

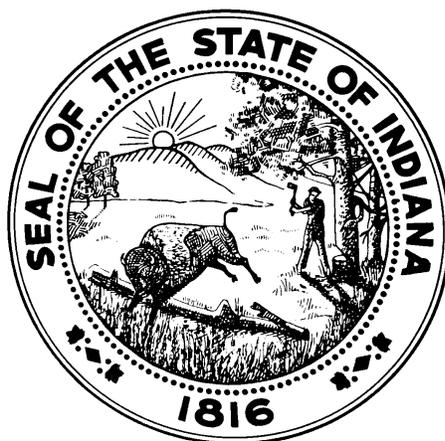
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2007

CITY OF WASHINGTON

DAVISS COUNTY, INDIANA



FILED
08/22/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Elaine Wellman	01-01-04 to 12-31-11
Mayor	David W. Abel Lawrence Haag	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Board of Public Works and Safety	David W. Abel Lawrence Haag	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Common Council	Gordon L. Wade Steve Dyer	01-01-07 to 12-31-07 01-01-08 to 12-31-08
Superintendent of Water Utility	Jerry Rider	01-01-07 to 12-31-08
Superintendent of Wastewater Utility	Scott Rainey	01-01-07 to 12-31-08
Superintendent of Electric Utility	Jerry Boger Randy Emmons	01-01-07 to 12-31-07 01-01-08 to 12-31-08
Superintendent of Storm Water Utility	Louis Dant Scott Rainey	01-01-07 to 12-31-07 01-01-08 to 12-31-08
Utility Office Manager	Sharon A. Healy Lorraine Williams Anita Ash	01-01-07 to 04-01-07 04-02-07 to 12-31-07 01-01-08 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE CITY OF WASHINGTON, DAVIESS COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Washington (City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2007, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated July 22, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget

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

Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities as listed in the Table of Contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

July 22, 2008



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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 WASHINGTON, DAVIESS COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Washington (City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 22, 2008. 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.

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)

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.

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, City Council, 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

July 22, 2008

CITY OF WASHINGTON
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2007

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 2,277,878	\$ 705,718	\$ 1,100,123	\$ -	\$ (472,037)	\$ -	\$ (472,037)
Public safety	2,256,729	57,025	-	9,847	(2,189,857)	-	(2,189,857)
Highways and streets	937,537	1,278	499,164	-	(437,095)	-	(437,095)
Sanitation	541,725	100,224	-	-	(441,501)	-	(441,501)
Health and welfare	287,835	80,931	58,735	-	(148,169)	-	(148,169)
Culture and recreation	336,134	11,725	-	-	(324,409)	-	(324,409)
Urban redevelopment	739,564	-	-	456,500	(283,064)	-	(283,064)
Economic development	851,653	-	387,800	-	(463,853)	-	(463,853)
Debt service	74,303	-	-	-	(74,303)	-	(74,303)
Total governmental activities	8,303,358	956,901	2,045,822	466,347	(4,834,288)	-	(4,834,288)
Business-type activities:							
Water	3,592,490	3,813,616	-	-	-	221,126	221,126
Wastewater	10,780,498	2,223,747	-	417,600	-	(8,139,151)	(8,139,151)
Electric	12,502,921	11,993,870	-	-	-	(509,051)	(509,051)
Storm water	187,013	157,995	-	-	-	(29,018)	(29,018)
Total business-type activities	27,062,922	18,189,228	-	417,600	-	(8,456,094)	(8,456,094)
Total primary government	\$ 35,366,280	\$ 19,146,129	\$ 2,045,822	\$ 883,947	(4,834,288)	(8,456,094)	(13,290,382)
General receipts:							
Property taxes					3,239,393	-	3,239,393
Other local sources					1,373,862	431,704	1,805,566
Bonds and loans					-	8,550,000	8,550,000
Unrestricted investment earnings					145,583	284,767	430,350
Transfers					427,179	(427,179)	-
Total general receipts and transfers					5,186,017	8,839,292	14,025,309
Change in net assets					351,729	383,198	734,927
Net assets - beginning					3,687,299	8,497,326	12,184,625
Net assets - ending					\$ 4,039,028	\$ 8,880,524	\$ 12,919,552
Assets							
Cash and investments					\$ 1,093,603	\$ 3,922,326	\$ 5,015,929
Cash with fiscal agent					231,543	-	231,543
Restricted assets:							
Cash and investments					2,713,882	4,958,198	7,672,080
Total assets					\$ 4,039,028	\$ 8,880,524	\$ 12,919,552
Net Assets							
Restricted for:							
Culture and recreation					\$ 121,478	\$ -	\$ 121,478
General government					1,196,894	-	1,196,894
Highways, streets and roadways					400,316	-	400,316
Health and welfare					171,132	-	171,132
Public safety					376,569	-	376,569
Economic development					659,053	-	659,053
Sanitation					19,983	-	19,983
Debt service					-	2,222,321	2,222,321
Other purposes					-	2,735,877	2,735,877
Unrestricted					1,093,603	3,922,326	5,015,929
Total net assets					\$ 4,039,028	\$ 8,880,524	\$ 12,919,552

