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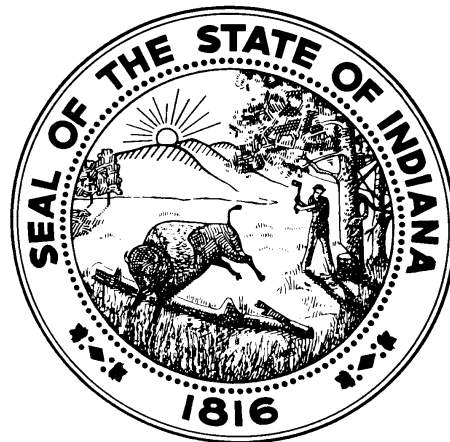
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

ANNUAL FINANCIAL REPORT

2006

CITY OF NEW HAVEN

ALLEN COUNTY, INDIANA



**FILED**  
10/30/2007



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Brenda D. Adams	01-01-04 to 12-31-07
Mayor	Terry E. McDonald	01-01-04 to 12-31-07
President of the Board of Public Works	Terry E. McDonald	01-01-04 to 12-31-07
President of the Common Council	Harold E. West	01-01-06 to 12-31-07
Superintendent of Utilities	David L. Jones	01-01-06 to 12-31-07
Utility Office Manager	Jill N. Cain	01-01-06 to 12-31-07



**STATE OF INDIANA**  
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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 NEW HAVEN, ALLEN 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 New Haven (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 opinions on these financial statements based on our audit.

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

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

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

In accordance with Government Auditing Standards, we have also issued a report dated September 25, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

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

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.

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

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

STATE BOARD OF ACCOUNTS

September 25, 2007



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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 NEW HAVEN, ALLEN COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New Haven (City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 25, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

STATE BOARD OF ACCOUNTS

September 25, 2007

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

Functions/Programs	Disbursements	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 2,397,727	\$ 136,176	\$ 1,856,967	\$ -	\$ (404,584)	\$ -	\$ (404,584)
Public safety	5,451,038	1,696,411	392,990	-	(3,361,637)	-	(3,361,637)
Highways and streets	1,311,642	22,050	618,861	-	(670,731)	-	(670,731)
Health and safety	29,771	-	-	-	(29,771)	-	(29,771)
Culture and recreation	952,494	99,996	11,545	-	(840,953)	-	(840,953)
Economic development	1,422,967	-	1,044,274	-	(378,693)	-	(378,693)
Interest on long-term debt	190,764	-	-	-	(190,764)	-	(190,764)
<b>Total governmental activities</b>	<b>11,756,403</b>	<b>1,954,633</b>	<b>3,924,637</b>	<b>-</b>	<b>(5,877,133)</b>	<b>-</b>	<b>(5,877,133)</b>
<b>Business-type activities:</b>							
Water	3,013,441	1,566,976	-	-	-	(1,446,465)	(1,446,465)
Wastewater	6,366,283	2,786,577	-	-	-	(3,579,706)	(3,579,706)
Storm Water	984,486	930,681	-	-	-	(53,805)	(53,805)
<b>Total business-type activities</b>	<b>10,364,210</b>	<b>5,284,234</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,079,976)</b>	<b>(5,079,976)</b>
<b>Total primary government</b>	<b>\$ 22,120,613</b>	<b>\$ 7,238,867</b>	<b>\$ 3,924,637</b>	<b>\$ -</b>	<b>(5,877,133)</b>	<b>(5,079,976)</b>	<b>(10,957,109)</b>
<b>General receipts:</b>							
Property taxes					4,692,728	-	4,692,728
Other state sources					85,912	-	85,912
Other local sources					1,220,251	-	1,220,251
Bonds and loans proceeds					-	4,003,434	4,003,434
Unrestricted investment earnings					457,860	241,595	699,455
Refunds and reimbursements					47,952	158,245	206,197
Other receipts					55,689	642,907	698,596
Transfers					(200,000)	200,000	-
<b>Total general receipts and transfers</b>					<b>6,360,392</b>	<b>5,246,181</b>	<b>11,606,573</b>
<b>Change in net assets</b>					<b>483,259</b>	<b>166,205</b>	<b>649,464</b>
<b>Net assets - beginning</b>					<b>9,769,604</b>	<b>5,440,192</b>	<b>15,209,796</b>
<b>Net assets - ending</b>					<b>\$ 10,252,863</b>	<b>\$ 5,606,397</b>	<b>\$ 15,859,260</b>
<b>Assets</b>							
Cash and investments					\$ 2,527,816	\$ 2,368,050	\$ 4,895,866
Cash with fiscal agent					7,883	23,700	31,583
Restricted assets:							
Cash and investments					7,717,164	3,214,647	10,931,811
<b>Total assets</b>					<b>\$ 10,252,863</b>	<b>\$ 5,606,397</b>	<b>\$ 15,859,260</b>
<b>Net Assets</b>							
Restricted for:							
Public safety					\$ 868,939	\$ -	\$ 868,939
Highways and streets					1,343,983	-	1,343,983
Culture and recreation					1,048,739	-	1,048,739
Economic development					3,182,534	-	3,182,534
Capital projects					642,133	1,512,331	2,154,464
Debt service					236,208	1,620,811	1,857,019
Other purposes					402,511	81,505	484,016
Unrestricted					2,527,816	2,391,750	4,919,566
<b>Total net assets</b>					<b>\$ 10,252,863</b>	<b>\$ 5,606,397</b>	<b>\$ 15,859,260</b>

