

Comprehensive Annual Financial Report



Period Ending December 31, 2005
Town of Highland, Indiana



Comprehensive Annual
Financial Report
Town of Highland, Indiana



For the Year Ended
December 31, 2005

Prepared by the Office of the Highland Clerk-Treasurer

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

On the Cover Photo. The Public Works Facility, erected in 1984 hosts the work force and assets of Waterworks, Sanitary District and the Streets and Sanitation Departments.

(Photo courtesy of Tonia Amaloo)



CHICAGO ☆
LAKE COUNTY
ILLINOIS

MICHIGAN

☆ SOUTH BEND

FORT WAYNE
☆

OHIO

INDIANA

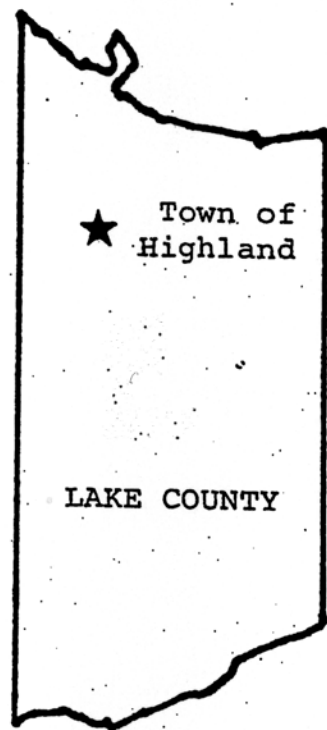
INDIANAPOLIS
☆

☆ CINCINNATI

EVANSVILLE
☆

☆ LOUISVILLE

KENTUCKY



☆ Town of
Highland

LAKE COUNTY

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005
Town of Highland, Indiana

TABLE OF CONTENTS

	<u>Pages</u>
A. INTRODUCTORY SECTION	
Title Page	
Table of Contents	i-iv
President's Letter of Introduction	v
Letter of Transmittal	vii-xvii
Certificate of Achievement	xix
Organizational Charts	xx-xxi
Listing of Elected and Principal Officials	xxii
Listing of Senior Associate Staff	xxiii
Appointed Boards and Commissions et alia	xxiv-xxix
Overview of Highland Municipal Government	xxxi-xxxviii
 B. FINANCIAL SECTION	
Independent Auditors' Opinion on General-Purpose Financial Statements	1-2
Management's Discussion and Analysis	3-15
 <u>Basic Financial Statements:</u>	
Government-Wide Financial Statements:	
Statement of Net Assets	16-17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet-Governmental Funds	19-20
Statement of Revenues, Expenditures, and Other Changes in Fund Balances-Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Statement of Net Assets-Proprietary Funds	23-24
Statement of Revenues, Expenses and Other Changes in Fund Net Assets-Proprietary Funds	25
Statement of Cash Flows-Proprietary Funds	26-27
Statement of Fiduciary Net Assets-Fiduciary Funds	28
Statement of Changes in Fiduciary Net Assets-Fiduciary Funds	29
Notes to Financial Statements	31-57
 <u>Required Supplementary Information:</u>	
Schedules of Funding Progress	58
Schedules of Contributions from the Employer and Other Contributing Entities	59
Schedules of Revenue, Expenditures and Changes in Fund Balances Budget and Actual	60-63
Budget/GAAAP Reconciliation	65
Notes to Required Supplementary Information	64-65

TOWN OF HIGHLAND, INDIANA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005
 TABLE OF CONTENTS
 (Continued)

	<u>Pages</u>
B. FINANCIAL SECTION (Continued)	
<u>Combining Statements and Schedules:</u>	
Nonmajor Governmental Funds:	
Description	67
Combining Balance Sheet.....	68
Combining Statement of Revenues, Expenditures, and Other Changes In Fund Balances	69
Nonmajor Special Revenue Funds:	
Description	70-72
Combining Balance Sheet.....	73-75
Combining Statement of Revenues, Expenditures, and Other Changes In Fund Balances	76-78
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	79-86
Nonmajor Debt Service Funds:	
Description	87
Combining Balance Sheet.....	88
Combining Statement of Revenues, Expenditures, and Other Changes In Fund Balances	89
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	90-92
Nonmajor Capital Project Funds:	
Description	93-94
Combining Balance Sheet.....	95-96
Combining Statement of Revenues, Expenditures, and Other Changes In Fund Balances	97-98
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	99-105
Internal Service Funds:	
Description	107
Combining Statement of Net Assets.....	108
Combining Statement of Revenues, Expenses, and Other Changes In Fund Net Assets.....	109
Combining Statement of Cash Flows	110
Fiduciary Funds:	
Description	111
Combining Statement of Fiduciary Net Assets – Fiduciary Funds.....	112
Combining Statement of Changes in Assets and Liabilities- Agency Funds	113

TOWN OF HIGHLAND, INDIANA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

TABLE OF CONTENTS
 (Continued)

	<u>Pages</u>
C. STATISTICAL SECTION (Not Covered by Auditors' Opinion)	
Net Assets by Component.....	115
Changes in Net Assets Fiscal Years 2003-2005.....	116
Government Activities Tax Revenues by Source.....	117
Fund Balances of Governmental Funds.....	118
Changes in Fund Balances of Governmental Funds.....	119
General Government Tax Revenues by Source.....	120
Government Wide Expenses by Function.....	121
Government Wide Expenses by Function Pie Graph.....	122
Government Wide Revenues.....	123
Government Wide Revenues Pie Graph.....	124
General Governmental Expenditures by Function.....	125
General Revenues by Source.....	126
Property Tax Levies and Collections including Overlapping Units.....	127
Property Taxes Levied and Collected - Corporation Only.....	128
Assessed and Estimated Actual Value of Taxable Property.....	129
Property Tax Rates - All Direct and Overlapping Governments.....	130
Property Tax rates of the Corporation by Fund.....	131
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita.....	132
Computation of Legal Debt Margin.....	133
Computation of Direct and Overlapping Debt.....	134
Ratio of Annual Debt Service Expenditures for General Bond Debt.....	135
Ratio of Annual Debt Service Expenditures Business Type Expenditures.....	136
Revenue Bond Coverage Water Utility.....	137
Revenue Bond Coverage Parks and Recreation Bldg. Corp. (Blended Component Unit).....	138
Ten Largest Taxpayers.....	139
Largest Highland Employers.....	140
Largest Area Employers.....	141
Schedule of Building Permits in Last Ten Years.....	142
Bar Chart of Residential Building Permits by Value in Construction.....	143
Ten Largest Users of Water.....	144-153
Statistics by Economic Sectors.....	154
Local Financial Institutions and Assets in the Town.....	155
Intended Federal Funds Rates for last nine years.....	156
Office of Clerk-Treasurer Contact Units of Service 2005.....	157
Sanitary District 10 Year Statistical Summary.....	158
Water Utility 10 Year Statistical Summary.....	159
Full-time equivalent of Town Employees by Function.....	160
Operating Indicators by Function.....	161
Capital Asset Statistics by Function.....	162
Past Presidents of the Town of Highland.....	163-164
Miscellaneous Statistics.....	165-159

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TOWN OF HIGHLAND

Highland Municipal Building • 3333 Ridge Road

Highland, Indiana 46322

219-838-1080 • Fax 219-972-5097



Population 23,546

Incorporated in 1910

Thursday, August 31, 2006

Highland Town Council
Town of Highland, Indiana

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

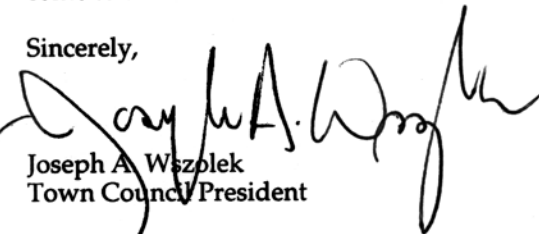
It is with pleasure that I submit this letter as introduction to the Comprehensive Annual Financial Report (CAFR) of the Town of Highland for the year ended December 31, 2005. This report has been prepared following guidelines set by the Government Finance Officers Association (GFOA) of the United States and Canada. As in previous years, this report will be submitted to the GFOA for its review.

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

This comprehensive report is supported and encouraged by the entire Town Council, the Board of Waterworks Directors, the Board of Sanitary Commissioners and the newly appointed Town Manager. I am reliably advised how nearly twelve 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 *eleventh* 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,


Joseph A. Wszolek
Town Council President

TOWN COUNCIL

BERNIE ZEMEN
1st Ward

MARK A. HERAK
2nd Ward

ROBERT HELMER
3rd Ward

JOSEPH A. WSZOLEK
4th Ward

DANIEL E. DERNULC
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/CMC/CPFA
Clerk-Treasurer

Carol L. Morrison, IAMC/CMC
Deputy Clerk-Treasurer

Staff

Dawn Kovacich
Shirley Frankiewicz
Rachel Ritchey
Kelley Hugus
Sylvia Ricketts
Debra Seremet
Denise Jacobs

Thursday August 31, 2006

Highland Town Council
Joseph A. Wszolek, 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, 2005. As you may know, this is the *eleventh* presentation of this annual financial report presented under a format that provides a greater degree of detail and disclosure.

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted accounting standards by the Indiana State Board of Accounts. Pursuant to that requirement, the Office of the Clerk-Treasurer hereby issues the comprehensive annual financial report of the **Town of Highland** for the fiscal year ended December 31, 2005.

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
Northwest Indiana Chapter of ASPA
Municipal Treasurers Association
International Institute of Municipal Clerks
Indiana League of Municipal Clerks & Treasurers
American Institute of Parliamentarians
National Association of Parliamentarians
Indiana Association of Parliamentarians

Pi Alpha Alpha, Member
Certified Municipal Clerk
Certified Municipal Finance Administrator
Master Municipal Clerks' Academy
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, 2005**, 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, 2005**, 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 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. 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. In March of 2006, the Town Council voted to hire its first Town Manager, converting the Town government to the Council-Manager plan.

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

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

Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, the comparison is presented on **page 60** 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 63**. 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 68**. Also included in the governmental fund subsection are project length budget to actual comparisons for each governmental fund for which a project length budget has been adopted.

General Description

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

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

Commerce and Transportation

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

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

Education

Public Education is provided by the School Town of Highland, which is a separate and distinct public entity governed by a separately elected Board of School Trustees. The Board is comprised of five (5) persons elected for terms of four (4) years on a staggered basis. The election is non-partisan. The School Town of Highland reported a combined enrollment of 3,416 for the 2004-2005 term. It maintains four (4) elementary school buildings, one (1) middle school, and one (1) high school. The following table indicates enrollment for the 2004-2005 and the preceding twelve (12) terms:

School Town of Highland

<u>School Year</u>	<u>Enrollment</u>
2004-05	3,416
2003-04	3,382
2002-03	3,340
2001-02	3,306
2000-01	3,233
1999-00	3,250
1998-99	3,232
1997-98	3,258
1996-97	3,219
1995-96	3,279
1994-95	3,207
1993-94	3,195
1992-93	3,139

Private, religious education is also available from four (4) other schools in Highland. Our Lady of Grace School, associated with the Gary Diocese, offers education for grades Kindergarten through Eight. Highland Christian School, an

independently organized school affiliated with the Christian Reformed Church of America, offers education from Kindergarten through Eighth grade. The Calumet Baptist School is an independent school offering grades seven through twelve. Calvary Christian School offers education Kindergarten through 8. A summary of the private school enrollment is set forth in the following table:

	Our Lady of Grace	Highland Christian	Calumet Baptist	Calvary Christian
2004-2005	171	348	23	92
2003-2004	192	345	199	
2002-2003	231	360	200	
2001-2002	230	340	220	
2000-2001	238	355	289	
1999-2000	262	363	314	
1998-1999	273	372	311	
1997-1998	292	424	335	
1996-1997	299	388	335	

Cultural and Recreational Survey

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

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

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

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

Information Useful in Assessing the Government's Economic Condition

A 60-acre shopping center, Highland Grove, initiated during the summer of 1995, continues to operate successfully and enjoys full occupancy as of this writing. The shopping center includes national and regional chains such as a Target Store, Kohl's Department Store, a Jewel Foods/Osco, and a Circuit City Store. In addition, there is an Office Max, a KB Toys Store, a Famous Footwear Shoe Store, and a Borders Book Store.

Retail, commercial and service sectors continue to be prominent in driving local new development in Highland. 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 154** in the statistical section and review a summary of the 2002 Economic Census.

Very 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 market'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 has been completed. These join a 1950's retro-designed McDonald's Restaurant and a 12,786 square foot, two-story structure recently established to house a multi-service site for Bank Calumet, a nationally chartered bank.

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

At the start of 1996, approximately 758 acres, or 21%, of Highland remained undeveloped, although much of the space is the subject of development proposals. At the close of 2000, the amount of the undeveloped land was reduced greatly. Even with so much retail and commercial development, residential development continues to occur as well. By the close of 2005, building permits were issued for 18 single-family dwellings, and 1 multi-unit building.

Finally, the continuing presence of four Lake Michigan-based gaming and showboats in the nearby lake shore communities of Gary, Hammond, and East Chicago continue to provide additional employment and financial opportunities. In fact, Horseshoe/Empress and Harrah's, two of the gaming companies operating boats in Northwest Indiana, make the list of the area's larger employers.

Donald L. Coffin, Ph.D., an area economist and associate professor of economics at Indiana University Northwest, notes in a recent article in the Indiana Business Review, *Outlook 2006*, Vol. 80, No. 4, that total area employment in 2005 is about 3% below its 2001 level.

Employment in steel manufacturing, Dr. Coffin reports, appears to have stabilized, currently holding around 20,000 jobs.

Dr. Coffin continues to characterize the service sector in employment in Northwest Indiana as the dominant sector in Northwest Indiana. Within the services sector, Dr. Coffin reports that health care is experiencing the most rapid growth. Dr. Coffin notes that employment in the professional, scientific and technical services rose by 8% between 2001 and 2005.

In short, Dr. Coffin concludes that there may be a slight gain of 0.2 percent in overall employment and a gain of .03 in earnings. In short, while stable, he suggests that Northwest Indiana will not experience significant job growth or earnings growth in the short term.

The Town of Highland, while not insulated from the recessionary character of the economy, nevertheless 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.

The General Reassessment in our County in FY 2003 created a delay in collections of property taxes, effects of which are still being felt. 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. A lawsuit, initiated by residents of the Miller section of the city of Gary, has further complicated the tax collections process. In FY 2004, no tax bills for payable FY 2004 were issued. Those bills finally were issued in 2005. The pay 2005 bills were finally settled in March of 2006. As of this writing, local governments are waiting for the any distribution of FY 2006 taxes, as the first of two installments for these was due August 29, 2006.

It is expected that the Pay FY 2006 tax bills will be finally settled by December 31 of this year. While some temporary borrowing for short-term cash flow occasioned this climate in FY 2005, it is expected that by the end of FY 2006, the billing and distribution cycle should return to its May 10 and November 10 pay points. The economic prospect for Highland, even in the context of the foregoing, is still stable. It is expected that service levels should be maintained without reduction in quality.

Long-Term financial planning. Even with the foregoing tax complications, the Town Council and other boards of the Town continue to explore ambitious capital plans, which include a possible construction of a public safety and municipal administration facility, perhaps locating in the newly redeveloped downtown area. In addition, a comprehensive program for road repair and resurfacing, financed by 2005 general obligation bonds in the amount of \$1,091,903 continues.

The Board of Sanitary Commissioners continue to carry out plans for making several sanitary and storm water improvements financed by a 2005 special taxing district bonds issued in the amount of \$1,175,000. The Town Council has

commissioned a needs study related to the prospect of the construction or retrofit of existing facilities for public safety and municipal administration.

The Park and Recreation Board issued special taxing park district bonds of 2006 in the amount of \$1,850,000 to support repair and retrofit of the Main Square Park, a premier park in the center Town and to replace equipment.

In addition, the Redevelopment Commission issued its own special taxing district redevelopment bonds of 2006 in the amount of \$1,750,000 in consequence of an interlocal cooperation agreement with the Redevelopment Commission of Hammond to raze blighted buildings and to reclaim property that is on the northern border of the Highland's Redevelopment Corridor but located within the corporate limits of Hammond.

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

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

For the period just ended. Fixed Market yields are highly correlated to the intended federal funds rate. There were eight different changes to the rate by the Board of Governors. In January the intended rate was 2.25%. The rate increased each month by 25 basis points until stabilizing in June and July at 3.25%. It then rose again each month thereafter until it reached 4.25%. In 2005, the slightly less demanding liquidity pressures and slightly higher average available fund balances contributed to higher overall yield for the year as compared to last. The Town continued to use a special offer deposit account, offering above market interest rates, matching the intended federal funds rate, became the preferred investment instrument. Certificates of deposits were not used because the yield for the short periods of obligation were insufficient and the term for higher yields were too long. The average 90-day T-bill rate was 3.18%, which is the usual benchmark or investment metric. The LGIP had a high average percentage yield of 3.97% and a low of 1.97%. The special rate passbook still bested this instrument, but some proceeds were placed in the LGIP for portfolio diversity.

Indiana public investment law remains risk adverse in its orientation. It includes two or less years limits on maturities. Average available cash was slightly higher in 2005 than in 2004. A local depository offer above market rates for governments

only that paid the Federal Funds Rate. This became the favored investment instrument for FY 2005. Investments met the 90 T-Bill benchmark, the overall fixed market environment improved over last year.

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

Pension and other post employment benefits. The Town of Highland participates in the Public Employees Retirement Fund (PERF), which is an agent multiple-employer defined benefit pension plan for our full-time non-public safety employees. Indiana law governs the participation. Annually, PERF actuaries determine the employers' contribution as a percentage of covered payroll. In fiscal year 2005, the employer's share of the pension cost was 6.0%. In 2006 the rate is 6.25%. In addition, the pension plan requires and includes an annuity or forced savings account, funded from a contribution of three percent of covered wages and salaries. Unless the employer by proper legislative action elects to pay this on behalf of the employee, employees are required to contribute this amount. The Town of Highland pays the employee's share.

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

For full-time public safety employees hired by the Town before May 1, 1977, the Town sponsors a single employer defined benefit plan. The plan provides for retirement, disability and death benefits to plan members and beneficiaries. The law governing this pension plan was first enacted in 1925 and is still guided by the then extant understanding of pension savings and a pay as you go design. This non-actuarial design has persisted through the years. For some additional understanding of this please see the notes to the Financial Statements, beginning on page 53.

For full-time public safety employees hired by the Town after April 30, 1977, the Town participates in a cost-sharing multiple-employer defined benefit plan. The plan provides for retirement, disability and death benefits to plan members and beneficiaries. For some additional understanding of this plan please see the notes to the Financial Statements, beginning on page 57.

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, 2005. 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, 2004. This was the tenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report on a timely basis could not have been accomplished without the persevering service of the entire staff of the Clerk-Treasurer's Office: Shirley Frankiewicz, Sylvia Ricketts, Rachel Ritchey, Kelley Hugus, Dawn Kovacich, Debra Seremet and Denise Jacobs. I also wish to thank and acknowledge the Deputy Clerk-Treasurer, Carol Morrison, for her assistance.

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

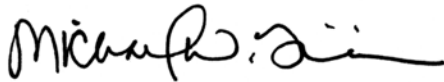
The Town joins me in expressing particular appreciation for the assistance and cooperation of Charles W. Pride, C.P.A.; Mary Jo Small, C.P.A.; and Cynthia David, C.P.A., all of the Indiana State Board of Accounts, who offer continuing guidance in the preparation of these reports. In addition, the Town joins me in expressing particular appreciation for the professional industry, assistance and cooperation of Cynthia David, C.P.A., Carla Wenger, C.P.A., Dalia Klitzman, and Debra Soffa, C.P.A. of the Indiana State Board of Accounts for the timely and thorough completion of their independent audit and their special efforts in the development of this eleventh CAFR.

I also continue to thank Interim Dean Karen Evans and the academic leadership, the faculty and the staff of the School of Public and Environmental Affairs at Indiana University Northwest for providing the continuing encouragement to pursue excellence in public service. It is an ideal that is also encouraged and shared by the Government Finance Officers' Association and it informs the work of preparing this and all comprehensive annual financial reports. I also acknowledge the assistance of the Center for Data Collection and Analysis, Sue

Haase, CPA of London Witte Group, LLC, 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 that I submit to the Town leadership and the citizens we serve this 2005 Comprehensive Annual Financial Report for the Town of Highland.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael W. Griffin". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael W. Griffin, IAMC/CMC/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, 2004

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.



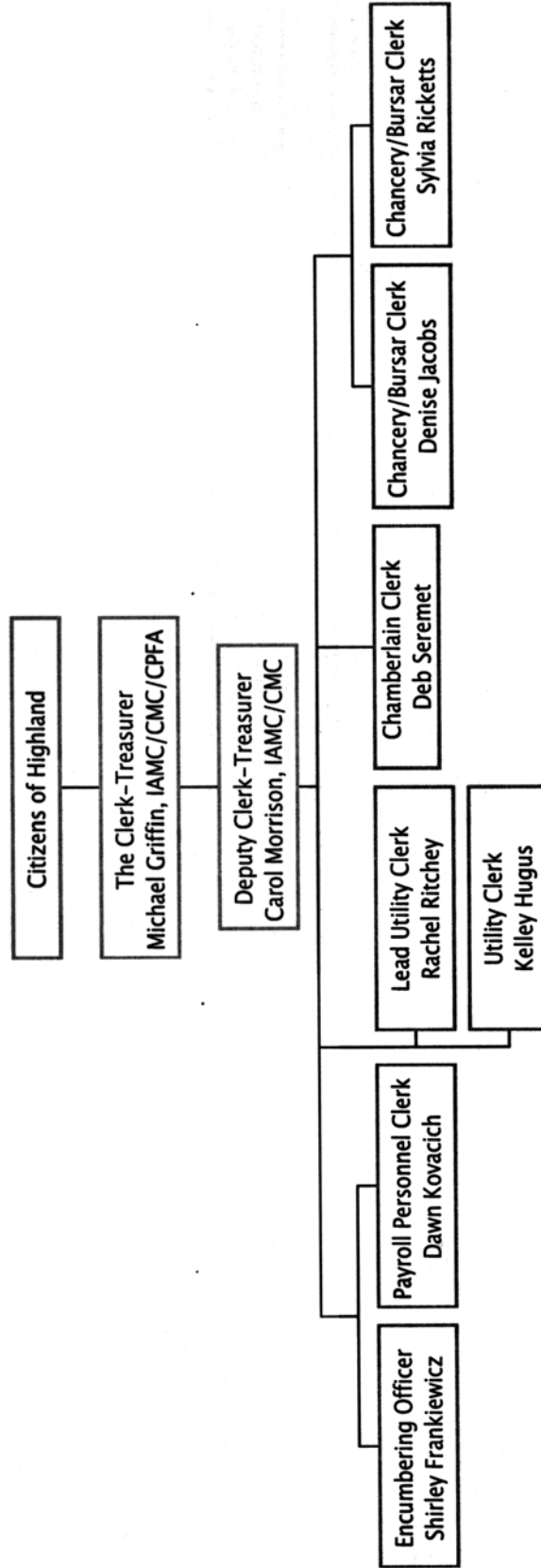
Carla E. Perry

President

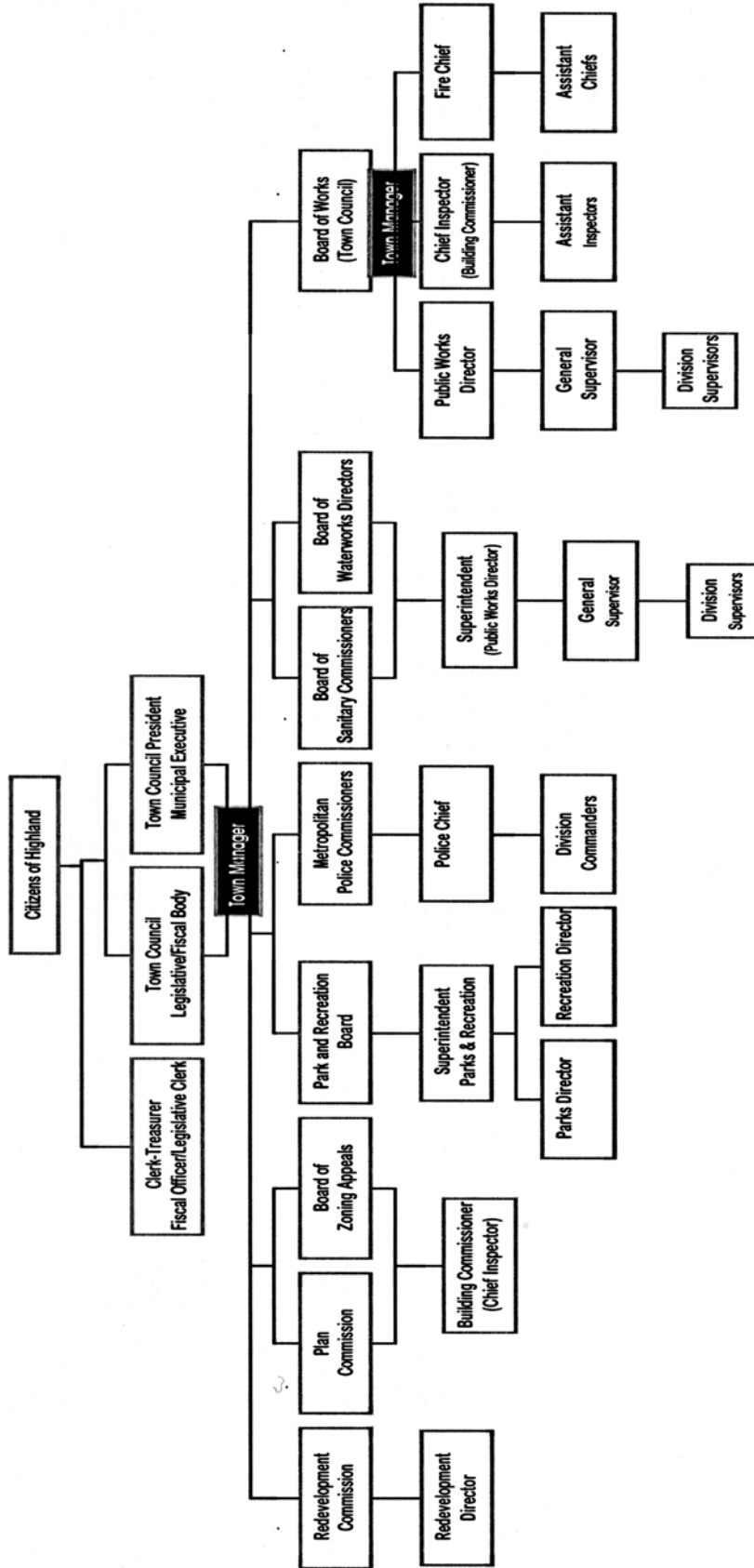
Jeffrey R. Emer

Executive Director

Office of the Town Clerk-Treasurer



Municipal Government of Highland



At April 1, 2006

TOWN of HIGHLAND
LISTING of ELECTED and PRINCIPAL OFFICIALS
at DECEMBER 31, 2005

<u>Elected Officials</u>	<u>Years of Service</u>	<u>Occupation</u>
Mark A. Herak, Town President	2000-2005 1980-1990	Purchasing Director <i>Thrallcar, Inc.</i>
Joseph A. Wszolek, Vice President	2000-2005	Inventory Manager <i>Union Tank Car, Inc.</i>
Bernie Zemen, Town Councilor, 1 st Ward	2004-2005	Supervisor <i>Ispat Inland Steel</i>
Joseph Wszolek, ABR/GRI Town Councilor 4 th Ward	2004-2005	Real Estate Appraiser <i>Wszolek & Assoc.</i>
Daniel E. Dernulc, Town Councilor, 5 th Ward	2004-2005	Executive <i>SBC, Inc.</i>
Michael W. Griffin, IAMC/C.M.C./CPFA, Clerk-Treasurer	1992-2005	Chief Fiscal Officer <i>Town of Highland</i>

Attorneys and Consulting Professionals (2005)

Town Attorney:	Rhett Tauber, Tauber, Westland & Jasaitis
Waterworks Board Attorney:	Rhett Tauber, Tauber, Westland & Jasaitis
Plan Commission Attorney:	David Westland, Tauber, Westland & Jasaitis
Metropolitan Police Commission Attorney:	Rhett Tauber, Tauber, Westland & Jasaitis
Board of Sanitary Commissioners Attorney:	John Tweedle, Tweedle & Skozen
Municipal Ordinance (Solicitor) Attorney:	Michael Jasaitis, Tauber, Westland & Jasaitis
Redevelopment Commission:	David Westland, Tauber, Westland & Jasaitis
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 (2005)

Town Position

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

SENIOR ASSOCIATE STAFF

Office of the Clerk-Treasurer

Carol L. Morrison, IAMC/CMC

Deputy Clerk-Treasurer

Department of Public Works

Jack Lannon

General Supervisor

Timothy Gembala

Division Supervisor Water & Sewer

Kevin Huzzie

Division Supervisor Streets & Sanitation

Mike Pipta

Supervisor Facilities

John Mouratides

Supervisor Maintenance

Metropolitan Police Department

Cmdr. Ken Balon

Criminal Investigations Division

Cmdr. Patrick Vassar

Patrol Division

Cmdr. Pete Nelson

Building and Inspection Department

Randy L. Bowman

Associate Inspector - Electrical

John Earnshaw

Associate Inspector - Plumbing

David Jones

Associate Inspector - Code Enforcement

Parks and Recreation Department

Pamela Baldin

Director of Recreation

Chris Kubisz

Director of Parks

Fire Department

Bartel "B.J." Zandstra

Assistant Chief

TOWN COUNCIL and CLERK-TREASURER for 2006

Joseph A. Wszolek

President

Dan Dernulc

Vice President

Bernie Zemen

1st Ward

Mark A. Herak

2nd Ward

Robert Helmer

3rd Ward

Michael W. Griffin, IAMC/CMC/CPFA

Clerk-Treasurer

Richard Underkofler

Town Manager

TOWN of HIGHLAND
LISTING of MUNICIPAL BOARDS and COMMISSIONS
at DECEMBER 31, 2005

Municipal Plan Commission

Daniel J. Buksa, President	03/01/03 to 1 st Monday January 2006
Frank Postulka	02/01/2004 – First Monday in January 2007
Robert Kuva	1 st Monday Jan 2005 to 1 st Monday Jan 2009
Tom Agler	1 st Monday Feb 2004 to 1 st Monday Jan 2008
David Jones	Legislative Appointment
Bernie Zemen	Legislative Appointment
Daniel Dernulc	Legislative Appointment

Advisory Board of Zoning Appeals

Daniel J. Buksa, President	Coextensive with Plan Commission Term 1 st Monday January 2006
Gail L. Barenie,	1 st Monday Jan 02 – 1 st Monday January 2006 <i>Executive Appointment – citizen member</i>
Donna Zisoff	1 st Monday Jan 05 to 1 st Monday Jan 2009 <i>Fiscal Body Appointment</i>
Steven W. Wagner	1 st Monday Jan 03 – 1 st Monday January 2007 <i>Executive Appointment - citizen member</i>
Tom Agler	Coextensive with Plan Commission Term 1 st Monday January 2008

Board of Water Works Directors

Joseph Pavnica, President	First Monday in 2005 to 1 st Monday in 2008
Keith E. Bruxvoort	Unexpired term to 1 st Monday in 2008
Ed Golumbeck	First Monday in 2004 to 1 st Monday in 2007
Charles Petrovich	02/10/2003 – First Monday in 2006
Rev. Arthur Burkman	02/10/2003 – First Monday in 2006

Board of Sanitary Commissioners

David Jones, President	01/01/2004 - 12/31/2007
August Hawkins	02/10/2003 - 12/31/2006
Joseph Fraley	01/08/2005 - 12/31/2008
Donal W. Downey	05/23/2005 - 12/31/2008
Jeanne Moseley	01/28/2002 - 12/31/2005

Park and Recreation Board

Carolyn Turich, President	1st Monday Jan 2005 - 1st Monday Jan 2009
Thomas Arnold	1st Monday Jan 2004 - 1st Monday Jan 2008
Charles Stapke	1st Monday Jan 2002 - 1st Monday Jan 2006
Lawrence Vassar	1st Feb 2003 - 1st Monday Jan 2007
David Turoci, School Board Appointment	Coextensive with School Board Term
Dennis Tobin	Library Board Appointment

Town Board of Metropolitan Police Commissioners

Barney J. Swinford, Chairman	02/10/2003 - 01/01/2006
James M. Turoci	01/24/2005 - 01/01/2008
John Koval	02/01/2004 - 01/01/2007
Jim DeGraaf	02/10/2003 - 01/01/2006
Dan Stombaugh	02/01/2004 - 01/01/2007

Redevelopment Commission

Pat Popa President	1st day in Jan 2005 - 1st day in Jan 2006 (Legislative appointment)
Keith Magiera	1/28/05 - 1st day in Jan 2006 (Executive appointment)
Brice Johnson	1st day in Jan 2005 - 1st day in Jan 2006 (Executive appointment)
Rex Burton	26 April 2005 - 1st day in Jan 2006 (Executive appointment)
Edward Dabrowski	1st day in Feb 2004 - 1st day in Jan 2005 (Executive appointment)

Lake County Convention and Visitors Bureau Board Member

Mary Rakoczy	07/01/2004 - 06/30/2007
--------------	-------------------------

Northern Indiana Regional Planning Commission Member (NIRPC)

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

Park Advisory Council of Community Events

Diana Olivo, President	01/01/2005 - 12/31/2005
John Breslin	01/01/2005 - 12/31/2005
Pamela Ramsey	01/01/2005 - 12/31/2005
Lisa Gauthier	01/01/2005 - 12/31/2005
Herschel Talkington	01/01/2005 - 12/31/2005
Karen Ziants	01/01/2005 - 12/31/2005
Pamela Bruncker	01/01/2005 - 12/31/2005
Cara Smith	01/01/2005 - 12/31/2005
Ed Dabrowski	01/01/2005 - 12/31/2005
Laurel Roach	01/01/2005 - 12/31/2005
Neil Mantel	01/01/2005 - 12/21/2005
Maureen Mantel	01/01/2005 - 12/31/2005
Mike Brooks	01/01/2005 - 12/31/2005
Kathy Camp	01/01/2005 - 12/31/2005
Dan Dempsey	01/01/2005 - 12/31/2005
Rose James	01/01/2005 - 12/31/2005
David Kesic	01/01/2005 - 12/31/2005
Ed Ramsey	01/01/2005 - 12/31/2005
Robert Roach	01/01/2005 - 12/31/2005
Tammy Wontor	01/01/2005 - 12/31/2005

Board of Trustees of the 1925 Police Pension Fund

Mark A. Herak, President	Co-extensive with Council Presidency
Chief Peter T. Hojnicky	Co-extensive with Service as Chief
Michael W. Griffin, IAMC/CMC/CPFA	Co-extensive with Elected Term
Cpl. David Calarie	Feb 2001-Feb 2007
Cmdr. Kenneth Balon	Feb 2003-Feb 2006
Cmdr. Pete Nelson	Feb 2003-Feb 2006
Cmdr. Patrick Vassar	Feb 2005-Feb 2008
Sgt. Timothy Towasnicki	Feb 2001-Feb 2007
Thomas Kerr (Retired Member)	Feb 2005-Feb 2008

Notable Related Appointments of Assignments of Elected Officials

Mark A. Herak	Town Executive (I.C. 36-1-2-5-(4); I.C. 36-5-2-2;I.C. 36-5-2-7) Board of Trustees of the Police Pension Fund, Chair Board of Sanitary Commissioners, Liaison Finance Committee, Chair Board of Waterworks Directors, Liaison Public Works Committee Redevelopment Commission Liaison
Bernie Zemen	Town Board of Metropolitan Police Commissioners, Liaison
Robert Helmer	Town Hall and Buildings Committee Insurance and Benefits Committee Park and Recreation Board, Liaison
Joseph Wszolek	Building and Inspection Department Committee Insurance and Benefits Committee Chamber of Commerce, Liaison Advisory Board of Zoning Appeals, Liaison Redevelopment Commission Liaison
Daniel Dernulc	Fire Department Committee HVIP Committee
Michael W. Griffin	Indiana League of Municipal Clerks & Treasurers 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 Certified Municipal Clerk (CMC) Member, Master Municipal Clerks Academy Member, Committee on Programs and Certification Municipal Treasurers Association of US and Canada Certified Municipal Finance Administrator (CMFA) 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 Editorial Advisory Board, The Times Adjunct Instructor Indiana University (NW) School of Public and Environmental Affairs CATV Committee/Consortium Representative

Town of Highland
Elected Officers and Key Department Officials Wage and Salary 2005

Office of the Town Council (Elected)

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

* Elected officials serve for a term of four years commencing noon January 1, 2004 through before noon January 1, 2008 and until a successor is elected and qualified.

