

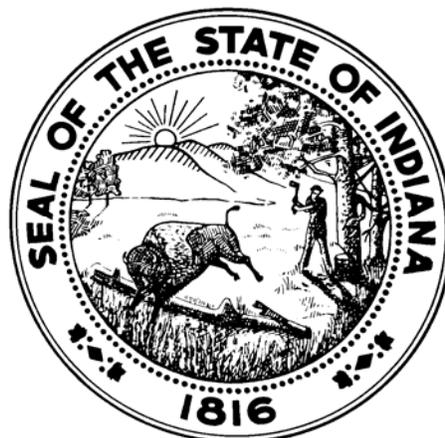
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

ANNUAL FINANCIAL REPORT

2005

CITY OF NEW HAVEN

ALLEN COUNTY, INDIANA



**FILED**  
12/18/2006



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Brenda D. Adams	01-01-04 to 12-31-07
Mayor	Terry E. McDonald	01-01-04 to 12-31-07
President of the Board of Public Works	Terry E. McDonald	01-01-04 to 12-31-07
President of the Common Council	Harold E. West	01-01-05 to 12-31-06
Superintendent of Utilities	David L. Jones	01-01-05 to 12-31-06
Utility Office Manager	Jill N. Cain	01-01-05 to 12-31-06



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

TO: THE OFFICIALS OF THE CITY OF NEW HAVEN, ALLEN 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 New Haven (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 opinions 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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.

In accordance with Government Auditing Standards, we have also issued a report dated November 21, 2006, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

The Schedules of Funding Progress, 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.

Our audit was conducted for the purpose of forming opinions 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

November 21, 2006



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF NEW HAVEN, ALLEN COUNTY, INDIANA

We have audited the financial statements of the City of New Haven (City), as of and for the year ended December 31, 2005, and have issued our report thereon dated November 21, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

STATE BOARD OF ACCOUNTS

November 21, 2006

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

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 1,988,334	\$ 138,037	\$ 1,405,683	\$ -	\$ (444,614)	\$ -	\$ (444,614)
Public safety	4,863,721	1,609,540	268,848	-	(2,985,333)	-	(2,985,333)
Highways and streets	915,456	6,076	653,983	-	(255,397)	-	(255,397)
Culture and recreation	1,083,736	87,635	2,600	-	(993,501)	-	(993,501)
Economic development	241,441	-	911,905	-	670,464	-	670,464
Interest on long-term debt	211,309	-	-	-	(211,309)	-	(211,309)
<b>Total governmental activities</b>	<b>9,303,997</b>	<b>1,841,288</b>	<b>3,243,019</b>	<b>-</b>	<b>(4,219,690)</b>	<b>-</b>	<b>(4,219,690)</b>
<b>Business-type activities:</b>							
Water	2,099,181	1,855,818	-	-	-	(243,363)	(243,363)
Wastewater	5,826,559	2,546,976	-	-	-	(3,279,583)	(3,279,583)
Storm water	388,614	850,771	-	-	-	462,157	462,157
<b>Total business-type activities</b>	<b>8,314,354</b>	<b>5,253,565</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,060,789)</b>	<b>(3,060,789)</b>
<b>Total primary government</b>	<b>\$ 17,618,351</b>	<b>\$ 7,094,853</b>	<b>\$ 3,243,019</b>	<b>\$ -</b>	<b>(4,219,690)</b>	<b>(3,060,789)</b>	<b>(7,280,479)</b>
<b>General receipts:</b>							
Property taxes					3,795,322	-	3,795,322
Other state sources					167,470	-	167,470
Other local sources					969,377	-	969,377
Bonds and loans proceeds					62,700	3,912,139	3,974,839
Unrestricted investment earnings					244,823	149,181	394,004
Refunds and reimbursements					155,348	-	155,348
Other receipts					97,137	183,406	280,543
Transfers					(200,000)	200,000	-
<b>Total general receipts and transfers</b>					<b>5,292,177</b>	<b>4,444,726</b>	<b>9,736,903</b>
<b>Change in net assets</b>					<b>1,072,487</b>	<b>1,383,937</b>	<b>2,456,424</b>
<b>Net assets - beginning</b>					<b>8,697,117</b>	<b>4,056,255</b>	<b>12,753,372</b>
<b>Net assets - ending</b>					<b>\$ 9,769,604</b>	<b>\$ 5,440,192</b>	<b>\$ 15,209,796</b>
<b>Assets</b>							
Cash and investments					\$ 1,594,873	\$ 1,877,703	\$ 3,472,576
Cash with fiscal agent					62,485	187,500	249,985
Restricted assets:							
Cash and investments					8,112,246	3,374,989	11,487,235
<b>Total assets</b>					<b>\$ 9,769,604</b>	<b>\$ 5,440,192</b>	<b>\$ 15,209,796</b>
<b>Net Assets</b>							
Restricted for:							
Public safety					\$ 829,128	\$ -	\$ 829,128
Highways and streets					1,302,644	-	1,302,644
Culture and recreation					1,027,963	-	1,027,963
Economic development					3,582,123	-	3,582,123
Capital projects					639,360	2,268,297	2,907,657
Debt service					139,160	1,022,319	1,161,479
Other purposes					315,408	84,373	399,781
Unrestricted					1,933,818	2,065,203	3,999,021
<b>Total net assets</b>					<b>\$ 9,769,604</b>	<b>\$ 5,440,192</b>	<b>\$ 15,209,796</b>