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

CITY OF NEW HAVEN  
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	Highways and Streets	CEDIT	Park	Fire	EMS	Court	Other Governmental Funds	Totals
<b>Receipts:</b>									
Taxes	\$ 3,156,242	\$ 216,730	\$ -	\$ 710,409	\$ 134,851	\$ -	\$ -	\$ 474,496	\$ 4,692,728
Licenses and permits	19,460	22,050	-	-	-	-	-	-	41,510
Intergovernmental	990,414	754,803	1,044,274	69,190	14,814	-	-	304,689	3,178,184
Charges for services	116,716	-	-	99,996	1,092,957	603,454	-	-	1,913,123
Fines and forfeits	263,407	-	-	-	-	-	1,723,084	-	1,986,491
Other	124,876	68,026	179,104	96,349	29,046	25,520	-	104,705	627,626
<b>Total receipts</b>	<b>4,671,115</b>	<b>1,061,609</b>	<b>1,223,378</b>	<b>975,944</b>	<b>1,271,668</b>	<b>628,974</b>	<b>1,723,084</b>	<b>883,890</b>	<b>12,439,662</b>
<b>Disbursements:</b>									
General government	584,137	-	-	-	-	-	71,714	112,609	768,460
Public safety	3,231,100	-	-	-	1,079,700	734,885	-	156,460	5,202,145
Highways and streets	104,085	1,134,444	-	-	-	-	-	54,602	1,293,131
Health and welfare	29,771	-	-	-	-	-	-	-	29,771
Culture and recreation	-	-	-	891,895	-	-	-	-	891,895
Economic development	-	-	1,422,967	-	-	-	-	-	1,422,967
Debt service:									
Principal	23,458	-	-	60,599	40,435	-	-	250,000	374,492
Interest	1,114	-	-	2,674	5,811	-	-	181,165	190,764
Capital outlay:									
Highways and streets	-	-	-	-	-	-	-	18,511	18,511
<b>Total disbursements</b>	<b>3,973,665</b>	<b>1,134,444</b>	<b>1,422,967</b>	<b>955,168</b>	<b>1,125,946</b>	<b>734,885</b>	<b>71,714</b>	<b>773,347</b>	<b>10,192,136</b>
Excess (deficiency) of receipts over disbursements	697,450	(72,835)	(199,589)	20,776	145,722	(105,911)	1,651,370	110,543	2,247,526
<b>Other financing sources (uses):</b>									
Transfers in	-	114,174	125,000	-	-	-	-	-	239,174
Transfers out	(114,174)	-	(325,000)	-	-	-	-	-	(439,174)
Other disbursements	-	-	-	-	-	-	(1,564,267)	-	(1,564,267)
<b>Total other financing sources (uses)</b>	<b>(114,174)</b>	<b>114,174</b>	<b>(200,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,564,267)</b>	<b>-</b>	<b>(1,764,267)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	583,276	41,339	(399,589)	20,776	145,722	(105,911)	87,103	110,543	483,259
Cash and investment fund balance - beginning	1,594,873	1,302,644	3,582,123	1,027,963	443,763	385,365	315,408	1,117,465	9,769,604
<b>Cash and investment fund balance - ending</b>	<b>\$ 2,178,149</b>	<b>\$ 1,343,983</b>	<b>\$ 3,182,534</b>	<b>\$ 1,048,739</b>	<b>\$ 589,485</b>	<b>\$ 279,454</b>	<b>\$ 402,511</b>	<b>\$ 1,228,008</b>	<b>\$ 10,252,863</b>
<b>Cash and Investment Assets - December 31</b>									
Cash and investments	\$ 2,178,149	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,178,149
Cash with fiscal agent	-	-	-	-	-	-	-	7,883	7,883
Restricted assets:									
Cash and investments	-	1,343,983	3,182,534	1,048,739	589,485	279,454	402,511	1,220,125	8,066,831
<b>Total cash and investment assets - December 31</b>	<b>\$ 2,178,149</b>	<b>\$ 1,343,983</b>	<b>\$ 3,182,534</b>	<b>\$ 1,048,739</b>	<b>\$ 589,485</b>	<b>\$ 279,454</b>	<b>\$ 402,511</b>	<b>\$ 1,228,008</b>	<b>\$ 10,252,863</b>
<b>Cash and Investment Fund Balance - December 31</b>									
Restricted for:									
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 589,485	\$ 279,454	\$ -	\$ -	\$ 868,939
Highways and streets	-	1,343,983	-	-	-	-	-	-	1,343,983
Culture and recreation	-	-	-	1,048,739	-	-	-	-	1,048,739
Economic development	-	-	3,182,534	-	-	-	-	-	3,182,534
Capital projects	-	-	-	-	-	-	-	642,133	642,133
Debt service	-	-	-	-	-	-	-	236,208	236,208
Other purposes	-	-	-	-	-	-	402,511	-	402,511
Unrestricted	2,178,149	-	-	-	-	-	-	349,667	2,527,816
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 2,178,149</b>	<b>\$ 1,343,983</b>	<b>\$ 3,182,534</b>	<b>\$ 1,048,739</b>	<b>\$ 589,485</b>	<b>\$ 279,454</b>	<b>\$ 402,511</b>	<b>\$ 1,228,008</b>	<b>\$ 10,252,863</b>