2nd Ward Council

Mark A. Herak

Town President

(R) -- 1/1/2004 - 01/01/08*

Salary: \$1,164 per month/\$ 13,968 annually
Waived Longevity/Waived President's Pay

1st Ward Council

Bernie Zemen

(D) -- 1/1/2004 - 01/01/08*

Salary: \$ 1,164 per month / \$ 13,968 annually

3rd Ward Council

Robert Helmer

Town Council Vice President

(R) -- 1/1/2004 - 01/01/08*

Salary: \$ 1,164 per month / \$ 13,968 annually

4th Ward Council

Joseph Wszolek

(R) -- 1/1/2004 - 01/01/08*

Salary: \$ 1,164 per month / \$ 13,968 annually

5th Ward Council

Daniel E. Dernulc

(R) -- 1/1/2004 - 01/01/08*

Salary: \$ 1,164 per month / \$ 13,968 annually

Office of the Town Clerk-Treasurer

Clerk-Treasurer (Elected)

Michael W. Griffin, IAMC/CMC/CMFA

(D) -- 1/1/2004 - 01/01/08*

Salary: \$2,256.25 bi-weekly / \$ 58,662.50 annually
Waived longevity

Deputy Clerk-Treasurer (Appointed)

Carol L. Morrison

Salary: \$1,557.69 bi-weekly / \$ 40,499.94 annual base pay
plus longevity of \$1,040 = \$ 41,539.94

Metropolitan Police Department

Metropolitan Police Chief

Peter T. Hojnicky

Salary: \$ 2,555.72 bi-weekly / \$ 66,448.72 annual base pay
Plus longevity of \$852.80
plus Clothing \$950 plus car = \$68,251.52

Public Works Department

Public Works Director Superintendent of Sanitary District & Waterworks

John M. Bach

Salary: \$ 2,688.60 bi-weekly / \$ 69,903.60 annual base pay
plus longevity of \$ 1,206.40 plus car = \$ 71,110.00

Building and Inspection Department

Chief Inspector/Building Commissioner

Kenneth Mika

Salary: \$ 1,973.62 bi-weekly \$51,314.12 annual base pay
plus longevity of \$ 728.00 = \$ 52,042.12

Fire Department

Fire Chief

William Timmer, Jr.

Salary: \$ 2,012.77 bi-weekly \$ 52,332.02 annual base pay
Plus longevity of \$374.40
Plus clothing \$ 950 plus car = \$ 53,656.42

First Assistant Fire Chief

Vacant

Second Assistant Fire Ground Operations Chief

Bartel "B.J." Zandstra

Salary: \$ 1,500 annually plus \$10.85 hourly for Training & Fire calls
Plus \$200 Annually for Auto and Clothing

Third Assistant Fire Safety Chief

Rodger Lewis

Salary: \$ 1,500 annually plus \$10.85 hourly for Training & Fire calls
Plus \$200 Annually for Auto and Clothing

Parks and Recreation Department

Parks & Recreation Superintendent

Alex M. Brown

Salary: \$ 2,149.77 bi-weekly \$ 55,894.02 annual base pay
Plus longevity \$374.40
plus car = \$ 56,268.42

Redevelopment Department

Redevelopment Director

Cecile Petro

Salary: 1,674.02 bi-weekly \$ 43,524.52 annual base pay

Municipal Boards and Commissions

Municipal Plan Commission

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

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

Advisory Board of Zoning Appeals

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

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

Park and Recreation Board

Meets 3rd Thursdays at 8:00 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 Thursdays at 7:30 p.m.

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

Redevelopment Commission

Meets 4th Wednesdays at 8:00 p.m.

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

Council of Community Events

Meets 2nd Tuesdays of Month 7:00 p.m.

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

All Council of Community Events members serve without salary.

Waterworks Board of Directors

Meets 4th Thursdays at 7:30 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 Tuesdays at 7:30 p.m.

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

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

Traffic Safety Commission

Meets 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 |

Traffic Safety members serve without additional compensation.

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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 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 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.

Sanitary District and Sewage Works

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

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

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

The Board of Sanitary Commissioners, as currently constituted, is a five (5) member panel, all of whom are appointed by the municipal executive for a term of four (4) years. No more than three (3) of whom may be of the same political party. The

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

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

Department of Water Works and Water Works District

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

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

In 1982, the Indiana General Assembly passed the legislation which was part of its general revision of the earlier passed so-called "home rule" statutes. Following some amendments in 1983 and 1984, the legislation provided that Indiana Municipalities operating municipal water works under authorizing legislation in effect prior to January 1, 1982, or those that would thereafter establish and operate a municipal water works would do so by forming water works departments as executive departments of the municipality under the direction of a water works board of directors. On March 28, 1993, the Town of Highland passed the enabling Ordinance 892, which organized and established the Water Works Board of Directors pursuant to IC 8-1.5-4-1 *et sequitur*. The ordinance essentially organized the Department of Water Works under a five (5) member board of directors appointed by the municipal executive for a term of (1) one year. The original ordinance provided that the members would be citizens of the community. Ordinance 892(a) passed January 14, 1985, amended the organizing ordinance to permit two (2) of the five (5) directors to be appointed from the membership of the Town Board of Trustees (Town Council).

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

Department of Public Works

The first executive department of the municipality, the Public Works Department, 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 35. 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.

Municipal Plan Commission and the Advisory Board of Zoning Appeals

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

The present day Master Zoning Ordinance, as amended from time to time, is the Comprehensive Master Zoning Ordinance No. 707 of the Town of Highland, passed

by the Town Board of Trustees in 1975 to be effective in 1976. The provisions for planning and development are generally set forth in the Highland Municipal Code, Chapter 15.

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

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

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

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

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

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

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

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

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

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

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

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

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

Highland Board of Metropolitan Police Commissioners • Metropolitan Department of Police

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

Following a required referendum of the community submitted to the voters on November 8, 1955 with a vote of 958 voting yes and 573 voting no, the Town Board abolished the office of Town Marshal. On December 6, 1955, Ordinance No. 400 was passed establishing the Town Board of Metropolitan Police Commissioners as a three (3) member panel to be appointed by the Board of Trustees. In 1983, the legislative body passed Ordinance No. 893, providing for the appointment of two additional Police Commissioners, bringing the number to five (5) members. Each member serves for a term of three (3) years and at the pleasure of the appointing authority. Commissioners receive an annual salary paid monthly.

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

Redevelopment Commission and Department of Redevelopment

The statutory authority (enabling authority), providing for the establishment of Municipal Redevelopment Commissions, is generally set out in Indiana Code Title

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

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

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

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

Park Advisory Council of Community Events

The Park Advisory Council of Community Events is a body that was created by resolution of the Highland Park and Recreation Board, pursuant to its authority under IC 36-10-3-17. Its purpose is to advise and assist with the planning and execution of several special events such as the annual Independence Day celebration and parade. The current Council had its genesis in several antecedent bodies which were originally formed to celebrate or commemorate certain significant events in the life of the community or the nation. The first of these bodies was the Bicentennial Commission. The Bicentennial Commission was established during the the Nation's Bicentennial, when the Town legislative body as part of the nationally encouraged festivities, established a group of appointed citizens to assist with the celebration of the Nation's Bicentennial Year of Independence culminating with a special festival to coincide with July 4, 1976.

The group enjoyed such success, that the Town legislative body decided to reformulate the group to permit its continuation as a body of citizen volunteers organized to assist with the annual celebration of Independence Day. The new group was called the Commemorative Council. This group was charged with the annual commemoration of Independence Day and to work toward the celebration of such other events as may be identified from time to time. In the year of 1985, the Town of Highland marked the Seventy-Fifth anniversary of its incorporation as a Town. The Commemorative Council joined by others became the Diamond Jubilee Committee, charged with marking the nation's Independence Day as well as the local unit's birthday with special events all year long.

In 1987, the group was reformulated as the Council of Community Events which it remained until the action by the Park and Recreation Board converting it to a citizens advisory council. The enactment's preamble specifically read: "it is the desire of the Board of Trustees to have said Council promote and coordinate the actions of all organizations, groups and individuals in the annual Town celebration of the 4th of July ; and to sponsor a minimum of 2 events at the Highway of Flags (Monument)."

The Council of Community Events consists of at least 15 voting members, not to exceed a maximum of 25 voting members, and a fixed number of non-voting members who shall be appointed by a majority of the Park and Recreation Board.

The term for each voting member is one year.

The objectives of the Council are to promote and coordinate the annual 4th of July and plan at least two (2) activities at the Highway of Flags. In addition, the Council of Community Events is designated as that agency to accept, coordinate, review and submit, for approval by the Board of Trustees, applications made by any and all organizations, groups and individuals for the use of facilities located at the Highway of Flags Memorial. In order to assure that the Highway of Flags Memorial is available and used in an orderly fashion, it is hereby the stated policy that applications for the use of said facility by any organizations, groups and individuals must be made on or before the first day of April of each calendar year to the Council of Community Events for its review and recommendation to the Board of Trustees; that in the alternative, and for good cause, said application may be made, at a minimum, no later than ninety (90) days prior to the proposed scheduled event.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Highland (Town), as of and for the year ended December 31, 2005, which collectively comprise the Town's basic financial statements. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements as listed in the table of contents. We did not audit the financial statements of the Highland Parks and Recreation Building Corporation, a blended component unit, which statements reflect total assets constituting three percent and revenues constituting less than one percent of the related consolidated totals. Those statements were audited by other auditors whose report has been furnished to us and, our opinion, insofar as it relates to the amounts included for the Highland Parks and Recreation Building Corporation, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town as of December 31, 2005, 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 opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

July 19, 2006

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, 2005. 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 **\$31,425,751** (*net assets*). Of this amount, **(\$2,763,757)** (*unrestricted net assets*) may be used to meet the government's on-going obligations to citizens and creditors.
- The government's total net assets increased by **\$266,943** in FY 2005. However, allowing for the prior period adjustment, this change nets as **\$133,633**. This minor increase is attributable to modest increases in excise and financial institution taxes and unrestricted investment earnings while there were significant increases in spending in General Government, Public Safety, and Highway and Streets from FY 2004 to FY 2005.
- As of the close of the current fiscal year, the TOWN OF HIGHLAND'S governmental funds reported combined ending fund balances of **\$3,938,955**, a significant increase amounting to **\$3,884,725** over the prior year. This increase is attributable to a 65.90% increase in property tax revenues even though the second installment of taxes payable in FY 2005 was not due from taxpayers until February 2006 followed by settlement with the taxing units around March 31, 2006. This entire amount is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was **\$239,351**, or 3% of total general fund expenditures.
- The TOWN OF HIGHLAND'S total long-term debt increased by a net of **\$401,903** (6 percent) during the current fiscal year. The key factor in this increase was the issuance of new debt during fiscal year 2005. .

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net *assets* changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement

for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

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

The government-wide financial statements can be found on pages 16-18 of this report.

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

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

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

The TOWN of HIGHLAND maintains thirty-four (34) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Parks and Recreation Fund, both of which are considered to be major funds. Data from the other thirty-two (32) 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 19-22 of this report.

Proprietary funds. The TOWN of HIGHLAND maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The TOWN of HIGHLAND uses enterprise funds to account for its Waterworks and Sanitary District. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the TOWN of HIGHLAND'S various functions. The TOWN of HIGHLAND uses internal service funds to account for its vestiges of health insurance self-funding and for its parks and recreation holding corporation financing. Because both 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, both 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 23-27 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 28-29 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-57 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 58-64 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 65-67 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 \$31,425,751 at the close of the most recent fiscal year.

By far the largest portion of the TOWN of HIGHLAND'S net assets (86%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. 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	
	2005	2004	2005	2004	2005	2004
Current and Other assets	\$ 11,665,041	\$ 12,877,528	\$ 4,731,677	\$ 2,931,390	\$ 16,396,718	\$ 15,808,918
Capital Assets	16,148,941	16,408,567	17,911,188	18,212,503	34,060,129	34,621,070
Total Assets	\$ 27,813,982	\$ 29,286,095	\$ 22,642,865	\$ 21,143,893	\$ 50,456,847	\$ 50,429,988
Long-term liabilities outstanding	9,464,159	8,631,186	1,408,276	741,828	10,872,435	9,373,014
Other liabilities	7,137,162	8,433,915	1,021,499	1,330,941	8,158,661	9,764,856
Total Liabilities	\$ 16,601,321	\$ 17,065,101	\$ 2,429,775	\$ 2,072,769	\$ 19,031,096	\$ 19,137,870
Net assets:						
Invested in capital assets net of related debt	10,987,839	11,401,886	16,001,188	16,527,488	26,989,027	27,929,374
Restricted	3,586,422	3,698,490	3,614,059	1,372,497	7,200,481	5,070,987
Unrestricted	(3,361,600)	(2,879,382)	597,843	1,171,139	(2,763,757)	(1,708,243)
Total net assets	\$ 11,212,661	\$ 12,220,994	\$ 20,213,090	\$ 19,071,124	\$ 31,425,751	\$ 31,292,118

An additional component of the TOWN of HIGHLAND'S net assets (23%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$2,763,757) ordinarily represents what may be used to meet the government's ongoing obligations to citizens and creditors. The credit balance in unrestricted assets is in part attributable to the temporary tax warrants supporting operations until the tax delay is rectified.

At the end of the current fiscal year, the TOWN of HIGHLAND is reporting positive balances for governmental and business-type activities and the town as a whole in two categories of net assets. The business-type activities has a positive balance reported for unrestricted net assets whereas governmental activities and the town as a whole are reporting negative unrestricted net assets.

The government's net assets increased by \$133,633 during the current fiscal year. This minor increase is attributable to modest increases in operating grants and contributions while there were significant increases in spending in General Government, Public Safety, Highway and Streets from FY 2004 to FY 2005.

Governmental activities. Governmental activities decreased the TOWN of HIGHLAND'S net assets by (\$1,141,383). Key elements of this decrease are as follows:

TOWN of HIGHLAND's Changes in Net Assets

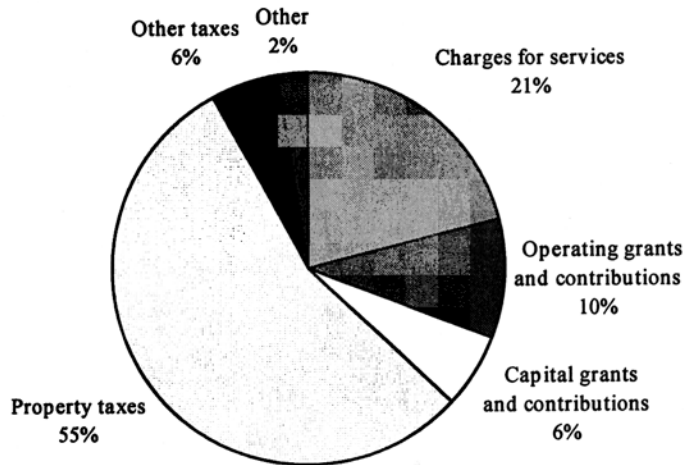
	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program revenues:						
Charges for services	\$ 2,715,413	\$ 2,753,372	\$ 5,718,665	\$ 4,760,808	8,434,078	\$ 7,514,180
Operating grants and contributions	1,237,294	1,030,383	-	-	1,237,294	1,030,383
Capital grants and contributions	800,627	1,066,373	52,090	717,616	852,717	1,783,989
General revenues:						
Property taxes	\$ 7,078,601	\$ 6,704,371	\$ 505,995	\$ 617,054	7,584,596	\$ 7,321,425
Other taxes	728,972	959,748	-	67,897	728,972	1,027,645
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	314,247	154,661	100,446	9,213	414,693	163,874
Total Revenues	\$ 12,875,154	\$ 12,668,908	\$ 6,377,196	\$ 6,172,588	19,252,350	\$ 18,841,496
Expenses:						
General government	\$ 1,442,017	\$ 748,354			1,442,017	748,354
Public safety	6,325,184	4,741,337			6,325,184	4,741,337
Highways/ streets	2,341,114	928,083			2,341,114	928,083
Sanitation	1,433,711	1,437,584			1,433,711	1,437,584
Economic development	239,839	83,080			239,839	83,080
Health and welfare	-	7,000			-	7,000
Culture and recreation	2,023,220	1,859,186			2,023,220	1,859,186
Bond Issuance Cost	3,963	3,578			3,963	3,578
Interest on long-term debt	207,489	236,623			207,489	236,623
Water			2,292,223	2,276,318	2,292,223	2,276,318
Sanitary District (sewer)			2,676,647	2,353,091	2,676,647	2,353,091
Total expenses	\$ 14,016,537	\$ 10,044,825	\$ 4,968,870	\$ 4,629,409	18,985,407	\$ 14,674,234
Increase (decrease) in net assets	(1,141,383)	2,624,083	1,408,326	1,543,179	266,943	4,167,262
Net Assets Beginning	\$ 12,220,994	\$ 14,328,158	\$ 19,071,124	\$ 13,368,799	31,292,118	\$ 27,696,957
Prior Period Adjustment	\$ 133,050	\$ (4,731,247)	\$ (266,360)	\$ 4,159,146	(133,310)	\$ (572,101)
Net Assets Ending	\$ 11,212,661	\$ 12,220,994	\$ 20,213,090	\$ 19,071,124	31,425,751	\$ 31,292,118

- As a percentage of total revenues in FY 2005, charges for services represented approximately 43.8% of the total revenue stream. Property and other taxes represented 43.19% of the total revenue stream.
- Operating grants increased in 2005 from its 2004 levels by \$206,911. The largest portion of the grant awards furnished resources to Public Safety and Highways and Streets.
- General Government expenses increased substantially in 2005 from its 2004 levels by \$693,663. The increase was attributable to expending bond proceeds on Highway and Streets improvements.

**Expenses and Program Revenues Government Activities
2005**

	Expenses	Program Revenues	Net Expense
General Government	\$ 1,442,017.00	\$ 637,663.00	\$ (804,354.00)
Public Safety	\$ 6,325,184.00	\$ 576,182.00	\$ (5,749,002.00)
Highways/streets	\$ 2,341,114.00	\$ 1,397,248.00	\$ (943,866.00)
Sanitation	\$ 1,433,711.00	\$ 1,273,691.00	\$ (160,020.00)
Economic Development	\$ 239,839.00	\$ 3,753.00	\$ (236,086.00)
Health and Welfare	\$ -	\$ -	\$ -
Culture & recreation	\$ 2,023,220.00	\$ 864,797.00	\$ (1,158,423.00)
Bond Issuance Cost	\$ 3,963.00	\$ -	\$ (3,963.00)
Interest on long term debt	\$ 207,489.00	\$ -	\$ (207,489.00)

Revenues by Source Governmental Activities 2005

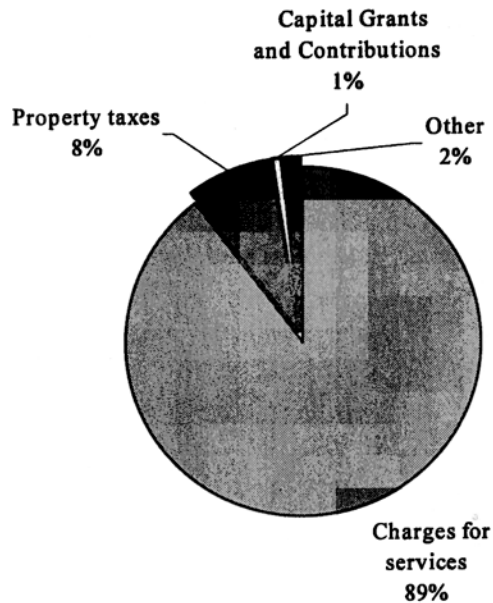


Business-type activities. Business-type activities increased the TOWN of HIGHLAND'S net assets by \$1,408,326. The Key element of this increase is as follows.

- The Sanitary District in 2005 experienced a twelve percent (12%) increase in revenues from Charges for Services whereas the Water District experienced a decrease of slightly more than 1%. The Sanitary District's increase can be directly attributable to the new storm water management fee that was introduced at the end FY 2004.
- The Water and Sanitary Districts experienced an increase in operating expenses amounting to 7.33% for FY 2005.

	Expenses and Program Revenues Business Type Activities 2005		
	Expenses	Program Revenues	Net Expense
Water Utility	\$ 2,292,223.00	\$ 2,761,046.00	\$ 468,823.00
Sanitary District (sewer)	\$ 2,676,647.00	\$ 3,009,709.00	\$ 333,062.00

Revenues by Source Business type activities 2005



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the TOWN of HIGHLAND'S governmental funds reported combined ending fund balances of \$3,938,955. This increase results from unexpended proceeds from General Obligation Bonds. This entire amount is *available for spending* at the government's discretion (*unreserved fund balance*), however it needs to be remembered that the property tax collections have not returned to a normal schedule, and balances from temporary borrowing remain to be paid back. The remainder of fund balance is reserved 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 fund balance of the General Fund was 239,351, while total fund balance reached \$332,859. 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 fund balance represents positive three percent (3%) to total general fund expenditures, while total fund balance represents positive five percent (5%) of that same amount.

The fund balance of the TOWN of HIGHLAND'S General Fund *increased* by \$2,437,401 during the current fiscal year. A key factor in this increase is attributable to the 2004 property tax bills being issued and settled in 2005. Since much of the Town's cash flows in FY 2004 were supported through significant short-term borrowing it is not unreasonable to see such a significance increase in the fund balance.

The Parks and Recreation fund had a total fund balance of \$6,275. The Parks and Recreation Fund had an unreserved fund balance of (\$8,536). As a measure of the Parks and Recreation Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents a negative one percent (-1%) percent of total Parks and Recreation Fund expenditures, while total fund balance represents less than one percent or 0.37% of that same amount.

The fund balance of the TOWN of HIGHLAND'S Parks and Recreation Fund *increased* by \$492,620 during the current fiscal year. A key factor in this increase is attributable to the 2004 property tax bills being issued and settled in 2005. Since much of the Town's cash flows in FY 2004 were supported through significant short-term borrowing it is not unreasonable to see such a significance increase in the 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 \$597,843. The total growth in net assets for both funds was \$811,989 and \$596,337, respectively, for a total of \$1,408,326. 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 \$406,737 in appropriations and can be briefly summarized as follows:

- \$54,511 increase in general government in anticipation of unusual litigation.
- \$347,029 net increase in public safety to allow for increased expenses in the fire department.

During the year, revenues did in fact substantially exceed the projected budgetary estimates. This was entirely attributable to the 2004 property tax bills being issued and settled in 2005. In all other categories of revenue when taken as a whole the net effect was that actual revenues slightly exceeded the estimates.

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

- General Fund experienced a \$1,988,097 increase from the Final Budget, fixed at \$6,892,696. Actual revenues were \$8,880,733. This increase can be totally attributable to the fact that the 2004 property tax bills were issued and settled in 2005. This created property tax collections in excess of both the original and final budgeted revenues of \$1,861,971 for the fund.
- General Fund had final budgeted expenditures of \$7,465,955. This represented an increase of \$406,737 over the original budget. However, actual expenditures totaled only \$7,165,369, coming under the final budget by \$300,586. The majority of this amount is due to the timing of payments which will be made in 2006 as a result of the use of modified accrual accounting.

Capital assets and Debt Administration

Capital assets. The TOWN of HIGHLAND'S investments in capital assets for its governmental and business type activities as of December 31, 2005, amounts to \$34,060,129 (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, road and highways. The total investment in capital assets in the TOWN of HIGHLAND'S for the current fiscal year was a decrease of 1.62% (a 1.58% decrease for governmental activities and a 1.65% decrease for business-type activities).

	TOWN of HIGHLAND'S Capital Assets (net of depreciation)						Total
	Governmental Activities		Business-Type Activities				
	2005	2004	2005	2004	2005	2004	
Land	\$ 2,528,508.00	\$ 2,528,508.00	\$ 55,477.00	\$ 55,477.00	\$ 2,583,985.00	\$ 2,583,985.00	
Buildings and System	\$ 2,297,873.00	\$ 2,466,755.00	\$ 479,577.00	\$ 504,121.00	\$ 2,777,450.00	\$ 2,970,876.00	
Improvements other than buildings	\$ 1,021,257.00	\$ 1,095,087.00	\$ 2,871,783.00	\$ 2,996,242.00	\$ 3,893,040.00	\$ 4,091,329.00	
Machinery and equipment	\$ 1,116,349.00	\$ 1,368,406.00	\$ 372,716.00	\$ 416,504.00	\$ 1,489,065.00	\$ 1,784,910.00	
Infrastructure	\$ 8,290,160.00	\$ 8,799,510.00	\$ 13,553,255.00	\$ 12,723,058.00	\$ 21,843,415.00	\$ 21,522,568.00	
Construction in progress	\$ 894,794.00	\$ 150,301.00	\$ 578,380.00	\$ 1,517,101.00	\$ 1,473,174.00	\$ 1,667,402.00	
Total:	\$ 16,148,941.00	\$ 16,408,567.00	\$ 17,911,188.00	\$ 18,212,503.00	\$ 34,060,129.00	\$ 34,621,070.00	

Major capital asset events during the fiscal year ending 31 December 2005 included the following:

Streets and Sanitation

Waymond Avenue/Southmoor Avenue Reconstruction Project

The Waymond Avenue/Southmoor Avenue Reconstruction Project was completed in 2005. The limits of the project were Oakdale Avenue to Parkway Drive and consisted of drainage improvements, curb installation, sidewalk replacement, and pavement reconstruction. The project was the forth project completed in the Brantwood area as part of a comprehensive plan to rehabilitate all of the streets in Brantwood. The Contract was awarded in April 2005 to Rieth Riley Construction in the amount of \$806,000. Change orders in the amount of \$2,455.29 increased the final construction cost to \$808,455.29. A General Improvement District was established by the Town to support the project. The project design and construction engineer was Torrenge Engineering, Incorporated.

Street Resurfacing Projects

The following streets were paved in 2005 as part of the Town general maintenance program:

<u>Street</u>	<u>From</u>	<u>To</u>
45th Avenue	Kennedy Avenue	Indianapolis Boulevard
45th Avenue	Indianapolis Boulevard	Munster Line
Prairie Avenue	45th Avenue	Azalea Drive
Prairie Avenue	45th Avenue	300 feet South
Waymond Avenue	41st Street	Hart Road
Southmoor Avenue	Martha Street	Azalea Drive
41st Place	Idlewild Drive	Prairie Avenue
Prairie Avenue	41st Street	Robin Drive
Woodward Avenue	Martha Street	Bluebird Lane
Idlewild Drive	Bluebird Lane	Wildwood Drive
44th Street	Prairie Avenue	Wildwood Drive
41st Street	Southmoor Avenue	Prairie Avenue
Robin Drive	Woodward Avenue	Prairie Avenue
Wirth Road	Grace Street	Ohio Place
Alti Court	West of Kleinman Road	
Orchard Avenue	North of 41st Lane	
41st Lane	Liabile Road	Kleinman Road
43rd Street	Liabile Road	Kleinman Road
Manor Drive	44th Street	44th Street
Cottage Grove Ave	41st Street	Martha Street
5th Street	45th Avenue	100th Street
101st Street	East of 5th Street	
101st Place	Erie Place	4th Place
Erie Place	100th Street	101st Place
Erie Street	41st Street	Cady Marsh Ditch
38th Street	Kennedy Avenue	Hook Street
Lincoln Street	Kennedy Avenue	NS RR
Wicker Street	East of Osborne Avenue	
Wicker Street	West of Osborne Avenue	
Cottage Grove Place	South of Strong Street	
Cottage Grove Ave	South of Strong Street	

Street	From	To
81st Street	Kennedy Avenue	Gordon Drive
Richard Street	81st Street	300 feet north
Parkway Drive	Ridgewood Avenue	Lincoln Street
Kleinman Road	42nd Place	44th Street
Condit Street	Kennedy Avenue	5th Street
Garfield Street	Kennedy Avenue	5th Street
Franklin Street	Kennedy Avenue	5th Street
5th Street	LaPorte Street	Highway Avenue

Engineering Projects

Kennedy Avenue North - Preliminary Engineering for the Kennedy Avenue Improvement Project between Ridge Road and the Little Calumet River continued in 2005. First Group Engineering, Inc. was contracted in 2003 to complete the survey portion of the design. In 2004, FGE, Inc. was contracted to complete the Design Study Report, Environmental Report and Preliminary Design in 2004 and 2005. Final Design will be completed in 2006. The Project (Federal-Aid) involves the reconstruction of Kennedy Avenue. The estimated cost for the Project is \$5,163,500 and has been rescheduled for construction in 2008.

