that are supported by operating grants. Even charges for services showed a very slight net decrease of .7% below the prior year. This still suggests relative stability in charges for services, representing a reduction of \$67,772. This total net reduction in service charges is comprised of a reduction of \$190,059 in charges for services attributable to governmental activity but an increase in charges for services of \$122,287 in business activities. The government experienced an actual increase in charges of 4% for solid waste management services effective in April of 2010. However, with the economy, the amount of delinquencies increased and a small reduction in customers. Further, for business activities, there was the last of a scheduled increase of 5% for the user charges of the Sanitary District, but the overall yield was still smaller.

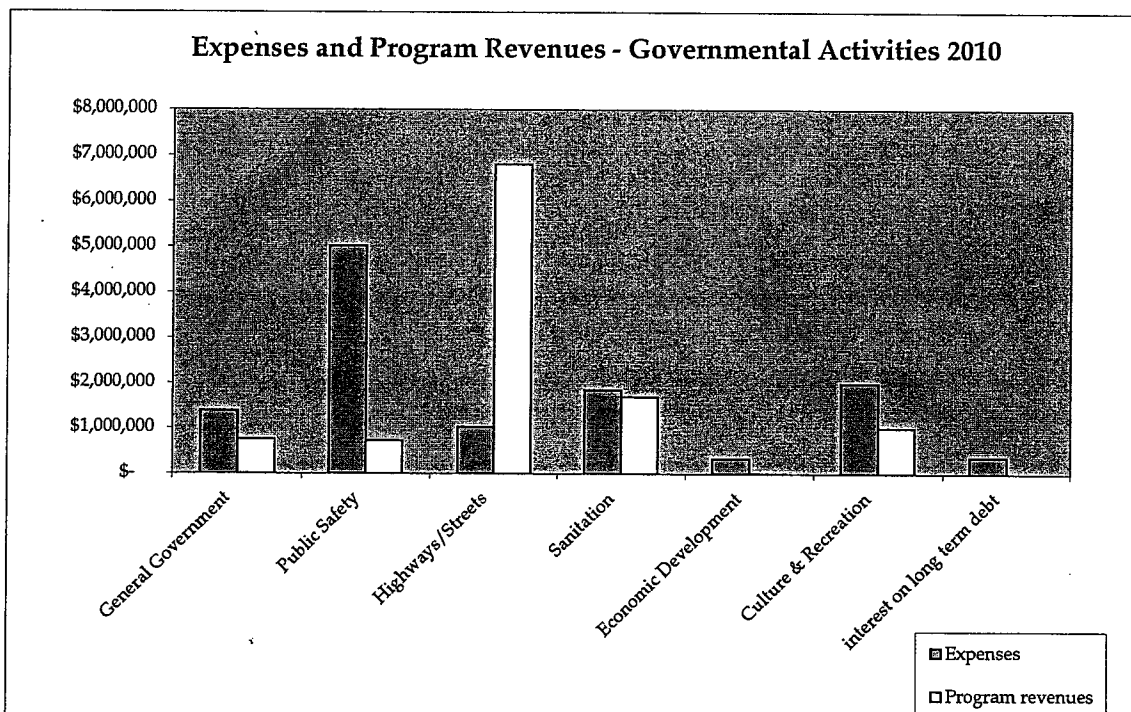
Property and other taxes decreased by 7% from the prior year. Property taxes attributable to debt service increased significantly. It should be noted that *owing to a special law for municipalities in Lake County, Indiana, property tax levies are frozen at the levels of FY 2007 until the County Council adopts a special local option income tax at 1%*. However the lower collection rates are in part attributable to the economy, contributing to delinquencies and to a modest extent, the impact of the property tax caps imposed by law for all units of government in Indiana. The state Constitution was amended in late 2010 to make the statutory tax caps a part of the “permanent, organic law” of the state.

- As previously stated, capital grants and contributions for the *Primary Government* increased in 2010 from its 2009 levels by \$4,987,337. The largest portion of the grant awards furnished resources to *Highways and Streets*. In fact, Capital grants increased by \$5,064,030 in *Governmental Activities* but decreased by (-\$76,693) in *Business-Type activities* from its 2009 levels.
- Operating Grants and Contributions resumed the declines that marked 2007, 2008, but were slightly reverse in 2009. Operating grants decreased from the 2009 levels by -13.8%, declining by \$171,050. This change is entirely attributable to *Governmental Activities*. Most of these operating grants involve public safety functions and a decline in grant supportable activity. No operating grants and contributions were reported in *Business-Type activities for 2010, 2009, 2008, 2007 or 2006*.
- Charges for services, as stated, had an overall decrease in revenues of (\$67,772) in 2010 to the Primary Government. This decrease is attributable to an increase of \$122,287 in *Business Type Activities*, and an decrease of (\$190,059) 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 decrease in these fees in Governmental Activities is attributable to a decline in customer base and delinquencies for solid waste management user charges even with a rate 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 significant (-12%) decrease in spending in 2010. The decrease of (-\$1,624,248) was attributable to constrained spending in several of the general governmental departments, particularly on Highways and Streets.

- Highway and Street expenses decreased by -45.7% in 2010 from its 2009 levels representing a reduction in the amount of (-\$869,401). The decrease was attributable to comparatively higher than usual expenditures in 2009 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, and Sanitation, expenses increased notably in 2010 from its 2009 levels by an aggregate total of \$348,606. Economic development expenses significantly increased by \$110,035 representing an increase of 47.7% in 2010 from its 2009 levels. The increase was primarily attributable to increased consultant spending, associated with the development of design standards and expenditures associated with the Redevelopment Area of the Kennedy Avenue Corridor. Other increases were attributable to increases of 7.9% 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 4.6% in 2010 in the amount of \$222,516*. Sanitation spending increased by .9% over 2009 levels in the amount of \$16,055.

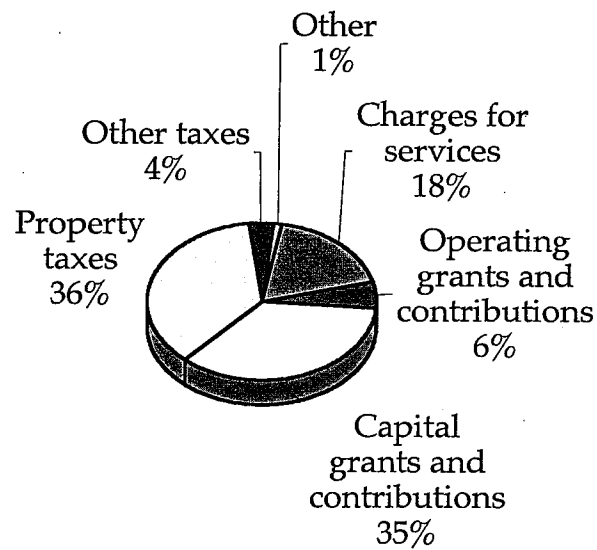
**Expenses and Program Revenues Government Activities
2010**

	Expenses	Program Revenues	Net (Expense) Revenue
General Government	\$ 1,382,727	\$ 755,735	\$ (626,992)
Public Safety	\$ 5,020,309	\$ 731,994	\$ (4,288,315)
Highways/Streets	\$ 1,031,980	\$ 6,808,646	\$ 5,776,666
Sanitation	\$ 1,851,337	\$ 1,699,829	\$ (151,508)
Economic Development	\$ 340,892	\$ 9,616	\$ (331,276)
Culture & Recreation	\$ 1,996,962	\$ 1,007,406	\$ (989,556)
interest on long term debt	\$ 367,489	\$ -	\$ (367,489)



This graph above compares spending by function to its related program revenues for governmental activities in FY 2010. 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 2010



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

Business-type activities. The TOWN of HIGHLAND'S net assets associated with Business-type Activities actually declined by (-\$846,157). 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 2010, *charges for services* represented approximately 80% of the total revenue stream of business type activities. *Property taxes* represented 17% of the total revenue stream. Capital Grants and other revenues represented the final 4% of the business type activities revenue stream.
- The Sanitary District in 2010 experienced a 7.7% increase in program revenues whereas, the Water District experienced a decrease of .7%. The increase for the Sanitary District can be attributable to

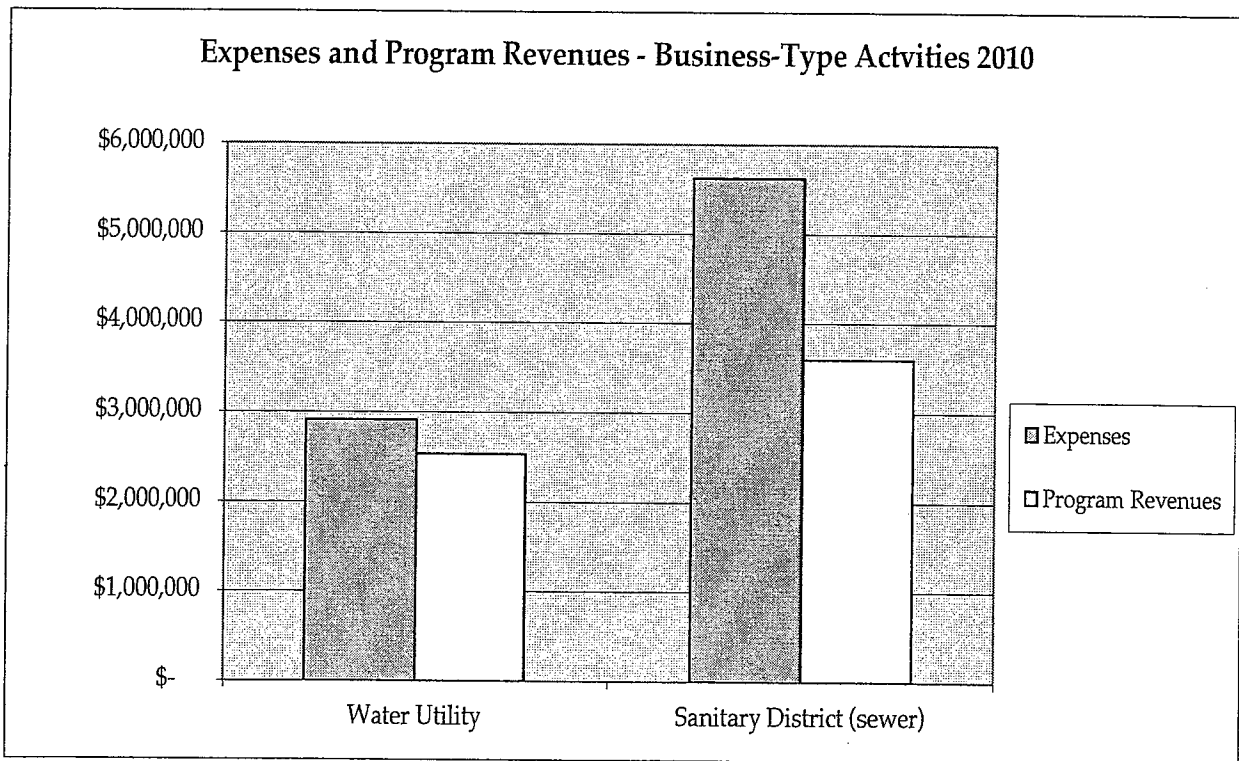
the 5% nominal rate increase. The decrease for the water district is attributable to a reduction in billed consumption in 2009 (1,285,928,000 gallons) from 2008 (1,319,590,000 gallons).

- The Sanitary District experienced an increase in total expenses amounting to 15% for FY 2010. 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. Health Insurance increases also affect this.
- The Waterworks Utility experienced an 8.1% increase in total expenses for FY 2010. This is attributable to its share of costs associated with increases in health insurance and expenses related to transmission and distribution.

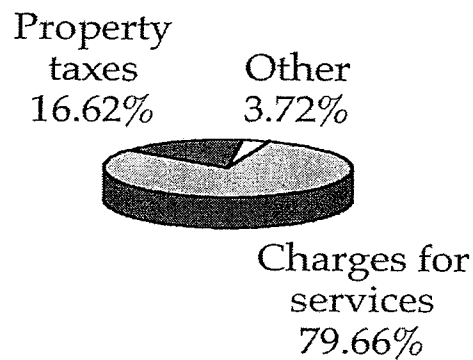
**Expenses and Program Revenues Business Type Activities
2010**

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue</u>
Water Utility	\$ 2,917,801	\$ 2,536,732	\$ (381,069)
Sanitary District (sewer)	\$ 5,623,497	\$ 3,593,122	\$ (2,030,375)

This graph below compares spending by function to its related program revenues for business-type activities in FY 2010. 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 2010



This pie chart shows revenues by source and their percentages for business-type activities in FY 2010. 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 2010, the TOWN of HIGHLAND'S governmental funds reported combined ending fund balances of \$9,637,674 an increase of \$1,294,652 in comparison with the prior year. Of the combined ending fund balance amount, \$7,942,063 or (83%) is *available for spending* at the government's discretion (unassigned fund balance/*unreserved fund balance*). The remainder of fund balance in the amount of \$1,695,611 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 \$2,002,826, while total fund balance reached \$2,386,580. 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-six percent (26%) of total general fund expenditures (\$7,581,472), while total fund balance represents thirty-one percent (31%) of that same amount. Cash flows for this fund in FY 2010 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 \$318,245 during the current fiscal year. Key factors in this small increase are as follows:

The *Pay-2009* property tax bills were again delayed and a portion of those collections were settled in 2010. Further, there was a slight increase in user charges for cable television use of public rights of way. The fund balance increased primarily because of the overall expenditures of the General Fund in the amount of \$7,581,472 came in under the overall revenue for the fund of \$7,941,717, allowing an increase in fund balance of the reported amount. Further, revenues were \$225,116 higher in 2010 than in 2009 while expenditures were only \$8,567 higher in 2010 than in 2009.

The *Parks and Recreation Fund* had a total fund balance of \$287,591. The Parks and Recreation Fund had an unreserved, undesignated fund balance of \$226,620. 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 twelve percent (12%) of total Parks and Recreation Fund expenditures, while total fund balance represents fifteen and one half percent (15.5%) of that same amount.

The fund balance of the TOWN of HIGHLAND'S Parks and Recreation Fund rose *from* \$240,579 in FY 2009 to \$287,591 in FY 2010, an *increase* of \$47,012 during the current fiscal year. Key factors in this increase is attributable to the pay 2009 property tax bills were again delayed and a portion of those collections were settled in 2010. Furthermore, total *revenues* in the amount of \$1,899,009 exceeded the total *expenditures* of \$1,851,997, producing a net increase in the fund balance by the reported amount. Still further, expenditures in 2010 were \$4,997 less than in 2009, suggesting controlling expenditures. Finally, revenues in 2010 were increased by \$43,174 over the 2009 levels – nearly equal to the increase in fund balance.

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 \$1,003,197. The **change** in net assets for the Waterworks Utility was (-\$378,506) and for the Sanitary District was (-\$467,651). The total change in net assets for all utilities was (-\$846,157). 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 \$422,270 in expenditures. The net increase is comprised of an increase to General Government in the amount of \$89,658; an increase to Public Safety in the amount of \$295,581; and an increase to Sanitation in the amount of \$37,031. Following are some of the main components of the increases:

- A net increase of \$422,270 to several departments of the General Fund to cover the costs such as equipment, transfers for future use and expenses incurred in 2009 but not yet to be paid until 2010. The net increases are generally set forth as follows:
- A net increase of \$5,633 in the Services and Works Board to cover increases related to commercial and liability insurance lines.
- A net increase of \$27,000 in the Building and Inspection Department, encumbered to be transferred to unsafe building fund for future use.
- A net increase of \$4,330 in the Town Hall and Monuments Department to cover the costs associated with building care and custodial services.
- A net increase of \$1,553 in the Volunteers in Policing Services (VIPS) Department to cover the costs associated with equipment.
- A net increase of \$383,754 in carry over expenses from 2009 but slated to be paid in 2010 for various departments, mostly comprising payroll earned in the prior year but not disbursed until 2010.
- A net increase of \$37,031 to expenditures in the Sanitation and Streets Department, owing to cover increased expenses on the annual vendor contract built into the contract schedule.

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 decrease in actual revenues of (\$260,463) under the Final Revenue Budget, fixed at \$7,699,348. Actual revenues were \$7,438,885. This negative variance from final budget is attributable to the delayed settlement for the 2010 property taxes that were not settled until 2011. However, there was a positive variance of \$70,471 for intergovernmental revenues, which in part is attributable to higher than projected fees from School Resource Officer fees paid to the Town from the School Town for services provided by an onsite police officer. Finally, there was a \$247,020 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 \$8,333,991**. However, **actual appropriated expenditures** totaled only \$7,407,022, coming **under the final budget by (\$962,969)**. The majority of this under expenditure from the budgeted amount is due to the timing of payments, incurred in FY 2010, but which will be made in 2011. 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, 2010, amounts to \$83,797,134 (net of accumulated depreciation). This investment in capital assets includes land,

buildings and systems, improvements, machinery and equipment, park facilities, road and highways. In addition, pursuant to the guidance of GASB 51, this now includes intangible assets. These include the value of rights of way, easements and software, with software being depreciable. The total investment in capital assets in the TOWN of HIGHLAND for the current fiscal year represented an increase of \$38,955,080 or 87%. The specific components of the increase are an increase for governmental activities in the amount of \$36,047,187 (161%) and a \$2,907,893 (12.95%) increase for business-type activities.

TOWN of HIGHLAND'S CAPITAL ASSETS						
(net of depreciation)						
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 2,934,588	\$ 2,800,029	\$ 60,946	\$ 55,477	\$ 2,995,534	\$ 2,855,506
Rights of Way Easements	\$ 14,243,771				\$ 14,243,771	
Buildings and System	\$ 2,384,862	\$ 2,566,906	\$ 356,857	\$ 381,402	\$ 2,741,719	\$ 2,948,308
Improvements other than buildings	\$ 700,083	\$ 760,974	\$ 2,328,140	\$ 2,443,597	\$ 3,028,223	\$ 3,204,571
Computer Software/Licenses	\$ 17,505				\$ 17,505	
Machinery and equipment	\$ 1,549,568	\$ 1,452,652	\$ 1,125,469	\$ 929,797	\$ 2,675,037	\$ 2,382,449
Infrastructure	\$ 23,896,060	\$ 11,941,040	\$ 17,712,471	\$ 15,278,602	\$ 41,608,531	\$ 27,219,642
Construction in progress	\$ 12,714,138	\$ 2,871,787	\$ 3,772,676	\$ 3,359,792	\$ 16,486,814	\$ 6,231,579
Total:	\$ 58,440,575	\$ 22,393,388	\$ 25,356,559	\$ 22,448,666	\$ 83,797,134	\$ 44,842,054

Additional information on the TOWN of HIGHLAND's capital assets can be found in Note IV. C on pages 49 to 50 of this report.

Major capital asset events during the fiscal year ending 31 December 2010 included the following:

Streets and Sanitation

Kennedy Avenue Reconstruction Project (North)

The Kennedy Avenue Reconstruction Project was awarded by the Indiana Department of Transportation to Grimmer Construction, Inc. in the amount of \$7,335,638.80 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, work continued throughout 2009, and concluded in August 2010. Final cost of the project was \$7,072,960.55. The project design and construction engineering services were performed by First Group Engineering, Inc.

Cline Avenue Project

The Cline Avenue Reconstruction Project was awarded by the Indiana Department of Transportation to Gatlin Plumbing and Heating, Inc. in the amount of \$4,145,779.31 in February 2010. The limits of the project are the Ridge Road (north) and 45th Avenue (south). The project consisted of drainage improvements, curb installation, sidewalk installation, streetlight installation, bridge removal and replacement at the Cady Marsh Ditch, and pavement reconstruction. The local share (20%) of the project was split between the Town of Highland and the Town of Griffith. The Project was partially funded with American Recovery and Reinvestment Act (ARRA) of 2009. Gatlin Plumbing and Heating, Inc. began construction in May 2010 and work continued throughout the year. The project is scheduled for completion in July 2011. 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 completed in 2010. 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 \$434,841.89. The final construction cost for the project was \$418,202.90. A General Improvement District was established by the Town to support the curb and sidewalk installations on the project. The project design and construction engineer services were performed by Garcia Consulting Engineers.

8700-8800 Idlewild Avenue Reconstruction Project

The Idlewild Avenue Reconstruction Project was substantially completed in 2010. The limits of the project were Lincoln Street to Ridgewood Avenue. The project consisted of drainage improvements, curb installation, sidewalk replacement, water main replacement, and pavement reconstruction. The Contract was awarded in August 2010 to Walsh & Kelly, Inc. in the amount of \$576,031.75. 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.

Highland Street Reconstruction Project

The Town of Highland was approved for a Community Development Block Grant (FY2009) for the reconstruction of the 8700 block of Highland Street in the amount of \$113,350.00. 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. Rex Construction, Inc was awarded the contract for construction on March 22, 2010 in the amount of \$274,788.73 and began construction in May 2010. The Project was substantially completed in August 2010. The final construction cost for the project was \$286,451.60. Garcia Consulting Engineers was contracted to provide preliminary design engineering construction engineering services.

Street Resurfacing Projects

The following streets were paved in 2010 as part of the Town general maintenance program:

Street	From	To
Franklin Street	Kennedy Avenue	Liabe Road
Strong Street	5 th Street	Grace Street
8400 block of Cottage Grove Place (cul-de-sac)		
8400 block of Cottage Grove Avenue (cul-de-sac)		
8400 block of Parrish Place (cul-de-sac)		
8400 block of Parrish Avenue		
8400 block of Delaware Place (cul-de-sac)		
8400 block of Delaware Avenue (cul-de-sac)		
8400 block of 5 th Place (cul-de-sac)		
River Drive	Wicker Park Drive`	Sycamore Avenue
97 th Place	5 th Street	Delaware Place
Norman Street	Kennedy Avenue	Gordon Drive
Gordon Drive	Norman Street	Ross Street
Branton Avenue	99 th Street	Terrace Drive
99 th Street	Branton Avenue	Southmoor Avenue
Terrace Drive	Parkway Drive	Branton Avenue
Orchard Drive	Highway Avenue (200' south)	

45th Avenue Resurfacing Project

First Group Engineering, Inc. was engaged to provide preliminary engineering design services in support of the 45th 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). The work includes surface milling, resurfacing, and pavement markings. Highland's allocation is \$493,657.00. Walsh & Kelly, Inc. was awarded the project through the Indiana Department of Transportation in the amount of \$306,308.52. Work began in September 2010 and completed in October 2010. First Group Engineering, Inc. was engaged to provide construction engineering services.

Department of Waterworks and Municipal Water Utility

Idlewild Avenue Water Main Installation Project

In conjunction with the Idlewild Avenue Reconstruction Project, the Water Works Board of Directors installed an eight (8") inch ductile iron water main, replacing the existing four (4") inch asbestos-cement water main in the 8700-8700 block of Idlewild Avenue. The work was performed by Walsh & Kelly, Inc. (sub-contracted) at a cost to the water utility of \$113,639.37. The project design and construction engineer services were performed by Garcia Consulting Engineers.

Indianapolis Boulevard 1,000,000 Elevated Tank Exterior Repaint Project

The Highland Water Works completed a project to repaint the exterior surfaces on the Indianapolis Boulevard Elevated Water Tank. The contract was awarded in January 2010 to Industrial Painting Contractors, Inc., Taylor, Michigan in the amount of \$161,400.00. Notice to Proceed was issued on April 5, 2010 and the project was substantially completed on May 14, 2010. Dixon Engineering, Lake Odessa, Michigan prepared the bid specifications, contract documents, and performed resident inspection of the project.

Sanitary District and Wastewater/Stormwaterworks

Homestead Gardens Detention Project

The Sanitary Board of Commissioners completed 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 81st 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 \$767,638.00. Work began in August 2009. The final construction cost was \$769,088.95 and was completed in June 2010. Christopher B. Burke Engineers, LTD performed construction engineering services on the project.

Wicker Park Manor Storm Sewer Improvement Project

The Sanitary Board of Commissioners completed 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 \$224,492.33. NIES Engineering, Inc. was engaged to provide professional engineering design services and construction engineering services for the project. The final construction cost was \$277,013.18 and was completed in June 2010.

Strong Street Sewer Separation Project

The Sanitary Board of Commissioners constructed the Strong Street Sewer Separation Project, which included Strong Street between 5th Street and Grace Street. The Project area included the cul-de-sac streets off Strong Street; 5th Place; Delaware Street; Delaware Place; Parrish Place; Cottage Grove Avenue; Cottage Grove Place, and Parrish Avenue from Strong Street to LaPorte Street. This project consisted of the furnishing of all equipment, labor and materials for the construction of approximately 5,000 linear feet of 12-inch PVC storm sewer, 460 linear feet of 15-inch PVC storm sewer, 660 linear feet of 18-inch PVC storm sewer, 20 linear feet of 21-inch PVC storm sewer, 740 linear feet of 27-inch PVC storm sewer and 300 linear feet of 30-inch PVC storm sewer, including all manholes, catch basins and inlets. The project also includes the installation of 4-inch PVC laterals for approximately 213 homes to the new and existing storm sewers, extended to 3 feet behind the property and installation of Inserta-Tees for connection of the laterals to the storm sewer system. The Project was awarded to deBoer Ego Corporation in January 2010 in the amount of \$1,051,731.00. NIES Engineering, Inc. was engaged to provide professional engineering design and construction engineering services for the project. The construction was substantially complete in December 2010.

5th Street Sanitary Sewer Manhole Replacement project

The Sanitary Board of Commissioners implemented a project to replace the existing manhole located on 5th Street between Ridge Road and Clough Street, which received wastewater flow from force mains from the 41st Street Sanitary Sewer Lift Station, South Grace Street Sanitary Sewer Lift Station, and the Pettit Park Sanitary Sewer Lift Station. In early 2010, inspections identified that lower section of the existing manhole had deteriorated as a result of the gases generated by the wastewater flow. Emergency steps were taken to design the repair and engage contractual services for the work. NIES Engineering, Inc. provided professional engineering design and construction engineering services for the project. Gatlin Plumbing and Heating, Inc. was awarded a contract for the work on July 20, 2010 in the amount of \$244,222.00. The work was substantially completed in November 2010. The final cost \$260,678.25.

High Capacity Inlets Project

The Sanitary Board of Commissioners constructed a project to install high capacity inlets tributary to the North Drive Pump Station. The Project was recommended by the US Army Corps of Engineers and was designed by NIES Engineering, Inc. The purpose of the project was to install high capacity inlets that would allow storm water to enter the collection system and better utilize the pump stations pumping capacity. This project consisted of the furnishing of all equipment, labor and materials for the construction of approximately 200 linear feet of 15-inch PVC storm sewer, 20 linear feet of 21-inch PVC storm sewer and 160 linear feet of 24-inch PVC storm sewer, including all manholes, catch basins and inlets. The Project was awarded to DeBoer Egolf Corporation in June 2010 in the amount of \$137,760.00. NIES Engineering, Inc. was engaged to provide professional engineering design and construction engineering services for the project. The construction was substantially complete in November 2010.

Supervisory Control and Data Acquisition System (SCADA)

The Sanitary Board of Commissioner and the Water Works Board of Directors implemented a project for the construction of a Supervisory Control and Data Acquisition System (SCADA). The Project was awarded to Sweeney Electric Company, Inc. in January 2010 by the Sanitary District in the amount of \$566,940.00 and by the Water Works District in the amount of \$131,238.00. NIES Engineering, Inc. was engaged to provide professional engineering design and construction engineering services for the project. The Project is still under construction.

Parks and Recreation

The **Lincoln Community Center Retrofit and Reconstruction Project** (Master Plan) had been placed on hold at the end of 2008 and early 2009. It was reinitiated in late 2010. 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. In late 2010, 11,160,000 First Mortgage Bonds of the Lincoln Center Building Corporation were sold and the project was initiated.

Long-term debt. At the end of the current fiscal year, the TOWN of HIGHLAND had total bonded debt outstanding of **\$31,019,889**. Of this amount, **\$19,021,794** comprises debt backed by the full faith and credit of the government. The remainder of the TOWN of HIGHLAND's debt represents bonds and notes secured solely by specified revenue sources (i.e. revenue bonds), in the amount of **\$11,988,095**.

The TOWN of HIGHLAND's total debt increased by a net **\$12,793,962** (70%) during 2010. General obligation debt had a net increase of **\$1,805,321** (10%). Revenue bonded indebtedness increased by **\$10,903,441**. (1080%) 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 \$2,360,000, a general obligation bond issued by the Municipality as Recovery Zone Economic Development Bonds in the amount of \$890,000 and finally a revenue bond of the Lincoln Community Center Building Corporation, issued as First Mortgage Bonds of the Lincoln Community Center Building Corporation in the amount of \$11,160,000. These were sold as *Build America Bonds*.

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

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

TOWN of HIGHLAND'S Outstanding Debt						
General Obligation and Revenue Bonds						
	Governmental Activities		Business-Type Activities		Total	
	31-Dec-10	31-Dec-09	31-Dec-10	31-Dec-09	2010	2009
General Obligation Bonds	\$ 5,712,041.00	\$ 5,699,966.00	\$ 13,309,753.00	\$ 11,516,507.00	\$ 19,021,794.00	\$ 17,216,473.00
Special assessment debt with governmental commitment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Notes	\$ 85,200.00	\$ 113,600.00			\$ 85,200.00	
Revenue Bonds	\$ 11,912,895.00	\$ 1,009,454.00	\$ -	\$ -	\$ 11,912,895.00	\$ 1,009,454.00
Total	\$ 17,710,136.00	\$ 6,823,020.00	\$ 13,309,753.00	\$ 11,516,507.00	\$ 31,019,889.00	\$ 18,225,927.00

Additional information on the TOWN of HIGHLAND'S long-term debt can be found in note IV (H) on pages 53-56 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.

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 2010 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. For FY 2011, the deficit is in the amount of \$313,000 in the General Fund. However, this would only be true if all budgeted appropriations are expended.

All of these factors were considered in preparing the TOWN of HIGHLAND's budget for the 2011 fiscal year.

The operating budget growth for 2011 was constrained but not entirely contracted. During the current fiscal year, ending fund balance in the General fund increased by \$318,245 over the prior year. However, unreserved, undesignated fund balance in the general fund increased from

\$1,713,979 at the end of 2009 to \$2,002,826 at the end of 2010. 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 2011 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 operating budget in FY 2012. No general wage and salary increase is planned for FY 2011.

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 were reduced to 1%, 2% and 3% respectively. The effects of the caps on collections for FY 2010 were also not discernable. The impact of the tax caps for FY 2011 is reported at \$48,500 for the operating funds.

Solid Waste Management user charges were increased in April of 2010 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, in 2009 and in 2010. Further there are no further rate increases suggested at this time.