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

CITY OF NEW HAVEN  
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	Storm Water Utility	Totals
<b>Operating receipts:</b>				
Measured revenue	\$ 1,566,976	\$ 2,786,577	\$ 930,681	\$ 5,284,234
Fire protection receipts	248,657	-	-	248,657
Other	32,000	276,456	-	308,456
<b>Total operating receipts</b>	<b>1,847,633</b>	<b>3,063,033</b>	<b>930,681</b>	<b>5,841,347</b>
<b>Operating disbursements:</b>				
Equipment and capital improvements	1,189,956	4,307,321	549,797	6,047,074
Repair and maintenance	-	-	34,093	34,093
Salaries and wages	361,158	408,610	131,247	901,015
Employee pensions and benefits	167,834	178,514	48,785	395,133
Purchased water	609,691	-	-	609,691
Purchased wastewater treatment	-	977,941	-	977,941
Material and supplies	120,545	93,185	22,981	236,711
Contractual services	37,481	46,234	45,681	129,396
Taxes	109,571	-	-	109,571
Rents	34,699	-	34,699	69,398
Transportation disbursements	19,794	19,794	-	39,588
Insurance disbursements	42,612	42,612	-	85,224
Miscellaneous disbursements	16,081	32,965	117,204	166,250
<b>Total operating disbursements</b>	<b>2,709,422</b>	<b>6,107,176</b>	<b>984,487</b>	<b>9,801,085</b>
<b>Excess (deficiency) of operating receipts over operating disbursements</b>	<b>(861,789)</b>	<b>(3,044,143)</b>	<b>(53,806)</b>	<b>(3,959,738)</b>
<b>Nonoperating receipts (disbursements):</b>				
Loan proceeds	-	4,003,434	-	4,003,434
Interest receipts	99,972	101,851	39,772	241,595
Miscellaneous receipts	43,304	200,548	187	244,039
Miscellaneous disbursements	(16,169)	-	-	(16,169)
Debt service of principal	(140,000)	(60,000)	-	(200,000)
Interest disbursement	(147,850)	(199,106)	-	(346,956)
<b>Total nonoperating receipts (disbursements)</b>	<b>(160,743)</b>	<b>4,046,727</b>	<b>39,959</b>	<b>3,925,943</b>
<b>Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)</b>	<b>(1,022,532)</b>	<b>1,002,584</b>	<b>(13,847)</b>	<b>(33,795)</b>
Transfers in	-	200,000	-	200,000
<b>Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out</b>	<b>(1,022,532)</b>	<b>1,202,584</b>	<b>(13,847)</b>	<b>166,205</b>
Cash and investment fund balance - beginning	2,723,543	1,856,437	860,212	5,440,192
Cash and investment fund balance - ending	<u>\$ 1,701,011</u>	<u>\$ 3,059,021</u>	<u>\$ 846,365</u>	<u>\$ 5,606,397</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 360,874	\$ 1,184,511	\$ 846,365	\$ 2,391,750
Restricted assets:				
Cash and investments	1,340,137	1,874,510	-	3,214,647
<b>Total cash and investment assets - December 31</b>	<u>\$ 1,701,011</u>	<u>\$ 3,059,021</u>	<u>\$ 846,365</u>	<u>\$ 5,606,397</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ 383,673	\$ 1,237,138	\$ -	\$ 1,620,811
Capital projects	874,959	637,372	-	1,512,331
Other purposes	81,505	-	-	81,505
Unrestricted	360,874	1,184,511	846,365	2,391,750
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 1,701,011</u>	<u>\$ 3,059,021</u>	<u>\$ 846,365</u>	<u>\$ 5,606,397</u>