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

CITY OF WASHINGTON
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2007

	General	Other Governmental Funds	Totals
Receipts:			
Taxes	\$ 2,528,506	\$ 710,887	\$ 3,239,393
Licenses and permits	31,047	2,470	33,517
Intergovernmental	1,501,760	1,523,476	3,025,236
Charges for services	238,043	37,637	275,680
Fines and forfeits	18,295	6,969	25,264
Other	142,473	589,880	732,353
	<u>4,460,124</u>	<u>2,871,319</u>	<u>7,331,443</u>
Total receipts			
Disbursements:			
General government	1,191,203	85,733	1,276,936
Public safety	2,232,311	24,418	2,256,729
Highways and streets	-	909,103	909,103
Sanitation	540,317	1,408	541,725
Health and welfare	191,353	96,482	287,835
Culture and recreation	10,360	354,390	364,750
Urban redevelopment and housing	90,150	649,414	739,564
Economic development	-	851,653	851,653
Debt service:			
Principal	-	60,000	60,000
Interest	-	14,303	14,303
Capital outlay:			
Highways and streets	-	97,346	97,346
	<u>4,255,694</u>	<u>3,144,250</u>	<u>7,399,944</u>
Total disbursements			
Excess (deficiency) of receipts over disbursements	<u>204,430</u>	<u>(272,931)</u>	<u>(68,501)</u>
Other financing sources (uses):			
Transfers in	473,369	314,318	787,687
Transfers out	(204,916)	(155,592)	(360,508)
	<u>268,453</u>	<u>158,726</u>	<u>427,179</u>
Total other financing sources (uses)			
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	472,883	(114,205)	358,678
Cash and investment fund balance - beginning	<u>620,720</u>	<u>2,381,464</u>	<u>3,002,184</u>
Cash and investment fund balance - ending	<u>\$ 1,093,603</u>	<u>\$ 2,267,259</u>	3,360,862
Amounts reported for governmental activities in the Statement of Activities and Net Assets -			
Cash and Investment Basis are different because:			
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.			
			<u>678,166</u>
Net assets of governmental activities			<u>\$ 4,039,028</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 1,093,603	\$ -	\$ 1,093,603
Cash with fiscal agent	-	231,543	231,543
Restricted assets:			
Cash and investments	-	2,035,716	2,035,716
	<u>\$ 1,093,603</u>	<u>\$ 2,267,259</u>	<u>\$ 3,360,862</u>
Total cash and investment assets - December 31			
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Culture and recreation	\$ -	\$ 121,478	\$ 121,478
General government	-	518,728	518,728
Highways, streets and roadways	-	400,316	400,316
Health and welfare	-	171,132	171,132
Public safety	-	376,569	376,569
Economic development	-	659,053	659,053
Sanitation	-	19,983	19,983
Unrestricted	<u>1,093,603</u>	<u>-</u>	<u>1,093,603</u>
Total cash and investment fund balance - December 31	<u>\$ 1,093,603</u>	<u>\$ 2,267,259</u>	<u>\$ 3,360,862</u>

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

CITY OF WASHINGTON
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2007

	Water Utility	Wastewater Utility	Electric Utility	Storm Water Utility	Totals	Internal Service Fund
Operating receipts:						
Utility collections	\$ 3,813,616	\$ 2,223,747	\$ 11,993,870	\$ 157,995	\$ 18,189,228	\$ -
Charge for services:						
Employer contributions	-	-	-	-	-	1,071,436
Employee contributions	-	-	-	-	-	156,205
Other	86,857	78,733	259,521	6,593	431,704	230,953
Total operating receipts	3,900,473	2,302,480	12,253,391	164,588	18,620,932	1,458,594
Operating disbursements:						
Cost of sales and services	1,517,620	1,514,191	11,101,600	136,526	14,269,937	-
Equipment and capital improvements	346,600	6,721,506	601,424	50,487	7,720,017	-
Other	-	-	-	-	-	51
Insurance disbursements	-	-	-	-	-	1,491,152
Miscellaneous disbursements	155,472	207,326	799,897	-	1,162,695	-
Total operating disbursements	2,019,692	8,443,023	12,502,921	187,013	23,152,649	1,491,203
Excess (deficiency) of operating receipts over operating disbursements	1,880,781	(6,140,543)	(249,530)	(22,425)	(4,531,717)	(32,609)
Nonoperating receipts (disbursements):						
Bond proceeds	-	8,550,000	-	-	8,550,000	-
Interest and investment receipts	168,709	24,175	91,706	177	284,767	25,660
Debt service of principal	(850,000)	(2,050,000)	-	-	(2,900,000)	-
Bond issue costs	-	(287,475)	-	-	(287,475)	-
Interest and investment disbursement	(722,798)	-	-	-	(722,798)	-
Total nonoperating receipts (disbursements)	(1,404,089)	6,236,700	91,706	177	4,924,494	25,660
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	476,692	96,157	(157,824)	(22,248)	392,777	(6,949)
Capital contributions	-	417,600	-	-	417,600	-
Transfers In	-	-	-	-	-	80,000
Transfers out	(276,003)	(79,055)	(72,121)	-	(427,179)	(80,000)
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	200,689	434,702	(229,945)	(22,248)	383,198	(6,949)
Cash and investment fund balance - beginning	4,111,818	2,317,696	2,005,362	62,450	8,497,326	685,115
Cash and investment fund balance - ending	\$ 4,312,507	\$ 2,752,398	\$ 1,775,417	\$ 40,202	\$ 8,880,524	\$ 678,166
Cash and Investment Assets - December 31						
Cash and investments	\$ 1,798,502	\$ 617,063	\$ 1,466,559	\$ 40,202	\$ 3,922,326	\$ -
Restricted assets:						
Cash and investments	2,514,005	2,135,335	308,858	-	4,958,198	678,166
Total cash and investment assets - December 31	\$ 4,312,507	\$ 2,752,398	\$ 1,775,417	\$ 40,202	\$ 8,880,524	\$ 678,166
Cash and Investment Fund Balance - December 31						
Restricted for:						
Debt service	\$ 2,222,321	\$ -	\$ -	\$ -	\$ 2,222,321	\$ -
General government	-	-	-	-	-	678,166
Other purposes	291,684	2,135,335	308,858	-	2,735,877	-
Unrestricted	1,798,502	617,063	1,466,559	40,202	3,922,326	-
Total cash and investment fund balance - December 31	\$ 4,312,507	\$ 2,752,398	\$ 1,775,417	\$ 40,202	\$ 8,880,524	\$ 678,166

