

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

ANNUAL FINANCIAL REPORT

2010

CITY OF WASHINGTON

DAVISS COUNTY, INDIANA



**FILED**  
07/06/2011



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## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Elaine Wellman	01-01-08 to 12-31-11
Mayor	Lawrence Haag	01-01-08 to 12-31-11
President of the Board of Public Works	Lawrence Haag	01-01-08 to 12-31-11
President of the Common Council	L. Joe Fleck	01-01-10 to 12-31-11
Superintendent of Water Utility	Larry Walls Charles Kane	01-01-10 to 12-05-10 12-06-10 to 12-31-11
Superintendent of Wastewater Utility	Scott Rainey	01-01-10 to 12-31-11
Superintendent of Electric Utility	Randy Emmons	01-01-10 to 12-31-11
Superintendent of Storm Water Utility	Scott Rainey	01-01-10 to 12-31-11
Utility Office Manager	Anita Ash	01-01-10 to 12-31-11



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

We have audited the accompanying financial statement of the City of Washington (City), for the year ended December 31, 2010. The financial statement is the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 20, 2011, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statements. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.

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

STATE BOARD OF ACCOUNTS

June 20, 2011



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

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

We have audited the financial statement of the City of Washington (City), for the year ended December 31, 2010, and have issued our report thereon dated June 20, 2011. 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 statement, 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is 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, Common Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 20, 2011

FINANCIAL STATEMENT(S)

WASHINGTON CIVIL CITY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 1,282,928	\$ 4,485,201	\$ 4,254,980	\$ 1,513,149
Motor Vehicle Highway	560,400	758,793	740,612	578,581
Lcoal Road And Street	15,508	41,855	48,173	9,190
Park Nonreverting Park Fund	1,313	3,192	2,516	1,989
Washington Transit	52,054	117,174	87,936	81,292
Fema Grant--Fire Dept	-	89,462	89,462	-
Local Law Enforcement Continue	14,618	5,481	3,303	16,796
Deferral Program	12,390	1,760	7,619	6,531
Unsafe Building	41,478	1,000	11,400	31,078
Drug Enforcement/Education	36	5,894	125	5,805
Park & Recreation	122,261	275,086	268,094	129,253
Fire Dept Donation	6,260	897	2,645	4,512
Donations-Eastside Park Impr	1,633	231	-	1,864
Swimming Pool Donation	154,930	96,138	19,717	231,351
Parks Donation Fund-Lighting	50	-	-	50
Animal Control-Donations	51,249	1,036	2,071	50,214
Spay & Neuter Program	162	-	-	162
Downtown Revitalization	-	418,422	474,802	(56,380)
Nsp1 Tokheim Grant	-	810,986	810,986	-
Indot Srts Lena Dunn Grant	-	35,133	35,133	-
Srts Master Plan Grant	-	29,846	29,846	-
Iedc Gnt Bw Svcs Idgf-05-765	-	-	-	-
Rainy Day	581,471	75,636	-	657,107
Police Canine Fund	895	300	919	276
Community Foundation Grants	1	-	-	1
Wcs Energy Grant	-	92,534	92,534	-
Hazardous Materials	1,791	-	-	1,791
Mcgruff Crime Dog Fund	111	-	-	111
Operation Pullover	20	1,300	1,300	20
Tiff Southeast	-	2,696	875	1,821
Tiff Southwest	-	8,623	875	7,748
Wash/Dav Co Mobile Emergency	47	-	-	47
Park - Train Fund	872	-	-	872
Police Dept Donations	695	897	-	1,592
Drug Buy Money	4,830	-	-	4,830
Wash Housing Revolving Loan Fd	64,686	130	-	64,816
Washington Dav Industrial Revolving	395,868	282,632	589,815	88,685
Park Pavilion Fund	1,147	40	-	1,187
Dare Contributions	94	-	-	94
Entry Team Equipment	1,376	249	130	1,495
Police Lcc Grant	166	-	-	166
Brownfield Grant	2,916	-	-	2,916
G & T Equipment Replacement Fd	25,650	21,824	9,783	37,691
City Hall Go Bond	30	72,552	63,922	8,660
Cumulative Capital Improvement	1,138	33,320	34,000	458
Cumulative Capital Development	59,282	62,049	-	121,331
Transit Arra Stimul Grant	-	51,963	51,963	-
Park Cumulative Building Fund	8,907	4,084	2,000	10,991
City Hall Construction Fund	-	-	-	-
Edit Fund	225,513	288,798	157,466	356,845
Police Pension	236,415	45,940	176,902	105,453
Fire Pension	154,296	90,331	196,409	48,218
Boyd & Sons Excavating Retainage	107,307	-	107,307	-

The notes to the financial statement(s) is an integral part of this statement.