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

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

	Pension Trust Fund	Agency Funds
Additions:		
Contributions:		
Employer	\$ 119,395	\$ -
Investment earnings:		
Interest	15,601	-
Agency fund additions	-	2,586,461
Total additions	134,996	2,586,461
Deductions:		
Benefits	109,538	-
Administrative and general	100	-
Agency fund deductions	-	2,581,552
Total deductions	109,638	2,581,552
Excess of total additions over total deductions	25,358	4,909
Cash and investment fund balance - beginning	311,379	22,373
Cash and investment fund balance - ending	\$ 336,737	\$ 27,282

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

CITY OF NEW HAVEN  
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, fire and EMS), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater and storm water.

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

Primary Government:	City and Utilities
Blended Component Units:	New Haven-Adams Township Parks and Recreation Department New Haven-Adams Township Fire Department (includes EMS Department)

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

Blended Component Units

A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the City's governing body or the component unit provides services entirely to the City. The component unit's funds are blended into those of the City by appropriate fund type to constitute the primary government presentation. The blended component units are presented below:

Component Unit	Description/Inclusion Criteria	Fund Included In
New Haven-Adams Township Parks and Recreation Department	Although it is legally separate from the City, the Parks and Recreation Department is reported as if it were a part of the City because it provides services entirely or almost entirely to the City.	Park Major
New Haven-Adams Township Fire Department (includes the EMS)	Although it is legally separate from the City, the Fire and EMS Departments are reported as if they were a part of the City because they provide services entirely or almost entirely to the City.	Fire and EMS Majors

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.

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 highways and streets fund (special revenue) accounts for the financial resources used for the construction, operation and maintenance of local and arterial roads and street system. The motor vehicle highway and local roads and streets funds have been combined to form the highways and streets fund.

The CEDIT fund (capital projects) accounts for all the financial resources used for any lawful purpose related to the county economic development income tax (CEDIT). The CEDIT, rainy day fund, and CEDIT revolving fund have been combined to form the CEDIT fund.

The park fund (special revenue) accounts for the financial resources used for the construction, operation and maintenance of the City/Township park system. The park and recreation, park nonreverting capital, park nonreverting operating, and park nonreverting restricted contributions funds have been combined to form the park fund.

The fire fund (special revenue) accounts for the financial resources used for operation and maintenance of the City/Township fire district, a blended component unit. The fire department, cumulative building and firefighting equipment and fire department special equipment fund have been combined to form the fire fund.

The emergency medical service (EMS) (special revenue) fund accounts for the financial resources used for the operation and maintenance of the City/Township EMS district, a blended component unit. The emergency medical service, the emergency medical equipment and the emergency medical PERF funds have been combined to form the EMS fund.