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, 2010

Assets	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Cash and cash equivalents	\$ 3,342,877	\$ 891,185	\$ 4,234,062
Investments	344,005	35,461	379,466
Receivables (net of allowances for uncollectibles):			
Interest	1,188	51	1,239
Taxes	3,790,711	118,140	3,908,851
Accounts	112,809	129,885	242,694
Intergovernmental	110,696	14,669	125,365
Special assessments receivable	-	125,509	125,509
Inventories	-	100,235	100,235
Prepaid items	33,838	1,729	35,567
Deferred charges	266,193	357,279	623,472
Restricted assets:			
Cash and cash equivalents	5,105,605	4,523,896	9,629,501
Accounts receivable Treasury subsidy payments (net of allowance)	-	63,684	63,684
Investments	431,066	65,503	496,569
Interest receivable	840	748	1,588
Taxes receivable	842,452	619,563	1,462,015
Intergovernmental receivable	291,461	-	291,461
Special assessments receivable	2,241	-	2,241
Cooperative receivable	1,750,000	-	1,750,000
Inventories	-	45,440	45,440
Capital assets:			
Land and construction in progress	29,892,497	3,833,622	33,726,119
Other capital assets, net of depreciation	28,548,078	21,522,937	50,071,015
Total assets	74,866,557	32,449,536	107,316,093

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, 2010
(Continued)

Liabilities	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Accounts payable	186,838	259,984	446,822
Accrued payroll and withholdings payable	208,976	22,184	231,160
Deferred revenue	-	11,651	11,651
Compensated absences	-	30,852	30,852
Taxes payable	-	9,326	9,326
Payable from restricted assets:			
Accounts payable	496,051	64,066	560,117
Accrued payroll and withholdings payable	11,454	-	11,454
Customer deposits	-	69,448	69,448
Accrued bond interest	-	250,676	250,676
Noncurrent liabilities:	209,489		460,165
Amounts due within one year:			
General obligation bonds payable	714,000	823,000	1,537,000
Revenue bonds - due within one year	240,000	-	240,000
Compensated absences	246,525	-	246,525
Note payable	28,400	-	28,400
Capital lease obligations	99,665	-	99,665
Tax anticipation warrants payable	2,950,000	-	2,950,000
Amounts due beyond one year:			
General obligation bonds payable (net of discounts or premiums)	4,998,041	12,486,753	17,484,794
Revenue bonds payable (net of discounts or premiums)	11,672,895	-	11,672,895
Compensated absences	379,244	77,253	456,497
Note payable	56,800	-	56,800
Capital lease obligations	360,325	-	360,325
Other postemployment benefits payable	373,426	83,574	457,000
Matured bonds and coupons payable	-	1,056	1,056
Net pension obligation	5,393,208	-	5,393,208
Total liabilities	29,625,337	14,189,823	42,815,160
<u>Net Assets</u>			
Invested in capital assets, net of related debt	42,381,406	13,880,256	56,261,662
Restricted for:			
Highways and streets	372,186	-	372,186
Debt service	1,037,114	1,037,975	2,075,089
Capital projects	3,628,449	2,338,285	5,966,734
Other purposes	489,648	-	489,648
Unrestricted	(1,667,563)	1,003,197	(664,386)
Total net assets	\$ 46,241,220	\$ 18,259,713	\$ 64,500,933

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, 2010

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		Totals
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 1,382,727	\$ 693,382	\$ 62,353	\$ -	\$ (626,992)	\$ -	\$ (626,992)
Public safety	5,020,309	490,538	241,456	-	(4,288,315)	-	(4,288,315)
Highways and streets	1,031,980	-	765,693	6,042,953	5,776,666	-	5,776,666
Sanitation	1,851,337	1,699,829	-	-	(151,508)	-	(151,508)
Economic development	234,814	9,313	-	-	(225,501)	-	(225,501)
Culture and recreation	1,996,962	472,406	-	535,000	(989,556)	-	(989,556)
Urban redevelopment	106,078	-	-	-	(106,078)	-	(106,078)
Interest on long-term debt	367,489	-	-	-	(367,489)	-	(367,489)
Total governmental activities	11,991,696	3,365,468	1,069,502	6,577,953	(978,773)	-	(978,773)
Business-type activities:							
Water	2,917,801	2,536,732	-	-	-	(381,069)	(381,069)
Sanitary District	5,623,497	3,593,122	-	-	-	(2,030,375)	(2,030,375)
Total business-type activities	8,541,298	6,129,854	-	-	-	(2,411,444)	(2,411,444)
Total primary government	\$ 20,532,994	\$ 9,495,322	\$ 1,069,502	\$ 6,577,953	(978,773)	(2,411,444)	(3,390,217)
General revenues:							
Property taxes					6,785,424	1,279,173	8,064,597
Excise taxes					559,473	-	559,473
Financial institution tax					48,400	-	48,400
Commercial vehicle excise tax					34,080	-	34,080
ABC gallonage tax					34,347	-	34,347
Cigarette tax					18,802	-	18,802
Other					157,871	267,634	425,505
Investment earnings					28,698	18,480	47,178
Total general revenues					7,667,095	1,565,287	9,232,382
Change in net assets					6,688,322	(846,157)	5,842,165
Net assets - beginning					25,501,709	19,105,870	44,607,579
Prior period adjustments (Note IV.1.)					14,051,189	-	14,051,189
Restated net assets - beginning					39,552,898	19,105,870	58,658,768
Net assets - ending					\$ 46,241,220	\$ 18,259,713	\$ 64,500,933

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

TOWN OF HIGHLAND, INDIANA
 BALANCE SHEET -
 GOVERNMENTAL FUNDS
 December 31, 2010

Assets	General	Parks and Recreation	Other Governmental Funds	Totals
Cash and cash equivalents	\$ 2,091,530	\$ 149,668	\$ 749,981	\$ 2,991,179
Investments	250,444	127	79,192	329,763
Receivables (net of allowances for uncollectibles):				
Interest	926	104	138	1,168
Taxes	3,163,783	563,186	63,742	3,790,711
Accounts	112,358	412	39	112,809
Intergovernmental	96,136	11,609	2,951	110,696
Interfund receivable	-	-	54,012	54,012
Restricted assets:				
Cash and cash equivalents	-	-	5,105,605	5,105,605
Investments	-	-	431,066	431,066
Interest receivable	-	-	840	840
Taxes receivable	-	-	842,452	842,452
Intergovernmental receivable	-	-	291,461	291,461
Special assessments receivable	-	-	2,241	2,241
Total assets	\$ 5,715,177	\$ 725,106	\$ 7,623,720	\$ 14,064,003
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 116,931	\$ 52,513	\$ 1,258	\$ 170,702
Accrued payroll and withholdings payable	193,553	14,005	1,045	208,603
Deferred revenue - unavailable	340,909	70,997	9,942	421,848
Tax anticipation warrants payable	2,650,000	300,000	-	2,950,000
Payable from restricted assets:				
Accounts payable	-	-	496,051	496,051
Accrued payroll and withholdings payable	-	-	11,454	11,454
Interfund payable	27,204	-	26,808	54,012
Deferred revenue - unavailable	-	-	113,659	113,659
Total liabilities	3,328,597	437,515	660,217	4,426,329

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, 2010
 (Continued)

	General	Parks and Recreation	Other Governmental Funds	Totals
Fund balances:				
Reserved for:				
Encumbrances	383,754	60,971	1,250,886	1,695,611
Unreserved, reported in:				
General fund	2,002,826	-	-	2,002,826
Special revenue funds	-	226,620	1,639,890	1,866,510
Capital projects funds	-	-	2,903,933	2,903,933
Debt service funds	-	-	1,168,794	1,168,794
Total fund balances	<u>2,386,580</u>	<u>287,591</u>	<u>6,963,503</u>	<u>9,637,674</u>
Total liabilities and fund balances	<u>\$ 5,715,177</u>	<u>\$ 725,106</u>	<u>\$ 7,623,720</u>	

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.	58,440,575
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	2,285,507
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.	(11,495,036)
Prepaid items paid in the current period, but not expended currently and, therefore, are reported in the funds as expenditures.	33,838
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(6,894,704)
Other postemployment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	(373,426)
Net pension obligation are not due and payable in the current period and, therefore, are not reported in the funds.	(5,393,208)
Net assets of governmental activities	<u>\$ 46,241,220</u>

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

TOWN OF HIGHLAND, INDIANA
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2010

	General	Parks and Recreation	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 4,376,324	\$ 984,556	\$ 1,565,517	\$ 7,226,397
Special assessments	-	-	42,565	42,565
Licenses and permits	378,264	-	14,018	392,282
Intergovernmental	590,204	79,836	2,222,887	2,892,927
Charges for services	2,345,138	509,718	139,832	2,994,688
Fines and forfeits	112,324	-	19,731	132,055
Other	(160,537)	324,899	140,856	305,218
Total revenues	7,941,717	1,899,009	4,145,406	13,986,132
Expenditures:				
Current:				
General government	1,271,738	-	176,856	1,448,594
Public safety	4,597,512	-	219,562	4,817,074
Highways and streets	-	-	810,182	810,182
Sanitation	1,712,222	-	138,583	1,850,805
Culture and recreation	-	1,851,997	4,824	1,856,821
Urban redevelopment	-	-	106,509	106,509
Debt service:				
Principal	-	-	1,099,000	1,099,000
Interest	-	-	324,270	324,270
Capital outlay:				
General government	-	-	560,436	560,436
Public safety	-	-	268,408	268,408
Economic development	-	-	234,814	234,814
Highways and streets	-	-	903,735	903,735
Culture and recreation	-	-	30,327	30,327
Total expenditures	7,581,472	1,851,997	4,877,506	14,310,975
Excess (deficiency) of revenues over (under) expenditures	360,245	47,012	(732,100)	(324,843)
Other financing sources (uses):				
Issuance of long-term debt	-	-	1,088,943	1,088,943
Issuance discount on long-term debt	-	-	(4,448)	(4,448)
Contributions in lieu of park land	-	-	535,000	535,000
Transfers in	-	-	42,000	42,000
Transfers out	(42,000)	-	-	(42,000)
Total other financing sources and uses	(42,000)	-	1,661,495	1,619,495
Net change in fund balances	318,245	47,012	929,395	1,294,652
Fund balances - beginning	2,066,335	240,579	6,034,108	8,343,022
Fund balances - ending	\$ 2,386,580	\$ 287,591	\$ 6,963,503	\$ 9,637,674

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, 2010

Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balances - total governmental funds (Statement of Revenues, Expenditures, and Changes in Fund Balances).	\$ 1,294,652
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.	16,975,149
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(153,553)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(364,295)
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.	(11,018,565)
Net pension obligations/other postemployment benefits are considered long-term obligations of the general government, but are not current expenditures.	(112,749)
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.	(29,271)
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.	96,954
Change in net assets of governmental activities (Statement of Activities)	\$ 6,688,322

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, 2010

Assets	Business-Type Activities - Enterprise Funds		Totals	Governmental Activities Internal Service Funds
	Water Utility	Sanitary District		
Current assets:				
Cash and cash equivalents	\$ 336,587	\$ 554,598	\$ 891,185	\$ 351,698
Investments	-	35,461	35,461	14,242
Interest receivable	-	51	51	20
Current portion of operating lease	-	-	-	9,250
Taxes receivable (net of allowance)	-	-	-	750,831
Accounts receivable (net of allowance)	-	-	-	-
Inventories	64,112	118,140	118,140	-
Intergovernmental receivable (net of allowance)	80,535	85,773	129,885	-
Special assessment receivable	-	19,700	100,235	-
Prepaid items	-	14,668	14,668	-
Restricted current assets:	951	125,509	125,509	-
Cash and cash equivalents	70,991	778	1,729	-
Accounts receivable Treasury subsidy payments (net of allowance)	-	63,684	63,684	-
Total current assets	553,176	998,363	1,551,539	1,126,041
Noncurrent assets:				
Restricted cash, cash equivalents and investments:				
Improvement	-	647,303	647,303	-
Improvement - construction	-	2,664,240	2,664,240	-
Bond and interest	2,252	746,357	748,609	-
Extension	-	104,218	104,218	-
Sanitary B&I exempt debt service	-	3,143	3,143	-
Reserve	273,982	-	273,982	-
Co-op	-	5,625	5,625	-
Excess levy	-	2,061	2,061	-
Sanitary special public safety investments	-	3,724	3,724	-
Other restricted assets:	15,363	50,140	65,503	-
Interest receivable	21	727	748	-
Taxes receivable (net of allowance)	-	619,563	619,563	-
Inventories	45,440	-	45,440	-
Total restricted assets	337,058	4,847,101	5,184,159	-
Deferred charges	-	-	-	168,909
Operating lease receivable	-	357,279	357,279	9,250
Net investment in direct financing lease	-	-	-	10,681,286
Capital assets:				
Land, improvements to land and construction in progress	228,621	3,604,001	3,833,622	-
Other capital assets (net of accumulated depreciation)	8,358,294	13,164,643	21,522,937	-
Total capital assets	8,587,915	16,768,644	25,356,559	-
Total noncurrent assets	8,924,973	21,973,024	30,897,997	10,859,445
Total assets	9,478,149	22,971,387	32,449,536	11,985,486

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, 2010
(Continued)

Liabilities	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities	
	Water Utility	Sanitary District			Internal Service Funds	
Current liabilities:						
Accounts payable	74,742	185,242		259,984	16,136	
Accrued payroll and withholding payable	10,820	11,364		22,184	373	
Taxes payable	9,326	-		9,326	-	
Revenue bonds payable	-	-		-	240,000	
Deferred revenue	-	11,651		11,651	-	
Compensated absences	14,104	16,748		30,852	-	
Current liabilities payable from restricted assets:						
Customer deposits	69,448	-		69,448	-	
Accounts payable	64,066	-		64,066	-	
Accrued interest payable	-	250,676		250,676	100,501	
General obligation bonds payable	-	823,000		823,000	-	
Total current liabilities	242,506	1,298,661		1,541,167		
Noncurrent liabilities:						
General obligation bonds payable (net of unamortized premium)	-	12,486,753		12,486,753	-	
Revenue bonds payable (net of unamortized discounts or premiums)	-	-		-	11,672,895	
Compensated absences	37,226	40,027		77,253	-	
Other postemployment benefits payable	36,188	45,366		83,574	-	
Matured bonds and coupons payable	-	1,056		1,056	-	
Total noncurrent liabilities	75,414	12,573,222		12,648,636	11,672,895	
Total liabilities	317,920	13,871,903		14,189,823	12,029,905	
Net Assets						
Invested in capital assets, net of related debt	8,587,915	5,292,341		13,880,256	-	
Restricted for debt service	291,618	746,357		1,037,975	-	
Restricted for capital projects	70,991	2,267,294		2,338,285	-	
Unrestricted	209,705	793,492		1,003,197	(44,419)	
Total net assets	\$ 9,160,229	\$ 9,099,484		\$ 18,259,713	\$ (44,419)	

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

TOWN OF HIGHLAND, INDIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUNDS
For The Year Ended December 31, 2010

	Business-Type Activities -		Totals	Governmental Activities Internal Service Fund
	Enterprise Funds	Sanitary District		
	Water Utility			
Operating revenues:	\$	\$	\$	\$
Unmetered water revenue	301	-	301	-
Metered revenue	1,907,554	1,669,012	3,576,566	-
Stormwater usage charge	-	1,163,004	1,163,004	-
Fire protection revenue	313,302	-	313,302	-
Penalties	16,379	28,038	44,417	-
Other water revenue	-	14,327	14,327	-
Fiat rate revenues	157,333	-	157,333	-
Charges for services	-	575,250	575,250	-
Other	141,863	143,491	285,354	287,939
Total operating revenues	2,536,732	3,593,122	6,129,854	287,939
Operating expenses:				
Source of supply and expense - operations and maintenance	696,877	-	696,877	-
Transmission and distribution	1,171,880	-	1,171,880	-
Collection system - operations and maintenance	-	658,021	658,021	-
Pumping - operations and maintenance	92,322	945,088	1,037,410	-
Treatment and disposal expense - operations and maintenance	-	1,271,009	1,271,009	-
Customer accounts	91,131	113,879	205,010	-
Salaries and wages	-	-	-	13,665
Materials and supplies	-	-	-	601
Contractual services	-	-	-	158,917
Administration and general	493,628	1,430,238	1,923,866	5,765
Depreciation	371,963	603,407	975,370	-
Total operating expenses	2,917,801	5,021,642	7,939,443	178,948
Operating income (loss)	(381,069)	(1,428,520)	(1,809,589)	108,991
Nonoperating revenues (expenses):				
Interest and investment revenue	963	17,517	18,480	454
Miscellaneous revenue	-	-	-	-
Contributions from property owners	-	-	-	-
Local tax distributions	1,600	1,277,573	1,279,173	-
BAB's subsidy	-	150,110	150,110	-
Interest expense	-	(572,061)	(572,061)	(122,387)
Amortization of bond issue costs	-	(29,794)	(29,794)	(8,092)
Total nonoperating revenue (expenses)	2,563	843,345	845,908	(130,025)
Income (loss) before contributions and transfers	(378,506)	(585,175)	(963,681)	(21,034)
Capital contributions from property owners	-	117,524	117,524	-
Change in net assets	(378,506)	(467,651)	(846,157)	(21,034)
Total net assets - beginning	9,538,735	9,567,135	19,105,870	(177,235)
Prior period adjustment (Note IV.B.)	-	-	-	153,850
Total net assets - ending	\$ 9,160,229	\$ 9,099,484	\$ 18,259,713	\$ (44,419)

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, 2010

	Business-Type Activities Enterprise Funds		Totals	Governmental Activities Internal Service Fund
	Water Utility	Sanitary District		
Cash flows from operating activities:				
Receipts from customers and users	\$ 2,522,706	\$ 3,594,386	\$ 6,117,092	\$ -
Payments to suppliers	(1,867,122)	(3,923,972)	(5,791,094)	(155,883)
Payments to employees	(630,458)	(859,436)	(1,489,894)	(13,499)
Other receipts	-	-	-	186,560
Net cash provided (used) by operating activities	25,126	(1,189,022)	(1,163,896)	17,178
Cash flows from capital and related financing activities:				
Local tax distributions	1,600	1,029,557	1,031,157	-
Acquisition and construction of capital assets	(351,793)	(3,475,667)	(3,827,460)	-
Proceeds from capital debt (net of discounts and premiums)	-	2,274,301	2,274,301	-
BAB's subsidy	-	98,077	98,077	-
Capital contributions from property owners	-	20,653	20,653	-
Principal paid on capital debt	-	(566,000)	(566,000)	(225,000)
Interest paid on capital debt	-	(539,077)	(539,077)	(46,325)
Net cash provided (used) by capital and related financing activities	(350,193)	(1,158,156)	(1,508,349)	(271,325)
Cash flows from investing activities:				
Net (purchase)/sale of investments	21,077	(59,863)	(38,786)	(9,234)
Proceeds from net investment in direct financing lease	-	-	-	406,633
Proceeds from operating lease receivable	-	-	-	9,250
Interest received	1,106	19,683	20,789	459
Net cash provided by investing activities	22,183	(40,180)	(17,997)	407,108
Net increase (decrease) in cash and cash equivalents	(302,884)	(2,387,358)	(2,690,242)	152,961
Cash and cash equivalents, January 1 (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
Cash and cash equivalents, December 31 (Including \$347,225 and \$4,176,671 for the Water Utility and Sanitary District, respectively, reported in restricted accounts)	\$ 683,812	\$ 4,731,269	\$ 5,415,081	\$ 351,698

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, 2010
(Continued)

	Business-Type Activities Enterprise Funds		Governmental Activities	
	Water Utility	Sanitary District		Totals
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (381,069)	\$ (1,428,520)	\$ (1,809,589)	\$ 108,991
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	371,963	603,407	975,370	-
(Increase) decrease in assets:				
Accounts receivable	(802)	1,264	462	-
Inventories	29,699	(524)	29,175	-
Prepaid items	(263)	(111)	(374)	-
Increase (decrease) in liabilities:				
Customer deposits	(13,224)	-	(13,224)	-
Accounts payable	(9,829)	(387,513)	(397,342)	9,401
Accrued payroll and withholdings payable	1,899	(7,131)	(5,232)	166
Compensated absence payable	235	(1,470)	(1,235)	-
Other postemployment benefits payable	26,692	31,576	58,268	-
Noncash items:				
Deferred revenue recognized	-	-	-	(101,380)
Total adjustments	406,370	239,498	645,868	(91,813)
Net cash provided (used) by operating activities	\$ 25,301	\$ (1,189,022)	\$ (1,163,721)	\$ 17,178
Noncash investing, capital and financing activities:				
Construction in progress on account	\$ 61,329	\$ 31,967	\$ -	\$ -
Capital contributions from property owners	-	96,871	-	-
Assets capitalized in prior year on account	(8,263)	(361,826)	-	-

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, 2010

<u>Assets</u>	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Cash and cash equivalents	\$ 318,440	\$ 357,989
Investments	-	18,299
Receivables:		
Employer contributions	40,591	-
Interest and dividends	35	32
Total receivables	<u>40,626</u>	<u>32</u>
Investments at fair value:		
Participation in investment pools of other governments	93,569	-
Total assets	<u>452,635</u>	<u>\$ 376,320</u>
<u>Liabilities</u>		
Payroll withholdings payable	-	\$ 52,852
Trust payable	-	323,468
Total liabilities	-	<u>\$ 376,320</u>
<u>Net Assets</u>		
Held in trust for:		
Employees' pension benefits and other purposes	<u>452,635</u>	
Total net assets	<u>\$ 452,635</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, 2010

<u>Additions</u>	Pension Trust Fund
Contributions:	
Employer	60,101
On-behalf	751,194
Other	<u>3,121</u>
Total contributions	<u>814,416</u>
Investment income:	
Net increase in fair value of investments	997
Interest and dividends	<u>459</u>
Total investment income	<u>1,456</u>
Total additions	<u>815,872</u>
<u>Deductions</u>	
Benefits	711,379
Administrative expense	<u>1,128</u>
Total deductions	<u>712,507</u>
Changes in net assets	103,365
Net assets - beginning	<u>349,270</u>
Net assets - ending	<u>\$ 452,635</u>

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

Blended Component Units

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

The Lincoln Center Building Corporation is a significant blended component unit of the government. The government appoints a voting majority of the Lincoln Center Building Corporation's board and a financial benefit/burden relationship exists between the government and the Lincoln Center Building Corporation. Although it is legally separate from the government, the Lincoln Center Building Corporation is reported as if it were a part of the government because it provides services entirely or almost entirely to the government. The Lincoln Center Building Corporation's sole purpose was to finance and reconstruct the government's general office for park operations, fitness center facilities, classrooms, and meeting rooms of the Lincoln Community Center. Complete financial statements of the individual component unit can be obtained from the Town of Highland, Clerk-Treasurer's Office, at 3333 Ridge Road, Highland, Indiana, 46322.

B. Government-Wide and Fund Financial Statements

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

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

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes 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.

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.

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

The government reports the following major proprietary funds:

The Water Utility Fund accounts for the operation of the government's water distribution system.

The Sanitary District Fund accounts for the operation of the government's wastewater collection plant, pumping stations and collection systems, as well as the storm water facilities.

Additionally, the government reports the following fund types:

The internal service funds included the Information Communications Technology Fund, which accounts for expenditures and resources related to information and communications technology services provided to the executive departments of the municipality and its utilities; 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 annex and leasing such annex; and for the Lincoln Community Center Building Corporation, a blended component unit of the Town, established for the sole purpose of construction and reconstruction of a recreational facility and leasing such facility.

The pension trust fund accounts for the activities of the 1925 Police Officer's Pension Fund which accumulates resources for pension benefit payments.

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

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

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

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

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

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

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

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

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

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

2. Property Taxes

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

The second installment of the 2008 pay 2009 property taxes was due on November 30, 2009. Final distribution of the 2008 pay 2009 property taxes was completed on January 20, 2010.

Due to delays caused by trending of assessments, the assessed valuations of Lake County were not finalized by February 15, 2010 as required. Therefore, the 2009 pay 2010 property tax rates and levies, as well as related budget orders for 2010, were not established until September 3, 2010. The County issued a provisional tax bill that was due on May 20, 2010. The reconciliation bill was due on November 30, 2010. Final distribution of the 2009 pay 2010 property taxes was completed on January 20, 2011.

3. Inventories and Prepaid Items

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

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

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

4. Restricted Net Assets

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

5. Capital Assets

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

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

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ All	N/A	N/A
Construction in progress	All	N/A	N/A
Right of Way (Streets)	All	N/A	N/A
Right of Way (Alleys)	All	N/A	N/A
Buildings	5,000	Straight-line	40 years
Improvements other than buildings	5,000	Straight-line	10 to 40 years
Machinery and equipment	5,000	Straight-line	4 to 20 years
Urban Local Roads/Streets	5,000	Straight-line	40 years
Sidewalks	5,000	Straight-line	15 years
Streetlights	5,000	Straight-line	20 years
Infrastructure and underground	5,000	Straight-line	15 to 50 years
Computer Software/License	5,000	Straight-line	5 years

All = 100% of expenditures for these items is capitalized

N/A = Not applicable

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

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

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

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.

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

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

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 \$2,285,507 difference are as follows:

Deferred revenue	\$	535,507
Cooperative receivable		<u>1,750,000</u>
 Total	 \$	 <u><u>2,285,507</u></u>

Another element of that reconciliation states that "Internal service funds are used by management to charge the cost of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets." The details of this \$11,495,036 difference are as follows:

Cash and cash equivalents	\$	351,698
Investments		14,242
Interest receivable		20
Deferred charges		168,909
Accounts payable		(16,136)
Accrued payroll and withholding payable		(373)
Accrued interest payable		(100,501)
Revenue bonds payable, net		<u>(11,912,895)</u>
 Total	 \$	 <u><u>(11,495,036)</u></u>

Another area of that reconciliation states that "Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$6,894,704 difference are as follows:

General obligation bonds, net	\$	(5,712,041)
Less: deferred charge for issuance costs (to be amortized over the life of the debt)		97,284
Note payable		(85,200)
Accrued interest payable		(108,988)
Capital lease obligations		(459,990)
Compensated absences		<u>(625,769)</u>
 Total	 \$	 <u><u>(6,894,704)</u></u>

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

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes 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.

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

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 \$16,975,149 differences are as follows:

Additions in capital assets	\$ 21,550,313
Less:	
Transfers from construction in progress	(3,290,262)
Depreciation expense	<u>(1,284,902)</u>
 Total	 <u>\$ 16,975,149</u>

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

The details of this \$11,018,565 difference are as follows:

Issuance of debt:	
General obligation bonds	\$ (890,000)
Revenue bonds	(11,160,000)
Capital leases	(198,943)
Principal repayment:	
General obligation bonds	874,000
Notes payable	28,400
Revenue bonds	225,000
Capital lease obligation	85,666
Amortization:	
Bond discount	(834)
Deferred debits	(15,218)
Discount, issuance costs	19,787
Change in accrued interest	<u>13,577</u>
 Total	 <u>\$ (11,018,565)</u>

Another element of that reconciliation explains that "Net pension obligations/other postemployment benefits are considered long-term obligations of the general government, but are not current expenditures." The details of this \$112,749 difference are as follows:

Change in net pension obligation	\$ 2,948
Change in other postemployment benefits	<u>(115,697)</u>
 Total	 <u>\$ (112,749)</u>

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

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 \$29,271 difference are as follows:

Change in prepaid items	\$	18,895
Change in compensated absences		<u>(48,166)</u>
 Total	 \$	 <u><u>(29,271)</u></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 \$96,954 difference are as follows:

Internal service fund loss	\$	(21,034)
Prior period adjustment		153,850
Internal service fund receivable affecting revenue eliminated		<u>(35,862)</u>
 Total	 \$	 <u><u>96,954</u></u>

III. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

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

IV. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds; and has a principal office or branch that qualifies to receive public funds of the political subdivision. With regard to bank deposits, compliance with the Indiana Code 5-13-8-1, will protect the Town from any loss due to bank failure. The Investment policy of the Town provides for compliance with the state law governing investments and deposits, which eliminates the custodial risk for deposit accounts. As for other investments, the State investment and depository law does not require the elimination of custodial risk, but its inherent limitations regarding safekeeping greatly reduce custodial credit risk. Due to the foregoing, the Town's deposit and investment policy is otherwise silent on the matter of custodial credit risk.

At December 31, 2010, the bank balance held at Trust Indiana (formerly, MBIA Asset Management Group) in the amount of \$5,996,521 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, 2010, the Town had the following investments:

Investment Type	Primary Government Market Value
U.S. agencies	\$ 96,257
Commercial paper	61,790
Other securities (Trust Indiana)	741,213
Pension relief investment pool	91,488
Total	\$ 990,748

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.

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

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

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

Also, the Town may invest in the State sponsored Local Government Investment Pool (LGIP), the corpus of which is constrained by the same investment instruments as the local government, with the exception that the LGIP may also invest in commercial paper, provided it is AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor.

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

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.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. With regard to bank deposits, compliance with the Indiana Code 5-13-8-1 will protect the Town from any loss due to bank failure. The Investment policy of the Town provides for compliance with the

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

state law governing investments and deposits, which eliminates the custodial risk for deposit accounts. As for other investments, the State investment and depository law does not require the elimination of custodial risk, but its inherent limitations regarding safekeeping greatly reduce custodial credit risk. So, the Town's deposit and investment policy is otherwise silent on the matter of custodial credit risk.

Investment Type	Not in the Government's Name
U.S. agencies	\$ 96,257
Commercial paper	61,790
Other securities (Trust Indiana)	741,213
 Total	 \$ 899,260

Interest Rate Risk

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below. The Town's investment policy for credit risk was passed in Ordinance No. 1270 which strictly follows Indiana Code 5-13-9. The state law cited greatly reduces credit risk, by its provisions regarding bank deposit accounts, being covered by the public deposit insurance fund, providing for some collateralization, or being covered by the FDIC or full faith and credit of the issuing entity, and in some cases requiring ratings as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. A review of the portion of this note outlining the investment policy generally provides detail.

Standard & Poor's Rating	Town's Investments		
	U.S. Agencies	Commercial Paper	Other Securities
AAA	\$ 13,733	\$ 61,790	\$ -
AA	75,647	-	-
Unrated - Trust Indiana	6,877	-	741,213
 Totals	 \$ 96,257	 \$ 61,790	 \$ 741,213

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

Concentration of Credit Risk

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

B. Receivables

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

Cooperative Receivable

The Town of Highland and the City of Hammond, through their respective Redevelopment Commissions approved an interlocal cooperation agreement on April 3, 2006, to burden share on a Redevelopment Project that involved the recovery, razing, rehabilitation and redevelopment of an under maintained apartment complex in great need of redevelopment. The parcels are located on an area of land that is contiguous to the common borders of 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, 2010.

Parks and Recreation Building Corporation Lease

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

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

On March 25, 2010, the lease schedule between the Corporation and the Town was modified to include an extension of the lease until 2013 adding an additional lease payment of \$302,280. Prior period adjustments were made in accordance with generally accepted accounting principles to adjust deferred lease revenue for the amortization that should have been taken if the 2013 receivable payment had been included on the original lease receivable schedule as well as to include the amortization of deferred lease revenue is a \$153,850 increase to net assets and a corresponding decrease to deferred lease revenue. The effect of recording an additional lease receivable payment is a \$302,280 increase to both lease receivable and deferred lease revenue.

