

COMPREHENSIVE
ANNUAL
FINANCIAL REPORT
ANDERSON, INDIANA

For the Year Ended December 31, 2006

Morris Long, City Controller

CITY OF ANDERSON, INDIANA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

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Kevin S. Smith, Mayor

*City of Anderson
Mayor's Office*

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Anderson, Indiana 46018
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e-mail: mayor@cityofanderson.com
www.cityofanderson.com

June 30, 2007

To the Citizens, Businesses and City Council of the City of Anderson:

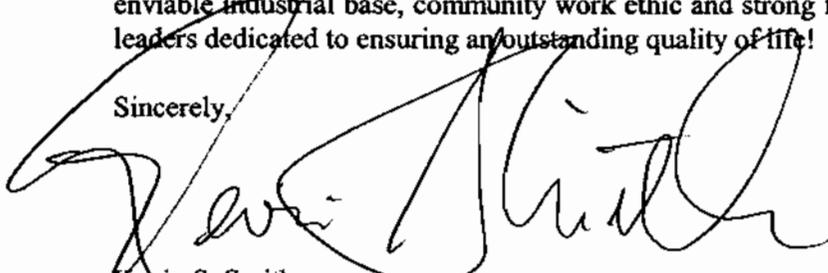
It is my pleasure to present the City of Anderson (City) Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2006. This year, the City's fifth CAFR was prepared by the Controller's Office under the direction of City Controller, Morris Long and Deputy City Controller Karen Carpenter, based on the Governmental Accounting Standards Board Statement No. 34. The City is just one of a select few communities to prepare and issue annual financial statements based on the new measurement focus, basis of accounting, and presentation model. This "state-of-the-art" annual financial reporting process will now be our primary vehicle for communicating annual information regarding our financial condition. I strongly advocate full and complete financial disclosures and I consider the CAFR an important tool for the City's progressive and aggressive pursuit of economic development. I am most pleased that Morris and Karen, working together, have continued to enhance the City's annual financial reporting.

I believe the City's CAFR will again qualify for the award of a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association. I do believe that comprehensive disclosure of the City's financial condition is a component of sound management principles, and it is viewed favorably by all those assessing our financial situation.

The government wide financial statement displays and the management discussion and analysis provides an economic perspective not previously available based on prior fund type cash flow and fund type cash position focuses. This financial reporting represents that the City is doing it's best to achieve accountability goals, from both a fiscal and operational perspective.

During the coming years we will continue to dedicate our efforts toward capitalizing on our enviable industrial base, community work ethic and strong family values. Anderson is a City of leaders dedicated to ensuring an outstanding quality of life! I am proud to call it my home.

Sincerely,


Kevin S. Smith
Mayor



Kevin S. Smith, Mayor

*City of Anderson
Controller's Office*

120 East Eighth Street
P.O. Box 2100
Anderson, Indiana 46018
(765) 648-6025 Phone
(765) 648-5902 Fax
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June 30, 2007

To the Honorable Mayor Kevin S. Smith
City of Anderson, Indiana

The comprehensive annual financial report (CAFR) of the City of Anderson, Indiana (City) for the fiscal year ended December 31, 2006, as prepared by the City Controller's office, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management. I believe the CAFR is accurate in all material respects and that the information displayed and disclosed is reported in a manner that presents fairly the City's financial condition. All disclosures necessary to enable the reader to gain an understanding of the City activities have been included. The Controller's office is delighted to take this opportunity to provide you with an overview and summary of the City's finances, economic prospects, and achievements.

The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section is intended to familiarize the reader with the organizational structure of the government, and includes this letter of transmittal, the City's organizational chart, and a list of the City's principal officials. The financial section includes the basic financial statements, the required supplemental information, the combining and individual fund statements and schedules, and the independent auditor's report on the financial statements and schedules. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis to enhance an understanding of significant trends.

The City financial reporting entity includes all funds of the City, as well as its component unit. The City provides a full range of services, including police and fire protection; sanitation services; construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events; water supply and treatment; health and social services; planning and zoning; and general administrative services.

The City of Anderson Redevelopment Authority (Redevelopment Authority) is a significantly blended component unit of the City. The primary government appoints a voting majority of the Redevelopment Authority board and a financial benefit/burden relationship exists between the City and the Redevelopment Authority. Although it is legally separate from the City, the Redevelopment Authority is reported as if it were a part of the City because it provides services entirely or almost entirely to the City.

PROFILE OF THE CITY OF ANDERSON

The City is on the I-69 transportation corridor from Michigan to Indianapolis and is the county seat of Madison County. The City has a population of approximately 58,000 and is 25 miles northeast of Indianapolis. The City, which is heavily industrialized, has had a stabilizing influence in the local economy which has been susceptible to economic fluctuations experienced by the national automobile industry, and which mirrors national conditions stressing all mature urbanized areas.

ECONOMIC CONDITIONS AND OUTLOOK

Local Economy

The City continues to benefit from its industrial base, and the local economic conditions are expected to improve as businesses retool and capitalize on a well-trained labor force. City leaders anticipate that with a more varied base of major industries, the City will be able to reduce its dependency on the auto industry and continue to improve the local employment rate. With anticipated property tax levy reductions by the State, the City also continues its commitment to responsible service delivery costs and the pursuit of new and creative revenue sources in meeting the unique service needs and expectations of both new and veteran residents and businesses.

Major Initiatives

The City has seen aggressive commercial development with respect to the construction of new manufacturing and regional production and distribution facilities, as well as both big-box and traditional retail outlets. This progression demonstrates that the City is a great place to invest and the City's commitment is further evidenced by the up and coming Flagship Enterprise Park and Technology Center. This development has been aided by City's continued successful initiatives with respect to redevelopment programs and infrastructure improvements. The City believes that infrastructure investments are key attributes to its economic development success. The professional efforts put forth in foreign relations will maintain a positive economic outlook and promote import/export business within the City.

Relevant Financial Information

Management of the City is responsible for establishing and maintaining an internal control structure. The structure is designed to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with uniform accounting principles. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived from it and 2) the valuation of costs and benefits requires estimates and judgments to be made by City officials. The statement of net assets for the City demonstrates the strength of its financial position.

Accounting System and Budgetary Control - The City's accounting records for general governmental operations are maintained on the cash basis and are converted for annual reporting purposes to the modified accrual basis, with revenue recorded when available and measurable. Expenditures are recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's enterprises are also maintained on the cash basis and converted to an accrual basis for annual reporting purposes.

In addition, the City maintains budgetary controls. The objective of these controls is to ensure compliance with the appropriation process for expenditure control as required by Indiana statute. Activities of the following funds are subject to legally adopted budgets: General, Motor Vehicle Highway, Local Road and Street, Municipal Transportation, Airport, Community Development, Parks and Recreation, Park Non-reverting Operating, Sanitary District Commission, City Court Probation, Local Law Enforcement Continuing Education, Clean Air Non-Reverting, Corporation Bonds, Sanitary District Bonds, COIT Principal and Interest, Redevelopment Bond and Interest, Cumulative Capital Improvement, City Economic Development, Redevelopment Capital Improvement, Redevelopment TIF, and Fire Building and Equipment. Budgetary control is maintained at the object level by fund for all funds other than the General fund, which is at the object level, by department. The City also maintains an encumbrance accounting system as one method of budgetary control. Open encumbrances are

reported as reservations of fund balance at December 31, 2006. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

General Governmental Activities - The City provides a full range of general governmental functions including police and fire protection, the construction and maintenance of streets and other infrastructure, sanitation, economic development and general administrative functions.

The Management's Discussion and Analysis section of this report presents more detailed trend/comparison information about the financial position and operational results of the City.

Business-type Activities - The City's enterprise operations consist of an Electric Utility, Water Utility and a Wastewater Utility, all which are self-supported through fees and user charges. The Electric and Wastewater utilities reported an operating income and an increase to net assets for 2006.

Pension Trust Fund Operations - The Police and Fire Pension funds were established to provide for the retirement and disability benefits to police officers and firefighters hired prior to May 1, 1977. Financing is provided by mandatory contributions by active members, state cigarette tax distributions, and a specific annual property tax levy. These funds are a component of the City's maximum levy calculation and therefore, increases to fund the costs of these funds reduces annual additional statutory resource increases that would otherwise be available for other City operations.

Debt Administration - The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita are useful to municipal management, citizens, investors and indicators of the City's debt position. The City's general obligation bonded debt increased during 2006.

Cash Management - Cash temporarily idle during the year was invested in Certificates of Deposit, U.S. Treasury bills, and repurchase agreements (secured by U.S. Treasury Bills), which were for periods of 91 days or less. It is City policy to invest funds with local, federally insured banks that have a principal office located in the area. State statutes authorized the City to invest in obligations of the U.S. Treasury and various agencies of the federal government. The City is also authorized to enter into fully collateralized repurchase agreements for the purchase and resale of interest-bearing obligations issued or guaranteed by the United States or any U.S. government agency.

Capital Assets - The capital assets of the City are those assets used in the performance of general governmental functions. As of December 31, 2006, the general assets of the City totaled approximately \$191 million, net of depreciation. The amount recorded in capital assets reflects historical cost, less depreciation, by City policy. Where actual acquisition dates and/or original costs were not available from City records, estimated amounts were used.

Risk Management - The City is self-insured for medical insurance, worker's compensation, and public liability. Uninsured claims are provided for when the City is able to estimate the amount of the loss.

Independent Audit - The State of Indiana Code requires an annual audit of the books of account, financial records, and transactions of the City by independent accountants. This requirement has been complied with and the independent auditor's opinion has been included in this report. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984 and related U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The auditor's reports related specifically to the Single Audit Act are published under separate cover except for the report on page one of this report.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2005. This was the fourth year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not be accomplished without the efficient and dedicated service of the entire staff of the Office of City Controller. I would like to express my appreciation to all members of the staff who assisted and contributed to its preparation, with special thanks to Deputy City Controller Karen Carpenter, Financial Management Analyst Shari Price, and also to Walt Kelly and his Clifton Gunderson team who provided valuable technical accounting advice, and CAFR reporting consulting assistance. We also appreciate the assistance and cooperation of the Indiana State Board of Accounts for their completion of the independent audit. I would also like to thank you for your interest in City financial matters and support for the preparation of a City CAFR.

Respectfully submitted,


Morris Long
City Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Anderson
Indiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

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



President

Executive Director

KEVIN S. SMITH, MAYOR

COMMON COUNCIL

Mike Welch	District 1
Donna Davis	District 2
Paul J. Stapleton	District 3
Ollie Dixon, President	District 4
Art Pepelea, Jr.	District 5
Joseph Newman	District 6

COUNCIL-AT-LARGE

Rodney Chamberlain	At-Large
Rick Muir	At-Large
Kato Smith	At-Large

ELECTED OFFICIALS

Shelia Barber	City Clerk
Donald R. Phillippe	City Judge

CITY OFFICIALS

Larry Davis	Animal Shelter
Michael Widing	Building Commissioner
Pete Heuer	City of Anderson Transportation
Morris Long	Controller
Pam Stafford	Information Services
Linda Dawson	Economic Development
Ray Novak	Emergency Mgt./Communications
Michael Spyers	Engineering
Phillip Rogers	Fire Department
Floyd Edwards	Human Relations
Tom Donaho	Light & Power
Doug Zook	Parks Department
Frank Burrows	Police Department
Sharon Walters	Purchasing
Nick Vores	Street Department
Nara Manor	Water Pollution Control
Eric Ewald	Personnel, Insurance and Safety
Sharon Biddle	Utilities
Bill Dorff	Air Management

OFFICIAL BOARDS

Board of Public Works

**Rob Sparks, Chairman
Bob Schuler, Member**

Roger Clark, Member

Safety Board

**Reginal Lee, Chairman
P.T. Morgan, Member**

Doyle Wright, Member

Park Board

**Jessie Woodall
William Warmke**

**Darin Foltz
Dick Bevelhimer**

Board of Aviation

**Phil Stephenson
Dennis Adams**

**Anthony Rogers
Jim Thiemet**

Merit Commission

**Mike Welch
Doris Pyle
Rev. Lenora Williams**

**Jack Schere
Carolyn Dunteman**

Human Relations

**Tomerial Brooks
Danny McGhee
Charlotte P. Hahn
Gina Murphy**

**Bob Armstrong
Judy Hammonds
Thomas Jackson**

Parking Authority

**Morris Long
Russ Willis
David DeHart**

**Mike Spyers
Jay Stapleton**

Personnel Advisory Board

**Eric Ewald
Floyd Edwards
Rodney Chamberlin**

**Debbie Czarnecki
Rob Sparks**

Planning Commission

**Paul O'Neil
William Warmke
Bob Schuler
John Suko
Eugene Yates**

**Mike Spyers
Michelle Weatherspoon
Joe Newman
Jessie Wilkerson**

Redevelopment Commission

**Mark Lamey
Rick Zackery
Jim Roan**

**Kevin Sulc
Joe Royer
Jack Hollis**

Economic Development Revolving Loan Board

**Linda Dawson
Rob Spaks
David Bates
Jan Stith**

**Morris Long
Georgeann Whitworth
Sam Pelligrino
Kirk Klabunde**

Sanitary District Board

**Mike Spyers
Clay Keller**

Melanie Vermillion

Zoning Appeals

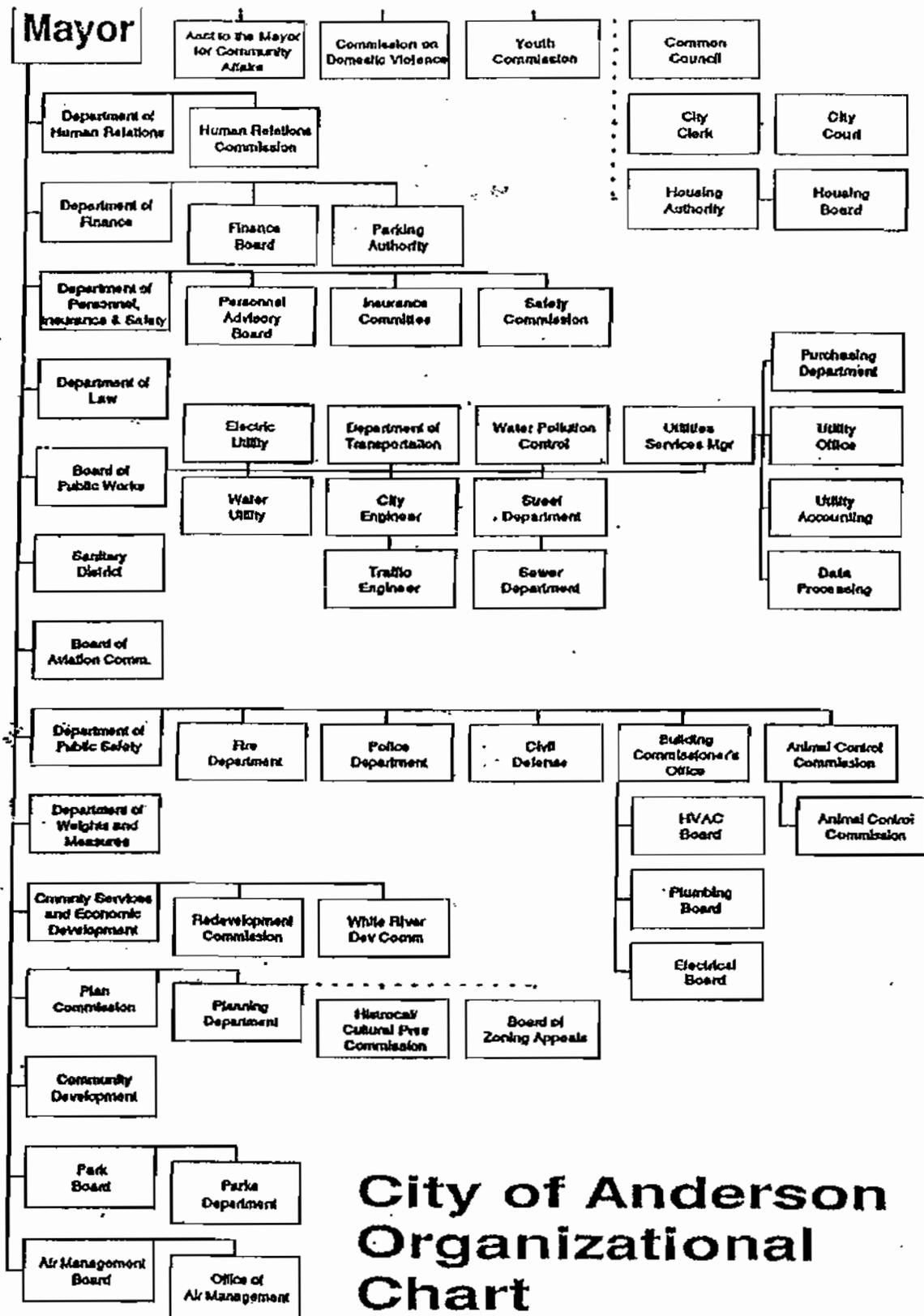
**Connie King
Michelle Weatherspoon
Rudy Williams**

**Kevin Guion
Harold Smith**

Economic Development Commission

**Charlie Jones
Roger Reed**

**Gladys Hollon
Kato Smith**



City of Anderson Organizational Chart



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

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF ANDERSON, 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 Anderson (City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements. 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 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States.

The Management's Discussion and Analysis, Schedules of Funding Progress, Schedules of Contributions From the Employer and Other Contributing Entities and Budgetary Comparison Schedule (General Fund) as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining fund financial statements, other budgetary comparison schedules, and statistical tables are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements and other budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

In accordance with Government Auditing Standards, we have also issued our report dated June 11, 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.

State Board of Accounts
STATE BOARD OF ACCOUNTS

June 11, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Anderson, Indiana ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages VII-X of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$114,415 (net assets) compared to \$96,843 in the prior year. Of this amount, \$27,782 represents an unrestricted net deficit.
- The City's total net assets increased by \$17,572 compared to 2005. This increase is primarily attributable to a restatement of net assets for governmental activities. See Note 16 for detailed information.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$35,429, an increase of \$2,821 in comparison with the prior year. Approximately 38% of this total amount, \$13,483, is available for spending at the government's discretion (unreserved fund balance).
- The City's total bond related debt decreased by \$2,791 (4.1%) during the current fiscal year. The key factor in this increase was the issuance of the Economic Development Revenue Bonds of 2006A, less the normal yearly debt service payments.

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused sick leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include: public safety, highways and streets, sanitation, culture and recreation, public improvements, planning and zoning, general administrative services, and economic development. The business-type activities of the City include a water utility, an electric utility, and wastewater operations.

The government-wide financial statements can be found on pages 14-15 of this report.

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

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

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

The City maintains 51 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from 50 City governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in the report.

The City adopts an annual appropriated budget for its general fund, certain special revenue funds, certain debt service funds, and certain capital projects funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found in pages 16-19 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water utility, wastewater utility, and electric utility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its insurance loss (workers' compensation benefits) and health insurance. Because these services benefit the governmental-type functions, they have been included within the governmental activities on the Statement of Net Assets in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Wastewater, and Electric operations, all of which are considered to be major funds of the City. Conversely, the two internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found in pages 20-22 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found in pages 23-24 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-51 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgets for its major funds as well as reconciliation between the budget schedules and fund financial statements. In addition, the City's progress in funding its obligation to provide pension benefits to certain employees is included as supplementary information. Required supplementary information can be found on pages 52-54 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on budgets. Combining and individual fund statements and schedules can be found on pages 58-104 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$114,415 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets reflects the investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed statement of City net assets:

City of Anderson, Indiana Net Assets						
Description	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	\$ 47,291	\$ 45,097	\$ 35,997	\$ 30,114	\$ 83,288	\$ 75,211
Capital Assets	75,065	45,945	116,202	99,694	191,267	145,639
Total Assets	122,356	91,042	152,199	129,808	274,555	220,850
Long-term liabilities outstanding	95,185	79,433	47,098	26,763	142,283	106,196
Other Liabilities	6,692	6,978	11,165	10,833	17,857	17,811
Total Liabilities	101,877	86,411	58,263	37,596	160,140	124,007
Net Assets						
Invested in capital assets, net of related debt	42,287	17,033	83,796	78,989	126,083	96,022
Restricted	4,428	11,227	11,685	9,967	16,113	21,194
Unrestricted	(26,237)	(23,629)	(1,545)	3,256	(27,782)	(20,373)
Total Net Assets	\$ 20,478	\$ 4,631	\$ 93,936	\$ 92,212	\$ 114,414	\$ 96,843

An additional portion of the City's net assets, 14%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets normally would be used to meet the government's ongoing obligations to citizens and creditors. However, due to the overall net deficit of \$27,782, neither the governmental or business-type activities would have funds for this purpose.

At the end of the current fiscal year, the City was able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The negative unrestricted net assets for governmental activities of \$26,237 is primarily due to a net pension obligation of \$40,815.

There was an increase of \$1,725 in net assets reported in connection with the City's business-type activities. This increase is primarily due to charges for services exceeding expenses for business-type activities.

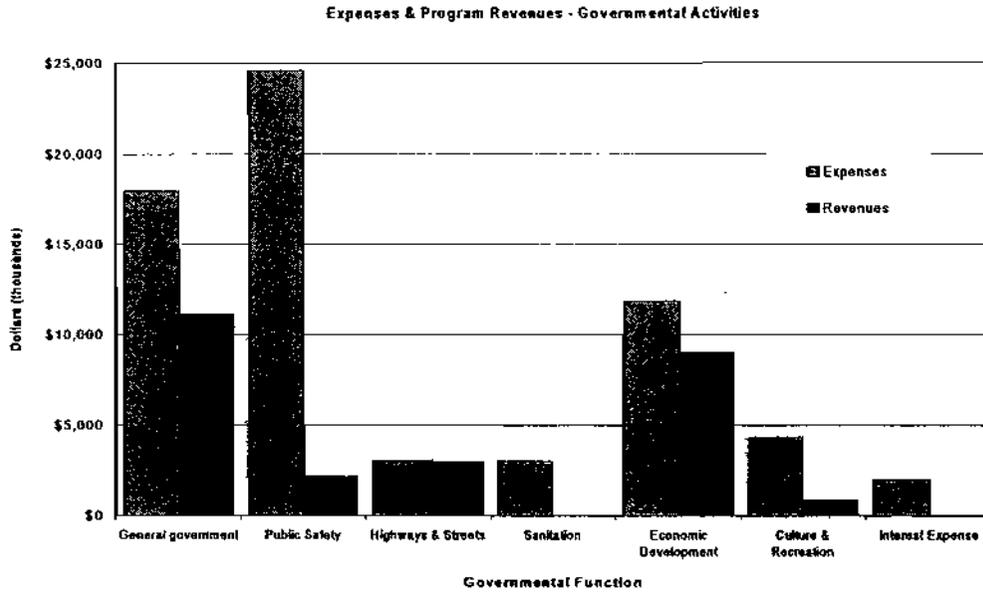
Governmental Activities. Governmental activities decreased the City's net assets by \$1,387; however, the government delayed retroactive reporting of major general infrastructure in prior periods. Restatement of net assets at January 1, 2006 to retroactively recognize the major general infrastructure assets increased net assets by \$17,234, which represents 17.8% of the 'as originally reported' balance and 15% of the restated net asset balance.

The City's overall cash and cash equivalents, \$31,962 (Governmental Funds), remained strong in the current economic environment, which posed so many challenges in the local government arena. The City's portion of property tax rates decreased \$0.02 in 2006 to \$1.56 per \$100 of assessed value.

The following table displays the City's changes in net assets for fiscal years 2005 and 2006.

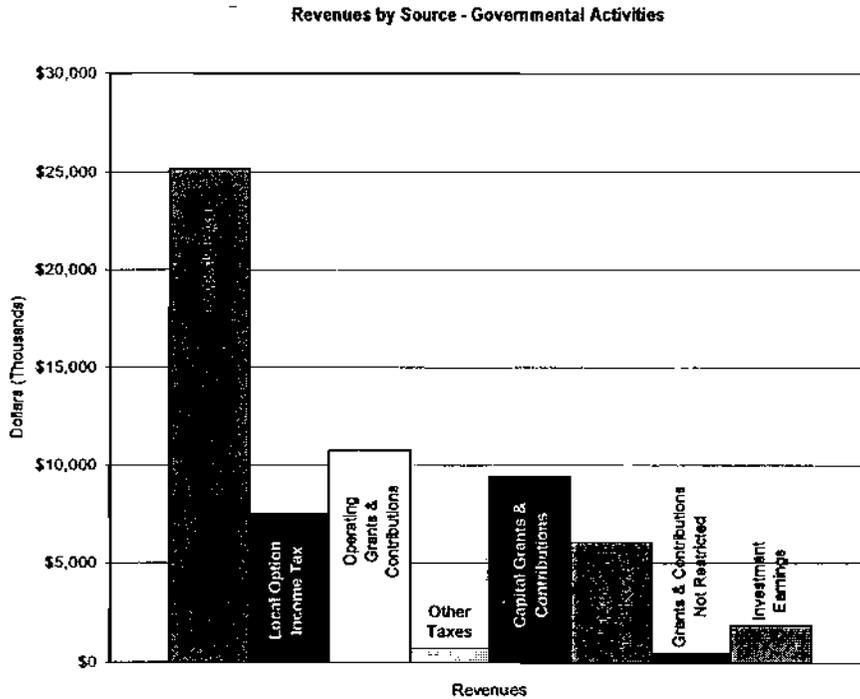
City of Anderson, Indiana Changes in Net Assets						
Description	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program Revenues						
Charges for Services	\$ 6,063	\$ 5,095	\$ 73,166	\$ 70,331	\$ 79,229	\$ 75,426
Operating Grants & Contributions	10,758	7,654	88	-	10,846	7,654
Capital Grants & Contributions	9,485	5,653	206	-	9,691	5,653
General Revenues						
Property Taxes	25,157	28,031	-	-	25,157	28,031
Local Option Income taxes (shared)	7,535	7,594	-	-	7,535	7,594
Other taxes (shared)	735	2,905	-	-	735	2,905
Grants & Contributions not restricted to specific programs	480	460	-	-	480	460
Investment earnings	1,857	1,106	391	186	2,248	1,292
Transfers	3,339	3,501	(3,339)	(3,501)	-	-
Total Revenues	65,409	61,999	70,512	67,016	135,921	129,015
Expenses						
General	17,958	16,115	-	-	17,958	16,115
Public Safety	24,566	25,031	-	-	24,566	25,031
Highways/Streets	3,060	3,524	-	-	3,060	3,524
Sanitation	3,017	1,779	-	-	3,017	1,779
Economic Development	11,867	3,351	-	-	11,867	3,351
Culture & Recreation	4,345	4,471	-	-	4,345	4,471
Interest on Long-term debt	1,983	1,959	-	-	1,983	1,959
Water	-	-	5,370	5,101	5,370	5,101
Wastewater	-	-	12,404	10,864	12,404	10,864
Electric	-	-	51,013	47,295	51,013	47,295
Total Expenses	66,796	56,230	68,787	63,260	135,583	119,490
Increase in Net Assets	(1,387)	5,769	1,725	3,756	338	9,525
Net Assets at January 1 (restated)	21,865	(1,138)	92,212	88,456	114,077	87,318
Net Assets at December 31	\$ 20,478	\$ 4,631	\$ 93,937	\$ 92,212	\$ 114,415	\$ 96,843

The following chart displays the Expenses and Program Revenues of the City's governmental activities:



Taxes, as in prior years, were the City's major source of revenue supporting its activities, primarily in the area of public safety, culture and recreation as well as economic development and assistance. Other sources of revenue consisted primarily of investment earnings.

