

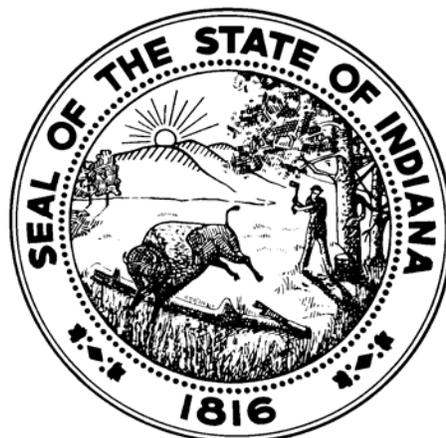
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

ANNUAL FINANCIAL REPORT

2005

CITY OF WASHINGTON

DAVISS COUNTY, INDIANA



**FILED**  
09/22/2006



TABLE OF CONTENTS

| <u>Description</u>   | <u>Page</u> |
|--|-------------|
| Schedule of Officials.....   | 2           |
| Independent Auditor's Report.....  | 3-4         |
| Basic Financial Statements:  |             |
| Government-Wide Financial Statements:  |             |
| Statement of Activities and Net Assets – Cash and Investment Basis .....   | 5           |
| Fund Financial Statements:   |             |
| Governmental Funds:  |             |
| Statement of Assets and Fund Balances and Receipts, Disbursements,<br>and Changes in Fund Balances – Cash and Investment Basis<br>– Governmental Funds.....                | 6           |
| Proprietary Funds:   |             |
| Statement of Assets and Fund Balances and Receipts, Disbursements,<br>and Changes in Fund Balances – Cash and Investment Basis<br>– Proprietary Funds.....                 | 7           |
| Fiduciary Funds:   |             |
| Statement of Additions, Deductions, and Changes in Cash and<br>Investment Balances – Fiduciary Funds .....   | 8           |
| Notes to Financial Statements .....  | 9-22        |
| Required Supplementary Information:  |             |
| Schedules of Funding Progress.....   | 23          |
| Schedule of Contributions From the Employer and Other Contributing Entities.....   | 24          |
| Supplementary Information:   |             |
| Combining Schedule of Assets and Fund Balances and Receipts, Disbursements,<br>and Changes in Fund Balances – Cash and Investment Basis – Other<br>Governmental Funds..... | 25-29       |
| Combining Schedule of Additions, Deductions, and Changes in Cash and<br>Investment Balances – Pension Trust Funds.....   | 30          |
| Combining Schedule of Additions, Deductions, and Changes in Cash and<br>Investment Balances – Private-Purpose Trust Funds.....   | 31          |
| Combining Schedule of Additions, Deductions, and Changes in Cash and<br>Investment Balances – Agency Funds.....  | 32          |
| Schedule of Capital Assets.....  | 33          |
| Schedule of Long-Term Debt.....  | 34          |
| Other Report.....  | 35          |
| Audit Result and Comment:  |             |
| Approval of Forms .....  | 36          |
| Exit Conference.....   | 37          |

### SCHEDULE OF OFFICIALS

| <u>Office</u>  | <u>Official</u>                  | <u>Term</u>                                  |
|--|----------------------------------|--|
| Clerk-Treasurer                                      | Elaine Wellman                   | 01-01-04 to 12-31-07                         |
| Mayor  | David W. Abel                    | 01-01-04 to 12-31-07                         |
| President of the Board of<br>Public Works and Safety | David W. Abel                    | 01-01-04 to 12-31-07                         |
| President of the Common Council                      | Ralph Brummett<br>James A. Jones | 01-01-05 to 12-31-05<br>01-01-06 to 12-31-06 |
| Superintendent of Water Utility                      | Jerry Rider                      | 01-01-05 to 12-31-06                         |
| Superintendent of Wastewater Utility                 | Scott Rainey                     | 01-01-05 to 12-31-06                         |
| Superintendent of Electric Utility                   | Jerry Boger                      | 01-01-05 to 12-31-06                         |
| Superintendent of Storm Water Utility                | Louis Dant                       | 01-01-05 to 12-31-06                         |
| Utility Office Manager                               | Sharon A. Healy                  | 01-01-05 to 12-31-06                         |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF WASHINGTON, DAVIESS 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 City of Washington (City), as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2005, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

The Schedules of Funding Progress and Schedule of Contributions From the Employer and Other Contributing Entities, as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

The City has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the table of contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not a required part of the basic financial statements. The Combining Schedules, as listed in the table of contents, 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 Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

July 27, 2006

CITY OF WASHINGTON  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2005

| Functions/Programs  | Program Receipts     |                         |  |  | Net (Disbursement) Receipt<br>and Changes in Net Assets |                             |                     |
|---|----------------------|-------------------------|--|--|---|-----------------------------|---------------------|
|   | Disbursements        | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Primary Government                                      |                             |                     |
|   |                      |                         |  |  | Governmental<br>Activities                              | Business-Type<br>Activities | Total               |
| <b>Primary government:</b>                                  |                      |                         |  |  |   |                             |                     |
| <b>Governmental activities:</b>                             |                      |                         |  |  |   |                             |                     |
| General government  | \$ 3,004,677         | \$ 767,358              | \$ 81,308                                | \$ 165,791                             | \$ (1,990,220)  | \$ -                        | \$ (1,990,220)      |
| Public safety   | 1,765,547            | 16,228                  | 18,364                                   | 15,891                                 | (1,715,064)   | -                           | (1,715,064)         |
| Highways and streets  | 715,734              | -                       | 466,919                                  | -                                      | (248,815)   | -                           | (248,815)           |
| Health and Welfare  | 143,809              | -                       | -  | -                                      | (143,809)   | -                           | (143,809)           |
| Sanitation  | 406,831              | -                       | -  | -                                      | (406,831)   | -                           | (406,831)           |
| Economic development  | 130,579              | -                       | 305,507                                  | -                                      | 174,928   | -                           | 174,928             |
| Culture and recreation                                      | 345,444              | 39,789                  | 29,812                                   | 567                                    | (275,276)   | -                           | (275,276)           |
| Interest on long-term debt                                  | 19,145               | -                       | -  | -                                      | (19,145)  | -                           | (19,145)            |
| <b>Total governmental activities</b>                        | <b>6,531,766</b>     | <b>823,375</b>          | <b>901,910</b>                           | <b>182,249</b>                         | <b>(4,624,232)</b>                                      | <b>-</b>                    | <b>(4,624,232)</b>  |
| <b>Business-type activities:</b>                            |                      |                         |  |  |   |                             |                     |
| Water   | 3,186,051            | 3,634,291               | -  | 24,372                                 | -   | 472,612                     | 472,612             |
| Wastewater  | 1,670,818            | 1,686,250               | -  | -                                      | -   | 15,432                      | 15,432              |
| Electric  | 10,620,028           | 10,190,353              | -  | 9,283                                  | -   | (420,392)                   | (420,392)           |
| Stormwater  | 155,779              | 154,170                 | -  | -                                      | -   | (1,609)                     | (1,609)             |
| <b>Total business-type activities</b>                       | <b>15,632,676</b>    | <b>15,665,064</b>       | <b>-</b>                                 | <b>33,655</b>                          | <b>-</b>  | <b>66,043</b>               | <b>66,043</b>       |
| <b>Total primary government</b>                             | <b>\$ 22,164,442</b> | <b>\$ 16,488,439</b>    | <b>\$ 901,910</b>                        | <b>\$ 215,904</b>                      | <b>(4,624,232)</b>                                      | <b>66,043</b>               | <b>(4,558,189)</b>  |
| <b>General receipts:</b>                                    |                      |                         |  |  |   |                             |                     |
| Property taxes  |                      |                         |  |  | 2,829,197   | -                           | 2,829,197           |
| Other local sources   |                      |                         |  |  | 1,730,069   | 291,434                     | 2,021,503           |
| Unrestricted investment earnings                            |                      |                         |  |  | 86,694  | 137,107                     | 223,801             |
| <b>Special items:</b>                                       |                      |                         |  |  |   |                             |                     |
| Interfund loans made  |                      |                         |  |  | 500,000   | (500,000)                   | -                   |
| Interfund loan repaid                                       |                      |                         |  |  | (500,000)   | 500,000                     | -                   |
| Transfers   |                      |                         |  |  | 320,664   | (320,664)                   | -                   |
| <b>Total general receipts, special items, and transfers</b> |                      |                         |  |  | <b>4,966,624</b>  | <b>107,877</b>              | <b>5,074,501</b>    |
| <b>Change in net assets</b>                                 |                      |                         |  |  | <b>342,392</b>  | <b>173,920</b>              | <b>516,312</b>      |
| <b>Net assets - beginning</b>                               |                      |                         |  |  | <b>2,906,921</b>  | <b>6,373,748</b>            | <b>9,280,669</b>    |
| <b>Net assets - ending</b>                                  |                      |                         |  |  | <b>\$ 3,249,313</b>                                     | <b>\$ 6,547,668</b>         | <b>\$ 9,796,981</b> |
| <b>Assets</b>   |                      |                         |  |  |   |                             |                     |
| Cash and investments  |                      |                         |  |  | \$ 600,927  | \$ 3,632,740                | \$ 4,233,667        |
| <b>Restricted assets:</b>                                   |                      |                         |  |  |   |                             |                     |
| Cash and investments  |                      |                         |  |  | 2,648,386   | 2,914,928                   | 5,563,314           |
| <b>Total assets</b>   |                      |                         |  |  | <b>\$ 3,249,313</b>                                     | <b>\$ 6,547,668</b>         | <b>\$ 9,796,981</b> |
| <b>Net Assets</b>   |                      |                         |  |  |   |                             |                     |
| <b>Restricted for:</b>                                      |                      |                         |  |  |   |                             |                     |
| Culture and recreation                                      |                      |                         |  |  | \$ 87,633   | \$ -                        | \$ 87,633           |
| General government  |                      |                         |  |  | 1,449,696   | -                           | 1,449,696           |
| Highway, streets and roadways                               |                      |                         |  |  | 221,751   | -                           | 221,751             |
| Public safety   |                      |                         |  |  | 71,287  | -                           | 71,287              |
| Economic development  |                      |                         |  |  | 793,475   | -                           | 793,475             |
| Sanitation  |                      |                         |  |  | 5,218   | -                           | 5,218               |
| Debt service  |                      |                         |  |  | 19,326  | 2,237,612                   | 2,256,938           |
| Other purposes  |                      |                         |  |  | -   | 677,316                     | 677,316             |
| Unrestricted  |                      |                         |  |  | 600,927   | 3,632,740                   | 4,233,667           |
| <b>Total net assets</b>                                     |                      |                         |  |  | <b>\$ 3,249,313</b>                                     | <b>\$ 6,547,668</b>         | <b>\$ 9,796,981</b> |

