

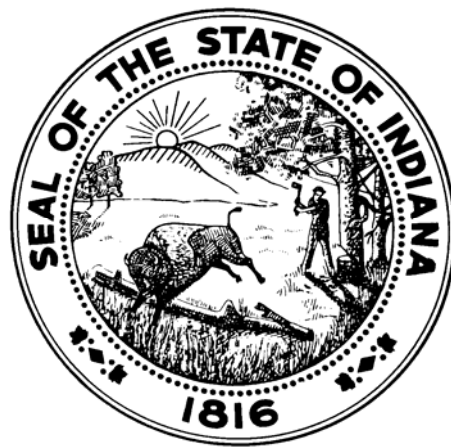
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2006

CITY OF WASHINGTON

DAVISS COUNTY, INDIANA



FILED
09/27/2007

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Elaine Wellman	01-01-04 to 12-31-07
Mayor	David W. Abel	01-01-04 to 12-31-07
President of the Board of Public Works and Safety	David W. Abel	01-01-04 to 12-31-07
President of the Common Council	James A. Jones Gordon L. Wade	01-01-06 to 12-31-06 01-01-07 to 12-31-07
Superintendent of Water Utility	Jerry Rider	01-01-06 to 12-31-07
Superintendent of Wastewater Utility	Scott Rainey	01-01-06 to 12-31-07
Superintendent of Electric Utility	Jerry Boger	01-01-06 to 12-31-07
Superintendent of Storm Water Utility	Louis Dant	01-01-06 to 12-31-07
Utility Office Manager	Sharon A. Healy Lorraine Williams	01-01-06 to 04-01-07 04-02-07 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Washington (City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express 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. 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.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2006, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

STATE BOARD OF ACCOUNTS

July 17, 2007

CITY OF WASHINGTON
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2006

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,727,361	\$ 794,480	\$ 1,053,164	\$ 15,999	\$ (863,718)	\$ -	\$ (863,718)
Public safety	1,834,054	12,015	13,570	-	(1,808,469)	-	(1,808,469)
Highways and streets	769,535	5,773	566,862	-	(196,900)	-	(196,900)
Health and welfare	306,511	-	-	145,963	(160,548)	-	(160,548)
Sanitation	477,248	91,060	-	-	(386,188)	-	(386,188)
Economic development	504,188	-	278,371	43,500	(182,317)	-	(182,317)
Culture and recreation	396,550	50,460	47,487	707	(297,896)	-	(297,896)
Interest on long-term debt	19,630	-	-	-	(19,630)	-	(19,630)
Total governmental activities	7,035,077	953,788	1,959,454	206,169	(3,915,666)	-	(3,915,666)
Business-type activities:							
Water	3,302,481	3,477,915	-	-	-	175,434	175,434
Wastewater	1,907,166	1,686,029	-	-	-	(221,137)	(221,137)
Electric	11,288,538	10,996,808	-	21,595	-	(270,135)	(270,135)
Storm water	142,950	156,235	-	20,062	-	33,347	33,347
Total business-type activities	16,641,135	16,316,987	-	41,657	-	(282,491)	(282,491)
Total primary government	\$ 23,676,212	\$ 17,270,775	\$ 1,959,454	\$ 247,826	(3,915,666)	(282,491)	(4,198,157)
General receipts:							
Property taxes					3,065,372	-	3,065,372
Other local sources					756,482	319,459	1,075,941
Bonds and loans					-	2,050,000	2,050,000
Unrestricted investment earnings					150,206	244,282	394,488
Transfers					381,592	(381,592)	-
Total general receipts and transfers					4,353,652	2,232,149	6,585,801
Change in net assets					437,986	1,949,658	2,387,644
Net assets - beginning					3,249,313	6,547,668	9,796,981
Net assets - ending					\$ 3,687,299	\$ 8,497,326	\$ 12,184,625
Assets							
Cash and investments					\$ 620,720	\$ 3,951,370	\$ 4,572,090
Cash with fiscal agent					371,599	-	371,599
Restricted assets:							
Cash and investments					2,694,980	4,545,956	7,240,936
Total assets					\$ 3,687,299	\$ 8,497,326	\$ 12,184,625
Net Assets							
Restricted for:							
General government					\$ 1,232,001	\$ -	\$ 1,232,001
Public safety					508,717	-	508,717
Highways and streets					31,180	-	31,180
Health and welfare					181,939	-	181,939
Sanitation					11,575	-	11,575
Economic development					923,527	-	923,527
Culture and recreation					177,640	-	177,640
Debt service					-	2,152,633	2,152,633
Other purposes					-	2,393,323	2,393,323
Unrestricted					620,720	3,951,370	4,572,090
Total net assets					\$ 3,687,299	\$ 8,497,326	\$ 12,184,625