Cline Avenue Project - Preliminary Engineering for the Cline Avenue Improvement Project between Ridge Road and 45th Avenue began in 2005. First Group Engineering, Inc. was contracted to complete the first phase of the preliminary engineering that includes the field survey, environmental study, and design study report portions of the engineering in 2005. Final Design will be completed in 2006. The Project (Federal-Aid) involves the reconstruction of Cline Avenue. The local share of the funding will split between the Town of Highland and the Town of Griffith through an interlocal cooperation agreement. The estimated cost for the Project is \$2,565,200 and has been rescheduled for construction in 2007.

Department of Waterworks and Municipal Water Utility

Waymond Avenue/Southmoor Avenue Water Main Replacement

As a part of the Waymond Avenue/Southmoor Avenue Reconstruction Project, 2700 lineal feet of eight inch (8") ductile iron water main was installed to replace the existing four inch (4") AC water main. Six (6) fire hydrants were installed and 58 new service connections were installed between the new water main and curb stop. The limits of the project were Southmoor Avenue and Waymond Avenue between Parkway Drive and Oakdale Avenue. The work was subcontracted by Rieth Riley Construction Company, Inc. to Gatlin Plumbing and Heating, Inc. The net cost for the water works improvements was \$176,640.90.

Additional information on the TOWN of HIGHLAND'S capital assets can be found in note IV (C) of pages 41-43. Also, business-type capital assets are set out in added detail on pages 51-52.

Long-term debt. At December 31 of 2005, the TOWN of HIGHLAND had total bonded debt outstanding of \$ 7,146,903. Of this amount, \$5,211,903 comprises debt backed by the full faith and credit of the government. The remainder of the TOWN of HIGHLAND'S debt represents bonds secured solely by specified revenue sources.

TOWN of HIGHLAND'S Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	12/31/2005	12/31/2004	12/31/2005	12/31/2004	2005	2004
	General Obligation Bonds	\$ 3,491,903.00	\$ 3,245,000.00	\$ 1,720,000.00	\$ 795,000.00	\$ 5,211,903.00
Special assessment debt with governmental commitment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue Bonds	\$ 1,745,000.00	\$ 1,900,000.00	\$ 190,000.00	\$ 805,000.00	\$ 1,935,000.00	\$ 2,705,000.00
Total	\$ 5,236,903.00	\$ 5,145,000.00	\$ 1,910,000.00	\$ 1,600,000.00	\$ 7,146,903.00	\$ 6,745,000.00

The TOWN of HIGHLAND'S outstanding debt actually increased by \$401,903, which represents an increase of six percent (6%). The TOWN of HIGHLAND issued new long-term debt in the current fiscal year for governmental activities, the 2005 General Obligation Municipal Bonds in the amount of \$1,091,903 with interest rates ranging from 3.0% to 4.0% for road maintenance and improvements. The Sanitary District issued new long-term general obligation debt for business-type activities during 2005 amounting to \$1,175,000 with interest rates ranging from 3.0% to 4.0% for improvements to Sanitary and Storm Water infrastructure.

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

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

Additional information on the TOWN of HIGHLAND'S long-term debt can be found in note IV (H) on pages 45-47 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 reassessment continues but has moved towards the normal cycle.

All of these factors were considered in preparing the TOWN of HIGHLAND's budget for the 2006 fiscal year.

In 2006, the TOWN of HIGHLAND scheduled an increase to full-time worker compensation by giving an across-the-board increase amounting to 1% of pretax wages and salaries. Given the high level health insurance costs, the Town of HIGHLAND has decided to require its employees to pay a portion of their premiums on a going forward basis. In an attempt to mitigate the effect of this additional cost to its employees, the TOWN of HIGHLAND also has instituted a \$1,200 stipend to applicable employees.

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, 2005

Assets	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	\$ 4,600,442	\$ 667,919	\$ 5,268,361
Receivables (net of allowances for uncollectibles):			
Interest	16,415	654	17,069
Taxes	1,726,036	51,678	1,777,714
Accounts	65,308	64,516	129,824
Intergovernmental	349,588	8,418	358,006
Inventories	-	90,462	90,462
Prepaid items	16,382	-	16,382
Deferred charges	135,452	32,601	168,053
Restricted assets:			
Cash and cash equivalents	4,064,833	3,722,945	7,787,778
Interest receivable	10,716	5,776	16,492
Taxes receivable	305,634	74,563	380,197
Accounts receivable	35,000	-	35,000
Intergovernmental receivable	267,634	12,145	279,779
Special assessments receivable	71,601	-	71,601
Capital assets:			
Land and construction in progress	3,423,302	633,957	4,057,159
Other capital assets, net of depreciation	12,725,639	17,277,331	30,002,970
Total assets	27,813,982	22,642,865	50,456,847

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, 2005
(Continued)

Liabilities	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Accounts payable	317,198	246,911	564,109
Accrued payroll and withholdings payable	183,122	34,816	217,938
Taxes payable	-	9,115	9,115
Accrued interest payable	584	-	584
Payable from restricted assets:			
Accounts payable	89,231	-	89,231
Accrued payroll and withholdings payable	8,576	-	8,576
Customer deposits	-	108,886	108,886
Accrued bond interest	102,188	30,817	133,005
Noncurrent liabilities:			
Amounts due within one year:			
General obligation bonds payable	919,000	323,000	1,242,000
Revenue bonds payable	165,000	190,000	355,000
Capital lease obligations	25,524	-	25,524
Tax anticipation warrants payable	4,975,000	-	4,975,000
Compensated absences	351,739	77,954	429,693
Amounts due beyond one year:			
General obligation bonds payable (net of discounts or premiums)	2,572,903	1,393,828	3,966,731
Revenue bonds payable (net of discounts or premiums)	1,587,732	-	1,587,732
Matured bonds and coupons payable	-	1,056	1,056
Capital lease obligations	34,127	-	34,127
Compensated absences	107,171	13,392	120,563
Net pension obligation	5,162,226	-	5,162,226
Total liabilities	16,601,321	2,429,775	19,031,096
<u>Net Assets</u>			
Invested in capital assets, net of related debt	10,987,839	16,001,188	26,989,027
Restricted for:			
Highways and streets	475,054	-	475,054
Debt service	565,362	746,702	1,312,064
Capital projects	2,335,711	2,867,357	5,203,068
Other purposes	210,295	-	210,295
Unrestricted	(3,361,600)	597,843	(2,763,757)
Total net assets	\$ 11,212,661	\$ 20,213,090	\$ 31,425,751

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, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		Total
				Governmental Activities	Business-Type Activities	
Primary government:						
Governmental activities:						
General government	\$ 1,442,017	\$ 584,176	\$ 700	\$ (804,354)	\$ -	\$ (804,354)
Public safety	6,325,184	162,714	413,468	(5,749,002)	-	(5,749,002)
Highways and streets	2,341,114	-	727,962	(943,866)	-	(943,866)
Sanitation	1,433,711	1,186,967	86,724	(160,020)	-	(160,020)
Urban redevelopment and housing	239,839	3,753	-	(236,086)	-	(236,086)
Culture and recreation	2,023,220	797,803	8,440	(1,158,423)	-	(1,158,423)
Bond issuance cost	3,963	-	-	(3,963)	-	(3,963)
Interest on long-term debt	207,489	-	-	(207,489)	-	(207,489)
Total governmental activities	14,016,537	2,715,413	1,237,294	(9,263,203)	-	(9,263,203)
Business-type activities:						
Water	2,292,223	2,708,956	-	-	468,823	468,823
Sanitary District	2,676,647	3,009,709	-	-	333,062	333,062
Total business-type activities	4,968,870	5,718,665	-	-	801,885	801,885
Total primary government	\$ 18,985,407	\$ 8,434,078	\$ 1,237,294	(9,263,203)	801,885	(9,461,318)
General revenues:						
Property taxes				7,078,601	505,995	7,584,596
Excise taxes				542,153	-	542,153
Financial institution tax				71,815	-	71,815
Commercial vehicle excise tax				32,727	-	32,727
ABC gallonage tax				62,426	-	62,426
Cigarette tax				19,851	-	19,851
Other				105,975	52,907	158,882
Unrestricted investment earnings				208,272	47,539	255,811
Total general revenues				8,121,820	606,441	8,728,261
Change in net assets				(1,141,383)	1,408,326	266,943
Net assets - beginning				12,220,994	19,071,124	31,292,118
Prior period adjustment (note IV.J.)				133,050	(266,360)	(133,310)
Restated net assets - beginning				12,354,044	18,804,764	31,158,808
Net assets - ending				\$ 11,212,661	\$ 20,213,090	\$ 31,425,751

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

TOWN OF HIGHLAND, INDIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2005

Assets	General	Parks and Recreation	Other Governmental Funds	Totals
Cash and cash equivalents	\$ 3,326,922	\$ 492,219	\$ 148,226	\$ 3,967,367
Receivables (net of allowances for uncollectibles):				
Interest	13,186	1,497	552	15,235
Taxes	1,442,916	265,402	17,718	1,726,036
Accounts Intergovernmental	65,308	-	-	65,308
Accounts Intergovernmental	303,471	43,231	2,886	349,588
Restricted assets:				
Cash and cash equivalents	-	-	4,064,833	4,064,833
Interest receivable	-	-	10,716	10,716
Taxes receivable	-	-	305,634	305,634
Accounts receivable	-	-	35,000	35,000
Intergovernmental receivable	-	-	267,634	267,634
Special assessments receivable	-	-	71,601	71,601
Total assets	\$ 5,151,803	\$ 802,349	\$ 4,924,800	\$ 10,878,952

Liabilities and Fund Balances

Liabilities:				
Accounts payable	\$ 271,485	\$ 44,340	\$ 1,373	\$ 317,198
Accrued payroll and withholdings payable	157,616	23,575	1,931	183,122
Tax anticipation warrants payable	3,500,000	565,000	910,000	4,975,000
Deferred revenue	889,843	163,159	313,868	1,366,870
Payable from restricted assets:				
Accounts payable	-	-	89,231	89,231
Accrued payroll and withholdings payable	-	-	8,576	8,576
Total liabilities	4,818,944	796,074	1,324,979	6,939,997

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, 2005
(Continued)

	General	Parks and Recreation	Other Governmental Funds	Totals
Fund balances:				
Reserved for:				
Encumbrances	93,508	14,811	83,026	191,345
Unreserved, reported in:				
General fund	239,351	-	-	239,351
Special revenue funds	-	(8,536)	863,737	855,201
Capital projects funds	-	-	2,112,000	2,112,000
Debt service funds	-	-	541,058	541,058
Total fund balances	<u>332,859</u>	<u>6,275</u>	<u>3,599,821</u>	<u>3,938,955</u>
Total liabilities and fund balances	<u>\$ 5,151,803</u>	<u>\$ 802,349</u>	<u>\$ 4,924,800</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.	16,148,941
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,366,870
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(1,118,851)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(3,977,410)
Prepaid expenses paid in the current period, but not expensed currently and therefore, are reported in the funds as expenditures.	16,382
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(5,162,226)</u>
Net assets of governmental activities	<u>\$ 11,212,661</u>

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

TOWN OF HIGHLAND, INDIANA
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2005

	General	Parks and Recreation	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Property	\$ 7,024,366	\$ 1,296,183	\$ 2,125,510	\$ 10,446,059
Special assessments	24,400	-	24,400	24,400
Licenses and permits	289,682	-	19,100	308,782
Intergovernmental	650,156	84,480	1,958,479	2,693,115
Charges for services	1,480,840	751,660	88,859	2,321,359
Fines and forfeits	16,201	-	-	16,201
Other	162,463	37,496	223,572	423,531
Total revenues	9,623,708	2,169,819	4,439,920	16,233,447
Expenditures:				
Current:				
General government	1,348,605	-	-	1,348,605
Public safety	4,522,057	-	456,330	4,978,387
Highways and streets	-	-	961,537	961,537
Sanitation	1,283,406	-	140,305	1,433,711
Culture and recreation	-	1,677,189	70,453	1,747,652
Urban redevelopment and housing	-	-	91,599	91,599
Debt service:				
Principal	-	-	1,000,000	1,000,000
Interest	-	-	231,879	231,879
Capital outlay:				
General government	-	-	69,389	69,389
Highways and streets	-	-	1,613,390	1,613,390
Culture and recreation	-	-	116,219	116,219
Urban redevelopment and housing	-	-	61,997	61,997
Total expenditures	7,164,068	1,677,199	4,813,098	13,654,365
Excess (deficiency) of revenues over (under) expenditures	2,459,640	492,620	(373,178)	2,579,082
Other financing sources (uses):				
Capital lease proceeds	35,480	-	45,210	80,690
Bond proceeds	-	-	1,091,903	1,091,903
Transfers in	11,881	-	69,600	81,481
Transfers out	(69,600)	-	(11,881)	(81,481)
Total other financing sources and uses	(22,239)	-	1,194,832	1,172,593
Net change in fund balances	2,437,401	492,620	821,654	3,751,675
Fund balances - beginning	(2,237,592)	-	-	(2,237,592)
Prior period adjustment (note IV.J.)	133,050	-	-	133,050
Restated fund balances - beginning	(2,104,542)	(486,345)	2,778,167	187,280
Fund balances - ending	\$ 332,859	\$ 6,275	\$ 3,599,821	\$ 3,938,955

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, 2005

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)	\$ 3,751,675
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.	(259,626)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(3,367,458)
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.	(146,988)
Net pension obligations are considered long-term obligations of the general government, but are not current expenditures.	(1,129,673)
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.	(9,763)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	<u>20,450</u>
Change in net assets of governmental activities (statement of activities)	<u>\$ (1,141,383)</u>

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

TOWN OF HIGHLAND, INDIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2005

	Business-Type Activities Enterprise Funds			Governmental Activities
	Water Utility	Sanitary District	Total	
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 164,230	\$ 503,689	\$ 667,919	\$ 633,075
Interest receivable	262	392	654	1,180
Taxes receivable	-	51,678	51,678	-
Accounts receivable (net of allowance)	42,193	22,323	64,516	-
Intergovernmental receivable	-	8,418	8,418	-
Inventories	78,087	12,375	90,462	-
Current portion of direct financing lease	-	-	-	191,778
Current portion of operating lease	-	-	-	9,250
Restricted cash, cash equivalents and investments:				
Customer deposits	108,886	-	108,886	-
Bond and interest	471,905	71,912	543,817	-
Total current assets	865,563	670,787	1,536,350	835,283
Noncurrent assets:				
Restricted cash, cash equivalents and investments:				
Improvement	773,764	1,049,037	1,822,801	-
Bond and interest	125,684	77,206	202,890	-
Extension	-	112,284	112,284	-
Co-op	-	2,685	2,685	-
Sanitary district capital fund	-	929,587	929,587	-
Other restricted assets:				
Interest receivable	444	5,332	5,776	-
Taxes receivable	74,563	-	74,563	-
Intergovernmental receivable	12,145	-	12,145	-
Total restricted assets	986,600	2,176,131	3,162,731	-
Operating lease receivable	-	-	-	55,500
Deferred charges	5,724	26,877	32,601	44,635
Net investment in direct financing lease	-	-	-	1,161,164
Capital assets:				
Land and construction in progress	194,302	439,555	633,857	-
Other capital assets (net of accumulated depreciation)	8,593,342	8,683,989	17,277,331	-
Total capital assets	8,787,644	9,123,544	17,911,188	-
Total noncurrent assets	9,779,968	11,326,552	21,106,520	1,261,299
Total assets	10,645,531	11,997,339	22,642,870	2,096,582

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, 2005
(Continued)

	Business-Type Activities Enterprise Funds		Total	Governmental Activities Internal Service Fund
	Water Utility	Sanitary District		
Liabilities				
Current liabilities:				
Accounts payable	98,340	148,571	246,911	-
Accrued payroll and withholding payable	19,012	15,804	34,816	-
Taxes payable	9,115	-	9,115	-
Revenue bonds and accrued interest	-	-	-	210,009
Compensated absences	34,960	42,994	77,954	-
Current liabilities payable from restricted assets:				
Customer deposits	108,886	-	108,886	-
Accrued interest payable	16,905	13,912	30,817	-
General obligation bonds payable	265,000	58,000	323,000	-
Revenue bonds payable	190,000	-	190,000	-
Total current liabilities	742,218	279,281	1,021,499	210,009
Noncurrent liabilities:				
General obligation bonds payable (net of unamortized discounts)	276,828	1,117,000	1,393,828	-
Revenue bonds payable (net of unamortized discounts or premiums)	-	1,056	1,056	1,587,732
Matured bonds and coupons payable	-	7,548	13,392	-
Compensated absences	5,844	-	5,844	-
Total noncurrent liabilities	282,672	1,125,604	1,408,276	1,587,732
Total liabilities	1,024,890	1,404,885	2,429,775	1,797,741
Net Assets				
Invested in capital assets, net of related debt	8,052,644	7,948,544	16,001,188	-
Restricted for capital projects	773,764	2,093,593	2,867,357	-
Restricted for debt service	597,589	149,113	746,702	-
Unrestricted	196,644	401,189	597,843	298,841
Total net assets	\$ 9,620,641	\$ 10,592,449	\$ 20,213,090	\$ 298,841

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

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

For The Year Ended December 31, 2005

	Business-Type Activities Enterprise Funds		Total	Governmental Activities Internal Service Fund
	Water Utility	Sanitary District		
Operating revenues:				
Unmetered water revenue	\$ 800	\$ -	\$ 800	\$ -
Metered revenue	2,128,909	2,978,834	5,107,743	-
Fire protection revenue	297,952	-	297,952	-
Penalties	17,163	30,875	48,038	-
Other water revenue	234,987	-	234,987	-
Charges for services/rents	-	-	-	77,920
Other	29,145	-	29,145	-
Total operating revenues	2,708,956	3,009,709	5,718,665	77,920
Operating expenses:				
Source of supply and expense - operations and maintenance	732,133	-	732,133	-
Collection system - operations and maintenance	-	284,766	284,766	-
Pumping - operations and maintenance	86,917	162,373	249,290	-
Treatment and disposal expense - operations and maintenance	507,680	1,115,462	1,623,142	-
Customer accounts	92,499	134,145	226,644	-
Administration and general	424,165	502,426	926,591	5,672
Depreciation and amortization	325,082	479,620	804,702	-
Total operating expenses	2,168,476	2,658,792	4,827,268	5,672
Operating income	540,480	350,917	891,397	72,248
Nonoperating revenues (expenses):				
Interest and investment revenue	14,531	33,008	47,539	9,165
Local tax distributions	285,386	220,609	505,995	-
Interest expense	(112,966)	(13,912)	(126,878)	(89,330)
Amortization of bond issue costs	(10,781)	(889)	(11,670)	(3,963)
Bad debt expense - taxes	-	(3,054)	(3,054)	-
Miscellaneous revenue	43,249	9,658	52,907	-
Total nonoperating revenue (expenses)	219,419	245,420	464,839	(84,128)
Income (loss) before contributions	759,899	596,337	1,356,236	(11,880)
Capital contributions	52,090	-	52,090	-
Change in net assets	811,989	596,337	1,408,326	(11,880)
Total net assets - beginning	8,808,652	10,262,472	19,071,124	-
Prior period adjustment (note IV.J.)	-	(266,360)	(266,360)	-
Restated net assets - beginning	8,808,652	9,996,112	18,804,764	310,721
Total net assets - ending	\$ 9,620,641	\$ 10,592,449	\$ 20,213,090	\$ 298,841

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, 2005

	Business-Type Activities Enterprise Funds		Governmental Activities
	Water Utility	Sanitary District	Internal Service Fund
	Total	Total	Total
Cash flows from operating activities:			
Receipts from customers and users	2,817,679	3,015,261	-
Payments to suppliers	(1,354,695)	(1,594,467)	(5,672)
Payments to employees	(595,170)	(614,372)	-
Net cash provided (used) by operating activities	867,814	806,422	(5,672)
Cash flows from noncapital financing activities:			
Other nonoperating income	43,249	9,658	310,458
Cash flows from capital and related financing activities:			
Proceeds from capital debt	-	1,175,000	-
Bond issuance costs	-	(27,766)	-
Local tax distributions	378,705	366,221	744,926
Capital contributions	135,813	-	135,813
Acquisition and construction of capital assets	(348,149)	(394,163)	(742,312)
Principal paid on capital debt	(865,000)	-	(155,000)
Interest paid on capital debt	(68,500)	-	(93,987)
Net cash provided (used) by capital and related financing activities	(767,131)	1,119,292	(248,987)
Cash flows from investing activities:			
Proceeds from net investment in direct financing lease	-	-	256,000
Proceeds from operating lease receivable	-	-	9,250
Interest received	14,999	27,522	7,985
Net cash provided by investing activities	14,999	27,522	273,235
Net increase in cash and cash equivalents	158,931	1,962,894	329,034
Cash and cash equivalents, January 1 (Including \$1,321,308 and \$535,130 for the Water Utility and Sanitary District, respectively, reported in restricted accounts)	1,485,538	783,501	304,041
Cash and cash equivalents, December 31 (Including \$1,480,239 and \$2,242,706 for the Water Utility and Sanitary District, respectively, reported in restricted accounts)	\$ 1,644,469	\$ 2,746,395	\$ 633,075

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, 2005
(Continued)

	Business-Type Activities			Total	Governmental Activities	
	Water Utility	Enterprise Funds	Sanitary District		Internal	Service Fund
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income	\$ 540,480	\$ 350,917		\$ 891,397	\$ 72,248	
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation expense	325,082		479,620	804,702		
Noncash items:						(77,920)
Deferred revenue recognized (Increase) decrease in assets:						
Accounts receivable	(490)		10,634	10,144		
Interfund receivables	174		2,240	2,414		
Inventories	743		(4,250)	(3,507)		
Prepaid items	1,744		1,745	3,489		
Increase (decrease) in liabilities:						
Customer deposits	(4,318)			(4,318)		
Accounts payable	(2,149)		(1,114)	(3,263)		
Accrued wages and withholdings payable	(25)		508	483		
Sales tax payable	1,878			1,878		
Contracts payable	-		(44,594)	(44,594)		
Compensated absence payable	4,695		10,716	15,411		
Total adjustments	327,334		455,505	782,839	(77,920)	
Net cash provided (used) by operating activities	\$ 867,814	\$ 806,422		\$ 1,674,236	\$ (5,672)	
Noncash investing, capital and financing activities:						
Purchase of equipment/construction in progress on account	\$ 25,017		\$ 27,437	\$ -	\$ -	

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, 2005

<u>Assets</u>	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
Cash and cash equivalents	\$ 82,906	\$ 75,831
Receivables:		
Interest and dividends	303	81
Employer contributions	42,926	-
Total receivables	43,229	81
Investments at fair value:		
Participation in investment pools of other governments	173,116	-
Total assets	299,251	75,912
<u>Liabilities</u>		
Payroll withholdings payable	-	46,641
Trust payable	-	29,271
Total liabilities	-	75,912
<u>Net Assets</u>		
Held in trust for:		
Employees' pension benefits and other purposes	\$ 299,251	

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, 2005

<u>Additions</u>	<u>Pension Trust Fund</u>
Contributions:	
Employer	\$ 539,523
Other	690
<u>Total contributions</u>	<u>540,213</u>
Investment income:	
Net increase in fair value of investments	6,515
Interest	3,756
<u>Total investment income</u>	<u>10,271</u>
<u>Total additions</u>	<u>550,484</u>
<u>Deductions</u>	
Benefits	621,046
Administrative expense	511
<u>Total deductions</u>	<u>621,557</u>
Changes in net assets	<u>(71,073)</u>
Net assets - beginning	503,374
Prior period adjustment (note IV.J)	(133,050)
Restated net assets - beginning	<u>370,324</u>
Net assets - ending	<u>\$ 299,251</u>

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

TOWN OF HIGHLAND, INDIANA
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Blended Component Unit

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. 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 sixty 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, claims and judgments, are recorded only when payment is due.

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

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

The government reports the following major governmental funds:

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

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

The internal service funds account for health insurance coverage, and for the Parks and Recreation Building Corporation, a blended component unit of the Town, established for the sole purpose of construction of a recreational facility and leasing such facility.

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

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

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

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

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

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

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

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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.

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

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

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the government in June and in December. State statutes (IC 6-1.1-17-16) require the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively. Delinquent property taxes outstanding at year end for governmental funds, net of allowances for uncollectible accounts, are recorded as a receivable with an offset to deferred revenue since the amounts are not considered available. For additional information about property tax rates and levies for 2005, see Note V.B.

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

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

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

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

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

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

N/A = Not applicable

The government is implementing retroactive reporting of its infrastructure for items acquired after fiscal years ended June 30, 1980.

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

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

6. Compensated Absences

- a. Vacation Leave – government employees earn vacation leave at rates from 10 days to 25 days per year based upon the number of years of service. Vacation leave is accrued each year and available to employees the following year. Accumulated vacation leave is paid to employees upon separation of employment.
- b. Personal Leave – government employees earn personal leave at the rate of 3 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.

Vacation and personal leave is 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 statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund 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.

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

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.

9. Reclassified Prior Year Data

Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation. See Note IV.J. for further explanation.

II. Reconciliation of Government-Wide and Fund Financial Statements

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

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

One element of that reconciliation states that "Internal service funds are used by management to charge the cost of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets." The details of this \$1,118,851 difference are as follows:

Cash and cash equivalents	\$	633,075
Interest receivable		1,180
Deferred charges		44,635
Accrued interest payable		(45,009)
Revenue bonds payable, net		<u>(1,752,732)</u>
 Total	 \$	 <u>(1,118,851)</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 \$3,977,410 difference are as follows:

General obligation bonds, net	\$	(3,491,903)
Less: deferred charge for issuance costs (to be amortized over the life of the debt)		90,817
Accrued interest payable		(57,763)
Capital lease obligations		(59,651)
Compensated absences		<u>(458,910)</u>
 Total	 \$	 <u>(3,977,410)</u>

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation explains that "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." The details of this \$146,988 difference are as follows:

Principal repayment:	
General obligation bonds	\$ 845,000
Revenue bonds	155,000
Capital lease obligation	26,760
Amortization:	
Bond issue costs	(32,319)
Issuance of bonds/capital leases	(1,172,593)
Issuance costs to deferred debits	27,694
Change in accrued interest	<u>3,470</u>
Total	<u>\$ (146,988)</u>

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$9,763 difference are as follows:

Change in prepaid expense	\$ 3,932
Change in compensated absences	<u>(13,695)</u>
Total	<u>\$ (9,763)</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.

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

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

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

IV. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds; and has a principal office or branch that qualifies to receive public funds of the political subdivision. The 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, 2005, the Town had the following investments:

Investment Type	Primary Government	Investment Maturities (in Years)			Duration
	Fair Value	Less Than 1	1-2	More Than 2	
U.S. Treasuries and Securities	\$ 8,080	\$ 8,080	\$ -	\$ -	
U.S. Agencies	395,942	395,942	-	-	
Pension Relief Investment Pool	121,181	-	-	-	3.60
Totals	<u>\$ 525,203</u>	<u>\$ 404,022</u>	<u>\$ -</u>	<u>\$ -</u>	

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

Investment Policies

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

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

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

At the option of the Town, an additional distribution in a prior year of police pension relief funds was held for investment in an external investment pool (Pension Relief Fund) by the Public Employees' Retirement Fund of Indiana (PERF). These deferred amounts invested in the Fund are available to participating cities and towns at their request. The Pension Relief Fund is invested to a target of 70% fixed income debt instruments and 30% domestic stock. The fair value of the Town's investment in the Fund is the same as the value of pool shares. Domestic stock fair value as of December 31, 2005, was \$51,935. 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. The Town does not have a formal

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

investment policy for custodial credit risk for investments that are uninsured and 1) uncollateralized, 2) collateralized with securities held by the pledging financial institution, or 3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the government's name. At December 31, 2005, the Town held investments of this type in U.S. Treasury and Agency Securities in the amount of \$404,022.

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 statutes and limit the stated final maturities of the investments to no more than two years.

Interest rate risk of the Pension Relief Fund's fixed income portfolio, using the duration approach, is 3.6.

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.

Standard and Poor's Rating	Moody's Rating	Town's Investments			
		Mutual Funds	Corporate Bonds	Government Sponsored Enterprise	Investment Pools
AAA	Aaa	\$ -	\$ -	\$ -	\$ 78,889
AA	Aa	-	-	-	5,211
A	A	-	-	-	22,661
BBB	Baa	-	-	-	12,966
BB	Ba	-	-	-	848
Unrated	Unrated	-	-	-	404,628
Totals		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 525,203</u>

Concentration of Credit Risk

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

B. Receivables

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

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

The Parks and Recreation Building Corporation, a blended component unit reported as an internal service fund, has entered into a lease agreement with the Town through 2013. The lease term commenced on the later of the day the building was ready for occupancy, or June 30, 1998. The government occupied the building as of October 1998. At the end of the lease period, the land and building become the property of the government. Accordingly, the lease is accounted for as a direct financing lease and will expire in 2013.

The following lists the component of the net investment in direct financing lease as of December 31, 2005:

Total minimum lease payments to be received	\$ 1,936,000
Less: amounts representing estimated executory costs	<u>(64,750)</u>
Minimum lease payment receivable	1,871,250
Less: unearned income	<u>(518,308)</u>
Net investment in direct financing lease	1,352,942
Less: current portion	<u>(191,778)</u>
Net investment in direct financing lease, less current portion	<u><u>\$ 1,161,164</u></u>

At December 31, 2005, minimum lease payments are as follows:

	Direct Financing Lease Payments	Operating Lease Payments
	<u> </u>	<u> </u>
2006	\$ 262,000	\$ 9,250
2007	263,000	9,250
2008	268,000	9,250
2009	278,000	9,250
2010	281,000	9,250
2011-2013	<u>584,000</u>	<u>18,500</u>
Totals	<u><u>\$ 1,936,000</u></u>	<u><u>\$ 64,750</u></u>

C. Capital Assets

Capital asset activity for the year ended December 31, 2005, was as follows:

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

Primary Government	Beginning Balance	Prior Period Adjustment	Adjusted Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$ 2,528,508	\$ -	\$ 2,528,508	\$ -	\$ -	\$ 2,528,508
Construction in progress	150,301	-	150,301	744,493	-	894,794
Total capital assets, not being depreciated	2,678,809	-	2,678,809	744,493	-	3,423,302
Capital assets, being depreciated:						
Buildings	6,030,658	-	6,030,658	-	-	6,030,658
Improvements other than buildings	3,420,413	-	3,420,413	36,006	-	3,456,419
Equipment and vehicles	4,167,256	-	4,167,256	104,206	-	4,271,462
Infrastructure and underground	34,630,891	-	34,630,891	46,811	-	34,677,702
Totals	48,249,218	-	48,249,218	187,023	-	48,436,241
Less accumulated depreciation for:						
Buildings	3,563,903	-	3,563,903	168,882	-	3,732,785
Improvements other than buildings	2,325,326	-	2,325,326	109,836	-	2,435,162
Equipment and vehicles	2,798,850	-	2,798,850	356,263	-	3,155,113
Infrastructure and underground	25,831,381	-	25,831,381	556,161	-	26,387,542
Totals	34,519,460	-	34,519,460	1,191,142	-	35,710,602
Total capital assets, being depreciated, net	13,729,758	-	13,729,758	(1,004,119)	-	12,725,639
Total governmental activities capital assets, net	\$ 16,408,567	\$ -	\$ 16,408,567	\$ (259,626)	\$ -	\$ 16,148,941
Business-type activities:						
Capital assets, not being depreciated:						
Land	\$ 55,477	\$ -	\$ 55,477	\$ -	\$ -	\$ 55,477
Construction in progress	1,517,101	(266,360)	1,250,741	696,566	1,368,927	578,380
Total capital assets, not being depreciated	1,572,578	(266,360)	1,306,218	696,566	1,368,927	633,857
Capital assets, being depreciated:						
Buildings	1,062,132	-	1,062,132	-	-	1,062,132
Improvements other than buildings	4,519,693	-	4,519,693	-	-	4,519,693
Equipment and vehicles	1,526,174	-	1,526,174	53,627	10,500	1,569,301
Infrastructure and underground	24,837,027	-	24,837,027	1,388,481	-	26,225,508
Totals	31,945,026	-	31,945,026	1,442,108	10,500	33,376,634
Less accumulated depreciation for:						
Buildings	558,011	-	558,011	24,544	-	582,555
Improvements other than buildings	1,523,451	-	1,523,451	124,459	-	1,647,910
Equipment and vehicles	1,109,670	-	1,109,670	97,415	10,500	1,196,585
Infrastructure and underground	12,113,969	-	12,113,969	558,284	-	12,672,253
Totals	15,305,101	-	15,305,101	804,702	10,500	16,099,303
Total capital assets, being depreciated, net	16,639,925	-	16,639,925	637,406	-	17,277,331
Total business-type activities capital assets, net	\$ 18,212,503	\$ (266,360)	\$ 17,946,143	\$ 1,333,972	\$ 1,368,927	\$ 17,911,188

See Note IV.J. for further information regarding the prior period adjustment.

