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

AUDIT REPORT

OF

TOWN OF HUNTERTOWN

ALLEN COUNTY, INDIANA

January 1, 2007 to December 31, 2008



FILED
11/05/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Robin R. Riley	01-01-04 to 12-31-11
President of the Town Council	Sue Gongwer	01-01-07 to 12-31-07
	John Hidy	01-01-08 to 12-31-08
	Sue Gongwer	01-01-09 to 12-31-09
Superintendent of Utilities	Troy Guthier	01-01-07 to 09-01-08
	Wilson Gongwer	12-28-08 to 12-31-09



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 TOWN OF HUNTERTOWN, 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 Town of Huntertown (Town), as of and for the years ended December 31, 2007 and 2008, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town'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 Town 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 Town as of December 31, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated October 21, 2009, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. 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.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is 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 Town 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 Town'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 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

October 21, 2009



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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 TOWN OF HUNTERTOWN, 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 Town of Huntertown (Town), as of and for the years ended December 31, 2007 and 2008, which collectively comprise the Town's basic financial statements and have issued our report thereon dated October 21, 2009. 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 Town'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 Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

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. We consider the deficiencies described in item 2008-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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.

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)

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. However, of the significant deficiencies described above, we consider the deficiencies described in item 2008-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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.

The Town's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

October 21, 2009

TOWN OF HUNTERTOWN
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2007

Functions/Programs	Program Receipts		Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Governmental Activities	Business-Type Activities	Totals
Primary government:					
Governmental activities:					
General government	\$ 88,666	\$ -	\$ (88,666)	\$ -	\$ (88,666)
Public safety	68,164	-	(68,164)	-	(68,164)
Highways and streets	175,977	-	(175,977)	-	(175,977)
Sanitation	272,804	270,490	(2,314)	-	(2,314)
Health and welfare	2,290	-	(2,290)	-	(2,290)
Economic development	118,392	-	(118,392)	-	(118,392)
Culture and recreation	100,000	-	(100,000)	-	(100,000)
Interest on long-term debt	52,332	-	(52,332)	-	(52,332)
Total governmental activities	878,625	270,490	(608,135)	-	(608,135)
Business-type activities:					
Water	1,149,216	1,220,258	-	71,042	71,042
Wastewater	905,076	766,154	-	(138,922)	(138,922)
Total business-type activities	2,054,292	1,986,412	-	(67,880)	(67,880)
Total primary government	\$ 2,932,917	\$ 2,256,902	(608,135)	(67,880)	(676,015)
General receipts:					
Property taxes			237,612	-	237,612
State sources			426,390	-	426,390
Other local sources			118,552	-	118,552
Bonds and loans			-	396,522	396,522
Unrestricted investment earnings			-	65,073	65,073
Other receipts			-	8,100	8,100
Total general receipts			782,554	469,695	1,252,249
Change in net assets			174,419	401,815	576,234
Net assets - beginning			1,101,716	1,586,722	2,688,438
Net assets - ending			\$ 1,276,135	\$ 1,988,537	\$ 3,264,672
Assets					
Cash and investments			\$ 139,072	\$ 1,233,501	\$ 1,372,573
Cash with fiscal agent			-	185,660	185,660
Restricted assets:					
Cash and investments			1,137,063	569,376	1,706,439
Total assets			\$ 1,276,135	\$ 1,988,537	\$ 3,264,672
Net Assets					
Restricted for:					
Highways and streets			\$ 87,102	\$ -	\$ 87,102
Economic development			605,429	-	605,429
Debt service			30,930	287,881	318,811
Capital outlay			264,290	-	264,290
Other purposes			149,312	467,155	616,467
Unrestricted			139,072	1,233,501	1,372,573
Total net assets			\$ 1,276,135	\$ 1,988,537	\$ 3,264,672