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

CITY OF WASHINGTON  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2005

|   | General           | Cumulative<br>Capital<br>Development | Washington/<br>Davies<br>Industrial<br>Revolving Trust | Other<br>Governmental<br>Funds | Totals              |
|---|-------------------|--------------------------------------|--|--------------------------------|---------------------|
| <b>Receipts:</b>  |                   |                                      |  |                                |                     |
| Taxes   | \$ 2,256,162      | \$ 84,025                            | \$ -   | \$ 489,010                     | \$ 2,829,197        |
| Licenses and permits  | 42,697            | -                                    | -  | 1,240                          | 43,937              |
| Intergovernmental   | 1,259,686         | 10,664                               | -  | 1,056,036                      | 2,326,386           |
| Charges for services  | 162,933           | -                                    | -  | 13,219                         | 176,152             |
| Fines and forfeits  | 18,918            | -                                    | -  | 8,105                          | 27,023              |
| Other   | 73,435            | -                                    | 309,778  | 150,493                        | 533,706             |
| <b>Total receipts</b>   | <b>3,813,831</b>  | <b>94,689</b>                        | <b>309,778</b>   | <b>1,718,103</b>               | <b>5,936,401</b>    |
| <b>Disbursements:</b>   |                   |                                      |  |                                |                     |
| General government  | 1,514,752         | 34,811                               | -  | 758,675                        | 2,308,238           |
| Public safety   | 1,716,208         | -                                    | -  | 49,339                         | 1,765,547           |
| Highways and streets  | -                 | -                                    | -  | 782,871                        | 782,871             |
| Sanitation  | 401,831           | -                                    | -  | 5,000                          | 406,831             |
| Health and welfare  | 143,809           | -                                    | -  | -                              | 143,809             |
| Culture and recreation  | 67,534            | -                                    | -  | 296,980                        | 364,514             |
| Economic Development  | 16,270            | -                                    | 97,809   | 16,500                         | 130,579             |
| Debt service:   |                   |                                      |  |                                |                     |
| Principal   | 41,368            | -                                    | -  | 50,000                         | 91,368              |
| Interest  | 2,644             | -                                    | -  | 16,501                         | 19,145              |
| <b>Total disbursements</b>  | <b>3,904,416</b>  | <b>34,811</b>                        | <b>97,809</b>  | <b>1,975,866</b>               | <b>6,012,902</b>    |
| Excess (deficiency) of receipts<br>over (under) disbursements   | (90,585)          | 59,878                               | 211,969  | (257,763)                      | (76,501)            |
| <b>Other financing sources (uses)</b>   |                   |                                      |  |                                |                     |
| Interfund loans   | 500,000           | -                                    | -  | -                              | 500,000             |
| Interfund loan repayments   | (500,000)         | -                                    | -  | -                              | (500,000)           |
| Transfers in  | 357,964           | -                                    | -  | 14,455                         | 372,419             |
| Transfers out   | (7,990)           | -                                    | -  | (43,765)                       | (51,755)            |
| <b>Total other financing sources (uses)</b>   | <b>349,974</b>    | <b>-</b>                             | <b>-</b>   | <b>(29,310)</b>                | <b>320,664</b>      |
| Excess (deficiency) of receipts and other<br>financing sources over (under) disbursements<br>and other financing uses   | 259,389           | 59,878                               | 211,969  | (287,073)                      | 244,163             |
| Cash and investment fund balance - beginning  | 341,538           | 341,495                              | 292,499  | 1,251,727                      | 2,227,259           |
| Cash and investment fund balance - ending   | <u>\$ 600,927</u> | <u>\$ 401,373</u>                    | <u>\$ 504,468</u>                                      | <u>\$ 964,654</u>              | 2,471,422           |
| Amounts reported for governmental activities in the Statement of Activities and Net Assets -<br>Cash and Investment Basis are different because:  |                   |                                      |  |                                |                     |
| Internal services funds are used by management to charge the costs of certain services<br>to individual funds. The assets and liabilities of the internal service funds are included in<br>governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis. |                   |                                      |  |                                |                     |
|   |                   |                                      |  |                                | 777,891             |
| Net assets of governmental activities   |                   |                                      |  |                                | <u>\$ 3,249,313</u> |
| <b>Cash and Investment Assets - December 31</b>   |                   |                                      |  |                                |                     |
| Cash and investments  | \$ 600,927        | \$ -                                 | \$ -   | \$ -                           | \$ 600,927          |
| Restricted assets:  |                   |                                      |  |                                |                     |
| Cash and investments  | -                 | 401,373                              | 504,468  | 964,654                        | 1,870,495           |
| <b>Total cash and investment assets - December 31</b>   | <u>\$ 600,927</u> | <u>\$ 401,373</u>                    | <u>\$ 504,468</u>                                      | <u>\$ 964,654</u>              | <u>\$ 2,471,422</u> |
| <b>Cash and Investment Fund Balance - December 31</b>   |                   |                                      |  |                                |                     |
| Restricted for:   |                   |                                      |  |                                |                     |
| Culture and recreation  | \$ -              | \$ -                                 | \$ -   | \$ 87,633                      | \$ 87,633           |
| General government  | -                 | 401,373                              | -  | 270,432                        | 671,805             |
| Highway, streets and roadways   | -                 | -                                    | -  | 221,751                        | 221,751             |
| Public safety   | -                 | -                                    | -  | 71,287                         | 71,287              |
| Economic development  | -                 | -                                    | 504,468  | 289,007                        | 793,475             |
| Sanitation  | -                 | -                                    | -  | 5,218                          | 5,218               |
| Debt service  | -                 | -                                    | -  | 19,326                         | 19,326              |
| Unrestricted  | 600,927           | -                                    | -  | -                              | 600,927             |
| <b>Total cash and investment fund balance - December 31</b>   | <u>\$ 600,927</u> | <u>\$ 401,373</u>                    | <u>\$ 504,468</u>                                      | <u>\$ 964,654</u>              | <u>\$ 2,471,422</u> |