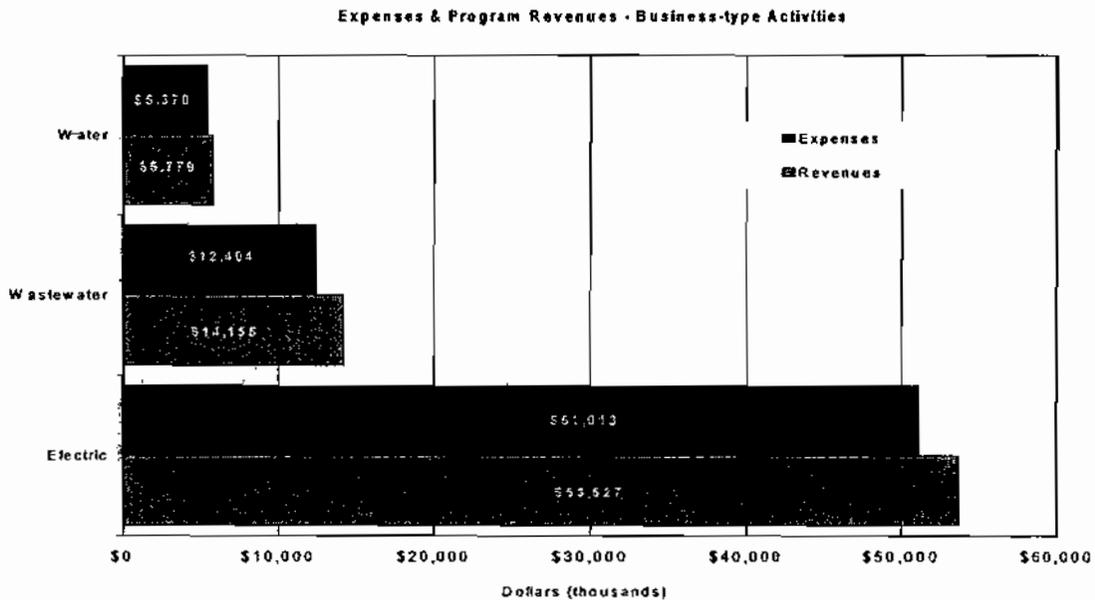
The following chart displays the Revenues by Source of the City's governmental activities:



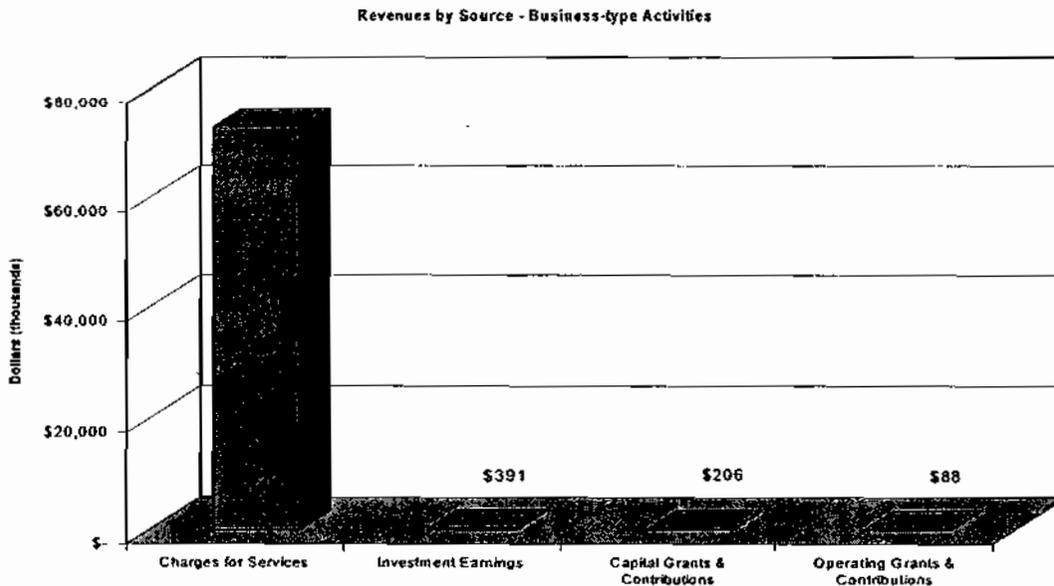
Business-type activities. Business-type activities increased the City's net assets by \$1,725, accounting for 10 percent of the total change (including restatement for retroactive infrastructure additions) in the government's net assets. Key elements of this increase are as follows:

- The water utility's revenue exceeded its expenses by \$409.
- The wastewater utility's revenue exceeded its expenses by \$1,751.
- The electric utility's revenue exceeded its expenses by \$2,513.
- Charges for services revenue increased by \$2,835, or 4%.
- Investment earnings increased by \$206, or 111%.

The following chart displays the Expenses and Program Revenues of the City's business-type activities.



The following chart displays the Revenues by Source of the City's business-type activities.



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financial requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$35,429, an increase of \$2,821 in comparison with the prior year. Approximately 38% of this total amount, \$13,483 constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to (1) Encumbrances (\$17,127); (2) Loans receivable (\$764); (3) Debt service (\$3,865); and (4) Assets held for resale (\$190).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$4,839, while total fund balance equaled \$5,061.

The balance of the City's general fund decreased by \$401 during the current fiscal year. Key factors attributing to the changes in fund balance are as follows:

- Expenditures exceeded revenues by \$54, excluding other financing sources and uses.
- Expenditures for Public Safety (67% of general fund expenditures) increased by \$629.
- Expenditures for Highways and Streets increased by \$1,018.
- Expenditures for Economic Development increased by \$80.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Net assets at the end of the year amounted to \$93,936; \$16,139 for the Water Utility, \$27,259 for the Wastewater Utility, and \$50,538 for the Electric Utility. The total growth in net assets was (\$244), \$754, and \$1,215, respectively. Other factors concerning the finances of these three funds have been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The difference between the original appropriation budget and the final budget was a \$690 decrease in appropriations. Following are the main components of the decrease:

- An \$819 decrease in general government appropriation
- A \$214 increase in public safety appropriation
- A \$72 decrease in highways and streets appropriation

The positive variance of \$655 between the actual budgetary basis amounts and the final budget was primarily attributable to general government (\$171), public safety (\$329), and highways and streets (\$103).

During the year, overall general fund revenues exceeded final budgeted amounts by \$1,855 due to increased revenue in intergovernmental (\$1,662), licenses and permits (\$101), charges for services (\$453), and other revenue (\$1,524).

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2006, increased by \$45,628 to \$191,267 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, transportation equipment, construction in progress, and infrastructure.

Major capital asset events during the current fiscal year included the following:

- As permitted, the government delayed retroactive reporting of major general infrastructure in prior periods. Net assets have been restated during the current period to retroactively recognize general infrastructure assets not previously recorded.
- \$12,960 was invested in automated meter reading equipment for the Water and Electric Utility.
- \$5,109 was invested in storm water improvements

The following table displays the City's capital assets.

City of Anderson, Indiana Capital Assets							
	Governmental Activities		Business-type Activities		Total		
	2006	2005	2006	2005	2006	2005	
Land	\$ 13,497	\$ 8,445	\$ 1,031	\$ 1,031	\$ 14,528	\$ 9,476	
Construction in Progress	6,819	78	27,832	13,406	34,651	13,484	
Buildings	32,341	28,536	37,894	37,461	70,235	65,997	
Improvements	11,852	11,531	103,518	99,230	115,370	110,761	
Infrastructure	47,858	9,322	-	-	47,858	9,322	
Machinery & Equipment	18,563	17,618	34,172	33,502	52,735	51,120	
Transportation Equipment	-	-	4,068	3,690	4,068	3,690	
Total Capital Assets	130,930	75,530	208,515	188,320	339,445	263,850	
Depreciation	(55,865)	(29,585)	(92,313)	(88,626)	(148,178)	(118,211)	
Net Capital Assets	\$ 75,065	\$ 45,945	\$ 116,202	\$ 99,694	\$ 191,267	\$ 145,639	

Additional information on the City's capital assets can be found in Note 3A on pages 32-34 in the Notes to the Financial Statements of this report.

Long-term debt. At the end of the current fiscal year, the City had total long-term debt related liabilities outstanding of \$44,851 related to governmental activities and \$25,420 related to business-type activities. Of this amount, \$26,371 is comprised of bonds backed by the full faith and credit of the government while the remaining amounts are \$7,325 lease rental bonds, \$570 first mortgage bonds, \$8,685 tax increment financing bonds, \$1,900 local option income tax bonds, and \$25,420 revenue bonds.

The remainder of the City's debt of \$78,227 is comprised of \$40,815 in net pension liability, \$10,674 in notes and loans, \$2,564 in compensated absences, and \$24,289 in capital leases.

The following table reflects the City's long-term debt:

City of Anderson, Indiana Long-term debt						
Description	Governmental Activities		Business-type activities		Total	
	2006	2005	2006	2005	2006	2005
General/Special Obligation debt	\$ 44,851	\$ 39,365	\$ -	\$ -	\$ 44,851	\$ 39,365
Revenue bonds	-	-	25,420	28,115	25,420	28,115
Subtotal	44,851	39,365	25,420	28,115	70,271	67,480
Net pension liability	40,815	39,980	-	-	40,815	39,980
Capital leases	1,870	2,242	22,420	270	24,290	2,512
Notes and loans	10,510	350	164	213	10,674	563
Compensated absences	1,286	1,277	1,278	1,276	2,564	2,553
Less: Issuance discounts	(213)	(228)	(116)	(131)	(329)	(359)
Subtotal	99,119	82,986	49,166	29,743	148,285	112,729
Less: Current portion	(3,934)	(3,553)	(2,068)	(2,991)	(6,002)	(6,544)
Total Long-term debt	\$ 95,185	\$ 79,433	\$ 47,098	\$ 26,752	\$ 142,283	\$ 106,185

The City's total bonded debt for governmental and business-type activities increased by \$2,791 during the current fiscal year. The key factor in this increase was issuance of \$7,999 of Economic Development Revenue Bonds, less the normal yearly debt service payments.

The City maintains an "A-" rating from Standard & Poor's and an "A3" rating from Moody's Investor Service for general obligation debt. Both ratings indicate high medium quality and strong capacity to pay the City's bonds.

Additional information of the City's long-term debt can be found in Note 4 on pages 35-39 in Notes to the Financial Statements of this report.

Economic Factors and Next Year's Budgets and Rates

- Major industry relocation reduced manufacturing job availability.
- Nestle is locating a 900,000 square foot facility in the Flagship Enterprise Park, adding 300 jobs.
- The Department of Economic Development reported the announcement of 562 new or retained jobs in the City.
- The Nichol/Raible Avenues Redevelopment Plan was finalized in 2006.

All of the above factors were considered in preparing the City's budget for the 2007 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Anderson, City Controller's Office, 120 East 8th Street, 4th floor, Anderson, Indiana, 46018.

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BASIC FINANCIAL STATEMENTS

CITY OF ANDERSON, INDIANA
STATEMENT OF NET ASSETS
December 31, 2006

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 9,577,728	\$ 3,151,091	\$ 12,728,819
Cash with fiscal agent	1,039,809	9,363,041	10,402,850
Investments	2,957,878	-	2,957,878
Receivables (net of allowances for uncollectibles):	6,187,090	5,344,149	11,531,239
Internal balances	(142,379)	142,379	-
Inventories	-	2,321,995	2,321,995
Deferred charges	1,027,333	705,446	1,732,779
Restricted:			
Cash and cash equivalents	24,291,380	14,968,733	39,260,113
Capital assets:			
Land, improvements and construction in progress	20,316,580	28,863,050	49,179,630
Other capital assets, net of depreciation	54,748,898	87,338,859	142,087,757
Assets held for resale	189,795	-	189,795
Net pension asset	2,161,886	-	2,161,886
Total assets	<u>122,355,998</u>	<u>152,198,743</u>	<u>274,554,741</u>
<u>Liabilities</u>			
Accounts payable	422,248	7,197,624	7,619,872
Accrued payroll and withholdings payable	381,174	212,698	593,872
Taxes payable	-	421,658	421,658
Contracts payable	43,246	483,940	507,186
Accrued interest payable	665,738	93,837	759,575
Unearned revenue	8,247	-	8,247
Deferred claims liability	1,238,065	-	1,238,065
Customer deposits	-	706,907	706,907
Noncurrent liabilities:			
Due within one year	3,933,645	2,067,834	6,001,479
Due in more than one year	95,185,235	47,097,935	142,283,170
Total liabilities	<u>101,877,598</u>	<u>58,262,433</u>	<u>160,140,031</u>
<u>Net assets</u>			
Invested in capital assets, net of related debt	42,287,125	83,796,128	126,083,253
Restricted for:			
Debt service	4,427,997	4,019,177	8,447,174
Capital projects	-	7,666,341	7,666,341
Unrestricted	(26,236,723)	(1,545,336)	(27,782,059)
Total net assets	<u>\$ 20,478,399</u>	<u>\$ 93,936,310</u>	<u>\$ 114,414,709</u>

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

CITY OF ANDERSON, INDIANA
 STATEMENT OF ACTIVITIES
 For The Year Ended December 31, 2006

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
Governmental activities:						
General government	\$ 17,958,135	\$ 3,505,575	\$ 5,812,233	\$ 1,848,599	\$ (8,791,728)	\$ -
Public safety	24,565,815	1,689,127	474,621	20	(22,402,047)	-
Highways and streets	3,060,316	160,684	2,263,288	584,355	(51,989)	-
Sanitation	3,017,322	43,284	579	-	(2,973,459)	-
Economic development	11,866,547	-	1,957,413	7,051,124	(2,858,010)	-
Culture and recreation	4,344,836	664,113	249,915	726	(3,430,982)	-
Interest on long-term debt	1,983,215	-	-	-	(1,983,215)	-
Total governmental activities	66,796,186	6,062,783	10,758,049	9,484,824	(40,490,530)	-
Business-type activities:						
Water	5,370,126	5,782,866	15,782	-	-	408,532
Wastewater	12,404,115	14,144,986	-	10,137	-	1,751,008
Electric	51,013,460	53,258,294	72,286	196,000	-	2,513,120
Total business-type activities	68,787,701	73,166,146	88,078	206,137	-	4,672,660
Total	\$ 135,583,887	\$ 79,228,929	\$ 10,846,127	\$ 9,690,961	(40,490,530)	4,672,660
General revenues:						
Property taxes					25,156,690	-
Local option income taxes					7,534,823	-
Other taxes					734,908	-
Grants and contributions not restricted to specific programs					480,540	-
Investment earnings					1,856,987	391,137
Transfers					3,339,173	(3,339,173)
Total general revenues and transfers					39,103,121	(2,948,036)
Change in net assets					(1,387,409)	1,724,624
Net assets - December 31, 2005					4,831,410	92,211,686
Retroactive infrastructure additions - net (Note 16)					17,234,398	-
Net assets - January 1, 2006 (restated)					21,865,808	92,211,686
Net assets - December 31, 2006					\$ 20,478,399	\$ 93,936,310
						\$ 114,414,709

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

CITY OF ANDERSON, INDIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2006

<u>Assets</u>	<u>General</u>	<u>Nestle TIF Capital</u>	<u>Non-major Governmental Funds</u>	<u>Totals</u>
Cash and cash equivalents	\$ 4,228,183	\$ 9,576,075	\$ 18,158,094	\$ 31,962,352
Cash with fiscal agent	-	-	1,039,809	1,039,809
Receivables (net of allowances for uncollectibles):				
Interest	23,918	-	-	23,918
Taxes	2,172,684	-	518,461	2,691,145
Accounts	28,898	-	472,228	501,126
Intergovernmental	1,315,218	-	860,900	2,176,118
Loans	-	-	794,783	794,783
Interfund receivable	-	-	369,723	369,723
Assets held for resale	-	-	189,795	189,795
Total assets	\$ 7,768,901	\$ 9,576,075	\$ 22,403,793	\$ 39,748,769
 <u>Liabilities and fund balances</u>				
Liabilities:				
Accounts payable	\$ 104,488	\$ -	\$ 317,760	\$ 422,248
Accrued payroll and withholdings payable	325,566	-	55,608	381,174
Contracts payable	-	-	43,246	43,246
Interfund payable	86,397	-	425,705	512,102
Deferred revenue:				
Unavailable	2,182,785	-	655,199	2,837,984
Unearned	8,247	-	-	8,247
Notes and loans payable - current	-	-	115,000	115,000
Total liabilities	2,707,483	-	1,612,518	4,320,001
 Fund balances:				
Reserved for:				
Encumbrances	222,226	9,076,075	7,828,722	17,127,023
Loans receivable	-	-	763,505	763,505
Debt service	-	-	3,864,951	3,864,951
Assets held for resale	-	-	189,795	189,795
Unreserved, reported in:				
General fund	4,839,192	-	-	4,839,192
Special revenue funds	-	-	3,254,014	3,254,014
Capital projects funds	-	500,000	4,890,288	5,390,288
Total fund balances	5,061,418	9,576,075	20,791,275	35,428,768
Total liabilities and fund balances	\$ 7,768,901	\$ 9,576,075	\$ 22,403,793	\$ 39,748,769

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

CITY OF ANDERSON, INDIANA
 RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET ASSETS
 GOVERNMENTAL FUNDS
 December 31, 2006

Total fund balances for governmental funds \$ 35,428,768

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. Those assets consist of:

Land	13,497,165	
Construction in progress	6,819,415	
Buildings, net of \$11,813,651 accumulated depreciation	20,527,219	
Improvements other than buildings, net of \$7,652,661 accumulated depreciation	4,199,022	
Machinery and equipment, net of \$10,997,678 accumulated depreciation	7,585,031	
Infrastructure, net of \$25,400,702 accumulated depreciation	<u>22,457,626</u>	
Total capital assets		75,065,478

Bond issuance costs associated with debt issued by the City were reported as expenditures in the governmental when the debt was issued, whereas bond issuance costs are deferred in the statement of net assets. Deferred bond issuance costs are amortized, over the life of the debt issued, as an adjustment to interest expense in the statement of activities: 1,027,332

Some assets are not available to pay for current-period expenditures and therefore, are deferred in the funds: 2,837,984

Net pension asset represents a prepayment to the Public Employees' Retirement Fund and is reported as an expenditure in the governmental funds but, is reported as an asset in the government-wide statements: 2,161,886

Internal service funds are used by the City to account for the financing of goods or services provided by one department or agency to other City departments or agencies, generally on a cost reimbursement basis. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are: 3,626,569

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and therefore, are not reported in the funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net assets. Also, discount or premium received on new debt was reported in the governmental funds when the debt was issued, whereas these amounts are deferred and amortized, over the remaining life of the new debt, as an adjustment to interest expense in the statement of activities. Balances at December 31 are:

General and special obligation bonds payable	(44,851,372)	
Unamortized discount	212,894	
Capital leases payable	(1,869,510)	
Notes and loans payable	(10,395,000)	
Interest payable	(665,738)	
Compensated absences payable	<u>(1,286,096)</u>	
Total long-term liabilities		(58,854,822)

Net pension obligations, including the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension are not due and payable in the current period and therefore, are not reported in the funds, but are included in the government-wide statements: (40,814,796)

Total net assets of governmental activities \$ 20,478,399

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

CITY OF ANDERSON, INDIANA
STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

	General	Nestle TIF Capital	Non-major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 18,287,290	\$ -	\$ 7,052,139	\$ 25,339,429
Licenses and permits	401,392	-	11,860	413,252
Intergovernmental	9,713,328	-	8,887,404	18,600,732
Charges for services	2,749,288	-	1,882,021	4,631,309
Fines and forfeits	187,042	-	597,856	784,898
Other	2,146,992	-	1,115,382	3,262,374
Total revenues	33,465,332	-	19,546,662	53,031,994
Expenditures:				
Current:				
General government	6,890,541	-	2,983,607	9,874,148
Public safety	22,427,489	-	241,025	22,668,514
Highways and streets	2,115,177	-	2,331,069	4,446,246
Sanitation	1,788,000	-	-	1,788,000
Economic development	318,357	-	2,487,068	2,805,425
Culture and recreation	-	-	3,181,944	3,181,944
Debt service:				
Principal	-	-	2,513,000	2,513,000
Interest	-	-	1,776,128	1,776,128
Capital outlay	-	8,457,997	11,465,946	19,923,943
Total expenditures	33,539,564	8,457,997	26,979,787	68,977,348
Excess (deficiency) of revenues over (under) expenditures	(54,232)	(8,457,997)	(7,433,125)	(15,945,354)
Other financing sources (uses):				
Transfers in	-	-	1,366,415	1,366,415
Transfers out	(583,562)	-	(782,853)	(1,366,415)
Issuance of debt	-	17,999,372	275,000	18,274,372
Premium on issuance of debt	-	34,700	-	34,700
Financing by capital lease	236,477	-	220,736	457,213
Total other financing sources (uses)	(347,085)	18,034,072	1,079,298	18,766,285
Net change in fund balances	(401,317)	9,576,075	(6,353,827)	2,820,931
Fund balances - January 1	5,462,735	-	27,145,102	32,607,837
Fund balances - December 31	\$ 5,061,418	\$ 9,576,075	\$ 20,791,275	\$ 35,428,768

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

CITY OF ANDERSON, INDIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND OTHER CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (Statement of Revenues, Expenditures and Changes in Fund Balances).	\$ 2,820,931
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets, which meet capitalization requirements, is capitalized. The cost of depreciable assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>	
Land	3,295,504
Construction in progress	6,776,147
Buildings, net of \$81,409 depreciation expense	3,722,968
Improvements other than buildings, net of \$1,458,421 depreciation expense	(1,137,504)
Machinery and equipment, net of \$1,353,177 depreciation expense	1,483,791
Infrastructure, net of \$2,858,551 depreciation expense	<u>(1,131,809)</u>
Net change in capital asset additions	13,009,097
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	(1,122,781)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	540,718
Governmental funds report pension plan funding as an expenditure. However, in the statement of activities contributions in excess of actuarially required funding are capitalized. This is the amount by which pension plan funding exceeded required amounts in the current period.	48,784
The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(15,299,745)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(843,473)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.	<u>(540,940)</u>
Change in net assets of governmental activities (statement of activities)	<u>\$ (1,387,409)</u>

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

CITY OF ANDERSON, INDIANA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2006

Assets	Business-Type Activities - Enterprise Funds			Total	Governmental
	Water Utility	Wastewater Utility	Electric Utility		Internal Service Funds
Current assets:					
Cash and cash equivalents	\$ 347,225	\$ 1,599,405	\$ 1,204,461	\$ 3,151,091	\$ 1,906,756
Cash with fiscal agent	3,865,795	-	5,497,246	9,363,041	-
Investments	-	-	-	-	2,957,878
Restricted					
Cash and cash equivalents	40,650	1,097,152	2,416,882	3,554,684	-
Receivables (net of allowance for uncollectibles)					
Accounts	483,396	1,471,896	3,388,857	5,344,149	-
Interfund - services provided and used	38,000	26,560	119,780	184,340	-
Inventories	253,397	28,787	2,039,811	2,321,995	-
Total current assets	<u>5,028,463</u>	<u>4,223,800</u>	<u>14,667,037</u>	<u>23,919,300</u>	<u>4,864,634</u>
Noncurrent assets:					
Restricted:					
Cash and cash equivalents	1,824,483	5,096,598	4,492,968	11,414,049	-
Total restricted assets:	<u>1,824,483</u>	<u>5,096,598</u>	<u>4,492,968</u>	<u>11,414,049</u>	<u>-</u>
Deferred charges	186,153	259,267	260,026	705,446	-
Capital assets:					
Land, improvements to land and construction in progress	8,809,319	8,539,620	11,514,111	28,863,050	-
Other capital assets (net of accumulated depreciation)	13,268,591	22,373,799	51,896,469	87,338,859	-
Total capital assets	<u>22,077,910</u>	<u>30,913,419</u>	<u>63,210,580</u>	<u>116,201,909</u>	<u>-</u>
Total noncurrent assets	<u>24,088,546</u>	<u>36,269,284</u>	<u>67,963,574</u>	<u>128,321,404</u>	<u>-</u>
Total assets	<u>29,117,009</u>	<u>40,493,084</u>	<u>82,830,611</u>	<u>152,240,704</u>	<u>4,864,634</u>
Liabilities					
Current liabilities:					
Accounts payable	202,591	316,504	6,678,529	7,197,624	-
Accrued payroll and withholdings payable	42,435	73,701	96,562	212,698	-
Taxes payable	39,732	406	381,520	421,658	-
Compensated absences	27,413	44,683	69,916	142,012	-
Accrued interest payable	723	723	1,447	2,893	-
Interfund - services provided and used	19,666	16,062	6,233	41,961	-
Notes and loans payable	-	51,782	-	51,782	-
Capital lease obligations	27,260	27,260	54,520	109,040	-
Deferred claims liability	-	-	-	-	1,238,065
Current liabilities payable from restricted assets:					
Customer deposits	40,650	-	666,257	706,907	-
Contracts payable	-	176,639	287,301	463,940	-
Revenue bonds payable	-	560,000	1,205,000	1,765,000	-
Accrued interest payable	-	90,944	-	90,944	-
Total current liabilities	<u>400,470</u>	<u>1,358,704</u>	<u>9,447,285</u>	<u>11,206,459</u>	<u>1,238,065</u>
Noncurrent liabilities:					
Compensated absences	248,584	274,274	612,736	1,135,593	-
Revenue bonds payable (net of unamortized discounts)	-	11,475,208	12,063,874	23,539,082	-
Notes and loans payable	-	111,893	-	111,893	-
Capital lease obligations	12,328,511	14,057	9,968,799	22,311,367	-
Total noncurrent liabilities	<u>12,577,095</u>	<u>11,875,432</u>	<u>22,645,408</u>	<u>47,097,935</u>	<u>-</u>
Total liabilities	<u>12,977,565</u>	<u>13,234,136</u>	<u>32,092,693</u>	<u>58,304,394</u>	<u>1,238,065</u>
Net assets					
Invested in capital assets, net of related debt	13,587,933	21,205,522	49,002,673	83,796,128	-
Restricted for:					
Debt service	185,430	1,729,750	2,103,997	4,019,177	-
Capital projects	1,824,483	2,572,073	3,269,785	7,666,341	-
Unrestricted	541,598	1,751,603	(3,838,537)	(1,545,336)	3,626,589
Total net assets	<u>\$ 16,139,444</u>	<u>\$ 27,258,948</u>	<u>\$ 50,537,918</u>	<u>\$ 93,936,310</u>	<u>\$ 3,626,589</u>