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

TOWN OF HUNTERTOWN
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, 2007

	General	Storm Water Lease Rental	Sanitation	Cumulative Capital Development	CEDIT	Other Governmental Funds	Totals
Receipts:							
Taxes	\$ 137,918	\$ 61,013	\$ -	\$ 37,780	\$ -	\$ 901	\$ 237,612
Intergovernmental	74,023	10,220	-	6,908	191,935	143,304	426,390
Charges for services	-	-	270,490	-	-	-	270,490
Other	26,955	-	2,701	10,721	76,245	1,930	118,552
Total receipts	238,896	71,233	273,191	55,409	268,180	146,135	1,053,044
Disbursements:							
General government	75,827	-	-	-	-	-	75,827
Public safety	68,164	-	-	-	-	-	68,164
Highways and streets	38,566	-	-	-	-	137,411	175,977
Sanitation	-	-	212,804	-	-	-	212,804
Health and welfare	2,290	-	-	-	-	-	2,290
Debt service:							
Principal	-	40,000	-	-	120,000	-	160,000
Interest	-	29,400	-	-	22,932	-	52,332
Capital outlay:							
General government	12,839	-	-	-	-	-	12,839
Economic development	-	-	-	-	118,392	-	118,392
Total disbursements	197,686	69,400	212,804	-	261,324	137,411	878,625
Excess of receipts over disbursements	41,210	1,833	60,387	55,409	6,856	8,724	174,419
Other financing sources (uses):							
Transfers in	8,055	-	-	-	-	-	8,055
Transfers out	-	-	-	-	-	(8,055)	(8,055)
Total other financing sources (uses)	8,055	-	-	-	-	(8,055)	-
Excess of receipts and other financing sources over disbursements and other financing uses	49,265	1,833	60,387	55,409	6,856	669	174,419
Cash and investment fund balance - beginning	77,091	29,097	88,925	204,638	598,573	103,392	1,101,716
Cash and investment fund balance - ending	\$ 126,356	\$ 30,930	\$ 149,312	\$ 260,047	\$ 605,429	\$ 104,061	\$ 1,276,135
Cash and Investment Assets - December 31							
Cash and investments	\$ 126,356	\$ -	\$ -	\$ -	\$ -	\$ 12,716	\$ 139,072
Restricted assets:							
Cash and investments	-	30,930	149,312	260,047	605,429	91,345	1,137,063
Total cash and investment assets - December 31	\$ 126,356	\$ 30,930	\$ 149,312	\$ 260,047	\$ 605,429	\$ 104,061	\$ 1,276,135
Cash and Investment Fund Balance - December 31							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 87,102	\$ 87,102
Economic development	-	-	-	-	605,429	-	605,429
Debt service	-	30,930	-	-	-	-	30,930
Capital outlay	-	-	-	260,047	-	4,243	264,290
Other purposes	-	-	149,312	-	-	-	149,312
Unrestricted	126,356	-	-	-	-	12,716	139,072
Total cash and investment fund balance - December 31	\$ 126,356	\$ 30,930	\$ 149,312	\$ 260,047	\$ 605,429	\$ 104,061	\$ 1,276,135

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

TOWN OF HUNTERTOWN
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, 2007

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Metered receipts	\$ 976,435	\$ -	\$ 976,435
Fire protection receipts	3,360	-	3,360
Penalties	16,762	11,639	28,401
Flat rate receipts	-	689,313	689,313
Other	<u>223,701</u>	<u>65,202</u>	<u>288,903</u>
 Total operating receipts	 <u>1,220,258</u>	 <u>766,154</u>	 <u>1,986,412</u>
Operating disbursements:			
Equipment and capital improvements	396,522	-	396,522
Salaries and wages	149,448	149,437	298,885
Employee pensions and benefits	21,648	21,648	43,296
Purchased power	18,555	-	18,555
Purchased wastewater treatment	-	365,192	365,192
Fuel for power production	2,709	20,872	23,581
Chemicals	13,387	-	13,387
Material and supplies	80,138	44,596	124,734
Contractual services	94,675	140,122	234,797
Transportation disbursements	6,756	6,659	13,415
Insurance disbursements	16,951	16,951	33,902
Miscellaneous disbursements	<u>89,368</u>	<u>139,599</u>	<u>228,967</u>
 Total operating disbursements	 <u>890,157</u>	 <u>905,076</u>	 <u>1,795,233</u>
 Excess (deficiency) of operating receipts over operating disbursements	 <u>330,101</u>	 <u>(138,922)</u>	 <u>191,179</u>
Nonoperating receipts (disbursements):			
Loan proceeds	396,522	-	396,522
Interest and investment receipts	37,324	27,749	65,073
Miscellaneous receipts	8,100	-	8,100
Debt service of principal	(194,000)	-	(194,000)
Interest and investment disbursement	(56,984)	-	(56,984)
Miscellaneous disbursements	<u>(8,075)</u>	<u>-</u>	<u>(8,075)</u>
 Total nonoperating receipts (disbursements)	 <u>182,887</u>	 <u>27,749</u>	 <u>210,636</u>
 Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	 <u>512,988</u>	 <u>(111,173)</u>	 <u>401,815</u>
 Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	 512,988	 (111,173)	 401,815
 Cash and investment fund balance - beginning	 <u>819,516</u>	 <u>767,206</u>	 <u>1,586,722</u>
 Cash and investment fund balance - ending	 <u>\$ 1,332,504</u>	 <u>\$ 656,033</u>	 <u>\$ 1,988,537</u>
 <u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 733,108	\$ 500,393	\$ 1,233,501
Cash with fiscal agent	185,660	-	185,660
Restricted assets:			
Cash and investments	<u>413,736</u>	<u>155,640</u>	<u>569,376</u>
 Total cash and investment assets - December 31	 <u>\$ 1,332,504</u>	 <u>\$ 656,033</u>	 <u>\$ 1,988,537</u>
 <u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 286,847	\$ 1,034	\$ 287,881
Other purposes	312,549	154,606	467,155
Unrestricted	<u>733,108</u>	<u>500,393</u>	<u>1,233,501</u>
 Total cash and investment fund balance - December 31	 <u>\$ 1,332,504</u>	 <u>\$ 656,033</u>	 <u>\$ 1,988,537</u>