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

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

Governmental activities:	
General government	\$ 27,616
Public safety	299,498
Highways and streets	628,785
Culture and recreation	<u>235,243</u>
Total depreciation expense - governmental activities	<u>\$ 1,191,142</u>
Business-type activities:	
Water	\$ 325,082
Sanitary District	<u>479,620</u>
Total depreciation expense - business-type activities	<u>\$ 804,702</u>

D. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2005	Committed
Governmental activities:			
Kennedy, Ridge, and Little Calumet River project	\$ 174,051	\$ 174,051	\$ -
Recreation Center/Lincoln Center	2,600	2,600	-
Waymond/Southmoor/Kenilworth project	589,343	589,343	-
Cline/Ridge to 45th	50,750	50,750	-
Lincoln and Kennedy improvements	<u>78,050</u>	<u>78,050</u>	<u>-</u>
Total governmental activities	<u>\$ 894,794</u>	<u>\$ 894,794</u>	<u>\$ -</u>
Business-type activities:			
Water Utility:			
Waymond/Southmoor/Kenilworth project	\$ 176,641	\$ 176,641	\$ -
Sanitary District:			
Wastewater:			
Glenwood/Deluth/Grand sewage separation	436,000	9,443	426,557
Georgetown Phase II	10,837	10,837	-
Waymond/Southmoor/Kenilworth project	79,370	79,370	-
Petit Park sanitary sewer improvements	266,306	266,306	-
Stormwater:			
North Drive storm sewer project	<u>59,000</u>	<u>35,783</u>	<u>23,217</u>
Total business-type activities	<u>\$ 1,028,154</u>	<u>\$ 578,380</u>	<u>\$ 449,774</u>

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

Many of the above projects involved expenditures for preliminary engineering work only as of December 31, 2005. Financing has not yet been obtained, nor has the Town entered into any construction contracts.

E. Interfund Balances and Activity

Interfund transfers for the year ended December 31, 2005, were as follows:

Transfer From	Transfer To	Amount
General Fund	Nonmajor governmental	\$ 69,600
Nonmajor governmental	General Fund	<u>11,881</u>
Total		<u><u>\$ 81,481</u></u>

The government typically uses transfers to fund ongoing operating subsidies.

F. Leases

Capital Leases

The government has entered into various capital leases for vehicles and infrastructure. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2005, are as follows:

2006	\$ 27,342
2007	24,263
2008	<u>11,257</u>
Total	62,862
Less amount representing interest	<u>3,211</u>
Present value of net minimum lease payments	<u><u>\$ 59,651</u></u>

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

	Governmental Activities
Infrastructure	\$ 54,700
Equipment and vehicles	35,480
Accumulated depreciation	<u>3,647</u>
Total	<u><u>\$ 86,533</u></u>

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

G. Short-Term Liabilities

Tax Anticipation Warrants

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

Short-term debt activity for the year ended December 31, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Issued/ Draws</u>	<u>Redeemed Repayments</u>	<u>Ending Balance</u>
Tax anticipation warrants	<u>\$ 6,700,000</u>	<u>\$ 5,911,373</u>	<u>\$ 7,636,373</u>	<u>\$ 4,975,000</u>

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.

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:

<u>Purpose</u>	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Balance December 31</u>	<u>Less: Unamortized Discount</u>	<u>Amount</u>
Governmental activities:					
2001 Park District bond	\$ 800,000	4.0% to 4.10%	\$ 250,000	\$ -	\$ 250,000
1998 Redevelopment District bond	1,850,000	4.25% to 4.50%	990,000	-	990,000
1999 Redevelopment District bond	800,000	4.80% to 4.90%	135,000	-	135,000
2002 Redevelopment District bond	610,000	3.06%	425,000	-	425,000
1999 Municipal bonds	1,575,000	4.70% to 4.90%	600,000	-	600,000
2005 Municipal bonds	<u>1,091,903</u>	3.0% to 4.0%	<u>1,091,903</u>	-	<u>1,091,903</u>
Total governmental activities	<u>\$ 6,726,903</u>		<u>\$ 3,491,903</u>	<u>\$ -</u>	<u>\$ 3,491,903</u>
Business-type activities:					
1997 Waterworks District bond	\$ 1,740,000	4.60%	\$ 545,000	\$ (3,172)	\$ 541,828
2005 Sanitary District bond	<u>1,175,000</u>	3.0% to 4.0%	<u>1,175,000</u>	-	<u>1,175,000</u>
Total business-type activities	<u>\$ 1,740,000</u>		<u>\$ 1,720,000</u>	<u>\$ (3,172)</u>	<u>\$ 1,716,828</u>

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

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

Year Ended December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2006	\$ 919,000	\$ 119,205	\$ 323,000	\$ 57,234
2007	599,000	90,844	397,000	45,396
2008	619,000	66,076	117,000	35,285
2009	429,000	45,252	117,000	31,453
2010	324,000	30,362	117,000	27,504
2011-2015	546,000	68,618	590,000	73,823
2016-2020	55,903	1,118	59,000	1,180
Totals	<u>\$ 3,491,903</u>	<u>\$ 421,475</u>	<u>\$ 1,720,000</u>	<u>\$ 271,875</u>

2. Revenue Bonds

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

Purpose	Original Issue Amount	Interest Rates	Balance December 31	Plus Unamortized Premium	Amount
Governmental activities: 1997 Parks and recreation holding corporation bonds	\$ 2,600,000	5.125% to 5.20%	\$ 1,745,000	\$ 7,732	\$ 1,752,732
Business-type activities: 1995 Water refunding bonds	5,020,000	5.70%	190,000	-	190,000
Totals	<u>\$ 7,620,000</u>		<u>\$ 1,935,000</u>	<u>\$ 7,732</u>	<u>\$ 1,942,732</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2006	\$ 165,000	\$ 85,788	\$ 190,000	\$ 5,415
2007	180,000	76,948	-	-
2008	190,000	67,466	-	-
2009	205,000	57,345	-	-
2010	225,000	46,326	-	-
2011-2015	780,000	62,920	-	-
Totals	<u>\$ 1,745,000</u>	<u>\$ 396,793</u>	<u>\$ 190,000</u>	<u>\$ 5,415</u>

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

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2005, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation	\$ 3,245,000	\$ 1,091,903	\$ 845,000	\$ 3,491,903	\$ 919,000
Revenue	1,900,000	-	155,000	1,745,000	165,000
Add deferred bond premium	8,418	-	686	7,732	-
Total bonds payable	5,153,418	1,091,903	1,000,686	5,244,635	1,084,000
Capital leases	5,721	80,690	26,760	59,651	25,524
Compensated absences	445,215	381,004	367,309	458,910	351,739
Net pension obligation	4,032,553	1,135,194	5,521	5,162,226	-
Total governmental activities long-term liabilities	\$ 9,636,907	\$ 2,688,791	\$ 1,400,276	\$ 10,925,422	\$ 1,461,263
Business-type activities:					
Water Utility					
Bonds payable:					
General obligation	\$ 795,000	\$ -	\$ 250,000	\$ 545,000	\$ 265,000
Revenue	805,000	-	615,000	190,000	190,000
Less deferred bond discount	(9,860)	-	6,688	(3,172)	-
Less deferred amount on refunding	(60,303)	-	60,303	-	-
Total bonds payable	1,529,837	-	931,991	731,828	455,000
Compensated absences	36,109	37,254	32,559	40,804	34,960
Total Water Utility long-term liabilities	1,565,946	37,254	964,550	772,632	489,960
Sanitary District:					
Bonds payable:					
General obligation	-	1,175,000	-	1,175,000	58,000
Compensated absences	39,826	45,745	35,029	50,542	42,994
Total Sanitary District long-term liabilities	39,826	1,220,745	35,029	1,225,542	100,994
Total business type activities long-term liabilities	\$ 1,605,772	\$ 1,257,999	\$ 999,579	\$ 1,998,174	\$ 590,954

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.

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

I. Restricted Assets

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

Improvement account	\$ 1,822,801
Bond and interest account	746,702
Extension account	112,284
Customer deposits	108,886
Co-op account	2,685
Sanitary District capital	929,587
Interest receivable	5,776
Taxes receivable	74,563
Intergovernmental receivable	<u>12,145</u>
 Total restricted assets	 <u><u>\$ 3,815,429</u></u>

J. Restatements

For the year ended December 31, 2004, certain changes have been made to the financial statements to more appropriately reflect financial activity of the government. The following schedule presents a summary of restated beginning balances by fund type. Prior period adjustments represent corrections to enterprise capital assets for construction in progress amounts previously reported, and tax collections advanced to the incorrect fund due to reassessment problems.

Fund Type	Balance as Reported December 31, 2004	Prior Period Adjustments	Balance as Restated January 1, 2005
General	\$ (2,237,592)	\$ 133,050	\$ (2,104,542)
Enterprise:			
Sanitary District	10,262,472	(266,360)	9,996,112
Fiduciary:			
Pension Trust	503,374	(133,050)	370,324

Additionally, for the year ended December 31, 2004, changes have been made to the Statement of Net Assets to allow for corrections to the business-type capital assets and governmental activities for tax collections distributed to the incorrect fund type. The following schedule presents a summary of these restated net assets:

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

Net Assets	Balance as Reported December 31, 2004	Prior Period Adjustments	Balance as Restated January 1, 2005
Governmental activities:			
Invested in capital assets, net of related debt	\$ 11,401,886	\$ -	\$ 11,401,886
Restricted for:			
Highways and streets	375,778	-	375,778
Debt service	915,422	-	915,422
Capital projects	2,184,814	-	2,184,814
Other purposes	222,476	-	222,476
Unrestricted	<u>(2,879,382)</u>	<u>133,050</u>	<u>(2,746,332)</u>
Total net assets - governmental activities	<u>\$ 12,220,994</u>	<u>\$ 133,050</u>	<u>\$ 12,354,044</u>
Business-type activities:			
Invested in capital assets, net of related debt	\$ 16,527,488	\$ (266,360)	\$ 16,261,128
Restricted for:			
Debt service	1,066,797	-	1,066,797
Capital projects	305,700	-	305,700
Unrestricted	<u>1,171,139</u>	<u>-</u>	<u>1,171,139</u>
Total net assets - business-type activities	<u>\$ 19,071,124</u>	<u>\$ (266,360)</u>	<u>\$ 18,804,764</u>

V. Other Information

A. Risk Management

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

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

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

Group Health Insurance

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

There have been no changes in the balance of claim liabilities during the past two years.

Worker's Compensation

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

B. Tax Levies and Rates for 2005

The reassessment of Lake County was not completed until March 2004. Thus, property tax rates and levies for 2003 were not established until April 2004. Due to the delay in billing the 2003 taxes, the billing of the tax levies for 2004 and 2005 were delayed. The 2004 property taxes were billed and distributed in 2005. The 2005 tax bills were mailed out on October 31, 2005, with the first installment due on November 18, 2005. These taxes were distributed to the local units on December 31, 2005. The second installment was due on February 10, 2006.

C. Business-Type Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Water Utility:				
Capital assets, not being depreciated:				
Land	\$ 17,661	\$ -	\$ -	\$ 17,661
Construction in progress	<u>1,176,084</u>	<u>322,392</u>	<u>1,321,835</u>	<u>176,641</u>
 Total capital assets, not being depreciated	 <u>1,193,745</u>	 <u>322,392</u>	 <u>1,321,835</u>	 <u>194,302</u>
 Capital assets, being depreciated:				
Buildings	1,062,132	-	-	1,062,132
Improvements other than buildings	3,957,279	-	-	3,957,279
Equipment and vehicles	484,334	3,266	-	487,600
Infrastructure and underground	<u>8,205,958</u>	<u>1,344,326</u>	<u>-</u>	<u>9,550,284</u>
 Totals	 <u>13,709,703</u>	 <u>1,347,592</u>	 <u>-</u>	 <u>15,057,295</u>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities (continued):				
Water Utility (continued):				
Less accumulated depreciation for:				
Buildings	558,011	24,544	-	582,555
Improvements other than buildings	1,330,863	100,210	-	1,431,073
Equipment and vehicles	384,283	26,247	-	410,530
Infrastructure and underground	<u>3,865,714</u>	<u>174,081</u>	-	<u>4,039,795</u>
 Totals	 <u>6,138,871</u>	 <u>325,082</u>	 -	 <u>6,463,953</u>
 Total capital assets, being depreciated, net	 <u>7,570,832</u>	 <u>1,022,510</u>	 -	 <u>8,593,342</u>
 Total Water Utility capital assets, net	 <u>\$ 8,764,577</u>	 <u>\$ 1,344,902</u>	 <u>\$ 1,321,835</u>	 <u>\$ 8,787,644</u>

	<u>Beginning Balance</u>	<u>Prior Period Adjustment</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:						
Sanitary District:						
Wastewater Utility						
Capital assets, not being depreciated:						
Land	\$ 37,816	\$ -	\$ 37,816	\$ -	\$ -	\$ 37,816
Construction in progress	<u>334,517</u>	<u>(266,360)</u>	<u>68,157</u>	<u>341,956</u>	<u>44,157</u>	<u>365,956</u>
Total capital assets, not being depreciated	<u>372,333</u>	<u>(266,360)</u>	<u>105,973</u>	<u>341,956</u>	<u>44,157</u>	<u>403,772</u>
Capital assets, being depreciated:						
Improvements other than buildings	562,414	-	562,414	-	-	562,414
Equipment and vehicles	987,743	-	987,743	50,361	5,250	1,032,854
Infrastructure and underground	<u>7,462,222</u>	<u>-</u>	<u>7,462,222</u>	<u>44,155</u>	<u>-</u>	<u>7,506,377</u>
Totals	<u>9,012,379</u>	<u>-</u>	<u>9,012,379</u>	<u>94,516</u>	<u>5,250</u>	<u>9,101,645</u>
Less accumulated depreciation for:						
Improvements other than buildings	192,588	-	192,588	24,249	-	216,837
Equipment and vehicles	672,342	-	672,342	70,809	5,250	737,901
Infrastructure and underground	<u>3,643,137</u>	<u>-</u>	<u>3,643,137</u>	<u>161,827</u>	<u>-</u>	<u>3,804,964</u>
Totals	<u>4,508,067</u>	<u>-</u>	<u>4,508,067</u>	<u>256,885</u>	<u>5,250</u>	<u>4,759,702</u>
Total capital assets, being depreciated, net	<u>4,504,312</u>	<u>-</u>	<u>4,504,312</u>	<u>(162,369)</u>	<u>-</u>	<u>4,341,943</u>
Total Wastewater Utility capital assets, net	<u>\$ 4,876,645</u>	<u>\$ (266,360)</u>	<u>\$ 4,610,285</u>	<u>\$ 179,587</u>	<u>\$ 44,157</u>	<u>\$ 4,745,715</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:				
Stormwater				
Capital assets, not being depreciated:				
Construction in progress	\$ 6,500	\$ 32,218	\$ 2,935	\$ 35,783
Capital assets, being depreciated:				
Equipment and vehicles	54,097	-	5,250	48,847
Infrastructure and underground	9,168,847	-	-	9,168,847
Totals	<u>9,222,944</u>	<u>-</u>	<u>5,250</u>	<u>9,217,694</u>
Less accumulated depreciation for:				
Equipment and vehicles	53,045	359	5,250	48,154
Infrastructure and underground	4,605,118	222,376	-	4,827,494
Totals	<u>4,658,163</u>	<u>222,735</u>	<u>5,250</u>	<u>4,875,648</u>
Total capital assets, being depreciated, net	<u>4,564,781</u>	<u>(222,735)</u>	<u>-</u>	<u>4,342,046</u>
Total Stormwater capital assets, net	<u>\$ 4,571,281</u>	<u>\$ (190,517)</u>	<u>\$ 2,935</u>	<u>\$ 4,377,829</u>

D. Subsequent Events

The Town Council is considering issuing general obligation bonds not to exceed \$1,850,000, with the proceeds to be used by the town for renovation projects to the Park Department's Lincoln Center and Main Square park structures. The bonds have an authorized date of sale of July 28, 2006.

The Redevelopment District is considering issuing special taxing district bonds, not to exceed \$1,750,000, with the proceeds to be used for a cooperative redevelopment project initiated by the City of Hammond. The bonds have an authorized date of sale of July 28, 2006.

The 2005 (pay 2006) property tax rates and levies were not established by February 15, 2006, as required by statutes. As of July 19, 2006, no billings for the 2005 (pay 2006) property taxes have been issued.

E. Postemployment Benefits

In addition to the pension benefits described below, the government provides postemployment life insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the government on or after attaining age 55 with at least 20 years of service. Currently, one retiree meets these eligibility requirements. The government and retirees each provide 50% of these postemployment benefits. Expenditures for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2005, expenditures of \$65 were recognized for post-employment benefits.

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

F. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

The government contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the government authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% 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 and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The government's annual pension cost and related information, as provided by the actuary, is presented in this note.

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 a liability of the business-type activities.

b. 1925 Police Officers' Pension Plan

Plan Description

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

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

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. Administrative costs of the plan are included in the annual operating budget of the fund. As provided by state statute, all administrative costs are paid from the fund. The Net Pension Obligation (NPO) is considered an obligation of the Town as a whole and is reflected in the Statement of Net Assets.

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension
Annual required contribution	\$ 132,426	\$ 1,341,400
Interest on net pension obligation	2,542	314,700
Adjustment to annual required contribution	(2,897)	(549,700)
Annual pension cost	132,071	1,106,400
Contributions made	137,592	635,527
Increase (decrease) in net pension obligation	(5,521)	470,873
Net pension obligation, beginning of year	35,068	4,661,806
Net pension obligation, end of year	\$ 29,547	\$ 5,132,679

	PERF	1925 Police Officers' Pension
Contribution rates:		
Town	6%	57%
Plan members	3%	6%
Actuarial valuation date	07-01-05	01-01-05
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed 40 years	Level percentage of projected payroll, closed 30 years
Amortization period		
Amortization period (from date)	07-01-97	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

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

<u>Actuarial Assumptions</u>	<u>PERF</u>	<u>1925 Police Officers' Pension</u>
Investment rate of return	7.25%	6%
Projected future salary increases:		
Total	5%	4%
Attributed to inflation	4%	4%
Attributed to merit/seniority	1%	0%
Cost-of-living adjustments	2%	2.75/4%*

*2.75% converted members; 4% nonconverted members

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-03	\$ 142,311	80%	\$ 34,007
	06-30-04	128,396	99%	35,068
	06-30-05	132,071	107%	29,547
1925 Police Officers' Pension Plan	12-31-02	1,062,200	60%	3,997,485
	12-31-03	1,102,000	40%	4,661,806
	12-31-04	1,106,400	57%	5,132,679

Membership in the 1925 Police Officers' Pension Plan at January 1, 2006, was comprised of the following:

	<u>1925 Police Officers' Pension</u>
Retires and beneficiaries currently receiving benefits	24
Terminated employees entitled to but not yet receiving benefits	-
Current active employees	1

Statement of Fiduciary Net Assets:

<u>Assets</u>	<u>1925 Police Officers' Pension</u>
Cash and cash equivalents	\$ 82,906
Receivables:	
Interest and dividends	303
Employer contributions	42,926
Total receivables	43,229

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

Statement of Fiduciary Net Assets (continued):

	<u>1925 Police Officers' Pension</u>
<u>Assets</u>	
Investments at fair value:	
Participation in investment pools of other governments	<u>173,116</u>
 Total assets	 <u>299,251</u>
<u>Net Assets</u>	
Held in trust for:	
Employees' pension benefit	<u>299,251</u>
 Total net assets	 <u><u>\$ 299,251</u></u>

Statement of Changes in Fiduciary Net Assets:

Additions

Contributions:	
Employer	\$ 539,523
Other	<u>690</u>
Total contributions	<u>540,213</u>
 Investment income:	
Net Increase in fair value of investments	6,515
Interest	<u>3,756</u>
Total investment income	<u>10,271</u>
 Total additions	 <u>550,484</u>

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

<u>Deductions</u>	<u>1925 Police Officers' Pension Plan</u>
Benefits	621,046
Administrative expense	<u>511</u>
Total deductions	<u>621,557</u>
Change in net assets	(71,073)
Restated net assets - beginning	<u>370,324</u>
Net assets - ending	<u>\$ 299,251</u>

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

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

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the government are established by the Board of Trustees of PERF. The government's contributions to the plan for the years ending December 31, 2005, 2004, and 2003, were \$426,429, \$400,004, and \$388,229, 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 Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 2,463,078	\$ 2,807,249	\$ (344,171)	88%	\$ 2,273,233	(15%)
07-01-04	2,503,016	2,833,709	(330,693)	88%	2,260,372	(15%)
07-01-05	2,611,529	3,255,184	(643,655)	80%	2,285,379	(28%)

1925 Police Officers' Pension Plan						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-00	\$ 205,643	\$ 11,676,000	\$ (11,470,357)	2%	\$ 170,700	(6,720%)
01-01-01	183,744	12,405,500	(12,221,756)	1%	132,300	(9,238%)
01-01-02	522,026	11,345,900	(10,823,874)	5%	90,400	(11,973%)
01-01-03	578,608	10,819,400	(10,240,792)	5%	138,000	(7,421%)
01-01-04	437,080	11,532,700	(11,095,620)	4%	94,200	(11,779%)
01-01-05	503,374	11,417,600	(10,914,226)	4%	97,800	(11,160%)

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

TOWN OF HIGHLAND, INDIANA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES 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
12-31-89	\$ 1,156,700	21%	21%
12-31-00	1,181,900	11%	24%
12-31-01	1,281,200	16%	31%
12-31-02	1,207,400	17%	36%
12-31-03	1,282,400	11%	23%
12-31-04	1,341,400	20%	27%

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, 2005

	General Fund				Variance with Final Budget Over (Under)
	Budget Amounts		Actual	Final	
	Original	Final			
Revenues:					
Taxes	\$ 4,579,064	\$ 4,579,064	\$ 6,441,035	\$ 1,861,971	(1,600)
Assessments	1,600	1,600	-	-	(1,600)
Licenses and permits	398,800	398,800	289,681	(109,119)	(161,196)
Intergovernmental	648,542	648,542	487,346	(161,196)	234,845
Charges for services	1,185,630	1,185,630	1,420,475	234,845	55,804
Fines and forfeits	30,000	30,000	85,804	55,804	107,392
Other	49,000	49,000	156,392	107,392	
Total revenues	6,892,636	6,892,636	8,880,733	1,988,097	
Expenditures:					
Current:					
General government:					
Clerk-Treasurer					
Personal services	71,340	72,329	70,219	2,110	200
Supplies	2,300	2,300	2,100	(200)	1,030
Other services and charges	50,714	54,414	53,384	(1,030)	
Town Council					
Personal services	207,756	101,187	69,590	(138,166)	31,597
Supplies	400	270	235	(165)	35
Other services and charges	137,133	290,581	248,648	(141,933)	41,933
Board of Zoning					
Personal services	3,359	3,359	3,230	(129)	129
Supplies	150	150	149	(1)	1
Other services and charges	8,520	8,460	4,827	(3,633)	3,633
Building and Inspection					
Personal services	166,679	169,205	155,064	(14,141)	14,141
Supplies	3,325	4,906	4,369	(537)	537
Other services and charges	25,309	25,998	24,800	(1,198)	1,198
Capital outlay	1,476	1,622	1,622	-	-
Plan Commission					
Personal services	2,842	2,842	2,842	-	-
Supplies	125	125	124	(1)	1
Other services and charges	54,149	72,119	71,299	(820)	820
Board of Works					
Other services and charges	620,357	600,724	600,617	(107)	107
Town Hall Monument					
Personal services	28,413	-	-	(28,413)	77
Supplies	3,020	2,746	2,669	(351)	77
Other services and charges	7,206	35,747	33,870	(1,877)	1,877
Total general government	1,394,573	1,448,084	1,349,658	(45,426)	99,426

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, 2005
 (Continued)

	General Fund		Variance with Final Budget Over (Under)
	Budget Amounts Original	Final	
Expenditures (continued):			
Current (continued):			
Public safety:			
Civil Emergency Management			
Personal services	2,427	5,584	496
Supplies	7,609	5,065	545
Other services and charges	3,211	1,807	206
Emergency Medical Services			
Personal services	9,334	9,245	3,833
Supplies	5,443	3,172	-
Other services and charges	8,275	6,811	155
Fire Department			
Personal services	202,706	203,833	30,723
Supplies	27,723	19,789	-
Other services and charges	64,853	312,810	599
Capital outlay	90,724	24,584	-
Police Department			
Personal services	3,066,859	3,196,794	152,661
Supplies	97,787	121,858	2,305
Other services and charges	614,737	682,038	7,703
Capital outlay	162,762	117,332	6
Total public safety	4,364,450	4,711,479	199,232
Sanitation:			
Sanitation and Streets			
Personal services	254,908	255,573	20,817
Supplies	19,196	18,728	3,333
Other services and charges	1,026,091	1,031,091	8,717
Total sanitation	1,300,195	1,305,392	32,867
Unappropriated	-	-	(30,939)
Total expenditures	7,059,218	7,465,955	300,596
Other financing sources (uses):			
Operating transfers in	-	144,931	-
Operating transfers out	-	(69,600)	(69,600)
Tax anticipation warrants received	-	3,500,000	3,500,000
Tax anticipation warrants repaid	-	(5,700,000)	5,700,000
Total other financing sources (uses)	-	(2,124,669)	9,130,400
Net change in fund balance	(166,582)	(573,319)	10,817,911
Fund balances - beginning	3,736,227	3,736,227	-
Fund balances - December 31	3,569,645	3,162,908	10,817,911

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, 2005
 (Continued)

	General Fund			Variance with Final Budget Over (Under)
	Budget Amounts		Actual	
	Original	Final		
Expenditures (continued):				
Current (continued):				
Public safety:				
Civil Emergency Management				
Personal services	2,427	5,584	5,088	486
Supplies	7,609	5,610	5,065	545
Other services and charges	3,211	2,013	1,807	206
Emergency Medical Services				
Personal services	9,334	9,245	5,412	3,833
Supplies	5,443	3,172	3,172	-
Other services and charges	8,275	6,811	6,656	155
Fire Department				
Personal services	202,706	203,833	173,110	30,723
Supplies	27,723	19,789	19,789	-
Other services and charges	64,853	312,810	312,211	599
Capital outlay	90,724	24,584	24,584	-
Police Department				
Personal services	3,066,859	3,196,794	3,044,133	152,661
Supplies	97,787	121,858	119,553	2,305
Other services and charges	614,737	682,038	674,335	7,703
Capital outlay	162,762	117,338	117,332	6
Total public safety	4,364,450	4,711,479	4,512,247	199,232
Sanitation:				
Sanitation and Streets				
Personal services	254,908	255,573	234,756	20,817
Supplies	19,196	18,728	15,385	3,333
Other services and charges	1,026,091	1,031,091	1,022,374	8,717
Total sanitation	1,300,195	1,305,392	1,272,525	32,867
Unappropriated	-	-	30,939	(30,939)
Total expenditures	7,059,218	7,465,955	7,165,369	300,586
Other financing sources (uses):				
Operating transfers in	-	-	144,931	144,931
Operating transfers out	-	-	(69,600)	(69,600)
Tax anticipation warrants received	-	-	3,500,000	3,500,000
Tax anticipation warrants repaid	-	-	(5,700,000)	(5,700,000)
Total other financing sources (uses)	-	-	(2,124,669)	9,275,331
Net change in fund balance	(166,582)	(573,319)	(408,305)	10,962,842
Fund balances - beginning	3,736,227	3,736,227	3,736,227	-
Fund balances - December 31	\$ 3,569,645	\$ 3,162,908	\$ 3,327,922	\$ 10,962,842

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, 2005
 (Continued)

	Parks and Recreation			Variance with Final Budget Over (Under)
	Budget Amounts		Actual	
	Original	Final		
Revenues:				
Taxes	\$ 842,248	\$ 842,248	\$ 1,188,889	\$ 346,641
Intergovernmental	94,682	94,682	57,608	(37,074)
Charges for services	705,600	705,600	530,020	(175,580)
Other	2,500	2,500	258,998	256,498
Total revenues	<u>1,645,030</u>	<u>1,645,030</u>	<u>2,035,515</u>	<u>390,485</u>
Expenditures:				
Current:				
Culture and recreation:				
Personal services	804,326	772,726	767,435	5,291
Supplies	124,565	115,714	115,713	1
Other services and charges	757,520	814,545	814,311	234
Capital outlay	10,000	-	-	-
Total expenditures	<u>1,696,411</u>	<u>1,702,985</u>	<u>1,697,459</u>	<u>5,526</u>
Other financing sources (uses):				
Tax anticipation warrants received	-	-	565,000	(565,000)
Tax anticipation warrants repaid	-	-	(1,000,000)	1,000,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(435,000)</u>	<u>435,000</u>
Net change in fund balance	(51,381)	(57,955)	(96,944)	819,959
Fund balances - beginning	589,163	589,163	589,163	-
Fund balances - December 31	<u>\$ 537,782</u>	<u>\$ 531,208</u>	<u>\$ 492,219</u>	<u>\$ 819,959</u>

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

TOWN OF HIGHLAND, INDIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2005

Note 1. Budgets and Budgetary Accounting

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

1. 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.
2. 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.
3. No later than September 20th of each year, the budget for the next year is approved by the Town Council through the passage of an ordinance.
4. 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.
5. 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.
6. 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, Hydrant Rental, Law Enforcement Continuing Education, Innkeepers Tax, Solid Waste Grant Fund, Redevelopment General, Park Nonreverting Operating

TOWN OF HIGHLAND, INDIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2005
(Continued)

Debt service funds:

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

Capital projects funds:

Cumulative Capital Improvement, Cumulative Capital Development, Park Nonreverting Capital, General Improvement Fund, Municipal Cumulative Street, Gaming Revenue Sharing, Redevelopment Capital

7. 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.
8. 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 \$684,183 in 2005.
9. Expenditures did not exceed appropriations for any funds or any departments within the General Fund which required legally approved budgets.