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

CITY OF WASHINGTON  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2005

|   | Water<br>Utility    | Wastewater<br>Utility | Electric<br>Utility | Stormwater<br>Utility | Total               | Internal<br>Service<br>Fund |
|---|---------------------|-----------------------|---------------------|-----------------------|---------------------|-----------------------------|
| Operating receipts:   |                     |                       |                     |                       |                     |                             |
| Utility collections   | \$ 3,634,291        | \$ 1,686,250          | \$ 10,190,353       | \$ 154,170            | \$ 15,665,064       | \$ -                        |
| Insurance proceeds  | -                   | -                     | -                   | -                     | -                   | 1,026,767                   |
| Other   | 53,701              | 11,609                | 213,985             | 8,920                 | 288,215             | 41,890                      |
| Total operating receipts  | <u>3,687,992</u>    | <u>1,697,859</u>      | <u>10,404,338</u>   | <u>163,090</u>        | <u>15,953,279</u>   | <u>1,068,657</u>            |
| Operating disbursements:  |                     |                       |                     |                       |                     |                             |
| Cost of sales and services  | 1,469,361           | 1,492,009             | 10,095,443          | 153,292               | 13,210,105          | -                           |
| Equipment and capital improvements  | 127,539             | 178,809               | 487,131             | 2,488                 | 795,967             | -                           |
| Insurance disbursements   | -                   | -                     | -                   | -                     | -                   | 986,318                     |
| Miscellaneous disbursements   | 15,167              | -                     | 37,454              | -                     | 52,621              | -                           |
| Total operating disbursements   | <u>1,612,067</u>    | <u>1,670,818</u>      | <u>10,620,028</u>   | <u>155,780</u>        | <u>14,058,693</u>   | <u>986,318</u>              |
| Excess (deficiency) of operating receipts<br>over (under) operating disbursements                               | <u>2,075,925</u>    | <u>27,041</u>         | <u>(215,690)</u>    | <u>7,310</u>          | <u>1,894,586</u>    | <u>82,339</u>               |
| Nonoperating receipts (disbursements):  |                     |                       |                     |                       |                     |                             |
| Interest and investment receipts  | 73,508              | 11,996                | 51,478              | 125                   | 137,107             | 15,890                      |
| Miscellaneous receipts  | -                   | 25                    | 503,195             | -                     | 503,220             | -                           |
| Debt service of principal   | (705,000)           | -                     | -                   | -                     | (705,000)           | -                           |
| Interest and investment disbursement  | (827,066)           | -                     | -                   | -                     | (827,066)           | -                           |
| Miscellaneous disbursements   | (41,918)            | -                     | (500,000)           | -                     | (541,918)           | -                           |
| Total nonoperating receipts (disbursements)   | <u>(1,500,476)</u>  | <u>12,021</u>         | <u>54,673</u>       | <u>125</u>            | <u>(1,433,657)</u>  | <u>15,890</u>               |
| Excess (deficiency) of receipts over (under) disbursements<br>and nonoperating receipts (disbursements)         | 575,449             | 39,062                | (161,017)           | 7,435                 | 460,929             | 98,229                      |
| Capital contributions   | 24,372              | -                     | 9,283               | -                     | 33,655              | -                           |
| Transfers out   | (221,433)           | (43,166)              | (56,065)            | -                     | (320,664)           | -                           |
| Excess (deficiency) of receipts, contributions and transfers<br>in over (under) disbursements and transfers out | 378,388             | (4,104)               | (207,799)           | 7,435                 | 173,920             | 98,229                      |
| Cash and investment fund balance - beginning  | <u>3,623,001</u>    | <u>526,991</u>        | <u>2,209,804</u>    | <u>13,952</u>         | <u>6,373,748</u>    | <u>679,662</u>              |
| Cash and investment fund balance - ending   | <u>\$ 4,001,389</u> | <u>\$ 522,887</u>     | <u>\$ 2,002,005</u> | <u>\$ 21,387</u>      | <u>\$ 6,547,668</u> | <u>\$ 777,891</u>           |
| <u>Cash and Investment Assets - December 31</u>   |                     |                       |                     |                       |                     |                             |
| Cash and investments  | \$ 1,479,128        | \$ 421,354            | \$ 1,710,871        | \$ 21,387             | \$ 3,632,740        | \$ -                        |
| Restricted assets:  |                     |                       |                     |                       |                     |                             |
| Cash and investments  | <u>2,522,261</u>    | <u>101,533</u>        | <u>291,134</u>      | <u>-</u>              | <u>2,914,928</u>    | <u>777,891</u>              |
| Total cash and investment assets - December 31  | <u>\$ 4,001,389</u> | <u>\$ 522,887</u>     | <u>\$ 2,002,005</u> | <u>\$ 21,387</u>      | <u>\$ 6,547,668</u> | <u>\$ 777,891</u>           |
| <u>Cash and Investment Fund Balance - December 31</u>   |                     |                       |                     |                       |                     |                             |
| Restricted for:   |                     |                       |                     |                       |                     |                             |
| Debt service  | \$ 2,237,612        | \$ -                  | \$ -                | \$ -                  | \$ 2,237,612        | \$ -                        |
| General government  | -                   | -                     | -                   | -                     | -                   | 777,891                     |
| Other purposes  | 284,649             | 101,533               | 291,134             | -                     | 677,316             | -                           |
| Unrestricted  | <u>1,479,128</u>    | <u>421,354</u>        | <u>1,710,871</u>    | <u>21,387</u>         | <u>3,632,740</u>    | <u>-</u>                    |
| Total cash and investment fund balance - December 31  | <u>\$ 4,001,389</u> | <u>\$ 522,887</u>     | <u>\$ 2,002,005</u> | <u>\$ 21,387</u>      | <u>\$ 6,547,668</u> | <u>\$ 777,891</u>           |

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

CITY OF WASHINGTON  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2005

|   | <u>Pension<br/>Trust Funds</u> | <u>Private-Purpose<br/>Trust Funds</u> | <u>Agency<br/>Funds</u> |
|---|--------------------------------|--|-------------------------|
| Additions:  |                                |  |                         |
| Contributions:  |                                |  |                         |
| Employer  | \$ 214,161                     | \$ -                                   | \$ -                    |
| Plan members  | 3,126                          | -                                      | -                       |
| State   | 161,543                        | -                                      | -                       |
| Other   | <u>-</u>                       | <u>1,125</u>                           | <u>-</u>                |
| Total contributions   | <u>378,830</u>                 | <u>1,125</u>                           | <u>-</u>                |
| Agency fund additions   | <u>-</u>                       | <u>-</u>                               | <u>7,514,325</u>        |
| Total additions   | <u>378,830</u>                 | <u>1,125</u>                           | <u>7,514,325</u>        |
| Deductions:   |                                |  |                         |
| Benefits  | 287,691                        | -                                      | -                       |
| Administrative and general  | 54,599                         | -                                      | -                       |
| Agency fund deductions  | <u>-</u>                       | <u>-</u>                               | <u>7,516,400</u>        |
| Total deductions  | <u>342,290</u>                 | <u>-</u>                               | <u>7,516,400</u>        |
| Excess (deficiency) of total additions<br>over (under) total deductions | 36,540                         | 1,125                                  | (2,075)                 |
| Cash and investment fund balance - beginning                            | <u>145,749</u>                 | <u>737</u>                             | <u>56,561</u>           |
| Cash and investment fund balance - ending                               | <u>\$ 182,289</u>              | <u>\$ 1,862</u>                        | <u>\$ 54,486</u>        |

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

CITY OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City was established under the laws of the State of Indiana. The City operates under a Council-Mayor form of government and provides the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, electric, water, wastewater, stormwater, and urban re-development (and housing).

The City's financial reporting entity is composed of the following:

Primary Government: City of Washington

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. 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.

The City 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 cumulative capital development fund is used to account for capital improvements from receipts derived from local taxes.

The Washington/Daviess industrial revolving trust fund accounts for loans made to small businesses to promote economic development and their repayment.

CITY OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The City reports the following major proprietary funds:

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

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations and collection systems.

The electric utility fund accounts for the operation of the electric distribution system.

The stormwater utility fund accounts for the operation of the storm water collection system.

Additionally, the City reports the following fund types:

The internal service fund accounts for risk financing associated with employee health insurance coverage provided to departments based on allocation of costs.

The pension trust funds account for the activities of the police and firefighter's pension plans, which accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the citizens of the city through the park and police departments.

Agency funds account for assets held by the City as an agent for employee payroll and withholdings and sales tax collections.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund 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 enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 City and the utilities. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

CITY OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts 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 receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds).

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities – Cash and Investment Basis.

CITY OF WASHINGTON  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

II. 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 of America. All annual appropriations lapse at calendar year end.

On or before August 31, the fiscal officer of the City submits to the governing board 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 governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/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 fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. 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.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2005, the City had the following investments:

| Investment<br>Type              | Primary<br>Government<br>Market<br>Value |
|---------------------------------|--|
| Government Sponsored Enterprise | \$ <u>1,627,368</u>                      |

CITY OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Investment Policies

Indiana Code 5-13-9 authorizes the City 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 City 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 City 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.

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 City does not have a formal investment policy for custodial credit risk for investments. At December 31, 2005, the City held investments in government sponsored enterprise in the amount of \$1,627,368. Of these investments \$1,627,368 were held by the counterparty's trust department or agent but not in the City's name.

Interest Rate Risk

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

CITY OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

| Investment<br>Type              | Investment Maturities (in Years) |      |                |
|---------------------------------|----------------------------------|------|----------------|
|                                 | Less<br>Than 1                   | 1-2  | More<br>Than 2 |
| Government Sponsored Enterprise | \$ 1,627,368                     | \$ - | \$ -           |

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below.

| Standard<br>and Poor's<br>Rating | Moody's<br>Rating | Government<br>Sponsored<br>Enterprise |
|----------------------------------|-------------------|---------------------------------------|
| AAA                              | Aaa               | \$ 1,627,368                          |

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 City 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. Interfund Transfers

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

| Transfer From      | Transfer To        | 2005              |
|--------------------|--------------------|-------------------|
| General Fund       | Other governmental | \$ 7,990          |
| Water Utility      | General Fund       | 221,433           |
| Electric Utility   | General Fund       | 56,065            |
| Wastewater Utility | General Fund       | 43,166            |
| Other governmental | General Fund       | 37,300            |
|                    | Other governmental | <u>6,465</u>      |
| Total              |                    | <u>\$ 372,419</u> |

The City typically uses transfers to fund ongoing operating subsidies and to transfer the portion of state-shared revenues from the General Fund to the debt service fund for current-year debt service requirements.

CITY OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Restatements and Reclassifications

For the year ended December 31, 2005, certain changes have been made to the financial statements to more appropriately reflect financial activity of the City. The following schedule presents a summary of restated beginning balances by opinion unit. Restatement was due to the levy excess fund being reclassified from an agency fund (fiduciary fund) to a governmental fund.

| Opinion Unit                    | Balance<br>as Reported<br>December 31,<br>2004 | Fund<br>Reclassification | Balance<br>as Restated<br>January 1,<br>2005 |
|---------------------------------|--|--------------------------|--|
| Other Aggregate Remaining Funds | \$ 911,853                                     | \$ (29,145)              | \$ 882,708                                   |
| Governmental Activities         | 2,198,114                                      | 29,145                   | 2,227,259                                    |

IV. Other Information

A. Risk Management

The City 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.

Medical Benefits to Employees

The City has chosen to establish a risk financing fund for risks associated with risks associated with medical benefits to employees, retirees, and dependents. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$40,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all funds with payroll expense and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each fund's gross wages and are reported as quasi-external interfund transactions.

Job Related Illnesses and Injuries

During 1993, the City joined with other governmental entities in the Indiana Public Employer's Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for approximately 350 member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of worker's compensation claims. The City pays an annual premium to the risk pool for its job related illnesses and injuries. 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.

CITY OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Subsequent Events

In March 2006, the City entered into a \$113,429 lease for the purchase of six police cars. The lease was with Peoples Bank of Washington at an interest rate of 3.98% for a three year period.

