B31143

# Comprehensive Annual Financial Report


## Period Ending December 31, 2006

# Town of Highland, Indiana

# Comprehensive Annual Financial Report Town of Highland, Indiana

HIGHLAND

INCORPORATED 1910

**Office of the Clerk-Treasurer**

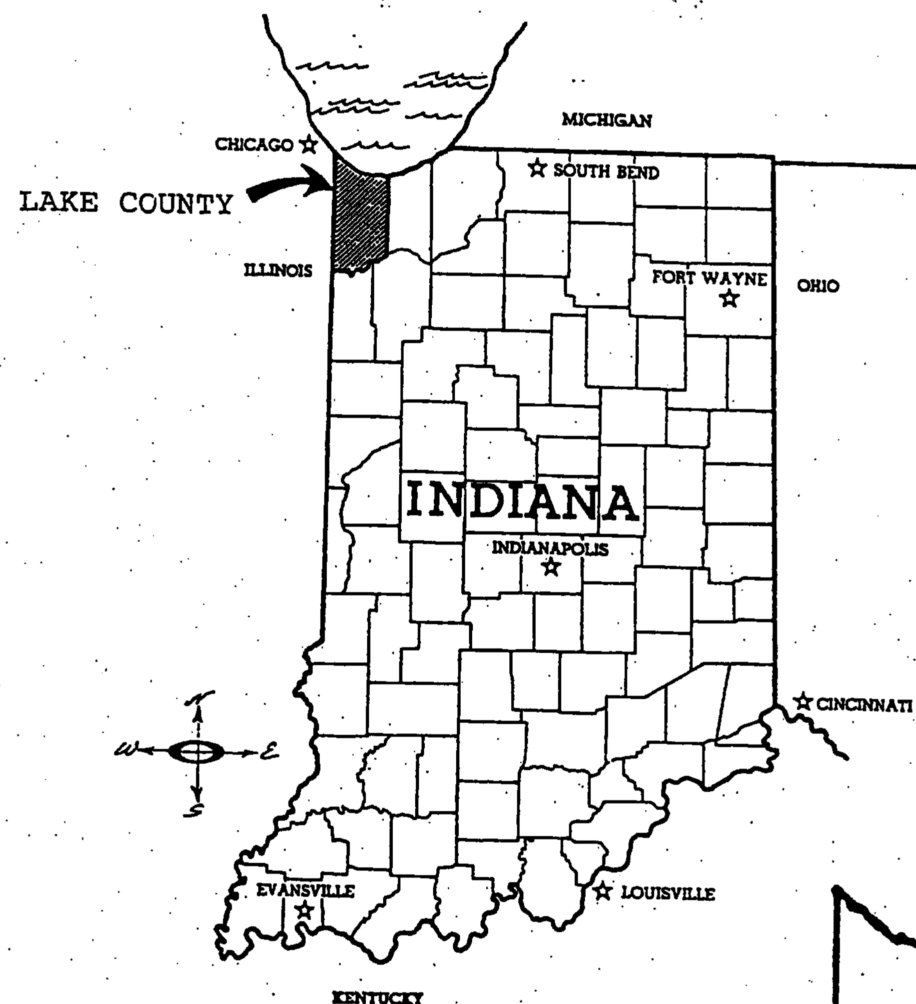
## For the Year Ended
## **December 31, 2006**

Prepared by the Office of the Highland Clerk-Treasurer

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

***On the Cover.*** *The Highland Downtown Association welcomes everyone at the western end of Highway Avenue, which leads to Highland's downtown district, with this newly erected gateway Sign,demonstrating a Mid Century Modern aesthetic.*

*(Design and graphic courtesy of Keyword Design, LLC, Judith Mayer President)*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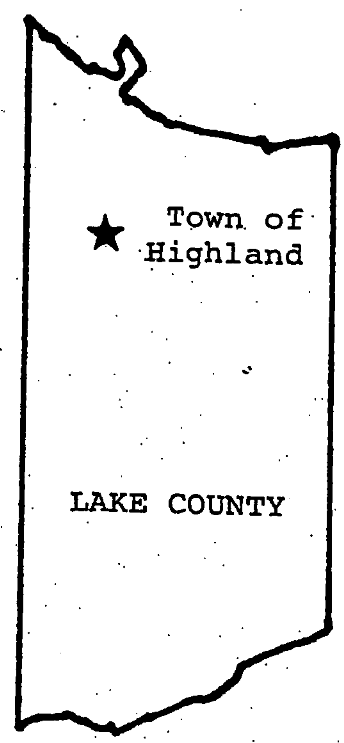
Town of
Highland
LAKE COUNTY

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006**
**Town of Highland, Indiana**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

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# INTRODUCTORY SECTION

# TOWN OF HIGHLAND

Highland Municipal Building • 3333 Ridge Road
Highland, Indiana 46322
219-838-1080 • Fax 219-972-5097

Population 23,546
Incorporated in 1910



Friday, August 31, 2007

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, 2006. 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 thirteen 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 *twelfth* 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,

Daniel E. Dernulc
Town Council President

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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


Friday August 31, 2007

Highland Town Council
Daniel E. Dernulc, President
Town of Highland, Indiana

Dear Mr. President, Members of the Town Council, Mr. Town Manager 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, 2006. As you may know, this is the *twelfth* 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, 2006.

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

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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, 2006**, 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, 2006**, 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 61** 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 67**. 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," as the 8th largest municipality in the county and 30th out of 567 in the state, with a 2000 census population of approximately 23,546.

### *Commerce and Transportation*

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

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

### *Education*

Public Education is provided by the School Town of Highland, which is a separate and distinct public entity governed by a separately elected Board of School Trustees. The Board is comprised of five (5) persons elected for terms of four (4) years on a staggered basis. The election is non-partisan. The School Town of Highland reported a combined enrollment of 3,451 for the 2005-2007 term. It maintains four (4) elementary school buildings, one (1) middle school, and one (1) high school. The following table indicates enrollment for the 2005-2006 and the preceding twelve (12) terms:

**School Town of Highland**

| School Year | Enrollment |
|---|---|
| 2005-06 | 3,451 |
| 2004-05 | 3,416 |
| 2003-04 | 3,382 |
| 2002-03 | 3,340 |
| 2001-02 | 3,306 |
| 2000-01 | 3,233 |
| 1999-00 | 3,250 |
| 1998-99 | 3,232 |
| 1997-98 | 3,258 |
| 1996-97 | 3,219 |
| 1995-96 | 3,279 |
| 1994-95 | 3,207 |
| 1993-94 | 3,195 |

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 was an independent school offering grades seven through twelve in Highland, but in 2005 moved its facility to nearby Griffith, Indiana. Calvary Christian School offers education Kindergarten through 8 and assumed some of Calumet Baptist's enrollment. A summary of the private school enrollment is set forth in the following table:

| | **Our Lady of Grace** | **Highland Christian** | **Calumet Baptist** | **Calvary Christian** |
|---|---|---|---|---|
| 2005-2006 | 176 | 349 | (closed) | 88 |
| 2004-2005 | 171 | 348 | 23 | 92 |
| 2003-2004 | 192 | 345 | 199 | |
| 2002-2003 | 231 | 360 | 200 | |
| 2001-2002 | 230 | 340 | 220 | |
| 2000-2001 | 238 | 355 | 289 | |
| 1999-2000 | 262 | 363 | 314 | |
| 1998-1999 | 273 | 372 | 311 | |
| 1997-1998 | 292 | 424 | 335 | |
| 1996-1997 | 299 | 388 | 335 | |

### *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**

Highland boasts a 60-acre shopping center, Highland Grove, initiated during the summer of 1995. It continues to operate successfully and enjoys nearly full occupancy as of this writing. The shopping center includes national and regional chains such as a Target Store, and a Kohl's Department Store. In addition, there is an Office Max, a 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 155** 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 is located there, housing professional and insurance services. These join a 1950's retro-designed McDonald's Restaurant and a 12,786 square foot, two-story structure established to house a multi-service site for **First Midwest Bank**, a nationally chartered bank. Finally, a **Discount Tire** was recently added to the site. Also complimenting the existing retail, banking and professional development is an Office Depot.

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

At the start of 1996, approximately 758 acres, or 21%, of Highland remained undeveloped, although much of the space is the subject of development proposals. At the close of **2006**, 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 2006, building permits were issued for 26 single-family dwellings, 1 multi-unit building, 3 Institutional, Commercial or Industrial and 1,343 miscellaneous permits.

Finally, the continuing presence of three 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, all three of these gaming sites, Hammond's *Horseshoe/Harrah's*, Gary's *Majestic Star* and *Resorts East Chicago*, continue to 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 2007*, Vol. 81, No. 4, that between 1995 and 2006 employment in Northwest Indiana grew at an average annual rate of 0.22 percent. Indiana statewide employment grew at an annual average of 0.60 percent and in the nation at a 1.32 percent rate during the same period. Dr. Coffin suggests that while seemingly meager overall, the statistic conceals the strength in some sectors. Construction employment grew at an average annual rate of 1.56 percent and Health Services employment grew at a rate of 2.30 percent, in Northwest Indiana.

Dr. Coffin indicated that weekly earnings grew more rapidly locally than the state in the construction, manufacturing, and wholesale trade while transportation, utilities, finance and health care grew more slowly.

Dr. Coffin, while describing some challenges for new business locating to Northwest Indiana, commends the Port of Indiana as an extremely strong asset for the Region.

Dr. Coffin describes the construction and health care services sectors as likely o offer the strongest growth in employment in Northwest Indiana. Dr. Coffin further suggests that the local economy in general will likely generate smaller increases in employment than the national economy. Dr. Coffin reflected on his forecast for employment growth last year at 0.2 percent, noting that the local economy grew "considerably more than that bolstered by a stronger national economy."

Based upon the projected performance of the national economy, Dr. Coffin forecasts 0.4 percent growth overall employment, representing about 1,900 net new jobs. Dr. Coffin further suggests that if the national economy experiences a slowdown or recession, the forecast would be less positive. Dr. Coffin notes the recent announcement of significant investment and expansion by the BP Refinery, located in Northwest Indiana.

In short, Dr. Coffin suggests that the economic forecast presented in Indiana Business Review, is cautiously optimistic regarding national economic prospects. Dr. Coffin further offers that the uncertainties in the national economy and Northwest Indiana's "still considerable-concentration of activity in cyclically sensitive industries (steel ad other metals; chemical; petroleum products)" even a mild downturn in the national economy could affect the local economy.

The Town of Highland, while not insulated from the character of the economy, has been able to maintain operations and manage spending. It is in this context that the Town of Highland continues to enjoy a stable outlook. However, the State Legislature continues to legislate and urge possible changes to the system of public finance that could affect this outlook.

There was a General Reassessment in our County in FY 2003, which moved the assessment of real property toward a market based system. At reassessment, the metric was values at 1999. In 2007, there was conducted statewide "trending", designed to update market values to the 2005 values for the purposes of property taxation. Not unlike the general reassessment, the recent "trending" created a delay in collections of property taxes. The Indiana General Assembly did pass a law to permit the County Treasurers to issue lawfully binding "provisional tax bills," which at least in part ameliorated the problem of cash and collections for local governments, including the Town of Highland. The settlement of Pay 2006 taxes was made in early January of 2007. As of this writing, local governments have received some distribution of property tax replacement money and excise taxes, but bills for Pay 2007 have yet to be sent to taxpayers. Several target dates for the bills have come and gone owing to new complications.

It is now expected that the Pay FY 2007 tax bills may not be issued until very late this year or perhaps next year. The economic prospect for Highland, even in the context of the foregoing, is still stable. It is expected that service levels should be maintained.

***Long-Term financial planning.*** Even with the foregoing tax complications, the Town Council and other boards of the Town continue to explore capital plans, but are circumspect. The Governor appointed a Blue Ribbon Panel, Chaired by the former Governor, Joseph Kernan and the Chief Justice of the Indiana Supreme Court, Randall Sheppard, to consider the current tax problem and examine the structure of Indiana government at all levels. The commission is tasked with reporting by year end.

The Board of Sanitary Commissioners continue to carry out plans for making several sanitary and storm water improvements financed by a 2007 special taxing district bonds issued in the amount of $3,500,000.

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 four different changes to the rate by the Board of Governors. In January the intended rate was 4.50%. The rate increased in the months of March and May by 25 basis points until stabilizing in June at 5.25%. In 2006, the slightly less demanding liquidity pressures in some funds 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, as 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 for our liquidity needs. The average 90-day T-bill rate was 3.652%, which is the usual benchmark or investment metric. The LGIP had a high average percentage yield of 5.15% APY and a low of 4.11% APY. The annualized average rate was 4.79%. 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 2006 than in 2005. A local depository offer above market rates for governments only that paid the Federal Funds Rate. Investments exceeded the 90 T-Bill benchmark by 159.8 basis points. Investment rate of return exceeded the LGIP high rate by 10 basis points, the LGIP low rate by 114 basis points and the annual average rate for the LGIP by 46 basis points. All instruments exceeded the 90-Day T-bill rate. Finally, at December 31, 2006 the amount of funds in the investment portfolio was *$8,679,408.82*, which represented 78% of available cash.

***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 2006, the employer's share of the pension cost was 7.0%. In 2007 the rate is 7.25%. 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 as 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 52**.

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, 2006. 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, 2005. This was the eleventh 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 **twelfth** 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 Carla Wenger, C.P.A., Cynthia David, C.P.A., Jeff Kopkey, and Sarah Kotys 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 twelfth CAFR.

I also continue to thank 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, 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 to *the citizens we serve* this 2006 Comprehensive Annual Financial Report for the Town of Highland.

Sincerely,

Michael W. Griffin

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, 2005

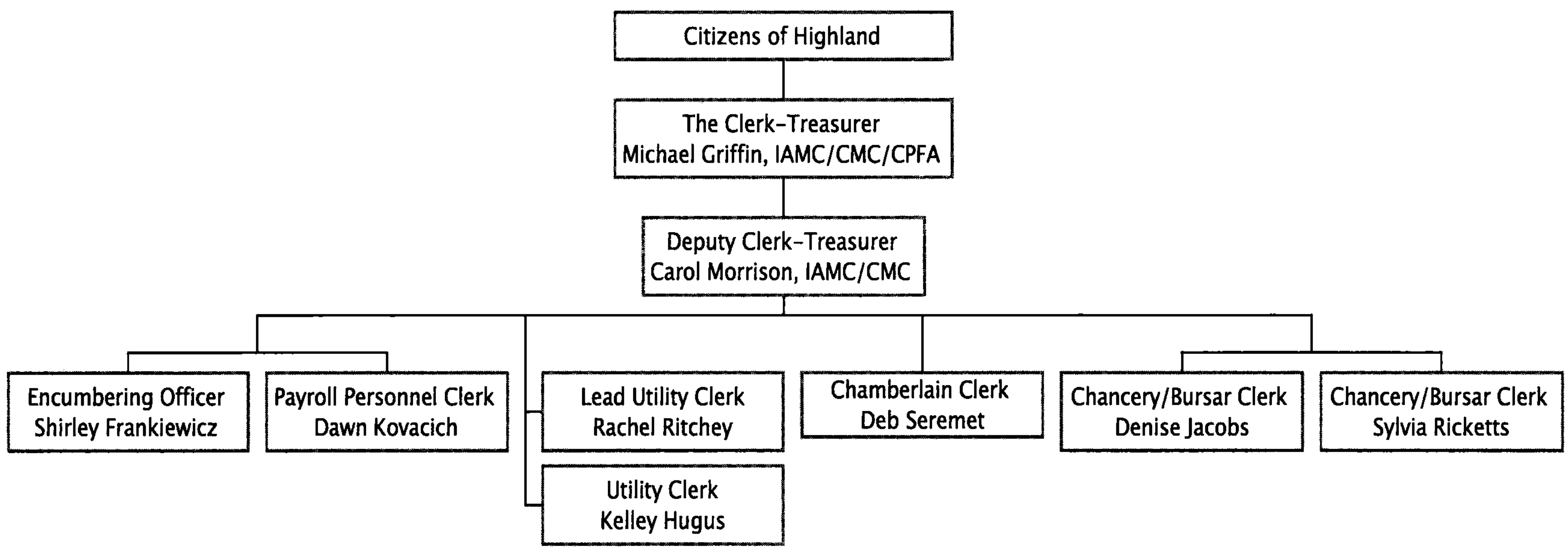
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

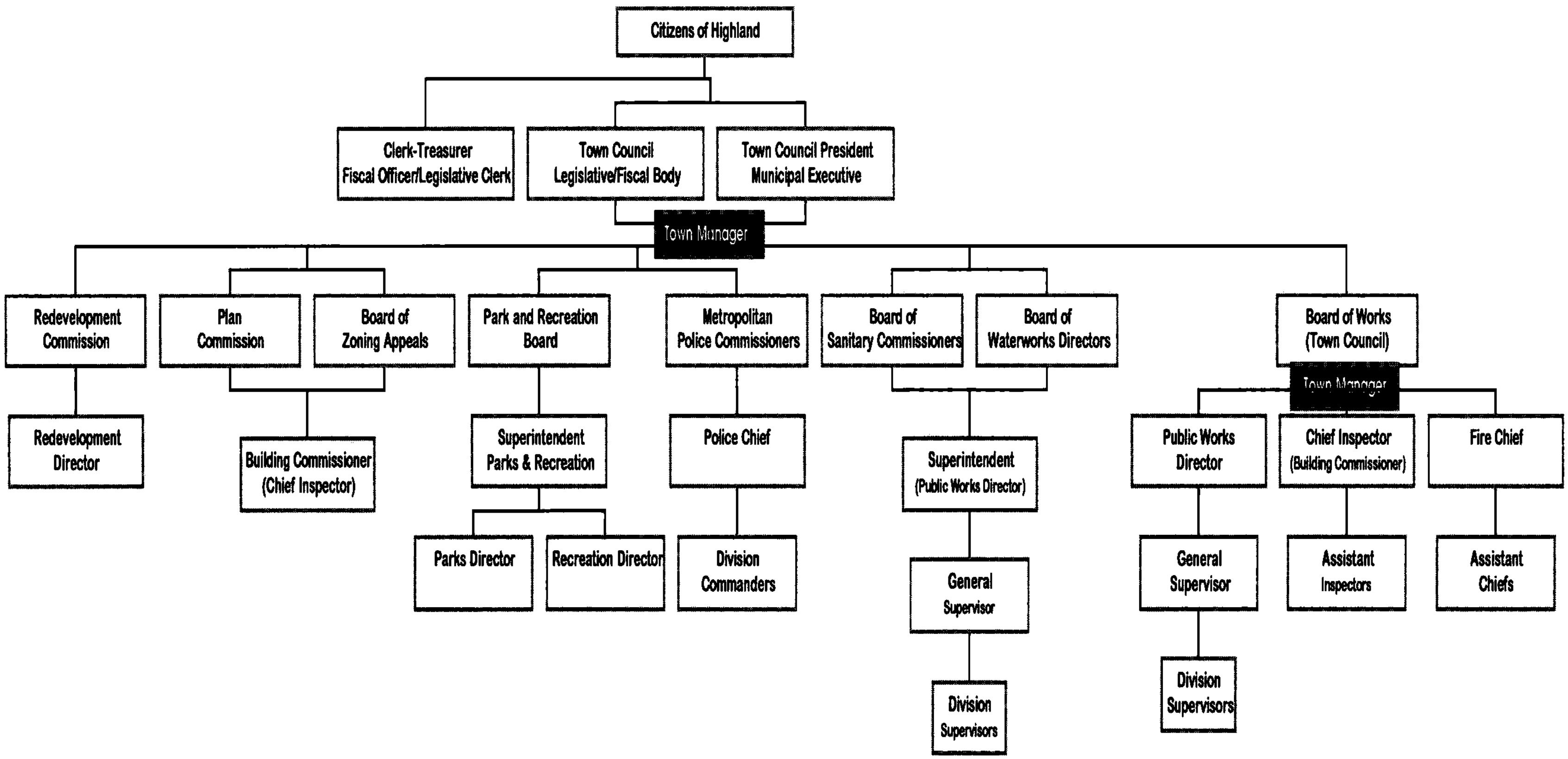
Executive Director

# Office of the Town Clerk-Treasurer




**At 1 April 2007**

# Municipal Government of Highland




At April 1, 2007

# TOWN of HIGHLAND
# LISTING of ELECTED and PRINCIPAL OFFICIALS
# at DECEMBER 31, 2006

| Elected Officials | Years of Service | Occupation |
| --- | --- | --- |
| Joseph A. Wszolek,ABR/GRI, Town President | 2000-2006 | Real Estate Appraiser<br>*Wszolek & Assoc.* |
| Daniel E. Dernulc, Vice President | 2004-2006 | Executive<br>*SBC Inc.* |
| Bernie Zemen, Town Councilor, *1st Ward* | 2004-2006 | Supervisor<br>*Mittal Inland Steel* |
| Mark A. Herak, Town Councilor *2nd Ward* | 2000-2006<br>1980-1990 | Executive<br>*Navistar* |
| Robert Helmer, Town Councilor, 3rd *Ward* | 2004-2006 | Supervisor<br>*Union Tank* |
| Michael W. Griffin, IAMC/CMC/CPFA, Clerk-Treasurer | 1992-2006 | Chief Fiscal Officer<br>*Town of Highland* |

**Attorneys and Consulting Professionals (2006)**

| | |
| --- | --- |
| 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 (2006) | Town Position |
| --- | --- |
| Richard Underkofler | Town Manager |
| John M. Bach | Public Works Director/Utilities Supt. |
| Peter T. Hojnicki | 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

| | |
|---|---|
| Acting Sgt. Ralph Potesta | Criminal Investigations Division |
| Cmdr. Patrick Vassar | Patrol Division |

## 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

| | |
|---|---|
| Rodger Lewis | Assistant Chief for Safety |
| Donald Scheidt | Assistant Chief for Planning |
| Kenneth Mika | Assistant Ground Operations Chief |
| Michael Pipta | Assistant Ground Operations Chief |
| Fred Wanicki | Assistant Ground Operations Chief |

## TOWN COUNCIL and CLERK-TREASURER for 2007

| | |
|---|---|
| Daniel E. Dernulc | President |
| Joseph A. Wszolek | 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, 2006

## Municipal Plan Commission

| | |
|---|---|
| Daniel J. Buksa, President | 03/01/03 to 1st Monday January 2010 |
| Judith Mayer | 1st Monday June to First Monday in January 2009 |
| Tom Agler | 1st Monday Feb 2004 to1st Monday Jan 2008 |
| David Jones | Legislative Appointment |
| Robert Helmer | Legislative Appointment |
| Joseph A. Wszolek, ABR/GRI | Legislative Appointment |

## Advisory Board of Zoning Appeals

| | |
|---|---|
| Daniel J. Buksa, President | Coextensive with Plan Commission Term<br>1st Monday January 2006 |
| Gail L. Barenie | 1st Monday Jan 02 – 1st Monday January 2006<br>*Executive Appointment – citizen member* |
| Steven W. Wagner | 1st Monday Jan 03 –1st Monday January 2007<br>*Executive Appointment - citizen member* |
| Tom Agler | Coextensive with Plan Commission Term<br>1st Monday January 2008 |
| Tom Palmer | 1st Monday Jan 06 – 1st Monday January 2009 |

## Board of Water Works Directors

| | |
|---|---|
| Joseph Pavnica, President | First Monday in 2005 to 1st Monday in 2008 |
| Keith E. Bruxvoort | Unexpired term to 1st Monday in 2008 |
| Ed Golumbeck | First Monday in 2004 to 1st Monday in 2007 |
| Philip E. Pena | 04/01/2006 – First Monday in 2009 |
| Rev. Arthur Burkman | First Monday in 2006 – First Monday in 2009 |

## 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 - 12/31/2009 |

## Park and Recreation Board

| | |
|---|---|
| Thomas Arnold, President | 1st Monday Jan 2004 - 1st Monday Jan 2008 |
| Carolyn Turich | 1st Monday Jan 2005 - 1st Monday Jan 2008 |
| Carlos O. Aburto | July 1st 2006 - 1st Monday Jan 2007 |
| Edward Dabrowski | 1st Monday Jan 2006 - 1st Monday Jan 2010 |
| Lawrence Vassar, School Board Appointment | Coextensive with School Board Term |
| Dennis Tobin | Library Board Appointment |

## Town Board of Metropolitan Police Commissioners

| | |
|---|---|
| Danny Stombaugh, Chairman | 02/01/2004 - 01/01/2007 |
| James M. Turoci | 01/24/2005 - 01/01/2008 |
| John Koval | 02/01/2004 - 01/01/2007 |
| Jim DeGraaf | 02/10/2003 - 01/01/2009 |
| Patricia Van Til | 02/13/2006 - 01/01/2009 |

## Redevelopment Commission

| | |
|---|---|
| Adam Gawlikowski, President | 1st day in May 2006 -1st day in Jan 2007<br>*(Legislative appointment)* |
| Dominic Noce | 1st day in May 2006 -1st day in Jan 2007<br>*(Executive appointment)* |
| Brice Johnson | 1st day in Jan 2006 - 1st day in Jan 2007 |

| | |
|---|---|
| | *(Executive appointment)* |
| Rex Burton | 1st day in May 2006- 1st day in Jan 2007 |
| | *(Executive appointment)* |
| Bernie Zemen | 1st day in Feb 2006 - 1st day in Jan 2007 |
| | *(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)

**The Park Advisory Council of Community Events**

| | |
|---|---|
| Karen Biernacki | 1/1/06 – 12/31/06 |
| Pamela Brunker | 1/1/06 – 12/31/06 |
| John Breslin | 1/1/06 – 12/31/06 |
| Lisa Gauthier | 1/1/06 – 12/31/06 |
| Shelly Glenn | 1/1/06 – 12/31/06 |
| Rose James | 1/1/06 – 12/31/06 |
| Neil Mantel | 1/1/06 – 12/31/06 |
| Maureen Mantel | 1/1/06 – 12/31/06 |
| Edward Olivo | 1/1/06 – 12/31/06 |
| Bob Roach | 1/1/06 – 12/31/06 |
| Laurel Roach | 1/1/06 – 12/31/06 |
| Karen Stack | 1/1/06 – 12/31/06 |
| Jim Stack | 1/1/06 – 12/31/06 |
| Bill Vargo | 1/1/06 - 12/31/06 |
| Karen Ziants | 1/1/06 – 12/31/06 |

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

| | |
|---|---|
| Joseph A. Wszolek, President | Co-extensive with Council Presidency |
| Chief Peter T. Hojnicki | 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 (Retired Member) | Feb 2003-Feb 2008 |
| Dpty. Cmdr. George Georgeff | Feb 2006-Feb 2009 |
| Cmdr. Patrick Vassar | Feb 2005-Feb 2008 |
| Sgt. Timothy Towasnicki | Feb 2007-Feb 2007 |
| Sgt. John Banasiak | Feb 2006-Feb 2009 |

## Notable Related Appointments of Assignments of Elected Officials

| | |
|---|---|
| Joseph A. Wszolek, ABR/GRI | Town Executive (I.C. 36-1-2-5-(4); I.C. 36-5-2-2;I.C. 36-5-2-7)<br>Board of Trustees of the Police Pension Fund, Chair<br>Finance Committee Chair<br>Advisory Board of Zoning Appeals, Liaison<br>Building and Inspection Department Committee |
| Bernie Zemen | Town Board of Metropolitan Police Commissioners, Liaison<br>Insurance and Benefits Committee<br>Chamber of Commerce, Liaison<br>Park and Recreation Board, Liaison<br>Redevelopment Commission |
| Mark A. Herak | Board of Sanitary Commissioners, Liaison<br>Board of Waterworks Director, Liaison<br>Public Works Committee |
| Robert Helmer | Town Hall and Buildings Committee |
| Daniel Dernulc | Fire Department Committee<br>VIP Committee<br>Insurance and Benefits Committee |
| Michael W. Griffin | Indiana League of Municipal Clerks & Treasurers<br>State Vice President<br>Past State Secretary<br>Past State Treasurer<br>Past Executive Director<br>Education Committee<br>Legislative Committee<br>Past Parliamentarian<br>Indiana Accredited Municipal Clerk<br>International Institute of Municipal Clerks<br>Certified Municipal Clerk (CMC)<br>Member, Master Municipal Clerks Academy<br>Chair, Committee on Programs and Certification<br>Municipal Treasurers Association of US and Canada<br>Certified Public Finance Administrator (CPFA)<br>Committee on Membership<br>American Society for Public Administration<br>Past President, Northwest Indiana Chapter<br>*Honorary* Field Examiner,<br>Indiana State Board of Accounts<br>Pi, Alpha, Alpha Public Administration Academic Fraternity<br>County of Lake Initiative for Fair Taxation, Co-Chair<br>Board of Economists, The Times<br>Editorial Advisory Board, The Times<br>Adjunct Instructor<br>Indiana University (NW) School of Public and Environmental Affairs<br>CATV Committee/Consortium Representative |

## Town of Highland
## Elected Officers and Key Department Officials Wage and Salary 2006

**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.**

**4th Ward Council** *Town Council President*
Joseph A. Wszolek, ABR/GRI (R) -- 1/1/2004 - 01/01/08*
Salary: $1,226 per month/$ 14,712 annually

**5th Ward Council** *Town Council Vice President*
Daniel E. Dernulc (R) -- 1/1/2004 - 01/01/08*
Salary: $ 1,164 per month / $ 13,968 annually

**1st Ward Council**
Bernie Zemen (D) -- 1/1/2004 – 01/01/08*
Salary: $ 1,164 per month / $ 13,968 annually

**2nd Ward Council**
Mark A. Herak (R) –1/1/2004 – 01/01/08*
Salary: $1,164 per month / $13,968 annually
$60 per month Longevity

**3rd Ward Council** *Town Council Vice President*
Robert Helmer (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: $2,350.00 bi-weekly /$ 61,100. annually
Waived longevity

**Deputy Clerk-Treasurer** (Appointed)
Carol L. Morrison
Salary: $1,627.12 bi-weekly /$ 42,305.12 annual base pay
plus longevity of $1,040 = $ 43,345.12

**Office of the Town Manager**

Town Manager
Richard Underkofler
Salary: $3254.35 bi-weekly / $84,613.10 annual base pay

**Metropolitan Police Department**

Metropolitan Police Chief
Peter T. Hojnicki
Salary: $ 2,635.13 bi-weekly /$ 68,513.38 annual base pay
Plus longevity of $1040.
plus Clothing $950 plus car = $70,503.38

**Public Works Department**

Public Works Director Superintendent of Sanitary District & Waterworks
John M. Bach
Salary: $ 2,769.34 bi-weekly /$ 70,002.84 annual base pay
plus longevity of $ 1,206.40 plus car = $ 73,209.24

**Building and Inspection Department**

Chief Inspector/Building Commissioner
Kenneth Mika
Salary: $ 2,086.75 bi-weekly $54,255.50 annual base pay
plus longevity of $ 852.80 = $ 55,108.30

**Fire Department**

Fire Chief
William R. Timmer, Jr., CFOD
Salary: $ 2,086.75 bi-weekly $ 54,255.50 annual base pay
Plus longevity of $374.40
Plus clothing $ 950 plus car = $ 55,575.90

Assistant Fire Chief for Safety
Rodger Lewis
Salary: $1,500. annually
Plus $11.35 hourly for Training and Fire Calls
Plus $200.00 annually for Auto and Clothing

Assistant Fire Chief for Logistics and Planning
Donald Scheidt
Salary: $1,200. annually
Plus $11.35 hourly for Training and Fire Calls
Plus $200.00 annually for Auto and Clothing

Assistant Fire Ground Operations Chief
Ken Mika
Salary: $1,200. annually
Plus $11.35 hourly for Training and Fire Calls
Plus $200.00 annually for Auto and Clothing

Assistant Fire Ground Operations Chief
Michael Pipta
Salary: $1,200. annually
Plus $11.35 hourly for Training and Fire Calls
Plus $200.00 annually for Auto and Clothing

Assistant Fire Ground Operations Chief
Fred Wanicki
Salary: $1200. annually
Plus $11.35 hourly for Training and Fire Calls
Plus $200.00 annually for Auto and Clothing

**Parks and Recreation Department**

Parks & Recreation Superintendent
Alex M. Brown, CPRP
Salary: $ 2,225.12 bi-weekly $ 57,853.12 annual base pay
Plus longevity $374.40
Plus car = $ 58,227.52

**Redevelopment Department**

Redevelopment Director
Cecile Petro
Salary: 1,724.24 bi-weekly $ 44,830.24 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 2nd Wednesdays at 7:00 p.m.

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

**Park Advisory 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 |

**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 7:00 p.m.

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

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

**Traffic Safety Commission**
Meets 1st Wednesdays at 2:00 p.m.

| | |
|---|---|
| (1) President's Salary: | $0 per month/$0 annually |
| (5) Other Members Salary: | $0 per month/$0 annually |

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## Overview of Highland Municipal Government

The original plat of survey was for approximately five square miles.
Presently, the Town boasts 6.9 square miles.

The Town's form of government is a Town Council which combines the legislative and administrative authority for the civil town. It also serves as the Board of Works for the Town. The Town Council President serves as the Town executive.

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

FINANCIAL SECTION

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AN EQUAL OPPORTUNITY EMPLOYER

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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, 2006, 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 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 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. 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, 2006, 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.

