

COMPREHENSIVE
ANNUAL
FINANCIAL REPORT
ANDERSON, INDIANA

For the Year Ended December 31, 2007

Karen Carpenter, City Controller

CITY OF ANDERSON, INDIANA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

TABLE OF CONTENTS

	<u>Page</u>
A. INTRODUCTORY SECTION	
Title Page	I
Table of Contents	II
Mayor's Transmittal Letter.....	VI
Chief Financial Officer's Transmittal Letter	VII
Common Council, City Officials, and Official Boards	XI
Organizational Chart	XVI
GFOA Certificate of Excellence	XVII
 B. FINANCIAL SECTION	
Independent Auditor's Report.....	1
Management's Discussion and Analysis	3
 <u>Basic Financial Statements:</u>	
<u>Government-wide Financial Statements:</u>	
Statement of Net Assets	14
Statement of Activities	15
<u>Fund Financial Statements:</u>	
<u>Governmental Funds:</u>	
Balance Sheet	16
Reconciliation of the Balance Sheet to the Statement of Net Assets.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	19
<u>Proprietary Funds:</u>	
Statement of Net Assets	20
Statement of Revenues, Expenses, and Changes in Fund Net Assets	21
Statement of Cash Flows	22
<u>Fiduciary Funds:</u>	
Statement of Fiduciary Net Assets	23
Statement of Changes in Fiduciary Net Assets.....	24

CITY OF ANDERSON, INDIANA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

TABLE OF CONTENTS
 (Continued)

	<u>Page</u>
B. FINANCIAL SECTION (Continued)	
<u>Notes to the Financial Statements:</u>	
I. Summary of Significant Accounting Policies	25
II. Detailed Notes on All Funds:	
A. Deposits	30
B. Investments	31
C. Receivables and Deferred Revenue	33
D. Capital Assets	34
E. Construction Commitments	37
F. Interfund Balances and Activity	37
G. Leases	38
H. Short-Term Liabilities	39
I. Long-Term Liabilities	40
J. Restricted Assets	44
K. Restatement – Business-Type Activities (Electric Utility)	45
L. Assets Held for Resale	46
M. Special Assessment Bonds Payable	46
III. Other Information:	
A. Risk Management	47
B. Conduit Debt obligation	48
C. Postemployment Benefits	48
D. Investment in Capital Assets Net of Related Debt	48
E. Pension Plans	49
F. Subsequent Event – Pension Relief	54
<u>Required Supplementary Information:</u>	
General Fund:	
Budgetary Comparison Schedule	57
Schedules of Funding Progress - Pensions	58
Schedules of Contributions from the Employer And Other Contributing Entities – Pensions	59
Notes to Required Supplementary Information	60

CITY OF ANDERSON, INDIANA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

TABLE OF CONTENTS
 (Continued)

	<u>Page</u>
B. FINANCIAL SECTION (Continued)	
<u>Supplementary Information (Continued):</u>	
General Fund:	
Schedule of Expenditures – Budget and Actual	66
Non-major Governmental Funds:	
Combining Balance Sheet (by fund type)	74
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (by fund Type).....	75
Combining Balance Sheet:	
Non-major Special Revenue Funds	76
Non-major Debt Service Funds.....	82
Non-major Capital Projects Funds	84
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances:	
Non-major Special Revenue Funds	88
Non-major Debt Service Funds.....	94
Non-major Capital Projects Funds	96
Budgetary Comparison Schedules	100
Non-major Proprietary Funds:	
Combining Statement of Net Assets.....	106
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	107
Combining Statement of Cash Flows	108
Fiduciary Funds:	
Combining Statement of Fiduciary Net Assets:	
Pension Trust Funds	110
Agency Funds	111
Combining Statement of Changes in Fiduciary Net Assets:	
Pension Trust Funds	112
Schedule of Changes in Assets and Liabilities:	
Agency Funds	113

CITY OF ANDERSON, INDIANA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

TABLE OF CONTENTS
 (Continued)

	<u>Page</u>
C. STATISTICAL SECTION	
Financial Trends:	
Net Assets by Component	116
Changes in Net Assets	118
Fund Balances, Governmental Funds	120
Changes in Fund Balances, Governmental Funds	121
Revenue Capacity:	
Tax Revenues by Source	122
Assessed and Actual Value of Taxable Property.....	123
Direct & Overlapping Property Tax Rates.....	124
Principal Property Tax Payers	125
Property Tax Levies & Collections	126
Debt Capacity:	
Ratios of Outstanding Debt by Type.....	127
Ratios of General Bonded Debt Outstanding	128
Direct & Overlapping Governmental Activities Debt	129
Legal Debt Margin Information	130
Pledged Revenue Coverage – Electric Utility	131
Pledged Revenue Coverage – Water Utility	132
Pledged Revenue Coverage – Wastewater Utility.....	133
Demographic and Economic Information:	
Demographic and Economic Statistics	134
Principal Employers	135
Operating Information:	
Full Time Government Employees by Function/Program.....	136
Operating Indicators by Function/Program	137
Capital Asset Statistics by Function/Program.....	138

INTRODUCTORY SECTION



*City of Anderson
Mayor*

Mayors Office
120 E. 8th Street
Anderson, Indiana 46016
(765) 648-6000 Phone
(765) 648-5900 Fax
krisockomon@cityofanderson.com

Kris Ockomon, Mayor

June 30, 2008

To the Citizens, Businesses and City Councilors 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, 2007. This year, the City's sixth CAFR was prepared by the Controller's Office under the direction of City Controller, Karen Carpenter and Deputy City Controller Shari Price, 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 is 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 Karen and Shari, 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 also 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 its 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,

Kris Ockomon, Mayor
City of Anderson



Kris Ockomon, Mayor

*City of Anderson
Controller's Office*
C. Karen Carpenter
120 East Eighth Street
PO Box 2100
Anderson, Indiana 46018
(765) 648-6025 Phone
(765) 648-5902 Fax
www.cityofanderson.com

June 30, 2008

To the Honorable Mayor Kris Ockomon
City of Anderson, Indiana

The comprehensive annual financial report (CAFR) of the City of Anderson, Indiana (City) for the fiscal year ended December 31, 2007, 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.

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 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

Anderson is situated on the I-69 transportation corridor from Michigan to Indianapolis and is the county seat of Madison County. At 452 square miles, the City has a population of approximately 58,000 and is 25 miles northeast of Indianapolis. Historically heavily industrialized, the City is emerging as a business hub – the Indiana Chamber of Commerce named Anderson the Community of the Year for 2007. Capitalizing on its skilled worker population and existing energy and electrical resources, City representatives have aggressively marketed and attracted businesses to its two business parks. With infrastructure improvements and strategic partnerships, the City is poised to thrive in uncertain economic conditions

ECONOMIC CONDITIONS AND OUTLOOK

Local Economy

With the impact of state imposed property tax levy reductions, the City 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.

Recent growth and development is a reflection of emphasis on planning and seeking public/public and public/private partnerships for solutions to community needs, with a conscious bias to avoid short term gains. In 2007, State legislation changed to allow electronic gaming at Indiana's multiple racetracks. For Anderson's Hoosier Park, now on its 13th year, this has and will continue to infuse considerably more funds to the local economy through earnings and direct gaming taxes as well as indirect economic benefit. Hoosier Park Casino opened June 2, 2008.

Major Initiatives

The City continues to experience 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. "Reinvest, redevelop, and revitalize" is the theme. This progression demonstrates that the City is a great place to invest and the City's commitment is evidenced not only by the successful Flagship Enterprise Park and Technology Center, but also by its being named one of Forbes Magazine's 100 Best Small Places for Business and Careers. This development has been aided by City's continued successful initiatives with respect to redevelopment programs, infrastructure improvements, and overall promotion of Anderson. The City believes that infrastructure investments, especially roads and transportation corridors, are key attributes to its long term 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, 2007. 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 Water Utility reported an operating income and an increase to net assets for 2007, while the Electric and Wastewater Utilities were affected by a loss on disposal of certain assets.

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 decreased during 2007.

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, 2007, the general assets of the City totaled approximately \$204.5 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, 2006. This was the fifth 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 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,



Karen Carpenter
City Controller

KRIS OCKOMON, MAYOR

COMMON COUNCIL

Mike Welch	District 1
Donna Davis	District 2
Pamela K. Jones	District 3
Ollie Dixon	District 4
Art Pepelea, Jr.	District 5
Joseph Newman, President	District 6

COUNCIL-AT-LARGE

Rodney Chamberlain	At-Large
David Eicks	At-Large
Rick Muir	At-Large

ELECTED OFFICIALS

Sheila Ashley	City Clerk
Donald R. Phillippe	City Judge

CITY OFFICIALS

Joe McClain	Animal Care and Control
Michael Widing	Municipal Development
Merle Jones	City of Anderson Transportation
Karen Carpenter	Controller
Lisa Patton	Information Services
Linda Dawson	Economic Development
Frank Dick	Emergency Mgt./Communications
Michael Spyers	Engineering
David Clendenen	Fire Department
Floyd Edwards	Human Relations
Tom Donoho	Light & Power
Fred Reese	Parks Department
Darron Sparks	Police Department
Sharon Walters	Purchasing
Todd Leever	Street Department
Nara Manor	Water Pollution Control
Steve Priser	Human Resources & Insurance
Robin Allman	Utilities
Gary McKinney	Air Management

OFFICIAL BOARDS

Board of Public Works

**Greg Graham
Mark Lamey**

Shirley Weatherly

Safety Board

**Richard Wiley
John Bostic**

H. L. Baker

Park Board

**Dick Bevelhimer
William Warmke
John Coffin**

**Darin Foltz
Jessica Woodall**

Board of Aviation

**Mark Bennett
Phil Stephenson
Rick Senseney**

**Richard Donnelly
J. Anthony Rogers
George Mock**

Merit Commission

**Virginia Chapman
Jim Stottlemeyer**

**Blanchard Jack Schearer
Rev. Lenore Williams**

Human Relations

**Jan Miller
Danny McGhee
Dick Dickson
Gina Murphy**

**Bob Armstrong
Javier Sandoval
Thomas Jackson**

Personnel Advisory Board

**Tim Lamey
Floyd Edwards
Rodney Chamberlin
Greg Graham**

**Mark Collett
David Eicks
Steve Priser**

Planning Commission

**Jessie Wilkerson
Greg Spencer
Willie Rayford
Mark Lamey
G. Eugene Yates**

**Mike Spyers
Darin Foltz
Joe Newman
Deborah Nelson**

Redevelopment Commission

**Joe Royer
Rick Zachery
Mary Starkey**

**Bill Carter
Carolyn Scott**

Economic Development Revolving Loan Board

**Linda Dawson
Rob Sparks
Lori Alexander
Jan Stith**

**Karen Carpenter
Georgeann Whitworth
Sam Pellegrino
Aaron Reger**

Sanitary District Board

**Mike Spyers
Nanette Leser (Sec)**

Melanie Vermillion

Zoning Appeals

**Greg Spencer
Connie Klungness
Rudy Williams**

**Willie Rayford
Harold Smith
Amber Lewis**

Economic Development Commission

**Georgeann Whitworth
Rick Robertson
Pamela Jones**

**Gladys Hollon
Darlene Likens**

Historical and Cultural Preservation Commission

**Stan Guilkey
Carolyn Dunetman
Josh Stafford
G. Eugene Yates**

**P. Ernie DeOllos
Jesse Wilkerson
Milt Otto**

Community Redevelopment & Enhancement District Advisory Board

**Jim Bittner
Chris Rouse
Brian Miller
Karen Pettigrew (Sec)**

**Don Apple
Linda Dawson
Aaron Reger**

New Market Tax Credit Governing Board

**Jim Bittner
Mary Starkey
Georgeann Whitworth
Linda Dawson**

**Joe Royer
Jack Harter
Karen Pettigrew**

Air Management Commission

**Fred Shryock
Justin Bays
Mike McFall**

**Ed Combs
Irv Arouh**

Anderson Housing Authority

**Kevin Sulc
Mike Ward
Joyce D. Foggs
William Powers**

**Michael Dauss
Joe Cook
Fran Plummer**

Civilian Review Board

Major Boone

Flagship Enterprise

**Linda Dawson
Don Henderson**

Timothy Lanane

Redevelopment Authority

**Jack Harter
Rosetta Minnefield**

Rod Autry

Tree Commission

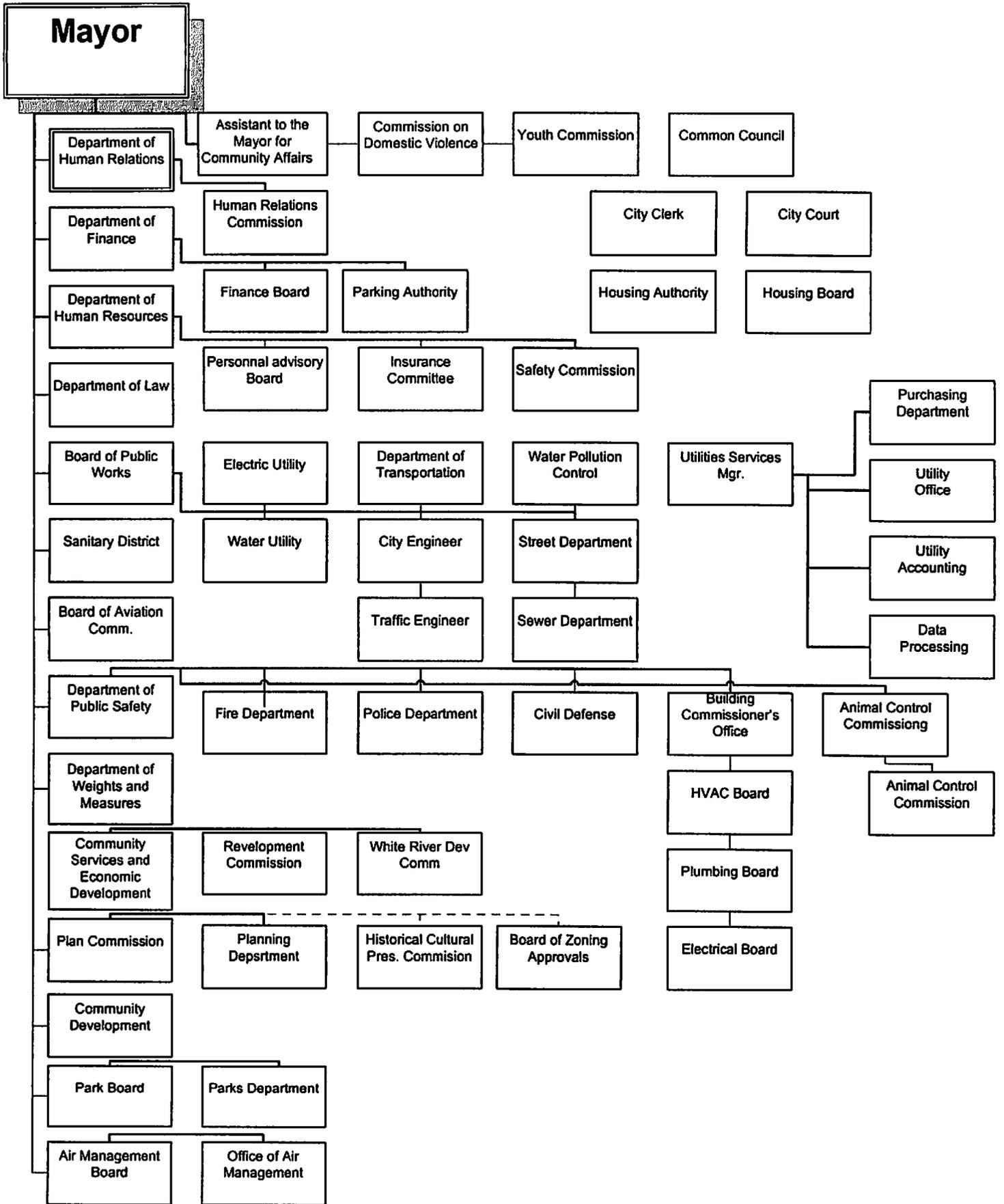
**Dr. Blake Janutolo
Edward Toscano
Julie King-Farley
Max Gentry**

**Dr. Charles Vaughn
Wofgan Von Buchler
Holly Chaille**

Visitors Convention Bureau Board

**Kristina Garwood
Mark Starkey
Bill Carter**

**Rick Zachary
Joe Royer
Carolyn Scott**



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, 2006

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.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

This page intentionally left blank.

FINANCIAL SECTION



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, MADISON 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 Anderson (City), as of and for the year ended December 31, 2007, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, 2007, 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 of America.

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 an opinion on the basic financial statements of the City taken as a whole. The introductory section, combining and individual 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 and individual 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 2, 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.

State Board of Accounts
STATE BOARD OF ACCOUNTS

June 2, 2008

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, 2007. 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-IX 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 \$100,692 (net assets) compared to \$114,415 in the prior year. Of this amount, \$27,296 represents an unrestricted net deficit.
- The City's total net assets decreased by \$13,723 compared to 2006. This decrease is primarily attributable to a restatement of capital assets for business-type activities. See Note II, K for detailed information.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$25,844, a decrease of \$9,585 in comparison with the prior year. Approximately 36% of this total amount, \$9,265, is available for spending at the government's discretion (unreserved fund balance).
- The City's total bond related debt increased by \$16,618 (23.6%) during the current fiscal year. The key factor in this increase was the issuance of Sewage and Waterworks Revenue Bonds of 2007, 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 52 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 and the Nestle TIF Capital Fund, which are considered to be major funds. 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 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 25-54 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 57-61 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 66-113 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 \$100,692 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	
	2007	2006	2007	2006	2007	2006
Current and Other Assets	\$ 38,524	\$ 47,291	\$ 41,941	\$ 35,997	\$ 80,465	\$ 83,288
Capital Assets	89,922	75,065	114,639	116,202	204,561	191,267
Total Assets	128,446	122,356	156,580	152,199	285,026	274,555
Long-term liabilities outstanding	83,469	95,185	65,376	47,098	148,845	142,283
Other Liabilities	19,882	6,692	15,606	11,165	35,488	17,857
Total Liabilities	103,351	101,877	80,982	58,263	184,333	160,140
Net Assets						
Invested in capital assets, net of related debt	46,966	42,287	73,672	83,796	120,638	126,083
Restricted	4,821	4,428	2,355	11,685	7,176	16,113
Unrestricted	(26,691)	(26,237)	(430)	(1,545)	(27,121)	(27,782)
Total Net Assets	\$ 25,096	\$ 20,478	\$ 75,597	\$ 93,936	\$ 100,693	\$ 114,414

An additional portion of the City's net assets, 9.3%, 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 \$27,296, 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 \$26,691 is primarily due to a net pension obligation of \$40,387.

There was a decrease of \$4,174 in net assets reported in connection with the City's business-type activities. This decrease is primarily due to expenses exceeding charges for services for business-type activities. Investment in capital assets net of related debt was restated at the beginning of the year as a result of revaluation of the City's Electric Utility capital assets. The restatement resulted in a further reduction of total net assets for business-type activities of \$14,165.

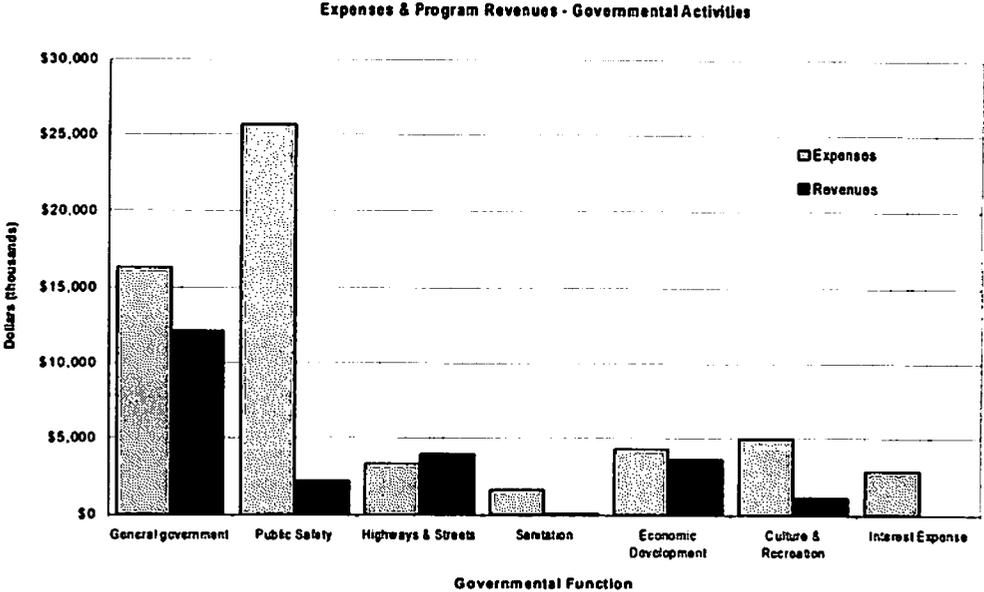
Governmental Activities. Governmental activities increased the City's net assets by \$4,617, thereby accounting for all of the total growth in the net assets of the City. Retroactive major general infrastructure assets were included in the report as of last year. The City's overall cash and cash equivalents, decreased \$18,994 during the year to \$12,968, but remains strong in the current challenging local government environment.

Property taxes increased by \$1,671 (6.6%) during the year, and Local Option Income Taxes increased by \$291. The City's portion of property tax rates decreased \$0.05 in 2007 to \$1.51 per \$100 of assessed value.