WASHINGTON CIVIL CITY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2010  
(Continued)

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Renosys Pool Retainage	-	-	-	-
Payroll	-	5,587,188	5,587,188	-
Perf	37,513	136,986	136,332	38,167
Federal Withholding Tax	-	466,991	466,991	-
State Withholding Tax	21,938	179,265	179,393	21,810
Fica Withholding Tax	(12,977)	624,812	624,107	(12,272)
County Withholding Tax	10,831	89,182	89,122	10,891
Crane Federal Credit Union	-	-	-	-
Life Insurance	28	617	617	28
Health Fund Trust-City Of Wash	356,324	1,912,295	1,929,039	339,580
Garnishment Deductions	-	25,288	25,288	-
Cancer Insurance	80	74,302	74,344	38
Vision Insurance--Vsp	37	10,813	10,753	97
City Health Insurance Fund	467,859	1,791	5,000	464,650
U.S.Savings Bonds - Emp W/H	75	675	750	-
Local 495 Union Dues	-	3,840	3,840	-
United Way Deduction	-	1,983	1,983	-
Dental Ins Hri--Dho	72	29,357	29,215	214
Utility Sales Tax	-	1,109,804	1,109,804	-
Christmas Club Deduction	-	14,420	14,420	-
Indiana Police Pension W/H	8,016	32,761	32,535	8,242
Indiana Fire Pension W/H	9,214	33,484	34,331	8,367
Child Support Deduction	-	71,418	71,418	-
Flex Spending Acct Cow	-	5,000	1	4,999
Air Evac Deduction	-	-	-	-
Voluntary Life (Lincoln) Deduct	219	13,966	14,184	1
Aul 457 Plan Deferred Comp	-	45,203	45,203	-
Municipal Electric Department	1,822,295	14,627,850	14,437,026	2,013,119
Light Meter Deposit Fund	313,201	142,625	95,865	359,961
Elect Dept Improvement Fund	92,911	46,125	-	139,036
Impa Grant	-	12,900	-	12,900
Petty Cash Electric	2,000	-	-	2,000
Customer Deposit Cash	20,000	-	16,000	4,000
Storm Water	134,931	159,192	145,992	148,131
Municipal Wastewater Depart	1,022,916	3,648,094	3,752,012	918,998
Wastewater Bond & Interest Fd	21,618	813,855	813,854	21,619
Sewage Construction Fund	1,378,281	115,265	736,697	756,849
2009 Sewer Construction	1,597,990	11,656	815,749	793,897
Wastewater Improvement Fund	26,533	-	-	26,533
Sewer Debt Reserve Account	89,831	299,442	-	389,273
Cso Const Grant Cdbg	-	1,164,177	1,164,177	-
Srf 2010 Wastewater Construction	-	10,238,205	10,238,205	-
Sewer Srf 2010	-	270,153	33,018	237,135
Petty Cash - Wastewater	500	-	-	500
Municipal Water Department	1,429,677	3,574,435	3,930,768	1,073,344
Waterworks Bond Fund	565,840	1,577,084	1,573,083	569,841
Water Meter Deposit Fund	155,226	83,998	53,818	185,406
Water Improvement Fund	171,596	4,000	-	175,596
Water Debt Reserve Account	1,653,482	-	-	1,653,482
Petty Cash Water	500	-	-	500
	<u>\$ 15,591,351</u>	<u>\$ 55,573,982</u>	<u>\$ 56,667,742</u>	<u>\$ 14,497,591</u>

The notes to the financial statement(s) is an integral part of this statement.

CITY OF WASHINGTON  
NOTES TO FINANCIAL STATEMENT(S)

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

The accompanying financial statement(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

*B. Basis of Accounting*

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

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

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF WASHINGTON  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

CITY OF WASHINGTON  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

CITY OF WASHINGTON  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The City may be 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; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement and replacement items purchased.