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

CITY OF WASHINGTON
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

	General	Motor Vehicle Highway	Cumulative Capital Development	Washington/Daviess Industrial Revolving Trust	County Economic Development Income Tax	Other Governmental Funds	Totals
Receipts:							
Taxes	\$ 2,043,672	\$ 502,465	\$ 87,390	\$ -	\$ -	\$ 431,843	\$ 3,065,370
Licenses and permits	49,144	-	-	-	-	2,720	51,864
Intergovernmental	1,267,603	522,554	10,600	-	278,371	243,131	2,322,259
Charges for services	252,038	5,773	-	-	-	18,441	276,252
Fines and forfeits	16,457	-	-	-	-	8,108	24,565
Other	111,800	6,270	370	355,869	-	203,943	678,252
Total receipts	3,740,714	1,037,062	98,360	355,869	278,371	908,186	6,418,562
Disbursements:							
General government	1,564,271	-	91,013	-	-	116,539	1,771,823
Public safety	1,798,170	-	-	-	-	35,884	1,834,054
Highways and streets	-	784,420	-	-	-	53,178	837,598
Sanitation	477,248	-	-	-	-	-	477,248
Health and welfare	172,952	-	-	-	-	133,559	306,511
Culture and recreation	75,394	-	-	-	-	344,363	419,757
Economic development	-	-	-	488,738	15,450	-	504,188
Debt service:							
Principal	43,583	-	-	-	-	55,000	98,583
Interest	4,695	-	-	-	-	14,935	19,630
Total disbursements	4,136,313	784,420	91,013	488,738	15,450	753,458	6,269,392
Excess (deficiency) of receipts over disbursements	(395,599)	252,642	7,347	(132,869)	262,921	154,728	149,170
Other financing sources (uses):							
Transfers in	415,392	-	-	-	-	-	415,392
Transfers out	-	-	-	-	-	(33,800)	(33,800)
Total other financing sources (uses)	415,392	-	-	-	-	(33,800)	381,592
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,793	252,642	7,347	(132,869)	262,921	120,928	530,762
Cash and investment fund balance - beginning	600,927	181,701	401,373	504,468	289,007	493,946	2,471,422
Cash and investment fund balance - ending	\$ 620,720	\$ 434,343	\$ 408,720	\$ 371,599	\$ 551,928	\$ 614,874	3,002,184
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:							
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							685,115
Net assets of governmental activities							\$ 3,687,299
Cash and Investment Assets - December 31							
Cash and investments	\$ 620,720	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 620,720
Cash with fiscal agent	-	-	-	371,599	-	-	371,599
Restricted assets:							
Cash and investments	-	434,343	408,720	-	551,928	614,874	2,009,865
Total cash and investment assets - December 31	\$ 620,720	\$ 434,343	\$ 408,720	\$ 371,599	\$ 551,928	\$ 614,874	\$ 3,002,184
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ 408,720	\$ -	\$ -	\$ 138,166	\$ 546,886
Public safety	-	434,343	-	-	-	74,374	508,717
Highways, streets and roadways	-	-	-	-	-	31,180	31,180
Sanitation	-	-	-	-	-	11,575	11,575
Health and welfare	-	-	-	-	-	181,939	181,939
Culture and recreation	-	-	-	-	-	177,640	177,640
Economic development	-	-	-	371,599	551,928	-	923,527
Unrestricted	620,720	-	-	-	-	-	620,720
Total cash and investment fund balance - December 31	\$ 620,720	\$ 434,343	\$ 408,720	\$ 371,599	\$ 551,928	\$ 614,874	\$ 3,002,184

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

CITY OF WASHINGTON
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As Of And For The Year Ended December 31, 2006