The following table displays the City's changes in net assets for fiscal years 2006 and 2007:

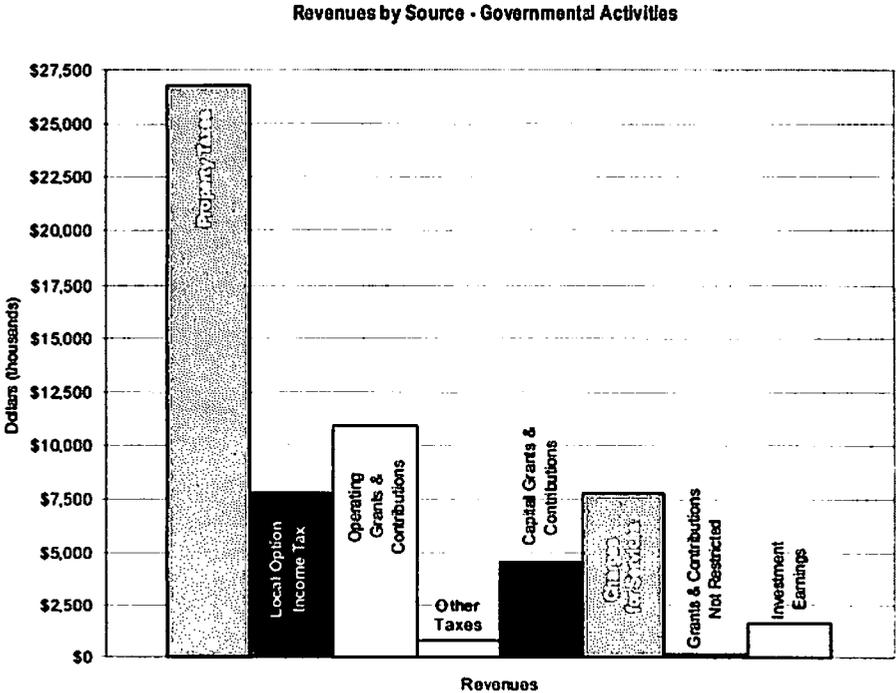
City of Anderson, Indiana Changes in Net Assets						
Description	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program Revenues						
Charges for Services	\$ 7,804	\$ 6,063	\$ 75,973	\$ 73,166	\$ 83,777	\$ 79,229
Operating Grants & Contributions	10,928	10,758	255	88	11,183	10,846
Capital Grants & Contributions	4,532	9,485	571	206	5,103	9,691
General Revenues						
Property Taxes	26,829	25,157	-	-	26,829	25,157
Local Option Income taxes (shared)	7,780	7,535	-	-	7,780	7,535
Other taxes (shared)	781	735	-	-	781	735
Grants & Contributions not restricted to specific programs	185	480	-	-	185	480
Investment earnings	1,656	1,857	315	391	1,971	2,248
Total Revenues	60,495	62,070	77,114	73,851	137,609	135,921
Expenses						
General	16,323	17,958	-	-	16,323	17,958
Public Safety	25,704	24,566	-	-	25,704	24,566
Highways/Streets	3,341	3,060	-	-	3,341	3,060
Sanitation	1,623	3,017	-	-	1,623	3,017
Economic Development	4,311	11,867	-	-	4,311	11,867
Culture & Recreation	5,002	4,345	-	-	5,002	4,345
Interest on Long-term debt	2,895	1,983	-	-	2,895	1,983
Water	-	-	5,752	5,370	5,752	5,370
Wastewater	-	-	15,377	12,404	15,377	12,404
Electric	-	-	56,837	51,013	56,837	51,013
Total Expenses	59,199	66,796	77,966	68,787	137,165	135,583
Increase in Net Assets before Transfers	1,296	(4,726)	(852)	5,064	444	338
Transfers	3,322	3,339	(3,322)	(3,339)	-	-
Increase in Net Assets	4,618	(1,387)	(4,174)	1,725	444	338
Net Assets at January 1	20,478	21,865	79,771	92,212	100,249	114,077
Net Assets at December 31	\$ 25,096	\$ 20,478	\$ 75,597	\$ 93,937	\$ 100,693	\$ 114,415

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 areas of public safety and culture and recreation, as well as economic development and assistance. Other sources of revenue consisted primarily of operating grants and contributions, capital grants and contributions, charges for services, and investment earnings.

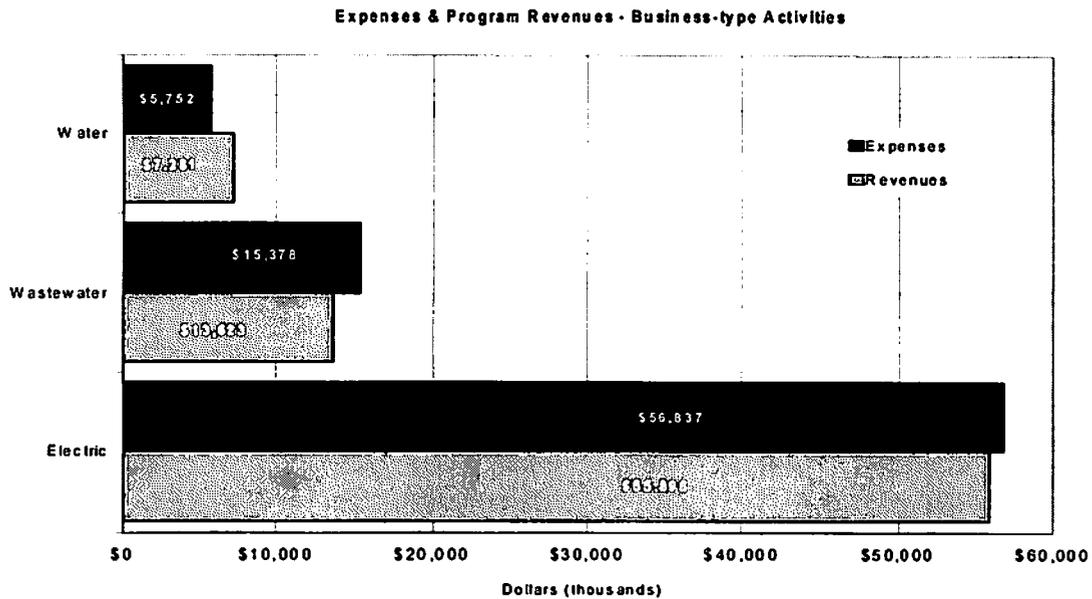
The following chart displays the Revenues by Source of the City's governmental activities:



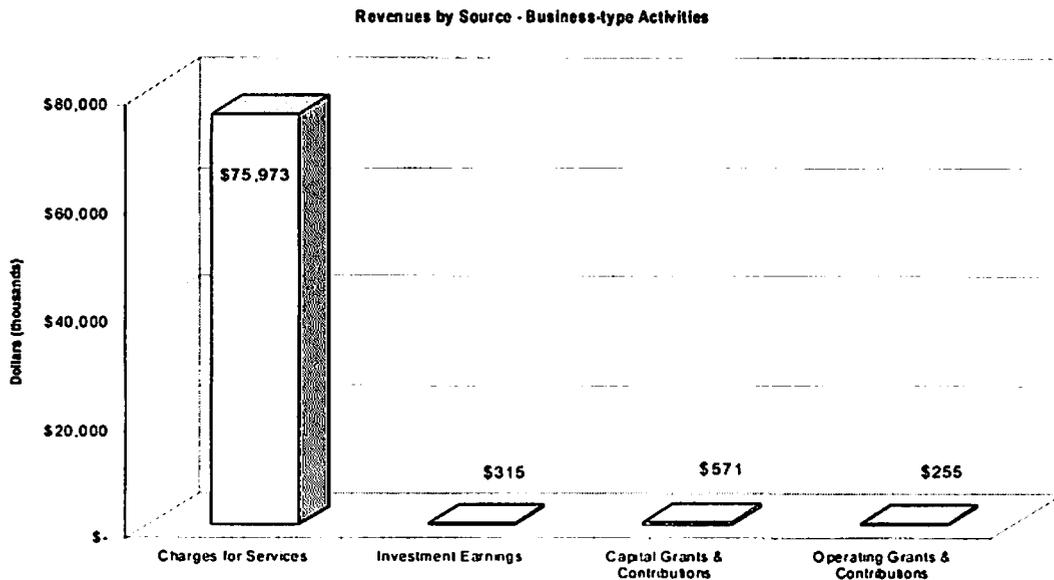
Business-type activities. Business-type activities decreased the City's net assets by \$4,174. A restatement of the capital asset inventory of the Electric Utility resulted in a decrease of net assets of \$14,165, adjusted at the beginning of the period. Additional key elements of this decrease are as follows:

- The wastewater utility's expenses exceeded its revenues by \$1,755, primarily due to increased costs for operations, treatment, and administration.
- The electric utility's expenses exceeded its revenues by \$941.
- The water utility's revenues exceeded its expenses by \$1,529, due to increased residential sales.
- Charges for services revenue increased by \$2,807, or 4%, while expenses increased \$ 9,179, or 13%.
- Investment earnings decreased by \$76, or 20%.

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 \$25,844, a decrease of \$9,585 in comparison with the prior year. Approximately 36% of this total amount, \$9,265 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 (\$10,162); (2) Loans receivable (\$745); (3) Debt service (\$5,482); 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, the unreserved fund balance of \$3,294 comprised the entire fund.

The balance of the City's general fund decreased by \$1,767 during the current fiscal year. Key factors attributing to the changes in fund balance are as follows:

- Expenditures exceeded revenues by \$1,361, excluding other financing sources and uses.
- Expenditures for Public Safety (67% of general fund expenditures) increased by \$1,225, due to increased costs necessary for service delivery.
- Expenditures for Highways and Streets increased by \$726, partially driven by street improvement efforts.
- Expenditures for Sanitation increased by \$54.

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 \$75,597; \$17,055 for the Water Utility, \$24,509 for the Wastewater Utility, and \$34,033 for the Electric Utility. The total change in net assets was \$915, \$(2,749), and \$(2,340), 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 \$5,144 increase in appropriations. Following are the main components of the increase:

- A \$5,218 increase in general government appropriation due to the controllers "other" appropriations related to temporary bond bank transactions.
- A \$48 increase in public safety appropriation.
- An \$84 decrease in highways and streets appropriation.

The positive variance of \$7,176 between the actual budgetary basis amounts and the final budget was primarily attributable to general government (\$6,751), public safety (\$278), and highways and streets (\$129).

During the year, however, overall general fund revenues were less than final budgeted amounts by \$3,887. This variance is primarily due to property taxes due from the county were not settled until January, 2008, and an intergovernmental revenue shortfall of \$671. See General Fund Budgetary Comparison Schedule for the monetary composition of budget differences.

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, 2007, increased by \$13,293 to \$204,561 (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:

- Investment in capital assets net of related debt was restated at the beginning of the year as a result of revaluation of the City's Electric Utility capital assets. The restatement resulted in a reduction of total net assets for business-type activities of \$14,165.
- \$13,213 was invested in automated meter reading equipment for the Water and Electric Utility.
- \$4,636 was invested in the flagship electric utility substation.

The following table displays the City's capital assets:

City of Anderson, Indiana Capital Assets						
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 13,718	\$ 13,497	\$ 1,031	\$ 1,031	\$ 14,749	\$ 14,528
Construction in Progress	16,083	6,819	23,052	23,778	39,135	30,597
Buildings	32,607	32,341	38,164	37,894	70,771	70,235
Improvements	12,601	11,852	113,005	103,245	125,606	115,097
Infrastructure	55,794	47,858	3,753	3,605	59,547	51,463
Machinery & Equipment	20,657	18,563	41,484	34,779	62,141	53,342
Transportation Equipment	-	-	-	-	-	-
Total Capital Assets	151,460	130,930	220,489	204,332	371,949	335,262
Depreciation	(61,538)	(55,865)	(105,850)	(102,296)	(167,388)	(158,161)
Net Capital Assets	\$ 89,922	\$ 75,065	\$ 114,639	\$ 102,036	\$ 204,561	\$ 177,101

Additional information on the City's capital assets can be found in Note II-D on pages 34-36 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 \$42,755 related to governmental activities and \$44,135 related to business-type activities. Of these amounts, \$25,365 is comprised of bonds backed by the full faith and credit of the government while the remaining amounts are \$7,020 in lease rental bonds, \$500 in first mortgage bonds, \$8,250 in tax increment financing bonds, \$1,620 in local option income tax bonds, and \$44,135 in revenue bonds.

The remainder of the City's debt of \$81,682 is comprised of \$40,387 in net pension liability, \$12,824 in notes and loans, \$2,534 in compensated absences, and \$25,937 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	
	2007	2006	2007	2006	2007	2006
General/Special Obligation debt	\$ 42,755	\$ 44,851	\$ -	\$ -	\$ 42,755	\$ 44,851
Revenue bonds	-	-	44,135	25,420	\$ 44,135	\$ 25,420
Subtotal	42,755	44,851	44,135	25,420	86,890	70,271
Net pension liability	40,387	40,815	-	-	40,387	40,815
Capital leases	2,802	1,870	23,135	22,420	25,937	24,290
Notes and loans	12,712	10,510	112	164	12,824	10,674
Compensated absences	1,270	1,286	1,264	1,278	2,534	2,564
Less: net issuance discounts	(198)	(213)	(97)	(116)	(295)	(329)
Subtotal	99,728	99,119	68,549	49,166	168,277	148,285
Less: Current portion	(16,260)	(3,934)	(3,172)	(2,068)	(19,432)	(6,002)
Total Long-term Debt	\$ 83,468	\$ 95,185	\$ 65,377	\$ 47,098	\$ 148,845	\$ 142,283

The City's total bonded debt for governmental and business-type activities increased by \$16,619 during the current fiscal year. The key factor in this increase was the issuance of \$22,930 of revenue bonds (two revenue bonds and one refunding revenue bond), 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 II-I on pages 40-43 in Notes to the Financial Statements of this report.

Economic Factors and Next Year's Budgets and Rates

- In 1998 the Indiana Supreme Court ruled that the valuation method used by the State Tax Commission was invalid. A new real property assessment regulation was issued on July 1, 2002, affecting the taxes payable beginning in 2003. The new regulation shifts the tax burden among property class owners; it does not impact the tax levy. The next scheduled reassessment will be effective as of the March 1, 2011 assessment date, and will affect taxes payable beginning in 2012. Beginning with the March 1, 2006 assessment date and affecting taxes payable beginning in 2007, the assessed value of real property will be annually adjusted to reflect changes in market value, based in part on comparable sales date, in order to account for changes in value that occur between general reassessments. This process is generally known as "Trending."
- Hoosier Park's effect on the local economy as a result of the change in gaming legislation allowing electronic gaming.
- Influx of businesses to, and tax increment financing for the developing business and industrial parks.

All of the above factors were considered in preparing the City's budget for the 2008 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.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

CITY OF ANDERSON, INDIANA
STATEMENT OF NET ASSETS
December 31, 2007

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash and cash equivalents	\$ 5,714,961	\$ 4,101,458	\$ 9,816,419
Cash with fiscal agent	1,098,636	4,694,865	5,793,501
Investments	2,765,818	-	2,765,818
Receivables (net of allowances for uncollectibles):	15,526,636	5,671,702	21,198,338
Internal balances	2,559,676	(2,559,676)	-
Inventories	-	2,323,849	2,323,849
Deferred charges	930,132	1,144,461	2,074,593
Restricted:			
Cash and cash equivalents	7,843,071	11,749,994	19,593,065
Investments	-	14,803,903	14,803,903
Interest receivable	-	10,239	10,239
Capital assets:			
Land, improvements and construction in progress	29,801,510	24,082,899	53,884,409
Other capital assets, net of depreciation	60,120,648	90,555,652	150,676,300
Assets held for resale	189,795	-	189,795
Net pension asset	1,895,767	-	1,895,767
Total assets	<u>128,446,650</u>	<u>156,579,346</u>	<u>285,025,996</u>
<u>Liabilities</u>			
Accounts payable	468,999	7,154,689	7,623,688
Accrued payroll and withholdings payable	563,570	197,873	761,443
Taxes payable	-	467,082	467,082
Contracts payable	213,093	3,426,952	3,640,045
Tax anticipation notes payable	160,604	-	160,604
Accrued interest payable	1,267,595	407,377	1,674,972
Unearned revenue	100,506	-	100,506
Deferred claims liability	848,317	-	848,317
Customer deposits	-	779,772	779,772
Noncurrent liabilities:			
Due within one year	16,259,709	3,172,420	19,432,129
Due in more than one year	83,468,608	65,376,291	148,844,899
Total liabilities	<u>103,351,001</u>	<u>80,982,456</u>	<u>184,333,457</u>
<u>Net assets</u>			
Invested in capital assets, net of related debt	46,965,697	73,671,794	120,637,491
Restricted for:			
Debt service	4,250,964	1,427,977	5,678,941
Capital projects	569,626	921,859	1,491,485
Other purposes	-	5,727	5,727
Unrestricted	(26,690,638)	(430,467)	(27,121,105)
Total net assets	<u>\$ 25,095,649</u>	<u>\$ 75,596,890</u>	<u>\$ 100,692,539</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, 2007

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental activities:							
General government	\$ 16,323,127	\$ 4,121,146	\$ 6,189,244	\$ 1,882,029	\$ (4,130,708)	\$ -	\$ (4,130,708)
Public safety	25,704,470	1,755,482	439,969	39,935	(23,469,084)	-	(23,469,084)
Highways and streets	3,341,077	153,404	2,264,112	1,567,839	644,278	-	644,278
Sanitation	1,623,148	5,725	73,879	-	(1,543,544)	-	(1,543,544)
Economic development	4,310,856	975,901	1,653,237	992,032	(689,686)	-	(689,686)
Culture and recreation	5,002,151	792,543	307,158	50,236	(3,852,214)	-	(3,852,214)
Interest on long-term debt	2,894,639	-	-	-	(2,894,639)	-	(2,894,639)
Total governmental activities	59,199,468	7,804,201	10,927,599	4,532,071	(35,935,597)	-	(35,935,597)
Business-type activities:							
Water	5,751,936	7,040,136	153,353	87,247	-	1,528,800	1,528,800
Wastewater	15,377,646	13,612,743	-	10,136	-	(1,754,767)	(1,754,767)
Electric	56,836,965	55,320,285	101,799	473,684	-	(941,197)	(941,197)
Total business-type activities	77,966,547	75,973,164	255,152	571,067	-	(1,167,164)	(1,167,164)
Total	\$ 137,166,015	\$ 83,777,365	\$ 11,182,751	\$ 5,103,138	(35,935,597)	(1,167,164)	(37,102,761)
General revenues:							
Property taxes					26,828,343	-	26,828,343
Local option income taxes					7,780,338	-	7,780,338
Other taxes					781,332	-	781,332
Grants and contributions not restricted to specific programs					184,872	-	184,872
Investment earnings					1,655,899	314,834	1,970,733
Transfers					3,322,063	(3,322,063)	-
Total general revenues and transfers					40,552,847	(3,007,229)	37,545,618
Change in net assets					4,617,250	(4,174,393)	442,857
Net assets - December 31, 2006					20,478,399	93,936,310	114,414,709
Restatement - See note II-K					-	(14,165,027)	(14,165,027)
Net assets - January 1, 2007					20,478,399	79,771,283	100,249,682
Net assets - December 31, 2007					\$ 25,095,649	\$ 75,596,890	\$ 100,692,539

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

CITY OF ANDERSON, INDIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2007

<u>Assets</u>	<u>General</u>	<u>Nestle TIF Capital</u>	<u>Non-major Governmental Funds</u>	<u>Totals</u>
Cash and cash equivalents	\$ 2,030,529	\$ 2,552,242	\$ 8,384,742	\$ 12,967,513
Cash with fiscal agent	-	-	1,098,636	1,098,636
Receivables (net of allowances for uncollectibles):				
Interest	-	-	-	-
Taxes	5,686,723	-	4,825,129	10,511,852
Accounts	938	-	674,263	675,201
Intergovernmental	2,742,978	-	851,689	3,594,667
Loans	-	-	744,916	744,916
Interfund receivable	350,000	3,910,669	2,759,109	7,019,778
Assets held for resale	-	-	189,795	189,795
Total assets	<u>\$ 10,811,168</u>	<u>\$ 6,462,911</u>	<u>\$ 19,528,279</u>	<u>\$ 36,802,358</u>
 <u>Liabilities and fund balances</u>				
Liabilities:				
Accounts payable	\$ 213,061	\$ -	\$ 255,938	\$ 468,999
Accrued payroll and withholdings payable	465,725	-	97,845	563,570
Contracts payable	11,584	-	201,509	213,093
Interfund payable	3,725,993	-	1,334,109	5,060,102
Deferred revenue:				
Unavailable	3,069,437	-	1,202,036	4,271,473
Unearned	31,446	-	69,060	100,506
Notes and loans payable - current	-	-	280,604	280,604
Total liabilities	<u>7,517,246</u>	<u>-</u>	<u>3,441,101</u>	<u>10,958,347</u>
 Fund balances:				
Reserved for:				
Encumbrances	-	6,462,911	3,699,423	10,162,334
Loans receivable	-	-	744,916	744,916
Debt service	-	-	5,482,432	5,482,432
Assets held for resale	-	-	189,795	189,795
Unreserved, reported in:				
General fund	3,293,922	-	-	3,293,922
Special revenue funds	-	-	2,098,229	2,098,229
Debt service funds	-	-	(36,497)	(36,497)
Capital projects funds	-	-	3,908,880	3,908,880
Total fund balances	<u>3,293,922</u>	<u>6,462,911</u>	<u>16,087,178</u>	<u>25,844,011</u>
Total liabilities and fund balances	<u>\$ 10,811,168</u>	<u>\$ 6,462,911</u>	<u>\$ 19,528,279</u>	<u>\$ 36,802,358</u>

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, 2007

Total fund balances for governmental funds \$ 25,844,011

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. As reported in detail in note II D., those assets consist of:

Capital assets not being depreciated	29,801,510	
Capital assets being dereciated	121,659,257	
Accumulated depreciation	<u>(61,538,609)</u>	
Total capital assets		89,922,158

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: 930,132

Some assets are not available to pay for current-period expenditures and therefore, are deferred in the funds: 4,271,473

Net pension asset represents a prepayment to the Pubic Employees' Retirement Fund and is reported as an expenditure in the governmental funds but, is reported as an asset in the government-wide statements: 1,895,767

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: 3,108,020

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. 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. Additionally, 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. Long-term liabilities as reported are:

Noncurrent liabilities as reported in detail in note II-I-5:		
Noncurrent liabilities due within one year	16,259,709	
Noncurrent liabilities due in more than one year	<u>83,468,608</u>	
Total noncurrent liabilities	99,728,317	
Less: Amount currently due included in due within one year accrued to funds	120,000	
Total long-term liabilities		(99,608,317)

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due: (1,267,595)

Total net assets of governmental activities \$ 25,095,649

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, 2007

	General	Nestle TIF Capital	Non-major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 18,322,942	\$ -	\$ 8,136,526	\$ 26,459,468
Licenses and permits	334,536	-	150,109	484,645
Intergovernmental	9,949,412	-	11,217,600	21,167,012
Charges for services	2,551,969	-	1,735,952	4,287,921
Fines and forfeits	108,444	-	393,760	502,204
Other	1,747,588	-	2,221,650	3,969,238
Total revenues	33,014,891	-	23,855,597	56,870,488
Expenditures:				
Current:				
General government	5,693,588	-	5,069,812	10,763,400
Public safety	23,652,426	-	178,315	23,830,741
Highways and streets	2,841,626	-	3,494,787	6,336,413
Sanitation	1,841,640	-	6,250	1,847,890
Economic development	346,722	-	2,756,664	3,103,386
Culture and recreation	-	-	3,485,644	3,485,644
Debt service:				
Principal	-	-	2,996,000	2,996,000
Interest	-	-	2,197,363	2,197,363
Capital outlay	-	5,206,625	11,167,880	16,374,505
Total expenditures	34,376,002	5,206,625	31,352,715	70,935,342
Deficiency of revenues under expenditures	(1,361,111)	(5,206,625)	(7,497,118)	(14,064,854)
Other financing sources (uses):				
Transfers in	-	-	2,346,826	2,346,826
Transfers out	(622,500)	(406,539)	(1,317,787)	(2,346,826)
Issuance of debt	-	2,500,000	166,939	2,666,939
Financing by capital lease	216,115	-	1,597,043	1,813,158
Total other financing sources (uses)	(406,385)	2,093,461	2,793,021	4,480,097
Net change in fund balances	(1,767,496)	(3,113,164)	(4,704,097)	(9,584,757)
Fund balances - January 1	5,061,418	9,576,075	20,791,275	35,428,768
Fund balances - December 31	\$ 3,293,922	\$ 6,462,911	\$ 16,087,178	\$ 25,844,011

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, 2007

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). \$ (9,584,757)

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. Additionally, the net disposal of capital assets is recognized in the statement of activities but not in the governmental funds. As reported in detail in note II D., this is the amount by which capital outlays exceeded depreciation expense and disposals in the current period.