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

CITY OF WASHINGTON
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2007

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 225,860	\$ -	\$ -
Plan members	1,580	-	-
State	280,235	-	-
Other	<u>-</u>	<u>187</u>	<u>-</u>
Total contributions	<u>507,675</u>	<u>187</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>-</u>	<u>8,220,593</u>
Total additions	<u>507,675</u>	<u>187</u>	<u>8,220,593</u>
Deductions:			
Benefits	316,049	-	-
Administrative and general	2,428	-	-
Other	59,005	-	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>8,110,874</u>
Total deductions	<u>377,482</u>	<u>-</u>	<u>8,110,874</u>
Excess of total additions over total deductions	130,193	187	109,719
Cash and investment fund balance - beginning	<u>196,248</u>	<u>1,441</u>	<u>58,030</u>
Cash and investment fund balance - ending	<u>\$ 326,441</u>	<u>\$ 1,628</u>	<u>\$ 167,749</u>

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

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Primary Government: City of Washington

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

The City reports the following major proprietary funds:

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

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

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

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Additionally, the City reports the following fund types:

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services.

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Capital Assets

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

3. Long-Term Debt

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

4. Equity Classification

Government-Wide Statements

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

a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

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

Fund Financial Statements

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

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

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

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

II. Stewardship, Compliance and Accountability

Budgetary Information

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

Prior to the first required publication, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

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

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2007, the City had no investments.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2007, were as follows:

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

Transfer From	Transfer To	2007
General Fund	Other governmental funds	\$ 204,916
Water Fund	General Fund	276,003
Electric Fund	General Fund	72,121
Wastewater Fund	General Fund	79,055
Other governmental funds	General Fund	46,190
Other governmental funds	Other governmental funds	109,402
 Totals		 \$ 787,687

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

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees

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

Job Related Illnesses and Injuries to Employees

During 1993, the City, including the Utilities, joined together with other governmental entities in the Indiana Public Employer's Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for approximately 350 member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

funding and administration of worker's compensation claims. The Utilities pay an annual premium to the risk pool for its job related illnesses and injuries to employees coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Subsequent Events – Transit Bus

On January 7, 2008, the City accepted the 5311 Capital Assistance Grant in the amount of \$55,000 for a new transit bus.

C. Postemployment Benefits

In addition to the pension benefits described below, the City provides postemployment health benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the City that qualify based on age and years of service. Currently, 16 retirees meet these eligibility requirements. The City provides 90% of these postemployment benefits plus 50% of the cost of coverage for employees' dependents, if the employee is under age 65. If the employee is over 65, the city provides 50% of the postemployment benefits for retirees. During the year ended December 31, 2007, disbursements of \$73,316 were recognized for postemployment benefits.

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

Date of Loan	Borrower	Purpose	Original Amount	Interest Rate	Balance 12-31-07
12-08-08	Destination Yachts	Manufacturing	\$ 75,000	6.0%	\$ 60,000
01-06-99	Hawthorne Mushrooms	Manufacturing	344,830	6.0%	344,830
05-18-00	Basaloid (Frette, Inc.)	Manufacturing	250,000	5.5%	97,371
05-26-04	Tri Star Gove	Manufacturing	98,460	5.0%	52,284
05-01-01	Tokheim	Manufacturing	322,000	6.0%	205,604 **
10-06-04	Silverhawk Aeroworks	Business Operations	22,000	6.0%	18,595
04-11-06	Linco Services, Inc.	Business Expansion	220,000	6.0%	181,256
10-17-06	Klassic Ice Lights, LLC	Manufacturing	25,000	6.0%	22,526
12-01-06	Klassic Ice Lights, LLC	Manufacturing	25,000	6.0%	23,071

**Tokheim filed bankruptcy on November 21, 2002.

E. Rate Structure – Enterprise Funds

Water Utility

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

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

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

Wastewater Utility

The current rate structure was approved by the City Council on August 28, 2006.