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 required parts 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 taken as a whole. 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

August 15, 2007

## 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, 2006**. 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 **$37,523,201** (*net assets*). Of this amount, (**-$3,435,173)** (*unrestricted net assets*) may be used to meet the government's on-going obligations to citizens and creditors. *(This debit balance in unrestricted net assets is attributable to an unusual net pension obligation that is from a 1925 law, which provides for a non-actuarial plan. While accounting standards hold that this obligation is one for the entire Town, it should be noted that there is a dedicated Trust Fund, the Police Pension Fund, which is where the actual obligation is maintained. Adjusted for the Net Pension Obligation, Highland's unrestricted net assets would be $1,969,424.)*

- The government's total net assets increased by **$6,097,450 in FY 2006.** This increase represents an increase of $5,741,550 in total net assets related to governmental activities and an increase of $355,900 in total net assets in business type activities. This increase is attributable to an increase of $4,376,059 in governmental capital assets represented by bond proceeds of the Park and Redevelopment Districts, a one time state grant in consequence of the Lease of the Indiana Toll road dedicated for capital purposes, positive net income in business activities of the municipality in the amount of the net increase in total net assets ($355,900) and significant unrestricted investment earnings (*$445,540).*

- As of the close of the current fiscal year, the TOWN OF HIGHLAND'S governmental funds reported combined ending fund balances of **$7,379,062**, a significant increase amounting to *$3,440,107* over the prior year. This increase is attributable to an overall increase in revenues and relatively stable spending over the prior year. The increase in revenues is explained largely in the previous bulleted paragraph. However, of the combined ending fund balances, the amount of $6,616,240 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 **$647,891**, or 9% of total general fund expenditures.

- The TOWN OF HIGHLAND'S total long-term debt increased by a net of **$1,996,905** (28 %) during the current fiscal year. The key factor in this increase was the issuance of new debt during fiscal year 2006.

### 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-three (33) 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, Parks and Recreation Fund, Parks and Recreation Non-Reverting Capital Fund** and the **Redevelopment Capital Fund** all of which are considered to be major funds. Data from the other twenty-nine (29) 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 building (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 31-58** 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 59-65** 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 67-69** 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 **$37,523,201** (total net assets) at the close of the most recent fiscal year, *ending 31 December 2006*.

By far the largest portion of the TOWN of HIGHLAND'S net assets (89%) 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 | |
|---|---|---|---|---|---|---|
| | 2006 | 2005 | 2006 | 2005 | 2006 | 2005 |
| Current and Other assets | $ 11,105,998 | $ 11,665,041 | $ 3,929,650 | $ 4,731,677 | $ 15,035,648 | $ 16,396,718 |
| Capital Assets | 20,525,000 | 16,148,941 | 18,706,761 | 17,911,188 | 39,231,761 | 34,060,129 |
| **Total Assets** | **$ 31,630,998** | **$ 27,813,982** | **$ 22,636,411** | **$ 22,642,865** | **$ 54,267,409** | **$ 50,456,847** |
| Long-term liabilities outstanding | 12,383,533 | 9,464,159 | 1,020,401 | 1,408,276 | 13,403,934 | 10,872,435 |
| Other liabilities | 2,293,254 | 7,137,162 | 1,047,020 | 1,021,499 | 3,340,274 | 8,158,661 |
| **Total Liabilities** | **$ 14,676,787** | **$ 16,601,321** | **$ 2,067,421** | **$ 2,429,775** | **$ 16,744,208** | **$ 19,031,096** |
| Net assets: | | | | | | |
| Invested in capital assets net of related debt | 16,022,139 | 10,987,839 | 17,309,888 | 16,001,188 | 33,332,027 | 26,989,027 |
| Restricted | 4,708,632 | 3,586,422 | 2,917,715 | 3,614,059 | 7,626,347 | 7,200,481 |
| Unrestricted | (3,776,560) | (3,361,600) | 341,387 | 597,843 | (3,435,173) | (2,763,757) |
| **Total net assets** | **$ 16,954,211** | **$ 11,212,661** | **$ 20,568,990** | **$ 20,213,090** | **$ 37,523,201** | **$ 31,425,751** |

An additional portion of the TOWN of HIGHLAND'S net assets (20%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (-$3,435,173) ordinarily represents what may be used to meet the government's ongoing obligations to citizens and creditors. The **debit** balance in unrestricted assets is in part attributable to an unusual net pension obligation that is from a 1925 pension law, which provided for a non-actuarial plan. While accounting standards hold that this obligation is one for the entire Town, it should be noted that there is a dedicated trust fund, the Police Pension Fund, which is where the actual obligation is maintained. Adjusted for the *net pension obligation,* Highland's unrestricted net assets would be $1,969,424. *(Readers are encouraged to read Note F 1(b) in notes to the Financial Reports found on **page 53** of this CAFR.)*

At the end of the current fiscal year, the TOWN of HIGHLAND is reporting positive balances for governmental and business-type activities and the town as a whole in two categories of net assets. The business-type activities has a positive balance reported for unrestricted net assets whereas governmental activities and the town as a whole are reporting negative unrestricted net assets. This is unchanged from the prior year, the reasons for which were addressed in the previous paragraph. *(Readers are encouraged to read Note F 1(b) in notes to the Financial Reports found on **page 53** of this CAFR.)*

There was a decrease of **$696,344** in restricted net assets reported in connection with the TOWN of HIGHLAND's business-type activities. Fifty-six percent (56%) of the reduction is attributable to payment of debt service in the amount of **$390,516.** Forty-four percent (44%) of the reduction is attributable to expenditures related to capital projects from funds restricted for that purpose.

The government's net assets increased by **$5,741,550** during the current fiscal year. This increase is attributable to an increase of $4,376,059 in governmental capital assets represented by bond proceeds of the Park and Redevelopment Districts, a one time state grant in consequence of the Lease of the Indiana Toll road dedicated for capital purposes, and significant unrestricted investment earnings (*$323,136 for governmental activity).*

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**Governmental activities.** Governmental activities increased the TOWN of HIGHLAND'S net assets by **$883,480,** thereby accounting for 71% of the total growth in the net assets of the Town of Highland. Key elements of this increase are as follows:

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

| | Governmental Activities | | | | Business-Type Activities | | | | Total | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2006 | | 2005 | | 2006 | | 2005 | | 2006 | | 2005 | |
| **Revenues:** | | | | | | | | | | | | |
| Program revenues: | | | | | | | | | | | | |
| Charges for services | $ | 2,945,926 | $ | 2,715,413 | $ | 5,493,380 | $ | 5,718,665 | | 8,439,306 | $ | 8,434,078 |
| Operating grants and contributions | | 1,194,935 | | 1,237,294 | | - | | - | | 1,194,935 | | 1,237,294 |
| Capital grants and contributions | | 1,325,520 | | 800,627 | | - | | 52,090 | | 1,325,520 | | 852,717 |
| General revenues: | | | | | | | | | | | | |
| Property taxes | $ | 7,207,152 | $ | 7,078,601 | $ | 576,090 | $ | 505,995 | | 7,783,242 | $ | 7,584,596 |
| Other taxes | | 689,069 | | 728,972 | | - | | - | | 689,069 | | 728,972 |
| Grants and contributions not restricted to specific programs | | - | | - | | | | - | | - | | - |
| Other | | 2,220,978 | | 314,247 | | 122,404 | | 100,446 | | 2,343,382 | | 414,693 |
| **Total Revenues** | **$** | **15,583,580** | **$** | **12,875,154** | **$** | **6,191,874** | **$** | **6,377,196** | | **21,775,454** | **$** | **19,252,350** |
| **Expenses:** | | | | | | | | | | | | |
| General government | $ | 2,063,441 | $ | 1,442,017 | | | | | | 2,063,441 | | 1,442,017 |
| Public safety | | 4,934,503 | | 6,325,184 | | | | | | 4,934,503 | | 6,325,184 |
| Highways/streets | | 1,882,447 | | 2,345,077 | | | | | | 1,882,447 | | 2,345,077 |
| Sanitation | | 1,570,682 | | 1,433,711 | | | | | | 1,570,682 | | 1,433,711 |
| Economic development | | 1,871,473 | | 239,839 | | | | | | 1,871,473 | | 239,839 |
| Culture and recreation | | 2,112,857 | | 2,023,220 | | | | | | 2,112,857 | | 2,023,220 |
| Interest on long-term debt | | 264,697 | | 207,489 | | | | | | 264,697 | | 207,489 |
| Water | | | | | | 2,165,586 | | 2,292,223 | | 2,165,586 | | 2,292,223 |
| Sanitary District (sewer) | | | | | | 3,670,388 | | 2,676,647 | | 3,670,388 | | 2,676,647 |
| **Total expenses** | **$** | **14,700,100** | **$** | **14,016,537** | **$** | **5,835,974** | **$** | **4,968,870** | | 20,536,074 | **$** | **18,985,407** |
| Increase (decrease) in net assets | | 883,480 | | (1,141,383) | | 355,900 | | 1,408,326 | | 1,239,380 | | 266,943 |
| Net Assets Beginning | $ | 11,212,661 | $ | 12,220,994 | $ | 20,213,090 | $ | 19,071,124 | | 31,425,751 | $ | 31,292,118 |
| Prior Period Adjustment | $ | 4,858,070 | $ | 133,050 | $ | - | $ | (266,360) | | 4,858,070 | $ | (133,310) |
| Restated Net Assets Beginning | $ | 16,070,731 | $ | 12,354,044 | $ | 20,213,090 | $ | 18,804,764 | | 36,283,821 | $ | 31,158,808 |
| Net Assets Ending | $ | 16,954,211 | $ | 11,212,661 | $ | 20,568,990 | $ | 20,213,090 | **$** | **37,523,201** | **$** | **31,425,751** |

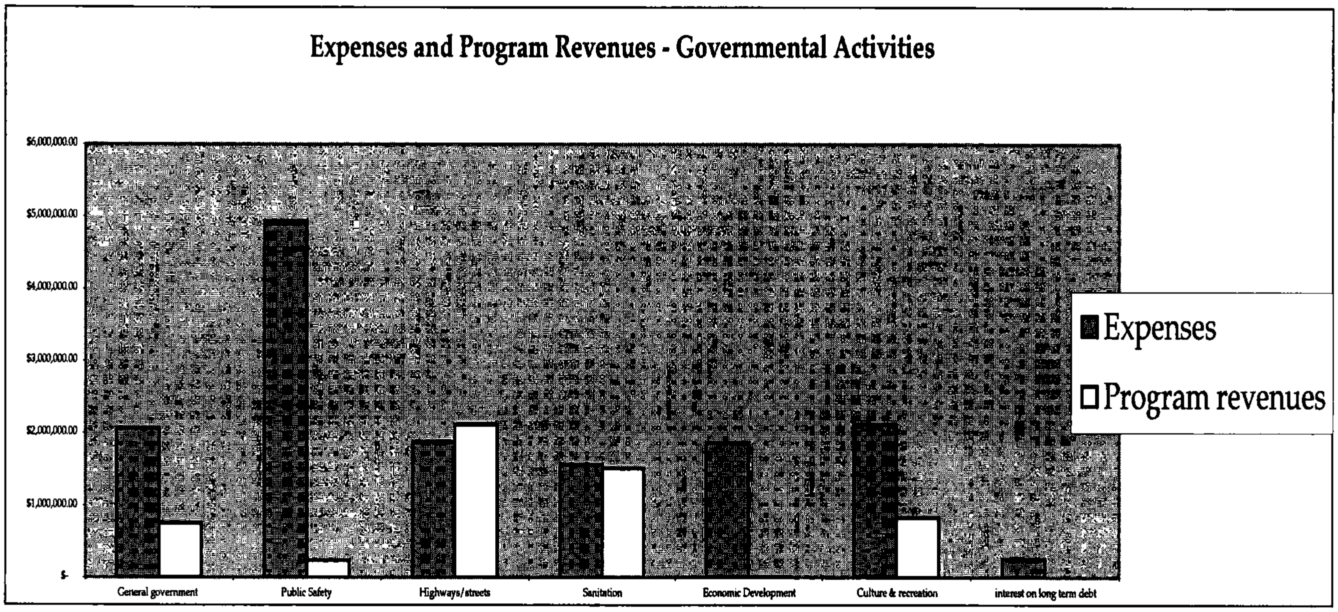
- As a percentage of total revenues to the ***Primary Government*** in FY 2006, *charges for services* represented approximately 39% of the total revenue stream. *Property and other taxes* represented 39% of the total revenue stream.
- As a percentage of total revenues to the ***Governmental activities*** in FY 2006, *charges for services* represented approximately 19% of the total revenue stream. *Property and other taxes* represented 50% of the total revenue stream.

- Capital grants and contributions increased in 2006 from its 2005 levels by a net of *$472,803*. The largest portion of the grant awards furnished resources to *Highways and Streets.* In fact, operating grants increased by *$524,893* in ***Governmental Activities*** and decreased by *$52,090* in ***Business-Type activities.***

- Operating grants and contributions decreased slightly in 2006 from its 2005 levels by *$42,359*. In fact, this change is entirely attributable to ***Governmental Activities.*** No operating grants and contributions were reported in ***Business-Type activities for 2006 nor 2005.***

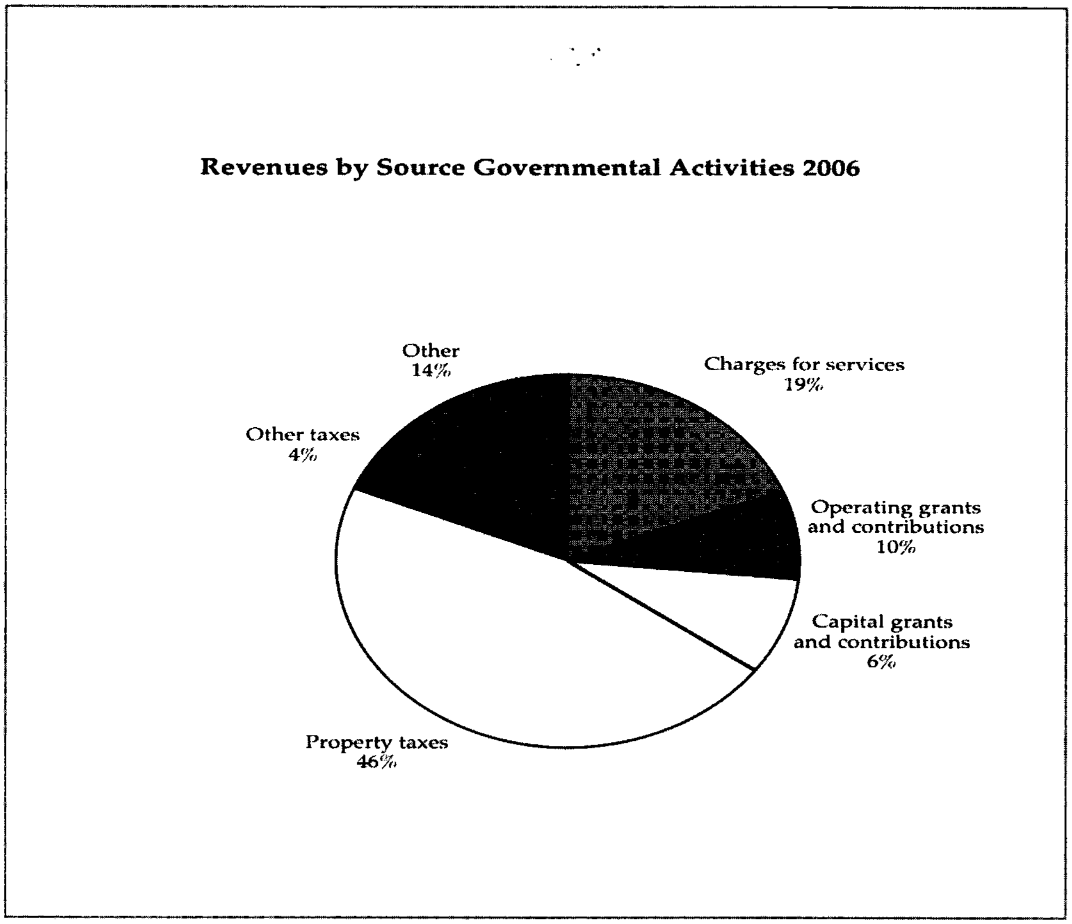
- Economic Development expenses increased by $1,631,634 representing an increase of 680% in 2006 from its 2005 levels. The increase was primarily attributable to a special *cooperative project* with a neighboring municipality involving the razing and redevelopment of property, which had blighted apartment buildings. *(See note to the financial reports IV (B), **pages 40-41 of this report**).*

- General Government expenses increased by 43% in 2006 from its 2005 levels by $621,424. The increase was attributable to increased costs of property, casualty and workers compensation insurance, data processing equipment and the hiring of the municipality's first Town Manager.




**Expenses and Program Revenues Government Activities**
**2006**

| | Expenses | Program Revenues | Net (Expense) Revenue |
|---|---|---|---|
| General government | $ 2,063,441.00 | $ 755,912.00 | $ (1,307,529.00) |
| Public Safety | $ 4,934,503.00 | $ 235,045.00 | $ (4,699,458.00) |
| Highways/streets | $ 1,882,447.00 | $ 2,120,625.00 | $ 238,178.00 |
| Sanitation | $ 1,570,682.00 | $ 1,512,323.00 | $ (58,359.00) |
| Economic Development | $ 1,871,473.00 | $ 7,000.00 | $ (1,864,473.00) |
| Culture & recreation | $ 2,112,857.00 | $ 835,476.00 | $ (1,277,381.00) |
| interest on long term debt | $ 264,697.00 | $ - | $ (264,697.00) |




**Business-type activities.** Business-type activities increased the TOWN of HIGHLAND'S net assets by **$355,900.** The Key elements of this increase are as follows:

- As a percentage of total revenues to the ***Business-Type activities*** in FY 2006, *charges for services* represented approximately 89% of the total revenue stream. *Property taxes* represented 9% of the total revenue stream.

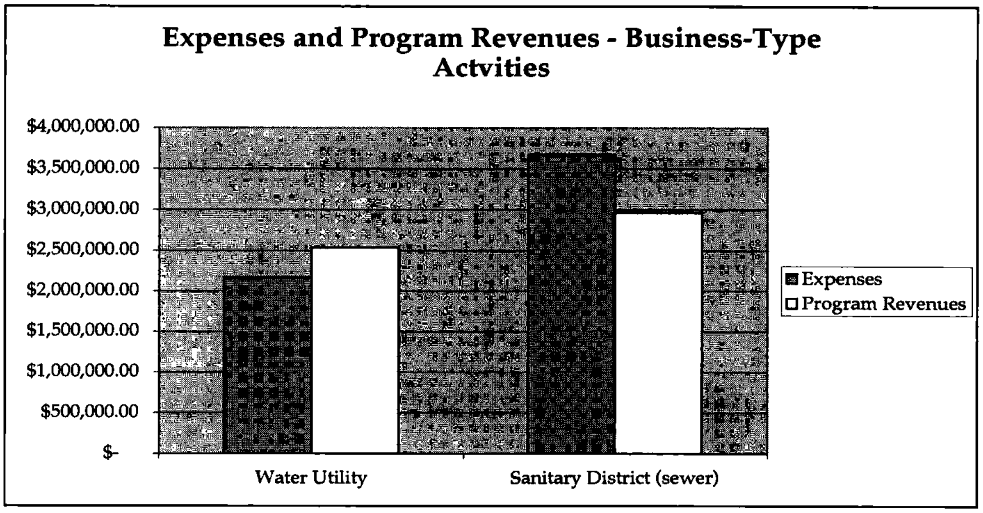
- The Sanitary District in 2006 experienced a 1.6% decrease in revenues in Charges for Services whereas the Water District experienced a decrease of slightly more than 8.3%. These decreases can be attributable to lower potable water consumption than in FY 2005.

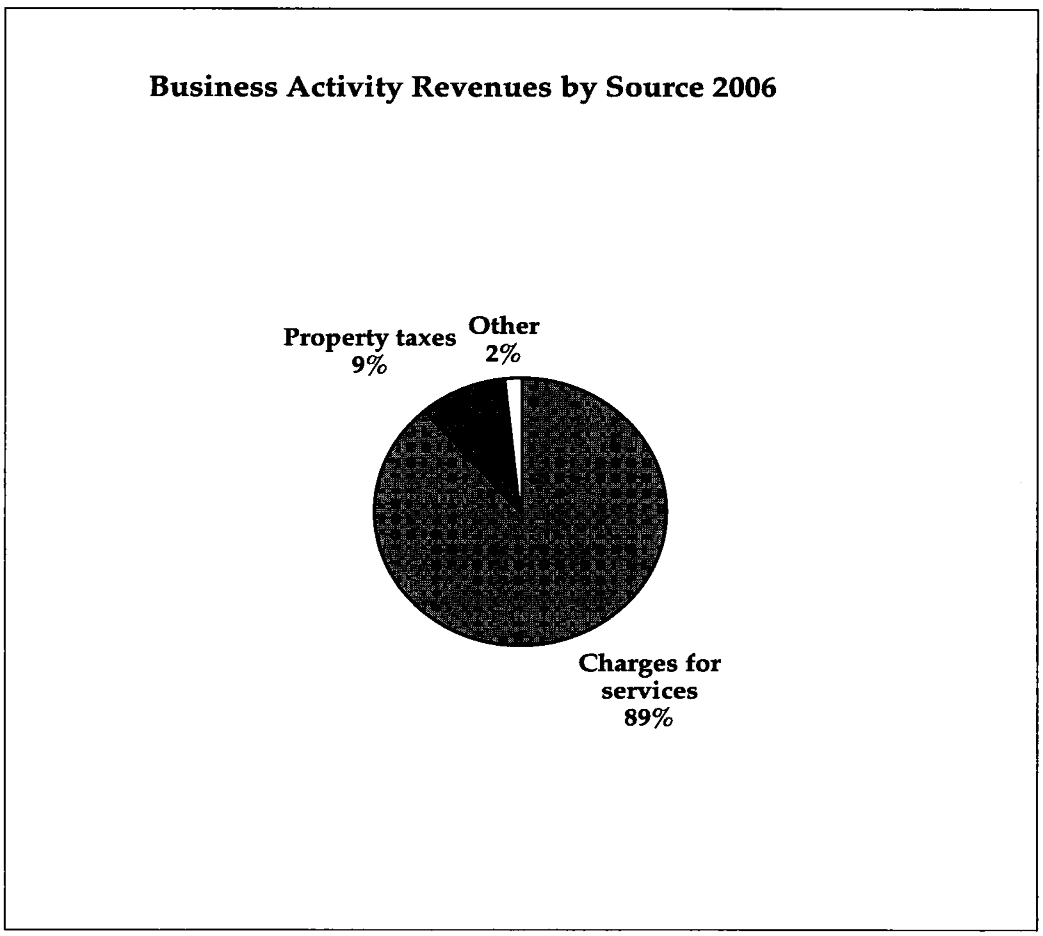
- The Sanitary District experienced an increase in total expenses amounting to 37.1% for FY 2006. This is attributable to increases in costs of $288,515 in collection system operating and maintenance costs, $287,588 in pumping operating and maintenance expenses and $334,159 in treatment and disposal operating and maintenance expenses.

- The Waterworks Utility experienced a *decrease* in total expenses amounting to 5.5% for FY 2006. This is attributable to lower costs of operations related to lower consumption.

**Expenses and Program Revenues Business Type Activities**
**2006**

| | Expenses | Program Revenues | Net (Expense) Revenue |
|---|---|---|---|
| Water Utility | $ 2,165,586.00 | $ 2,531,464.00 | $ 365,878.00 |
| Sanitary District (sewer) | $ 3,670,388.00 | $ 2,961,916.00 | $ (708,472.00) |


Expenses and Program Revenues - Business-Type Actvities
$4,000,000.00
$3,500,000.00
$3,000,000.00
$2,500,000.00
$2,000,000.00
$1,500,000.00
$1,000,000.00
$500,000.00
$-
Water Utility
Sanitary District (sewer)
Expenses
Program Revenues


Business Activity Revenues by Source 2006
Property taxes 9%
Other 2%
Charges for services 89%

**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 ended 31 December 2006, the TOWN of HIGHLAND'S governmental funds reported combined ending fund balances of **$7,379,062**, an increase of **$3,440,107** in comparison with the prior year. Of the combined ending fund balance amount, **$6,616,240** or (89.7%) is *available for spending* at the government's discretion (*unreserved fund balance*) The remainder of fund balance in the amount of **$762,822** is *reserved or designated* 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, undesignated fund balance of the General Fund was **$647,891**, while total fund balance reached **$956,648**. 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, undesignated fund balance represents nine percent (9%) of total general fund expenditures, while total fund balance represents thirteen percent (13%) of that same amount. Cash flows for this fund in FY 2006 were supported through significant short-term borrowing.

The fund balance of the TOWN of HIGHLAND'S General Fund *increased* by **$623,789** during the current fiscal year. Key factors in this increase are as follows:

- The pay 2005 property tax bills were again delayed and a portion of those collections were settled in 2006.
- The Town authorized an increase of 19% in the Solid Waste Management Fees effective in June of 2006.
- Undesignated income from investments experienced yields in excess of budgeted forecasts, earning in most cases at 5.25%, which exceeds the 90 day T-Bill rate significantly for the year.

The ***Parks and Recreation Fund*** had a total fund balance of **$17,349**. The Parks and Recreation Fund had an unreserved, undesignated fund balance of **(-$11,014).** 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 negative one percent (-1%) percent of total Parks and Recreation Fund expenditures, while total fund balance represents less than one percent or 0.95% of that same amount.

The fund balance of the TOWN of HIGHLAND'S Parks and Recreation Fund *increased* by **$11,074** during the current fiscal year. Key factors in this increase is attributable to the 2005 property tax bills being again delayed and a portion of those collections was settled in 2006. Cash flows for this fund in FY 2006 were supported through significant short-term borrowing.

The ***Park Non-Reverting Capital Fund*** had a total fund balance of **$1,648,435**. The Park Non-Reverting Capital Fund had an unreserved fund balance of **$1,636,567.** As a measure of the Park Non-Reverting Capital 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 337% of total Park Non-Reverting Capital Fund expenditures, while total fund balance represents 339% of that same amount.

The fund balance of the TOWN of HIGHLAND'S Park Non-Reverting Capital Fund *increased* by **$1,438,544** during the current fiscal year. A key factor in this increase is attributable to receipt of proceeds of Park District Bonds in the amount of **$1,850,000.**

The ***Redevelopment Capital Fund*** had a total fund balance of **$482,030**. The Redevelopment Capital Fund had an unreserved fund balance of **$476,775.** As a measure of the Redevelopment Capital 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 twenty-seven percent (27%) of total Redevelopment Capital Fund expenditures, while total fund balance represents twenty-eight percent (28%) of that same amount.

The fund balance of the TOWN of HIGHLAND'S Redevelopment Capital Fund *increased* by **$89,672** during the current fiscal year. Key factors in this increase is attributable to significant interest earnings and other revenue of **$35,461** and receipt of property taxes of **$59,412**. The greater interest earnings were possible because of the receipt of proceeds of Redevelopment District Bonds in the amount of **$1,741,250. (Sold at less than par, the issue was for $1,750,000 but was discounted by $8,750 when debt was sold).** The bonds were sold to provide resources for an interlocal cooperative redevelopment project with a neighboring city to raze, reclaim and redevelop a blighted site of apartments for future development on the shared contiguous border of the TOWN of HIGHLAND and the neighboring city. All expenditures related to this completed in 2006.

***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 **$341,387**. The total growth in net assets for both funds was **$727,659** and **(-$371,759)**, respectively, for a total of **$355,900**. 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 **$146,771** in appropriations. Following are the main components of the increase:

- $42,260 increase in general government allowed for added increases associated with appointment of first Town Manager, increased costs to workers compensation, property/casualty and fleet insurance.
- $200,085 net increase in sanitation to allow for increased costs associated with increased rates charged by private solid waste collector for the Town. Increase in private rates was effective in April 2006 and user charge increase was effective in June 2006.
- A general increase in wages and salary for full-time employees was granted in FY 2006 comprised of a 1% over all increase plus a flat amount of $1,200.

The increase was possible in part because additional anticipated revenues. Those revenues included a 19% rate increase in Solid Waste Management User charges, and a delayed settlement in 2006 for FY 2005 property taxes.

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

- General Fund experienced a **$1,274,467** increase from the Final Revenue Budget, fixed at **$6,919,869**. Actual revenues were **$8,194,336**. This positive variance with is the final budget, is in part attributable to the fact that a portion of the 2005 property tax bills was settled in 2006. This created property tax collections in excess of both the original and final budgeted estimate of **$716,975** for the fund. Other increases were attributable in significant increases in investment yield, increases in user charges for Solid Waste Management services, increased code and law enforcement activity leading to actual fines and forfeits being **$36,188** over the final budget. Also, additional building remodeling activity than predicted, bringing actual licenses and permits revenue **$171,040** over the final budget.
- General Fund had **final budgeted appropriations of $7,659,514**. However, **actual expenditures** totaled only **$7,484,803,** coming **under the final budget by $174,711.** The majority of this amount is due to the timing of payments, which will be made in 2007 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, 2007, amounts to **$39,231,761** (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 an increase of $5,171,632 or 15.18%. The specific components of the increase are a $4,376,059 (27.1%) increase for governmental activities and a $795,573 (4.44%) increase for business-type activities.

**TOWN of HIGHLAND'S CAPITAL ASSETS**
**(net of depreciation)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | **2006** | **2005** | **2006** | **2005** | **2006** | **2005** |
| Land | $ 2,528,508 | $ 2,528,508 | $ 55,477 | $ 55,477 | $ 2,583,985 | $ 2,583,985 |
| Buildings and System | $ 2,128,991 | $ 2,297,873 | $ 455,033 | $ 479,577 | $ 2,584,024 | $ 2,777,450 |
| Improvements other than buildings | $ 923,387 | $ 1,021,257 | $ 2,768,562 | $ 2,871,783 | $ 3,691,949 | $ 3,893,040 |
| Machinery and equipment | $ 1,054,265 | $ 1,116,349 | $ 381,028 | $ 372,716 | $ 1,435,293 | $ 1,489,065 |
| Infrastructure | $ 13,100,835 | $ 8,290,160 | $ 14,929,411 | $ 13,553,255 | $ 28,030,246 | $ 21,843,415 |
| Construction in progress | $ 789,014 | $ 894,794 | $ 117,250 | $ 578,380 | $ 906,264 | $ 1,473,174 |
| **Total:** | **$ 20,525,000** | **$ 16,148,941** | **$ 18,706,761** | **$ 17,911,188** | **$ 39,231,761** | **$ 34,060,129** |

Addition information on the TOWN of HIGHLAND's capital assets can be found in note IV. C on **pages 42 to 43** of this report. (This may change in final report.)

Major **capital asset events** during the fiscal year ending 31 December 2006 included the following:

**Streets and Sanitation**

- A reconstruction project for **Cottage Grove Avenue** was 96% completed with authorized expenditures of $96,679. The project involved reconstruction of a small block of highway, curbs, and installation or replacement of sidewalks. At year-end, $92,679 had been expended on this project. Some sewer and water line improvements are also part of the project. *(See Water and Wastewater Utilities, which follow)*

- A reconstruction project for **Branton Avenue** was 1% completed with authorized expenditures of $988,857. The project involves reconstruction of a several blocks of highway, curbs, and installation or replacement of sidewalks. At year-end, $6,756 had been expended on this project. Some sewer and water line improvements are also part of the project. No expenditures for those portions of the project have yet been expended.

- A reconstruction project for **Cline Avenue** from a northern terminus of Ridge Road and as southern terminus of 45th Avenue in its preconstruction and design phase was 40% completed with authorized expenditures of $257,400. The project involves reconstruction and modernization of highway, curbs, and installation or replacement of sidewalks. At year-end, $103,000 had been expended on this project. Some sewer and water line improvements are also part of the project. No expenditures for those portions of the project have yet been expended.

**Department of Waterworks and Municipal Water Utility**

- The water infrastructure portion of the reconstruction project for **Cottage Grove Avenue** was 90% completed with authorized expenditures of $66,067. At year-end, $59,461 had been expended on this project.

**Sanitary Districts and Municipal Wastewater/Stormwater Utility**

- The wastewater infrastructure portion of the reconstruction project for **Cottage Grove Avenue** was 90% completed with authorized expenditures of $26,530. At year-end, $23,877 had been expended on this project.

- The **Hart Road Sanitary Sewer Extension Project** was 7% completed with authorized expenditures of $94,575. This project involves the installation of wastewater sewer lines on a along a roadway where septic tanks had previously served. Costs will be initially born by the utility. Benefiting property holders will be assessed for the costs of the project and will be permitted to repay for the improvement over a 15-year period. At year-end, $6,261 had been expended on this project.

- The **Georgetown Phase II Project** was 11% completed with authorized expenditures of $95,000. This project involves the extension of sewer lines in an area that has prospects for economic development. At year-end, $10,837 had been expended on this project.

- The **Eder Street/Maple Avenue Sewer Separation Project** was 3% completed with authorized expenditures of $665,345. This project involves the installation of storm sewer lines to permit residents to disconnect unlawful sump pump connections from wastewater sewers and to permit connection to storm sewers development. At year-end, $16,814 had been expended on this project. It is anticipated that the balance of this project will be supported in part from a bond issue of the Sanitary District.

**Parks and Recreation**

- The **Main Square Park Improvement and Gazebo Reconstruction Project** was 43% completed with authorized expenditures of $923,262. This project involves the retrofit and reconstruction of the centerpiece of the park -- its Gazebo -- an improvement originally constructed 1981. Included are upgrades to water and electrical service, installation of new and more extensive lighting, sound system and construction of additional restrooms and food service building. A bond issued in 2006 of the Park District supports the cost of the project. At year-end, $396,278 had been expended on this project.