Change in capital assets not being depreciated	9,484,930	
Change in capital assets being depreciated	11,045,667	
Change in depreciation expense	<u>(5,673,917)</u>	
 Net change in capital assets		 14,856,680

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 1,433,489

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 for Public Employees Retirement Fund. (266,119)

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. Additionally, compensated absences 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. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Change in noncurrent liabilities as reported in detail in note II-I-5:	(609,438)	
Change in note payable currently due included in due within one year accrued to funds	5,000	
Change in accrued interest payable	(601,856)	
Change in deferred charges - bond issue costs	(97,201)	
		(1,303,495)

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. (518,549)

Change in net assets of governmental activities (statement of activities) \$ 4,617,249

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, 2007

Assets	Business-Type Activities - Enterprise Funds			Total	Governmental Activities -
	Water Utility	Wastewater Utility	Electric Utility		Internal Service Funds
Current assets:					
Cash and cash equivalents	\$ 612,810	\$ 1,753,432	\$ 1,735,218	\$ 4,101,458	\$ 590,519
Cash with fiscal agent	1,802,539	-	2,892,328	4,694,865	-
Investments	-	-	-	-	2,765,818
Restricted					
Cash and cash equivalents	74,315	412,328	722,554	1,209,197	-
Investments	-	-	1,299,743	1,299,743	-
Receivables (net of allowance for uncollectibles)					
Accounts	628,898	1,567,536	3,475,268	5,671,702	-
Interfund	650,320	1,626,579	844,008	3,120,905	600,000
Inventories	278,410	32,829	2,012,610	2,323,849	-
Total current assets	4,047,292	5,392,704	12,981,723	22,421,719	3,956,337
Noncurrent assets:					
Restricted:					
Cash and cash equivalents	5,946,009	3,990,922	603,866	10,540,797	-
Investments	-	13,004,413	499,747	13,504,160	-
Interest receivable	1,916	7,571	752	10,239	-
Total restricted assets:	5,947,925	17,002,906	1,104,365	24,055,196	-
Deferred charges	280,101	589,655	274,705	1,144,461	-
Capital assets:					
Land, improvements to land and construction in progress	12,681,055	3,827,422	7,594,422	24,082,899	-
Other capital assets (net of accumulated depreciation)	13,453,549	28,541,082	48,561,021	90,555,652	-
Total capital assets	26,114,604	32,368,504	56,155,443	114,638,551	-
Total noncurrent assets	32,342,630	49,961,065	57,534,513	139,838,208	-
Total assets	38,389,922	55,353,769	70,516,236	162,259,927	3,956,337
Liabilities					
Current liabilities:					
Accounts payable	83,321	219,390	6,851,978	7,154,689	-
Accrued payroll and withholdings payable	40,494	72,912	84,467	197,873	-
Taxes payable	55,929	-	411,153	467,082	-
Compensated absences	33,943	49,605	78,565	157,113	-
Accrued interest payable	-	970	-	970	-
Interfund	754,483	13,782	4,912,336	5,680,581	-
Notes and loans payable	-	54,510	-	54,510	-
Capital lease obligations	120,855	14,057	420,885	555,797	-
Deferred claims liability	-	-	-	-	848,317
Current liabilities payable from restricted assets:					
Customer deposits	74,315	-	705,457	779,772	-
Contracts payable	75,518	3,024,349	327,085	3,426,952	-
Revenue bonds payable	180,000	940,000	1,285,000	2,405,000	-
Accrued interest payable	111,913	193,907	100,587	406,407	-
Total current liabilities	1,530,771	4,580,462	15,175,513	21,288,746	848,317
Noncurrent liabilities:					
Compensated absences	250,918	269,409	586,723	1,107,050	-
Revenue bonds payable (net)	4,945,000	25,936,813	10,750,551	41,632,464	-
Notes and loans payable	-	57,382	-	57,382	-
Capital lease obligations	12,608,561	-	9,970,834	22,579,395	-
Total noncurrent liabilities	17,804,479	26,263,704	21,308,108	65,376,291	-
Total liabilities	19,335,250	30,844,166	36,483,621	86,665,037	848,317
Net assets					
Invested in capital assets, net of related debt	14,959,429	20,477,091	37,377,752	72,814,272	-
Restricted for:					
Debt service	188,188	807,106	1,485,231	2,480,525	-
Capital projects	921,859	-	-	921,859	-
Other purposes	-	-	5,727	5,727	-
Unrestricted	1,005,196	3,225,406	(4,836,095)	(805,493)	3,108,020
Total net assets	\$ 17,054,872	\$ 24,509,603	\$ 34,032,615	\$ 75,598,890	\$ 3,108,020

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, 2007

	Business-type Activities - Enterprise Funds			Total	Governmental
	Water Utility	Wastewater Utility	Electric Utility		Internal Service Funds
Operating revenues:					
Residential sales	\$ 4,822,710	\$ 9,236,585	\$ 26,470,364	\$ 40,529,659	\$ -
Commercial and industrial sales	1,883,623	3,495,723	27,519,578	32,898,924	-
Employer/employee contributions	-	-	-	-	10,940,224
Other	333,803	880,435	1,330,343	2,544,581	302,999
Total operating revenues	7,040,136	13,612,743	55,320,285	75,973,164	11,243,223
Operating expenses:					
Operations and maintenance	1,215,025	5,528,445	41,015,543	47,759,013	-
Transmission and distribution	1,644,453	723,049	5,115,599	7,483,101	-
Customer accounts	90,511	50,018	490,081	630,610	-
Administration and general	2,846,459	4,649,200	6,326,930	13,822,589	36,007
Depreciation	550,765	1,863,610	2,747,861	5,162,236	-
Insurance claims and premiums	-	-	-	-	11,967,578
Total operating expenses	6,347,213	12,814,322	55,696,014	74,857,549	12,003,585
Operating income (loss)	692,923	798,421	(375,729)	1,115,615	(760,362)
Nonoperating revenues (expenses):					
Interest and investment income	75,636	143,870	95,328	314,834	241,813
Interest expense	(63,173)	(510,570)	(617,703)	(1,191,446)	-
Other revenue	153,353	-	101,799	255,152	-
Other expense	(27,758)	-	-	(27,758)	-
Loss on disposal of assets	(3,000)	(3,191,202)	(2,017,655)	(5,211,857)	-
Total nonoperating revenue (expenses)	135,058	(3,557,902)	(2,438,231)	(5,861,075)	241,813
Income (loss) before contributions	827,981	(2,759,481)	(2,813,960)	(4,745,460)	(518,549)
Capital contributions	87,247	10,136	473,684	571,067	-
Change in net assets	915,228	(2,749,345)	(2,340,276)	(4,174,393)	(518,549)
Total net assets - December 31, 2006	16,139,444	27,258,948	50,537,918	93,936,310	3,626,569
Restatement - See note II-K	-	-	(14,165,027)	(14,165,027)	-
Total net assets - January 1, 2007	16,139,444	27,258,948	36,372,891	79,771,283	3,626,569
Total net assets - December 31, 2007	\$ 17,054,672	\$ 24,509,603	\$ 34,032,615	\$ 75,596,890	\$ 3,108,020

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, 2007

	Enterprise Funds				Governmental Activities -
	Water Utility	Wastewater Utility	Electric Utility	Total	Internal Service Fund
Cash flows from operating activities					
Receipts from customers and users	\$ 8,832,531	\$ 13,489,065	\$ 54,773,735	\$ 75,095,311	\$ -
Receipts from interfund services provided	-	-	-	-	-
Receipts from employer/employees	-	-	-	-	10,940,224
Receipts - other	153,353	-	103,082	256,435	302,999
Payments to suppliers	(2,457,033)	(5,756,807)	(48,515,674)	(56,729,514)	-
Payments to employees	(3,315,147)	(8,293,948)	(3,331,622)	(11,940,717)	-
Payments - other	(27,758)	(10,299)	(320,978)	(358,034)	-
Payments for administration and general	-	-	-	-	(36,007)
Payments for insurance claims and premiums	-	-	-	-	(12,357,326)
Net cash provided (used) by operating activities	1,185,946	2,428,012	2,708,543	6,322,501	(1,150,110)
Cash flows from noncapital financing activities					
Interfund loans	(650,000)	(1,621,750)	256,960	(2,014,770)	(600,000)
Cash flows from capital and related financing activities					
Proceeds from capital debt	5,295,000	15,400,000	-	20,695,000	-
Capital contributions	-	10,138	36,399	46,535	-
Acquisition and construction of capital assets	(3,192,042)	(3,512,327)	(7,056,415)	(13,760,784)	-
Acquisition of deferred charges	(156,402)	(365,557)	-	(521,959)	-
Principal paid on capital debt	(197,260)	(630,043)	(1,250,520)	(2,095,823)	-
Interest paid on capital debt	(1,442)	(467,630)	(466,720)	(965,992)	-
Defeatance of bonds	-	-	(139,948)	(139,948)	-
Net cash provided (used) by capital and related financing activities	1,747,854	10,425,379	(8,918,204)	3,255,029	-
Cash flows from investing activities					
Proceeds from sales and maturities of investments	-	-	-	-	1,688,749
Purchase of investments	-	(13,000,000)	(1,708,169)	(14,708,169)	(1,674,525)
Investment income received	73,720	131,888	93,255	298,861	218,649
Net cash provided (used) by investing activities	73,720	(12,868,114)	(1,704,914)	(14,499,303)	433,673
Net increase (decrease) in cash and cash equivalents	2,357,520	(1,636,473)	(7,657,505)	(9,936,546)	(1,316,237)
Cash and cash equivalents - January 1	6,076,153	7,793,155	13,611,557	27,482,665	1,008,756
Cash and cash equivalents - December 31	\$ 8,435,673	\$ 6,156,682	\$ 5,953,062	\$ 20,546,317	\$ 590,519
Reconciliation of operating income to net cash provided by operating activities					
Operating income (loss)	\$ 692,823	\$ 788,421	\$ (375,729)	\$ 1,115,615	\$ (760,362)
Adjustments to reconcile operating income to net cash provided (used) by operating activities					
Depreciation expense	550,765	1,863,610	2,747,681	5,162,236	-
Other income (expenses)	125,595	(10,298)	(217,695)	(102,598)	-
(Increase) decrease in assets					
Accounts receivable	(145,503)	(95,640)	(86,411)	(327,554)	-
Interfund receivables	37,681	21,731	15,544	74,956	-
Inventories	(19,913)	(4,042)	151,228	127,273	-
Increase (decrease) in liabilities					
Customer deposits	33,665	-	32,200	72,665	-
Accounts payable	(124,370)	(31,161)	505,017	350,286	-
Contracts payable	16,938	(108,171)	(67,831)	(159,166)	-
Interfund payable	(4,953)	(2,300)	(1,316)	(8,569)	-
Compensated absence payable	8,884	(2,943)	(10,363)	(13,442)	-
Payroll and withholdings payable	(1,941)	(789)	(12,095)	(14,825)	-
Taxes payable	16,187	(408)	29,633	45,424	-
Deferred claims liability	-	-	-	-	(369,746)
Total adjustments	493,023	1,629,591	3,064,272	5,206,666	(369,746)
Net cash provided by operating activities	\$ 1,185,946	\$ 2,428,012	\$ 2,708,543	\$ 6,322,501	\$ (1,150,110)
Noncash investing, capital and financing activities:					
Borrowing under capital lease	\$ 400,906	\$ -	\$ 422,020	\$ 823,825	\$ -
Acquisition of deferred charges through accounts payable	-	-	22,436	22,436	-
Acquisition of inventories through accounts payable	5,100	-	124,027	129,127	-
Acquisition and construction of capital assets through payables	910,285	3,128,747	4,356,560	8,395,572	-
Acquisition of capital assets through contributions	87,247	-	437,265	524,532	-
Change in fair value of investments	-	4,413	1,321	5,734	22,164

On March 28, 2007 the City of Anderson issued \$2,235,000 in refunding revenue bonds to refund \$2,260,000 of outstanding Electric Utility Revenue Bonds of 1995. The net proceeds of \$2,168,952 (after payment of \$88,734 in issuance costs) and local contributions of \$139,948 were deposited in an irrevocable trust with an escrow agent. The accounting loss of \$103,176 has been recognized on the Balance Sheet as Deferral of Loss on Refunding and will be amortized using the straight line method and charged to interest expense over the next four years.

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	\$ 612,610	\$ 1,753,432	\$ 1,735,216	\$ 4,101,456	\$ 590,519
Cash with fiscal agent	1,602,539	-	2,892,326	4,694,865	-
Restricted assets:					
Cash and cash equivalents - current	74,315	412,328	722,554	1,209,187	-
Cash and cash equivalents - noncurrent	5,946,009	3,990,922	603,666	10,540,797	-
Cash and cash equivalents per statement of cash flows	\$ 8,435,673	\$ 6,156,682	\$ 5,953,062	\$ 20,546,317	\$ 590,519

CITY OF ANDERSON, INDIANA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2007

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Cash and cash equivalents	\$ 1,203,875	\$ 1,267,575
Investment in external pool	3,845,491	-
Receivables:		
Taxes	316,053	-
Intergovernmental	76,011	-
Special assessments	-	78,803
	<u>5,441,430</u>	<u>\$ 1,346,378</u>
Total assets		
	<u>5,441,430</u>	<u>\$ 1,346,378</u>
 <u>Liabilities</u>		
Payroll withholdings payable	\$ -	\$ 873,453
Intergovernmental payable	-	21,837
Special assessments payable	-	64,112
Trust payable	-	386,976
	<u>-</u>	<u>386,976</u>
Total liabilities		
	<u>-</u>	<u>\$ 1,346,378</u>
 <u>Net assets</u>		
Reserved for employees' pension benefits	<u>\$ 5,441,430</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, 2007

<u>Additions</u>	<u>Pension Trust Funds</u>
Contributions:	
Employer	\$ 941,002
On-behalf	4,119,203
Plan members	<u>25,762</u>
Total contributions	<u>5,085,967</u>
Investment income	<u>247,263</u>
Total additions	<u>5,333,230</u>
 <u>Deductions</u>	
Benefits	5,965,071
Administrative expense	<u>37,958</u>
Total deductions	<u>6,003,029</u>
Change in net assets	(669,799)
Net assets - January 1	<u>6,111,229</u>
Net assets - December 31	<u>\$ 5,441,430</u>

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

CITY OF ANDERSON
NOTES TO FINANCIAL STATEMENTS

I. 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, economic development, and urban redevelopment and housing.

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 relationships with the primary government. 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 these units is 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
120 East 8th Street
Anderson, IN 46018

Related Organizations

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 primary government 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. 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 fund accounts 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 payments-in-lieu of taxes and other charges between the City'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, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

When both restricted and unrestricted resources are available for use, it is the primary government's policy is 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 primary government to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

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

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 are referred to as "interfund receivables/payables (i.e., the current and non-current portion of interfund loans). All other outstanding balances between funds are reported as "interfund services provided/used." 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 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 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 and/or proprietary funds, net of allowances for uncollectible accounts, are recorded as a receivable with an offset to deferred revenue since the amounts are not considered available.

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, 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.

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

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
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 Water Utility, Wastewater Utility and Electric Utility was \$671,480, \$78,610, and \$507,643, respectively.

7. Deferred Debits

Bond issuance costs are amortized using the straight-line methods over the terms of the related issue.

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 yearend 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, discounts and deferred loss on refunding, 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, discount or deferred loss on refunding. 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.

II. Detailed Notes on All Funds

A. 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 \$8,598,078 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. The City has not formally adopted a deposit policy for custodial credit risk.

B. Investments

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

Investment Type	Fair Value	Investment Maturities (in years)		Duration (in years)
		Less Than 1	1 to 2	
Mutual Funds	\$12,508,850	\$ 12,508,850	\$ --	\$ --
Government Sponsored Entities	26,079,315	25,201,795	877,520	--
US Treasuries and Securities	2,485,210	2,364,002	121,208	--
Pension Relief Investment Pool	2,691,844	--	--	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 \$1,153,647. 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 \$26,079,315 and \$2,485,210, 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 <u>Rating</u>	Moody's <u>Rating</u>	City's <u>Investments</u>	Pension Relief Investment <u>Pool</u>
AAA	Aaa	\$ 41,070,281	\$ --
Unrated	Unrated	3,093	2,691,844
Total		\$ 41,073,375	\$ 2,691,844

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 \$19,154,000 and \$6,250,319, which represented 43% and 14% of the City's investments, respectively.

Foreign Currency Risk

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

C. 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:							
Taxes	\$ 5,686,723	\$ 4,825,129	\$ -	\$ -	\$ -	\$ 316,053	\$ 10,827,905
Accounts	938	1,038,991	958,044	1,557,536	4,939,953	-	8,535,462
Special Assessments	-	-	-	-	-	78,803	78,803
Intergovernmental	2,742,978	851,689	-	-	-	76,011	3,670,678
Loans	-	744,916	-	-	-	-	744,916
Gross receivables	<u>8,430,639</u>	<u>7,460,725</u>	<u>958,044</u>	<u>1,557,536</u>	<u>4,939,953</u>	<u>470,867</u>	<u>23,857,764</u>
Less allowance for uncollectibles	-	(394,728)	(329,146)	-	(1,464,685)	-	(2,188,559)
Net total receivables	<u>\$ 8,430,639</u>	<u>\$ 7,065,997</u>	<u>\$ 628,898</u>	<u>\$ 1,557,536</u>	<u>\$ 3,475,268</u>	<u>\$ 470,867</u>	<u>\$ 21,669,205</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 \$744,916. In addition, a reservation of fund balance in the amount of \$744,916 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 \$1,038,758 are reported as a portion of accounts receivable. The City has a \$394,728 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>\$ 3,069,437</u>	<u>\$ 1,202,036</u>	<u>\$ 4,271,473</u>

D. Capital Assets

Capital asset activity for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,497,165	\$ 291,724	\$ 70,527	\$ 13,718,362
Construction in progress	<u>6,819,415</u>	<u>16,857,564</u>	<u>7,593,831</u>	<u>16,083,148</u>
Total capital assets, not being depreciated	<u>20,316,580</u>	<u>17,149,288</u>	<u>7,664,358</u>	<u>29,801,510</u>
Capital assets, being depreciated:				
Buildings	32,340,870	299,362	33,052	32,607,180
Improvements other than buildings	11,851,683	1,132,842	383,101	12,601,424
Machinery and equipment	18,562,709	2,218,496	124,111	20,657,094
Infrastructure	<u>47,858,328</u>	<u>7,935,231</u>	<u>-</u>	<u>55,793,559</u>
Totals	<u>110,613,590</u>	<u>11,585,931</u>	<u>540,264</u>	<u>121,659,257</u>
Less accumulated depreciation for:				
Buildings	11,813,651	1,118,413	33,052	12,899,012
Improvements other than buildings	7,652,661	619,696	35,969	8,236,388
Machinery and equipment	10,997,678	1,938,574	122,851	12,813,401
Roads being depreciated	<u>25,400,702</u>	<u>2,189,106</u>	<u>-</u>	<u>27,589,808</u>
Totals	<u>55,864,692</u>	<u>5,865,789</u>	<u>191,872</u>	<u>61,538,609</u>
Total capital assets, being depreciated, net	<u>54,748,898</u>	<u>5,720,142</u>	<u>348,392</u>	<u>60,120,648</u>
Total governmental activity capital assets, net	<u>\$ 75,065,478</u>	<u>\$ 22,869,430</u>	<u>\$ 8,012,750</u>	<u>\$ 89,922,158</u>

	(Restated) Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,031,284	\$ -	\$ -	\$ 1,031,284
Construction in progress	<u>23,777,835</u>	<u>18,129,215</u>	<u>18,855,435</u>	<u>23,051,615</u>
Total capital assets, not being depreciated	<u>24,809,119</u>	<u>18,129,215</u>	<u>18,855,435</u>	<u>24,082,899</u>
Capital assets, being depreciated:				
Buildings	37,894,069	270,028	-	38,164,097
Improvements other than buildings	103,245,470	13,069,384	3,309,656	113,005,198
Machinery and equipment	34,779,053	6,715,301	10,622	41,483,732
Infrastructure	<u>3,605,316</u>	<u>147,458</u>	<u>-</u>	<u>3,752,774</u>
Totals	179,523,908	20,202,171	3,320,278	196,405,801
Less accumulated depreciation for:				
Buildings	24,818,976	663,225	-	25,482,201
Improvements other than buildings	55,079,703	2,883,117	1,606,136	56,356,684
Machinery and equipment	19,566,025	1,306,401	2,098	20,870,328
Infrastructure	<u>2,831,442</u>	<u>309,494</u>	<u>-</u>	<u>3,140,936</u>
Totals	<u>102,296,146</u>	<u>5,162,237</u>	<u>1,608,234</u>	<u>105,850,149</u>
Total capital assets, being depreciated, net	<u>77,227,762</u>	<u>15,039,934</u>	<u>1,712,044</u>	<u>90,555,652</u>
Total business-type activity capital assets, net	<u>\$ 102,036,881</u>	<u>\$ 33,169,149</u>	<u>\$ 20,567,479</u>	<u>\$ 114,638,551</u>

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

Governmental activities:	
General government	\$ 1,230,001
Public safety	1,379,051
Highways and Streets	920,421
Economic Development	830,563
Culture and recreation	1,448,189
Sanitation	<u>57,564</u>
Total depreciation expense - governmental activities	<u>\$ 5,865,789</u>
Business-type activities:	
Water	\$ 550,765
Wastewater	1,863,610
Electric	<u>2,747,861</u>
Total depreciation expense - business-type activities	<u>\$ 5,162,236</u>

E. Construction Commitments

Construction work in progress is composed of the following:

Project	Total Project Authorized	Expended to December 31, 2007	Committed
Governmental activities:			
Enterprise Drive	\$ 906,462	\$ 371,511	\$ 534,951
MLK Boulevard	8,500,000	696,696	7,803,304
Seventy-Third Street	3,300,000	2,799,114	500,886
Twenty-Ninth Street	2,050,000	2,041,166	8,834
Cloverdale	1,100,000	1,040,951	59,049
Fifty-Ninth Street	392,000	247,430	144,570
Layton Road	565,000	446,978	118,022
Nestle	7,071,366	3,039,069	4,032,297
Other	6,378,581	5,400,233	978,348
Total governmental activities	<u>30,263,409</u>	<u>16,083,148</u>	<u>14,180,261</u>
Business-type activities:			
Water utility			
Automated meter reading	13,625,623	11,823,084	1,802,539
Other	741,366	477,311	264,055
Wastewater utility			
Filtration system phase II	1,614,423	447,727	1,166,696
Flagship pump station/main	2,720,018	2,534,948	185,070
Other	490,947	305,982	184,965
Electric utility			
Automated meter reading	4,282,300	1,389,974	2,892,326
Flagship substation	5,421,856	4,635,570	786,286
Other	2,089,964	1,437,019	652,945
Total business-type activities	<u>30,986,497</u>	<u>23,051,615</u>	<u>7,934,882</u>
Totals	<u>61,249,906</u>	<u>39,134,763</u>	<u>22,115,143</u>

F. Interfund Balances and Activity

1. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2007, is as follows:

Payable Fund	Receivable Fund							Total
	General	Nestle TIF Capital	Water Utility	Wastewater Utility	Electric Utility	Nonmajor Governmental	Nonmajor Proprietary	
General	\$ -	\$ -	\$ 650,052	\$ 625,180	\$ 75,761	\$ 2,375,000	\$ -	\$ 3,725,993
Water Utility	-	-	-	-	754,483	-	-	754,483
Wastewater Utility	-	-	-	-	13,762	-	-	13,762
Electric Utility	-	3,910,669	268	1,001,399	-	-	-	4,912,336
Nonmajor Governmental	<u>350,000</u>	-	-	-	-	384,109	600,000	<u>1,334,109</u>
Totals	<u>\$ 350,000</u>	<u>\$ 3,910,669</u>	<u>\$ 650,320</u>	<u>\$ 1,626,579</u>	<u>\$ 844,006</u>	<u>\$ 2,759,109</u>	<u>\$ 600,000</u>	<u>\$ 10,740,683</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.