C. Postemployment Benefits

In addition to the pension benefits described below, the City provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the City on or after attaining age 55 with at least 20 years of service. Currently, 16 retirees meet these eligibility requirements. The City provides 90% of these postemployment benefits for retirees plus 50% of the cost of coverage for employees' dependents, if the employee is under age 65. If the employee is over age 65, the City provides 50% of the postemployment benefits for retirees. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2005, disbursements of \$64,077 were recognized for postemployment benefits.

D. Loans Receivable – Washington/Daviess Industrial Revolving Trust Fund

| Date of Loan | Borrower              | Purpose             | Original Amount | Interest Rate | Balance December 31, 2005 |
|--------------|-----------------------|---------------------|-----------------|---------------|---------------------------|
| 08-01-95     | Whitman Wood Products | Manufacturing       | \$ 150,000      | 7.0%          | \$ 80,288 **              |
| 10-07-98     | Will Burro Co., Inc   | Manufacturing       | 60,000          | 6.0%          | 60,000 **                 |
| 12-08-98     | Destination Yachts    | Manufacturing       | 75,000          | 6.0%          | 71,000                    |
| 01-06-99     | Hawthorne Mushrooms   | Manufacturing       | 344,830         | 6.0%          | 344,830                   |
| 09-14-99     | Laminex               | Manufacturing       | 200,000         | 6.0%          | 183,333 **                |
| 11-29-99     | Star Glove            | Manufacturing       | 65,000          | 7.0%          | 43,355 **                 |
| 05-18-00     | Frette, Inc.          | Manufacturing       | 250,000         | 5.5%          | 133,871                   |
| 04-17-03     | Linco Holding, LLC    | Business Expansion  | 100,000         | 5.5%          | 38,019                    |
| 06-18-02     | HLT Tarp              | Business Operations | 25,000          | 6.0%          | 25,000 **                 |
| 05-26-04     | Tri Star Glove        | Manufacturing       | 98,460          | 5.0%          | 89,678                    |
| 05-01-01     | Tokheim               | Manufacturing       | 322,000         | 6.0%          | 205,604 !!                |
| 10-06-04     | Siverhawk Aeroworks   | Business Operations | 22,000          | 6.0%          | 21,061                    |

\*\*Revolving Loan Board approved to write off these loans on March 2, 2006, due to lack of payment.  
!!Tokheim filed bankruptcy on November 21, 2002.

E. Rate Structure – Enterprise Funds

Water Utility

The current rate structure was approved by the Indiana Utility Regulatory Commission on May 25, 2001.

On April 10, 2006, the City Council adopted Ordinance No. 2-2006 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The withdrawal was effective June 16, 2006.

Wastewater Utility

The current rate structure was approved by the City Council on February 25, 2002.

CITY OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Electric Utility

The current rate structure was approved by the Indiana Utility Regulatory Commission on January 28, 1998.

On April 10, 2006, the City Council adopted Ordinance No. 3-2006 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The withdrawal was effective June 16, 2006.

Stormwater Utility

The current rate structure was approved by the City Council on September 13, 2004.

F. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

The City 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 City 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 City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

CITY OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

b. 1925 Police Officers' Pension Plan

Plan Description

The City 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. The City's annual pension cost and related information as provided by the actuary is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' 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 36-8-7). 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 1937 Firefighters' Pension Plan are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

CITY OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plans

|   | PERF        | 1925 Police<br>Officers'<br>Pension | 1937<br>Firefighters'<br>Pension |
|---|-------------|-------------------------------------|----------------------------------|
| Annual required contribution                  | \$ 169,571  | \$ 317,700                          | \$ 294,900                       |
| Interest on net pension obligation            | (4,299)     | 57,100                              | 53,500                           |
| Adjustment to annual required contribution    | 4,899       | (95,200)                            | (89,300)                         |
| Annual pension cost                           | 170,171     | 279,600                             | 259,100                          |
| Contributions made                            | 194,737     | 16,756                              | 121,115                          |
| Increase (decrease) in net pension obligation | (24,566)    | 262,844                             | 137,985                          |
| Net pension obligation, beginning of year     | (59,292)    | 845,250                             | 793,156                          |
| Net pension obligation, end of year           | \$ (83,858) | \$ 1,108,094                        | \$ 931,141                       |

|                                    | PERF  | 1925 Police<br>Officers'<br>Pension                             | 1937<br>Firefighters'<br>Pension                                |
|------------------------------------|---|---|---|
| Contribution rates:                |   |   |   |
| City                               | 6%  | 351%  | 0%  |
| Plan members                       | 3%  | 6%  | 6%  |
| Actuarial valuation date           | 07-01-04  | 01-01-03  | 01-01-03  |
| Actuarial cost method              | Entry age   | Entry age   | Entry age   |
| Amortization method                | Level percentage<br>of projected<br>payroll, closed<br>40 years   | Level percentage<br>of projected<br>payroll, closed<br>30 years | Level percentage<br>of projected<br>payroll, closed<br>30 years |
| Amortization period                | 40 years  | 30 years  | 30 years  |
| Amortization period<br>(from date) | 07-01-97  | 01-01-05  | 01-01-05  |
| Asset valuation method             | 75% of expected<br>Actuarial value<br>plus 25% of<br>market value | 4 year phase in<br>of unrealized and<br>realized capital        | 4 year phase in<br>of unrealized and<br>realized capital        |

Actuarial Assumptions

|                                    |       |          |          |
|------------------------------------|-------|----------|----------|
| Investment rate of return          | 7.25% | 6%       | 6%       |
| Projected future salary increases: |       |          |          |
| Total                              | 5%    | 4%       | 4%       |
| Attributed to inflation            | 4%    | 4%       | 4%       |
| Attributed to merit/seniority      | 1%    | 0%       | 0%       |
| Cost-of-living adjustments         | 2%    | 2.75/4%* | 2.75/4%* |

\*2.75% converted members; 4% nonconverted members

CITY OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

|                                    | Year<br>Ending | Annual<br>Pension Cost<br>(APC) | Percentage<br>of APC<br>Contributed | Net<br>Pension<br>Obligation |
|------------------------------------|----------------|---------------------------------|-------------------------------------|------------------------------|
| PERF                               | 06-30-03       | \$ 193,101                      | 83%                                 | \$ (34,412)                  |
|                                    | 06-30-04       | 159,632                         | 116%                                | (59,292)                     |
|                                    | 06-30-05       | 170,171                         | 122%                                | (83,858)                     |
| 1925 Police Officers' Pension Plan | 12-31-01       | 274,200                         | 67%                                 | 793,280                      |
|                                    | 12-31-02       | 224,600                         | 77%                                 | 845,250                      |
|                                    | 12-31-03       | 279,600                         | 6%                                  | 1,108,094                    |
| 1937 Firefighters' Pension Plan    | 12-31-01       | 251,800                         | 118%                                | 790,969                      |
|                                    | 12-31-02       | 224,800                         | 99%                                 | 793,156                      |
|                                    | 12-31-03       | 259,100                         | 47%                                 | 931,141                      |

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2005, was comprised of the following:

|   | 1925 Police<br>Officers'<br>Pension | 1937<br>Firefighters'<br>Pension |
|---|-------------------------------------|----------------------------------|
| Retirees and beneficiaries currently receiving benefits | 10                                  | 11                               |
| Current active employees                                | 2                                   | -                                |

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City 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:

CITY OF WASHINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City 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 City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2005, 2004, and 2003, were \$213,224, \$208,285, and \$201,233, respectively, equal to the required contributions for each year.

CITY OF WASHINGTON  
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) |
|--------------------------|-------------------------------|---------------------------------------|--------------------|--------------------|---------------------|---|
| 07-01-03                 | \$ 3,324,022                  | \$ 3,494,542                          | \$ (170,520)       | 95%                | \$ 3,236,740        | (5%)  |
| 07-01-04                 | 3,384,302                     | 3,638,346                             | (254,044)          | 93%                | 3,265,351           | (8%)  |
| 07-01-05                 | 3,538,313                     | 3,947,412                             | (409,099)          | 90%                | 3,252,580           | (13%)   |

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) |
|--------------------------|-------------------------------|---------------------------------------|--------------------|--------------------|---------------------|---|
| 01-01-99                 | \$ 62,461                     | \$ 2,645,300                          | \$ (2,582,839)     | 2%                 | \$ 79,100           | (3,265%)  |
| 01-01-00                 | 31,454                        | 2,609,800                             | (2,578,346)        | 1%                 | 80,700              | (3,195%)  |
| 01-01-01                 | 58,246                        | 2,785,500                             | (2,727,254)        | 2%                 | 84,600              | (3,224%)  |
| 01-01-02                 | 98,743                        | 2,331,700                             | (2,232,957)        | 4%                 | 58,100              | (3,843%)  |
| 01-01-03                 | 131,233                       | 2,673,800                             | (2,542,567)        | 5%                 | 88,900              | (2,860%)  |
| 01-01-04                 | 90,132                        | 2,728,100                             | (2,637,968)        | 3%                 | 90,600              | (2,912%)  |

1937 Firefighters' 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) |
|--------------------------|-------------------------------|---------------------------------------|--------------------|--------------------|---------------------|---|
| 01-01-99                 | \$ 56,478                     | \$ 2,876,100                          | \$ (2,819,622)     | 2%                 | \$ -                | -   |
| 01-01-00                 | 14,885                        | 2,696,600                             | (2,681,715)        | 1%                 | -                   | -   |
| 01-01-01                 | 13,732                        | 2,800,800                             | (2,787,068)        | 0%                 | -                   | -   |
| 01-01-02                 | 130,463                       | 2,454,500                             | (2,324,037)        | 5%                 | -                   | -   |
| 01-01-03                 | 168,758                       | 2,381,900                             | (2,213,142)        | 7%                 | -                   | -   |
| 01-01-04                 | 107,340                       | 2,660,200                             | (2,552,860)        | 4%                 | -                   | -   |