The following lists the component of the net investment in direct financing lease as of December 31, 2010:

Total minimum lease payments to be received	\$	886,280
Less: amounts representing estimated executory costs		<u>(18,500)</u>
Minimum lease payment receivable		867,780
Less: unearned income		<u>(287,695)</u>
Net investment in direct financing lease		580,085
Less: current portion		<u>(194,317)</u>
Net investment in direct financing lease, less current portion	\$	<u><u>385,768</u></u>

At December 31, 2010, minimum lease payments are as follows:

	Direct Financing Lease Payments	Operating Lease Payments	
2011	\$ 289,000	\$ 9,250	
2012	295,000	9,250	
2013	<u>302,280</u>	<u>-</u>	
Totals	<u><u>\$ 886,280</u></u>	<u><u>\$ 18,500</u></u>	

Lincoln Community Center Building Corporation Lease

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

The following lists the component of the net investment in direct financing lease as of December 31, 2010:

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

Total minimum lease payments to be received	\$ 19,890,000
Less: unearned income	<u>(9,037,968)</u>
Net investment in direct financing lease	(9,037,968)
Less: current portion	<u>(556,514)</u>
Net investment in direct financing lease, less current portion	<u>\$ (9,594,482)</u>

At December 31, 2010, minimum lease payments are as follows:

2011	\$ 1,020,000
2012	1,020,000
2013	1,020,000
2014	1,020,000
2015	1,020,000
2016-2020	5,100,000
2021-2025	5,100,000
2026-2030	<u>4,590,000</u>
Total	<u>\$ 19,890,000</u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2010, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Prior Period Adjustment</u>	<u>Restated Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$ 2,800,029	\$ -	\$ 2,800,029	\$ 134,559	\$ -	\$ 2,934,588
Rights of way and easements	-	14,243,771	14,243,771	-	-	14,243,771
Construction in progress	<u>2,871,787</u>	-	<u>2,871,787</u>	<u>13,132,613</u>	<u>3,290,262</u>	<u>12,714,138</u>
Total capital assets, not being depreciated	<u>5,671,816</u>	<u>14,243,771</u>	<u>19,915,587</u>	<u>13,267,172</u>	<u>3,290,262</u>	<u>29,892,497</u>
Capital assets, being depreciated:						
Buildings	6,932,766	-	6,932,766	8,289	8,289	6,932,766
Improvements other than buildings	3,582,286	-	3,582,286	26,395	9,100	3,599,581
Computer software/license	-	83,248	83,248	-	-	83,248
Machinery and equipment	4,909,880	-	4,909,880	597,531	575,827	4,931,584
Infrastructure and underground	<u>26,483,060</u>	<u>15,769,190</u>	<u>42,252,250</u>	<u>7,650,926</u>	<u>18,726</u>	<u>49,884,450</u>
Totals	<u>41,907,992</u>	<u>15,852,438</u>	<u>57,760,430</u>	<u>8,283,141</u>	<u>611,942</u>	<u>65,431,629</u>
Less accumulated depreciation for:						
Buildings	4,365,860	-	4,365,860	182,044	-	4,547,904
Improvements other than buildings	2,821,312	-	2,821,312	87,286	9,100	2,899,498
Computer software/license	-	55,838	55,838	9,905	-	65,743
Machinery and equipment	3,457,228	-	3,457,228	374,077	449,289	3,382,016
Infrastructure and underground	<u>14,542,020</u>	<u>10,814,780</u>	<u>25,356,800</u>	<u>631,590</u>	<u>-</u>	<u>25,988,390</u>
Totals	<u>25,186,420</u>	<u>10,870,618</u>	<u>36,057,038</u>	<u>1,284,902</u>	<u>458,389</u>	<u>36,883,551</u>
Total capital assets, being depreciated, net	<u>16,721,572</u>	<u>4,981,820</u>	<u>21,703,392</u>	<u>6,998,239</u>	<u>153,553</u>	<u>28,548,078</u>
Total governmental activity capital assets, net	<u>\$ 22,393,388</u>	<u>\$ 19,225,591</u>	<u>\$ 41,618,979</u>	<u>\$ 20,265,411</u>	<u>\$ 3,443,815</u>	<u>\$ 58,440,575</u>

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

<u>Primary Government</u>	Beginning Balance	Prior Period Adjustment	Restated Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:						
Capital assets, not being depreciated:						
Land	\$ 55,477	\$ -	\$ 55,477	\$ 5,469	\$ -	\$ 60,946
Construction in progress	3,359,792	-	3,359,792	3,661,240	3,248,356	3,772,676
Total capital assets, not being depreciated	3,415,269	-	3,415,269	3,666,709	3,248,356	3,833,622
Capital assets, being depreciated:						
Buildings	1,062,132	-	1,062,132	-	-	1,062,132
Improvements other than buildings	4,531,338	-	4,531,338	-	5,000	4,526,338
Machinery and equipment	2,115,483	-	2,115,483	340,443	123,126	2,332,800
Infrastructure and underground	30,205,666	-	30,205,666	3,203,567	118,089	33,291,144
Totals	37,914,619	-	37,914,619	3,544,010	246,215	41,212,414
Less accumulated depreciation for:						
Buildings	680,731	-	680,731	24,544	-	705,275
Improvements other than buildings	2,087,741	-	2,087,741	110,457	-	2,198,198
Machinery and equipment	1,185,686	-	1,185,686	143,438	121,793	1,207,331
Infrastructure and underground	14,927,064	-	14,927,064	709,548	57,939	15,578,673
Totals	18,881,222	-	18,881,222	987,987	179,732	19,689,477
Total capital assets, being depreciated, net	19,033,397	-	19,033,397	2,556,023	66,483	21,522,937
Total business-type activity capital assets, net	<u>\$ 22,448,666</u>	<u>\$ -</u>	<u>\$ 22,448,666</u>	<u>\$ 6,222,732</u>	<u>\$ 3,314,839</u>	<u>\$ 25,356,559</u>

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

Governmental activities:	
General government	\$ 124,675
Public safety	256,097
Highway and streets	635,896
Urban redevelopment	1,801
Culture and recreation	266,433
Total depreciation expense - governmental activities	<u>\$ 1,284,902</u>
Business-type activities:	
Water	\$ 384,749
Sanitary District	603,239
Total depreciation expense - business-type activities	<u>\$ 987,988</u>

D. Construction Commitments

Construction work in progress is composed of the following:

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

<u>Project</u>	<u>Total Project Authorized</u>	<u>Expended to December 31, 2010</u>	<u>Committed</u>
Governmental Funds:			
Recreation Center/Lincoln Center	\$ 11,377,000	\$ 11,160,000	\$ 217,000
Cline/Ridge to 45th Project	4,316,887	1,030,454	3,286,433
North 5th Street Emergency Engine Generator Project	34,522	34,522	-
45th From Kennedy to Kleinman Reconstruction	35,520	35,520	-
Idlewild Drive Design Project	489,035	453,642	35,393
Total governmental activities	\$ 16,252,964	\$ 12,714,138	\$ 3,538,826
Business-Type Activities:			
Water Utility:			
Fifth Street Sanitary Manhole Replacement Project	\$ 54,566	\$ 51,282	\$ 3,284
Bradley Pump Station	8,794	8,794	-
US 41 INDOT Water Main Project	35,000	18,245	16,755
SCADA System Design	141,238	124,966	16,272
Parish Avenue Sewer Improvement Project	14,500	8,673	5,827
Sanitary District:			
Sanitary Sewer:			
North Dr Drainage Basin Storm Inlet Improvement Project	163,260	135,459	27,801
37th Place Engine Generator Project	151,250	14,510	136,740
North 5th Street Emergency Engine Generator Project	904,462	904,462	-
42nd Street Sanitary Sewer Improvement Project	43,500	23,592	19,908
Fifth Street Sanitary Manhole Replacement Project	282,222	283,444	(1,222)
Idlewood Drive Design Project	121,796	80,355	41,441
Martha Street Storm Sewer Improvement Project	122,780	38,504	84,276
Strong Street From 5th to Grace St. Sewer Separation Project	1,174,490	1,321,063	(146,573)
SCADA System Design	650,019.00	565,234	84,785
Parrish Avenue Sewer Improvement Project	17,500.00	8,739	8,761
Main Street Drainage Design Project	60,275	55,341	4,934
Storm Water:			
Strong Street From 5th to Grace St. Sewer Separation Project	43,566	43,566	-
Cline Avenue Storm Sewer	86,447	86,447	-
Total business-type activities	\$ 3,945,652	\$ 3,772,676	\$ 302,989

Some of the above projects involved expenditures for preliminary engineering work only as of December 31, 2010. Financing has not yet been obtained, nor has the Town entered into any construction contracts.

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2010, is as follows:

<u>Due To</u>	<u>Due From</u>		<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental</u>	
Nonmajor governmental	\$ 27,204	\$ 26,808	\$ 54,012

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

Interfund balances resulted from the time lag between the dates that reimbursements between funds are made.

2. Interfund transfers for the year ended December 31, 2010, were as follows:

Transfer From	Transfer To	Amount
General	Other governmental fund	\$ 42,000

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, 2010, are as follows:

	Governmental Activities
2011	\$ 118,513
2012	114,819
2013	110,635
2014	92,454
2015	40,861
2016-2020	39,263
Total minimum lease payments	516,545
Less amount representing interest	56,555
Present value of net minimum lease payments	\$ 459,990

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

	Governmental Activities
Improvements other than buildings	\$ 12,588
Machinery and equipment	644,151
Total	656,739
Accumulated depreciation	(88,786)
Total	\$ 567,953

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, 2010, was as follows:

	Beginning Balance	Issued/ Draws	Redeemed/ Repayments	Ending Balance
Tax anticipation warrants	\$ 3,393,000	\$ 2,950,000	\$ 3,393,000	\$ 2,950,000

H. Long-Term Liabilities

1. General Obligation Bonds

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

The Board of Sanitary Commissioners 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." These bonds are 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. On September 7, 2010, the Board and Town Council approved the debt financing for the remaining balance of the \$10 million (\$2,360,000).

On October 7, 2010, the Town Council approved a bond issue for \$890,000 for road improvements and a taxable bond issue of \$11,160,000 for expansion and renovation of the Lincoln Center. The latter bond issuance is comprised of "Build America Bonds" that carry the same benefits as described above.

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

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

Purpose	Original Issue Amount	Interest Rates	Balance December 31	Less: Unamortized Premium (Discount)	Amount
Governmental activities:					
2006 Park District bond	\$ 1,850,000	3.85% to 4.35%	\$ 1,295,000	\$ -	\$ 1,295,000
- maturity February 1, 2017					
- installments of \$185,000 plus interest					
2005 Municipal bonds	1,091,903	3.1% to 4.0%	601,903	-	601,903
- maturity February 1, 2016					
- installments of \$55,903 to \$110,000 plus interest					
2006 Redevelopment District bond	1,750,000	6.375% to 6.5%	1,225,000	(5,414)	1,219,586
- maturity February 1, 2017					
- installments of \$175,000 plus interest					
2008 Municipal bond	1,900,000	4.75%	1,710,000	-	1,710,000
- maturity February 1, 2019					
- installments of \$190,000 plus interest					
2010 Recovery Zone Economic Development Bonds	890,000	2.0% to 5.5%	890,000	(4,448)	885,552
- maturity August 1, 2018					
- installments of \$55,000 to \$120,000 plus interest					
Total governmental activities	\$ 7,481,903		\$ 5,721,903	\$ (9,862)	\$ 5,712,041
Business-type activities:					
2005 Sanitary District bond	\$ 1,175,000	3.1% to 4.0%	\$ 649,000	\$ -	\$ 649,000
- maturity February 1, 2016					
- installments of \$59,000 to \$118,000 plus interest					
2007A Sanitary District bond	1,112,988	4.25% to 4.5%	1,104,500	8,487	1,112,987
- maturity February 1, 2018					
- installments of \$75,500 to \$148,000 plus interest					
2007B Sanitary District bond	2,030,500	4.625% to 5.0%	1,750,500	18,516	1,769,016
- maturity February 1, 2026					
- installments of \$57,500 to \$114,000 plus interest					
2009A Sanitary District bond	2,121,000	2.25% to 3.85%	2,014,000	-	2,014,000
- maturity August 1, 2017					
- installments of \$214,000 to \$382,000 plus interest					
2009B Sanitary District bond	4,679,000	6.0% to 6.625%	4,679,000	(30,250)	4,648,750
- maturity February 1, 2029					
- installments of \$191,000 to \$478,000 plus interest					
2009C Sanitary District bond	840,000	2.25% to 3.5%	756,000	-	756,000
- maturity February 1, 2015					
- installments of \$84,000 to \$168,000 plus interest					
2010 Sanitary District Build America Bonds	2,360,000	1.75% to 5.5%	2,360,000	-	2,360,000
- maturity February 1, 2029					
- installments of \$65,000 to \$132,000 plus interest					
Total business-type activities	\$ 14,675,000		\$ 13,313,000	\$ (3,244)	\$ 13,309,753

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
2011	\$ 714,000	\$ 244,929	\$ 823,000	\$ 619,287
2012	774,000	226,357	888,000	608,782
2013	779,000	191,424	888,000	579,879
2014	779,000	155,128	889,000	548,885
2015	780,000	117,609	890,000	515,972
2016-2020	1,895,903	145,790	3,747,500	2,045,948
2021-2025	-	-	3,331,000	1,101,891
2026-2030	-	-	1,856,500	229,411
Totals	\$ 5,721,903	\$ 1,081,237	\$ 13,313,000	\$ 6,250,055

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

2. Revenue Bonds

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

Purpose	Original Issue Amount	Interest Rates	Balance at December 31	Plus/(Less) Unamortized Premium/ (Discount)	Revenue Bonds
Governmental activities:					
1997 Parks and Recreation Building Corporation bonds	\$ 2,600,000	5.125% to 5.20%	\$ 780,000	\$ 3,458	\$ 783,458
2010 Lincoln Community Center Building Corporation bonds	<u>11,160,000</u>	3.3744%	<u>11,160,000</u>	<u>(30,563)</u>	<u>11,129,437</u>
Totals	<u>\$ 13,760,000</u>		<u>\$ 11,940,000</u>	<u>\$ (27,105)</u>	<u>\$ 11,912,895</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2011	\$ 240,000	\$ 419,884
2012	845,000	537,732
2013	780,000	512,442
2014	510,000	492,465
2015	530,000	476,858
2016-2020	2,955,000	2,051,139
2021-2025	3,200,000	1,304,000
2026-2030	<u>2,880,000</u>	<u>414,000</u>
Totals	<u>\$ 11,940,000</u>	<u>\$ 6,208,520</u>

3. Notes Payable

The primary government has entered into a note. The outstanding note balance at December 31, 2010, is \$85,200. Annual debt service requirements to maturity for the note are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2011	\$ 28,400	\$ 2,783
2012	28,400	1,670
2013	<u>28,400</u>	<u>557</u>
Totals	<u>\$ 85,200</u>	<u>\$ 5,010</u>

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

4. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation	\$ 5,705,903	\$ 890,000	\$ 874,000	\$ 5,721,903	\$ 714,000
Less deferred bond discount	(5,907)	(4,448)	(493)	(9,862)	-
Revenue	1,005,000	11,160,000	225,000	11,940,000	240,000
Add deferred bond premium	4,454	-	996	3,458	-
Less deferred bond discount	-	(31,043)	(480)	(30,563)	-
Total bonds payable	6,709,450	12,014,509	1,099,023	17,624,936	954,000
Capital leases	346,713	198,943	85,666	459,990	99,665
Note payable	113,600	-	28,400	85,200	28,400
Other postemployment benefits	257,729	115,697	-	373,426	-
Compensated absences	577,603	494,320	446,154	625,769	246,525
Net pension obligation	5,403,413	-	10,205	5,393,208	-
Total governmental activities long-term liabilities	\$ 13,408,508	\$ 12,823,469	\$ 1,669,448	\$ 24,562,529	\$ 1,328,590
Business-type activities:					
Water Utility:					
Other postemployment benefits	\$ 11,496	\$ 26,692	\$ -	\$ 38,188	\$ -
Compensated absences	51,095	45,020	44,785	51,330	14,104
Total Water Utility long-term liabilities	62,591	71,712	44,785	89,518	14,104
Sanitary District:					
Bonds payable:					
General obligation	11,519,000	2,360,000	566,000	13,313,000	823,000
Add deferred bond premium	29,431	-	2,428	27,003	-
Less deferred bond discount	(31,924)	-	(1,674)	(30,250)	-
Total bonds payable	11,516,507	2,360,000	566,754	13,309,753	823,000
Other postemployment benefits	13,810	31,576	-	45,386	-
Compensated absences	58,245	39,894	41,364	56,775	16,748
Total Sanitary District long-term liabilities	11,588,562	2,431,470	608,118	13,411,914	839,748
Total business-type activities long-term liabilities	\$ 11,651,153	\$ 2,503,182	\$ 652,903	\$ 13,501,432	\$ 853,852

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

I. Restatements and Reclassifications

For the year ended December 31, 2010, certain changes have been made to the financial statements to more appropriately reflect financial activity of the Town.

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

In 2009, a change in funding contributions of the 1925 Police and 1937 Firefighters' Pensions was enacted based on the following law change: 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." Based on an interpretation of this law, it was determined that the primary government no longer was liable for the pension obligations of the 1925 Police and 1937 Firefighters' Pensions. Upon further review at the state level and in consultation with GASB, it was determined that the local governments would retain reporting of the liabilities because those covered by these pensions are still local government employees and the local governments remain legally responsible for making the pension payments to them. The local governments are still legally responsible to administer the plans and make the pension payments. Therefore, the liability is reinstated.

On March 25, 2010, the lease between the Parks and Recreation Building Corporation and the Town was modified to include an extension of the lease until 2013. A prior period adjustment of \$153,850 was made in accordance with generally accepted accounting principles to adjust the Net Assets of the Corporation to include the amortization that should have been taken if the 2013 receivable payment had been included on the original lease receivable schedule.

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

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

Opinion Unit	Balance as Reported December 31, 2009	Prior Period Adjustments	Balance as Restated January 1, 2010
Governmental activities:			
Net assets:			
Net pension obligation	\$ (67,904)	\$ (5,328,252)	\$ (5,396,156)
Highland building corporation	(243,738)	153,850	(89,888)
Other capital assets, net of depreciation	<u>22,393,388</u>	<u>19,225,591</u>	<u>41,618,979</u>
Totals	<u>\$ 22,081,746</u>	<u>\$ 14,051,189</u>	<u>\$ 36,132,935</u>

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

J. Restricted Net Assets

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

Customer deposits	\$ 70,991
Accounts receivable - Treasury subsidy payments	63,684
Improvement account	647,303
Improvement - construction	2,664,240
Bond and interest account	748,609
Extension account	104,218
Sanitary B&I exempt debt service	3,143
Reserve account	273,982
Co-op account	5,625
Excess levy	2,061
Sanitary special public safety	3,724
Investments	65,503
Interest receivable	748
Taxes receivable	619,563
Inventories	<u>45,440</u>
 Total restricted assets	 <u><u>\$ 5,318,834</u></u>

K. Investment in Capital Assets Net of Related Debt

On the government-wide Statement of Net Assets, the government reports a category titled Invested in capital assets, net of related debt. The composition of the balance as of December 31, 2010, is as follows:

	<u>Amount</u>
Governmental activities:	
Capital assets	\$ 95,324,126
Less:	
Accumulated depreciation	(36,883,551)
Outstanding principal of related debt:	
General obligation bonds:	
2006 Park District bond	(1,295,000)
2005 Municipal bonds	(601,903)
2008 Municipal bonds	(1,710,000)
2006 Redevelopment District Bond	(1,219,586)
2010 Build America bonds	(885,552)
1997 Revenue bond	(783,458)
2010 Revenue bond	(11,129,437)
Note payable	(85,200)
Capital lease obligations	(459,990)
Add: Unspent proceeds	<u>2,110,957</u>
 Total invested in capital assets, net of related debt	 <u><u>\$ 42,381,406</u></u>

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

	Amount
Business-type activities:	
Capital assets	\$ 45,046,036
Less:	
Accumulated depreciation	(19,689,477)
Outstanding principal of related debt:	
General obligation bonds:	
2005 Sanitary District bond	(649,000)
2007 Sanitary District bonds Series A and B	(2,882,003)
2009 Sanitary District bonds Series A, B and C	(7,418,750)
2010 Sanitary District Build America bonds	(2,360,000)
Add: Unspent proceeds	1,833,450
Total invested in capital assets, net of related debt	\$ 13,880,256

V. Other Information

A. Risk Management

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

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

Worker's Compensation

During 1990, the government joined together with other governmental entities in the Indiana Public Employer's Plan, Inc., a public entity risk pool currently operating as a common risk management 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:

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

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Water Utility:				
Capital assets, not being depreciated:				
Land	\$ 17,661	\$ -	\$ -	\$ 17,661
Construction in progress	338,131	248,994	375,165	211,960
Total capital assets, not being depreciated	<u>355,792</u>	<u>248,994</u>	<u>375,165</u>	<u>229,621</u>
Capital assets, being depreciated:				
Buildings	1,062,132	-	-	1,062,132
Improvements other than buildings	3,957,279	-	-	3,957,279
Machinery and equipment	495,915	158,602	57,609	596,908
Infrastructure and underground	10,185,069	375,165	45,155	10,515,079
Totals	<u>15,700,395</u>	<u>533,767</u>	<u>102,764</u>	<u>16,131,398</u>
Less accumulated depreciation for:				
Buildings	680,731	24,544	-	705,275
Improvements other than buildings	1,787,561	89,122	-	1,876,683
Machinery and equipment	385,056	27,722	57,609	355,169
Infrastructure and underground	4,650,557	243,360	57,939	4,835,978
Totals	<u>7,503,905</u>	<u>384,748</u>	<u>115,548</u>	<u>7,773,105</u>
Total capital assets, being depreciated, net	<u>8,196,490</u>	<u>149,019</u>	<u>(12,784)</u>	<u>8,358,293</u>
Total Water Utility capital assets, net	<u>\$ 8,552,282</u>	<u>\$ 398,013</u>	<u>\$ 362,381</u>	<u>\$ 8,587,914</u>
Business-type activities:				
Sanitary District:				
Wastewater Utility:				
Capital assets, not being depreciated:				
Land	\$ 37,816	\$ 5,469	\$ -	\$ 43,285
Construction in progress	1,385,964	3,164,024	1,119,285	3,430,703
Total capital assets, not being depreciated	<u>1,423,780</u>	<u>3,169,493</u>	<u>1,119,285</u>	<u>3,473,988</u>
Capital assets, being depreciated:				
Improvements other than buildings	574,059	-	5,000	569,059
Machinery and equipment	1,600,412	181,841	59,826	1,722,427
Infrastructure and underground	10,171,956	2,751,260	72,934	12,850,282
Totals	<u>12,346,427</u>	<u>2,933,101</u>	<u>137,760</u>	<u>15,141,768</u>
Less accumulated depreciation for:				
Improvements other than buildings	300,180	21,335	-	321,515
Machinery and equipment	781,775	115,655	58,493	838,937
Infrastructure and underground	4,523,573	235,654	-	4,759,227
Totals	<u>5,605,528</u>	<u>372,644</u>	<u>58,493</u>	<u>5,919,679</u>
Total capital assets, being depreciated, net	<u>6,740,899</u>	<u>2,560,457</u>	<u>79,267</u>	<u>9,222,089</u>
Total Wastewater Utility capital assets, net	<u>\$ 8,164,679</u>	<u>\$ 5,729,950</u>	<u>\$ 1,198,552</u>	<u>\$ 12,696,077</u>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Sanitary District:				
Storm Water:				
Capital assets, not being depreciated:				
Construction in progress	\$ 1,635,697	\$ 248,222	\$ 1,753,906	\$ 130,013
Capital assets, being depreciated:				
Machinery and equipment	19,156	-	5,691	13,465
Infrastructure and underground	9,848,641	77,142	-	9,925,783
Totals	<u>9,867,797</u>	<u>77,142</u>	<u>5,691</u>	<u>9,939,248</u>
Less accumulated depreciation for:				
Machinery and equipment	18,856	61	5,691	13,226
Infrastructure and underground	5,752,933	230,534	-	5,983,467
Totals	<u>5,771,789</u>	<u>230,595</u>	<u>5,691</u>	<u>5,996,693</u>
Total capital assets, being depreciated, net	<u>4,096,008</u>	<u>(153,453)</u>	<u>-</u>	<u>3,942,555</u>
Total Storm Water capital assets, net	<u>\$ 5,731,705</u>	<u>\$ 94,769</u>	<u>\$ 1,753,906</u>	<u>\$ 4,072,568</u>

C. Subsequent Events

The Board of Waterworks Directors, at its meeting of August 25, 2011, passed a preliminary resolution authorizing the issuance of Notes of the Special Taxing District, in an amount not to exceed \$750,000. The purpose of the note is to finance system extensions and improvements including US 41 Water Extension Project, water related improvements associated with the Woodward Avenue Reconstruction Project, the Garfield Avenue Water Main Replacement Project, and Bradley Pump Station Bypass Project. It is intended that the note be amortized for not longer than three years, with a likely maturity in two years.

A class action lawsuit, Lieberman et alia versus the Town of Highland and the Highland Sanitary District was commenced against the Town of Highland following a profound and unusual storm event occurring in September 2006, was approved for settlement among the several parties. The Board of Sanitary Commissioners, at its meeting of September 6, 2011, took initial steps to authorize the issuance of Judgements Bonds of 2011, in an amount not to exceed \$800,000, which should support the payment of the Town of Highland and its Sanitary District's share of the agreed upon settlement amount totaling \$1.9 million. The Town of Highland's share being \$780,000 and the balance being paid by Scotsdale Insurance, the underwriter/insurer covering the general liability activities of the Town and its political subdivisions during the time of the incident. It is noted that case law in Indiana supported the possibility of the insurance carrier charging a deductible for every member of the class action suit, rather than allow for a single deductible to cover the single incident. It was estimated that at \$5,000 per occurrence, the amount of deductible that would be assessed could exceed \$1.2 million.

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

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

effective date of the ordinance. On November 4, 2008, the referendum was conducted and the residents voted to authorize the withdrawal. The withdrawal was effective 30 days following the certification of the referendum's results and its reporting to the Indiana Utility Regulatory Commission.

E. Receipts Pledged in Connection with Component Unit Debt

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

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

F. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

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

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

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

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

Funding Policy

The contribution requirements of plan members for the Town of Highland's Retiree's Group Health and Life Insurance Plan are established and can be amended by the Town Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2010, the Town contributed \$43,729 to the plan, for expenditures for these postemployment benefits. Plan members receiving benefits contributed \$34,231, or approximately 75 percent of the total premiums, through their required contribution of \$483 per month for retiree-only coverage and \$967 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	\$ 217,020
Interest on net OPEB obligation	12,737
Adjustment to annual required contribution	<u>(12,064)</u>
Annual OPEB cost	217,693
Contributions made	<u>43,728</u>
Increase (decrease) in net OPEB obligation	173,965
Net OPEB obligation, beginning of year	<u>283,035</u>
Net OPEB obligation, end of year	<u><u>\$ 457,000</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 2010 and 2009 were as follows:

Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12-31-10	\$ 217,693	20.1%	\$ 457,000
12-31-09	190,540	24.0%	283,035
12-31-08	179,628	23.1%	138,136

Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$2,248,713, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,248,713. 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 45 percent.

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

The funded status of the plan as of December 31, 2010, was as follows:

Actuarial value of plan assets	\$ -
Actuarial accrued liability (AAL)	<u>2,248,713</u>
Unfunded AAL	\$ (2,248,713)
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	45%

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

The Schedule of Funding Progress, presented as required supplementary information following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumption

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

In the December 31, 2010, actuarial valuation, the projected unit credit with linear proration to decrement cost method was used. The actuarial assumptions included a 4.5 percent unfunded discount rate (8.0 percent 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 29 years. A healthcare cost trend rate of 10 percent, salary scale of 3 percent, 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)

G. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

The government contributes to the Indiana Public Employees' Retirement Fund (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 Board has the authority to establish and amend the benefits of the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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 8.00 percent of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by the Board of Trustees of 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 2010, the Town's annual pension cost of \$225,474 for PERF was greater than the Town's required and actual contributions of \$211,406.

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

b. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

Plan members are required by state statute (IC 36-8-6-4) to contribute an amount equal to 6 percent of the salary of a first class patrolman. The contribution requirements of plan members are established and may be amended by state statute. The State of Indiana has contributed \$751,194 on behalf of the municipality. *On behalf contributions from the State of Indiana approximates the amount paid out for benefits.**

Annual Pension Cost

For 2010, the Town's annual pension cost of \$797,400 for the 1925 Police Officers' Pension Plan was less than the Town's required and actual contributions of \$814,416.

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

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>
Annual required contribution	\$ 226,161	\$ 894,500
Interest on net pension obligation	4,923	319,700
Adjustment to annual required contribution	<u>(5,610)</u>	<u>(416,800)</u>
Annual pension cost	225,474	797,400
Contributions made	<u>43,729</u>	<u>814,416</u>
Increase in net pension obligation	181,745	(17,016)
Net pension obligation, beginning of year	<u>67,904</u>	<u>5,328,252</u>
Net pension obligation, end of year	<u>\$ 249,649</u>	<u>\$ 5,311,236</u>

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

	PERF	1925 Police Officers' Pension
Contribution rates:		
Town	7.75%	N/A
Plan members	3%	6%
Actuarial valuation date	07-01-10	01-01-10
Actuarial cost method	Entry age normal cost	Entry age normal cost
Amortization method	Level dollar closed amortization period	Level percentage of projected payroll, closed
Amortization period	30 years	30 years
Amortization period (from date)	07-01-09	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital

N/A = not applicable

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

*2.75% converted members; 4% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-08	\$ 197,856	98%	\$ 66,410
	06-30-09	202,884	99%	67,904
	06-30-10	225,474	94%	81,972
1925 Police Officers' Pension Plan	12-31-08	692,600	94%	5,335,509
	12-31-09	753,100	101%	5,328,252
	12-31-10	797,400	102%	5,311,236

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

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

Membership in the 1925 Police Officers' Pension Plan at January 1, 2010, was comprised of the following:

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

Statement of Fiduciary Net Assets:

	1925 Police Officers' Pension
<u>Assets</u>	
Cash and cash equivalents	\$ 318,440
Receivables:	
Employer contributions	40,591
Interest and dividends	35
Total receivables	40,626
Investments at fair value:	
Participation in investment pools of other governments	93,569
Total assets	452,635
<u>Net Assets</u>	
Held in trust for:	
Employees' pension benefits and other purposes	452,635
Total net assets	\$ 452,635

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

Statement of Changes in Fiduciary Net Assets:

Additions

Contributions:

Employer	\$ 60,101
On-behalf	751,194
Other	<u>3,121</u>

Total contributions	<u>814,416</u>
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Investment income:

Net decrease in fair value of investments	997
Interest and dividends	<u>459</u>

Total investment income	<u>1,456</u>
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Total additions	<u>815,872</u>
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Deductions

Benefits	711,379
Administrative expense	<u>1,128</u>

Total deductions	<u>712,507</u>
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Changes in net assets	103,365
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Net assets - beginning	<u>349,270</u>
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Net assets - ending	<u>\$ 452,635</u>
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Funded status and Funding Progress for the Above Plans

The funded status of each plan as of July 1, 2010, the most recent actuarial valuation date (except the 1925 Police Officers' pension fund (which is as of January 1, 2010) is as follows:

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

Retirement Plan	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
PERF	\$ 3,087,261	\$ 4,463,808	\$ (1,376,547)	69%	\$2,843,505	(48%)
1925 Police Officers' Pension Plans	453,094	11,766,300	(11,313,206)	4%	-	No covered payroll

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

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

The government contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (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 20 years of service may leave service, but will not receive benefits until reaching age 52. Employees with at least 20 years of service may retire at 50 years of age, with a reduced benefit. The plan also provides for death and disability benefits.