**Note 6. Pension Plan(s)**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is 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 this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 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. That report may be obtained by contacting:

CITY OF WASHINGTON  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

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

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

The 1925 Police Officers' Pension Plan 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*

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

*On Behalf Payments*

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

*C. 1937 Firefighters' Pension Plan*

*Plan Description*

The 1937 Firefighters' Pension Plan 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*

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

CITY OF WASHINGTON  
NOTES TO FINANCIAL STATEMENT(S)  
(Continued)

*On Behalf Payments*

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under Indiana Code 5-10.3-11.

*D. 1977 Police Officers' and Firefighters' Pension and Disability Fund*

*Plan Description*

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is 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 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. 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*

The contribution requirements of plan members and the City are established by the Board of Trustees of PERF.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Washington's Annual Report(s) can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

WASHINGTON CIVIL CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General	Motor Vehicle Highway	Local Road And Street	Park Nonreverting Park Fund	Washington Transit	Fema Grant--Fire Dept	Local Law Enforcement Continue
Cash and investments - beginning	\$ 1,282,928	\$ 560,400	\$ 15,508	\$ 1,313	\$ 52,054	\$ -	\$ 14,618
Receipts:							
Taxes	2,022,012	318,533	-	-	38,388	-	-
Licenses and permits	15,123	-	-	-	-	-	-
Intergovernmental	1,373,485	420,929	41,855	-	68,763	89,462	-
Charges for services	970,386	15,093	-	-	5,687	-	4,056
Fines and forfeits	12,340	-	-	-	-	-	1,425
Utility fees	-	-	-	-	-	-	-
Other receipts	91,855	4,238	-	3,192	4,336	-	-
<b>Total receipts</b>	<b>4,485,201</b>	<b>758,793</b>	<b>41,855</b>	<b>3,192</b>	<b>117,174</b>	<b>89,462</b>	<b>5,481</b>
Disbursements:							
Personal services	3,079,376	455,911	-	-	48,148	-	3,303
Supplies	158,775	125,529	-	-	13,908	-	-
Other services and charges	890,207	147,984	48,173	-	24,868	-	-
Debt service - principal and interest	44,096	-	-	-	-	-	-
Capital outlay	81,156	11,188	-	-	1,012	89,462	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,370	-	-	2,516	-	-	-
<b>Total disbursements</b>	<b>4,254,980</b>	<b>740,612</b>	<b>48,173</b>	<b>2,516</b>	<b>87,936</b>	<b>89,462</b>	<b>3,303</b>
Excess (deficiency) of receipts over disbursements	230,221	18,181	(6,318)	676	29,238	-	2,178
Cash and investments - ending	<u>\$ 1,513,149</u>	<u>\$ 578,581</u>	<u>\$ 9,190</u>	<u>\$ 1,989</u>	<u>\$ 81,292</u>	<u>\$ -</u>	<u>\$ 16,796</u>

WASHINGTON CIVIL CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Deferral Program	Unsafe Building	Drug Enforcement/Education	Park & Recreation	Fire Dept Donation	Donations-Eastside Park Impr	Swimming Pool Donation
Cash and investments - beginning	\$ 12,390	\$ 41,478	\$ 36	\$ 122,261	\$ 6,260	\$ 1,633	\$ 154,930
Receipts:							
Taxes	-	-	-	225,024	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	31,423	-	-	-
Charges for services	-	-	-	69	-	-	-
Fines and forfeits	1,760	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	1,000	5,894	18,570	897	231	96,138
Total receipts	<u>1,760</u>	<u>1,000</u>	<u>5,894</u>	<u>275,086</u>	<u>897</u>	<u>231</u>	<u>96,138</u>
Disbursements:							
Personal services	-	-	-	171,535	-	-	-
Supplies	-	-	-	28,263	-	-	-
Other services and charges	-	-	-	63,480	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	4,291	-	-	19,717
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	7,619	11,400	125	525	2,645	-	-
Total disbursements	<u>7,619</u>	<u>11,400</u>	<u>125</u>	<u>268,094</u>	<u>2,645</u>	<u>-</u>	<u>19,717</u>
Excess (deficiency) of receipts over disbursements	<u>(5,859)</u>	<u>(10,400)</u>	<u>5,769</u>	<u>6,992</u>	<u>(1,748)</u>	<u>231</u>	<u>76,421</u>
Cash and investments - ending	<u>\$ 6,531</u>	<u>\$ 31,078</u>	<u>\$ 5,805</u>	<u>\$ 129,253</u>	<u>\$ 4,512</u>	<u>\$ 1,864</u>	<u>\$ 231,351</u>