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

TOWN OF HUNTERTOWN
STATEMENT OF NET ASSETS - CASH AND INVESTMENT BALANCES
FIDUCIARY FUND
For The Year Ended December 31, 2007

	<u>Agency Fund</u>
Total net assets	<u>\$ (2,512)</u>

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

TOWN OF HUNTERTOWN
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2008

<u>Functions/Programs</u>	Program Receipts		Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Primary Government		
			Governmental Activities	Business-Type Activities	Totals
Primary government:					
Governmental activities:					
General government	\$ 135,885	\$ -	\$ (135,885)	\$ -	\$ (135,885)
Public safety	71,613	-	(71,613)	-	(71,613)
Highways and streets	247,477	-	(247,477)	-	(247,477)
Sanitation	308,120	289,881	(18,239)	-	(18,239)
Health and welfare	3,070	-	(3,070)	-	(3,070)
Culture and recreation	100,000	-	(100,000)	-	(100,000)
Interest on long-term debt	127,643	-	(127,643)	-	(127,643)
Total governmental activities	993,808	289,881	(703,927)	-	(703,927)
Business-type activities:					
Water	2,023,195	1,174,965	-	(848,230)	(848,230)
Wastewater	830,078	885,005	-	54,927	54,927
Total business-type activities	2,853,273	2,059,970	-	(793,303)	(793,303)
Total primary government	\$ 3,847,081	\$ 2,349,851	(703,927)	(793,303)	(1,497,230)
General receipts:					
Property taxes			364,077	-	364,077
State sources			451,118	-	451,118
Other local sources			62,551	-	62,551
Bonds and loans			-	1,296,768	1,296,768
Unrestricted investment earnings			-	52,950	52,950
Other			-	6,350	6,350
Total general receipts			877,746	1,356,068	2,233,814
Change in net assets			173,819	562,765	736,584
Net assets - beginning			1,276,135	1,988,537	3,264,672
Net assets - ending			\$ 1,449,954	\$ 2,551,302	\$ 4,001,256
<u>Assets</u>					
Cash and investments			\$ 176,092	\$ 1,504,605	\$ 1,680,697
Cash with fiscal agent			-	515,268	515,268
Restricted assets:					
Cash and investments			1,273,862	531,429	1,805,291
Total assets			\$ 1,449,954	\$ 2,551,302	\$ 4,001,256
<u>Net Assets</u>					
Restricted for:					
Highways and streets			\$ 72,084	\$ -	\$ 72,084
Economic development			633,163	-	633,163
Debt service			86,677	515,411	602,088
Capital outlay			297,184	-	297,184
Other purposes			184,754	531,286	716,040
Unrestricted			176,092	1,504,605	1,680,697
Total net assets			\$ 1,449,954	\$ 2,551,302	\$ 4,001,256