	Water Utility	Wastewater Utility	Electric Utility	Storm Water Utility	Total	Internal Service Funds
Operating receipts:						
Utility collections	\$ 3,477,915	\$ 1,686,029	\$ 10,996,808	\$ 156,235	\$ 16,316,987	\$ -
Insurance proceeds	-	-	-	-	-	1,092,964
Other	51,662	2,804	227,790	7,534	289,790	62,493
Total operating receipts	3,529,577	1,688,833	11,224,598	163,769	16,606,777	1,155,457
Operating disbursements:						
Cost of sales and services	1,505,743	1,447,108	10,749,521	103,219	13,805,591	-
Equipment and capital improvements	120,707	460,058	492,298	39,731	1,112,794	-
Insurance disbursements	-	-	-	-	-	1,268,711
Miscellaneous disbursements	16,781	-	46,719	-	63,500	-
Total operating disbursements	1,643,231	1,907,166	11,288,538	142,950	14,981,885	1,268,711
Excess (deficiency) of operating receipts over operating disbursements	1,886,346	(218,333)	(63,940)	20,819	1,624,892	(113,254)
Nonoperating receipts (disbursements):						
Loan proceeds	-	2,050,000	-	-	2,050,000	-
Interest and investment receipts	130,849	34,375	78,876	182	244,282	-
Miscellaneous receipts	-	-	29,669	-	29,669	-
Debt service of principal	(780,000)	-	-	-	(780,000)	-
Interest and investment disbursement	(805,214)	-	-	-	(805,214)	20,478
Miscellaneous disbursements	(74,036)	-	-	-	(74,036)	-
Total nonoperating receipts (disbursements)	(1,528,401)	2,084,375	108,545	182	664,701	20,478
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	357,945	1,866,042	44,605	21,001	2,289,593	(92,776)
Capital contributions	-	-	21,595	20,062	41,657	-
Transfers out	(247,516)	(71,233)	(62,843)	-	(381,592)	-
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	110,429	1,794,809	3,357	41,063	1,949,658	(92,776)
Cash and investment fund balance - beginning	4,001,389	522,887	2,002,005	21,387	6,547,668	777,891
Cash and investment fund balance - ending	<u>\$ 4,111,818</u>	<u>\$ 2,317,696</u>	<u>\$ 2,005,362</u>	<u>\$ 62,450</u>	<u>\$ 8,497,326</u>	<u>\$ 685,115</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 1,672,122	\$ 508,626	\$ 1,708,172	\$ 62,450	\$ 3,951,370	\$ -
Restricted assets:						
Cash and investments	2,439,696	1,809,070	297,190	-	4,545,956	685,115
Total cash and investment assets - December 31	<u>\$ 4,111,818</u>	<u>\$ 2,317,696</u>	<u>\$ 2,005,362</u>	<u>\$ 62,450</u>	<u>\$ 8,497,326</u>	<u>\$ 685,115</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Debt service	\$ 2,152,633	\$ -	\$ -	\$ -	\$ 2,152,633	\$ -
General government	-	-	-	-	-	685,115
Other purposes	287,063	1,809,070	297,190	-	2,393,323	-
Unrestricted	1,672,122	508,626	1,708,172	62,450	3,951,370	-
Total cash and investment fund balance - December 31	<u>\$ 4,111,818</u>	<u>\$ 2,317,696</u>	<u>\$ 2,005,362</u>	<u>\$ 62,450</u>	<u>\$ 8,497,326</u>	<u>\$ 685,115</u>

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

CITY OF WASHINGTON
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2006

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ 226,921	\$ -	\$ -
Plan members	1,901	-	-
State	160,465	-	-
Other	-	85	-
Total contributions	389,287	85	-
Agency fund additions	-	-	7,842,438
Total additions	389,287	85	7,842,438
Deductions:			
Benefits	320,183	506	-
Administrative and general	55,144	-	-
Agency fund deductions	-	-	7,838,892
Total deductions	375,327	506	7,838,892
Excess (deficiency) of total additions over total deductions	13,960	(421)	3,546
Cash and investment fund balance - beginning	182,289	1,862	54,486
Cash and investment fund balance - ending	\$ 196,249	\$ 1,441	\$ 58,032

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

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Primary Government: City of Washington

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

The motor vehicle highway fund receives funds from state motor vehicle highway distributions and general property taxes. This fund is used primarily for the construction and maintenance of streets and alleys.

The Washington/Daviess industrial revolving trust fund accounts for loans made to small businesses to promote economic development and their repayment.

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

The cumulative capital development fund is used to account for capital improvements from receipts derived from local taxes.

The county economic development income tax fund accounts for the City's share of tax monies collected by the county for payment on economic development projects throughout the City.

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

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

The pension trust funds account for the activities of the police and firefighter's pension plans, which accumulate resources for pension benefit payments.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Capital Assets

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

3. Long-Term Debt

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

4. Equity Classification

Government-Wide Statements

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

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

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

II. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

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

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2006, the City had no investments.