- The **Lincoln Community Center Retrofit and Reconstruction Project** (Preliminary design) was 100% completed with authorized expenditures of $2,600. This project involves the retrofit and reconstruction of the Community Center, transferred to and operated by the Parks and Recreation Department since 1983, additions or sections of the former elementary school first constructed in 1947, 1950 and 1965 require retrofit and reconstruction. Upgrades proposed are to electrical service, installation of new and more extensive lighting, upgrade of entrances, and other miscellaneous improvements.

**Long-term debt.** At the end of the current fiscal year, the TOWN of HIGHLAND had total bonded debt outstanding of **$9,148,368**. Of this amount, **$7,561,367** comprises debt backed by the full faith and credit of the government. The remainder of the TOWN of HIGHLAND's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

**TOWN of HIGHLAND'S Outstanding Debt**
General Obligation and Revenue Bonds

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 31-Dec-06 | 31-Dec-05 | 31-Dec-06 | 31-Dec-05 | **2006** | **2005** |
| General Obligation Bonds | $ 6,164,494.00 | $ 3,491,903.00 | $ 1,396,873.00 | $ 1,716,828.00 | $ 7,561,367.00 | $ 5,208,731.00 |
| Special assessment debt with governmental commitment | $ - | $ - | $ - | $ - | $ - | $ - |
| Revenue Bonds | $ 1,587,001.00 | $ 1,752,732.00 | $ - | $ 190,000.00 | $ 1,587,001.00 | $ 1,942,732.00 |
| Total | $ 7,751,495.00 | $ 5,244,635.00 | $ 1,396,873.00 | $ 1,906,828.00 | $ 9,148,368.00 | $ 7,151,463.00 |
| net of discounts or premiums | | | | | | |

The TOWN of HIGHLAND's total debt increased by a net **$1,996,905** (28%) during the current fiscal year. General obligation debt increased by $2,352,636 (45%). Revenue bonded indebtedness decreased (-$355,731) (-18%). The key factor in the overall increase was a $1,850,000 general obligation taxing district bond issued by the Parks and Recreation District and a $1,750,000 general obligation taxing district bond issued by the Redevelopment District.

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 46-47** 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 trending 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 2007 fiscal year.

During the current fiscal year, unreserved, undesignated fund balance in the general fund increased to $647,891. The TOWN of HIGHLAND has appropriated most of this amount for spending in the FY 2007 budget. It is intended that the use of this fund balance will offset revenue shortfalls owing to tax bill delays and permit expenditures for one-time deferred needs of the municipality. These include the replacement and acquisition of three (3) new vehicles for use by Building and code enforcement as well as upgrades to information and communications systems.

Solid Waste Management user charges were increased in 2006 by 19%. The increase was necessary to finance cost increases charged by the solid waste curb side collection vendor after bids were solicited for these services.

Stormwater rates and charges were scheduled for an automatic increase in January of 2006. The Board of Sanitary Commissioners after an appeal by members of the Town Council consented to delay the effective date of the new rate increase until January of 2007.

Finally, in March of 2006, the Town Council appointed the Town's first Town Manager, Richard Underkofler, formerly of Mattoon, Illinois. Mr. Underkofler has been engaged for a contractual term to conclude on December 31, 2007. This term was in part determined owing to Indiana statutory prohibitions, which prohibit Town manager contracts to extend beyond the term of the elected Town Council. All five members of the Town Council and the Clerk-Treasurer are subject to municipal election in 2007 and their terms will end before noon, January 1, 2008.

**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, 2006

| | Primary Government | | |
|---|---|---|---|
| Assets | Governmental Activities | Business-Type Activities | Total |
| Cash and cash equivalents | $ 1,246,022 | $ 621,070 | $ 1,867,092 |
| Receivables (net of allowances for uncollectibles): | | | |
| Interest | 14,890 | 662 | 15,552 |
| Taxes | 827,559 | 7,482 | 835,041 |
| Accounts | 77,007 | 66,902 | 143,909 |
| Intergovernmental | 360,399 | 8,110 | 368,509 |
| Inventories | - | 88,815 | 88,815 |
| Prepaid items | 15,554 | 5,388 | 20,942 |
| Deferred charges | 174,573 | 24,442 | 199,015 |
| Restricted assets: | | | |
| Cash and cash equivalents | 6,071,002 | 3,031,951 | 9,102,953 |
| Interest receivable | 25,640 | 10,910 | 36,550 |
| Taxes receivable | 250,665 | 46,079 | 296,744 |
| Intergovernmental receivable | 275,693 | 17,839 | 293,532 |
| Special assessments receivable | 16,994 | - | 16,994 |
| Cooperative receivable | 1,750,000 | - | 1,750,000 |
| Capital assets: | | | |
| Land and construction in progress | 3,317,522 | 172,727 | 3,490,249 |
| Other capital assets, net of depreciation | 17,207,478 | 18,534,034 | 35,741,512 |
| Total assets | 31,630,998 | 22,636,411 | 54,267,409 |

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, 2006
(Continued)

| | Primary Government | | |
|---|---|---|---|
| Liabilities | Governmental Activities | Business-Type Activities | Total |
| Accounts payable | 315,415 | 328,047 | 643,462 |
| Accrued payroll and withholdings payable | 163,695 | 42,664 | 206,359 |
| Contracts payable | - | 60,592 | 60,592 |
| Taxes payable | - | 9,014 | 9,014 |
| Accrued interest payable | 40,781 | 16,613 | 57,394 |
| Payable from restricted assets: | | | |
| Accounts payable | 43,001 | - | 43,001 |
| Accrued payroll and withholdings payable | 15,784 | - | 15,784 |
| Contracts payable | 217,427 | - | 217,427 |
| Customer deposits | - | 114,236 | 114,236 |
| Accrued bond interest | 121,477 | 5,903 | 127,380 |
| Noncurrent liabilities: | | | |
| Amounts due within one year: | | | |
| General obligation bonds payable | 784,000 | 396,873 | 1,180,873 |
| Revenue bonds payable | 180,000 | - | 180,000 |
| Compensated absences | 351,834 | 73,078 | 424,912 |
| Capital lease obligations | 59,840 | - | 59,840 |
| Amounts due beyond one year: | | | |
| General obligation bonds payable (net of discounts or premiums) | 5,380,494 | 1,000,000 | 6,380,494 |
| Compensated absences | 123,028 | 19,345 | 142,373 |
| Revenue bonds payable (net of discounts or premiums) | 1,407,001 | - | 1,407,001 |
| Matured bonds and coupons payable | - | 1,056 | 1,056 |
| Capital lease obligations | 68,413 | - | 68,413 |
| Net pension obligation | 5,404,597 | - | 5,404,597 |
| Total liabilities | 14,676,787 | 2,067,421 | 16,744,208 |
| Net Assets | | | |
| Invested in capital assets, net of related debt | 16,022,139 | 17,309,888 | 33,332,027 |
| Restricted for: | | | |
| Highways and streets | 739,229 | - | 739,229 |
| Debt service | 720,220 | 356,186 | 1,076,406 |
| Capital projects | 2,924,215 | 2,561,529 | 5,485,744 |
| Other purposes | 324,968 | - | 324,968 |
| Unrestricted | (3,776,560) | 341,387 | (3,435,173) |
| Total net assets | $ 16,954,211 | $ 20,568,990 | $ 37,523,201 |

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, 2006

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Assets – Primary Government: Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|---|---|---|---|
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | $ 2,063,441 | $ 667,044 | $ 4,750 | $ 84,118 | $ (1,307,529) | $ - | $ (1,307,529) |
| Public safety | 4,934,503 | 191,644 | 43,401 | - | (4,699,458) | - | (4,699,458) |
| Highways and streets | 1,882,447 | - | 894,210 | 1,226,415 | 238,178 | - | 238,178 |
| Sanitation | 1,570,682 | 1,266,124 | 239,212 | 6,987 | (58,359) | - | (58,359) |
| Urban redevelopment | 1,871,473 | - | - | 7,000 | (1,864,473) | - | (1,864,473) |
| Culture and recreation | 2,112,857 | 821,114 | 13,362 | 1,000 | (1,277,381) | - | (1,277,381) |
| Interest on long-term debt | 264,697 | - | - | - | (264,697) | - | (264,697) |
| Total governmental activities | 14,700,100 | 2,945,926 | 1,194,935 | 1,325,520 | (9,233,719) | - | (9,233,719) |
| Business-type activities: | | | | | | | |
| Water | 2,165,586 | 2,531,464 | - | - | - | 365,878 | 365,878 |
| Sanitary District | 3,670,388 | 2,961,916 | - | - | - | (708,472) | (708,472) |
| Total business-type activities | 5,835,974 | 5,493,380 | - | - | - | (342,594) | (342,594) |
| Total primary government | $ 20,536,074 | $ 8,439,306 | $ 1,194,935 | $ 1,325,520 | (9,233,719) | (342,594) | (9,576,313) |
| General revenues: | | | | | | | |
| Property taxes | | | | | 7,207,152 | 576,090 | 7,783,242 |
| Excise taxes | | | | | 555,440 | - | 555,440 |
| Financial institution tax | | | | | 35,450 | - | 35,450 |
| Commercial vehicle excise tax | | | | | 17,013 | - | 17,013 |
| ABC gallonage tax | | | | | 58,225 | - | 58,225 |
| Cigarette tax | | | | | 22,941 | - | 22,941 |
| Other | | | | | 147,842 | - | 147,842 |
| Unrestricted investment earnings | | | | | 323,136 | 122,404 | 445,540 |
| Special item: | | | | | | | |
| Cooperative agreement revenue | | | | | 1,750,000 | - | 1,750,000 |
| Total general revenues and special item | | | | | 10,117,199 | 698,494 | 10,815,693 |
| Change in net assets | | | | | 883,480 | 355,900 | 1,239,380 |
| Net assets - beginning | | | | | 11,212,661 | 20,213,090 | 31,425,751 |
| Prior period adjustment (Note IV.J.) | | | | | 4,858,070 | - | 4,858,070 |
| Restated net assets - beginning | | | | | 16,070,731 | 20,213,090 | 36,283,821 |
| Net assets - ending | | | | | $ 16,954,211 | $ 20,568,990 | $ 37,523,201 |

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

TOWN OF HIGHLAND, INDIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2006

| Assets | General | Parks and Recreation | Park Nonreverting Capital | Redevelopment Capital | Other Governmental Funds | Totals |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | $ 526,863 | $ 29,648 | $ - | $ - | $ 130,728 | $ 687,239 |
| Receivables (net of allowances for uncollectibles): | | | | | | |
| Interest | 11,150 | 1,152 | - | - | 269 | 12,571 |
| Taxes | 692,694 | 116,848 | - | - | 18,017 | 827,559 |
| Accounts | 56,054 | 491 | - | - | - | 56,545 |
| Intergovernmental | 307,350 | 45,962 | - | - | 7,087 | 360,399 |
| Restricted assets: | | | | | | |
| Cash and cash equivalents | - | - | 1,777,770 | 471,933 | 3,821,299 | 6,071,002 |
| Interest receivable | - | - | 7,958 | 1,828 | 15,854 | 25,640 |
| Taxes receivable | - | - | - | 7,872 | 242,793 | 250,665 |
| Intergovernmental receivable | - | - | - | 3,096 | 272,597 | 275,693 |
| Special assessments receivable | - | - | - | - | 16,994 | 16,994 |
| Total assets | $ 1,594,111 | $ 194,101 | $ 1,785,728 | $ 484,729 | $ 4,525,638 | $ 8,584,307 |

| Liabilities and Fund Balances | General | Parks and Recreation | Park Nonreverting Capital | Redevelopment Capital | Other Governmental Funds | Totals |
|---|---|---|---|---|---|---|
| Liabilities: | | | | | | |
| Accounts payable | $ 276,274 | $ 35,839 | $ - | $ - | $ 3,302 | $ 315,415 |
| Accrued payroll and withholdings payable | 138,025 | 23,819 | - | - | 1,851 | 163,695 |
| Interfund payable: | | | | | | |
| Interfund loan | - | 80,000 | - | - | - | 80,000 |
| Deferred revenue | 223,164 | 37,094 | - | - | 12,828 | 273,086 |
| Payable from restricted assets: | | | | | | |
| Accounts payable | - | - | - | 200 | 42,801 | 43,001 |
| Accrued payroll and withholdings payable | - | - | - | - | 15,784 | 15,784 |
| Contracts payable | - | - | 137,293 | - | 80,134 | 217,427 |
| Deferred revenue | - | - | - | 2,499 | 94,338 | 96,837 |
| Total liabilities | 637,463 | 176,752 | 137,293 | 2,699 | 251,038 | 1,205,245 |

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, 2006
(Continued)

| | General | Parks and Recreation | Park Nonreverting Capital | Redevelopment Capital | Other Governmental Funds | Totals |
|---|---|---|---|---|---|---|
| Fund balances: | | | | | | |
| Reserved for: | | | | | | |
| Encumbrances | 308,757 | 28,363 | 11,868 | 5,255 | 408,579 | 762,822 |
| Unreserved, reported in: | | | | | | |
| General fund | 647,891 | - | - | - | - | 647,891 |
| Special revenue funds | - | (11,014) | - | - | 1,113,655 | 1,102,641 |
| Capital projects funds | - | - | 1,636,567 | 476,775 | 1,952,211 | 4,065,553 |
| Debt service funds | - | - | - | - | 800,155 | 800,155 |
| Total fund balances | 956,648 | 17,349 | 1,648,435 | 482,030 | 4,274,600 | 7,379,062 |
| Total liabilities and fund balances | $ 1,594,111 | $ 194,101 | $ 1,785,728 | $ 484,729 | $ 4,525,638 | |

| | |
|---|---|
| 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. | 20,525,000 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | 2,119,923 |
| 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. | (925,806) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | (6,754,925) |
| Prepaid items paid in the current period, but not expended currently and, therefore, are reported in the funds as expenditures. | 15,554 |
| Net pension obligation are not due and payable in the current period and, therefore, are not reported in the funds. | (5,404,597) |
| Net assets of governmental activities | $ 16,954,211 |

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, 2006

| | General | Parks and Recreation | Park Nonreverting Capital | Redevelopment Capital | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|---|---|
| Revenues: | | | | | | |
| Taxes | $ 5,330,265 | $ 910,054 | $ - | $ 59,412 | $ 1,905,459 | $ 8,205,190 |
| Special assessments | - | - | - | - | 64,548 | 64,548 |
| Licenses and permits | 377,190 | - | - | - | 24,710 | 401,900 |
| Intergovernmental | 596,533 | 65,890 | - | 4,439 | 2,541,686 | 3,208,548 |
| Charges for services | 1,519,224 | 532,564 | 11,892 | - | 53,938 | 2,117,618 |
| Fines and forfeits | 71,011 | - | - | - | 3,939 | 74,950 |
| Other | 209,159 | 333,660 | 44,023 | 35,461 | 198,019 | 820,322 |
| Total revenues | 8,103,382 | 1,842,168 | 55,915 | 99,312 | 4,792,299 | 14,893,076 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 1,546,079 | - | - | - | - | 1,546,079 |
| Public safety | 4,524,620 | - | - | - | 186,784 | 4,711,404 |
| Highways and streets | - | - | - | - | 1,055,462 | 1,055,462 |
| Sanitation | 1,548,584 | - | - | - | 22,098 | 1,570,682 |
| Culture and recreation | - | 1,821,094 | - | - | 77,887 | 1,898,981 |
| Urban redevelopment | - | - | - | - | 153,164 | 153,164 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | 1,084,000 | 1,084,000 |
| Interest | - | - | - | - | 226,404 | 226,404 |
| Capital outlay: | | | | | | |
| General government | - | - | - | - | 287,474 | 287,474 |
| Highways and streets | - | - | - | - | 422,998 | 422,998 |
| Culture and recreation | - | - | 485,963 | - | - | 485,963 |
| Urban redevelopment | - | - | - | 1,750,890 | - | 1,750,890 |
| Total expenditures | 7,619,283 | 1,821,094 | 485,963 | 1,750,890 | 3,516,271 | 15,193,501 |
| Excess (deficiency) of revenues over (under) expenditures | 484,099 | 21,074 | (430,048) | (1,651,578) | 1,276,028 | (300,425) |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | 18,592 | - | 51,000 | 69,592 |
| Transfers out | (9,592) | (10,000) | - | - | (50,000) | (69,592) |
| Issuance of debt | - | - | 1,850,000 | 1,750,000 | - | 3,600,000 |
| Discounts related to issuance of debt | - | - | - | (8,750) | - | (8,750) |
| Capital lease proceeds | 149,282 | - | - | - | - | 149,282 |
| Total other financing sources and uses | 139,690 | (10,000) | 1,868,592 | 1,741,250 | 1,000 | 3,740,532 |
| Net change in fund balances | 623,789 | 11,074 | 1,438,544 | 89,672 | 1,277,028 | 3,440,107 |
| Fund balances - beginning | 332,859 | 6,275 | 209,891 | 392,358 | 2,997,572 | 3,938,955 |
| Fund balances - ending | $ 956,648 | $ 17,349 | $ 1,648,435 | $ 482,030 | $ 4,274,600 | $ 7,379,062 |

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, 2006

| | |
|---|---|
| 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) | $ 3,440,107 |
| 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. | (470,130) |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. | (11,881) |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | 753,053 |
| 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. | (2,596,563) |
| Net pension obligations are considered long-term obligations of the general government, but are not current expenditures. | (242,371) |
| 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. | (16,780) |
| Some revenues reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as revenues in governmental funds. | |
| 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. | 28,045 |
| Change in net assets of governmental activities (Statement of Activities) | $ 883,480 |

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, 2006

| Assets | Business-Type Activities - Enterprise Funds: Water Utility | Business-Type Activities - Enterprise Funds: Sanitary District | Total | Governmental Activities: Internal Service Funds |
|---|---|---|---|---|
| Current assets: | | | | |
| Cash and cash equivalents | $ 164,079 | $ 456,991 | $ 621,070 | $ 558,783 |
| Interest receivable | 80 | 582 | 662 | 2,319 |
| Taxes receivable (net of allowance) | - | 7,482 | 7,482 | - |
| Accounts receivable (net of allowance) | 45,508 | 21,394 | 66,902 | 20,462 |
| Interfund receivables: | | | | |
| Interfund loan | - | - | - | 80,000 |
| Intergovernmental receivable | - | 8,110 | 8,110 | - |
| Inventories | 72,480 | 16,335 | 88,815 | - |
| Current portion of operating lease | - | - | - | 9,250 |
| Current portion of direct financing lease | - | - | - | 192,504 |
| Prepaid items | 2,694 | 2,694 | 5,388 | - |
| Restricted cash, cash equivalents and investments: | | | | |
| Customer deposits | 114,236 | - | 114,236 | - |
| Bond and interest | 236,071 | 120,115 | 356,186 | - |
| Other restricted assets: | | | | |
| Interest receivable | 537 | 309 | 846 | - |
| Taxes receivable (net of allowance) | 43,731 | 2,348 | 46,079 | - |
| Intergovernmental receivable | 15,888 | 454 | 16,342 | - |
| Total current assets | 695,304 | 636,814 | 1,332,118 | 863,318 |
| Noncurrent assets: | | | | |
| Restricted cash, cash equivalents and investments: | | | | |
| Improvement | 1,626,922 | 817,047 | 2,443,969 | - |
| Extension | - | 116,363 | 116,363 | - |
| Co-op | - | 1,197 | 1,197 | - |
| Other restricted assets: | | | | |
| Interest receivable | 6,406 | 3,658 | 10,064 | - |
| Intergovernmental receivable | - | 1,497 | 1,497 | - |
| Total restricted assets | 1,633,328 | 939,762 | 2,573,090 | - |
| Deferred charges | 230 | 24,212 | 24,442 | 40,412 |
| Operating lease receivable | - | - | - | 46,250 |
| Net investment in direct financing lease | - | - | - | 977,910 |
| Capital assets: | | | | |
| Land construction in progress | 77,122 | 95,605 | 172,727 | - |
| Other capital assets (net of accumulated depreciation) | 8,512,646 | 10,021,388 | 18,534,034 | - |
| Total capital assets | 8,589,768 | 10,116,993 | 18,706,761 | - |
| Total noncurrent assets | 10,223,326 | 11,080,967 | 21,304,293 | 1,064,572 |
| Total assets | 10,918,630 | 11,717,781 | 22,636,411 | 1,927,890 |

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, 2006
(Continued)

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|---|---|---|
| Liabilities | Water Utility | Sanitary District | Total | Internal Service Funds |
| Current liabilities: | | | | |
| Accounts payable | 87,963 | 240,084 | 328,047 | - |
| Accrued payroll and withholding payable | 20,241 | 22,423 | 42,664 | - |
| Contracts payable | 11,565 | 49,027 | 60,592 | - |
| Taxes payable | 9,014 | - | 9,014 | - |
| Revenue bonds and accrued interest | - | - | - | 220,781 |
| Compensated absences | 33,425 | 39,653 | 73,078 | - |
| Accrued interest payable | - | 16,613 | 16,613 | |
| Current liabilities payable from restricted assets: | | | | |
| Customer deposits | 114,236 | - | 114,236 | - |
| Accrued interest payable | 5,903 | - | 5,903 | - |
| General obligation bonds payable | 279,873 | 117,000 | 396,873 | - |
| Total current liabilities | 562,220 | 484,800 | 1,047,020 | 220,781 |
| Noncurrent liabilities: | | | | |
| General obligation bonds payable (net of unamortized discounts) | - | 1,000,000 | 1,000,000 | - |
| Revenue bonds payable (net of unamortized discounts or premiums) | - | - | - | 1,407,001 |
| Compensated absences | 8,110 | 11,235 | 19,345 | - |
| Matured bonds and coupons payable | - | 1,056 | 1,056 | - |
| Total noncurrent liabilities | 8,110 | 1,012,291 | 1,020,401 | 1,407,001 |
| Total liabilities | 570,330 | 1,497,091 | 2,067,421 | 1,627,782 |
| Net Assets | | | | |
| Invested in capital assets, net of related debt | 8,309,895 | 8,999,993 | 17,309,888 | - |
| Restricted for debt service | 236,071 | 120,115 | 356,186 | - |
| Restricted for capital projects | 1,626,922 | 934,607 | 2,561,529 | - |
| Unrestricted | 175,412 | 165,975 | 341,387 | 300,108 |
| Total net assets | $ 10,348,300 | $ 10,220,690 | $ 20,568,990 | $ 300,108 |

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, 2006

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|---|---|---|
| | Water Utility | Sanitary District | Total | Internal Service Funds |
| Operating revenues: | | | | |
| Unmetered water revenue | $ 1,463 | $ - | $ 1,463 | $ - |
| Metered revenue | 1,958,091 | 2,904,307 | 4,862,398 | - |
| Fire protection revenue | 313,679 | - | 313,679 | - |
| Penalties | 17,399 | 31,411 | 48,810 | - |
| Other water revenue | 166,859 | - | 166,859 | - |
| Charges for services | - | - | - | 79,472 |
| Other | 73,973 | 26,198 | 100,171 | - |
| Total operating revenues | 2,531,464 | 2,961,916 | 5,493,380 | 79,472 |
| Operating expenses: | | | | |
| Source of supply and expense - operations and maintenance | 675,186 | - | 675,186 | - |
| Transmission and distribution | 528,757 | - | 528,757 | - |
| Collection system - operations and maintenance | - | 553,281 | 553,281 | - |
| Pumping - operations and maintenance | 85,966 | 449,961 | 535,927 | - |
| Treatment and disposal expense - operations and maintenance | - | 1,449,621 | 1,449,621 | - |
| Customer accounts | 78,771 | 122,129 | 200,900 | - |
| Administration and general | 425,065 | 577,212 | 1,002,277 | 10,945 |
| Depreciation | 349,563 | 474,559 | 824,122 | - |
| Total operating expenses | 2,143,308 | 3,626,763 | 5,770,071 | 10,945 |
| Operating income (loss) | 388,156 | (664,847) | (276,691) | 68,527 |
| Nonoperating revenues (expenses): | | | | |
| Interest and investment revenue | 42,231 | 80,173 | 122,404 | 17,792 |
| Local tax distributions | 319,550 | 256,540 | 576,090 | - |
| Interest expense | (16,784) | (40,959) | (57,743) | (80,829) |
| Amortization of bond issue costs | (5,494) | (2,666) | (8,160) | (4,223) |
| Total nonoperating revenue (expenses) | 339,503 | 293,088 | 632,591 | (67,260) |
| Change in net assets | 727,659 | (371,759) | 355,900 | 1,267 |
| Total net assets - beginning | 9,620,641 | 10,592,449 | 20,213,090 | 298,841 |
| Total net assets - ending | $ 10,348,300 | $ 10,220,690 | $ 20,568,990 | $ 300,108 |

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, 2006

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|---|---|---|
| | Water Utility | Sanitary District | Total | Internal Service Funds |
| Cash flows from operating activities: | | | | |
| Receipts from customers and users | $ 2,579,686 | $ 2,928,185 | $ 5,507,871 | $ - |
| Payments to suppliers | (1,312,912) | (2,293,848) | (3,606,760) | (10,945) |
| Payments to employees | (601,223) | (780,943) | (1,382,166) | - |
| Other receipts | 73,973 | 26,198 | 100,171 | - |
| Net cash provided (used) by operating activities | 739,524 | (120,408) | 619,116 | (10,945) |
| Cash flows from noncapital financing activities: | | | | |
| Temporary loans made | - | - | - | (296,480) |
| Temporary loans repaid | - | - | - | 216,480 |
| Net cash used by noncapital financing activities | - | - | - | (80,000) |
| Cash flows from capital and related financing activities: | | | | |
| Local tax distributions | 346,640 | 327,410 | 674,050 | - |
| Acquisition and construction of capital assets | (145,496) | (1,426,773) | (1,572,269) | - |
| Principal paid on capital debt | (455,000) | (58,000) | (513,000) | (165,000) |
| Interest paid on capital debt | (24,740) | (38,258) | (62,998) | (85,788) |
| Net cash used by capital and related financing activities | (278,596) | (1,195,621) | (1,474,217) | (250,788) |
| Cash flows from investing activities: | | | | |
| Proceeds from net investment in direct financing lease | - | - | - | 241,538 |
| Proceeds from operating lease receivable | - | - | - | 9,250 |
| Interest received | 35,911 | 81,347 | 117,258 | 16,653 |
| Net cash provided by investing activities | 35,911 | 81,347 | 117,258 | 267,441 |
| Net increase (decrease) in cash and cash equivalents | 496,839 | (1,234,682) | (737,843) | (74,292) |
| Cash and cash equivalents, January 1 (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 | 4,390,864 | 633,075 |
| Cash and cash equivalents, December 31 (Including $1,977,229 and $1,054,722 for the Water Utility and Sanitary District, respectively, reported in restricted accounts) | $ 2,141,308 | $ 1,511,713 | $ 3,653,021 | $ 558,783 |

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, 2006
(Continued)

| | Business-Type Activities - Enterprise Funds | | | Governmental Activities |
|---|---|---|---|---|
| | Water Utility | Sanitary District | Total | Internal Service Funds |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | $ 388,156 | $ (664,847) | $ (276,691) | $ 68,527 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | |
| Depreciation expense | 349,563 | 474,559 | 824,122 | - |
| Noncash items: | | | | |
| Deferred revenue recognized | - | - | - | (79,472) |
| (Increase) decrease in assets: | | | | |
| Accounts receivable | (3,315) | (6,444) | (9,759) | - |
| Allowance for uncollectible accounts | - | 7,373 | 7,373 | - |
| Inventories | 5,607 | (3,960) | 1,647 | - |
| Prepaid items | (2,694) | (2,694) | (5,388) | - |
| Increase (decrease) in liabilities: | | | | |
| Customer deposits | 5,350 | - | 5,350 | - |
| Accounts payable | (5,003) | 68,640 | 63,637 | - |
| Accrued payroll and withholdings payable | 1,229 | 6,619 | 7,848 | - |
| Tax payable | (101) | - | (101) | - |
| Compensated absence payable | 732 | 346 | 1,078 | - |
| Total adjustments | 351,368 | 544,439 | 895,807 | (79,472) |
| Net cash provided (used) by operating activities | $ 739,524 | $ (120,408) | $ 619,116 | $ (10,945) |
| Noncash investing, capital and financing activities: | | | | |
| Purchase of capital assets on account | $ 31,208 | $ 68,672 | | $ - |
| Assets capitalized in prior year on account | (25,017) | (27,437) | | - |
| Accounts payable for refund of excess tax distribution | - | 30,665 | | - |

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, 2006

| Assets | Pension Trust Fund | Agency Funds |
|---|---|---|
| Cash and cash equivalents | $ 147,799 | $ 74,361 |
| Receivables: | | |
| Employer contributions | 42,409 | - |
| Interest and dividends | 627 | 77 |
| Total receivables | 43,036 | 77 |
| Investments at fair value: | | |
| Participation in investment pools of other governments | 83,458 | - |
| Total assets | 274,293 | $ 74,438 |
| **Liabilities** | | |
| Payroll withholdings payable | - | $ 46,304 |
| Trust payable | - | 28,134 |
| Total liabilities | - | $ 74,438 |
| **Net Assets** | | |
| Held in trust for: | | |
| Employees' pension benefits and other purposes | 274,293 | |
| Total net assets | $ 274,293 | |

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, 2006

| | Pension Trust Fund |
|---|---|
| Additions | |
| Contributions: | |
| Employer | $ 126,719 |
| On-behalf | 584,274 |
| Other | 2,414 |
| Total contributions | 713,407 |
| Investment income: | |
| Net increase in fair value of investments | 10,342 |
| Interest | 21,559 |
| Total investment income | 31,901 |
| Total additions | 745,308 |
| Deductions | |
| Benefits | 769,684 |
| Administrative expense | 582 |
| Total deductions | 770,266 |
| Changes in net assets | (24,958) |
| Net assets - beginning | 299,251 |
| Net assets - ending | $ 274,293 |

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

**Notes to Financial Statement**

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.

<u>Blended Component Unit</u>

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.

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

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

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

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

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

The government reports the following major governmental funds:

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

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

The park nonreverting capital fund accounts 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.

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

The government reports the following major proprietary funds:

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

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

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.

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.

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 2006, see Note V.C.

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:

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

N/A = Not applicable

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

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

6. Compensated Absences

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

   b. Personal Leave – government employees earn personal leave at the rate of 6 days per year. Unused personal leave may be accumulated to a maximum of 20 days. Accumulated personal leave is paid to employees upon separation of employment.

   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 types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

8. Fund Equity

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

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 $925,806 difference are as follows:

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 558,783 |
| Interest receivable | | 2,319 |
| Accounts receivable | | 20,462 |
| Interfund receivable | | 80,000 |
| Deferred charges | | 40,412 |
| Accrued interest payable | | (40,781) |
| Revenue bonds payable, net | | (1,587,001) |
| Total | $ | (925,806) |

Another area of that reconciliation states that "Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds." The details of this $6,754,925 difference are as follows:

| | |
|---|---|
| General obligation bonds, net | $ (6,164,494) |
| Less: deferred charge for issuance costs | |
| (to be amortized over the life of the debt) | 134,161 |
| Accrued interest payable | (121,477) |
| Capital lease obligations | (128,253) |
| Compensated absences | (474,862) |
| Total | $ (6,754,925) |

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 $2,596,563 difference are as follows:

| | |
|---|---|
| Principal repayment: | |
| General obligation bonds | $ 919,000 |
| Revenue bonds | 165,000 |
| Capital lease obligation | 80,680 |
| Amortization: | |
| Bond issue costs | (27,263) |
| Bond discount | 341 |
| Issuance of bonds/capital leases | (3,732,464) |
| Less discount | (8,750) |
| Issuance costs to deferred debits | 70,607 |
| Change in accrued interest | (63,714) |
| Total | $ (2,596,563) |

Another element of that reconciliation explains that "Some expenses reported in the statement of activities do not required the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $16,780 difference are as follows:

| | |
|---|---|
| Change in prepaid items | $ (828) |
| Change in compensated absences | (15,952) |
| Total | $ (16,780) |

## III. Stewardship, Compliance and Accountability

### Budgetary Information

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

On or before August 31, the Town Clerk-Treasurer submits to the Town Council a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the Town Council to obtain taxpayer comments. In September of each year, the Town Council, through the passage of an ordinance, approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the Town Clerk-Treasurer receives approval from 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. At December 31, 2006, the bank balance held at MBIA Asset Management Group in the amount of $402,306 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-Town's name. The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

#### 2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2006, the Town had the following investments:

| Investment Type | Government Fair Value | Investment Maturities (in Years) Less Than 1 | 1-2 | More Than 2 | Duration |
|---|---|---|---|---|---|
| U.S. agencies | $ 277,591 | $ 277,591 | $ - | $ - | |
| Pension relief investment pool | 58,421 | - | - | - | 3.60 |
| Totals | $ 336,012 | $ 277,591 | $ - | $ - | |

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, 2006, was $25,037. 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 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, 2006, the Town held investments of this type in external investment pools in the amount of $277,591.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Town must follow state statute and limit the stated final maturities of the investments to no more than two years.