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

TOWN OF HUNTERTOWN
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, 2008

	General	Storm Water Lease Rental	Sanitation	Cumulative Capital Development	CEDIT	Other Governmental Funds	Totals
Receipts:							
Taxes	\$ 119,886	\$ 210,859	\$ -	\$ 33,332	\$ -	\$ -	\$ 364,077
Intergovernmental	63,950	26,903	-	4,253	199,066	156,946	451,118
Charges for services	-	-	289,881	-	-	-	289,881
Other	34,311	-	3,681	8,950	13,130	2,479	62,551
Total receipts	218,147	237,762	293,562	46,535	212,196	159,425	1,167,627
Disbursements:							
General government	81,263	-	-	-	-	-	81,263
Public safety	71,613	-	-	-	-	-	71,613
Highways and streets	40,950	-	-	-	-	118,868	159,818
Sanitation	-	-	258,120	-	-	-	258,120
Health and welfare	3,070	-	-	-	-	-	3,070
Debt service:							
Principal	-	80,000	-	-	110,000	-	190,000
Interest	-	102,015	-	-	25,628	-	127,643
Capital outlay:							
General government	14,622	-	-	-	-	-	14,622
Highways and streets	-	-	-	13,296	48,834	25,529	87,659
Total disbursements	211,518	182,015	258,120	13,296	184,462	144,397	993,808
Excess of receipts over disbursements	6,629	55,747	35,442	33,239	27,734	15,028	173,819
Other financing sources (uses):							
Transfers in	7,763	-	-	-	-	-	7,763
Transfers out	-	-	-	-	-	(7,763)	(7,763)
Total other financing sources (uses)	7,763	-	-	-	-	(7,763)	-
Excess of receipts and other financing sources over disbursements and other financing uses	14,392	55,747	35,442	33,239	27,734	7,265	173,819
Cash and investment fund balance - beginning	126,356	30,930	149,312	260,047	605,429	104,061	1,276,135
Cash and investment fund balance - ending	\$ 140,748	\$ 86,677	\$ 184,754	\$ 293,286	\$ 633,163	\$ 111,326	\$ 1,449,954
Cash and Investment Assets - December 31							
Cash and investments	\$ 140,748	\$ -	\$ -	\$ -	\$ -	\$ 35,344	\$ 176,092
Restricted assets:							
Cash and investments	-	86,677	184,754	293,286	633,163	75,982	1,273,862
Total cash and investment assets - December 31	\$ 140,748	\$ 86,677	\$ 184,754	\$ 293,286	\$ 633,163	\$ 111,326	\$ 1,449,954
Cash and Investment Fund Balance - December 31							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,084	\$ 72,084
Economic development	-	-	-	-	633,163	-	633,163
Debt service	-	86,677	-	-	-	-	86,677
Capital outlay	-	-	-	293,286	-	3,898	297,184
Other purposes	-	-	184,754	-	-	-	184,754
Unrestricted	140,748	-	-	-	-	35,344	176,092
Total cash and investment fund balance - December 31	\$ 140,748	\$ 86,677	\$ 184,754	\$ 293,286	\$ 633,163	\$ 111,326	\$ 1,449,954