Electric Utility

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

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

Storm Water Utility

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

F. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

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

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

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

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

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

b. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information as provided by the actuary is presented in this note.

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

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Annual required contribution	\$ 190,142	\$ 183,400	\$ 181,700
Interest on net pension obligation	(6,080)	79,900	71,600
Adjustment to annual required contribution	<u>6,928</u>	<u>(87,100)</u>	<u>(78,000)</u>
Annual pension cost	190,990	176,200	175,300
Contributions made	<u>197,765</u>	<u>166,586</u>	<u>209,929</u>
Increase (decrease) in net pension obligation	(6,775)	9,614	(34,629)
Net pension obligation, beginning of year	<u>(83,858)</u>	<u>1,183,845</u>	<u>1,060,473</u>
Net pension obligation, end of year	<u>\$ (90,633)</u>	<u>\$ 1,193,459</u>	<u>\$ 1,025,844</u>

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	6%	289%	0%
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 percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	30 years	30 years
Amortization period (from date)	07-01-97	01-01-05	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Actuarial Assumptions</u>	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Investment rate of return	7.25%	6%	6%
Projected future salary increases:			
Total	5%	4%	4%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	0%	0%
Cost-of-living adjustments	2%	2.75/4%*	2.75/4%*

*2.75% converted members; 4% nonconverted members

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-04	\$ 159,632	116%	\$ (59,292)
	06-30-05	170,171	114%	(83,858)
	06-30-06	190,990	104%	(90,633)
1925 Police Officers' Pension Plan	12-31-03	279,600	32%	1,034,571
	12-31-04	280,600	47%	1,183,845
	12-31-05	176,200	63%	1,193,459
1937 Firefighters' Pension Plan	12-31-03	259,100	47%	931,141
	12-31-04	257,000	50%	1,060,473
	12-31-05	175,300	63%	1,025,844

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2007, was comprised of the following:

	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Retirees and beneficiaries currently receiving benefits	11	11
Terminated employees entitled to but not yet receiving benefits		
Current active employees	1	0

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

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

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2007, 2006 and 2005, were \$227,538, \$225,922, and \$213,224, respectively, equal to the required contributions for each year.

CITY OF WASHINGTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 3,384,302	\$ 3,638,346	\$ (254,044)	93%	\$ 3,265,351	(8%)
07-01-05	3,538,313	3,947,412	(409,099)	90%	3,252,580	(13%)
07-01-06	3,832,588	4,009,216	(176,628)	96%	3,515,064	(5%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-01	\$ 58,246	\$ 2,785,500	\$ (2,727,254)	2%	\$ 84,600	(3,224%)
01-01-02	98,743	2,331,700	(2,232,957)	4%	58,100	(3,843%)
01-01-03	131,233	2,673,800	(2,542,567)	5%	88,900	(2,860%)
01-01-04	90,132	2,728,100	(2,637,968)	3%	90,600	(2,912%)
01-01-05	84,563	2,682,400	(2,597,837)	3%	92,400	(2,812%)
01-01-06	95,176	2,334,000	(2,238,824)	4%	63,400	(3,531%)

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-01	\$ 13,732	\$ 2,800,800	\$ (2,787,068)	0%	\$ -	-
01-01-02	130,463	2,454,500	(2,324,037)	5%	-	-
01-01-03	168,758	2,381,900	(2,213,142)	7%	-	-
01-01-04	107,340	2,660,200	(2,552,860)	4%	-	-
01-01-05	61,186	2,564,600	(2,503,414)	2%	-	-
01-01-06	87,113	2,541,400	(2,454,287)	3%	-	-

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

1925 Police Officers' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		City	State
12-31-00	\$ 272,400	36%	24%
12-31-01	299,900	16%	46%
12-31-02	256,900	35%	32%
12-31-03	317,700	5%	23%
12-31-04	332,800	12%	27%
12-31-05	183,400	51%	40%

1937 Firefighters' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		City	State
12-31-00	\$ 262,900	37%	37%
12-31-01	282,400	40%	65%
12-31-02	256,900	41%	46%
12-31-03	294,900	7%	34%
12-31-04	303,900	3%	39%
12-31-05	181,700	68%	48%