Note 2. Budgetary to GAAP reconciliation

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

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

	General	Parks and Recreation
Net change in fund balance (budgetary basis)	\$ (409,305)	\$ (96,944)
Adjustments:		
To adjust revenues for accruals	742,974	134,304
To adjust expenditures for accruals	36,782	20,260
To adjust for tax anticipation warrants	2,200,000	435,000
To adjust for transfer related to prior period adjustment	(133,050)	-
Net change in fund balance (GAAP basis)	\$ 2,437,401	\$ 492,620

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, 2005

<u>Assets</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Totals</u>
Cash and cash equivalents	\$ 148,226	\$ -	\$ -	\$ 148,226
Receivables (net of allowances for uncollectibles):				
Interest	552	-	-	552
Taxes	17,718	-	-	17,718
Intergovernmental	2,886	-	-	2,886
Restricted assets:				
Cash and cash equivalents	629,316	1,335,791	2,099,726	4,064,833
Interest receivable	1,296	1,963	7,457	10,716
Taxes receivable	31,375	206,710	67,549	305,634
Accounts receivable	-	-	35,000	35,000
Intergovernmental receivable	179,476	33,670	54,488	267,634
Special assessments receivable	-	-	71,601	71,601
Total assets	\$ 1,010,845	\$ 1,578,134	\$ 2,335,821	\$ 4,924,800

Liabilities and Fund Balances

Liabilities:				
Accounts payable	\$ 1,373	\$ -	\$ -	\$ 1,373
Accrued payroll and withholdings payable	1,931	-	-	1,931
Deferred revenue	30,180	127,076	156,612	313,868
Payable from restricted assets:				
Accounts payable	89,121	-	110	89,231
Accrued payroll and withholdings payable	8,576	-	-	8,576
Tax anticipation warrants payable	-	910,000	-	910,000
Total liabilities	131,181	1,037,076	156,722	1,324,979
Fund balances:				
Reserved for:				
Encumbrances	15,927	-	67,099	83,026
Unreserved, reported in:				
Special revenue funds	863,737	-	-	863,737
Capital projects funds	-	-	2,112,000	2,112,000
Debt service funds	-	541,058	-	541,058
Total fund balances	879,664	541,058	2,179,099	3,599,821
Total liabilities and fund balances	\$ 1,010,845	\$ 1,578,134	\$ 2,335,821	\$ 4,924,800

TOWN OF HIGHLAND, INDIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Debt Service Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Total</u>
Revenues:				
Taxes:				
Property	\$ 383,198	\$ 1,386,862	\$ 355,450	\$ 2,125,510
Special assessments	-	-	24,400	24,400
Licenses and permits	19,100	-	-	19,100
Intergovernmental	1,493,427	65,799	399,253	1,958,479
Charges for services	32,887	-	55,962	88,859
Other	62,819	11,070	149,683	223,572
Total revenues	<u>1,991,441</u>	<u>1,463,731</u>	<u>984,748</u>	<u>4,439,920</u>
Expenditures:				
Current:				
Public safety	456,330	-	-	456,330
Highways and streets	961,537	-	-	961,537
Sanitation	140,305	-	-	140,305
Culture and recreation	70,453	-	-	70,453
Urban redevelopment and housing	91,599	-	-	91,599
Debt service:				
Principal	-	1,000,000	-	1,000,000
Interest	-	231,879	-	231,879
Capital outlay:				
General government	-	-	69,389	69,389
Highways and streets	-	-	1,613,390	1,613,390
Culture and recreation	-	-	116,219	116,219
Urban redevelopment and housing	-	-	61,997	61,997
Total expenditures	<u>1,720,224</u>	<u>1,231,879</u>	<u>1,860,995</u>	<u>4,813,098</u>
Excess (deficiency) of revenues over (under) expenditures	<u>271,217</u>	<u>231,852</u>	<u>(876,247)</u>	<u>(373,178)</u>
Other financing sources (uses):				
Capital lease proceeds	-	-	45,210	45,210
Bond proceeds	-	-	1,091,903	1,091,903
Transfers in	69,600	50,000	-	119,600
Transfers out	(61,881)	-	-	(61,881)
Total other financing sources and uses	<u>7,719</u>	<u>50,000</u>	<u>1,137,113</u>	<u>1,194,832</u>
Net change in fund balances	<u>278,936</u>	<u>281,852</u>	<u>260,866</u>	<u>821,654</u>
Fund balances - beginning	<u>600,728</u>	<u>259,206</u>	<u>1,918,233</u>	<u>2,778,167</u>
Fund balances - ending	<u>\$ 879,664</u>	<u>\$ 541,058</u>	<u>\$ 2,179,099</u>	<u>\$ 3,599,821</u>

NONMAJOR SPECIAL REVENUE FUNDS

- Motor Vehicle Highway - To account for the construction and maintenance of streets, alleys and the operations of the street maintenance activities of the public works department. Resources are derived from state motor vehicle (gasoline tax) distributions. (Confer IC 8-14-1-5 et seq.)
- Local Road and Street - To account for the operation and maintenance of the local road and street systems. Resources are derived from state gasoline tax distributions. (Confer IC 8-14-2-5)
- Hydrant Rental - To account for expenditures of the Town for fire protection services related to fire hydrant use as provided and maintained by the Department of Water Works. Resources are derived from an annual specific tax levy.
- Unsafe Building - To account for expenditures and resources received for the programs of the Town related to operation and enforcement of the state unsafe building law. Resources are derived from settlements, bonds posted, money received in satisfaction of receivers' notes or money received for payment or settlement of civil penalties. (Confer IC 36-7-9 et seq.)
- Park Donation - To account for monies provided by private donors for parks and recreation purposes.
- Federal Forfeited and Seized Assets - To account for expenditures by the Metropolitan Police Department related to drug enforcement and other approved law enforcement purposes. Resources are derived from distributions from the Federal Government of confiscated assets, seized from illegal drug or other unlawful activities, gathered from cooperative law enforcement operations with Federal and law enforcement agencies.
- Law Enforcement Continuing Education - To account for expenditures related to continuing education of law enforcement officers employed by the Metropolitan Police Department as well as law enforcement equipment and supplies. Resources are derived from special fees collected from enforcement incidents, gun permit applications, accident reports and vehicle inspection. (Confer IC 5-2-8-6; IC 9-29-4-1; IC 9-29-11-1(a); IC 35-47-2-3)
- Innkeepers Tax - To account for expenditures of the Town related to economic development projects or purposes. Resources are derived from distributions from a county tax imposed upon Inns, Lodges, Hotels and Motels. (Confer IC 6-9-2 et seq.)
- Solid Waste Grant Fund - To account for expenditures of the Town related to programs of the municipality that are consistent with the terms of the Lake County Solid Waste District Management Twenty-Year Plan, and to support the on-going integrated, community based solid waste management program. Resources are derived from grant distributions from a county solid waste management special taxing district tax. (Confer IC 13-9.5 et seq.)

NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

- Donation - To account for monies provided by private donors.
- 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.
- 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 moneys are not required to be accounted for in another fund; or that are given in support and consequence of law enforcement efforts under such programs as the Indiana Automotive Safety Program, the Safe Kids Project and which support the establishment of Car Seat Fitting Station; and from investment yields.
- Law Enforcement Block Grant - To account for expenditures by the Metropolitan Police Department related to law enforcement and implementation of Bicycle Police Patrols. Resources are derived from distributions from a United States Department of Justice Local Law Enforcement Block Grant.
- Redevelopment General - To account for the operation and redevelopment activities of the Department of Redevelopment and the Redevelopment Commission. Resources are derived from a specific annual property tax levy and miscellaneous revenues. (Confer IC 36-7-14 et seq.)
- 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.)
- Highway of Flags Donation - To account for moneys 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).

NONMAJOR SPECIAL REVENUE FUNDS

(Continued)

- Park Nonreverting Operating - To account for expenditures and resources received in support of special events and community activities not otherwise accounted for in the Park and Recreation Fund, and established pursuant to IC 36-10-3-22. Resources are derived from special user fees and charges authorized by the Park and Recreation Board.
- Safe Neighborhood Grant - To account for expenditures related to special safety programs and activities carried out by the Metropolitan Police Department that support and extend safe neighborhoods according to the terms of a special grant awarded for these particular purposes. Resources are derived from a special grant awarded by the United States Department of Justice through the Indiana Criminal Justice Institute.
- Fire Computer Grant Fund - To account for expenditures related to the purchase of computer equipment and software carried out by the Fire Department according to the terms of a special grant awarded for this particular purpose. Resources are derived from a special grant award.
- Secure Our Schools Grant - To account for expenditures related to the improvement of security of school systems according to the terms of a special grant awarded for this particular purpose. While directed toward school systems, this "pass-through grant" required that a local public safety or police department serve as the grant recipient. Resources are derived from a special grant awarded by the Office of Community Oriented Policing Services of the United States Justice Department.

TOWN OF HIGHLAND, INDIANA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2005

Assets	Motor Vehicle Highway	Local Road and Street	Hydrant Rental	Unsafe Building	Park Donation	Federal Forfeited and Seized Assets	Law Enforcement Continuing Education	Innkeepers Tax
Cash and cash equivalents	-	-	-	-	5,058	-	-	-
Receivables (net of allowances for uncollectibles):								
Interest	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Restricted assets:								
Cash and cash equivalents	337,865	126,574	-	2,457	-	103,944	14,802	16,487
Interest receivable	680	275	-	-	-	251	45	45
Taxes receivable	31,375	-	-	-	-	-	-	-
Intergovernmental receivable	88,658	43,189	-	-	-	-	642	-
Total assets	458,578	170,038	-	2,457	5,058	104,195	15,489	16,532

Liabilities and Fund Balances

Liabilities:								
Accounts payable	-	-	-	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	-
Deferred revenue	19,288	-	-	-	-	-	-	-
Payable from restricted assets:								
Accounts payable	86,569	-	-	-	-	973	70	-
Accrued payroll and withholdings payable	8,576	-	-	-	-	-	-	-
Total liabilities	114,433	-	-	-	-	973	70	-
Fund balances:								
Reserved for:								
Encumbrances	722	4,600	-	-	-	-	113	-
Unreserved, reported in:								
Special revenue funds	343,423	165,438	-	2,457	5,058	103,222	15,306	16,532
Total fund balances	344,145	170,038	-	2,457	5,058	103,222	15,419	16,532
Total liabilities and fund balances	458,578	170,038	-	2,457	5,058	104,195	15,489	16,532

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2005
 (Continued)

Assets	Solid Waste Grant Fund	Donation	Fire		Traffic and Children Safety Grant Fund	Law Enforcement Block Grant	Redevelopment General	Hazardous Materials Response
			Department Homeland Security Grant	Security Grant				
Cash and cash equivalents	\$ -	\$ 30,230	\$ -	\$ -	\$ -	\$ -	\$ 80,510	\$ -
Receivables (net of allowances for uncollectibles):								
Interest	-	-	-	-	-	-	443	-
Taxes	-	-	-	-	-	-	17,718	-
Intergovernmental	-	-	-	-	-	-	2,886	-
Restricted assets:								
Cash and cash equivalents	-	-	1,784	4,399	-	-	-	474
Interest receivable	-	-	-	-	-	-	-	-
Taxes receivable	-	-	-	-	-	-	-	-
Intergovernmental receivable	-	-	-	-	-	-	-	-
Total assets	\$ 6,987	\$ 30,230	\$ 1,784	\$ 4,399	\$ -	\$ -	\$ 101,557	\$ 474
Liabilities and Fund Balances								
Liabilities:								
Accounts payable	\$ -	\$ 1,373	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-	-	1,931	-
Deferred revenue	-	-	-	-	-	-	10,892	-
Payable from restricted assets:								
Accounts payable	-	-	1,509	-	-	-	-	-
Accrued payroll and withholdings payable	-	-	-	-	-	-	-	-
Total liabilities	-	\$ 1,373	\$ 1,509	\$ -	\$ -	\$ -	\$ 12,823	\$ -
Fund balances:								
Reserved for:								
Encumbrances	9,710	-	-	-	-	-	632	-
Unreserved, reported in:								
Special revenue funds	(2,723)	28,857	275	4,399	-	-	88,102	474
Total fund balances	6,987	28,857	275	4,399	-	-	88,734	474
Total liabilities and fund balances	\$ 6,987	\$ 30,230	\$ 1,784	\$ 4,399	\$ -	\$ -	\$ 101,557	\$ 474

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2005
 (Continued)

Assets	Highway of Flags Donation	Park Nonreverting Operating	Safe Neighborhood Grant	Fire Computer Grant Fund	Secure Our Schools Grant	Totals
Cash and cash equivalents	\$ 21,552	\$ 10,876	\$ -	\$ -	\$ -	\$ 148,226
Receivables (net of allowances for uncollectibles):						
Interest	72	37	-	-	-	552
Taxes	-	-	-	-	-	17,718
Intergovernmental	-	-	-	-	-	2,886
Restricted assets:						
Cash and cash equivalents	-	-	20,529	1	-	629,316
Interest receivable	-	-	-	-	-	1,296
Taxes receivable	-	-	-	-	-	31,375
Intergovernmental receivable	-	-	40,000	-	-	179,476
Total assets	\$ 21,624	\$ 10,913	\$ 60,529	\$ 1	\$ -	\$ 1,010,845
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	-	-	-	-	-	1,373
Accrued payroll and withholdings payable	-	-	-	-	-	1,931
Deferred revenue	-	-	-	-	-	30,180
Payable from restricted assets:						
Accounts payable	-	-	-	-	-	89,121
Accrued payroll and withholdings payable	-	-	-	-	-	8,576
Total liabilities	-	-	-	-	-	131,181
Fund balances:						
Reserved for:						
Encumbrances	-	150	-	-	-	15,927
Unreserved, reported in:						
Special revenue funds	21,624	10,763	60,529	1	-	863,737
Total fund balances	21,624	10,913	60,529	1	-	879,664
Total liabilities and fund balances	\$ 21,624	\$ 10,913	\$ 60,529	\$ 1	\$ -	\$ 1,010,845

TOWN OF HIGHLAND, INDIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2005

	Motor Vehicle Highway	Local Road and Street	Hydrant Rental	Unsafe Building	Park Donation	Federal Forfeited and Seized Assets	Law Enforcement Continuing Education	Inkkeepers Tax
Revenues:								
Taxes:								
Property	\$ 83,311	\$ -	223,944	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	2,050	-
Intergovernmental	737,950	275,497	-	-	-	51,771	1,887	5,400
Charges for services	-	-	-	-	-	-	16,013	-
Other	9,643	3,431	876	-	2,100	3,002	196	445
Total revenues	<u>830,904</u>	<u>278,928</u>	<u>224,820</u>	<u>-</u>	<u>2,100</u>	<u>54,773</u>	<u>20,146</u>	<u>5,845</u>
Expenditures:								
Current:								
Public safety	-	-	-	-	-	29,320	26,168	-
Highways and streets	760,089	201,448	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	3,744	-	-	5,954
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Total expenditures	<u>760,089</u>	<u>201,448</u>	<u>-</u>	<u>-</u>	<u>3,744</u>	<u>29,320</u>	<u>26,168</u>	<u>5,954</u>
Excess (deficiency) of revenues over (under) expenditures	<u>70,815</u>	<u>77,480</u>	<u>224,820</u>	<u>-</u>	<u>(1,644)</u>	<u>25,453</u>	<u>(6,022)</u>	<u>(109)</u>
Other financing sources (uses):								
Transfers in	-	(50,000)	(11,881)	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>(50,000)</u>	<u>(11,881)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>70,815</u>	<u>27,480</u>	<u>212,939</u>	<u>-</u>	<u>(1,644)</u>	<u>25,453</u>	<u>(6,022)</u>	<u>(109)</u>
Fund balances - beginning	<u>273,330</u>	<u>142,558</u>	<u>(212,939)</u>	<u>2,457</u>	<u>6,702</u>	<u>77,769</u>	<u>21,441</u>	<u>16,641</u>
Fund balances - ending	<u>\$ 344,145</u>	<u>\$ 170,038</u>	<u>\$ -</u>	<u>\$ 2,457</u>	<u>\$ 5,058</u>	<u>\$ 103,222</u>	<u>\$ 15,419</u>	<u>\$ 16,532</u>

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Solid Waste Grant Fund	Donation	Fire Department Homeland Security Grant	Traffic and Children Safety Grant Fund	Law Enforcement Block Grant	Redevelopment General	Hazardous Materials Response
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,943	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	86,724	-	203,261	-	-	5,640	-
Charges for services	-	-	-	-	-	-	-
Other	1,840	34,319	-	-	-	4,832	276
Total revenues	88,564	34,319	203,261	-	-	86,415	276
Expenditures:							
Current:							
Public safety	-	23,962	272,586	139	7,510	-	10,000
Highways and streets	-	-	-	-	-	-	-
Sanitation	140,305	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	91,599	-
Total expenditures	140,305	23,962	272,586	139	7,510	91,599	10,000
Excess (deficiency) of revenues over (under) expenditures	(51,741)	10,357	(69,325)	(139)	(7,510)	(5,184)	(9,724)
Other financing sources (uses):							
Transfers in	-	-	69,600	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	69,600	-	-	-	-
Net change in fund balances	(51,741)	10,357	275	(139)	(7,510)	(5,184)	(9,724)
Fund balances - beginning	58,728	18,500	-	4,538	7,510	93,918	10,198
Fund balances - ending	\$ 6,987	\$ 28,857	\$ 275	\$ 4,399	\$ -	\$ 88,734	\$ 474

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Highway of Flags Donation	Park Nonreverting Operating	Safe Neighborhood Grant	Fire Computer Grant Fund	Secure Our Schools Grant	Total
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	383,198
Licenses and permits	-	17,050	-	-	-	19,100
Intergovernmental	-	-	65,297	-	60,000	1,493,427
Charges for services	-	16,884	-	-	-	32,897
Other	287	1,572	-	-	-	62,819
Total revenues	<u>287</u>	<u>35,506</u>	<u>65,297</u>	<u>-</u>	<u>60,000</u>	<u>1,981,441</u>
Expenditures:						
Current:						
Public safety	-	-	26,645	-	60,000	456,330
Highways and streets	-	-	-	-	-	961,537
Sanitation	-	-	-	-	-	140,305
Culture and recreation	244	60,511	-	-	-	70,453
Urban redevelopment and housing	-	-	-	-	-	91,599
Total expenditures	<u>244</u>	<u>60,511</u>	<u>26,645</u>	<u>-</u>	<u>60,000</u>	<u>1,720,224</u>
Excess (deficiency) of revenues over (under) expenditures	<u>43</u>	<u>(25,005)</u>	<u>38,652</u>	<u>-</u>	<u>-</u>	<u>271,217</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	68,600
Transfers out	-	-	-	-	-	(61,881)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,719</u>
Net change in fund balances	<u>43</u>	<u>(25,005)</u>	<u>38,652</u>	<u>-</u>	<u>-</u>	<u>276,936</u>
Fund balances - beginning	<u>21,581</u>	<u>35,918</u>	<u>21,877</u>	<u>1</u>	<u>-</u>	<u>600,728</u>
Fund balances - ending	<u>\$ 21,624</u>	<u>\$ 10,913</u>	<u>\$ 60,529</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 879,664</u>

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - MOTOR VEHICLE HIGHWAY
 For The Year Ended December 31, 2005

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 99,570	\$ 99,570	\$ 70,627	\$ (28,943)
Intergovernmental	769,424	769,424	746,555	(22,869)
Other	-	-	9,208	9,208
Total revenues	868,994	868,994	826,390	(42,604)
Expenditures:				
Current:				
Highways and streets				
Personal services	450,274	453,167	442,137	11,030
Supplies	187,289	186,661	184,918	1,743
Other services and charges	101,860	101,954	100,065	1,889
Capital Outlay	-	3,267	3,267	-
Total expenditures	739,423	745,049	730,387	14,662
Net change in fund balance	129,571	123,945	96,003	(57,266)
Fund balances - beginning	241,862	241,862	241,862	-
Fund balances - December 31	\$ 371,433	\$ 365,807	\$ 337,865	\$ (57,266)
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 96,003	
To adjust revenues for accruals			4,514	
To adjust expenditures for accruals			(29,702)	
Net change in fund balance, GAAP basis			\$ 70,815	

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, 2005

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 258,917	\$ 258,917	\$ 277,176	\$ 18,259
Other	-	-	3,291	3,291
Total revenues	<u>258,917</u>	<u>258,917</u>	<u>280,467</u>	<u>21,550</u>
Expenditures:				
Current:				
Highways and streets	62,408	62,408	62,240	168
Personal services	221,787	163,617	139,558	24,059
Other services and charges				
Total expenditures	<u>284,195</u>	<u>226,025</u>	<u>201,798</u>	<u>24,227</u>
Other financing sources (uses):				
Transfers out	-	(50,000)	(50,000)	-
Net change in fund balance	(25,278)	(17,108)	28,669	(2,677)
Fund balances - beginning	97,905	97,905	97,905	-
Fund balances - December 31	<u>\$ 72,627</u>	<u>\$ 80,797</u>	<u>\$ 126,574</u>	<u>\$ (2,677)</u>
<u>Budget/GAAP Reconciliation</u>				
Net change in fund balance, budgetary basis			\$ 28,669	
To adjust revenues for accruals			(1,539)	
To adjust expenditures for accruals			350	
Net change in fund balance, GAAP basis			<u>\$ 27,480</u>	

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS - HYDRANT RENTAL
 For The Year Ended December 31, 2005

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ 223,944	\$ 223,944
Intergovernmental	-	-	4,282	4,282
Other	500	500	1,057	557
Total revenues	<u>500</u>	<u>500</u>	<u>229,283</u>	<u>228,783</u>
Expenditures:				
Current:				
General government	-	-	-	-
Other services and charges	-	-	-	-
Other financing sources (uses):				
Transfers out	-	-	(11,881)	11,881
Temporary loans made	-	-	64,328	(64,328)
Temporary loans repaid	-	-	(374,786)	374,786
Net change in fund balance	500	500	(93,056)	615,450
Fund balances - beginning	<u>93,056</u>	<u>93,056</u>	<u>93,056</u>	<u>-</u>
Fund balances - December 31	<u>\$ 93,556</u>	<u>\$ 93,556</u>	<u>\$ -</u>	<u>\$ 615,450</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (93,056)	
To adjust revenues for accruals			(4,483)	
To adjust expenditures for accruals			310,458	
Net change in fund balance, GAAP basis			<u>\$ 212,939</u>	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - LAW ENFORCEMENT CONTINUING EDUCATION
 For The Year Ended December 31, 2005

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Licenses and permits	\$ -	\$ -	2,120	\$ 2,120
Intergovernmental	2,100	2,100	1,776	(324)
Charges for services	15,324	15,324	16,380	1,066
Other	-	-	425	425
Total revenues	17,424	17,424	20,711	3,287
Expenditures:				
Current:				
Public safety				
Supplies	7,395	7,395	6,668	726
Other services and charges	20,440	20,327	19,429	898
Total expenditures	27,835	27,722	26,098	1,624
Net change in fund balance	(10,411)	(10,298)	(5,387)	1,663
Fund balances - beginning	20,189	20,189	20,189	-
Fund balances - December 31	\$ 9,778	\$ 9,891	\$ 14,802	\$ 1,663
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (5,387)	
To adjust revenues for accruals			(565)	
To adjust expenditures for accruals			(70)	
Net change in fund balance, GAAP basis			\$ (6,022)	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - INNKEEPERS TAX
 For The Year Ended December 31, 2005

	Budget Amounts			Actual		Variance with Final Budget Over (Under)
	Original	Final				
Revenues:						
Intergovernmental	\$ 5,400	\$ 5,400	\$	5,400	\$	-
Other	-	-		425		425
Total revenues	5,400	5,400		5,825		425
Expenditures:						
Current:						
Culture and recreation				1,955		6,545
Supplies	12,500	8,500		4,000		1,500
Other services and charges	1,500	5,500				
Total expenditures	14,000	14,000		5,955		8,045
Net change in fund balance	(8,600)	(8,600)		(130)		(7,620)
Fund balances - beginning	16,617	16,617		16,617		-
Fund balances - December 31	\$ 8,017	\$ 8,017		\$ 16,487		\$ (7,620)
Budget/GAAP Reconciliation						
Net change in fund balance, budgetary basis			\$	(130)		
To adjust revenues for accruals				21		
Net change in fund balance, GAAP basis			\$	(109)		

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, 2005

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$	121,999	\$ 79,737	\$ (42,262)
Other		150	1,840	1,690
Total revenues		<u>122,149</u>	<u>81,577</u>	<u>(40,572)</u>
Expenditures:				
Current:				
Sanitation				
Supplies	3,006	3,006	3,006	-
Other services and charges	119,059	119,059	119,059	-
Capital outlay	-	18,290	18,240	50
Total expenditures	<u>122,065</u>	<u>140,355</u>	<u>140,305</u>	<u>50</u>
Net change in fund balance	84	(18,206)	(58,728)	(40,622)
Fund balances - beginning	<u>58,728</u>	<u>58,728</u>	<u>58,728</u>	<u>-</u>
Fund balances - December 31	<u>\$ 58,812</u>	<u>\$ 40,522</u>	<u>\$ -</u>	<u>\$ (40,622)</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (58,728)	
To adjust revenues for accruals			<u>6,987</u>	
Net change in fund balance, GAAP basis			<u>\$ (51,741)</u>	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - REDEVELOPMENT GENERAL
 For The Year Ended December 31, 2005

	Budget Amounts			Actual	Variance with Final Budget Over (Under)
	Original	Final	Final		
Revenues:					
Taxes	\$ 56,228	\$ 56,228	\$ 68,780	\$ 12,552	
Intergovernmental	6,320	6,320	3,643	(2,677)	
Other	600	600	4,654	4,054	
Total revenues	<u>63,148</u>	<u>63,148</u>	<u>77,077</u>	<u>13,929</u>	
Expenditures:					
Current:					
Urban redevelopment and housing					
Personal services	50,251	50,251	43,354	6,897	
Supplies	600	1,100	1,082	18	
Other services and charges	82,506	70,912	45,477	25,435	
Total expenditures	<u>133,357</u>	<u>122,263</u>	<u>89,913</u>	<u>32,350</u>	
Net change in fund balance	<u>(70,209)</u>	<u>(59,115)</u>	<u>(12,836)</u>	<u>(18,421)</u>	
Fund balances - beginning	<u>93,346</u>	<u>93,346</u>	<u>93,346</u>	<u>-</u>	
Fund balances - December 31	<u>\$ 23,137</u>	<u>\$ 34,231</u>	<u>\$ 80,510</u>	<u>\$ (18,421)</u>	
<u>Budget/GAAP Reconciliation</u>					
Net change in fund balance, budgetary basis			\$ (12,836)		
To adjust revenues for accruals			9,339		
To adjust expenditures for accruals			(1,687)		
Net change in fund balance, GAAP basis			<u>\$ (5,184)</u>		

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 SPECIAL REVENUE FUNDS - PARK NONREVERTING OPERATING
 For The Year Ended December 31, 2005

	Budget Amounts			Actual	Variance with Final Budget Over (Under)
	Original	Final			
Revenues:					
Licenses and permits	\$ 15,500	\$ 15,500	\$	17,050	1,550
Charges for services	-	-		16,357	16,357
Other	<u>32,500</u>	<u>32,500</u>		<u>2,120</u>	<u>(30,380)</u>
Total revenues	<u>48,000</u>	<u>48,000</u>		<u>35,527</u>	<u>(12,473)</u>
Expenditures:					
Current:					
Culture and recreation	1,500	1,500		325	1,175
Supplies	<u>62,018</u>	<u>62,093</u>		<u>60,486</u>	<u>1,607</u>
Other services and charges					
Total expenditures	<u>63,518</u>	<u>63,593</u>		<u>60,811</u>	<u>2,782</u>
Net change in fund balance	<u>(15,518)</u>	<u>(15,593)</u>		<u>(25,284)</u>	<u>(15,255)</u>
Fund balances - beginning	<u>36,160</u>	<u>36,160</u>		<u>36,160</u>	<u>-</u>
Fund balances - December 31	<u>\$ 20,642</u>	<u>\$ 20,567</u>		<u>\$ 10,876</u>	<u>\$ (15,255)</u>
Budget/GAAP Reconciliation					
Net change in fund balance, budgetary basis			\$	(25,284)	
To adjust revenues for accruals				(21)	
To adjust expenditures for accruals				<u>300</u>	
Net change in fund balance, GAAP basis			\$	<u>(25,005)</u>	

NONMAJOR DEBT SERVICE FUNDS

- Corporation Bond and Interest -** To account for the accumulation of resources for, and the payment of general long-term debt of the Town. Resources are derived from an annual tax levy. Property Tax levy in excess of actual requirements is legally restricted to servicing the debt. (Confer IC 35-5-2-11; IC 6-1.1-20)
- Parks and Recreation Bond and Interest -** To account for the accumulation of resources for and payment of the general long-term debt of 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, 2005

Assets	Corporation Bond and Interest	Parks and Recreation Bond and Interest	Redevelopment Bond and Interest	Totals
Restricted assets:				
Cash and cash equivalents	\$ 266,182	\$ 479,606	\$ 590,003	\$ 1,335,791
Interest receivable	453	767	743	1,963
Taxes receivable	50,201	21,409	135,100	206,710
Intergovernmental receivable	8,177	3,487	22,006	33,670
Total assets	\$ 325,013	\$ 505,269	\$ 747,852	\$ 1,578,134
Liabilities and Fund Balances				
Liabilities:				
Payable from restricted assets:				
Tax anticipation warrants payable	\$ 110,000	\$ 500,000	\$ 300,000	\$ 910,000
Deferred revenue	30,861	13,161	83,054	127,076
Total liabilities	140,861	513,161	383,054	1,037,076
Fund balances:				
Unreserved, reported in:				
Debt service funds	184,152	(7,892)	364,798	541,058
Total liabilities and fund balances	\$ 325,013	\$ 505,269	\$ 747,852	\$ 1,578,134

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICE FUNDS
 For The Year Ended December 31, 2005

	Corporation Bond and Interest	Parks and Recreation Bond and Interest	Redevelopment Bond and Interest	Total
Revenues:				
Taxes:				
Property	260,622	433,400	692,840	1,386,862
Intergovernmental	15,981	6,815	43,003	65,799
Other	2,589	4,460	4,021	11,070
Total revenues	279,192	444,675	739,864	1,463,731
Expenditures:				
Debt service:				
Principal	195,000	405,000	400,000	1,000,000
Interest	34,183	125,500	72,196	231,879
Total expenditures	229,183	530,500	472,196	1,231,879
Excess (deficiency) of revenues over (under) expenditures	50,009	(85,825)	267,668	231,852
Other financing sources:				
Transfers in	50,000	-	-	50,000
Net change in fund balances	100,009	(85,825)	267,668	281,852
Fund balances - beginning	84,143	77,933	97,130	259,206
Fund balances - ending	184,152	(7,892)	364,798	541,058

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 DEBT SERVICE FUNDS - CORPORATION BOND AND INTEREST
 For The Year Ended December 31, 2005

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 159,313	\$ 159,313	\$ 240,327	\$ 81,014
Intergovernmental	17,909	17,909	11,193	(6,716)
Other	50,000	50,000	2,136	(47,864)
Total revenues	<u>227,222</u>	<u>227,222</u>	<u>253,656</u>	<u>26,434</u>
Expenditures:				
Debt service:				
Principal	195,000	195,000	195,000	-
Interest and fiscal agent fees	34,183	34,183	34,183	-
Total expenditures	<u>229,183</u>	<u>229,183</u>	<u>229,183</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	50,000	50,000	50,000	-
Tax anticipation warrants received	-	-	253,833	(253,833)
Tax anticipation warrants repaid	-	-	(143,833)	143,833
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>160,000</u>	<u>(110,000)</u>
Net change in fund balance	48,039	48,039	184,473	(83,566)
Fund balances - beginning	81,709	81,709	81,709	-
Fund balances - December 31	<u>\$ 129,748</u>	<u>\$ 129,748</u>	<u>\$ 266,182</u>	<u>\$ (83,566)</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 184,473	
To adjust revenues for accruals			25,536	
To adjust for tax anticipation warrants payable			(110,000)	
Net change in fund balance, GAAP basis			<u>\$ 100,009</u>	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 DEBT SERVICE FUNDS - PARKS AND RECREATION BOND AND INTEREST
 For The Year Ended December 31, 2005

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 67,942	\$ 67,942	\$ 424,744	\$ 356,802
Intergovernmental	7,638	7,638	10,935	3,297
Other	-	-	3,693	3,693
Total revenues	75,580	75,580	439,372	363,792
Expenditures:				
Debt service:				
Principal	405,000	405,000	405,000	-
Interest and fiscal agent fees	125,500	125,500	125,500	-
Total expenditures	530,500	530,500	530,500	-
Other financing sources (uses):				
Tax anticipation warrants received	-	-	919,896	(919,896)
Tax anticipation warrants repaid	-	-	(419,896)	419,896
Total other financing sources (uses)	-	-	500,000	(500,000)
Net change in fund balance	(454,920)	(454,920)	408,872	(136,208)
Fund balances - beginning	70,734	70,734	70,734	-
Fund balances - December 31	(384,186)	(384,186)	479,606	(136,208)

Budget/GAAP Reconciliation	
Net change in fund balance, budgetary basis	\$ 408,872
To adjust revenues for accruals	5,303
To adjust for tax anticipation warrants payable	(500,000)
Net change in fund balance, GAAP basis	\$ (85,825)

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, 2005

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 428,738	\$ 428,738	\$ 638,223	\$ 209,485
Intergovernmental	48,197	48,197	29,956	(18,241)
Other	-	-	3,278	3,278
Total revenues	<u>476,935</u>	<u>476,935</u>	<u>671,457</u>	<u>194,522</u>
Expenditures:				
Debt service:				
Principal	400,000	400,000	400,000	-
Interest and fiscal agent fees	72,196	72,196	72,196	-
Total expenditures	<u>472,196</u>	<u>472,196</u>	<u>472,196</u>	<u>-</u>
Other financing sources (uses):				
Tax anticipation warrants received	-	-	672,644	(672,644)
Tax anticipation warrants repaid	-	-	(372,644)	372,644
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>300,000</u>	<u>(300,000)</u>
Net change in fund balance	4,739	4,739	499,261	(105,478)
Fund balances - beginning	90,742	90,742	90,742	-
Fund balances - December 31	<u>\$ 95,481</u>	<u>\$ 95,481</u>	<u>\$ 590,003</u>	<u>\$ (105,478)</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 499,261	
To adjust revenues for accruals			68,407	
To adjust for tax anticipation warrants payable			(300,000)	
Net change in fund balance, GAAP basis			<u>\$ 267,668</u>	

NONMAJOR CAPITAL PROJECT FUNDS

Cumulative Capital Improvement -	To account for financial resources related to improvement projects or the payment of debt incurred for improvements to the Town. Resources are derived from state cigarette tax distributions. (Confer IC 6-7-1-31.1)
Cumulative Capital Development -	To account for expenditures related to capital improvements and leases of public safety equipment or vehicles. Resources are derived from a specific tax levy.
Park Nonreverting Capital -	To account for financial resources for the purposes of acquiring land or making specific capital improvements to facilities and plant under the jurisdiction of the Parks and Recreation Department. Resources may be derived from transfers from the Parks and Recreation General Fund, proceeds from the sales of surplus property - both real and personal and other miscellaneous revenues. Authority for the fund comes from IC 36-10-3-22 and 26.
Improvement Escrow Fund -	To account for expenditures and revenues related to contributions from persons for the allocatable costs of reconstruction of public ways or sidewalks and the cash sureties of subdivision developers which are held for a period of two years following approval.
General Improvement Fund -	To account for financial resources related to infrastructure improvements, including sidewalks, gutters, and curbs, specifically identified for and made in an established General Improvement District. Resources for this fund are derived from assessments paid by property holders in the district whose property is specifically found to be benefited from the improvements. Authority for the fund comes from the provisions of IC 36-9-17 et seq.
Municipal Cumulative Street -	To account for expenditures and resources related to the acquisition of rights-of-way for public ways or sidewalks, or the construction or reconstruction of public ways or sidewalks. Resources are derived from municipal and miscellaneous revenues. (Confer IC 36-9-16.5-2)

NONMAJOR CAPITAL PROJECT FUNDS

(Continued)

Gaming Revenue Sharing -

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

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 Parks and Recreations Department. Resources may be derived from the transfers from the Parks and Recreation General Fund, proceeds from the sales of surplus property - both real and personal and other miscellaneous revenues. Authority for the fund comes from IC 36-10-3-22 and 26.