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

CITY OF ANDERSON, INDIANA
STATEMENT OF REVENUES, EXPENSES AND OTHER CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
For The Year Ended December 31, 2006

	Business-type Activities - Enterprise Funds			Total	Governmental Activities -
	Water Utility	Wastewater Utility	Electric Utility		Internal Service Funds
Operating revenues:					
Residential sales	\$ 3,784,765	\$ 9,394,936	\$ 25,577,242	\$ 38,756,943	\$ -
Commercial and industrial sales	1,701,467	3,775,020	26,407,235	31,883,722	-
Employer/employee contributions	-	-	-	-	10,733,040
Other	276,634	975,030	1,273,817	2,525,481	327,543
Total operating revenues	5,762,866	14,144,986	53,258,294	73,166,146	11,060,583
Operating expenses:					
Operations and maintenance	1,074,885	4,814,996	38,017,004	43,906,885	-
Transmission and distribution	1,444,941	778,749	4,890,458	7,114,148	-
Customer accounts	92,181	27,636	461,475	581,292	-
Administration and general	2,959,864	5,279,612	6,440,724	14,680,200	36,007
Depreciation	526,274	1,503,851	2,311,387	4,341,512	-
Insurance claims and premiums	-	-	-	-	11,691,176
Total operating expenses	6,098,145	12,404,844	52,121,048	70,624,037	11,727,183
Operating income (loss)	(335,279)	1,740,142	1,137,246	2,542,109	(666,600)
Nonoperating revenues (expenses):					
Interest and investment revenue	77,404	148,739	164,994	391,137	125,660
Interest expense	(2,328)	(146,962)	(245,270)	(394,560)	-
Other revenue	15,792	-	72,286	88,078	-
Other expense	-	(47,842)	(14,925)	(62,767)	-
Loss on disposal of assets	-	(950,401)	(95,109)	(1,045,510)	-
Total nonoperating revenue (expenses)	90,868	(996,466)	(118,024)	(1,023,622)	125,660
Income (loss) before contributions	(244,411)	743,676	1,019,222	1,518,487	(540,940)
Capital contributions	-	10,137	196,000	206,137	-
Change in net assets	(244,411)	753,813	1,215,222	1,724,624	(540,940)
Total net assets - January 1	16,383,855	26,505,135	49,322,696	92,211,686	4,167,509
Total net assets - December 31	\$ 16,139,444	\$ 27,258,948	\$ 50,537,918	\$ 93,936,310	\$ 3,626,569

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

CITY OF ANDERSON, INDIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Year Ended December 31, 2006

	Enterprise Funds				Governmental Activities -
	Water Utility	Wastewater Utility	Electric Utility	Total	Interest Service Fund
Cash flows from operating activities:					
Receipts from customers and users	\$ 5,776,423	\$ 14,094,050	\$ 53,212,076	\$ 73,082,549	\$ -
Receipts from interfund services provided	(37,463)	(12,977)	65,641	15,201	-
Receipts from employer/employees	-	-	-	-	10,733,040
Receipts - other	-	-	-	-	466,725
Payments to suppliers	(3,012,213)	(6,039,964)	(42,723,531)	(51,775,708)	-
Payments to employees	(2,392,647)	(4,633,567)	(6,398,855)	(13,425,069)	-
Payments for interfund services used	(14,181)	(10,600)	(1,207)	(25,988)	-
Payments for administration and general	-	-	-	-	(36,930)
Payments for insurance claims and premiums	-	-	-	-	(11,751,142)
Net cash provided (used) by operating activities	319,919	3,396,942	4,154,124	7,870,985	(588,307)
Cash flows from capital and related financing activities:					
Proceeds from capital debt	12,138,944	-	9,827,976	21,966,920	-
Capital contributions	-	10,137	196,000	206,137	-
Acquisition and construction of capital assets	(9,081,677)	(2,827,464)	(9,629,616)	(21,538,757)	-
Acquisition of deferred charges	(129,048)	-	-	(129,048)	-
Principal paid on capital debt	(26,158)	(1,615,350)	(1,207,316)	(2,848,824)	-
Interest paid on capital debt	(2,543)	(160,711)	(139,256)	(302,510)	-
Net cash provided (used) by capital and related financing activities	2,899,518	(4,593,388)	(952,242)	(2,646,082)	-
Cash flows from investing activities:					
Proceeds from sales and maturities of investments	1,505,410	11,318,611	22,549,649	35,373,670	2,175,134
Purchase of investments	(1,204,540)	(9,067,856)	(17,325,144)	(27,597,340)	(2,708,827)
Investment income received	77,404	161,838	198,677	437,919	107,072
Net cash provided (used) by investing activities	378,274	2,412,793	5,423,182	8,214,249	(426,621)
Net increase (decrease) in cash and cash equivalents	3,597,711	1,216,347	8,625,094	13,439,152	(1,014,928)
Cash and cash equivalents - January 1	2,480,442	6,576,806	4,998,463	14,043,713	2,921,884
Cash and cash equivalents - December 31	\$ 6,078,153	\$ 7,793,155	\$ 13,611,557	\$ 27,482,865	\$ 1,906,756
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ (335,279)	\$ 1,740,142	\$ 1,137,246	\$ 2,542,109	\$ (666,600)
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation expense	526,274	1,503,651	2,311,387	4,341,512	-
(Increase) decrease in assets:					
Accounts receivable	(3,428)	(50,936)	(68,225)	(122,589)	-
Interfund receivables	(37,463)	(12,877)	65,641	15,201	-
Inventories	34,533	4,910	(108,722)	(69,279)	-
Increase (decrease) in liabilities:					
Customer deposits	16,985	-	22,006	38,991	-
Accounts payable	143,020	92,024	578,578	813,622	-
Contracts payable	-	176,639	203,220	379,859	-
Interfund payable	(14,181)	(10,600)	(1,207)	(25,988)	-
Compensated absence payable	2,512	(35,190)	33,412	734	-
Payroll and withholdings payable	(9,330)	(9,212)	(32,155)	(50,697)	-
Taxes payable	(3,724)	(1,709)	12,943	7,510	-
Deferred claims liability	-	-	-	-	78,293
Total adjustments	655,198	1,656,800	3,016,878	5,328,876	78,293
Net cash provided by operating activities	\$ 319,919	\$ 3,396,942	\$ 4,154,124	\$ 7,870,985	\$ (588,307)
Noncash investing, capital and financing activities:					
Borrowing under capital lease	\$ 175,510	\$ -	\$ 112,708	\$ 288,218	\$ -
Acquisition of deferred charges through accounts payable	15,802	-	-	15,802	-
Purchase of equipment through contracts payable	-	-	67,931	67,931	-
Change in fair value of investments	-	-	-	-	36,389
Reconciliation of cash and cash equivalents as presented on statement of net assets to statement of cash flows					
Statement of net assets:					
Current assets:					
Cash and cash equivalents	\$ 347,225	\$ 1,599,405	\$ 1,204,461	\$ 3,151,091	\$ 1,906,756
Cash with fiscal agent	3,865,795	-	5,497,246	9,363,041	-
Restricted assets:					
Cash and cash equivalents - current	40,650	1,097,152	2,416,882	3,554,684	-
Cash and cash equivalents - noncurrent	1,824,483	5,096,598	4,492,968	11,414,049	-
Cash and cash equivalents per statement of cash flows	\$ 6,078,153	\$ 7,793,155	\$ 13,611,557	\$ 27,482,865	\$ 1,906,756

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

CITY OF ANDERSON, INDIANA
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 December 31, 2006

<u>Assets</u>	Pension Trust Funds	Agency Funds
Cash and cash equivalents	\$ 2,293,776	\$ 1,379,501
Investment in external pool	3,598,227	-
Receivables:		
Taxes	219,226	-
Special assessments	-	103,436
	<u>6,111,229</u>	<u>\$ 1,482,937</u>
Total assets		
	<u>6,111,229</u>	<u>\$ 1,482,937</u>
 <u>Liabilities</u>		
Payroll withholdings payable	\$ -	\$ 926,228
Intergovernmental payable	-	29,905
Special assessments payable	-	91,526
Trust payable	-	435,278
	<u>-</u>	<u>435,278</u>
Total liabilities		
	<u>-</u>	<u>\$ 1,482,937</u>
 <u>Net assets</u>		
Reserved for employees' pension benefits	<u>\$ 6,111,229</u>	

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

CITY OF ANDERSON, INDIANA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For The Year Ended December 31, 2006

<u>Additions</u>	<u>Pension Trust Funds</u>
Contributions:	
Employer	\$ 1,947,407
On-behalf	4,713,409
Plan members	<u>25,762</u>
Total contributions	<u>6,686,578</u>
Investment income	<u>316,930</u>
Total additions	<u>7,003,508</u>
<u>Deductions</u>	
Benefits	6,591,041
Administrative expense	<u>38,216</u>
Total deductions	<u>6,629,257</u>
Change in net assets	374,251
Net assets - January 1	<u>5,736,978</u>
Net assets - December 31	<u>\$ 6,111,229</u>

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

CITY OF ANDERSON, INDIANA
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Anderson (primary government) 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, culture and recreation, public improvements, planning and zoning, general administrative services, electric, water, wastewater, and economic development.

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

Blended Component Units

The Anderson Redevelopment Authority is a significant blended component unit of the City. The City entered into an agreement with the Redevelopment Authority for the purpose of financing the construction of a police station building and other related improvements. The City appoints a voting majority of the Redevelopment Authority's board and a financial benefit/burden relationship exists between the City and the Redevelopment Authority. Although it is legally separate from the City, the Redevelopment Authority is reported as if it were a part of the City because it provides services entirely or almost entirely to the City.

The City of Anderson Redevelopment Authority is included as a Non-major Debt Service Fund (Police Station Sinking) to account for the retirement of debt activity and a Non-major Capital Projects Fund (Police Station Project) to account for construction related expenditures.

Complete financial information for the component unit can be obtained from the City's administrative office:

City of Anderson
Economic Development Department
Anderson Redevelopment Authority
Post Office Box 2100
Anderson, IN 46018

The Anderson City Fire Station Building Corporation is a significant blended component unit of the City. The City entered into an agreement with the Fire Station Building Corporation for the purpose of financing the construction of a fire station building and other related improvements. The City appoints a voting majority of the Fire Station Building Corporation's board and a financial benefit/burden relationship exists between the City and the Fire Station Building Corporation. Although it is legally separate from the City, the Fire Station Building Corporation is reported as if it were a part of the City because it provides services entirely or almost entirely to the City.

The Anderson City Fire Station Building Corporation is included as a Non-major Debt Service Fund (Fire Station Sinking) to account for the retirement of debt activity.

Complete financial information for the component unit can be obtained from the City's administrative office:

City of Anderson
Controller's Office
Anderson City Fire Station Building Corporation

Related Organization

The City's officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability for these organizations does not extend beyond making the appointments. The City appoints the board members of the Anderson Housing Authority.

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

The primary government reports the following major governmental funds:

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

The Nestle TIF capital fund accounts for financial resources related to improvements for the Nestle project.

The primary government reports the following major proprietary funds:

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

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

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

Additionally, the primary government reports the following fund types:

The internal service funds account for health and worker's compensation insurance provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police and 1937 fire pension funds which accumulate resources for pension benefit payments.

Agency funds account for assets held by the primary government as an agent for individuals, private organizations and other governments. The following agency funds are reported by the City: Civil City Payroll, City Clerk, Court Costs Due County and Waivered Barrett Law.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water, wastewater, and electric function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

D. Assets, Liabilities and Net Assets or Equity

1. Cash and Cash Equivalents (deposits) and Investments

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

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

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

Debt securities are reported at fair value. Debt securities are defined as securities backed by the full faith and credit of the United States Treasury or fully insured or guaranteed by the United States or any United States government agency.

Open-end mutual funds are reported at fair value.

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

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

2. Interfund Transactions and Balances

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year and other outstanding balances between funds are referred to as interfund receivables/payables. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

3. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the primary government in June and in December. State statutes (IC 6-1.1-17-16) require the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments that become delinquent if not paid by May 10 and November 10, respectively. Delinquent property taxes outstanding at year end for governmental funds, net of allowances for uncollectible accounts, are recorded as a receivable with an offset to deferred revenue (fund statements) since the amounts are not considered available. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31.

4. Inventories

Inventories are valued at the lower of average cost or market, and consist of maintenance supplies and replacement parts held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

5. Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment and utility plant betterments and improvements, are classified as restricted assets on the statement of net assets balance sheet because they are maintained separately and their use is limited by ordinance or applicable bond covenants.

6. Capital Assets

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

As permitted, the government delayed retroactive reporting of major general infrastructure in prior periods. Net assets have been restated during the current period to retroactively recognize general infrastructure assets not previously recorded. See Note 16.

Capital assets are reported at actual or estimated historical cost. Contributed or donated assets are reported at estimated fair value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Governmental-type Activities:			
Land	All capitalized	N/A	N/A
Infrastructure	\$ 5,000	Straight-line	20-100
Buildings	5,000	Straight-line	20- 40
Improvements other than buildings	5,000	Straight-line	15- 35
Machinery and equipment	5,000	Straight-line	5- 25
Business-type Activities:			
Land	All capitalized	N/A	N/A
Buildings	1,000	Straight-line	33- 67
Improvements other than buildings	1,000	Straight-line	33- 67
Machinery and equipment	1,000	Straight-line	10- 33
Transportation equipment	1,000	Straight-line	10

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total net interest capitalized by the Wastewater Utility and the Electric Utility was \$462,014 and \$382,481, respectively.

7. Deferred Debits

Bond issuance costs are amortized using the straight-line method over the terms of the related issues.

8. Compensated Absences

City employees are entitled to accumulate earned but unused sick pay benefits and carry over vacation pay benefits as described below. Vacation and sick pay is accrued when incurred in the proprietary funds and reported as a fund liability. Vacation and sick pay is accrued for employees and reported in the government-wide financial statements. Only amounts due and payable as of year end are included as fund liabilities.

Sick Leave

City employees earn sick leave at various rates under differing policies. Unused sick leave may be accumulated to a maximum of one hundred eighty days. Sick leave earned beyond the maximum is converted to vacation leave at a ratio of one vacation for every two sick days. Accumulated sick leave is paid to vested employees (those employees with ten or more years of continuous service) upon retirement from City service at one-half the accumulated amount.

Vacation Leave

City employees earn vacation leave at various rates under differing policies. Unused vacation leave may be carried over from one year to the next if used within the first sixty days of the subsequent year. Accumulated vacation leave is paid to employees through cash payments upon termination.

9. Deferred Revenue

The fund financial statements report Deferred Revenue. Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Deferred Revenue Unavailable is defined as revenue earned but not available within a sixty day period. Deferred Revenue Unearned is available but not earned at year-end and is reported in both the fund and government-wide financial statements.

10. Long-Term Obligations

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

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

11. Fund Equity

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

Note 2. 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, the bank balance held at Key Bank in the amount of \$3,003,254 was collateralized with securities held by the pledging financial institution. 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, the City had the following investments:

Investment Maturities
(in years)

Investment Type	Fair Value	Less Than		Duration (in years)
		1	1 to 2	
Mutual Funds	\$20,903,116	\$ 20,903,116	\$ --	\$ --
Government Sponsored Entities	31,064,526	30,758,636	305,890	--
US Treasuries and Securities	3,186,895	2,244,471	942,424	--
Pension Relief Investment Pool	2,518,759	--	--	3.6

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 fifty percent (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.

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.

At the option of the City, an additional distribution in a prior year of police and fire pension relief funds was held for investment in an external investment pool (Pension Relief Fund) by the Public Employees' Retirement Fund of Indiana (PERF). These deferred amounts invested in the Fund are available to participating cities and towns at their request. The Pension Relief Fund is invested to a target of 70% fixed income debt instruments and 30% domestic stock. The fair value of the City's investment in the Fund is the same as the value of pool shares. Domestic stock fair value as of December 31 was \$1,079,468. Responsibility of regulatory oversight for the pool is assumed by the PERF governing board, under direction by statute to "invest its assets with the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims." Utilizing external investment managers, the PERF Board diversifies such investments in accordance with prudent investment standards.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments, including those that are uninsured and 1) uncollateralized, 2) collateralized with securities held by the pledging financial institution, or 3) collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name. At December 31, the City held investments in government sponsored entities and US treasuries and securities in the amount of \$31,064,526 and \$3,186,895, respectively. Of these investments 100% were held by the counterparty or 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 does not have a formal policy in regards to interest rate risk. The City must follow state statute and limit the stated final maturities of the investments to no more than two years.

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have a formal policy in regards to credit risk. The distribution of securities with credit ratings is summarized below.

Standard & Poor's Rating	Moody's Rating	City's Investments	Pension Relief Investment Pool
AAA	Aaa	\$ 55,152,375	\$ 1,700,162
AA	Aa	--	141,051
A	A	--	403,001
BBB	Baa	--	259,432
Unrated	Unrated	2,162	15,113
Total		<u>\$ 55,154,537</u>	<u>\$ 2,518,759</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The 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. At December 31, the City held investments in the Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Bank System in the amount of \$6,727,357 and \$23,005,562, which represented 11% and 39% of the City's investments, respectively.

Foreign Currency Risk

The City does not have a formal policy in regards to foreign currency risk.

Note 3. Capital Assets

- A. Capital assets for governmental activities are restated to reflect the retroactive recognition of infrastructure assets (see Note 16). Restated beginning balances reflect additions to general infrastructure assets of \$36,809,940 with accumulated depreciation of \$21,332,331. Land right of ways associated with general infrastructure have also been recognized totaling \$1,756,789.

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

	(Restated) Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Land	\$ 10,201,661	\$ 3,295,504	\$ -	\$ 13,497,165
Construction in progress	<u>78,290</u>	<u>6,776,147</u>	<u>35,022</u>	<u>6,819,415</u>
 Total capital assets, not being depreciated	 <u>10,279,951</u>	 <u>10,071,651</u>	 <u>35,022</u>	 <u>20,316,580</u>
Capital assets, being depreciated:				
Buildings	28,536,493	3,804,377	-	32,340,870
Improvements other than buildings	11,530,766	320,917	-	11,851,683
Machinery and equipment	17,617,565	2,836,968	1,891,824	18,562,709
Infrastructure	<u>46,131,586</u>	<u>1,726,742</u>	<u>-</u>	<u>47,858,328</u>
 Totals	 <u>103,816,410</u>	 <u>8,689,004</u>	 <u>1,891,824</u>	 <u>110,613,590</u>
 Total capital assets	 <u>114,096,361</u>	 <u>18,760,655</u>	 <u>1,926,846</u>	 <u>130,930,170</u>
Less accumulated depreciation for:				
Buildings	11,732,242	81,409	-	11,813,651
Improvements other than buildings	6,194,240	1,458,421	-	7,652,661
Machinery and equipment	10,448,566	1,353,177	804,065	10,997,678
Infrastructure	<u>22,542,151</u>	<u>2,858,551</u>	<u>-</u>	<u>25,400,702</u>
 Totals	 <u>50,917,199</u>	 <u>5,751,558</u>	 <u>804,065</u>	 <u>55,864,692</u>
 Total capital assets, being depreciated, net	 <u>52,899,211</u>	 <u>2,937,446</u>	 <u>1,087,759</u>	 <u>54,748,898</u>
 Total governmental activity capital assets, net	 <u>\$ 63,179,162</u>	 <u>\$ 13,009,097</u>	 <u>\$ 1,122,781</u>	 <u>\$ 75,065,478</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,031,066	\$ 218	\$ -	\$ 1,031,284
Construction in progress	<u>13,405,591</u>	<u>19,464,075</u>	<u>5,037,900</u>	<u>27,831,766</u>
 Total capital assets, not being depreciated	 <u>14,436,657</u>	 <u>19,464,293</u>	 <u>5,037,900</u>	 <u>28,863,050</u>
Capital assets, being depreciated:				
Buildings	37,461,178	464,955	32,064	37,894,069
Improvements other than buildings	99,230,184	4,497,155	209,220	103,518,119
Machinery and equipment	33,501,981	1,654,131	984,168	34,171,944
Transportation equipment	<u>3,689,630</u>	<u>418,031</u>	<u>40,017</u>	<u>4,067,644</u>
 Totals	 <u>173,882,973</u>	 <u>7,034,272</u>	 <u>1,265,469</u>	 <u>179,651,776</u>
 Total capital assets	 <u>188,319,630</u>	 <u>26,498,565</u>	 <u>6,303,369</u>	 <u>208,514,826</u>
Less accumulated depreciation for:				
Buildings	24,164,331	656,571	1,926	24,818,976
Improvements other than buildings	42,496,537	2,524,463	114,623	44,906,377
Machinery and equipment	19,118,739	844,094	497,861	19,464,972
Transportation equipment	<u>2,845,999</u>	<u>316,384</u>	<u>39,791</u>	<u>3,122,532</u>
 Totals	 <u>88,625,606</u>	 <u>4,341,512</u>	 <u>654,201</u>	 <u>92,312,917</u>
 Total capital assets, being depreciated, net	 <u>85,257,367</u>	 <u>2,692,760</u>	 <u>611,268</u>	 <u>87,338,859</u>
 Total business-type activity capital assets, net	 <u>\$ 99,694,024</u>	 <u>\$ 22,157,053</u>	 <u>\$ 5,649,168</u>	 <u>\$ 116,201,909</u>

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

Governmental activities:	
General government	\$ 2,280,493
Public safety	1,677,154
Highways and streets	369,250
Economic development	100,652
Culture and recreation	<u>1,324,009</u>
 Total depreciation expense - governmental activities	 <u>\$ 5,751,558</u>
Business-type activities:	
Water	\$ 526,274
Wastewater	1,503,851
Electric	<u>2,311,387</u>
 Total depreciation expense - business-type activities	 <u>\$ 4,341,512</u>

C. Construction Commitments

Construction work in progress is composed of the following:

<u>Project</u>	<u>Total Project Authorized</u>	<u>Expended to December 31, 2006</u>	<u>Committed</u>
Governmental activities:			
Airport	\$ 1,005,428	\$ 716,606	\$ 288,822
Cloverdale	923,745	909,856	13,889
Enterprise Drive	906,462	163,931	742,531
MLK Boulevard	8,500,000	429,022	8,070,978
Seventy-Third Street	3,300,000	429,216	2,870,784
Sixty-Seventh Street	374,700	303,301	71,399
Twenty-Ninth Street	1,851,333	1,317,026	534,307
Other projects	<u>4,767,098</u>	<u>2,550,457</u>	<u>2,216,641</u>
Total governmental activities	<u>21,628,766</u>	<u>6,819,415</u>	<u>14,809,351</u>
Business-type activities:			
Water Utility			
Automated meter reading	12,314,454	8,448,659	3,865,795
Wastewater Utility			
Water treatment	3,468,232	2,891,965	576,267
Storm water	5,265,622	5,108,889	156,733
Electric Utility			
Automated meter reading	9,940,684	4,511,369	5,429,315
Distribution station equipment	1,158,760	1,123,044	35,716
Nestle project substations	1,084,105	336,661	747,444
Pendleton Avenue	688,108	357,138	330,970
Primary and secondary lines	627,517	548,733	78,784
Other projects	<u>4,562,241</u>	<u>4,505,308</u>	<u>56,933</u>
Total business-type activities	<u>39,109,723</u>	<u>27,831,766</u>	<u>11,277,957</u>
Totals	<u>\$ 60,738,489</u>	<u>\$ 34,651,181</u>	<u>\$ 26,087,308</u>

Note 4. Long-Term Liabilities

A. Changes in Long-Term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General and special obligation	\$ 39,365,000	\$ 7,999,372	\$ 2,513,000	\$ 44,851,372	\$ 2,606,000
Less deferred amounts:					
For issuance discounts	(228,054)	-	(15,160)	(212,894)	-
Capital leases	2,241,916	457,213	829,619	1,869,510	821,169
Notes and loans	350,000	10,275,000	115,000	10,510,000	390,000
Compensated absences	1,277,274	179,557	170,735	1,286,096	116,476
Net pension obligation	39,980,145	834,651	-	40,814,796	-
Total governmental activities Long-term liabilities	\$ 82,986,281	\$ 19,745,793	\$ 3,613,194	\$ 99,118,880	\$ 3,933,645

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds payable	\$ 28,115,000	\$ -	\$ 2,695,000	\$ 25,420,000	\$ 1,765,000
Less deferred amounts:					
For issuance discounts	(131,456)	-	(15,538)	(115,918)	-
Capital leases	269,902	22,255,138	104,633	22,420,407	109,040
Notes and loans	212,866	-	49,191	163,675	51,782
Compensated absences	1,276,871	131,336	130,602	1,277,605	142,012
Total business-type activities Long-term liabilities	\$ 29,743,183	\$ 22,386,474	\$ 2,963,888	\$ 49,165,769	\$ 2,067,834

Internal service funds serve both the governmental and proprietary funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental and business-like activities, where applicable. Also, for the governmental activities, compensated absences are generally liquidated by the General, Motor Vehicle Highway, Airport, Community Development, and Parks and Recreation funds.