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

CITY OF NEW HAVEN  
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	Highways and Streets	CEDIT	Park	Fire	EMS	Court	Other Governmental Funds	Totals
<b>Receipts:</b>									
Taxes	\$ 2,583,881	\$ 296,659	\$ -	\$ 473,701	\$ 65,314	\$ -	\$ -	\$ 375,767	\$ 3,795,322
Special assessments	-	6,076	-	-	-	-	-	-	6,076
Licenses and permits	24,410	-	-	-	-	-	-	-	24,410
Intergovernmental	871,397	692,277	911,905	53,643	8,430	-	-	232,929	2,770,581
Charges for services	112,777	-	-	87,635	1,000,904	608,636	-	-	1,809,952
Fines and forfeits	208,792	-	-	-	-	-	1,366,911	-	1,575,703
Other	99,027	30,232	108,359	158,341	41,888	17,518	-	63,903	519,268
<b>Total receipts</b>	<b>3,900,284</b>	<b>1,025,244</b>	<b>1,020,264</b>	<b>773,320</b>	<b>1,116,536</b>	<b>626,154</b>	<b>1,366,911</b>	<b>672,599</b>	<b>10,501,312</b>
<b>Disbursements:</b>									
General government	598,530	-	-	-	-	-	68,021	3,347	669,898
Public safety	2,971,642	-	-	-	1,001,175	511,146	-	63,534	4,547,497
Highways and streets	99,303	788,833	-	-	-	-	-	250	888,386
Culture and recreation	-	-	-	1,027,200	-	-	-	-	1,027,200
Economic development	-	-	241,441	-	-	-	-	-	241,441
Debt service:									
Principal	22,394	-	-	56,536	90,138	23,692	-	240,000	432,760
Interest	2,178	-	-	6,737	9,977	1,078	-	191,339	211,309
Capital outlay:									
Highways and streets	-	-	-	-	-	-	-	27,070	27,070
<b>Total disbursements</b>	<b>3,694,047</b>	<b>788,833</b>	<b>241,441</b>	<b>1,090,473</b>	<b>1,101,290</b>	<b>535,916</b>	<b>68,021</b>	<b>525,540</b>	<b>8,045,561</b>
Excess (deficiency) of receipts over disbursements	206,237	236,411	778,823	(317,153)	15,246	90,238	1,298,890	147,059	2,455,751
<b>Other financing sources (uses)</b>									
Transfers in	-	-	150,000	20,000	-	-	-	-	170,000
Transfers out	-	-	(350,000)	(20,000)	-	-	-	-	(370,000)
Other receipts	-	-	-	12,472	-	-	-	62,700	75,172
Other disbursements	-	-	-	-	-	-	(1,258,436)	-	(1,258,436)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(200,000)</b>	<b>12,472</b>	<b>-</b>	<b>-</b>	<b>(1,258,436)</b>	<b>62,700</b>	<b>(1,383,264)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	206,237	236,411	578,823	(304,681)	15,246	90,238	40,454	209,759	1,072,487
Cash and investment fund balance - beginning	1,388,636	1,066,233	3,003,300	1,332,644	428,517	295,127	274,954	907,706	8,697,117
Cash and investment fund balance - ending	\$ 1,594,873	\$ 1,302,644	\$ 3,582,123	\$ 1,027,963	\$ 443,763	\$ 385,365	\$ 315,408	\$ 1,117,465	\$ 9,769,604
<b>Cash and Investment Assets - December 31</b>									
Cash and investments	\$ 1,594,873	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,594,873
Cash with fiscal agent	-	-	-	-	-	-	-	62,485	62,485
Restricted assets:									
Cash and investments	-	1,302,644	3,582,123	1,027,963	443,763	385,365	315,408	1,054,980	8,112,246
<b>Total cash and investment assets - December 31</b>	<b>\$ 1,594,873</b>	<b>\$ 1,302,644</b>	<b>\$ 3,582,123</b>	<b>\$ 1,027,963</b>	<b>\$ 443,763</b>	<b>\$ 385,365</b>	<b>\$ 315,408</b>	<b>\$ 1,117,465</b>	<b>\$ 9,769,604</b>
<b>Cash and Investment Fund Balance - December 31</b>									
Restricted for:									
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 443,763	\$ 385,365	\$ -	\$ -	\$ 829,128
Highways and streets	-	1,302,644	-	-	-	-	-	-	1,302,644
Culture and recreation	-	-	-	1,027,963	-	-	-	-	1,027,963
Economic development	-	-	3,582,123	-	-	-	-	-	3,582,123
Capital projects	-	-	-	-	-	-	-	639,360	639,360
Debt service	-	-	-	-	-	-	-	139,160	139,160
Other purposes	-	-	-	-	-	-	315,408	-	315,408
Unrestricted	1,594,873	-	-	-	-	-	-	338,945	1,933,818
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 1,594,873</b>	<b>\$ 1,302,644</b>	<b>\$ 3,582,123</b>	<b>\$ 1,027,963</b>	<b>\$ 443,763</b>	<b>\$ 385,365</b>	<b>\$ 315,408</b>	<b>\$ 1,117,465</b>	<b>\$ 9,769,604</b>