WASHINGTON CIVIL CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Parks Donation Fund-Lighting	Animal Control-Donations	Spay & Neuter Program	Downtown Revitalization	Nsp1 Tokheim Grant	Indot Srts Lena Dunn Grant
Cash and investments - beginning	\$ 50	\$ 51,249	\$ 162	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	418,422	810,986	35,133
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	1,036	-	-	-	-
Total receipts	-	1,036	-	418,422	810,986	35,133
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	980	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	1,091	-	474,802	810,986	35,133
Total disbursements	-	2,071	-	474,802	810,986	35,133
Excess (deficiency) of receipts over disbursements	-	(1,035)	-	(56,380)	-	-
Cash and investments - ending	\$ 50	\$ 50,214	\$ 162	\$ (56,380)	\$ -	\$ -

WASHINGTON CIVIL CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Srts Master Plan Grant	Iedc Gnt Bw Svcs ldgf-05-765	Rainy Day	Police Canine Fund	Community Foundation Grants	Wcs Energy Grant
Cash and investments - beginning	\$ -	\$ -	\$ 581,471	\$ 895	\$ 1	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	29,846	-	75,636	-	-	92,534
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	300	-	-
Total receipts	<u>29,846</u>	<u>-</u>	<u>75,636</u>	<u>300</u>	<u>-</u>	<u>92,534</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	29,846	-	-	919	-	92,534
Total disbursements	<u>29,846</u>	<u>-</u>	<u>-</u>	<u>919</u>	<u>-</u>	<u>92,534</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>75,636</u>	<u>(619)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 657,107</u>	<u>\$ 276</u>	<u>\$ 1</u>	<u>\$ -</u>

WASHINGTON CIVIL CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Hazardous Materials	Mcgruff Crime Dog Fund	Operation Pullover	Tiff Southeast	Tiff Southwest	Wash/Dav Co Mobile Emergency
Cash and investments - beginning	\$ 1,791	\$ 111	\$ 20	\$ -	\$ -	\$ 47
Receipts:						
Taxes	-	-	-	2,696	8,623	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	1,300	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	-	1,300	2,696	8,623	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	875	875	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	1,300	-	-	-
Total disbursements	-	-	1,300	875	875	-
Excess (deficiency) of receipts over disbursements	-	-	-	1,821	7,748	-
Cash and investments - ending	<u>\$ 1,791</u>	<u>\$ 111</u>	<u>\$ 20</u>	<u>\$ 1,821</u>	<u>\$ 7,748</u>	<u>\$ 47</u>

WASHINGTON CIVIL CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Park - Train Fund	Police Dept Donations	Drug Buy Money	Wash Housing Revolving Loan Fd	Washington Dav Industrial Revolving	Park Pavilion Fund
Cash and investments - beginning	\$ 872	\$ 695	\$ 4,830	\$ 64,686	\$ 395,868	\$ 1,147
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	897	-	130	282,632	40
Total receipts	-	897	-	130	282,632	40
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	589,815	-
Total disbursements	-	-	-	-	589,815	-
Excess (deficiency) of receipts over disbursements	-	897	-	130	(307,183)	40
Cash and investments - ending	\$ 872	\$ 1,592	\$ 4,830	\$ 64,816	\$ 88,685	\$ 1,187

WASHINGTON CIVIL CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Dare Contributions	Entry Team Equipment	Police Lcc Grant	Brownfield Grant	G & T Equipment Replacement Fd	City Hall Go Bond
Cash and investments - beginning	\$ 94	\$ 1,376	\$ 166	\$ 2,916	\$ 25,650	\$ 30
Receipts:						
Taxes	-	-	-	-	-	63,639
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	8,913
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	249	-	-	21,824	-
Total receipts	-	249	-	-	21,824	72,552
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	1,258	-
Other services and charges	-	-	-	-	1,283	-
Debt service - principal and interest	-	-	-	-	-	63,922
Capital outlay	-	-	-	-	2,845	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	130	-	-	4,397	-
Total disbursements	-	130	-	-	9,783	63,922
Excess (deficiency) of receipts over disbursements	-	119	-	-	12,041	8,630
Cash and investments - ending	\$ 94	\$ 1,495	\$ 166	\$ 2,916	\$ 37,691	\$ 8,660