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.

| | Town's Investments | | | |
|---|---|---|---|---|
| Standard and Poor's Rating | Mutual Funds | Corporate Bonds | Government Sponsored Enterprise | Investment Pools |
| AAA | $ - | $ - | $ - | $ 317,025 |
| AA | - | - | - | 3,272 |
| A | - | - | - | 9,347 |
| BBB | - | - | - | 6,017 |
| Unrated | - | - | - | 351 |
| Totals | $ - | $ - | $ - | $ 336,012 |

Concentration of Credit Risk

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

B. Receivables

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

Cooperative Receivable

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

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

In July of 2006, the Highland Redevelopment Commission issued special taxing district bonds in the amount of $1,750,000 to support its share of costs associated with the razing. While treated like a loan, the proceeds were not actually directly lent. Instead, the City of Hammond assigned its demolition contracts to the Town of Highland, which agreed to make progress payments to the contractor up to the capped amount of the bonds.

Further, under the terms of the interlocal agreement, in consideration for this burden sharing, the City of Hammond Redevelopment Commission would repay the Town of Highland the principal amount of its bonds sold to support the project ($1,750,000) and the actual interest costs which may be incurred after the first 18 months that the debt is in repayment. The source of the repayment would come from the sale of the redeveloped property to a private developer. Highland's participation in the project was substantially completed by December of 2006. Owing to this, the amount of $1,750,000 is carried as a receivable from a cooperative redevelopment activity, for the year ended December 31, 2006.

Parks and Recreation Building Corporation Lease

The Parks and Recreation Building Corporation, a blended component unit reported as an internal service fund, has entered into a lease agreement with the government through 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, 2006:

| | |
|---|---|
| Total minimum lease payments to be received | $ 1,674,000 |
| Less: amounts representing estimated executory costs | (55,500) |
| Minimum lease payment receivable | 1,618,500 |
| Less: unearned income | (448,086) |
| Net investment in direct financing lease | 1,170,414 |
| Less: current portion | (192,504) |
| Net investment in direct financing lease, less current portion | $ 977,910 |

At December 31, 2006, minimum lease payments are as follows:

| | Direct Financing Lease Payments | Operating Lease Payments |
|---|---|---|
| 2007 | $ 263,000 | $ 9,250 |
| 2008 | 268,000 | 9,250 |
| 2009 | 278,000 | 9,250 |
| 2010 | 281,000 | 9,250 |
| 2011 | 289,000 | 9,250 |
| 2012-2013 | 295,000 | 9,250 |
| Totals | $ 1,674,000 | $ 55,500 |

C. Capital Assets

Capital asset activity for the year ended December 31, 2006, was as follows:

| Primary Government | Beginning Balance | Prior Period Adjustment | Restated 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 | 894,794 | - | 894,794 | 650,304 | 756,084 | 789,014 |
| Total capital assets, not being depreciated | 3,423,302 | - | 3,423,302 | 650,304 | 756,084 | 3,317,522 |
| Capital assets, being depreciated: | | | | | | |
| Buildings | 6,030,658 | - | 6,030,658 | - | - | 6,030,658 |
| Improvements other than buildings | 3,456,419 | - | 3,456,419 | 9,990 | - | 3,466,409 |
| Machinery and equipment | 4,271,462 | - | 4,271,462 | 232,527 | 246,262 | 4,257,727 |
| Infrastructure being depreciated | 34,677,702 | (9,922,013) | 24,755,689 | 672,792 | - | 25,428,481 |
| Totals | 48,436,241 | (9,922,013) | 38,514,228 | 915,309 | 246,262 | 39,183,275 |

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

| Primary Government | Beginning Balance | Period Adjustment | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|---|---|
| Governmental activities (continued): | | | | | | |
| Capital assets, being depreciated (continued): | | | | | | |
| Less accumulated depreciation for: | | | | | | |
| Buildings | 3,732,785 | - | 3,732,785 | 168,882 | - | 3,901,667 |
| Improvements other than buildings | 2,435,162 | - | 2,435,162 | 107,860 | - | 2,543,022 |
| Machinery and equipment | 3,155,113 | - | 3,155,113 | 282,730 | 234,381 | 3,203,462 |
| Infrastructure being depreciated | 26,387,542 | (14,780,083) | 11,607,459 | 720,187 | - | 12,327,646 |
| Totals | 35,710,602 | (14,780,083) | 20,930,519 | 1,279,659 | 234,381 | 21,975,797 |
| Total capital assets, being depreciated, net | 12,725,639 | 4,858,070 | 17,583,709 | (364,350) | 11,881 | 17,207,478 |
| Total governmental activity capital assets, net | $ 16,148,941 | $ 4,858,070 | $ 21,007,011 | $ 285,954 | $ 767,965 | $ 20,525,000 |
| Business-type activities: | | | | | | |
| Capital assets, not being depreciated: | | | | | | |
| Land | $ 55,477 | $ - | $ 55,477 | $ - | $ - | $ 55,477 |
| Construction in progress | 578,380 | - | 578,380 | 1,493,538 | 1,954,668 | 117,250 |
| Total capital assets, not being depreciated | 633,857 | - | 633,857 | 1,493,538 | 1,954,668 | 172,727 |
| Capital assets, being depreciated: | | | | | | |
| Buildings | 1,062,132 | - | 1,062,132 | - | - | 1,062,132 |
| Improvements other than buildings | 4,519,693 | - | 4,519,693 | 5,150 | - | 4,524,843 |
| Machinery and equipment | 1,569,301 | - | 1,569,301 | 115,765 | 111,341 | 1,573,725 |
| Distribution and collection systems | 26,225,508 | - | 26,225,508 | 1,959,910 | - | 28,185,418 |
| Totals | 33,376,634 | - | 33,376,634 | 2,080,825 | 111,341 | 35,346,118 |
| Less accumulated depreciation for: | | | | | | |
| Buildings | 582,555 | - | 582,555 | 24,544 | - | 607,099 |
| Improvements other than buildings | 1,647,910 | - | 1,647,910 | 113,371 | 5,000 | 1,756,281 |
| Machinery and equipment | 1,196,585 | - | 1,196,585 | 102,454 | 106,341 | 1,192,698 |
| Distribution and collection systems | 12,672,253 | - | 12,672,253 | 583,753 | - | 13,256,006 |
| Totals | 16,099,303 | - | 16,099,303 | 824,122 | 111,341 | 16,812,084 |
| Total capital assets, being depreciated, net | 17,277,331 | - | 17,277,331 | 1,256,703 | - | 18,534,034 |
| Total business-type activity capital assets, net | $ 17,911,188 | $ - | $ 17,911,188 | $ 2,750,241 | $ 1,954,668 | $ 18,706,761 |

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

| | |
|---|---|
| Governmental activities: | |
| General government | $ 22,908 |
| Public safety | 234,249 |
| Highway and streets | 787,718 |
| Urban redevelopment | 1,801 |
| Culture and recreation | 232,983 |
| Total depreciation expense - governmental activities | $ 1,279,659 |
| Business-type activities: | |
| Water | $ 349,563 |
| Sanitary District | 474,559 |
| Total depreciation expense - business-type activities | $ 824,122 |

D. Construction Commitments

Construction work in progress is composed of the following:

| Project | Total Project Authorized | Expended to December 31, 2006 | Committed |
|---|---|---|---|
| Governmental funds: | | | |
| Main Square Park Project | $ 923,262 | $ 396,278 | $ 526,984 |
| Cottage Grove Reconstruction project | 96,853 | 92,679 | - |
| Kennedy, Ridge, and Little Calumet River project | 1,015,200 | 187,701 | - |
| Recreation Center/Lincoln Center | 2,600 | 2,600 | - |
| Cline/Ridge to 45th | 257,400 | 103,000 | 254,800 |
| Branton Avenue Reconstruction | 988,857 | 6,756 | - |
| Total governmental activities | $ 3,284,172 | $ 789,014 | $ 781,784 |
| Business-type activities: | | | |
| Water Utility: | | | |
| Cottage Grove Reconstruction project | $ 66,067 | $ 59,461 | $ - |
| Sanitary District: | | | |
| Wastewater: | | | |
| Cottage Grove Reconstruction project | 26,530 | 23,877 | - |
| Hart Road Sanitary Sewer Extension project | 94,575 | 6,261 | - |
| Georgetown Phase II project | 95,000 | 10,837 | - |
| Eder/Maple Sewer Separation project | 665,345 | 16,814 | 648,531 |
| Total business-type activities | $ 947,517 | $ 117,250 | $ 648,531 |

Many of the above projects involved expenditures for preliminary engineering work only as of December 31, 2006. Financing has not yet been obtained for, nor has the Town entered into, any construction contracts.

E. Interfund Balances and Activity

1. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2006, is as follows:

| Interfund Receivable | Interfund Payable | Amount |
|---|---|---|
| Internal service | Parks and Recreation | $ 80,000 |

Interfund balances resulted from the time lag between the dates that Interfund loans are repaid.

2. Interfund transfers for the year ended December 31, 2006, were as follows:

| Transfer From | Transfer To | Amount |
|---|---|---|
| General | Park Nonreverting Capital | $ 8,592 |
| General | Nonmajor governmental | 1,000 |
| Parks and Recreation | Park Nonreverting Capital | 10,000 |
| Nonmajor governmental | Nonmajor governmental | 50,000 |
| Total | | $ 69,592 |

The government typically uses transfers to fund ongoing operating subsidies.

F. Leases

1. Operating Leases

The government has entered into various operating leases having initial or remaining noncancelable terms exceeding one year for copiers. Rental expenditures for these leases were $3,467. The following is a schedule by years of future minimum rental payments as of December 31, 2006:

| | Governmental Activities |
|---|---|
| 2007 | $ 6,582 |
| 2008 | 6,582 |
| 2009 | 3,108 |
| Total | $ 16,272 |

2. 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, 2006, are as follows:

| | Governmental Activities |
|---|---|
| 2007 | $ 64,685 |
| 2008 | 61,660 |
| 2009 | 4,788 |
| 2010 | 4,788 |
| Total minimum lease payments | 135,921 |
| Less amount representing interest | 7,668 |
| Present value of net minimum lease payments | $ 128,253 |

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

| | Governmental Activities |
|---|---|
| Machinery and equipment | $ 149,281 |
| Infrastructure and undergrounds | 54,700 |
| Total | 203,981 |
| Accumulated depreciation | (7,293) |
| Total | $ 196,688 |

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, 2006, was as follows:

| | Beginning Balance | Issued/ Draws | Redeemed Repayments | Ending Balance |
|---|---|---|---|---|
| Tax anticipation warrants | $ 4,975,000 | $ - | $ 4,975,000 | $ - |

H. Long-Term Liabilities

1. General Obligation Bonds

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

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

| Purpose | Original Issue Amount | Interest Rates | Balance December 31 | Less: Unamortized Discount | Amount |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| 2006 Park District bond | $ 1,850,000 | 3.85% to 4.35% | $ 1,850,000 | $ - | $ 1,850,000 |
| 1998 Redevelopment District bond | 1,850,000 | 4.3% to 4.5% | 810,000 | - | 810,000 |
| 2002 Redevelopment District bond | 610,000 | 3.06% | 325,000 | - | 325,000 |
| 2006 Redevelopment District bond | 1,750,000 | 6.375% to 6.5% | 1,750,000 | 8,409 | 1,741,591 |
| 1999 Municipal bonds | 1,575,000 | 4.85% to 4.9% | 400,000 | - | 400,000 |
| 2005 Municipal bonds | 1,091,903 | 3.1% to 4.0% | 1,037,903 | - | 1,037,903 |
| Total governmental activities | $ 8,726,903 | | $ 6,172,903 | $ 8,409 | $ 6,164,494 |

| Purpose | Original Issue Amount | Interest Rates | Balance December 31 | Less: Unamortized Discount | Amount |
|---|---|---|---|---|---|
| Business-type activities: | | | | | |
| 1997 Waterworks District bond | $ 1,740,000 | 4.6% | $ 280,000 | $ 127 | $ 279,873 |
| 2005 Sanitary District bond | 1,175,000 | 3.1% to 4.0% | 1,117,000 | - | 1,117,000 |
| Total business-type activities | $ 2,915,000 | | $ 1,397,000 | $ 127 | $ 1,396,873 |

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

| Year Ended December 31 | Governmental Activities Principal | Governmental Activities Interest | Business-Type Activities Principal | Business-Type Activities Interest |
|---|---|---|---|---|
| 2007 | $ 599,000 | $ 273,600 | $ 397,000 | $ 45,396 |
| 2008 | 979,000 | 244,913 | 117,000 | 35,285 |
| 2009 | 789,000 | 205,763 | 117,000 | 31,453 |
| 2010 | 684,000 | 172,456 | 117,000 | 27,504 |
| 2011 | 469,000 | 145,321 | 117,000 | 23,438 |
| 2012-2016 | 2,292,903 | 384,178 | 532,000 | 51,565 |
| 2017-2021 | 360,000 | 9,712 | - | - |
| Totals | $ 6,172,903 | $ 1,435,943 | $ 1,397,000 | $ 214,641 |

2. Revenue Bonds

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

| Purpose | Original Issue Amount | Interest Rates | Balance at December 31 | Plus Unamortized Premium | Revenue Bonds |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| 1997 Parks and Recreation holding corporation bonds | $ 2,600,000 | 5.125% to 5.20% | $ 1,580,000 | $ (7,001) | $ 1,587,001 |

Revenue bonds debt service requirements to maturity are as follows:

| Year Ended December 31 | Governmental Activities Principal | Governmental Activities Interest |
|---|---|---|
| 2007 | $ 180,000 | $ 76,948 |
| 2008 | 190,000 | 67,466 |
| 2009 | 205,000 | 57,345 |
| 2010 | 225,000 | 46,326 |
| 2011 | 240,000 | 34,320 |
| 2012-2016 | 540,000 | 28,600 |
| Totals | $ 1,580,000 | $ 311,005 |

3. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2006, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation | $ 3,491,903 | $ 3,600,000 | $ 919,000 | $ 6,172,903 | $ 784,000 |
| Less deferred bond discount | - | (8,750) | (341) | (8,409) | - |
| Revenue | 1,745,000 | - | 165,000 | 1,580,000 | 180,000 |
| Add deferred bond premium | 7,732 | - | 731 | 7,001 | - |
| Total bonds payable | 5,244,635 | 3,591,250 | 1,084,390 | 7,751,495 | 964,000 |
| Capital leases | 59,651 | 149,282 | 80,680 | 128,253 | 59,840 |
| Compensated absences | 458,910 | 456,100 | 440,148 | 474,862 | 351,834 |
| Net pension obligation | 5,162,226 | 242,371 | - | 5,404,597 | - |
| Total governmental activities long-term liabilities | $ 10,925,422 | $ 4,439,003 | $ 1,605,218 | $ 13,759,207 | $ 1,375,674 |
| Business-type activities: | | | | | |
| Water Utility: | | | | | |
| Bonds payable: | | | | | |
| General obligation | $ 545,000 | $ - | $ 265,000 | $ 280,000 | $ 280,000 |
| Revenue | 190,000 | - | 190,000 | - | - |
| Less deferred bond discount | (3,172) | - | (3,045) | (127) | - |
| Total bonds payable | 731,828 | - | 451,955 | 279,873 | - |
| Compensated absences | 40,804 | 40,001 | 39,270 | 41,535 | 33,425 |
| Total Water Utility long-term liabilities | 772,632 | 40,001 | 491,225 | 321,408 | 313,425 |
| Sanitary District: | | | | | |
| Bonds payable: | | | | | |
| General obligation | 1,175,000 | - | 58,000 | 1,117,000 | 117,000 |
| Compensated absences | 50,542 | 39,616 | 39,270 | 50,888 | 39,653 |
| Total Sanitary District long-term liabilities | 1,225,542 | 39,616 | 97,270 | 1,167,888 | 156,653 |
| Total business-type activities long-term liabilities | $ 1,998,174 | $ 79,617 | $ 588,495 | $ 1,489,296 | $ 940,156 |

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

I. Restricted Assets

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

| | |
|---|---|
| Improvement account | $ 2,443,969 |
| Bond and interest account | 356,186 |
| Extension account | 116,363 |
| Customer deposits | 114,236 |
| Co-op account | 1,197 |
| Interest receivable | 10,910 |
| Taxes receivable | 46,079 |
| Intergovernmental receivable | 17,839 |
| Total restricted assets | $ 3,106,779 |

J. Restatements and Reclassifications

For the year ended December 31, 2006, 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 the reporting of retroactive infrastructure and for corrections to capital assets not previously reported.

| Fund Type | Balance as Reported December 31, 2005 | Prior Period Adjustments | Balance as Restated January 1, 2006 |
|---|---|---|---|
| Governmental activities: | | | |
| Invested in capital assets, net of related debt | $ 10,987,839 | $ 4,858,070 | $ 15,845,909 |
| Restricted for: | | | |
| Highways and streets | 475,054 | - | 475,054 |
| Debt service | 565,362 | - | 565,362 |
| Capital projects | 2,335,711 | - | 2,335,711 |
| Other purposes | 210,295 | - | 210,295 |
| Unrestricted | (3,361,600) | - | (3,361,600) |
| Total net assets - governmental activities | $ 11,212,661 | $ 4,858,070 | $ 16,070,731 |

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.

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.

No claims have been incurred or paid in 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. Business-Type Capital Assets

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Business-type activities: | | | | |
| Water Utility: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 17,661 | $ - | $ - | $ 17,661 |
| Construction in progress | 176,641 | 100,244 | 217,424 | 59,461 |
| Total capital assets, not being depreciated | 194,302 | 100,244 | 217,424 | 77,122 |
| Capital assets, being depreciated: | | | | |
| Buildings | 1,062,132 | - | - | 1,062,132 |
| Improvements other than buildings | 3,957,279 | - | - | 3,957,279 |
| Machinery and equipment | 487,600 | 51,443 | 53,171 | 485,872 |
| Infrastructure and underground | 9,550,284 | 217,424 | - | 9,767,708 |
| Totals | 15,057,295 | 268,867 | 53,171 | 15,272,991 |
| Less accumulated depreciation for: | | | | |
| Buildings | 582,555 | 24,544 | - | 607,099 |
| Improvements other than buildings | 1,431,073 | 89,122 | - | 1,520,195 |
| Machinery and equipment | 410,530 | 25,957 | 53,171 | 383,316 |
| Infrastructure and underground | 4,039,795 | 209,940 | - | 4,249,735 |
| Totals | 6,463,953 | 349,563 | 53,171 | 6,760,345 |
| Total capital assets, being depreciated, net | 8,593,342 | (80,696) | - | 8,512,646 |
| Total Water Utility capital assets, net | $ 8,787,644 | $ 19,548 | $ 217,424 | $ 8,589,768 |

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|---|---|---|---|
| Business-type activities: | | | | |
| Sanitary District: | | | | |
| Wastewater Utility: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 37,816 | $ - | $ - | $ 37,816 |
| Construction in progress | 365,956 | 754,525 | 1,062,692 | 57,789 |
| Total capital assets, not being depreciated | 403,772 | 754,525 | 1,062,692 | 95,605 |
| Capital assets, being depreciated: | | | | |
| Improvements other than buildings | 562,414 | 5,150 | - | 567,564 |
| Machinery and equipment | 1,032,854 | 64,322 | 58,170 | 1,039,006 |
| Infrastructure and underground | 7,506,377 | 1,062,692 | - | 8,569,069 |
| Totals | 9,101,645 | 1,132,164 | 58,170 | 10,175,639 |
| Less accumulated depreciation for: | | | | |
| Improvements other than buildings | 216,837 | 24,249 | 5,000 | 236,086 |
| Machinery and equipment | 737,901 | 76,286 | 53,170 | 761,017 |
| Infrastructure and underground | 3,804,964 | 156,940 | - | 3,961,904 |
| Totals | 4,759,702 | 257,475 | 58,170 | 4,959,007 |
| Total capital assets, being depreciated, net | 4,341,943 | 874,689 | - | 5,216,632 |
| Total Wastewater Utility capital assets, net | $ 4,745,715 | $ 1,629,214 | $ 1,062,692 | $ 5,312,237 |
| Business-type activities: | | | | |
| Sanitary District: | | | | |
| Storm Water: | | | | |
| Capital assets, not being depreciated: | | | | |
| Construction in progress | $ 35,783 | $ 638,769 | $ 674,552 | $ - |
| Capital assets, being depreciated: | | | | |
| Machinery and equipment | 48,847 | - | - | 48,847 |
| Infrastructure and underground | 9,168,847 | 679,794 | - | 9,848,641 |
| Totals | 9,217,694 | 679,794 | - | 9,897,488 |
| Less accumulated depreciation for: | | | | |
| Machinery and equipment | 48,154 | 210 | - | 48,364 |
| Infrastructure and underground | 4,827,494 | 216,874 | - | 5,044,368 |
| Totals | 4,875,648 | 217,084 | - | 5,092,732 |
| Total capital assets, being depreciated, net | 4,342,046 | 462,710 | - | 4,804,756 |
| Total Storm Water capital assets, net | $ 4,377,829 | $ 1,101,479 | $ 674,552 | $ 4,804,756 |

C. Subsequent Events

The Board of Sanitary Commissioners has approved the issuance of bonds in 2007 by the Sanitary District for capital equipment and infrastructure improvements. The bonds will be sold in two series, totaling $3,500,000. The series will have a 10 year and 18 year term for repayment. It is anticipated that the bonds will be issued in September 2007.

Due to delays caused by trending of assessments, the assessed valuations of Lake County have not been finalized. Therefore, the 2006 pay 2007 property tax rates and levies, as well as related budget orders for 2007, have not yet been established as of May 22, 2007. The Town has been advised by the County Treasurer that the first installment of the 2006 pay 2007 property tax billings are currently anticipated to be issued in August 2007.

D. 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, two retirees meet 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, 2006, expenditures of $103 were recognized for post-employment benefits.

E. Deferred Retirement Option Plan

Indiana Code 36-8-8.5 allows members of the 1925, 1937, and 1977 Police and Firefighter's Pension Plans to enter into a Deferred Retirement Option Plan (DROP). The member who elects to enter DROP agrees to (1) Execute an irrevocable election to retire on the DROP retirement date and shall remain in active service until that date. (2) The member shall elect a DROP retirement date not less than 12 months and not more than 36 months after the member's DROP entry date. (3) The member may not remain in the DROP after the date the member reaches any mandatory retirement age that may apply to the member. (4) The member may make an election to enter the DROP only once in the member's lifetime.

A member who retires on the member's DROP retirement date may elect to receive a retirement benefit in one of the following forms:

1. A retirement benefit paid by and calculated under the provisions of the applicable fund as if the member had never entered the DROP.

2. A retirement benefit paid by the applicable fund and consisting of (a) the DROP frozen benefit; plus (b) an additional amount, paid as the member elects, calculated by multiplying the amount of the DROP frozen benefit; by the number of months that the member was in the DROP. If this benefit is elected, the member must elect to receive the additional amount as either a lump sum paid on the member's DROP retirement date or three equal annual payments commencing on the member's DROP retirement date and thereafter paid on the anniversary of the member's DROP retirement date.

In 2006, a Town police officer in the 1925 Police Officers' Pension Plan met all the requirements of the DROP and elected a lump sum payment which totaled $99,371 from the Police Pension Fund.

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. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan.

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

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.

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. Contributions and benefits of this pension plan are recognized when due and payable in accordance with the terms of the plan. On-behalf contributions from the State of Indiana as shown in the financial statements approximate an equal amount paid out for benefits.

Actuarial Information for the Above Plans

| | PERF | 1925 Police Officers' Pension |
|---|---|---|
| Annual required contribution | $ 164,382 | $ 830,500 |
| Interest on net pension obligation | 2,142 | 308,000 |
| Adjustment to annual required contribution | (2,441) | (373,000) |
| Annual pension cost | 164,083 | 765,500 |
| Contributions made | 146,999 | 540,213 |
| Increase in net pension obligation | 17,084 | 225,287 |
| Net pension obligation, beginning of year | 29,547 | 5,132,679 |
| Net pension obligation, end of year | $ 46,631 | $ 5,357,966 |

| | PERF | 1925 Police Officers' Pension |
|---|---|---|
| Contribution rates: | | |
| Town | 6% | 1,619% |
| Plan members | 3% | 6% |
| Actuarial valuation date | 07-01-06 | 01-01-06 |
| Actuarial cost method | Entry age | Entry age |
| Amortization method | Level percentage of projected payroll, closed | Level percentage of projected payroll, closed |
| Amortization period | 40 years | 30 years |
| 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 |

| Actuarial Assumptions | PERF | 1925 Police Officers' Pension |
|---|---|---|
| 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

| | Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|---|---|---|---|---|
| PERF | 06-30-04 | $ 128,396 | 99% | $ 35,068 |
| | 06-30-05 | 132,071 | 107% | 29,547 |
| | 06-30-06 | 164,083 | 111% | 46,631 |
| 1925 Police Officers' Pension Plan | 12-31-03 | 1,102,000 | 40% | 4,661,806 |
| | 12-31-04 | 1,106,400 | 57% | 5,132,679 |
| | 12-31-05 | 765,500 | 71% | 5,357,966 |

Membership in the 1925 Police Officers' Pension Plan at January 1, 2007, was comprised of the following:

| | 1925 Police Officers' Pension |
|---|---|
| Retires and beneficiaries currently receiving benefits | 25 |
| Terminated employees entitled to but not yet receiving benefits | - |
| Current active employees | - |

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

Statement of Fiduciary Net Assets:

| Assets | 1925 Police Officers' Pension |
|---|---|
| Cash and cash equivalents | $ 147,799 |
| Receivables: | |
| Employer contributions | 42,409 |
| Interest and dividends | 627 |
| Total receivables | 43,036 |
| Investments at fair value: | |
| Participation in investment pools of other governments | 83,458 |
| Total assets | 274,293 |
| Net assets: | |
| Held in trust for: | |
| Employees' pension benefit | 274,293 |
| Total net assets | $ 274,293 |

Statement of Changes in Fiduciary Net Assets:

| Additions | |
|---|---|
| Contributions: | |
| Employer | $ 126,719 |
| On-behalf | 584,274 |
| Other | 2,414 |
| Total contributions | 713,407 |
| Investment income: | |
| Net Increase in fair value of investments | 10,342 |
| Interest | 21,559 |
| Total investment income | 31,901 |
| Total additions | 745,308 |

Statement of Changes in Fiduciary Net Assets (continued):

| Deductions | 1925 Police Officers' Pension |
|---|---|
| Benefits | 769,684 |
| Administrative expense | 582 |
| Total deductions | 770,266 |
| Change in net assets | (24,958) |
| Net assets - beginning | 299,251 |
| Net assets - ending | $ 274,293 |

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, 2006, 2005, and 2004, were $440,184, $426,429, and $400,004, respectively, equal to the required contributions for each year.

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

Public Employees' Retirement Fund

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (a-b) | Funded Ratio (a/b) | Covered Payroll (c) | Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c) |
|---|---|---|---|---|---|---|
| 07-01-04 | $ 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%) |
| 07-01-06 | 2,906,531 | 3,438,425 | (531,894) | 85% | 2,489,408 | (21%) |

1925 Police Officers' Pension Plan

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (a-b) | Funded Ratio (a/b) | Covered Payroll (c) | Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c) |
|---|---|---|---|---|---|---|
| 01-01-01 | $ 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%) |
| 01-01-06 | 299,251 | 11,079,900 | (10,780,649) | 3% | 51,300 | (21,015%) |

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 | |
|---|---|---|---|
| | | City | State |
| 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% |
| 12-31-05 | 830,500 | 16% | 49% |

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, 2006

| | General Fund | | | |
|---|---|---|---|---|
| | Budget Amounts | | | Variance with Final Budget Over |
| | Original | Final | Actual | (Under) |
| Revenues: | | | | |
| Taxes | $ 4,648,329 | $ 4,648,329 | $ 5,365,304 | $ 716,975 |
| Licenses and permits | 206,150 | 206,150 | 377,190 | 171,040 |
| Intergovernmental | 598,573 | 598,573 | 644,418 | 45,845 |
| Charges for services | 1,350,630 | 1,350,630 | 1,527,418 | 176,788 |
| Fines and forfeits | 30,000 | 30,000 | 66,188 | 36,188 |
| Other | 86,187 | 86,187 | 213,818 | 127,631 |
| Total revenues | 6,919,869 | 6,919,869 | 8,194,336 | 1,274,467 |
| Expenditures: | | | | |
| Current: | | | | |
| General government: | | | | |
| Clerk-Treasurer: | | | | |
| Personal services | 74,481 | 91,735 | 89,676 | 2,059 |
| Supplies | 2,300 | 2,228 | 2,226 | 2 |
| Other services and charges | 55,550 | 55,400 | 46,652 | 8,748 |
| Town Council: | | | | |
| Personal services | 207,756 | 184,013 | 164,117 | 19,896 |
| Supplies | 400 | 400 | 178 | 222 |
| Other services and charges | 222,054 | 260,346 | 246,067 | 14,279 |
| Board of Zoning: | | | | |
| Personal services | 3,359 | 3,359 | 3,359 | - |
| Supplies | 150 | 150 | 150 | - |
| Other services and charges | 8,580 | 8,580 | 3,830 | 4,750 |
| Building and Inspection: | | | | |
| Personal services | 171,657 | 175,666 | 172,776 | 2,890 |
| Supplies | 5,251 | 10,125 | 8,755 | 1,370 |
| Other services and charges | 43,653 | 36,133 | 29,881 | 6,252 |
| Capital outlay | - | 905 | 905 | - |
| Plan Commission: | | | | |
| Personal services | 2,842 | 2,842 | 2,762 | 80 |
| Supplies | 125 | 125 | 125 | - |
| Other services and charges | 26,649 | 26,649 | 14,809 | 11,840 |
| Board of Works: | | | | |
| Other services and charges | 682,353 | 695,047 | 668,311 | 26,736 |
| Town Hall Monument: | | | | |
| Supplies | 2,514 | 2,514 | 2,497 | 17 |
| Other services and charges | 51,620 | 47,337 | 44,715 | 2,622 |
| Total general government | 1,561,294 | 1,603,554 | 1,501,791 | 101,763 |

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, 2006
(Continued)

| | General Fund | | | |
|---|---|---|---|---|
| | Budget Amounts | | | Variance with Final Budget Over |
| | Original | Final | Actual | (Under) |
| Expenditures (continued): | | | | |
| Current (continued): | | | | |
| Public safety: | | | | |
| Volunteers in Police Service: | | | | |
| Personal services | 3,639 | 4,639 | 4,295 | 344 |
| Supplies | 6,800 | 5,800 | 5,568 | 232 |
| Other services and charges | 1,811 | 1,811 | 1,164 | 647 |
| Emergency Medical Services: | | | | |
| Personal services | 11,002 | 9,760 | 9,438 | 322 |
| Supplies | 6,572 | 6,205 | 5,202 | 1,003 |
| Other services and charges | 10,274 | 4,894 | 2,676 | 2,218 |
| Fire Department: | | | | |
| Personal services | 195,108 | 182,471 | 180,411 | 2,060 |
| Supplies | 25,910 | 21,997 | 19,015 | 2,982 |
| Other services and charges | 63,933 | 65,040 | 61,924 | 3,116 |
| Capital outlay | 14,259 | 3,508 | 3,058 | 450 |
| Police Department: | | | | |
| Personal services | 3,232,220 | 3,211,527 | 3,204,201 | 7,326 |
| Supplies | 118,000 | 144,305 | 142,585 | 1,720 |
| Other services and charges | 691,105 | 626,749 | 601,395 | 25,354 |
| Capital outlay | 149,092 | 145,445 | 145,445 | - |
| Total public safety | 4,529,725 | 4,434,151 | 4,386,377 | 47,774 |
| Sanitation: | | | | |
| Sanitation and Streets: | | | | |
| Personal services | 275,268 | 293,028 | 292,893 | 135 |
| Supplies | 21,193 | 21,015 | 20,299 | 716 |
| Other services and charges | 1,125,263 | 1,307,766 | 1,232,543 | 75,223 |
| Total sanitation | 1,421,724 | 1,621,809 | 1,545,735 | 76,074 |
| Unappropriated | - | - | 50,900 | (50,900) |
| Total expenditures | 7,512,743 | 7,659,514 | 7,484,803 | 174,711 |
| Other financing uses: | | | | |
| Operating transfers out | - | - | (9,592) | (9,592) |
| Tax anticipation warrants repaid | - | - | (3,500,000) | 3,500,000 |
| Total other financing sources (uses) | - | - | (3,509,592) | 3,490,408 |
| Net change in fund balance | (592,874) | (739,645) | (2,800,059) | 4,590,164 |
| Fund balances - beginning | 3,326,922 | 3,326,922 | 3,326,922 | - |
| Fund balances - December 31 | $ 2,734,048 | $ 2,587,277 | $ 526,863 | $ 4,590,164 |

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, 2006
(Continued)

| | Parks and Recreation | | | |
|---|---|---|---|---|
| | Budget Amounts | | | Variance with Final Budget Over |
| | Original | Final | Actual | (Under) |
| Revenues: | | | | |
| Taxes | $ 784,112 | $ 784,112 | $ 924,860 | $ 140,748 |
| Intergovernmental | 74,201 | 74,201 | 70,842 | (3,359) |
| Charges for services | 620,000 | 620,000 | 525,027 | (94,973) |
| Other | 176,100 | 176,100 | 261,050 | 84,950 |
| Total revenues | 1,654,413 | 1,654,413 | 1,781,779 | 127,366 |
| Expenditures: | | | | |
| Current: | | | | |
| Culture and recreation: | | | | |
| Personal services | 810,292 | 803,335 | 796,627 | 6,708 |
| Supplies | 117,818 | 120,743 | 120,183 | 560 |
| Other services and charges | 791,232 | 836,835 | 832,540 | 4,295 |
| Capital outlay | 20,000 | 20,000 | - | 20,000 |
| Total expenditures | 1,739,342 | 1,780,913 | 1,749,350 | 31,563 |
| Other financing sources (uses): | | | | |
| Operating transfers out | - | - | (10,000) | 10,000 |
| Temporary loans received | - | - | 80,000 | (80,000) |
| Tax anticipation warrants repaid | - | - | (565,000) | 565,000 |
| Total other financing sources (uses) | - | - | (495,000) | 495,000 |
| Net change in fund balance | (84,929) | (126,500) | (462,571) | 590,803 |
| Fund balances - beginning | 492,219 | 492,219 | 492,219 | - |
| Fund balances - December 31 | $ 407,290 | $ 365,719 | $ 29,648 | $ 590,803 |

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, 2006

Note I. Budgets and Budgetary Accounting

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

A. After conferring with the Town Council President and several department heads, the Town Clerk-Treasurer submits to the Town Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

B. Prior to adoption, the Town advertises the budget and the Town Council holds public hearings to obtain taxpayer comments. The Town Council may reduce, but not increase, the budget from the advertised amounts.