The court fund (special revenue) accounts for the financial resources and expenses for operation of the City Court system. The court user fee, clerk's record perpetuation and the city court funds have been combined to form the court fund.

The City reports the following major proprietary funds:

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

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

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

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Additionally, the City reports the following fund types:

The pension trust fund account for the activities of the 1925 police pension fund, which accumulates resources for pension benefit payments.

Agency funds account for assets held by the City as an agent for payroll withholdings and court fees due county funds.

C. Measurement Focus and Basis of Accounting

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

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Water, Wastewater, or Storm Water Utilities and the City. 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. The City does not have any internal service funds.

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.

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Capital Assets

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

3. Long-Term Debt

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

4. Equity Classification

Government-Wide Statements

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

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

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

Fund Financial Statements

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

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.

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

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

Government-Wide Financial Statements

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

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

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.

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

B. Interfund Transfers

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

Transfer From	Transfer To	2006
General Fund	Highways and Streets	\$ 114,174
CEDIT	CEDIT	125,000
CEDIT	Wastewater	200,000
Total		\$ 439,174

The City typically uses transfers for cash flow purposes as provided by various statutory provisions.

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; 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 (Park Department only); 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.

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Job Related Illnesses or Injuries to Employees of the City, Excluding the Park Department

During 1990, the City joined with other governmental entities in the Indiana Public Employer's Plan, Inc. (IPEP), a public entity risk pool currently operating as a common risk management and insurance program for member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of worker's compensation claims. The City pays an annual premium to the risk pool for its job related illnesses or injuries to employees coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Holding Corporations

The City has entered into a capital lease with the New Haven – Adams Township Fire Station Building Corporation and the City of New Haven Indiana Municipal Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessors have been determined to be a related party of the City. Lease payments during the year totaled \$431,165.

C. Subsequent Events

In April 2007, the City awarded the Downtown Revitalization Streetscape II Improvement Project to Brooks Construction in the amount of \$1,990,910.

In May 2007, the City awarded the first 2007 Street Improvement Project to API Construction Corporation for \$523,845.

In September 2007, the City awarded the second 2007 Street Improvement Project to Wayne Asphalt and Construction Company, Inc., for \$471,684.

D. Rate Structure – Enterprise Funds

Water Utility

The current rate structure was approved by the Common Council on August 14, 2004. The Utility has 4,668 customers.

Wastewater Utility

The current rate structure was approved by the Common Council on February 28, 2006. The Utility has 4,415 customers.

Storm Water Utility

The current rate structure was approved by the Common Council on April 27, 2004, and was subsequently amended on April 24, 2005. The Utility has 5,099 customers.

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

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

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

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.

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension
Annual required contribution	\$ 197,012	\$ 136,700
Interest on net pension obligation	(7,263)	48,700
Adjustment to annual required contribution	8,277	(81,200)
Annual pension cost	198,026	104,200
Contributions made	174,073	122,759
Increase (decrease) in net pension obligation	23,953	(18,559)
Net pension obligation, beginning of year	(100,184)	721,270
Net pension obligation, end of year	\$ (76,231)	\$ 702,711

	PERF	1925 Police Officers' Pension
Contribution rates:		
City	0%	0%
Plan members	3%	6%
Actuarial valuation date	07-01-06	01-01-06
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	30 years
Amortization period (from date)	07-01-97	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

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

\*2.75% converted members; 4% nonconverted members

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 133,574	108%	\$ (85,546)
	06-30-05	151,026	110%	(100,184)
	06-30-06	198,026	88%	(76,231)
1925 Police Officers' Pension Plan	12-31-03	192,000	55%	632,633
	12-31-04	197,000	55%	721,270
	12-31-05	104,020	118%	702,711

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

	1925 Police Officers' Pension
Retirees and beneficiaries currently receiving benefits	5

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

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.

CITY OF NEW HAVEN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 \$173,097, \$159,867, and 138,732, respectively, equal to the required contributions for each year.