Corporation Capital -

To account for expenditures and resources received in consequence certain capital improvement projects of the municipality, which may include street and highway resurfacing or reconstruction. Resources are derived from the sale proceeds of general obligation bonds of the corporation and interest earned on fund balance.

TOWN OF HIGHLAND, INDIANA
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 December 31, 2005

<u>Assets</u>	Cumulative Capital Improvement	Cumulative Capital Development	Park Nonreverting Capital	Improvement Escrow Fund	General Improvement Fund
Restricted assets:					
Cash and cash equivalents	\$ 131,390	\$ 679,469	\$ 209,348	\$ -	\$ 81,840
Interest receivable	257	1,874	543	-	318
Taxes receivable	-	53,892	-	-	-
Accounts receivable	-	-	-	-	-
Intergovernmental receivable	7,181	8,778	-	-	-
Special assessments receivable	-	-	-	-	71,601
Total assets	\$ 138,828	\$ 744,013	\$ 209,891	\$ -	\$ 153,759
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Deferred revenue	\$ 7,181	\$ 33,130	\$ -	\$ -	\$ 71,601
Payable from restricted assets:					
Accounts payable	-	-	-	-	110
Total liabilities	7,181	33,130	-	-	71,711
Fund balances:					
Reserved for:					
Encumbrances	-	5,274	-	-	120
Unreserved, reported in:					
Capital projects funds	131,647	705,609	209,891	-	81,928
Total fund balances	131,647	710,883	209,891	-	82,048
Total liabilities and fund balances	\$ 138,828	\$ 744,013	\$ 209,891	\$ -	\$ 153,759

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING BALANCE SHEET
 NONMAJOR CAPITAL PROJECTS FUNDS
 December 31, 2005
 (Continued)

<u>Assets</u>	Municipal Cumulative Street	Gaming Revenue Sharing	Redevelopment Capital	Corporation Capital	<u>Totals</u>
Restricted assets:					
Cash and cash equivalents	\$ 27,038	\$ 321,990	\$ 383,838	\$ 264,813	\$ 2,099,726
Interest receivable	-	2,137	1,034	1,294	7,457
Taxes receivable	-	-	13,657	-	67,549
Accounts receivable	-	35,000	-	-	35,000
Intergovernmental receivable	-	36,304	2,225	-	54,488
Special assessments receivable	-	-	-	-	71,601
Total assets	\$ 27,038	\$ 395,431	\$ 400,754	\$ 266,107	\$ 2,335,821
Liabilities and Fund Balances					
Liabilities:					
Deferred revenue	\$ -	\$ 36,304	\$ 8,396	\$ -	\$ 156,612
Payable from restricted assets:					
Accounts payable	-	-	-	-	110
Total liabilities	-	36,304	8,396	-	156,722
Fund balances:					
Reserved for:					
Encumbrances	-	56,450	5,255	-	67,099
Unreserved, reported in:					
Capital projects funds	27,038	302,677	387,103	266,107	2,112,000
Total fund balances	27,038	359,127	392,358	266,107	2,179,099
Total liabilities and fund balances	\$ 27,038	\$ 395,431	\$ 400,754	\$ 266,107	\$ 2,335,821

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 For The Year Ended December 31, 2005

	<u>Cumulative</u>	<u>Cumulative</u>	<u>Park</u>	<u>Improvement</u>	<u>General</u>
	<u>Capital</u>	<u>Capital</u>	<u>Nonreverting</u>	<u>Escrow Fund</u>	<u>Improvement</u>
	<u>Improvement</u>	<u>Development</u>	<u>Capital</u>	<u>Fund</u>	<u>Fund</u>
Revenues:					
Taxes:					
Property	-	274,938	-	-	-
Special assessments	-	-	-	-	24,400
Intergovernmental	72,787	17,154	-	-	-
Charges for services	-	-	52,209	-	-
Other	1,999	15,175	27,528	-	3,645
Total revenues	<u>74,786</u>	<u>307,267</u>	<u>79,737</u>	<u>-</u>	<u>28,045</u>
Expenditures:					
Capital outlay:					
General government	2,501	66,888	-	-	-
Highways and streets	-	-	-	-	79,912
Culture and recreation	-	-	116,219	-	-
Urban redevelopment and housing	-	-	-	-	-
Total expenditures	<u>2,501</u>	<u>66,888</u>	<u>116,219</u>	<u>-</u>	<u>79,912</u>
Excess (deficiency) of revenues over (under) expenditures	<u>72,285</u>	<u>240,379</u>	<u>(36,482)</u>	<u>-</u>	<u>(51,867)</u>
Other financing sources (uses):					
Capital lease proceeds	-	-	45,210	-	-
Bond proceeds	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>45,210</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>72,285</u>	<u>240,379</u>	<u>8,728</u>	<u>-</u>	<u>(51,867)</u>
Fund balances - beginning	<u>59,362</u>	<u>470,504</u>	<u>201,163</u>	<u>-</u>	<u>133,915</u>
Fund balances - ending	<u>\$ 131,647</u>	<u>\$ 710,883</u>	<u>\$ 209,891</u>	<u>\$ -</u>	<u>\$ 82,048</u>

Continued on next page

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
 NONMAJOR CAPITAL PROJECTS FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Municipal Cumulative Street	Gaming Revenue Sharing	Redevelopment Capital	Corporation Capital	Total
Revenues:					
Taxes:					
Property	\$ -	\$ -	80,512	\$ -	355,450
Special assessments	-	-	-	-	24,400
Intergovernmental	-	304,966	4,346	-	399,253
Charges for services	-	-	3,753	-	55,962
Other	29,423	55,606	9,265	7,042	149,683
Total revenues	29,423	360,572	97,876	7,042	984,748
Expenditures:					
Capital outlay:					
General government	-	-	-	-	69,389
Highways and streets	29,599	671,041	-	832,838	1,613,390
Culture and recreation	-	-	-	-	116,219
Urban redevelopment and housing	-	-	61,997	-	61,997
Total expenditures	29,599	671,041	61,997	832,838	1,860,995
Excess (deficiency) of revenues over (under) expenditures	(176)	(310,469)	35,879	(825,796)	(876,247)
Other financing sources (uses):					
Capital lease proceeds	-	-	-	-	45,210
Bond proceeds	-	-	-	1,091,903	1,091,903
Total other financing sources and uses	-	-	-	1,091,903	1,137,113
Net change in fund balances	(176)	(310,469)	35,879	266,107	260,866
Fund balances - beginning	27,214	669,596	356,479	-	1,918,233
Fund balances - ending	\$ 27,038	\$ 359,127	\$ 392,358	\$ 266,107	\$ 2,179,099

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL IMPROVEMENT
 For The Year Ended December 31, 2005

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 88,533	\$ 88,533	\$ 72,788	\$ (15,745)
Other	-	-	1,888	1,888
Total revenues	<u>88,533</u>	<u>88,533</u>	<u>74,676</u>	<u>(13,857)</u>
Expenditures:				
Capital outlay:				
General government	8,000	8,000	2,501	5,499
Other services and charges	81,000	81,000	-	81,000
Capital outlay	-	-	-	-
Total expenditures	<u>89,000</u>	<u>89,000</u>	<u>2,501</u>	<u>86,499</u>
Net change in fund balance	(467)	(467)	72,175	(100,356)
Fund balances - beginning	<u>59,215</u>	<u>59,215</u>	<u>59,215</u>	<u>-</u>
Fund balances - December 31	<u>\$ 58,748</u>	<u>\$ 58,748</u>	<u>\$ 131,390</u>	<u>\$ (100,356)</u>
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 72,175	
To adjust revenues for accruals			110	
Net change in fund balance, GAAP basis			<u>\$ 72,285</u>	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL DEVELOPMENT
 For The Year Ended December 31, 2005

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 171,027	\$ 171,027	\$ 253,151	\$ 82,124
Intergovernmental	19,227	19,227	11,922	(7,305)
Other	150	150	13,574	13,424
Total revenues	190,404	190,404	278,647	88,243
Expenditures:				
Capital outlay:				
General government	13,131	34,531	32,673	1,858
Other services and charges	74,648	47,974	34,215	13,759
Capital outlay				
Total expenditures	87,779	82,505	66,888	15,617
Net change in fund balance	102,625	107,899	211,759	72,626
Fund balances - beginning	467,710	467,710	467,710	-
Fund balances - December 31	\$ 570,335	\$ 575,609	\$ 679,469	\$ 72,626
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 211,759	
To adjust revenues for accruals			28,620	
Net change in fund balance, GAAP basis			\$ 240,379	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - PARK NONREVERTING CAPITAL
 For The Year Ended December 31, 2005

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Charges for services	\$ -	\$ -	\$ 12,209	\$ 12,209
Other	-	-	67,267	67,267
Total revenues	-	-	79,476	79,476
Expenditures:				
Capital outlay:				
Culture and recreation				
Capital outlay	122,020	134,229	71,009	63,220
Net change in fund balance	(122,020)	(134,229)	8,467	16,256
Fund balances - beginning	200,881	200,881	200,881	-
Fund balances - December 31	\$ 78,861	\$ 66,652	\$ 209,348	\$ 16,256
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 8,467	
To adjust revenues for accruals			261	
Net change in fund balance, GAAP basis			\$ 8,728	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - GENERAL IMPROVEMENT FUND
 For The Year Ended December 31, 2005

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Special assessments	\$ 7,000	\$ 7,000	\$ 24,400	\$ 17,400
Other	-	-	3,527	3,527
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>27,927</u>	<u>20,927</u>
Expenditures:				
Capital outlay:				
Highways and streets	1,200	2,280	854	1,426
Other services and charges	-	78,949	78,948	1
Capital outlay	1,200	81,229	79,802	1,427
Total expenditures	<u>5,800</u>	<u>(74,229)</u>	<u>(51,875)</u>	<u>19,500</u>
Net change in fund balance	<u>133,715</u>	<u>133,715</u>	<u>133,715</u>	<u>-</u>
Fund balances - beginning	<u>\$ 139,515</u>	<u>\$ 59,486</u>	<u>\$ 81,840</u>	<u>\$ 19,500</u>
Fund balances - December 31				
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (51,875)	
To adjust revenues for accruals			118	
To adjust expenditures for accruals			(110)	
Net change in fund balance, GAAP basis			<u>\$ (51,867)</u>	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - MUNICIPAL CUMULATIVE STREET
 For The Year Ended December 31, 2005

	Budget Amounts			Actual		Variance with Final Budget Over (Under)
	Original	Final				
Revenues:						
Assessments	\$ 29,000	\$ 29,000	\$	29,423	\$	423
Expenditures:						
Capital outlay:						
Highways and streets	-	32,000		29,022		2,978
Capital outlay	-	-		577		(577)
Other disbursements	-	-		-		-
Total expenditures	-	32,000		29,599		2,401
Net change in fund balance	29,000	(3,000)		(176)		(1,978)
Fund balances - beginning	27,214	27,214		27,214		-
Fund balances - December 31	\$ 56,214	\$ 24,214	\$	27,038	\$	(1,978)
Budget/GAAP Reconciliation						
Net change in fund balance, GAAP basis				\$ (176)		

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - GAMING REVENUE SHARING
 For The Year Ended December 31, 2005

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Intergovernmental	\$ 245,000	\$ 245,000	\$ 304,966	\$ 59,966
Other	-	-	19,121	19,121
Total revenues	245,000	245,000	324,087	79,087
Expenditures:				
Capital outlay:				
Highways and streets				
Supplies	20,200	20,200	20,192	8
Other services and charges	20,943	173,493	173,493	-
Capital outlay	518,000	518,000	477,356	40,644
Total expenditures	559,143	711,693	671,041	40,652
Net change in fund balance	(314,143)	(466,693)	(346,954)	38,435
Fund balances - beginning	688,944	688,944	688,944	-
Fund balances - December 31	\$ 354,801	\$ 202,251	\$ 321,990	\$ 38,435
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ (346,954)	
To adjust revenues for accruals			36,485	
Net change in fund balance, GAAP basis			\$ (310,469)	

TOWN OF HIGHLAND, INDIANA
 SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
 CAPITAL PROJECTS FUNDS - REDEVELOPMENT CAPITAL
 For The Year Ended December 31, 2005

	Budget Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues:				
Taxes	\$ 43,342	\$ 43,342	\$ 74,991	\$ 31,649
Intergovernmental	4,872	4,872	3,228	(1,644)
Other	200	200	11,983	11,783
Total revenues	48,414	48,414	90,202	41,788
Expenditures:				
Capital outlay:				
Urban redevelopment and housing	40,036	80,036	21,740	58,296
Other services and charges	293,920	248,865	40,257	208,408
Capital outlay				
Total expenditures	333,956	328,701	61,997	266,704
Net change in fund balance	(285,542)	(280,287)	28,205	(224,916)
Fund balances - beginning	355,633	355,633	355,633	-
Fund balances - December 31	\$ 70,091	\$ 75,346	\$ 383,838	\$ (224,916)
Budget/GAAP Reconciliation				
Net change in fund balance, budgetary basis			\$ 28,205	
To adjust revenues for accruals			7,674	
Net change in fund balance, GAAP basis			\$ 35,879	

INTERNAL SERVICE FUNDS

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

Health Insurance -

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

Parks and Recreation Building Corporation -

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

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 December 31, 2005

Assets	Health Insurance	Parks and Recreation Building Corporation	Total
Current assets:			
Cash and cash equivalents	\$ 566,680	\$ 66,395	\$ 633,075
Interest receivable	1,180	-	1,180
Current portion of direct financing lease	-	191,778	191,778
Current portion of operating lease	-	9,250	9,250
Total current assets	567,860	267,423	835,283
Noncurrent assets:			
Operating lease receivable	-	55,500	55,500
Deferred charges	-	44,635	44,635
Net investment in direct financing lease	-	1,161,164	1,161,164
Total noncurrent assets	-	1,261,299	1,261,299
Total assets	567,860	1,528,722	2,096,582
Liabilities			
Current liabilities:			
Accrued interest payable	-	45,009	45,009
Revenue bonds payable	-	165,000	165,000
Total current liabilities	-	210,009	210,009
Noncurrent liabilities:			
Revenue bonds payable	-	1,587,732	1,587,732
Total liabilities	-	1,797,741	1,797,741
Net Assets			
Unrestricted	\$ 567,860	\$ (269,019)	\$ 298,841

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 For The Year Ended December 31, 2005

	Health Insurance	Parks and Recreation Building Corporation	Total
Operating revenues:			
Charges for services	-	\$ 77,920	\$ 77,920
Operating expenses:			
Administration and general	-	5,672	5,672
Operating income	-	72,248	72,248
Nonoperating revenues (expenses):			
Interest income	7,899	1,266	9,165
Interest expense	-	(89,330)	(89,330)
Amortization of bond issue costs	-	(3,963)	(3,963)
Total nonoperating expenses	7,899	(92,027)	(84,128)
Change in net assets	7,899	(19,779)	(11,880)
Total net assets - beginning	559,961	(249,240)	310,721
Total net assets - ending	\$ 567,860	\$ (269,019)	\$ 298,841

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For The Year Ended December 31, 2005

	Health Insurance	Parks and Recreation Building Corporation	Total
Cash flows from operating activities:			
Payments to suppliers	-	\$ (5,672)	\$ (5,672)
Cash flows from noncapital financing activities:			
Interfund loan proceeds	310,458	-	310,458
Cash flows from capital and related financing activities:			
Principal paid on capital debt	-	(155,000)	(155,000)
Interest paid on capital debt	-	(93,987)	(93,987)
Net cash used by capital and related financing activities	-	(248,987)	(248,987)
Cash flows from investing activities:			
Proceeds from net investment in direct financing lease	-	256,000	256,000
Proceeds from operating lease receivable	-	9,250	9,250
Interest received	6,719	1,266	7,985
Net cash provided by investing activities	6,719	266,516	273,235
Net increase in cash and cash equivalents	317,177	11,857	329,034
Cash and cash equivalents, January 1	249,503	54,538	304,041
Cash and cash equivalents, December 31	<u>\$ 566,680</u>	<u>\$ 66,395</u>	<u>\$ 633,075</u>
Reconciliation of operating income to net cash used by operating activities:			
Operating income	-	\$ 72,248	\$ 72,248
Adjustments to reconcile operating income to net cash used by operating activities:			
Noncash items:			
Deferred revenue recognized	-	(77,920)	(77,920)
Total adjustments	-	(77,920)	(77,920)
Net cash used by operating activities	<u>\$ -</u>	<u>\$ (5,672)</u>	<u>\$ (5,672)</u>

FIDUCIARY FUNDS

Trust and 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. These include Pension Trust and Agency Funds. The Pension Trust Fund is accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

PENSION TRUST FUND

Police Pension - To account for the provision of retirement and disability benefits to police officers hired prior to May 1, 1977. Financing is provided by mandatory contributions by active members, state cigarette tax distributions and a specific annual property tax levy.

AGENCY FUNDS

Payroll - To account for the payroll distribution of employees of the Town and its executive departments and municipal utilities.

Parks and Recreation Escrow - To account for security or damage deposits made by lessee tenants, to the Parks and Recreation Department as lessor, for long-term use of rooms in the community center.

Insurance Premium - To account for department shares allocated and collected for insurance premiums payable by the municipality.

Gasoline - To account for department shares allocated and collected for gasoline payable by the municipality.

Telephone - To account for department shares allocated and collected for telephone system line and equipment charges payable by the municipality.

Traffic Violations - To account for infraction deferral fees, moving traffic violations fines and state imposed court user fees collected by and under the authority of a Traffic Violations Bureau, established by the county court to make such collections on its behalf. Collections are periodically transferred to the Clerk of the Lake Circuit and Superior Courts. Authority for the fund comes from IC 36-1-3; IC 33-19-5 and IC 34-4-32.

Aflac FSA Agency Fund - To account for expenditures and resources received in consequence of the municipality's special flexible spending accounts and employee plan established according to the terms of the Internal Revenue Code Section 125. Resources are derived from a one-time operating contribution of the Town and from participating employees' and officers' payroll deduction.

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 December 31, 2005

	Payroll	Parks and Recreation Escrow	Insurance Premium	Gasoline	Telephone	Traffic Violations	Aflac FSA Agency Fund	Totals
Assets:								
Cash and cash equivalents	\$ 46,570	\$ 10,259	\$ 1,862	\$ -	\$ -	\$ 3,431	\$ 13,709	\$ 75,831
Interest receivable	71	-	-	-	-	-	10	81
Total assets	\$ 46,641	\$ 10,259	\$ 1,862	\$ -	\$ -	\$ 3,431	\$ 13,719	\$ 75,912
Liabilities:								
Payroll withholdings payable	\$ 46,641	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,641
Trust payable	-	10,259	1,862	-	-	3,431	13,719	29,271
Total liabilities	\$ 46,641	\$ 10,259	\$ 1,862	\$ -	\$ -	\$ 3,431	\$ 13,719	\$ 75,912

TOWN OF HIGHLAND, INDIANA
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended December 31, 2005

	Payroll	Parks and Recreation Escrow	Insurance Premium	Gasoline	Telephone	Traffic Violations	Aflac FSA Agency Fund	Totals
Assets:								
Cash and cash equivalents, January 1, 2005	\$ 42,317	\$ 10,259	\$ 873	\$ -	\$ -	\$ 2,475	\$ 10,525	\$ 66,449
Additions	1,631,120	-	1,605,253	86,585	49,730	29,325	22,987	3,425,000
Deductions	(1,626,867)	-	(1,604,264)	(86,585)	(49,730)	(28,369)	(19,803)	(3,415,618)
Cash and cash equivalents, December 31, 2005	<u>46,570</u>	<u>10,259</u>	<u>1,862</u>	-	-	<u>3,431</u>	<u>13,709</u>	<u>75,831</u>
Interest receivable, January 1, 2005	42	-	-	-	-	-	6	48
Additions	71	-	-	-	-	-	10	81
Deductions	(42)	-	-	-	-	-	(6)	(48)
Interest receivable, December 31, 2005	<u>71</u>	-	-	-	-	-	<u>10</u>	<u>81</u>
Total assets, December 31, 2005	<u>\$ 46,641</u>	<u>\$ 10,259</u>	<u>\$ 1,862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,431</u>	<u>\$ 13,719</u>	<u>\$ 75,912</u>
Liabilities:								
Payroll withholdings payable, January 1, 2005	\$ 42,359	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,359
Additions	1,631,191	-	-	-	-	-	-	1,631,191
Deductions	(1,626,909)	-	-	-	-	-	-	(1,626,909)
Payroll withholdings payable, December 31, 2004	<u>46,641</u>	-	-	-	-	-	-	<u>46,641</u>
Trust payable, January 1, 2005	-	10,259	873	-	-	2,475	10,531	24,138
Additions	-	-	1,605,253	86,585	49,730	29,325	22,987	1,793,890
Deductions	-	-	(1,604,264)	(86,585)	(49,730)	(28,369)	(19,809)	(1,788,757)
Trust payable, December 31, 2005	-	<u>10,259</u>	<u>1,862</u>	-	-	<u>3,431</u>	<u>13,719</u>	<u>29,271</u>
Total liabilities, December 31, 2005	<u>\$ 46,641</u>	<u>\$ 10,259</u>	<u>\$ 1,862</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,431</u>	<u>\$ 13,719</u>	<u>\$ 75,912</u>

TOWN OF HIGHLAND
NET ASSETS by COMPONENT
Fiscal Years 2003 - 2005
(accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
Governmental Accounts			
Investment in capital assets, net of related debt	\$ 14,587,666	\$ 11,401,886	\$ 10,987,839
Restricted	2,660,744	3,698,490	3,586,422
Unrestricted	(2,920,252)	(2,879,382)	(3,361,600)
Total Governmental Activities Net Assets	<u>\$ 14,328,158</u>	<u>\$ 12,220,994</u>	<u>\$ 11,212,661</u>
Business-type Activities			
Investment in capital assets, net of related debt	\$ 10,917,934	\$ 16,527,488	\$ 16,001,186
Restricted	1,990,705	1,372,497	3,614,059
Unrestricted	460,160	1,171,139	597,843
Total Business-type Activities Net Assets	<u>\$ 13,368,799</u>	<u>\$ 19,071,124</u>	<u>\$ 20,213,088</u>
Primary Government			
Investment in capital assets, net of related debt	\$ 25,505,600	\$ 27,929,374	\$ 26,989,025
Restricted	4,651,449	5,070,987	7,200,481
Unrestricted	(2,460,092)	(1,708,243)	(2,763,757)
Total Primary Government Net Assets	<u>\$ 27,696,957</u>	<u>\$ 31,292,118</u>	<u>\$ 31,425,749</u>

TOWN OF HIGHLAND
 Changes in Net Assets
 Fiscal Years 2003 - 2005
 (accrual basis of accounting)

	Fiscal Year	
	2003	2005
Expenses		
Governmental Activities:		
General government	\$ 1,506,033	\$ 748,354
Public safety	4,424,506	4,741,337
Highway/streets	2,473,525	928,083
Sanitation	1,250,587	1,437,584
Economic development	396,885	83,080
Health and welfare	-	7,000
Culture and recreation	1,545,834	1,859,186
Bond issuance cost	-	3,578
Interest on long-term debt	272,319	256,623
Total governmental activities expenses	<u>11,869,689</u>	<u>10,044,825</u>
Business-Type Activities:		
Water	3,016,042	2,276,318
Sanitary District (sewer)	2,659,039	2,353,091
Total business-type activities	<u>5,652,080</u>	<u>4,629,409</u>
Total primary government expenses	<u>\$ 17,521,769</u>	<u>\$ 14,674,234</u>
Program Revenues		
Governmental activities:		
Charges for services:		
General government	\$ 551,893	\$ 600,629
Sanitation	1,178,155	1,186,982
Culture and recreation	762,791	812,381
Other activities	106,744	153,370
Operating grants and contributions	1,315,260	1,030,383
Capital grants and contributions	1,145,877	1,066,373
Total governmental activities program revenues	<u>5,060,720</u>	<u>4,850,128</u>
Business-type activities:		
Charges for services:		
Water	3,171,106	2,530,590
Sanitary District (sewer)	2,145,852	2,230,218
Operating grants and contributions	-	-
Capital grants and contributions	-	717,616
Total business-type activities	<u>5,316,958</u>	<u>5,478,424</u>
Total primary government program revenues	<u>\$ 10,377,678</u>	<u>\$ 10,328,552</u>
Net (expense)/revenue	<u>\$ (6,808,969)</u>	<u>\$ (9,263,203)</u>
Governmental activities	<u>(335,122)</u>	<u>849,015</u>
Business-type activities	<u>(7,144,091)</u>	<u>(8,461,318)</u>
Total primary government net expense	<u>\$ (7,144,091)</u>	<u>\$ (8,461,318)</u>
General Revenues and Other Changes in Net Assets		
Governmental activities:		
Taxes		
Property taxes	\$ 5,655,269	\$ 6,704,371
Excise taxes	519,823	667,574
Financial institution tax	-	131,775
Commercial vehicle excise tax	-	60,889
ABC gallonage tax	47,963	75,543
Cigarette tax	23,215	23,964
Other	55,056	115,839
Unrestricted investment earnings	72,333	38,822
Total governmental activities	<u>6,373,659</u>	<u>7,818,777</u>
Business-type activities:		
Taxes		
Property taxes	650,090	617,054
Excise taxes	297,710	37,898
Financial institution tax	-	6,332
Commercial vehicle excise tax	-	21,667
Other	2,158,497	160
Unrestricted investment earnings	12,671	9,053
Total business-type activities	<u>3,118,968</u>	<u>694,164</u>
Total primary government	<u>\$ 9,492,627</u>	<u>\$ 8,512,941</u>
Change in Net Assets	<u>\$ (435,310)</u>	<u>\$ 2,624,080</u>
Governmental activities	<u>2,783,846</u>	<u>1,543,179</u>
Business-type activities	<u>2,348,536</u>	<u>4,167,259</u>
Total primary government	<u>\$ 4,167,259</u>	<u>\$ 266,943</u>

Town of Highland
 Government Activities Tax Revenues By Source
 Fiscal Years 2003 - 2005
 (accrual basis of accounting)

Fiscal Year	Property Tax	Excise Tax	Financial Institution Tax	Commercial			Cigarette Tax	Total
				Vehicle Excise Tax	ABC Gallonage Tax			
2003	\$ 5,655,269	\$ 519,823	\$ -	\$ -	\$ 47,963	\$ 23,215	\$ 6,246,270	
2004	\$ 6,704,371	\$ 667,574	\$ 131,775	\$ 60,889	\$ 75,546	\$ 23,964	\$ 7,664,119	
2005	\$ 7,078,601	\$ 542,153	\$ 71,815	\$ 32,727	\$ 62,426	\$ 19,851	\$ 7,807,573	

TOWN OF HIGHLAND
Fund Balances of Governmental Funds
Fiscal Years 2003 - 2005
(modified accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
General fund			
Reserved	\$ 366,359	\$ 300,587	\$ 93,508
Unreserved	1,672,190	(2,538,179)	230,815
Total general fund	<u>\$ 2,038,549</u>	<u>\$ (2,237,592)</u>	<u>\$ 324,323</u>
All other governmental funds			
Reserved	\$ 627,020	\$ 670,205	\$ 97,837
Unreserved, reported in:			
Special revenue funds	858,221	(13,861)	863,737
Capital projects funds	773,997	1,376,272	2,112,000
Debt service funds	553,143	259,206	541,058
Total all other governmental funds	<u>\$ 2,812,381</u>	<u>\$ 2,291,822</u>	<u>\$ 3,614,632</u>

TOWN OF HIGHLAND
Changes in Fund Balances of Governmental Funds
Fiscal Years 2003 - 2005
(modified accrual basis of accounting)

	Fiscal Year	
	2003	2004
Revenues		
Taxes	\$4,141,538	\$3,561,860
Special assessments	17,659	17,402
Licenses and permits	311,312	342,872
Intergovernmental	2,720,825	3,033,747
Charges for services	2,196,554	2,250,560
Fines and forfeits	14,905	56,663
Other	246,543	259,262
Total revenues	9,649,336	9,522,366
Expenditures		
General government	2,343,457	1,544,967
Public safety	3,813,753	4,231,834
Highways and streets	973,398	836,254
Sanitation	1,250,587	1,437,584
Culture and recreation	1,697,503	1,641,600
Urban redevelopment and housing	43,316	63,510
Debt service		
Principal	840,000	925,000
Interest	311,762	278,173
Capital Outlay	1,577,333	290,281
Total expenditures	12,851,109	11,249,203
Excess of revenues over (under) expenditures	(3,201,773)	(1,726,837)
Other financing sources (uses)		
Capital leases	-	-
Bond proceeds	-	-
Transfers in	70,000	160,049
Transfers out	(70,000)	(160,049)
Temporary loans	267,276	-
Tax anticipation warrants received	7,775,237 *	-
Tax anticipation warrants repaid	(4,760,000) *	-
Total other financing sources (uses)	3,282,513 *	1,172,593
Net change in fund balances	\$ 80,740 *	\$ (1,726,837)
Debt service as a percentage of noncapital expenditures	11.40%	12.67%
		11.85%