WASHINGTON CIVIL CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Cumulative Capital Improvement	Cumulative Capital Development	Transit Arra Stimul Grant	Park Cumulative Building Fund	City Hall Construction Fund	Edit Fund
Cash and investments - beginning	\$ 1,138	\$ 59,282	\$ -	\$ 8,907	\$ -	\$ 225,513
Receipts:						
Taxes	-	54,426	-	3,583	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	33,320	7,623	51,963	501	-	288,798
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>33,320</u>	<u>62,049</u>	<u>51,963</u>	<u>4,084</u>	<u>-</u>	<u>288,798</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	17,466
Debt service - principal and interest	-	-	-	-	-	140,000
Capital outlay	-	-	51,963	2,000	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	34,000	-	-	-	-	-
Total disbursements	<u>34,000</u>	<u>-</u>	<u>51,963</u>	<u>2,000</u>	<u>-</u>	<u>157,466</u>
Excess (deficiency) of receipts over disbursements	<u>(680)</u>	<u>62,049</u>	<u>-</u>	<u>2,084</u>	<u>-</u>	<u>131,332</u>
Cash and investments - ending	<u>\$ 458</u>	<u>\$ 121,331</u>	<u>\$ -</u>	<u>\$ 10,991</u>	<u>\$ -</u>	<u>\$ 356,845</u>

WASHINGTON CIVIL CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Police Pension	Fire Pension	Boyd & Sons Excavating Retainage	Renosys Pool Retainage	Payroll	Perf
Cash and investments - beginning	\$ 236,415	\$ 154,296	\$ 107,307	\$ -	\$ -	\$ 37,513
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	45,940	90,331	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	5,587,188	136,986
Total receipts	<u>45,940</u>	<u>90,331</u>	<u>-</u>	<u>-</u>	<u>5,587,188</u>	<u>136,986</u>
Disbursements:						
Personal services	175,407	195,685	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	1,495	724	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	107,307	-	5,587,188	136,332
Total disbursements	<u>176,902</u>	<u>196,409</u>	<u>107,307</u>	<u>-</u>	<u>5,587,188</u>	<u>136,332</u>
Excess (deficiency) of receipts over disbursements	<u>(130,962)</u>	<u>(106,078)</u>	<u>(107,307)</u>	<u>-</u>	<u>-</u>	<u>654</u>
Cash and investments - ending	<u>\$ 105,453</u>	<u>\$ 48,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,167</u>

WASHINGTON CIVIL CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Federal Withholding Tax	State Withholding Tax	Fica Withholding Tax	County Withholding Tax	Crane Federal Credit Union	Life Insurance
Cash and investments - beginning	\$ -	\$ 21,938	\$ (12,977)	\$ 10,831	\$ -	\$ 28
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	466,991	179,265	624,812	89,182	-	617
Total receipts	<u>466,991</u>	<u>179,265</u>	<u>624,812</u>	<u>89,182</u>	<u>-</u>	<u>617</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	466,991	179,393	624,107	89,122	-	617
Total disbursements	<u>466,991</u>	<u>179,393</u>	<u>624,107</u>	<u>89,122</u>	<u>-</u>	<u>617</u>
Excess (deficiency) of receipts over disbursements	-	(128)	705	60	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ 21,810</u>	<u>\$ (12,272)</u>	<u>\$ 10,891</u>	<u>\$ -</u>	<u>\$ 28</u>

WASHINGTON CIVIL CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Health Fund Trust-City Of Wash	Garnishment Deductions	Cancer Insurance	Vision Insurance--Vsp	City Health Insurance Fund	U.S.Savings Bonds - Emp W/H
Cash and investments - beginning	\$ 356,324	\$ -	\$ 80	\$ 37	\$ 467,859	\$ 75
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,912,295	25,288	74,302	10,813	1,791	675
Total receipts	1,912,295	25,288	74,302	10,813	1,791	675
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	1,929,039	25,288	74,344	10,753	5,000	750
Total disbursements	1,929,039	25,288	74,344	10,753	5,000	750
Excess (deficiency) of receipts over disbursements	(16,744)	-	(42)	60	(3,209)	(75)
Cash and investments - ending	\$ 339,580	\$ -	\$ 38	\$ 97	\$ 464,650	\$ -