CITY OF NEW HAVEN  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 1,415,813	\$ 2,018,816	\$ (603,003)	70%	\$ 2,137,490	(28%)
07-01-05	1,547,565	2,500,013	(952,448)	62%	2,395,112	(40%)
07-01-05	1,982,657	2,564,966	(582,309)	77%	2,453,235	(24%)

1925 Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-01	\$ 174,642	\$ 1,962,200	\$ (1,787,558)	9%	\$ -	- No covered payroll
01-01-02	254,786	1,984,100	(1,729,314)	13%	-	- No covered payroll
01-01-03	292,992	1,985,500	(1,692,508)	15%	-	- No covered payroll
01-01-04	295,048	1,974,100	(1,679,052)	15%	-	- No covered payroll
01-01-05	299,492	1,912,500	(1,613,008)	16%	-	- No covered payroll
01-01-06	311,379	1,912,300	(1,600,921)	16%	-	- No covered payroll

CITY OF NEW HAVEN  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CONTRIBUTIONS FROM THE  
 EMPLOYER AND OTHER CONTRIBUTING ENTITIES

1925 Police Officers' Pension Plan				
Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed		
		City	State	
1925 Police Officers' Pension Plan	12-31-00	\$ 189,000	88%	12%
	12-31-01	197,900	67%	33%
	12-31-02	207,700	49%	51%
	12-31-03	216,600	48%	52%
	12-31-04	225,500	48%	52%
	12-31-05	136,700	90%	10%

CITY OF NEW HAVEN  
 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

	Grants	Police Building and Equipment	Riverboat	Law Enforcement Continuing Education	DARE	Lease Rental
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 468,611
Intergovernmental	130,817	-	78,069	-	-	51,482
Other	38,766	7,232	12,407	11,650	850	8,120
<b>Total receipts</b>	<b>169,583</b>	<b>7,232</b>	<b>90,476</b>	<b>11,650</b>	<b>850</b>	<b>528,213</b>
Disbursements:						
General government	44,185	-	68,424	-	-	-
Public safety	138,083	6,285	-	11,550	542	-
Debt service:						
Principal	-	-	-	-	-	250,000
Interest	-	-	-	-	-	181,165
Highways and streets	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
<b>Total disbursements</b>	<b>182,268</b>	<b>6,285</b>	<b>68,424</b>	<b>11,550</b>	<b>542</b>	<b>431,165</b>
Excess (deficiency) of receipts over disbursements	(12,685)	947	22,052	100	308	97,048
Cash and investment fund balance - beginning	64,884	11,313	239,844	18,457	4,447	139,160
Cash and investment fund balance - ending	<u>\$ 52,199</u>	<u>\$ 12,260</u>	<u>\$ 261,896</u>	<u>\$ 18,557</u>	<u>\$ 4,755</u>	<u>\$ 236,208</u>
<b><u>Cash and Investment Assets - December 31</u></b>						
Cash with fiscal agent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	52,199	12,260	261,896	18,557	4,755	236,208
<b>Total cash and investment assets - December 31</b>	<b><u>\$ 52,199</u></b>	<b><u>\$ 12,260</u></b>	<b><u>\$ 261,896</u></b>	<b><u>\$ 18,557</u></b>	<b><u>\$ 4,755</u></b>	<b><u>\$ 236,208</u></b>
<b><u>Cash and Investment Fund Balance - December 31</u></b>						
Restricted for:						
Capital projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt service	-	-	-	-	-	236,208
Other purposes	52,199	12,260	261,896	18,557	4,755	-
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 52,199</u></b>	<b><u>\$ 12,260</u></b>	<b><u>\$ 261,896</u></b>	<b><u>\$ 18,557</u></b>	<b><u>\$ 4,755</u></b>	<b><u>\$ 236,208</u></b>

CITY OF NEW HAVEN  
 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)