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

CITY OF NEW HAVEN  
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 Utility	Wastewater Utility	Storm Water Utility	Total
Operating receipts:				
Measured revenue	\$ 1,552,691	\$ 1,904,762	\$ 850,771	\$ 4,308,224
Fire protection receipts	204,728	-	-	204,728
Other	98,399	642,214	-	740,613
	<u>1,855,818</u>	<u>2,546,976</u>	<u>850,771</u>	<u>5,253,565</u>
Total operating receipts				
Operating disbursements:				
Equipment and capital improvements	333,124	3,840,871	58,790	4,232,785
Repair and maintenance	-	-	15,870	15,870
Salaries and wages	382,502	406,614	55,389	844,505
Employee pensions and benefits	159,180	165,552	19,575	344,307
Purchased water	556,152	-	-	556,152
Purchased wastewater treatment	-	704,759	-	704,759
Utilities	13,136	26,596	8,781	48,513
Material and supplies	124,697	124,514	9,756	258,967
Contractual services	20,666	352,077	81,701	454,444
Taxes	110,746	-	27,061	137,807
Rents	36,795	-	25,492	62,287
Transportation disbursements	15,351	15,351	-	30,702
Insurance disbursements	45,186	45,186	-	90,372
Miscellaneous disbursements	15,691	3,197	86,199	105,087
	<u>1,813,226</u>	<u>5,684,717</u>	<u>388,614</u>	<u>7,886,557</u>
Total operating disbursements				
Excess (deficiency) of operating receipts over operating disbursements	<u>42,592</u>	<u>(3,137,741)</u>	<u>462,157</u>	<u>(2,632,992)</u>
Nonoperating receipts (disbursements):				
Lease proceeds	62,500	62,500	62,500	187,500
Loan proceeds	-	3,724,369	-	3,724,369
Interest receipts	92,133	40,280	16,768	149,181
Miscellaneous receipts	6,462	176,462	482	183,406
Debt service of principal	(135,000)	(55,000)	-	(190,000)
Interest disbursement	(150,955)	(86,572)	-	(237,527)
	<u>(124,860)</u>	<u>3,862,039</u>	<u>79,750</u>	<u>3,816,929</u>
Total nonoperating receipts (disbursements)				
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	(82,268)	724,298	541,907	1,183,937
Transfers in	-	200,000	-	200,000
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	(82,268)	924,298	541,907	1,383,937
Cash and investment fund balance - beginning	<u>2,805,811</u>	<u>932,139</u>	<u>318,305</u>	<u>4,056,255</u>
Cash and investment fund balance - ending	<u>\$ 2,723,543</u>	<u>\$ 1,856,437</u>	<u>\$ 860,212</u>	<u>\$ 5,440,192</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 455,866	\$ 749,125	\$ 860,212	\$ 2,065,203
Restricted assets:				
Cash and investments	<u>2,267,677</u>	<u>1,107,312</u>	<u>-</u>	<u>3,374,989</u>
Total cash and investment assets - December 31	<u>\$ 2,723,543</u>	<u>\$ 1,856,437</u>	<u>\$ 860,212</u>	<u>\$ 5,440,192</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ 359,826	\$ 662,493	\$ -	\$ 1,022,319
Capital projects	1,823,478	444,819	-	2,268,297
Other purposes	84,373	-	-	84,373
Unrestricted	<u>455,866</u>	<u>749,125</u>	<u>860,212</u>	<u>2,065,203</u>
Total cash and investment fund balance - December 31	<u>\$ 2,723,543</u>	<u>\$ 1,856,437</u>	<u>\$ 860,212</u>	<u>\$ 5,440,192</u>