CITY OF WASHINGTON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007

	Local Road and Street	Park and Recreation	Local Law Enforcement	Rainy Day Fund	Deferral Program	Unsafe Building	Operation Pullover
Receipts:							
Taxes	\$ -	\$ 236,430	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	2,470	-	-	-	-
Intergovernmental	45,079	27,470	-	-	-	-	-
Charges for services	-	11,725	1,119	-	-	-	6,277
Fines and forfeits	-	-	1,359	-	5,610	-	-
Other	-	15,746	136	-	-	-	-
Total receipts	45,079	291,371	5,084	-	5,610	-	6,277
Disbursements:							
General government	-	-	-	-	-	25,334	-
Public safety	-	-	3,055	-	2,100	-	4,874
Highways and streets	72,455	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	340,140	-	-	-	-	-
Urban development	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
Total disbursements	72,455	340,140	3,055	-	2,100	25,334	4,874
Excess (deficiency) of receipts over disbursements	(27,376)	(48,769)	2,029	-	3,510	(25,334)	1,403
Other financing sources (uses):							
Transfers in	-	-	-	314,318	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	314,318	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(27,376)	(48,769)	2,029	314,318	3,510	(25,334)	1,403
Cash and investment fund balance - beginning	31,180	164,569	5,411	-	10,027	43,912	57
Cash and investment fund balance - ending	\$ 3,804	\$ 115,800	\$ 7,440	\$ 314,318	\$ 13,537	\$ 18,578	\$ 1,460
Cash and Investment Assets - December 31							
Cash with fiscal agent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	3,804	115,800	7,440	314,318	13,537	18,578	1,460
Total cash and investment assets - December 31	\$ 3,804	\$ 115,800	\$ 7,440	\$ 314,318	\$ 13,537	\$ 18,578	\$ 1,460
Cash and Investment Fund Balance - December 31							
Restricted for:							
Culture and recreation	\$ -	\$ 115,800	\$ -	\$ -	\$ -	\$ -	\$ -
General government	-	-	-	-	-	-	-
Highways, streets and roadways	3,804	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Public safety	-	-	7,440	314,318	13,537	18,578	1,460
Economic development	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 3,804	\$ 115,800	\$ 7,440	\$ 314,318	\$ 13,537	\$ 18,578	\$ 1,460

CITY OF WASHINGTON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Entry Team Equipment	Police LCC Grant	McGruff Crime Dog	Animal Control Donation	Spay and Neuter Program	Washington/ Davieess County Mobile Emergency	Park Improvements
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	1,268	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	3,674	-	-	616
Total receipts	-	-	-	4,942	-	-	616
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	496	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	5,183	-	-	-
Culture and recreation	-	-	-	-	-	-	5,000
Urban development	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
Total disbursements	496	-	-	5,183	-	-	5,000
Excess (deficiency) of receipts over disbursements	(496)	-	-	(241)	-	-	(4,384)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(496)	-	-	(241)	-	-	(4,384)
Cash and investment fund balance - beginning	1,872	166	111	144,020	162	47	5,000
Cash and investment fund balance - ending	\$ 1,376	\$ 166	\$ 111	\$ 143,779	\$ 162	\$ 47	\$ 616
Cash and Investment Assets - December 31							
Cash with fiscal agent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	1,376	166	111	143,779	162	47	616
Total cash and investment assets - December 31	\$ 1,376	\$ 166	\$ 111	\$ 143,779	\$ 162	\$ 47	\$ 616
Cash and Investment Fund Balance - December 31							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 616
General government	-	-	-	-	-	-	-
Highways, streets and roadways	-	-	-	-	-	-	-
Health and welfare	-	-	-	143,779	162	-	-
Public safety	1,376	166	111	-	-	47	-
Economic development	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 1,376	\$ 166	\$ 111	\$ 143,779	\$ 162	\$ 47	\$ 616

CITY OF WASHINGTON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Washington Transit	Washington Housing Revolving Loan	CDBG Program Income	Police Canine	Brownfield Grant	FEMA Grant Fire Department	D.A.R.E Contributions
Receipts:							
Taxes	\$ 15,709	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	59,292	-	-	-	-	9,847	-
Charges for services	6,002	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	2,552	35,217	5,000	-	-	-
Total receipts	81,003	2,552	35,217	5,000	-	9,847	-
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	3,706	-	9,847	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	91,299	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban development	-	-	-	-	-	-	-
Economic development	-	1,139	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
Total disbursements	91,299	1,139	-	3,706	-	9,847	-
Excess (deficiency) of receipts over disbursements	(10,296)	1,413	35,217	1,294	-	-	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,296)	1,413	35,217	1,294	-	-	-
Cash and investment fund balance - beginning	37,487	62,318	1,758	1,135	2,916	-	93
Cash and investment fund balance - ending	<u>\$ 27,191</u>	<u>\$ 63,731</u>	<u>\$ 36,975</u>	<u>\$ 2,429</u>	<u>\$ 2,916</u>	<u>\$ -</u>	<u>\$ 93</u>
Cash and Investment Assets - December 31							
Cash with fiscal agent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	27,191	63,731	36,974	2,429	2,916	-	94
Total cash and investment assets - December 31	\$ 27,191	\$ 63,731	\$ 36,974	\$ 2,429	\$ 2,916	\$ -	\$ 94
Cash and Investment Fund Balance - December 31							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
General government	-	63,731	36,974	-	-	-	-
Highways, streets and roadways	-	-	-	-	-	-	-
Health and welfare	27,191	-	-	-	-	-	-
Public safety	-	-	-	2,429	2,916	-	94
Economic development	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 27,191	\$ 63,731	\$ 36,974	\$ 2,429	\$ 2,916	\$ -	\$ 94