2. Interfund Transfers

Interfund transfers at December 31, 2007, were as follows:

<u>Transfer From</u>	<u>Transfer To Nonmajor Governmental</u>
General Fund	\$ 622,500
Nestle TIF	406,539
Non-major governmental	<u>1,317,787</u>
 Total	 <u>\$ 2,346,826</u>

The City 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.

G. Leases

1. Operating Leases

The City has entered into various operating leases having initial or remaining noncancelable terms exceeding one year for copiers. Rental expenditures for these leases were \$9,820 and \$4,454 respectively. The following is a schedule by years of future minimum rental payments as of December 31, 2007:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2008	\$ 8,143	\$ 1,856
2009	<u>4,312</u>	<u>-</u>
 Total	 <u>\$ 12,455</u>	 <u>\$ 1,856</u>

2. Capital Leases

The City has entered into various capital leases for buildings, machinery and equipment. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2007, are as follows:

	Governmental Activities	Business-Like Activities
2008	\$ 850,614	\$ 1,409,064
2009	646,146	1,903,324
2010	548,601	1,903,324
2011	479,947	2,171,673
2012	285,765	2,440,023
2013-2017	321,562	12,200,115
2018-2022	187,231	8,323,351
2023	-	789,259
	<hr/>	<hr/>
Total minimum lease payments	3,319,866	31,140,133
Less amount representing interest	<u>517,371</u>	<u>8,004,941</u>
Present value of net minimum lease payments	<u>\$ 2,802,495</u>	<u>\$ 23,135,192</u>

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

	Governmental Activities	Business-Type Activities
Construction in progress	\$ -	\$ 13,154,476
Buildings	794,366	-
Improvements other than Buildings	1,338,187	5,325,653
Machinery and equipment	2,682,735	412,500
Machinery and equipment	<u>-</u>	<u>115,980</u>
Totals	4,815,288	19,008,609
Accumulated depreciation	<u>968,866</u>	<u>222,981</u>
Totals - net	<u>\$ 3,846,422</u>	<u>\$ 18,785,628</u>

H. Short-Term Liabilities

The primary government issues tax anticipation notes in advance of property tax collections, depositing the proceeds in its general fund. These notes are necessary due to the timing of tax distributions versus cash flow requirements.

Additionally, the City obtained a short-term note to aid in the acquisition of buses for the City's transportation system. This note was necessary due to the timing of receipt of a grant award earmarked for this purpose.

Short-term debt activity for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Repayments</u>	<u>Ending Balance</u>
Tax anticipation notes	\$ -	\$ 10,639,231	\$ 10,478,627	\$ 160,604
Bus acquisition note	-	<u>861,370</u>	<u>861,370</u>	<u>-</u>
Totals	<u>\$ -</u>	<u>\$ 11,500,601</u>	<u>\$ 11,339,997</u>	<u>\$ 160,604</u>

I. Long-Term Liabilities

1. 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:

<u>Purpose</u>	<u>Original Principal Sum</u>	<u>Interest Rates</u>	<u>Amount</u>
Sanitary District Bonds of 1991	\$ 1,465,000	7.05 - 7.20 %	\$ 510,000
Fire Station First Mortgage Bonds of 1994	1,095,000	6.60 - 7.10	500,000
Sanitary District Refunding Bonds of 1998	3,860,000	4.55 - 4.75	1,105,000
County Option Income Tax Bonds of 1998	3,965,000	4.00 - 4.45	1,620,000
Park District Bonds of 1998	2,740,000	4.50 - 5.00	1,355,000
General Obligation Bonds of 2002	1,600,000	3.00 - 3.63	785,000
Redevelopment Tax Increment Bonds of 2002	6,800,000	3.00 - 5.00	5,705,000
Lease Rental Revenue Bonds of 2002	7,750,000	3.50 - 5.00	7,020,000
Park District Bonds of 2003	2,000,000	3.50 - 5.00	1,600,000
Economic Development Revenue Bonds of 2003	1,055,000	6.00	1,016,000
Sanitary District Bonds of 2004	9,800,000	3.25 - 4.70	8,945,000
Redevelopment Tax Increment Bonds of 2004	2,995,000	3.75 - 5.55	2,545,000
Economic Development Revenue Bonds of 2004	2,200,000	6.30	1,540,000
Economic Development Revenue Bonds of 2006A	7,999,372	4.50	<u>8,508,750</u>
Total			42,754,750
Less unamortized discount			<u>197,734</u>
Total (net of unamortized discount)			<u><u>\$ 42,557,016</u></u>

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

Year Ended December 31	Governmental Activities	
	Principal	Interest
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	2,395,000	1,055,739
2013-2017	8,332,000	3,984,577
2018-2022	8,968,000	1,980,854
2023-2027	<u>11,879,750</u>	<u>10,125,310</u>
Total	<u>\$ 42,754,750</u>	<u>\$ 22,577,472</u>

2. 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	Original Principal Sum	Interest Rates	Amount
Sewage Utility Improvement Bonds of 1998	\$ 2,500,000	4.40-5.00%	\$ 1,730,000
Electric Utility Revenue Bonds of 1999	5,180,000	4.00	630,000
Sewage Works Revenue Bonds of 2002	11,920,000	3.25-5.00	9,775,000
Electric Utility Revenue Bonds of 2003	11,000,000	2.50-4.38	9,440,000
Electric Utility Refunding Revenue Bonds of 2007	2,235,000	4.25	2,035,000
Sewage Works Revenue Bonds of 2007	15,400,000	4.40-5.00	15,400,000
Waterworks Revenue Bonds of 2007	5,295,000	4.25-4.30	<u>5,125,000</u>
Total			44,135,000
Add unamortized premium			17,014
Less unamortized discount			37,168
Less deferral of loss on refunding			<u>77,382</u>
Total (net)			<u>\$ 44,037,464</u>

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Business-Type Activities	
	Principal	Interest
2008	\$ 2,405,000	\$ 1,855,138
2009	2,480,000	1,764,810
2010	2,590,000	1,667,743
2011	1,735,000	1,565,064
2012	1,805,000	1,497,596
2013-2017	10,275,000	6,331,572
2018-2022	12,880,000	3,925,888
2023-2027	9,965,000	787,313
Total	\$ 44,135,000	\$ 19,395,124

3. Notes and Loans Payable

The City has entered into various notes and loans. Annual debt service requirements to maturity for the notes and loans are as follows:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2008	\$ 12,711,939	\$ 1,006,182	\$ 54,510	\$ 5,119
2009	-	-	57,382	2,249
Totals	\$ 12,711,939	\$ 1,006,182	\$ 111,892	\$ 7,368

4. Defeasance of Debt

On March 28, 2007, the City issued \$2,235,000 in refunding revenue bonds with an average interest rate of 4.25% to advance refund \$2,280,000 of outstanding Electric Utility revenue bonds with an average interest rate of 5.24%. The net proceeds of \$2,168,952 (after payment of \$88,734 in issuance costs) and local contributions of \$139,948 were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the Electric utility Revenue bonds of 1995. As a result, these bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Assets. The refunding resulted in the accounting loss of \$103,176, which has been recognized as Deferral of Loss on Refunding and has been netted against noncurrent revenue bonds payable on the Statement of Net Assets. This amount will be amortized using the straight line method and charged to interest expense over the next four years. The City in effect reduced its aggregate debt service payment by \$278,822 over the next nine years and realized an economic loss (difference between the present values of the old and new debt service payments) of \$19,018.

5. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2007, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General and special obligation	\$ 44,851,372	\$ 509,378	\$ 2,606,000	\$ 42,754,750	\$ 2,693,000
Less deferred amounts for issuance discounts	<u>212,894</u>	<u>-</u>	<u>15,160</u>	<u>197,734</u>	<u>-</u>
Total bonds payable	44,638,478	509,378	2,590,840	42,557,016	2,693,000
Capital leases	1,869,510	1,813,158	880,173	2,802,495	739,438
Notes and loans	10,510,000	2,666,939	465,000	12,711,939	12,711,939
Compensated absences	1,286,096	173,524	189,714	1,269,906	115,332
Net pension obligation	<u>40,814,796</u>	<u>-</u>	<u>427,834</u>	<u>40,386,962</u>	<u>-</u>
Total governmental activities Long-term liabilities	<u>\$ 99,118,880</u>	<u>\$ 5,162,999</u>	<u>\$ 4,553,561</u>	<u>\$ 99,728,318</u>	<u>\$ 16,259,709</u>
Business-type activities:					
Revenue bonds payable	\$ 25,420,000	\$ 22,930,000	\$ 4,215,000	\$ 44,135,000	\$ 2,405,000
Deferred amounts:					
For issuance premiums	\$ -	\$ 22,686	\$ 5,672	17,014	-
For issuance discounts	115,918	-	78,750	37,168	-
For loss on refunding	<u>-</u>	<u>103,176</u>	<u>25,794</u>	<u>77,382</u>	<u>-</u>
Total revenue bonds payable	25,304,082	22,849,510	4,116,128	44,037,464	2,405,000
Capital leases	22,420,407	823,825	109,040	23,135,192	555,797
Notes and loans	163,675	-	51,783	111,892	54,510
Compensated absences	<u>1,277,605</u>	<u>91,011</u>	<u>104,453</u>	<u>1,264,163</u>	<u>157,113</u>
Total business-type activities Long-term liabilities	<u>\$ 49,165,769</u>	<u>\$ 23,764,346</u>	<u>\$ 4,381,404</u>	<u>\$ 68,548,711</u>	<u>\$ 3,172,420</u>

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.

J. Restricted Assets

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

Bond and Interest (Sinking)

The Waterworks Revenue Bonds of 2007 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.

The Sewage Works Improvement Revenue Bonds of 1998, Sewage Works Revenue Bonds of 2002, and Sewage Works Revenue Bonds of 2007 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 Revenue Bonds of 1999, Electric Utility Revenue Bonds of 2003, and Electric Utility Refunding Revenue Bonds of 2007 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 Utility accumulates 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 Sewer

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)	\$ -	\$ 412,328	\$ 1,311,113
Customer Deposit	74,315	-	711,184
Total Current	<u>74,315</u>	<u>412,328</u>	<u>2,022,297</u>
<u>Noncurrent:</u>			
Construction	4,886,143	14,812,287	834,576
Depreciation	1,061,782	1,317,095	202,237
Garage	-	-	3,509
Improvement	-	650,481	-
Replacement	-	185,996	-
Revolving Sewer	-	37,047	-
Fiber Optic	-	-	64,043
Total Noncurrent	<u>5,947,925</u>	<u>17,002,906</u>	<u>1,104,365</u>
Total restricted assets	<u>\$ 6,022,240</u>	<u>\$ 17,415,234</u>	<u>\$ 3,126,662</u>

K. Restatement – Business-Type Activities (Electric Utility)

For the year ended December 31, 2007, certain changes have been made to the financial statements to more appropriately reflect financial activity of the City's Electric Utility. The following schedule presents a summary of restated beginning balances by fund type. The prior period adjustment is due to a revaluation of the inventory of Electric Utility capital assets.

<u>Net Assets</u>	<u>As Reported December 31, 2006</u>	<u>Restatement</u>	<u>As Reported January 1, 2007</u>
<u>Electric Utility</u>			
Invested in capital assets, net of related debt	\$ 49,002,673	\$ (14,165,027)	\$ 34,837,646
Restricted for:			
Debt service	2,103,997	-	2,103,997
Capital projects	3,269,785	-	3,269,785
Unrestricted	<u>(3,838,537)</u>	<u>-</u>	<u>(3,838,537)</u>
Total net assets	<u>50,537,918</u>	<u>(14,165,027)</u>	<u>36,372,891</u>
<u>Total Business-Type Activities</u>			
Invested in capital assets, net of related debt	\$ 83,796,129	\$ (14,165,027)	\$ 69,631,102
Restricted for:			
Debt service	4,019,177	-	4,019,177
Capital projects	7,666,341	-	7,666,341
Unrestricted	<u>(1,545,336)</u>	<u>-</u>	<u>(1,545,336)</u>
Total net assets	<u>93,936,311</u>	<u>(14,165,027)</u>	<u>79,771,284</u>

L. 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.

M. 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 \$144,596.

III. Other Information

A. 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>2006</u>	<u>2007</u>
Unpaid claims, beginning of fiscal year	\$ 104,919	\$ 150,401
Incurred claims and changes in estimates	347,468	385,152
Claim payments	<u>301,986</u>	<u>335,553</u>
Unpaid claims, end of fiscal year	<u>\$ 150,401</u>	<u>\$ 200,000</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 \$175,000 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>2006</u>	<u>2007</u>
Unpaid claims, beginning of fiscal year	\$ 1,054,853	\$ 1,087,664
Incurred claims and changes in estimates	10,719,174	9,274,913
Claim payments	<u>10,686,363</u>	<u>9,714,260</u>
Unpaid claims, end of fiscal year	<u>\$ 1,087,664</u>	<u>\$ 648,317</u>

B. Conduit Debt Obligation

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, the 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 \$16,481,678. The aggregate principal amount outstanding of one issue cannot be determined; however, the original authorized issue amount was \$8,500,000.

C. Postemployment Benefits

In addition to the pension benefits described below, 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, 379 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 \$1,213,265 were recognized for postemployment benefits.

D. Investment in Capital Assets Net of Related Debt

The investment in capital assets net of related debt is composed of the outstanding debt associated with the acquisition of capital assets less the cash on hand from debt issues at year end. Debt issued for other purposes is also excluded. The reconciliation of net capital assets to net capital assets net of related debt is scheduled as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of depreciation	\$ 89,922,158	\$ 114,638,551
Less:		
Bonds payable	42,754,750	44,135,000
Net unamortized discount and premium	(197,734)	(20,154)
Unamortized deferral of loss	-	(77,382)
Unamortized issue costs	(930,132)	(1,144,461)
Capital leases payable	2,802,495	23,135,192
Notes and loans	12,711,939	111,892
Deduct bonds issued for other purposes	(11,064,750)	-
Deduct notes and loans issued for other purposes	(211,939)	-
Deduct cash and cash equivalents and investments	<u>(2,908,168)</u>	<u>(25,173,330)</u>
Total related net debt	<u>42,956,461</u>	<u>40,966,757</u>
Capital assets, net of related debt	<u>\$ 46,965,697</u>	<u>\$ 73,671,794</u>

E. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the 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 City and the Utilities is not available. Therefore, the Net Pension Asset is considered an asset of the City and is presented in the governmental activities of the financial statements and is not presented as an asset/liability of the proprietary funds.

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. 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 of \$1,845,995 approximate an equal amount paid out for benefits.

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. 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 of \$2,273,208 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	\$ 1,817,312	\$ 3,703,500	\$ 3,060,700
Interest on net pension obligation	(156,737)	1,145,400	1,303,500
Adjustment to annual required contribution	<u>178,614</u>	<u>(1,423,600)</u>	<u>(1,620,000)</u>
Annual pension cost	1,839,189	3,425,300	2,744,200
Contributions made	<u>1,573,070</u>	<u>2,918,259</u>	<u>3,679,076</u>
Increase (decrease) in net pension obligation	266,119	507,041	(934,876)
Net pension obligation, beginning of year	<u>(2,161,886)</u>	<u>19,090,240</u>	<u>21,724,556</u>
Net pension obligation, end of year	<u>\$ (1,895,767)</u>	<u>\$ 19,597,281</u>	<u>\$ 20,789,680</u>

	<u>PERF</u>	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Contribution rates:			
Government	6.75%	934%	1,177%
Plan Members	3%	6%	6%
Actuarial valuation date	07-01-07	01-01-07	01-01-07
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	30 years	30 years	30 years
Amortization period (from date)	07-1-97	01-01-07	01-01-07
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

Actuarial Assumptions	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Investment rate of return	7.25%	7%	7%
Projected future salary increases:			
Total	5%	5%	5%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	1%	1%
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 Obligation
06-30-05	\$ 1,418,970	130%	\$ (2,113,102)
06-30-06	1,490,747	108%	(2,161,886)
06-30-07	1,839,189	86%	(1,895,767)

1925 Police Officers' Pension Plan			
Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12-31-04	\$ 4,631,800	86%	\$ 18,649,688
12-31-05	3,057,600	131%	19,090,240
12-31-06	3,425,300	85%	19,597,281

1937 Firefighters' Pension Plan			
Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12-31-04	\$ 4,751,400	59%	\$ 21,239,857
12-31-05	3,260,500	85%	21,724,556
12-31-06	2,744,200	134%	20,789,680

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

	1925 Police Officers' Pension	1937 Firefighters' Pension
Retirees and beneficiaries currently receiving benefits	118	143
Current active employees	6	6

2. 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	\$ 614,808	\$ 589,067
Investment in external pool	1,836,580	2,008,911
Receivables:		
Taxes	70,253	245,800
Taxes	15,177	60,834
Total assets	2,536,818	2,904,612
Net assets:		
Held in trust for employees' pension benefits	\$ 2,536,818	\$ 2,904,612
<u>Statements of changes in fiduciary net assets</u>		
Additions:		
Employer contributions	\$ 151,211	\$ 789,791
On-behalf contributions	1,845,995	2,273,208
Plan members contributions	15,439	10,323
Total contributions	2,012,645	3,073,322
Investment income	118,091	129,172
Total additions	2,130,736	3,202,494
Deductions:		
Benefits	2,669,134	3,295,937
Administrative expenses	13,856	24,102
Total deductions	2,682,990	3,320,039
Change in net assets	(562,254)	(117,545)
Net assets - January 1	3,089,072	3,022,157
Net assets - December 31	\$ 2,536,818	\$ 2,904,612

3. Cost-Sharing Multiple-Employer Defined Benefit Pension Plans

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
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 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 primary government's contributions to the plan for the years ending December 31, 2007, 2006 and 2005 were \$2,075,633, \$1,972,648, and \$1,938,667, respectively, equal to the required contributions for each year.

F. Subsequent Event – Pension Relief

Beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Fire Fighter Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Pension Fund, the 1937 Firefighters' Fund, and the 1953 Police Pension Fund. For property taxes first due and payable after December 31, 2008, the Department of Local Government Finance shall reduce the maximum permissible property tax levy of any civil taxing unit and special service district by the amount of the payment to be made in 2009 by the State for the obligations.

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank.

CITY OF ANDERSON, INDIANA
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 For The Year Ended December 31, 2007

	General Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 19,749,750	\$ 19,749,750	\$ 15,695,000	\$ (4,054,750)
Licenses and permits	265,000	265,000	334,536	69,536
Intergovernmental	9,193,636	9,193,636	8,522,207	(671,429)
Charges for services	2,649,936	2,649,936	2,579,929	(70,007)
Fines and forfeits	135,588	135,588	109,711	(25,877)
Other	928,000	928,000	1,793,438	865,438
Total revenues	32,921,910	32,921,910	29,034,821	(3,887,089)
Expenditures:				
Current:				
General government	6,909,298	12,127,021	5,375,631	6,751,390
Public safety	23,773,006	23,820,602	23,542,367	278,235
Highways and streets	3,019,630	2,935,326	2,806,046	129,280
Sanitation	1,841,640	1,841,640	1,841,640	-
Economic development	398,631	361,774	344,291	17,483
Total expenditures	35,942,205	41,086,363	33,809,975	7,176,388
Other financing sources (uses):				
Transfers in	-	-	3,650,000	(3,650,000)
Transfers out	-	-	(972,500)	972,500
Total other financing uses	-	-	2,677,500	(2,677,500)
Net change in fund balances	(3,020,295)	(8,164,453)	(2,197,654)	(13,740,977)
Fund balances - January 1	4,228,183	4,228,183	4,228,183	-
Fund balances - December 31	\$ 1,207,888	\$ (3,936,270)	\$ 2,030,529	\$ (13,740,977)

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)
7/1/2005	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%)
7/1/2007	28,394,007	36,238,555	(7,844,548)	78%	22,593,011	(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)
1/1/2002	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%)
1/1/2007	3,089,072	49,616,100	(46,527,028)	6%	396,700	(11729%)

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)
1/1/2002	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%)
1/1/2007	3,022,157	41,193,000	(38,170,843)	7%	260,000	(14681%)

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
12/31/2001	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%
12/31/2006	37,003,500	19%	60%

1937 Firefighters' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
		City	State
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%
12/31/2006	3,060,700	39%	82%

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, 2007

I. 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.

II. Budgetary to GAAP reconciliation

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

- a. Revenues are recorded when received in cash (budgetary) as opposed to susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budgetary) as opposed to when the liability is incurred (GAAP).
- c. 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)	\$ (2,197,654)
Adjustments:	
To adjust revenues for accruals	330,070
To adjust expenditures for accruals	<u>100,088</u>
Net change in fund balance (GAAP basis)	<u>\$ (1,767,496)</u>

This page intentionally left blank.