C. No later than September 20 of each year, the budget for the next year is approved by the Town Council through the passage of an ordinance.

D. Copies of the budget ordinance and advertisements for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance for their review and approval. The budget becomes legally enacted after the Town Clerk-Treasurer receives approval from the Indiana Department of Local Government Finance. This approval is required by Indiana Statute and ad valorem property tax rates are to be set by February 15 of the year budgeted. The budget ordinance as approved by the Indiana Department of Local Government Finance becomes the Town's expenditures budget. The Town's maximum tax levy is restricted by Indiana Law, with certain adjustments and exceptions. If the advertised budget, for funds for which property taxes are levied or for which highway use taxes are received, exceeds the spending and tax limits of the state control laws, an excess levy can be granted by the Indiana Department of Local Government Finance, upon appeal by the Town.

E. The legal level of budgetary control (the level at which expenditures may not exceed appropriations without the governing body's approval) is by object classification for all funds except for the General Fund, which is by object classification within each department. The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the Town Council. Any revisions that alter the total appropriations for any fund or any department of the General Fund must be approved by the Town Council and, in some instances, by the Indiana Department of Local Government Finance.

F. Formal budgetary integration is required by State statute and is employed as a management control device. An annual budget was legally adopted for the following funds:

Major funds:
- General Fund
- Special revenue fund:
  - Parks and Recreation
- Capital projects funds:
  - Park Nonreverting Capital
  - Redevelopment Capital

Nonmajor funds:
- Special revenue funds:

Motor Vehicle Highway, Local Road and Street, Law Enforcement Continuing Education, Innkeepers Tax, Solid Waste Grant Fund, Redevelopment General, Park Nonreverting Operating

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, General Improvement Fund, Municipal Cumulative Street, Gaming Revenue Sharing

G. The Town's budgetary process is based upon cash outflows, which is a Non-GAAP basis. Appropriations lapse with the expiration of the budgetary period unless encumbered by a purchase order or contract. Encumbered appropriations are carried over and added to the subsequent year's budget.

H. Budgeted amounts are as originally adopted, or as amended by the Town Council and approved by the Indiana Department of Local Government Finance in the regular legal manner. The net effect of individual amendments to the budget increased the original appropriations by $4,359,050 in 2006.

I. Expenditures did not exceed appropriations for any funds or any departments within the General Fund which required legally approved budgets.

Note II. Budgetary to GAAP Reconciliation

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

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

B. Expenditures are recorded when paid in cash (budgetary) as opposed to when the liability is incurred (GAAP).

C. Tax anticipation warrants are treated as cash financing sources and uses (budgetary), but are reported only on the balance sheet of the fund statements (GAAP).

| | General | Parks and Recreation |
|---|---|---|
| Net change in fund balance (budgetary basis) | $ (2,800,059) | $ (462,571) |
| Adjustments: | | |
| To adjust revenues for accruals | (90,956) | (19,613) |
| To adjust expenditures for accruals | 14,804 | (71,742) |
| To adjust for tax anticipation warrants | 3,500,000 | 565,000 |
| Net change in fund balance (GAAP basis) | $ 623,789 | $ 11,074 |

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# Governmental Funds

## NONMAJOR GOVERNMENTAL FUNDS

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

TOWN OF HIGHLAND, INDIANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

| Assets | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Totals |
|---|---|---|---|---|
| Cash and cash equivalents | $ 130,728 | $ - | $ - | $ 130,728 |
| Receivables (net of allowances for uncollectibles): | | | | |
| Interest | 269 | - | - | 269 |
| Taxes | 18,017 | - | - | 18,017 |
| Intergovernmental | 7,087 | - | - | 7,087 |
| Restricted assets: | | | | |
| Cash and cash equivalents | 969,066 | 627,077 | 2,225,156 | 3,821,299 |
| Interest receivable | 3,103 | 4,350 | 8,401 | 15,854 |
| Taxes receivable | 22,390 | 194,864 | 25,539 | 242,793 |
| Intergovernmental receivable | 149,650 | 76,649 | 46,298 | 272,597 |
| Special assessments receivable | - | - | 16,994 | 16,994 |
| Total assets | $ 1,300,310 | $ 902,940 | $ 2,322,388 | $ 4,525,638 |
| **Liabilities and Fund Balances** | | | | |
| Liabilities: | | | | |
| Accounts payable | $ 3,302 | $ - | $ - | $ 3,302 |
| Accrued payroll and withholdings payable | 1,851 | - | - | 1,851 |
| Deferred revenue | 12,828 | - | - | 12,828 |
| Payable from restricted assets: | | | | |
| Accounts payable | 17,327 | 20,462 | 5,012 | 42,801 |
| Accrued payroll and withholdings payable | 15,106 | - | 678 | 15,784 |
| Contracts payable | - | - | 80,134 | 80,134 |
| Deferred revenue | - | 61,861 | 32,477 | 94,338 |
| Total liabilities | 50,414 | 82,323 | 118,301 | 251,038 |
| Fund balances: | | | | |
| Reserved for: | | | | |
| Encumbrances | 136,241 | 20,462 | 251,876 | 408,579 |
| Unreserved, reported in: | | | | |
| Special revenue funds | 1,113,655 | - | - | 1,113,655 |
| Capital projects funds | - | - | 1,952,211 | 1,952,211 |
| Debt service funds | - | 800,155 | - | 800,155 |
| Total fund balances | 1,249,896 | 820,617 | 2,204,087 | 4,274,600 |
| Total liabilities and fund balances | $ 1,300,310 | $ 902,940 | $ 2,322,388 | $ 4,525,638 |

TOWN OF HIGHLAND, INDIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total |
|---|---|---|---|---|
| Revenues: | | | | |
| Taxes: | | | | |
| Property | $ 296,633 | $ 1,411,768 | $ 197,058 | $ 1,905,459 |
| Special assessments | - | - | 64,548 | 64,548 |
| Licenses and permits | 24,710 | - | - | 24,710 |
| Intergovernmental | 1,450,038 | 109,883 | 981,765 | 2,541,686 |
| Charges for services | 53,938 | - | - | 53,938 |
| Fines and forfeits | 3,939 | - | - | 3,939 |
| Other | 85,369 | 18,312 | 94,338 | 198,019 |
| Total revenues | 1,914,627 | 1,539,963 | 1,337,709 | 4,792,299 |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | 186,784 | - | - | 186,784 |
| Highways and streets | 1,055,462 | - | - | 1,055,462 |
| Sanitation | 22,098 | - | - | 22,098 |
| Culture and recreation | 77,887 | - | - | 77,887 |
| Urban redevelopment | 153,164 | - | - | 153,164 |
| Debt service: | | | | |
| Principal | - | 1,084,000 | - | 1,084,000 |
| Interest | - | 226,404 | - | 226,404 |
| Capital outlay: | | | | |
| General government | - | - | 287,474 | 287,474 |
| Highways and streets | - | - | 422,998 | 422,998 |
| Total expenditures | 1,495,395 | 1,310,404 | 710,472 | 3,516,271 |
| Excess of revenues over expenditures | 419,232 | 229,559 | 627,237 | 1,276,028 |
| Other financing sources (uses): | | | | |
| Transfers in | 1,000 | 50,000 | - | 51,000 |
| Transfers out | (50,000) | - | - | (50,000) |
| Total other financing sources and uses | (49,000) | 50,000 | - | 1,000 |
| Net change in fund balances | 370,232 | 279,559 | 627,237 | 1,277,028 |
| Fund balances - beginning | 879,664 | 541,058 | 1,576,850 | 2,997,572 |
| Fund balances - ending | $ 1,249,896 | $ 820,617 | $ 2,204,087 | $ 4,274,600 |

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# Special Revenue Funds

## NONMAJOR SPECIAL REVENUE FUNDS

| | |
|---|---|
| Motor Vehicle Highway - | To account for the construction and maintenance of streets, alleys and the operations of the street maintenance activities of the public works department. Resources are derived from state motor vehicle (gasoline tax) distributions. (Confer IC 8-14-1-5 et seq.) |
| Local Road and Street - | To account for the operation and maintenance of the local road and street systems. Resources are derived from state gasoline tax distributions. (Confer IC 8-14-2-5) |
| Unsafe Building - | To account for expenditures and resources received for the programs of the Town related to operation and enforcement of the state unsafe building law. Resources are derived from settlements, bonds posted, money received in satisfaction of receivers' notes or money received for payment or settlement of civil penalties. (Confer IC 36-7-9 et seq.). |
| Park Donation - | To account for monies provided by private donors for parks and recreation purposes. |
| Federal Forfeited and Seized Assets - | To account for expenditures by the Metropolitan Police Department related to drug enforcement and other approved law enforcement purposes. Resources are derived from distributions from the Federal Government of confiscated assets, seized from illegal drug or other unlawful activities, gathered from cooperative law enforcement operations with Federal and law enforcement agencies. |
| Law Enforcement Continuing Education - | To account for expenditures related to continuing education of law enforcement officers employed by the Metropolitan Police Department as well as law enforcement equipment and supplies. Resources are derived from special fees collected from enforcement incidents, gun permit applications, accident reports and vehicle inspection. (Confer IC 5-2-8-6; IC 9-29-4-1; IC 9-29-11-1(a); IC 35-47-2-3) |
| Hazardous Materials Response - | To account for expenditures related to emergency response activities carried out by the Highland Fire Department in consequence of hazardous materials incidents. Resources may be used for training, equipment and supplies acquisition that are required in consequence of hazardous materials incidents. Resources are derived from fees imposed upon hazardous materials actors, donations, or gifts and from interest earned from lawful investments. (Confer IC 36-8-12.2-8.1 et seq.) |
| Innkeepers Tax - | To account for expenditures of the Town related to economic development projects or purposes. Resources are derived from distributions from a county tax imposed upon Inns, Lodges, Hotels and Motels. (Confer IC 6-9-2 et seq.) |
| 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. |
| 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). |
| Fire Department Homeland Security Grant - | To account for expenditures related to special enhanced training and acquisition of emergency equipment under the aegis of the municipal Fire Department according to the terms of a special grant awarded for this particular purpose. Resources are derived from a special grant awarded by the Federal Emergency Management Agency of the United States Homeland Security Department. |
| Shared Ethics Initiative Fund - | To account for expenditures and resources received in consequence of an interlocal cooperation agreement between several municipalities to support cooperative activities, training and instruction related to ethics and standards for elected and appointed officers as well as employees. Resources are derived from participating municipalities' annual fees, special charges that may be fixed from time to time, and interest earned on fund balance. |
| Traffic and Children Safety Grant Fund - | To account for expenditures related to special safety programs and activities carried out by the Metropolitan Police Department involving installation of child safety seats, special traffic enforcement initiatives involving seat belt law compliance to operating without impairment and pedestrian safety initiatives. Resources for this fund are derived from grants, awards or prizes that are given in support and in consequence of law enforcement efforts or programs for traffic control, traffic safety, child safety, pedestrian safety, passenger safety and related programs; or that are given in support and in consequence of law enforcement efforts for sobriety enforcement, provided such 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.) |

## 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 Indiana Code 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. |

TOWN OF HIGHLAND, INDIANA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2006

| Assets | Motor Vehicle Highway | Local Road and Street | Unsafe Building | Park Donation | Federal Forfeited and Seized Assets | Law Enforcement Continuing Education | Hazardous Materials Response |
|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | $ - | $ - | $ - | $ 6,810 | $ - | $ - | $ - |
| Receivables (net of allowances for uncollectibles): | | | | | | | |
| Interest | - | - | - | - | - | - | - |
| Taxes | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Restricted assets: | | | | | | | |
| Cash and cash equivalents | 499,320 | 151,981 | 2,457 | - | 46,358 | 25,541 | 2,937 |
| Interest receivable | 1,726 | 534 | - | - | 196 | 57 | - |
| Taxes receivable | 22,390 | - | - | - | - | - | - |
| Intergovernmental receivable | 97,694 | 44,032 | - | - | - | 936 | - |
| Total assets | $ 621,130 | $ 196,547 | $ 2,457 | $ 6,810 | $ 46,554 | $ 26,534 | $ 2,937 |
| **Liabilities and Fund Balances** | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Accrued payroll and withholdings payable | - | - | - | - | - | - | - |
| Deferred revenue | 7,108 | - | - | - | - | - | - |
| Payable from restricted assets: | | | | | | | |
| Accounts payable | 13,963 | 1,800 | - | - | 163 | 202 | - |
| Accrued payroll and withholdings payable | 15,106 | - | - | - | - | - | - |
| Total liabilities | 36,177 | 1,800 | - | - | 163 | 202 | - |
| Fund balances: | | | | | | | |
| Reserved for: | | | | | | | |
| Encumbrances | 16,978 | 7,685 | - | - | - | 1,415 | - |
| Unreserved, reported in: | | | | | | | |
| Special revenue funds | 567,975 | 187,062 | 2,457 | 6,810 | 46,391 | 24,917 | 2,937 |
| Total fund balances | 584,953 | 194,747 | 2,457 | 6,810 | 46,391 | 26,332 | 2,937 |
| Total liabilities and fund balances | $ 621,130 | $ 196,547 | $ 2,457 | $ 6,810 | $ 46,554 | $ 26,534 | $ 2,937 |

Continued on next page

TOWN OF HIGHLAND, INDIANA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2006
(Continued)

| Assets | Innkeepers Tax | Solid Waste Grant Fund | Donation | Highway of Flags Donation | Fire Department Homeland Security Grant | Shared Ethics Initiative Fund | Traffic and Children Safety Grant Fund |
|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | $ - | $ - | $ 23,843 | $ 23,620 | $ - | $ 4,500 | $ - |
| Receivables (net of allowances for uncollectibles): | | | | | | | |
| Interest | - | - | - | 95 | - | - | - |
| Taxes | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Restricted assets: | | | | | | | |
| Cash and cash equivalents | 7,985 | 224,100 | - | - | 22 | - | 3,930 |
| Interest receivable | 9 | 581 | - | - | - | - | - |
| Taxes receivable | - | - | - | - | - | - | - |
| Intergovernmental receivable | - | 6,988 | - | - | - | - | - |
| Total assets | $ 7,994 | $ 231,669 | $ 23,843 | $ 23,715 | $ 22 | $ 4,500 | $ 3,930 |
| **Liabilities and Fund Balances** | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Accrued payroll and withholdings payable | - | - | - | - | - | - | - |
| Deferred revenue | - | - | - | - | - | - | - |
| Payable from restricted assets: | | | | | | | |
| Accounts payable | - | - | - | - | - | - | - |
| Accrued payroll and withholdings payable | - | - | - | - | - | - | - |
| Total liabilities | - | - | - | - | - | - | - |
| Fund balances: | | | | | | | |
| Reserved for: | | | | | | | |
| Encumbrances | - | 94,728 | - | - | - | - | - |
| Unreserved, reported in: | | | | | | | |
| Special revenue funds | 7,994 | 136,941 | 23,843 | 23,715 | 22 | 4,500 | 3,930 |
| Total fund balances | 7,994 | 231,669 | 23,843 | 23,715 | 22 | 4,500 | 3,930 |
| Total liabilities and fund balances | $ 7,994 | $ 231,669 | $ 23,843 | $ 23,715 | $ 22 | $ 4,500 | $ 3,930 |

Continued on next page

TOWN OF HIGHLAND, INDIANA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2006
(Continued)

| Assets | Law Enforcement Block Grant | Redevelopment General | Park Nonreverting Operating | Safe Neighborhood Grant | Fire Computer Grant Fund | Totals |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | $ - | $ 65,798 | $ 6,157 | $ - | $ - | $ 130,728 |
| Receivables (net of allowances for uncollectibles): | | | | | | |
| Interest | - | 152 | 22 | - | - | 269 |
| Taxes | - | 18,017 | - | - | - | 18,017 |
| Intergovernmental | - | 7,087 | - | - | - | 7,087 |
| Restricted assets: | | | | | | |
| Cash and cash equivalents | 272 | - | - | 4,162 | 1 | 969,066 |
| Interest receivable | - | - | - | - | - | 3,103 |
| Taxes receivable | - | - | - | - | - | 22,390 |
| Intergovernmental receivable | - | - | - | - | - | 149,650 |
| Total assets | $ 272 | $ 91,054 | $ 6,179 | $ 4,162 | $ 1 | $ 1,300,310 |
| **Liabilities and Fund Balances** | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | $ - | $ 1,782 | $ 1,520 | $ - | $ - | $ 3,302 |
| Accrued payroll and withholdings payable | - | 1,851 | - | - | - | 1,851 |
| Deferred revenue | - | 5,720 | - | - | - | 12,828 |
| Payable from restricted assets: | | | | | | |
| Accounts payable | - | - | - | 1,199 | - | 17,327 |
| Accrued payroll and withholdings payable | - | - | - | - | - | 15,106 |
| Total liabilities | - | 9,353 | 1,520 | 1,199 | - | 50,414 |
| Fund balances: | | | | | | |
| Reserved for: | | | | | | |
| Encumbrances | - | 13,745 | 1,690 | - | - | 136,241 |
| Unreserved, reported in: | | | | | | |
| Special revenue funds | 272 | 67,956 | 2,969 | 2,963 | 1 | 1,113,655 |
| Total fund balances | 272 | 81,701 | 4,659 | 2,963 | 1 | 1,249,896 |
| Total liabilities and fund balances | $ 272 | $ 91,054 | $ 6,179 | $ 4,162 | $ 1 | $ 1,300,310 |

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, 2006

| | Motor Vehicle Highway | Local Road and Street | Unsafe Building | Park Donation | Federal Forfeited and Seized Assets | Law Enforcement Continuing Education | Hazardous Materials Response |
|---|---|---|---|---|---|---|---|
| Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property | $ 165,637 | $ - | $ - | $ - | $ - | $ - | $ - |
| Licenses and permits | - | - | - | - | - | 5,210 | - |
| Intergovernmental | 906,835 | 261,172 | - | - | - | - | - |
| Charges for services | - | 550 | - | - | - | 20,915 | 2,463 |
| Fines and forfeits | - | - | - | - | - | 3,939 | - |
| Other | 30,036 | 6,749 | - | 7,662 | 3,458 | 662 | - |
| Total revenues | 1,102,508 | 268,471 | - | 7,662 | 3,458 | 30,726 | 2,463 |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| Public safety | - | - | - | - | 60,289 | 19,813 | - |
| Highways and streets | 861,700 | 193,762 | - | - | - | - | - |
| Sanitation | - | - | - | - | - | - | - |
| Culture and recreation | - | - | - | 5,910 | - | - | - |
| Urban redevelopment | - | - | - | - | - | - | - |
| Total expenditures | 861,700 | 193,762 | - | 5,910 | 60,289 | 19,813 | - |
| Excess (deficiency) of revenues over (under) expenditures | 240,808 | 74,709 | - | 1,752 | (56,831) | 10,913 | 2,463 |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | (50,000) | - | - | - | - | - |
| Total other financing sources and uses | - | (50,000) | - | - | - | - | - |
| Net change in fund balances | 240,808 | 24,709 | - | 1,752 | (56,831) | 10,913 | 2,463 |
| Fund balances - beginning | 344,145 | 170,038 | 2,457 | 5,058 | 103,222 | 15,419 | 474 |
| Fund balances - ending | $ 584,953 | $ 194,747 | $ 2,457 | $ 6,810 | $ 46,391 | $ 26,332 | $ 2,937 |

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, 2006
(Continued)

| | Innkeepers Tax | Solid Waste Grant Fund | Donation | Highway of Flags Donation | Fire Department Homeland Security Grant | Shared Ethics Initiative Fund | Traffic and Children Safety Grant Fund |
|---|---|---|---|---|---|---|---|
| Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property | $ - | $ - | $ - | $ 1,091 | $ - | $ - | $ - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 5,400 | 246,199 | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - | - |
| Other | 311 | 581 | 23,222 | - | - | 4,500 | - |
| Total revenues | 5,711 | 246,780 | 23,222 | 1,091 | - | 4,500 | - |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| Public safety | - | - | 28,236 | - | 253 | - | 469 |
| Highways and streets | - | - | - | - | - | - | - |
| Sanitation | - | 22,098 | - | - | - | - | - |
| Culture and recreation | 14,249 | - | - | - | - | - | - |
| Urban redevelopment | - | - | - | - | - | - | - |
| Total expenditures | 14,249 | 22,098 | 28,236 | - | 253 | - | 469 |
| Excess (deficiency) of revenues over (under) expenditures | (8,538) | 224,682 | (5,014) | 1,091 | (253) | 4,500 | (469) |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | 1,000 | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources and uses | - | - | - | 1,000 | - | - | - |
| Net change in fund balances | (8,538) | 224,682 | (5,014) | 2,091 | (253) | 4,500 | (469) |
| Fund balances - beginning | 16,532 | 6,987 | 28,857 | 21,624 | 275 | - | 4,399 |
| Fund balances - ending | $ 7,994 | $ 231,669 | $ 23,843 | $ 23,715 | $ 22 | $ 4,500 | $ 3,930 |

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, 2006
(Continued)

| | Law Enforcement Block Grant | Redevelopment General | Park Nonreverting Operating | Safe Neighborhood Grant | Fire Computer Grant Fund | Total |
|---|---|---|---|---|---|---|
| Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property | $ - | $ 129,905 | $ - | $ - | $ - | $ 296,633 |
| Licenses and permits | - | - | 19,500 | - | - | 24,710 |
| Intergovernmental | 10,272 | 10,160 | - | 10,000 | - | 1,450,038 |
| Charges for services | - | - | 30,010 | - | - | 53,938 |
| Fines and forfeits | - | - | - | - | - | 3,939 |
| Other | - | 6,066 | 1,964 | 158 | - | 85,369 |
| Total revenues | 10,272 | 146,131 | 51,474 | 10,158 | - | 1,914,627 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Public safety | 10,000 | - | - | 67,724 | - | 186,784 |
| Highways and streets | - | - | - | - | - | 1,055,462 |
| Sanitation | - | - | - | - | - | 22,098 |
| Culture and recreation | - | - | 57,728 | - | - | 77,887 |
| Urban redevelopment | - | 153,164 | - | - | - | 153,164 |
| Total expenditures | 10,000 | 153,164 | 57,728 | 67,724 | - | 1,495,395 |
| Excess (deficiency) of revenues over (under) expenditures | 272 | (7,033) | (6,254) | (57,566) | - | 419,232 |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | 1,000 |
| Transfers out | - | - | - | - | - | (50,000) |
| Total other financing sources and uses | - | - | - | - | - | (49,000) |
| Net change in fund balances | 272 | (7,033) | (6,254) | (57,566) | - | 370,232 |
| Fund balances - beginning | - | 88,734 | 10,913 | 60,529 | 1 | 879,664 |
| Fund balances - ending | $ 272 | $ 81,701 | $ 4,659 | $ 2,963 | $ 1 | $ 1,249,896 |

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, 2006

| | Budget Amounts | | | Variance with Final Budget Over |
|---|---|---|---|---|
| | Original | Final | Actual | (Under) |
| Revenues: | | | | |
| Taxes | $ 150,249 | $ 150,249 | $ 160,599 | $ 10,350 |
| Intergovernmental | 814,167 | 814,167 | 899,641 | 85,474 |
| Other | 1,500 | 1,500 | 28,991 | 27,491 |
| Total revenues | 965,916 | 965,916 | 1,089,231 | 123,315 |
| Expenditures: | | | | |
| Current: | | | | |
| Highways and streets: | | | | |
| Personal services | 439,451 | 438,934 | 341,400 | 97,534 |
| Supplies | 189,310 | 188,930 | 186,841 | 2,089 |
| Other services and charges | 127,315 | 369,152 | 347,983 | 21,169 |
| Capital Outlay | - | 52,039 | 51,552 | 487 |
| Total expenditures | 756,076 | 1,049,055 | 927,776 | 121,279 |
| Net change in fund balance | 209,840 | (83,139) | 161,455 | 2,036 |
| Fund balances - beginning | 337,865 | 337,865 | 337,865 | - |
| Fund balances - December 31 | $ 547,705 | $ 254,726 | $ 499,320 | $ 2,036 |
| Budget/GAAP Reconciliation | | | | |
| Net change in fund balance, budgetary basis | | | $ 161,455 | |
| To adjust revenues for accruals | | | 66,076 | |
| To adjust expenditures for accruals | | | 13,277 | |
| Net change in fund balance, GAAP basis | | | $ 240,808 | |

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, 2006

| | Budget Amounts | | | Variance with Final Budget Over |
|---|---|---|---|---|
| | Original | Final | Actual | (Under) |
| Revenues: | | | | |
| Intergovernmental | $ 244,955 | $ 244,955 | $ 260,329 | $ 15,374 |
| Other | 1,200 | 1,200 | 7,040 | 5,840 |
| Total revenues | 246,155 | 246,155 | 267,369 | 21,214 |
| Expenditures: | | | | |
| Current: | | | | |
| Highways and streets: | | | | |
| Personal services | 66,854 | 66,854 | 66,751 | 103 |
| Other services and charges | 206,600 | 198,915 | 175,211 | 23,704 |
| Total expenditures | 273,454 | 265,769 | 241,962 | 23,807 |
| Net change in fund balance | (27,299) | (19,614) | 25,407 | (2,593) |
| Fund balances - beginning | 126,574 | 126,574 | 126,574 | - |
| Fund balances - December 31 | $ 99,275 | $ 106,960 | $ 151,981 | $ (2,593) |

| Budget/GAAP Reconciliation | |
|---|---|
| Net change in fund balance, budgetary basis | $ 25,407 |
| To adjust revenues for accruals | (1,800) |
| To adjust expenditures for accruals | 1,102 |
| Net change in fund balance, GAAP basis | $ 24,709 |

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, 2006

| | Budget Amounts | | | Variance with Final Budget |
|---|---|---|---|---|
| | Original | Final | Actual | Over (Under) |
| Revenues: | | | | |
| Licenses and permits | $ 2,100 | $ 2,100 | $ 5,210 | $ 3,110 |
| Intergovernmental | 13,274 | 13,274 | 20,915 | 7,641 |
| Charges for services | 2,000 | 2,000 | 3,645 | 1,645 |
| Other | 200 | 200 | 650 | 450 |
| Total revenues | 17,574 | 17,574 | 30,420 | 12,846 |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety: | | | | |
| Supplies | 6,800 | 6,800 | 6,508 | 292 |
| Other services and charges | 17,613 | 16,198 | 13,173 | 3,025 |
| Total expenditures | 24,413 | 22,998 | 19,681 | 3,317 |
| Net change in fund balance | (6,839) | (5,424) | 10,739 | 9,529 |
| Fund balances - beginning | 14,802 | 14,802 | 14,802 | - |
| Fund balances - December 31 | $ 7,963 | $ 9,378 | $ 25,541 | $ 9,529 |

| Budget/GAAP Reconciliation | |
|---|---|
| Net change in fund balance, budgetary basis | $ 10,739 |
| To adjust revenues for accruals | (132) |
| To adjust expenditures for accruals | 306 |
| Net change in fund balance, GAAP basis | $ 10,913 |

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, 2006

| | Budget Amounts | | | Variance with Final Budget Over |
|---|---|---|---|---|
| | Original | Final | Actual | (Under) |
| Revenues: | | | | |
| Intergovernmental | $ 5,400 | $ 5,400 | $ 5,400 | $ - |
| Other | - | - | 347 | 347 |
| Total revenues | 5,400 | 5,400 | 5,747 | 347 |
| Expenditures: | | | | |
| Current: | | | | |
| Culture and recreation: | | | | |
| Supplies | - | 4,800 | 2,949 | 1,851 |
| Other services and charges | - | 9,500 | 9,000 | 500 |
| Capital outlay | - | 2,300 | 2,300 | - |
| Total expenditures | - | 16,600 | 14,249 | 2,351 |
| Net change in fund balance | 5,400 | (11,200) | (8,502) | (2,004) |
| Fund balances - beginning | 16,487 | 16,487 | 16,487 | - |
| Fund balances - December 31 | $ 21,887 | $ 5,287 | $ 7,985 | $ (2,004) |

**Budget/GAAP Reconciliation**

| | |
|---|---|
| Net change in fund balance, budgetary basis | $ (8,502) |
| To adjust revenues for accruals | (36) |
| Net change in fund balance, GAAP basis | $ (8,538) |

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, 2006

| | Budget Amounts | | | Variance with Final Budget Over |
|---|---|---|---|---|
| | Original | Final | Actual | (Under) |
| Revenues: | | | | |
| Intergovernmental | $ 119,204 | $ 119,204 | $ 246,198 | $ 126,994 |
| Other | 200 | 200 | - | (200) |
| Total revenues | 119,404 | 119,404 | 246,198 | 126,794 |
| Expenditures: | | | | |
| Current: | | | | |
| Sanitation: | | | | |
| Supplies | 10,000 | 10,000 | 5,676 | 4,324 |
| Other services and charges | 88,940 | 6,712 | 6,712 | - |
| Capital outlay | - | 9,710 | 9,710 | - |
| Total expenditures | 98,940 | 26,422 | 22,098 | 4,324 |
| Net change in fund balance | 20,464 | 92,982 | 224,100 | 122,470 |
| Fund balances - beginning | - | - | - | - |
| Fund balances - December 31 | $ 20,464 | $ 92,982 | $ 224,100 | $ 122,470 |
| Budget/GAAP Reconciliation | | | | |
| Net change in fund balance, budgetary basis | | | $ 224,100 | |
| To adjust revenues for accruals | | | 582 | |
| Net change in fund balance, GAAP basis | | | $ 224,682 | |

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, 2006

| | Budget Amounts | | | Variance with Final Budget Over |
|---|---|---|---|---|
| | Original | Final | Actual | (Under) |
| Revenues: | | | | |
| Taxes | $ 120,904 | $ 120,904 | $ 122,807 | $ 1,903 |
| Intergovernmental | 11,441 | 11,441 | 7,585 | (3,856) |
| Other | 1,000 | 1,000 | 6,358 | 5,358 |
| Total revenues | 133,345 | 133,345 | 136,750 | 3,405 |
| Expenditures: | | | | |
| Current: | | | | |
| Urban redevelopment: | | | | |
| Personal services | 55,557 | 55,687 | 54,533 | 1,154 |
| Supplies | 600 | 706 | 706 | - |
| Other services and charges | 128,782 | 123,943 | 96,223 | 27,720 |
| Total expenditures | 184,939 | 180,336 | 151,462 | 28,874 |
| Net change in fund balance | (51,594) | (46,991) | (14,712) | (25,469) |
| Fund balances - beginning | 80,510 | 80,510 | 80,510 | - |
| Fund balances - December 31 | $ 28,916 | $ 33,519 | $ 65,798 | $ (25,469) |
| Budget/GAAP Reconciliation | | | | |
| Net change in fund balance, budgetary basis | | | $ (14,712) | |
| To adjust revenues for accruals | | | 9,381 | |
| To adjust expenditures for accruals | | | (1,702) | |
| Net change in fund balance, GAAP basis | | | $ (7,033) | |

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, 2006

| | Budget Amounts | | | Variance with Final Budget Over |
|---|---|---|---|---|
| | Original | Final | Actual | (Under) |
| Revenues: | | | | |
| Licenses and permits | $ 15,500 | $ 15,500 | $ 19,500 | 4,000 |
| Charges for services | 30,500 | 30,500 | 30,010 | (490) |
| Other | 500 | 500 | 1,979 | 1,479 |
| Total revenues | 46,500 | 46,500 | 51,489 | 4,989 |
| Expenditures: | | | | |
| Current: | | | | |
| Culture and recreation: | | | | |
| Supplies | - | 775 | 734 | 41 |
| Other services and charges | 150 | 56,560 | 55,474 | 1,086 |
| Total expenditures | 150 | 57,335 | 56,208 | 1,127 |
| Net change in fund balance | 46,350 | (10,835) | (4,719) | 3,862 |
| Fund balances - beginning | 10,876 | 10,876 | 10,876 | - |
| Fund balances - December 31 | $ 57,226 | $ 41 | $ 6,157 | $ 3,862 |

| Budget/GAAP Reconciliation | |
|---|---|
| Net change in fund balance, budgetary basis | $ (4,719) |
| To adjust revenues for accruals | (15) |
| To adjust expenditures for accruals | (1,520) |
| Net change in fund balance, GAAP basis | $ (6,254) |