WASHINGTON CIVIL CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Local 495 Union Dues	United Way Deduction	Dental Ins Hri--Dho	Utility Sales Tax	Christmas Club Deduction	Indiana Police Pension W/H
Cash and investments - beginning	\$ -	\$ -	\$ 72	\$ -	\$ -	\$ 8,016
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	3,840	1,983	29,357	1,109,804	14,420	32,761
Total receipts	<u>3,840</u>	<u>1,983</u>	<u>29,357</u>	<u>1,109,804</u>	<u>14,420</u>	<u>32,761</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	3,840	1,983	29,215	1,109,804	14,420	32,535
Total disbursements	<u>3,840</u>	<u>1,983</u>	<u>29,215</u>	<u>1,109,804</u>	<u>14,420</u>	<u>32,535</u>
Excess (deficiency) of receipts over disbursements	-	-	142	-	-	226
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,242</u>

WASHINGTON CIVIL CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Indiana Fire Pension W/H	Child Support Deduction	Flex Spending Acct Cow	Air Evac Deduction	Voluntary Life (Lincoln) Deduct	Aul 457 Plan Deferred Comp
Cash and investments - beginning	\$ 9,214	\$ -	\$ -	\$ -	\$ 219	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	33,484	71,418	5,000	-	13,966	45,203
Total receipts	33,484	71,418	5,000	-	13,966	45,203
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	34,331	71,418	1	-	14,184	45,203
Total disbursements	34,331	71,418	1	-	14,184	45,203
Excess (deficiency) of receipts over disbursements	(847)	-	4,999	-	(218)	-
Cash and investments - ending	\$ 8,367	\$ -	\$ 4,999	\$ -	\$ 1	\$ -

WASHINGTON CIVIL CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Municipal Electric Department	Light Meter Deposit Fund	Elect Dept Improvement Fund	Impa Grant	Petty Cash Electric	Customer Deposit Cash
Cash and investments - beginning	\$ 1,822,295	\$ 313,201	\$ 92,911	\$ -	\$ 2,000	\$ 20,000
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	14,611,615	-	-	-	-	-
Other receipts	16,235	142,625	46,125	12,900	-	-
Total receipts	<u>14,627,850</u>	<u>142,625</u>	<u>46,125</u>	<u>12,900</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	1,028,056	-	-	-	-	16,000
Other disbursements	13,408,970	95,865	-	-	-	-
Total disbursements	<u>14,437,026</u>	<u>95,865</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,000</u>
Excess (deficiency) of receipts over disbursements	<u>190,824</u>	<u>46,760</u>	<u>46,125</u>	<u>12,900</u>	<u>-</u>	<u>(16,000)</u>
Cash and investments - ending	<u>\$ 2,013,119</u>	<u>\$ 359,961</u>	<u>\$ 139,036</u>	<u>\$ 12,900</u>	<u>\$ 2,000</u>	<u>\$ 4,000</u>

WASHINGTON CIVIL CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Storm Water	Municipal Wastewater Depart	Wastewater Bond & Interest Fd	Sewage Construction Fund	2009 Sewer Construction	Wastewater Improvement Fund
Cash and investments - beginning	\$ 134,931	\$ 1,022,916	\$ 21,618	\$ 1,378,281	\$ 1,597,990	\$ 26,533
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	154,019	3,573,814	-	-	-	-
Other receipts	5,173	74,280	813,855	115,265	11,656	-
Total receipts	<u>159,192</u>	<u>3,648,094</u>	<u>813,855</u>	<u>115,265</u>	<u>11,656</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	813,854	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	47,085	2,368,563	-	-	815,749	-
Other disbursements	98,907	1,383,449	-	736,697	-	-
Total disbursements	<u>145,992</u>	<u>3,752,012</u>	<u>813,854</u>	<u>736,697</u>	<u>815,749</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>13,200</u>	<u>(103,918)</u>	<u>1</u>	<u>(621,432)</u>	<u>(804,093)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 148,131</u>	<u>\$ 918,998</u>	<u>\$ 21,619</u>	<u>\$ 756,849</u>	<u>\$ 793,897</u>	<u>\$ 26,533</u>