SUPPLEMENTARY INFORMATION

This page intentionally left blank.

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, 2007

Function and department	General Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
General government:				
Mayor:				
Personal services	\$ 111,951	\$ 111,951	\$ 108,116	\$ 3,835
Supplies	2,500	2,100	2,100	-
Other services and charges	39,600	38,500	37,184	1,316
Common council:				
Personal services	65,004	65,004	60,058	4,946
Other services and charges	12,000	9,000	1,993	7,007
Controller:				
Personal services	308,163	308,163	303,868	4,295
Supplies	4,100	4,600	4,305	295
Other services and charges	2,476,600	2,329,050	2,019,914	309,136
Capital outlay	118,306	118,306	117,397	909
Other	-	5,000,000	23,036	4,976,964
Information services:				
Personal services	182,057	182,057	179,029	3,028
Other services and charges	98,200	100,069	94,759	5,310
City attorney:				
Personal services	125,249	132,249	132,249	-
Supplies	10,000	10,005	9,204	801
Other services and charges	183,578	166,236	165,881	355
Capital outlay	-	1,300	1,237	63
Board of works:				
Personal services	82,632	82,632	82,632	-
Supplies	650	650	650	-
Other services and charges	1,651,250	2,099,996	755,807	1,344,189
City hall maintenance:				
Supplies	17,700	17,700	15,932	1,768
Other services and charges	88,050	88,050	73,807	14,243
Capital outlay	53,000	18,000	17,522	478
City clerk:				
Personal services	351,371	341,371	313,545	27,826
Supplies	6,754	6,754	4,807	1,947
Other services and charges	23,790	23,790	16,553	7,237
Capital outlay	5,000	5,000	855	4,145
City court:				
Personal services	421,978	396,478	389,086	7,392
Supplies	3,500	1,890	1,890	-
Other services and charges	27,675	27,480	26,215	1,265
Capital outlay	4,000	4,000	3,931	69
Council of governments:				
Other services and charges	32,000	32,000	32,000	-
Human relations:				
Personal services	180,547	180,547	180,443	104
Supplies	1,500	1,500	1,040	460
Other services and charges	9,700	9,700	4,549	5,151
Parking authority				
Personal services	3,250	3,250	2,420	830
Supplies	68,700	83,700	69,890	13,810
Capital outlay	15,000	-	-	-
Personnel and insurance				
Personal services	123,943	123,943	121,727	2,216
Total general government	6,909,298	12,127,021	5,375,631	6,751,390

Continued on Next Page

CITY OF ANDERSON, INDIANA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND
 For The Year Ended December 31, 2007
 (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	\$ 831,309	\$ 793,309	\$ 778,955	\$ 14,354
Supplies	22,300	24,800	23,454	1,346
Other services and charges	500,630	518,175	497,780	20,395
Capital outlay	81,700	81,700	28,195	53,505
Weights and measures:				
Personal services	48,095	48,095	48,072	23
Supplies	2,100	2,100	2,032	68
Other services and charges	5,100	5,100	4,730	370
Emergency management:				
Personal services	23,760	23,760	22,611	1,149
Supplies	8,225	8,225	6,714	1,511
Other services and charges	18,145	18,145	13,602	4,543
Capital outlay	50,500	40,500	40,498	2
Planning:				
Personal services	253,172	253,172	253,172	-
Supplies	3,800	3,800	3,196	604
Other services and charges	22,700	23,529	18,401	5,128
Capital outlay	104,800	104,800	79,774	25,026
Police department:				
Personal services	9,680,740	9,745,337	9,745,337	-
Supplies	304,653	308,479	308,479	-
Other services and charges	443,529	465,582	465,582	-
Capital outlay	131,459	233,908	233,378	530
Fire department:				
Personal services	8,797,277	8,697,277	8,697,277	-
Supplies	169,874	200,730	194,400	6,330
Other services and charges	353,845	319,514	312,459	7,055
Animal shelter:				
Personal services	404,692	404,692	393,533	11,159
Supplies	49,050	51,950	49,546	2,404
Other services and charges	64,500	69,456	57,112	12,344
Capital outlay	29,258	30,674	27,189	3,485
Public communications:				
Personal services	1,159,557	1,159,557	1,111,552	48,005
Supplies	7,948	7,948	3,389	4,559
Other services and charges	91,274	71,274	33,828	37,446
Capital outlay	9,500	5,500	4,739	761
Air management:				
Personal services	94,064	94,064	81,190	12,874
Other services and charges	5,450	5,450	2,191	3,259
Total public safety	23,773,006	23,820,602	23,542,367	278,235

Continued on Next Page

CITY OF ANDERSON, INDIANA
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
 GENERAL FUND
 For The Year Ended December 31, 2007
 (continued)

Function and department	General Fund			
	Budgeted Amounts		Actual Budgetary Basis Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
Highways and streets:				
City engineer:				
Personal services	\$ 841,582	\$ 806,582	\$ 798,755	\$ 7,827
Supplies	55,574	55,574	46,244	9,330
Other services and charges	224,774	200,470	161,344	39,126
Capital outlay	14,500	14,500	11,784	2,716
Street department:				
Personal services	293,200	268,200	241,726	26,474
Supplies	435,000	435,000	428,529	6,471
Other services and charges	455,000	455,000	419,652	35,348
Capital outlay	700,000	700,000	698,012	1,988
Total highways and streets	3,019,630	2,935,326	2,806,046	129,280
Sanitation:				
Sanitation:				
Other services and charges	1,841,640	1,841,640	1,841,640	-
Total sanitation	1,841,640	1,841,640	1,841,640	-
Economic development:				
Economic development:				
Personal services	348,581	273,581	265,350	8,231
Supplies	3,000	3,000	2,103	897
Other services and charges	45,050	40,737	32,832	7,905
Capital outlay	2,000	44,456	44,006	450
Total economic development	398,631	361,774	344,291	17,483
Total general fund	\$ 35,942,205	\$ 41,086,363	\$ 33,909,975	\$ 7,176,388

This page intentionally left blank.

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 (Journeyman, 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.

Rainy Day

To account for unused and unencumbered funds as allowed by law.

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.

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.

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, 2007

<u>Assets</u>	Non-major Special Revenue Funds	Non-major Debt Service Funds	Non-major Capital Projects Funds	Totals
Assets:				
Cash and cash equivalents	\$ 3,093,913	\$ 924,742	\$ 4,366,087	\$ 8,384,742
Cash with fiscal agent	-	1,098,636	-	1,098,636
Receivables (net of allowances for uncollectibles):				
Taxes	754,206	3,510,954	559,969	4,825,129
Accounts	30,233	-	644,030	674,263
Intergovernmental	602,213	192,565	56,911	851,689
Loans	744,916	-	-	744,916
Interfund receivables	9,109	375,000	2,375,000	2,759,109
Assets held for resale	-	-	189,795	189,795
Total assets	\$ 5,234,590	\$ 6,101,897	\$ 8,191,792	\$ 19,528,279
 <u>Liabilities and fund balances</u>				
Liabilities:				
Accounts payable	\$ 224,113	\$ -	\$ 31,825	\$ 255,938
Accrued payroll and withholdings payable	97,845	-	-	97,845
Contracts payable	84,440	-	117,069	201,509
Interfund payable	1,109,109	225,000	-	1,334,109
Deferred revenue - unavailable	385,094	270,358	546,584	1,202,036
Deferred revenue - unearned	-	-	69,060	69,060
Notes and loans payable - current	120,000	160,604	-	280,604
Total liabilities	2,020,601	655,962	764,538	3,441,101
 Fund balances:				
Reserved for:				
Encumbrances	370,844	-	3,328,579	3,699,423
Loans receivable	744,916	-	-	744,916
Debt service	-	5,482,432	-	5,482,432
Assets held for resale	-	-	189,795	189,795
Unreserved, reported in:				
Special revenue funds	2,098,229	-	-	2,098,229
Debt service funds	-	(36,497)	-	(36,497)
Capital projects funds	-	-	3,908,880	3,908,880
Total fund balances	3,213,989	5,445,935	7,427,254	16,087,178
Total liabilities and fund balances	\$ 5,234,590	\$ 6,101,897	\$ 8,191,792	\$ 19,528,279

CITY OF ANDERSON, INDIANA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007

	Non-major Special Revenue Funds	Non-major Debt Service Funds	Non-major Capital Projects Funds	Totals
Revenues:				
Taxes	\$ 2,302,861	\$ 4,725,596	\$ 1,108,069	\$ 8,136,526
Licenses and permits	150,109	-	-	150,109
Intergovernmental	7,989,661	519,824	2,708,115	11,217,600
Charges for services	827,047	-	908,905	1,735,952
Fines and forfeits	393,760	-	-	393,760
Other	1,547,963	579,930	93,757	2,221,650
Total revenues	13,211,401	5,825,350	4,818,846	23,855,597
Expenditures:				
Current:				
General government	5,069,812	-	-	5,069,812
Public safety	178,315	-	-	178,315
Highways and streets	3,494,787	-	-	3,494,787
Sanitation	6,250	-	-	6,250
Economic development	2,756,664	-	-	2,756,664
Culture and recreation	3,485,644	-	-	3,485,644
Debt service:				
Principal retirement	350,000	2,646,000	-	2,996,000
Interest and fiscal charges	30,210	2,167,153	-	2,197,363
Capital outlay	-	-	11,167,880	11,167,880
Total expenditures	15,371,682	4,813,153	11,167,880	31,352,715
Excess (deficiency) of revenues over (under) expenditures	(2,160,281)	1,012,197	(6,349,034)	(7,497,118)
Other financing sources (uses):				
Transfers in	622,500	1,317,787	406,539	2,346,826
Transfers out	-	(749,000)	(568,787)	(1,317,787)
Issuance of debt	166,939	-	-	166,939
Financing by capital lease	280,000	-	1,317,043	1,597,043
Total other financing sources	1,069,439	568,787	1,154,795	2,793,021
Net change in fund balances	(1,090,842)	1,580,984	(5,194,239)	(4,704,097)
Fund balances - January 1	4,304,831	3,864,951	12,621,493	20,791,275
Funds balances - December 31	\$ 3,213,989	\$ 5,445,935	\$ 7,427,254	\$ 16,087,178

CITY OF ANDERSON, INDIANA
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 December 31, 2007

	Motor Vehicle Highway	Local Road and Street	Municipal Transportation	Airport	Community Development
Assets					
Cash and cash equivalents	\$ 356,618	\$ 275,936	\$ 323,784	\$ 114,032	\$ -
Receivables (net of allowances for uncollectibles):					
Taxes	-	-	-	69,978	-
Accounts	-	-	-	30,233	-
Intergovernmental	231,409	95,862	75,945	15,930	10,475
Loans	-	-	-	-	29,116
Interfund receivables	-	-	-	-	-
Total assets	\$ 588,027	\$ 371,798	\$ 399,729	\$ 230,171	\$ 39,591
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 93,157	\$ 4,705	\$ 8,991	\$ 53,856	\$ 17,835
Accrued payroll and withholdings payable	22,695	-	26,570	2,537	11,173
Contracts payable	-	-	-	-	7,550
Interfund payable	-	-	-	200,000	9,109
Deferred revenue - unavailable	-	-	-	32,453	-
Notes and loans payable - current	-	-	-	-	-
Total liabilities	115,852	4,705	35,561	288,846	45,667
Fund balances:					
Reserved for:					
Encumbrances	-	-	113,268	-	-
Loans receivable	-	-	-	-	29,116
Unreserved, undesignated	472,175	367,093	250,900	(58,675)	(35,192)
Total fund balances	472,175	367,093	364,168	(58,675)	(6,076)
Total liabilities and fund balances	\$ 588,027	\$ 371,798	\$ 399,729	\$ 230,171	\$ 39,591

Parks and Recreation	Park Nonreverting Operating	Operation Clean	Sanitary District Commission	Property Tax Abatement	City Court Probation	Local Law Enforcement Continuing Education
\$ 172,489	\$ 123,083	\$ 24,785	\$ 4,120	\$ 5,614	\$ 394,626	\$ 45,510
683,208	-	-	1,022	-	-	-
-	-	-	-	-	-	-
172,592	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 1,028,289</u>	<u>\$ 123,083</u>	<u>\$ 24,785</u>	<u>\$ 5,142</u>	<u>\$ 5,614</u>	<u>\$ 394,626</u>	<u>\$ 45,510</u>
\$ 19,368	\$ 4,129	\$ -	\$ -	\$ -	\$ -	\$ -
26,492	3,281	-	-	-	2,424	-
29,190	-	-	-	-	-	-
900,000	-	-	-	-	-	-
351,619	-	-	1,022	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,326,669</u>	<u>7,410</u>	<u>-</u>	<u>1,022</u>	<u>-</u>	<u>2,424</u>	<u>-</u>
-	-	-	-	-	-	10,200
-	-	-	-	-	-	-
<u>(298,380)</u>	<u>115,673</u>	<u>24,785</u>	<u>4,120</u>	<u>5,614</u>	<u>392,202</u>	<u>35,310</u>
<u>(298,380)</u>	<u>115,673</u>	<u>24,785</u>	<u>4,120</u>	<u>5,614</u>	<u>392,202</u>	<u>45,510</u>
<u>\$ 1,028,289</u>	<u>\$ 123,083</u>	<u>\$ 24,785</u>	<u>\$ 5,142</u>	<u>\$ 5,614</u>	<u>\$ 394,626</u>	<u>\$ 45,510</u>

Continued on Next Page

CITY OF ANDERSON, INDIANA
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 December 31, 2007

<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	\$ 215,193	\$ 120	\$ 8,859	\$ 41,421
Receivables (net of allowances for uncollectibles):					
Taxes	-	-	-	-	-
Accounts	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Loans	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Total assets	\$ 1,427	\$ 215,193	\$ 120	\$ 8,859	\$ 41,421
 <u>Liabilities and fund balances</u>					
Liabilities:					
Accounts payable	\$ -	\$ 14,835	\$ -	\$ -	\$ -
Accrued payroll and withholdings payable	-	-	-	-	-
Contracts payable	-	-	-	-	-
Interfund payable	-	-	-	-	-
Deferred revenue - unavailable	-	-	-	-	-
Notes and loans payable - current	-	-	-	-	-
Total liabilities	-	14,835	-	-	-
 Fund balances:					
Reserved for:					
Encumbrances	-	-	-	-	-
Loans receivable	-	-	-	-	-
Unreserved, undesignated	1,427	200,558	120	8,859	41,421
Total fund balances	1,427	200,558	120	8,859	41,421
Total liabilities and fund balances	\$ 1,427	\$ 215,193	\$ 120	\$ 8,859	\$ 41,421

Loan Guarantee Assistance Program	Grants and Donations	Court Administrative Fee	Court Supplemental Public Defender	Clerk Records Perpetuation	Firefighters Exam
\$ 114,675	\$ 44,437	\$ 32,876	\$ 13,298	\$ 15,113	\$ 8,105
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 114,675</u>	<u>\$ 44,437</u>	<u>\$ 32,876</u>	<u>\$ 13,298</u>	<u>\$ 15,113</u>	<u>\$ 8,105</u>

\$ -	\$ -	\$ 2,898	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
120,000	-	-	-	-	-
<u>120,000</u>	<u>-</u>	<u>2,898</u>	<u>-</u>	<u>-</u>	<u>-</u>

-	-	-	-	-	-
(5,325)	44,437	29,978	13,298	15,113	8,105
<u>(5,325)</u>	<u>44,437</u>	<u>29,978</u>	<u>13,298</u>	<u>15,113</u>	<u>8,105</u>
<u>\$ 114,675</u>	<u>\$ 44,437</u>	<u>\$ 32,876</u>	<u>\$ 13,298</u>	<u>\$ 15,113</u>	<u>\$ 8,105</u>

Continued on Next Page

CITY OF ANDERSON, INDIANA
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 December 31, 2007

	Economic Development Revolving Loan	HOME	Law Enforcement Continuing Education Fee	Barrett Law Surplus	Redevelopment Commission Loase Rental	Rainy Day	Totals
Assets							
Cash and cash equivalents	\$ 217,935	\$ 9,171	\$ 30,685	\$ 97,175	\$ 132,375	\$ 270,451	\$ 3,093,913
Receivables (net of allowances for uncollectibles):							
Taxes	-	-	-	-	-	-	754,206
Accounts	-	-	-	-	-	-	30,233
Intergovernmental	-	-	-	-	-	-	602,213
Loans	715,800	-	-	-	-	-	744,916
Interfund receivables	9,109	-	-	-	-	-	9,109
Total assets	\$ 942,844	\$ 9,171	\$ 30,685	\$ 97,175	\$ 132,375	\$ 270,451	\$ 5,234,590
Liabilities and fund balances							
Liabilities:							
Accounts payable	\$ -	\$ 4,539	\$ -	\$ -	\$ -	\$ -	\$ 224,113
Accrued payroll and withholdings payable	-	2,673	-	-	-	-	97,845
Contracts payable	-	47,700	-	-	-	-	84,440
Interfund payable	-	-	-	-	-	-	1,109,109
Deferred revenue - unavailable	-	-	-	-	-	-	385,094
Notes and loans payable - current	-	-	-	-	-	-	120,000
Total liabilities	-	54,912	-	-	-	-	2,020,601
Fund balances:							
Reserovd for:							
Encumbrances	-	-	-	-	-	247,376	370,844
Loans receivable	715,800	-	-	-	-	-	744,916
Unreserovd, undesignated	227,044	(45,741)	30,685	97,175	132,375	23,075	2,098,229
Total fund balances	942,844	(45,741)	30,685	97,175	132,375	270,451	3,213,989
Total liabilities and fund balances	\$ 942,844	\$ 9,171	\$ 30,685	\$ 97,175	\$ 132,375	\$ 270,451	\$ 5,234,590

This page intentionally left blank.

CITY OF ANDERSON, INDIANA
 COMBINING BALANCE SHEET
 NON-MAJOR DEBT SERVICE FUNDS
 December 31, 2007

<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	\$ 36,548	\$ 47,465	\$ 1,964	\$ 4,594	\$ -
Cash with fiscal agent	-	-	-	-	-
Receivables (net of allowances for uncollectibles):					
Taxes	188,204	217,670	-	-	87,272
Intergovernmental	58,827	73,879	59,859	-	-
Interfund receivables	-	-	-	375,000	-
Total assets	\$ 283,579	\$ 339,014	\$ 61,823	\$ 379,594	\$ 87,272
 <u>Liabilities and fund balances</u>					
Liabilities:					
Interfund payable	\$ -	\$ 225,000	\$ -	\$ -	\$ -
Deferred revenue - unavailable	119,847	150,511	-	-	-
Notes and loans payable - current	160,604	-	-	-	-
Total liabilities	280,451	375,511	-	-	-
 Fund balances:					
Reserved for debt service	3,128	-	61,823	379,594	87,272
Unreserved, undesignated	-	(36,497)	-	-	-
Total fund balances	3,128	(36,497)	61,823	379,594	87,272
Total liabilities and fund balances	\$ 283,579	\$ 339,014	\$ 61,823	\$ 379,594	\$ 87,272

Redevelopment Bond and Interest	Redevelopment TIF Reserve	Police Station Sinking	Fire Station Sinking	Totals
\$ -	\$ 834,171	\$ -	\$ -	\$ 924,742
45,622	-	885,813	167,201	1,098,636
3,017,808	-	-	-	3,510,954
-	-	-	-	192,565
-	-	-	-	375,000
<u>\$ 3,063,430</u>	<u>\$ 834,171</u>	<u>\$ 885,813</u>	<u>\$ 167,201</u>	<u>\$ 6,101,897</u>
\$ -	\$ -	\$ -	\$ -	\$ 225,000
-	-	-	-	270,358
-	-	-	-	160,604
-	-	-	-	655,962
3,063,430	834,171	885,813	167,201	5,482,432
-	-	-	-	(36,497)
<u>3,063,430</u>	<u>834,171</u>	<u>885,813</u>	<u>167,201</u>	<u>5,445,935</u>
<u>\$ 3,063,430</u>	<u>\$ 834,171</u>	<u>\$ 885,813</u>	<u>\$ 167,201</u>	<u>\$ 6,101,897</u>

CITY OF ANDERSON, INDIANA
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 December 31, 2007

<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	\$ 644,058	\$ 598,580	\$ 230,423	\$ 551,347
Receivables (net of allowances for uncollectibles):				
Taxes	-	106,113	-	453,856
Accounts	-	-	-	-
Intergovernmental	18,519	-	-	-
Interfund receivable	375,000	-	-	2,000,000
Assets held for resale	-	-	-	-
Total assets	\$ 1,037,577	\$ 704,693	\$ 230,423	\$ 3,005,203
 <u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	1,650	-	-	-
Contracts payable	26,170	-	-	-
Deferred revenue - unavailable	18,519	-	-	-
Deferred revenue - unearned	69,080	-	-	-
Total liabilities	115,399	-	-	-
Fund balances:				
Reserved for:				
Encumbrances	252,220	17,674	53,227	3,005,203
Assets held for resale	-	-	-	-
Unreserved, undesignated	669,958	687,019	177,196	-
Total fund balances	922,178	704,693	230,423	3,005,203
Total liabilities and fund balances	\$ 1,037,577	\$ 704,693	\$ 230,423	\$ 3,005,203

Fire Building and Equipment	Redevelopment TIF Capital Bond	City Court/ Main Street Bond	Urban Park Construction
\$ 613,482	\$ 453,671	\$ -	\$ -
-	-	-	-
644,030	-	-	-
-	-	-	-
-	189,795	-	-
<u>\$ 1,257,512</u>	<u>\$ 643,466</u>	<u>\$ -</u>	<u>\$ -</u>
29,776	-	-	-
-	-	-	-
528,065	-	-	-
-	-	-	-
<u>557,841</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	189,795	-	-
<u>699,671</u>	<u>453,671</u>	<u>-</u>	<u>-</u>
<u>699,671</u>	<u>643,466</u>	<u>-</u>	<u>-</u>
<u>\$ 1,257,512</u>	<u>\$ 643,466</u>	<u>\$ -</u>	<u>\$ -</u>

Continued on Next Page

CITY OF ANDERSON, INDIANA
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 December 31, 2007

<u>Assets</u>	<u>Airport Grant</u>	<u>EDA Flagship</u>	<u>Sanitary District Construction</u>	<u>Certified Tech Park</u>	<u>Totals</u>
Cash and cash equivalents	\$ 347,259	\$ 255	\$ 355,926	\$ 571,086	\$ 4,366,087
Receivables (net of allowances for uncollectibles):					
Taxes	-	-	-	-	559,969
Accounts	-	-	-	-	644,030
Intergovernmental	38,392	-	-	-	56,911
Interfund receivable	-	-	-	-	2,375,000
Assets held for resale	-	-	-	-	189,795
Total assets	\$ 385,651	\$ 255	\$ 355,926	\$ 571,086	\$ 8,191,792
 <u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	399	-	-	-	31,825
Contracts payable	90,899	-	-	-	117,069
Deferred revenue - unavailable	-	-	-	-	546,584
Deferred revenue - unearned	-	-	-	-	69,060
Total liabilities	91,298	-	-	-	764,538
Fund balances:					
Reserved for:					
Encumbrances	-	255	-	-	3,328,579
Assets held for resale	-	-	-	-	189,795
Unreserved, undesignated	294,353	-	355,926	571,086	3,908,880
Total fund balances	294,353	255	355,926	571,086	7,427,254
Total liabilities and fund balances	\$ 385,651	\$ 255	\$ 355,926	\$ 571,086	\$ 8,191,792

This page intentionally left blank.