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2006, were as follows:

Transfer From	Transfer To	2006
Water Utility	General Fund	\$ 247,516
Wastewater Utility	General Fund	71,233
Electric Utility	General Fund	62,843
Other governmental	General Fund	33,800
Total		\$ 415,392

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

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees

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

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Subsequent Events – Wastewater Project

On March 6, 2007, the City of Washington issued Sewage Works Revenue Bonds of 2007 in the amount of \$8,550,000. On March 21, 2007, the City of Washington paid off the bond anticipation note dated September 21, 2006, for \$2,050,000, plus interest. The City has received a Community Focus Fund Grant for wastewater treatment improvements (Grant CF-05-137) for \$525,000 to be used for the same project. No grant funds as of June 18, 2007, have been drawn down. These funds are to be used for the wastewater treatment facility improvements Phase 1 – Long-Term Control Plan.

As of March 12, 2007, a contract was awarded for construction for \$5,995,000. Disbursements as of June 18, 2007, equal \$175,275.

C. Postemployment Benefits

In addition to the pension benefits described below, the City provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the City that qualify based on age and years of service. Currently, 16 retirees meet these eligibility requirements. The City provides 90% of these postemployment benefits for retirees plus 50% of the cost of coverage for employees' dependents, if the employee is under age 65. If the employee is over 65, the City provides 50% of the postemployment benefits for retirees. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2006, disbursements of \$75,832 were recognized for postemployment benefits.

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

Date of Loan	Borrower	Purpose	Original Amount	Interest Rate	Balance 12-31-06
08-01-95	WhitmanWood Products	Manufacturing	\$150,000	7.0%	\$ 80,288 *
10-07-98	Will Burro Co., Inc.	Manufacturing	60,000	6.0%	60,000 *
12-08-98	Destination Yachts	Manufacturing	75,000	6.0%	70,000
01-06-99	Hawthorne Mushrooms	Manufacturing	344,830	6.0%	344,830
09-14-99	Laminex	Manufacturing	200,000	6.0%	183,333 *
11-29-99	Star Glove	Manufacturing	65,000	7.0%	43,355 *
05-18-00	Frette, Inc.	Manufacturing	250,000	5.5%	105,611
06-18-02	HLT Tarp	Business Operations	25,000	6.0%	25,000 *
05-26-04	Tri Star Glove	Manufacturing	98,460	5.0%	71,445
05-01-01	Tokheim	Manufacturing	322,000	6.0%	205,604**
10-06-04	Silverhawk Aeroworks	Business Operations	22,000	6.0%	19,104
04-11-06	Linco Services, Inc.	Business Expansion	220,000	6.0%	214,650
12-01-06	Klassic Ice Lights, LLC	Manufacturing	25,000	6.0%	24,775

*Revolving Loan Board approved to write off these loans on March 2, 2006, due to lack of payment.

**Tokheim filed bankruptcy on November 21, 2002.

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Rate Structure – Enterprise Funds

Water Utility

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

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

Wastewater Utility

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

Electric Utility

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

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

Storm Water Utility

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

F. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

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

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(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 plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

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

b. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

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

c. 1937 Firefighters' Pension Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Annual required contribution	\$ 169,571	\$ 317,700	\$ 303,900
Interest on net pension obligation	(4,299)	57,100	62,900
Adjustment to annual required contribution	<u>4,899</u>	<u>(95,200)</u>	<u>(109,800)</u>
Annual pension cost	170,171	279,600	257,000
Contributions made	<u>194,737</u>	<u>90,279</u>	<u>127,668</u>
Increase (decrease) in net pension obligation	(24,566)	189,321	129,332
Net pension obligation, beginning of year	<u>(59,292)</u>	<u>845,250</u>	<u>931,141</u>
Net pension obligation, end of year	<u>\$ (83,858)</u>	<u>\$ 1,034,571</u>	<u>\$ 1,060,473</u>

	PERF	1925 Police Officers' Pension	1937 Firefighters' Pension
Contribution rates:			
City	5.75%	351%	0%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-05	01-01-04	01-01-05
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	30 years	30 years
Amortization period (from date)	07-01-97	01-01-05	01-01-05
Asset valuation method	75% of expected actuarial value plus 25% of market value	4 year phase in of unrealized and realized capital	4 year phase in of unrealized and realized capital