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

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

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6 percent of the first-class police officers' and firefighters' salary and the government is to contribute at an actuarially determined rate. The current rate, which was changed in 2009 from the rate of 21 percent, is 19.5 percent of the first-class police officers' and firefighters' salary. The contribution of 21 percent had been the employer's rate from the inception of the plan in 1977, continuing until 2009. The contribution requirements of plan members and the government are established by the Board of Trustees of PERF. The government's contributions to the plan for the years ending December 31, 2010, 2009, and 2008, were \$405,888.88, \$407,997, and \$447,803, 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) (a-b)	Funded Ratio (e/b) (e/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 2,906,531	\$ 3,436,425	\$ (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%)
07-01-10	3,087,261	4,463,808	(1,376,547)	69%	2,843,505	(48%)

1925 Police Officers' Pension Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b) (a-b)	Funded Ratio (a/b) (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-05	\$ 503,374	\$ 11,417,600	\$ (10,914,226)	4%	\$ 97,800	(11,60%)
01-01-06	299,251	11,079,900	(10,780,649)	3%	51,300	(21,015%)
01-01-07	274,293	10,341,800	(10,067,507)	3%	-	No Covered Payroll
01-01-08	352,898	10,546,900	(10,194,002)	3%	-	No Covered Payroll
01-01-09	305,971	11,286,100	(10,980,129)	3%	-	No Covered Payroll
01-01-10	453,094	11,766,300	(11,313,206)	4%	-	No Covered Payroll

Other Postemployment Benefits - Single-Employer Defined Benefit Healthcare Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b) (a-b)	Funded Ratio (a/b) (a/b)	Covered Payroll (c)	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%)
12-31-10	-	2,248,713	(2,248,713)	0%	4,995,258	(45%)

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

1925 Police Officers' Pension Plan			
Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		Town	State
12-31-05	\$ 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%	71%
12-31-10	894,500	7%	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 SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2010

	General Fund			Variance with Final Budget Over (Under)
	Budget Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 4,731,431	\$ 4,731,431	\$ 4,185,113	\$ (546,318)
Licenses and permits	555,420	555,420	379,194	(176,226)
Intergovernmental	518,545	518,545	589,016	70,471
Charges for services	1,789,452	1,789,452	2,036,472	247,020
Fines and forfeits	99,500	99,500	112,324	12,824
Other	5,000	5,000	136,766	131,766
Total revenues	7,699,348	7,699,348	7,438,885	(260,463)
Expenditures:				
Current:				
General government:				
Clerk-Treasurer:				
Personal services	102,699	104,186	95,948	8,238
Supplies	3,400	3,695	3,080	615
Other services and charges	59,915	59,915	45,965	13,950
Town Council:				
Personal services	78,826	78,826	76,109	2,717
Supplies	700	700	328	372
Other services and charges	212,465	224,439	147,322	77,117
Board of Zoning:				
Personal services	3,359	3,359	3,342	17
Supplies	200	49	49	-
Other services and charges	8,520	3,239	3,239	-
Building and Inspection:				
Personal services	219,590	221,350	204,103	17,247
Supplies	8,750	10,016	5,446	4,570
Other services and charges	63,116	118,482	33,655	84,807
Plan Commission:				
Personal services	2,842	2,842	2,541	301
Supplies	325	325	49	276
Other services and charges	22,820	13,761	13,780	1
Board of Works:				
Other services and charges	764,046	791,817	535,951	255,866
Town Hall Monument:				
Supplies	3,800	3,902	3,617	285
Other services and charges	52,300	56,528	40,988	15,540
Total general government	1,607,773	1,697,432	1,215,512	481,920

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

Continued on next page

TOWN OF HIGHLAND, INDIANA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2010
 (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	2,520	2,029	491
Supplies	16,600	18,853	16,796	2,057
Other services and charges	2,650	2,650	1,251	1,399
Fire and EMS Department:				
Personal services	207,175	227,637	186,932	40,705
Supplies	30,645	36,258	20,240	16,018
Other services and charges	83,015	102,148	66,091	36,057
Capital outlay	33,500	59,128	33,057	26,071
Police Department:				
Personal services	3,332,438	3,473,495	3,220,354	253,141
Supplies	132,500	188,779	144,123	44,656
Other services and charges	754,832	780,688	741,714	38,974
Capital outlay	-	-	-	-
Total public safety	4,596,575	4,892,156	4,432,587	459,569
Sanitation:				
Sanitation and Streets:				
Personal services	292,325	294,183	289,892	4,291
Supplies	26,450	26,450	24,536	1,914
Other services and charges	1,388,598	1,423,771	1,403,079	20,692
Total sanitation	1,707,373	1,744,404	1,717,507	26,897
Unappropriated	-	-	41,416	(41,416)
Total expenditures	7,911,721	8,333,992	7,407,022	926,970
Other financing sources (uses):				
Transfers out	-	-	(42,000)	(42,000)
Tax anticipation warrants received	-	-	2,650,000	2,650,000
Tax anticipation warrants repaid	-	-	(2,780,000)	(2,780,000)
Total other financing sources (uses)	-	-	(172,000)	(172,000)
Net change in fund balance	(212,373)	(634,644)	(140,137)	(1,359,433)
Fund balances - beginning	(1,364,907)	(1,650,831)	2,482,111	535,771
Fund balances - December 31	<u>\$ (1,577,280)</u>	<u>\$ (2,285,475)</u>	<u>\$ 2,341,974</u>	<u>\$ (823,662)</u>

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

Continued on next page

TOWN OF HIGHLAND, INDIANA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Parks and Recreation			Variance with Final Budget Over (Under)
	Budget Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 994,302	\$ 994,302	\$ 987,043	\$ (7,259)
Intergovernmental	75,727	75,727	80,658	4,931
Charges for services	321,620	321,620	509,718	188,098
Other	498,502	498,502	324,454	(174,048)
Total revenues	1,890,151	1,890,151	1,901,873	11,722
Expenditures:				
Current:				
Culture and recreation:				
Personal services	900,000	893,597	862,511	31,086
Supplies	122,000	137,649	112,413	25,236
Other services and charges	865,790	900,825	856,743	42,082
Total expenditures	1,887,790	1,932,071	1,833,667	98,404
Other financing sources (uses):				
Tax anticipation warrants received	-	-	300,000	300,000
Tax anticipation warrants repaid	-	-	(613,000)	(613,000)
Total other financing sources (uses)	-	-	(313,000)	(313,000)
Net change in fund balance	2,361	(41,920)	(244,794)	(399,662)
Fund balances - beginning	(4,104)	457,863	394,589	(175,746)
Fund balances - December 31	\$ (1,743)	\$ 415,943	\$ 149,795	\$ (575,428)

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, 2010

Note I. Budgets and Budgetary Accounting

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

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

Major funds:

General Fund

Special revenue fund:

Parks and Recreation

Nonmajor funds:

Special revenue funds:

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

TOWN OF HIGHLAND, INDIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2010

Debt service funds:

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

Capital projects funds:

Corporation Capital, Cumulative Capital Improvement, Cumulative Capital Development, Park Nonreverting Capital, and 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 \$1,946,192 in 2010.
- I. Expenditures did not exceed appropriations for any funds or any departments within the General Fund which required legally approved budgets.

Note II. Budgetary to GAAP reconciliation

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

- A. Revenues are recorded when received in cash (budgetary) as opposed to susceptible to accrual (GAAP).

	General	Parks and Recreation
Net change in fund balance (budgetary basis)	\$ (140,137)	\$ (244,794)
Adjustments:		
To adjust revenues for accruals	502,832	(2,863)
To adjust expenditures for tax anticipation warrants (net)	130,000	313,000
To adjust expenditures for accruals	(174,450)	(18,331)
Net change in fund balance (GAAP basis)	\$ 318,245	\$ 47,012

- 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).

**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, 2010

<u>Assets</u>	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
Cash and cash equivalents	\$ 749,981	\$ -	\$ -	\$ 749,981
Investments	79,192	-	-	79,192
Receivables (net of allowances for uncollectibles):				
Interest				
Taxes	138	-	-	138
Intergovernmental	63,742	-	-	63,742
Accounts	2,951	-	-	2,951
Interfund receivable	39	-	-	39
Restricted assets:	54,012	-	-	54,012
Cash and cash equivalents	877,584	642,359	3,585,662	5,105,605
Investments	79,432	40,474	311,160	431,066
Interest receivable	111	56	673	840
Taxes receivable	7,935	577,799	286,718	842,452
Intergovernmental receivable	163,722	12,723	115,016	291,461
Special assessments receivable	-	-	2,241	2,241
Total assets	\$ 2,078,839	\$ 1,273,411	\$ 4,271,470	\$ 7,623,720

Liabilities and Fund Balances

Liabilities:				
Accounts payable	\$ 1,258	\$ -	\$ -	\$ 1,258
Accrued payroll and withholdings payable	1,045	-	-	1,045
Deferred revenue - unavailable	9,942	-	-	9,942
Payable from restricted assets:				
Accounts payable	210,529	-	285,522	496,051
Interfund payable	-	26,808	-	26,808
Accrued payroll and withholdings payable	11,454	-	-	11,454
Deferred revenue - unavailable	-	77,809	35,850	113,659
Total liabilities	234,228	104,617	321,372	660,217
Fund balances:				
Reserved for:				
Encumbrances	204,721	-	1,046,165	1,250,886
Unreserved, reported in:				
Special revenue funds	1,639,890	-	-	1,639,890
Capital projects funds	-	-	2,903,933	2,903,933
Debt service funds	-	1,168,794	-	1,168,794
Total fund balances	1,844,611	1,168,794	3,950,098	6,963,503
Total liabilities and fund balances	\$ 2,078,839	\$ 1,273,411	\$ 4,271,470	\$ 7,623,720

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Totals
Revenues:				
Taxes:				
Property	\$ 145,869	\$ 1,078,097	\$ 341,551	\$ 1,565,517
Special assessments	-	-	42,565	42,565
Licenses and permits	14,018	-	-	14,018
Intergovernmental	1,309,856	172,722	740,309	2,222,887
Charges for services	139,832	-	-	139,832
Fines and forfeits	19,731	-	-	19,731
Other	128,182	963	11,711	140,856
Total revenues	1,757,488	1,251,782	1,136,136	4,145,406
Expenditures:				
Current:				
General government	176,856	-	-	176,856
Public safety	219,562	-	-	219,562
Highways and streets	810,182	-	-	810,182
Sanitation	138,583	-	-	138,583
Culture and recreation	4,824	-	-	4,824
Urban redevelopment	106,509	-	-	106,509
Debt service:				
Principal	-	1,099,000	-	1,099,000
Interest	-	324,270	-	324,270
Capital outlay:				
General government	137,966	-	422,470	560,436
Public safety	79,484	-	188,924	268,408
Economic development	-	-	234,814	234,814
Highways and streets	-	-	903,735	903,735
Culture and recreation	-	-	30,327	30,327
Total expenditures	1,673,966	1,423,270	1,780,270	4,877,506
Excess (deficiency) of revenues over (under) expenditures	83,522	(171,488)	(644,134)	(732,100)
Other financing sources (uses):				
Issuance of long-term debt	-	-	1,088,943	1,088,943
Issuance discount on long-term debt	-	-	(4,448)	(4,448)
Transfers in	42,000	-	-	42,000
Contributions in lieu of park land	-	-	535,000	535,000
Total other financing sources and uses	42,000	-	1,619,495	1,661,495
Net change in fund balances	125,522	(171,488)	975,361	929,395
Fund balances - beginning	1,719,089	1,340,282	2,974,737	6,034,108
Fund balances - ending	\$ 1,844,611	\$ 1,168,794	\$ 3,950,098	\$ 6,963,503

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NONMAJOR SPECIAL REVENUE FUNDS

- Motor Vehicle Highway - To account for the construction and maintenance of streets, alleys, and the operations of the street maintenance activities of the public works department. Resources are derived from state motor vehicle (gasoline tax) distributions. (Confer IC 8-14-1-5 et seq.)
- Local Road and Street - To account for the operation and maintenance of local road and street systems. Resources are derived from state gasoline tax distributions. (Confer IC 8-14-2-5)
- Unsafe Building - To account for expenditures and resources received for the programs of the Town related to operation and enforcement of the state unsafe building law. Resources are derived from settlements, bonds posted, money received in satisfaction of receiver's notes, or money received for payment or settlement of civil penalties. (Confer IC 36-7-9 et seq.)
- Park Donation - To account for monies provided by private donors for parks and recreation purposes.
- Federal Forfeited and Seized Assets - To account for expenditures by the Metropolitan Police Department related to drug enforcement and other approved law enforcement purposes. Resources are derived from distributions from the Federal Government of confiscated assets, seized from illegal drug or other unlawful activities, gathered from cooperative law enforcement operations with Federal and law enforcement agencies.
- Law Enforcement Continuing Education - To account for expenditures related to continuing education of law enforcement officers employed by the Metropolitan Police Department as well as law enforcement equipment and supplies. Resources are derived from special fees collected from enforcement incidents, gun permit applications, accident reports, and vehicle inspection. (Confer IC 5-2-8-6; IC 9-29-4-1; IC 9-29-11-1(a); IC 35-47-2-3)
- Hazardous Materials Response - To account for expenditures related to emergency response activities carried out by the Highland Fire Department in consequence of hazardous materials incidents. Resources may be used for training, equipment, and supplies acquisition that are required in consequence of hazardous materials incidents. Resources are derived from fees imposed upon hazardous materials actors, donations, or gifts and from interest earned from lawful investments. (Confer IC 36-8-12.2-8.1 et seq.)
- Innkeepers Tax - To account for expenditures of the Town related to economic development projects or purposes. Resources are derived from distributions from a county tax imposed upon Inns, Lodges, Hotels, and Motels. (Confer IC 6-9-2 et seq.)

NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

Redevelopment TIF Highland Downtown -	To account for resources and expenditures related to economic development and redevelopment carried out by the Highland Redevelopment department that particularly support efforts in an identified area of the Town known as the Highland Downtown Redevelopment District. Resources are derived from the capture of increased valuation and tax increment from the redevelopment area.
Solid Waste Grant Fund -	To account for expenditures of the Town related to programs of the municipality that are consistent with the terms of the Lake County Solid Waste District Management Twenty-Year Plan, and to support the ongoing integrated, community based solid waste management program. Resources are derived from grant distributions from a county solid waste management special taxing district tax. (Confer IC 13-9.5 et seq.)
Donation -	To account for monies provided by private donors.
Special Select Centennial Commission Fund -	To account for the accumulation of resources and the associated expenditures in support of programs, operations and special events undertaken by the Town under advice of its Select Centennial Commission , pursuant to the authority of Indiana Code 36-10-2, and Indiana Code 36-1-3 et seq. This commission is established to program for and assist with the public commemoration of the municipality's 100 th anniversary of incorporation, April 4, 2010. Resources are derived from an initial contribution from public funds of the Town's General Fund, user charges, fees, and contributions, raised or charged in association with activities promoting the municipal centennial.
Highway of Flags Donation -	To account for monies provided by private donors, including an original gift from the Council for the Encouragement of Patriotism, benefiting the Highway of Flags Veterans' Monument, located on the southeast corner of the intersection of Ridge Road and Indianapolis Boulevard (US Highway 41).
Fire Department Homeland Security Grant -	To account for expenditures related to special enhanced training and acquisition of emergency equipment under the aegis of the municipal Fire Department according to the terms of a special grant awarded for this particular purpose. Resources are derived from a special grant awarded by the Federal Emergency Management Agency of the United States Homeland Security Department.
Shared Ethics Initiative Fund -	To account for expenditures and resources received in consequence of an interlocal cooperation agreement between several municipalities to support cooperative activities, training and instruction related to ethics and standards for elected and appointed officers as well as employees. Resources are derived from participating municipalities' annual fees, special charges that may be fixed from time to time, and interest earned on fund balance.

NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

- Traffic and Children
Safety Grant Fund - To account for expenditures related to special safety programs and activities carried out by the Metropolitan Police Department involving installation of child safety seats, special traffic enforcement initiatives involving seat belt law compliance to operating without impairment, and pedestrian safety initiatives. Resources for this fund are derived from grants, awards or prizes that are given in support and in consequence of law enforcement efforts or programs for traffic control, traffic safety, child safety, pedestrian safety, passenger safety and related programs; or that are given in support and in consequence of law enforcement efforts for sobriety enforcement, provided such monies are not required to be accounted for in another fund; or that are given in support and consequence of law enforcement efforts under such programs as the Indiana Automotive Safety Program, the Safe Kids Project and which support the establishment of Car Seat Fitting Station; and from investment yields.
- Law Enforcement
Block Grant - To account for expenditures by the Metropolitan Police Department related to law enforcement and implementation of Bicycle Police Patrols. Resources are derived from distributions from a United States Department of Justice Local Law Enforcement Block Grant.
- Fire Computer Grant Fund - To account for expenditures related to the purchase of computer equipment and software carried out by the Fire Department according to the terms of a special grant awarded for this particular purpose. Resources are derived from a special grant award.
- Redevelopment TIF
Highland Acres - To account for resources and expenditures related to economic development and redevelopment carried out by the Highland Redevelopment department that particularly support efforts in an identified area of the Town known as the Highland Acres Redevelopment Area. Resources are derived from the capture of increased valuation and tax increment from the redevelopment area.
- Redevelopment General - To account for the operation and redevelopment activities of the Department of Redevelopment and the Redevelopment Commission. Resources are derived from a specific annual property tax levy and miscellaneous revenues. (Confer IC 36-7-14 et seq.)
- Rainy Day Fund - To account for the accumulation of resources set aside for special circumstances or exigencies as a resource reserve and the associated expenditures in support of lawful purposes of the municipality, including meeting exigencies as defined or identified by ordinance of the municipality as well as such other purposes permitted by Indiana Code 36-1-8-5.1, the authorizing law for "rainy day funds" in Indiana. Presently, these purposes include, making temporary loans to other funds of the municipality for cash flow purposes, to pay deductibles on insurance not already provided for in other funds of the municipality, to pay monetary settlements, damages or claims in consequence of a legal cause of action, and to pay and provide resources for the reimbursement of costs borne by municipal employees for a limited medical health group benefit, expiring in 2009.

NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

- Safe Neighborhood Grant - To account for expenditures related to special safety programs and activities carried out by the Metropolitan Police Department that support and extend safe neighborhoods according to the terms of a special grant awarded for these particular purposes. Resources are derived from a special grant awarded by the United States Department of Justice through the Indiana Criminal Justice Institute.
- Special Public
Safety Fund - To account for resources and expenditures associated with any lawful public safety purpose. The fund was established by Home rule to account for the proceeds of a special, one-time intergovernmental distribution in the amount of \$126,703. The source of funding is from the particular distribution transferred from dormant county welfare funds, by the Lake County Council and distributed pursuant to provisions set forth in Section 477 of Public Law 182-2009 (ss). This one-time surplus was distributed to all Lake County taxing units with the sole constraint that the funds must be used for public safety purposes. The source is non-recurrent and it is expected that the fund will be dissolved and defeased when the proceeds are fully expended.
- Sexual Predator
Grant Fund - To account for resources and expenditures related to special safety programs and activities carried out by the Metropolitan Police Department that support special efforts to protect certain vulnerable populations, including children, from sexual predatory practices, and enhance law enforcement efforts directed at sexual predators according to the terms of a special grant awarded for these particular purposes. Resources are derived from a special grant awarded by the United States Department of Justice.
- Special Events
Nonreverting Fund - To account for expenditures and resources received in support of special community or cultural events activities not otherwise accounted for in the Park and Recreation Fund, administered by the Special Events Advisory Committee, as established pursuant to Indiana Code 36-10-2 and Indiana Code 36-1-3. Resources are derived from special user fees, rentals, and charges authorized by the Town Council.
- Local Forfeited and Seized
Assets Fund To account for expenditures and resources received in consequence of special law enforcement activities. Similar to the Federal Forfeited and Seized Assets Fund, resources are derived from distributions and liquidations of confiscated assets, seized from illegal or unlawful activities, gathered in consequence of state or local cooperative law enforcement operations unrelated to Federal law enforcement activities.
- Economic Development - To account for resources and expenditures related to economic development and redevelopment which are carried out by the Highland Redevelopment department. Expenditures may be broadly applied to support economic development or redevelopment activities. Resources are derived from special fees and applications fees collected from petitioners seeking tax abatement.

NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

VIPS/Parks Public
Safety Fund -

To account for resources and expenditures associated with the Town of Highland Metropolitan Police Department's Volunteers in Policing Services program. The fund was established by way of an interlocal cooperation governmental agreement between the Park and Recreation Board and the Town Council, adopted July 14, 2008, and July 17, 2008. The source of funding is from a revenue-sharing program of certain communications license fees paid to the Parks and Recreation Department by certain wireless communications service providers under separate license agreements, permitting mobile tower or equipment to occupy or co-locate on Parks and Recreation property.

TOWN OF HIGHLAND, INDIANA
COMBINING BALANCE SHEET -
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2010

Assets	Motor Vehicle Highway	Local Road and Street	Unsafe Building	Park Donation	Federal Forfeited and Seized Assets	Law Enforcement Continuing Education	Hazardous Materials Response
Cash and cash equivalents	\$ -	\$ -	\$ -	8,934	\$ -	\$ -	\$ -
Investments	-	-	-	1,506	-	-	-
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	-	-	-	-
Taxes	-	-	-	2	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-
Restricted assets:			27,204	-	-	-	-
Cash and cash equivalents	178,083	157,509	35,791	-	49,978	62,194	3,693
Investments	1,614	19,678	6,316	-	7,037	7,547	-
Interest receivable	2	29	9	-	9	10	-
Taxes receivable	-	-	-	-	-	-	-
Intergovernmental receivable	96,834	42,001	-	-	383	1,160	-
Total assets	\$ 276,533	\$ 219,218	\$ 69,320	\$ 10,442	\$ 57,407	\$ 70,911	\$ 3,693
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	217	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Deferred revenue - unavailable	-	-	-	-	-	-	-
Payable from restricted assets:							
Accounts payable	61,071	6,073	-	-	450	49	-
Accrued payroll and withholdings payable	11,454	-	-	-	-	-	-
Total liabilities	72,525	6,073	-	217	450	49	-
Fund balances:							
Reserved for:							
Encumbrances	29,504	6,073	-	-	845	48	-
Unreserved, reported in:							
Special revenue funds	174,504	207,072	69,320	10,225	56,112	70,814	3,693
Total fund balances	204,008	213,145	69,320	10,225	56,957	70,862	3,693
Total liabilities and fund balances	\$ 276,533	\$ 219,218	\$ 69,320	\$ 10,442	\$ 57,407	\$ 70,911	\$ 3,693

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING BALANCE SHEET -
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2010
 (Continued)

Assets	Innkeepers Tax	Redevelopment		Solid Waste Grant Fund	Donation	Special Revenue Centennial	Highway of Flags Donation	Fire Department Homeland Security Grant	Shared Ethnic Initiative Fund
		Highland Downtown	TIF						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 27,862	\$ 8,475	\$ 21,899	\$ -	\$ 20,504
Investments	-	-	-	-	-	1,284	3,864	-	2,538
Receivables (net of allowances for uncollectibles):									
Interest	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	2	5	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Interfund receivable	-	-	-	-	-	-	-	-	-
Restricted assets:									
Cash and cash equivalents	11,361	-	-	343,536	-	-	-	22	-
Investments	1,171	-	-	36,068	-	-	-	-	-
Interest receivable	2	-	-	50	-	-	-	-	-
Taxes receivable	-	6,186	-	-	-	-	-	-	-
Intergovernmental receivable	1,504	-	-	-	-	-	-	-	-
Total assets	\$ 14,038	\$ 6,186	\$ 379,654	\$ 27,862	\$ 9,761	\$ 25,768	\$ 22	\$ 23,042	
Liabilities and Fund Balances									
Liabilities:									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	-	-
Deferred revenue - unavaliable	-	-	-	-	-	-	-	-	-
Payable from restricted assets:									
Accounts payable	-	-	118,250	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	118,250	-	-	-	-	-	-
Fund balances:									
Reserved for:									
Encumbrances	-	-	150,575	1,525	-	-	-	-	-
Unreserved, reported in:									
Special revenue funds	14,038	6,186	110,829	26,337	9,761	25,768	22	23,042	
Total fund balances	14,038	6,186	261,404	27,862	9,761	25,768	22	23,042	
Total liabilities and fund balances	\$ 14,038	\$ 6,186	\$ 379,654	\$ 27,862	\$ 9,761	\$ 25,768	\$ 22	\$ 23,042	

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING BALANCE SHEET -
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2010
 (Continued)

Assets	Traffic and	Law	Fund 15	Redevelopment	Rainy Day	Safe	Special Public
	Children Safety	Enforcement	Fire Computer	Highland	Fund	Neighborhood	Safety
	Grant Fund	Block Grant	Grant	Acres		Grant	
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 415,525	\$ -	\$ 110,715
Investments	-	-	-	-	35,284	-	15,396
Receivables (net of allowances for uncollectibles):							
Interest	-	-	-	-	49	-	21
Taxes	-	-	-	-	55	-	-
Intergovernmental	-	-	-	-	63,742	-	-
Accounts receivable	-	-	-	-	1,626	-	1,325
Interfund receivable	-	-	-	-	39	-	-
Restricted assets:					26,808	-	-
Cash and cash equivalents	3,930	934	1	-	-	11,841	-
Investments	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-
Taxes receivable	-	-	-	1,749	-	-	-
Intergovernmental receivable	-	-	-	-	-	19,740	-
Total assets	\$ 3,930	\$ 934	\$ 1	\$ 1,749	\$ 450,858	\$ 31,581	\$ 127,457
<u>Liabilities and Fund Balances</u>							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 922	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	1,045	-	-
Deferred revenue - unavailable	-	-	-	-	9,942	-	-
Payable from restricted assets:							
Accounts payable	-	-	-	-	-	6,503	-
Accrued payroll and withholdings payable	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	11,909	6,503	-
Fund balances:							
Reserved for:							
Encumbrances	-	-	-	-	-	-	-
Unreserved, reported in:							
Special revenue funds	3,930	934	1	1,749	450,858	25,078	127,457
Total fund balances	3,930	934	1	1,749	450,858	25,078	127,457
Total liabilities and fund balances	\$ 3,930	\$ 934	\$ 1	\$ 1,749	\$ 450,858	\$ 31,581	\$ 127,457

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING BALANCE SHEET -
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2010
 (Continued)

Assets	Sexual Predator Grant Fund	Special Events Nonreverting Fund	Local Forfeited and Seized Assets	Economic Development	VIPS Parks Public Safety Fund	Totals
Cash and cash equivalents	-	7,204	13,260	4,250	2,408	749,981
Investments	-	1,185	1,470	-	-	79,192
Receivables (net of allowances for uncollectibles):						
Interest	-	2	2	-	-	138
Taxes	-	-	-	-	-	63,742
Intergovernmental	-	-	-	-	-	2,951
Accounts receivable	-	-	-	-	-	39
Interfund receivable	-	-	-	-	-	54,012
Restricted assets:						
Cash and cash equivalents	18,711	-	-	-	-	877,584
Investments	-	-	-	-	-	79,432
Interest receivable	-	-	-	-	-	111
Taxes receivable	-	-	-	-	-	7,935
Intergovernmental receivable	2,100	-	-	-	-	163,722
Total assets	\$ 20,811	\$ 8,391	\$ 14,732	\$ 4,250	\$ 2,408	\$ 2,078,839
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	-	-	-	-	119	1,258
Accrued payroll and withholdings payable	-	-	-	-	-	1,045
Deferred revenue - unavailable	-	-	-	-	-	9,942
Payable from restricted assets:						
Accounts payable	18,133	-	-	-	-	210,529
Accrued payroll and withholdings payable	-	-	-	-	-	11,454
Total liabilities	18,133	-	-	-	119	234,228
Fund balances:						
Reserved for:						
Encumbrances	16,032	-	-	-	119	204,721
Unreserved, reported in:						
Special revenue funds	(13,354)	8,391	14,732	4,250	2,170	1,639,890
Total fund balances	2,678	8,391	14,732	4,250	2,289	1,844,611
Total liabilities and fund balances	\$ 20,811	\$ 8,391	\$ 14,732	\$ 4,250	\$ 2,408	\$ 2,078,839

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2010

	Motor Vehicle Highway	Local Road and Street	Unsafe Building	Park Donation	Federal Forfeited and Seized Assets	Law Enforcement Continuing Education	Hazardous Materials Response
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	8,018	-
Intergovernmental	641,151	248,697	-	-	383	-	-
Charges for services	-	-	-	-	-	29,310	-
Fines and forfeits	-	-	-	-	12,929	6,802	-
Other	18,090	499	27,319	4,037	135	2,822	-
Total revenues	659,241	249,196	27,319	4,037	13,447	46,952	-
Expenditures:							
Current:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	593,389	216,793	-	-	3,584	30,284	-
Sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	4,824	-	-	-
Urban redevelopment	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	-
Total expenditures	593,389	216,793	-	4,824	3,584	30,284	-
Excess (deficiency) of revenues over (under) expenditures	65,852	32,403	27,319	(787)	9,863	16,668	-
Other financing sources:							
Transfers in	-	-	42,000	-	-	-	-
Net change in fund balances	65,852	32,403	69,319	(787)	9,863	16,668	-
Fund balances - beginning	138,156	180,742	1	11,012	47,094	54,194	3,693
Fund balances - ending	\$ 204,008	\$ 213,145	\$ 69,320	\$ 10,225	\$ 56,957	\$ 70,862	\$ 3,693

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Innkeepers Tax	Redevelopment TIF Downtown Highland	Solid Waste Grant Fund	Donation	Special Revenue Centennial	Highway of Flags Donation	Fire Department Homeland Security Grant	Shared Ethics Initiative Fund
Revenues:								
Taxes:								
Property	\$ -	6,186	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	6,228	-	159,474	-	-	-	-	-
Charges for services	-	-	-	-	35,697	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other	21	-	709	22,726	26	71	-	10,563
Total revenues	6,249	6,186	160,183	22,726	35,723	71	-	10,563
Expenditures:								
Current:								
General government	-	-	-	22,061	35,442	-	-	4,877
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	-	-	138,583	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	-	-	-	-
Capital outlay:								
Public safety	-	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	-	-
Total expenditures	-	-	138,583	22,061	35,442	-	-	4,877
Excess (deficiency) of revenues over (under) expenditures	6,249	6,186	21,600	665	281	71	-	5,686
Other financing sources:								
Transfers in	-	-	-	-	-	-	-	-
Net change in fund balances	6,249	6,186	21,600	665	281	71	-	5,686
Fund balances - beginning	7,789	-	239,804	27,197	9,480	25,697	22	17,356
Fund balances - ending	14,038	6,186	261,404	27,862	9,761	25,768	22	23,042

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Traffic and Children Safety Grant Fund	Law Enforcement Block Grant	Fund 15 Fire Computer Grant	Redevelopment TIF Highland Acres	Redevelopment General	Rainy Day Fund	Safe Neighborhood Grant	Special Public Safety
Revenues:								
Taxes:								
Property	-	-	-	1,749	137,934	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	5,800	-	-	11,142	-	105,760	1,325
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other	-	-	-	-	10,631	951	801	23,684
Total revenues	-	5,800	-	1,749	159,707	951	106,561	25,009
Expenditures:								
Current:								
General government	-	-	-	-	-	38,356	-	-
Public safety	-	5,100	-	-	-	-	118,578	10,255
Highways and streets	-	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment	-	-	-	-	106,509	-	-	-
Capital outlay:								
Public safety	-	-	-	-	-	134,559	320	3,087
General government	-	-	-	-	-	-	-	-
Total expenditures	-	5,100	-	-	106,509	172,915	118,898	13,342
Excess (deficiency) of revenues over (under) expenditures	-	700	-	1,749	53,198	(171,964)	(12,337)	11,667
Other financing sources:								
Transfers in	-	-	-	-	-	-	-	-
Net change in fund balances	-	700	-	1,749	53,198	(171,964)	(12,337)	11,667
Fund balances - beginning	3,930	234	1	-	152,773	622,822	37,415	115,790
Fund balances - ending	\$ 3,930	\$ 934	\$ 1	\$ 1,749	\$ 205,971	\$ 450,858	\$ 25,078	\$ 127,457

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Sexual Predator Grant Fund	Special Events Nonreverting Fund	Local Forfeited and Seized Assets	Economic Development	VIPS Parks Public Safety Fund	Total
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	145,869
Licenses and permits	-	-	-	-	-	14,018
Intergovernmental	129,896	-	-	-	6,000	1,309,856
Charges for services	-	70,575	-	4,250	-	139,832
Fines and forfeits	-	-	-	-	-	18,731
Other	-	149	4,948	-	-	128,182
Total revenues	129,896	70,724	4,948	4,250	6,000	1,757,488
Expenditures:						
Current:						
General government	-	76,120	-	-	-	176,856
Public safety	47,734	-	-	-	4,027	219,562
Highways and streets	-	-	-	-	-	810,182
Sanitation	-	-	-	-	-	138,583
Culture and recreation	-	-	-	-	-	4,824
Urban redevelopment	-	-	-	-	-	106,509
Capital outlay:						
Public safety	79,484	-	-	-	-	79,484
General government	-	-	-	-	-	137,966
Total expenditures	127,218	76,120	-	-	4,027	1,673,966
Excess (deficiency) of revenues over (under) expenditures	2,678	(5,396)	4,948	4,250	1,973	83,522
Other financing sources:						
Transfers in	-	-	-	-	-	42,000
Net change in fund balances	2,678	(5,396)	4,948	4,250	1,973	125,522
Fund balances - beginning	-	13,787	9,784	-	316	1,719,089
Fund balances - ending	2,678	8,391	14,732	4,250	2,289	1,844,611

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, 2010

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 648,784	\$ 648,784	\$ 639,261	\$ (9,523)
Other	-	-	18,113	18,113
Total revenues	648,784	648,784	657,374	8,590
Expenditures:				
Current:				
Highways and streets:				
Personal services	395,655	409,788	369,895	39,893
Supplies	202,470	207,852	196,492	11,360
Other services and charges	64,086	91,932	59,816	32,116
Total expenditures	662,211	709,572	626,203	89,369
Net change in fund balance	(13,427)	(60,788)	31,171	(74,779)
Fund balances - beginning	-	-	148,526	(148,526)
Fund balances - December 31	\$ (13,427)	\$ (60,788)	\$ 179,697	\$ (223,305)
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 31,171	
To adjust revenues for accruals			1,867	
To adjust expenditures for accruals			32,814	
Net change in fund balance, GAAP basis			\$ 65,852	

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, 2010

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 235,538	\$ 235,538	\$ 256,110	\$ 20,572
Other	-	-	494	494
Total revenues	235,538	235,538	256,604	21,066
Expenditures:				
Current:				
Highways and streets:				
Personal services	69,449	69,449	65,368	81
Other services and charges	171,185	151,760	141,352	10,408
Total expenditures	265,634	266,372	210,720	10,489
Net change in fund balance	(30,096)	(30,834)	45,884	10,577
Fund balances - beginning	-	-	131,304	131,304
Fund balances - December 31	\$ (30,096)	\$ (30,834)	\$ 177,188	\$ 141,881
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 45,884	
To adjust revenues for accruals			(7,408)	
To adjust expenditures for accruals			(6,073)	
Net change in fund balance, GAAP basis			\$ 32,403	