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, 2007

	Motor Vehicle Highway	Local Road and Street	Municipal Transportation	Airport	Community Development
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 194,523	\$ -
Licenses and permits	14,418	107,924	-	-	-
Intergovernmental	2,239,723	577,351	2,293,413	21,300	1,026,959
Charges for services	31,061	-	155,850	3,964	-
Fines and forfeits	-	-	-	-	-
Other	15,957	-	10,695	86,210	7,089
Total revenues	2,301,159	685,275	2,459,958	305,997	1,034,048
Expenditures:					
Current:					
General government	-	-	3,164,786	947,212	-
Public safety	-	-	-	-	-
Highways and streets	3,045,295	449,492	-	-	-
Sanitation	-	-	-	-	-
Economic development	-	-	-	-	1,044,732
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	3,045,295	449,492	3,164,786	947,212	1,044,732
Excess (deficiency) of revenues over (under) expenditures	(744,136)	235,783	(704,828)	(641,215)	(10,684)
Other financing sources (uses):					
Transfers in	-	-	622,500	-	-
Issuance of debt	-	-	-	-	-
Financing by capital lease	-	-	-	280,000	-
Total other financing sources (uses)	-	-	622,500	280,000	-
Net change in fund balances	(744,136)	235,783	(82,328)	(361,215)	(10,684)
Fund balances - January 1	1,216,311	131,310	446,496	302,540	4,608
Fund balances - December 31	\$ 472,175	\$ 367,093	\$ 364,168	\$ (58,675)	\$ (6,076)

Parks and Recreation	Park Nonreverting Operating	Operation Clean	Sanitary District Commission	Property Tax Abatement	City Court Probation	Local Law Enforcement Continuing Education
\$ 2,108,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	16,130
214,014	20,048	-	-	-	-	-
51,189	584,983	-	-	-	-	-
-	-	5,725	-	-	316,889	27,204
151,781	67,362	48	-	1,825	6,094	562
<u>2,525,322</u>	<u>672,393</u>	<u>5,773</u>	<u>-</u>	<u>1,825</u>	<u>322,983</u>	<u>43,896</u>
-	-	9,004	-	-	309,077	-
-	-	-	-	-	-	38,398
-	-	-	6,250	-	-	-
-	-	-	-	987	-	-
2,856,165	607,651	-	-	-	-	-
-	-	-	-	-	-	-
<u>2,856,165</u>	<u>607,651</u>	<u>9,004</u>	<u>6,250</u>	<u>987</u>	<u>309,077</u>	<u>38,398</u>
<u>(330,843)</u>	<u>64,742</u>	<u>(3,231)</u>	<u>(6,250)</u>	<u>838</u>	<u>13,906</u>	<u>5,498</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>(330,843)</u>	<u>64,742</u>	<u>(3,231)</u>	<u>(6,250)</u>	<u>838</u>	<u>13,906</u>	<u>5,498</u>
<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>\$ (298,380)</u>	<u>\$ 115,673</u>	<u>\$ 24,785</u>	<u>\$ 4,120</u>	<u>\$ 5,614</u>	<u>\$ 392,202</u>	<u>\$ 45,510</u>

Continued on Next Page

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, 2007

	Police - Vice Intelligence and Narcotics	Police Multi-Agency Narcotics Units	Building Nonreverting	Unsafe Building	Clean Air Nonreverting
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	11,637
Intergovernmental	-	43,667	-	-	23,552
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	1,469	-
Other	-	50,834	25	4,979	463
Total revenues	-	94,501	25	6,448	35,652
Expenditures:					
Current:					
General government	-	-	-	-	-
Public safety	-	93,371	-	-	34,772
Highways and streets	-	-	-	-	-
Sanitation	-	-	-	-	-
Economic development	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	93,371	-	-	34,772
Excess (deficiency) of revenues over (under) expenditures	-	1,130	25	6,448	880
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Financing by capital lease	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	-	1,130	25	6,448	880
Fund balances - January 1	1,427	199,428	95	2,411	40,541
Fund balances - December 31	\$ 1,427	\$ 200,558	\$ 120	\$ 8,859	\$ 41,421

Loan Guarantee Assistance Program	Grants and Donations	Court Administrative Fee	Court Supplemental Public Defender	Clerk Records Perpetuation	Firefighters Exam
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	156,686	3,250	-	-	-
-	-	-	-	-	-
-	-	30,803	1,900	3,830	-
<u>133,135</u>	<u>23,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,055</u>
<u>133,135</u>	<u>180,422</u>	<u>34,053</u>	<u>1,900</u>	<u>3,830</u>	<u>7,055</u>
-	2,777	28,463	3,340	2,042	-
-	2,014	-	-	-	4,195
-	-	-	-	-	-
-	-	-	-	-	-
261,965	157,627	-	-	-	-
-	21,828	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>261,965</u>	<u>184,246</u>	<u>28,463</u>	<u>3,340</u>	<u>2,042</u>	<u>4,195</u>
<u>(128,830)</u>	<u>(3,824)</u>	<u>5,590</u>	<u>(1,440)</u>	<u>1,788</u>	<u>2,860</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(128,830)</u>	<u>(3,824)</u>	<u>5,590</u>	<u>(1,440)</u>	<u>1,788</u>	<u>2,860</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>\$ (5,325)</u>	<u>\$ 44,437</u>	<u>\$ 29,978</u>	<u>\$ 13,298</u>	<u>\$ 15,113</u>	<u>\$ 8,105</u>

Continued on Next Page

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, 2007

	Economic Development Revolving Loan	HOME	Law Enforcement Continuing Education Fee	Barrett Law Surplus	Redevelopment Commission Lease Rental	Rainy Day	Totals
Revenues:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,302,861
Licenses and permits	-	-	-	-	-	-	150,109
Intergovernmental	-	496,623	-	-	-	873,075	7,989,661
Charges for services	-	-	-	-	-	-	827,047
Fines and forfeits	-	-	5,940	-	-	-	393,760
Other	99,199	-	-	38	880,876	-	1,547,963
Total revenues	99,199	496,623	5,940	38	880,876	873,075	13,211,401
Expenditures							
Current:							
General government	-	-	-	487	-	602,624	5,069,812
Public safety	-	-	5,565	-	-	-	178,315
Highways and streets	-	-	-	-	-	-	3,494,787
Sanitation	-	-	-	-	-	-	6,250
Economic development	68,088	580,716	-	-	642,549	-	2,756,664
Culture and recreation	-	-	-	-	-	-	3,485,644
Debt service	-	-	-	-	-	-	-
Principal	-	-	-	-	350,000	-	350,000
Interest	-	-	-	-	30,210	-	30,210
Total expenditures	68,088	580,716	5,565	487	1,022,759	602,624	15,371,682
Excess (deficiency) of revenues over (under) expenditures	31,111	(84,093)	375	(449)	(141,883)	270,451	(2,160,281)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	622,500
Issuance of debt	-	-	-	-	166,939	-	166,939
Financing by capital lease	-	-	-	-	-	-	280,000
Total other financing sources (uses)	-	-	-	-	166,939	-	1,069,439
Net change in fund balances	31,111	(84,093)	375	(449)	25,056	270,451	(1,090,842)
Fund balances - January 1	911,733	38,352	30,310	97,624	107,319	-	4,304,831
Fund balances - December 31	\$ 942,844	\$ (45,741)	\$ 30,685	\$ 97,175	\$ 132,375	\$ 270,451	\$ 3,213,989

This page intentionally left blank.

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, 2007

	Corporation Bonds	Sanitary District Bonds	COIT Principal and Interest	COIT Reserve	Twenty-Ninth Street TIF Bond and Interest
Revenues:					
Taxes	\$ 718,357	\$ 902,159	\$ -	\$ -	\$ 87,272
Intergovernmental	70,780	88,889	360,155	-	-
Other	40,690	-	-	-	-
Total revenues	829,827	991,048	360,155	-	87,272
Expenditures:					
Debt service:					
Principal retirement	550,000	765,000	280,000	-	21,000
Interest and fiscal charges	201,919	480,016	80,355	-	61,590
Total expenditures	751,919	1,245,016	360,355	-	82,590
Excess (deficiency) of revenues over (under) expenditures	77,908	(253,968)	(200)	-	4,682
Other financing sources (uses):					
Transfers in	-	-	-	-	15,495
Transfers out	(117,000)	-	-	-	-
Total other financing sources (uses)	(117,000)	-	-	-	15,495
Net change in fund balances	(39,092)	(253,968)	(200)	-	20,177
Fund balances - January 1	42,220	217,471	62,023	379,594	67,095
Fund balances - December 31	\$ 3,128	\$ (36,497)	\$ 61,823	\$ 379,594	\$ 87,272

Redevelopment Bond and Interest	Redevelopment TIF Reserve	Police Station Sinking	Fire Station Sinking	Totals
\$ 3,017,808	\$ -	\$ -	\$ -	\$ 4,725,596
-	-	-	-	519,824
495,084	-	39,102	5,054	579,930
<u>3,512,892</u>	<u>-</u>	<u>39,102</u>	<u>5,054</u>	<u>5,825,350</u>
655,000	-	305,000	70,000	2,646,000
981,592	-	323,153	38,528	2,167,153
<u>1,636,592</u>	<u>-</u>	<u>628,153</u>	<u>108,528</u>	<u>4,813,153</u>
1,876,300	-	(589,051)	(103,474)	1,012,197
553,292	-	632,000	117,000	1,317,787
(632,000)	-	-	-	(749,000)
<u>(78,708)</u>	<u>-</u>	<u>632,000</u>	<u>117,000</u>	<u>568,787</u>
1,797,592	-	42,949	13,526	1,580,984
<u>1,265,838</u>	<u>834,171</u>	<u>842,864</u>	<u>153,675</u>	<u>3,864,951</u>
<u>\$ 3,063,430</u>	<u>\$ 834,171</u>	<u>\$ 885,813</u>	<u>\$ 167,201</u>	<u>\$ 5,445,935</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, 2007

	Cumulative Capital Improvement	City Economic Development	Redevelopment Capital Improvement	Redevelopment TIF
Revenues:				
Taxes	\$ -	\$ 654,213	\$ -	\$ 453,856
Intergovernmental	714,621	-	-	211,570
Charges for services	-	-	-	-
Other	-	202	25,100	-
Total revenues	714,621	654,415	25,100	665,426
Expenditures:				
Capital outlay	885,406	629,448	99,799	2,465,418
Total expenditures	885,406	629,448	99,799	2,465,418
Excess (deficiency) of revenues over (under) expenditures	(170,785)	24,967	(74,699)	(1,799,992)
Other financing sources (uses):				
Transfers in	-	-	-	397,089
Transfers out	-	-	-	(568,787)
Financing by capital lease	187,779	-	-	-
Total other financing sources (uses)	187,779	-	-	(171,698)
Net change in fund balances	16,994	24,967	(74,699)	(1,971,690)
Fund balances - January 1	905,184	679,726	305,122	4,976,893
Fund balances - December 31	\$ 922,178	\$ 704,693	\$ 230,423	\$ 3,005,203

<u>Fire Building and Equipment</u>	<u>Redevelopment TIF Capital Bond</u>	<u>City Court/ Main Street Bond</u>	<u>Urban Park Construction</u>
\$ -	\$ -	\$ -	\$ -
64,839	-	-	-
908,905	-	-	-
17,962	-	-	-
<u>991,706</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,160,642</u>	<u>-</u>	<u>30,801</u>	<u>42,352</u>
<u>2,160,642</u>	<u>-</u>	<u>30,801</u>	<u>42,352</u>
<u>(1,168,936)</u>	<u>-</u>	<u>(30,801)</u>	<u>(42,352)</u>
-	9,450	-	-
-	-	-	-
<u>1,129,264</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,129,264</u>	<u>9,450</u>	<u>-</u>	<u>-</u>
<u>(39,672)</u>	<u>9,450</u>	<u>(30,801)</u>	<u>(42,352)</u>
<u>739,343</u>	<u>634,016</u>	<u>30,801</u>	<u>42,352</u>
<u>\$ 699,671</u>	<u>\$ 643,466</u>	<u>\$ -</u>	<u>\$ -</u>

Continued on Next Page

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, 2007

	Airport Grant	EDA Flagship	Sanitary District Construction	Certified Tech Park	Totals
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,108,069
Intergovernmental	746,906	135,045	-	835,134	2,708,115
Charges for services	-	-	-	-	908,905
Other	-	257	50,236	-	93,757
Total revenues	746,906	135,302	50,236	835,134	4,818,846
Expenditures:					
Capital outlay	811,680	141,180	2,986,137	915,017	11,167,880
Total expenditures	811,680	141,180	2,986,137	915,017	11,167,880
Excess (deficiency) of revenues over (under) expenditures	(64,774)	(5,878)	(2,935,901)	(79,883)	(6,349,034)
Other financing sources (uses):					
Transfers in	-	-	-	-	408,539
Transfers out	-	-	-	-	(568,787)
Financing by capital lease	-	-	-	-	1,317,043
Total other financing sources (uses)	-	-	-	-	1,154,795
Net change in fund balances	(64,774)	(5,878)	(2,935,901)	(79,883)	(5,194,239)
Fund balances - January 1	359,127	6,133	3,291,827	650,969	12,621,493
Fund balances - December 31	\$ 294,353	\$ 255	\$ 355,926	\$ 571,086	\$ 7,427,254

This page intentionally left blank.

CITY OF ANDERSON, INDIANA
 SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 NON-MAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007

	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	\$ 1,796,205	\$ 1,796,205	\$ 2,234,075	\$ 437,870	\$ 582,975	\$ 582,975	\$ 576,660	\$ (6,315)
Other	627,225	627,225	61,436	(565,789)	150,000	150,000	107,924	(42,076)
Total revenues	<u>2,423,430</u>	<u>2,423,430</u>	<u>2,295,511</u>	<u>(127,919)</u>	<u>732,975</u>	<u>732,975</u>	<u>684,584</u>	<u>(48,391)</u>
Expenditures:								
Current:								
Highways and streets	3,433,630	3,223,869	3,085,173	138,696	484,500	519,500	501,720	17,780
Total expenditures	<u>3,433,630</u>	<u>3,223,869</u>	<u>3,085,173</u>	<u>138,696</u>	<u>484,500</u>	<u>519,500</u>	<u>501,720</u>	<u>17,780</u>
Net change in fund balances	(1,010,200)	(800,439)	(789,662)	(266,615)	248,475	213,475	182,864	(66,171)
Fund balances - January 1	1,146,280	1,146,280	1,146,280	-	93,072	93,072	93,072	-
Fund balances - December 31	<u>\$ 136,080</u>	<u>\$ 345,841</u>	<u>\$ 356,618</u>	<u>\$ (266,615)</u>	<u>\$ 341,547</u>	<u>\$ 306,547</u>	<u>\$ 275,936</u>	<u>\$ (66,171)</u>
	<u>Municipal Transportation</u>				<u>Airport</u>			
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 210,000	\$ 210,000	\$ 157,000	\$ (53,000)
Intergovernmental	1,992,792	1,992,792	2,839,968	847,176	231,278	231,278	5,371	(225,907)
Other	186,000	186,000	166,545	(19,455)	-	-	411,566	411,566
Total revenues	<u>2,178,792</u>	<u>2,178,792</u>	<u>3,006,513</u>	<u>827,721</u>	<u>441,278</u>	<u>441,278</u>	<u>573,937</u>	<u>132,659</u>
Expenditures:								
Current:								
General government	2,489,282	3,755,394	3,178,544	576,850	655,718	648,411	620,408	28,003
Total expenditures	<u>2,489,282</u>	<u>3,755,394</u>	<u>3,178,544</u>	<u>576,850</u>	<u>655,718</u>	<u>648,411</u>	<u>620,408</u>	<u>28,003</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(19,181)	(19,181)
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(19,181)</u>	<u>(19,181)</u>
Net change in fund balances	(310,490)	(1,576,602)	(172,031)	250,871	(214,440)	(207,133)	(65,652)	85,475
Fund balances - January 1	495,815	495,815	495,815	-	179,684	179,684	179,684	-
Fund balances - December 31	<u>\$ 185,325</u>	<u>\$ (1,080,787)</u>	<u>\$ 323,784</u>	<u>\$ 250,871</u>	<u>\$ (34,756)</u>	<u>\$ (27,449)</u>	<u>\$ 114,032</u>	<u>\$ 85,475</u>

CITY OF ANDERSON, INDIANA
 SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 NON-MAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007

	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	\$ -	\$ -	\$ -	\$ -	\$ 2,270,000	\$ 2,270,000	\$ 1,776,749	\$ (493,251)
Intergovernmental	1,760,000	1,760,000	1,023,255	(736,745)	170,200	170,200	41,421	(128,779)
Other	850	850	7,089	6,239	497,700	497,700	2,504,486	2,006,786
Total revenues	1,760,850	1,760,850	1,030,344	(730,506)	2,937,900	2,937,900	4,322,656	1,384,756
Expenditures:								
Current:								
Economic development	1,346,748	1,372,028	1,045,540	326,488	-	-	-	-
Culture and recreation	-	-	-	-	2,967,732	2,930,203	2,814,384	115,819
Total expenditures	1,346,748	1,372,028	1,045,540	326,488	2,967,732	2,930,203	2,814,384	115,819
Other financing sources (uses):								
Transfers in	-	-	9,109	9,109	-	-	-	-
Transfers out	-	-	-	-	-	-	(1,416,016)	(1,416,016)
Total other financing sources (uses)	-	-	9,109	9,109	-	-	(1,416,016)	(1,416,016)
Net change in fund balances	414,102	388,822	(6,087)	(1,047,885)	(29,832)	7,697	92,256	(147,079)
Fund balances - January 1	6,087	6,087	6,087	-	80,233	80,233	80,233	-
Fund balances - December 31	\$ 420,189	\$ 394,909	\$ -	\$ (1,047,885)	\$ 50,401	\$ 87,930	\$ 172,489	\$ (147,079)
Park Non-reverting Operating				Sanitary District Commission				
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	325,000	325,000	20,048	(304,952)	768	768	-	(768)
Other	298,700	298,700	652,345	353,645	-	-	-	-
Total revenues	623,700	623,700	672,393	48,693	768	768	-	(768)
Expenditures:								
Current:								
Sanitation	-	-	-	-	6,500	6,500	6,250	250
Culture and recreation	550,903	860,903	612,426	248,477	-	-	-	-
Total expenditures	550,903	860,903	612,426	248,477	6,500	6,500	6,250	250
Net change in fund balances	72,797	(237,203)	59,967	(199,784)	(5,732)	(5,732)	(6,250)	(1,018)
Fund balances - January 1	63,116	63,116	63,116	-	10,370	10,370	10,370	-
Fund balances - December 31	\$ 135,913	\$ (174,087)	\$ 123,083	\$ (199,784)	\$ 4,638	\$ 4,638	\$ 4,120	\$ (1,018)

CITY OF ANDERSON, INDIANA
 SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 NON-MAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007

	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>City Court Probation</u>				<u>Local Law Enforcement Continuing Education</u>			
Revenues:								
Other	\$ 429,500	\$ 429,500	\$ 322,983	\$ (106,517)	\$ 42,200	\$ 42,200	\$ 43,895	\$ 1,695
Total revenues	<u>429,500</u>	<u>429,500</u>	<u>322,983</u>	<u>(106,517)</u>	<u>42,200</u>	<u>42,200</u>	<u>43,895</u>	<u>1,695</u>
Expenditures:								
Current:								
Public safety	335,373	385,373	314,079	51,294	61,314	61,631	38,397	23,234
Total expenditures	<u>335,373</u>	<u>385,373</u>	<u>314,079</u>	<u>51,294</u>	<u>61,314</u>	<u>61,631</u>	<u>38,397</u>	<u>23,234</u>
Net change in fund balances	94,127	64,127	8,904	(157,811)	(19,114)	(19,431)	5,498	(21,539)
Fund balances - January 1	<u>385,722</u>	<u>385,722</u>	<u>385,722</u>	<u>-</u>	<u>40,012</u>	<u>40,012</u>	<u>40,012</u>	<u>-</u>
Fund balances - December 31	<u>\$ 479,849</u>	<u>\$ 449,849</u>	<u>\$ 394,626</u>	<u>\$ (157,811)</u>	<u>\$ 20,898</u>	<u>\$ 20,581</u>	<u>\$ 45,510</u>	<u>\$ (21,539)</u>
	<u>Clean Air Non-Reverting</u>				<u>Corporation Bonds</u>			
Revenues:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 750,000	\$ 750,000	\$ 650,000	\$ (100,000)
Intergovernmental	29,000	29,000	25,289	(3,711)	75,200	75,200	11,953	(63,247)
Other	20,114	20,114	12,100	(8,014)	-	-	200,766	200,766
Total revenues	<u>49,114</u>	<u>49,114</u>	<u>37,389</u>	<u>(11,725)</u>	<u>825,200</u>	<u>825,200</u>	<u>862,719</u>	<u>37,519</u>
Expenditures:								
Current:								
Public safety	41,185	41,185	34,772	6,413	-	-	-	-
Debt service:								
Principal	-	-	-	-	872,018	625,000	841,101	(16,101)
Interest and fiscal charges	-	-	-	-	-	247,018	230,917	16,101
Total expenditures	<u>41,185</u>	<u>41,185</u>	<u>34,772</u>	<u>6,413</u>	<u>872,018</u>	<u>872,018</u>	<u>872,018</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	3,627	3,627
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,627</u>	<u>3,627</u>
Net change in fund balances	7,929	7,929	2,617	(18,138)	(46,818)	(46,818)	(5,872)	41,146
Fund balances - January 1	<u>38,804</u>	<u>38,804</u>	<u>38,804</u>	<u>-</u>	<u>42,220</u>	<u>42,220</u>	<u>42,220</u>	<u>-</u>
Fund balances - December 31	<u>\$ 46,733</u>	<u>\$ 46,733</u>	<u>\$ 41,421</u>	<u>\$ (18,138)</u>	<u>\$ (4,598)</u>	<u>\$ (4,598)</u>	<u>\$ 36,548</u>	<u>\$ 41,146</u>

CITY OF ANDERSON, INDIANA
 SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 NON-MAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007