	Cumulative Capital Improvement	Gronauer Lock	25% Equipment Lease	General Improvement	TIF	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 5,885	\$ 474,496
Intergovernmental	44,321	-	-	-	-	304,689
Other	25,680	-	-	-	-	104,705
<b>Total receipts</b>	<b>70,001</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,885</b>	<b>883,890</b>
Disbursements:						
General government	-	-	-	-	-	112,609
Public safety	-	-	-	-	-	156,460
Debt service:						
Principal	-	-	-	-	-	250,000
Interest	-	-	-	-	-	181,165
Highways and streets	-	-	54,602	-	-	54,602
Capital outlay:						
Highways and streets	18,511	-	-	-	-	18,511
<b>Total disbursements</b>	<b>18,511</b>	<b>-</b>	<b>54,602</b>	<b>-</b>	<b>-</b>	<b>773,347</b>
Excess (deficiency) of receipts over disbursements	51,490	-	(54,602)	-	5,885	110,543
Cash and investment fund balance - beginning	409,102	16,966	62,485	150,807	-	1,117,465
Cash and investment fund balance - ending	\$ 460,592	\$ 16,966	\$ 7,883	\$ 150,807	\$ 5,885	\$ 1,228,008
<b>Cash and Investment Assets - December 31</b>						
Cash with fiscal agent	\$ -	\$ -	\$ 7,883	\$ -	\$ -	\$ 7,883
Restricted assets:						
Cash and investments	460,592	16,966	-	150,807	5,885	1,220,125
<b>Total cash and investment assets - December 31</b>	<b>\$ 460,592</b>	<b>\$ 16,966</b>	<b>\$ 7,883</b>	<b>\$ 150,807</b>	<b>\$ 5,885</b>	<b>\$ 1,228,008</b>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Capital projects	\$ 460,592	\$ 16,966	\$ 7,883	\$ 150,807	\$ 5,885	\$ 642,133
Debt service	-	-	-	-	-	236,208
Other purposes	-	-	-	-	-	349,667
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 460,592</b>	<b>\$ 16,966</b>	<b>\$ 7,883</b>	<b>\$ 150,807</b>	<b>\$ 5,885</b>	<b>\$ 1,228,008</b>

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

	Payroll	Court Fees Due County	Totals
Additions:			
Agency fund additions	\$ 2,245,607	\$ 340,854	\$ 2,586,461
Deductions:			
Agency fund deductions	2,245,699	335,853	2,581,552
Excess (deficiency) of total additions over total deductions	(92)	5,001	4,909
Cash and investment fund balance - beginning	549	21,824	22,373
Cash and investment fund balance - ending	\$ 457	\$ 26,825	\$ 27,282

CITY OF NEW HAVEN  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
For The Year Ended December 31, 2006

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,131,400
Infrastructure	493,167
Buildings	5,492,648
Improvements other than buildings	2,845,226
Machinery and equipment	5,906,460
Construction in progress	<u>3,746,990</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 19,615,891</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 11,000
Construction in progress	526,820
Capital assets being depreciated:	
Buildings	64,667
Improvements other than buildings	10,981,987
Machinery and equipment	<u>265,983</u>
Total Water Utility capital assets	<u>11,850,457</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	251,699
Construction in progress	3,614,498
Capital assets being depreciated:	
Buildings	1,924,425
Improvements other than buildings	13,467,003
Machinery and equipment	<u>575,881</u>
Total Wastewater Utility capital assets	<u>19,833,506</u>
Storm Water Utility:	
Capital assets, not being depreciated:	
Land	-
Construction in progress	73,177
Capital assets being depreciated:	
Buildings	-
Improvements other than buildings	1,396,552
Machinery and equipment	<u>252,304</u>
Total Storm Water Utility capital assets	<u>1,722,033</u>
Total business-type activities capital assets	<u>\$ 33,405,996</u>

CITY OF NEW HAVEN  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Fire station	\$ 585,000	\$ 120,000
Police and administration building	3,030,000	135,000
Fire truck	108,712	42,142
Equipment	<u>42,482</u>	<u>20,823</u>
Total governmental activities long-term debt	<u>\$ 3,766,194</u>	<u>\$ 317,965</u>
Business-type Activities:		
Water Utility		
Capital leases:		
Equipment	\$ 42,482	\$ 20,823
Revenue bonds:		
2002 Water improvement projects	<u>3,460,000</u>	<u>145,000</u>
Total Water Utility	<u>3,502,482</u>	<u>165,823</u>
Wastewater Utility		
Capital leases:		
Equipment	42,482	20,823
Revenue bonds:		
2001 Wastewater improvement projects	1,555,000	65,000
Loans:		
2005 Wastewater improvement projects	4,100,000	145,000
Loans:		
2006 Wastewater improvement projects	<u>3,628,073</u>	<u>-</u>
Total Wastewater Utility	<u>9,325,555</u>	<u>230,823</u>
Stormwater Utility		
Capital leases:		
Equipment	<u>42,482</u>	<u>20,823</u>
Total Stormwater Utility	<u>42,482</u>	<u>20,823</u>
Total business-type activities long-term debt:	<u>\$ 12,870,519</u>	<u>\$ 417,469</u>