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, 2010

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Licenses and permits	\$ -	\$ -	10,820	\$ 10,820
Charges for services	-	-	29,310	29,310
Fines and forfeits	-	-	6,802	6,802
Other	-	-	1,665	1,665
Total revenues	-	-	<u>48,597</u>	<u>48,597</u>
Expenditures:				
Current:				
Public safety:				
Supplies	10,700	10,956	10,371	585
Other services and charges	23,900	24,523	19,864	4,659
Total expenditures	<u>34,600</u>	<u>35,479</u>	<u>30,235</u>	<u>5,244</u>
Net change in fund balance	(34,600)	(35,479)	18,362	43,353
Fund balances - beginning	-	-	51,379	51,379
Fund balances - December 31	<u>\$ (34,600)</u>	<u>\$ (35,479)</u>	<u>\$ 69,741</u>	<u>\$ 94,732</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 18,362	
To adjust revenues for accruals			(1,645)	
To adjust expenditures for accruals			(49)	
Net change in fund balance, GAAP basis			<u>\$ 16,668</u>	

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, 2010

	Budget Amounts			Actual	Variance with Final Budget Over (Under)
	Original	Final			
Revenues:					
Intergovernmental	-	-	\$	159,474	\$ 159,474
Other	-	-		727	727
Total revenues	-	-		160,201	160,201
Expenditures:					
Current:					
Sanitation:					
Supplies	12,000	13,090		12,870	220
Other services and charges	139,365	281,611		114,900	166,711
Total expenditures	151,365	294,701		127,770	166,931
Net change in fund balance	(151,365)	(294,701)		32,431	(6,730)
Fund balances - beginning	-	-		347,173	347,173
Fund balances - December 31	\$ (151,365)	\$ (294,701)	\$	\$ 379,604	\$ 340,443
<u>Budget/GAAP Reconciliation</u>					
Net change in fund balance, budgetary basis			\$	32,431	
To adjust revenues for accruals				(18)	
To adjust expenditures for accruals				(10,813)	
Net change in fund balance, GAAP basis			\$	21,600	

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, 2010

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 149,868	\$ 149,868	\$ 129,600	\$ (20,268)
Intergovernmental	10,604	10,604	11,293	689
Other	1,766	1,766	10,650	8,884
Total revenues	162,238	162,238	151,543	(10,695)
Expenditures:				
Current:				
Urban redevelopment:				
Personal services	68,589	69,425	-	69,425
Supplies	3,000	4,176	-	4,176
Other services and charges	78,279	84,812	112,683	(27,871)
Total expenditures	149,868	158,413	112,683	45,730
Net change in fund balance	12,370	3,825	38,860	(56,425)
Fund balances - beginning	-	-	86,750	86,750
Fund balances - December 31	\$ 12,370	\$ 3,825	\$ 125,610	\$ 30,325
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budgetary basis			\$ 38,860	
To adjust revenues for accruals			8,164	
To adjust expenditures for accruals			6,174	
Net change in fund balance, GAAP basis			\$ 53,198	

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, 2010

	Budget Amounts			Actual		Variance with Final Budget Over (Under)
	Original	Final				
Revenues:						
Charges for services	-	-	\$	70,575	\$	70,575
Other	-	-		151		151
				70,726		70,726
Total revenues						
Expenditures:						
Current:						
Culture and recreation:						
Personal services	7,102	12,173		12,164		9
Supplies	1,000	1,500		1,133		367
Other services and charges	53,498	69,358		67,448		1,910
Capitolia outlay	-	-		375		(375)
				83,031		1,911
Total expenditures						
Other financing sources:						
Transfer in	-	-		-		-
				(83,031)	(10,394)	68,615
Net change in fund balance						
Fund balances - beginning	-	-		18,783		18,783
Fund balances - December 31	\$ (61,600)	\$ (83,031)	\$	8,389	\$	87,598
<u>Budget/GAAP Reconciliation</u>						
Net change in fund balance, GAAP basis			\$	(10,394)		
To adjust revenues for accruals				(2)		
To adjust expenditures for accruals				5,000		
Net change in fund balance, GAAP basis			\$	(5,396)		

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - VIPSPARKS PUBLIC SAFETY FUND
 For the Year Ended December 31, 2010

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Licenses and permits	-	-	\$ 6,000	\$ 6,000
Expenditures:				
Current:				
Culture and recreation:				
Supplies	7,497	7,497	5,090	2,407
Net change in fund balance	(7,497)	(7,497)	910	3,593
Fund balances - beginning	-	-	1,498	1,498
Fund balances - December 31	\$ (7,497)	\$ (7,497)	\$ 2,408	\$ 5,091
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, GAAP basis			\$ 910	
To adjust expenditures for accruals			1,063	
Net change in fund balance, GAAP basis			\$ 1,973	

**Debt Service
Funds**

NONMAJOR DEBT SERVICE FUNDS

Corporation Bond and Interest (Non-exempt) Fund -

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

Corporation Bond and Interest (Exempt) Fund -

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

Parks and Recreation Bond and Interest -

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

Redevelopment Bond and Interest -

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

TOWN OF HIGHLAND, INDIANA
 COMBINING BALANCE SHEET -
 NONMAJOR DEBT SERVICE FUNDS
 December 31, 2010

Assets	Corporation Bond and Interest (Non-Exempt)	Corporation Bond and Interest (Exempt)	Parks and Recreation Bond and Interest	Redevelopment Bond and Interest	Totals
Restricted assets:					
Cash and cash equivalents	\$ 138,631	\$ 30,422	\$ 143,348	\$ 329,958	\$ 642,359
Investments	-	3,336	8,835	28,303	40,474
Interest receivable	-	5	12	39	56
Taxes receivable	131,627	106,831	331,353	7,988	577,799
Intergovernmental receivable	3,763	1,651	5,747	1,562	12,723
Total assets	\$ 274,021	\$ 142,245	\$ 489,295	\$ 367,850	\$ 1,273,411
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Payable from restricted assets:					
Interfund payable	\$ -	\$ -	\$ -	\$ 26,808	\$ 26,808
Deferred revenue - unavailable	23,014	10,098	35,147	9,550	77,809
Total liabilities	23,014	10,098	35,147	36,358	104,617
Fund balances:					
Unreserved, reported in:					
Debt service funds	251,007	132,147	454,148	331,492	1,168,794
Total fund balances	251,007	132,147	454,148	331,492	1,168,794
Total liabilities and fund balances	\$ 274,021	\$ 142,245	\$ 489,295	\$ 367,850	\$ 1,273,411

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR DEBT SERVICE FUNDS
 For The Year Ended December 31, 2010

	Corporation Bond and Interest (Non-Exempt)	Corporation Bond and Interest (Exempt)	Parks and Recreation Bond and Interest	Redevelopment Bond and Interest	Totals
Revenues:					
Taxes:					
Property	\$ 318,874	\$ 139,914	\$ 486,987	\$ 132,322	\$ 1,078,097
Intergovernmental	26,145	11,471	39,928	95,178	172,722
Other	-	108	275	580	963
Total revenues	<u>345,019</u>	<u>151,493</u>	<u>527,190</u>	<u>228,080</u>	<u>1,251,782</u>
Expenditures:					
Debt service:					
Principal	190,000	109,000	410,000	390,000	1,099,000
Interest	86,163	25,525	123,016	89,566	324,270
Total expenditures	<u>276,163</u>	<u>134,525</u>	<u>533,016</u>	<u>479,566</u>	<u>1,423,270</u>
Excess (deficiency) of revenues over (under) expenditures	<u>68,856</u>	<u>16,968</u>	<u>(5,826)</u>	<u>(251,486)</u>	<u>(171,488)</u>
Net change in fund balances	68,856	16,968	(5,826)	(251,486)	(171,488)
Fund balances - beginning	182,151	115,179	459,974	582,978	1,340,282
Fund balances - ending	<u>\$ 251,007</u>	<u>\$ 132,147</u>	<u>\$ 454,148</u>	<u>\$ 331,492</u>	<u>\$ 1,168,794</u>

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 DEBT SERVICE FUNDS - CORPORATION BOND AND INTEREST (NON-EXEMPT)
 For The Year Ended December 31, 2010

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 276,163	\$ 276,163	\$ 348,641	\$ 72,478
Intergovernmental	25,915	25,915	26,145	230
Total revenues	302,078	302,078	374,786	72,708
Expenditures:				
Debt service:				
Principal	190,000	190,000	190,000	-
Interest	86,163	86,163	86,163	-
Total expenditures	276,163	276,163	276,163	-
Net change in fund balance	25,915	25,915	98,623	72,708
Fund balances - beginning	-	-	40,008	40,008
Fund balances - December 31	\$ 25,915	\$ 25,915	\$ 138,631	\$ 112,716
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budgetary basis			\$ 98,623	
To adjust revenues for accruals			(29,767)	
Net change in fund balance, GAAP basis			\$ 68,856	

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, 2010

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 134,525	\$ 134,525	\$ 96,960	\$ (37,565)
Intergovernmental	11,370	11,370	11,471	101
Other	-	-	103	103
Total revenues	145,895	145,895	108,534	(37,361)
Expenditures:				
Debt service:				
Principal	109,000	109,000	109,000	-
Interest	25,525	25,525	25,525	-
Total expenditures	134,525	134,525	134,525	-
Net change in fund balance	11,370	11,370	(25,991)	(37,361)
Fund balances - beginning	-	-	59,749	59,749
Fund balances - December 31	\$ 11,370	\$ 11,370	\$ 33,758	\$ 22,388
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (25,991)	
To adjust revenues for accruals			42,959	
Net change in fund balance, GAAP basis			\$ 16,968	

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, 2010

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 533,017	\$ 533,017	\$ 432,001	\$ (101,016)
Intergovernmental	39,578	39,578	39,928	350
Other	-	-	324	324
Total revenues	572,595	572,595	472,253	(100,342)
Expenditures:				
Debt service:				
Principal	436,046	436,046	436,046	-
Interest	96,971	96,971	96,970	1
Other	-	-	65,500	(65,500)
Total expenditures	533,017	533,017	598,516	(65,499)
Net change in fund balance	39,578	39,578	(126,263)	(34,843)
Fund balances - beginning	-	-	278,446	278,446
Fund balances - December 31	\$ 39,578	\$ 39,578	\$ 152,183	\$ 243,603
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (126,263)	
To adjust revenues for accruals			54,937	
To adjust expenditures for accruals			65,500	
Net change in fund balance, GAAP basis			\$ (5,826)	

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, 2010

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 479,916	\$ 479,916	\$ 371,521	\$ (108,395)
Intergovernmental	10,754	10,754	95,178	84,424
Other	-	-	651	651
Total revenues	490,670	490,670	467,350	(23,320)
Expenditures:				
Debt service:				
Principal	390,000	390,000	390,000	-
Interest	89,916	89,916	89,566	350
Total expenditures	479,916	479,916	479,566	350
Net change in fund balance	10,754	10,754	(12,216)	(23,670)
Fund balances - beginning	-	-	370,477	370,477
Fund balances - December 31	\$ 10,754	\$ 10,754	\$ 358,261	\$ 346,807
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (12,216)	
To adjust revenues for accruals			(212,462)	
To adjust expenditures for accruals			(26,808)	
Net change in fund balance, GAAP basis			\$ (251,486)	

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**Capital Projects
Funds**

NONMAJOR CAPITAL PROJECT FUNDS

- Corporation Capital Fund - To account for expenditures and resources received in consequence certain capital improvement projects of the municipality, which may include street and highway resurfacing or reconstruction. Resources are derived from the sale proceeds of general obligation bonds of the corporation and interest earned on fund balance.
- Corporation Capital Fund - To account for expenditures and resources received in consequence certain capital improvement projects of the municipality, which may include street and highway resurfacing or reconstruction. Resources are derived from the sale proceeds of general obligation bonds of the corporation and interest earned on fund balance.
- Cumulative Capital Improvement - To account for financial resources related to improvement projects or the payment of debt incurred for improvements to the Town. Resources are derived from state cigarette tax distributions. (Confer IC 6-7-1-31.1)
- Cumulative Capital Development - To account for expenditures related to capital improvements and leases of public safety equipment or vehicles. Resources are derived from a specific tax levy.
- Local Major Moves - To account for expenditures and resources related to certain infrastructure and capital improvement projects of the municipality, which may include street and highway resurfacing or reconstruction, bridge construction, and making contributions to the Regional Development Authority. Authorized under Indiana Code 8-14-16, resources are derived from a one-time, state distribution of proceeds, granted only to units in seven northern counties, in consequence of a long term-lease of its Toll Road (I-90) and interest earned on fund balance.
- General Improvement Fund - To account for financial resources related to infrastructure improvements, including sidewalks, gutters, and curbs, specifically identified for and made in an established General Improvement District. Resources for this fund are derived from assessments paid by property holders in the district whose property is specifically found to be benefited from the improvements. Authority for the fund comes from the provisions of Indiana Code 36-9-17 et seq.
- Municipal Cumulative Street - To account for expenditures and resources related to the acquisition of rights-of-way for public ways or sidewalks, or the construction or reconstruction of public ways or sidewalks. Resources are derived from municipal and miscellaneous revenues. (Confer IC 36-9-16.5-2)

NONMAJOR CAPITAL PROJECT FUNDS

(Continued)

Gaming Revenue
Sharing -

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

Highland Building Acquisition
Project Fund -

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

Park Nonreverting Capital -

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

Redevelopment Capital -

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

TOWN OF HIGHLAND, INDIANA
 COMBINING BALANCE SHEET -
 NONMAJOR CAPITAL PROJECTS FUNDS
 December 31, 2010

Assets	Corporation Capital	Cumulative Capital Improvement	Cumulative Capital Development	Local Major Moves	General Improvement Fund	Municipal Cumulative Street
Restricted assets:						
Cash and cash equivalents	\$ 873,025	\$ 79,364	\$ 831,706	\$ 79,554	\$ 143,055	\$ 22,902
Investments	83	7,542	143,573	-	20,924	3,848
Interest receivable	2	16	214	-	249	5
Taxes receivable	-	-	256,718	-	-	-
Intergovernmental receivable	3,200	5,977	4,518	-	-	-
Special assessments receivable	-	-	-	-	2,241	-
Total assets	\$ 876,310	\$ 92,899	\$ 1,236,729	\$ 79,554	\$ 166,469	\$ 26,755
Liabilities and Fund Balances						
Liabilities:						
Payable from restricted assets:						
Accounts payable	\$ 259,995	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue - unavailable	-	5,977	27,632	-	2,241	-
Total liabilities	259,995	5,977	27,632	-	2,241	-
Fund balances:						
Reserved for:						
Encumbrances	457,757	-	-	-	-	-
Unreserved, reported in:						
Capital projects funds	158,558	86,922	1,209,097	79,554	164,228	26,755
Total fund balances	616,315	86,922	1,209,097	79,554	164,228	26,755
Total liabilities and fund balances	\$ 876,310	\$ 92,899	\$ 1,236,729	\$ 79,554	\$ 166,469	\$ 26,755

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING BALANCE SHEET -
 NONMAJOR CAPITAL PROJECTS FUNDS
 December 31, 2010
 (Continued)

<u>Assets</u>	Gaming Revenue Sharing	Highland Building Acquisition Project Fund	Park Nonreverting Capital	Redevelopment Capital	Totals
Restricted assets:					
Cash and cash equivalents	\$ 338,522	\$ 4,145	\$ 758,228	\$ 455,161	\$ 3,585,662
Investments	24,391	732	31,615	78,452	311,160
Interest receivable	34	1	44	108	673
Taxes receivable	-	-	-	-	256,718
Intergovernmental receivable	100,311	-	1,010	-	115,016
Special assessments receivable	-	-	-	-	2,241
Total assets	\$ 463,258	\$ 4,878	\$ 790,897	\$ 533,721	\$ 4,271,470
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Payable from restricted assets:					
Accounts payable	\$ 20,364	-	\$ 5,163	-	\$ 285,522
Deferred revenue - unavailable	-	-	-	-	35,650
Total liabilities	20,364	-	5,163	-	321,372
Fund balances:					
Reserved for:					
Encumbrances	526,869	-	61,539	-	1,046,165
Unreserved, reported in:					
Capital projects funds	(83,975)	4,878	724,195	533,721	2,903,933
Total fund balances	442,894	4,878	785,734	533,721	3,950,098
Total liabilities and fund balances	\$ 463,258	\$ 4,878	\$ 790,897	\$ 533,721	\$ 4,271,470

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR CAPITAL PROJECTS FUNDS
 For The Year Ended December 31, 2010

	Corporation Capital	Cumulative Capital Improvement	Cumulative Capital Development	Local Major Moves	General Improvement Fund	Municipal Cumulative Street
Revenues:						
Taxes:						
Property	-	-	\$ 341,551	-	\$ -	-
Special assessments	-	-	-	-	24,872	17,693
Intergovernmental	124,542	62,826	26,508	-	-	-
Other	617	775	3,039	-	635	81
Total revenues	<u>125,159</u>	<u>63,601</u>	<u>371,098</u>	<u>-</u>	<u>25,507</u>	<u>17,774</u>
Expenditures:						
Capital outlay:						
General government	193,733	-	228,737	-	-	-
Public safety	-	-	188,924	-	-	-
Economic development	-	234,814	-	-	-	-
Highways and streets	393,347	-	-	-	502	19,601
Culture and recreation	-	-	-	-	-	-
Total expenditures	<u>587,080</u>	<u>234,814</u>	<u>417,661</u>	<u>-</u>	<u>502</u>	<u>19,601</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(461,921)</u>	<u>(171,213)</u>	<u>(46,563)</u>	<u>-</u>	<u>25,005</u>	<u>(1,827)</u>
Other financing sources:						
Contributions in lieu of park land	-	-	-	-	-	-
Issuance of long-term debt	890,000	-	198,943	-	-	-
Issuance discount on long-term debt	(4,448)	-	-	-	-	-
Total other financing sources and uses	<u>885,552</u>	<u>-</u>	<u>198,943</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>423,631</u>	<u>(171,213)</u>	<u>152,380</u>	<u>-</u>	<u>25,005</u>	<u>(1,827)</u>
Fund balances - beginning	<u>192,684</u>	<u>258,135</u>	<u>1,056,717</u>	<u>79,554</u>	<u>139,223</u>	<u>28,582</u>
Fund balances - ending	<u>\$ 616,315</u>	<u>\$ 86,922</u>	<u>\$ 1,209,097</u>	<u>\$ 79,554</u>	<u>\$ 164,228</u>	<u>\$ 26,755</u>

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR CAPITAL PROJECTS FUNDS
 For The Year Ended December 31, 2010
 (Continued)

	Gaming Revenue Sharing	Highland Building Acquisition Project Fund	Park Nonreverting Capital	Redevelopment Capital	Totals
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	341,551
Special assessments	-	-	-	-	42,565
Intergovernmental	525,423	-	1,010	-	740,309
Other	817	12	682	5,053	11,711
Total revenues	526,240	12	1,692	5,053	1,136,136
Expenditures:					
Capital outlay:					
General government	-	-	-	-	422,470
Public safety	-	-	-	-	188,924
Economic development	-	-	-	-	234,814
Highways and streets	490,285	-	-	-	903,735
Culture and recreation	-	-	30,327	-	30,327
Total expenditures	490,285	-	30,327	-	1,780,270
Excess (deficiency) of revenues over (under) expenditures	35,955	12	(28,635)	5,053	(644,134)
Other financing sources:					
Contributions in lieu of park land	-	-	535,000	-	535,000
Issuance of long-term debt	-	-	-	-	1,088,943
Issuance discount on long-term debt	-	-	-	-	(4,448)
Total other financing sources and uses	-	-	535,000	-	1,619,495
Net change in fund balances	35,955	12	506,365	5,053	975,361
Fund balances - beginning	406,939	4,866	279,369	528,668	2,974,737
Fund balances - ending	\$ 442,894	\$ 4,878	\$ 785,734	\$ 533,721	\$ 3,950,098

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - MAJOR AND NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - CORPORATION CAPITAL
 For the Year Ended December 31, 2010

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ -	\$ -	\$ 245,693	\$ 245,693
Other	-	-	645	645
Total revenues	-	-	246,338	246,338
Expenditures:				
Capital outlay:				
General government:				
Other services and charges	727,340	760,010	193,733	566,277
Highways and streets:				
Capital outlay	57,854	875,719	154,722	720,997
Total expenditures	785,194	1,635,729	348,455	1,287,274
Other financing sources (uses):				
Issuance of long-term debt	-	-	890,000	(890,000)
	-	-	(4,448)	4,448
Total other financing sources (uses):	-	-	885,552	(885,552)
Net change in fund balance	(785,194)	(1,635,729)	783,435	(1,926,488)
Fund balances - beginning	-	-	89,673	89,673
Fund balances - December 31	\$ (785,194)	\$ (1,635,729)	\$ 873,108	\$ (1,836,815)
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 783,435	
To adjust revenues for accruals			(121,179)	
To adjust expenditures for accruals			(238,625)	
Net change in fund balance, GAAP basis			\$ 423,631	

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, 2010

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 73,228	\$ 73,228	\$ 68,942	\$ (4,286)
Other	1,000	1,000	860	(140)
Total revenues	74,228	74,228	69,802	(4,426)
Expenditures:				
Capital outlay:				
Economic development:				
Other services and charges	73,228	73,228	73,185	43
Capital outlay	-	175,000	167,745	7,255
Total expenditures	73,228	248,228	240,930	7,298
Net change in fund balance	1,000	(174,000)	(171,128)	(11,724)
Fund balances - beginning	-	-	258,034	258,034
Fund balances - December 31	1,000	(174,000)	86,906	246,310
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (171,128)	
To adjust revenues for accruals			(65)	
Net change in fund balance, GAAP basis			\$ (171,213)	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - MAJOR AND NON-MAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL DEVELOPMENT
 For The Year Ended December 31, 2010

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 356,846	\$ 356,846	\$ 348,481	\$ (8,365)
Intergovernmental	32,316	32,316	31,391	(925)
Other	-	-	3,097	3,097
Total revenues	389,162	389,162	382,969	(6,193)
Expenditures:				
Capital outlay:				
General government:				
Supplies	4,000	12,390	10,609	1,781
Other services and charges	72,093	79,099	71,053	8,046
Capital outlay	210,353	210,353	22,838	187,515
Public safety:				
Other services and charges	70,000	70,000	66,432	3,568
Capital outlay	-	156,602	122,492	34,110
Total expenditures	356,446	528,444	293,424	235,020
Net change in fund balance	32,716	(139,282)	89,545	(241,213)
Fund balances - beginning	-	-	885,734	885,734
Fund balances - December 31	\$ 32,716	\$ (139,282)	\$ 975,279	\$ 644,521
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 89,545	
To adjust revenues for accruals			34,326	
To adjust expenditures for accruals			28,509	
Net change in fund balance, GAAP basis			\$ 152,380	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - MAJOR AND NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - PARK NONREVERTING CAPITAL
 For the Year Ended December 31, 2010

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Other	\$ -	\$ -	\$ 643	\$ 643
Expenditures:				
Capital outlay:				
Culture and recreation	651,342	649,108	-	649,108
Other services and charges	174,803	235,803	29,925	205,878
Capital outlay				
Total expenditures	826,145	884,911	29,925	854,986
Other financing sources:				
Contribution in lieu of park land	-	-	535,000	535,000
Net change in fund balance	(826,145)	(884,911)	505,718	(319,343)
Fund balances - beginning	-	-	284,125	284,125
Fund balances - December 31	\$ (826,145)	\$ (884,911)	\$ 789,843	\$ (35,218)
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budgetary basis			\$ 505,718	
To adjust revenues for accruals			1,050	
To adjust expenditures for accruals			(403)	
Net change in fund balance, GAAP basis			\$ 506,365	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - MAJOR AND NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - REDEVELOPMENT CAPITAL
 For The Year Ended December 31, 2010

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 400,100	\$ 400,100	\$ -	\$ (400,100)
Other	-	-	5,032	5,032
Total revenues	400,100	400,100	5,032	(395,068)
Expenditures:				
Capital outlay:				
Urban redevelopment and housing:				
Other services and charges	46,100	47,151	1,051	46,100
Capital outlay	354,000	354,000	-	354,000
Total expenditures	400,100	401,151	1,051	400,100
Net change in fund balance	-	(1,051)	3,981	(795,168)
Fund balances - beginning	-	-	529,632	529,632
Fund balances - December 31	\$ -	\$ (1,051)	\$ 533,613	\$ (265,536)
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 3,981	
To adjust revenues for accruals			21	
To adjust expenditures for accruals			1,051	
Net change in fund balance, GAAP basis			\$ 5,053	

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INTERNAL SERVICE FUNDS

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

Parks and Recreation

Building Corporation -

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

Lincoln Community Center

Building Corporation -

To account for the financing, construction and reconstruction of the current Lincoln Community Center, by the Lincoln Community Center Building (Holding) Corporation, a non-profit corporation organized under the laws of the State of Indiana, styled as a "blended component unit" of the Town. Resources are derived from First Mortgage Build America Bonds of the Lincoln Community Center Building Corporation, issued pursuant to Indiana Code 36-1-10 et seq., investment earnings, U.S. Treasury Department Build America Bond Credits, and from lease-rental payments paid by the municipality under the terms of a capital lease agreement, with the Town of Highland Parks and Recreation Department as lessee and the Lincoln Community Center Building Corporation as lessor.

Information and Communication Technology -

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

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF NET ASSETS -
 INTERNAL SERVICE FUNDS
 December 31, 2010

	Lincoln Community Center Building Corporation	Parks and Recreation Building Corporation	Information and Communication Technology	Totals
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 125,634	\$ 143,517	\$ 82,547	\$ 351,698
Investments	-	-	14,242	14,242
Interest receivable	-	-	20	20
Current portion of operating lease	-	9,250	-	9,250
Current portion of direct financing lease	556,514	194,317	-	750,831
Total current assets	682,148	347,084	96,809	1,126,041
Noncurrent assets:				
Deferred charges	148,952	19,957	-	168,909
Operating lease receivable	-	9,250	-	9,250
Net investment in direct financing lease	10,295,518	385,768	-	10,681,286
Total noncurrent assets	10,444,470	414,975	-	10,859,445
Total assets	11,126,618	762,059	96,809	11,985,486
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	-	-	16,136	16,136
Accrued payroll and withholdings payable	-	-	373	373
Revenue bonds payable	-	240,000	-	240,000
Accrued interest payable	81,873	18,628	-	100,501
Total current liabilities	81,873	258,628	16,509	357,010
Noncurrent liabilities:				
Revenue bonds payable (net)	11,129,437	543,458	-	11,672,895
Total noncurrent liabilities	11,129,437	543,458	-	11,672,895
Total liabilities	11,211,310	802,086	16,509	12,029,905
<u>Net Assets</u>				
Unrestricted	(84,692)	(40,027)	80,300	(44,419)
Total net assets	\$ (84,692)	\$ (40,027)	\$ 60,300	\$ (44,419)

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
 INTERNAL SERVICE FUNDS
 For The Year Ended December 31, 2010

	Lincoln Community Center Building Corporation	Parks and Recreation Building Corporation	Information and Communication Technology	Totals
Operating revenues:				
Charges for services	-	\$ 101,380	\$ 186,559	\$ 287,939
Operating expenses:				
Salary and wages	-	-	13,665	13,665
Material and supplies	-	-	601	601
Contractual services	-	-	158,917	158,917
Administration and general	-	5,765	-	5,765
Total operating expenses	-	5,765	173,183	178,948
Operating income (loss)	-	95,615	13,376	108,991
Nonoperating revenues (expenses):				
Interest income	1	33	420	454
Interest expense	(82,353)	(40,034)	-	(122,387)
Amortization of bond issue costs	(2,340)	(5,752)	-	(8,092)
Total nonoperating revenue (expenses)	(84,692)	(45,753)	420	(130,025)
Change in net assets	(84,692)	49,862	13,796	(21,034)
Total net assets - beginning	-	(243,739)	66,504	(177,235)
Prior period adjustment (Note IV.1.)	-	153,850	-	153,850
Total net assets - ending	(84,692)	(40,027)	80,300	(44,419)

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF CASH FLOWS -
 INTERNAL SERVICE FUNDS
 For The Year Ended December 31, 2010

	Lincoln Community Center Building Corporation	Parks and Recreation Building Corporation	Information and Communication Technology	Totals
Cash flows from operating activities:				
Payments to suppliers	-	\$ (5,765)	\$ (150,118)	\$ (155,883)
Payments to employees	-	-	(13,499)	(13,499)
Other receipts	-	-	186,560	186,560
Net cash (used) provided by operating activities	-	(5,765)	22,943	17,178
Cash flows from capital and related financing activities:				
Principal paid on capital debt	-	(225,000)	-	(225,000)
Interest paid on capital debt	-	(46,325)	-	(46,325)
Net cash provided by capital and related financing activities	-	(271,325)	-	(271,325)
Cash flows from investing activities:				
Proceeds from sale of investments, net	-	-	(9,234)	(9,234)
Proceeds from net investment in direct financing lease	125,633	281,000	-	406,633
Proceeds from operating lease receivable	-	9,250	-	9,250
Interest received	1	33	425	459
Net cash provided (used) by investing activities	125,634	290,283	(8,809)	407,108
Net increase (decrease) in cash and cash equivalents	125,634	13,193	14,134	152,961
Cash and cash equivalents, January 1	-	130,324	68,413	198,737
Cash and cash equivalents, December 31	\$ 125,634	\$ 143,517	\$ 82,547	\$ 351,698
Reconciliation of operating income to net cash used by operating activities:				
Operating income (loss)	-	\$ 95,615	\$ 13,376	\$ 108,991
Adjustments to reconcile operating income to net cash used by operating activities:				
Increase (decrease) in liabilities:				
Accounts payable	-	-	9,401	9,401
Wages payable	-	-	166	166
Noncash items:				
Deferred revenue recognized	-	(101,380)	-	(101,380)
Total adjustments	-	(101,380)	9,567	(91,813)
Net cash used provided by operating activities	-	\$ (5,765)	\$ 22,943	\$ 17,178

FIDUCIARY FUNDS

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

AGENCY FUNDS

- Payroll - To account for the payroll of employees of the Town and its executive departments and municipal utilities.
- Parks and Recreation
Escrow - To account for security or damage deposits made by lessee tenants, to the Parks and Recreation Department as lessor, for long-term use of rooms in the community center.
- Insurance Premium - To account for department shares allocated and collected for insurance premiums payable by the municipality.
- Traffic Violations - To account for infraction deferral fees, moving traffic violations fines and state imposed court user fees collected by and under the authority of a Traffic Violations Bureau, established by the county court to make such collections on its behalf. Collections are periodically transferred to the Clerk of the Lake Circuit and Superior Courts. Authority for the fund comes from Indiana Code 36-1-3; Indiana Code 33-19-5 and Indiana Code 34-4-32.
- Aflac FSA Agency Fund - To account for expenditures and resources received in consequence of the municipality's special flexible spending accounts and employee plan established according to the terms of the Internal Revenue Code Section 125. Resources are derived from a one-time operating contribution of the Town and from participating employees' and officers' payroll deduction.
- Capital Projects Retainage
Agency Fund - To account for retainage collected in consequence of a public works or capital improvement project, as set forth in Indiana Code 36-1-12, in which the contracts are valued in excess of the threshold set forth in Indiana Code 36-1-12-14, and to which the contractor has agreed to permit the required withholding from a payment to the contractor or subcontractor until the occurrence of specified event to be held by the municipality. The funds on deposit are custodial in nature.
- Gasoline Fund - To account for department shares allocated and collected for gasoline payable by the municipality.
- 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, 2010

Assets:	Payroll	Parks and Recreation Escrow	Insurance Premium	Traffic Violations	Aflac FSA Agency Fund	Capital Projects Retainage Agency Fund	Parks License Fees Cash Agency Fund	Totals
Cash and cash equivalents	\$ 52,847	\$ 10,849	\$ 8,511	617	\$ 20,163	\$ 265,002	\$ -	\$ 357,989
Investments	-	1,914	-	-	-	16,385	-	18,299
Interest receivable	5	3	-	-	1	23	-	32
Total assets	\$ 52,852	\$ 12,766	\$ 8,511	617	\$ 20,164	\$ 281,410	\$ -	\$ 376,320
Liabilities:								
Payroll withholdings payables	\$ 52,852	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 52,852
Trust payable	-	12,766	8,511	617	20,164	281,410	-	323,468
Total liabilities	\$ 52,852	\$ 12,766	\$ 8,511	617	\$ 20,164	\$ 281,410	\$ -	\$ 376,320

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
 AGENCY FUNDS
 For The Year Ended December 31, 2010

	Payroll	Perks and Recreation Escrow	Insurance Premium	Traffic Violations	Aflac FSA Agency Fund	Capital Projects Retainage Agency Fund	Parks License Fees Cash Agency Fund	Totals
Assets:								
Cash and cash equivalents, January 1, 2010	\$ 60,571	\$ 12,734	\$ 7,824	\$ 822	\$ 16,770	\$ 130,286	\$ -	\$ 229,007
Additions	1,642,514	29	1,743,755	46,970	25,704	324,521	19,413	3,802,906
Deductions	(1,650,238)	(1,914)	(1,743,068)	(47,175)	(22,311)	(189,805)	(19,413)	(3,673,924)
Cash and cash equivalents, December 31, 2010	52,847	10,849	8,511	617	20,163	265,002	-	357,989
Investments, January 1, 2010	-	-	-	-	-	-	-	-
Additions	-	1,914	-	-	-	16,385	-	18,299
Investments, December 31, 2010	-	1,914	-	-	-	16,385	-	18,299
Interest receivable, January 1, 2010	22	-	-	-	1	-	-	23
Additions	5	3	-	-	1	23	-	32
Deductions	(22)	-	-	-	(1)	-	-	(23)
Interest receivable, December 31, 2010	5	3	-	-	1	23	-	32
Total assets, December 31, 2010	\$ 52,852	\$ 12,766	\$ 8,511	\$ 617	\$ 20,164	\$ 281,410	\$ -	\$ 376,320
Liabilities:								
Payroll withholdings payable, January 1, 2010	\$ 60,593	-	-	-	-	-	-	\$ 60,593
Additions	1,642,519	-	-	-	-	-	-	1,642,519
Deductions	(1,650,260)	-	-	-	-	-	-	(1,650,260)
Payroll withholdings payable, December 31, 2010	52,852	-	-	-	-	-	-	52,852
Trust payable, January 1, 2010	-	12,734	7,824	822	16,771	130,286	-	168,437
Additions	-	32	1,743,755	46,970	25,705	324,544	19,413	2,160,419
Deductions	-	-	(1,743,068)	(47,175)	(22,312)	(173,420)	(19,413)	(2,005,388)
Trust payable, December 31, 2010	-	12,766	8,511	617	20,164	281,410	-	323,468
Total liabilities, December 31, 2010	\$ 52,852	\$ 12,766	\$ 8,511	\$ 617	\$ 20,164	\$ 281,410	\$ -	\$ 376,320

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STATISTICAL SECTION

Statistical Section

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

Contents	Pages
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	133-145
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	147-153
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	155-164
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	165-185
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>	187-201

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 - 2010
 (accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Accounts								
Investment in capital assets, net of related debt	\$ 14,587,666	\$ 11,401,886	\$ 10,987,839	\$ 16,022,139	\$ 16,591,125	\$ 16,129,072	\$ 16,624,583	\$ 42,381,406
Restricted	2,660,744	3,698,480	3,586,422	4,708,632	4,617,424	5,028,411	5,396,924	5,537,397
Unrestricted	(2,920,252)	(2,879,382)	(9,361,600)	(3,776,560)	(2,779,058)	(2,288,003)	3,480,252	(1,687,589)
Total Governmental Activities Net Assets	\$ 14,328,158	\$ 12,220,994	\$ 11,212,661	\$ 16,954,211	\$ 18,429,491	\$ 18,869,480	\$ 25,501,709	\$ 46,241,220
Business-type Activities								
Investment in capital assets, net of related debt	\$ 10,917,934	\$ 16,527,488	\$ 16,001,186	\$ 17,909,888	\$ 14,825,501	\$ 17,787,254	\$ 17,056,150	\$ 13,880,256
Restricted	1,990,705	1,372,497	3,614,059	2,917,715	4,989,022	1,327,717	1,341,711	3,376,260
Unrestricted	460,160	1,171,139	597,843	341,387	658,795	500,074	708,009	1,003,197
Total Business-type Activities Net Assets	\$ 13,368,799	\$ 19,071,124	\$ 20,213,088	\$ 20,568,990	\$ 19,873,318	\$ 19,615,045	\$ 19,105,870	\$ 18,259,713
Primary Government								
Investment in capital assets, net of related debt	\$ 25,505,600	\$ 27,929,374	\$ 26,989,025	\$ 33,332,027	\$ 31,416,626	\$ 33,916,326	\$ 33,680,683	\$ 56,261,662
Restricted	4,651,449	5,070,987	7,200,481	7,626,347	9,006,446	6,356,128	6,738,635	8,903,657
Unrestricted	(2,460,092)	(1,708,243)	(2,763,757)	(3,435,173)	(2,120,263)	(1,787,929)	4,188,261	(684,386)
Total Primary Government Net Assets	\$ 27,696,957	\$ 31,292,118	\$ 31,425,749	\$ 37,523,201	\$ 38,302,809	\$ 38,484,525	\$ 44,607,579	\$ 64,500,933

* 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 \$5,395,509 of liability from the governmental activities of the Primary Government.