CITY OF WASHINGTON  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF CONTRIBUTIONS FROM THE  
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

| 1925 Police Officers' Pension Plan |                |   |                                  |       |
|------------------------------------|----------------|---|----------------------------------|-------|
|                                    | Year<br>Ending | Annual<br>Required<br>Contribution<br>(ARC) | Percentage of ARC<br>Contributed |       |
|                                    |                |   | City                             | State |
| 1925 Police Officers' Pension Plan | 12-31-98       | \$ 327,700                                  | 43%                              | 9%    |
|                                    | 12-31-99       | 267,900                                     | 6%                               | 38%   |
|                                    | 12-31-00       | 272,400                                     | 36%                              | 24%   |
|                                    | 12-31-01       | 299,900                                     | 16%                              | 46%   |
|                                    | 12-31-02       | 256,900                                     | 35%                              | 32%   |
|                                    | 12-31-03       | 317,700                                     | 5%                               | 0%    |
| 1937 Firefighters' Pension Plan    | 12-31-98       | 440,100                                     | 20%                              | 47%   |
|                                    | 12-31-99       | 271,900                                     | 17%                              | 33%   |
|                                    | 12-31-00       | 262,900                                     | 37%                              | 37%   |
|                                    | 12-31-01       | 282,400                                     | 40%                              | 65%   |
|                                    | 12-31-02       | 256,900                                     | 41%                              | 46%   |
|                                    | 12-31-03       | 294,900                                     | 7%                               | 34%   |

CITY OF WASHINGTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005

|   | Motor<br>Vehicle<br>Highway | Local Road<br>and Street | Park and<br>Recreation | Law<br>Enforcement<br>Continuing<br>Education | Deferral<br>Program | Unsafe<br>Building | Operation<br>Pullover |
|---|-----------------------------|--------------------------|------------------------|---|---------------------|--------------------|-----------------------|
| <b>Receipts:</b>  |                             |                          |                        |   |                     |                    |                       |
| Taxes   | \$ 207,731                  | \$ -                     | \$ 190,920             | \$ -  | \$ -                | \$ -               | \$ -                  |
| Licenses and permits  | -                           | -                        | -                      | 1,240   | -                   | -                  | -                     |
| Intergovernmental   | 420,968                     | 45,951                   | 24,759                 | -   | -                   | -                  | 5,500                 |
| Charges for services  | -                           | -                        | 300                    | 1,404   | -                   | -                  | -                     |
| Fines and forfeits  | -                           | -                        | -                      | 2,220   | 5,885               | -                  | -                     |
| Other   | 11,906                      | -                        | 30,809                 | -   | -                   | 3,523              | -                     |
| <b>Total receipts</b>   | <b>640,605</b>              | <b>45,951</b>            | <b>246,788</b>         | <b>4,864</b>                                  | <b>5,885</b>        | <b>3,523</b>       | <b>5,500</b>          |
| <b>Disbursements:</b>   |                             |                          |                        |   |                     |                    |                       |
| General government  | -                           | -                        | -                      | -   | -                   | -                  | -                     |
| Public safety   | -                           | -                        | -                      | 3,940   | 6,505               | -                  | 5,500                 |
| Highways and streets  | 757,612                     | 25,259                   | -                      | -   | -                   | -                  | -                     |
| Sanitation  | -                           | -                        | -                      | -   | -                   | -                  | -                     |
| Culture and recreation  | -                           | -                        | 256,695                | -   | -                   | -                  | -                     |
| Economic development  | -                           | -                        | -                      | -   | -                   | -                  | -                     |
| Debt service:   |                             |                          |                        |   |                     |                    |                       |
| Principal   | -                           | -                        | -                      | -   | -                   | -                  | -                     |
| Interest  | -                           | -                        | -                      | -   | -                   | -                  | -                     |
| <b>Total disbursements</b>  | <b>757,612</b>              | <b>25,259</b>            | <b>256,695</b>         | <b>3,940</b>                                  | <b>6,505</b>        | <b>-</b>           | <b>5,500</b>          |
| Excess (deficiency) of receipts<br>over (under) disbursements   | (117,007)                   | 20,692                   | (9,907)                | 924   | (620)               | 3,523              | -                     |
| <b>Other financing sources (uses)</b>   |                             |                          |                        |   |                     |                    |                       |
| Transfers in  | -                           | -                        | -                      | -   | -                   | 1,525              | -                     |
| Transfers out   | -                           | -                        | -                      | -   | -                   | -                  | -                     |
| <b>Total other financing sources (uses)</b>   | <b>-</b>                    | <b>-</b>                 | <b>-</b>               | <b>-</b>                                      | <b>-</b>            | <b>1,525</b>       | <b>-</b>              |
| Excess (deficiency) of receipts and other<br>financing sources over (under) disbursements<br>and other financing uses | (117,007)                   | 20,692                   | (9,907)                | 924   | (620)               | 5,048              | -                     |
| Cash and investment fund balance - beginning  | 298,708                     | 19,358                   | 85,882                 | 3,782   | 7,344               | 35,914             | 31                    |
| Cash and investment fund balance - ending   | \$ 181,701                  | \$ 40,050                | \$ 75,975              | \$ 4,706                                      | \$ 6,724            | \$ 40,962          | \$ 31                 |
| <b>Cash and Investment Assets - December 31</b>   |                             |                          |                        |   |                     |                    |                       |
| <b>Restricted assets:</b>   |                             |                          |                        |   |                     |                    |                       |
| Cash and investments  | \$ 181,701                  | \$ 40,050                | \$ 75,975              | \$ 4,706                                      | \$ 6,724            | \$ 40,962          | \$ 31                 |
| <b>Cash and Investment Fund Balance - December 31</b>   |                             |                          |                        |   |                     |                    |                       |
| <b>Restricted for:</b>  |                             |                          |                        |   |                     |                    |                       |
| Culture and recreation  | \$ -                        | \$ -                     | \$ 75,975              | \$ -  | \$ -                | \$ -               | \$ -                  |
| General government  | -                           | -                        | -                      | -   | -                   | -                  | -                     |
| Highway, streets and roadways   | 181,701                     | 40,050                   | -                      | -   | -                   | -                  | -                     |
| Public safety   | -                           | -                        | -                      | 4,706   | 6,724               | 40,962             | 31                    |
| Economic development  | -                           | -                        | -                      | -   | -                   | -                  | -                     |
| Sanitation  | -                           | -                        | -                      | -   | -                   | -                  | -                     |
| Debt service  | -                           | -                        | -                      | -   | -                   | -                  | -                     |
| <b>Total cash and investment fund balance - December 31</b>   | <b>\$ 181,701</b>           | <b>\$ 40,050</b>         | <b>\$ 75,975</b>       | <b>\$ 4,706</b>                               | <b>\$ 6,724</b>     | <b>\$ 40,962</b>   | <b>\$ 31</b>          |

CITY OF WASHINGTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

|   | Entry Team<br>Equipment | Police LCC<br>Grant | McGruff<br>Crime Dog | Animal<br>Control<br>Donation | Spay and<br>Neuter<br>Program | Washington/<br>Davie County<br>Mobile<br>Emergency | Park<br>Improvements |
|---|-------------------------|---------------------|----------------------|-------------------------------|-------------------------------|--|----------------------|
| Receipts:   |                         |                     |                      |                               |                               |  |                      |
| Taxes   | \$ -                    | \$ -                | \$ -                 | \$ -                          | \$ -                          | \$ -   | \$ -                 |
| Licenses and permits  | -                       | -                   | -                    | -                             | -                             | -  | -                    |
| Intergovernmental   | -                       | -                   | -                    | -                             | -                             | -  | -                    |
| Charges for services  | -                       | -                   | -                    | -                             | -                             | -  | -                    |
| Fines and forfeits  | -                       | -                   | -                    | -                             | -                             | -  | -                    |
| Other   | 461                     | -                   | -                    | 1,286                         | -                             | -  | -                    |
| <b>Total receipts</b>   | <b>461</b>              | <b>-</b>            | <b>-</b>             | <b>1,286</b>                  | <b>-</b>                      | <b>-</b>   | <b>-</b>             |
| Disbursements:  |                         |                     |                      |                               |                               |  |                      |
| General government  | -                       | -                   | -                    | 1,279                         | -                             | -  | -                    |
| Public safety   | 68                      | 2,864               | -                    | -                             | -                             | -  | -                    |
| Highways and streets  | -                       | -                   | -                    | -                             | -                             | -  | -                    |
| Sanitation  | -                       | -                   | -                    | -                             | -                             | -  | -                    |
| Culture and recreation  | -                       | -                   | -                    | -                             | -                             | -  | 2,178                |
| Economic development  | -                       | -                   | -                    | -                             | -                             | -  | -                    |
| Debt service:   |                         |                     |                      |                               |                               |  |                      |
| Principal   | -                       | -                   | -                    | -                             | -                             | -  | -                    |
| Interest  | -                       | -                   | -                    | -                             | -                             | -  | -                    |
| <b>Total disbursements</b>  | <b>68</b>               | <b>2,864</b>        | <b>-</b>             | <b>1,279</b>                  | <b>-</b>                      | <b>-</b>   | <b>2,178</b>         |
| Excess (deficiency) of receipts<br>over (under) disbursements   | 393                     | (2,864)             | -                    | 7                             | -                             | -  | (2,178)              |
| Other financing sources (uses)  |                         |                     |                      |                               |                               |  |                      |
| Transfers in  | -                       | -                   | -                    | -                             | -                             | -  | -                    |
| Transfers out   | -                       | -                   | -                    | -                             | -                             | -  | -                    |
| <b>Total other financing sources (uses)</b>   | <b>-</b>                | <b>-</b>            | <b>-</b>             | <b>-</b>                      | <b>-</b>                      | <b>-</b>   | <b>-</b>             |
| Excess (deficiency) of receipts and other<br>financing sources over (under) disbursements<br>and other financing uses | 393                     | (2,864)             | -                    | 7                             | -                             | -  | (2,178)              |
| Cash and investment fund balance - beginning  | 250                     | 2,969               | 111                  | 1,320                         | 162                           | 47   | 2,178                |
| Cash and investment fund balance - ending   | <u>\$ 643</u>           | <u>\$ 105</u>       | <u>\$ 111</u>        | <u>\$ 1,327</u>               | <u>\$ 162</u>                 | <u>\$ 47</u>                                       | <u>\$ -</u>          |
| <b>Cash and Investment Assets - December 31</b>   |                         |                     |                      |                               |                               |  |                      |
| Restricted assets:  |                         |                     |                      |                               |                               |  |                      |
| Cash and investments  | <u>\$ 643</u>           | <u>\$ 105</u>       | <u>\$ 111</u>        | <u>\$ 1,327</u>               | <u>\$ 162</u>                 | <u>\$ 47</u>                                       | <u>\$ -</u>          |
| <b>Cash and Investment Fund Balance - December 31</b>   |                         |                     |                      |                               |                               |  |                      |
| Restricted for:   |                         |                     |                      |                               |                               |  |                      |
| Culture and recreation  | \$ -                    | \$ -                | \$ -                 | \$ -                          | \$ -                          | \$ -   | \$ -                 |
| General government  | -                       | -                   | -                    | 1,327                         | 162                           | -  | -                    |
| Highway, streets and roadways   | -                       | -                   | -                    | -                             | -                             | -  | -                    |
| Public safety   | 643                     | 105                 | 111                  | -                             | -                             | 47   | -                    |
| Economic development  | -                       | -                   | -                    | -                             | -                             | -  | -                    |
| Sanitation  | -                       | -                   | -                    | -                             | -                             | -  | -                    |
| Debt service  | -                       | -                   | -                    | -                             | -                             | -  | -                    |
| <b>Total cash and investment fund balance - December 31</b>   | <u>\$ 643</u>           | <u>\$ 105</u>       | <u>\$ 111</u>        | <u>\$ 1,327</u>               | <u>\$ 162</u>                 | <u>\$ 47</u>                                       | <u>\$ -</u>          |