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

*2.75% converted members; 4% nonconverted members

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-03	\$ 193,101	83%	\$ (34,412)
	06-30-04	159,632	116%	(59,292)
	06-30-05	170,171	122%	(83,858)
1925 Police Officers' Pension Plan	12-31-01	274,200	67%	793,283
	12-31-02	224,600	77%	845,250
	12-31-03	279,600	32%	1,034,571
1937 Firefighters' Pension Plan	12-31-02	224,800	99%	793,156
	12-31-03	259,100	47%	931,141
	12-31-04	257,000	50%	1,060,473

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2006, was comprised of the following:

	<u>1925 Police Officers' Pension</u>	<u>1937 Firefighters' Pension</u>
Retires and beneficiaries currently receiving benefits	10	11
Current active employees	2	-

CITY OF WASHINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

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

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2006, 2005, and 2004, were \$225,922, \$213,224, and \$208,285, respectively, equal to the required contributions for each year.

CITY OF WASHINGTON
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 3,324,022	\$ 3,494,542	\$ (170,520)	95%	\$ 3,236,740	(5%)
07-01-04	3,384,302	3,638,346	(254,044)	93%	3,265,351	(8%)
07-01-05	3,538,313	3,947,412	(409,099)	90%	3,252,580	(13%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-99	\$ 62,461	\$ 2,645,300	\$ (2,582,839)	2%	\$ 79,100	(3,265%)
01-01-00	31,454	2,609,800	(2,578,346)	1%	80,700	(3,195%)
01-01-01	58,246	2,785,500	(2,727,254)	2%	84,600	(3,224%)
01-01-02	98,743	2,331,700	(2,232,957)	4%	58,100	(3,843%)
01-01-03	131,233	2,673,800	(2,542,567)	5%	88,900	(2,860%)
01-01-04	90,132	2,728,100	(2,637,968)	3%	90,600	(2,912%)

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-00	\$ 14,885	\$ 2,696,600	\$ (2,681,715)	1%	\$ -	-
01-01-01	13,732	2,800,800	(2,787,068)	0%	-	-
01-01-02	130,463	2,785,500	(2,655,037)	5%	-	-
01-01-03	168,758	2,381,900	(2,213,142)	7%	-	-
01-01-04	107,340	2,660,200	(2,552,860)	4%	-	-
01-01-05	61,186	2,564,600	(2,503,414)	2%	-	-

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

	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
			City	State
1925 Police Officers' Pension Plan	12-31-98	\$ 327,700	43%	9%
	12-31-99	267,900	6%	38%
	12-31-00	272,400	36%	24%
	12-31-01	299,900	16%	46%
	12-31-02	256,900	35%	32%
	12-31-03	317,700	5%	23%
1937 Firefighters' Pension Plan	12-31-99	271,900	17%	33%
	12-31-00	262,900	37%	37%
	12-31-01	282,400	40%	65%
	12-31-02	256,900	41%	46%
	12-31-03	294,900	7%	34%
	12-31-04	303,900	3%	39%

CITY OF WASHINGTON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006

	Local Road and Street	Park and Recreation	Law Enforcement Continuing Education	Deferral Program	Unsafe Building	Operation Pullover
Receipts:						
Taxes	\$ -	\$ 347,084	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	2,720	-	-	-
Intergovernmental	44,308	42,487	-	-	-	5,950
Charges for services	-	11,178	1,187	-	-	-
Fines and forfeits	-	-	1,398	6,710	-	-
Other	-	22,020	-	-	2,950	-
Total receipts	44,308	422,769	5,305	6,710	2,950	5,950
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	4,600	3,407	-	5,924
Highways and streets	53,178	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	334,175	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	53,178	334,175	4,600	3,407	-	5,924
Excess (deficiency) of receipts over disbursements	(8,870)	88,594	705	3,303	2,950	26
Other financing uses:						
Transfers out	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,870)	88,594	705	3,303	2,950	26
Cash and investment fund balance - beginning	40,050	75,975	4,706	6,724	40,962	31
Cash and investment fund balance - ending	<u>\$ 31,180</u>	<u>\$ 164,569</u>	<u>\$ 5,411</u>	<u>\$ 10,027</u>	<u>\$ 43,912</u>	<u>\$ 57</u>
Cash and Investment Assets - December 31						
Total cash and investment assets - December 31	<u>\$ 31,180</u>	<u>\$ 164,569</u>	<u>\$ 5,411</u>	<u>\$ 10,027</u>	<u>\$ 43,912</u>	<u>\$ 57</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	5,411	10,027	43,912	57
Highways, streets and roadways	31,180	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	164,569	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 31,180</u>	<u>\$ 164,569</u>	<u>\$ 5,411</u>	<u>\$ 10,027</u>	<u>\$ 43,912</u>	<u>\$ 57</u>