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

TOWN OF HUNTERTOWN
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, 2008

	Water Utility	Wastewater Utility	Totals
Operating receipts:			
Metered receipts	\$ 1,029,672	\$ -	\$ 1,029,672
Fire protection receipts	5,880	-	5,880
Penalties	17,046	11,619	28,665
Flat rate receipts	-	763,194	763,194
Other	<u>122,367</u>	<u>110,192</u>	<u>232,559</u>
 Total operating receipts	 <u>1,174,965</u>	 <u>885,005</u>	 <u>2,059,970</u>
Operating disbursements:			
Equipment and capital improvements	1,320,363	-	1,320,363
Salaries and wages	161,551	161,551	323,102
Employee pensions and benefits	40,864	40,863	81,727
Purchased wastewater treatment	20,603	384,194	404,797
Fuel for power production	2,965	22,144	25,109
Chemicals	14,339	-	14,339
Material and supplies	41,555	16,106	57,661
Contractual services	47,354	60,973	108,327
Transportation disbursements	13,685	8,086	21,771
Insurance disbursements	3,155	3,156	6,311
Miscellaneous disbursements	<u>123,492</u>	<u>133,005</u>	<u>256,497</u>
 Total operating disbursements	 <u>1,789,926</u>	 <u>830,078</u>	 <u>2,620,004</u>
 Excess (deficiency) of operating receipts over operating disbursements	 <u>(614,961)</u>	 <u>54,927</u>	 <u>(560,034)</u>
Nonoperating receipts (disbursements):			
Loan proceeds	1,296,768	-	1,296,768
Interest and investment receipts	34,335	18,615	52,950
Miscellaneous receipts	6,350	-	6,350
Debt service of principal	(175,000)	-	(175,000)
Interest and investment disbursement	(52,201)	-	(52,201)
Miscellaneous disbursements	<u>(6,068)</u>	<u>-</u>	<u>(6,068)</u>
 Total nonoperating receipts (disbursements)	 <u>1,104,184</u>	 <u>18,615</u>	 <u>1,122,799</u>
 Excess receipts over disbursements and nonoperating receipts	 489,223	 73,542	 562,765
Cash and investment fund balance - beginning	<u>1,332,504</u>	<u>656,033</u>	<u>1,988,537</u>
Cash and investment fund balance - ending	<u>\$ 1,821,727</u>	<u>\$ 729,575</u>	<u>\$ 2,551,302</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	\$ 961,646	\$ 542,959	\$ 1,504,605
Cash with fiscal agent	515,268	-	515,268
Restricted assets:			
Cash and investments	<u>344,813</u>	<u>186,616</u>	<u>531,429</u>
Total cash and investment assets - December 31	<u>\$ 1,821,727</u>	<u>\$ 729,575</u>	<u>\$ 2,551,302</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Restricted for:			
Debt service	\$ 515,411	\$ 1,482	\$ 516,893
Other purposes	344,670	185,134	529,804
Unrestricted	<u>961,646</u>	<u>542,959</u>	<u>1,504,605</u>
Total cash and investment fund balance - December 31	<u>\$ 1,821,727</u>	<u>\$ 729,575</u>	<u>\$ 2,551,302</u>

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

TOWN OF HUNTERTOWN
STATEMENT OF NET ASSETS - CASH AND INVESTMENT BALANCES
FIDUCIARY FUND
For The Year Ended December 31, 2008

	<u>Agency Fund</u>
Total net assets	<u>\$ (3,070)</u>

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

TOWN OF HUNTERTOWN
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater.

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

Primary Government: Town of Huntertown

In determining the financial reporting entity, the Town 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 nonexchange 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, 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 Town 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 storm water lease rental fund (debt service) accounts for the financial resources used for the payment of long-term debt principal and interest.

The sanitation fund (special revenue) accounts for the financial resources used for sanitation purposes.

The cumulative capital development fund (capital projects) accounts for receipts and disbursements of taxes levied under IC 36-9-15.5.

The CEDIT fund (capital projects) accounts for the Town's use of economic development income tax revenues.

TOWN OF HUNTERTOWN
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Town 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.

Additionally, the Town reports the following fund type:

Agency funds account for assets held by the Town as an agent for payroll withholdings.

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 Town 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 Town 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 Town and 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. The Town does not have any internal service funds.

TOWN OF HUNTERTOWN
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and in 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. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

3. 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.

4. 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.

5. 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 Town'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.

TOWN OF HUNTERTOWN
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 charges to customers or applicants for goods, services, or privileges provided. 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:

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 government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

TOWN OF HUNTERTOWN
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

II. Stewardship, Compliance and Accountability

A. 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 Town 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 Town receives approval of the Indiana Department of Local Government Finance.

The Town'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.

B. Cash and Investment Balance Deficits

At December 31, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

<u>Fund</u>	<u>2007</u>	<u>2008</u>
Payroll	<u>\$ (2,512)</u>	<u>\$ (3,070)</u>

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

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 Town does not have a deposit policy for custodial credit risk. At December 31, 2008, the Town had deposit balances in the amount of \$3,998,186. These 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.

TOWN OF HUNTERTOWN
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2007 and 2008, were as follows:

Transfer From	Transfer To	2007	2008
Cumulative Capital Improvement	General Fund	\$ 8,055	\$ 7,763

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

IV. Other Information

A. Risk Management

The Town 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; 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.

Job Related Illness or Injuries to Employees

During 2003, the Town joined with other governmental entities in the Indiana Public Employers' Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for approximately 350 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 workers' compensation claims. The Town pays an annual premium to the risk pool for its workers' compensation 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. The risk pool obtains independent coverage for insured events in excess of the \$1,000,000 limit.