B. General and Special Obligation Bonds

The City issues general and special obligation bonds to provide funds for the acquisition and construction of major capital facilities and other improvements. General obligation bonds are direct obligations and pledge the full faith and credit of the City. Special obligation bonds are secured by a pledge of special types of income or property taxes. General and special obligation bonds currently outstanding at year end are as follows:

Purpose	Interest Rates	Amount
Sanitary District Bonds of 1991	7.05 - 7.20%	\$ 510,000
Fire Station First Mortgage Bonds of 1994	6.60 - 7.10	570,000
Sanitary District Refunding Bonds of 1998	4.55 - 4.75	1,505,000
County Option Income Tax Bonds of 1998	4.00 - 4.45	1,900,000
Park District Bonds of 1998	4.50 - 5.00	1,585,000
General Obligation Bonds of 2002	3.00 - 3.63	960,000

Redevelopment Tax Increment Bonds of 2002	3.00 - 5.00	5,990,000
Lease Rental Revenue Bonds of 2002	3.50 - 5.00	7,325,000
Park District Bonds of 2003	3.50 - 5.00	1,705,000
Economic Revenue Bonds of 2003	6.00	1,037,000
Sanitary District Bonds of 2004	3.25 - 4.70	9,310,000
Redevelopment Tax Increment Bonds of 2004	3.75 - 5.55	2,695,000
Economic Development Revenue Bonds of 2004	6.30	1,760,000
Economic Development Revenue Bonds of 2006A	4.50	<u>7,999,372</u>
Total		44,851,372
Less unamortized discount		<u>(212,894)</u>
Total (net of unamortized discount)		<u>\$ 44,634,478</u>

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

Year Ended December 31	Governmental Activities	
	Principal	Interest
2007	\$ 2,606,000	\$ 1,613,545
2008	2,693,000	1,533,034
2009	2,791,000	1,421,752
2010	2,919,000	1,302,732
2011	2,777,000	1,173,474
2012-2016	9,047,000	4,391,457
2017-2021	8,781,000	2,409,370
2022-2026	<u>13,237,372</u>	<u>10,855,030</u>
Total	<u>\$ 44,851,372</u>	<u>\$ 24,700,394</u>

C. Revenue Bonds

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

Purpose	Interest Rates	Amount
Electric Utility Improvement Bonds of 1995	4.65-5.30%	\$ 2,280,000
Sewage Utility Improvement Bonds of 1998	4.40-5.00%	1,835,000
Electric Utility Revenue Bonds of 1999	4.00%	1,230,000
Sewage Works Revenue Bonds of 2002	3.25-5.00%	10,230,000
Electric Utility Revenue Bonds of 2003	2.50-4.38%	<u>9,845,000</u>
Total		\$25,420,000
Less unamortized discount		<u>(115,918)</u>
Total (net of unamortized discount)		<u>\$25,304,082</u>

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

Year Ended December 31	Business-Type Principal	Activities Interest
---------------------------	----------------------------	------------------------

2007	\$ 1,765,000	\$ 1,079,182
2008	1,850,000	1,014,279
2009	1,270,000	944,609
2010	1,330,000	895,680
2011	1,385,000	843,132
2012-2016	7,685,000	3,293,965
2017-2021	7,640,000	1,618,294
2022-2024	<u>2,495,000</u>	<u>150,625</u>
Total	<u>\$ 25,420,000</u>	<u>\$ 9,839,766</u>

D. Capital Leases

The City has entered into various capital leases for buildings, machinery and equipment. Assets acquired through capital leases still in effect are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Construction in progress	\$ -	\$ 12,960,028
Buildings	595,466	-
Improvements other than buildings	208,923	-
Machinery and equipment	<u>2,565,366</u>	<u>412,500</u>
Totals	3,369,755	13,372,528
Accumulated depreciation	<u>968,867</u>	<u>31,128</u>
Totals	<u>\$ 2,400,888</u>	<u>\$ 13,341,400</u>

Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31 are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2007	\$ 903,780	\$ 114,805
2008	411,081	1,388,154
2009	179,484	1,861,503
2010	80,539	1,861,503
2011	80,539	2,150,762
2012-2016	348,606	12,200,115
2017-2021	240,726	9,184,854
2022-2023	<u>-</u>	<u>2,367,779</u>
Total minimum lease payments	2,244,755	31,129,475
Less amount representing interest	<u>(375,245)</u>	<u>(8,709,068)</u>
Present value of net minimum lease payments	<u>\$ 1,869,510</u>	<u>\$ 22,420,407</u>

E. Notes and Loans Payable

The City has entered into various notes and loans to provide funding for various economic development initiatives and wastewater utility improvements. Annual debt service requirements

to maturity for the notes and loans for governmental and business-type activities, respectively, are as follows:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2007	\$ 390,000	\$ 461,499	\$ 51,782	\$ 7,847
2008	10,120,000	337,318	54,510	5,119
2009	-	-	57,383	2,247
Totals	<u>\$ 10,510,000</u>	<u>\$ 798,817</u>	<u>\$ 163,675</u>	<u>\$ 15,213</u>

F. Defeasance of Debt

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the primary government's financial statements. At December 31, \$1,675,000 of bonds outstanding is considered defeased.

Note 5. Short-Term Liabilities – Tax Anticipation Notes

The City issues tax anticipation notes in advance of property tax collections, depositing the proceeds in funds supported by property and excise tax revenues. These notes are necessary due to the timing of tax distributions versus cash flow requirements.

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

	Beginning Balance	Issued	Repayments	Ending Balance
Tax anticipation notes	\$ -	\$ 5,281,571	\$ 5,281,571	\$ -

Note 6. Operating Leases

The City has entered into various operating leases having initial or remaining noncancelable terms exceeding one year for vehicles and copiers. Rental expenditures for these leases were \$9,820 and \$4,454 for governmental and business-type activities, respectively. The following is a schedule by years of future minimum rental payments as of December 31:

	Governmental Activities	Business-Type Activities
2007	\$ 9,820	\$ 4,454
2008	8,143	1,856
2009	4,312	-
Total	<u>\$ 22,275</u>	<u>\$ 6,310</u>

Note 7. Interfund Balances and Transfers

A. Interfund Receivables and Payables

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

Payable Fund	Receivable Fund				Total
	Water Utility	Wastewater Utility	Electric Utility	Non-major Governmental	
General	\$ -	\$ -	\$ 86,397	\$ -	\$ 86,397
Water Utility	-	4,030	15,636	-	19,666
Wastewater Utility	-	-	16,062	-	16,062
Electric Utility	-	6,233	-	-	6,233
Non-major Governmental	38,000	16,297	1,685	369,723	425,705
Totals	<u>\$ 38,000</u>	<u>\$ 26,560</u>	<u>\$ 119,780</u>	<u>\$ 369,723</u>	<u>\$ 554,063</u>

Interfund balances resulted from the time lag between the dates that (1) interfund loans are repaid, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

B. Interfund Transfers

Interfund transfers at December 31 were as follows:

Transfer From	Transfer To	
	Non-major Governmental	Total
General	\$ 583,562	\$ 583,562
Non-major governmental	782,853	782,853
Total	<u>\$ 1,366,415</u>	<u>\$ 1,366,415</u>

The primary government typically uses transfers to fund ongoing operating subsidies and to transfer the portion of tax levy excess revenues from the general fund to various other funds.

Note 8. Receivables and Deferred Revenue

Receivables as of December 31 consist of the following:

	General Fund	Non-major Governmental Funds	Water Utility	Wastewater Utility	Electric Utility	Fiduciary Funds	Totals
Receivables:							
Interest							
Current	\$ 23,918	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,918
Taxes	2,172,684	518,461	-	-	-	219,226	2,910,371
Accounts	28,888	1,175,856	803,850	1,471,886	4,672,978	-	8,153,478
Special Assessments	-	-	-	-	-	103,436	103,436
Intergovernmental	1,315,218	860,900	-	-	-	-	2,176,118
Loans	-	794,783	-	-	-	-	794,783
Gross receivables	<u>3,540,718</u>	<u>3,350,000</u>	<u>803,850</u>	<u>1,471,886</u>	<u>4,672,978</u>	<u>322,662</u>	<u>14,162,104</u>
Less allowance for uncollectibles	-	(703,628)	(320,454)	-	(1,284,121)	-	(2,308,203)
Net total receivables	<u>\$ 3,540,718</u>	<u>\$ 2,646,372</u>	<u>\$ 483,396</u>	<u>\$ 1,471,886</u>	<u>\$ 3,388,857</u>	<u>\$ 322,662</u>	<u>\$ 11,853,901</u>

The City has various loan programs where funds are loaned to eligible recipients and recorded as loans receivable. The City has reported outstanding loans in the amount of \$794,783. In addition, a reservation of fund balance in the amount of \$763,505 has been shown on the governmental fund financial statements relating to these loans.

The City charges fees for ambulance services. Uncollected charges at year's end totaling \$1,134,884 are reported as a portion of accounts receivable. The City has a \$703,628 allowance for uncollectible accounts relating to the ambulance fee receivables.

In connection with certain receivables presented above, the City has reported deferred revenue due to the nature of those receivables. Deferred revenue as reported in the fund financial statements of December 31 is as follows:

General Fund	Non-major Governmental	Totals
<u>\$ 2,182,785</u>	<u>\$ 655,199</u>	<u>\$ 2,837,984</u>

Note 9. Risk Management

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

The risks errors and omissions, as related to official bonds 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.

Torts; Theft of, Damage to and Destruction of Assets; Errors and Omissions; Job Related Illness or Injuries to Employees; and Natural Disasters

The primary government has chosen to establish a risk financing fund for risks associated with torts; theft of, damage to and destruction of assets; errors and omissions; job related illness or injuries to employees (workers' compensation benefits) and natural disasters. The risk financing fund is accounted for in the Insurance Loss 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 \$150,000 per incident and in excess of \$850,000 in aggregate per year of loss. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. An annual premium is charged to each fund for the annual aggregate amount not covered by the commercial insurance excess policy.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred.

Changes in the balance of claim liabilities are as follows:

	<u>2005</u>	<u>2006</u>
Unpaid claims, beginning of fiscal year	\$ 34,056	\$ 104,919
Incurred claims and changes in estimates	567,617	347,468
Claim payments	<u>496,754</u>	<u>301,986</u>
– Unpaid claims, end of fiscal year	<u>\$ 104,919</u>	<u>\$ 150,401</u>

Medical Benefits to Employees (Excluding Postemployment Benefits)

The City has chosen to establish a risk-financing fund for risks associated with the medical expenses of its' employees. The risk-financing fund is accounted for in the Medical Health 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 \$150,000 for out of pocket expenses per year per individual and a group aggregate amount of \$8,100,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. A monthly premium is charged to each fund that accounts for employee payroll based upon the number of employees participating.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred.

Changes in the balance of claim liabilities are as follows:

	<u>2005</u>	<u>2006</u>
Unpaid claims, beginning of fiscal year	\$ 1,193,930	\$ 1,054,853
Incurred claims and changes in estimates	9,552,186	10,719,174
Claim payments	<u>9,691,263</u>	<u>10,686,363</u>
Unpaid claims, end of fiscal year	<u>\$ 1,054,853</u>	<u>\$ 1,087,664</u>

Note 10. Assets Held for Resale

The Redevelopment TIF Capital Bond Fund, a governmental (capital projects) fund, holds the following assets (lower of cost or market value) for resale:

6 Commercial Properties	\$ 168,382
1 Parking Lot	<u>21,413</u>
Total	<u>\$ 189,795</u>

The City also accounts for six industrial sites donated by General Motors Corporation. The properties are held by the City for resale and have an estimated fair market value of \$6,297,000. While the City intends to liquidate the assets, rather than retain them for use in its operations, it has

no pending sales as of the date of the financial statements. The properties are accounted for in the City's capital asset records.

Note 11. Restricted Assets

The City has restricted assets for the following Proprietary (Enterprise) fund accounts:

Bond and Interest (Sinking)

The Sewage Works Revenue Refunding Bonds of 1994, Sewage Works Improvement Revenue Bonds of 1998, and Sewage Works Revenue Bonds of 2002 require monthly deposits into a sinking fund account of net revenues of the wastewater utility in an amount equal to at least one-twelfth (1/12) of the amount required for such payments of all interest, fiscal charge, and principal payments, during the then current bond year ending on November 1.

The Electric Utility Improvement Bonds of 1995, Electric Utility Revenue Bonds of 1999, and Electric Utility Revenue Bonds of 2003 require monthly deposits into a sinking fund account of net revenues of the electric utility in an amount equal to at least one-twelfth (1/12) of the amount required for such payments of all interest, fiscal charge, and principal payments, during the next succeeding twelve (12) calendar months.

Additionally, the Electric and Wastewater Utilities accumulate resources equal to the maximum annual debt service, one and one-quarter (1-1/4) times the average annual debt service, or 10% of the bond proceeds for the various bond issues as a reserve requirement in these accounts.

Construction

Bond issue proceeds used in the construction of capital assets are in this account.

Customer Deposit

Customer deposits are refundable amounts received from Water and Electric Utility customers to insure against nonpayment of billings.

Depreciation

Any excess revenues of the Wastewater and Electric Utilities after making any necessary deposits to Bond and Interest (Sinking) accounts and Reserve accounts are paid into Depreciation accounts to be expended for repairs, replacements, additions, improvements, and extensions to the respective utilities.

As required by the Indiana Utility Regulatory Commission (IURC), the Water Utility Depreciation account holds funds to be expended for repairs, replacements, additions, improvements, and extensions to the Water Utility.

Garage

Resources for underground fuel tank maintenance and replacement are in this account.

Improvement

Any excess revenues of the Wastewater Utilities after making any necessary deposits to Bond and Interest (Sinking) account and Depreciation account, and deposits to the Depreciation account, are paid into the Improvement account to be expended for repairs, replacements additions, and extensions to the Wastewater Utility.

Replacement

This account, required by the U. S. Environmental Protection Agency (EPA), exists to provide resources to maintain capacity and performance of the Wastewater Utility.

Revolving

This account is used to account for tap fees collected by the Wastewater Utility to be used to connect new customers to the sewer system.

Well and Tank

Resources for well and elevated tank maintenance are accumulated in this account as required by the Indiana Utility Regulatory Commission (IURC).

Fiber Optic

Resources for fiber optic lines maintenance and replacement are in this account.

The balances of restricted asset accounts, which are comprised of cash and cash equivalents, investments, and interest receivable, in the enterprise funds are as follows:

<u>Fund Name</u>	<u>Water Utility</u>	<u>Wastewater Utility</u>	<u>Electric Utility</u>
<u>Current:</u>			
Bond and Interest (Sinking)	\$ -	\$ 1,097,152	\$ 1,747,030
Customer Deposit	<u>40,650</u>	<u>-</u>	<u>669,852</u>
Total Current	<u>40,650</u>	<u>1,097,152</u>	<u>2,416,882</u>
<u>Noncurrent:</u>			
Bond and Interest (Sinking)	-	464,998	98,388
Construction	-	2,088,657	3,219,614
Depreciation	429,446	806,276	1,046,977
Garage	-	-	79,005
Improvement	-	1,124,458	-
Replacement	-	425,767	-
Revolving	-	186,442	-
Well and Tank	1,395,037	-	-
Fiber Optic	<u>-</u>	<u>-</u>	<u>48,984</u>
Total Noncurrent	<u>1,824,483</u>	<u>5,096,598</u>	<u>4,492,968</u>
Total restricted assets	<u>\$ 1,865,133</u>	<u>\$ 6,193,750</u>	<u>\$ 6,909,850</u>

Note 12. Special Assessment Bonds Payable

Special Assessment Bonds Payable are not reported as a direct obligation of the City in the financial statements. Special assessment bonds are financed by assessments against the property owners benefiting from the proceeds of the bonds. The City is obligated to bondholders only to the extent of assessments collected to pay current debt service requirements of the bonds. Special assessment bonds outstanding at December 31 totaled \$205,035.

Note 13. Postemployment Benefits

In addition to the pension benefits described in Note 15, the City provides postemployment health benefits, as authorized by IC 5-10-8, to all employees who retire from the City with at least fifteen years of service. Currently, 311 retirees meet these eligibility requirements. The City and retirees provide 35% to 80% and 65% to 20%, respectively, of these postemployment benefits. Expenditures for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31 expenditures of \$1,198,494 were recognized for postemployment benefits.

Note 14. Conduit Debt

From time to time, the City has issued Economic Development Revenue Bonds to provide financial assistance to private sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. Neither the City, State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31 there were eleven series of bonds outstanding. The aggregate principal amount outstanding for ten of the issues was \$18,463,325. The aggregate principal amount outstanding of one issue cannot be determined; however, the original authorized issue amount was \$8,500,000.

Note 15. Pension Plans

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

1. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

2. 1925 Police Officers' Pension Plan

Plan Description

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

available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. Administrative costs of the plan are included in the annual operating budget of the fund. The Net Pension Obligation (NPO) is considered an obligation of the City as a whole and is reflected in the Statement of Net Assets. Contributions and benefits of this plan are recognized when due and payable in accordance with the terms of the plan. On-behalf contributions from the State of Indiana as shown in the financial statements approximate an equal amount paid out for benefits.

3. 1937 Firefighters' Pension Plan

Plan Description

The primary government 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. Administrative costs of the plan are included in the annual operating budget of the fund. The Net Pension Obligation (NPO) is considered an obligation of the City as a whole and is reflected in the Statement of Net Assets. Contributions and benefits of this plan are recognized when due and payable in accordance with the terms of the plan. On-behalf contributions from the State of Indiana as shown in the financial statements approximate an equal amount paid out for benefits.

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Annual required contribution	\$ 1,469,364	\$ 3,294,000	\$ 3,529,700
Interest on net pension obligation	(153,200)	1,119,000	1,274,400
Adjustment to annual required contribution	<u>174,583</u>	<u>(1,355,400)</u>	<u>(1,543,600)</u>
Annual pension cost	1,490,747	3,057,600	3,260,500
Contributions made	<u>1,539,531</u>	<u>2,617,048</u>	<u>2,775,801</u>
Increase (decrease) in net pension obligation	(48,784)	440,552	484,699
Net pension obligation, beginning of year	<u>(2,113,102)</u>	<u>18,649,688</u>	<u>21,239,857</u>
Net pension obligation (asset), end of year	<u>\$ (2,161,886)</u>	<u>\$ 19,090,240</u>	<u>\$ 21,724,556</u>

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
Government	6.75%	768%	558%
Plan Members	3%	6%	6%
Actuarial valuation date	07-01-06	01-01-06	01-01-06
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level	Level	Level
	percentage	percentage	percentage
	of projected	of projected	of projected
	payroll, closed	payroll, closed	payroll, closed
Amortization period	40 years	30 years	30 years
Amortization period (from date)	07-01-97	01-01-06	01-01-06
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

4. Financial Statement Information for Defined Benefit Plans

	1925 Police Officers' Pension	1937 Firefighters Pension
<u>Statement of fiduciary net assets</u>		
Assets:		
Cash and cash equivalents	\$ 1,288,711	\$ 1,005,065
Investment in external pool	1,718,488	1,879,739
Receivables:		
Taxes	81,873	137,353
 Total assets	 <u>3,089,072</u>	 <u>3,022,157</u>

Net assets:		
Reserved for employees' pension benefits	\$ <u>3,089,072</u>	\$ <u>3,022,157</u>

Statements of changes in fiduciary net assets

Additions:		
Employer contributions	\$ 709,322	\$ 1,238,085
On-behalf contributions	2,214,680	2,498,729
Plan members contributions	15,439	10,323
 Total contributions	 <u>2,939,441</u>	 <u>3,747,137</u>
 Investment income	 <u>151,364</u>	 <u>165,566</u>
 Total additions	 <u>3,090,805</u>	 <u>3,912,703</u>
Deductions:		
Benefits	2,830,161	3,760,880
Administrative expenses	14,736	23,480
 Total deductions	 <u>2,844,897</u>	 <u>3,784,360</u>
 Change in net assets	 245,908	 128,343
 Net assets - January 1	 <u>2,843,164</u>	 <u>2,893,814</u>
 Net assets - December 31	 <u>\$ 3,089,072</u>	 <u>\$ 3,022,157</u>

Actuarial Assumptions	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
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%
non converted members

Three Year Trend Information

PERF			
Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
06-30-04	\$ 1,216,487	134%	\$ (1,947,642)
06-30-05	1,418,970	130%	(2,113,102)
06-30-06	1,490,747	108%	(2,161,886)

1925 Police Officers' Pension Plan			
Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12-31-03	\$ 4,432,400	90%	\$ 16,659,826
12-31-04	4,631,800	86%	18,649,688
12-31-05	3,057,600	131%	19,090,240

1937 Firefighters' Pension Plan			
Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12-31-03	\$ 4,646,500	92%	\$ 19,300,297
12-31-04	4,751,400	59%	21,239,857
12-31-05	3,260,500	85%	21,724,556

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

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	124	140
Current active employees	8	10

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age fifty-five with twenty years of service. An employee with twenty years of service may leave service, but will not receive benefits until reaching age fifty-five. 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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the primary government is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the primary government are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2006, 2005 and 2004 were \$1,972,648, \$1,938,667 and \$1,906,123, respectively, equal to the required contributions for each year.

Note 16. Restated Net Assets – Governmental Activities

During 2003, the City retroactively changed its method of financial statement presentation and disclosure by adopting the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, as amended*. As permitted, the City delayed retroactive reporting of major general infrastructure reporting only additions prospectively from January 1, 2003.

The following is a summary of changes in net assets as reported for governmental activities in the government-wide statement of net assets as of January 1, 2006 as a result of the cumulative effect of retroactive reporting of major general infrastructure of \$36,809,940 net of accumulated depreciation of \$21,332,331 and associated land right of ways of \$1,756,789.

	December 31, <u>2005</u>	Restatement for General Infrastructure (net)	January 1, <u>2006</u>
Invested in capital assets, net of related debt	\$ 17,033,056	\$ 17,234,398	\$ 34,267,454
Restricted for:			
Debt service	4,526,553	--	4,526,553
Capital projects	6,701,219	--	6,701,219
Unrestricted	<u>(23,629,418)</u>	<u>--</u>	<u>(23,629,418)</u>
Total net assets	<u>\$ 4,631,410</u>	<u>\$ 17,234,398</u>	<u>\$ 21,865,808</u>

Note 17. Subsequent events – Debt Issuance

A. City of Anderson Redevelopment District Bond Anticipation Notes

During May 2007, the City closed on \$2,500,000 of 2007 Redevelopment District Bond Anticipation Notes. The proceeds are to be used to construct general infrastructure assets in the Nestle Tax Increment Financing (TIF) District.

B. City of Anderson Waterworks Revenue Bonds

During April 2007, the City issued \$5,295,000 of 2007 Series Waterworks Revenue Bonds for the purpose of the acquisition and construction of certain improvements and extensions to the City's municipal water utility system. The bonds are to be repaid with interest of 4.25 to 4.30% and mature on January 1, 2027.

C. City of Anderson Sewage Works Revenue Bonds

During May 2007, the City issued \$15,400,000 of 2007 Series Sewage Works Revenue Bonds for the purpose of the acquisition and construction of certain improvements and extensions to the City's municipal sewage works system. The bonds are to be repaid with interest at the rate of 4.00% and mature on November 1, 2026.

D. City of Anderson Electric Utility Refunding Revenue Bonds

During March 2007, the City issued \$2,235,000 of Electric Utility Refunding Revenue Bonds of 2007 for the purpose of providing funds to currently refund and defease the City's outstanding Electric Utility Revenue Bonds of 1995. The bonds are to be repaid with interest at the rate of 4.25% and mature on November 1, 2011.

CITY OF ANDERSON, INDIANA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For The Year Ended December 31, 2006

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 20,571,400	\$ 20,571,400	\$ 18,647,838	\$ (1,923,562)
Licenses and permits	300,600	300,600	401,392	100,792
Intergovernmental	8,596,690	8,596,690	10,258,254	1,661,561
Charges for services	2,505,452	2,505,452	2,958,250	452,798
Fines and forfeits	149,200	149,200	188,721	39,521
Other	631,080	631,080	2,154,934	1,523,854
Total revenues	32,754,422	32,754,422	34,609,386	1,854,964
Expenditures:				
Current:				
General government	7,642,625	6,823,824	6,652,816	171,008
Public safety	21,620,569	21,834,908	21,505,483	329,425
Highways and streets	3,323,029	3,250,846	3,146,901	103,945
Sanitation	1,788,000	1,788,000	1,788,000	-
Economic development	386,500	372,891	322,023	50,868
Total expenditures	34,760,723	34,070,469	33,415,223	655,246
Other financing sources (uses):				
Transfers out	(500,000)	(600,000)	(583,562)	(16,438)
Total other financing uses	(500,000)	(600,000)	(583,562)	(16,438)
Net change in fund balances	(2,506,301)	(1,916,047)	610,601	1,183,280
Fund balances - January 1	3,617,582	3,617,582	3,617,582	-
Fund balances - December 31	\$ 1,111,281	\$ 1,701,535	\$ 4,228,183	\$ 1,183,280

The accompanying notes to Required Supplementary Information (RSI) are an integral part of RSI.

CITY OF ANDERSON, INDIANA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
7/1/2004	\$ 26,579,308	\$ 31,979,361	\$ (5,400,053)	83%	\$ 22,226,554	(24%)
7/1/2005	27,863,394	33,644,244	(5,780,850)	83%	22,331,297	(26%)
7/1/2006	26,193,203	34,084,349	(7,891,146)	77%	22,641,458	(35%)

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)
1/1/2001	\$ 194,135	\$ 45,915,400	\$ (45,721,265)	0%	\$ 492,500	(9284%)
1/1/2002	268,743	46,487,100	(46,218,357)	1%	447,300	(10333%)
1/1/2003	1,135,850	44,065,600	(42,929,750)	3%	618,800	(6938%)
1/1/2004	2,689,845	46,872,400	(44,182,555)	6%	487,300	(9067%)
1/1/2005	2,817,295	44,810,600	(41,993,305)	6%	459,000	(9149%)
1/1/2006	2,843,164	45,750,200	(42,907,036)	6%	428,900	(10004%)

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)
1/1/2001	\$ 115,200	\$ 52,783,300	\$ (52,668,100)	0%	\$ 867,900	(6068%)
1/1/2002	234,628	50,810,100	(50,575,472)	0%	857,400	(5899%)
1/1/2003	1,161,677	45,432,800	(44,271,123)	3%	1,149,800	(3850%)
1/1/2004	2,847,956	48,379,400	(45,531,444)	6%	795,200	(5726%)
1/1/2005	2,983,315	47,046,900	(44,063,585)	6%	737,700	(5973%)
1/1/2006	2,893,814	45,254,900	(42,361,086)	6%	632,100	(6702%)

The accompanying notes to Required Supplementary Information (RSI) are an integral part of RSI.

CITY OF ANDERSON, INDIANA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF CONTRIBUTIONS FROM THE
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		City	State
12/31/2000	\$ 4,753,500	18%	26%
12/31/2001	4,743,000	22%	29%
12/31/2002	4,966,400	27%	39%
12/31/2003	5,164,000	17%	60%
12/31/2004	5,471,900	16%	32%
12/31/2005	3,294,000	24%	55%

1937 Firefighters' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		City	State
12/31/2000	\$ 5,035,100	16%	28%
12/31/2001	5,516,000	21%	27%
12/31/2002	5,504,700	27%	37%
12/31/2003	5,500,600	17%	61%
12/31/2004	5,724,600	16%	33%
12/31/2005	3,529,700	24%	55%

The accompanying notes to Required Supplementary
 Information (RSI) are an integral part of RSI.

CITY OF ANDERSON, INDIANA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2006

Note 1. Budgets and Budgetary Accounting

A. Budgetary Information

Annual budgets are adopted on the cash basis which is not consistent with accounting principles generally accepted in the United States. All annual appropriations lapse at fiscal year end unless encumbered by a purchase order or contract. Encumbered appropriations are carried over and added to the subsequent year's budget.

On or before August 31, the City Controller submits to the Common Council a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the Common Council to obtain taxpayer comments. In September of each year, the Common Council through the passage of an ordinance approves the budget for the next year. Copies of the budget ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the City Controller 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 Common Council. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

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

Major Fund:
General

Non-major Governmental Funds:

Special Revenue:

- Motor Vehicle Highway
- Local Road and Street
- Municipal Transportation
- Airport
- Community Development
- Parks and Recreation
- Park Non-reverting Operating
- Sanitary District Commission
- City Court Probation
- Local Law Enforcement Continuing Education
- Clean Air Non-Reverting

Debt Service:

- Corporation Bonds
- Sanitary District Bonds
- COIT Principal and Interest
- Redevelopment Bond and Interest

Capital Projects:

- Cumulative Capital Improvement
- City Economic Development
- Redevelopment Capital Improvement
- Redevelopment TIF
- Fire Building and Equipment

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

Note 2. Budgetary to GAAP reconciliation

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

- a. Revenues are recorded when received in cash (budgetary) as opposed to susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when the liability is incurred (GAAP).
- c. Interfund loans are treated as cash transfers (budgetary), but are reported only on the balance sheet of the fund statements (GAAP).