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

TOWN OF HIGHLAND
Changes in Net Assets
Fiscal Years 2003 - 2010
(accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental Activities:								
General government	\$ 1,506,033	\$ 748,354	\$ 1,442,017	\$ 2,063,441	\$ 2,119,504	\$ 2,933,967	\$ 2,245,766	\$ 1,382,727
Public safety	4,424,506	4,741,337	6,325,184	4,984,503	3,962,975	4,820,208	4,787,793	5,020,309
Highways/streets	2,473,525	928,083	2,345,077	1,882,447	2,076,600	1,967,533	1,901,961	1,031,960
Sanitation	1,250,597	1,437,584	1,433,711	1,570,662	1,693,635	1,811,419	1,885,282	1,851,337
Urban Redevelopment/Econ Development	396,885	83,080	239,839	1,871,473	241,781	150,443	230,657	340,692
Health and welfare	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Culture and recreation	1,658,186	1,658,186	2,023,220	2,112,857	2,140,247	2,242,067	2,287,740	1,986,962
Interest on long-term debt	272,319	240,201	207,489	264,697	334,506	297,819	347,105	357,489
Total governmental activities expenses	11,669,669	10,044,825	14,016,537	14,700,100	12,559,248	13,462,455	13,073,944	11,991,696
Business-Type Activities:								
Water	3,016,042	2,276,318	2,292,223	2,165,586	3,228,142	2,884,156	2,688,674	2,917,801
Sanitary District (sewer)	2,636,038	2,353,091	2,676,647	3,670,388	3,686,128	4,272,370	4,667,991	5,623,497
Total business-type activities	5,652,080	4,629,409	4,968,870	5,835,974	6,914,270	7,156,526	7,356,665	8,541,298
Total primary government expenses	\$ 17,521,769	\$ 14,674,234	\$ 18,985,407	\$ 20,536,074	\$ 19,473,518	\$ 20,418,982	\$ 21,202,599	\$ 20,532,994
Program Revenues								
Governmental activities:								
Charges for services:								
General government	\$ 551,893	\$ 600,629	\$ 564,176	\$ 667,044	\$ 726,177	\$ 861,534	\$ 847,387	\$ 693,392
Public Safety	1,178,155	1,186,992	1,166,967	1,266,124	1,429,690	1,500,885	1,644,040	1,689,828
Urban redevelopment/Econ Development	762,791	812,381	797,903	821,114	839,983	779,348	872,033	472,406
Culture and recreation	106,744	153,370	166,467	191,644	2,764	42,985	9,313	9,313
Other activities	1,315,260	1,030,983	1,297,294	1,194,935	1,084,944	1,027,318	1,240,552	1,069,502
Operating grants and contributions	1,145,677	1,059,373	800,827	1,325,820	609,888	731,455	1,513,923	6,577,952
Capital grants and contributions	5,060,720	4,850,128	4,753,334	5,456,381	4,873,538	5,179,025	6,310,002	11,012,823
Business-type activities:								
Charges for services:								
Water	3,171,105	2,530,590	2,706,956	2,531,464	2,632,026	2,558,451	2,540,742	2,566,732
Sanitary District (sewer)	2,145,852	2,230,218	3,009,709	2,961,916	3,146,397	3,219,440	3,466,025	3,563,122
Operating grants and contributions	5,316,958	717,516	52,090	5,483,380	16,000	5,777,891	76,693	6,129,854
Capital grants and contributions	10,377,678	5,478,424	5,770,755	10,959,767	5,794,423	10,356,916	6,094,280	17,142,777
Total business-type activities	23,071,793	10,956,548	11,551,890	20,918,863	15,646,826	25,373,766	12,394,282	38,036,953
Total primary government program revenues	\$ 38,343,661	\$ 26,631,197	\$ 30,637,295	\$ 42,485,017	\$ 38,120,374	\$ 45,892,647	\$ 43,697,122	\$ 58,719,826
Net (expense)/revenue	\$ (8,008,999)	\$ (5,194,697)	\$ (9,253,929)	\$ (9,263,719)	\$ (7,683,710)	\$ (6,283,491)	\$ (7,305,842)	\$ (978,778)
Governmental activities	(335,122)	(849,015)	(901,685)	(342,394)	(1,121,427)	(1,178,635)	(1,502,395)	(2,411,444)
Business-type activities	(7,144,891)	(4,345,682)	(8,451,316)	(8,921,325)	(6,562,283)	(5,104,856)	(5,803,447)	(3,380,217)
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes								
Property taxes	\$ 5,655,269	\$ 6,704,371	\$ 7,078,601	\$ 7,207,152	\$ 7,828,469	\$ 7,783,395	\$ 7,705,918	\$ 6,785,424
Excise taxes	519,823	667,574	542,153	565,440	607,315	587,627	594,559	559,473
Financial institution tax	-	131,775	71,815	35,450	60,268	61,727	57,594	48,400
Commercial vehicle excise tax	-	60,669	32,727	17,013	35,520	84,582	33,249	34,080
ABC gallonage tax	47,963	75,543	62,426	58,225	60,436	62,332	50,066	34,347
Cigarette tax	23,215	23,984	19,851	22,941	20,565	20,883	19,691	18,802
Other	2,783,946	115,839	105,975	147,842	140,933	161,640	136,658	167,871
Unrestricted investment earnings	72,333	38,822	208,272	323,136	317,820	170,860	24,957	28,699
Special: Cooperative agreement revenue	-	-	-	1,750,000	86,674	-	-	-
Transfers	6,373,659	7,819,777	8,121,820	10,117,199	9,156,990	8,816,020	8,602,682	7,667,095
Total governmental activities	25,282,748	29,859,952	30,866,076	30,818,399	30,000,006	29,948,729	29,203,124	26,027,198
Business-type activities:								
Taxes								
Property taxes	650,090	617,054	505,995	576,090	365,780	629,215	975,323	1,279,173
Excise taxes	297,710	37,898	-	-	-	-	-	-
Financial institution tax	-	8,332	-	-	-	-	-	-
Commercial vehicle excise tax	-	21,687	-	-	-	-	-	-
Other	2,158,497	160	52,907	22,786	39,063	22,786	17,897	267,634
Unrestricted investment earnings	12,671	9,063	47,539	68,361	106,611	68,361	18,480	18,480
Transfers	3,118,969	694,164	608,441	698,094	651,674	920,962	956,220	1,555,297
Total business-type activities	9,492,527	812,811	616,983	735,330	475,134	729,322	999,880	1,869,074
Change in Net Assets	\$ (495,310)	\$ (2,824,090)	\$ (1,141,383)	\$ (883,480)	\$ (1,475,280)	\$ (532,559)	\$ (1,296,720)	\$ (6,686,322)
Business-type activities	1,543,179	1,408,326	(695,672)	(258,273)	(509,175)	(509,175)	(646,137)	(846,137)
Total primary government	\$ 2,348,536	\$ (1,671,259)	\$ (266,943)	\$ (1,141,853)	\$ (1,984,454)	\$ (1,041,732)	\$ (2,093,440)	\$ (7,532,459)

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

Source: Statement of Activities (Government Wide Financial Statement)

Town of Highland
Government Activities Tax Revenues By Source
Fiscal Years 2003 - 2010
 (accrual basis of accounting)

Fiscal Year	Commercial					Total	
	Property Tax	Excise Tax	Financial Institution Tax	Vehicle Excise Tax	ABC Gallonage Tax		Cigarette Tax
2003	\$ 5,655,269	\$ 519,823	\$ -	\$ -	\$ 47,963	\$ 23,215	\$ 6,246,270
2004	\$ 6,704,371	\$ 667,574	\$ 131,775	\$ 60,889	\$ 75,546	\$ 23,964	\$ 7,664,119
2005	\$ 7,078,601	\$ 542,153	\$ 71,815	\$ 32,727	\$ 62,426	\$ 19,851	\$ 7,807,573
2006	\$ 7,207,152	\$ 555,440	\$ 35,450	\$ 17,013	\$ 58,225	\$ 22,941	\$ 7,896,221
2007	\$ 7,828,469	\$ 607,315	\$ 60,268	\$ 35,520	\$ 60,436	\$ 22,555	\$ 8,614,563
2008	\$ 7,733,395	\$ 565,621	\$ 61,727	\$ 39,562	\$ 62,332	\$ 20,883	\$ 8,483,520
2009	\$ 7,705,918	\$ 564,559	\$ 57,664	\$ 33,249	\$ 58,066	\$ 19,691	\$ 8,439,147
2010	\$ 6,785,424	\$ 559,473	\$ 48,400	\$ 34,080	\$ 34,347	\$ 18,802	\$ 7,480,526

(This excludes the taxes collected by the Business activities)

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

TOWN OF HIGHLAND
Fund Balances of Governmental Funds
Fiscal Years 2003 - 2010
(modified accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
General fund								
Reserved	\$ 366,359	\$ 300,587	\$ 93,508	\$ 308,757	\$ 529,787	\$ 503,368	\$ 354,356	\$ 383,754
Unreserved	1,672,190	(2,538,179)	230,815	647,891	1,056,582	1,446,935	1,713,979	2,002,826
Total general fund	<u>\$ 2,038,549</u>	<u>\$ (2,237,592)</u>	<u>\$ 324,323</u>	<u>\$ 956,648</u>	<u>\$ 1,586,369</u>	<u>\$ 1,950,203</u>	<u>\$ 2,068,335</u>	<u>\$ 2,386,580</u>
All other governmental funds								
Reserved	\$ 627,020	\$ 670,205	\$ 97,837	\$ 454,065	\$ 642,957	\$ 220,713	\$ 557,837	\$ 1,311,857
Unreserved, reported in:								
Special revenue funds	858,221	(13,861)	863,737	1,102,641	1,076,115	1,742,743	1,764,890	1,866,510
Capital projects funds	773,997	1,376,272	2,112,000	4,065,553	2,570,185	3,127,394	2,612,278	2,903,933
Debt service funds	553,143	259,206	541,058	800,155	1,297,628	1,224,731	1,339,682	1,168,794
Total all other governmental funds	<u>\$ 2,812,381</u>	<u>\$ 2,291,822</u>	<u>\$ 3,614,632</u>	<u>\$ 6,422,414</u>	<u>\$ 5,586,885</u>	<u>\$ 6,315,581</u>	<u>\$ 6,274,687</u>	<u>\$ 7,251,094</u>

This report should reflect 10 years of data. However, data not available prior to 2003 in part owing to the reporting model.
 Source: Balance Sheet Governmental Funds

TOWN OF HIGHLAND
Changes in Fund Balances of Governmental Funds
Fiscal Years 2003 - 2010
(modified accrual basis of accounting)

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Revenues								
Taxes	\$4,141,558	\$3,561,860	\$10,446,059	\$8,205,190	\$7,753,356	\$7,634,334	\$7,350,213	\$7,226,397
Special assessments	17,659	17,402	24,400	64,548	33,249	86,912	30,256	42,565
Licenses and permits	311,312	342,872	308,782	401,900	413,616	403,262	338,807	392,282
Intergovernmental	2,720,825	3,033,747	2,693,115	3,208,548	2,540,559	2,614,593	3,559,895	2,892,927
Charges for services	2,196,554	2,250,560	2,321,359	2,117,618	2,306,150	2,307,259	2,535,747	2,994,688
Fines and forfeits	14,905	56,663	16,201	74,950	93,053	108,476	140,448	132,055
Other	246,543	259,262	423,531	820,322	718,570	647,857	509,544	305,218
Total revenues	9,649,336	9,522,366	16,233,447	14,893,076	13,858,553	13,802,693	14,464,910	13,986,132
Expenditures								
General government	2,343,457	1,544,967	1,348,605	1,546,079	1,387,823	1,397,938	1,476,259	1,448,594
Public safety	3,813,753	4,231,834	4,978,387	4,711,404	4,256,225	4,611,756	4,592,341	4,817,074
Highways and streets	373,398	836,254	961,537	1,055,462	1,155,597	1,134,616	1,154,710	810,182
Sanitation	1,250,587	1,437,584	1,433,711	1,570,682	1,683,635	1,805,010	1,836,639	1,850,305
Culture and recreation	1,697,503	1,641,600	1,747,652	1,697,981	1,846,896	1,840,760	1,948,462	1,856,821
Urban redevelopment	43,316	63,510	91,599	153,164	131,631	119,560	119,456	106,509
Debt service								
Principal	840,000	925,000	1,000,000	1,084,000	779,000	1,169,000	994,000	1,099,000
Interest	311,762	278,173	231,879	226,404	367,198	332,913	357,627	324,270
Capital Outlay	1,577,333	290,281	1,860,995	2,947,325	2,833,015	2,921,946	2,057,577	1,997,720
Total expenditures	12,851,109	11,249,203	13,654,365	15,193,501	14,441,020	15,333,499	14,537,131	14,310,875
Excess of revenues over (under) expenditures	(3,201,773)	(1,726,837)	2,579,082	(300,425)	(582,467)	(1,530,806)	(72,221)	(324,843)
Other financing sources (uses)								
Capital leases	-	-	80,690	149,282	376,659	0	0	0
Issuance of Debt	-	-	1,091,903	3,591,250	0	2,042,000	149,459	1,086,943
Contributions in lieu of park land								(4,448)
Transfers in	70,000	160,049	131,481	69,592	69,659	648,023	176,676	535,000
Transfers out	(70,000)	(160,049)	(131,481)	(69,592)	(69,659)	(66,687)	(176,676)	42,000
Temporary loans	267,276	-	-	-	-	-	-	-
Tax anticipation warrants received	7,775,237 *	-	-	-	-	-	-	-
Tax anticipation warrants repaid	(4,760,000) *	-	-	-	-	-	-	(42,000)
Total other financing sources (uses)	3,282,513 *	\$ -	1,172,593	3,740,532	376,659	2,623,336	149,459	1,619,495
Net change in fund balances	\$ 80,740 *	\$ (1,726,837)	\$ 3,751,675	\$ 3,440,107	\$ (205,908)	\$ 1,092,530	\$ 77,238	\$ 1,294,652
Debt service as a percentage of noncapital expenditures	10.22%	10.98%	10.45%	10.70%	9.87%	12.10%	10.34%	**

* 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.

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

Debt Service as a percentage of non capital expenditures rather than capital outlay.

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

TOWN OF HIGHLAND
General Government Tax Revenues By Source
Fiscal Years 2003 - 2010
 (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
2010	\$7,226,397

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

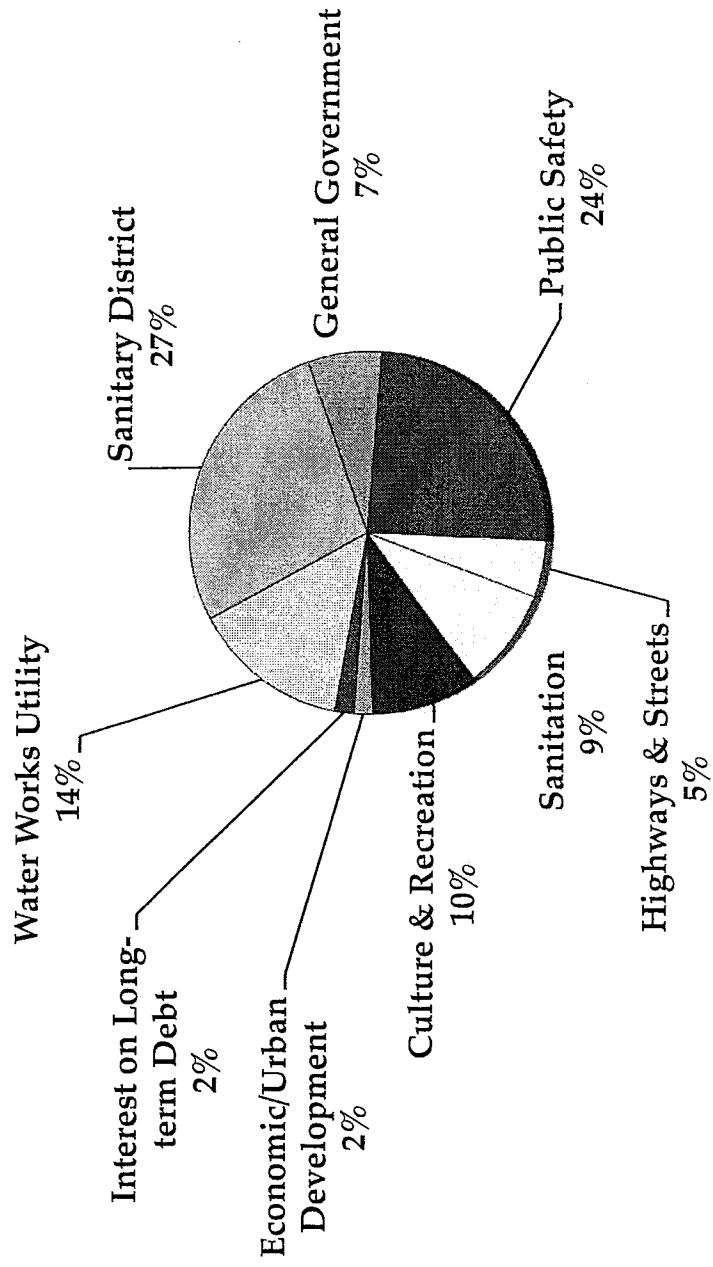
**Town of Highland
Government-wide Expenses by Function
Fiscal Years FY 2003-2010**

Fiscal Year Ended Dec. 31	Governmental Activity					Business-Type Activity				Total Primary Government
	General Government	Public Safety	Highways Streets & Roadways	Sanitation	Culture & Recreation	Urban Redevelopment Econ Development	Interest on Long-term Debt	Water	Sanitary District	
2010	\$ 1,382,727	\$ 5,020,309	\$ 1,031,980	\$ 1,851,337	\$ 1,996,962	\$ 340,892	\$ 367,489	\$ 2,917,801	\$ 5,623,497	\$ 20,532,994
2009	\$ 2,245,786	\$ 4,797,793	\$ 1,901,381	\$ 1,835,282	\$ 2,257,740	\$ 230,857	\$ 347,105	\$ 2,698,674	\$ 4,887,981	\$ 21,202,599
2008	\$ 2,363,967	\$ 4,629,208	\$ 1,967,593	\$ 1,811,419	\$ 2,242,067	\$ 150,443	\$ 297,819	\$ 2,684,156	\$ 4,272,370	\$ 20,418,982
2007	\$ 2,119,504	\$ 3,962,975	\$ 2,076,600	\$ 1,683,635	\$ 2,140,247	\$ 241,781	\$ 334,506	\$ 3,229,142	\$ 3,686,723	\$ 19,475,113
2006	\$ 2,063,441	\$ 4,934,503	\$ 1,882,447	\$ 1,570,682	\$ 2,112,857	\$ 1,871,473	\$ 264,697	\$ 2,165,586	\$ 3,670,388	\$ 20,536,074
2005	\$ 1,442,017	\$ 6,325,184	\$ 2,341,114	\$ 1,433,711	\$ 2,023,220	\$ 239,839	\$ 211,452	\$ 2,292,223	\$ 2,676,647	\$ 18,985,407
2004	\$ 748,354	\$ 4,741,337	\$ 928,083	\$ 1,437,584	\$ 1,859,186	\$ 83,080	\$ 240,201	\$ 2,276,318	\$ 2,353,091	\$ 14,667,234
2003	\$ 1,500,498	\$ 4,424,506	\$ 2,473,525	\$ 1,250,587	\$ 1,545,834	\$ 396,865	\$ 272,319	\$ 3,016,042	\$ 2,636,038	\$ 17,516,234

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

Fiscal Year Ended Dec. 31	Governmental Activity					Business-Type Activity				Total Primary Government
	General Government	Public Safety	Highways Streets & Roadways	Sanitation	Culture & Recreation	Economic Development	Interest on Long-term Debt	Water	Sanitary District	
2010	6.73%	24.45%	5.03%	9.02%	9.73%	1.66%	1.79%	14.21%	27.39%	100.00%
2009	10.59%	22.83%	8.97%	8.66%	10.65%	1.09%	1.64%	12.73%	23.05%	100.00%
2008	11.58%	22.87%	9.64%	8.87%	10.98%	0.74%	1.46%	13.15%	20.92%	100.00%
2007	10.88%	20.35%	10.66%	8.65%	10.99%	1.24%	1.72%	16.58%	18.93%	100.00%
2006	10.05%	24.03%	9.17%	7.65%	10.29%	9.11%	1.29%	10.55%	17.87%	100.00%
2005	7.60%	33.32%	12.33%	7.55%	10.66%	1.26%	1.11%	12.07%	14.10%	100.00%
2004	5.10%	32.33%	6.33%	9.80%	12.68%	0.57%	1.64%	15.52%	16.04%	100.00%
2003	8.57%	25.26%	14.12%	7.14%	8.83%	2.27%	1.55%	17.22%	15.05%	100.00%

Government Wide Expenses by Function 2010



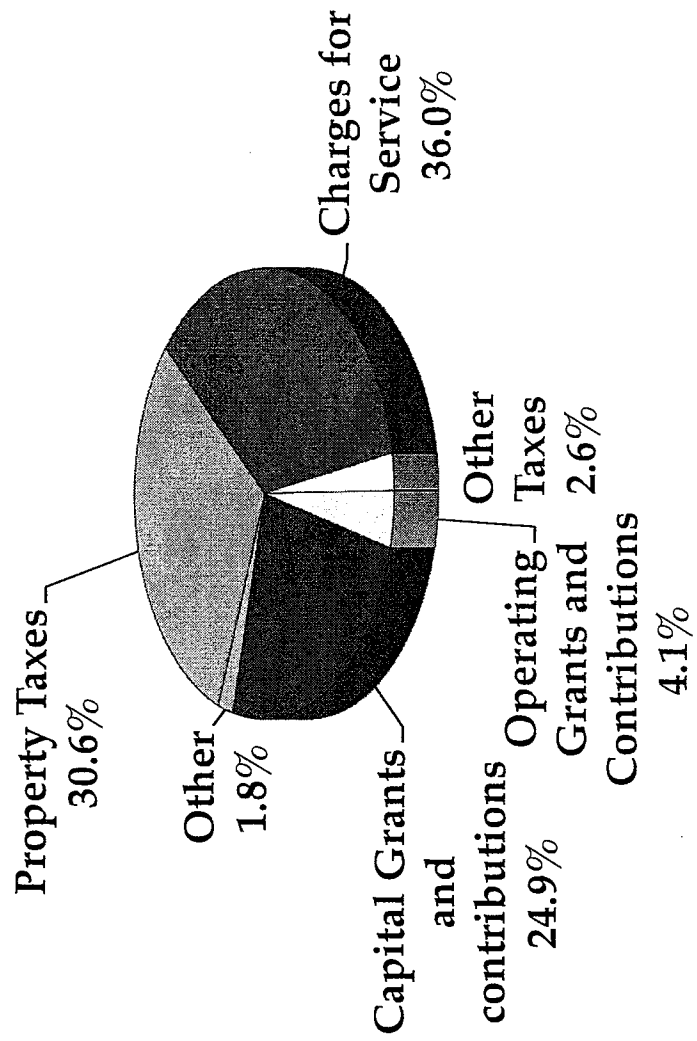
**Town of Highland
Government-Wide Revenues
Fiscal Years 2003-2010**

Fiscal Year Ended Dec. 31	Program Revenues				General Revenues				Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions Not Restricted to Specific Programs	Other Taxes	Other	Total	
2010	\$ 9,495,322	\$ 1,069,502	\$ 6,577,953	\$ 8,064,597	\$ -	\$ 695,102	\$ 472,683	\$ 26,375,169	
2009	\$ 9,563,094	\$ 1,240,552	\$ 1,590,616	\$ 8,681,241	\$ -	\$ 733,229	\$ 181,412	\$ 21,990,144	
2008	\$ 9,198,143	\$ 1,027,318	\$ 731,455	\$ 8,562,610	\$ -	\$ 750,125	\$ 423,647	\$ 20,693,298	
2007	\$ 8,959,129	\$ 1,084,944	\$ 625,888	\$ 8,194,249	\$ -	\$ 786,094	\$ 604,417	\$ 20,254,721	
2006	\$ 8,439,306	\$ 1,194,935	\$ 1,325,520	\$ 7,783,242	\$ -	\$ 689,069	\$ 2,343,382	\$ 21,775,454	
2005	\$ 8,434,078	\$ 1,237,294	\$ 852,717	\$ 7,584,596	\$ -	\$ 728,972	\$ 414,693	\$ 19,252,350	
2004	\$ 7,514,180	\$ 1,030,383	\$ 1,783,989	\$ 7,321,425	\$ -	\$ 1,027,645	\$ 163,874	\$ 18,841,496	
2003	\$ 7,916,541	\$ 1,315,260	\$ 1,145,877	\$ 6,305,359	\$ 2,213,553	\$ 888,711	\$ 85,004	\$ 19,870,305	
2010	36.00%	4.05%	24.94%	30.58%	0.00%	2.64%	1.79%	100.00%	
2009	43.49%	5.64%	7.23%	39.48%	0.00%	3.33%	0.82%	100.00%	
2008	44.45%	4.96%	3.53%	41.38%	0.00%	3.62%	2.05%	100.00%	
2007	44.23%	5.36%	3.09%	40.46%	0.00%	3.88%	2.98%	100.00%	
2006	38.76%	5.49%	6.09%	35.74%	0.00%	3.16%	10.76%	100.00%	
2005	43.81%	6.43%	4.43%	39.40%	0.00%	3.79%	2.15%	100.00%	
2004	39.88%	5.47%	9.47%	38.86%	0.00%	5.45%	0.87%	100.00%	
2003	39.84%	6.62%	5.77%	31.73%	11.14%	4.47%	0.43%	100.00%	

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

Revenue by Source for All Activities 2010
of the Primary Government



Town of Highland
General Government Expenditures by Function
Last Ten Fiscal Years FY 1993-2002
(Older reporting model pre-GASB 34)

Fiscal Year Ended Dec. 31	General Government	Public Safety	Highways Streets & Roadways	Sanitation	Culture & Recreation	Economic Development	Capital Outlay	Debt Service	Total
2002	\$ 2,009,089	\$ 3,370,235	\$ 1,090,722	\$ 1,352,727	\$ 1,596,102	\$ 47,336	\$ 1,498,669	\$ 1,620,077	\$ 12,584,957
2001	\$ 1,924,735	\$ 3,622,831	\$ 1,321,599	\$ 1,415,124	\$ 1,555,484	\$ 29,527	\$ 1,810,252	\$ 2,236,942	\$ 13,916,494
2000	\$ 1,924,458	\$ 3,501,112	\$ 1,476,152	\$ 1,251,220	\$ 1,461,771	\$ 19,552	\$ 2,761,496	\$ 2,270,615	\$ 14,666,376
1999	\$ 1,935,748	\$ 3,122,282	\$ 1,547,861	\$ 1,234,796	\$ 1,382,110	\$ 127,207	\$ 3,540,298	\$ 2,099,958	\$ 14,990,260
1998	\$ 1,868,555	\$ 3,046,558	\$ 1,179,535	\$ 1,258,746	\$ 1,246,164	\$ 70,005	\$ 2,991,823	\$ 2,064,978	\$ 13,726,364
1997	\$ 1,781,390	\$ 2,822,451	\$ 903,020	\$ 1,110,958	\$ 1,193,552	\$ 23,175	\$ 940,883	\$ 1,683,394	\$ 10,458,823
1996	\$ 1,691,750	\$ 3,113,115	\$ 942,246	\$ 1,143,378	\$ 1,094,634	\$ -	\$ 1,334,876	\$ 1,674,521	\$ 10,994,520
1995	\$ 3,038,878	\$ 2,537,414	\$ 806,594	\$ 260,003	\$ 1,043,186	\$ 25,667	\$ 786,937	\$ 1,551,561	\$ 10,050,240
1994	\$ 1,704,471	\$ 2,444,628	\$ 803,184	\$ 1,017,882	\$ 971,125	\$ -	\$ 932,033	\$ 1,491,948	\$ 9,365,271
1993	\$ 1,686,285	\$ 2,165,891	\$ 764,007	\$ 923,690	\$ 975,020	\$ -	\$ 878,374	\$ 1,439,513	\$ 8,832,780
2002	15.96%	26.78%	8.67%	10.75%	12.68%	0.38%	11.91%	12.87%	100.00%
2001	13.83%	26.03%	9.50%	10.17%	11.18%	0.21%	13.01%	16.07%	100.00%
2000	13.12%	23.87%	10.06%	8.53%	9.97%	0.19%	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 pre GASB 34)