B. Holding Corporation

The Town has entered into capital leases with Huntertown Storm Sewer Bldg. Corp. and Huntertown Improvement Bldg. Corp. (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 Town. The lessors have been determined to be related parties of the Town. Lease payments during the years 2007 and 2008 totaled \$37,737 and \$151,193, respectively.

TOWN OF HUNTERTOWN
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Rate Structure – Enterprise Funds

Water Utility

On October 10, 1989, the Town Council adopted an ordinance to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on October 16, 2007.

Wastewater Utility

The current rate structure was approved by the Town Council on March 5, 2001.

D. Pension Plan

Agent Multiple-Employer Defined Benefit 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 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 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 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 Town'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 Town and the Utilities is not available.

TOWN OF HUNTERTOWN
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 19,383
Interest on net pension obligation	(3,040)
Adjustment to annual required contribution	3,465
Annual pension cost	19,808
Contributions made	16,200
Increase in net pension obligation	3,608
Net pension obligation, beginning of year	(41,934)
Net pension obligation, end of year	\$ (38,326)

	PERF
Contribution rates:	
Town	7%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

<u>Actuarial Assumptions</u>	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

TOWN OF HUNTERTOWN
NOTES TO FINANCIAL STATEMENTS
(Continued)

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	06-30-06	\$ 2,219	911%	\$ (45,101)
	06-30-07	22,699	86%	(41,934)
	06-30-08	19,808	82%	(38,326)

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)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 86,058	\$ 122,075	\$ (36,017)	70%	\$ 332,224	(11%)
07-01-07	111,516	148,015	(36,499)	75%	281,496	(13%)
07-01-08	137,864	179,101	(41,237)	77%	412,894	(10%)

TOWN OF HUNTERTOWN
 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, 2007

	Rainy Day	Motor Vehicle Highway	Local Road and Street	Cumulative Capital Improvement	Totals
Receipts:					
Taxes	\$ 901	\$ -	\$ -	\$ -	\$ 901
Intergovernmental	-	106,571	28,722	8,011	143,304
Other	591	1,150	189	-	1,930
Total receipts	1,492	107,721	28,911	8,011	146,135
Disbursements:					
Highways and streets	-	123,693	13,718	-	137,411
Excess (deficiency) of receipts over disbursements	1,492	(15,972)	15,193	8,011	8,724
Other financing sources (uses):					
Transfers out	-	-	-	(8,055)	(8,055)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,492	(15,972)	15,193	(44)	669
Cash and investment fund balance - beginning	11,224	70,744	17,137	4,287	103,392
Cash and investment fund balance - ending	<u>\$ 12,716</u>	<u>\$ 54,772</u>	<u>\$ 32,330</u>	<u>\$ 4,243</u>	<u>\$ 104,061</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 12,716	\$ -	\$ -	\$ -	\$ 12,716
Restricted assets:					
Cash and investments	-	54,772	32,330	4,243	91,345
Total cash and investment assets - December 31	<u>\$ 12,716</u>	<u>\$ 54,772</u>	<u>\$ 32,330</u>	<u>\$ 4,243</u>	<u>\$ 104,061</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Highways and streets	\$ -	\$ 54,772	\$ 32,330	\$ -	\$ 87,102
Capital outlay	-	-	-	4,243	4,243
Unrestricted	12,716	-	-	-	12,716
Total cash and investment fund balance - December 31	<u>\$ 12,716</u>	<u>\$ 54,772</u>	<u>\$ 32,330</u>	<u>\$ 4,243</u>	<u>\$ 104,061</u>

TOWN OF HUNTERTOWN
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUND
 For The Year Ended December 31, 2007

	<u>Payroll Fund</u>
Additions:	
Agency fund additions	\$ 461,000
Deductions:	
Agency fund deductions	461,421
Deficiency of total additions over total deductions	(421)
Cash and investment fund balance - beginning	(2,091)
Cash and investment fund balance - ending	\$ (2,512)