CITY OF WASHINGTON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Entry Team Equipment	Police LCC Grant	McGruff Crime Dog	Animal Control Donation	Spay and Neuter Program	Washington/ Davieess County Mobile Emergency
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	3,069	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	1,601	-	-	145,963	-	-
Total receipts	1,601	3,069	-	145,963	-	-
Disbursements:						
General government	-	-	-	-	-	-
Public safety	372	3,008	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	3,270	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	372	3,008	-	3,270	-	-
Excess (deficiency) of receipts over disbursements	1,229	61	-	142,693	-	-
Other financing uses:						
Transfers out	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,229	61	-	142,693	-	-
Cash and investment fund balance - beginning	643	105	111	1,327	162	47
Cash and investment fund balance - ending	<u>\$ 1,872</u>	<u>\$ 166</u>	<u>\$ 111</u>	<u>\$ 144,020</u>	<u>\$ 162</u>	<u>\$ 47</u>
Cash and Investment Assets - December 31						
Total cash and investment assets - December 31	<u>\$ 1,872</u>	<u>\$ 166</u>	<u>\$ 111</u>	<u>\$ 144,020</u>	<u>\$ 162</u>	<u>\$ 47</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	1,872	166	111	-	-	47
Highways, streets and roadways	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	144,020	162	-
Culture and recreation	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 1,872</u>	<u>\$ 166</u>	<u>\$ 111</u>	<u>\$ 144,020</u>	<u>\$ 162</u>	<u>\$ 47</u>

CITY OF WASHINGTON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Park Improvements	Washington Transit	Washington Housing Revolving Loan	CDBG Program Income	Police Canine	Brownfield Grant	D.A.R.E. Contributions
Receipts:							
Taxes	\$ -	\$ 33,748	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	57,056	-	-	-	-	-
Charges for services	-	6,076	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	5,000	-	1,581	1,188	2,950	-	-
Total receipts	5,000	96,880	1,581	1,188	2,950	-	-
Disbursements:							
General government	-	-	1,379	-	-	-	-
Public safety	-	-	-	-	9,634	-	200
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	87,059	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	-	87,059	1,379	-	9,634	-	200
Excess (deficiency) of receipts over disbursements	5,000	9,821	202	1,188	(6,684)	-	(200)
Other financing uses:							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,000	9,821	202	1,188	(6,684)	-	(200)
Cash and investment fund balance - beginning	-	27,666	62,116	570	7,819	2,916	293
Cash and investment fund balance - ending	\$ 5,000	\$ 37,487	\$ 62,318	\$ 1,758	\$ 1,135	\$ 2,916	\$ 93
<u>Cash and Investment Assets - December 31</u>							
Total cash and investment assets - December 31	\$ 5,000	\$ 37,487	\$ 62,318	\$ 1,758	\$ 1,135	\$ 2,916	\$ 93
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
General government	\$ -	\$ -	\$ 62,318	\$ 1,758	\$ -	\$ -	\$ -
Public safety	-	-	-	-	1,135	2,916	93
Highways, streets and roadways	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	37,487	-	-	-	-	-
Culture and recreation	5,000	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 5,000	\$ 37,487	\$ 62,318	\$ 1,758	\$ 1,135	\$ 2,916	\$ 93

CITY OF WASHINGTON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Park Train	G & T Equipment Replacement	Hazardous Materials Response	Community Foundation Grants	Drug Buy	Levy Excess	Drug Enforcement
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	6,357	-	-	10,400	-	36
Total receipts	-	6,357	-	-	10,400	-	36
Disbursements:							
General government	-	-	-	-	-	56,099	-
Public safety	-	-	-	-	8,739	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	8,739	56,099	-
Excess (deficiency) of receipts over disbursements	-	6,357	-	-	1,661	(56,099)	36
Other financing uses:							
Transfers out	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	6,357	-	-	1,661	(56,099)	36
Cash and investment fund balance - beginning	872	5,218	1,791	1	5,139	56,099	-
Cash and investment fund balance - ending	<u>\$ 872</u>	<u>\$ 11,575</u>	<u>\$ 1,791</u>	<u>\$ 1</u>	<u>\$ 6,800</u>	<u>\$ -</u>	<u>\$ 36</u>
Cash and Investment Assets - December 31							
Total cash and investment assets - December 31	<u>\$ 872</u>	<u>\$ 11,575</u>	<u>\$ 1,791</u>	<u>\$ 1</u>	<u>\$ 6,800</u>	<u>\$ -</u>	<u>\$ 36</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ -	\$ -
Public safety	-	-	1,791	-	6,800	-	36
Highways, streets and roadways	-	-	-	-	-	-	-
Sanitation	-	11,575	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	872	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 872</u>	<u>\$ 11,575</u>	<u>\$ 1,791</u>	<u>\$ 1</u>	<u>\$ 6,800</u>	<u>\$ -</u>	<u>\$ 36</u>