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	\$ 8,737,860
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
2001-2010**

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
2010	\$ 24,549,613	\$ 23,503,640	95.74%	\$ 1,195,636	\$24,699,276	100.61%	\$ 348,934	1.42%
2009	\$ 23,068,261	\$ 22,036,176	95.53%	\$ 1,009,054	\$23,045,231	99.90%	\$ 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
2001-2010**

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
2010	\$ 7,785,595	\$ 7,453,929	95.74%	\$ 1,136,130	\$ 8,590,059 (1)	110.33%	\$ 110,555	1.42%
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 1999-2010*

Funding Fiscal Year Ended Dec. 31	Actual Real Assessed Value	Net Real Estate Nonbus Personal Assessed Value	Railroad, Utilities & Personal Prop ACTUAL Assessed Value	Railroad, Utilities & Personal Prop NET Assessed Value	Total Assessed Net Assessed Value	Ratio of Total Assessed to Estimated 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
2010	\$ 1,801,024,100	\$ 1,038,141,311	\$ 61,757,400	\$ 60,536,200	\$ 1,098,677,511	100%	\$ 19,115,127	1.77%	\$ 764,103,989	\$ 0.7920	61.00%	\$ 2,3088
2009	\$ 1,797,274,900	\$ 1,020,728,244	\$ 59,373,550	\$ 58,894,140	\$ 1,078,592,384	100%	\$ (309,782,717)	-22.30%	\$ 777,086,066	\$ 0.7785	60.07%	\$ 2,2280
2008	\$ 1,537,757,000	\$ 1,228,753,661	\$ 61,735,410	\$ 59,611,440	\$ 1,388,345,101	100%	\$ 80,707,510	6.17%	\$ 510,147,309	\$ 0.6256	75.60%	\$ 2,9025
2007	\$ 1,747,958,900	\$ 1,250,627,481	\$ 59,366,480	\$ 58,010,110	\$ 1,308,637,591	100%	\$ 137,483,589	11.74%	\$ 498,687,789	\$ 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%	\$ 3,2683
2005	\$ 1,468,814,190	\$ 1,063,924,855	\$ 105,832,410	\$ 104,924,990	\$ 1,169,849,845	100%	\$ (679,213)	-0.06%	\$ 405,896,755	\$ 0.5946	79.58%	\$ 3,0638
2004	\$ 1,464,260,650	\$ 1,066,825,390	\$ 103,788,528	\$ 102,703,668	\$ 1,169,529,058	100%	\$ (7,528,162)	-0.64%	\$ 398,520,120	\$ 0.6223	79.87%	\$ 3,0163
2003	\$ 1,458,363,300	\$ 1,073,011,720	\$ 105,009,360	\$ 104,045,500	\$ 1,177,057,220	100%	\$ 675,941,086	134.89%*	\$ 386,315,440	\$ 0.6308	80.71%	\$ 3,0142
2002	\$ 539,061,865	\$ 404,169,264	\$ 97,821,560	\$ 96,946,870	\$ 501,116,134	100%	\$ 40,614,874	#DIV/0!	\$ 195,787,291	\$ 1.3478	92.86%	\$ 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 Increase			
2001	\$ 175,198,590	\$ 525,595,770	\$ 31,670,970	\$ 95,012,910	\$ 159,870,808	\$ 479,612,424	33.33%	\$ 6,370,388	4.15%	\$ 4,0607	\$ 17,1209	
2000	\$ 121,823,220	\$ 365,469,660	\$ 31,677,200	\$ 95,031,600	\$ 153,500,420	\$ 460,501,280	33.33%	\$ 5,676,560	5.99%	\$ 4,485	\$ 17,1216	
1999	\$ 116,660,730	\$ 349,982,190	\$ 28,163,130	\$ 84,489,390	\$ 144,823,860	\$ 434,471,580	33.33%			\$ 4,4863	\$ 17,2908	

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

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

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

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

Year Ended Dec. 31	Highland Civil	Highland Sanitary* District	Highland Waterworks District	Total Corporation	Lake County	North Township	Highland Schools	Library	State & All Other Taxing Units	Gross Total	Percent Increase or Decrease
2010	\$ 0.6751	\$ 0.1169	\$ -	\$ 0.7920	\$ 0.6224	\$ 0.0746	\$ 0.7192	\$ 0.1006	\$ -	\$ 2.3088	3.63%
2009	\$ 0.7039	\$ 0.0746	\$ -	\$ 0.7785	\$ 0.5972	\$ 0.0765	\$ 0.6725	\$ 0.1033	\$ -	\$ 2.2280	-23.24%
2008	\$ 0.5714	\$ 0.0542	\$ -	\$ 0.6256	\$ 0.9755	\$ 0.0667	\$ 1.1588	\$ 0.0735	\$ 0.0024	\$ 2.9025	-2.76%
2007	\$ 0.6208	\$ 0.0217	\$ 0.0003	\$ 0.6428	\$ 1.0152	\$ 0.0676	\$ 1.1562	\$ 0.1006	\$ 0.0024	\$ 2.9848	-8.67%
2006	\$ 0.6338	\$ 0.0188	\$ 0.0250	\$ 0.6776	\$ 1.1543	\$ 0.0744	\$ 1.2572	\$ 0.1024	\$ 0.0024	\$ 3.2683	6.67% **
2005	\$ 0.5604	\$ 0.0140	\$ 0.0202	\$ 0.5946	\$ 1.1254	\$ 0.0704	\$ 1.1667	\$ 0.1043	\$ 0.0024	\$ 3.0638	1.57%
2004	\$ 0.5770	\$ 0.0233	\$ 0.0220	\$ 0.6223	\$ 1.1530	\$ 0.0756	\$ 1.0561	\$ 0.1069	\$ 0.0024	\$ 3.0163	0.07%
2003	\$ 0.5652	\$ 0.0433	\$ 0.0223	\$ 0.6308	\$ 1.2029	\$ 0.0726	\$ 1.0145	\$ 0.0901	\$ 0.0033	\$ 3.0142	-51.35%
2002	\$ 1.2182	\$ 0.0799	\$ 0.0497	\$ 1.3478	\$ 1.9447	\$ 0.4110	\$ 2.3117	\$ 0.1776	\$ 0.0033	\$ 6.1961	-63.81%
2001	\$ 3.6438	\$ 0.2521	\$ 0.1648	\$ 4.0607	\$ 5.2314	\$ 0.3362	\$ 6.9488	\$ 0.5338	\$ 0.0100	\$ 17.1209	

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 2001 to 2010**

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Corporation General	\$ 0.4316	\$ 0.4366	\$ 0.3503	\$ 0.3602	\$ 0.3960	\$ 0.3909	\$ 0.3541	\$ 0.3485	\$ 0.7517	\$ 2.1541
Corp. Bond	\$ 0.0294	\$ 0.0259	\$ 0.0073	\$ 0.0206	\$ 0.0263	\$ 0.0136	\$ 0.0141	\$ 0.0151	\$ 0.0245	\$ 0.1044
Corp Bond Exempt	\$ 0.0129	\$ 0.0101								
Police Pension	\$ 0.0054	\$ 0.0054	\$ 0.0120	\$ 0.0207	\$ 0.0174	\$ 0.0100	\$ 0.0171	\$ 0.0024	\$ 0.0405	\$ 0.1239
Parks & Recreation	\$ 0.0907	\$ 0.0924	\$ 0.0732	\$ 0.0805	\$ 0.0668	\$ 0.0719	\$ 0.0655	\$ 0.0720	\$ 0.1425	\$ 0.4467
Park District Bond Exempt	\$ 0.0449	\$ 0.0450								
Park District Bond			\$ 0.0377	\$ 0.0407	\$ 0.0581	\$ 0.0058	\$ 0.0417	\$ 0.0435	\$ 0.0948	\$ 0.2294
Hydrant Rental					\$ 0.0128		\$ 0.0248	\$ 0.0230	\$ 0.0497	\$ 0.2121
Sanitary District	\$ 0.0161	\$ 0.0163	\$ 0.0127	\$ 0.0135	\$ 0.0145	\$ 0.0140	\$ 0.0135	\$ 0.0136	\$ 0.0221	\$ 0.0949
Sanitary District Bond										
Sanitary District Bond Exempt	\$ 0.0818		\$ 0.0415	\$ 0.0082	\$ 0.0043		\$ 0.0098	\$ 0.0297	\$ 0.0578	\$ 0.1572
Public Works Bldg. Corp.	\$ 0.0190	\$ 0.0583								
Cum. Cap. Development	\$ 0.0353	\$ 0.0363	\$ 0.0363	\$ 0.0370	\$ 0.0146	\$ 0.0146	\$ 0.0146	\$ 0.0146	\$ 0.0330	\$ 0.0990
Water District Bond				\$ 0.0003	\$ 0.0250	\$ 0.0202	\$ 0.0220	\$ 0.0223	\$ 0.0497	\$ 0.1648
Parks Bldg. Corp. Lease										
Redevelopment Gen.	\$ 0.0127	\$ 0.0135	\$ 0.0083	\$ 0.0088	\$ 0.0103	\$ 0.0048	\$ 0.0092	\$ 0.0016	\$ 0.0023	\$ 0.0489
Redevelopment Bond Exempt	\$ 0.0122	\$ 0.0387								
Redevelopment Bond			\$ 0.0433	\$ 0.0491	\$ 0.0270	\$ 0.0366	\$ 0.0370	\$ 0.0391	\$ 0.0662	\$ 0.2253
Redevelopment Capital			\$ 0.0030	\$ 0.0032	\$ 0.0045	\$ 0.0037	\$ 0.0049	\$ 0.0054	\$ 0.0130	
Total Corporation:	\$0.7920	\$0.7785	\$0.6256	\$0.6428	\$0.6776	\$0.5861	\$0.6223	\$0.6308	\$1.3478	\$4.0607
Total Tax Rate*:	\$ 2.2280	\$ 2.2280	\$ 2.9025	\$ 2.9848	\$ 3.2683	\$ 3.0638	\$ 3.0163	\$ 3.0142	\$ 6.1961	\$ 17.1209

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

		2010				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	\$ 18,839,100	-	\$ 18,839,100	1.61%	
Meijer's Stores	Retail Hypermarket	\$ 18,434,600	-	\$ 18,434,600	1.57%	
Hampton in Highland Associates	Rental Housing Association	\$ 17,771,500	-	\$ 17,771,500	1.52%	
ATG Development Corporation	Developer	\$ 14,879,800	-	\$ 14,879,800	1.27%	
Dayton Hudson (Target)	Retailer Department Store	\$ 7,845,300	-	\$ 7,845,300	0.67%	
Opus North Development	Retail Shopping Mall	\$ 6,007,000	-	\$ 6,007,000	0.51%	
HIBB Associates, LLC	Retail Shopping Mall	\$ 5,911,100	-	\$ 5,911,100	0.50%	
Milford P. Christenson (Christenson Chevrolet)	AutoSales and Service	\$ 4,062,900	-	\$ 4,062,900	0.35%	
SVT, LLC	Warehousing	\$ 2,065,200	-	\$ 2,065,200	0.18%	
Goodenow Grove Group	Auto Sales and Service	\$ 1,923,500	-	\$ 1,923,500	0.16%	
		<u>\$78,900,900.</u>	<u>\$0.</u>	<u>\$78,900,900.</u>	<u>6.74%</u>	

		2001				Percent of
Taxpayer	Product or Service	Real & Impmnt Assessed Value	Personal Property Assessed Value	Total Assessed Value	Town's Tax Base	
Meijer's	Retail Hyper Market Store	\$ 701,660	\$ 5,098,780	\$ 17,401,320	3.63%	
Stracks and Van Til/Ultra Foods (SVT LLC)	Retail Hyper Market Store	\$ 286,070	\$ 2,851,620	\$ 9,413,070	1.96%	
Opus North Development	Retail Shopping Mall	\$ 449,950	\$ 2,019,470	\$ 7,408,260	1.54%	
Indiana Bell Telephone	Telecommunications Utility	-	\$ 2,209,960	\$ 6,629,880	1.38%	
Northern Indiana Public Service Co.	Regulated Gas & Electric utility	-	\$ 1,878,660	\$ 5,635,980	1.18%	
Terry Shaver Pontiac	Automobile Retailer	-	\$ 1,511,880	\$ 4,535,640	0.95%	
Dayton-Hudson (Target)	Retail Department Store	\$ 199,980	\$ 1,216,450	\$ 4,249,290	0.89%	
Hampton-Highland Associates	Rental Housing Association	\$ 139,320	\$ 1,199,150	\$ 4,015,410	0.84%	
Webb Ford	Automobile Retailer	-	\$ 1,169,400	\$ 3,508,200	0.73%	
Tri-State Coach Lines	Livery/Airport Transport	-	\$ 4,076,380	\$ 12,229,140	0.67%	
		<u>\$1,776,980.</u>	<u>\$23,231,750.</u>	<u>\$75,026,190.</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 2001 to 2010
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
2010	23,767	\$1,098,677,511	\$ 19,106,994	\$ 2,019,768	\$ 17,087,226	1.5553%	\$719
2009 ***	22,594	\$1,079,562,384	\$ 17,330,103	\$ 2,437,033	\$ 14,893,070	1.3795%	\$659
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

* 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.

Also, the Assessed value used in this report is the tax abstract value, which is the value upon which tax bills are generated.

No revenue debt or mortgage debt of a building corporation is included.

This does not include temporary loans (tax anticipation warrants) for cash flow purposes as these are short term debt.

Source: Statement of Net Assets

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

**Town of Highland
Computation of Legal Debt Margin
at December 31, 2010**

Using Certified Assessed Valuation
True Tax Assessed Value: 1,096,253,782
 Adjusted Value:* \$ 365,417,927

	<u>General obligation and Special taxing Districts - Governmental Activity</u>		<u>Special Taxing Districts - Business Activity</u>		
	<u>Corporation Town of Highland</u>	<u>Parks & Rec. District</u>	<u>Redevelopment District</u>	<u>Waterworks District</u>	<u>Sanitary District</u>
Assessed Valuation	365,417,927	365,417,927	365,417,927	365,417,927	365,417,927
Debt Limit Percentage	2.00%	2.00%	2.00%	8.00%	12.00%
Debt Limit	\$ 7,308,359	\$ 7,308,359	\$ 7,308,359	\$ 29,233,434	\$ 43,850,151
Bonds Outstanding	\$ 3,197,455	\$ 1,295,000	\$ 1,219,586	\$ -	\$ 13,309,753
Subtotal	\$ 4,110,904	\$ 6,013,359	\$ 6,088,773	\$ 29,233,434	\$ 30,540,398
Amount Available in Debt Service Fund	\$ 416,266	* \$ 489,295	\$ 367,850	\$ 2,252	\$ 746,357
Legal Debt Margin	\$ 4,527,170	\$ 6,502,654	\$ 6,456,623	\$ 29,235,686	\$ 31,286,755

* 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.
 Source: Statement of Net Assets Proprietary Funds and Combining Balance Sheet Non-major Debt Service Funds
 Source: Notes to the Financial Statements IV H.

Town of Highland
Computation of Direct and Overlapping Debt
Payable from or backed by Property Taxes
as of December 31, 2010

Taxing Unit	Certified Assessed Valuation	Bonds Outstanding	Percent Applicable to Highland	Amount Applicable to Highland
Town of Highland*	\$ 1,096,253,782	\$ 17,856,103	100.00%	\$ 17,856,103
School Town of Highland	\$ 1,096,253,782	\$ 49,488,282 **	100.00%	\$ 49,488,282
	Subtotal:	\$ 67,344,385	Subtotal:	\$ 67,344,385
Indirect or overlapping Debt				
North Township	\$ 6,572,465,120	-	16.68%	\$ -
Lake County Library	\$ 11,721,972,748	\$ 24,210,000	9.35%	\$ 2,264,150
Lake County	\$ 21,034,667,509	\$ 38,590,000 **	5.21%	\$ 2,011,177
	Subtotal:	\$ 62,800,000	Subtotal:	\$ 4,275,327
	Grand Total	\$ 130,144,385	Grand Total	\$ 71,619,712
				55.03%

* Includes Parks District, Redevelopment District, Corporation and the Sanitary District, which is a property tax repaid debt but is included in the business -like activity.

** 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 \$780,000.
The Town of Highland through its Lincoln Center Bldg. Corp has outstanding revenue debt in the amount of \$11,160,000.
These are included in the Town of Highland debt.
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					Estimated Total Personal Income #	Debt as Percentage of Personal Income			
	General Obligation Bonds	Revenue Bonds	Mortgage Bonds	Notes/Loans Payable	Capital Leases	General Obligation Bonds	Revenue Bonds	Mortgage Bonds	Notes/Loans Payable	Capital Leases			Total Primary Government	Estimated Population	Debt Per Capita
2010	\$ 5,721,903	\$ -	\$ 11,940,000	\$ 85,200	\$ 459,990	\$ 13,313,000	\$ -	\$ -	\$ -	\$ -	\$ 81,520,093	23,767	\$ 1,326.21	\$ 1,039,992	3.80%
2009	\$ 5,705,903	\$ -	\$ 1,005,000	\$ 113,600	\$ 346,713	\$ 11,519,000	\$ -	\$ -	\$ -	\$ -	\$ 18,690,216	22,594	\$ 827.22	\$ 1,010,486	5.41%
2008	\$ 6,494,903	\$ -	\$ 1,210,000	\$ 142,000	\$ 305,988	\$ 4,254,000	\$ -	\$ -	\$ -	\$ -	\$ 12,406,891	22,622	\$ 548.44	\$ 1,034,697	8.34%
2007	\$ 5,573,903	\$ -	\$ 1,400,000	\$ -	\$ 407,406	\$ 4,500,000	\$ -	\$ -	\$ -	\$ -	\$ 11,681,309	22,667	\$ 524.17	\$ 997,581	8.40%
2006	\$ 6,172,903	\$ -	\$ 1,690,000	\$ -	\$ 128,253	\$ 1,997,000	\$ -	\$ -	\$ -	\$ -	\$ 9,278,156	22,722	\$ 408.33	\$ 953,822	10.28%
2005	\$ 3,491,903	\$ -	\$ 1,745,000	\$ -	\$ 59,651	\$ 1,720,000	\$ 190,000	\$ -	\$ -	\$ -	\$ 7,206,554	22,694	\$ 314.78	\$ 900,769	12.50%
2004	\$ 3,245,000	\$ -	\$ 1,900,000	\$ -	\$ 5,721	\$ 795,000	\$ 805,000	\$ -	\$ -	\$ -	\$ 6,750,721	23,048	\$ 292.90	\$ 887,034	12.84%
2003	\$ 4,030,000	\$ -	\$ 2,040,000	\$ -	\$ 34,632	\$ 1,585,000	\$ 1,385,000	\$ -	\$ -	\$ -	\$ 9,074,892	23,246	\$ 390.38	\$ 843,115	9.29%
2002	\$ 4,740,000	\$ -	\$ 2,170,000	\$ -	\$ 144,512	\$ 2,335,000	\$ 1,935,000	\$ -	\$ -	\$ 1,690	\$ 11,326,202	23,403	\$ 483.96	\$ 813,238	7.18%
2001	\$ 4,730,000	\$ -	\$ 2,290,000	\$ 51,364	\$ 207,247	\$ 3,045,000	\$ 2,455,000	\$ -	\$ 29,524	\$ 4,136	\$ 12,612,271	23,488	\$ 545.48	\$ 804,465	6.28%

Per \$ (000)

Sources: Population estimates provided by U.S. Census Bureau
Town of Highland Comprehensive Annual Financial Reports
Notes to Financial Statements, IV, (7), (8)
Accounts are not audited for premiums or discounts.
figures are based on U.S. Census data. Town of Highland has consistently run at 6.11% of total income tax base of the County. The income data is estimated taking the Personal Income data for Lake County by year published by Bureau of Economic Analysis (BEA) and then apply the 6.11% to estimate Highland Personal Income.

Town of Highland
Ratio of Annual Debt Service Expenditures
for Governmental Bond and Note Debt to Governmental Expenditures
Last Ten Fiscal Years 2001 to 2010

<u>Fiscal Year Ended Dec. 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Governmental Expenditures</u>	<u>Ratio of Debt Services to General Expenditures</u>
2010	\$ 1,099,000	\$ 324,270	\$ 1,423,270	\$ 11,991,696	11.87%
2009	\$ 994,000	\$ 357,627	\$ 1,351,627	\$ 13,615,944	9.93%
2008	\$ 1,169,000	\$ 332,913	\$ 1,501,913	\$ 13,462,456	11.16%
2007	\$ 779,000	\$ 367,198	\$ 1,146,198	\$ 12,559,248	9.13%
2006	\$ 1,084,000	\$ 226,404	\$ 1,310,404	\$ 14,700,100	8.91%
2005	\$ 1,000,000	\$ 231,879	\$ 1,231,879	\$ 14,016,537	8.79%
2004	\$ 925,000	\$ 278,173	\$ 1,203,173	\$ 10,044,825	11.98%
2003	\$ 840,000	\$ 311,762	\$ 1,151,762	\$ 11,869,689	9.70%
2002	\$ 1,215,000	\$ 405,077	\$ 1,620,077	\$ 12,584,987	12.87%
2001	\$ 1,795,000	\$ 441,942	\$ 2,236,942	\$ 13,916,494	16.07%

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	Total Debt		Interest	Total Utilities'		Ratio of Debt Services to Utilities'
	Principal	Service		Expenditures	Expenditures	
2010	\$ 566,000	\$ 1,105,077	\$ 539,077	\$ 8,541,298	12.94%	
2009	\$ 375,000	\$ 557,923	\$ 182,923	\$ 7,586,655	7.35%	
2008	\$ 246,000	\$ 392,334	\$ 146,334	\$ 6,956,526	5.64%	
2007	\$ 397,000	\$ 450,842	\$ 53,842	\$ 6,915,865	6.52%	
2006	\$ 513,000	\$ 575,998	\$ 62,998	\$ 5,835,974	9.87%	
2005	\$ 865,000	\$ 933,500	\$ 68,500	\$ 4,968,870	18.79%	
2004	\$ 1,370,000	\$ 1,495,985	\$ 125,985	\$ 4,629,409	32.31%	
2003	\$ 1,300,000	\$ 1,537,724	\$ 237,724	\$ 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		
2010	\$ 101,380	\$ 5,765	\$ 95,615	\$ 225,000	\$ 46,326	\$ 271,326	0.35
2009	\$ 83,672	\$ 6,604	\$ 77,068	\$ 205,000	\$ 57,345	\$ 262,345	0.29
2008	\$ 81,024	\$ 6,925	\$ 74,099	\$ 190,000	\$ 67,466	\$ 257,466	0.29
2007	\$ 79,746	\$ 5,874	\$ 73,872	\$ 180,000	\$ 76,948	\$ 256,948	0.29
2006	\$ 79,472	\$ 5,451	\$ 74,021	\$ 165,000	\$ 85,788	\$ 250,788	0.30
2005	\$ 77,920	\$ 5,672	\$ 72,248	\$ 155,000	\$ 93,987	\$ 248,987	0.29
2004	\$ 77,189	\$ 8,728	\$ 68,461	\$ 140,000	\$ 101,548	\$ 241,548	0.28
2003	\$ 75,363	\$ 120,179	\$ (44,816)	\$ 130,000	\$ 108,466	\$ 238,466	-0.19
2002	\$ 74,358	\$ 8,222	\$ 66,136	\$ 120,000	\$ 114,872	\$ 234,872	0.28
2001	\$ 73,262	\$ 24,638	\$ 48,624	\$ 110,000	\$ 120,753	\$ 230,753	0.21

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

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

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

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
2010	\$ -	\$ -	\$ -	\$ -	\$ -	#DIV/0!
					\$ -	

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

The corporation as an entity did not exist until late 2010.

Demographic & Economic Information

**Town of Highland
Demographic and Economic Statistics**

Fiscal Year Ended Dec. 31	Last Ten Years			
	Estimated Total Personal Income # (Per \$1000)	PER Capita Personal Income #	Public School K-12 Enrollment	Private School K-12 Enrollment
2010	\$ 1,039,992	\$ 4,376	3,405	611
2009	\$ 1,010,486	\$ 4,472	3,454	611
2008	\$ 1,034,697	\$ 4,574	3,454	894
2007	\$ 997,581	\$ 4,401	3,447	616
2006	\$ 953,822	\$ 4,198	3,451	613
2005	\$ 900,769	\$ 3,935	3,416	634
2004	\$ 867,034	\$ 3,762	3,382	736
2003	\$ 843,115	\$ 3,627	3,340	791
2002	\$ 813,238	\$ 3,475	3,306	790
2001	\$ 804,465	\$ 3,425	3,233	882

Sources:

Population estimates provided by U.S. Census Bureau

#Based upon analysis of Census data, Town of Highland has consistently run at 6.11% of total income tax base of the County.

The income data is estimated taking the Personal Income data for Lake County by year published by Bureau of Economic Analysis (BEA) and then apply the 6.11% to estimate Highland personal income.

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

2010		
Employer	Type of Business	Reported Employment
Strack & Van Til/Ultra Foods, Inc.	Groceries/Warehouse	599 (1)
School Town of Highland	Public Education K-12	402 (2)
Meijer's	Groceries	400
Emcor/Hyre Electric Company	Electrical Services Contractor	350
Town of Highland	Municipal Government	271 (3)
Target Store (Dayton Hudson)	Retailer	249
Prompt Ambulance	Emergency Medical Services	232
Kohl's Department Store	Retailer	125
Patrick's Pros	Party/Event Organizer	125
Best Buy, Inc.	Electronics and appliances retailer	100
First Financial Bank	Financial Services/Banking	94
Aller's Landscape Construction	Garden Center	90
Webb Ford, Inc.	Auto Dealership	85
Bibles for Missions Thrift Shope	Consignment Shop	85
Old Country Buffet	Restaurant	80
Comfort Keepers	Home Health Care	80
Christenson Chevrolet	Auto Dealership	65

2001		
Employer	Type of Business	Reported Employment
Ultra Foods, Inc/Strack & Van Tils	Retail grocer	610
Meiers	Retail Grocer/Hyper Market	500
JWP/Hire Electric Company	Electrical Contractor	470
School Town of Highland	Public Education K-12	398
Jewel Foods	Retail grocer	350
Sand Ridge Bank (now First Financial)	Financial Services/ Banking	269
Target (dayton Hudson)	Retailer	200
Town of Highland	Municipal Government	172 (4)
Kohl's Department Store	Retailer	162
Webb Ford, Inc.	Auto Dealership	99
Terry Shaver Pontiac, Inc.	Auto Dealership	81
Christenson Chevrolet, Inc.	Auto Dealership	65

- (1) Total includes employees at Strack & Van Til store and corporate offices; and employees at Ultra Foods.
- (2) This total includes certified teachers, administrators and non-certified employees.
- (3) Of the 271 total employees, 114 are full-timeworkers, one is a full-time elected official, 32 are part-time officials, 39 are part-time firefighters and 86 other part-time workers. Firefighters are paid on demand when needed but are on call 24 hours a day.
- (4) Of the 172 total employees, 115 are full-timeworkers, one is a full-time elected official, 56 are part-time firefighters. Firefighters are paid on demand when needed but are on call 24 hours a day.

Sources: Reference USA
 Lexis Nexus Academic
 US Business Directory

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

2010			
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
NIPSCO/NISource	Electric/Natural Gas Utility	Merrillville	3,800
Community Hospital	Medical Services	Munster	3,300
Methodist Hospitals	Medical Services	Gary/Merrillville	3,260
St. Margaret/Mercy Hospitals	Medical Services	Dyer/Hammond	3,000
BP Amoco	Oil Refinery	Whiting	3,000
Horseshoe Casino	Entertainment Gaming	Hammond	2,429
Majestic Star & Majestic Star II Casinos	Entertainment Gaming	Gary	1,349
Bulkmatic Transport	Trucking	Griffith	1,300
Ameristar Casino	Entertainment Gaming	East Chicago	1,293
St. Anthony Medical Center	Medical Services	Crown Point	1,045
St. Catherine Hospital	Medical Services	East Chicago	900
St. Mary Medical Center	Medical Services	Hobart	800
Hammond Clinic	Medical Services	Munster	600
Radisson Star Plaza	Hotels/Motels/Entertainment	Merrillville	520
Lee Communications The TIMES	Newspaper/Media Company	Munster	350
Elgin & Joliet Eastern Railway	Railroads	Whiting	170

2001			
Employer	Type of Business	Location	Reported Employment
US Steel Gary Works (USX)	Steel Manufacturing	Gary	7,500
Ispat/Inland Steel	Steel Manufacturing	East Chicago	7,000
Methodist Hospitals	Medical Services	Gary/Merrillville	3,329
NIPSCO/NISource	Electric/Natural Gas Utility	Merrillville	3,200
LTV Steel Company	Steel Manufacturing	East Chicago	*
St. Margaret/Mercy Hospitals	Medical Services	Dyer/Hammond	2,300
Horseshoe Empress Casino	Entertainment Gaming	Hammond	2,300
Community Hospital	Hospital Medical Services	Munster	2,300
Harrah's Casino	Entertainment Gaming	East Chicago	1,913
BP Amoco	Oil Refinery	Whiting/Hammond	1200
Hammond Clinic	Medical Services	Munster	575
Cerestar USA Corp.	Corn Products Processor	Hammond	575
Howard Publications The TIMES	Newspaper	Munster	500
Unilever	Soap Manufacturer	Hammond	322

* In this year, LTV was under bankruptcy reorganization, purchased by ISG corporation
 ** Unilever was being purchased by Cargill Corporation.