* 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

TOWN OF HIGHLAND
General Government Tax Revenues By Source
Fiscal Years 2003 - 2005
(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

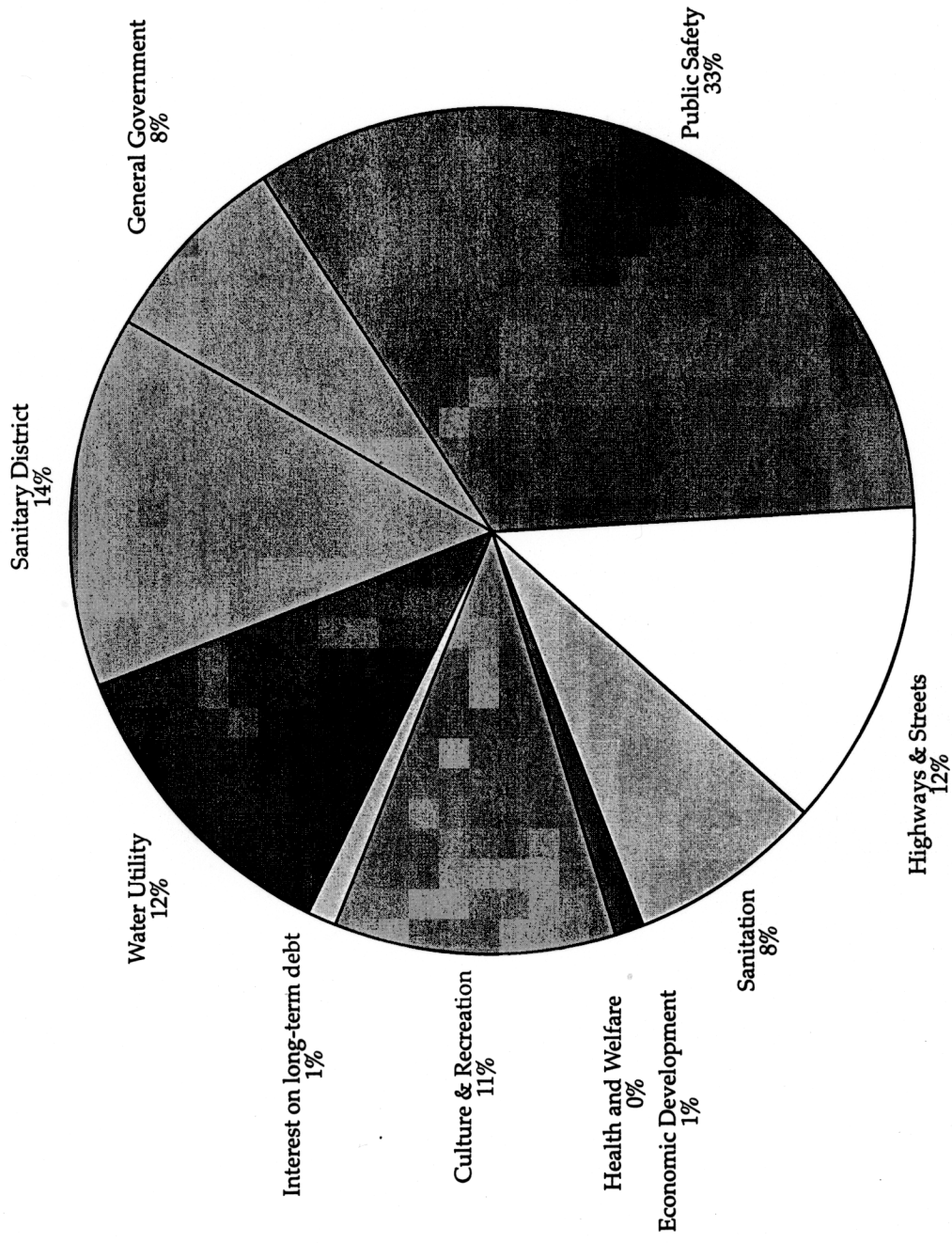
**Town of Highland
Government-wide Expenses by Function
Fiscal Years FY 2003-2004**

Fiscal Year Ended Dec. 31	General Government	Public Safety	Highways Streets & Roadways	Sanitation	Culture & Recreation	Economic Development	Interest on Long-term Debt	Water	Sanitary District	Total
2005	\$ 1,442,017	\$ 6,325,184	\$ 2,341,114	\$ 1,433,711	\$ 2,023,220	\$ 239,839	\$ 211,452	\$ 2,292,223	\$ 2,676,647	\$ 18,985,407
2004	\$ 748,354	\$ 4,741,337	\$ 928,083	\$ 1,437,584	\$ 1,859,186	\$ 83,080	\$ 240,201	\$ 2,276,318	\$ 2,353,091	\$ 14,667,234
2003	\$ 1,500,498	\$ 4,424,506	\$ 2,473,525	\$ 1,250,587	\$ 1,545,834	\$ 396,885	\$ 272,319	\$ 3,016,042	\$ 2,636,038	\$ 17,516,234

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

Fiscal Year Ended Dec. 31	General Government	Public Safety	Highways Streets & Roadways	Sanitation	Culture & Recreation	Economic Development	Interest on Long-term Debt	Water	Sanitary District	Total
2004	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 Expenditures Highland FY 2005 by Function



**Town of Highland
Government-wide Revenues
Fiscal Years 2003-2004**

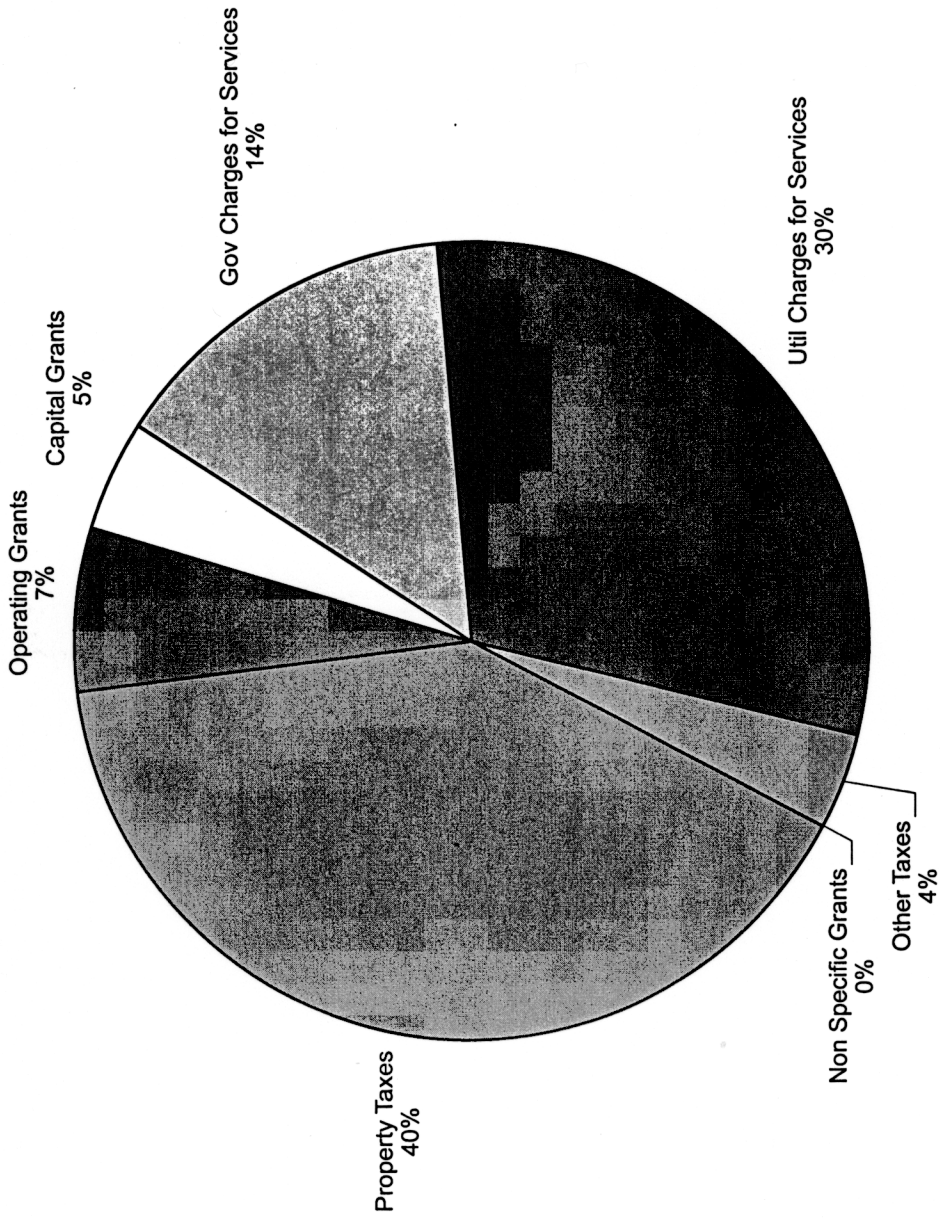
Fiscal Year Ended Dec. 31	Program Revenues			General Revenues					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions Not Restricted to Specific Programs	Other Taxes	Other		
2005	\$ 8,434,078	\$ 1,237,294	\$ 852,717	\$ 7,584,596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

Note: The schedule above is being developed according to the GASB 34 guidelines. Because the change significantly changed the manner reporting, the first year of compliance is the only year depicted. Please consult a later page of 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

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%

Government-Wide Revenues Town of Highland FY 2005



**Town of Highland
General Government Expenditures by Function
Last Ten Fiscal Years FY 1993-2002**

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

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

**Town of Highland
General Revenue by Source
Last Ten Fiscal Years 1993-2002**

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

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

**Town of Highland
Total Property Taxes Levied and Collected
Includes Overlapping Jurisdictions
Last Ten Fiscal Years 1996-2005**

Fiscal Year Ended Dec. 31	Net Current Taxes Levied	Collections	Delinquent Taxes Receivable	Percent of Levied Collected
2005	\$ 25,161,026	\$ 24,658,258	\$ 1,611,511 **	93.87%
2004	\$ 26,269,769	\$ 25,002,082	\$ 732,457 **	97.15%
2003	\$ 25,734,539	\$ 28,794,921	\$ 1,241,349 **	98.18%
2002	\$ 29,329,601	\$ 26,722,250	\$ 1,205,693 **	97.59%
2001	\$ 27,382,282	\$ 24,828,387	\$ 1,253,769	95.19%
2000	\$ 26,082,156	\$ 24,540,327	\$ 500,823	98.00%
1999	\$ 25,041,150	\$ 21,853,154	\$ 971,791	98.25%
1998	\$ 22,242,396	\$ 23,641,914	\$ 542,037	107.60%
1997	\$ 21,971,040	\$ 20,549,076	\$ 788,833	99.91%
1996	\$ 20,566,785	\$	\$...

Notes: All years presented on Modified accrual basis.

* Source is the Lake County Auditor.

**Collections include in some cases penalties and late payments.

Delinquencies include receivables for current and prior years in some cases.

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.

... At the Time of this report's preparation, the Lake County Auditor did not have the data available. Pay 2005 bills were issued late and were not settled until June of 2006 and figures were not available.

**Town of Highland
Property Taxes Levied and Collected - Town of Highland
Last Ten Fiscal Years 1996-2005**

<u>Fiscal Year Ended Dec. 31</u>	<u>Levied</u>	<u>Collections</u>	<u>Delinquent Taxes Receivable</u>	<u>Percent of Levied Collected</u>
2005	\$6,965,238	\$4,940,576	\$2,024,662	70.93%
2004	\$7,289,247	\$7,172,989	\$116,258	98.41%
2003	\$7,322,435	\$7,408,261	\$207,225	101.17%
2002	\$6,618,962	\$6,405,695	\$278,197	96.78%
2001	\$6,482,509	\$6,471,487	\$285,437	99.83%
2000	\$6,828,466	\$6,740,381	\$258,658	98.71%
1999	\$6,417,700	\$6,409,210	\$1,187,455	99.87%
1998	\$5,996,122	\$5,891,434	\$345,647	98.25%
1997	\$5,706,475	\$6,142,770	\$326,515	107.65%
1996	\$5,361,800	\$5,241,581	\$240,263	97.76%

The final installment from taxpayers for FY 2005 was not due until March 2006. This is why the collection rate is at 70.93%. The data is based upon information provided by the Office of the Highland Clerk-Treasurer.

**Town of Highland
Assessed and Actual Value of Taxable Property
Last Ten Fiscal Years 1996-2005***

Funding Fiscal Year Ended Dec. 31	Actual Real Assessed Value	Net Real Assessed Value	Railroad, Utilities & Personal Prop Actual Assessed Value	Railroad, Utilities & Personal Prop Net Assessed Value	Total Net Assessed Value	Ratio of Total Assessed to Estimated Actual Value	Total Assessed value Increase or (Decrease)	Percent of Increase	Difference Actual to Net Assessed Value
2005	\$ 1,468,814,190	\$ 1,063,924,855	\$ 105,932,410	\$ 104,924,990	\$ 1,168,849,845	100%	\$ 689,237,421	58.93%	\$ 405,896,755
2004	\$ 1,464,260,650	\$ 1,066,825,390	\$ 103,788,528	\$ 102,703,668	\$ 1,169,529,058	100%	\$ 689,916,634	58.61%	\$ 398,520,120
2003	\$ 1,458,363,300	\$ 1,073,011,720	\$ 105,009,360	\$ 104,045,500	\$ 1,177,057,220	100%	\$ 716,555,960	142.99%	** \$ 386,315,440
2002	\$ 539,061,865	\$ 404,169,264	\$ 97,821,560	\$ 96,946,870	\$ 501,116,134	100%	\$ 40,614,874	8.82%	* \$ 135,767,291

Funding Fiscal Year Ended Dec. 31	Real Assessed Value	Real Estimated Actual Value	Utilities & Personal Assessed Value	Utilities & Personal Estimated Actual Value	Total Assessed Value	Total Estimated Actual Value	Ratio of Total Assessed to Estimated Actual Value	Total Assessed value Increase or (Decrease)	Percent of Increase
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%
2000	\$ 121,823,220	\$ 365,469,660	\$ 31,677,200	\$ 95,031,600	\$ 153,500,420	\$ 460,501,260	33.33%	\$ 8,676,560	5.99%
1999	\$ 116,660,730	\$ 349,982,190	\$ 28,163,130	\$ 84,489,390	\$ 144,823,860	\$ 434,471,580	33.33%	\$ 4,347,600	3.09%
1998	\$ 114,189,970	\$ 342,569,910	\$ 26,286,290	\$ 78,858,870	\$ 140,476,260	\$ 421,428,780	33.33%	\$ 6,967,700	5.22%
1997	\$ 110,053,300	\$ 330,159,900	\$ 23,455,260	\$ 70,365,780	\$ 133,508,560	\$ 400,525,680	33.33%	\$ 9,435,870	7.61%
1996	\$ 103,149,230	\$ 309,447,690	\$ 20,923,460	\$ 62,770,380	\$ 124,072,690	\$ 372,218,070	33.33%	\$ 20,943,255	20.31%

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.

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

Year Ended Dec. 31	Highland Civil	Highland Sanitary* District	Lake County	North Township	Highland Schools	Library	State & All Other Taxing Units	Gross Total	Percent Increase or Decrease
2005	\$ 0.5806	\$ 0.0140	\$ 1.1254	\$ 0.0704	\$ 1.1667	\$ 0.1043	\$ 0.0024	\$ 3.0638	1.575%
2004	\$ 0.5990	\$ 0.0233	\$ 1.1530	\$ 0.0756	\$ 1.0561	\$ 0.1069	\$ 0.0024	\$ 3.0163	0.070%**
2003	\$ 0.5875	\$ 0.0433	\$ 1.2029	\$ 0.0726	\$ 1.0145	\$ 0.0901	\$ 0.0033	\$ 3.0142	-51.353%
2002	\$ 1.2679	\$ 0.0799	\$ 1.9447	\$ 0.4110	\$ 2.3117	\$ 0.1776	\$ 0.0033	\$ 6.1961	-63.810%
2001	\$ 3.8086	\$ 0.2521	\$ 5.2314	\$ 0.3362	\$ 6.9488	\$ 0.5338	\$ 0.0100	\$ 17.1209	0.00%
2000	\$ 3.8625	\$ 0.5860	\$ 5.0002	\$ 0.3022	\$ 6.8330	\$ 0.5277	\$ 0.0100	\$ 17.1216	-0.98%
1999	\$ 3.5661	\$ 0.9202	\$ 5.0492	\$ 0.2801	\$ 6.9512	\$ 0.5140	\$ 0.0100	\$ 17.2908	9.20%
1998	\$ 3.6975	\$ 0.5875	\$ 4.2763	\$ 0.2758	\$ 6.4625	\$ 0.5240	\$ 0.0100	\$ 15.8336	-10.59%
1997	\$ 3.9560	\$ 0.6433	\$ 5.2798	\$ 0.3330	\$ 6.9341	\$ 0.5520	\$ 0.0100	\$ 17.7082	6.83%
1996	\$ 3.6883	\$ 0.6332	\$ 4.9690	\$ 0.2748	\$ 6.4573	\$ 0.5438	\$ 0.0100	\$ 16.5764	-9.82%

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 Corporation
by Fund
Last Ten Fiscal Years FY 1996 to 2005**

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Corporation General	\$ 0.3909	\$ 0.3541	\$ 0.3485	\$ 0.7517	\$ 2.1541	\$ 2.2630	\$ 2.0241	\$ 2.0371	\$ 2.4251	\$ 2.2654
Corp. Bond	\$ 0.0136	\$ 0.0141	\$ 0.0151	\$ 0.0245	\$ 0.1044	\$ 0.1444	\$ 0.0416	\$ 0.4017	\$ 0.4492	\$ 0.3363
Police Pension	\$ 0.0100	\$ 0.0171	\$ 0.0024	\$ 0.0405	\$ 0.1239	\$ 0.0729	\$ 0.1502	\$ 0.0588	\$ 0.1253	\$ 0.1790
Parks & Recreation	\$ 0.0719	\$ 0.0655	\$ 0.0720	\$ 0.1425	\$ 0.4467	\$ 0.3937	\$ 0.5136	\$ 0.3439	\$ 0.4022	\$ 0.3675
Park District Bond	\$ 0.0058	\$ 0.0417	\$ 0.0435	\$ 0.0948	\$ 0.2294	\$ 0.0719	\$ 0.0811	\$ 0.1620	\$ 0.1890	\$ 0.1834
Hydrant Rental	-	\$ 0.0248	\$ 0.0230	\$ 0.0497	\$ 0.2121	\$ 0.1475	\$ 0.1748	\$ 0.1436	\$ 0.1832	\$ 0.1746
Sanitary District	\$ 0.0140	\$ 0.0135	\$ 0.0136	\$ 0.0221	\$ 0.0949	\$ 0.0944	\$ 0.0897	\$ 0.0577	\$ 0.1031	\$ 0.0981
Lease Rental Payment	-	-	-	-	-	-	-	-	-	-
Sanitary District Bond	-	\$ 0.0098	\$ 0.0297	\$ 0.0578	\$ 0.1572	\$ 0.4916	\$ 0.8305	\$ 0.5298	\$ 0.5402	\$ 0.5351
Public Works Bldg Corp.	-	-	-	-	-	\$ 0.0666	\$ 0.0835	\$ 0.0672	\$ 0.0830	\$ 0.0831
Cum. Cap. Development	\$ 0.0146	\$ 0.0146	\$ 0.0146	\$ 0.0330	\$ 0.0990	\$ 0.0990	\$ 0.0990	\$ 0.0990	\$ 0.0990	\$ 0.0990
Water District Bond	\$ 0.0202	\$ 0.0220	\$ 0.0223	\$ 0.0497	\$ 0.1648	\$ 0.1719	\$ 0.0703	\$ 0.0844	\$ 0.0990	\$ 0.0990
Parks Bldg Corp. Lease	-	-	-	-	-	\$ 0.1708	\$ 0.0947	\$ 0.1977	-	-
Redevelopment Gen.	\$ 0.0048	\$ 0.0032	\$ 0.0016	\$ 0.0023	\$ 0.0489	\$ 0.0355	\$ 0.1002	\$ 0.1021	-	-
Redevelopment Bond.	\$ 0.0366	\$ 0.0370	\$ 0.0391	\$ 0.0662	\$ 0.2253	\$ 0.2253	\$ 0.1330	-	-	-
Redevelopment Capital.	\$ 0.0037	\$ 0.0049	\$ 0.0054	\$ 0.0130	-	-	-	-	-	-
Total Corporation:	\$0.5861	\$0.6223	\$0.6308	\$1.3478	\$4.0607	\$4.4485	\$4.4863	\$4.2850	\$4.5993	\$4.3215
Total Tax Rate*:	\$ 3.0638	\$ 3.0163	\$ 3.0142	\$ 6.1961	\$ 16.9803	\$ 16.9916	\$ 17.1457	\$ 15.7130	\$ 17.7082	\$ 16.5764

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
Ratio of Net Bond Debt and Note Debt to Assessed Value
and Net Bond and Note Debt per Capita
Last Ten Fiscal Years FY 1996 to 2005**

Fiscal Year Ended Dec. 31	Population	Assessed Value for Subsequent Debt Reduction **	Gross Bond & Note Debt	Less Debt Service Funds	Net Bond & Note Debt	Bond & Note Debt to Assessed Value	Net Bond & Note Debt per Capita
2005	23,546	\$389,616,615	\$ 5,208,731	\$ 1,092,345	\$ 4,116,386	1.0565%	\$175
2004	23,546	\$389,843,019	\$ 4,040,000	\$ 684,871	\$ 3,355,129	0.8606%	\$142
2003	23,546	\$392,352,407	\$ 5,615,000	\$ 1,168,135	\$ 4,446,865	1.1334%	\$189
2002	23,546	\$167,038,711	\$ 7,322,818	\$ 1,774,341	\$ 5,548,477	3.3217%	\$236
2001	23,696	\$153,500,420	\$ 7,840,537 *	\$ 1,708,627	\$ 6,131,910	3.9947%	\$259
2000	23,696	\$144,823,860	\$ 8,898,380 *	\$ 2,282,639	\$ 6,615,741	4.5681%	\$279
1999	23,696	\$140,476,260	\$ 10,566,223 *	\$ 2,022,881	\$ 8,543,342	6.0817%	\$361
1998	23,696	\$133,508,560	\$ 9,335,515	\$ 1,685,391	\$ 7,650,124	5.7301%	\$323
1997	23,696	\$124,072,690	\$ 8,797,470	\$ 1,533,484	\$ 7,263,986	5.8546%	\$307
1996	23,696	\$103,129,435	\$ 8,255,000	\$ 1,391,597	\$ 6,863,403	6.6551%	\$290

* Includes General Obligation as well as a Note obligation of the Municipality
Amounts above include the Sanitary and Water District as well as the General Obligation Debt of the Corporation.

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

No Revenue Debt is included.
This does not include temporary Loans for cash flow purposes as these are short term debt.

**Town of Highland
Computation of Legal Debt Margin
at December 31, 2005**

(In tax abstract)
True Tax Assessed Value: 1,171,415,645
Adjusted Value:* \$ 390,471,882

	<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	390,471,882	390,471,882	390,471,882	390,471,882	390,471,882
Debt Limit Percentage	2.00%	2.00%	2.00%	8.00%	12.00%
Debt Limit	\$ 7,809,438	\$ 7,809,438	\$ 7,809,438	\$ 31,237,751	\$ 46,856,626
Bonds Outstanding	\$ 1,691,903	\$ 250,000	\$ 1,550,000	\$ 545,000	\$ 1,175,000
Subtotal	\$ 6,117,535	\$ 7,559,438	\$ 6,259,438	\$ 30,692,751	\$ 45,681,626
Amount Available in Debt Service Fund	\$ 184,152	* \$ (7,892)	\$ 364,798	\$ 402,174	\$ 149,113
Legal Debt Margin	\$ 6,301,687	\$ 7,551,546	\$ 6,624,236	\$ 31,094,925	\$ 45,830,739

* 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 Corp. 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 AV is 1,171,415,645. Confer IC 36-1-15-4 called adjusted value.

**Town of Highland
Computation of Direct and Overlapping Debt
Payable from or backed by Property Taxes
as of December 31, 2005**

	<u>Assessed Valuation</u>	<u>Bonds Outstanding</u>	<u>Percent Applicable to Highland</u>	<u>Amount Applicable to Highland</u>
Town of Highland*	\$ 1,171,415,645	\$ 5,208,731	100.00%	\$ 5,208,731
School Town of Highland	\$ 1,171,415,645	\$ 34,483,857	100.00%	\$ 34,483,857
	<u>Subtotal:</u>	<u>\$ 39,692,588</u>	<u>Subtotal:</u>	<u>\$ 39,692,588</u>
North Township	\$ 6,605,816,415	\$ -	17.73%	\$ -
Lake County Library	\$ 10,611,222,852	\$ 30,395,000	11.04%	\$ 3,355,427
Lake County	\$ 18,983,581,161	\$ 42,785,000 **	6.17%	\$ 2,640,125
	<u>Subtotal:</u>	<u>\$ 73,180,000</u>	<u>Subtotal:</u>	<u>\$ 5,995,551</u>
	<u>Grand Total</u>	<u>\$ 112,872,588</u>	<u>Grand Total</u>	<u>\$ 45,688,139</u>
				40.48%

* Includes Parks District, Redevelopment District, Sanitary District and that portion of Water District Bonds payable from property taxes.

** Amount includes a \$ 24,630,000 property tax backed bond issue for which riverboat gaming revenues will be largely used for debt service. It also includes a revenue (mortgage) bond for the Juvenile Facility in the amount of \$21,285,000. It is included because the lease is tied to a property levy.

The Town of Highland through its water utility has outstanding revenue debt in the amount of \$190,000
The Town of Highland through its Parks & Recreation Bldg. Corp has outstanding revenue debt in the amount of \$1,745,000

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

**Town of Highland
Ratio of Annual Debt Service Expenditures
for Governmental Bond and Note Debt to Governmental Expenditures
Last Ten Fiscal Years 1996 to 2005**

Fiscal Year Ended Dec. 31	Principal	Interest	Total Debt Service	Total General Expenditures	Ratio of Debt Services to General Expenditures
2005	\$1,000,000.	\$231,879.	\$1,231,879.	\$14,016,537.	8.79%
2004	\$925,000.	\$278,173.	\$1,203,173.	\$10,044,825.	11.98%
2003	\$840,000.	\$311,762.	\$1,151,762.	\$11,869,689.	9.70%
2002	\$1,215,000.	\$405,077.	\$1,620,077.	\$12,584,987.	12.87%
2001	\$1,795,000.	\$441,942.	\$2,236,942.	\$13,916,494.	16.07%
2000	\$1,750,000.	\$520,615.	\$2,270,615.	\$14,666,376.	15.48%
1999	\$1,732,000.	\$367,958.	\$2,099,958.	\$14,990,260.	14.01%
1998	\$1,405,000.	\$659,978.	\$2,064,978.	\$13,726,364.	15.04%
1997	\$1,260,000.	\$423,394.	\$1,683,394.	\$10,458,823.	16.10%
1996	\$1,165,000.	\$509,521.	\$1,674,521.	\$10,994,520.	15.23%

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**

<u>Fiscal Year Ended Dec. 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total Utilities' Expenditures</u>	<u>Ratio of Debt Services to Utilities' Expenditures</u>
2005	\$865,000.	\$68,500.	\$933,500.	\$4,968,870.	18.79%
2004	\$1,370,000.	\$125,985.	\$1,495,985.	\$4,629,409.	32.31%
2003	\$1,300,000.	\$237,724.	\$1,537,724.	\$5,652,080.	27.21%

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		Coverage
				Principal	Interest	
2005	\$ 2,708,956	\$ 2,168,476	\$ 540,480	\$ 615,000	\$ 36,730	0.83
2004	\$ 2,530,590	\$ 2,107,284	\$ 423,306	\$ 580,000	\$ 69,195	0.65
2003	\$ 3,171,106	\$ 2,761,550	\$ 409,556	\$ 550,000	\$ 163,784	0.57
2002	\$ 2,607,978	\$ 2,055,698	\$ 552,280	\$ 520,000	\$ 126,875	0.85
2001	\$ 2,496,122	\$ 2,084,923	\$ 411,199	\$ 500,000	\$ 152,760	0.63
2000	\$ 2,411,382	\$ 1,923,141	\$ 488,241	\$ 470,000	\$ 176,761	0.75
1999	\$ 2,424,520	\$ 2,053,293	\$ 371,227	\$ 450,000	\$ 200,696	0.57
1998	\$ 2,308,675	\$ 1,715,655	\$ 593,020	\$ 440,000	\$ 219,618	0.90
1997	\$ 2,185,484	\$ 1,663,771	\$ 521,713	\$ 405,000	\$ 238,395	0.81
1996	\$ 2,150,807	\$ 1,619,860	\$ 530,947	\$ 310,000	\$ 210,999	1.02

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 will be fully matured January 2006.

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

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

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
2005	\$ 77,920	\$ 9,635	\$ 68,285	\$ 155,000	\$ 93,987	0.27
2004	\$ 77,189	\$ 8,728	\$ 68,461	\$ 140,000	\$ 101,548	0.28
2003	\$ 75,363	\$ 120,179	\$ (44,816)	\$ 130,000	\$ 108,466	-0.19
2002	\$ 74,358	\$ 8,222	\$ 66,136	\$ 120,000	\$ 114,872	0.28
2001	\$ 73,262	\$ 24,638	\$ 48,624	\$ 110,000	\$ 120,753	0.21
2000	\$ 78,001	\$ 16,210	\$ 61,791	\$ 105,000	\$ 126,234	0.27
1999	\$ 77,327	\$ 9,077	\$ 68,250	\$ 95,000	\$ 131,335	0.30
1998	\$ 107,349	\$ 1,250	\$ 106,099	\$ -	\$ 150,106	0.71

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
Ten Largest Taxpayers**

<u>Taxpayer</u>	<u>Product or Service</u>	<u>Real & Impmnt Assessed Value</u>	<u>Personal Property Assessed Value</u>	<u>Total Assessed Value</u>	<u>Percent of Town's Tax Base</u>
Meijer's Stores	Retail Hypermarket	\$ 13,278,000	\$ 9,972,990	\$ 23,250,990	1.99%
Hampton - in - Highland	Rental Housing Association	\$ 17,460,200	-	\$ 17,460,200	1.49%
Highland Grove, L.L.C.	Shopping Center	\$ 15,140,500	-	\$ 15,140,500	1.29%
ATG Development Corp.	Developer	\$ 10,528,000	-	\$ 10,528,000	0.90%
Dayton Hudson (Target)	Retailer Department Store	\$ 7,471,800	-	\$ 7,471,800	0.64%
Opus North Development	Retail Shopping Mall	\$ 6,485,600	-	\$ 6,485,600	0.55%
ACME Markets	Retailer	\$ 6,152,600	-	\$ 6,152,600	0.53%
Strack & Van Til	Retail Grocer	\$ -	\$ 6,014,060	\$ 6,014,060	0.51%
Indiana Bell (SBC)	Telephone Utility	\$ -	\$ 5,916,330	\$ 5,916,330	0.51%
Northern Indiana Public Service Co	Natural Gas/Electric Utility	\$ -	\$ 5,014,160	\$ 5,014,160	0.43%
		<u>\$76,516,700.</u>	<u>\$26,917,540.</u>	<u>\$103,434,240.</u>	<u>8.84%</u>

Source: Office of the North Township Assessor
Indiana is a true tax state.