CITY OF WASHINGTON
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Swimming Pool Donation	Washington Towers Rehab	City Hall GO Bonds	Cumulative Capital Improvement	Park Cumulative Building	City Hall Construction	Totals
Receipts:							
Taxes	\$ -	\$ -	\$ 45,210	\$ -	\$ 5,801	\$ -	\$ 431,843
Licenses and permits	-	-	-	-	-	-	2,720
Intergovernmental	-	43,500	5,399	40,655	707	-	243,131
Charges for services	-	-	-	-	-	-	18,441
Fines and forfeits	-	-	-	-	-	-	8,108
Other	93	-	-	-	-	3,804	203,943
Total receipts	93	43,500	50,609	40,655	6,508	3,804	908,186
Disbursements:							
General government	-	-	-	-	-	59,061	116,539
Public safety	-	-	-	-	-	-	35,884
Highways and streets	-	-	-	-	-	-	53,178
Health and welfare	-	43,230	-	-	-	-	133,559
Culture and recreation	-	-	-	-	10,188	-	344,363
Debt service:							
Principal	-	-	55,000	-	-	-	55,000
Interest	-	-	14,935	-	-	-	14,935
Total disbursements	-	43,230	69,935	-	10,188	59,061	753,458
Excess (deficiency) of receipts over disbursements	93	270	(19,326)	40,655	(3,680)	(55,257)	154,728
Other financing uses:							
Transfers out	-	-	-	(33,800)	-	-	(33,800)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	93	270	(19,326)	6,855	(3,680)	(55,257)	120,928
Cash and investment fund balance - beginning	-	-	19,326	185	10,786	122,306	493,946
Cash and investment fund balance - ending	<u>\$ 93</u>	<u>\$ 270</u>	<u>\$ -</u>	<u>\$ 7,040</u>	<u>\$ 7,106</u>	<u>\$ 67,049</u>	<u>\$ 614,874</u>
Cash and Investment Assets - December 31							
Total cash and investment assets - December 31	<u>\$ 93</u>	<u>\$ 270</u>	<u>\$ -</u>	<u>\$ 7,040</u>	<u>\$ 7,106</u>	<u>\$ 67,049</u>	<u>\$ 614,874</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ 7,040	\$ -	\$ 67,049	\$ 138,166
Public safety	-	-	-	-	-	-	74,374
Highways, streets and roadways	-	-	-	-	-	-	31,180
Sanitation	-	-	-	-	-	-	11,575
Health and welfare	-	270	-	-	-	-	181,939
Culture and recreation	93	-	-	-	7,106	-	177,640
Total cash and investment fund balance - December 31	<u>\$ 93</u>	<u>\$ 270</u>	<u>\$ -</u>	<u>\$ 7,040</u>	<u>\$ 7,106</u>	<u>\$ 67,049</u>	<u>\$ 614,874</u>

CITY OF WASHINGTON
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2006

	Police Pension	Firefighters' Pension	Total
Additions:			
Contributions:			
Employer	\$ 123,823	\$ 103,098	\$ 226,921
Plan members	1,901	-	1,901
State	77,334	83,131	160,465
Total additions	203,058	186,229	389,287
Deductions:			
Benefits	156,944	163,239	320,183
Administrative and general	19,595	35,549	55,144
Total deductions	176,539	198,788	375,327
Excess (deficiency) of total additions over total deductions	26,519	(12,559)	13,960
Cash and investment fund balance - beginning	95,176	87,113	182,289
Cash and investment fund balance - ending	\$ 121,695	\$ 74,554	\$ 196,249

CITY OF WASHINGTON
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2006

	<u>Police Vest</u>	<u>Park Pavilion</u>	<u>Total</u>
Additions:			
Contributions:			
Other	\$ -	\$ 85	\$ 85
Deductions:			
Benefits	506	-	506
Excess (deficiency) of total additions over total deductions	(506)	85	(421)
Cash and investment fund balance - beginning	<u>1,202</u>	<u>660</u>	<u>1,862</u>
Cash and investment fund balance - ending	<u>\$ 696</u>	<u>\$ 745</u>	<u>\$ 1,441</u>