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

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

	Pension Trust Fund	Agency Funds
Additions:		
Contributions:		
Employer	\$ 109,359	\$ -
Investment earnings:		
Interest	9,442	-
Agency fund additions	-	2,308,918
Total additions	118,801	2,308,918
Deductions:		
Benefits	106,664	-
Administrative and general	250	-
Agency fund deductions	-	2,302,578
Total deductions	106,914	2,302,578
Excess of total additions over total deductions	11,887	6,340
Cash and investment fund balance - beginning	299,492	16,033
Cash and investment fund balance - ending	\$ 311,379	\$ 22,373

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

CITY OF NEW HAVEN  
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 Town Council form of government and provides the following services: public safety (police, fire and EMS), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, and storm water.

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

Primary Government:	City and Utilities
Blended Component Units:	New Haven-Adams Township Parks and Recreation Department and the New Haven-Adams Township Fire Department (includes The EMS Department)

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

Blended Component Units

A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the City's governing body or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City by appropriate fund type to constitute the primary government presentation. The blended component units are presented below:

<u>Component Unit</u>	<u>Description/Inclusion Criteria</u>	<u>Fund Included In</u>
New Haven-Adams Township Parks and Recreation Department	Although it is legally separate from the City, the Parks and Recreation Department is reported as if it were a part of the City because it provides services entirely or almost entirely to the City.	Park
New Haven-Adams Township Fire Department (includes the EMS)	Although it is legally separate from the City, the Fire and EMS Departments are reported as if they were a part of the City because they provide services entirely or almost entirely to the City.	Fire and EMS

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 nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 highways and streets fund (special revenue) accounts for the financial resources used for the construction, operation and maintenance of local and arterial roads and street system. The motor vehicle highway and local roads and streets funds have been combined to form the highways and streets fund.

The CEDIT fund (capital projects) accounts for all the financial resources used for any lawful purpose related to the county economic development income tax (CEDIT). The CEDIT, rainy day fund CEDIT revolving funds have been combined to form the CEDIT fund.

The park fund (special revenue) accounts for the financial resources used for the construction, operation and maintenance of the City/Township park system. The park and recreation, park nonreverting capital, park nonreverting operating, and park nonreverting restricted contributions funds have been combined to form the park fund.

The fire fund (special revenue) accounts for the financial resources used for operation and maintenance of the City / Township fire district, a blended component unit. The fire department, cumulative building and firefighting equipment and fire department special equipment fund have been combined to form the fire fund.

The emergency medical service (EMS) (special revenue) fund accounts for the financial resources used for the operation and maintenance of the City/Township EMS district, a blended component unit. The emergency medical service, the emergency medical equipment and the emergency medical PERF funds have been combined to form the EMS fund.

The court fund (special revenue) accounts for the financial resources and expenses for operation of the City Court system. The court user fee, clerk's record perpetuation and the city court funds have been combined to form the court fund.

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 pumping stations and collection systems.

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

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Additionally, the City reports the following fund types:

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

Agency funds account for assets held by the City as an agent for payroll and court fees due county funds.

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.

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 Water, Wastewater, or Storm Water Utilities and the City. 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. The City does not have any internal service funds.

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.

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

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.

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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.

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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. At December 31, 2005, the bank balance held at Wells Fargo Bank in the amount of \$14,401,038 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-City's name. The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

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

Investment Type	Primary Government Market Value
Repurchase agreements	<u>\$ 14,401,038</u>

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

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 repurchase agreements in the amount of \$14,401,038. Of these investments, \$14,401,038 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.

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
Repurchase agreements	\$ 14,401,038	\$ -	\$ -

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

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.

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

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

Transfer From	Transfer To	2005
CEDIT Major Fund	CEDIT Major Fund	\$ 150,000
CEDIT Major Fund	Wastewater Major	200,000
Park Major Fund	Park Major Fund	20,000
Total		\$ 370,000

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.

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; 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 (Park Department only); 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.