CITY OF WASHINGTON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Park Train	G&T Equipment Replacement	Hazardous Materials Response	Community Foundation Grants	Drug Buy	Fire Department Donation
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	100	-
Fines and forfeits	-	-	-	-	-	-
Other	-	9,816	-	-	-	5,710
Total receipts	-	9,816	-	-	100	5,710
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	340	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	1,408	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Urban development	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
Total disbursements	-	1,408	-	-	340	-
Excess (deficiency) of receipts over disbursements	-	8,408	-	-	(240)	5,710
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	8,408	-	-	(240)	5,710
Cash and investment fund balance - beginning	872	11,575	1,791	1	6,800	-
Cash and investment fund balance - ending	<u>872</u>	<u>19,983</u>	<u>1,791</u>	<u>1</u>	<u>6,560</u>	<u>5,710</u>
Cash and Investment Assets - December 31						
Cash with fiscal agent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	872	19,983	1,791	1	6,560	5,710
Total cash and investment assets - December 31	<u>\$ 872</u>	<u>\$ 19,983</u>	<u>\$ 1,791</u>	<u>\$ 1</u>	<u>\$ 6,560</u>	<u>\$ 5,710</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Culture and recreation	\$ 872	\$ -	\$ -	\$ -	\$ -	\$ -
General government	-	-	-	1	-	-
Highways, streets and roadways	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Public safety	-	-	1,791	-	6,560	5,710
Economic development	-	-	-	-	-	-
Sanitation	-	19,983	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 872</u>	<u>\$ 19,983</u>	<u>\$ 1,791</u>	<u>\$ 1</u>	<u>\$ 6,560</u>	<u>\$ 5,710</u>

CITY OF WASHINGTON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Drug Enforcement	Swimming Pool Donation	Washington Towers Rehab	City Hall GO Bonds	Cumulative Capital Improvement	Park Cumulative Building
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 69,491	\$ -	\$ 5,592
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	456,500	8,074	39,971	649
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	192,644	-	-	-
Total receipts	-	-	649,144	77,565	39,971	6,241
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	9,250
Urban development	-	-	649,414	-	-	-
Economic development	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	60,000	-	-
Interest	-	-	-	14,303	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
Total disbursements	-	-	649,414	74,303	-	9,250
Excess (deficiency) of receipts over disbursements	-	-	(270)	3,262	39,971	(3,009)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(46,190)	-
Total other financing sources (uses)	-	-	-	-	(46,190)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(270)	3,262	(6,219)	(3,009)
Cash and investment fund balance - beginning	36	93	270	-	7,040	7,106
Cash and investment fund balance - ending	<u>36</u>	<u>93</u>	<u>-</u>	<u>3,262</u>	<u>821</u>	<u>4,097</u>
Cash and Investment Assets - December 31						
Cash with fiscal agent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	36	93	-	3,262	821	4,097
Total cash and investment assets - December 31	<u>\$ 36</u>	<u>\$ 93</u>	<u>\$ -</u>	<u>\$ 3,262</u>	<u>\$ 821</u>	<u>\$ 4,097</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Culture and recreation	\$ -	\$ 93	\$ -	\$ -	\$ -	\$ 4,097
General government	-	-	-	3,262	821	-
Highways, streets and roadways	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Public safety	36	-	-	-	-	-
Economic development	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 36</u>	<u>\$ 93</u>	<u>\$ -</u>	<u>\$ 3,262</u>	<u>\$ 821</u>	<u>\$ 4,097</u>