Debt Service
Funds

## 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, 2006

| Assets | Corporation Bond and Interest | Parks and Recreation Bond-and Interest | Redevelopment Bond and Interest | Totals |
|---|---|---|---|---|
| Restricted assets: | | | | |
| Cash and cash equivalents | $ 232,903 | $ 133,699 | $ 260,475 | $ 627,077 |
| Interest receivable | 947 | 1,589 | 1,814 | 4,350 |
| Taxes receivable | 46,005 | 101,630 | 47,229 | 194,864 |
| Intergovernmental receivable | 18,096 | 39,976 | 18,577 | 76,649 |
| Total assets | $ 297,951 | $ 276,894 | $ 328,095 | $ 902,940 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Payable from restricted assets: | | | | |
| Accounts payable | $ - | $ 20,462 | $ - | $ 20,462 |
| Deferred revenue | 14,605 | 32,263 | 14,993 | 61,861 |
| Total liabilities | 14,605 | 52,725 | 14,993 | 82,323 |
| Fund balances: | | | | |
| Reserved for: | | | | |
| Encumbrances | - | 20,462 | - | 20,462 |
| Unreserved, reported in: | | | | |
| Debt service funds | 283,346 | 203,707 | 313,102 | 800,155 |
| Total fund balances | 283,346 | 224,169 | 313,102 | 820,617 |
| Total liabilities and fund balances | $ 297,951 | $ 276,894 | $ 328,095 | $ 902,940 |

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, 2006

| | Corporation Bond and Interest | Parks and Recreation Bond and Interest | Redevelopment Bond and Interest | Totals |
|---|---|---|---|---|
| Revenues: | | | | |
| Taxes: | | | | |
| Property | $ 333,927 | $ 697,512 | $ 380,329 | $ 1,411,768 |
| Intergovernmental | 25,942 | 57,309 | 26,632 | 109,883 |
| Other | 3,727 | 3,615 | 10,970 | 18,312 |
| Total revenues | 363,596 | 758,436 | 417,931 | 1,539,963 |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | 254,000 | 415,000 | 415,000 | 1,084,000 |
| Interest | 60,402 | 111,375 | 54,627 | 226,404 |
| Total expenditures | 314,402 | 526,375 | 469,627 | 1,310,404 |
| Excess (deficiency) of revenues over (under) expenditures | 49,194 | 232,061 | (51,696) | 229,559 |
| Other financing sources: | | | | |
| Transfers in | 50,000 | - | - | 50,000 |
| Total other financing sources and uses | 50,000 | - | - | 50,000 |
| Net change in fund balances | 99,194 | 232,061 | (51,696) | 279,559 |
| Fund balances - beginning | 184,152 | (7,892) | 364,798 | 541,058 |
| Fund balances - ending | $ 283,346 | $ 224,169 | $ 313,102 | $ 820,617 |

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, 2006

| | Budget Amounts | | | Variance with Final Budget Over |
|---|---|---|---|---|
| | Original | Final | Actual | (Under) |
| Revenues: | | | | |
| Taxes | $ 308,715 | $ 308,715 | $ 317,808 | $ 9,093 |
| Intergovernmental | 29,214 | 29,214 | 20,082 | (9,132) |
| Other | - | - | 3,233 | 3,233 |
| Total revenues | 337,929 | 337,929 | 341,123 | 3,194 |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | 254,000 | 254,000 | 254,000 | - |
| Interest and fiscal agent fees | 60,402 | 60,402 | 60,402 | - |
| Total expenditures | 314,402 | 314,402 | 314,402 | - |
| Other financing sources (uses): | | | | |
| Transfers in | 50,000 | 50,000 | 50,000 | - |
| Tax anticipation warrants repaid | - | - | (110,000) | 110,000 |
| Total other financing sources (uses) | 50,000 | 50,000 | (60,000) | 110,000 |
| Net change in fund balance | 73,527 | 73,527 | (33,279) | 113,194 |
| Fund balances - beginning | 266,182 | 266,182 | 266,182 | - |
| Fund balances - December 31 | $ 339,709 | $ 339,709 | $ 232,903 | $ 113,194 |

| Budget/GAAP Reconciliation | |
|---|---|
| Net change in fund balance, budgetary basis | $ (33,279) |
| To adjust revenues for accruals | 22,473 |
| To adjust for tax anticipation warrants payable | 110,000 |
| Net change in fund balance, GAAP basis | $ 99,194 |

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, 2006

| | Budget Amounts | | | Variance with Final Budget |
|---|---|---|---|---|
| | Original | Final | Actual | Over (Under) |
| Revenues: | | | | |
| Taxes | $ 681,990 | $ 681,990 | $ 625,723 | $ (56,267) |
| Intergovernmental | 64,537 | 64,537 | 31,490 | (33,047) |
| Other | 300 | 300 | 2,793 | 2,493 |
| Total revenues | 746,827 | 746,827 | 660,006 | (86,821) |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | 250,000 | 250,000 | 250,000 | - |
| Interest and fiscal agent fees | 276,375 | 255,913 | 255,913 | - |
| Total expenditures | 526,375 | 505,913 | 505,913 | - |
| Other financing uses: | | | | |
| Tax anticipation warrants repaid | - | - | (500,000) | 500,000 |
| Total other financing uses | - | - | (500,000) | 500,000 |
| Net change in fund balance | 220,452 | 240,914 | (345,907) | 413,179 |
| Fund balances - beginning | 479,606 | 479,606 | 479,606 | - |
| Fund balances - December 31 | $ 700,058 | $ 720,520 | $ 133,699 | $ 413,179 |

| Budget/GAAP Reconciliation | |
|---|---|
| Net change in fund balance, budgetary basis | $ (345,907) |
| To adjust revenues for accruals | 98,430 |
| To adjust expenditures for accruals | (20,462) |
| To adjust for tax anticipation warrants payable | 500,000 |
| Net change in fund balance, GAAP basis | $ 232,061 |

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, 2006

| | Budget Amounts | | | Variance with Final Budget |
|---|---|---|---|---|
| | Original | Final | Actual | Over (Under) |
| Revenues: | | | | |
| Taxes | $ 316,932 | $ 316,932 | $ 397,563 | $ 80,631 |
| Intergovernmental | 29,991 | 29,991 | 32,637 | 2,646 |
| Other | - | - | 9,899 | 9,899 |
| Total revenues | 346,923 | 346,923 | 440,099 | 93,176 |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | 415,000 | 415,000 | 415,000 | - |
| Interest and fiscal agent fees | 55,228 | 55,228 | 54,627 | 601 |
| Total expenditures | 470,228 | 470,228 | 469,627 | 601 |
| Other financing uses: | | | | |
| Tax anticipation warrants repaid | - | - | (300,000) | 300,000 |
| Total other financing uses | - | - | (300,000) | 300,000 |
| Net change in fund balance | (123,305) | (123,305) | (329,528) | 392,575 |
| Fund balances - beginning | 590,003 | 590,003 | 590,003 | - |
| Fund balances - December 31 | $ 466,698 | $ 466,698 | $ 260,475 | $ 392,575 |

Budget/GAAP Reconciliation

| | |
|---|---|
| Net change in fund balance, budgetary basis | $ (329,528) |
| To adjust revenues for accruals | (22,168) |
| To adjust for tax anticipation warrants payable | 300,000 |
| Net change in fund balance, GAAP basis | $ (51,696) |

# Capital Projects Funds

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

## NONMAJOR CAPITAL PROJECT FUNDS

(Continued)

| | |
|---|---|
| Gaming Revenue Sharing - | To account for financial resources related to expenditures for infrastructure improvements. Resources for this fund are derived under a revenue sharing agreement executed between and among the Government of Lake County and several municipalities in the county in which a share of the County's revenue collected from a gaming boat admissions' tax is allocated and distributed on a pro-rata basis to non-gaming communities. Authority for this fund comes from an Ordinance of the Lake County Council as adopted by the Lake County Commissioners and a companion ordinance of the Town of Highland, all enacted under provisions of Indiana Code 36-1-3 et seq., and Indiana Code 36-1-7 et seq. |
| 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, 2006

| Assets | Cumulative Capital Improvement | Cumulative Capital Development | Local Major Moves | General Improvement Fund | Municipal Cumulative Street |
|---|---|---|---|---|---|
| Restricted assets: | | | | | |
| Cash and cash equivalents | $ 159,294 | $ 714,890 | $ 564,532 | $ 149,424 | $ 26,646 |
| Interest receivable | 508 | 2,534 | 2,278 | 551 | - |
| Taxes receivable | - | 25,539 | - | - | - |
| Intergovernmental receivable | 7,375 | 10,045 | - | - | - |
| Special assessments receivable | - | - | - | 16,994 | - |
| Total assets | $ 167,177 | $ 753,008 | $ 566,810 | $ 166,969 | $ 26,646 |
| **Liabilities and Fund Balances** | | | | | |
| Liabilities: | | | | | |
| Payable from restricted assets: | | | | | |
| Accounts payable | $ - | $ 5,012 | $ - | $ - | $ - |
| Accrued payroll and withholdings payable | - | 678 | - | - | - |
| Contracts payable | 10,732 | - | - | 7,637 | - |
| Deferred revenue | 7,375 | 8,108 | - | 16,994 | - |
| Total liabilities | 18,107 | 13,798 | - | 24,631 | - |
| Fund balances: | | | | | |
| Reserved for: | | | | | |
| Encumbrances | - | 5,753 | - | 8,486 | - |
| Unreserved, reported in: | | | | | |
| Capital projects funds | 149,070 | 733,457 | 566,810 | 133,852 | 26,646 |
| Total fund balances | 149,070 | 739,210 | 566,810 | 142,338 | 26,646 |
| Total liabilities and fund balances | $ 167,177 | $ 753,008 | $ 566,810 | $ 166,969 | $ 26,646 |

Continued on next page

TOWN OF HIGHLAND, INDIANA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2006
(Continued)

| Assets | Gaming Revenue Sharing | Corporation Capital | Totals |
|---|---|---|---|
| Restricted assets: | | | |
| Cash and cash equivalents | $ 585,521 | $ 24,849 | $ 2,225,156 |
| Interest receivable | 2,445 | 85 | 8,401 |
| Taxes receivable | - | - | 25,539 |
| Intergovernmental receivable | 28,878 | - | 46,298 |
| Special assessments receivable | - | - | 16,994 |
| Total assets | $ 616,844 | $ 24,934 | $ 2,322,388 |
| **Liabilities and Fund Balances** | | | |
| Liabilities: | | | |
| Payable from restricted assets: | | | |
| Accounts payable | $ - | $ - | $ 5,012 |
| Accrued payroll and withholdings payable | - | - | 678 |
| Contracts payable | 61,765 | - | 80,134 |
| Deferred revenue | - | - | 32,477 |
| Total liabilities | 61,765 | - | 118,301 |
| Fund balances: | | | |
| Reserved for: | | | |
| Encumbrances | 237,637 | - | 251,876 |
| Unreserved, reported in: | | | |
| Capital projects funds | 317,442 | 24,934 | 1,952,211 |
| Total fund balances | 555,079 | 24,934 | 2,204,087 |
| Total liabilities and fund balances | $ 616,844 | $ 24,934 | $ 2,322,388 |

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, 2006

| | Cumulative Capital Improvement | Cumulative Capital Development | Local Major Moves | General Improvement Fund | Municipal Cumulative Street |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Taxes: | | | | | |
| Property | $ - | $ 197,058 | $ - | $ - | $ - |
| Special assessments | - | - | - | 64,548 | - |
| Intergovernmental | 84,118 | 14,400 | 559,908 | - | - |
| Other | 6,585 | 31,063 | 6,902 | 6,002 | 17,449 |
| Total revenues | 90,703 | 242,521 | 566,810 | 70,550 | 17,449 |
| Expenditures: | | | | | |
| Capital outlay: | | | | | |
| General government | 73,280 | 214,194 | - | - | - |
| Highways and streets | - | - | - | 10,260 | 17,841 |
| Total expenditures | 73,280 | 214,194 | - | 10,260 | 17,841 |
| Excess (deficiency) of revenues over (under) expenditures | 17,423 | 28,327 | 566,810 | 60,290 | (392) |
| Net change in fund balances | 17,423 | 28,327 | 566,810 | 60,290 | (392) |
| Fund balances - beginning | 131,647 | 710,883 | - | 82,048 | 27,038 |
| Fund balances - ending | $ 149,070 | $ 739,210 | $ 566,810 | $ 142,338 | $ 26,646 |

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, 2006
(Continued)

| | Gaming Revenue Sharing | Corporation Capital | Totals |
|---|---|---|---|
| Revenues: | | | |
| Taxes: | | | |
| Property | $ - | $ - | $ 197,058 |
| Special assessments | - | - | 64,548 |
| Intergovernmental | 323,339 | - | 981,765 |
| Other | 18,043 | 8,294 | 94,338 |
| Total revenues | 341,382 | 8,294 | 1,337,709 |
| Expenditures: | | | |
| Capital outlay: | | | |
| General government | - | - | 287,474 |
| Highways and streets | 145,430 | 249,467 | 422,998 |
| Total expenditures | 145,430 | 249,467 | 710,472 |
| Excess (deficiency) of revenues over (under) expenditures | 195,952 | (241,173) | 627,237 |
| Net change in fund balances | 195,952 | (241,173) | 627,237 |
| Fund balances - beginning | 359,127 | 266,107 | 1,576,850 |
| Fund balances - ending | $ 555,079 | $ 24,934 | $ 2,204,087 |

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - MAJOR AND NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL IMPROVEMENT
For The Year Ended December 31, 2006

| | Budget Amounts | | | Variance with Final Budget Over |
|---|---|---|---|---|
| | Original | Final | Actual | (Under) |
| Revenues: | | | | |
| Intergovernmental | $ 81,940 | $ 81,940 | $ 84,118 | $ 2,178 |
| Other | - | - | 6,334 | 6,334 |
| Total revenues | 81,940 | 81,940 | 90,452 | 8,512 |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| General government: | | | | |
| Other services and charges | 81,940 | 81,940 | 62,548 | 19,392 |
| Net change in fund balance | - | - | 27,904 | (10,880) |
| Fund balances - beginning | 131,390 | 131,390 | 131,390 | - |
| Fund balances - December 31 | $ 131,390 | $ 131,390 | $ 159,294 | $ (10,880) |

| Budget/GAAP Reconciliation | |
|---|---|
| Net change in fund balance, budgetary basis | $ 27,904 |
| To adjust revenues for accruals | 251 |
| To adjust expenditures for accruals | (10,732) |
| Net change in fund balance, GAAP basis | $ 17,423 |

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - MAJOR AND NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - CUMULATIVE CAPITAL DEVELOPMENT
For The Year Ended December 31, 2006

| | Budget Amounts | | | Variance with Final Budget Over |
|---|---|---|---|---|
| | Original | Final | Actual | (Under) |
| Revenues: | | | | |
| Taxes | $ 171,378 | $ 171,378 | $ 198,630 | $ 27,252 |
| Intergovernmental | 16,217 | 16,217 | 14,891 | (1,326) |
| Other | 4,000 | 4,000 | 30,404 | 26,404 |
| Total revenues | 191,595 | 191,595 | 243,925 | 52,330 |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| General government: | | | | |
| Personal services | - | 10,549 | 4,610 | 5,939 |
| Supplies | - | 1,000 | 219 | 781 |
| Other services and charges | 42,600 | 215,790 | 187,303 | 28,487 |
| Capital outlay | 47,674 | 86,162 | 16,372 | 69,790 |
| Total expenditures | 90,274 | 313,501 | 208,504 | 104,997 |
| Net change in fund balance | 101,321 | (121,906) | 35,421 | (52,667) |
| Fund balances - beginning | 679,469 | 679,469 | 679,469 | - |
| Fund balances - December 31 | $ 780,790 | $ 557,563 | $ 714,890 | $ (52,667) |

Budget/GAAP Reconciliation

| | |
|---|---|
| Net change in fund balance, budgetary basis | $ 35,421 |
| To adjust revenues for accruals | (1,404) |
| To adjust expenditures for accruals | (5,690) |
| Net change in fund balance, GAAP basis | $ 28,327 |

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - PARK NONREVERTING CAPITAL
For The Year Ended December 31, 2006

| | Budget Amounts | | | Variance with Final Budget Over |
|---|---|---|---|---|
| | Original | Final | Actual | (Under) |
| Revenues: | | | | |
| Charges for services | $ 11,892 | $ 11,892 | $ 11,892 | $ - |
| Other | - | - | 36,608 | 36,608 |
| Total revenues | 11,892 | 11,892 | 48,500 | 36,608 |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Culture and recreation: | | | | |
| Other services and charges | - | - | 62,184 | (62,184) |
| Capital outlay | 63,220 | 1,901,352 | 286,486 | 1,614,866 |
| Total expenditures | 63,220 | 1,901,352 | 348,670 | 1,552,682 |
| Other financing sources: | | | | |
| Transfers in | - | - | 18,592 | (18,592) |
| Proceeds of debt | - | 1,850,000 | 1,850,000 | - |
| Net change in fund balance | (51,328) | (39,460) | 1,568,422 | (1,516,074) |
| Fund balances - beginning | 209,348 | 209,348 | 209,348 | - |
| Fund balances - December 31 | $ 158,020 | $ 169,888 | $ 1,777,770 | $ (1,516,074) |

| Budget/GAAP Reconciliation | |
|---|---|
| Net change in fund balance, budgetary basis | $ 1,568,422 |
| To adjust revenues for accruals | 7,415 |
| To adjust expenditures for accruals | (137,293) |
| Net change in fund balance, GAAP basis | $ 1,438,544 |

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, 2006

| | Budget Amounts | | | Variance with Final Budget Over |
|---|---|---|---|---|
| | Original | Final | Actual | (Under) |
| Revenues: | | | | |
| Special assessments | $ 7,000 | $ 7,000 | $ 64,548 | $ 57,548 |
| Other | - | - | 5,769 | 5,769 |
| Total revenues | 7,000 | 7,000 | 70,317 | 63,317 |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Highways and streets: | | | | |
| Other services and charges | - | 2,510 | 893 | 1,617 |
| Unappropriated | - | - | 1,840 | (1,840) |
| Total expenditures | - | 2,510 | 2,733 | (223) |
| Net change in fund balance | 7,000 | 4,490 | 67,584 | 63,540 |
| Fund balances - beginning | 81,840 | 81,840 | 81,840 | - |
| Fund balances - December 31 | $ 88,840 | $ 86,330 | $ 149,424 | $ 63,540 |

| Budget/GAAP Reconciliation | |
|---|---|
| Net change in fund balance, budgetary basis | $ 67,584 |
| To adjust revenues for accruals | (7,527) |
| To adjust expenditures for accruals | 233 |
| Net change in fund balance, GAAP basis | $ 60,290 |

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, 2006

| | Budget Amounts | | | Variance with Final Budget Over |
|---|---|---|---|---|
| | Original | Final | Actual | (Under) |
| Revenues: | | | | |
| Assessments | $ 17,640 | $ 17,640 | $ 17,449 | $ (191) |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Highways and streets: | | | | |
| Capital outlay | - | 4,440 | 2,640 | 1,800 |
| Other disbursements | - | 28,200 | 15,201 | 12,999 |
| Total expenditures | - | 32,640 | 17,841 | 14,799 |
| Net change in fund balance | 17,640 | (15,000) | (392) | (14,990) |
| Fund balances - beginning | 27,038 | 27,038 | 27,038 | - |
| Fund balances - December 31 | $ 44,678 | $ 12,038 | $ 26,646 | $ (14,990) |
| Budget/GAAP Reconciliation | | | | |
| Net change in fund balance, GAAP basis | | | $ (392) | |

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, 2006

| | Budget Amounts | | | Variance with Final Budget Over |
|---|---|---|---|---|
| | Original | Final | Actual | (Under) |
| Revenues: | | | | |
| Intergovernmental | $ 352,817 | $ 352,817 | $ 329,461 | $ (23,356) |
| Other | - | - | 17,735 | 17,735 |
| Total revenues | 352,817 | 352,817 | 347,196 | (5,621) |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Highways and streets: | | | | |
| Other services and charges | 56,450 | 125,827 | 83,665 | 42,162 |
| Total expenditures | 56,450 | 125,827 | 83,665 | 42,162 |
| Net change in fund balance | 296,367 | 226,990 | 263,531 | (47,783) |
| Fund balances - beginning | 321,990 | 321,990 | 321,990 | - |
| Fund balances - December 31 | $ 618,357 | $ 548,980 | $ 585,521 | $ (47,783) |
| Budget/GAAP Reconciliation | | | | |
| Net change in fund balance, budgetary basis | | | $ 263,531 | |
| To adjust revenues for accruals | | | (5,814) | |
| To adjust expenditures for accruals | | | (61,765) | |
| Net change in fund balance, GAAP basis | | | $ 195,952 | |

TOWN OF HIGHLAND, INDIANA
SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS - REDEVELOPMENT CAPITAL
For The Year Ended December 31, 2006

| | Budget Amounts | | | Variance with Final Budget Over |
|---|---|---|---|---|
| | Original | Final | Actual | (Under) |
| Revenues: | | | | |
| Taxes | $ 52,822 | $ 52,822 | $ 58,702 | $ 5,880 |
| Intergovernmental | 4,998 | 4,998 | 4,165 | (833) |
| Other | 2,500 | 2,500 | 34,667 | 32,167 |
| Total revenues | 60,320 | 60,320 | 97,534 | 37,214 |
| Expenditures: | | | | |
| Capital outlay: | | | | |
| Urban redevelopment and housing | | | | |
| Other services and charges | 40,036 | 1,790,036 | 1,743,313 | 46,723 |
| Capital outlay | 263,506 | 258,247 | 7,376 | 250,871 |
| Total expenditures | 303,542 | 2,048,283 | 1,750,689 | 297,594 |
| Other financing sources: | | | | |
| Proceeds of debt | - | 1,750,000 | 1,741,250 | 8,750 |
| Net change in fund balance | (243,222) | (237,963) | 88,095 | (251,630) |
| Fund balances - beginning | 383,838 | 383,838 | 383,838 | - |
| Fund balances - December 31 | $ 140,616 | $ 145,875 | $ 471,933 | $ (251,630) |

| Budget/GAAP Reconciliation | |
|---|---|
| Net change in fund balance, budgetary basis | $ 88,095 |
| To adjust revenues for accruals | 1,778 |
| To adjust expenditures for accruals | (201) |
| Net change in fund balance, GAAP basis | $ 89,672 |

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Internal Service Funds

## 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 Indiana Code 36-1-10 et seq., interest earned from investments and from lease revenues derived according to the terms of a capital lease with the Town of Highland as lessee. |

TOWN OF HIGHLAND, INDIANA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
December 31, 2006

| Assets | Health Insurance | Parks and Recreation Building Corporation | Total |
|---|---|---|---|
| Current assets: | | | |
| Cash and cash equivalents | $ 494,974 | $ 63,809 | $ 558,783 |
| Interest receivable | 2,319 | - | 2,319 |
| Accounts receivable | - | 20,462 | 20,462 |
| Interfund receivable | 80,000 | - | 80,000 |
| Current portion of operating lease | - | 9,250 | 9,250 |
| Current portion of direct financing lease | - | 192,504 | 192,504 |
| Total current assets | 577,293 | 286,025 | 863,318 |
| Noncurrent assets: | | | |
| Deferred charges | - | 40,412 | 40,412 |
| Operating lease receivable | - | 46,250 | 46,250 |
| Net investment in direct financing lease | - | 977,910 | 977,910 |
| Total noncurrent assets | - | 1,064,572 | 1,064,572 |
| Total assets | 577,293 | 1,350,597 | 1,927,890 |
| Liabilities | | | |
| Current liabilities: | | | |
| Revenue bonds payable | - | 180,000 | 180,000 |
| Accrued interest payable | - | 40,781 | 40,781 |
| Total current liabilities | - | 220,781 | 220,781 |
| Noncurrent liabilities: | | | |
| Revenue bonds payable (net) | - | 1,407,001 | 1,407,001 |
| Total noncurrent liabilities | - | 1,407,001 | 1,407,001 |
| Total liabilities | - | 1,627,782 | 1,627,782 |
| Net Assets | | | |
| Unrestricted | 577,293 | (277,185) | 300,108 |
| Total net assets | $ 577,293 | $ (277,185) | $ 300,108 |

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, 2006

| | Health Insurance | Parks and Recreation Building Corporation | Total |
|---|---|---|---|
| Operating revenues: | | | |
| Charges for services | $ - | $ 79,472 | $ 79,472 |
| Operating expenses: | | | |
| Administration and general | 5,494 | 5,451 | 10,945 |
| Operating income | (5,494) | 74,021 | 68,527 |
| Nonoperating revenues (expenses): | | | |
| Interest income | 14,927 | 2,865 | 17,792 |
| Interest expense | - | (80,829) | (80,829) |
| Amortization of bond issue costs | - | (4,223) | (4,223) |
| Total nonoperating expenses | 14,927 | (82,187) | (67,260) |
| Change in net assets | 9,433 | (8,166) | 1,267 |
| Total net assets - beginning | 567,860 | (269,019) | 298,841 |
| Total net assets - ending | $ 577,293 | $ (277,185) | $ 300,108 |

TOWN OF HIGHLAND, INDIANA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For The Year Ended December 31, 2006

| | Health Insurance | Parks and Recreation Building Corporation | Total |
|---|---|---|---|
| Cash flows from operating activities: | | | |
| Payments to suppliers | $ (5,494) | $ (5,451) | $ (10,945) |
| Net cash used by operating activities | (5,494) | (5,451) | (10,945) |
| Cash flows from noncapital financing activities: | | | |
| Temporary loans made | (296,480) | - | (296,480) |
| Temporary loans repaid | 216,480 | - | 216,480 |
| Net cash used by noncapital financing activities | (80,000) | - | (80,000) |
| Cash flows from capital and related financing activities: | | | |
| Principal paid on capital debt | - | (165,000) | (165,000) |
| Interest paid on capital debt | - | (85,788) | (85,788) |
| Net cash used by capital and related financing activities | - | (250,788) | (250,788) |
| Cash flows from investing activities: | | | |
| Proceeds from net investment in direct financing lease | - | 241,538 | 241,538 |
| Proceeds from operating lease receivable | - | 9,250 | 9,250 |
| Interest received | 13,788 | 2,865 | 16,653 |
| Net cash provided by investing activities | 13,788 | 253,653 | 267,441 |
| Net increase in cash and cash equivalents | (71,706) | (2,586) | (74,292) |
| Cash and cash equivalents, January 1 | 566,680 | 66,395 | 633,075 |
| Cash and cash equivalents, December 31 | $ 494,974 | $ 63,809 | $ 558,783 |
| Reconciliation of operating income (loss) to net cash used by operating activities: | | | |
| Operating income (loss) | $ (5,494) | $ 74,021 | $ 68,527 |
| Adjustments to reconcile operating income (loss) to net cash used by operating activities: | | | |
| Noncash items: | | | |
| Deferred revenue recognized | - | (79,472) | (79,472) |
| Total adjustments | - | (79,472) | (79,472) |
| Net cash used by operating activities | $ (5,494) | $ (5,451) | $ (10,945) |

## FIDUCIARY FUNDS

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

**AGENCY FUNDS**

| | |
|---|---|
| Payroll - | To account for the payroll of employees of the Town and its executive departments and municipal utilities. |
| Parks and Recreation Escrow - | To account for security or damage deposits made by lessee tenants, to the Parks and Recreation Department as lessor, for long-term use of rooms in the community center. |
| Insurance Premium - | To account for department shares allocated and collected for insurance premiums payable by the municipality. |
| Gasoline - | To account for department shares allocated and collected for gasoline payable by the municipality. |
| 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 Indiana Code 36-1-3; Indiana Code 33-19-5 and Indiana Code 34-4-32. |
| Aflac FSA Agency Fund - | To account for expenditures and resources received in consequence of the municipality's special flexible spending accounts and employee plan established according to the terms of the Intemal 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, 2006

| | Payroll | Parks and Recreation Escrow | Insurance Premium | Gasoline | Telephone | Traffic Violations | Aflac FSA Agency Fund | Totals |
|---|---|---|---|---|---|---|---|---|
| Assets: | | | | | | | | |
| Cash and cash equivalents | $ 46,237 | $ 10,259 | $ 3,086 | $ - | $ - | $ 1,604 | $ 13,175 | $ 74,361 |
| Interest receivable | 67 | - | - | - | - | - | 10 | 77 |
| Total assets | $ 46,304 | $ 10,259 | $ 3,086 | $ - | $ - | $ 1,604 | $ 13,185 | $ 74,438 |
| Liabilities: | | | | | | | | |
| Payroll withholdings payable | $ 46,304 | $ - | $ - | $ - | $ - | $ - | $ - | $ 46,304 |
| Trust payable | - | 10,259 | 3,086 | - | - | 1,604 | 13,185 | 28,134 |
| Total liabilities | $ 46,304 | $ 10,259 | $ 3,086 | $ - | $ - | $ 1,604 | $ 13,185 | $ 74,438 |

TOWN OF HIGHLAND, INDIANA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended December 31, 2006

| | Payroll | Parks and Recreation Escrow | Insurance Premium | Gasoline | Telephone | Traffic Violations | Aflac FSA Agency Fund | Totals |
|---|---|---|---|---|---|---|---|---|
| Assets: | | | | | | | | |
| Cash and cash equivalents, January 1, 2006 | $ 46,570 | $ 10,259 | $ 1,862 | $ - | $ - | $ 3,431 | $ 13,709 | $ 75,831 |
| Additions | 1,710,767 | - | 1,507,121 | 126,426 | 51,436 | 28,445 | 26,511 | 3,450,706 |
| Deductions | (1,711,100) | - | (1,505,897) | (126,426) | (51,436) | (30,272) | (27,045) | (3,452,176) |
| Cash and cash equivalents, December 31, 2006 | 46,237 | 10,259 | 3,086 | - | - | 1,604 | 13,175 | 74,361 |
| Interest receivable, January 1, 2006 | 71 | - | - | - | - | - | 10 | 81 |
| Additions | 67 | - | - | - | - | - | 10 | 77 |
| Deductions | (71) | - | - | - | - | - | (10) | (81) |
| Interest receivable, December 31, 2006 | 67 | - | - | - | - | - | 10 | 77 |
| Total assets, December 31, 2006 | $ 46,304 | $ 10,259 | $ 3,086 | $ - | $ - | $ 1,604 | $ 13,185 | $ 74,438 |
| Liabilities: | | | | | | | | |
| Payroll withholdings payable, January 1, 2006 | $ 46,641 | $ - | $ - | $ - | $ - | $ - | $ - | $ 46,641 |
| Additions | 1,710,834 | - | - | - | - | - | - | 1,710,834 |
| Deductions | (1,711,171) | - | - | - | - | - | - | (1,711,171) |
| Payroll withholdings payable, December 31, 2006 | 46,304 | - | - | - | - | - | - | 46,304 |
| Trust payable, January 1, 2006 | - | 10,259 | 1,862 | - | - | 3,431 | 13,719 | 29,271 |
| Additions | - | - | 1,507,121 | 126,426 | 51,436 | 28,445 | 26,521 | 1,739,949 |
| Deductions | - | - | (1,505,897) | (126,426) | (51,436) | (30,272) | (27,055) | (1,741,086) |
| Trust payable, December 31, 2006 | - | 10,259 | 3,086 | - | - | 1,604 | 13,185 | 28,134 |
| Total liabilities, December 31, 2006 | $ 46,304 | $ 10,259 | $ 3,086 | $ - | $ - | $ 1,604 | $ 13,185 | $ 74,438 |

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STATISTICAL SECTION

# Statistical Section

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

**Contents** **Page**



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

**TOWN OF HIGHLAND**
**NET ASSETS by COMPONENT**
**Fiscal Years 2003 - 2006**
**(accrual basis of accounting)**

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 |
| Governmental Accounts | | | | |
| Investment in capital assets, net of related debt | $ 14,587,666 | $ 11,401,886 | $ 10,987,839 | $ 16,022,139 |
| Restricted | 2,660,744 | 3,698,490 | 3,586,422 | 4,708,632 |
| Unrestricted | (2,920,252) | (2,879,382) | (3,361,600) | (3,776,560) |
| Total Governmental Activities Net Assets | $ 14,328,158 | $ 12,220,994 | $ 11,212,661 | $ 16,954,211 |
| Business-type Activities | | | | |
| Investment in capital assets, net of related debt | $ 10,917,934 | $ 16,527,488 | $ 16,001,186 | $ 17,309,888 |
| Restricted | 1,990,705 | 1,372,497 | 3,614,059 | 2,917,715 |
| Unrestricted | 460,160 | 1,171,139 | 597,843 | 341,387 |
| Total Business-type Activities Net Assets | $ 13,368,799 | $ 19,071,124 | $ 20,213,088 | $ 20,568,990 |
| Primary Government | | | | |
| Investment in capital assets, net of related debt | $ 25,505,600 | $ 27,929,374 | $ 26,989,025 | $ 33,332,027 |
| Restricted | 4,651,449 | 5,070,987 | 7,200,481 | 7,626,347 |
| Unrestricted | (2,460,092) | (1,708,243) | (2,763,757) | (3,435,173) |
| Total Primary Government Net Assets | $ 27,696,957 | $ 31,292,118 | $ 31,425,749 | $ 37,523,201 |