Job Related Illnesses or Injuries to Employees of the City, excluding the Park Department

During 1990, the City joined with other governmental entities in the Indiana Public Employer's Plan, Inc., (IPEP), a public entity risk pool currently operating as a common risk management and insurance program for 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 or injuries to employees coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Holding Corporations

The City has entered into a capital lease with the New Haven – Adams Township Fire Station Building Corporation and the City of New Haven Indiana Municipal Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessors have been determined to be a related party of the City. Lease payments during the year totaled \$431,339.

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Subsequent Events

In February 2006, the Wastewater Utility issued another State Revolving Fund loan for \$7,900,000, as authorized by Common Council Ordinance G-06-01. This loan will be drawn down over 2006 and 2007. The loan will fund numerous Wastewater Utility collection, segregation and distribution projects. The loan will be repaid over a 20 year time period. The Wastewater Utility rate structure was amended in February 2006, on Ordinance G-06-02, to fund the repayment of the loan. The new wastewater rates were first billed in May 2006.

In March 2006, the Park Department was donated 72 acres of land on Parrot Road by Waste Management, Inc. The Park Department Board has accepted the donation, but the fair market value of the land has yet to be determined at this time.

D. Rate Structure – Enterprise Funds

1. Water Utility

The current rate structure was approved by the Common Council on August 14, 2004. The Utility has 4,628 customers.

2. Wastewater Utility

The current rate structure was approved by the Common Council on January 11, 2005, and was subsequently amended on February 28, 2006. The Utility has 4,340 customers.

3. Storm Water Utility

The current rate structure was approved by the Common Council on April 27, 2004, and was subsequently amended on April 24, 2005. The Utility has 5,019 customers.

E. 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.

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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.

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>
Annual required contribution	\$ 150,160	\$ 216,600
Interest on net pension obligation	(6,202)	34,600
Adjustment to annual required contribution	<u>7,068</u>	<u>(57,800)</u>
Annual pension cost	151,026	193,400
Contributions made	<u>165,664</u>	<u>108,363</u>
Increase (decrease) in net pension obligation	(14,638)	85,037
Net pension obligation, beginning of year	<u>(85,546)</u>	<u>513,232</u>
Net pension obligation, end of year	<u>\$ (100,184)</u>	<u>\$ 598,269</u>
Contribution rates:		
City	7%	No active members
Plan members	3%	No active members
Actuarial valuation date	07-01-05	01-01-04
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	30 years
Amortization period (from date)	07-01-97	01-01-05
Asset valuation method	75% of expected Actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital

Actuarial Assumptions

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

\* 2.75% converted members; 4% nonconverted members

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-03	\$ 149,283	87%	\$ (74,237)
	06-30-04	133,574	108%	(85,546)
	06-30-05	151,026	124%	(100,184)
1925 Police Officers' Pension Plan	12-31-01	185,300	55%	427,890
	12-31-02	190,300	55%	513,232
	12-31-03	193,400	56%	598,269

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

	<u>1925 Police Officers' Pension</u>
Retires and beneficiaries currently receiving benefits	5

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:

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

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 \$159,867, \$138,732, and \$137,807, respectively, equal to the required contributions for each year.

CITY OF NEW HAVEN  
 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	\$ 1,334,853	\$ 1,835,453	\$ (500,600)	73%	\$ 1,980,190	(25%)
07-01-04	1,415,813	2,018,816	(603,003)	70%	2,137,490	(28%)
07-01-05	1,547,565	2,500,013	(952,448)	62%	2,395,112	(40%)

1925 Police 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	\$ 163,694	\$ 1,794,000	\$ (1,630,306)	9%	\$ 31,900	(5,111%)
01-01-00	168,831	1,939,100	(1,770,269)	9%	-	No covered payroll
01-01-01	174,642	1,962,200	(1,787,558)	9%	-	No covered payroll
01-01-02	254,786	1,984,100	(1,729,314)	13%	-	No covered payroll
01-01-03	292,992	1,985,500	(1,692,508)	15%	-	No covered payroll
01-01-04	295,048	1,974,100	(1,679,052)	15%	-	No covered payroll

CITY OF NEW HAVEN  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS FROM THE  
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan				
Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed		
		City	State	
1925 Police Officers' Pension Plan	\$ 176,700	38%	62%	
	179,300	93%	7%	
	189,000	70%	30%	
	197,900	51%	49%	
	207,700	51%	49%	
	216,600	50%	50%	