	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	\$ 935,000	\$ 935,000	\$ 835,000	\$ (100,000)	\$ -	\$ -	\$ -	\$ -
Intergovernmental	84,800	84,800	15,011	(69,789)	360,355	360,355	360,355	-
Other	-	-	827,350	827,350	-	-	-	-
Total revenues	<u>1,019,800</u>	<u>1,019,800</u>	<u>1,677,361</u>	<u>657,561</u>	<u>360,355</u>	<u>360,355</u>	<u>360,355</u>	<u>-</u>
Expenditures:								
Debt Service:								
Principal	765,000	765,000	765,000	-	360,855	280,000	280,000	-
Interest and fiscal charges	476,083	476,083	474,883	1,200	-	80,855	80,355	500
Total expenditures	<u>1,241,083</u>	<u>1,241,083</u>	<u>1,239,883</u>	<u>1,200</u>	<u>360,855</u>	<u>360,855</u>	<u>360,355</u>	<u>500</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(607,484)	(607,484)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(607,484)</u>	<u>(607,484)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(221,283)	(221,283)	(170,006)	48,877	(500)	(500)	-	(500)
Fund balances - January 1	217,471	217,471	217,471	-	1,964	1,964	1,964	-
Fund balances - December 31	<u>\$ (3,812)</u>	<u>\$ (3,812)</u>	<u>\$ 47,465</u>	<u>\$ 48,877</u>	<u>\$ 1,464</u>	<u>\$ 1,464</u>	<u>\$ 1,964</u>	<u>\$ (500)</u>
	Redevelopment Bond and Interest				Cumulative Capital Improvement			
Revenues:								
Taxes	\$ 1,773,109	\$ 1,773,109	\$ -	\$ (1,773,109)	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	553,291	553,291	203,376	203,376	783,680	580,304
Other	-	-	492,730	492,730	50,000	50,000	-	(50,000)
Total revenues	<u>1,773,109</u>	<u>1,773,109</u>	<u>1,046,021</u>	<u>(727,088)</u>	<u>253,376</u>	<u>253,376</u>	<u>783,680</u>	<u>530,304</u>
Expenditures:								
Current:								
General government	-	-	-	-	750,000	949,846	669,806	280,040
Debt Service:								
Principal	1,778,109	1,657,000	1,290,700	366,300	-	-	-	-
Interest and fiscal charges	-	613,840	977,889	(364,049)	-	-	-	-
Total expenditures	<u>1,778,109</u>	<u>2,270,840</u>	<u>2,268,589</u>	<u>2,251</u>	<u>750,000</u>	<u>949,846</u>	<u>669,806</u>	<u>280,040</u>
Other financing sources (uses):								
Transfers out	-	-	-	-	-	(200,000)	(375,000)	(175,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(200,000)</u>	<u>(375,000)</u>	<u>(175,000)</u>
Net change in fund balances	(5,000)	(497,731)	(1,222,568)	(729,339)	(496,624)	(896,470)	(261,126)	75,264
Fund balances - January 1	1,222,568	1,222,568	1,222,568	-	905,184	905,184	905,184	-
Fund balances - December 31	<u>\$ 1,217,568</u>	<u>\$ 724,837</u>	<u>\$ -</u>	<u>\$ (729,339)</u>	<u>\$ 408,560</u>	<u>\$ 8,714</u>	<u>\$ 644,058</u>	<u>\$ 75,264</u>

CITY OF ANDERSON, INDIANA
 SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULES
 NON-MAJOR GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007

	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	\$ 590,000	\$ 590,000	\$ 650,909	\$ 60,909	\$ -	\$ -	\$ -	\$ -
Other	-	-	203	203	25,000	25,000	25,100	100
Total revenues	590,000	590,000	651,112	61,112	25,000	25,000	25,100	100
Expenditures:								
Current:								
Economic development	665,000	671,263	647,120	24,143	38,450	195,079	30,076	165,003
Total expenditures	665,000	671,263	647,120	24,143	38,450	195,079	30,076	165,003
Other financing sources (uses):								
Transfers out	-	-	-	-	-	-	(69,723)	(69,723)
Total other financing sources (uses)	-	-	-	-	-	-	(69,723)	(69,723)
Net change in fund balances	(75,000)	(81,263)	3,992	36,969	(13,450)	(170,079)	(74,699)	(234,626)
Fund balances - January 1	594,588	594,588	594,588	-	305,122	305,122	305,122	-
Fund balances - December 31	\$ 519,588	\$ 513,325	\$ 598,580	\$ 36,969	\$ 291,672	\$ 135,043	\$ 230,423	\$ (234,626)
	Redevelopment TIF				Fire Building and Equipment			
Revenues:								
Taxes	\$ 1,672,000	\$ 1,672,000	\$ -	\$ (1,672,000)	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	211,570	211,570	-	-	64,839	64,839
Other	-	-	397,088	397,088	1,033,000	1,033,000	1,021,319	(11,681)
Total revenues	1,672,000	1,672,000	608,658	(1,063,342)	1,033,000	1,033,000	1,086,158	53,158
Expenditures:								
Current:								
Public safety	-	-	-	-	950,389	1,133,389	1,004,995	128,394
Economic development	2,500,000	6,192,285	2,535,140	3,657,145	-	-	-	-
Total expenditures	2,500,000	6,192,285	2,535,140	3,657,145	950,389	1,133,389	1,004,995	128,394
Other financing sources (uses):								
Transfers out	-	-	(2,868,787)	(2,868,787)	-	-	-	-
Total other financing sources (uses)	-	-	(2,868,787)	(2,868,787)	-	-	-	-
Net change in fund balances	(828,000)	(4,520,285)	(4,795,269)	(7,589,274)	82,611	(100,389)	81,163	(75,236)
Fund balances - January 1	5,346,616	5,346,616	5,346,616	-	532,319	532,319	532,319	-
Fund balances - December 31	\$ 4,518,616	\$ 826,331	\$ 551,347	\$ (7,589,274)	\$ 614,930	\$ 431,930	\$ 613,482	\$ (75,236)

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, 2007

Governmental Activities - Internal Service Funds

<u>Assets</u>	<u>Insurance Loss</u>	<u>Health Insurance</u>	<u>Totals</u>
Current assets:			
Cash and cash equivalents	\$ 247,404	\$ 343,115	\$ 590,519
Investments	-	2,765,818	2,765,818
Interfund receivables	<u>600,000</u>	<u>-</u>	<u>600,000</u>
Total assets	<u>847,404</u>	<u>3,108,933</u>	<u>3,956,337</u>
 <u>Liabilities</u>			
Current liabilities:			
Deferred claims liability	<u>200,000</u>	<u>648,317</u>	<u>848,317</u>
Total liabilities	<u>200,000</u>	<u>648,317</u>	<u>848,317</u>
 <u>Net assets</u>			
Unrestricted	<u>\$ 647,404</u>	<u>\$ 2,460,616</u>	<u>\$ 3,108,020</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, 2007

	<u>Governmental Activities - Internal Service Funds</u>		
	<u>Insurance Loss</u>	<u>Health Insurance</u>	<u>Totals</u>
Operating revenues:			
Employer/employee contributions	\$ 423,857	\$ 10,516,367	\$ 10,940,224
Other	44,955	258,044	302,999
Total operating revenues	<u>468,812</u>	<u>10,774,411</u>	<u>11,243,223</u>
Operating expenses:			
Administration and general	-	36,007	36,007
Insurance claims and premiums	678,650	11,288,928	11,967,578
Total operating expenses	<u>678,650</u>	<u>11,324,935</u>	<u>12,003,585</u>
Operating loss	<u>(209,838)</u>	<u>(550,524)</u>	<u>(760,362)</u>
Nonoperating revenues:			
Investment income	-	241,813	241,813
Net loss	<u>(209,838)</u>	<u>(308,711)</u>	<u>(518,549)</u>
Change in net assets	<u>(209,838)</u>	<u>(308,711)</u>	<u>(518,549)</u>
Net assets - January 1	<u>857,242</u>	<u>2,769,327</u>	<u>3,626,569</u>
Net assets - December 31	<u>\$ 647,404</u>	<u>\$ 2,460,616</u>	<u>\$ 3,108,020</u>

CITY OF ANDERSON, INDIANA
 COMBINING STATEMENT OF CASH FLOWS
 NON-MAJOR PROPRIETARY FUNDS
 For The Year Ended December 31, 2007

	Governmental Activities - Internal Service Funds		
	Insurance Loss	Health Insurance	Totals
Cash flows from operating activities:			
Receipts from employers/employees	\$ 423,857	\$ 10,516,367	\$ 10,940,224
Other receipts	44,955	258,044	302,999
Payments for administration and general	-	(36,007)	(36,007)
Payments for insurance claims and premiums	(629,051)	(11,728,275)	(12,357,326)
Net cash used by operating activities	(160,239)	(989,871)	(1,150,110)
Cash flows from noncapital financing activities:			
Interfund loans	(600,000)	-	(600,000)
Cash flows from investing activities:			
Proceeds from sales and maturities of investments	-	1,888,749	1,888,749
Purchase of investments	-	(1,674,525)	(1,674,525)
Investment income received	-	219,649	219,649
Net cash provided by investing activities	-	433,873	433,873
Decrease in cash and cash equivalents	(760,239)	(555,998)	(1,316,237)
Cash and cash equivalents - January 1	1,007,643	899,113	1,906,756
Cash and cash equivalents - December 31	\$ 247,404	\$ 343,115	\$ 590,519
Reconciliation of operating income to net cash			
Provided by operating activities:			
Operating loss	\$ (209,838)	\$ (550,524)	\$ (760,362)
Adjustments to reconcile operating income to			
net cash provided (used) by operating activities:			
Increase (decrease) in liabilities:			
Deferred claims liability	49,599	(439,347)	(389,748)
Total adjustments	49,599	(439,347)	(389,748)
Net cash used by operating activities	\$ (160,239)	\$ (989,871)	\$ (1,150,110)
Noncash investing activities:			
Change in fair value of investments	\$ -	\$ 22,164	\$ 22,164

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, 2007

<u>Assets</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Totals</u>
Cash and cash equivalents	\$ 614,808	\$ 589,067	\$ 1,203,875
Investment in external pool	1,836,580	2,008,911	3,845,491
Receivables (net of allowance for uncollectibles):			
Taxes	70,253	245,800	316,053
Intergovernmental	15,177	60,834	76,011
Total assets	<u>\$ 2,536,818</u>	<u>\$ 2,904,612</u>	<u>\$ 5,441,430</u>
<u>Net assets</u>			
Assets held in trust for employees' pension benefits	<u>\$ 2,536,818</u>	<u>\$ 2,904,612</u>	<u>\$ 5,441,430</u>

CITY OF ANDERSON, INDIANA
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 December 31, 2007

<u>Assets</u>	<u>Civil City Payroll</u>	<u>City Clerk</u>	<u>Court Costs Due County</u>	<u>Waivered Barrotti Law</u>	<u>Totals</u>
Cash and cash equivalents	\$ 873,453	\$ 327,025	\$ 2,985	\$ 64,112	\$ 1,267,575
Receivables (net of allowance for uncollectibles):					
Special assessments	-	-	-	78,803	78,803
Total assets	\$ 873,453	\$ 327,025	\$ 2,985	\$ 142,915	\$ 1,346,378
<u>Liabilities</u>					
Payroll withholdings payable	\$ 873,453	\$ -	\$ -	\$ -	\$ 873,453
Intergovernmental payable	-	18,852	2,985	-	21,837
Special assessments payable	-	-	-	64,112	64,112
Trust payable	-	308,173	-	78,803	386,976
Total liabilities	\$ 873,453	\$ 327,025	\$ 2,985	\$ 142,915	\$ 1,346,378

CITY OF ANDERSON, INDIANA
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2007

	Police Pension	Fire Pension	Totals
Additions:			
Employer contributions	\$ 151,211	\$ 789,791	\$ 941,002
On-behalf contributions	1,845,995	2,273,208	4,119,203
Plan members contributions	15,439	10,323	25,762
Total contributions	2,012,645	3,073,322	5,085,967
Investment income	118,091	129,172	247,263
Total additions	2,130,736	3,202,494	5,333,230
Deductions:			
Benefits	2,669,134	3,295,937	5,965,071
Administrative expense	13,856	24,102	37,958
Total deductions	2,682,990	3,320,039	6,003,029
Change in net assets	(552,254)	(117,545)	(669,799)
Net assets - January 1	3,089,072	3,022,157	6,111,229
Net assets - December 31	\$ 2,536,818	\$ 2,904,612	\$ 5,441,430

CITY OF ANDERSON, INDIANA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For The Year Ended December 31, 2007

	Civil City Payroll	City Clerk	Court Costs Due County	Waivered Barrett Law	Totals
Assets:					
Cash and cash equivalents - January 1	\$ 926,228	\$ 358,779	\$ 2,968	\$ 91,526	\$ 1,379,501
Additions	13,420,031	752,304	44,981	33,286	14,250,602
Deductions	(13,472,806)	(784,058)	(44,964)	(60,700)	(14,362,528)
Cash and cash equivalents - December 31	873,453	327,025	2,985	64,112	1,267,575
Special assessments receivable - January 1	\$ -	\$ -	\$ -	\$ 103,436	\$ 103,436
Additions	-	-	-	8,651	8,651
Deductions	-	-	-	(33,284)	(33,284)
Special assessments receivable - December 31	-	-	-	78,803	78,803
Total assets - December 31	\$ 873,453	\$ 327,025	\$ 2,985	\$ 142,915	\$ 1,346,378
Liabilities:					
Payroll withholdings payable - January 1	\$ 926,228	\$ -	\$ -	\$ -	\$ 926,228
Additions	13,420,031	-	-	-	13,420,031
Deductions	(13,472,806)	-	-	-	(13,472,806)
Payroll withholdings payable - December 31	873,453	-	-	-	873,453
Intergovernmental payable - January 1	\$ -	\$ 26,937	\$ 2,968	\$ -	\$ 29,905
Additions	-	339,750	44,981	-	384,731
Deductions	-	(347,835)	(44,964)	-	(392,799)
Intergovernmental payable - December 31	-	18,852	2,985	-	21,837
Special assessments payable - January 1	\$ -	\$ -	\$ -	\$ 91,525	\$ 91,525
Deductions	-	-	-	(27,413)	(27,413)
Special assessments payable - December 31	-	-	-	64,112	64,112
Trust payable - January 1	\$ -	\$ 331,842	\$ -	\$ 103,436	\$ 435,278
Additions	-	412,554	-	-	412,554
Deductions	-	(436,223)	-	(24,633)	(460,856)
Trust payable - December 31	-	308,173	-	78,803	386,976
Total liabilities - December 31	\$ 873,453	\$ 327,025	\$ 2,985	\$ 142,915	\$ 1,346,378

This page intentionally left blank.

STATISTICAL SECTION

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.	116
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.	122
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.	127
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.	134
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.	136

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.

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003(A)</u>
Governmental Activities					
Invested in capital assets, net of related debt	\$ 46,965,697	\$ 42,287,125	\$ 17,033,056	\$ 13,509,555	\$ 1,456,096
Restricted	4,820,590	4,427,997	11,227,772	9,640,710	9,539,097
Unrestricted	<u>(26,690,638)</u>	<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>\$ 25,095,649</u>	<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	\$ 72,814,272	\$ 83,796,128	\$ 78,989,353	\$ 74,311,409	\$ 58,075,358
Restricted	3,388,111	11,685,518	9,966,579	10,609,653	7,979,272
Unrestricted	<u>(605,493)</u>	<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>\$ 75,596,890</u>	<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	\$ 119,779,969	\$ 126,083,253	\$ 96,022,409	\$ 87,820,964	\$ 59,531,454
Restricted	8,208,701	16,113,515	21,194,351	20,250,363	17,518,369
Unrestricted	<u>(27,296,131)</u>	<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>\$ 100,692,539</u>	<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.

This page intentionally left blank.

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003(A)</u>
Expenses					
Governmental activities:					
General government	\$ 16,323,127	\$ 17,958,135	\$ 16,115,043	\$ 14,125,121	\$ 13,390,943
Public Safety	25,704,470	24,565,815	25,031,640	23,806,658	24,109,746
Highways & Streets	3,341,077	3,060,316	3,524,009	3,995,669	4,229,521
Sanitation	1,623,148	3,017,322	1,778,741	1,961,884	1,787,092
Economic Development	4,310,856	11,856,547	3,350,916	723,270	3,731,403
Culture & Recreation	5,002,151	4,344,836	4,471,116	3,060,886	4,254,061
Interest on long-term debt	2,894,639	1,983,215	1,958,598	1,590,361	1,287,143
Total governmental activities expenses	<u>59,199,488</u>	<u>66,796,186</u>	<u>56,230,063</u>	<u>49,263,849</u>	<u>52,789,909</u>
Business-type activities:					
Water	5,751,938	5,370,126	5,101,129	5,243,425	4,818,496
Wastewater	15,377,646	12,404,115	10,863,998	10,839,178	10,052,814
Electric	56,836,965	51,013,460	47,294,824	41,245,512	38,145,172
Total business-type activities expenses	<u>77,966,547</u>	<u>68,787,701</u>	<u>63,259,951</u>	<u>57,328,115</u>	<u>53,016,482</u>
Total primary government expenses	<u>\$ 137,166,015</u>	<u>\$ 135,583,887</u>	<u>\$ 119,490,014</u>	<u>\$ 106,591,964</u>	<u>\$ 105,806,391</u>
Program Revenues					
Governmental activities:					
Charges for Services:					
General government	\$ 4,121,146	\$ 3,505,575	\$ 3,259,514	\$ 600,200	\$ 428,739
Public Safety	1,755,482	1,689,127	1,256,013	1,835,722	1,355,787
Highways & Streets	153,404	160,684	111,818	108,839	162,815
Sanitation	5,725	43,284	19,333	25,935	-
Economic Development	975,901	-	8,400	244,455	222,597
Culture & Recreation	792,543	664,113	440,086	441,914	497,452
Interest on long-term debt	-	-	-	-	-
Operating grants & contributions	10,927,599	10,758,049	7,653,833	6,520,686	6,416,159
Capital grants & contributions	4,532,071	9,484,824	5,653,363	6,742,598	3,284,791
Total governmental activities program revenues	<u>23,263,871</u>	<u>26,305,656</u>	<u>18,402,360</u>	<u>16,520,349</u>	<u>12,368,340</u>
Business-type activities:					
Charges for Services:					
Water	7,040,136	5,762,866	5,820,854	5,969,845	5,842,860
Wastewater	13,612,743	14,144,896	14,495,119	14,405,366	14,526,252
Electric	55,320,285	53,258,294	50,015,044	45,860,415	41,175,093
Operating grants & contributions	255,152	88,078	-	-	-
Capital grants & contributions	571,067	206,137	-	396,376	81,100
Total business-type activities program revenues	<u>76,799,383</u>	<u>73,460,361</u>	<u>70,331,017</u>	<u>66,632,002</u>	<u>61,625,305</u>
Total primary government program revenues	<u>\$ 100,063,254</u>	<u>\$ 99,766,017</u>	<u>\$ 88,733,377</u>	<u>\$ 83,152,351</u>	<u>\$ 73,993,645</u>

(Continued on next page)

Source: State Board of Accounts Audit Report

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Net (Expense)/Revenue					
Governmental activities	\$ (35,935,597)	\$ (40,490,530)	\$ (37,827,703)	\$ (32,743,500)	\$ (40,421,569)
Business-type activities	<u>(1,167,164)</u>	<u>4,672,660</u>	<u>7,071,066</u>	<u>9,303,887</u>	<u>8,608,823</u>
Total primary government net expense/revenue	<u>\$ (37,102,761)</u>	<u>\$ (35,817,870)</u>	<u>\$ (30,756,637)</u>	<u>\$ (23,439,613)</u>	<u>\$ (31,812,746)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities					
Property taxes	\$ 26,828,343	\$ 25,156,690	\$ 28,031,129	\$ 26,488,350	\$ 24,641,005
COIT	7,780,338	7,534,823	7,593,939	6,495,046	8,237,174
Other taxes	781,332	734,908	2,905,371	2,759,645	4,460,320
Grants & Contributions not restricted	184,872	480,540	459,965	2,550,671	1,642,120
Unrestricted investment earnings	1,655,899	1,856,987	1,105,478	351,802	296,459
Transfers	<u>3,322,063</u>	<u>3,339,173</u>	<u>3,500,906</u>	<u>3,341,956</u>	<u>3,307,339</u>
Total governmental activities	<u>40,552,847</u>	<u>39,103,121</u>	<u>43,596,788</u>	<u>41,987,470</u>	<u>42,584,417</u>
Business-type activities					
Unrestricted investment earnings	314,834	391,137	185,404	95,098	124,501
Other	<u>(3,322,063)</u>	<u>(3,339,173)</u>	<u>(3,500,906)</u>	<u>(3,341,956)</u>	<u>(3,307,339)</u>
Total business-type activities	<u>(3,007,229)</u>	<u>(2,948,036)</u>	<u>(3,315,502)</u>	<u>(3,246,858)</u>	<u>(3,182,838)</u>
Total primary government	<u>\$ 37,545,618</u>	<u>\$ 36,155,085</u>	<u>\$ 40,281,286</u>	<u>\$ 38,740,612</u>	<u>\$ 39,401,579</u>
Changes in Net Assets					
Governmental activities	\$ 4,617,250	\$ (1,387,409)	\$ 5,769,085	\$ 9,243,970	\$ 2,162,848
Business-type activities	<u>(4,174,393)</u>	<u>1,724,624</u>	<u>3,755,584</u>	<u>6,057,029</u>	<u>5,425,985</u>
Total primary government	<u>\$ 442,857</u>	<u>\$ 337,215</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 Five Fiscal Years
(Modified Accrual Basis of Accounting)

	<u>2007</u>	<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	<u>3,293,922</u>	<u>4,839,192</u>	<u>5,425,327</u>	<u>2,416,477</u>	<u>4,001,046</u>
Total General Fund	<u>\$ 3,293,922</u>	<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	\$ 16,579,477	\$ 21,723,048	\$ 16,552,442	\$ 20,789,466	\$ 12,530,820
Unreserved, reported in					
Special revenue funds	2,098,229	3,254,014	3,512,554	3,016,001	2,870,401
Capital projects funds	3,908,880	5,390,288	7,080,106	7,499,724	4,582,915
Debt service funds	<u>(36,497)</u>	<u>-</u>	<u>-</u>	<u>(250,367)</u>	<u>(37,012)</u>
Total Other Governmental Funds	<u>\$ 22,550,089</u>	<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 Five Fiscal Years