TOWN OF HUNTERTOWN
 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, 2008

	Rainy Day	Motor Vehicle Highway	Local Road and Street	Cumulative Capital Improvement	Totals
Receipts:					
Intergovernmental	\$ 21,875	\$ 94,151	\$ 33,502	\$ 7,418	\$ 156,946
Other	753	1,172	554	-	2,479
Total receipts	22,628	95,323	34,056	7,418	159,425
Disbursements:					
Highways and streets	-	118,868	-	-	118,868
Capital outlay:					
Highways and streets	-	-	25,529	-	25,529
Total disbursements	-	118,868	25,529	-	144,397
Excess (deficiency) of receipts over disbursements	22,628	(23,545)	8,527	7,418	15,028
Other financing sources (uses):					
Transfers out	-	-	-	(7,763)	(7,763)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	22,628	(23,545)	8,527	(345)	7,265
Cash and investment fund balance - beginning	12,716	54,772	32,330	4,243	104,061
Cash and investment fund balance - ending	<u>\$ 35,344</u>	<u>\$ 31,227</u>	<u>\$ 40,857</u>	<u>\$ 3,898</u>	<u>\$ 111,326</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 35,344	\$ -	\$ -	\$ -	\$ 35,344
Restricted assets:					
Cash and investments	-	31,227	40,857	3,898	75,982
Total cash and investment assets - December 31	<u>\$ 35,344</u>	<u>\$ 31,227</u>	<u>\$ 40,857</u>	<u>\$ 3,898</u>	<u>\$ 111,326</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Highways and streets	\$ -	\$ 31,227	\$ 40,857	\$ -	\$ 72,084
Capital outlay	-	-	-	3,898	3,898
Unrestricted	35,344	-	-	-	35,344
Total cash and investment fund balance - December 31	<u>\$ 35,344</u>	<u>\$ 31,227</u>	<u>\$ 40,857</u>	<u>\$ 3,898</u>	<u>\$ 111,326</u>

TOWN OF HUNTERTOWN
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUND
 For The Year Ended December 31, 2008

	<u>Payroll Fund</u>
Additions:	
Agency fund additions	\$ 504,120
Deductions:	
Agency fund deductions	504,678
Deficiency of total additions over total deductions	(558)
Cash and investment fund balance - beginning	(2,512)
Cash and investment fund balance - ending	\$ (3,070)

TOWN OF HUNTERTOWN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2008

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>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 2,067,559
Buildings	955,551
Improvements other than buildings	14,734,697
Machinery and equipment	<u>579,912</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 18,337,719</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 32,604
Construction in progress	1,597,627
Buildings	79,065
Improvements other than buildings	12,359,848
Machinery and equipment	<u>139,318</u>
Total Water Utility capital assets	<u>14,208,462</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	1,734
Buildings	6,588
Improvements other than buildings	16,777,233
Machinery and equipment	<u>156,269</u>
Total Wastewater Utility capital assets	<u>16,941,824</u>
Total business-type activities capital assets	<u>\$ 31,150,286</u>

TOWN OF HUNTERTOWN
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Storm Water Project	\$ 295,000	\$ 45,453
New Town Hall	1,560,000	112,770
Land contract	300,000	108,250
Bonds payable:		
General obligation bonds:		
Storm Water Project	<u>520,000</u>	<u>70,545</u>
Total governmental activities debt	<u>\$ 2,675,000</u>	<u>\$ 337,018</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
Waterworks Refunding Revenue Bonds	\$ 790,000	\$ 218,022
State Revolving Fund loan:		
2006 Waterworks improvements	<u>4,476,000</u>	<u>167,569</u>
Total business-type activities debt	<u>\$ 5,266,000</u>	<u>\$ 385,591</u>

TOWN OF HUNTERTOWN
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The cash balances of the Payroll Fund were overdrawn by \$2,512 and \$3,070 in 2007 and 2008, respectively, due to a computer software problem.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, utility billings and collections, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to go undetected.
2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Board to monitor and assess the quality of the Town's system of internal control. The Town Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (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
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

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

Compliance

We have audited the compliance of the Town of Huntertown (Town) 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 years ended December 31, 2007 and 2008. The Town'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 Town's management. Our responsibility is to express an opinion on the Town'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 Town'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 Town's compliance with those requirements.

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2007 and 2008.

Internal Control Over Compliance

The management of the Town 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 Town'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 Town'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 Town'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.