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

**TOWN OF HIGHLAND**
**Changes in Net Assets**
**Fiscal Years 2003 - 2006**
**(accrual basis of accounting)**

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 |
| **Expenses** | | | | |
| Governmental Activities: | | | | |
| General government | $ 1,506,033 | $ 748,354 | $ 1,442,017 | $ 2,063,441 |
| Public safety | 4,424,506 | 4,741,337 | 6,325,184 | 4,934,503 |
| Highway/streets | 2,473,525 | 928,083 | 2,345,077 | 1,882,447 |
| Sanitation | 1,250,587 | 1,437,584 | 1,433,711 | 1,570,682 |
| Economic development | 396,885 | 83,080 | 239,839 | 1,871,473 |
| Health and welfare | - | 7,000 | - | - |
| Culture and recreation | 1,545,834 | 1,859,186 | 2,023,220 | 2,112,857 |
| Bond issuance cost | - | - | - | - |
| Interest on long-term debt | 272,319 | 240,201 | 207,489 | 264,697 |
| Total governmental activities expenses | 11,869,689 | 10,044,825 | 14,016,537 | 14,700,100 |
| Business-Type Activities: | | | | |
| Water | 3,016,042 | 2,276,318 | 2,292,223 | 2,165,586 |
| Sanitary District (sewer) | 2,636,038 | 2,353,091 | 2,676,647 | 3,670,388 |
| Total business-type activities | 5,652,080 | 4,629,409 | 4,968,870 | 5,835,974 |
| Total primary government expenses | $ 17,521,769 | $ 14,674,234 | $ 18,985,407 | $ 20,536,074 |
| **Program Revenues** | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | $ 551,893 | $ 600,629 | $ 564,176 | $ 667,044 |
| Sanitation | 1,178,155 | 1,186,992 | 1,186,967 | 1,266,124 |
| Culture and recreation | 762,791 | 812,381 | 797,803 | 821,114 |
| Other activities | 106,744 | 153,370 | 166,467 | 191,644 |
| Operating grants and contributions | 1,315,260 | 1,030,383 | 1,237,294 | 1,194,935 |
| Capital grants and contributions | 1,145,877 | 1,066,373 | 800,627 | 1,325,520 |
| Total governmental activities program revenues | 5,060,720 | 4,850,128 | 4,753,334 | 5,466,381 |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water | 3,171,106 | 2,530,590 | 2,708,956 | 2,531,464 |
| Sanitary District (sewer) | 2,145,852 | 2,230,218 | 3,009,709 | 2,961,916 |
| Operating grants and contributions | - | - | - | - |
| Capital grants and contributions | - | 717,616 | 52,090 | - |
| Total business-type activities | 5,316,958 | 5,478,424 | 5,770,755 | 5,493,380 |
| Total primary government program revenues | $ 10,377,678 | $ 10,328,552 | $ 10,524,089 | $ 10,959,761 |
| Net (expense)/revenue | | | | |
| Governmental activities | $ (6,808,969) | $ (5,194,697) | $ (9,263,203) | $ (9,233,719) |
| Business-type activities | (335,122) | 849,015 | 801,885 | (342,594) |
| Total primary government net expense | $ (7,144,091) | $ (4,345,682) | $ (8,461,318) | $ (9,576,313) |
| **General Revenues and Other Changes in Net Assets** | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property taxes | $ 5,655,269 | $ 6,704,371 | $ 7,078,601 | $ 7,207,152 |
| Excise taxes | 519,823 | 667,574 | 542,153 | 555,440 |
| Financial institution tax | - | 131,775 | 71,815 | 35,450 |
| Commercial vehicle excise tax | - | 60,889 | 32,727 | 17,013 |
| ABC gallonage tax | 47,963 | 75,543 | 62,426 | 58,225 |
| Cigarette tax | 23,215 | 23,964 | 19,851 | 22,941 |
| Other | 55,056 | 115,839 | 105,975 | 147,842 |
| Unrestricted investment earnings | 72,333 | 38,822 | 208,272 | 323,136 |
| Special: Cooperative agreement revenue | | | | 1,750,000 |
| Total governmental activities | 6,373,659 | 7,818,777 | 8,121,820 | 10,117,199 |
| Business-type activities: | | | | |
| Taxes | | | | |
| Property taxes | 650,090 | 617,054 | 505,995 | 576,090 |
| Excise taxes | 297,710 | 37,898 | - | - |
| Financial institution tax | - | 8,332 | - | - |
| Commercial vehicle excise tax | - | 21,667 | - | - |
| Other | 2,158,497 | 160 | 52,907 | - |
| Unrestricted investment earnings | 12,671 | 9,053 | 47,539 | 122,404 |
| Total business-type activities | 3,118,968 | 694,164 | 606,441 | 698,494 |
| Total primary government | $ 9,492,627 | $ 8,512,941 | $ 8,728,261 | $ 10,815,693 |
| **Change in Net Assets** | | | | |
| Governmental activities | $ (435,310) | $ 2,624,080 | $ (1,141,383) | $ 883,480 |
| Business-type activities | 2,783,846 | 1,543,179 | 1,408,326 | 355,900 |
| Total primary government | $ 2,348,536 | $ 4,167,259 | $ 266,943 | $ 1,239,380 |

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

**Town of Highland**
**Government Activities Tax Revenues By Source**
**Fiscal Years 2003 - 2006**
**(accrual basis of accounting)**

| Fiscal Year | Property Tax | Excise Tax | Financial Institution Tax | Commercial Vehicle Excise Tax | ABC Gallonage Tax | Cigarette Tax | Total |
|---|---|---|---|---|---|---|---|
| **2003** | $ 5,655,269 | $ 519,823 | $ - | $ - | $ 47,963 | $ 23,215 | $ 6,246,270 |
| **2004** | $ 6,704,371 | $ 667,574 | $ 131,775 | $ 60,889 | $ 75,546 | $ 23,964 | $ 7,664,119 |
| **2005** | $ 7,078,601 | $ 542,153 | $ 71,815 | $ 32,727 | $ 62,426 | $ 19,851 | $ 7,807,573 |
| **2006** | $ 7,207,152 | $ 555,440 | $ 35,450 | $ 17,013 | $ 58,225 | $ 22,941 | $ 7,896,221 |

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

**TOWN OF HIGHLAND**
**Fund Balances of Governmental Funds**
**Fiscal Years 2003 - 2006**
**(modified accrual basis of accounting)**

| | Fiscal Year | | | |
|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 |
| **General fund** | | | | |
| Reserved | $ 366,359 | $ 300,587 | $ 93,508 | $ 308,757 |
| Unreserved | 1,672,190 | (2,538,179) | 230,815 | 647,891 |
| Total general fund | $ 2,038,549 | $ (2,237,592) | $ 324,323 | $ 956,648 |
| | | | | |
| All other governmental funds | | | | |
| Reserved | $ 627,020 | $ 670,205 | $ 97,837 | $ 454,065 |
| Unreserved, reported in: | | | | |
| Special revenue funds | 858,221 | (13,861) | 863,737 | 1,102,641 |
| Capital projects funds | 773,997 | 1,376,272 | 2,112,000 | 4,065,553 |
| Debt service funds | 553,143 | 259,206 | 541,058 | 800,155 |
| Total all other governmental funds | $ 2,812,381 | $ 2,291,822 | $ 3,614,632 | $ 6,422,414 |

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

**TOWN OF HIGHLAND**
**Changes in Fund Balances of Governmental Funds**
**Fiscal Years 2003 - 2006**
**(modified accrual basis of accounting)**

| | Fiscal Year 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|
| **Revenues** | | | | |
| Taxes | $4,141,538 | $3,561,860 | $10,446,059 | $8,205,190 |
| Special assessments | 17,659 | 17,402 | 24,400 | 64,548 |
| Licenses and permits | 311,312 | 342,872 | 308,782 | 401,900 |
| Intergovernmental | 2,720,825 | 3,033,747 | 2,693,115 | 3,208,548 |
| Charges for services | 2,196,554 | 2,250,560 | 2,321,359 | 2,117,618 |
| Fines and forfeits | 14,905 | 56,663 | 16,201 | 74,950 |
| Other | 246,543 | 259,262 | 423,531 | 820,322 |
| Total revenues | 9,649,336 | 9,522,366 | 16,233,447 | 14,893,076 |
| **Expenditures** | | | | |
| General government | 2,343,457 | 1,544,967 | 1,348,605 | 1,546,079 |
| Public safety | 3,813,753 | 4,231,834 | 4,978,387 | 4,711,404 |
| Highways and streets | 973,398 | 836,254 | 961,537 | 1,055,462 |
| Sanitation | 1,250,587 | 1,437,584 | 1,433,711 | 1,570,682 |
| Culture and recreation | 1,697,503 | 1,641,600 | 1,747,652 | 1,898,981 |
| Urban redevelopment and housing | 43,316 | 63,510 | 91,599 | 153,164 |
| Debt service | | | | |
| Principal | 840,000 | 925,000 | 1,000,000 | 1,084,000 |
| Interest | 311,762 | 278,173 | 231,879 | 226,404 |
| Capital Outlay | 1,577,333 | 290,281 | 1,860,995 | 2,947,325 |
| Total expenditures | 12,851,109 | 11,249,203 | 13,654,365 | 15,193,501 |
| Excess of revenues over (under) expenditures | (3,201,773) | (1,726,837) | 2,579,082 | (300,425) |
| **Other financing sources (uses)** | | | | |
| Capital leases | - | - | 80,690 | 149,282 |
| Issuance of Debt | - | - | 1,091,903 | 3,591,250 |
| Transfers in | 70,000 | 160,049 | 131,481 | 69,592 |
| Transfers out | (70,000) | (160,049) | (131,481) | (69,592) |
| Temporary loans | 267,276 | - | - | - |
| Tax anticipation warrants received | 7,775,237 * | - | - | - |
| Tax anticipation warrants repaid | (4,760,000) * | - | - | - |
| Total other financing sources (uses) | 3,282,513 * | $ - | 1,172,593 | 3,740,532 |
| Net change in fund balances | $ 80,740 * | $ (1,726,837) | $ 3,751,675 | $ 3,440,107 |
| Debt service as a percentage of noncapital expenditures | 10.22% | 10.98% | 10.45% | 10.70% |

* A Prior Period Adjustment was made to the beginning January 1, 2004 balance that removed the Tax Anticipation Warrant line items which would affect the financing sources (uses) and change in fund balances

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

**TOWN OF HIGHLAND**
**General Government Tax Revenues By Source**
**Fiscal Years 2003 - 2006**
**(modified accrual basis of accounting)**

| Fiscal Year | Property Tax |
|---|---|
| 2003 | $ 4,141,538 |
| 2004 | 3,561,860 |
| 2005 | 10,446,059 |
| 2006 | $8,205,190 |

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

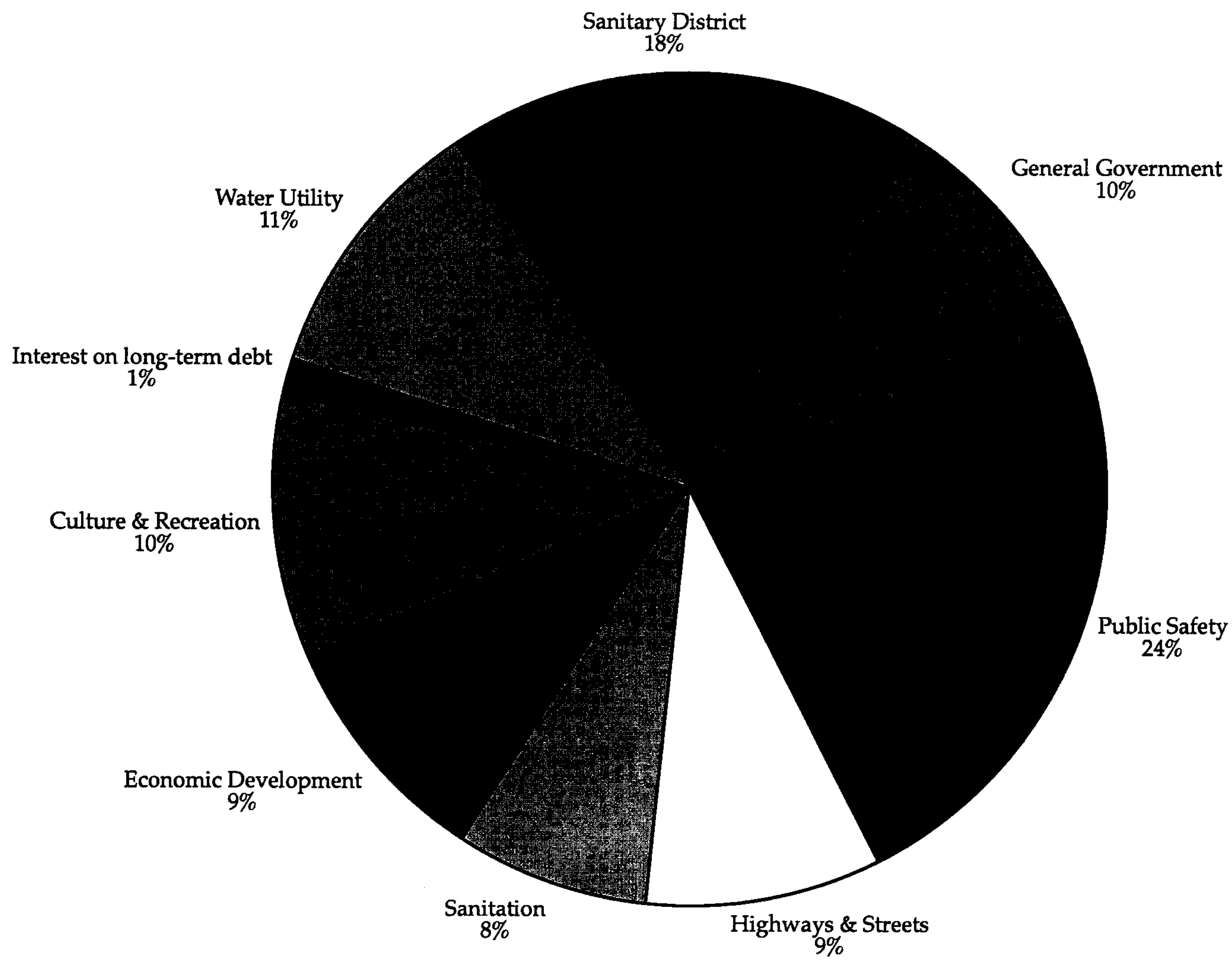
# Town of Highland
## Government-wide Expenses by Function
## Fiscal Years FY 2003-2006

| 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 |
|---|---|---|---|---|---|---|---|---|---|---|
| 2006 | $ 2,063,441 | $ 4,934,503 | $ 1,882,447 | $ 1,570,682 | $ 2,112,857 | $ 1,871,473 | $ 264,697 | $ 2,165,586 | $ 3,670,388 | $ 20,536,074 |
| 2005 | $ 1,442,017 | $ 6,325,184 | $ 2,341,114 | $ 1,433,711 | $ 2,023,220 | $ 239,839 | $ 211,452 | $ 2,292,223 | $ 2,676,647 | $ 18,985,407 |
| 2004 | $ 748,354 | $ 4,741,337 | $ 928,083 | $ 1,437,584 | $ 1,859,186 | $ 83,080 | $ 240,201 | $ 2,276,318 | $ 2,353,091 | $ 14,667,234 |
| 2003 | $ 1,500,498 | $ 4,424,506 | $ 2,473,525 | $ 1,250,587 | $ 1,545,834 | $ 396,885 | $ 272,319 | $ 3,016,042 | $ 2,636,038 | $ 17,516,234 |

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

| | General Government | Public Safety | Highways Streets & Roadways | Sanitation | Culture & Recreation | Economic Development | Interest on Long-term Debt | Water | Sanitary District | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| 2006 | 10.05% | 24.03% | 9.17% | 7.65% | 10.29% | 9.11% | 1.29% | 10.55% | 17.87% | 100.00% |
| 2005 | 7.02% | 30.80% | 11.40% | 6.98% | 9.85% | 1.17% | 1.03% | 11.16% | 13.03% | 92.45% |
| 2004 | 3.94% | 24.97% | 4.89% | 7.57% | 9.79% | 0.44% | 1.27% | 11.99% | 12.39% | 77.26% |
| 2003 | 10.23% | 30.17% | 16.86% | 8.53% | 10.54% | 2.71% | 1.86% | 20.56% | 17.97% | 119.42% |

## Government-Wide Expenditures Highland FY 2006 by Function



## Town of Highland
## Government-wide Revenues
## Fiscal Years 2003-2006

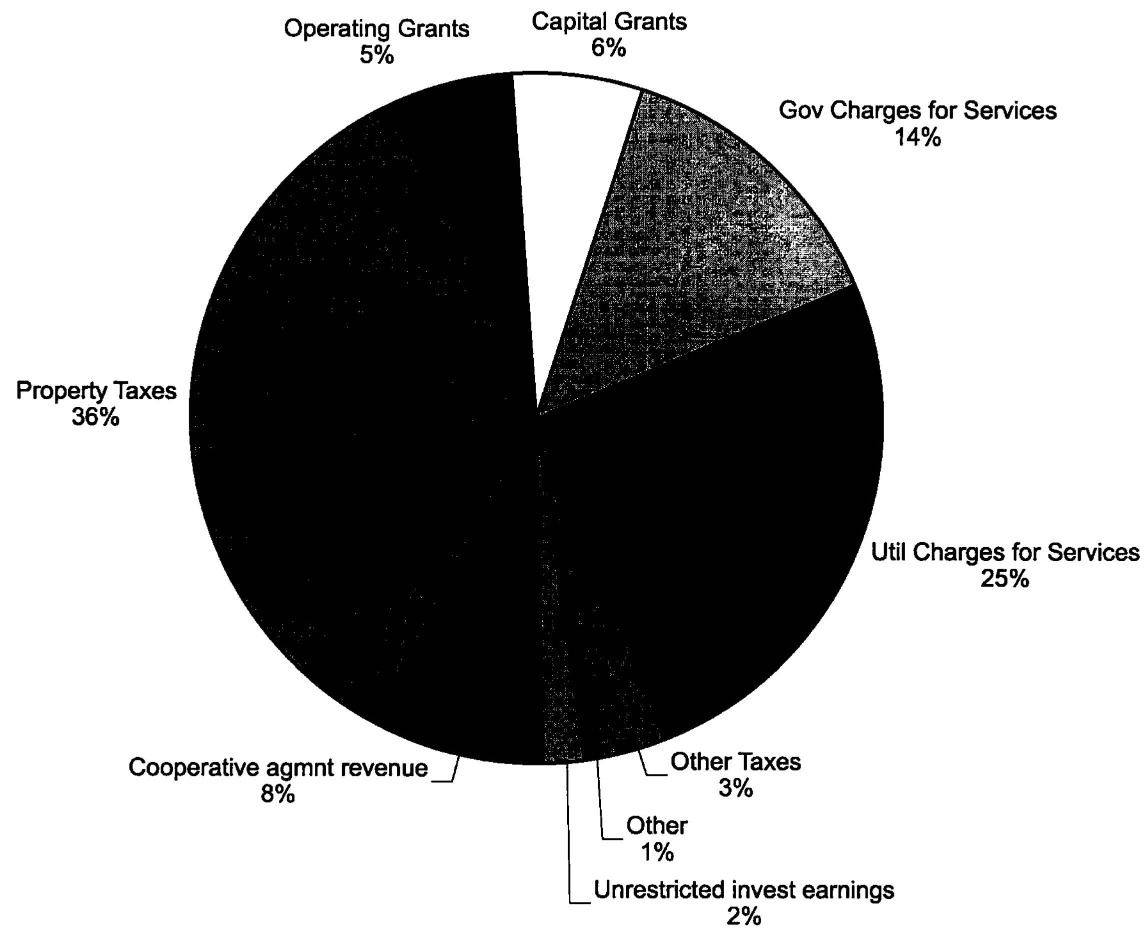
| | Program Revenues | | | General Revenues | | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year Ended Dec. 31 | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Taxes | Grants and Contributions Not Restricted to Specific Programs | Other Taxes | Other | Total |
| 2006 | $ 8,439,306 | $ 1,194,935 | $ 1,325,520 | $ 7,783,242 | $ - | $ 689,069 | $ 2,343,382 | $ 21,775,454 |
| 2005 | $ 8,434,078 | $ 1,237,294 | $ 852,717 | $ 7,584,596 | $ - | $ 728,972 | $ 414,693 | $ 19,252,350 |
| 2004 | $ 7,514,180 | $ 1,030,383 | $ 1,783,989 | $ 7,321,425 | $ - | $ 1,027,645 | $ 163,874 | $ 18,841,496 |
| 2003 | $ 7,916,541 | $ 1,315,260 | $ 1,145,877 | $ 6,305,359 | $ 2,213,553 | $ 888,711 | $ 85,004 | $ 19,870,305 |

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

This includes governmental and business like activities

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 2006 | 38.76% | 5.49% | 6.09% | 35.74% | 0.00% | 3.16% | 10.76% | 100.00% |
| 2005 | 43.81% | 6.43% | 4.43% | 39.40% | 0.00% | 3.79% | 2.15% | 100.00% |
| 2004 | 39.88% | 5.47% | 9.47% | 38.86% | 0.00% | 5.45% | 0.87% | 100.00% |
| 2003 | 39.84% | 6.62% | 5.77% | 31.73% | 11.14% | 4.47% | 0.43% | 100.00% |

## Government-Wide Revenues Town of Highland FY 2006



# 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 1997-2006

| Fiscal Year Ended Dec. 31 | Net Current Taxes Levied | Collections | Delinquent Taxes Receivable | | Percent of Levied Collected |
|---|---|---|---|---|---|
| 2006 | $ 25,491,088 | | | | *** |
| **2005** | **$ 27,987,204** | **$ 26,202,438** | $ 1,784,766 | | 93.62% |
| 2004 | $ 26,269,769 | $ 24,658,258 | $ 1,611,511 | ** | 93.87% |
| 2003 | $ 25,734,539 | $ 25,002,082 | $ 732,457 | ** | 97.15% |
| 2002 | $ 29,329,601 | $ 28,794,921 | $ 1,241,349 | ** | 98.18% |
| 2001 | $ 27,382,282 | $ 26,722,250 | $ 1,205,693 | ** | 97.59% |
| 2000 | $ 26,082,156 | $ 24,828,387 | $ 1,253,769 | | 95.19% |
| 1999 | $ 25,041,150 | $ 24,540,327 | $ 500,823 | | 98.00% |
| 1998 | $ 22,242,396 | $ 21,853,154 | $ 971,791 | | 98.25% |
| 1997 | $ 21,971,040 | $ 23,641,914 | $ 542,037 | | 107.60% |

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 prgram.

*** At the Time of this report's preparation, the Lake County Auditor did not have the data available. Pay 2006 bills were issued late and were not settled until early 2007 and figures were not available.

## Town of Highland
## Property Taxes Levied and Collected - Town of Highland
## Last Ten Fiscal Years 1997-2006

| Fiscal Year Ended Dec. 31 | Levied | Collections | Deliquent Taxes Receivable | Percent of Levied Collected |
|---|---|---|---|---|
| **2006** | **$7,953,809** | **$7,923,718** | $30,091 | **99.62%** |
| 2005 | $6,965,238 | $6,813,205 | $152,033 | 97.82% |
| 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% |

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 1997-2006*

| 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 |
|---|---|---|---|---|---|---|---|---|---|
| 2006 | $ 1,475,713,920 | $ 1,068,602,470 | $ 103,568,140 | $ 102,551,532 | $ 1,171,154,002 | 100% | $ 2,304,157 | 0.20% | $ 408,128,058 |
| 2005 | $ 1,468,814,190 | $ 1,063,924,855 | $ 105,932,410 | $ 104,924,990 | $ 1,168,849,845 | 100% | $ (679,213) | -0.06% | $ 405,896,755 |
| 2004 | $ 1,464,260,650 | $ 1,066,825,390 | $ 103,788,528 | $ 102,703,668 | $ 1,169,529,058 | 100% | $ (7,528,162) | -0.64% | $ 398,520,120 |
| 2003 | $ 1,458,363,300 | $ 1,073,011,720 | $ 105,009,360 | $ 104,045,500 | $ 1,177,057,220 | 100% | $ 675,941,086 | 134.89% | ** $ 386,315,440 |
| 2002 | $ 539,061,865 | $ 404,169,264 | $ 97,821,560 | $ 96,946,870 | $ 501,116,134 | 100% | $ 21,503,710 | 4.95% | * $ 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% |

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 |
|---|---|---|---|---|---|---|---|---|---|
| 2006 | $ 0.6588 | $ 0.0188 | $ 1.1543 | $ 0.0744 | $ 1.2572 | $ 0.1024 | $ 0.0024 | $ 3.2683 | 6.675% |
| 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% |

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 1997 to 2006**

| | 2006 | 2005 | 2004 | 2003 **** | 2002 *** | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|---|---|---|---|
| Corporation General | $ 0.3960 | $ 0.3909 | $ 0.3541 | $ 0.3485 | $ 0.7517 | $ 2.1541 | $ 2.2630 | $ 2.0241 | $ 2.0371 | $ 2.4251 |
| Corp. Bond | $ 0.0263 | $ 0.0136 | $ 0.0141 | $ 0.0151 | $ 0.0245 | $ 0.1044 | $ 0.1444 | $ 0.0416 | $ 0.4017 | $ 0.4492 |
| Police Pension | $ 0.0174 | $ 0.0100 | $ 0.0171 | $ 0.0024 | $ 0.0405 | $ 0.1239 | $ 0.0729 | $ 0.1502 | $ 0.0588 | $ 0.1253 |
| Parks & Recreation | $ 0.0668 | $ 0.0719 | $ 0.0655 | $ 0.0720 | $ 0.1425 | $ 0.4467 | $ 0.3937 | $ 0.5136 | $ 0.3439 | $ 0.4022 |
| Park District Bond | $ 0.0581 | $ 0.0058 | $ 0.0417 | $ 0.0435 | $ 0.0948 | $ 0.2294 | $ 0.0719 | $ 0.0811 | $ 0.1620 | $ 0.1890 |
| Hydrant Rental | $ 0.0128 | $ - | $ 0.0248 | $ 0.0230 | $ 0.0497 | $ 0.2121 | $ 0.1475 | $ 0.1748 | $ 0.1436 | $ 0.1832 |
| Sanitary District | $ 0.0145 | $ 0.0140 | $ 0.0135 | $ 0.0136 | $ 0.0221 | $ 0.0949 | $ 0.0944 | $ 0.0897 | $ 0.0577 | $ 0.1031 |
| Lease Rental Payment | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Sanitary District Bond | $ 0.0043 | $ - | $ 0.0098 | $ 0.0297 | $ 0.0578 | $ 0.1572 | $ 0.4916 | $ 0.8305 | $ 0.5298 | $ 0.5402 |
| Public Works Bldg Corp. | $ - | $ - | $ - | $ - | $ - | $ - | $ 0.0666 | $ 0.0835 | $ 0.0672 | $ 0.0830 |
| Cum. Cap. Development | $ 0.0146 | $ 0.0146 | $ 0.0146 | $ 0.0146 | $ 0.0330 | $ 0.0990 | $ 0.0990 | $ 0.0990 | $ 0.0990 | $ 0.0990 |
| Water District Bond | $ 0.0250 | $ 0.0202 | $ 0.0220 | $ 0.0223 | $ 0.0497 | $ 0.1648 | $ 0.1719 | $ 0.0703 | $ 0.0844 | |
| Parks Bldg Corp. Lease | $ - | $ - | $ - | $ - | $ - | $ - | $ 0.1708 | $ 0.0947 | $ 0.1977 | |
| Redevelopment Gen. | $ 0.0103 | $ 0.0048 | $ 0.0032 | $ 0.0016 | $ 0.0023 | $ 0.0489 | $ 0.0355 | $ 0.1002 | $ 0.1021 | |
| Redevelopment Bond. | $ 0.0270 | $ 0.0366 | $ 0.0370 | $ 0.0391 | $ 0.0662 | $ 0.2253 | $ 0.2253 | $ 0.1330 | | |
| Redevelopment Capital. | $ 0.0045 | $ 0.0037 | $ 0.0049 | $ 0.0054 | $ 0.0130 | | | | | |
| Total Corporation: | $0.6776 | $0.5861 | $0.6223 | $0.6308 | $1.3478 | $4.0607 | $4.4485 | $4.4863 | $4.2850 | $4.5993 |
| Total Tax Rate*: | $ 3.0638 | $ 3.0638 | $ 3.0163 | $ 3.0142 | $ 6.1961 | $ 16.9803 | $ 16.9916 | $ 17.1457 | $ 15.7130 | $ 17.7082 |

Note: Data per the Lake County Auditor's Office.
Note: Rates are based per $100 of net assessed valuation
Note: Sanitary District is a Component Unit is listed above.
* Total Rate includes rates of overlapping taxing units, net of state property tax replacement credit.
*** Beginning in FY 2002 the state bases rates on 100 % of the True Tax value instead of the former 33 1/3 percent.
**** Assessed valuation affected by general reassessment.

## Town of Highland
## Ten Largest Taxpayers
### Current Year and Nine Years Ago

**2006**

| Taxpayer | Product or Service | Real & Impmnt Assessed Value | Personal Property Assessed Value | Total Assessed Value | Percent of Town's Tax Base |
|---|---|---|---|---|---|
| Meijer's Stores | Retail Hypermarket | $ 13,278,900 | $ - | $ 13,278,900 | 1.14% |
| Hampton - in - Highland | Rental Housing Association | $ 18,662,500 | $ - | $ 18,662,500 | 1.60% |
| Highland Grove, L.L.C. | Shopping Center | $ 17,055,300 | $ - | $ 17,055,300 | 1.46% |
| ATG Development Corp. | Developer | $ 11,282,600 | | $ 11,282,600 | 0.97% |
| Dayton Hudson (Target) | Retailer Department Store | $ 7,775,400 | | $ 7,775,400 | 0.67% |
| Opus North Development | Retail Shopping Mall | $ 6,812,500 | | $ 6,812,500 | 0.58% |
| ACME Markets Jewel Foods | Retail Grocer | $ 6,735,400 | | $ 6,735,400 | 0.58% |
| SVC, LLC | Warehousing | $ 1,133,400 | | $ 1,133,400 | 0.10% |
| Indiana Bell (SBC) | Telephone Utility | | $ 375,700 | $ 375,700 | 0.03% |
| Northern Indiana Public Service Co | Natural Gas/Electric Utility | $ - | $ 1,412,200 | $ 1,412,200 | 0.12% |
| | | $82,736,000. | $1,787,900. | $84,523,900. | 7.23% |

**1997**

| Taxpayer | Product or Service | Real & Impmnt Assessed Value | Personal Property Assessed Value | Total Assessed Value | Percent of Town's Tax Base |
|---|---|---|---|---|---|
| Hampton - in - Highland | Rental Housing Association | $ 3,157,450 | | $ 9,472,350 | 2.36% |
| Strack & Van Til | Retail Grocer | $ 2,581,860 | $ - | $ 7,745,580 | 1.93% ** |
| Indiana Bell (Ameritech) | Telephone Utility | $ 2,379,690 | $ - | $ 7,139,070 | 1.78% |
| Kohl's Department Store | Retail Department Store | $ 2,252,270 | | $ 6,756,810 | 1.69% |
| Northern Indiana Public Service Co | Natural Gas/Electric Utility | $ - | $ 1,930,750 | $ 5,792,250 | 1.45% |
| Terry Shaver Pontiac, Inc. | Automobile Retailer | $ 1,480,700 | | $ 4,442,100 | 1.11% |
| Dayton-Hudson Corp. (Target) | Retail Department Store | $ 1,431,390 | | $ 4,294,170 | 1.07% |
| Webb Ford | Automobile Retailer | $ 1,239,690 | | $ 3,719,070 | 0.93% |
| Griffland Center, Inc | Retail & Strip Mall | $ 1,202,260 | $ - | $ 3,606,780 | 0.90% |
| Christenson Chevrolet | Automobile Retailer | $ 1,020,880 | | $ 3,062,640 | 0.76% |
| | | $13,588,740. | $1,930,750. | $46,558,470. | 13.99% |

** In order to make assessed values seem equivalent, the values in 1997 are multiplied by 3.
In 1997 the assessed value used "true tax" as basis for valuation.
In 2006, assessed value employs a procedure to attain to market value. This may account for some of the variation.

Source: Office of the Lake County Assessor

## 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 1997 to 2006

| Fiscal Year Ended Dec. 31 | Population | Assessed Value for Subsequent Debt Reduction ** | Gross Bond & Note Debt | Less Debt Service Funds | Net Bond & Note Debt | Net Bond & Note Debt to Assessed Value | Net Bond & Note Debt per Capita |
|---|---|---|---|---|---|---|---|
| 2006 | 23,546 | $1,171,154,002 | $ 7,561,367 | $ 1,076,406 | $ 6,484,961 | 0.5537% | $275 |
| 2005 | 23,546 | $1,168,849,845 | $ 5,208,731 | $ 1,312,064 | $ 3,896,667 | 0.3334% | $165 |
| 2004 | 23,546 | $1,169,529,058 | $ 4,040,000 | $ 684,871 | $ 3,355,129 | 0.2869% | $142 |
| 2003 | 23,546 | $1,177,057,220 | $ 5,615,000 | $ 1,168,135 | $ 4,446,865 | 0.3778% | $189 |
| 2002 | 23,546 | $167,038,711 | $ 7,322,818 | $ 1,774,341 | $ 5,548,477 | 3.3217% | $236 |
| 2001 | 23,696 | $159,870,808 | $ 7,840,537 * | $ 1,708,627 | $ 6,131,910 | 3.8355% | $259 |
| 2000 | 23,696 | $153,500,420 | $ 8,898,380 * | $ 2,282,639 | $ 6,615,741 | 4.3099% | $279 |
| 1999 | 23,696 | $144,823,860 | $ 10,566,223 * | $ 2,022,881 | $ 8,543,342 | 5.8991% | $361 |
| 1998 | 23,696 | $140,476,260 | $ 9,335,515 | $ 1,685,391 | $ 7,650,124 | 5.4458% | $323 |
| 1997 | 23,696 | $133,508,560 | $ 8,797,470 | $ 1,533,484 | $ 7,263,986 | 5.4408% | $307 |

* 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.