CITY OF NEW HAVEN  
 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

	Grants	Police Building and Equipment	Riverboat	Law Enforcement Continuing Education	DARE	Lease Rental
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 375,767
Intergovernmental	67,846	-	78,229	-	-	48,504
Other	15,656	11,731	6,402	8,922	1,050	4,189
<b>Total receipts</b>	<b>83,502</b>	<b>11,731</b>	<b>84,631</b>	<b>8,922</b>	<b>1,050</b>	<b>428,460</b>
Disbursements:						
General government	-	-	3,347	-	-	-
Public safety	44,325	10,384	-	7,851	974	-
Debt service:						
Principal	-	-	-	-	-	240,000
Interest	-	-	-	-	-	191,339
Highways and streets	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
<b>Total disbursements</b>	<b>44,325</b>	<b>10,384</b>	<b>3,347</b>	<b>7,851</b>	<b>974</b>	<b>431,339</b>
Excess (deficiency) of receipts over disbursements	39,177	1,347	81,284	1,071	76	(2,879)
Other financing sources (uses)						
Other receipts	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	39,177	1,347	81,284	1,071	76	(2,879)
Cash and investment fund balance - beginning	25,707	9,966	158,560	17,386	4,371	142,039
Cash and investment fund balance - ending	<u>\$ 64,884</u>	<u>\$ 11,313</u>	<u>\$ 239,844</u>	<u>\$ 18,457</u>	<u>\$ 4,447</u>	<u>\$ 139,160</u>
<u>Cash and Investment Assets - December 31</u>						
Cash with fiscal agent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	64,884	11,313	239,844	18,457	4,447	139,160
Total cash and investment assets - December 31	<u>\$ 64,884</u>	<u>\$ 11,313</u>	<u>\$ 239,844</u>	<u>\$ 18,457</u>	<u>\$ 4,447</u>	<u>\$ 139,160</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Capital projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	139,160
Other purposes	64,884	11,313	239,844	18,457	4,447	-
Total cash and investment fund balance - December 31	<u>\$ 64,884</u>	<u>\$ 11,313</u>	<u>\$ 239,844</u>	<u>\$ 18,457</u>	<u>\$ 4,447</u>	<u>\$ 139,160</u>

CITY OF NEW HAVEN  
 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)

	Cumulative Capital Improvement	Gronauer Lock	25% Equipment Lease	General Improvement	Totals
<b>Receipts:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 375,767
Intergovernmental	38,350	-	-	-	232,929
Other	15,068	-	35	850	63,903
<b>Total receipts</b>	<b>53,418</b>	<b>-</b>	<b>35</b>	<b>850</b>	<b>672,599</b>
<b>Disbursements:</b>					
General government	-	-	-	-	3,347
Public safety	-	-	-	-	63,534
<b>Debt service:</b>					
Principal	-	-	-	-	240,000
Interest	-	-	-	-	191,339
Highways and streets	-	-	250	-	250
<b>Capital outlay:</b>					
Highways and streets	27,070	-	-	-	27,070
<b>Total disbursements</b>	<b>27,070</b>	<b>-</b>	<b>250</b>	<b>-</b>	<b>525,540</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>26,348</b>	<b>-</b>	<b>(215)</b>	<b>850</b>	<b>147,059</b>
<b>Other financing sources (uses)</b>					
Other receipts	-	-	62,700	-	62,700
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>26,348</b>	<b>-</b>	<b>62,485</b>	<b>850</b>	<b>209,759</b>
<b>Cash and investment fund balance - beginning</b>	<b>382,754</b>	<b>16,966</b>	<b>-</b>	<b>149,957</b>	<b>907,706</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 409,102</b>	<b>\$ 16,966</b>	<b>\$ 62,485</b>	<b>\$ 150,807</b>	<b>\$ 1,117,465</b>
<b><u>Cash and Investment Assets - December 31</u></b>					
Cash with fiscal agent	\$ -	\$ -	\$ 62,485	\$ -	\$ 62,485
<b>Restricted assets:</b>					
Cash and investments	409,102	16,966	-	150,807	1,054,980
<b>Total cash and investment assets - December 31</b>	<b>\$ 409,102</b>	<b>\$ 16,966</b>	<b>\$ 62,485</b>	<b>\$ 150,807</b>	<b>\$ 1,117,465</b>
<b><u>Cash and Investment Fund Balance - December 31</u></b>					
<b>Restricted for:</b>					
Capital projects	\$ 409,102	\$ 16,966	\$ 62,485	\$ 150,807	\$ 639,360
Debt service	-	-	-	-	139,160
Other purposes	-	-	-	-	338,945
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 409,102</b>	<b>\$ 16,966</b>	<b>\$ 62,485</b>	<b>\$ 150,807</b>	<b>\$ 1,117,465</b>

