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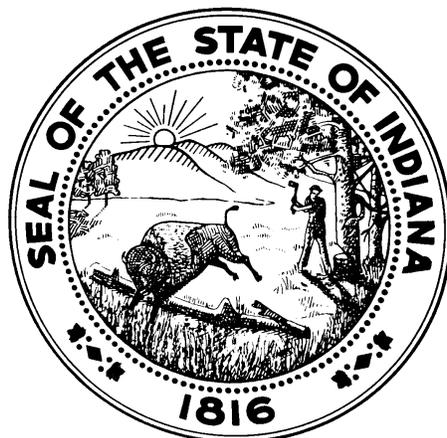
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2008

CITY OF HUNTINGBURG

DUBOIS COUNTY, INDIANA



FILED
12/31/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Thomas A. Dippel	01-01-08 to 12-31-11
Mayor	Marvin R. Belcher	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Marvin R. Belcher	01-01-08 to 12-31-11
President of the Common Council	Ken Sparrow Marvin Boeglin	01-01-08 to 12-31-08 01-01-09 to 12-31-09
Superintendent of Water, Gas, and Electric Utilities	Ron McDonald Tony Traylor	01-01-08 to 05-15-09 05-16-09 to 12-31-09
Superintendent of Wastewater Utility	Ron Hall	01-01-08 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF HUNTINGBURG, DUBOIS 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 Huntingburg (City), as of and for the year ended December 31, 2008, 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. 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, 2008, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

Our audit was conducted for the purpose of forming 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

November 18, 2009

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

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 1,163,640	\$ 543,457	\$ -	\$ -	\$ (620,183)	\$ -	\$ (620,183)
Public safety	1,100,336	31,086	-	-	(1,069,250)	-	(1,069,250)
Highways and streets	1,103,107	47,561	245,223	32,570	(777,753)	-	(777,753)
Sanitation	-	7,709	-	-	7,709	-	7,709
Economic development	1,854,895	-	-	54,180	(1,800,715)	-	(1,800,715)
Culture and recreation	474,599	63,509	-	-	(411,090)	-	(411,090)
Principal and interest on indebtedness	24,975	-	-	-	(24,975)	-	(24,975)
Total governmental activities	5,721,552	693,322	245,223	86,750	(4,696,257)	-	(4,696,257)
Business-type activities:							
Electric Utility	7,206,518	8,010,688	-	-	-	804,170	804,170
Gas Utility	5,262,217	5,425,955	-	-	-	163,738	163,738
Wastewater Utility	1,308,525	1,357,456	-	-	-	48,931	48,931
Water Utility	2,762,574	2,889,863	-	-	-	127,289	127,289
Total business-type activities	16,539,834	17,683,962	-	-	-	1,144,128	1,144,128
Total primary government	\$ 22,261,386	\$ 18,377,284	\$ 245,223	\$ 86,750	(4,696,257)	1,144,128	(3,552,129)
General receipts:							
Property taxes					2,456,771	-	2,456,771
Intergovernmental					1,385,871	-	1,385,871
Other local sources					2,233,521	-	2,233,521
Net proceeds from borrowings					-	50,000	50,000
Grants and contributions not restricted to specific programs					7,950	-	7,950
Investment earnings					95,469	193,918	289,387
Transfers					658,195	(658,195)	-
Total general receipts and transfers					6,837,777	(414,277)	6,423,500
Change in net assets					2,141,520	729,851	2,871,371
Net assets - beginning					6,071,611	6,793,636	12,865,247
Net assets - ending					\$ 8,213,131	\$ 7,523,487	\$ 15,736,618
Assets							
Cash and investments					\$ 1,380,232	\$ 6,034,301	\$ 7,414,533
Restricted assets:							
Cash and investments					6,832,899	1,489,186	8,322,085
Total assets					\$ 8,213,131	\$ 7,523,487	\$ 15,736,618
Net Assets							
Restricted for:							
General government					\$ 1,448,332	\$ -	\$ 1,448,332
Public safety					10,824	-	10,824
Highways and streets					480,419	-	480,419
Economic development					3,556,093	-	3,556,093
Culture and recreation					323,449	-	323,449
Urban redevelopment and housing					15,277	-	15,277
Debt service					12,629	-	12,629
Capital outlay					985,876	-	985,876
Other purposes					-	1,489,186	1,489,186
Unrestricted					1,380,232	6,034,301	7,414,533
Total net assets					\$ 8,213,131	\$ 7,523,487	\$ 15,736,618