CITY OF WASHINGTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

|   | Washington<br>Transit | Washington<br>Housing<br>Revolving<br>Loan | CDBG<br>Program<br>Income | Police<br>Canine | Brownfield<br>Grant | D.A.R.E.<br>Contributions | Park<br>Train |
|---|-----------------------|--|---------------------------|------------------|---------------------|---------------------------|---------------|
| <b>Receipts:</b>  |                       |  |                           |                  |                     |                           |               |
| Taxes   | \$ 9,573              | \$ -                                       | \$ -                      | \$ -             | \$ -                | \$ -                      | \$ -          |
| Licenses and permits  | -                     | -  | -                         | -                | -                   | -                         | -             |
| Intergovernmental   | 45,902                | -  | -                         | 3,075            | -                   | -                         | -             |
| Charges for services  | 6,036                 | -  | -                         | -                | -                   | -                         | -             |
| Fines and forfeits  | -                     | -  | -                         | -                | -                   | -                         | -             |
| Other   | 56                    | 4,259                                      | 9,286                     | 3,846            | -                   | 196                       | -             |
| <b>Total receipts</b>   | <b>61,567</b>         | <b>4,259</b>                               | <b>9,286</b>              | <b>6,921</b>     | <b>-</b>            | <b>196</b>                | <b>-</b>      |
| <b>Disbursements:</b>   |                       |  |                           |                  |                     |                           |               |
| General government  | 84,128                | 1,804                                      | 110,568                   | -                | -                   | -                         | -             |
| Public safety   | -                     | -  | -                         | 4,964            | -                   | 240                       | -             |
| Highways and streets  | -                     | -  | -                         | -                | -                   | -                         | -             |
| Sanitation  | -                     | -  | -                         | -                | -                   | -                         | -             |
| Culture and recreation  | -                     | -  | -                         | -                | -                   | -                         | -             |
| Economic development  | -                     | -  | -                         | -                | -                   | -                         | -             |
| Debt service:   |                       |  |                           |                  |                     |                           |               |
| Principal   | -                     | -  | -                         | -                | -                   | -                         | -             |
| Interest  | -                     | -  | -                         | -                | -                   | -                         | -             |
| <b>Total disbursements</b>  | <b>84,128</b>         | <b>1,804</b>                               | <b>110,568</b>            | <b>4,964</b>     | <b>-</b>            | <b>240</b>                | <b>-</b>      |
| Excess (deficiency) of receipts<br>over (under) disbursements   | (22,561)              | 2,455                                      | (101,282)                 | 1,957            | -                   | (44)                      | -             |
| <b>Other financing sources (uses)</b>   |                       |  |                           |                  |                     |                           |               |
| Transfers in  | -                     | -  | -                         | -                | -                   | -                         | -             |
| Transfers out   | -                     | -  | -                         | -                | -                   | -                         | -             |
| <b>Total other financing sources (uses)</b>   | <b>-</b>              | <b>-</b>                                   | <b>-</b>                  | <b>-</b>         | <b>-</b>            | <b>-</b>                  | <b>-</b>      |
| Excess (deficiency) of receipts and other<br>financing sources over (under) disbursements<br>and other financing uses | (22,561)              | 2,455                                      | (101,282)                 | 1,957            | -                   | (44)                      | -             |
| Cash and investment fund balance - beginning  | 50,227                | 59,661                                     | 101,852                   | 5,862            | 2,916               | 337                       | 872           |
| Cash and investment fund balance - ending   | \$ 27,666             | \$ 62,116                                  | \$ 570                    | \$ 7,819         | \$ 2,916            | \$ 293                    | \$ 872        |
| <b>Cash and Investment Assets - December 31</b>   |                       |  |                           |                  |                     |                           |               |
| <b>Restricted assets:</b>   |                       |  |                           |                  |                     |                           |               |
| Cash and investments  | \$ 27,666             | \$ 62,116                                  | \$ 570                    | \$ 7,819         | \$ 2,916            | \$ 293                    | \$ 872        |
| <b>Cash and Investment Fund Balance - December 31</b>   |                       |  |                           |                  |                     |                           |               |
| <b>Restricted for:</b>  |                       |  |                           |                  |                     |                           |               |
| Culture and recreation  | \$ -                  | \$ -                                       | \$ -                      | \$ -             | \$ -                | \$ -                      | \$ 872        |
| General government  | 27,666                | 62,116                                     | 570                       | -                | -                   | -                         | -             |
| Highway, streets and roadways   | -                     | -  | -                         | -                | -                   | -                         | -             |
| Public safety   | -                     | -  | -                         | 7,819            | 2,916               | 293                       | -             |
| Economic development  | -                     | -  | -                         | -                | -                   | -                         | -             |
| Sanitation  | -                     | -  | -                         | -                | -                   | -                         | -             |
| Debt service  | -                     | -  | -                         | -                | -                   | -                         | -             |
| <b>Total cash and investment fund balance - December 31</b>   | <b>\$ 27,666</b>      | <b>\$ 62,116</b>                           | <b>\$ 570</b>             | <b>\$ 7,819</b>  | <b>\$ 2,916</b>     | <b>\$ 293</b>             | <b>\$ 872</b> |