WASHINGTON CIVIL CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Sewer Debt Reserve Account	Cso Const Grant Cdbg	Srf 2010 Wastewater Construction	Sewer Srf 2010	Petty Cash - Wastewater	Municipal Water Department
Cash and investments - beginning	\$ 89,831	\$ -	\$ -	\$ -	\$ 500	\$ 1,429,677
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	3,487,439
Other receipts	299,442	1,164,177	10,238,205	270,153	-	86,996
Total receipts	<u>299,442</u>	<u>1,164,177</u>	<u>10,238,205</u>	<u>270,153</u>	<u>-</u>	<u>3,574,435</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	33,018	-	-
Capital outlay	-	1,164,177	-	-	-	-
Utility operating expenses	-	-	-	-	-	752,007
Other disbursements	-	-	10,238,205	-	-	3,178,761
Total disbursements	<u>-</u>	<u>1,164,177</u>	<u>10,238,205</u>	<u>33,018</u>	<u>-</u>	<u>3,930,768</u>
Excess (deficiency) of receipts over disbursements	<u>299,442</u>	<u>-</u>	<u>-</u>	<u>237,135</u>	<u>-</u>	<u>(356,333)</u>
Cash and investments - ending	<u>\$ 389,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 237,135</u>	<u>\$ 500</u>	<u>\$ 1,073,344</u>

WASHINGTON CIVIL CITY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Waterworks Bond Fund	Water Meter Deposit Fund	Water Improvement Fund	Water Debt Reserve Account	Petty Cash Water	Totals
Cash and investments - beginning	\$ 565,840	\$ 155,226	\$ 171,596	\$ 1,653,482	\$ 500	\$ 15,591,351
Receipts:						
Taxes	-	-	-	-	-	2,736,924
Licenses and permits	-	-	-	-	-	15,123
Intergovernmental	-	-	-	-	-	4,017,163
Charges for services	-	-	-	-	-	995,291
Fines and forfeits	-	-	-	-	-	15,525
Utility fees	-	-	-	-	-	21,826,887
Other receipts	1,577,084	83,998	4,000	-	-	25,967,069
Total receipts	<u>1,577,084</u>	<u>83,998</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>55,573,982</u>
Disbursements:						
Personal services	-	-	-	-	-	4,129,365
Supplies	-	-	-	-	-	327,733
Other services and charges	-	-	-	-	-	1,197,430
Debt service - principal and interest	1,573,083	-	-	-	-	2,667,973
Capital outlay	-	-	-	-	-	1,428,791
Utility operating expenses	-	53,818	-	-	-	5,081,278
Other disbursements	-	-	-	-	-	41,835,172
Total disbursements	<u>1,573,083</u>	<u>53,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,667,742</u>
Excess (deficiency) of receipts over disbursements	<u>4,001</u>	<u>30,180</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>(1,093,760)</u>
Cash and investments - ending	<u>\$ 569,841</u>	<u>\$ 185,406</u>	<u>\$ 175,596</u>	<u>\$ 1,653,482</u>	<u>\$ 500</u>	<u>\$ 14,497,591</u>

CITY OF WASHINGTON  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2010

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

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 357,580
Infrastructure	2,416,838
Buildings	3,680,228
Improvements other than buildings	2,028,909
Machinery and equipment	<u>4,036,781</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 12,520,336</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 166,402
Construction in progress	62,379
Buildings	15,595,697
Improvements other than buildings	12,189,890
Machinery and equipment	<u>4,158,283</u>
 Total Water Utility capital assets	 <u>32,172,651</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	355,177
Construction in progress	14,191,326
Buildings	2,849,992
Improvements other than buildings	6,483,203
Machinery and equipment	<u>5,335,355</u>
 Total Wastewater Utility capital assets	 <u>29,215,053</u>
Stormwater Utility:	
Capital assets, not being depreciated:	
Construction in progress	29,463
Buildings	28,006
Improvements other than buildings	62,358
Machinery and equipment	<u>146,060</u>
 Total Stormwater Utility capital assets	 <u>265,887</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	56,700
Construction in progress	193,952
Buildings	828,860
Improvements other than buildings	10,717,133
Machinery and equipment	<u>3,371,769</u>
 Total Electric Utility capital assets	 <u>15,168,414</u>
 Total business-type activities capital assets	 <u>\$ 76,822,005</u>