CITY OF NEW HAVEN  
 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>Court Fees Due County</u>	<u>Total</u>
Additions:			
Agency fund additions	\$ 2,029,282	\$ 279,636	\$ 2,308,918
Deductions:			
Agency fund deductions	<u>2,029,406</u>	<u>273,172</u>	<u>2,302,578</u>
Excess (deficiency) of total additions over total deductions	(124)	6,464	6,340
Cash and investment fund balance - beginning	<u>673</u>	<u>15,360</u>	<u>16,033</u>
Cash and investment fund balance - ending	<u>\$ 549</u>	<u>\$ 21,824</u>	<u>\$ 22,373</u>

CITY OF NEW HAVEN  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2005

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,057,270
Infrastructure	149,860
Buildings	5,492,648
Improvements other than buildings	2,815,637
Machinery and equipment	5,487,605
Construction in progress	497,258
Total governmental activities, capital assets not being depreciated	\$ 15,500,278
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 11,000
Construction in progress	464,946
Capital assets being depreciated:	
Buildings	64,667
Improvements other than buildings	8,744,854
Machinery and equipment	208,652
Total Water Utility capital assets	9,494,119
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	251,699
Construction in progress	3,764,556
Capital assets being depreciated:	
Buildings	1,924,425
Improvements other than buildings	7,730,934
Machinery and equipment	518,550
Total Wastewater Utility capital assets	14,190,164
Storm Water Utility:	
Capital assets being depreciated:	
Buildings	163,078
Improvements other than buildings	50,173
Total Storm Water Utility capital assets	213,251
Total business-type activities capital assets	\$ 23,897,534

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

Description of Asset	Ending Balance	Due Within One Year
Governmental activities:		
Capital leases:		
Fire station	\$ 705,000	\$ 120,000
Police and administration building	3,160,000	130,000
Fire truck	149,147	40,435
Police car	23,458	23,458
Equipment	62,500	22,308
Notes payable:		
Park property purchase	<u>60,599</u>	<u>60,599</u>
<b>Total governmental activities long-term debt</b>	<b><u>\$ 4,160,704</u></b>	<b><u>\$ 396,800</u></b>
Business-type activities:		
Water Utility:		
Capital leases:		
Equipment	\$ 62,500	\$ 20,018
Revenue bonds:		
2002 Water improvement projects	<u>3,600,000</u>	<u>140,000</u>
<b>Total Water Utility</b>	<b><u>3,662,500</u></b>	<b><u>160,018</u></b>
Wastewater Utility:		
Capital leases:		
Equipment	62,500	20,018
Revenue bonds:		
2001 Wastewater improvement projects	1,615,000	60,000
State Revolving Fund Loans:		
2005 Wastewater improvement projects	<u>4,100,000</u>	<u>-</u>
<b>Total Wastewater Utility</b>	<b><u>5,777,500</u></b>	<b><u>80,018</u></b>
Storm Water Utility:		
Capital leases:		
Equipment	<u>62,500</u>	<u>20,018</u>
<b>Total Storm Water Utility</b>	<b><u>62,500</u></b>	<b><u>20,018</u></b>
<b>Total business-type activities long-term debt:</b>	<b><u>\$ 9,502,500</u></b>	<b><u>\$ 260,054</u></b>

CITY OF NEW HAVEN  
AUDIT RESULTS AND COMMENTS

EMS ACCOUNTS RECEIVABLE PRINTOUTS

As reported in the previous Reports B26113 and B23995, the EMS accounts receivable printouts had the following deficiencies at December 31, 2005:

The various reports should all have the same accounts receivable balance at any point in time.

Accounts Receivable at January 1, 2005 (From prior Aged Receivables)	\$ 261,505.37
Billings ("All Transactions for Revenue Journal")	562,657.88
Collections ("All Transactions for Cash Journal")	(270,594.47)
Bad Debts ("All Transactions for B/D Journal")	(75,425.77)
Contractual Allowances ("All Transactions for C/A Journal")	<u>(186,846.06)</u>

Accounts Receivable at December 31, 2005 (As calculated from printouts) \$ 291,296.95

"Billing and Accounts Receivable Reconciliation Report" \$ 290,338.41

"Accounts Receivable Overall Summary Report" (Aged Accounts Receivable) \$ 289,597.95

"Open Accounts Detail Report" \$30,144,561.00

The following Reports were not available in the format as requested. These printouts are printed at year end, and the Unit is not able to print them off at any future time, since current information would include transactions to date.

All Transaction Report for B/D Journal (Bad Debt)" The printout was a one page summary printed instead of detailed version.

"All Transaction Report for Cash" The printout was a one page summary printed instead of detailed version.

"All Transaction Report for A/R (Accounts Receivable) Journal" The Printout was a one page summary printed instead of detailed version.