	<u>General</u>
Net change in fund balance (budgetary basis)	\$ 610,601
Adjustments:	
To adjust revenues for accruals	(1,150,940)
To adjust expenditures for accruals	<u>139,022</u>
Net change in fund balance (GAAP basis)	<u>\$ (401,317)</u>

MAJOR GOVERNMENTAL FUNDS

GENERAL FUND

The General fund is used to account for all financial resources of the City of Anderson, Indiana except those required to be accounted for in another fund.

CAPITAL PROJECTS FUNDS

These funds are used to account for financial resources to be used for the acquisition or construction of capital projects. The City maintains the following major capital projects fund:

Nestle TIF Capital

The Nestle TIF Capital fund is used to account for financial resources accumulated for designated projects in the district. Appropriations for this fund are on a project length basis and are not presented in this section.

CITY OF ANDERSON, INDIANA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND
 For The Year Ended December 31, 2006

Function and department	General Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General government:				
Mayor:				
Personal services	\$ 110,135	\$ 103,135	\$ 102,983	\$ 152
Supplies	2,500	1,500	1,163	337
Other services and charges	28,300	26,756	26,701	55
Common council:				
Personal services	63,696	61,196	60,595	601
Other services and charges	12,000	9,000	3,413	5,587
Capital outlay	-	4,048	4,047	1
Controller:				
Personal services	296,418	293,418	293,319	99
Supplies	4,300	4,300	3,513	787
Other services and charges	2,231,675	2,186,679	2,171,126	15,553
Capital outlay	117,606	123,622	123,529	93
Other	-	10,263	10,263	-
Information services:				
Personal services	154,587	154,587	149,932	4,655
Other services and charges	93,060	93,275	90,445	2,830
City attorney:				
Personal services	122,377	119,377	118,199	1,178
Supplies	10,000	10,595	9,884	711
Other services and charges	61,450	51,508	14,010	37,498
Capital outlay	-	1,151	1,151	-
Board of works:				
Personal services	82,579	86,579	85,008	1,571
Supplies	720	650	650	-
Other services and charges	1,689,656	1,013,719	1,009,772	3,947
Capital outlay	10,000	10,000	7,773	2,227
City hall maintenance:				
Supplies	17,300	17,300	16,296	1,004
Other services and charges	87,850	87,850	75,694	12,156
Capital outlay	78,000	78,000	77,974	26
City clerk:				
Personal services	309,964	299,964	296,355	3,609
Supplies	6,754	5,754	3,774	1,980
Other services and charges	21,339	19,739	16,011	3,728
Capital outlay	4,000	8,500	4,573	3,927
City court:				
Personal services	389,716	371,716	364,868	6,848
Supplies	2,000	2,000	1,996	4
Other services and charges	25,675	25,675	21,740	3,935
Capital outlay	4,000	4,000	3,924	76
Council of governments:				
Other services and charges	32,000	32,000	32,000	-
Human relations:				
Personal services	183,325	180,325	177,008	3,317
Supplies	1,500	1,500	831	669
Other services and charges	9,733	9,733	6,576	3,157
Capital outlay	-	-	-	-
Personnel and insurance:				
Personal services	131,191	131,191	131,152	39
Supplies	-	-	-	-
Capital outlay	-	-	-	-
Public communications:				
Personal services	1,138,793	1,108,793	1,100,875	7,918
Supplies	7,852	7,852	2,136	5,716
Other services and charges	91,074	61,074	31,557	29,517
Capital outlay	9,500	5,500	-	5,500
Total general government	7,642,625	6,823,824	6,652,816	171,008

Continued on Next Page

CITY OF ANDERSON, INDIANA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND
 For The Year Ended December 31, 2006
 (continued)

Function and department	General Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Public safety:				
Building commissioner:				
Personal services	\$ 795,510	\$ 751,000	\$ 751,000	\$ -
Supplies	22,100	20,300	20,255	45
Other services and charges	445,630	612,585	608,125	4,460
Capital outlay	9,900	51,210	50,532	678
Other	-	1,000	725	275
Weights and measures:				
Personal services	47,093	47,093	46,824	269
Supplies	2,100	2,100	1,341	759
Other services and charges	6,100	3,140	1,326	1,814
Emergency management:				
Personal services	23,335	23,335	23,169	166
Supplies	8,225	8,225	7,419	806
Other services and charges	17,395	17,395	15,483	1,912
Capital outlay	-	20,453	20,453	-
Planning:				
Personal services	258,731	254,731	250,971	3,760
Supplies	4,700	3,200	2,454	746
Other services and charges	25,075	83,273	73,896	9,377
Capital outlay	4,800	4,800	4,241	559
Police department:				
Personal services	9,475,071	9,052,746	9,038,934	13,814
Supplies	308,449	307,181	277,188	29,993
Other services and charges	417,870	453,280	405,583	47,697
Capital outlay	172,720	695,288	590,546	104,742
Fire department:				
Personal services	8,365,806	8,105,696	8,081,951	23,745
Supplies	195,457	222,218	210,590	11,628
Other services and charges	277,509	367,981	343,117	24,864
Capital outlay	1,500	815	815	-
Parking authority:				
Supplies	3,600	3,600	567	3,033
Other services and charges	69,478	69,478	48,732	20,746
Capital outlay	10,000	6,600	6,156	444
Animal shelter:				
Personal services	416,768	395,979	394,239	1,740
Supplies	45,250	52,556	47,693	4,863
Other services and charges	63,225	61,830	49,016	12,814
Capital outlay	27,000	43,046	39,807	3,239
Air management:				
Personal services	91,972	88,872	88,524	348
Other services and charges	8,200	3,900	3,811	89
Total public safety	<u>21,620,569</u>	<u>21,834,908</u>	<u>21,505,483</u>	<u>329,425</u>

Continued on Next Page

CITY OF ANDERSON, INDIANA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND
 For The Year Ended December 31, 2008
 (continued)

Function and department	General Fund			Variance With Final Budget Positive (Negative)
	Budgeted Amounts		Actual Budgetary Basis Amounts	
	Original	Final		
Highways and streets:				
City engineer:				
Personal services	\$ 868,830	\$ 767,998	\$ 764,215	\$ 3,783
Supplies	54,450	58,169	46,349	11,820
Other services and charges	203,650	224,709	190,995	33,714
Capital outlay	9,500	9,500	9,398	102
Street department:				
Personal services	399,599	324,599	324,599	-
Supplies	435,000	385,000	344,010	40,990
Other services and charges	52,000	52,000	41,205	10,795
Capital outlay	1,300,000	1,428,871	1,426,130	2,741
Total highways and streets	3,323,029	3,250,846	3,146,901	103,945
Sanitation:				
Sanitation:				
Other services and charges	1,788,000	1,788,000	1,788,000	-
Total sanitation	1,788,000	1,788,000	1,788,000	-
Economic development:				
Economic development:				
Personal services	251,970	235,626	231,873	3,753
Supplies	3,830	3,830	3,830	-
Other services and charges	26,700	27,600	23,427	4,173
Capital outlay	104,000	105,835	62,893	42,942
Total economic development	386,500	372,891	322,023	50,868
Total general fund	\$ 34,760,723	\$ 34,070,469	\$ 33,415,223	\$ 655,246

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

These funds are used to account for revenues derived for a specific purpose. The title of the fund is intended to be descriptive of the activities involved. The City maintains the following special revenue funds:

Motor Vehicle Highway

To account for gasoline taxes received to be expended principally for the construction and maintenance of streets and alleys.

Local Road and Street

To account for financial resources held for the building and maintenance of local roads and arterial streets of the City.

Municipal Transportation

To account for financial resources held for public transportation.

Airport

To account for financial resources held for the municipal airport, supported by tax dollars and federal grants.

Community Development

To account for federal grant revenues restricted for community development activities.

Parks and Recreation

To account for financial resources held for park maintenance.

Park Non-reverting Operating

To account for funds received for park maintenance.

Operation Clean

To account for financial resources used for weed and trash clean up around the City.

Sanitary District Commission

To account for financial resources used for Sanitary District improvements around the City.

Property Tax Abatement

To account for financial resources held for application fees for property tax abatements.

City Court Probation

To account for financial resources held for these activities in accordance with state law.

Local Law Enforcement Continuing Education

To account for costs assessed by the City Court to be expended for law enforcement education

Police -- Vice Intelligence and Narcotics

To account for financial resources restricted for Police Department equipment and supplies, which, are funded by the City's General fund and grants.

Police Multi-Agency Narcotics Units

To account for financial resources restricted for Police Department equipment and supplies, which, are funded by the City's General fund and grants.

Building Non-reverting

To account for applicant testing fees for HVAC, Electrical (Journeymen, Linemen, Master Wiremen).

NON-MAJOR GOVERNMENTAL FUNDS

(Continued)

Unsafe Building

To account for funds used to remove unsafe and severely deteriorated buildings from residential neighborhoods throughout the City.

Clean Air Non-reverting

To account for funds used to monitor air pollutants.

Loan Guarantee Assistance Program

To account for repayment to the City of a loan of federal Housing and Urban Development (HUD) funds to Electric Vehicles International (EVI) with subsequent repayment to HUD.

Grants and Donations

To account for various grants and donations received and administered by the City.

Court Administrative Fee

To account for 10% of cash bonds collected by the City Court Clerk.

Court Supplement Public Defender

To account for amounts assessed to defendants for a public defender.

Clerk Records Perpetuation

To account for monies derived from automated court costs used to preserve records of the City Court Clerk.

Firefighters Exam

To account for firefighter applicant examinations fees, which are held to reimburse the City's General fund or are refunded to the successful firefighter applicant based on tenure criteria.

Economic Development Revolving Loan

To account for the loans made and payments received from economic development loans.

HOME

To account for funds granted to the City under the U.S. Department of Housing and Urban Development HOME program, which are to be used to rehabilitate single and multi-single housing units.

Local Law Enforcement Continuing Education Fee

To account for police department expenditures related to the keeping of accident records, training of law enforcement officers in the proper use of firearms and maintaining records for the prevention of street and highway accidents. Fees charged for providing accident reports, handgun applications and court fees provide continuing education funding.

Barrett Law Surplus

To account for surplus property owner assessment receipts related to the administration of Barrett Law program.

Redevelopment Commission Lease Rental

To account for lease rental revenue and expenditures generated from certain commercial/industrial properties owned by the City.

NON-MAJOR GOVERNMENTAL FUNDS

(Continued)

DEBT SERVICE FUNDS

These funds are used to account for the accumulation of resources for and payment of general long-term debt principal and interest. The City maintains the following non-major debt service funds:

Corporation Bonds

To account for the accumulation of resources for and payment of general long-term debt of the Corporation

Sanitary District Bonds

To account for the accumulation of resources for and payment of general long-term debt of the Sanitary District

COIT Principal and Interest

To account for the accumulation of resources for and payment of general long-term debt of the public safety communications project

COIT Reserve

To account for financial resources accumulated for the COIT Bond reserve requirement.

Twenty-Ninth Street TIF Bond and Interest

To account for financial resources accumulated for the payment of general long-term debt of the Twenty-Ninth Street TIF District

Redevelopment Bond and Interest

To account for the accumulation of resources for and payment of general long-term debt of the Redevelopment TIF District

Redevelopment TIF Reserve

To account for money accumulated for the Redevelopment TIF Bond reserve requirement.

Police Station Sinking

To account for the accumulation of resources for and payment of general long-term debt and the accumulation of reserve requirement of the Redevelopment Authority Lease Rental Revenue Bonds for the Police Station.

Fire Station Sinking

To account for the accumulation of resources for and payment of general long-term debt and the accumulation of reserve requirement of the Anderson City Fire Station Building Corporation First Mortgage Bonds for the Fire Station.

NON-MAJOR GOVERNMENTAL FUNDS
(Continued)

CAPITAL PROJECTS FUNDS

These funds are used to account for financial resources to be used for the acquisition or construction of capital projects. The City maintains the following non-major capital projects funds:

Cumulative Capital Improvement

To account for resources derived from cigarette taxes to provide for the cost of major capital improvements.

City Economic Development

To account for resources derived from food and beverage taxes to provide for the cost of economic growth.

Redevelopment Capital Improvement

To account for financial resources related to improvements for redevelopment projects.

Redevelopment TIF

To account for property tax increment funds collected for redevelopment projects.

Fire Building and Equipment

To account for financial resources derived from ambulance fees for the purchase of Fire Department equipment or improvements to buildings.

COIT Bond Construction

To account for financial resources related to projects for the Shadyside Bond issue, monies can be utilized for other various improvements.

Redevelopment TIF Capital Bond

To account for financial resources related to projects for the Redevelopment TIF Bond issue.

City Court/Main Street Bond

To account for financial resources related to projects for the City Court/Main Street Bond issue.

Urban Park Construction

To account for financial resources related to the Urban Park project.

Airport Grant

To account for financial resources from federal and state grants related to construction at the Airport.

EDA Flagship

To account for financial resources related to the Flagship project.

NON-MAJOR GOVERNMENTAL FUNDS

(Continued)

Sanitary District Construction

The Sanitary District Construction Fund is used to account for financial resources from the City of Anderson Sanitary District Bond issue of 2004 related to improvement projects in the sanitary district. Appropriations for this fund are on a project length basis and are not presented in this section.

Certified Tech Park

The Certified Tech Park Fund is used to account for financial resources related to the Certified Tech Park project.

CITY OF ANDERSON, INDIANA
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 December 31, 2006

<u>Assets</u>	Non-major Special Revenue Funds	Non-major Debt Service Funds	Non-major Capital Projects Funds	Totals
Assets:				
Cash and cash equivalents	\$ 3,480,383	\$ 2,765,083	\$ 11,912,628	\$ 18,158,094
Cash with fiscal agent	-	1,039,809	-	1,039,809
Receivables (net of allowances for uncollectibles):				
Taxes	214,199	201,452	102,810	518,461
Accounts	40,972	-	431,256	472,228
Intergovernmental	424,620	60,059	376,221	860,900
Loans	794,783	-	-	794,783
Interfund receivables	69,723	-	300,000	369,723
Assets held for resale	-	-	189,795	189,795
Total assets	\$ 5,024,680	\$ 4,066,403	\$ 13,312,710	\$ 22,403,793
 <u>Liabilities and fund balances</u>				
Liabilities:				
Accounts payable	\$ 279,060	\$ -	\$ 38,700	\$ 317,760
Accrued payroll and withholdings payable	55,608	-	-	55,608
Contracts payable	-	-	43,246	43,246
Interfund payable	55,982	-	369,723	425,705
Deferred revenue - unavailable	214,199	201,452	239,548	655,199
Notes and loans payable - current	115,000	-	-	115,000
Total liabilities	719,849	201,452	691,217	1,612,518
 Fund balances:				
Reserved for:				
Encumbrances	287,312	-	7,541,410	7,828,722
Loans receivable	794,783	-	-	794,783
Debt service	-	3,864,951	-	3,864,951
Assets held for resale	-	-	189,795	189,795
Unreserved, reported in:				
Special revenue funds	3,222,736	-	-	3,222,736
Capital projects funds	-	-	4,890,288	4,890,288
Total fund balances	4,304,831	3,864,951	12,621,493	20,791,275
Total liabilities and fund balances	\$ 5,024,680	\$ 4,066,403	\$ 13,312,710	\$ 22,403,793

CITY OF ANDERSON, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006

	Non-major Special Revenue Funds	Non-major Debt Service Funds	Non-major Capital Projects Funds	Totals
Revenues:				
Taxes	\$ 1,797,851	\$ 3,584,789	\$ 1,669,499	\$ 7,052,139
Licenses and permits	11,860	-	-	11,860
Intergovernmental	6,112,384	519,438	2,255,582	8,887,404
Charges for services	800,726	-	1,081,295	1,882,021
Fines and forfeits	597,856	-	-	597,856
Other	855,178	96,938	163,266	1,115,382
Total revenues	<u>10,175,855</u>	<u>4,201,165</u>	<u>5,169,642</u>	<u>19,546,662</u>
Expenditures:				
Current:				
General government	2,983,607	-	-	2,983,607
Public safety	241,025	-	-	241,025
Highways and streets	2,331,069	-	-	2,331,069
Economic development	2,487,068	-	-	2,487,068
Culture and recreation	3,181,944	-	-	3,181,944
Debt service:				
Principal retirement	-	2,513,000	-	2,513,000
Interest and fiscal charges	-	1,776,128	-	1,776,128
Capital outlay	-	-	11,465,946	11,465,946
Total expenditures	<u>11,224,713</u>	<u>4,289,128</u>	<u>11,465,946</u>	<u>26,979,787</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,048,858)</u>	<u>(87,963)</u>	<u>(6,296,304)</u>	<u>(7,433,125)</u>
Other financing sources (uses):				
Transfers in	614,415	752,000	-	1,366,415
Transfers out	-	(782,853)	-	(782,853)
Issuance of debt	275,000	-	-	275,000
Financing by capital lease	220,736	-	-	220,736
Total other financing sources	<u>1,110,151</u>	<u>(30,853)</u>	<u>-</u>	<u>1,079,298</u>
Net change in fund balances	61,293	(118,816)	(6,296,304)	(6,353,827)
Fund balances - January 1	4,243,538	3,983,767	18,917,797	27,145,102
Funds balances - December 31	<u>\$ 4,304,831</u>	<u>\$ 3,864,951</u>	<u>\$ 12,621,493</u>	<u>\$ 20,791,275</u>

CITY OF ANDERSON, INDIANA
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 December 31, 2006

<u>Assets</u>	Motor Vehicle Highway	Local Road and Street	Municipal Transportation	Airport	Community Development
Cash and cash equivalents	\$ 1,146,280	\$ 93,072	\$ 495,815	\$ 179,684	\$ 6,087
Receivables (net of allowances for uncollectibles):					
Taxes	-	-	-	21,187	-
Accounts	-	-	-	40,972	-
Intergovernmental	225,499	95,172	-	102,212	-
Loans	-	-	-	-	35,886
Interfund receivables	-	-	-	-	-
Total assets	\$ 1,371,779	\$ 188,244	\$ 495,815	\$ 344,055	\$ 41,973
 <u>Liabilities and fund balances</u>					
Liabilities:					
Accounts payable	\$ 142,182	\$ 18,934	\$ 30,492	\$ 20,328	\$ 17,510
Accrued payroll and withholdings payable	13,286	-	18,057	-	3,558
Interfund payable	-	38,000	770	-	16,287
Deferred revenue - unavailable	-	-	-	21,187	-
Notes and loans payable - current	-	-	-	-	-
Total liabilities	155,468	56,934	49,319	41,515	37,365
 Fund balances:					
Reserved for:					
Encumbrances	61,705	16,066	177,078	-	-
Loans receivable	-	-	-	-	35,886
Unreserved, undesignated	1,154,606	115,244	269,418	302,540	(31,278)
Total fund balances	1,216,311	131,310	446,496	302,540	4,608
Total liabilities and fund balances	\$ 1,371,779	\$ 188,244	\$ 495,815	\$ 344,055	\$ 41,973

Parks and Recreation	Park Nonreverting Operating	Operation Clean	Sanitary District Commission	Property Tax Abatement	City Court Probation	Local Law Enforcement Continuing Education
\$ 80,233	\$ 63,116	\$ 28,016	\$ 10,370	\$ 4,776	\$ 385,722	\$ 40,012
192,294	-	-	718	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 272,527</u>	<u>\$ 63,116</u>	<u>\$ 28,016</u>	<u>\$ 11,088</u>	<u>\$ 4,776</u>	<u>\$ 385,722</u>	<u>\$ 40,012</u>

\$ 28,511	\$ 12,185	\$ -	\$ -	\$ -	\$ 5,063	\$ -
18,344	-	-	-	-	2,363	-
915	-	-	-	-	-	-
192,294	-	-	718	-	-	-
-	-	-	-	-	-	-
<u>240,064</u>	<u>12,185</u>	<u>-</u>	<u>718</u>	<u>-</u>	<u>7,426</u>	<u>-</u>
32,463	-	-	-	-	-	-
-	-	-	-	-	-	-
-	50,931	28,016	10,370	4,776	378,296	40,012
<u>32,463</u>	<u>50,931</u>	<u>28,016</u>	<u>10,370</u>	<u>4,776</u>	<u>378,296</u>	<u>40,012</u>
<u>\$ 272,527</u>	<u>\$ 63,116</u>	<u>\$ 28,016</u>	<u>\$ 11,088</u>	<u>\$ 4,776</u>	<u>\$ 385,722</u>	<u>\$ 40,012</u>

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CITY OF ANDERSON, INDIANA
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 December 31, 2006

<u>Assets</u>	<u>Police - Vice Intelligence and Narcotics</u>	<u>Police Multi-Agency Narcotics Units</u>	<u>Building Nonreverting</u>	<u>Unsafe Building</u>	<u>Clean Air Nonreverting</u>
Cash and cash equivalents	\$ 1,427	\$ 199,428	\$ 95	\$ 2,411	\$ 38,804
Receivables (net of allowances for uncollectibles):					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	-	1,737
Loans	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Total assets	\$ 1,427	\$ 199,428	\$ 95	\$ 2,411	\$ 40,541
 <u>Liabilities and fund balances</u>					
<u>Liabilities:</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-
Interfund payable	-	-	-	-	-
Deferred revenue - unavailable	-	-	-	-	-
Notes and loans payable - current	-	-	-	-	-
Total liabilities	-	-	-	-	-
<u>Fund balances:</u>					
<u>Reserved for:</u>					
Encumbrances	-	-	-	-	-
Loans receivable	-	-	-	-	-
Unreserved, undesignated	1,427	199,428	95	2,411	40,541
Total fund balances	1,427	199,428	95	2,411	40,541
Total liabilities and fund balances	\$ 1,427	\$ 199,428	\$ 95	\$ 2,411	\$ 40,541

Loan Guarantee Assistance Program	Grants and Donations	Court Administrative Fee	Court Supplemental Public Defender	Clerk Records Perpetuation	Firefighters Exam
\$ 238,505	\$ 48,261	\$ 28,243	\$ 14,738	\$ 13,325	\$ 5,245
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 238,505</u>	<u>\$ 48,261</u>	<u>\$ 28,243</u>	<u>\$ 14,738</u>	<u>\$ 13,325</u>	<u>\$ 5,245</u>

\$ -	\$ -	\$ 3,855	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>115,000</u>	-	-	-	-	-
<u>115,000</u>	-	<u>3,855</u>	-	-	-

-	-	-	-	-	-
<u>123,505</u>	<u>48,261</u>	<u>24,388</u>	<u>14,738</u>	<u>13,325</u>	<u>5,245</u>
<u>123,505</u>	<u>48,261</u>	<u>24,388</u>	<u>14,738</u>	<u>13,325</u>	<u>5,245</u>
<u>\$ 238,505</u>	<u>\$ 48,261</u>	<u>\$ 28,243</u>	<u>\$ 14,738</u>	<u>\$ 13,325</u>	<u>\$ 5,245</u>

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CITY OF ANDERSON, INDIANA
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 December 31, 2006

	Economic Development Revolving Loan	HOME	Law Enforcement Continuing Education Fee	Barrett Law Surplus	Redevelopment Commission Lease Rental	Totals
Assets:						
Cash and cash equivalents	\$ 152,836	\$ 38,352	\$ 30,310	\$ 97,624	\$ 37,696	\$ 3,480,383
Receivables (net of allowances for uncollectibles):						
Taxes	-	-	-	-	-	214,199
Accounts	-	-	-	-	-	40,972
Intergovernmental	-	-	-	-	-	424,620
Loans	758,897	-	-	-	-	794,783
Interfund receivables	-	-	-	-	69,723	69,723
Total assets	\$ 911,733	\$ 38,352	\$ 30,310	\$ 97,624	\$ 107,319	\$ 5,024,680
Liabilities and fund balances						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	279,060
Accrued payroll and withholdings payable	-	-	-	-	-	55,608
Interfund payable	-	-	-	-	-	55,982
Deferred revenue - unavailable	-	-	-	-	-	214,199
Notes and loans payable - current	-	-	-	-	-	115,000
Total liabilities	-	-	-	-	-	719,849
Fund balances:						
Reserved for:						
Encumbrances	-	-	-	-	-	287,312
Loans receivable	758,897	-	-	-	-	794,783
Unreserved, undesignated	152,836	38,352	30,310	97,624	107,319	3,222,736
Total fund balances	911,733	38,352	30,310	97,624	107,319	4,304,831
Total liabilities and fund balances	\$ 911,733	\$ 38,352	\$ 30,310	\$ 97,624	\$ 107,319	\$ 5,024,680

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CITY OF ANDERSON, INDIANA
 COMBINING BALANCE SHEET
 NON-MAJOR DEBT SERVICE FUNDS
 December 31, 2006

<u>Assets</u>	<u>Corporation Bonds</u>	<u>Sanitary District Bonds</u>	<u>COIT Principal and Interest</u>	<u>COIT Reserve</u>	<u>Twenty-Ninth Street TIF Bond and Interest</u>
Cash and cash equivalents	\$ 42,220	\$ 217,471	\$ 1,964	\$ 379,594	\$ 67,095
Cash with fiscal agent	-	-	-	-	-
Receivables (net of allowances for uncollectibles):					
Taxes	89,774	111,678	-	-	-
Intergovernmental	-	-	60,059	-	-
Total assets	\$ 131,994	\$ 329,149	\$ 62,023	\$ 379,594	\$ 67,095
 <u>Liabilities and fund balances</u>					
Liabilities:					
Deferred revenue - unavailable	\$ 89,774	\$ 111,678	\$ -	\$ -	\$ -
Total liabilities	89,774	111,678	-	-	-
 Fund balances:					
Reserved for debt service	42,220	217,471	62,023	379,594	67,095
Total fund balances	42,220	217,471	62,023	379,594	67,095
Total liabilities and fund balances	\$ 131,994	\$ 329,149	\$ 62,023	\$ 379,594	\$ 67,095

Redevelopment Bond and Interest	Redevelopment TIF Reserve	Police Station Sinking	Fire Station Sinking	Totals
\$ 1,222,568	\$ 834,171	\$ -	\$ -	\$ 2,765,083
43,270	-	842,864	153,675	1,039,809
-	-	-	-	201,452
-	-	-	-	60,059
<u>\$ 1,265,838</u>	<u>\$ 834,171</u>	<u>\$ 842,864</u>	<u>\$ 153,675</u>	<u>\$ 4,066,403</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,452</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,452</u>
<u>1,265,838</u>	<u>834,171</u>	<u>842,864</u>	<u>153,675</u>	<u>3,864,951</u>
<u>1,265,838</u>	<u>834,171</u>	<u>842,864</u>	<u>153,675</u>	<u>3,864,951</u>
<u>\$ 1,265,838</u>	<u>\$ 834,171</u>	<u>\$ 842,864</u>	<u>\$ 153,675</u>	<u>\$ 4,066,403</u>