This represents the FY 2005

Town of Highland List of Largest Employers in Highland

Employer	Type of Business	Reported Employment
Strack & Van Til/Ultra Foods, Inc.	Groceries/Warehouse	598 (1)
Meijer's	Groceries	400 *
School Town of Highland	Public Education K-12	387 (2)
Jewel Foods/Osco Drugs	Groceries/Drugs	350 *
Town of Highland	Municipality	259 (3)
Sand Ridge Bank	Financial & Banking	350 **
JWP/Hyre Electric Company	Electrical Services Contractor	183
Target Store (Dayton Hudson)	Retailer	180 *
Kohl's Department Store	Retailer	125 *
Bennigan's	Restaurant	120 *
Webb Ford, Inc.	Auto Dealership	90 *
Thomas KIA of Highland	Auto Dealership	70 *
Christenson Chevrolet, Inc.	Auto Dealership	70 *

(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 259 total employees, 101 are full-timeworkers, one is a full-time elected official, 36 are part-time officials, 44 are part-time firefighters and 77 other part-time workers. Firefighters are paid on demand when needed but are on call 24 hours a day.

* Lexis-Nexus Online Academic Search

** Reported for 2003

Sources:

D & B Directory of Service Companies

American Business Directory

The Harris Directory

The Harris Directory

The Town of Highland Office of Clerk-Treasurer

Employment Figures updated by telephone contact where possible

**Town of Highland
Largest Employers in Highland Area**

<u>Employer</u>	<u>Location</u>	<u>Product or Service</u>	<u>Employment Reported</u>
Mittal Steel (Formerly Ispat/Inland Steel & ISG)	East Chicago	Steel Manufacturing	10,000
US Steel Gary Works (USX)	Gary	Steel Manufacturing	6,800
Ispat/Inland Steel Co.	East Chicago	Steel Manufacturing	3,100
Methodist Hospital	Gary/Merrillville	Hospital/Medical Services	3,260
Horse Shoe Casino	Hammond	Entertainment/Gaming	2,300
The Community Hospital	Munster	Hospital/Medical Services	2,200
Northern Indiana Public Service	Merrillville	Electric/Gas Utility	2,200
Hairrah's Casino	East Chicago	Entertainment/Gaming	1,900
BP Amoco	Whiting	Oil Refinery	1,800
St. Margaret Mercy Hospital	Dyer/Hammond	Hospital/Medical Services	1,600
Majestic Star Casino	Gary	Entertainment/Gaming	1,200
Indiana Trump (Trump Casino)	Gary	Entertainment/Gaming	1,200
St. Anthony Medical Center	Crown Point	Hospital/Medical Services	1,200
St. Margaret Mercy Health Center	Hobart	Medical Services	900
Cerestar USA (Cargill)	Hammond	Corn Products Processor	500
Unilever	Hammond	Soap Manufacturer	500
PepsiAmericas, Inc.	Munster	Beverage Production	300

Sources: Northwestern Indiana Regional Planning Commission

Employment Figures updated by telephone contact where possible

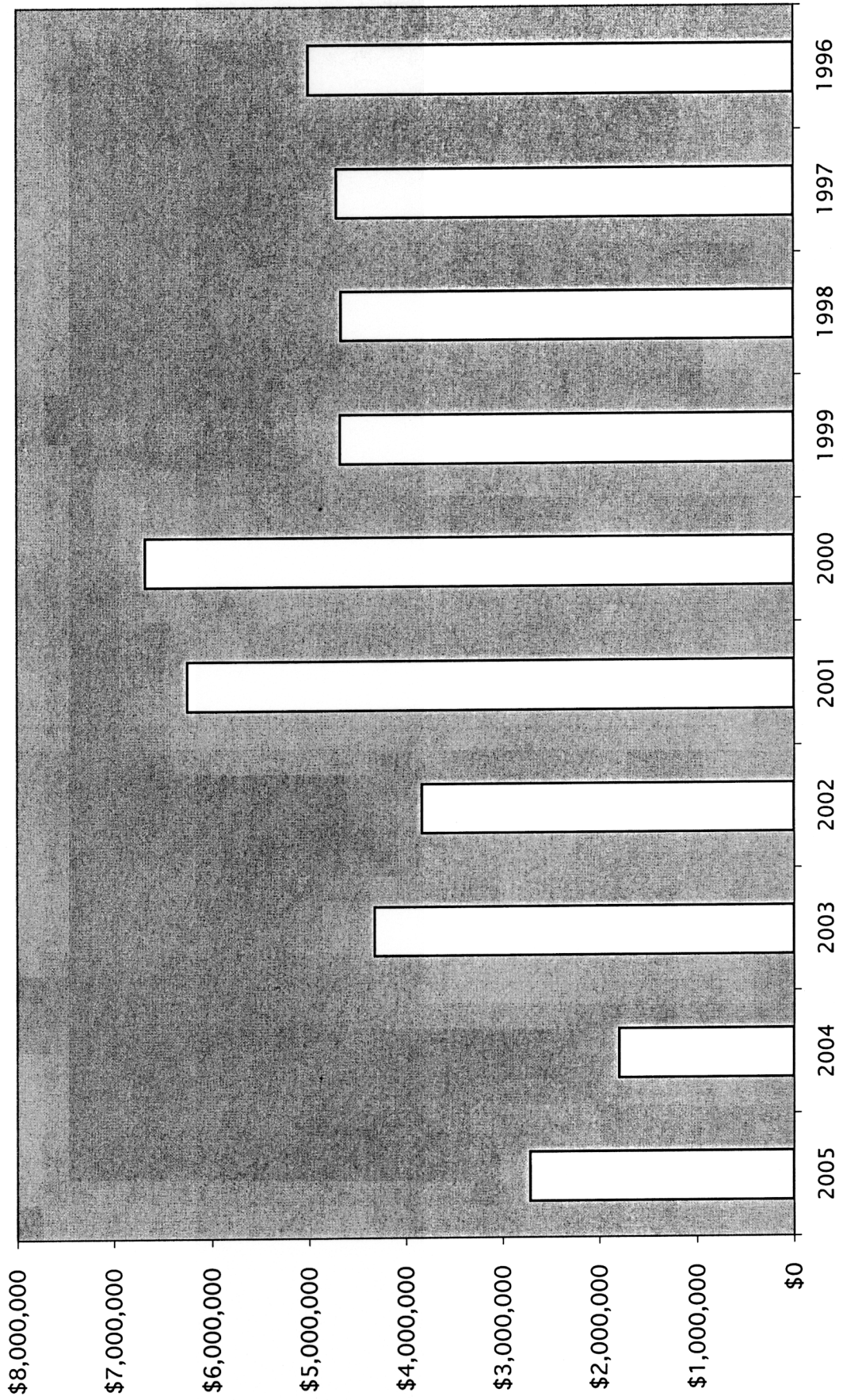
**Town of Highland
Schedule of Building Permits
Last Ten Fiscal Years FY 1996 to 2005**

Year	Residential Single Family		Multiple Family	
	Permits	Value	Permits	Value
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
2000	43	\$ 6,674,505	13	\$ 3,546,210
1999	30	\$ 4,670,500	48	\$ 17,275,180
1998	30	\$ 4,661,128	66	\$ 19,874,500
1997	24	\$ 4,709,786	45	\$ 15,442,157
1996	38	\$ 4,997,172	43	\$ 5,422,759

Year	Institutional, Commercial, Industrial		Miscellaneous		Totals	
	Permits	Value	Permits	Value	Permits	Value
2005	3	\$ 4,500,000	985	\$ 6,589,561	1,007	\$ 14,045,986
2004	6	\$ 6,596,000	916	\$ 6,942,428	938	\$ 17,634,428
2003	2	\$ 701,235	851	\$ 6,444,562	880	\$ 12,362,049
2002	2	\$ 922,000	803	\$ 5,665,596	829	\$ 11,475,050
2001	4	\$ 3,392,500	802	\$ 5,040,664	863	\$ 17,283,888
2000	10	\$ 3,033,133	671	\$ 4,163,324	737	\$ 17,417,172
1999	6	\$ 6,381,125	573	\$ 4,907,342	657	\$ 33,234,147
1998	4	\$ 9,056,756	669	\$ 11,137,059	769	\$ 44,729,443
1997	4	\$ 4,276,433	600	\$ 4,656,466	673	\$ 29,084,842
1996	8	\$ 10,891,830	685	\$ 9,363,501	774	\$ 30,675,262

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

Residential Building Permits



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 1999**

<u>User</u>	<u>Business</u>	<u>Consumption (1,000 Gallons)</u>	<u>Billed Revenue</u>	<u>Percentage of Billed Flow</u>
Town of Dyer	Municipality	470,136	\$353,489	33.51%
Hampton in Highland	Apartment Complex	25,327	\$ 38,382	1.81%
School Town of Highland	Public Schools	10,714	\$ 21,709	0.76%
Pleasant View Dairy	Dairy Products	10,429	\$ 13,879	0.74%
Porte d' leau	Town House Assn	9,010	\$ 14,541	0.64%
Meyers Development	Condominiums	6,414	\$ 11,947	0.46%
Spot-Not Car Wash	Car Wash	5,688	\$ 7,373	0.41%
Ultra Foods	Retail Grocer	4,598	\$ 6,449	0.33%
Les Chateau	Condominiums	3,816	\$ 6,812	0.27%
ATG/Embassy Place	Condominiums	3,816	\$ 6,557	0.27%

Note: Total billed flow for the 12 months ending December 31, 1999, was 1,403,123,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 1998**

<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	425,039	\$328,258	32.31%
Hampton in Highland	Apartment Complex	23,827	\$ 37,930	1.81%
School Town of Highland	Public Schools	11,638	\$ 22,767	0.88%
Porte d' leau	Apartment Complex	9,953	\$ 15,306	0.76%
Pleasant View Dairy	Dairy Products	9,244	\$ 11,412	0.70%
Spot-Not Car Wash	Car Wash	5,921	\$ 7,896	0.45%
Ultra Foods, Inc.	Retail Grocer	5,008	\$ 6,974	0.38%
Chateau Bordeau	Condominiums	3,788	\$ 6,741	0.29%
Meyers Development	Condominiums	3,257	\$ 7,328	0.25%
Round the Clock Restaurant	Restaurant	2,334	\$ 3,269	0.18%

Note: Total billed flow for the 12 months ending December 31, 1998, was 1,315,624,000 gallons.

**Town of Highland
Ten Largest Users of Water
Water Utility
December 31, 1997**

<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	409,593	\$ 308,606	32.87%
Hampton in Highland	Apartment Complex	23,768	\$ 37,501	1.91%
Porte d' leau	Retail Center	9,740	\$ 15,238	0.78%
School Town of Highland	Public Education	8,576	\$ 19,260	0.69%
Pleasant View Dairy	Dairy Products	6,225	\$ 8,344	0.50%
Spot-Not Car Wash	Car Wash	5,631	\$ 7,522	0.45%
Ultra Foods, Inc.	Retail Grocer	3,423	\$ 4,907	0.27%
Chateau Bordeaux	Condominiums	3,247	\$ 5,766	0.26%
Meyers Development	Condominiums	3,137	\$ 6,100	0.25%
ABJL (Turbo Wash)	Car Wash	2,296	\$ 3,477	0.18%

Note: Total billed flow for the 12 months ending December 31, 1997, was 1,246,143,000 gallons.

**Town of Highland
Ten Largest Users of Water
December 31, 1996**

<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	322,643	\$ 249,177	25.29%
Hampton in Highland	Apartment Complex	25,881	\$ 38,064	2.03%
Porte d' leau	Retail Center	8,669	\$ 14,275	0.68%
School Town of Highland	Public Education	8,523	\$ 18,593	0.67%
Pleasant View Dairy	Dairy Products	7,169	\$ 9,559	0.56%
Spot-Not Car Wash	Car Wash	6,151	\$ 8,193	0.48%
A.B.J.L. (Turbo-Wash) Car Wash	Car Wash	5,399	\$ 6,920	0.42%
Ultra Foods, Inc.	Supermarket	4,603	\$ 6,587	0.36%
Chateau Bordeau	Condominiums	3,485	\$ 6,416	0.27%
Round The Clock Restaurant	Restaurant	3,162	\$ 4,328	0.25%

Note: Total billed flow for the 12 months ending December 31, 1996, was 1,275,753.000.

**Town of Highland
Statistics by Economic Sector**

Industry Description	Number of Establishments		Number of Employees		Annual Payroll		Shipments/Sales/Receipts	
	Highland	Lake County	Highland	Lake County	Highland	Lake County	Highland	Lake County
Retail Trade	141	1,764	3,170	26,304	\$ 63,465,000	\$ 493,029,000	\$ 804,797,000	\$ 5,456,028,000
Real Estate, Rental and Leasing	26	405	87	2,016	\$ 1,414,000	\$ 46,834,000	\$ 8,859,000	\$ 259,110,000
Professional, scientific & technical	82	882	374	7,381	\$ 11,335,000	\$ 204,574,000	\$ 29,504,000	\$ 514,089,000
Administrative, Support and Waste Remediation Svcs	37	434	533	7,123	\$ 9,619,000	\$ 154,819,000	\$ 23,239,000	\$ 426,765,000
Educational Services*	6	77	91	D	\$ 789,000	\$ 500,000 - \$999,999	\$ 2,161,000	D
Health care & Social assistance	68	1,126	457	26,938	\$ 10,961,000	\$ 911,971,000	\$ 30,743,000	\$ 2,192,792,000
Arts, Entertainment, Recreation	5	101	D	4,999	\$ 100,000-\$249,000	\$ 114,647,000	D	\$ 551,245,000
Accommodation and Food Services	58	912	1,152	18,890	\$ 9,494,000	\$ 221,490,000	\$ 33,655,000	\$ 926,744,000
Other Services (Excludes Public Admin)	66	871	483	7,896	\$ 9,531,000	\$ 159,910,000	\$ 25,856,000	\$ 467,541,000
Wholesale Trade	32	478	275	5,933	\$ 7,991,000	\$ 450,224,000	\$ 208,279,000	\$ 3,538,212,000
Manufacturing	-	412	-	27,275	\$ -	\$ 1,358,631,000	\$ -	\$ 13,481,042,000
Information	7	113	36	2,384	\$ 823,000	\$ 76,955,000	N/A	N/A

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

D Withheld to avoid disclosure of individual companies.

N/A Not Available

Source: U.S. Bureau of the Census, 2002 Economic Census, ECo2-IN, Geographic Area Series

**Town of Highland
Local Financial Institutions
Assets in the Town**

Institutions	Assets in Highland as of 30 June 05	Pctge of Total	Assets in Highland as of 30 June 04	Pctge of Total	Number of Offices
Sand Ridge Bank	\$ 298,978,000	43.33%	\$ 298,516,000	45.10%	3
Centier Bank	\$ 125,748,000	18.23%	\$ 124,326,000	18.78%	2
Bank Calumet, National Assn.	\$ 108,591,000	15.74%	\$ 95,488,000	14.43%	3
Fifth/Third Bank	\$ 39,191,000	5.68%	\$ 28,203,000	4.26%	1
Standard Bank & Trust	\$ 36,584,000	5.30%	\$ 32,140,000	4.86%	1
JP Morgan Chase Bank NA (Formerly Bank One, Indiana)	\$ 31,125,000	4.51%	\$ 31,258,000	4.72%	1
Citizens Financial Services, FSB	\$ 20,897,000	3.03%	\$ 22,772,000	3.44%	1
Lake Federal Savings and Loan Assn.	\$ 13,660,000	1.98%	\$ 13,958,000	2.11%	1
First Federal Savings and Loan Assn.	\$ 13,293,000	1.93%	\$ 13,220,000	2.00%	1
TCF National Bank	\$ 1,873,000	0.27%	\$ 2,001,000	0.30%	1
	\$ 689,940,000		\$ 661,882,000		15

Source: Federal Deposit Insurance Corporation/Office of Thrift Supervision

**Town of Highland
Intended Federal Funds Rate**

Months	2005	Change (In basis Points)	2004	2003	2002	2001	2000	1999	1998	1997
January	2.25%		1.00%	1.25%	1.75%	6.00%	5.50%	4.75%	5.50%	5.25%
February	2.50%	25.00	1.00%	1.25%	1.75%	5.50%	5.75%	4.75%	5.50%	5.25%
March	2.75%	25.00	1.00%	1.25%	1.75%	5.00%	6.00%	4.75%	5.50%	5.50%
April	2.75%	0.00	1.00%	1.25%	1.75%	4.50%	6.00%	4.75%	5.50%	5.50%
May	3.00%	25.00	1.00%	1.25%	1.75%	4.00%	6.50%	4.75%	5.50%	5.50%
June	3.25%	25.00	1.25%	1.00%	1.75%	3.75%	6.50%	5.00%	5.50%	5.50%
July	3.25%	0.00	1.25%	1.00%	1.75%	3.75%	6.50%	5.00%	5.50%	5.50%
August	3.50%	25.00	1.50%	1.00%	1.75%	3.50%	6.50%	5.25%	5.50%	5.50%
September	3.75%	25.00	1.75%	1.00%	1.75%	3.00%	6.50%	5.25%	5.25%	5.50%
October	3.75%	0.00	1.75%	1.00%	1.75%	2.50%	6.50%	5.25%	5.00%	5.50%
November	4.00%	25.00	2.00%	1.00%	1.25%	2.00%	6.50%	5.50%	4.75%	5.50%
December	4.25%	25.00	2.25%	1.00%	1.25%	1.75%	6.50%	5.50%	4.75%	5.50%
Number of Annual Changes	8		5	1	1	10	3	3	3	1

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

**Town of Highland
Contact Units of Service
Office of the Clerk-Treasurer
For the Year Ending December 31, 2005**

Service Area	Weekdays in person	Weekdays by phone	Saturdays in person	Saturdays by phone	Total Service Contacts	Pctge.
Utility Collections	10,747	33,360	-	-	44,107	57.0%
Building & Inspections	5,999	6,081	-	-	12,080	15.6%
Public Works	3,769	1,346	-	-	5,115	6.6%
Yard Waste Tags	472	6,164	-	-	6,636	8.6%
Other Matters	4,791	4,703	-	-	9,494	12.3%
TOTALS:	25,778	51,654	-	-	77,432	
2004	24,868	20,327	688	271	46,134	
2003	43,053	26,348	1,611	680	71,692	
2002	9,970	4,814	324	90	15,198	
2001	24,197	19,730	668	271	44,866	
2000	24,918	19,363	839	239	45,359	
1999	11,892	7,668	590	120	20,270	
1998	18,587	11,811	782	250	31,430	
Year 2005 Contacts by Phone		51,654	67%	Year 2004 Contacts on Saturdays	-	0%
Year 2005 Contacts in Person	25,778	33%	Year 2004 Contacts in Weekdays	77,432	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.

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

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Operating Revenues	\$ 3,009,709	\$ 2,230,218	\$ 2,145,862	\$ 2,193,742	\$ 2,063,314	\$ 2,169,744	\$ 2,165,596	\$ 2,113,670	\$ 2,030,332	\$ 2,058,637
Operating Expenses	2,658,792	2,351,970	2,606,103	1,656,334	2,200,209	2,106,133	2,081,461	1,798,761	1,710,696	1,454,912
Operating Income(Loss)	350,917	(121,752)	(460,251)	537,408	(136,895)	63,611	84,135	314,909	319,636	603,725
Nonoperating Revenues(Expenses)	245,420	393,725	677,781	23,173	84,872	133,650	87,937	25,746	44,174	12,466
Extraordinary Items	-	-	-	(240,000)	(240,000)	(230,000)	-	(40,000)	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-	-	-
Net Income(Loss)	\$ 596,337	\$ 271,973	\$ 217,530	\$ 320,581	\$ (292,023)	\$ (32,739)	\$ 172,072	\$ 300,655	\$ 363,810	\$ 616,191
Current Assets	\$ 598,875	\$ 414,630	\$ 250,640	\$ 327,809	\$ 321,734	\$ 459,552	\$ 459,631	\$ 460,761	\$ 1,895,522	\$ 1,409,342
Restricted Assets	2,248,038	622,935	749,409	239,360	1,347,692	1,873,927	1,853,921	1,833,082	18,363	18,363
Construction in Progress	401,739	378,833	521,645	1,176,212	16,513	18,329	5,545	-	-	-
Utility Plant in Service	18,357,155	18,235,323	10,716,152	9,791,680	9,524,633	8,946,862	8,552,960	6,038,593	5,866,523	5,564,664
Accumulated Depreciation	(9,635,350)	(9,166,230)	(5,763,876)	(5,520,685)	(5,395,097)	(5,170,283)	(4,926,016)	(3,871,498)	(3,692,522)	(3,573,233)
Deferred Debits	26,877	-	-	-	-	-	-	-	-	-
Total Assets	\$ 11,997,334	\$ 10,485,491	\$ 6,473,970	\$ 6,014,376	\$ 5,815,475	\$ 6,128,387	\$ 5,946,041	\$ 4,460,938	\$ 4,087,886	\$ 3,419,136
Current Liabilities	\$ 279,281	\$ 182,137	\$ 694,274	\$ 168,119	\$ 254,343	\$ 281,476	\$ 67,825	\$ 201,021	\$ 116,820	\$ 81,221
Long-Term Liabilities	1,125,604	40,882	46,583	38,617	34,073	52,310	69,551	17,163	28,967	8,555
Contributions	-	-	-	753,332	753,332	728,851	731,361	700,801	700,801	451,872
Retained Earnings	-	-	-	5,054,308	4,773,727	5,065,750	3,714,025	3,541,953	3,241,298	2,877,488
Total Net Assets	10,592,449	10,262,472	5,733,113	-	-	-	-	-	-	-
Total Liabilities, Contributions and Retained Earnings	\$ 11,997,334	\$ 10,485,491	\$ 6,473,970	\$ 6,014,376	\$ 5,815,475	\$ 6,128,387	\$ 4,582,762	\$ 4,460,938	\$ 4,087,886	\$ 3,419,136
Residual Equity Transfers Out:	\$ -	\$ -	\$ -	\$ (40,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Customers:	7991	8032	8210	7,945	7,893	7,789	7,657	7,463	7,321	7,180
Residential	826	818	826	797	799	800	794	774	755	801
Commercial	-	-	-	-	-	-	-	-	-	-
Totals	8,817	8,850	9,036	8,742	8,692	8,589	8,451	8,237	8,076	7,981

WATERWORKS UTILITY
TOWN OF HIGHLAND
TEN YEAR STATISTICAL SUMMARY

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Operating Revenues	\$ 2,708,956	\$ 2,530,590	\$ 3,171,106	\$ 2,607,978	\$ 2,496,122	\$ 2,411,382	\$ 2,424,520	\$ 2,308,675	\$ 2,185,484	\$ 2,150,807
Operating Expenses	2,168,476	2,107,284	2,761,550	2,055,698	2,084,923	1,923,141	2,053,293	1,715,655	1,663,771	1,619,860
Operating Income(Loss)	540,480	423,306	409,556	552,280	411,199	488,241	371,227	593,020	521,713	530,947
Nonoperating Revenues(Expenses)	219,419	130,284	(1,737)	46,319	51,380	7,667	(182,128)	(163,485)	(276,190)	(282,184)
Extraordinary Items										
Net Income(Loss)	\$ 759,899	\$ 553,590	\$ 407,819	\$ 598,599	\$ 462,579	\$ 495,908	\$ 189,099	\$ 429,535	\$ 245,523	\$ 248,763
Before contributions and transfers										
Current Assets	\$ 284,772	\$ 286,773	\$ 298,354	\$ 283,684	\$ 281,051	\$ 420,444	\$ 405,418	\$ 397,431	\$ 346,145	\$ 334,874
Restricted Assets	1,567,391	1,590,547	1,540,290	1,670,119	1,622,717	1,451,153	1,331,361	1,623,117	2,317,938	1,429,323
Utility Plant in Service	15,074,956	13,727,364	14,939,774	14,924,740	14,815,000	14,496,152	14,949,093	14,478,802	12,274,416	11,520,169
Accumulated Depreciation	(6,463,953)	(6,138,871)	(6,677,931)	(6,330,488)	(6,061,212)	(5,698,392)	(5,266,556)	(4,932,267)	(4,584,369)	(4,292,262)
Construction Work in Progress	176,641	1,176,084	108,333	11,002		179,505	166,161	23,879	1,058,131	664,438
Deferred Debits	5,724	16,505	27,288	38,069	48,850	59,631	70,414	81,195	91,978	47,586
Total Assets	\$ 10,645,531	\$ 10,658,402	\$ 10,236,108	\$ 10,597,126	\$ 10,706,406	\$ 10,908,493	\$ 11,655,891	\$ 11,672,157	\$ 11,504,239	\$ 9,704,128
Current Liabilities	\$ 742,218	\$ 1,148,804	\$ 1,097,545	\$ 1,112,282	\$ 1,112,326	\$ 1,117,331	\$ 1,097,169	\$ 963,246	\$ 909,006	\$ 799,261
Long-Term Liabilities	282,672	700,946	1,502,877	2,256,977	2,964,812	3,655,304	4,303,881	4,703,573	5,104,813	3,736,797
Contributions	-	-	-	1,405,165	1,405,165	1,378,726	1,343,981	1,283,577	1,198,194	1,121,367
Retained Earnings	-	-	-	5,822,702	5,224,103	4,757,132	4,910,860	4,721,761	4,292,226	4,046,703
Total Net Assets	9,620,641	8,808,652	7,635,686							
Total Liabilities, Contributions and Retained Earnings	\$ 10,645,531	\$ 10,658,402	\$ 10,236,108	\$ 10,597,126	\$ 10,706,406	\$ 10,908,493	\$ 11,655,891	\$ 11,672,157	\$ 11,504,239	\$ 9,704,128
Number of Customers:										
Residential	8,137	8,225	8,510	8,149	8,104	8,003	7,820	7,622	7,484	7,443
Commercial	853	848	838	819	821	823	818	803	790	815
Total	8,990	9,073	9,348	8,968	8,925	8,826	8,638	8,425	8,274	8,258

*Information is not available.

TOWN OF HIGHLAND
Full-time Equivalent City Government Employees by Function
Fiscal Years 2003 - 2005

Function	Fiscal Year		
	<u>2003</u>	<u>2004</u>	<u>2005</u>
Elected Official	1	1	1
General Government	11	11	11
Public Safety			
Police			
Sworn	43	37	43
non Sworn	9	8	7
(1) Fire			
Firefighters and officers	1	1	1
(1) Emergency			
Public Works			
Supervisors	2	2	2
Clerical	1	1	1
Highways and streets	15	11	11
Sanitation	10	6	6
Park and recreation	16	14	16
Redevelopment	0	0	1
Water	11	7	7
Sanitary District	3	3	3
Total	123	102	110

Source: Town of Highland Payroll

(1) Firefighters and EMT's are on call 24 hours a day. They are only paid when they are called into service.

TOWN OF HIGHLAND
Capital Asset Statistics by Function
Fiscal Years 2003 - 2005

Function	Fiscal Year		
	2003	2004	2005
General government			
Buildings	1	1	1
Vehicles	1	1	2
Monuments	1	2	3
Public Safety			
Police			
(1) Stations			
Off-site storage Facility	1	1	1
Marked Patrol Vehicles	17	28	27
K-9 Vehicles	1	1	1
Unmarked Vehicles	10	9	11
Motorcycles	2	1	1
Animal Control Vehicle	1	1	1
Volunteers In Police Service Vehicles			1
Fire			
Stations	2	2	2
Fire Fighting Vehicles	10	10	10
General vehicles	2	2	2
Highways and streets			
Streets (miles)	N/A	N/A	89.28
Street lights	121	121	121
Traffic signals	20	20	21
Parks and recreation			
Parks acreage	250	250	250
Parks	22	22	22
Picnic Shelters	4	4	4
Gazebos	2	2	2
Tennis courts	6	6	6
Basketball Courts (indoor)	5	5	5
Basketball Courts (outdoor)	10	10	10
Baseball Fields	9	10	10
Softball Fields	11	11	11
Soccer Fields	5	9	9
Community use centers	1	1	1
Bike trails (miles)	4	4	4
Tractors/Mowers	12	12	12
Vehicles	11	11	10
Water			
Water mains (miles)	86.04	86.04	88.27
Fire Hydrants	550	600	600
Storage Capacity (MG)	7.5	7.5	7.5
Sanitary District			
Sanitary (Waste water) sewer lines(miles)	73.45	73.45	74.10
Lift stations (Sanitary)	10	10	10
Sanitary Retention Basins	2	2	2
Storm sewer lines(miles)	58.14	58.14	58.27

Source: Various City Departments
(1)

**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

10th President

- John A. Blom, 1946-1947

11th President

- John DeLeeuw, 1948-1950

12th President

- Ralph Dunn, 1951

13th President

- John Farmer, Jan -Oct 20, 1952

14th President

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

15th President

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

16th President

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

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

17th President

- Michael Kruglinsky, Mar 16 - Dec 1955

18th President

- John Farmer, 1956-1959

19th President

- Donald R. Adams, 1960-1963

20th President

- David Morrow, 1964-1965

21st President

- Paul Doherty, 1966-1967

22nd President

- George Van Prooyen, 1968

23rd President

- Lynn Powell, Jan 20-Dec, 1969

24th President

- George Van Prooyen, 1970

25th President

- Lynn Powell, 1971

26th President

- Chester Napiwocki, 1972

27th President

- Robert Engerski, 1973

28th President

- Jack Silverman, 1974

29th President

- Paul Doherty, 1975

30th President

- George Van Til, 1976

31st President

- James L. Wieser , 1977

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

32nd President

- Paul Doherty , 1978

33rd President

- David Morrow , 1979

34th President

- James L. Wieser , 1980

35th President

- John Oakley , 1981

36th President

- Thurman Ferree , 1982-1983

37th President

- Carl Miklusak , 1984

38th President

- John Oakley , 1985

39th President

- Thurman Ferree, 1986

40th President

- Dennis Tobin , 1987

41st President

- John Oakley , 1988

42nd President

- Dennis Tobin , 1989

43rd President

- Dominic Noce, 1990

**Highland Town Council
Presidents of the Council**

44th President

- Dennis Tobin, 1991

45th President

- Lynn R. Powell, 1992

46th President

- Lance Ryskamp, 1993

47th President

- George Georgeff, 1994-1995

48th President

- Dennis Simala , 1996

49th President

- Larry Wolendowski, 1997

50th President

- Dennis Simala, 1998

51st President

- Charles Podgorny, 1999

52nd President

- George Georgeff, 2000

53rd President

- Mark A. Herak, 2001-2005

54th President

- Joseph A. Wszolek, 2006

Town of Highland Miscellaneous Statistics and Facts

There are 566 cities and towns in Indiana. 117 cities (1 city of the first class; 18 cities of the second class and 98 of the third class with 448 towns. There are 79 Towns with a total population over 2,000 and 369 with populations of 2000 or less.)

Population (2000): 23,546

Male: 11,297
 Female: 12,249
 Work force Total: 18,474 of this 9,765 are female
 Per Capita Income: \$15,948 (1990)
 Median Household Income: \$39,437 (1990)
 Education: (1990)
 Bachelors Degree or Higher 18.9 %
 Persons 25 years and older w/High School diploma 84.7%

Population History:

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

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

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

Year Structure Built: Elevation:

sea level North of Ridge 595 above

1990-2000 10.4% South of Ridge 615 above

sea level

1980-1990 5.1 % Area: 7 square miles (6.9 sq. miles)

1970-1980	19.2%	Road miles: 85 miles
1960-1969	26.9%	Sanitary Sewer Lines: 74.10 miles (12/05)
1950-1959	25.9%	Water Lines: 88.27 miles (12/05)
1940-1949	7.7%	Storm Sewer Lines: 58.27 miles (12/05)
1939 or earlier	4.8%	Sanitary Manholes: 1092 precast/628 block
		Storm Manholes: 858 precast/320 block
		sidewalk 8,935 feet

Census Populations of Lake County's 19 Municipalities

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

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

Distance and Direction to Major Cities

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

Climate

Coldest mo:	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 2005
Lake County	\$ 18,983,581,161
Lake County Solid Waste District	\$ 18,983,581,161
Lake County Library District	\$ 10,611,222,852
North Township	\$ 6,605,816,415
School Town of Highland	\$ 1,171,415,645*
Town of Highland	\$ 1,171,415,645*

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

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