"All Transaction Report for C/A (Contractual Allowance) Journal" The Printout was a one page summary printed instead of detailed version.

"Cash Receipts Report By Deposit" Printout was not ran by deposit (date of receipt), but rather sorted on printout by transaction type.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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 NEW HAVEN  
AUDIT RESULTS AND COMMENTS  
(Continued)

EMS ACCOUNTS RECEIVABLE BILLINGS AND COLLECTIONS

As reported in the previous Reports B26113 and B23995, several issues were noted during the audit of the EMS Department concerning the accounts receivable:

The EMS department needs to implement a more efficient and effective way of processing the billings. Numerous patient accounts were sitting stagnant for long periods of time waiting for responses to the claims from Medicare, Medicaid or other Commercial Insurers. These claims should be followed up on until a response is obtained. More aggressive collection measures need to be implemented and followed.

Numerous patient accounts were noted in the EMS accounts receivable that appeared to be sent to the Alliance One Collection Agency, but were not on the Collection Agency's listing of accounts receivable. Also, there were variances in patient account balances between the EMS Department and the Collection Agency. The patient accounts sent to the Collection Agency per the EMS Department should be periodically verified with the patient accounts on the Collection Agency's progress listing report. Alliance One collections and claims need to be processed using consistent and sound accounting procedures.

Some records to and from Alliance One were not retained for audit. All the documentation sent to Alliance One and received from Alliance One should be maintained in a chronological and organized manner.

Numerous uncollectible amounts for Medicaid and Medicare were "written off" by adjusting the accounts to a zero balance through a contractual allowance function in the billing program and were not brought before the Board to be written off in the appropriate manner. These accounts were uncollectible because too much time had passed from the service date to the attempted collection date. A contractual allowance is to write down account balances to the "authorized amount" depending on the explanation of benefits (EOB) for Medicaid, Medicare or commercial insurances, Lifecare enrollment or employee status or other contractual agreement.

The condition of the EMS accounts receivable records warranted considerable additional audit time being spent to determine the accuracy and completeness of the transactions and balances.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7) The governing board over the EMS Department should adopt written collection policies for those areas not covered by statute.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

EMS BAD DEBT WRITE-OFFS

The lists of approved EMS bad debt write-offs per the Board Minutes need to have more detail in order to be able to properly verify them to the EMS Records. The EMS bad debt write-offs per the Board Minutes will need to include the Patient Name, Patient Number, Trip Number, and Amount.

CITY OF NEW HAVEN  
AUDIT RESULTS AND COMMENTS  
(Continued)

Reconciliation between the amount of bad debt write-offs approved per the Board Minutes and the amount of bad debt write-offs per the EMS Bad Debt Journal "As Is" Report needs to be provided for audit. This reconciliation needs to include explanations for all the differences between the amounts written off per the Board Minutes and the amount written off per the EMS Records.

Documentation should exist for all efforts made by the governmental unit to collect amounts owed prior to any write-offs.

Officials or Employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF NEW HAVEN, ALLEN COUNTY, INDIANA

Compliance

We have audited the compliance of the City of New Haven (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2005. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

CITY OF NEW HAVEN  
AUDIT RESULTS AND COMMENTS  
(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirement(s) of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

STATE BOARD OF ACCOUNTS

November 21, 2006

CITY OF NEW HAVEN  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2005

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Bulletproof Vest Partnership Program	16.607		\$ 3,420
Pass-Through Indiana Criminal Justice Institute			
Local Law Enforcement Block Grant Program	16.592	04-LB-025	<u>5,536</u>
Total for federal grantor agency			<u>8,956</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute			
State and Community Highway Safety	20.600	OP-05-02-03-04 OP-06-02-03-02	5,100 <u>1,700</u>
Total for federal grantor agency			<u>6,800</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Department of Environmental Management			
Capitalization Grants for Clean Water State Revolving Funds	66.458		<u>1,640,331</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant			
Assistance to Firefighters Grant	97.044	EMW-2005-FG-02119	20,740
Pass-Through Indiana Department of Homeland Security			
Hazard Mitigation Grant	97.039		<u>10,000</u>
Total for federal grantor agency			<u>30,740</u>
Total federal awards expended			<u>\$ 1,686,827</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF NEW HAVEN  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of New Haven (City) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF NEW HAVEN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF NEW HAVEN  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF NEW HAVEN  
EXIT CONFERENCE

The contents of this report were discussed on November 21, 2006, with Terry E. McDonald, Mayor; Brenda D. Adams, Clerk-Treasurer; and Edward A. Lytal, EMS Chief. The officials concurred with our audit findings.