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003(A)</u>
Revenues					
Taxes	\$ 26,459,468	\$ 25,339,429	\$ 29,386,433	\$ 26,684,919	\$ 24,013,707
Licenses and permits	484,645	413,252	384,906	235,320	441,836
Intergovernmental	21,167,012	18,600,732	20,335,988	17,418,499	20,004,526
Charges for Services	4,287,921	4,631,309	3,956,178	4,259,001	2,659,654
Fines and forfeits	502,204	784,898	630,124	553,033	343,292
Other	<u>3,969,238</u>	<u>3,262,274</u>	<u>3,300,043</u>	<u>4,494,768</u>	<u>1,868,818</u>
Total revenues	<u>\$ 56,870,488</u>	<u>\$ 53,031,894</u>	<u>\$ 57,993,672</u>	<u>\$ 53,645,540</u>	<u>\$ 49,331,833</u>
Expenditures					
General government	\$ 10,763,400	\$ 9,874,148	\$ 11,059,097	\$ 9,491,957	\$ 11,049,142
Public safety	23,830,741	22,668,514	21,993,638	22,172,797	21,897,533
Highways and streets	6,336,413	4,446,246	3,928,353	4,568,691	4,417,321
Sanitation	1,847,890	1,788,000	1,684,579	1,921,411	1,787,091
Economic Development	3,103,386	2,805,425	2,989,232	1,788,681	3,122,834
Culture and recreation	3,485,644	3,181,944	2,847,468	3,109,875	2,421,330
Debt Service					
Principal	2,996,000	2,513,000	2,185,000	7,795,100	3,565,000
Interest and fiscal charges	2,197,363	1,776,128	1,801,288	1,292,202	964,063
Bond issuance costs	-	-	-	-	-
Capital Outlay	<u>16,374,505</u>	<u>19,923,943</u>	<u>11,880,638</u>	<u>9,850,490</u>	<u>8,896,373</u>
Total expenditures	<u>\$ 70,935,342</u>	<u>\$ 68,977,348</u>	<u>\$ 60,369,293</u>	<u>\$ 61,991,204</u>	<u>\$ 58,120,687</u>
Other Financing Sources (Uses)					
Bonds issued	\$ -	\$ -	\$ -	\$ -	\$ 2,001,924
Bond issue discount	-	-	-	-	(19,982)
Issuance of debt	2,666,939	18,309,172	-	17,824,095	-
Issuance of debt discount	-	-	-	(11,840)	-
BAN proceeds	-	-	-	-	1,740,000
Payments to refunded bond escrow agent	-	-	-	-	-
Transfers in	2,346,826	1,366,415	2,009,083	2,635,961	1,298,974
Transfers out	(2,346,826)	(1,366,415)	(2,009,083)	(2,635,961)	(1,298,974)
Financing by capital leases	<u>1,813,158</u>	<u>457,213</u>	<u>1,293,897</u>	<u>74,800</u>	<u>1,191,113</u>
Total other financing sources (uses)	<u>\$ 4,480,097</u>	<u>\$ 18,766,385</u>	<u>\$ 1,293,897</u>	<u>\$ 17,887,055</u>	<u>\$ 4,913,055</u>
Net change in fund balances	<u>\$ (9,584,757)</u>	<u>\$ 2,820,931</u>	<u>\$ (1,081,724)</u>	<u>\$ 9,541,391</u>	<u>\$ (3,875,799)</u>
Debt service as a percentage of noncapital expenditures	9.5%	8.7%	8.2%	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**

<u>Fiscal Year</u>	<u>Property</u>	<u>Financial Institution</u>	<u>License Excise</u>	<u>County Option Income Tax</u>	<u>Commercial Vehicle Excise Tax</u>	<u>Total</u>
2007	\$ 26,743,953	\$ 154,483	\$ 1,898,641	\$ - (A)	\$ 231,286	\$ 29,028,363
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	26,572,146	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	-	30,850,734
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

<u>Fiscal Year</u>	<u>Percentage of Total</u>					<u>Total</u>
2007	92.13%	0.53%	6.54%	0.00%	0.80%	100.00%
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%

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**

Year Payable	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	
2007 (C)	\$ 1,390,958,702	\$ 1,390,958,702	\$ 216,053,870	\$ 216,053,870	\$ 1,607,012,572	\$ 1,607,012,572	100.00%
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%

Year Payable	Total Assessed Value Increase/(Decrease)	Percent Increase/(Decrease)
2007 (C)	\$ (33,510,033)	-2.04%
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%

NOTE: Direct tax rates are displayed in Schedule 7.

Figures based on the Valuation Per Abstract from the Madison County Auditor's Office

(A) For the years 1998-2001 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 2003-2007 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
2007 (A)	1.1970	0.2109	0.1058	1.5137	0.6834	0.0231	0.1650	1.6759
2006 (A)	1.2101	0.2414	0.1122	1.5637	0.6396	0.0223	0.1589	1.8188
2005 (A)	1.2102	0.2409	0.1241	1.5752	0.5985	0.0212	0.1491	1.6084
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 2003-2007.
(B) Assessed Value was 1/3 True Tax Value 1996-2001.

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

	<u>2007</u>			<u>2003</u>	
	<u>Assessed Value</u>	<u>Percent of Total City</u>		<u>Assessed Value</u>	<u>Percent of Total City</u>
<u>Taxpayer - Real Property</u>			<u>Taxpayer - Real Property</u>		
Anderson Park, Inc.	\$ 10,650,000	0.77%	Guide Corporation	\$ 21,247,650	1.47%
Lowes Home Centers, Inc.	9,599,800	0.69%	Delphi Automotive	16,616,440	1.15%
Meijer Stores Ltd. Partnership	9,331,900	0.67%	GM Corporation	15,772,190	1.09%
Bayview Mounds LLC	8,909,625	0.64%	Magnequench	8,565,480	0.59%
School T/R of Anderson	7,817,400	0.56%	Meijer Stores	3,983,000	0.28%
Charles Street Associates II	7,600,500	0.55%	IMPA	2,655,440	0.18%
Scatterfield Road Associates II	7,386,900	0.53%	Ed Martin Oldsmobile	1,873,130	0.13%
Conreco LLC	7,059,100	0.51%	Scatterfield Road Associates II	1,864,590	0.13%
GM Corporation	6,908,000	0.50%	Insight Communications	1,855,840	0.13%
Applecreek Commons LP	6,834,800	0.49%	Applewood Apartments.	1,693,270	0.12%
TOTAL	<u>\$ 82,098,025</u>	<u>5.90%</u>	TOTAL	<u>\$ 76,127,030</u>	<u>5.28%</u>

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**

<u>Fiscal Year</u>	<u>Taxes Levied (A)</u>	<u>Taxes Collected (B)</u>	<u>Total Collections as Percent of Taxes Levied</u>	<u>Total Collectible Delinquent Taxes (C)</u>	<u>Percent of Delinquent Taxes to Taxes Levied</u>
2007	\$ 24,413,927	\$ 26,743,953	109.54%	\$ 11,291,227	46.25%
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%

(A)&(B) Includes TIF Funds
(C) Includes Penalties and Interest

SOURCE: Madison County Auditor's Office

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

Fiscal Year	Governmental Activities				Business-type Activities		
	General Obligation Bonds	Redevelopment Bonds	Capital Leases	Notes & Loans	Revenue Bonds	Capital Leases	Notes & Loans
2007	\$ 34,504,750	\$ 8,250,000	\$ 2,802,495	\$ 12,711,939	\$ 44,135,000	\$ 23,135,192	\$ 111,892
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 Outstanding Debt	Percentage of Personal Income	Per Capita
2007	\$ 125,651,268	3.30%	\$ 2,185
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 Six Fiscal Years**

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Redevelopment Bonds	Total		
2007	\$ 34,504,750	\$ 8,250,000	\$ 42,754,750	2.66%	\$ 744
2006	36,166,372	8,685,000	44,851,372	2.73%	774
2005	30,255,000	9,110,000	39,365,000	2.33%	685
2004	32,020,000	9,530,000	41,550,000	2.38%	718
2003	20,125,000	9,740,000	29,865,000	1.68%	512
2002	12,050,000	17,685,000	29,735,000	2.51%	506

NOTE: 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 December 31, 2007

	Total Bonded Debt	Estimated Percentage Applicable	Estimated Share of Direct & Overlapping Debt
<u>Direct Debt</u>			
General Obligation Bonds of 2002	\$ 785,000	100.00%	\$ 785,000
County Option Income Tax Bonds of 1998	1,620,000	100.00%	1,620,000
<u>Lease Obligations</u>			
Anderson City Fire Station Building Corp.	<u>500,000</u>	100.00%	<u>500,000</u>
Total Direct Debt and Lease Obligations	2,905,000		2,905,000
<u>Overlapping and Underlying Direct Debt</u>			
City of Anderson Redevelopment District	\$ 8,250,000	100.00%	\$ 8,250,000
Anderson Park District	2,955,000	100.00%	2,955,000
Anderson Sanitary District	10,560,000	100.00%	10,560,000
Anderson Aviation Commission ¹	280,000	100.00%	280,000
Redevelopment Authority Lease Rental Revenue Bonds of 2002	7,020,000	100.00%	7,020,000
Economic Development Revenue Bond Anticipation	11,064,750	100.00%	11,064,750
Madison County ¹	1,580,000	40.31%	636,898
Frankton-Lapel Community Schools ¹	75,144,449	1.22%	916,762
South Madison Community Schools Corp. ¹	50,965,229	5.84%	2,976,369
Anderson Community School Corp. ¹	<u>158,580,000</u>	75.23%	<u>119,299,734</u>
Total Overlapping and Underlying Direct Debt and Lease Obligations	326,399,428		163,959,514
Total Direct and Overlapping - Underlying Direct Debt and Lease Obligations	<u>\$ 329,304,428</u>		<u>\$ 166,864,514</u>

SOURCES: City of Anderson, Indiana and Madison County Auditor's Office
1: Amounts and percentages as of 1/2/07

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

<u>General Obligation Bonds</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
NAV as certified for tax billing	\$ 1,607,012,572	\$ 1,640,522,605	\$ 1,687,066,499	\$ 1,748,702,787	\$ 1,773,814,509	\$ 1,184,719,099
Factored by 1/3	535,670,857	546,840,868	562,355,500	582,900,929	591,271,503	394,906,366
Statutory debt limit rate	2%	2%	2%	2%	2%	2%
Debt Limit	10,713,417	10,936,817	11,247,110	11,658,019	11,825,430	7,898,127
Amount of debt applicable to debt limit	2,405,000	2,860,000	3,295,000	3,710,000	4,105,000	4,485,000
Legal debt margin	8,308,417	8,076,817	7,952,110	7,948,019	7,720,430	3,413,127
Legal Debt Margin as Percent of Debt Limit	77.55%	73.85%	70.70%	68.18%	65.29%	43.21%
<u>Sanitary Bonds</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
NAV as certified for tax billing	\$ 1,607,012,572	\$ 1,640,522,605	\$ 1,687,066,499	\$ 1,748,702,787	\$ 1,773,814,509	\$ 1,184,719,099
Factored by 1/3	535,670,857	546,840,868	562,355,500	582,900,929	591,271,503	394,906,366
Statutory debt limit rate	12%	12%	12%	12%	12%	12%
Debt Limit	64,280,503	65,620,904	67,482,660	69,948,111	70,952,580	47,388,764
Amount of debt applicable to debt limit	10,560,000	11,325,000	12,055,000	12,690,000	4,065,000	5,170,000
Legal debt margin	53,720,503	54,295,904	55,427,660	57,258,111	66,887,580	42,218,764
Legal Debt Margin as Percent of Debt Limit	83.57%	82.74%	82.14%	81.86%	94.27%	89.09%

-130-

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
				Principal	Interest	Total	
2007	\$ 55,320,285	\$ 52,189,269	\$ 3,131,017	\$ 1,205,000	\$ 522,713	1,727,713	181%
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%

-131-

(A) Excludes amortization and depreciation
SOURCE: City of Anderson, Indiana Utility Departments

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	
2007	\$ 7,040,157	\$ 5,645,729	\$ 1,394,428	\$ 170,000	\$ 188,138	\$ 358,138	389%
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%

(A) Excludes amortization and depreciation

SOURCE: City of Anderson, Indiana Utility Departments

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	
2007	\$ 13,628,531	\$ 10,346,303	\$ 3,282,228	\$ 611,784	\$ 828,456	1,440,240	228%
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%

(A) Excludes amortization and depreciation

SOURCE: City of Anderson, Indiana Utility Departments

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

<u>Calendar Year</u>	<u>Population</u>	<u>Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (Anderson MSA)</u>	<u>Personal Income (Anderson MSA) 000s of Dollars</u>
2007	57,500	26,649	24,708	1,940	7.26%	\$ 29,000	\$ 3,804,638
2006	57,500	27,293	25,456	1,837	6.73%	29,000	3,804,638
2005	57,500	27,516	25,516	2,003	7.28%	27,871	3,644,132
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

-134-

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 April 2008 Bureau of Economic Analysis reports, U.S. Department of Commerce

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

	<u>2007</u>			<u>2002</u>	
	<u>Number of Employees</u>	<u>Percent of Total City Employment</u>		<u>Number of Employees</u>	<u>Percent of Total City Employment</u>
<u>Employer</u>			<u>Employer</u>		
St. John's Health System	1,585	6.41%	Guide Corporation	2,700	9.53%
Anderson Community Schools	1,195	4.84%	Delphi Automotive Systems	1,700	6.00%
Community Hospital of Anderson	844	3.42%	St. John's Health Systems	1,500	5.29%
City of Anderson	714	2.89%	Anderson Community Schools	1,273	4.49%
Pay Less/Kroger Supermarkets	860	3.48%	Delco Remy	1,100	3.88%
Wal-Mart Supercenter	502	2.03%	Community Hospital of Anderson	980	3.46%
Anderson University	450	1.82%	City of Anderson	753	2.66%
Carter Express	410	1.66%	Pay Less/Kroger	640	2.26%
Delco Remy International	379	1.53%	Anderson University	430	1.66%
Hoosier Park	305	1.23%	Carter/Duke's	220	0.85%
TOTAL	7,244	29.32%	TOTAL	11,296	40.08%

SOURCE: City of Anderson, Indiana
NOTE: Information prior to 2002 not available.

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

<u>Function/Program</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Government	46	46	45	45
Police	171	182	183	184
Fire	133	138	132	132
Public Works	24	30	38	34
Parks and Recreation	107	104	113	130
Engineering	22	22	26	25
Utilities	279	290	308	283
Planning and Zoning	28	29	32	30
Court	17	20	19	15
Transit	41	54	53	44
Airport	5	3	3	3
Other	17	16	17	15
TOTAL	<u>890</u>	<u>934</u>	<u>969</u>	<u>940</u>

SOURCE: City of Anderson, Indiana. Information prior to 2004 not available.

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

<u>Function/Program</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Police						
Adult Physical Arrests	4,180	4,779	5,619	5,343	5,677	5,097
Traffic Citations	2,745	2,922	4,994	4,046	3,579	3,463
Calls for Service	47,285	47,247	45,160	43,067	44,527	45,554
Fire						
Fire Runs	2,024	1,432	1,560	1,477	1,432	1,540
EMS Runs	5,981	5,672	5,468	5,380	5,462	5,475
Motor Vehical Accident Assistance	374	367	374	348	387	355
Library						
Volumes in collection	418,470	445,380	422,151	401,299	361,090	349,569
Water						
Customer Count	22,756	23,017	23,054	23,401	23,486	23,519
Daily average consumption in millions of gallons	9	10	11	11	11	11
Maximum daily capacity of plant in millions of gallons	20	20	20	20	20	20
Wastewater						
Customer Count	21,335	21,596	21,446	21,602	21,610	21,543
Daily average treatment in millions of gallons	19.68	23.20	18.80	19.61	30.62	15.75
Maximum daily capacity in millions of gallons	33.78	29.95	30.03	29.52	35.98	23.55
Transit						
Revenue Miles (fixed route)	270,233	261,942	258,923	257,636	253,858	247,178
Passenger Boarding (fixed route)	150,118	202,078	215,517	217,707	209,280	214,194
Route Miles	83.80	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 Five Fiscal Years**

<u>Function/Program</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Police					
Stations	1	1	1	1	1
Patrol Units	76	73	100	100	80
Sworn Officers	119	119	130	130	132
Fire					
Stations	7	8	8	8	8
Firefighters	119	126	130	130	130
EMS Response Vehicles	14	15	15	15	15
Parks and recreation					
Community Centers	2	2	2	2	2
Parks	37	39	39	39	39
Park Acreage	812	850	850	850	850
Swimming Pools	2	2	2	2	2
Tennis Courts	14	18	22	22	22
Trails (Miles)	11	8	8	8	8
Playgrounds	15	17	15	15	15
Baseball Fields	12	8	8	8	8
Basketball Courts	12	13	13	13	13
Library	1	1	1	1	1
Water					
Miles of Water Mains	320	320	320	320	320
Hydrants	1417	1413	1413	1413	1413
Wastewater					
Miles of Sanitary Sewers	13	13	13	13	13
Transit					
Buses	7	7	7	7	7
Airports	1	1	1	1	1
Health Care					
Hospitals	2	2	2	2	2
Hospital Beds	438	493	493	493	493
Education					
Public Elementary Schools	10	12	12	12	14
Public Elementary School Teachers	313	323	323	323	323
Public Middle Schools	3	3	3	3	3
Public Middle School Teachers	150	209	209	209	209
Public High Schools	2	2	2	2	2
Public High School Teachers	192	172	172	172	172
Colleges & Universities	4	4	4	4	4

SOURCE: City of Anderson, Indiana

B32693

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

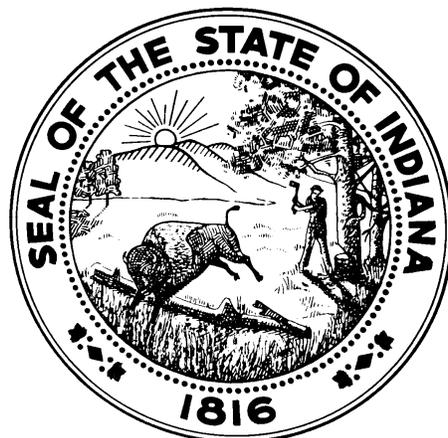
SUPPLEMENTAL AUDIT OF

FEDERAL AWARDS

2007

CITY OF ANDERSON

MADISON COUNTY



FILED
09/18/2008

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
City Officials	2
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	3-4
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance with OMB Circular A-133	5-6
Schedule of Expenditures of Federal Awards	7-8
Notes to Schedule of Expenditures of Federal Awards.....	9
Schedule of Findings and Questioned Costs	10
Auditee Prepared Schedule:	
Summary Schedule of Prior Audit Findings.....	11
Exit Conference.....	12

CITY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk	Sheila D. Ashley	01-01-04 to 12-31-11
Controller	Morris D. Long Morris D. Long (Contractual) C. Karen Carpenter	01-01-06 to 09-12-07 09-13-07 to 12-31-07 01-01-08 to 12-31-08
Mayor	Honorable Kevin S. Smith Honorable M. Kris Ockomon	01-01-04 to 12-31-07 01-01-08 to 12-31-11
President of the Board of Public Works	Robert Sparks Greg Graham	01-01-07 to 12-31-07 01-01-08 to 12-31-08
President of the Common Council	Donna Davis Joseph Newman	01-01-07 to 12-31-07 01-01-08 to 12-31-08



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

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, each major fund, and the aggregate remaining fund information of the City of Anderson (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 June 2, 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.

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)

Schedule of Expenditures of Federal Awards

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 Anderson, as of and for the year ended December 31, 2007, and have issued our report thereon dated June 2, 2008. 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.

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, 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 2, 2008



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 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, 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.

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

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)

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 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 2, 2008

CITY OF ANDERSON
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 COMMERCE</u>			
Direct Grant			
Automated Flood Warning Systems (AFWS)	11.450	NA07NWS4500007	\$ 15,940
<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-06-MC-180000 M-07-MC-180000	340,378 <u>690,915</u>
Total for cluster			<u>1,031,293</u>
Supportive Housing	14.235	IN36B502007	<u>59,845</u>
Shelter Plus Care	14.238	IN36C103004 IN36C402003	35,497 <u>63,221</u>
Total for program			<u>98,718</u>
HOME Investment Partnerships Program	14.239	M-94-MC-180209 M-04-MC-180209 M-05-MC-180209 M-06-MC-180209 M-07-MC-180209	11,037 7,555 47,148 165,489 <u>11,111</u>
Total for program			<u>242,340</u>
Community Development Block Grants - Section 108 Loan Guarantees	14.248	B-97-MC-18-001	<u>120,000</u>
Total for federal grantor agency			<u>1,552,196</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute			
Crime Victim Assistance	16.575	06VA079 07VA067	15,458 <u>15,458</u>
Total for program			<u>30,916</u>
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	05-DJ-076 06-DJ-026 2006-DJ-BX-0326 2007-DJ-BX-0339	11,975 32,368 1,183 <u>2,995</u>
Total for program			<u>48,521</u>
Total for federal grantor agency			<u>79,437</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, 2007
(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 TRANSPORTATION</u>			
Direct Grant			
Airport Improvement Program	20.106		
		AIP3-18-0001-18	636,875
		AIP3-18-0001-019	<u>74,872</u>
Total for program			<u>711,747</u>
Direct Grant			
Federal Transit Cluster			
Federal Transit - Formula Grants	20.507		
		IN-90-X522	208,542
		IN-95-X007	689,095
		IN-90-X544	<u>924,885</u>
Total for program			<u>1,822,522</u>
Total for federal grantor agency			<u>2,534,269</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Direct Grant			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		
		BF-00E05001-0	41,532
Pass-Through Indiana Department of Environment Management			
Air Pollution Control Program Support	66.001		
		A305-6-167	<u>9,243</u>
Total for federal grantor agency			<u>50,775</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security			
Disaster Grants - Public Assistance	97.036		
		3274 - Emergency Snow	<u>97,446</u>
Emergency Management Performance Grants	97.042		
		2006	10,855
		2007	<u>9,894</u>
Total for program			<u>20,749</u>
Total for federal grantor agency			<u>118,195</u>
Total federal awards expended			<u>\$ 4,350,812</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, 2007.

Program Title	Federal CFDA Number	2007
Community Development Block Grants/Entitlement Grants	14.218	\$ 30,726
Supportive Housing	14.235	57,409
Shelter Plus Care	14.238	98,718
Crime Victim Assistance	16.575	98,718

III. Loans Outstanding

The City had the following loan balances, with continuing federal compliance requirements, outstanding at December 31, 2007. These loan balances outstanding are also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2007
Community Development Block Grants – Section 108 Loan Guarantees	14.248	<u>\$ 120,000</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
20.507	Federal Transit Cluster

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 July 21, 2008, with Morris D. Long, former Controller; and Honorable Kevin S. Smith, former Mayor; and on July 28, 2008, with C. Karen Carpenter, Controller; and Joseph Newman, President of the Common Council. Our audit disclosed no material items that warrant comment at this time.