CITY OF WASHINGTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

|   | G & T<br>Equipment<br>Replacement | Hazardous<br>Materials<br>Response | Community<br>Foundation<br>Grants | Public<br>Service Training<br>Grants | Drug<br>Enforcement | Drug Buy        | Levy<br>Excess   |
|---|-----------------------------------|------------------------------------|-----------------------------------|--------------------------------------|---------------------|-----------------|------------------|
| <b>Receipts:</b>  |                                   |                                    |                                   |                                      |                     |                 |                  |
| Taxes   | \$ -                              | \$ -                               | \$ -                              | \$ -                                 | \$ -                | \$ -            | \$ -             |
| Licenses and permits  | -                                 | -                                  | -                                 | -                                    | -                   | -               | -                |
| Intergovernmental   | -                                 | -                                  | -                                 | 4,000                                | -                   | -               | -                |
| Charges for services  | -                                 | 5,479                              | -                                 | -                                    | -                   | -               | -                |
| Fines and forfeits  | -                                 | -                                  | -                                 | -                                    | -                   | -               | -                |
| Other   | 5,695                             | -                                  | 15,891                            | -                                    | -                   | 354             | 56,099           |
| <b>Total receipts</b>   | <b>5,695</b>                      | <b>5,479</b>                       | <b>15,891</b>                     | <b>4,000</b>                         | <b>-</b>            | <b>354</b>      | <b>56,099</b>    |
| <b>Disbursements:</b>   |                                   |                                    |                                   |                                      |                     |                 |                  |
| General government  | -                                 | -                                  | -                                 | -                                    | -                   | -               | 29,145           |
| Public safety   | -                                 | 3,688                              | 15,890                            | 4,000                                | -                   | 1,680           | -                |
| Highways and streets  | -                                 | -                                  | -                                 | -                                    | -                   | -               | -                |
| Sanitation  | 5,000                             | -                                  | -                                 | -                                    | -                   | -               | -                |
| Culture and recreation  | -                                 | -                                  | -                                 | -                                    | -                   | -               | -                |
| Economic development  | -                                 | -                                  | -                                 | -                                    | -                   | -               | -                |
| Debt service:   |                                   |                                    |                                   |                                      |                     |                 |                  |
| Principal   | -                                 | -                                  | -                                 | -                                    | -                   | -               | -                |
| Interest  | -                                 | -                                  | -                                 | -                                    | -                   | -               | -                |
| <b>Total disbursements</b>  | <b>5,000</b>                      | <b>3,688</b>                       | <b>15,890</b>                     | <b>4,000</b>                         | <b>-</b>            | <b>1,680</b>    | <b>29,145</b>    |
| Excess (deficiency) of receipts<br>over (under) disbursements   | 695                               | 1,791                              | 1                                 | -                                    | -                   | (1,326)         | 26,954           |
| <b>Other financing sources (uses)</b>   |                                   |                                    |                                   |                                      |                     |                 |                  |
| Transfers in  | -                                 | -                                  | -                                 | -                                    | 6,465               | 6,465           | -                |
| Transfers out   | -                                 | -                                  | -                                 | -                                    | (6,465)             | -               | -                |
| <b>Total other financing sources (uses)</b>   | <b>-</b>                          | <b>-</b>                           | <b>-</b>                          | <b>-</b>                             | <b>-</b>            | <b>6,465</b>    | <b>-</b>         |
| Excess (deficiency) of receipts and other<br>financing sources over (under) disbursements<br>and other financing uses | 695                               | 1,791                              | 1                                 | -                                    | -                   | 5,139           | 26,954           |
| Cash and investment fund balance - beginning  | 4,523                             | -                                  | -                                 | -                                    | -                   | -               | 29,145           |
| Cash and investment fund balance - ending   | \$ 5,218                          | \$ 1,791                           | \$ 1                              | \$ -                                 | \$ -                | \$ 5,139        | \$ 56,099        |
| <b>Cash and Investment Assets - December 31</b>   |                                   |                                    |                                   |                                      |                     |                 |                  |
| <b>Restricted assets:</b>   |                                   |                                    |                                   |                                      |                     |                 |                  |
| Cash and investments  | \$ 5,218                          | \$ 1,791                           | \$ 1                              | \$ -                                 | \$ -                | \$ 5,139        | \$ 56,099        |
| <b>Cash and Investment Fund Balance - December 31</b>   |                                   |                                    |                                   |                                      |                     |                 |                  |
| <b>Restricted for:</b>  |                                   |                                    |                                   |                                      |                     |                 |                  |
| Culture and recreation  | \$ -                              | \$ -                               | \$ -                              | \$ -                                 | \$ -                | \$ -            | \$ -             |
| General government  | -                                 | -                                  | 1                                 | -                                    | -                   | -               | 56,099           |
| Highway, streets and roadways   | -                                 | -                                  | -                                 | -                                    | -                   | -               | -                |
| Public safety   | -                                 | 1,791                              | -                                 | -                                    | -                   | 5,139           | -                |
| Economic development  | -                                 | -                                  | -                                 | -                                    | -                   | -               | -                |
| Sanitation  | 5,218                             | -                                  | -                                 | -                                    | -                   | -               | -                |
| Debt service  | -                                 | -                                  | -                                 | -                                    | -                   | -               | -                |
| <b>Total cash and investment fund balance - December 31</b>   | <b>\$ 5,218</b>                   | <b>\$ 1,791</b>                    | <b>\$ 1</b>                       | <b>\$ -</b>                          | <b>\$ -</b>         | <b>\$ 5,139</b> | <b>\$ 56,099</b> |

CITY OF WASHINGTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

|   | City Hall<br>GO Bonds | Cumulative<br>Capital<br>Improvement | Park<br>Cumulative<br>Building | City Hall<br>Construction | County<br>Economic<br>Development<br>Income Tax | City Hall<br>ADA Elevator<br>Project | Totals            |
|---|-----------------------|--------------------------------------|--------------------------------|---------------------------|---|--------------------------------------|-------------------|
| <b>Receipts:</b>  |                       |                                      |                                |                           |   |                                      |                   |
| Taxes   | \$ 76,326             | \$ -                                 | \$ 4,460                       | \$ -                      | \$ -  | \$ -                                 | \$ 489,010        |
| Licenses and permits  | -                     | -                                    | -                              | -                         | -   | -                                    | 1,240             |
| Intergovernmental   | 9,501                 | 35,179                               | 567                            | -                         | 305,507   | 155,127                              | 1,056,036         |
| Charges for services  | -                     | -                                    | -                              | -                         | -   | -                                    | 13,219            |
| Fines and forfeits  | -                     | -                                    | -                              | -                         | -   | -                                    | 8,105             |
| Other   | -                     | -                                    | -                              | 6,826                     | -   | -                                    | 150,493           |
| <b>Total receipts</b>   | <b>85,827</b>         | <b>35,179</b>                        | <b>5,027</b>                   | <b>6,826</b>              | <b>305,507</b>                                  | <b>155,127</b>                       | <b>1,718,103</b>  |
| <b>Disbursements:</b>   |                       |                                      |                                |                           |   |                                      |                   |
| General government  | -                     | -                                    | -                              | 376,624                   | -   | 155,127                              | 758,675           |
| Public safety   | -                     | -                                    | -                              | -                         | -   | -                                    | 49,339            |
| Highways and streets  | -                     | -                                    | -                              | -                         | -   | -                                    | 782,871           |
| Sanitation  | -                     | -                                    | -                              | -                         | -   | -                                    | 5,000             |
| Culture and recreation  | -                     | -                                    | 38,107                         | -                         | -   | -                                    | 296,980           |
| Economic development  | -                     | -                                    | -                              | -                         | 16,500  | -                                    | 16,500            |
| Debt service:   |                       |                                      |                                |                           |   |                                      |                   |
| Principal   | 50,000                | -                                    | -                              | -                         | -   | -                                    | 50,000            |
| Interest  | 16,501                | -                                    | -                              | -                         | -   | -                                    | 16,501            |
| <b>Total disbursements</b>  | <b>66,501</b>         | <b>-</b>                             | <b>38,107</b>                  | <b>376,624</b>            | <b>16,500</b>                                   | <b>155,127</b>                       | <b>1,975,866</b>  |
| Excess (deficiency) of receipts<br>over (under) disbursements   | 19,326                | 35,179                               | (33,080)                       | (369,798)                 | 289,007   | -                                    | (257,763)         |
| <b>Other financing sources (uses)</b>   |                       |                                      |                                |                           |   |                                      |                   |
| Transfers in  | -                     | -                                    | -                              | -                         | -   | -                                    | 14,455            |
| Transfers out   | -                     | (37,300)                             | -                              | -                         | -   | -                                    | (43,765)          |
| <b>Total other financing sources (uses)</b>   | <b>-</b>              | <b>(37,300)</b>                      | <b>-</b>                       | <b>-</b>                  | <b>-</b>  | <b>-</b>                             | <b>(29,310)</b>   |
| Excess (deficiency) of receipts and other<br>financing sources over (under) disbursements<br>and other financing uses | 19,326                | (2,121)                              | (33,080)                       | (369,798)                 | 289,007   | -                                    | (287,073)         |
| Cash and investment fund balance - beginning  | -                     | 2,306                                | 43,866                         | 492,104                   | -   | -                                    | 1,251,727         |
| Cash and investment fund balance - ending   | \$ 19,326             | \$ 185                               | \$ 10,786                      | \$ 122,306                | \$ 289,007                                      | \$ -                                 | \$ 964,654        |
| <b>Cash and Investment Assets - December 31</b>   |                       |                                      |                                |                           |   |                                      |                   |
| Restricted assets:  |                       |                                      |                                |                           |   |                                      |                   |
| Cash and investments  | \$ 19,326             | \$ 185                               | \$ 10,786                      | \$ 122,306                | \$ 289,007                                      | \$ -                                 | \$ 964,654        |
| <b>Cash and Investment Fund Balance - December 31</b>   |                       |                                      |                                |                           |   |                                      |                   |
| Restricted for:   |                       |                                      |                                |                           |   |                                      |                   |
| Culture and recreation  | \$ -                  | \$ -                                 | \$ 10,786                      | \$ -                      | \$ -  | \$ -                                 | \$ 87,633         |
| General government  | -                     | 185                                  | -                              | 122,306                   | -   | -                                    | 270,432           |
| Highway, streets and roadways   | -                     | -                                    | -                              | -                         | -   | -                                    | 221,751           |
| Public safety   | -                     | -                                    | -                              | -                         | -   | -                                    | 71,287            |
| Economic development  | -                     | -                                    | -                              | -                         | 289,007   | -                                    | 289,007           |
| Sanitation  | -                     | -                                    | -                              | -                         | -   | -                                    | 5,218             |
| Debt service  | 19,326                | -                                    | -                              | -                         | -   | -                                    | 19,326            |
| <b>Total cash and investment fund balance - December 31</b>   | <b>\$ 19,326</b>      | <b>\$ 185</b>                        | <b>\$ 10,786</b>               | <b>\$ 122,306</b>         | <b>\$ 289,007</b>                               | <b>\$ -</b>                          | <b>\$ 964,654</b> |

CITY OF WASHINGTON  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For The Year Ended December 31, 2005

|  | Police<br>Pension | Firefighters'<br>Pension | Total      |
|--|-------------------|--------------------------|------------|
| Additions:   |                   |                          |            |
| Contributions:                                     |                   |                          |            |
| Employer   | \$ 92,199         | \$ 121,962               | \$ 214,161 |
| Plan members                                       | 3,126             | -                        | 3,126      |
| State  | 73,763            | 87,780                   | 161,543    |
| Total additions                                    | 169,088           | 209,742                  | 378,830    |
| Deductions:  |                   |                          |            |
| Benefits   | 136,988           | 150,703                  | 287,691    |
| Administrative and general                         | 21,487            | 33,112                   | 54,599     |
| Total deductions                                   | 158,475           | 183,815                  | 342,290    |
| Excess of total additions<br>over total deductions | 10,613            | 25,927                   | 36,540     |
| Cash and investment fund balance - beginning       | 84,563            | 61,186                   | 145,749    |
| Cash and investment fund balance - ending          | \$ 95,176         | \$ 87,113                | \$ 182,289 |