CITY OF ANDERSON, INDIANA
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 December 31, 2006

<u>Assets</u>	<u>Cumulative Capital Improvement</u>	<u>City Economic Development</u>	<u>Redevelopment Capital Improvement</u>	<u>Redevelopment TIF</u>
Cash and cash equivalents	\$ 905,184	\$ 594,588	\$ 305,122	\$ 5,346,616
Receivables (net of allowances for uncollectibles):				
Taxes	-	102,810	-	-
Accounts	-	-	-	-
Intergovernmental	18,709	-	-	-
Interfund receivable	-	-	-	-
Assets held for resale	-	-	-	-
Total assets	<u>\$ 923,893</u>	<u>\$ 697,398</u>	<u>\$ 305,122</u>	<u>\$ 5,346,616</u>
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	-	17,672	-	-
Contracts payable	-	-	-	-
Interfund payable	-	-	-	369,723
Deferred revenue - unavailable	18,709	-	-	-
Total liabilities	<u>18,709</u>	<u>17,672</u>	<u>-</u>	<u>369,723</u>
 Fund balances:				
Reserved for:				
Encumbrances	199,846	-	156,629	3,692,285
Assets held for resale	-	-	-	-
Unreserved, undesignated	705,338	679,726	148,493	1,284,608
Total fund balances	<u>905,184</u>	<u>679,726</u>	<u>305,122</u>	<u>4,976,893</u>
Total liabilities and fund balances	<u>\$ 923,893</u>	<u>\$ 697,398</u>	<u>\$ 305,122</u>	<u>\$ 5,346,616</u>

Fire Building and Equipment	COIT Bond Construction	Redevelopment TIF Capital Bond	City Court/ Main Street Bond	Urban Park Construction
\$ 532,319	\$ -	\$ 144,221	\$ 30,801	\$ 103,233
-	-	-	-	-
431,256	-	-	-	-
-	-	300,000	-	-
-	-	189,795	-	-
<u>\$ 963,575</u>	<u>\$ -</u>	<u>\$ 634,016</u>	<u>\$ 30,801</u>	<u>\$ 103,233</u>
3,393	-	-	-	17,635
-	-	-	-	43,246
-	-	-	-	-
220,839	-	-	-	-
<u>224,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,881</u>
-	-	140,077	-	-
-	-	189,795	-	-
739,343	-	304,144	30,801	42,352
<u>739,343</u>	<u>-</u>	<u>634,016</u>	<u>30,801</u>	<u>42,352</u>
<u>\$ 963,575</u>	<u>\$ -</u>	<u>\$ 634,016</u>	<u>\$ 30,801</u>	<u>\$ 103,233</u>

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CITY OF ANDERSON, INDIANA
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 December 31, 2006

<u>Assets</u>	Airport Grant	EDA Flagship	Sanitary District Construction	Certified Tech Park	Totals
Cash and cash equivalents	\$ 1,615	\$ 6,133	\$ 3,291,827	\$ 650,969	\$ 11,912,628
Receivables (net of allowances for uncollectibles):					
Taxes	-	-	-	-	102,810
Accounts	-	-	-	-	431,256
Intergovernmental	357,512	-	-	-	376,221
Interfund receivable	-	-	-	-	300,000
Assets held for resale	-	-	-	-	189,795
Total assets	\$ 359,127	\$ 6,133	\$ 3,291,827	\$ 650,969	\$ 13,312,710
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	-	-	-	-	38,700
Contracts payable	-	-	-	-	43,246
Interfund payable	-	-	-	-	369,723
Deferred revenue - unavailable	-	-	-	-	239,548
Total liabilities	-	-	-	-	691,217
 Fund balances:					
Reserved for:					
Encumbrances	54,613	6,133	3,291,827	-	7,541,410
Assets held for resale	-	-	-	-	189,795
Unreserved, undesignated	304,514	-	-	650,969	4,890,288
Total fund balances	359,127	6,133	3,291,827	650,969	12,621,493
Total liabilities and fund balances	\$ 359,127	\$ 6,133	\$ 3,291,827	\$ 650,969	\$ 13,312,710

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CITY OF ANDERSON, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
 IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2006

	Motor Vehicle Highway	Local Road and Street	Municipal Transportation	Airport	Community Development
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ 175,512	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	2,249,861	572,358	1,178,779	29,092	1,375,453
Charges for services	-	-	175,067	124,545	-
Fines and forfeits	53,954	106,993	-	-	-
Other	6,500	10,029	9,375	208,040	2,690
Total revenues	2,310,315	689,380	1,363,221	537,189	1,378,143
Expenditures:					
Current:					
General government	-	-	2,040,189	532,869	-
Public safety	-	-	-	-	-
Highways and streets	1,730,486	600,583	-	-	-
Economic development	-	-	-	-	1,405,963
Culture and recreation	-	-	-	-	-
Total expenditures	1,730,486	600,583	2,040,189	532,869	1,405,963
Excess (deficiency) of revenues over (under) expenditures	579,829	88,797	(676,968)	4,320	(27,820)
Other financing sources:					
Transfers in	-	-	583,562	-	-
Issuance of debt	-	-	-	-	-
Financing by capital lease	-	-	-	30,450	-
Total other financing sources (uses)	-	-	583,562	30,450	-
Net change in fund balances	579,829	88,797	(93,406)	34,770	(27,820)
Fund balances - January 1	636,482	42,513	539,902	267,770	32,428
Fund balances - December 31	\$ 1,216,311	\$ 131,310	\$ 446,496	\$ 302,540	\$ 4,608

Parks and Recreation	Park Nonreverting Operating	Operation Clean	Sanitary District Commission	Property Tax Abatement	City Court Probation	Local Law Enforcement Continuing Education
\$ 1,616,405	\$ -	\$ -	\$ 5,934	\$ -	\$ -	\$ -
-	-	-	-	-	-	11,860
155,354	18,395	-	579	-	-	-
237,709	263,405	-	-	-	-	-
-	-	30,976	-	-	318,756	35,153
138,610	62,684	-	-	1,600	5,973	-
<u>2,148,078</u>	<u>344,484</u>	<u>30,976</u>	<u>6,513</u>	<u>1,600</u>	<u>324,729</u>	<u>47,013</u>
-	-	24,093	-	-	348,285	-
-	-	-	-	-	-	51,315
-	-	-	-	1,845	-	-
2,663,598	511,071	-	-	-	-	-
<u>2,663,598</u>	<u>511,071</u>	<u>24,093</u>	<u>-</u>	<u>1,845</u>	<u>348,285</u>	<u>51,315</u>
(515,520)	(166,587)	6,883	6,513	(245)	(23,556)	(4,302)
-	-	-	30,853	-	-	-
-	-	-	-	-	-	-
190,286	-	-	-	-	-	-
<u>190,286</u>	<u>-</u>	<u>-</u>	<u>30,853</u>	<u>-</u>	<u>-</u>	<u>-</u>
(325,234)	(166,587)	6,883	37,366	(245)	(23,556)	(4,302)
357,697	217,518	21,133	(26,996)	5,021	401,852	44,314
<u>\$ 32,463</u>	<u>\$ 50,931</u>	<u>\$ 28,016</u>	<u>\$ 10,370</u>	<u>\$ 4,776</u>	<u>\$ 378,296</u>	<u>\$ 40,012</u>

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CITY OF ANDERSON, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
 IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2006

	Police - Vice Intelligence and Narcotics	Police Multi-Agency Narcotics Units	Building Nonreverting	Unsafe Building	Clean Air Nonreverting
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	62,289	-	-	16,704
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	15,752
Other	-	54,791	45	590	-
Total revenues	-	117,080	45	590	32,456
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	134,373	-	-	37,527
Highways and streets	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total expenditures	-	134,373	-	-	37,527
Excess (deficiency) of revenues over (under) expenditures	-	(17,293)	45	590	(5,071)
Other financing sources:					
Transfers in	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Financing by capital lease	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	-	(17,293)	45	590	(5,071)
Fund balances - January 1	1,427	216,721	50	1,821	45,612
Fund balances - December 31	\$ 1,427	\$ 199,428	\$ 95	\$ 2,411	\$ 40,541

Loan Guarantee Assistance Program	Grants and Donations	Court Administrative Fee	Court Supplemental Public Defender	Clerk Records Perpetuation	Firefighters Exam
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	239,474	-	-	-	-
-	-	-	-	-	-
-	-	26,635	3,750	(44)	-
-	33,722	-	-	4,507	5,245
-	273,196	26,635	3,750	4,463	5,245
-	-	31,572	3,324	2,403	-
-	12,917	-	-	-	-
-	-	-	-	-	-
140,164	253,345	-	-	-	-
-	7,275	-	-	-	-
140,164	273,537	31,572	3,324	2,403	-
(140,164)	(341)	(4,937)	426	2,060	5,245
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(140,164)	(341)	(4,937)	426	2,060	5,245
253,669	48,602	29,325	14,312	11,265	-
\$ 123,505	\$ 48,261	\$ 24,388	\$ 14,738	\$ 13,325	\$ 5,245

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CITY OF ANDERSON, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
 IN FUND BALANCES
 NON-MAJOR SPECIAL REVENUE FUNDS
 For The Year Ended December 31, 2006

	Economic Development Revolving Loan	HOME	Law Enforcement Continuing Education Fee	Barrett Law Surplus	Redevelopment Commission Lease Rental	Totals
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,797,851
Licenses and permits	-	-	-	-	-	11,860
Intergovernmental	-	214,046	-	-	-	6,112,384
Charges for services	-	-	-	-	-	800,726
Fines and forfeits	-	-	5,931	-	-	597,856
Other	231,261	1,918	537	1,684	75,377	855,178
Total revenues	231,261	215,964	6,468	1,684	75,377	10,175,855
Expenditures:						
Current:						
General government	-	-	-	872	-	2,983,607
Public safety	-	-	4,893	-	-	241,025
Highways and streets	-	-	-	-	-	2,331,069
Economic development	162,150	280,543	-	-	243,058	2,487,068
Culture and recreation	-	-	-	-	-	3,181,944
Total expenditures	162,150	280,543	4,893	872	243,058	11,224,713
Excess (deficiency) of revenues over (under) expenditures	69,111	(64,579)	1,575	812	(167,681)	(1,048,858)
Other financing sources:						
Transfers in	-	-	-	-	-	614,415
Issuance of debt	-	-	-	-	275,000	275,000
Financing by capital lease	-	-	-	-	-	220,736
Total other financing sources (uses)	-	-	-	-	275,000	1,110,151
Net change in fund balances	69,111	(64,579)	1,575	812	107,319	61,293
Fund balances - January 1	842,622	102,931	28,735	96,812	-	4,243,538
Fund balances - December 31	\$ 911,733	\$ 38,352	\$ 30,310	\$ 97,624	\$ 107,319	\$ 4,304,831

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CITY OF ANDERSON, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES
 IN FUND BALANCES
 NON-MAJOR DEBT SERVICE FUNDS
 For The Year Ended December 31, 2006

	Corporation Bonds	Sanitary District Bonds	COIT Principal and Interest	COIT Reserve	Twenty-Ninth Street TIF Bond and Interest
Revenues:					
Taxes	\$ 756,961	\$ 937,243	\$ -	\$ -	\$ 88,420
Intergovernmental	72,527	90,223	356,688	-	-
Other	4,323	-	-	-	9,785
Total revenues	833,811	1,027,466	356,688	-	98,205
Expenditures:					
Debt service:					
Principal retirement	490,000	730,000	265,000	-	18,000
Interest and fiscal charges	250,103	469,241	91,343	-	62,760
Total expenditures	740,103	1,199,241	356,343	-	80,760
Excess (deficiency) of revenues over (under) expenditures	93,708	(171,775)	345	-	17,445
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	(117,000)	(30,853)	-	-	-
Total other financing sources (uses)	(117,000)	(30,853)	-	-	-
Net change in fund balances	(23,292)	(202,628)	345	-	17,445
Fund balances - January 1	65,512	420,099	61,678	379,594	49,650
Fund balances - December 31	\$ 42,220	\$ 217,471	\$ 62,023	\$ 379,594	\$ 67,095

Redevelopment Bond and Interest	Redevelopment TIF Reserve	Police Station Sinking	Fire Station Sinking	Totals
\$ 1,802,165	\$ -	\$ -	\$ -	\$ 3,584,789
-	-	-	-	519,438
43,270	-	34,984	4,576	96,938
<u>1,845,435</u>	<u>-</u>	<u>34,984</u>	<u>4,576</u>	<u>4,201,165</u>
645,000	-	295,000	70,000	2,513,000
526,028	-	333,488	43,165	1,776,128
<u>1,171,028</u>	<u>-</u>	<u>628,488</u>	<u>113,165</u>	<u>4,289,128</u>
674,407	-	(593,504)	(108,589)	(87,963)
-	-	635,000	117,000	752,000
(635,000)	-	-	-	(782,853)
<u>(635,000)</u>	<u>-</u>	<u>635,000</u>	<u>117,000</u>	<u>(30,853)</u>
39,407	-	41,496	8,411	(118,816)
<u>1,226,431</u>	<u>834,171</u>	<u>801,368</u>	<u>145,264</u>	<u>3,983,767</u>
<u>\$ 1,265,838</u>	<u>\$ 834,171</u>	<u>\$ 842,864</u>	<u>\$ 153,675</u>	<u>\$ 3,864,951</u>

CITY OF ANDERSON, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
 IN FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 For The Year Ended December 31, 2006

	Cumulative Capital Improvement	City Economic Development	Redevelopment Capital Improvement	Redevelopment TIF	Fire Building and Equipment
Revenues:					
Taxes	\$ -	\$ 610,771	\$ -	\$ 1,058,728	\$ -
Intergovernmental	397,285	-	-	85,856	-
Charges for services	-	-	-	-	1,081,295
Other	1,477	-	98,573	2,070	13,384
Total revenues	<u>398,762</u>	<u>610,771</u>	<u>98,573</u>	<u>1,146,654</u>	<u>1,094,679</u>
Expenditures:					
Capital outlay	<u>286,338</u>	<u>731,814</u>	<u>60,334</u>	<u>1,267,806</u>	<u>667,694</u>
Total expenditures	<u>286,338</u>	<u>731,814</u>	<u>60,334</u>	<u>1,267,806</u>	<u>667,694</u>
Excess (deficiency) of revenues over (under) expenditures	<u>112,424</u>	<u>(121,043)</u>	<u>38,239</u>	<u>(121,152)</u>	<u>426,985</u>
Net change in fund balances	<u>112,424</u>	<u>(121,043)</u>	<u>38,239</u>	<u>(121,152)</u>	<u>426,985</u>
Fund balances - January 1	<u>792,760</u>	<u>800,769</u>	<u>266,863</u>	<u>5,098,045</u>	<u>312,358</u>
Fund balances - December 31	<u>\$ 905,184</u>	<u>\$ 679,726</u>	<u>\$ 305,122</u>	<u>\$ 4,976,893</u>	<u>\$ 739,343</u>

<u>COIT Bond Construction</u>	<u>Redevelopment TIF Capital Bond</u>	<u>City Court/ Main Street Bond</u>	<u>Urban Park Construction</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	46,617	-	726
-	46,617	-	726
<u>13,053</u>	<u>2,614,352</u>	<u>-</u>	<u>365,211</u>
<u>13,053</u>	<u>2,614,352</u>	<u>-</u>	<u>365,211</u>
<u>(13,053)</u>	<u>(2,567,735)</u>	<u>-</u>	<u>(364,485)</u>
(13,053)	(2,567,735)	-	(364,485)
<u>13,053</u>	<u>3,201,751</u>	<u>30,801</u>	<u>406,837</u>
<u>\$ -</u>	<u>\$ 634,016</u>	<u>\$ 30,801</u>	<u>\$ 42,352</u>

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CITY OF ANDERSON, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES
 IN FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 For The Year Ended December 31, 2006

	Airport Grant	EDA Flagship	Sanitary District Construction	Certified Tech Park	Totals
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,669,499
Intergovernmental	1,420,252	352,189	-	-	2,255,582
Charges for services	-	-	-	-	1,081,295
Other	-	419	-	-	163,266
Total revenues	1,420,252	352,608	-	-	5,169,642
Expenditures:					
Capital outlay	1,061,125	553,632	3,843,787	800	11,465,946
Total expenditures	1,061,125	553,632	3,843,787	800	11,465,946
Excess (deficiency) of revenues over (under) expenditures	359,127	(201,024)	(3,843,787)	(800)	(6,296,304)
Net change in fund balances	359,127	(201,024)	(3,843,787)	(800)	(6,296,304)
Fund balances - January 1	-	207,157	7,135,614	651,769	18,917,797
Fund balances - December 31	\$ 359,127	\$ 6,133	\$ 3,291,827	\$ 650,969	\$ 12,621,493

CITY OF ANDERSON, INDIANA
 SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 NON-MAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
	<u>Motor Vehicle Highway</u>				<u>Local Road and Street</u>			
Revenues:								
Intergovernmental	\$ 1,837,997	\$ 1,837,997	\$ 2,236,315	\$ 398,318	\$ 599,346	\$ 599,346	\$ 574,326	\$ (25,020)
Other	50,000	50,000	60,455	10,455	110,000	110,000	117,022	7,022
Total revenues	<u>1,887,997</u>	<u>1,887,997</u>	<u>2,296,770</u>	<u>408,773</u>	<u>709,346</u>	<u>709,346</u>	<u>691,348</u>	<u>(17,998)</u>
Expenditures:								
Current:								
Highways and streets	1,829,177	1,863,022	1,630,163	232,859	752,996	806,161	688,950	117,211
Total expenditures	<u>1,829,177</u>	<u>1,863,022</u>	<u>1,630,163</u>	<u>232,859</u>	<u>752,996</u>	<u>806,161</u>	<u>688,950</u>	<u>117,211</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	300,000	300,000
Transfers out	-	-	-	-	-	(300,000)	(300,000)	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>300,000</u>
Net change in fund balances	58,820	24,975	666,607	175,914	(43,650)	(396,815)	2,398	164,791
Fund balances - January 1	479,673	479,673	479,673	-	90,674	90,674	90,674	-
Fund balances - December 31	<u>\$ 538,493</u>	<u>\$ 504,648</u>	<u>\$ 1,146,280</u>	<u>\$ 175,914</u>	<u>\$ 47,024</u>	<u>\$ (306,141)</u>	<u>\$ 93,072</u>	<u>\$ 164,791</u>
	<u>Municipal Transportation</u>				<u>Airport</u>			
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 200,000	\$ 182,066	\$ (17,934)
Intergovernmental	1,979,262	1,979,262	1,762,112	(217,150)	233,229	233,229	29,092	(204,137)
Other	239,000	239,000	184,671	(54,329)	-	-	208,040	208,040
Total revenues	<u>2,218,262</u>	<u>2,218,262</u>	<u>1,946,783</u>	<u>(271,479)</u>	<u>433,229</u>	<u>433,229</u>	<u>419,198</u>	<u>(14,031)</u>
Expenditures:								
Current:								
General government	2,365,750	2,308,803	2,024,590	284,213	646,915	614,286	580,934	33,352
Total expenditures	<u>2,365,750</u>	<u>2,308,803</u>	<u>2,024,590</u>	<u>284,213</u>	<u>646,915</u>	<u>614,286</u>	<u>580,934</u>	<u>33,352</u>
Net change in fund balances	(147,488)	(90,541)	(77,807)	(555,692)	(213,686)	(181,057)	(161,736)	(47,383)
Fund balances - January 1	573,622	573,622	573,622	-	341,420	341,420	341,420	-
Fund balances - December 31	<u>\$ 426,134</u>	<u>\$ 483,081</u>	<u>\$ 495,815</u>	<u>\$ (555,692)</u>	<u>\$ 127,734</u>	<u>\$ 160,363</u>	<u>\$ 179,684</u>	<u>\$ (47,383)</u>

CITY OF ANDERSON, INDIANA
 SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 NON-MAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
	Community Development				Parks and Recreation			
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,820,000	\$ 1,820,000	\$ 1,653,438	\$ (166,562)
Intergovernmental	1,500,000	1,500,000	1,408,803	(91,197)	176,239	176,239	155,354	(20,885)
Other	7,000	7,000	2,890	(4,310)	503,750	503,750	376,319	(127,431)
Total revenues	<u>1,507,000</u>	<u>1,507,000</u>	<u>1,411,493</u>	<u>(95,507)</u>	<u>2,499,989</u>	<u>2,499,989</u>	<u>2,185,111</u>	<u>(314,878)</u>
Expenditures:								
Current:								
Economic development	1,990,465	2,024,600	1,427,811	596,789	-	-	-	-
Culture and recreation	-	-	-	-	2,691,169	2,627,165	2,480,731	146,434
Total expenditures	<u>1,990,465</u>	<u>2,024,600</u>	<u>1,427,811</u>	<u>596,789</u>	<u>2,691,169</u>	<u>2,627,165</u>	<u>2,480,731</u>	<u>146,434</u>
Net change in fund balances	(483,465)	(517,600)	(16,318)	(692,296)	(191,180)	(127,176)	(295,620)	(461,312)
Fund balances - January 1	22,405	22,405	22,405	-	375,853	375,853	375,853	-
Fund balances - December 31	<u>\$ (461,060)</u>	<u>\$ (495,195)</u>	<u>\$ 6,087</u>	<u>\$ (692,296)</u>	<u>\$ 184,673</u>	<u>\$ 248,677</u>	<u>\$ 80,233</u>	<u>\$ (461,312)</u>
	Park Non-reverting Operating				Sanitary District Commission			
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 8,000	\$ 8,000	\$ 6,173	\$ (1,827)
Intergovernmental	209,000	209,000	18,396	(190,604)	1,182	1,182	579	(603)
Other	265,475	265,475	328,089	60,614	-	-	-	-
Total revenues	<u>474,475</u>	<u>474,475</u>	<u>344,485</u>	<u>(129,990)</u>	<u>9,182</u>	<u>9,182</u>	<u>6,752</u>	<u>(2,430)</u>
Expenditures:								
Current:								
Sanitation	-	-	-	-	6,300	6,300	6,113	187
Culture and recreation	552,484	628,984	517,088	111,896	-	-	-	-
Total expenditures	<u>552,484</u>	<u>628,984</u>	<u>517,088</u>	<u>111,896</u>	<u>6,300</u>	<u>6,300</u>	<u>6,113</u>	<u>187</u>
Net change in fund balances	(78,009)	(154,509)	(172,603)	(241,886)	2,882	2,882	639	(2,617)
Fund balances - January 1	235,719	235,719	235,719	-	9,731	9,731	9,731	-
Fund balances - December 31	<u>\$ 157,710</u>	<u>\$ 81,210</u>	<u>\$ 63,116</u>	<u>\$ (241,886)</u>	<u>\$ 12,613</u>	<u>\$ 12,613</u>	<u>\$ 10,370</u>	<u>\$ (2,617)</u>

CITY OF ANDERSON, INDIANA
 SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 NON-MAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
	City Court Probation				Local Law Enforcement Continuing Education			
Revenues:								
Other	\$ 386,300	\$ 386,300	\$ 324,729	\$ (61,571)	\$ 46,200	\$ 46,200	\$ 47,013	\$ 813
Total revenues	386,300	386,300	324,729	(61,571)	46,200	46,200	47,013	813
Expenditures:								
Current:								
Public safety	318,479	399,979	340,859	59,120	53,844	53,844	51,315	2,529
Total expenditures	318,479	399,979	340,859	59,120	53,844	53,844	51,315	2,529
Net change in fund balances	67,821	(13,679)	(16,130)	(120,691)	(7,644)	(7,644)	(4,302)	(1,716)
Fund balances - January 1	401,852	401,852	401,852	-	44,314	44,314	44,314	-
Fund balances - December 31	\$ 489,673	\$ 388,173	\$ 385,722	\$ (120,691)	\$ 36,670	\$ 36,670	\$ 40,012	\$ (1,716)
	Clean Air Non-Reverting				Corporation Bonds			
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 850,000	\$ 850,000	\$ 771,470	\$ (78,530)
Intergovernmental	36,114	36,114	16,704	(19,410)	73,780	73,780	72,527	(1,253)
Other	-	-	15,752	15,752	-	-	4,323	4,323
Total revenues	36,114	36,114	32,456	(3,658)	923,780	923,780	848,320	(75,460)
Expenditures:								
Current:								
Public safety	40,537	40,537	37,527	3,010	-	-	-	-
Debt service:								
Principal	-	-	-	-	595,000	595,000	595,000	-
Interest and fiscal charges	-	-	-	-	273,713	273,713	273,018	695
Total expenditures	40,537	40,537	37,527	3,010	868,713	868,713	868,018	695
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(300,000)	(3,627)	296,373
Total other financing sources (uses)	-	-	-	-	-	(300,000)	(3,627)	296,373
Net change in fund balances	(4,423)	(4,423)	(5,071)	(6,668)	55,067	(244,933)	(23,325)	220,218
Fund balances - January 1	43,875	43,875	43,875	-	65,545	65,545	65,545	-
Fund balances - December 31	\$ 39,452	\$ 39,452	\$ 38,804	\$ (6,668)	\$ 120,612	\$ (179,388)	\$ 42,220	\$ 220,218

CITY OF ANDERSON, INDIANA
 SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 NON-MAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
	Sanitary District Bonds				COIT Principal and Interest			
Revenues:								
Taxes	\$ 1,250,000	\$ 1,250,000	\$ 959,707	\$ (290,293)	\$ -	\$ -	\$ -	\$ -
Intergovernmental	106,500	106,500	90,222	(16,278)	355,955	355,955	385,201	29,246
Other	-	-	-	-	-	-	-	-
Total revenues	1,356,500	1,356,500	1,049,929	(306,571)	355,955	355,955	385,201	29,246
Expenditures:								
Debt Service:								
Principal	730,000	730,000	730,000	-	265,000	265,000	265,000	-
Interest and fiscal charges	506,211	506,211	503,711	2,500	91,555	91,555	91,343	212
Total expenditures	1,236,211	1,236,211	1,233,711	2,500	356,555	356,555	356,343	212
Other financing sources (uses):								
Transfers in	-	-	3,619	3,619	-	-	-	-
Transfers out	-	(800,000)	-	800,000	-	-	(26,894)	(26,894)
Total other financing sources (uses)	-	(800,000)	3,619	803,619	-	-	(26,894)	(26,894)
Net change in fund balances	120,289	(679,711)	(180,163)	494,548	(600)	(600)	1,964	2,140
Fund balances - January 1	397,634	397,634	397,634	-	-	-	-	-
Fund balances - December 31	\$ 517,923	\$ (282,077)	\$ 217,471	\$ 494,548	\$ (600)	\$ (600)	\$ 1,964	\$ 2,140
	Redevelopment Bond and Interest				Cumulative Capital Improvement			
Revenues:								
Taxes	\$ 1,100,000	\$ 1,100,000	\$ 1,802,167	\$ 702,167	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	152,000	152,000	397,285	245,285
Other	-	-	-	-	100,000	100,000	1,477	(98,523)
Total revenues	1,100,000	1,100,000	1,802,167	702,167	252,000	252,000	398,762	146,762
Expenditures:								
Current:								
General government	-	-	-	-	550,000	500,635	294,242	206,393
Debt Service:								
Principal	1,280,000	1,280,000	1,280,000	-	-	-	-	-
Interest and fiscal charges	521,994	521,994	516,244	5,750	-	-	-	-
Total expenditures	1,801,994	1,801,994	1,796,244	5,750	550,000	500,635	294,242	206,393
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	300,000	300,000
Transfers out	-	-	(9,785)	(9,785)	-	(151,000)	(300,000)	(149,000)
Total other financing sources (uses)	-	-	(9,785)	(9,785)	-	(151,000)	-	151,000
Net change in fund balances	(701,994)	(701,994)	(3,862)	686,632	(298,000)	(399,635)	104,520	91,369
Fund balances - January 1	1,226,430	1,226,430	1,226,430	-	800,664	800,664	800,664	-
Fund balances - December 31	\$ 524,436	\$ 524,436	\$ 1,222,568	\$ 686,632	\$ 502,664	\$ 401,029	\$ 905,184	\$ 91,369