**Town of Highland
Schedule of Building Permits
Last Ten Fiscal Years FY 2001 to 2010**

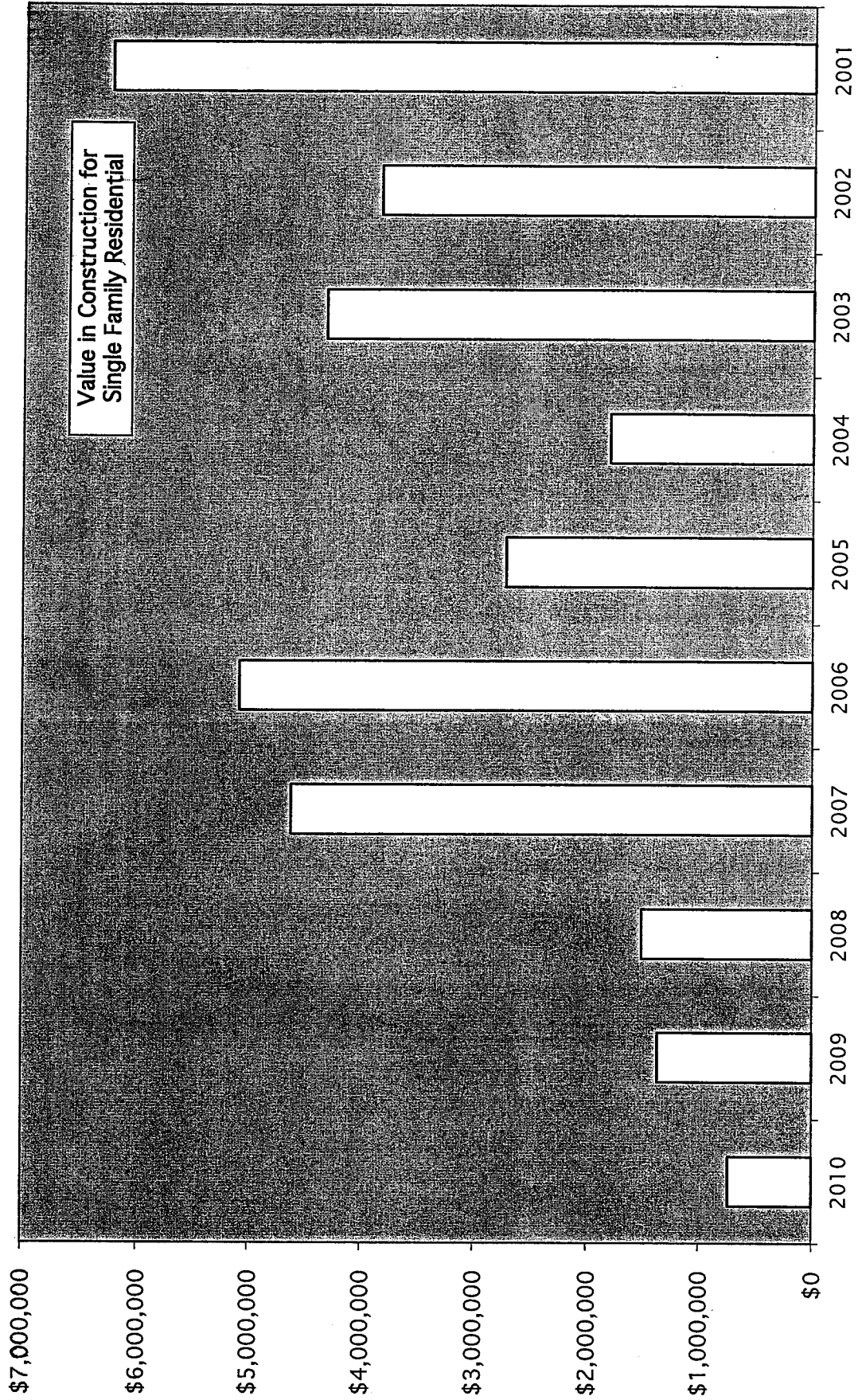
Year	Residential		Multiple Family	
	Single Family Permits	Value	Permits	Value
2010	4	\$ 732,500	0	\$ -
2009	6	\$ 1,366,000	0	\$ -
2008	8	\$ 1,509,200	3	\$ 535,000
2007	22	\$ 4,619,269	0	\$ -
2006	26	\$ 5,079,102	1	\$ 247,000
2005	18	\$ 2,716,425	1	\$ 240,000
2004	12	\$ 1,796,000	4	\$ 2,300,000
2003	25	\$ 4,316,252	2	\$ 900,000
2002	21	\$ 3,827,454	3	\$ 1,060,000
2001	48	\$ 6,240,724	9	\$ 2,610,000

Year	Institutional, Commercial, Industrial		Miscellaneous		Totals	
	Permits	Value	Permits	Value	Permits	Value
2010	10	\$ 5,795,225	1,221	\$ 14,657,252	1,235	\$ 21,184,977
2009	5	\$ 1,718,503	1,304	\$ 7,939,891	1,315	\$ 11,024,394
2008	7	\$ 8,558,425 **	1,494	\$ 11,957,590	1,512	\$ 22,560,215
2007	3	\$ 754,739 **	1,569	\$ 14,604,846	1,594	\$ 19,978,854
2006	3	\$ 2,097,900 *	1,343	\$ 8,703,530	1,373	\$ 16,127,532
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

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, 2010**

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

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

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

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

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

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

User	Business	Consumption (1,000 Gallons)	Billed Revenue	Percentage of Billed Flow
Town of Dyer	Municipality	542,634	\$440,782	38.56%
Hampton in Highland	Apartment Complex	18,293	\$28,597	1.30%
Porte d'leau	Town House Assn	12,456	\$19,204	0.89%
School Town of Highland	Public Schools	7,538	\$17,534	0.54%
Pleasant View Dairy	Dairy Products	6,872	\$9,249	0.49%
Meyers Development Corp.	Commercial/Condo	5,616	\$10,855	0.40%
Georgetown Condos	Condominiums	5,400	\$10,205	0.38%
Meijer Inc., #170A	Retail Grocer	4,702	\$6,937	0.33%
Wildwood Condo Association	Condominiums	4,589	\$9,653	0.33%
ATG/Embassy Place	Condominiums	4,225	\$8,222	0.30%

Note: Total billed flow for the 12 months ending December 31, 2008, was 1,407,170,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2007**

User	Business	Consumption (1,000 Gallons)	Billed Revenue	Percentage of Billed Flow
Town of Dyer	Municipality	599,141	\$488,127	42.95%
Hampton in Highland	Apartment Complex	18,336	\$28,815	1.31%
School Town of Highland	Public Schools	8,150	\$19,196	0.58%
Porte d' leau	Town House Assn	10,821	\$17,525	0.78%
Meijer Inc., #170A	Retail Grocer	6,386	\$8,947	0.46%
Mejers Development Corp.	Commercial/Condo	5,454	\$11,117	0.39%
Wildwood Condo Association	Condominiums	4,216	\$9,223	0.30%
Georgetown Condos	Condominiums	4,580	\$8,926	0.33%
Pleasant View Dairy	Dairy Products	6,552	\$8,915	0.47%
ATG/Embassy Place	Condominiums	4,706	\$8,222	0.34%

Note: Total billed flow for the 12 months ending December 31, 2007, was 1,395,119,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2006**

User	Business	Consumption (1,000 Gallons)	Billed Revenue	Percentage of Billed Flow
Town of Dyer	Municipality	534,292	\$402,321	38.56%
Hampton in Highland	Apartment Complex	18,890	\$28,399	1.36%
Porte d' leau	Town House Assn	9,646	\$15,711	0.70%
Meijer Inc., #170A	Retail Grocer	8,020	\$10,932	0.58%
School Town of Highland	Public Schools	7,271	\$18,133	0.52%
Pleasant View Dairy	Dairy Products	6,702	\$9,044	0.48%
Meyers Development Corp.	Commercial/Condo	5,743	\$11,097	0.41%
Wildwood Condo Association	Condominiums	4,788	\$9,883	0.35%
ATG/Embassy Place	Condominiums	4,424	\$8,656	0.32%
Georgetown Condos	Condominiums	3,898	\$7,419	0.28%

Note: Total billed flow for the 12 months ending December 31, 2006, was 1,385,768,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2005**

User	Business	Consumption (1,000 Gallons)	Billed Revenue	Percentage of Billed Flow
Town of Dyer	Municipality	596,555	\$423,385	42.87%
Hampton in Highland	Apartment Complex	21,092	\$32,006	1.52%
School Town of Highland	Public Schools	8,806	\$17,187	0.63%
Porte d' leau	Town House Assn	10,593	\$16,492	0.76%
Pleasant View Dairy	Dairy Products	8,172	\$10,937	0.59%
Meyers Development Corp.	Commercial/Condo	5,112	\$10,303	0.37%
Meijer Inc., #170A	Retail Grocer	7,274	\$10,172	0.52%
Wildwood Condo Association	Condominiums	4,768	\$9,290	0.34%
ATG/Embassy Place	Condominiums	4,152	\$7,419	0.30%
Georgetown Condos	Condominiums	3,898	\$7,867	0.28%

Note: Total billed flow for the 12 months ending December 31, 2005, was 1,556,798,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 2004**

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

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

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

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

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

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

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

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

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

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

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

**Town of Highland
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	243,000,000	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, 2010**

Institutions	Assets in Highland as of 30 June 09	Pctge of Total	Assets in Highland as of 30 June 10	Pctge of Total	Number of Offices
First Financial Bank NA*	\$ 261,081,000	31.04%	\$ 278,799,000	30.55%	3
Centier Bank	\$ 174,374,000	20.73%	\$ 173,998,000	19.07%	2
First Midwest Bank**	\$ 232,753,000	27.68%	\$ 262,950,000	28.82%	3
Fifth/Third Bank	\$ 40,217,000	4.78%	\$ 37,634,000	4.12%	2
Standard Bank & Trust	\$ 38,797,000	4.61%	\$ 60,844,000	6.67%	1
JP Morgan Chase Bank NA***	\$ 35,939,000	4.27%	\$ 37,431,000	4.10%	1
Citizens Financial Services , FSB	\$ 28,477,000	3.39%	\$ 31,037,000	3.40%	1
Lake Federal Bank FSB	\$ 14,596,000	1.74%	\$ 14,613,000	1.60%	1
First Federal Savings and Loan Assn.	\$ 14,759,000	1.75%	\$ 15,233,000	1.67%	1
	\$ 840,993,000		\$ 912,539,000		15

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 2001 - 2010**

Months	2010	Change (in basis Points)	2009	2008	2007	2006	2005	2004	2003	2002	2001
January	0.11%	1.00	0.15%	3.94%	5.25%	4.50%	2.25%	1.00%	1.25%	1.75%	6.00%
February	0.13%	2.00	0.22%	2.98%	5.25%	4.50%	2.50%	1.00%	1.25%	1.75%	5.50%
March	0.16%	3.00	0.18%	2.61%	5.25%	4.75%	2.75%	1.00%	1.25%	1.75%	5.00%
April	0.20%	4.00	0.15%	2.28%	5.25%	4.75%	2.75%	1.00%	1.25%	1.75%	4.50%
May	0.20%	0.00	0.18%	1.98%	5.25%	5.00%	3.00%	1.00%	1.25%	1.75%	4.00%
June	0.18%	2.00	0.21%	2.00%	5.25%	5.25%	3.25%	1.25%	1.00%	1.75%	3.75%
July	0.18%	0.00	0.16%	2.00%	5.25%	5.25%	3.25%	1.25%	1.00%	1.75%	3.75%
August	0.19%	1.00	0.16%	2.00%	5.25%	5.25%	3.50%	1.50%	1.00%	1.75%	3.50%
September	0.19%	0.00	0.15%	1.81%	4.75%	5.25%	3.75%	1.75%	1.00%	1.75%	3.00%
October	0.19%	0.00	0.12%	0.97%	4.50%	5.25%	3.75%	1.75%	1.00%	1.75%	2.50%
November	0.19%	0.00	0.12%	0.39%	4.50%	5.25%	4.00%	2.00%	1.00%	1.25%	2.00%
December	0.18%	1.00	0.12%	0.16%	4.25%	5.25%	4.25%	2.25%	1.00%	1.25%	1.75%
Number of Annual Changes	7		9	10	3	4	8	5	1	1	10

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

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

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Operating Revenues	\$ 3,593,122	\$ 3,466,825	\$ 3,219,440	\$ 3,146,397	\$ 2,961,916	\$ 3,009,709	\$ 2,230,218	\$ 2,145,852	\$ 2,193,742	\$ 2,063,314
Operating Expenses	5,021,642	4,548,765	4,061,220	3,626,984	3,626,763	2,658,792	2,351,970	2,606,103	1,656,334	2,200,209
Operating Income(Loss)	(1,428,520)	(1,081,940)	(841,780)	(480,587)	(664,847)	350,917	(121,752)	(460,251)	537,408	(136,895)
Nonoperating Revenues(Expenses)	843,345	651,413	693,620	355,863	293,088	245,420	393,725	677,781	23,173	84,872
Extraordinary Items	-	-	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-	(240,000)	(240,000)
Net Income(Loss)	\$ (585,175)	\$ (430,527)	\$ (148,160)	\$ (124,724)	\$ (371,759)	\$ 596,337	\$ 271,973	\$ 217,530	\$ 320,581	\$ (292,023)
Current Assets	\$ 998,363	\$ 810,935	\$ 932,381	\$ 691,839	\$ 636,814	\$ 598,875	\$ 414,630	\$ 250,640	\$ 327,809	\$ 321,734
Restricted Assets	4,847,101	6,956,248	2,765,857	3,205,525	939,762	2,248,038	622,935	749,409	239,360	1,347,692
Const. in Progress & Land	3,604,001	3,059,477	592,627	145,350	57,789	401,739	378,833	521,645	1,176,212	16,513
Utility Plant, In Service	25,081,016	22,214,224	21,338,894	21,096,176	20,110,943	18,357,155	18,235,323	10,716,152	9,791,680	9,524,633
Accumulated Depreciation	(11,916,372)	(11,377,317)	(10,848,111)	(10,222,818)	(10,051,739)	(9,635,350)	(9,166,230)	(5,763,876)	(5,520,685)	(5,395,097)
Deferred Charges	357,279	302,128	128,717	24,212	-	26,877	-	-	-	-
Total Assets	\$ 22,971,388	\$ 21,965,695	\$ 14,910,365	\$ 14,916,072	\$ 11,717,781	\$ 11,997,334	\$ 10,485,491	\$ 6,473,970	\$ 6,014,376	\$ 5,815,475
Current Liabilities	\$ 1,298,681	\$ 1,392,644	\$ 1,047,165	\$ 526,249	\$ 484,800	\$ 279,281	\$ 182,137	\$ 694,274	\$ 168,119	\$ 254,343
Long-Term Liabilities	12,573,222	11,005,916	3,942,231	4,320,694	1,012,291	1,125,604	40,882	46,583	38,617	34,073
Total Net Assets	9,099,484	9,567,135	9,920,969	10,069,129	10,220,690	10,592,449	10,262,472	5,733,113	5,054,308	4,773,727
Total Liabilities and Net Assets	\$ 22,971,387	\$ 21,965,695	\$ 14,910,365	\$ 14,916,072	\$ 11,717,781	\$ 11,997,334	\$ 10,485,491	\$ 6,473,970	\$ 6,014,376	\$ 5,815,475
Residual Equity Transfers Out:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (40,000)	\$ -
Number of Customers:	8100	8040	8093	8053	8053	7991	8032	8,210	7,945	7,893
Residential	791	842	819	838	801	826	818	826	797	799
Commercial et alla	8,891	8,882	8,912	8,891	8,854	8,817	8,850	9,036	8,742	8,692
Totals										

WATERWORKS UTILITY
TOWN OF HIGHLAND
TEN YEAR STATISTICAL SUMMARY

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Operating Revenues	\$ 2,536,782	\$ 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
Operating Expenses	2,917,801	2,697,696	2,624,389	3,228,073	2,143,308	2,168,476	2,107,284	2,761,550	2,055,698	2,084,923
Operating Income(Loss)	(381,069)	(156,954)	(65,938)	(596,047)	388,156	540,480	423,306	409,556	552,280	411,199
Nonoperating Revenues(Expenses)	2,563	1,613	(44,175)	94,773	339,503	219,419	130,284	(1,737)	48,319	51,380
Extraordinary Items										
Net Income(Loss)	\$ (378,506)	\$ (155,341)	\$ (110,113)	\$ (501,274)	\$ 727,659	\$ 759,899	\$ 553,590	\$ 407,819	\$ 598,599	\$ 462,579
Before contributions and transfers										
Current Assets	\$ 553,176	\$ 507,565	\$ 420,828	\$ 396,112	\$ 695,304	\$ 284,772	\$ 286,773	\$ 298,354	\$ 288,684	\$ 281,051
Restricted Assets	337,058	795,407	1,034,403	1,351,865	1,633,328	1,567,391	1,590,547	1,540,290	1,670,119	1,622,717
Utility Plant in Service	16,131,398	15,700,395	15,516,795	15,365,582	15,272,991	15,074,956	13,727,364	14,939,774	14,924,740	14,815,000
Accumulated Depreciation	(7,773,105)	(7,503,905)	(6,949,514)	(7,081,898)	(6,760,345)	(6,463,953)	(6,138,871)	(6,677,931)	(6,330,488)	(6,061,212)
Const. Work in Progress/Land	211,960	355,792	220,828	162,981	77,122	176,641	1,176,084	109,333	11,002	
Deferred Debits	0	0	0	0	0	5,724	16,505	27,288	38,069	48,850
Total Assets	\$ 9,460,487	\$ 9,795,254	\$ 10,243,340	\$ 10,194,642	\$ 10,918,400	\$ 10,645,591	\$ 10,658,402	\$ 10,236,108	\$ 10,597,126	\$ 10,706,406
Current Liabilities	\$ 242,506	\$ 195,937	\$ 524,551	\$ 303,896	\$ 562,220	\$ 742,217	\$ 1,148,804	\$ 1,097,545	\$ 1,112,282	\$ 1,112,326
Long-Term Liabilities	75,414	60,582	24,713	86,557	8,110	282,672	700,946	1,502,877	2,256,977	2,964,812
Total Net Assets	9,160,229	9,598,735	9,694,076	9,804,189	10,348,300	9,620,641	8,808,652	7,635,666	5,822,702	5,224,103
Total Liabilities, Contributions	(317,920)	(256,519)								
Total Liabilities and Net Assets	\$ 9,160,229	\$ 9,598,735	\$ 10,243,340	\$ 10,194,642	\$ 10,918,630	\$ 10,645,530	\$ 10,658,402	\$ 10,236,108	\$ 10,597,126	\$ 10,706,406
Number of Customers:										
Residential	8,223	8,279	8,228	8,208	8,176	8,137	8,225	8,510	8,149	8,104
Commercial et alia	797	845	824	822	828	853	848	838	819	821
Total	9,020	9,124	9,052	9,030	9,004	8,990	9,073	9,348	8,968	8,925

*Information is not available.

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Operating Information

TOWN OF HIGHLAND
Full-time Equivalent Town Government Employees by Function
Fiscal Years 2003 - 2010

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

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, 2010

Service Area	Weekdays in person	Weekdays by phone	Saturdays in person	Saturdays by phone	Total Service Contacts	Pctge.
Utility Collections	19,729	10,303	-	-	30,032	60.2%
Building & Inspections	4,619	5,177	-	-	9,796	19.6%
Public Works	809	2,301	-	-	3,110	6.2%
Yard Waste Tags	-	-	-	-	-	0.0%
Other Matters	2,870	4,074	-	-	6,944	13.9%

TOTALS:	28,027	21,855	0	0	49,882	
2009	25,288	15,270			40,558	
2008	9,170	28,324	0	0	37,494	
2007	32,576	14,210	0	0	46,786	
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	
Year 2010	Contacts by Phone	21,855	44%			0%
Year 2010	Contacts in Person	28,027	56%	Contacts in Weekdays	49,882	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 - 2010

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010		
General government										
Clerk-Treasurer Contact Units of Service										
Utility Collections	30,939	19,047	44,107	43,771	26,178	24,195	23,967	30,032		
Building & Inspections referrals	9,592	7,109	12,080	13,629	9,228	4,787	6,840	9,796		
Public Works referrals	5,193	3,109	5,115	5,016	5,176	2,744	3,715	3,110		
Yard Waste Tags	13,746	6,875	6,636	2,191						
Other	12,282	9,994	9,494	17,440	6,204	5,768	6,036	6,944		
Business Licenses				321	115	744	598	843		
Domestic Pet Tags		1,564	1,491	1,432	1,451	1,600	1,414	1,501		
Access to Public Records Requests					47	29	38	22		
Marriages Solemnized	9	10	7	2	4	3	3	9		
Police										
Citations	4,341	5,579	5,186	5,234	4,564	4,284	5,265	4,652		
Warnings Written	4,054	6,203	5,658	5,480	5,423	6,108	7,019	6,576		
Parking Citations	36	57	37	43	17	10	33	16		
DUI/OVI Arrests	156	162	174	210	218	170	244	202		
Accident Arrests	272	293	217	240	224	233	189	190		
Accidents Investigated	1,295	1,207	1,142	1,074	1,090	1,309	1,061	1,183		
Criminal Arrests	320	370	349	388	364	577	435	327		
	10,474	13,871	12,763	12,669	11,900	12,691	14,246	13,146		
Fire										
Structure Fires	11	13	22	25	12	11	12	1		
Vehicle Fires	28	21	21	20	12	17	19	14		
General Alarms/False Alarms	122	118	118	114	138	141	135	139		
Brush fires, carbon monoxide calls, hazma	135	107	94	100	132	146	71	68		
Ambulance - back-up to service provider	12	9	9	5	1	1	0	0		
Emergency/Ambulance Provider										
Dispatched to:										
Private Residence	N/A	148	1,386	1,295	1,224	1,218	1,257	1,851		
Commercial Property	N/A	17	113	209	259	314	266	151		
Public Property and Streets	N/A	21	94	195	347	396	342	132		
Advanced Life Support Transports	N/A	70	666	705	766	722	771	875		
Basic Life Support Transports	N/A	45	157	341	344	413	299	383		
Dry Runs, Refusal of Services	N/A	71	570	653	693	793	834	876		
Dispatched		186	1,593	1,699	1,803	1,928	1,904	2,134		
Actual transports		115	1,023	1,046	1,110	1,135	1,070	1,258		

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 - 2010

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010		
Highways and streets										
Street resurfacing (miles)	2.18	0.59	8.47	8.47	4.34	2.47	4.32	3.11		
Sanitation										
Refuse collected (annual tons)	9,856.80	10,530.28	9,354.78	11,417.32	10,731.75	10,942.68	10,233.52	10,290.20		
Recyclables collected (annual tons)	2,118.57	2,215.13	2,052.93	2,263.93	2,050.85	2,206.86	1,828.42	1,806.68		
Parks and Recreation (1)										
Leases	\$ 152,880	\$ 156,118	\$ 164,105	\$ 161,500	\$ 149,575	\$ 18,488	\$ 202,364	\$ 214,673		
Community Center/Events	65,721	66,108	57,677	41,857	82,328	86,079	79,550	78,414		
Softball	170,980	172,258	163,670	164,328	166,681	175,729	167,478	158,543		
Basketball	34,641	44,457	41,238	38,084	36,498	30,425	26,899	24,568		
Seniors Programs	41,434	65,273	106,178	103,629	92,037	88,110	68,110	81,247		
Children's Programs	33,187	26,827	32,766	35,701	32,341	23,678	57,588	80,394		
Gymnastics	16,377	16,619	22,269	19,296	18,201	16,762	15,557	14,289		
Adult Fitness	28,618	21,851	26,434	25,498	57,272	50,773	55,345	71,433		
Dance (Adult & Youth)					23,941	17,211	15,582	12,846		
Park Program Participation										
Resident				4,597	8,820	5,106	5,267 (1)	5,416 (1)		
Non-Resident				3,030	5,047	4,761	5,237	4,543		
Audiences				4,200	9,200	8,830	10,235	11,561		
Participants				2,630	480	700	8,705	9,908		
Total:				<u>14,457</u>	<u>23,547</u>	<u>19,397</u>	<u>29,444</u>	<u>31,428</u>		
Water										
New Connections	40	31	26	26	26	25	6	-		
Avg. Daily Consumption (millions of gallons)	3.706	3.842	4.001	3.800	3.822	3.855	3.782	3.821		
Sanitary District										
New Connections (Sanitary & Storm)	74	53	38	38	37	45	9	-		
Avg. Daily Treatment (millions of gallons)	2.722	2.801	2.989	3.780	3.096	3.789	3.850	3.289		

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

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

TOWN OF HIGHLAND
Capital Asset Statistics by Function
Fiscal Years 2003 - 2010

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

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 - 2010

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010		
Parks and Recreation										
Parks acreage	250	250	250	250	250	250	250	250		250
Parks	22	22	22	22	22	22	22	22		22
Picnic Shelters	4	4	4	4	4	4	4	4		4
Gazebos	2	2	2	2	2	2	2	2		2
Tennis courts	6	6	6	6	6	6	6	6		6
Basketball Courts (indoor)	5	5	5	5	5	5	5	5		5
Basketball Courts (outdoor)	10	10	10	10	10	10	10	10		10
Baseball Fields	9	10	10	10	10	10	10	10		9
Softball Fields	11	11	11	11	11	11	11	11		11
Soccer Fields	5	9	9	9	9	10	10	10		10
Community use centers	1	1	1	1	1	1	1	1		1
Bike trails (miles)	4	4	4	4	4	4	4	4		4
Tractors/Mowers	12	12	12	12	12	13	13	13		13
Vehicles	11	11	10	10	10	11	11	11		11
Water										
Water mains (miles)	86.04	86.04	88.27	88.27	88.27	88.27	88.27	88.27		111.78
Fire Hydrants	550	600	600	600	720	783	793	793		795
Storage Capacity (MG)	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5		7.5
Sanitary District										
Sanitary (Waste water) sewer lines(miles)	73.45	73.45	74.10	74.10	74.10	74.10	74.10	74.10		92.68
Lift stations (Sanitary)	10	10	10	10	10	10	10	10		12
Lift Stations (Storm)	5	5	5	5	5	5	5	5		5
Sanitary Retention Basins	2	2	2	2	2	2	2	2		2
Storm sewer lines(miles)	58.14	58.14	58.27	58.27	58.27	58.27	58.27	58.27		84.58

Source: Various Town Departments

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

**Town of Highland Primary Government
Top Ten Vendors for 2010**

<u>Vendors</u>	<u>Amount Paid</u>	<u>Description</u>
JP Morgan Chase Bank	\$ 3,451,859.71	Repayment of temporary loan plus interest
Wells Fargo Bank, N.A.	\$ 1,497,313.82	Bond Registrar & Agency services
Illiana Disposal Service Partnership	\$ 1,367,293.44	Contract cost for curbside solid waste collection
IACT Medical Trust	\$ 1,309,731.72	Group health insurance Premiums
Inertnal Revenue Service	\$ 1,242,107.24	Payroll withheld taxes
Sanitary District of Hammond	\$ 1,132,132.36	Wastewater treatment services from the POTW
De Boer Egolf Corporatioin	\$ 998,212.68	Costs for a storm water management project
Water Resources Corp.	\$ 790,138.85	Costs for Equipment related to SCADA?
Reith-Riley Construction	\$ 698,425.15	Costs for asphalt paving and concrete services
Waterworks Department of Hammond	\$ 696,875.00	Costs for potable water supply

Top Ten Vendors for 2009

<u>Vendors</u>	<u>Amount Paid</u>	<u>Description</u>
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

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

1st President

- Charles Wirth, 1910-1921

2nd President

- Garrett, Krooswyk, 1922-1927

3rd President

- Charles Wirth, 1928-1929

4th President

- B.I. Weller, 1930-1931

5th President

- George Brant, 1932, Jan - Sep, 1933

6th President

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

7th President

- Frank A. Thwing, 1934-1939

8th President

- Andrew Wagner, 1940-1943

9th President

- Thomas Stidham, 1944-1945

10th President

- John A. Blom, 1946-1947

11th President

- John DeLeeuw, 1948-1950

12th President

- Ralph Dunn, 1951

13th President

- John Farmer, Jan -Oct 20, 1952

14th President

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

15th President

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

16th President

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

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

17th President

- Michael Kruglinsky, Mar 16 - Dec 1955

18th President

- John Farmer, 1956-1959

19th President

- Donald R. Adams, 1960-1963

20th President

- David Morrow, 1964-1965

21st President

- Paul Doherty, 1966-1967

22nd President

- George Van Prooyen, 1968

23rd President

- Lynn Powell, Jan 20-Dec, 1969

24th President

- George Van Prooyen, 1970

25th President

- Lynn Powell, 1971

26th President

- Chester Napiwocki, 1972

27th President

- Robert Engerski, 1973

28th President

- Jack Silverman, 1974

29th President

- Paul Doherty, 1975

30th President

- George Van Til, 1976

31st President

- James L. Wieser, 1977

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

32nd President

- Paul Doherty, 1978

33rd President

- David Morrow , 1979

34th President

- James L. Wieser , 1980

35th President

- John Oakley , 1981

36th President

- Thurman Ferree , 1982-1983

37th President

- Carl Miklusak , 1984

38th President

- John Oakley , 1985

39th President

- Thurman Ferree, 1986

40th President

- Dennis Tobin , 1987

41st President

- John Oakley , 1988

42nd President

- Dennis Tobin , 1989

43rd President

- Dominic Noce, 1990

**Highland Town Council
Presidents of the Council**

44th President

- Dennis Tobin, 1991

**Highland Town Council
Presidents of the Council**

45th President

- Lynn R. Powell, 1992

46th President

- Lance Ryskamp, 1993

47th President

- George Georgeff, 1994-1995

48th President

- Dennis Simala , 1996

49th President

- Larry Wolendowski, 1997

50th President

- Dennis Simala, 1998

51st President

- Charles Podgorny, 1999

52nd President

- George Georgeff, 2000

53rd President

- Mark A. Herak, 2001-2005

54th President

- Joseph A. Wszolek, 2006

55th President

- Daniel Dernulc, 2007

56th President

- Bernie Zemen, 2008

57th President

- Dan Vassar, 2009

58th President

- Mark A. Herak, 2010

59th President

- Brian J. Novak, 2011

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

*Town Clerk &
Town Treasurer:*

1910-1911

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

1912-1915

H.S. Daugherty, Clerk
John Lynch, Treasurer

1916-1919

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

1920-1923

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

1924-1927

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

1928-1931

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

1932-1935

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

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

Town Clerk/Treasurer:

1936-1943 (1st Clerk-Treasurer)

Bartel Zandstra

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

Rose Langley (2nd Clerk-Treasurer)

1943-1952
Rose Langley

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

John Blom (3rd Clerk-Treasurer)

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

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

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

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

Deputy Clerk-Treasurers

Rose Langley (1936 to 7/20/43)

Helen Lauvhan (?)

Clara Brendel

Barbara Jones

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

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

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

**Town of Highland
Miscellaneous Statistics and Facts**

Population (2000): 23,546

Population (2010): 23,727

Male:	11,386	11,289	
Female:	12,249	12,341	
Veterans	2,478	1,845	
Female Median age:	43.6	Male Median Age:	39.3
Global Median Age:		43.6	
Work force Total:	12,683 of this 5,998 are female		
Per Capita Income:	\$24,530 (2000)	\$29,547 (2010)	
Median Household Income:	\$51,297 (2000)	\$59,849 (2010)	
Education:		(2000)	(2010)
Bachelors Degree or Higher		22.1 %	24.3%
Persons 25 years and older w/High School diploma		87.8%	92.5%

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%
2010	23,727	.77%	496,005	2.36%

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

Housing:	<u>1990</u>	<u>2000</u>	<u>2010</u>
Total Housing Units	8,892	9,925	10,335
Total Occupied Units	8,728	9,636	9,924
Owner Occupied:	6,939	7,569	7,808

Year Structure Built:

1990-2000	10.4%
1980-1990	5.1 %
1970-1980	19.2%
1960-1969	26.9%
1950-1959	25.9%
1940-1949	7.7%
1939 or earlier	4.8%

Elevation:

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

Census Populations of Lake County's 19 Municipalities

	1990	2000	2010
City of Gary	116,646	102,746	80,294
City of Hammond	84,236	83,048	80,830
City of East Chicago	33,892	32,414	29,698
Town of Merrillville	27,257	30,560	35,246
City of Hobart	21,822	25,363	29,059
Town of Schererville	19,962	24,851	29,243
Town of Highland	23,696	23,546	23,727
Town of Munster	19,949	21,511	23,603
Town of Griffith	17,916	17,334	16,893
City of Crown Point	17,728	19,806	27,317
City of Lake Station	13,899	13,948	12,572
Town of Dyer	10,923	13,895	16,390
Town of Cedar Lake	8,885	9,279	11,560
Town of St. John	4,921	8,382	14,850
Town of Lowell	6,430	7,505	9,276
City of Whiting	5,155	5,137	4,997
Town of Winfield	645	2,298	4,383
Town of New Chicago	2,066	2,063	2,035
Town of Schneider	310	317	277

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

Distance and Direction to Major Cities

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

Climate

Coldest month: January		Hottest month: July
Average Temp 20.1 F.		Average Temp 72.9 F.

ISO Fire Service Rating: 4

Overlapping Governments Serving the Town of Highland

Name of Government	Net Assessed Valuation Pay 2010
Lake County	\$ 23,034,667,509*
Lake County Solid Waste District	\$ 23,034,667,509*
Lake County Library District	\$ 11,721,972,748*
North Township	\$ 6,572,465,120*
School Town of Highland	\$ 1,096,253,782*
Town of Highland	\$ 1,096,253,782*

* Certified NAV is not the same as the Tax Abstract AV.

Cities and Town Facts for Indiana

There are 566 cities and towns in Indiana. 119 cities (1 city of the first class; 19 cities of the second class and 98 of the third class with 447 towns. There are 79 Towns with a total population over 2,000 and 368 with populations of 2000 or less.)

Cities and Towns in Indiana Census of Elected Officials (2000) revised mid-term

- 119 Mayors
- 447 Clerk-Treasurers in Towns
- 99 Clerk-Treasurers in Cities
- 19 City Clerks
- 1 Appointed City-County Clerk of Council
- 775 City Councilors
- 1,516 Town Councilors
- 76 City or Town Court Judges

566 Cities and Towns in Indiana

- 119 Cities
 - 1 Consolidated City (1st Class)
 - 19 Cities of the Second Class
 - 99 Cities of the Third Class
- 447 Towns

Local Government Facts for Lake County

11 Townships

14 School Corporations

19 Cities and Towns

- 3 Cities of the Second Class
- 4 Cities of the Third Class
- 12 Towns

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