CITY OF WASHINGTON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	County Economic Development Income Tax	Washington/ Davies Industrial Revolving Trust	Cumulative Capital Development	Motor Vehicle Highway	City Hall Construction	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ 84,933	\$ 298,732	\$ -	\$ 710,887
Licenses and permits	-	-	-	-	-	2,470
Intergovernmental	387,800	-	-	488,794	-	1,523,476
Charges for services	-	-	9,868	1,278	-	37,637
Fines and forfeits	-	-	-	-	-	6,969
Other	-	307,642	333	10,013	781	589,880
Total receipts	387,800	307,642	95,134	798,817	781	2,871,319
Disbursements:						
General government	-	-	-	-	60,399	85,733
Public safety	-	-	-	-	-	24,418
Highways and streets	-	-	-	836,648	-	909,103
Sanitation	-	-	-	-	-	1,408
Health and welfare	-	-	-	-	-	96,482
Culture and recreation	-	-	-	-	-	354,390
Urban development	-	-	-	-	-	649,414
Economic development	402,816	447,698	-	-	-	851,653
Debt service:						
Principal	-	-	-	-	-	60,000
Interest	-	-	-	-	-	14,303
Capital outlay:						
Highways and streets	-	-	97,346	-	-	97,346
Total disbursements	402,816	447,698	97,346	836,648	60,399	3,144,250
Excess (deficiency) of receipts over disbursements	(15,016)	(140,056)	(2,212)	(37,831)	(59,618)	(272,931)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	314,318
Transfers out	(109,402)	-	-	-	-	(155,592)
Total other financing sources (uses)	(109,402)	-	-	-	-	158,726
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(124,418)	(140,056)	(2,212)	(37,831)	(59,618)	(114,205)
Cash and investment fund balance - beginning	551,928	371,599	408,720	434,343	67,049	2,381,464
Cash and investment fund balance - ending	<u>\$ 427,510</u>	<u>\$ 231,543</u>	<u>\$ 406,508</u>	<u>\$ 396,512</u>	<u>\$ 7,431</u>	<u>\$ 2,267,259</u>
Cash and Investment Assets - December 31						
Cash with fiscal agent	\$ -	\$ 231,543	\$ -	\$ -	\$ -	\$ 231,543
Restricted assets:						
Cash and investments	427,510	-	406,508	396,512	7,431	2,035,716
Total cash and investment assets - December 31	<u>\$ 427,510</u>	<u>\$ 231,543</u>	<u>\$ 406,508</u>	<u>\$ 396,512</u>	<u>\$ 7,431</u>	<u>\$ 2,267,259</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 121,478
General government	-	-	406,508	-	7,431	518,728
Highways, streets and roadways	-	-	-	396,512	-	400,316
Health and welfare	-	-	-	-	-	171,132
Public safety	-	-	-	-	-	376,569
Economic development	427,510	231,543	-	-	-	659,053
Sanitation	-	-	-	-	-	19,983
Total cash and investment fund balance - December 31	<u>\$ 427,510</u>	<u>\$ 231,543</u>	<u>\$ 406,508</u>	<u>\$ 396,512</u>	<u>\$ 7,431</u>	<u>\$ 2,267,259</u>

CITY OF WASHINGTON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 INTERNAL SERVICE FUNDS
 As of and for the Year Ended December 31, 2007

	Self Insurance Fund	Health Fund Trust	Totals
Operating receipts:			
Charges for services:			
Employer contributions	\$ -	\$ 1,071,436	\$ 1,071,436
Employee contributions		156,205	156,205
Other	-	<u>230,953</u>	<u>230,953</u>
Total operating receipts	-	<u>1,458,594</u>	<u>1,458,594</u>
Operating disbursements:			
Insurance benefits	-	1,491,152	1,491,152
Other	<u>51</u>	-	<u>51</u>
Total operating disbursements	<u>51</u>	<u>1,491,152</u>	<u>1,491,203</u>
Deficiency of receipts over disbursements	<u>(51)</u>	<u>(32,558)</u>	<u>(32,609)</u>
Nonoperating receipts (disbursements):			
Interest and investment receipts	<u>19,890</u>	<u>5,770</u>	<u>25,660</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	19,839	(26,788)	(6,949)
Transfers in	-	80,000	80,000
Transfers out	<u>(80,000)</u>	-	<u>(80,000)</u>
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	(60,161)	53,212	(6,949)
Cash and investment fund balance - beginning	<u>518,991</u>	<u>166,124</u>	<u>685,115</u>
Cash and investment fund balance - ending	<u>\$ 458,830</u>	<u>\$ 219,336</u>	<u>\$ 678,166</u>
<u>Cash and Investment Assets - December 31</u>			
Restricted assets:			
Cash and investments	<u>\$ 458,830</u>	<u>\$ 219,336</u>	<u>\$ 678,166</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Other purposes	<u>\$ 458,830</u>	<u>\$ 219,336</u>	<u>\$ 678,166</u>
Total cash and investment fund balance - December 31	<u>\$ 458,830</u>	<u>\$ 219,336</u>	<u>\$ 678,166</u>

CITY OF WASHINGTON
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2007

	<u>Police Pension</u>	<u>Firefighters Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 114,417	\$ 111,443	\$ 225,860
Plan members	1,580	-	1,580
State	<u>137,529</u>	<u>142,706</u>	<u>280,235</u>
Total additions	<u>253,526</u>	<u>254,149</u>	<u>507,675</u>
Deductions:			
Benefits	171,050	144,999	316,049
Other	20,621	38,384	59,005
Administrative and general	<u>1,628</u>	<u>800</u>	<u>2,428</u>
Total deductions	<u>193,299</u>	<u>184,183</u>	<u>377,482</u>
Excess of total additions over total deductions	60,227	69,966	130,193
Cash and investment fund balance - beginning	<u>121,695</u>	<u>74,553</u>	<u>196,248</u>
Cash and investment fund balance - ending	<u>\$ 181,922</u>	<u>\$ 144,519</u>	<u>\$ 326,441</u>

CITY OF WASHINGTON
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2007

	Police Department Donations	Park Pavilion	Totals
Additions:			
Contributions:			
Other	\$ -	\$ 187	\$ 187
Excess of total additions over total deductions	-	187	187
Cash and investment fund balance - beginning	696	745	1,441
Cash and investment fund balance - ending	696	932	1,628