CITY OF WASHINGTON
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2006

	<u>Payroll</u>	<u>Payroll Withholdings</u>	<u>Utility Sales Tax</u>	<u>Total</u>
Additions:				
Agency fund additions	\$ 5,345,525	\$ 1,747,466	\$ 749,447	\$ 7,842,438
Deductions:				
Agency fund deductions	<u>5,345,525</u>	<u>1,743,920</u>	<u>749,447</u>	<u>7,838,892</u>
Excess of total additions over total deductions	-	3,546	-	3,546
Cash and investment fund balance - beginning	<u>-</u>	<u>54,486</u>	<u>-</u>	<u>54,486</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 58,032</u>	<u>\$ -</u>	<u>\$ 58,032</u>

City of Washington
Elaine Wellman Clerk-Treasurer
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Washington, IN 47501
(812) 254-6143 Office (812) 254-8227 Fax

CITY OF WASHINGTON
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

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-leveling index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$353,122
Infrastructure	\$2,337,508
Buildings	\$3,116,201
Improvements other than buildings	\$835,566
Machinery and equipment	\$3,608,619
Construction in progress	
	<hr/>
Total governmental activities, capital assets not being depreciated	<u>\$10,251,016</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
<u>Water Utility:</u>	
Capital assets, not being depreciated:	
Land	\$166,402
Construction in progress	
Buildings	\$15,498,491
Improvements other than buildings	\$11,744,004
Machinery and equipment	\$4,471,825
	<hr/>
Total Water Utility capital assets	<u>\$31,880,722</u>

<u>Wastewater Utility:</u>	
Capital assets, not being depreciated:	
Land	\$255,177
Construction in progress	
Buildings	\$2,830,387
Improvements other than buildings	\$6,178,541
Machinery and equipment	\$5,007,970
	<hr/>
Total Wastewater Utility capital assets	<u>\$14,272,075</u>

Stormwater Utility:

Capital assets, not being depreciated:	
Land	
Construction in progress	
Buildings	\$24,167
Improvements other than buildings	\$880
Machinery and equipment	\$7,034
	<hr/>
Total Stormwater Utility capital assets	\$32,081

Electric Utility:

Capital assets, not being depreciated:	
Land	\$57,000
Construction in progress	
Buildings	\$786,095
Improvements other than buildings	\$10,019,033
Machinery and equipment	\$3,270,927
	<hr/>
Total Electric Utility capital assets	\$14,133,055

Total business-type activities capital assets	<hr/> <hr/>
	\$60,317,933


Elaine Wellman, Clerk-Treasurer

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CITY OF WASHINGTON
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
For The Year Ended December 31, 2006

<u>Description of Asset</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:		
Notes and loans payable		
Fire Chief's Durango	\$ 6,879	\$ 6,879
Durapatcher	26,068	26,068
Hydraulic Rescue Tools	10,175	10,175
6 Police Cars	76,511	40,554
Bonds Payable:		
General Obligation Bonds:		
2004 City Hall Renovation	445,000	60,000
Total governmental activities long-term debt	<u>\$ 564,633</u>	<u>\$ 143,676</u>
Business-type activities		
Water Utility		
Revenue Bonds:		
1998 Issue	\$ 1,790,000	\$ 365,000
2001 Issue	0	0
2005 Refunding Issue	9,280,000	380,000
2006 Refunding Issue	5,900,000	105,000
Total Water Utility	<u>\$ 16,970,000</u>	<u>\$ 850,000</u>
Wastewater Utility		
Bond Anticipation Note		
2006 Issue	<u>\$ 2,050,000</u>	<u>\$ 2,050,000</u>
Total Wastewater Utility	<u>\$ 2,050,000</u>	<u>\$ 2,050,000</u>
Total business-type activities long-term debt:	<u>\$ 19,020,000</u>	<u>\$ 2,900,000</u>


Elaine Wellman, Clerk-Treasurer

CITY OF WASHINGTON
OTHER REPORTS

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

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

CITY OF WASHINGTON
EXIT CONFERENCE

The contents of this report were discussed on July 17, 2007, with Elaine Wellman, Clerk-Treasurer; David W. Abel, Mayor; and Gordon L. Wade, President of the Common Council. Our audit disclosed no material items that warrant comment at this time.