The Town's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

October 21, 2009

TOWN OF HUNTERTOWN
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Years Ended December 31, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-07	Total Federal Awards Expended 12-31-08
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Pass-Through Indiana Finance Authority Capitalization Grants for Drinking Water State Revolving Fund	66.468	DW06050201	\$ <u>165,093</u>	\$ <u>625,616</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF HUNTERTOWN
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Huntertown (Town) 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.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of Towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF HUNTERTOWN
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?	yes
Significant deficiencies 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
Significant deficiencies 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
66.468	Capitalization Grants for Drinking Water State Revolving Fund

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2008-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

TOWN OF HUNTERTOWN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, utility billings and collections, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to go undetected.
2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Board to monitor and assess the quality of the Town's system of internal control. The Town Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

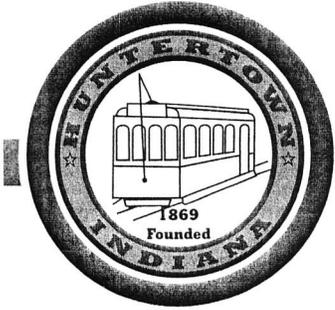
Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF HUNTERTOWN
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



TOWN OF HUNTERTOWN

15617 Lima Road ☆ P.O. Box 95 ☆ Huntertown, IN 46748
Phone: (260) 637-5058 ☆ Fax: (260) 637-5891

October 21, 2009

The following is the Town's Corrective Action Plan presented as a part of the Town of Huntertown report for the period of January 1, 2007 to December 31, 2008.

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

The management of the Town of Huntertown has reviewed the Financial Statement Findings related to their audit for the year 2007-2008 and offer the following corrective actions.

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to achievement of financial reporting objectives. – The Clerk Treasurer's office will review their office procedures and attempt to institute duties that would involve, at least on a sample basis, reviews of the work being performed by each of the office employees. However, the town is a very small governmental unit and management has determined that the cost associated with employing the additional staff necessary to properly segregate the duties in the business office would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent with the current internal control structure used by their business office.

2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements and then determining how those identified risks should be managed. - Town officials will review their office procedures and attempt to institute duties that would involve reviews of the work being performed by each of the office employees. However, the town is a very small governmental unit and management has determined that the cost associated with employing the additional staff necessary to properly segregate the duties in the business office would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent with the current internal control structure used by their business office.

3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Board to monitor and assess the quality of the Town's system of internal control. - The Town Board has will performed either an ongoing or separate evaluation of their system of internal controls. However, the town is a very small governmental unit and management has determined that the cost associated with employing the additional staff necessary to properly segregate the duties in the business office would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent with the current internal control structure used by their business office.

Clerk Treasurer,
Town of Huntertown

TOWN OF HUNTERTOWN
EXIT CONFERENCE

The contents of this report were discussed on October 21, 2009, with Robin R. Riley, Clerk-Treasurer; and Sue Gongwer, President of the Town Council. The official response has been made a part of this report and may be found on pages 43 and 44.



TOWN OF HUNTERTOWN

15617 Lima Road ☆ P.O. Box 95 ☆ Huntertown, IN 46748
Phone: (260) 637-5058 ☆ Fax: (260) 637-5891

October 21, 2009

Indiana State Board of Accounts
Mr. Bruce A. Hartman, CPA
302 West Washington St.
4th Floor, Room E 418
Indianapolis, In 46204-2765

Dear Mr. Hartman,

The following is a response to the preliminary draft of Audit Results and Comments that were presented as a part of the Town of Huntertown report for the period of January 1, 2007 to December 31, 2008.

OVERDRAWN CASH BALANCES

The cash balances of the Payroll Fund were overdrawn by \$2,512.00 and \$3,070 respectively, in 2007 and 2008, due to a computer software problem.

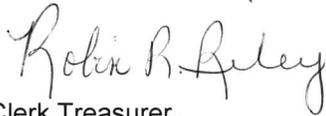
The money has been transferred into the account through the Water and Sewer Operating Funds in September 2009.

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

The management of the Town of Huntertown has reviewed the Financial Statement Findings related to their audit for the year 2007-2008 and offer the following corrective actions.

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2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements and then determining how those identified risks should be managed. - Town officials will review their office procedures and attempt to institute duties that would involve reviews of the work being performed by each of the office employees. However, the town is a very small governmental unit and management has determined that the cost associated with employing the additional staff necessary to properly segregate the duties in the business office would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent with the current internal control structure used by their business office.

3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Board to monitor and assess the quality of the Town's system of internal control. - The Town Board has will performed either an ongoing or separate evaluation of their system of internal controls. However, the town is a very small governmental unit and management has determined that the cost associated with employing the additional staff necessary to properly segregate the duties in the business office would outweigh the benefits of a stronger internal control structure. Management acknowledges and assumes the risks inherent with the current internal control structure used by their business office.



Clerk Treasurer,
Town of Hometown