CITY OF WASHINGTON  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For The Year Ended December 31, 2005

|  | Police<br>Vest | Park<br>Pavilion | Total    |
|--|----------------|------------------|----------|
| Additions:   |                |                  |          |
| Contributions:                                     |                |                  |          |
| Other  | \$ 1,000       | \$ 125           | \$ 1,125 |
| Deductions   | -              | -                | -        |
| Excess of total additions<br>over total deductions | 1,000          | 125              | 1,125    |
| Cash and investment fund balance - beginning       | 202            | 535              | 737      |
| Cash and investment fund balance - ending          | \$ 1,202       | \$ 660           | \$ 1,862 |

CITY OF WASHINGTON  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2005

|   | <u>Payroll</u>   | <u>Payroll<br/>Withholdings</u> | <u>Utility<br/>Sales Tax</u> | <u>Total</u>     |
|---|------------------|---------------------------------|------------------------------|------------------|
| Additions:  |                  |                                 |                              |                  |
| Agency fund additions                                   | \$ 5,079,775     | \$ 1,725,369                    | \$ 709,181                   | \$ 7,514,325     |
| Deductions:   |                  |                                 |                              |                  |
| Agency fund deductions                                  | <u>5,079,775</u> | <u>1,727,444</u>                | <u>709,181</u>               | <u>7,516,400</u> |
| Deficiency of total additions<br>under total deductions | -                | (2,075)                         | -                            | (2,075)          |
| Cash and investment fund balance - beginning            | <u>-</u>         | <u>56,561</u>                   | <u>-</u>                     | <u>56,561</u>    |
| Cash and investment fund balance - ending               | <u>\$ -</u>      | <u>\$ 54,486</u>                | <u>\$ -</u>                  | <u>\$ 54,486</u> |

CITY OF WASHINGTON  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
For the Year Ended December 31, 2005

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.

General infrastructure assets are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

| <u>Primary Government</u>   | <u>Ending<br/>Balance</u>    |                     |                  |                           |
|---|------------------------------|---------------------|------------------|---------------------------|
| Governmental activities:  |                              |                     |                  |                           |
| Capital assets, not being depreciated:                              |                              |                     |                  |                           |
| Land  | \$ 353,122                   |                     |                  |                           |
| Infrastructure  | 2,337,508                    |                     |                  |                           |
| Buildings   | 3,016,564                    |                     |                  |                           |
| Improvements other than buildings                                   | 734,813                      |                     |                  |                           |
| Machinery and equipment   | 3,586,927                    |                     |                  |                           |
| Construction in progress  | <u>84,338</u>                |                     |                  |                           |
| Total governmental activities, capital assets not being depreciated | <u>\$ 10,113,272</u>         |                     |                  |                           |
|   |                              |                     |                  |                           |
|   | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
| <u>Water Utility</u>  |                              |                     |                  |                           |
| Capital assets, not being depreciated:                              |                              |                     |                  |                           |
| Land  | \$ 166,402                   | \$ -                | \$ -             | \$ 166,402                |
| Construction in progress  | -                            | 28,332              | -                | 28,332                    |
| Capital assets, being depreciated:                                  |                              |                     |                  |                           |
| Buildings   | 15,497,086                   | 1,405               | -                | 15,498,491                |
| Improvements other than buildings                                   | 11,694,362                   | 36,623              | -                | 11,730,985                |
| Machinery and equipment   | 4,374,689                    | 61,179              | 10,569           | 4,425,299                 |
| Less accumulated depreciation for:                                  |                              |                     |                  |                           |
| Buildings   | (631,039)                    | (310,201)           | -                | (941,240)                 |
| Improvements other than buildings                                   | (3,219,075)                  | (254,356)           | -                | (3,473,431)               |
| Machinery and equipment   | <u>(2,011,173)</u>           | <u>(206,924)</u>    | <u>(10,529)</u>  | <u>(2,207,568)</u>        |
| Total Water Utility capital assets, net                             | <u>\$ 25,871,252</u>         | <u>\$ (643,942)</u> | <u>\$ 40</u>     | <u>\$ 25,227,270</u>      |
|   |                              |                     |                  |                           |
| <u>Wastewater Utility</u>   |                              |                     |                  |                           |
| Capital assets, not being depreciated:                              |                              |                     |                  |                           |
| Land  | \$ 180,177                   | \$ -                | \$ -             | \$ 180,177                |
| Construction in progress  | 73,309                       | 77,157              | -                | 150,466                   |
| Capital assets, being depreciated:                                  |                              |                     |                  |                           |
| Buildings   | 2,828,982                    | 1,405               | -                | 2,830,387                 |
| Improvements other than buildings                                   | 6,178,541                    | -                   | -                | 6,178,541                 |
| Machinery and equipment   | 4,896,347                    | 100,247             | 35,151           | 4,961,443                 |
| Less accumulated depreciation for:                                  |                              |                     |                  |                           |
| Buildings   | (1,129,683)                  | (55,410)            | -                | (1,185,093)               |
| Improvements other than buildings                                   | (2,626,075)                  | (115,558)           | -                | (2,741,633)               |
| Machinery and equipment   | <u>(2,965,480)</u>           | <u>(221,295)</u>    | <u>(35,151)</u>  | <u>(3,151,624)</u>        |
| Total Wastewater Utility capital assets, net                        | <u>\$ 7,436,118</u>          | <u>\$ (213,454)</u> | <u>\$ -</u>      | <u>\$ 7,222,664</u>       |
|   |                              |                     |                  |                           |
| <u>Electric Utility</u>   |                              |                     |                  |                           |
| Capital assets, not being depreciated:                              |                              |                     |                  |                           |
| Land  | \$ 57,000                    | -                   | -                | 57,000                    |
| Construction in progress  | 28,044                       | 146,136             | -                | 174,180                   |
| Capital assets, being depreciated:                                  |                              |                     |                  |                           |
| Buildings   | 784,222                      | 1,874               | -                | 786,096                   |
| Improvements other than buildings                                   | 9,574,686                    | 221,279             | 63,380           | 9,732,585                 |
| Machinery and equipment   | 3,194,466                    | 117,843             | 70,574           | 3,241,735                 |
| Less accumulated depreciation for:                                  |                              |                     |                  |                           |
| Buildings   | (232,760)                    | (18,005)            | -                | (250,765)                 |
| Improvements other than buildings                                   | (4,744,244)                  | (240,071)           | (58,639)         | (4,925,676)               |
| Machinery and equipment   | <u>(2,092,529)</u>           | <u>(128,232)</u>    | <u>(70,520)</u>  | <u>(2,150,241)</u>        |
| Total Electric Utility capital assets, net                          | <u>\$ 6,568,885</u>          | <u>\$ 100,824</u>   | <u>\$ 4,795</u>  | <u>\$ 6,664,914</u>       |
|   |                              |                     |                  |                           |
| <u>Stormwater Utility</u>   |                              |                     |                  |                           |
| Capital assets, being depreciated:                                  |                              |                     |                  |                           |
| Machinery and equipment   | <u>\$ -</u>                  | <u>\$ 2,488</u>     | <u>\$ -</u>      | <u>\$ 2,488</u>           |

CITY OF WASHINGTON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 For The Year Ended December 31, 2005

CAPITAL LEASES

The City of Washington has entered into the following capital leases:

| Description of Asset | Present Value<br>of Net<br>Minimum<br>Lease Payments | Ending<br>Balance | Due<br>Within One<br>Year |
|----------------------|--|-------------------|---------------------------|
| Fire Chief's Durango | \$ 13,543  | \$ 13,543         | \$ 6,664                  |

OTHER LONG TERM DEBT

|  | Ending Balance       | Due<br>Within One<br>Year |
|--|----------------------|---------------------------|
| Governmental Activities:                     |                      |                           |
| Notes and loans payable                      | \$ 52,135            | \$ 26,067                 |
| Bonds payable:                               |                      |                           |
| General obligation bonds:                    |                      |                           |
| 2004 City Hall Renovation                    | 500,000              | 55,000                    |
| Total governmental activities long-term debt | <u>\$ 565,678</u>    | <u>\$ 94,610</u>          |
| Business-type Activities:                    |                      |                           |
| Water Utility                                |                      |                           |
| Revenue bonds:                               |                      |                           |
| 1998 Issue                                   | \$ 2,135,000         | \$ 345,000                |
| 2001 Issue                                   | 5,650,000            | 70,000                    |
| 2005 Refunding Issue                         | 9,645,000            | 365,000                   |
| Total Water Utility                          | <u>17,430,000</u>    | <u>780,000</u>            |
| Total business-type activities               | <u>\$ 17,430,000</u> | <u>\$ 780,000</u>         |

CITY OF WASHINGTON  
OTHER REPORT

The annual report presented herein was prepared in addition to the official report prepared for the individual City offices listed below:

City Utilities (Water, Electric, Wastewater, and Stormwater)

CITY OF WASHINGTON  
AUDIT RESULT AND COMMENT

APPROVAL OF FORMS

The Washington Water and Electric Utilities were using the following forms which had not been approved for use in lieu of prescribed forms:

Guarantee Deposit Register  
Guarantee Deposit Warrant

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF WASHINGTON  
EXIT CONFERENCE

The contents of this report were discussed on August 10, 2006, with Elaine Wellman, Clerk-Treasurer; James A. Jones, President of the Common Council; and David W. Abel, Mayor. The officials concurred with our audit finding.