

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

EXAMINATION REPORT

OF

TOWN OF HUNTERTOWN

ALLEN COUNTY, INDIANA

January 1, 2005 to December 31, 2006



FILED

03/01/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Robin R. Riley	01-01-00 to 12-31-07
President of the Town Council	Jim Fortman	01-01-05 to 12-31-05
	Bruce Dunwiddie	01-01-06 to 12-31-06
	Sue Gongwer	01-01-07 to 12-31-07
Superintendent of Utilities	Wilson Gongwer	01-01-05 to 12-31-05
	Troy Guthier	01-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF HUNTERTOWN, ALLEN COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Huntertown (Town), for the period of January 1, 2005 to December 31, 2006. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Funding Progress, Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not a required part of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 15, 2007

TOWN OF HUNTERTOWN
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2005 And 2006

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 226,718	\$ 211,800	\$ 298,013	\$ 140,505
Motor Vehicle Highway	89,671	89,654	109,240	70,085
Local Road and Street	50,532	24,260	43,498	31,294
Rainy Day	10,703	68	-	10,771
Storm Water Lease Rental	94,812	53,159	73,080	74,891
CEDIT	550,352	175,331	92,145	633,538
Cumulative Capital Improvement	4,256	7,051	7,133	4,174
Cumulative Capital Development	139,211	33,550	-	172,761
Proprietary Funds:				
Water Utility - Operating	529,152	808,002	895,408	441,746
Water Utility - Bond and Interest	11,899	130,300	146,653	(4,454)
Water Utility - Depreciation	169,938	24,170	-	194,108
Water Utility - Customer Deposit	36,430	11,375	3,230	44,575
Water Utility - Debt Service	129,252	5,566	-	134,818
Wastewater Utility - Operating	611,628	795,950	878,452	529,126
Wastewater Utility - Depreciation	137,856	28,455	-	166,311
Wastewater Utility - Construction	-	271,932	271,932	-
Wastewater Utility - Debt Service	-	101	-	101
Sanitation	-	204,048	143,829	60,219
Fiduciary Fund:				
Payroll	187	380,410	381,486	(889)
Totals	<u>\$ 2,792,597</u>	<u>\$ 3,255,182</u>	<u>\$ 3,344,099</u>	<u>\$ 2,703,680</u>
	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 140,505	\$ 188,680	\$ 252,094	\$ 77,091
Motor Vehicle Highway	70,085	104,197	103,538	70,744
Local Road and Street	31,294	23,755	37,912	17,137
Rainy Day	10,771	453	-	11,224
Storm Water Lease Rental	74,891	25,446	71,240	29,097
CEDIT	633,538	209,108	244,073	598,573
Cumulative Capital Improvement	4,174	8,149	8,036	4,287
Cumulative Capital Development	172,761	31,877	-	204,638
Proprietary Funds:				
Water Utility - Operating	441,746	735,583	727,883	449,446
Water Utility - Bond and Interest	(4,454)	223,840	245,283	(25,897)
Water Utility - Depreciation	194,108	29,496	-	223,604
Water Utility - Customer Deposit	44,575	10,000	17,100	37,475
Water Utility - Debt Service	134,818	70	134,873	15
Wastewater Utility - Operating	529,126	766,773	727,344	568,555
Wastewater Utility - Depreciation	166,311	31,816	-	198,127
Wastewater Utility - Debt Service	101	423	-	524
Sanitation	60,219	241,682	212,976	88,925
Fiduciary Fund:				
Payroll	(889)	442,775	443,977	(2,091)
Totals	<u>\$ 2,703,680</u>	<u>\$ 3,074,123</u>	<u>\$ 3,226,329</u>	<u>\$ 2,551,474</u>

The accompanying notes are an integral part of the schedules.

TOWN OF HUNTERTOWN
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highways and streets, public improvements, planning and zoning, general administrative services, water and wastewater.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

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

Note 5. Deposits and Investments

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

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF HUNTERTOWN
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town 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 this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Subsequent Event

The Town of Huntertown has had plans drawn for improvements and additions to be made to the current Town Hall, the cost of which is estimated to be \$1,750,000. They have purchased property adjacent to the existing Town Hall for this expansion.

TOWN OF HUNTERTOWN
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 141,212	\$ 206,288	\$ (65,076)	68%	\$ 209,174	31%
07-01-04	149,947	92,081	57,866	163%	133,898	43%
07-01-05	165,381	97,734	67,647	169%	150,444	45%

TOWN OF HUNTERTOWN
 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.

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 54,681
Buildings	57,222
Improvements other than buildings	2,442,226
Machinery and equipment	40,680
Transportation equipment	<u>87,060</u>
Total Water Utility capital assets	<u>2,681,869</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	14,501
Buildings	181,508
Improvements other than buildings	1,390,084
Machinery and equipment	48,163
Transportation equipment	<u>109,407</u>
Total Wastewater Utility capital assets	<u>1,743,663</u>
Total business-type activities capital assets	<u>\$ 4,425,532</u>

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

Description of Debt	Ending Balance	Due Within One Year
Governmental activities:		
Capital leases:		
Storm Water Project	\$ 335,000	\$ 20,000
Bonds payable:		
General obligation bonds:		
Storm Water Project	<u>600,000</u>	<u>40,000</u>
Total governmental activities long-term debt	<u>\$ 935,000</u>	<u>\$ 60,000</u>
Business-type activities:		
Water Utility		
Revenue bonds:		
2006 Waterworks Refunding Revenue Bonds	\$ 1,135,000	\$ 170,000
2006 Waterworks Revenue Bonds	<u>4,500,000</u>	<u>24,000</u>
Total Water Utility	<u>5,635,000</u>	<u>194,000</u>
Total business-type activities long-term debt:	<u>\$ 5,635,000</u>	<u>\$ 194,000</u>

TOWN OF HUNTERTOWN
EXAMINATION RESULT AND COMMENT

CAPITAL ASSET RECORDS

As reported in Prior Report B25892, the Town does not maintain capital asset records for the governmental funds. Also, capital asset records for the Utilities do not include significant contributed water and wastewater assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded in the Capital Assets Ledger form. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF HUNTERTOWN
EXIT CONFERENCE

The contents of this report were discussed on February 15, 2007, with Robin R. Riley, Clerk-Treasurer.