CITY OF WASHINGTON
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2007

	<u>Payroll</u>	<u>Payroll Withholdings</u>	<u>Utility Sales Tax</u>	<u>Boyd & Sons Excavating Retainage</u>	<u>Totals</u>
Additions:					
Agency fund additions	\$ 5,470,596	\$ 1,833,848	\$ 808,842	\$ 107,307	\$ 8,220,593
Deductions:					
Agency fund deductions	<u>5,470,596</u>	<u>1,831,436</u>	<u>808,842</u>	<u>-</u>	<u>8,110,874</u>
Excess of total additions over total deductions	-	2,412	-	107,307	109,719
Cash and investment fund balance - beginning	<u>-</u>	<u>58,030</u>	<u>-</u>	<u>-</u>	<u>58,030</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 60,442</u>	<u>\$ -</u>	<u>\$ 107,307</u>	<u>\$ 167,749</u>

City of Washington
Elaine Wellman Clerk-Treasurer
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(812) 254-6143 Office (812) 254-8227 Fax

CITY OF WASHINGTON
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

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

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 353,122
Infrastructure	2,337,508
Buildings	3,116,202
Improvements other than buildings	917,086
Machinery and equipment	3,834,741
Construction in progress	<u>-</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u>10,558,659</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 166,402
Construction in progress	-
Buildings	15,513,591
Improvements other than buildings	11,915,947
Machinery and equipment	<u>4,514,635</u>
 Total Water Utility capital assets	 <u>32,110,575</u>

Wastewater Utility:

Capital assets, not being depreciated:

Land	255,177
Construction in progress	6,978,558
Buildings	2,831,781
Improvements other than buildings	6,223,534
Machinery and equipment	<u>4,966,706</u>

Total Wastewater Utility capital assets 21,255,756

Electric Utility:

Capital assets, not being depreciated:

Land	57,000
Construction in progress	70,915
Buildings	778,264
Improvements other than buildings	10,374,874
Machinery and equipment	<u>3,288,530</u>

Total Electric Utility capital assets 14,569,583

Storm Water Utility:

Capital assets, not being depreciated:

Land	-
Construction in progress	18,959
Buildings	25,094
Improvements other than buildings	33,641
Machinery and equipment	<u>15,012</u>

Total Stormwater Utility capital assets 92,706

Total business-type activities
capital assets

\$ 68,028,620

City of Washington
Elaine Wellman Clerk-Treasurer
101 N. E. Third Street
Washington, IN 47501
(812) 254-6143 Office (812) 254-8227 Fax

CITY OF WASHINGTON
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2007

The City and Utilities have entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
6 Police Cars	\$ 39,002	\$ 40,554
Notes and loans payable		
2006 Loadmaster Trash Compacter	50,275	26,968
Bonds payable:		
General obligation bonds:		
2004 City Hall Renovation	<u>385,000</u>	<u>72,750</u>
Total governmental activities debt	<u>\$ 474,277</u>	<u>\$ 140,272</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
1998 Issue	\$ 1,425,000	\$ 380,000
2005 Refunding Issue	8,900,000	395,000
2006 Refunding Issue	<u>5,795,000</u>	<u>110,000</u>
Total Water Utility	<u>\$ 16,120,000</u>	<u>\$ 885,000</u>
Wastewater Utility		
Revenue bonds:		
2007 Issue	<u>\$ 8,550,000</u>	<u>\$ 135,000</u>
Total business-type activities debt:	<u>\$ 24,670,000</u>	<u>\$ 1,020,000</u>

CITY OF WASHINGTON
OTHER REPORTS

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

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

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

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 WASHINGTON, DAVIESS COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Washington (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, 2007. 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, 2007.

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.

This report is intended solely for the information and use of the City's management, the City Council, 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

July 22, 2008

CITY OF WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2007

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 HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Office of Lieutenant Governor			
Community Development Block Grants/State's Program	14.228		
Washington Towers Rehab		HD-005-025	\$ 456,770
Washington Wastewater		CF-05-137	<u>417,600</u>
Total for federal grantor agency			<u>874,370</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety - Operation Pullover	20.600		<u>4,874</u>
Formula Grants for Other Than Urbanized Areas FY2007	20.509		<u>39,212</u>
Total for federal grantor agency			<u>44,086</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant			
Assistance to Firefighters Grant EMW-2007-F0-05803	97.044		<u>9,847</u>
Total federal awards expended			<u>\$ 928,303</u>

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

CITY OF WASHINGTON
NOTE 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 Washington (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.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of Towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

CITY OF WASHINGTON
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
14.228	Community Development Block Grants/State's Program

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF WASHINGTON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF WASHINGTON
EXIT CONFERENCE

The contents of this report were discussed on July 22, 2008, with Lawrence Haag, Mayor; Steve Dyer, President of the Common Council; Arthur Biddinger, Common Council member; and Elaine Wellman, Clerk-Treasurer. Our audit disclosed no material items that warrant comment at this time.