CITY OF WASHINGTON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2010

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
6 Police Cars	\$ 38,266	\$ 38,905
Bonds payable:		
General obligation bonds:		
2004 City Hall Renovation	205,000	72,080
Revenue bonds:		
2006 EDIT bonds	<u>1,470,000</u>	<u>140,000</u>
Total governmental activities debt	<u>\$ 1,713,266</u>	<u>\$ 250,985</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
1998 Water Bonds	\$ 220,000	\$ 225,500
2005 Water Refunding Bonds	7,660,000	1,020,972
2006 Water Refunding Bonds	<u>5,460,000</u>	<u>326,769</u>
Total Water Utility	<u>13,340,000</u>	<u>1,573,241</u>
Wastewater Utility:		
Revenue bonds:		
2007 Wastewater Bonds	7,835,000	618,589
2009 Wastewater Revenue Bonds	2,645,000	197,115
SRF Loan	<u>10,238,205</u>	<u>-</u>
Total Wastewater Utility	<u>20,718,205</u>	<u>815,704</u>
Stormwater Utility:		
Capital leases:		
Street Sweeper	<u>75,104</u>	<u>22,942</u>
Total Stormwater Utility	<u>75,104</u>	<u>22,942</u>
Total business-type activities debt	<u>\$ 34,133,309</u>	<u>\$ 2,411,887</u>

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

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

Compliance

We have audited the compliance of the City of Washington (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2010. 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, 2010.

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the City's management, Common Council, others within the entity, 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 20, 2011

CITY OF WASHINGTON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2010

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
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Pass-Through Indiana Office of Community and Rural Affairs CDBG - State Administered Small Cities Program Cluster Community Development Block Grant - State's Program and Non-Entitlement Grants in Hawaii	14.228		
Disaster Recovery Grant - Downtown Revitalization		DR2-09-054	\$ 474,802
Disaster Recovery Grant - Wastewater CSO Project		DR2-09-085	1,164,177
Pass-Through Indiana Housing and Community Development Authority CDBG - State Administered Small Cities Program Cluster Community Development Block Grant - State's Program and Non-Entitlement Grants in Hawaii	14.228	NSP1-009-0028	<u>810,986</u>
Total for clusters			<u>2,449,965</u>
Total for federal grantor agency			<u>2,449,965</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction Safe Routes to Schools Master Plan	20.205		
		DES #0810442	35,133
		DES #0901259	<u>29,846</u>
Total for cluster			<u>64,979</u>
Formula Grants for Other Than Urbanized Areas	20.509	EDS# A249-10-320383	40,307
ARRA - Formula Grants for Other Than Urbanized Areas	20.509	EDS# A249-10-321141	<u>51,963</u>
Total for program			<u>92,270</u>
Highway Safety Cluster State and Community Highway Safety	20.600		<u>1,300</u>
Total for cluster			<u>1,300</u>
Total for federal grantor agency			<u>158,549</u>
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u></b>			
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458	WW09428801	<u>3,801,446</u>
Total for program			<u>3,801,446</u>
Total for federal grantor agency			<u>3,801,446</u>
<b><u>U.S. DEPARTMENT OF ENERGY</u></b>			
Pass-Through Indiana Office of the Lieutenant Governor ARRA - State Energy Program	81.041	DE-EE-000725	<u>92,534</u>
Total for federal grantor agency			<u>92,534</u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
Direct Grant Assistance to Firefighters Grant	97.044	EMW-2009-FO-00094	<u>89,462</u>
Total for federal grantor agency			<u>89,462</u>
Total federal awards expended			<u>\$ 6,591,956</u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF WASHINGTON  
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Washington (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

**Note 2. Loan Outstanding**

The City had the following loan balance, with continuing federal compliance requirements, outstanding at December 31, 2010. The loan balance outstanding is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$ 10,238,205

CITY OF WASHINGTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement(s):

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.458	CDBG-State Administered Small Cities Program Cluster Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee?	no
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**Section II – Financial Statement Findings**

No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

No matters are reportable.

CITY OF WASHINGTON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF WASHINGTON  
EXIT CONFERENCE

The contents of this report were discussed on June 20, 2011, with Lawrence Haag, Mayor; Elaine Wellman, Clerk-Treasurer; and L. Joe Fleck, President of the Common Council. Our audit disclosed no material items that warrant comment at this time.