CITY OF NEW HAVEN  
AUDIT RESULT AND COMMENT

EMS ACCOUNTS RECEIVABLE PRINTOUTS

As reported in the previous Reports B26113, B23995, and B28991, the EMS accounts receivable printouts were deficient:

The various reports should all have the same accounts receivable balance at any point in time. Accounts receivable as of December 31, 2006, is computed as follows:

Accounts receivable at 01-01-06	(from prior aged receivables)	\$ 289,597.95
Billings	("All Transactions for Revenue Journal")	579,556.11
Collections	("All Transactions for Cash Journal")	(274,091.53)
Bad debts	("All Transactions for B/D Journal")	(95,576.15)
Contractual allowances	("All Transactions for C/A Journal")	<u>(184,815.51)</u>
Accounts receivable at 12-31-06	(as calculated from printouts)	<u>\$ 314,670.87</u>

The various reports reflected the following balances, as of December 31, 2006:

"Billings and Accounts Receivable Reconciliation Report"	<u>\$ 316,359.87</u>
"Accounts Receivable Overall Summary Report" (aged accounts receivable)	<u>\$ 316,600.87</u>
"Open Accounts Detail Report"	<u>\$ 325,505.87</u>

The following reports were not available in the appropriate format. These reports must be run at year end. The system will not allow for a report, as of a given date, to be run on a subsequent date.

- "All Transaction Report for B/D Journal (Bad Debt)" - The printout was a one page summary, instead of detailed version.
- "All Transaction Report for Cash" - The printout was a one page summary, instead of detailed version.
- "All Transaction Report for A/R (Accounts Receivable) Journal" - The printout was a one page summary, instead of detailed version.
- "All Transaction Report for C/A (Contractual Allowance) Journal" - The printout was a one page summary, instead of detailed version.
- "Cash Receipts Report By Deposit" – The printout was not run by deposit (date of receipt), but sorted by transaction type.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE CITY OF NEW HAVEN, ALLEN COUNTY, INDIANA

Compliance

We have audited the compliance of the City of New Haven (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2006. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

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

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

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

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

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

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

STATE BOARD OF ACCOUNTS

September 25, 2007

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Crime Victim Assistance	16.575	05VA007 06VA007	\$ 18,228 <u>14,309</u>
Total for program			<u>32,537</u>
Violence Against Women Formula Grants	16.588	05ST005 03ST076	17,970 <u>2,190</u>
Total for program			<u>20,160</u>
Local Law Enforcement Block Grant Program	16.592	2001-LB-BX-4450	<u>3,977</u>
Total for federal grantor agency			<u>56,674</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster State and Community Highway Safety	20.600	OP-06-02-03-02	<u>4,900</u>
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		<u>4,021</u>
Total for Cluster			<u>8,921</u>
Direct Grant Safety Incentive Grants for Use of Seat Belts	20.604		<u>2,000</u>
Pass-Through Indiana Supreme Court Motor Carrier Safety Assistance Program	20.218		<u>1,000</u>
Pass-Through City of Fort Wayne Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		<u>1,287</u>
Alcohol Open Container Requirements	20.607		<u>5,482</u>
Total for federal grantor agency			<u>18,690</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Department of Environmental Management Capitalization Grants for Clean Water State Revolving Funds	66.458	2005A 2006A	165,309 <u>1,597,803</u>
Total for federal grantor agency			<u>1,763,112</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant Assistance to Firefighters Grant	97.044	EMW-2005-FG-02119	<u>18,516</u>
Total federal awards expended			<u>\$ 1,856,992</u>

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

CITY OF NEW HAVEN  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of New Haven (City) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

II. Subrecipients

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

Program Title	Federal CFDA Number	2006
Crime Victim Assistance	16.575	\$ 32,537
Violence Against Women Formula Grant	16.588	20,160

CITY OF NEW HAVEN  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
66.458	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? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF NEW HAVEN  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF NEW HAVEN  
EXIT CONFERENCE

The contents of this report were discussed on September 25, 2007, with Terry E. McDonald, Mayor; and Brenda D. Adams, Clerk-Treasurer. The officials concurred with our audit findings.