CITY OF ANDERSON, INDIANA
 SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 NON-MAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006

	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
	City Economic Development				Redevelopment Capital Improvement			
Revenues:								
Taxes	\$ 640,000	\$ 640,000	\$ 672,840	\$ 32,840	\$ -	\$ -	\$ -	\$ -
Other	-	-	-	-	25,000	25,000	98,573	73,573
Total revenues	640,000	640,000	672,840	32,840	25,000	25,000	98,573	73,573
Expenditures:								
Current:								
Economic development	800,000	1,008,168	738,500	269,668	71,350	250,030	60,334	189,696
Total expenditures	800,000	1,008,168	738,500	269,668	71,350	250,030	60,334	189,696
Net change in fund balances	(160,000)	(368,168)	(65,660)	(236,828)	(46,350)	(225,030)	38,239	(116,123)
Fund balances - January 1	660,248	660,248	660,248	-	266,883	266,883	266,883	-
Fund balances - December 31	\$ 500,248	\$ 292,080	\$ 594,588	\$ (236,828)	\$ 220,533	\$ 41,853	\$ 305,122	\$ (116,123)
	Redevelopment TIF				Fire Building and Equipment			
Revenues:								
Taxes	\$ 1,424,000	\$ 1,424,000	\$ 1,058,728	\$ (365,272)	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	85,856	85,856	-	-	-	-
Other	-	-	2,070	2,070	720,000	720,000	977,893	257,893
Total revenues	1,424,000	1,424,000	1,146,654	(277,346)	720,000	720,000	977,893	257,893
Expenditures:								
Current:								
Public safety	-	-	-	-	754,000	837,824	664,301	173,523
Economic development	1,220,000	4,917,667	1,205,382	3,712,285	-	-	-	-
Total expenditures	1,220,000	4,917,667	1,205,382	3,712,285	754,000	837,824	664,301	173,523
Other financing sources (uses):								
Transfers in	-	-	300,000	300,000	-	-	-	-
Transfers out	-	-	(300,000)	(300,000)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	204,000	(3,493,667)	(58,728)	(3,989,631)	(34,000)	(117,824)	313,592	84,370
Fund balances - January 1	5,405,344	5,405,344	5,405,344	-	218,727	218,727	218,727	-
Fund balances - December 31	\$ 5,609,344	\$ 1,911,677	\$ 5,346,616	\$ (3,989,631)	\$ 184,727	\$ 100,903	\$ 532,319	\$ 84,370

NON-MAJOR PROPRIETARY FUNDS

INTERNAL SERVICE FUNDS

These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City maintains the following non-major internal service funds:

Insurance Loss

To account for financial requirements to self-insure for workers' compensation benefits

Health Insurance

To account for revenues from employer, employee and retiree contributions for the City's health insurance

CITY OF ANDERSON, INDIANA
 COMBINING STATEMENT OF NET ASSETS
 NON-MAJOR PROPRIETARY FUNDS
 December 31, 2006

<u>Governmental Activities - Internal Service Funds</u>			
<u>Assets</u>	<u>Insurance Loss</u>	<u>Health Insurance</u>	<u>Totals</u>
Current assets:			
Cash and cash equivalents	\$ 1,007,643	\$ 899,113	\$ 1,906,756
Investments	-	2,957,878	2,957,878
Total assets	1,007,643	3,856,991	4,864,634
<u>Liabilities</u>			
Current liabilities:			
Deferred claims liability	150,401	1,087,664	1,238,065
Total liabilities	150,401	1,087,664	1,238,065
<u>Net assets</u>			
Unrestricted	<u>\$ 857,242</u>	<u>\$ 2,769,327</u>	<u>\$ 3,626,569</u>

CITY OF ANDERSON, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
 IN FUND NET ASSETS
 NON-MAJOR PROPRIETARY FUNDS
 For The Year Ended December 31, 2006

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Insurance Loss</u>	<u>Health Insurance</u>	<u>Totals</u>
Operating revenues:			
Employer/employee contributions	\$ 680,122	\$ 10,052,918	\$ 10,733,040
Other	-	327,543	327,543
Total operating revenues	<u>680,122</u>	<u>10,380,461</u>	<u>11,060,583</u>
Operating expenses:			
Administration and general	-	36,007	36,007
Insurance claims and premiums	522,945	11,168,231	11,691,176
Total operating expenses	<u>522,945</u>	<u>11,204,238</u>	<u>11,727,183</u>
Operating income (loss)	<u>157,177</u>	<u>(823,777)</u>	<u>(666,600)</u>
Nonoperating revenues:			
Investment income	-	125,660	125,660
Net income (loss)	<u>157,177</u>	<u>(698,117)</u>	<u>(540,940)</u>
Change in net assets	<u>157,177</u>	<u>(698,117)</u>	<u>(540,940)</u>
Net assets - January 1	<u>700,065</u>	<u>3,467,444</u>	<u>4,167,509</u>
Net assets - December 31	<u>\$ 857,242</u>	<u>\$ 2,769,327</u>	<u>\$ 3,626,569</u>

CITY OF ANDERSON, INDIANA
 COMBINING STATEMENT OF CASH FLOWS
 NON-MAJOR PROPRIETARY FUNDS
 For The Year Ended December 31, 2006

	Governmental Activities - Internal Service Funds		
	Insurance Loss	Health Insurance	Totals
Cash flows from operating activities:			
Receipts from employers/employees	\$ 680,122	\$ 10,052,918	\$ 10,733,040
Other receipts	-	466,725	466,725
Payments for administration and general	-	(36,930)	(36,930)
Payments for insurance claims and premiums	(477,463)	(11,273,679)	(11,751,142)
Net cash provided (used) by operating activities	202,659	(790,966)	(588,307)
Cash flows from investing activities:			
Proceeds from sales and maturities of investments	-	2,175,134	2,175,134
Purchase of investments	-	(2,708,827)	(2,708,827)
Investment income received	-	107,072	107,072
Net cash provided (used) by investing activities	-	(426,621)	(426,621)
Increase (decrease) in cash and cash equivalents	202,659	(1,217,587)	(1,014,928)
Cash and cash equivalents - January 1	804,984	2,116,700	2,921,684
Cash and cash equivalents - December 31	\$ 1,007,643	\$ 899,113	\$ 1,906,756
Reconciliation of operating income to net cash			
Provided by operating activities:			
Operating income (loss)	\$ 157,177	\$ (823,777)	\$ (666,600)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Increase (decrease) in liabilities:			
Deferred claims liability	45,482	32,811	78,293
Total adjustments	45,482	32,811	78,293
Net cash provided (used) by operating activities	\$ 202,659	\$ (790,966)	\$ (588,307)
Noncash investing activities:			
Change in fair value of investments	\$ -	\$ 36,389	\$ 36,389

FIDUCIARY FUNDS

PENSION TRUST FUNDS

These funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans. The City maintains the following non-major pension trust funds:

Police Pension

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

Fire Pension

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

AGENCY FUNDS

These funds are used to account for resources that are custodial in nature. They generally are amounts held by the City on behalf of third parties. The City maintains the following non-major agency funds:

Civil City Payroll

To account for withholdings that are payable

City Clerk

To account for funds held in a fiduciary capacity for the City Clerk's office.

Court Costs Due County

To account for the portion of court costs collected by the City Clerk due Madison County

Waivered Barrett Law

To account for property owner assessment receipts held by the City as agent for the repayment of related contractor Barrett Law Bonds.

CITY OF ANDERSON, INDIANA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
 December 31, 2006

<u>Assets</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Cash & cash equivalents	\$ 1,288,711	\$ 1,005,065	\$ 2,293,776
Investment in external pool	1,718,488	1,879,739	3,598,227
Receivables (net of allowance for uncollectibles):			
Taxes	<u>81,873</u>	<u>137,353</u>	<u>219,226</u>
 Total assets	 <u>\$ 3,089,072</u>	 <u>\$ 3,022,157</u>	 <u>\$ 6,111,229</u>
 <u>Net assets</u>			
Reserved for employees' pension benefits	<u>\$ 3,089,072</u>	<u>\$ 3,022,157</u>	<u>\$ 6,111,229</u>

CITY OF ANDERSON, INDIANA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 December 31, 2006

<u>Assets</u>	Civil City Payroll	City Clerk	Court Costs Due County	Waivered Barrett Law	Totals
Cash and cash equivalents	\$ 926,228	\$ 358,779	\$ 2,968	\$ 91,526	\$ 1,379,501
Receivables (net of allowance for uncollectibles):					
Special assessments	-	-	-	103,436	103,436
Total assets	\$ 926,228	\$ 358,779	\$ 2,968	\$ 194,962	\$ 1,482,937
 <u>Liabilities</u>					
Payroll withholdings payable	\$ 926,228	\$ -	\$ -	\$ -	\$ 926,228
Intergovernmental payable	-	26,937	2,968	-	29,905
Special assessments payable	-	-	-	91,526	91,526
Trust payable	-	331,842	-	103,436	435,278
Total liabilities	\$ 926,228	\$ 358,779	\$ 2,968	\$ 194,962	\$ 1,482,937

CITY OF ANDERSON, INDIANA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2006

	Police Pension	Fire Pension	Totals
Additions:			
Employer contributions	\$ 709,322	\$ 1,238,085	\$ 1,947,407
On-behalf contributions	2,214,680	2,498,729	4,713,409
Plan members contributions	15,439	10,323	25,762
Total contributions	<u>2,939,441</u>	<u>3,747,137</u>	<u>6,686,578</u>
Investment income	151,364	165,566	316,930
Total additions	<u>3,090,805</u>	<u>3,912,703</u>	<u>7,003,508</u>
Deductions:			
Benefits	2,830,161	3,760,880	6,591,041
Administrative expense	14,736	23,480	38,216
Total deductions	<u>2,844,897</u>	<u>3,784,360</u>	<u>6,629,257</u>
Change in net assets	245,908	128,343	374,251
Net assets - January 1	<u>2,843,164</u>	<u>2,893,814</u>	<u>5,736,978</u>
Net assets - December 31	<u>\$ 3,089,072</u>	<u>\$ 3,022,157</u>	<u>\$ 6,111,229</u>

CITY OF ANDERSON, INDIANA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended December 31, 2006

	Civil City Payroll	City Clerk	Court Costs Due County	Waivered Barrett Law	Totals
Assets:					
Cash and cash equivalents - January 1	\$ 909,744	\$ 402,681	\$ 7,199	\$ 114,928	\$ 1,434,552
Additions	12,843,367	884,416	51,010	46,867	13,825,660
Deductions	(12,826,883)	(928,318)	(55,241)	(70,269)	(13,880,711)
Cash and cash equivalents - December 31	926,228	358,779	2,968	91,526	1,379,501
Special assessments receivable - January 1	\$ -	\$ -	\$ -	\$ 139,456	\$ 139,456
Additions	-	-	-	10,847	10,847
Deductions	-	-	-	(46,867)	(46,867)
Special assessments receivable - December 31	-	-	-	103,436	103,436
Total assets - December 31	\$ 926,228	\$ 358,779	\$ 2,968	\$ 194,962	\$ 1,482,937
Liabilities:					
Payroll withholdings payable - January 1	\$ 909,744	\$ -	\$ -	\$ -	\$ 909,744
Additions	12,843,367	-	-	-	12,843,367
Deductions	(12,826,883)	-	-	-	(12,826,883)
Payroll withholdings payable - December 31	926,228	-	-	-	926,228
Intergovernmental payable - January 1	\$ -	\$ 29,935	\$ 7,199	\$ -	\$ 37,134
Additions	-	428,894	51,010	-	479,904
Deductions	-	(431,892)	(55,241)	-	(487,133)
Intergovernmental payable - December 31	-	26,937	2,968	-	29,905
Special assessments payable - January 1	\$ -	\$ -	\$ -	\$ 114,928	\$ 114,928
Deductions	-	-	-	(23,402)	(23,402)
Special assessments payable - December 31	-	-	-	91,526	91,526
Trust payable - January 1	\$ -	\$ 372,746	\$ -	\$ 139,456	\$ 512,202
Additions	-	455,522	-	-	455,522
Deductions	-	(496,426)	-	(36,020)	(532,446)
Trust payable - December 31	-	331,842	-	103,436	435,278
Total liabilities - December 31	\$ 926,228	\$ 358,779	\$ 2,968	\$ 194,962	\$ 1,482,937

Statistical Section

This part of the City of Anderson's comprehensive annual financial report represents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City of Anderson's overall financial health. Certain schedules do not display ten year trends if data was unavailable. This information has not been audited by the independent auditors.

Contents	Page
Financial Trends	
These schedules contain information to help the reader understand how the City of Anderson's financial performance and well-being have changed over time.	107
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City of Anderson's ability to generate its property and sales taxes.	112
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City of Anderson's current levels of outstanding debt and the City's ability to issue additional debt in the future.	117
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City of Anderson financial activities take place and to help make comparisons over time and with other governments.	124
Operating Information	
These schedules contain information about the City of Anderson's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	126

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City of Anderson implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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Schedule 1
CITY OF ANDERSON, INDIANA
Net Assets by Component
Last Four Fiscal Years

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003(A)</u>
Governmental Activities				
Invested in capital assets, net of related debt	\$ 42,287,125	\$ 17,033,056	\$ 13,509,555	\$ 1,456,096
Restricted	4,427,997	11,227,772	9,640,710	9,539,097
Unrestricted	<u>(26,236,723)</u>	<u>(23,629,418)</u>	<u>(24,287,940)</u>	<u>(21,376,838)</u>
Total governmental activities net assets	<u>\$ 20,478,399</u>	<u>\$ 4,631,410</u>	<u>\$ (1,137,675)</u>	<u>\$ (10,381,645)</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 83,796,128	\$ 78,989,353	\$ 74,311,409	\$ 58,075,358
Restricted	11,685,518	9,966,579	10,609,653	7,979,272
Unrestricted	<u>(1,545,336)</u>	<u>3,255,754</u>	<u>3,535,060</u>	<u>16,344,463</u>
Total business-type activities net assets	<u>\$ 93,936,310</u>	<u>\$ 92,211,686</u>	<u>\$ 88,456,122</u>	<u>\$ 82,399,093</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 126,083,253	\$ 96,022,409	\$ 87,820,964	\$ 59,531,454
Restricted	16,113,515	21,194,351	20,250,363	17,518,369
Unrestricted	<u>(27,782,059)</u>	<u>(20,373,664)</u>	<u>(20,752,880)</u>	<u>(5,032,375)</u>
Total primary government net assets	<u>\$ 114,414,709</u>	<u>\$ 96,843,096</u>	<u>\$ 87,318,447</u>	<u>\$ 72,017,448</u>

Source: State Board of Accounts Audit Report
(A) No information is available for prior years, as the accounting standard implementing government-wide financial statements was first applicable to fiscal year 2003.

Schedule 2
CITY OF ANDERSON, INDIANA
Changes in Net Assets
Last Four Fiscal Years
(Modified Accrual Basis of Accounting)

	2006	2005	2004	2003(A)
Expenses				
Governmental activities:				
General government	\$ 17,958,135	\$ 16,115,043	\$ 14,125,121	\$ 13,390,943
Public Safety	24,585,815	25,031,640	23,806,658	24,109,748
Highways & Streets	3,060,318	3,524,009	3,995,669	4,228,521
Sanitation	3,017,322	1,778,741	1,981,884	1,787,092
Economic Development	11,866,547	3,350,916	723,270	3,731,403
Culture & Recreation	4,344,836	4,471,116	3,090,888	4,254,061
Interest on long-term debt	1,983,215	1,958,558	1,550,361	1,287,143
Total governmental activities expenses	66,796,186	58,233,063	49,263,649	52,789,909
Business-type activities:				
Water	5,370,126	5,101,129	5,243,425	4,818,498
Wastewater	12,404,115	10,863,898	10,839,178	10,052,814
Electric	51,013,460	47,294,824	41,245,512	38,145,172
Total business-type activities expenses	68,787,701	63,259,851	57,328,115	53,016,482
Total primary government expenses	\$ 135,583,887	\$ 119,490,014	\$ 106,591,764	\$ 105,806,391
Program Revenues				
Governmental activities:				
Charges for Services:				
General government	\$ 3,505,575	\$ 3,259,514	\$ 600,200	\$ 428,739
Public Safety	1,695,127	1,256,013	1,835,722	1,355,787
Highways & Streets	180,684	111,818	108,839	182,815
Sanitation	43,284	15,333	25,935	-
Economic Development	-	8,400	244,455	222,597
Culture & Recreation	664,113	440,086	441,914	497,452
Interest on long-term debt	-	-	-	-
Operating grants & contributions	10,758,049	7,653,833	6,520,888	6,416,159
Capital grants & contributions	9,484,824	5,653,353	6,742,598	3,284,791
Total governmental activities program revenues	25,505,656	19,402,360	16,520,349	12,368,340
Business-type activities:				
Charges for Services:				
Water	5,762,866	5,820,854	5,969,845	5,842,860
Wastewater	14,144,986	14,496,119	14,405,366	14,528,252
Electric	63,258,294	50,015,044	45,860,415	41,175,093
Operating grants & contributions	88,078	-	-	81,100
Capital grants & contributions	206,137	-	386,376	-
Total business-type activities program revenues	73,460,361	70,331,017	66,632,002	61,625,305
Total primary government program revenues	\$ 98,966,017	\$ 89,733,377	\$ 83,152,351	\$ 73,993,645

(Continued on next page)

Source: State Board of Accounts Audit Report

Schedule 2
CITY OF ANDERSON, INDIANA
Changes in Net Assets, Continued
Last Four Fiscal Years
(Modified Accrual Basis of Accounting)

	2006	2005	2004	2003
Net (Expense)/Revenue				
Governmental activities	\$ (40,490,530)	\$ (37,927,703)	\$ (32,743,500)	\$ (40,421,589)
Business-type activities	4,672,880	7,071,068	9,303,887	8,808,823
Total primary government net expense/revenue	<u>\$ (35,817,650)</u>	<u>\$ (30,756,635)</u>	<u>\$ (23,439,613)</u>	<u>\$ (31,612,766)</u>
General Revenues and Other Changes in Net Assets				
Governmental activities				
Property taxes	\$ 25,168,690	\$ 25,031,129	\$ 26,488,350	\$ 24,641,005
COIT	7,534,823	7,563,939	8,495,046	8,237,174
Other taxes	734,908	2,905,371	2,759,645	4,480,320
Grants & Contributions not restricted	480,540	459,965	2,550,671	1,842,120
Unrestricted investment earnings	1,856,987	1,106,478	351,802	286,459
Transfers	3,339,173	3,500,806	3,341,956	3,307,339
Total governmental activities	<u>38,103,121</u>	<u>43,688,788</u>	<u>41,987,470</u>	<u>42,584,417</u>
Business-type activities				
Unrestricted investment earnings	391,137	185,404	95,098	124,501
Other	(3,339,173)	(3,500,908)	(3,341,956)	(3,307,339)
Total business-type activities	<u>(2,948,036)</u>	<u>(3,315,504)</u>	<u>(3,246,858)</u>	<u>(3,182,838)</u>
Total primary government	<u>\$ 35,155,085</u>	<u>\$ 40,373,284</u>	<u>\$ 38,740,612</u>	<u>\$ 39,401,579</u>
Changes in Net Assets				
Governmental activities	\$ (1,387,409)	\$ 5,769,085	\$ 9,243,970	\$ 2,162,848
Business-type activities	1,724,824	3,755,564	6,057,029	5,425,985
Total primary government	<u>\$ 337,415</u>	<u>\$ 9,524,649</u>	<u>\$ 15,300,999</u>	<u>\$ 7,588,833</u>

Source: State Board of Accounts Audit Report

Schedule 3
CITY OF ANDERSON, INDIANA
Fund Balances, Governmental Funds
Last Four Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003 (A)</u>
General Fund				
Reserved	\$ 222,226	\$ 37,408	\$ 218,260	\$ 200,000
Unreserved	4,839,192	5,425,327	2,416,477	4,001,046
Total General Fund	<u>\$ 5,061,418</u>	<u>\$ 5,462,735</u>	<u>\$ 2,634,737</u>	<u>\$ 4,201,046</u>
All Other Governmental Funds				
Reserved	\$ 21,723,048	\$ 16,552,442	\$ 20,789,466	\$ 12,530,820
Unreserved, reported in				
Special revenue funds	3,254,014	3,512,554	3,016,001	2,870,401
Capital projects funds	5,390,288	7,080,106	7,499,724	4,582,915
Debt service funds	-	-	(250,367)	(37,012)
Total Other Governmental Funds	<u>\$ 30,367,350</u>	<u>\$ 27,145,102</u>	<u>\$ 31,054,824</u>	<u>\$ 19,947,124</u>

(A) No information is available for prior years, as the accounting standard implementing government-wide financial statements was first applicable to fiscal year 2003.

Schedule 4
CITY OF ANDERSON, INDIANA
Changes in Fund Balances, Governmental Funds
Last Four Fiscal Years

	2006	2005	2004	2003(A)
Revenues				
Taxes	\$ 25,339,429	\$ 29,386,433	\$ 28,684,919	\$ 24,013,707
Licenses and permits	413,252	384,906	235,320	441,636
Intragovernmental	18,600,732	20,335,988	17,418,499	20,004,526
Charges for Services	4,631,309	3,956,178	4,259,001	2,659,654
Fines and forfeits	784,898	630,124	553,033	343,292
Other	3,262,274	3,300,043	4,494,768	1,888,618
Total revenues	\$ 53,031,694	\$ 57,993,872	\$ 53,645,540	\$ 49,331,833
Expenditures				
General government	\$ 8,874,148	\$ 11,059,097	\$ 9,491,957	\$ 11,049,142
Public safety	22,686,514	21,993,838	22,172,797	21,897,533
Highways and streets	4,446,248	3,928,353	4,566,891	4,417,321
Sanitation	1,788,000	1,684,679	1,921,411	1,787,091
Economic Development	2,805,425	2,669,232	1,786,881	3,122,834
Culture and recreation	3,181,944	2,847,468	3,109,875	2,421,330
Debt Service				
Principal	2,513,000	2,185,000	7,795,100	3,585,000
Interest and fiscal charges	1,776,128	1,801,288	1,252,202	984,063
Bond issuance costs				
Capital Outlay	19,923,943	11,850,838	9,650,490	8,698,373
Total expenditures	\$ 68,877,348	\$ 60,369,293	\$ 61,991,204	\$ 68,120,687
Other Financing Sources (Uses)				
Bonds issued	-	-	-	2,001,924
Bond issue discount	-	-	-	(19,582)
Issuance of debt	18,309,172	-	17,924,095	-
Issuance of debt discount	-	-	(11,840)	-
BAN proceeds	-	-	-	1,740,000
Payments to refunded bond escrow agent	-	-	-	-
Transfers in	1,366,415	2,009,063	2,835,961	1,298,974
Transfers out	(1,366,415)	(2,009,063)	(2,635,961)	(1,298,974)
Financing by capital leases	457,213	1,293,897	74,800	1,191,113
Total other financing sources (uses)	18,765,385	1,293,897	17,687,055	4,913,055
Net change in fund balances	\$ 2,820,931	\$ (1,061,724)	\$ 9,541,391	\$ (3,875,799)
Debt service as a percentage of noncapital expenditures	5.7%	6.2%	17.4%	9.2%

SOURCE: State Board of Accounts Audit Report
Includes General, Special Revenue, Debt Service, Capital Projects and Expendable Trust Funds
(A) Information not available for years prior to 2003.

Schedule 5
CITY OF ANDERSON, INDIANA
Tax Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Property	Financial Institution	License Excise	County Option Income Tax	Commercial Vehicle Excise Tax	Total
2006	\$ 27,064,214	\$ 151,337	\$ 1,896,601	\$ -	(A) \$ 220,274	\$ 29,332,426
2005	29,958,262	148,760	2,030,462	-	(A) 209,784	32,347,268
2004	27,639,518	158,569	2,378,710	-	(A) 99,897	30,276,694
2003	26,672,146	159,720	2,426,123	-	(A) 176,846	29,334,835
2002	26,144,919	148,132	2,323,771	-	(A) 181,218	28,798,040
2001	23,837,232	144,828	2,466,026	-	(A) 172,588	26,620,674
2000	23,196,731	144,643	2,440,833	5,068,527	-	30,860,734
1999	22,204,191	162,705	2,450,519	4,827,350	-	29,644,765
1998	22,711,725	146,186	2,284,562	4,007,244	-	29,149,717
1997	21,712,961	152,048	2,202,654	2,018,017	-	26,085,680
Fiscal Year						
2006	92.27%	0.52%	6.47%	0.00%	0.75%	100.00%
2005	92.61%	0.46%	6.28%	0.00%	0.65%	100.00%
2004	91.29%	0.52%	7.86%	0.00%	0.33%	100.00%
2003	90.58%	0.54%	8.27%	0.00%	0.60%	100.00%
2002	90.79%	0.51%	8.07%	0.00%	0.63%	100.00%
2001	89.54%	0.54%	9.26%	0.00%	0.65%	100.00%
2000	75.19%	0.47%	7.91%	16.43%	0.00%	100.00%
1999	74.90%	0.55%	8.27%	16.28%	0.00%	100.00%
1998	77.91%	0.50%	7.84%	13.75%	0.00%	100.00%
1997	83.24%	0.58%	8.44%	7.74%	0.00%	100.00%

SOURCE: Madison County Auditor's Office

NOTES: The schedule includes General, Special Revenue, Debt Service, Capital Projects, TIF and Pension fund revenues.