(In tax abstract)
**True Tax Assessed Value:** 1,171,154,002
Adjusted Value:* $ 390,384,667

# Town of Highland
# Computation of Legal Debt Margin
# at December 31, 2006

| | Corporation Town of Highland | Parks & Rec. District | Redevelopment District | Waterworks District | Sanitary District |
|---|---|---|---|---|---|
| Assessed Valuation | 390,384,667 | 390,384,667 | 390,384,667 | 390,384,667 | 390,384,667 |
| Debt Limit Percentage | 2.00% | 2.00% | 2.00% | 8.00% | 12.00% |
| Debt Limit | $7,807,693 | $ 7,807,693 | $ 7,807,693 | $ 31,230,773 | $46,846,160 |
| Bonds Outstanding | $ 1,437,903 | $ 1,850,000 | $ 2,876,591 | $ 279,873 | $ 1,117,000 |
| **Subtotal** | **$ 6,369,790** | **$ 5,957,693** | **$ 4,931,102** | **$ 30,950,900** | **$ 45,729,160** |
| Amount Available in Debt Service Fund | **$ 283,346** | * **$ 203,707** | **$ 313,102** | **$ 236,071** | **$ 120,115** |
| Legal Debt Margin | **$ 6,653,136** | **$ 6,161,400** | **$ 5,244,204** | **$ 31,186,971** | **$ 45,849,275** |

* 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, 2006**

| | Assessed Valuation | Bonds Outstanding | Percent Applicable to Highland | Amount Applicable to Highland | |
|---|---|---|---|---|---|
| Town of Highland* | **$ 1,171,154,002** | $ 7,561,367 | 100.00% | $ 7,561,367 | |
| School Town of Highland | **$ 1,171,154,002** | $ 31,825,955 | 100.00% | $ 31,825,955 | |
| | **Subtotal:** | **$ 39,387,322** | **Subtotal:** | **$ 39,387,322** | |
| | | | | **Indirect or overlapping Debt** | |
| North Township | $ 6,475,656,019 | $ - | 18.09% | $ - | |
| Lake County Library | $ 10,894,629,118 | $ 29,275,000 | 10.75% | $ 3,147,012 | |
| Lake County | $ 19,210,322,805 | $ 86,622,697 ** | 6.10% | $ 5,280,938 | |
| | **Subtotal:** | **$ 115,897,697** | **Subtotal:** | **$ 8,427,950** | |
| | **Grand Total** | **$ 155,285,019** | **Grand Total** | **$ 47,815,272** | 30.79% |

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

**** Amount includes a $ 7,975,000 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 $12,990,000. It is included because the lease is tied to a property levy.**

The Town of Highland through its Parks & Recreation Bldg. Corp has outstanding revenue debt in the amount of $1,580,000

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 1997 to 2006**

| Fiscal Year Ended Dec. 31 | Principal | Interest | Total Debt Service | Total General Expenditures | Ratio of Debt Services to General Expenditures |
|---|---|---|---|---|---|
| 2006 | $1,084,000. | $226,404. | $1,310,404. | $14,700,100. | 8.91% |
| 2005 | $1,000,000. | $231,879. | $1,231,879. | $14,016,537. | 8.79% |
| 2004 | $925,000. | $278,173. | $1,203,173. | $10,044,825. | 11.98% |
| 2003 | $840,000. | $311,762. | $1,151,762. | $11,869,689. | 9.70% |
| 2002 | $1,215,000. | $405,077. | $1,620,077. | $12,584,987. | 12.87% |
| 2001 | $1,795,000. | $441,942. | $2,236,942. | $13,916,494. | 16.07% |
| 2000 | $1,750,000. | $520,615. | $2,270,615. | $14,666,376. | 15.48% |
| 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% |

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

Governmental debt service excludes debt service of the utilities.

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

| Fiscal Year Ended Dec. 31 | Principal | Interest | Total Debt Service | Total Utilities' Expenditures | Ratio of Debt Services to Utilities' Expenditures |
|---|---|---|---|---|---|
| 2006 | $513,000. | $62,649. | $575,649. | $5,835,974. | 9.86% |
| 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

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

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

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

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

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

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 Principal | Debt Service Requirements Interest | Debt Service Requirements Total | Coverage |
|---|---|---|---|---|---|---|---|
| 2006 | $ 79,472 | $ 5,451 | $ 74,021 | $ 165,000 | $ 85,788 | $ 250,788 | 0.30 |
| 2005 | $ 77,920 | $ 5,672 | $ 72,248 | $ 155,000 | $ 93,987 | $ 248,987 | 0.29 |
| 2004 | $ 77,189 | $ 8,728 | $ 68,461 | $ 140,000 | $ 101,548 | $ 241,548 | 0.28 |
| 2003 | $ 75,363 | $ 120,179 | $ (44,816) | $ 130,000 | $ 108,466 | $ 238,466 | -0.19 |
| 2002 | $ 74,358 | $ 8,222 | $ 66,136 | $ 120,000 | $ 114,872 | $ 234,872 | 0.28 |
| 2001 | $ 73,262 | $ 24,638 | $ 48,624 | $ 110,000 | $ 120,753 | $ 230,753 | 0.21 |
| 2000 | $ 78,001 | $ 16,210 | $ 61,791 | $ 105,000 | $ 126,234 | $ 231,234 | 0.27 |
| 1999 | $ 77,327 | $ 9,077 | $ 68,250 | $ 95,000 | $ 131,335 | $ 226,335 | 0.30 |
| 1998 | $ 107,349 | $ 1,250 | $ 106,099 | $ - | $ 150,106 | $ 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
## List of Largest Employers in Highland
## Current Year and Nine Years Ago

**2006**

| Employer | Type of Business | Reported Employment |
|---|---|---|
| Strack & Van Til/Ultra Foods, Inc. | Groceries/Warehouse | 605 (1) |
| Meijer's | Groceries | 300 |
| School Town of Highland | Public Education K-12 | 403 (2) |
| JWP/Hyre Electric Company | Electrical Services Contractor | 350 |
| **Town of Highland** | Municipal Government | 268 (3) |
| Jewel Foods/Osco Drugs | Groceries/Drugs | 225 |
| First Financial Bank (Formerly Sandridge) | Financial & Banking | 308 |
| Target Store (Dayton Hudson) | Retailer | 180 |
| Kohl's Department Store | Retailer | 125 |
| Bennigan's | Restaurant | 125 |
| Levin Tire Center | Auto Tire Retailer | 99 |
| Webb Ford, Inc. | Auto Dealership | 90 |

**1997**

| Employer | Type of Business | Reported Employment |
|---|---|---|
| School Town of Highland | Public Education K-12 | 579 (2) |
| JWP/Hire Electric Coompany | Electrical Contractor | 300 |
| Target Store (Dayton Hudson) | Retailer | 200 |
| **Town of Highland** | Municipal Government | 157 (4) |
| Kohl's Department Store | Retailer | 150 |
| Fieldhouse Incorporated | HVAC Contractor/Services | 100 |
| Webb Ford, Inc. | Auto Dealership | 80 |
| Thomas Dodge of Highland | Auto Dealership | 75 |
| Terry Shaver Pontiac, Inc. | Auto Dealership | 74 |
| 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 268 total employees, 114 are full-timeworkers, one is a full-time elected official, 34 are part-time officials, 33 are part-time firefighters and 87 other part-time workers. Firefighters are paid on demand when needed but are on call 24 hours a day.
(4) Of the 157 total employees, one is a full-time elected official, 50 are part-time firefighters. Firefighters are paid on demand when needed but are on call 24 hours a day.

## Town of Highland
## Largest Employers in Highland Area
## 2006

| Employer | Location | Product or Service | Employment Reported |
|---|---|---|---|
| Mittal Steel (Formerly Ispat/Inland Steel & ISG) | East Chicago | Steel Manufacturing | 7,700 |
| US Steel Gary Works (USX) | Gary | Steel Manufacturing | 4,000 |
| Methodist Hospital | Gary/Merrillville | Hospital/Medical Services | 3,000 |
| Northern Indiana Public Service | Merrillville | Electric/Gas Utility | 2,498 |
| Horse Shoe Casino | Hammond | Entertainment/Gaming | 2,300 |
| St. Margaret Mercy Hospital | Hammond | Hospital/Medical Services | 2,114 |
| Resorts Casino | East Chicago | Entertainment/Gaming | 1,900 |
| BP Amoco | Whiting | Oil Refinery | 1,894 |
| Majestic Star I & II Casinos | Gary | Entertainment/Gaming | 1,400 |
| St. Anthony Medical Center | Crown Point | Hospital/Medical Services | 1,394 |
| The Community Hospital | Munster | Hospital/Medical Services | 996 |
| St. Mary Medical Center | Hobart | Hospital/Medical Services | 923 |
| St. Catherine Medical Center | East Chicago | Hospital/Medical Services | 851 |
| St. Margaret Mercy Health Center | Dyer Campus | Medical Services | 647 |
| Unilever | Hammond | Soap Manufacturer | 350 |
| Pepsiamericas, Inc. | Munster | Beverage Production | 300 |
| Cerestar USA (Cargill) | Hammond | Corn Products Processor | 260 |

Northwestern Indiana Regional Planning Commission

# Town of Highland
# Schedule of Building Permits
# Last Ten Fiscal Years FY 1997 to 2006

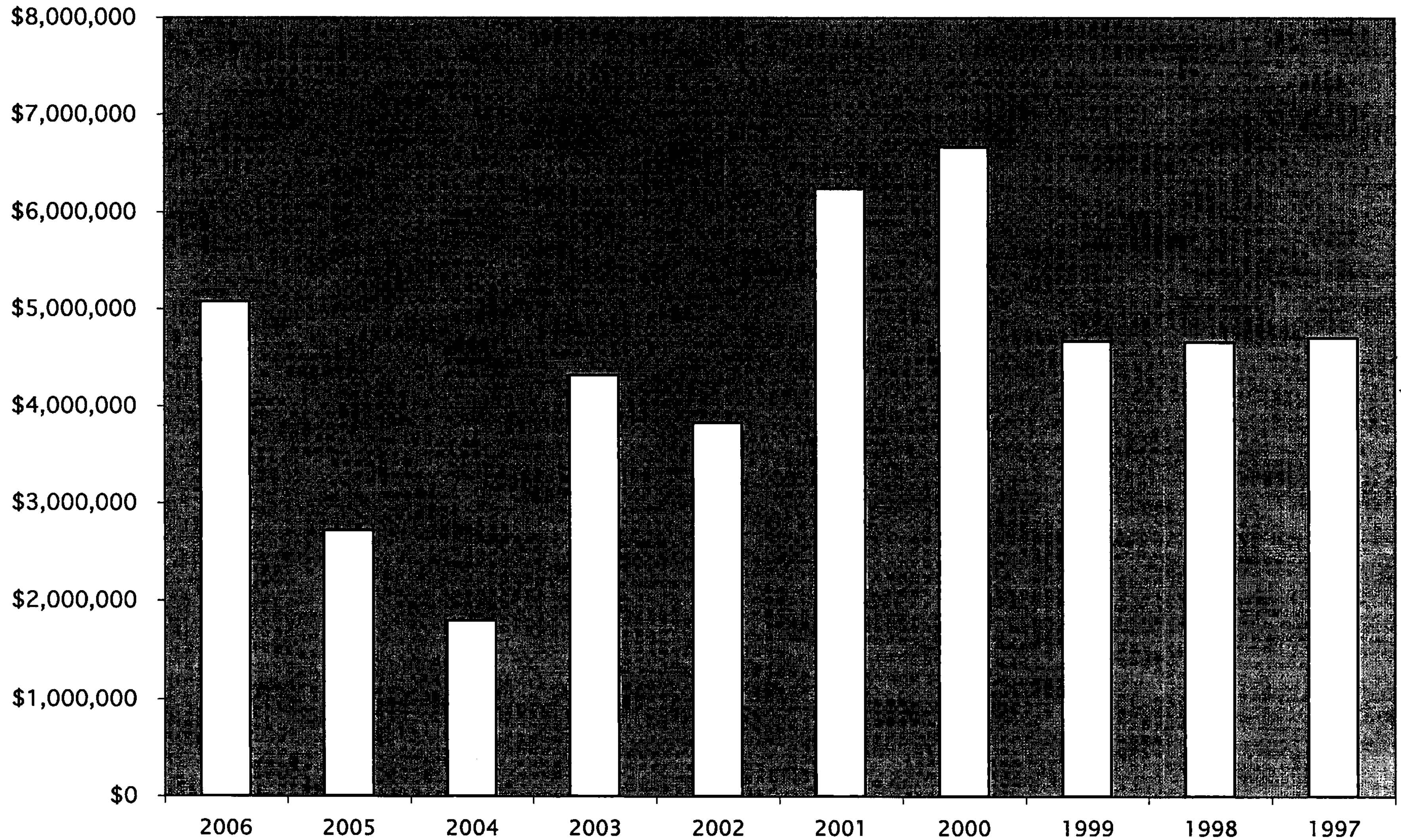
| Year | Residential Single Family Permits | Residential Single Family Value | Multiple Family Permits | Multiple Family Value |
|---|---|---|---|---|
| 2006 | 26 | $ 5,079,102 | 1 | $ 247,000 |
| 2005 | 18 | $ 2,716,425 | 1 | $ 240,000 |
| 2004 | 12 | $ 1,796,000 | 4 | $ 2,300,000 |
| 2003 | 25 | $ 4,316,252 | 2 | $ 900,000 |
| 2002 | 21 | $ 3,827,454 | 3 | $ 1,060,000 |
| 2001 | 48 | $ 6,240,724 | 9 | $ 2,610,000 |
| 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 |

| Year | Institutional, Commercial, Industrial Permits | Institutional, Commercial, Industrial Value | Miscellaneous Permits | Miscellaneous Value | Totals Permits | Totals Value |
|---|---|---|---|---|---|---|
| 2006 | 3 | $ 2,097,900 * | 1,343 | $ 8,703,530 | 1,373 | $ 16,127,532 |
| 2005 | 3 | $ 4,500,000 | 985 | $ 6,589,561 | 1,007 | $ 14,045,986 |
| 2004 | 6 | $ 6,596,000 | 916 | $ 6,942,428 | 938 | $ 17,634,428 |
| 2003 | 2 | $ 701,235 | 851 | $ 6,444,562 | 880 | $ 12,362,049 |
| 2002 | 2 | $ 922,000 | 803 | $ 5,665,596 | 829 | $ 11,475,050 |
| 2001 | 4 | $ 3,392,500 | 802 | $ 5,040,664 | 863 | $ 17,283,888 |
| 2000 | 10 | $ 3,033,133 | 671 | $ 4,163,324 | 737 | $ 17,417,172 |
| 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 |

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

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

## Residential Building Permits



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

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

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

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

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

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

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

| User | Business | Consumption (1,000 Gallons) | Billed Revenue | Percentage of Billed Flow |
|---|---|---|---|---|
| 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**

| User | Business | Consumption (1,000 Gallons) | Billed Revenue | Percentage of Billed Flow |
|---|---|---|---|---|
| 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**

| User | Business | Consumption (1,000 Gallons) | Billed Revenue | Percentage of Billed Flow |
|---|---|---|---|---|
| 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**

| User | Business | Consumption (1,000 Gallons) | Billed Revenue | Percentage of Billed Flow |
|---|---|---|---|---|
| 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**

| User | Business | Consumption (1,000 Gallons) | Billed Revenue | Percentage of Billed Flow |
|---|---|---|---|---|
| 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**

| User | Business | Consumption (1,000 Gallons) | Billed Revenue | Percentage of Billed Flow |
|---|---|---|---|---|
| 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**

| User | Business | Consumption (1,000 Gallons) | Billed Revenue | Percentage of Billed Flow |
|---|---|---|---|---|
| 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**

| User | Business | Consumption (1,000 Gallons) | Billed Revenue | Percentage of Billed Flow |
|---|---|---|---|---|
| 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 Bordeau | 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
## 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 06 | Pctge of Total | Assets in Highland as of 30 June 05 | Pctge of Total | Number of Offices |
|---|---|---|---|---|---|
| First Financial Bank NA* | $ 289,161,000 | 38.78% | $ 298,978,000 | 43.33% | 3 |
| Centier Bank | $ 135,809,000 | 18.21% | $ 125,748,000 | 18.23% | 2 |
| First Midwest Bank** | $ 149,080,000 | 19.99% | $ 108,591,000 | 15.74% | 3 |
| Fifth/Third Bank | $ 45,041,000 | 6.04% | $ 39,191,000 | 5.68% | 1 |
| Standard Bank & Trust | $ 36,020,000 | 4.83% | $ 36,584,000 | 5.30% | 1 |
| JP Morgan Chase Bank NA*** | $ 34,296,000 | 4.60% | $ 31,125,000 | 4.51% | 1 |
| Citizens Financial Services , FSB | $ 24,581,000 | 3.30% | $ 20,897,000 | 3.03% | 1 |
| Lake Federal Bank FSB | $ 15,433,000 | 2.07% | $ 13,660,000 | 1.98% | 1 |
| First Federal Savings and Loan Assn. | $ 13,855,000 | 1.86% | $ 13,293,000 | 1.93% | 1 |
| TCF National Bank | $ 2,388,000 | 0.32% | $ 1,873,000 | 0.27% | 1 |
| | **$ 745,664,000** | | **$ 689,940,000** | | **15** |

Source: Federal Deposit Insurance Corporation/Office of Thrift Supervision

**Town of Highland**
**Intended Federal Funds Rate**
**Last Ten Years 1997 - 2006**

| Months | 2006 | Change (In basis Points) | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| January | 4.50% | 25.00 | 2.25% | 1.00% | 1.25% | 1.75% | 6.00% | 5.50% | 4.75% | 5.50% | 5.25% |
| February | 4.50% | 0.00 | 2.50% | 1.00% | 1.25% | 1.75% | 5.50% | 5.75% | 4.75% | 5.50% | 5.25% |
| March | 4.75% | 25.00 | 2.75% | 1.00% | 1.25% | 1.75% | 5.00% | 6.00% | 4.75% | 5.50% | 5.50% |
| April | 4.75% | 0.00 | 2.75% | 1.00% | 1.25% | 1.75% | 4.50% | 6.00% | 4.75% | 5.50% | 5.50% |
| May | 5.00% | 25.00 | 3.00% | 1.00% | 1.25% | 1.75% | 4.00% | 6.50% | 4.75% | 5.50% | 5.50% |
| June | 5.25% | 25.00 | 3.25% | 1.25% | 1.00% | 1.75% | 3.75% | 6.50% | 5.00% | 5.50% | 5.50% |
| July | 5.25% | 0.00 | 3.25% | 1.25% | 1.00% | 1.75% | 3.75% | 6.50% | 5.00% | 5.50% | 5.50% |
| August | 5.25% | 0.00 | 3.50% | 1.50% | 1.00% | 1.75% | 3.50% | 6.50% | 5.25% | 5.50% | 5.50% |
| September | 5.25% | 0.00 | 3.75% | 1.75% | 1.00% | 1.75% | 3.00% | 6.50% | 5.25% | 5.25% | 5.50% |
| October | 5.25% | 0.00 | 3.75% | 1.75% | 1.00% | 1.75% | 2.50% | 6.50% | 5.25% | 5.00% | 5.50% |
| November | 5.25% | 0.00 | 4.00% | 2.00% | 1.00% | 1.25% | 2.00% | 6.50% | 5.50% | 4.75% | 5.50% |
| December | 5.25% | 0.00 | 4.25% | 2.25% | 1.00% | 1.25% | 1.75% | 6.50% | 5.50% | 4.75% | 5.50% |
| Number of Annual Changes | 4 | | 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, 2006**

| Service Area | Weekdays in person | Weekdays by phone | Saturdays in person | Saturdays by phone | **Total** Service Contacts | **Pctge.** |
|---|---|---|---|---|---|---|
| **Utility Collections** | 32,121 | 11,650 | - | - | 43,771 | 53.3% |
| **Building & Inspections** | 6,782 | 6,847 | - | - | 13,629 | 16.6% |
| **Public Works** | 3,775 | 1,241 | - | - | 5,016 | 6.1% |
| **Yard Waste Tags** | 275 | 1,916 | - | - | 2,191 | 2.7% |
| **Other Matters** | 8,316 | 9,124 | - | - | 17,440 | 21.3% |
| **TOTALS:** | 51,269 | 30,778 | - | - | 82,047 | |
| **2005** | 25,778 | 51,654 | - | - | 77,432 | |
| **2004** | 24,868 | 20,327 | 688 | 271 | 46,154 | |
| **2003** | 43,053 | 26,348 | 1,611 | 680 | 71,692 | |
| **2002** | 9,970 | 4,814 | 324 | 90 | 15,198 | |
| **2001** | 24,197 | 19,730 | 668 | 271 | 44,866 | |
| **2000** | 24,918 | 19,363 | 839 | 239 | 45,359 | |
| **1999** | 11,892 | 7,668 | 590 | 120 | 20,270 | |
| **1998** | 18,587 | 11,811 | 782 | 250 | 31,430 | |
| Year 2006 **Contacts by Phone** | | 30,778 | 38% | Year 2006 **Contacts on Saturdays** | - | 0% |
| Year 2006 **Contacts in Person** | | 51,269 | 62% | Year 2006 **Contacts in Weekdays** | 82,047 | ### |

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 tallys by staff.

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

| | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|---|---|---|---|
| Operating Revenues | $ 2,961,916 | $ 3,009,709 | $ 2,230,218 | $ 2,145,852 | $ 2,193,742 | $ 2,063,314 | $ 2,169,744 | $ 2,165,596 | $ 2,113,670 | $ 2,030,332 |
| Operating Expenses | 3,626,763 | 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 |
| Operating Income(Loss) | (664,847) | 350,917 | (121,752) | (460,251) | 537,408 | (136,895) | 63,611 | 84,135 | 314,909 | 319,636 |
| Nonoperating Revenues(Expenses) | 293,088 | 245,420 | 393,725 | 677,781 | 23,173 | 84,872 | 133,650 | 87,937 | 25,746 | 44,174 |
| Extraordinary Items | | | | | | | | - | - | - |
| Operating Transfers Out | - | - | - | - | (240,000) | (240,000) | (230,000) | - | (40,000) | - |
| Net Income(Loss) | $ (371,759) | $ 596,337 | $ 271,973 | $ 217,530 | $ 320,581 | $ (292,023) | $ (32,739) | $ 172,072 | $ 300,655 | $ 363,810 |
| Current Assets | $ 636,814 | $ 598,875 | $ 414,630 | $ 250,640 | $ 327,809 | $ 321,734 | $ 459,552 | $ 459,631 | $ 460,761 | $ 1,895,522 |
| Restricted Assets | 939,762 | 2,248,038 | 622,935 | 749,409 | 239,360 | 1,347,692 | 1,873,927 | 1,853,921 | 1,833,082 | 18,363 |
| Construction In Progress | 57,789 | 401,739 | 378,833 | 521,645 | 1,176,212 | 16,513 | 18,329 | 5,545 | | |
| Utility Plant In Service | 20,110,943 | 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 |
| Accumulated Depreciation | (10,051,739) | (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) |
| Deferred Debits | - | 26,877 | | | | | | | | |
| Total Assets | $ 11,693,569 | $ 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 |
| Current Liabilities | $ 484,800 | $ 279,281 | $ 182,137 | $ 694,274 | $ 168,119 | $ 254,343 | $ 281,476 | $ 67,825 | $ 201,021 | $ 116,820 |
| Long-Term Liabilities | 1,012,291 | 1,125,604 | 40,882 | 46,583 | 38,617 | 34,073 | 52,310 | 69,551 | 17,163 | 28,967 |
| Contributions | - | - | - | | 753,332 | 753,332 | 728,851 | 731,361 | 700,801 | 700,801 |
| Retained Earnings | - | - | - | | 5,054,308 | 4,773,727 | 5,065,750 | 3,714,025 | 3,541,953 | 3,241,298 |
| Total Net Assets | 10,220,690 | 10,592,449 | 10,262,472 | 5,733,113 | | | | | | |
| Total Liabilities, Contributions and Retained Earnings | $ 11,717,781 | $ 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 |
| Residual Equity Transfers Out: | $ - | $ - | $ - | $ - | $ (40,000) | | | | | |
| Number of Customers: | | | | | | | | | | |
| Residential | 8053 | 7991 | 8,032 | 8,210 | 7,945 | 7,893 | 7,789 | 7,657 | 7,463 | 7,321 |
| Commercial et alia | 801 | 826 | 818 | 826 | 797 | 799 | 800 | 794 | 774 | 755 |
| **Totals** | 8,854 | 8,817 | 8,850 | 9,036 | 8,742 | 8,692 | 8,589 | 8,451 | 8,237 | 8,076 |

# WATERWORKS UTILITY
TOWN OF HIGHLAND
TEN YEAR STATISTICAL SUMMARY

| | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|---|---|---|---|---|
| Operating Revenues | $ 2,531,464 | $ 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 |
| Operating Expenses | 2,143,308 | 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 |
| Operating Income(Loss) | 388,156 | 540,480 | 423,306 | 409,556 | 552,280 | 411,199 | 488,241 | 371,227 | 593,020 | 521,713 |
| Nonoperating Revenues(Expenses) | 339,503 | 219,419 | 130,284 | (1,737) | 46,319 | 51,380 | 7,667 | (182,128) | (163,485) | (276,190) |
| Extraordinary Items | | | | | | | | - | - | - |
| Net Income(Loss) Before contributions and transfers | $ 727,659 | $ 759,899 | $ 553,590 | $ 407,819 | $ 598,599 | $ 462,579 | $ 495,908 | $ 189,099 | $ 429,535 | $ 245,523 |
| Current Assets | $ 695,304 | $ 284,772 | $ 286,773 | $ 298,354 | $ 283,684 | $ 281,051 | $ 420,444 | $ 405,418 | $ 397,431 | $ 346,145 |
| Restricted Assets | 1,633,328 | 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 |
| Utility Plant in Service | 15,272,991 | 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 |
| Accumulated Depreciation | (6,760,345) | (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) |
| Construction Work in Progress | 59,461 | 176,641 | 1,176,084 | 108,333 | 11,002 | | 179,505 | 166,161 | 23,879 | 1,058,131 |
| Deferred Debits | 0 | 5,724 | 16,505 | 27,288 | 38,069 | 48,850 | 59,631 | 70,414 | 81,195 | 91,978 |
| Total Assets | $ 10,900,739 | $ 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 |
| Current Liabilities | $ 562,220 | $ 742,217 | $ 1,148,804 | $ 1,097,545 | $ 1,112,282 | $ 1,112,326 | $ 1,117,331 | $ 1,097,169 | $ 963,246 | $ 909,006 |
| Long-Term Liabilities | 8,110 | 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 |
| Contributions | - | - | | | 1,405,165 | 1,405,165 | 1,378,726 | 1,343,981 | 1,283,577 | 1,198,194 |
| Retained Earnings | - | - | - | | 5,822,702 | 5,224,103 | 4,757,132 | 4,910,860 | 4,721,761 | 4,292,226 |
| Total Net Assets | 10,348,300 | 9,620,641 | 8,808,652 | 7,635,686 | | | | | | |
| Total Liabilities, Contributions and Retained Earnings | $ 10,918,630 | $ 10,645,530 | $ 10,658,402 | $ 10,236,108 | $ 10,597,126 | $ 10,706,406 | $ 10,908,493 | $ 11,655,891 | $ 11,672,157 | $ 11,504,239 |
| Number of Customers: | | | | | | | | | | |
| Residential | 8,176 | 8,137 | 8,225 | 8,510 | 8,149 | 8,104 | 8,003 | 7,820 | 7,622 | 7,484 |
| Commercial et alia | 828 | 853 | 848 | 838 | 819 | 821 | 823 | 818 | 803 | 790 |
| Total | 9,004 | 8,990 | 9,073 | 9,348 | 8,968 | 8,925 | 8,826 | 8,638 | 8,425 | 8,274 |

*Information is not available.

**TOWN OF HIGHLAND**
**Full-time Equivalent Town Government Employees by Function**
**Fiscal Years 2003 - 2006**

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

Source: Town of Highland Office of the Clerk-Treasurer
(1) Firefighters and EMT's are on call 24 hours a day. They are only paid when they are called into service.

**TOWN OF HIGHLAND**
**Operating Indicators by Function**
**Fiscal Years 2003 - 2006**

| Function | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|
| General government | | | | |
| Clerk-Treasurer Contact Units of Service | | | | |
| Utility Collections | 30,939 | 19,047 | 44,107 | 43,771 |
| Building & Inspections | 9,592 | 7,109 | 12,080 | 13,629 |
| Public Works | 5,133 | 3,109 | 5,115 | 5,016 |
| Yard Waste Tags | 13,746 | 6,875 | 6,636 | 2,191 |
| Other | 12,282 | 9,994 | 9,494 | 17,440 |
| Police | | | | |
| Citations | 4,341 | 5,579 | 5,186 | 5,234 |
| Warnings Written | 4,054 | 6,203 | 5,658 | 5,480 |
| Parking Citations | 36 | 57 | 37 | 43 |
| DUI/OWI Arrests | 156 | 162 | 174 | 210 |
| Accident Arrests | 272 | 293 | 217 | 240 |
| Accidents Investigated | 1,295 | 1,207 | 1,142 | 1,074 |
| Criminal Arrests | 320 | 370 | 349 | 388 |
| Fire | | | | |
| Structure Fires | 11 | 13 | 22 | 25 |
| Vehicle Fires | 28 | 21 | 21 | 20 |
| General Alarms/False Alarms | 122 | 118 | 118 | 114 |
| Brush fires, carbon monoxide calls, hazmat, | 135 | 107 | 94 | 100 |
| Ambulance - back-up to service provider | 12 | 9 | 9 | 5 |
| Emergency/Ambulance Provider | | | | - |
| Dispatched to: | | | | - |
| Private Residence | N/A | 148 | 1,386 | 1,295 |
| Commercial Property | N/A | 17 | 113 | 209 |
| Public Property and Streets | N/A | 21 | 94 | 195 |
| Advanced Life Support Transports | N/A | 70 | 666 | 705 |
| Basic Life Support Transports | N/A | 45 | 157 | 341 |
| Dry Runs, Refusal of Services | N/A | 71 | 570 | 653 |

| Function | 2003 | 2004 | 2005 | 2006 |
|---|---|---|---|---|
| Highways and streets | | | | |
| Street resurfacing (miles) | 2.18 | 0.59 | 8.47 | 8.47 |
| Sanitation | | | | |
| Refuse collected (annual tons) | 9,856.80 | 10,530.28 | 9,354.78 | 11,417.32 |
| Recyclables collected (annual tons) | 2,118.57 | 2,215.13 | 2,052.93 | 2,263.93 |
| Parks and Recreation (1) | | | | |
| Leases | $ 152,880 | $ 156,118 | $ 164,105 | $ 161,500 |
| Community Center/Events | 65,721 | 66,108 | 57,677 | 41,857 |
| Softball | 170,980 | 172,258 | 163,670 | 164,328 |
| Basketball | 34,641 | 44,457 | 41,238 | 38,084 |
| Seniors Programs | 41,434 | 65,273 | 106,178 | 103,629 |
| Children's Programs | 33,187 | 26,827 | 32,766 | 35,701 |
| Gymnastics | 16,377 | 16,619 | 22,269 | 19,296 |
| Adult Fitness | 28,618 | 21,851 | 26,434 | 25,498 |
| Dance (Adult & Youth) | | | | |
| Park Program Participation | | | | |
| Resident | | | | 4,597 |
| Non-Resident | | | | 3,030 |
| Audiences | | | | 4,200 |
| Participants | | | | 2,630 |
| Total: | | | | 14,457 |
| Water | | | | |
| New Connections | 40 | 31 | 26 | 26 |
| Avg. Daily Consumption (millions of gallons) | 3.706 | 3.842 | 4.001 | 3.800 |
| Sanitary District | | | | |
| New Connections (Sanitary & Storm) | 74 | 53 | 38 | 38 |
| Avg. Daily Treatment (millions of gallons) | 2.722 | 2.801 | 2.989 | 3.780 |

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

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

TOWN OF HIGHLAND
Capital Asset Statistics by Function
Fiscal Years 2003 - 2006

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

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

Source: Various City Departments

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

**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

*55th President*

- Daniel Dernulc, 2007

## Town of Highland
## Miscellaneous Statistics and Facts

There are 567 cities and towns in Indiana. 119 cities (1 city of the first class;19 cities of the second class and 98 of the third class with 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
Veterans 2,478
Median age: 39.8 years

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

Population History:

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

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

| Housing: | **1990** | **2000** |
|---|---|---|
| Total Housing Units | 8,892 | 9,925 |
| Total Occupied Units | 8,728 | 9,636 |
| Owner Occupied: | 6,939 | 7,569 |

Year Structure Built:

1990-2000 10.4%
1980-1990 5.1 %

Elevation:
North of Ridge 595 above sea level
South of Ridge 615 above sea level
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 2006 |
|---|---|
| Lake County | $ 19,210,322,805 |
| Lake County Solid Waste District | $ 19,210,322,805 |
| Lake County Library District | $ 10,894,629,118 |
| North Township | $ 6,558,012 |
| School Town of Highland | $ 1,173,820,512* |
| Town of Highland | $ 1,173,820,512* |

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