(A) Effective 2001, COIT taxes were reclassified as Intergovernmental Revenue

Schedule 6
CITY OF ANDERSON, INDIANA
Assessed and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	REAL		PERSONAL		TOTAL		RATIO Total Assessed to True Tax Value
	Assessed Value	True Tax Value	Assessed Value	True Tax Value	Assessed Value	True Tax Value	
2006 (C)	\$ 1,371,356,525	\$ 1,371,356,525	\$ 269,166,080	\$ 269,166,080	\$ 1,640,522,605	\$ 1,640,522,605	100.00%
2005 (C)	1,364,655,628	1,364,655,628	322,410,871	322,410,871	1,687,066,499	1,687,066,499	100.00%
2004 (C)	1,432,464,170	1,432,464,170	316,238,617	316,238,617	1,748,702,787	1,748,702,787	100.00%
2003 (C)	1,441,185,361	1,441,185,361	332,629,248	332,629,248	1,773,814,609	1,773,814,609	100.00%
2002 (B)	828,903,990	828,903,990	355,815,109	355,815,109	1,184,719,099	1,184,719,099	100.00%
2001 (A)	281,819,751	845,459,253	125,580,590	376,741,770	407,400,341	1,222,201,023	33.33%
2000 (A)	277,007,311	831,021,933	133,696,808	401,090,424	410,704,119	1,232,112,357	33.33%
1999 (A)	274,537,957	823,613,871	150,373,197	451,119,591	424,911,154	1,274,733,462	33.33%
1998 (A)	242,623,712	727,871,136	182,200,200	546,600,600	424,823,912	1,274,471,736	33.33%
1997 (A)	246,891,114	740,673,342	168,847,380	506,542,140	415,738,494	1,247,215,482	33.33%

Fiscal Year	Total Assessed Value Increase/(Decrease)	Percent Increase/(Decrease)
2006 (C)	\$ (46,543,894)	-2.76%
2005 (C)	(61,636,288)	-3.52%
2004 (C)	(25,111,822)	-1.42%
2003 (C)	589,095,510	49.72%
2002 (B)	777,318,758	190.80%
2001 (A)	(3,303,778)	-0.80%
2000 (A)	(14,207,035)	-3.34%
1999 (A)	87,242	0.02%
1998 (A)	9,085,418	2.19%
1997 (A)	47,786,312	12.99%

NOTE: Figures based on the Valuation Per Abstract from the Madison County Auditor's Office
 (A) For the years 1996-2001 the Assessed Value represents one-third of the True Tax Value.
 (B) For 2002 the Assessed Value represents the Full True Tax Value.
 (C) For the years 2003-2006 the Assessed Value is equal to the Market Value.

Schedule 7
CITY OF ANDERSON, INDIANA
Direct & Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$100 assessed value)

Fiscal Year	City Direct Rates					Overlapping Rates			
	General Fund	Special Revenue Funds	Debt Service Funds	Total Direct Rate	County	Township	Library	School	
2006 (A)	1.2101	0.2414	0.1122	1.5637	0.6396	0.0223	0.1589	1.8188	
2005 (A)	1.2101	0.2414	0.1122	1.5637	0.6396	0.0223	0.1589	1.8188	
2004 (A)	1.1380	0.2661	0.1173	1.5214	0.5626	0.0200	0.1417	1.3271	
2003 (A)	1.0488	0.2516	0.0991	1.3995	0.5347	0.0783	0.1335	1.1819	
2002 (A)	1.4500	0.4007	0.1320	1.9827	0.8129	0.0277	0.1970	1.7334	
2001 (B)	4.1145	1.0086	0.3884	5.5115	2.0384	0.0905	0.5750	5.0403	
2000 (B)	4.0163	0.8558	0.4601	5.3322	2.1082	0.0859	0.5231	5.0025	
1999 (B)	3.7589	0.8163	0.4648	5.0400	2.1335	0.0856	0.5015	5.0177	
1998 (B)	3.7690	0.8324	0.4386	5.0400	2.1227	0.0816	0.4950	4.8455	
1997 (B)	3.7498	0.8586	0.4470	5.0554	2.1671	0.0780	0.5765	4.5810	

SOURCE: Madison County Auditor's Office
NOTES: (A) Change in Tax Rate is due to the Assessed Value Representing the True Tax Value for 2002 and Market-based Assessed Value for 2003-2006.
 (B) Assessed Value was 1/3 True Tax Value 1996-2001.

Schedule 8
CITY OF ANDERSON, INDIANA
Principal Property Tax Payers
Current and Three Years Ago

	2006		2003	
	Est. Assessed Value	Percent of Total City	Assessed Value	Percent of Total City
Taxpayer - Real Property				
General Motors Corporation	\$ 14,834,721	1.08%	\$ 21,247,650	1.47%
Anderson Park, Inc	11,287,493	0.82%	16,616,440	1.15%
Lowe's Home Centers, Inc.	9,162,571	0.67%	15,772,190	1.09%
Meijer Stores Limited Partners	8,960,804	0.65%	8,565,480	0.59%
Precision Strip, Inc.	8,655,645	0.63%	3,983,000	0.28%
Bayview Malls, Inc.	7,909,939	0.58%	2,655,440	0.18%
Scatterfield Road Associates II	7,723,097	0.56%	1,873,130	0.13%
Menard, Inc.	7,219,548	0.53%	1,864,590	0.13%
Charles Street Associates II	7,214,608	0.53%	1,855,840	0.13%
Autumn Ridge LP	7,319,821	0.53%	1,693,270	0.12%
TOTAL	\$ 90,288,247	6.58%	\$ 76,127,030	5.28%

SOURCE: City of Anderson, Indiana
NOTES: Due to the statutory change to market-based assessed value in 2003, this year is represented for comparison. See Schedule 6 for additional valuation information.

Schedule 9
CITY OF ANDERSON, INDIANA
Property Tax Levies & Collections
Last 10 Fiscal Years

Fiscal Year	Taxes Levied (A)	Taxes Collected (B)	Total Collections as Percent of Taxes Levied	Total Collectible Delinquent Taxes (C)	Percent of Delinquent Taxes to Taxes Levied
	\$	\$		\$	
2006	29,379,004	27,064,214	92.12%	1,962,849	6.68%
2005	31,318,506	29,958,262	95.66%	6,191,927	19.77%
2004	28,576,256	27,639,518	96.72%	7,035,899	24.62%
2003	28,197,211	26,572,146	94.24%	6,072,856	21.54%
2002	27,234,772	26,144,919	96.00%	6,816,719	25.03%
2001	24,553,584	23,837,232	97.08%	3,934,086	16.02%
2000	23,573,683	23,196,731	98.40%	2,943,421	12.49%
1999	23,127,541	22,204,191	96.01%	2,952,847	12.77%
1998	23,179,125	22,711,725	97.98%	2,818,823	12.16%
1997	22,467,673	21,712,961	96.64%	3,427,655	15.26%

(A)&(B) Includes TIF Funds

(C) Includes Penalties and Interest

Schedule 10
CITY OF ANDERSON, INDIANA
Ratios of Outstanding Debt by Type
Last Five Fiscal Years

Fiscal Year	Governmental Activities				Business-type Activities			
	General Obligation Bonds	Redevelopment Bonds	Capital Leases	Notes & Loans	Revenue Bonds	Capital Leases	Notes & Loans	
2006	\$ 36,166,372	\$ 8,685,000	\$ 1,869,510	\$ 10,510,000	\$ 25,420,000	\$ 22,420,407	\$ 163,675	
2005	30,255,000	9,110,000	2,241,916	350,000	28,115,000	269,902	212,866	
2004	32,020,000	9,530,000	1,601,267	455,000	30,745,000	370,304	259,597	
2003	20,125,000	9,740,000	2,837,125	4,400,000	33,325,000	412,501	303,988	
2002	12,050,000	17,685,000	2,425,797	4,533,513	24,435,000	-	417,406	

Fiscal Year	Total Primary Government	Percentage of Personal Income	Per Capita
	Outstanding Debt		
2006	\$ 105,234,964	2.81%	\$ 1,816
2005	70,554,684	1.89%	1,227
2004	74,981,168	2.06%	1,284
2003	71,143,614	1.97%	1,218
2002	61,546,716	1.75%	1,030

NOTE: Data prior to 2002 not available.

Schedule 11
CITY OF ANDERSON, INDIANA
Ratios of General Bonded Debt Outstanding
Last Five Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Redevelopment Bonds	Total		
2006	\$ 36,166,372	\$ 8,685,000	\$ 44,851,372	3.27%	\$ 774
2005	30,255,000	9,110,000	39,365,000	2.88%	685
2004	32,020,000	9,530,000	41,550,000	2.90%	718
2003	20,125,000	9,740,000	29,865,000	2.07%	512
2002	12,050,000	17,685,000	29,735,000	3.59%	506

NOTES: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Schedule 12
CITY OF ANDERSON, INDIANA
Direct and Overlapping Governmental Activities Debt
As of June 30, 2006

	Total Bonded Debt	Estimated Percentage Applicable	Estimated Share of Direct & Overlapping Debt
<u>Direct Debt and Lease Obligations</u>			
General Obligation Bonds of 2006	\$ 1,530,000	100.00%	\$ 1,530,000
County Option Income Tax Bonds of 1998	<u>1,900,000</u>	100.00%	<u>1,900,000</u>
Total Direct Debt and Lease Obligations	3,430,000		3,430,000
<u>Overlapping and Underlying Direct Debt and Lease Obligations</u>			
City of Anderson Redevelopment District	\$ 8,685,000	100.00%	\$ 8,685,000
Anderson Park District	3,290,000	100.00%	3,290,000
Anderson Sanitary District	11,325,000	100.00%	11,325,000
Anderson City Fire Station Building Corp.	1,228,500	100.00%	1,228,500
Anderson Aviation Commission	315,000	100.00%	315,000
Redevelopment Authority Lease Rental Revenue Bonds of 2002	7,325,000	100.00%	7,325,000
Economic Development Revenue Bond Anticipation	10,796,372	100.00%	10,796,372
Madison County	912,268	41.00%	374,030
Frankton-Lapel Community Schools	806,561	1.23%	9,917
South Madison Community Schools Corp.	3,573,680	6.63%	236,858
Anderson Community School Corp.	<u>126,549,948</u>	76.01%	<u>96,187,773</u>
Total Overlapping and Underlying Direct Debt and Lease Obligations	174,807,329		139,773,450
Total Direct and Overlapping - Underlying Direct Debt and Lease Obligations	<u>\$ 178,237,329</u>		<u>\$ 143,203,450</u>

SOURCES: City of Anderson, Indiana and Madison County Auditor's Office

Schedule 13
CITY OF ANDERSON, INDIANA
Legal Debt Margin Information
Last Five Fiscal Years

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>General Obligation Bonds</u>					
NAV as certified for tax billing	\$ 1,640,522,605	\$ 1,687,066,499	\$ 1,748,702,787	\$ 1,773,814,509	\$ 1,184,719,099
Factored by 1/3	546,840,868	562,355,500	582,900,929	591,271,503	394,906,366
Statutory debt limit rate	2%	2%	2%	2%	2%
Debt Limit	10,936,817	11,247,110	11,658,019	11,825,430	7,898,127
Amount of debt applicable to debt limit	2,665,000	2,935,000	3,200,000	3,450,000	1,600,000
Legal debt margin	8,271,817	8,312,110	8,458,019	8,375,430	6,298,127
Legal Debt Margin as Percent of Debt Limit	75.63%	73.90%	72.55%	70.83%	79.74%
<u>Sanitary Bonds</u>					
NAV as certified for tax billing	\$ 1,640,522,605	\$ 1,687,066,499	\$ 1,748,702,787	\$ 1,773,814,509	\$ 1,184,719,099
Factored by 1/3	546,840,868	562,355,500	582,900,929	591,271,503	394,906,366
Statutory debt limit rate	12%	12%	12%	12%	12%
Debt Limit	65,620,904	67,482,660	69,948,111	70,952,580	47,388,764
Amount of debt applicable to debt limit	11,325,000	12,055,000	12,690,000	4,065,000	5,170,000
Legal debt margin	54,295,904	55,427,660	57,258,111	66,887,580	42,218,764
Legal Debt Margin as Percent of Debt Limit	82.74%	82.14%	81.86%	94.27%	89.09%

SOURCE: City of Anderson, Indiana

Schedule 14a
CITY OF ANDERSON, INDIANA
Pledged Revenue Coverage - Electric Utility
Last 10 Fiscal Years

Fiscal Year	Operating Revenue	Operating Expenses (A)	Net Revenue Available for Debt Service			Debt Service Requirements			Coverage
			Operating Revenue	Operating Expenses (A)	Net Revenue Available for Debt Service	Principal	Interest	Total	
2006	\$ 53,258,294	\$ 48,859,622	\$ 4,398,672	\$ 1,155,000	\$ 584,206	\$ 1,739,206	253%		
2005	50,015,043	45,242,460	4,772,583	1,110,000	624,451	1,734,451	275%		
2004	45,860,415	40,271,876	5,588,539	1,075,000	662,964	1,737,964	322%		
2003	41,175,093	35,697,728	5,477,365	665,000	504,759	1,169,759	468%		
2002	39,076,615	35,988,349	3,088,266	635,000	313,380	948,380	326%		
2001	40,580,810	37,370,514	3,210,296	610,000	336,770	946,770	339%		
2000	40,145,813	37,042,996	3,102,817	590,000	358,803	948,803	327%		
1999	40,696,679	37,152,990	3,543,689	560,000	360,697	920,697	385%		
1998	35,962,673	34,903,569	1,059,104	130,000	185,428	315,428	336%		
1997	34,394,288	33,362,821	1,031,467	125,000	190,428	315,428	327%		

(A) Excludes amortization and depreciation

Schedule 14b
 CITY OF ANDERSON, INDIANA
 Pledged Revenue Coverage - Water Utility
 Last 10 Fiscal Years

Fiscal Year	Operating Revenue	Operating Expenses (A)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2006	\$ 5,762,866	\$ 5,265,999	\$ 496,867	\$ -	\$ -	-	N/A
2005	5,825,029	5,105,066	719,963	-	-	-	N/A
2004	5,969,845	5,258,051	711,794	-	-	-	N/A
2003	5,842,860	4,259,105	1,583,755	-	-	-	N/A
2002	5,937,950	5,045,932	892,018	-	-	-	N/A
2001	5,846,995	4,747,953	1,099,042	-	-	-	N/A
2000	5,940,516	4,717,096	1,223,420	-	-	-	N/A
1999	6,175,240	4,643,880	1,531,360	545,000	27,250	572,250	268%
1998	6,051,522	4,782,185	1,269,337	515,000	53,000	568,000	223%
1997	6,049,033	4,688,577	1,360,456	490,000	77,500	567,500	240%

(A) Excludes amortization and depreciation

Schedule 14c
CITY OF ANDERSON, INDIANA
Pledged Revenue Coverage - Wastewater Utility
Last 10 Fiscal Years

Fiscal Year	Operating Revenue	Operating Expenses (A)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2006	\$ 14,129,195	\$ 10,036,743	\$ 4,092,452	\$ 1,540,000	\$ 611,451	\$ 2,151,451	190%
2005	14,566,771	9,490,193	5,076,578	1,520,000	683,944	2,203,944	230%
2004	14,405,366	10,124,806	4,280,560	1,505,000	770,039	2,275,039	188%
2003	14,526,252	8,149,633	6,376,619	1,335,000	833,707	2,168,707	294%
2002	10,582,655	8,723,703	1,858,952	1,020,060	389,179	1,409,239	132%
2001	8,238,924	6,429,310	1,809,614	1,098,849	441,267	1,540,116	117%
2000	8,293,698	6,637,235	1,656,463	1,161,169	500,352	1,661,521	100%
1999	8,619,450	6,055,846	2,563,604	1,081,804	525,326	1,607,130	160%
1998	8,692,660	6,337,994	2,354,666	960,966	496,940	1,457,906	162%
1997	7,387,068	4,058,879	3,328,189	921,186	498,932	1,420,118	234%

(A) Excludes amortization and depreciation

Schedule 15
CITY OF ANDERSON, INDIANA
Demographic and Economic Statistics
Last 10 Calendar Years

Calendar Year	Population	Labor Force	Employed	Unemployed	Unemployment Rate	Per Capita Income (Anderson MSA)	Personal Income (Anderson MSA)
						\$	\$
2006	57,942	27,293	25,456	1,837	6.73%	28,688	3,740,594
2005	57,500	27,516	25,516	2,003	7.28%	28,688	3,740,594
2004	57,899	27,877	25,700	2,177	7.81%	27,837	3,631,179
2003	58,363	28,326	26,104	2,222	7.84%	27,580	3,609,988
2002	58,814	28,086	25,958	2,128	7.58%	26,668	3,517,563
2001	59,159	27,997	26,354	1,643	5.87%	25,509	3,377,632
2000	59,734	27,754	26,649	1,105	3.98%	24,789	3,304,613
1999	59,459	29,603	28,450	1,153	3.89%	23,325	3,110,040
1998	59,459	29,940	28,565	1,375	4.59%	22,546	3,003,347
1997	59,459	30,023	28,672	1,351	4.50%	21,656	2,896,725

SOURCES: Population estimates from Stats Indiana except for census year 2000. www.stats.indiana.edu
Employment data from the U.S. Department of Labor, Bureau of Labor Statistics. Not seasonally adjusted.
Income data from Bureau of Economic Analysis, U.S. Department of Commerce

Schedule 16
CITY OF ANDERSON, INDIANA
Principal Employers
Current and Five Years Ago

	2006		2002	
Employer	Number of Employees	Percent of Total City Employment	Number of Employees	Percent of Total City Employment
St. John's Health System	1,585	6.09%	2,700	9.53%
Anderson Community Schools	1,195	5.52%	1,700	6.00%
Community Hospital of Anderson	844	4.61%	1,500	5.29%
City of Anderson	714	4.23%	1,273	4.49%
Pay Less/Kroger Supermarkets	650	3.24%	1,100	3.88%
Wal-Mart Supercenter	502	2.31%	980	3.46%
Anderson University	450	2.88%	753	2.66%
Delco Remy International	379	2.11%	640	2.26%
Nesite (opening in 2006)	300	1.92%	430	1.66%
Continental Design	200	1.92%	220	0.85%
TOTAL	6,819	34.847%	11,296	40.08%

SOURCE: City of Anderson, Indiana

Schedule 17
CITY OF ANDERSON, INDIANA
Full Time City Government Employees by Function/Program
Last Three Fiscal Years

<u>Function/Program</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Government	46	45	45
Police	182	183	184
Fire	138	132	132
Public Works	30	38	34
Parks and Recreation	104	113	130
Engineering	22	26	25
Utilities	290	308	283
Planning and Zoning	29	32	30
Court	20	19	15
Transit	54	53	44
Airport	3	3	3
Other	16	17	15
TOTAL	934	969	940

SOURCE: City of Anderson, Indiana

Schedule 18
CITY OF ANDERSON, INDIANA
Operating Indicators by Function/Program
Last Five Fiscal Years

<u>Function/Program</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Police					
Adult Physical Arrests	4,779	5,619	5,343	5,677	5,097
Traffic Citations	2,922	4,994	4,046	3,579	3,463
Calls for Service	47,247	45,160	43,067	44,527	45,554
Fire					
Fire Runs	1,432	1,560	1,477	1,432	1,540
EMS Runs	5,672	5,468	5,380	5,462	5,475
Motor Vehical Accident Assistance	367	374	348	387	355
Library					
Volumes in collection	445,380	422,151	401,299	361,090	349,569
Water					
Customer Count	23,017	23,054	23,401	23,486	23,519
Daily average consumption in millions of gallons	10	11	11	11	11
Maximum daily capacity of plant in millions of gallons	20	20	20	20	20
Wastewater					
Customer Count	21,596	21,446	21,602	21,610	21,543
Daily average treatment in millions of gallons	23.20	18.80	19.61	30.62	15.75
Maximum daily capacity in millions of gallons	29.95	30.03	29.52	35.98	23.55
Transit					
Revenue Miles (fixed route)	261,942	258,923	257,636	253,858	247,178
Passenger Boarding (fixed route)	202,078	215,517	217,707	209,280	214,194
Route Miles	76.50	76.50	76.50	76.50	76.50

SOURCE: City of Anderson, Indiana

Schedule 19
CITY OF ANDERSON, INDIANA
 Capital Asset Statistics by Function/Program
 Last Four Fiscal Years

<u>Function/Program</u>	<u>2008</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Police				
Stations	1	1	1	1
Patrol Units	73	100	100	80
Sworn Officers	119	130	130	132
Fire				
Stations	8	8	8	8
Firefighters	126	130	130	130
EMS Response Vehicles	15	15	15	15
Parks and recreation				
Community Centers	2	2	2	2
Parks	39	39	39	39
Park Acreage	850	850	850	850
Swimming Pools	2	2	2	2
Tennis Courts	18	22	22	22
Trails (Miles)	8	8	8	8
Playgrounds	17	15	15	15
Baseball Fields	8	8	8	8
Basketball Courts	13	13	13	13
Library	1	1	1	1
Water				
Miles of Water Mains	320	320	320	320
Hydrants	1413	1413	1413	1413
Wastewater				
Miles of Sanitary Sewers	13	13	13	13
Transit				
Buses	7	7	7	7
Airports	1	1	1	1
Health Care				
Hospitals	2	2	2	2
Hospital Beds	493	493	493	493
Education				
Public Elementary Schools	12	12	12	14
Public Elementary School Teachers	323	323	323	323
Public Middle Schools	3	3	3	3
Public Middle School Teachers	209	209	209	209
Public High Schools	2	2	2	2
Public High School Teachers	172	172	172	172
Colleges & Universities	4	4	4	4

SOURCE: City of Anderson, Indiana

STATE BOARD OF ACCOUNTS
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INDIANAPOLIS, INDIANA 46204-2769

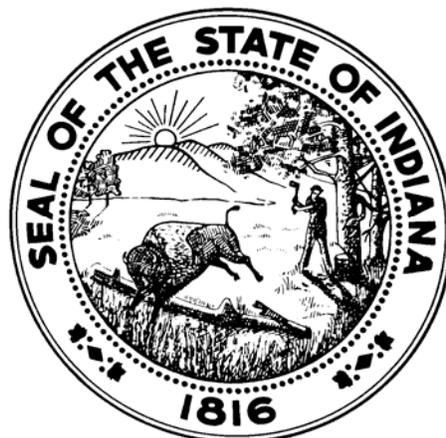
SUPPLEMENTAL AUDIT OF

FEDERAL AWARDS

2006

CITY OF ANDERSON

MADISON COUNTY



FILED

09/05/2007

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CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk	Sheila D. Ashley	01-01-04 to 12-31-07
Controller	Morris D. Long	01-01-06 to 12-31-07
Mayor	Hon. Kevin S. Smith	01-01-04 to 12-31-07
President of the Board of Public Works	Robert Sparks	01-01-06 to 12-31-07
President of the Common Council	Rodney Chamberlain Donna Davis	01-01-06 to 12-31-06 01-01-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF ANDERSON, MADISON COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Anderson (City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 11, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under Government Auditing Standards.

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

June 11, 2007



STATE OF INDIANA
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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 ANDERSON, MADISON COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Anderson (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, 2006. 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 of America; 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, 2006.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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
(Continued)

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Anderson, as of and for the year ended December 31, 2006, and have issued our report thereon dated June 11, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise City of Anderson's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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.

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

June 11, 2007

CITY OF ANDERSON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2006

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 AGRICULTURE</u>			
Pass-through Indiana Department of Natural Resources Urban and Community Forestry Program	10.675	2006	\$ 2,816
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Direct Grant			
CDBG - Entitlement and (HUD Administered) Small City Cluster Community Development Block Grants/Entitlement Grants	14.218	M-05-MC180000 M-06-MC180000	743,058 <u>609,003</u>
Total for cluster			<u>1,352,061</u>
Supportive Housing Program	14.235	IN36B203007 IN36B502007	75,236 <u>24,696</u>
Total for program			<u>99,932</u>
Shelter Plus Care	14.238	IN36C103004 IN36C402003	29,508 <u>72,655</u>
Total for program			<u>102,163</u>
HOME Investment Partnerships Program	14.239	M-04-MC-18209 M-05-MC-18209	172,508 <u>158,480</u>
Total for program			<u>330,988</u>
Community Development Block Grants/Brownfields Economic Development Initiative (EDI)	14.246	B-05-SP-IN-0068 B-05-SP-IN-0477	196,000 <u>148,800</u>
Total for program			<u>344,800</u>
Community Development Block Grants - Section 108 Loan Guarantees	14.248	B-97-MC-18-001	<u>235,000</u>
Total for federal grantor agency			<u>2,464,944</u>
<u>U.S. DEPARTMENT OF THE INTERIOR</u>			
Pass-Through Indiana Department of Natural Resources Outdoor Recreation - Acquisition, Development and Planning	15.916	2006	<u>636</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Local Law Enforcement Block Grant Program	16.592	2004-LB-BX-0899 2005-DJ-BX-1203 2006-DJ-BX-0326	4,090 1,106 <u>19,184</u>
Total for program			<u>24,380</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF ANDERSON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2006
(Continued)

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 (continued)</u>			
Pass-Through Indiana Criminal Justice Institute Crime Victim Assistance	16.575		
		05VA079	15,458
		05VA142	20,614
		06VA079	<u>15,458</u>
Total for program			<u>51,530</u>
Violence Against Women Formula Grants	16.588		
		05ST060	49,922
		06ST032	<u>20,657</u>
Total for program			<u>70,579</u>
Total for federal grantor agency			<u>146,489</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Grant			
Federal Transit Cluster			
Federal Transit - Formula Grants	20.507		
		IN-90-X509	911,435
Direct Grant			
Airport Improvement Program	20.106		
		AIP3-18-0001-12	27,855
		AIP3-18-0001-16	9,099
		AIP3-18-0001-17	624,566
		AIP3-18-0001-18	<u>684,749</u>
Total for program			<u>1,346,269</u>
Total for federal grantor agency			<u>2,257,704</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Department of Environmental Management			
Air Pollution Control Program Support	66.001		
		Section 105 Grants	<u>6,947</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Lifestream Services, Inc.			
Special Programs for the Aging Title III, Part B			
Grants for Supportive Services and Senior Centers	93.044		
		2006	<u>9,870</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security			
Disaster Grants - Public Assistance	97.036	2006	<u>9,442</u>
Total federal awards expended			<u>\$ 4,898,848</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF ANDERSON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Anderson (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.

II. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2006

Program Title	Federal CFDA Number	2006
Community Development Block Grants/Entitlement Grants	14.218	\$ 33,128
Supportive Housing Program	14.235	136,029
Shelter Plus Care	14.238	102,163
Crime Victim Assistance	16.575	26,659
Violence Against Women Formula Grants	16.588	76,665

III. Loans Outstanding

The City had the following loan balances, with continuing federal compliance requirements, outstanding at December 31, 2006. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2006
Community Development Block Grants – Section 108 Loan Guarantees	14.248	<u>\$ 235,000</u>

CITY OF ANDERSON
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
14.239	HOME Investment Partnerships Program
14.246	Community Development Block Grants/ Brownfields Economic Development Initiative
20.106	Airport Improvement Program

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF ANDERSON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF ANDERSON
EXIT CONFERENCE

The contents of this report were discussed on June 26, 2007, with Morris D. Long, Controller; and Hon. Kevin S. Smith, Mayor. Our audit disclosed no material items that warrant comment at this time.