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

CITY OF HUNTINGBURG
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	Redevelopment TIF NW	Redevelopment TIF Industrial Park	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 462,040	\$ 450,522	\$ 328,444	\$ 1,215,765	\$ 2,456,771
Licenses and permits	750	-	-	-	750
Intergovernmental	631,645	9,148	-	1,077,051	1,717,844
Charges for services	81,255	-	-	131,801	213,056
Fines and forfeits	825	-	-	-	825
Interfund loans	-	-	-	29,555	29,555
Other	33,358	16,737	33,685	2,083,694	2,167,474
Total receipts	1,209,873	476,407	362,129	4,537,866	6,586,275
Disbursements:					
General government	380,379	-	-	155,671	536,050
Public safety	1,050,326	-	-	6,601	1,056,927
Highways and streets	-	-	-	867,784	867,784
Economic development	-	67,733	-	1,603,941	1,671,674
Culture and recreation	-	-	-	417,635	417,635
Debt service:					
Principal	-	-	-	18,000	18,000
Interest	-	-	-	6,975	6,975
Capital outlay:					
General government	47,316	-	-	-	47,316
Public safety	43,995	-	-	-	43,995
Highways and streets	-	-	-	315,894	315,894
Economic development	-	-	-	183,221	183,221
Culture and recreation	-	-	-	74,167	74,167
Total disbursements	1,522,016	67,733	-	3,649,889	5,239,638
Excess (deficiency) of receipts over disbursements	(312,143)	408,674	362,129	887,977	1,346,637
Other financing sources (uses):					
Transfers in	658,195	-	-	924,253	1,582,448
Transfers out	(116,000)	(211,037)	(106,473)	(490,743)	(924,253)
Total other financing sources (uses)	542,195	(211,037)	(106,473)	433,510	658,195
Excess of receipts and other financing sources over disbursements and other financing uses	230,052	197,637	255,656	1,321,487	2,004,832
Cash and investment fund balance - beginning	1,150,180	968,996	1,351,676	1,895,177	5,366,029
Cash and investment fund balance - ending	\$ 1,380,232	\$ 1,166,633	\$ 1,607,332	\$ 3,216,664	7,370,861
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because: Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.					
					842,270
Net assets of governmental activities					\$ 8,213,131
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 1,380,232	\$ -	\$ -	\$ -	\$ 1,380,232
Restricted assets:					
Cash and investments	-	1,166,633	1,607,332	3,216,664	5,990,629
Total cash and investment assets - ending	\$ 1,380,232	\$ 1,166,633	\$ 1,607,332	\$ 3,216,664	\$ 7,370,861
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ 606,062	\$ 606,062
Public safety	-	-	-	10,824	10,824
Highways and streets	-	-	-	480,419	480,419
Economic development	-	1,166,633	1,607,332	782,128	3,556,093
Culture and recreation	-	-	-	323,449	323,449
Urban redevelopment and housing	-	-	-	15,277	15,277
Debt service	-	-	-	12,629	12,629
Capital outlay	-	-	-	985,876	985,876
Unrestricted	1,380,232	-	-	-	1,380,232
Total cash and investment fund balance - ending	\$ 1,380,232	\$ 1,166,633	\$ 1,607,332	\$ 3,216,664	\$ 7,370,861

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

CITY OF HUNTINBURG
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

	Electric	Gas	Wastewater	Water	Totals	Internal Service Funds
Operating receipts:						
Metered/measured	\$ 7,799,845	\$ 5,287,422	\$ 1,334,646	\$ 2,461,384	\$ 16,883,297	\$ -
Interfund loan proceeds	60,000	-	-	-	60,000	744,330
Miscellaneous	210,843	138,533	22,810	428,479	800,665	164,784
Total operating receipts	8,070,688	5,425,955	1,357,456	2,889,863	17,743,962	909,114
Operating disbursements:						
Salaries and wages	-	-	364,284	438,891	803,175	-
Employee pensions and benefits	-	-	127,578	133,392	260,970	-
Purchased water	-	-	-	440,205	440,205	-
Sludge removal	-	-	1,677	-	1,677	-
Purchased power	5,499,835	-	111,670	-	5,611,505	-
Fuel for power production	-	3,818,721	-	-	3,818,721	-
Chemicals	-	-	33,059	82,405	115,464	-
Material and supplies	-	-	53,573	135,903	189,476	-
Transportation	488,798	392,768	-	62,899	944,465	-
Insurance claims and expense	-	-	-	17,715	17,715	-
Bad debt	-	-	108	1,374	1,482	-
Customer accounts	37,777	39,274	-	-	77,051	-
Administration and general	712,568	586,755	119,547	67,009	1,485,879	-
Storage	-	51,374	-	-	51,374	-
Refunds	49,896	29,380	15,049	10,605	104,930	-
Interfund loans made/repaid	-	-	-	60,000	60,000	-
Insurance claims and expense	-	-	-	-	-	602,929
Miscellaneous	417,644	343,945	157,771	675,067	1,594,427	169,497
Total operating disbursements	7,206,518	5,262,217	984,316	2,125,465	15,578,516	772,426
Excess of operating receipts over operating disbursements	864,170	163,738	373,140	764,398	2,165,446	136,688
Nonoperating receipts (disbursements):						
Investment income	104,891	26,904	20,587	41,536	193,918	-
Net proceeds from borrowings	-	-	50,000	-	50,000	-
Debt service of principal	-	-	(182,000)	(494,000)	(676,000)	-
Interest disbursements	-	-	(142,209)	(203,109)	(345,318)	-
Total nonoperating receipts (disbursements)	104,891	26,904	(253,622)	(655,573)	(777,400)	-
Excess of receipts over disbursements and nonoperating receipts	969,061	190,642	119,518	108,825	1,388,046	136,688
Transfers out	(276,062)	(189,006)	(95,661)	(97,466)	(658,195)	-
Excess of receipts over disbursements and transfers out	692,999	1,636	23,857	11,359	729,851	136,688
Cash and investment fund balance - beginning	3,860,222	1,336,459	655,150	941,805	6,793,636	705,582
Cash and investment fund balance - ending	\$ 4,553,221	\$ 1,338,095	\$ 679,007	\$ 953,164	\$ 7,523,487	\$ 842,270
Cash and Investment Assets - December 31						
Cash and investments	\$ 4,479,171	\$ 1,277,805	\$ 92,754	\$ 184,571	\$ 6,034,301	\$ -
Restricted assets:						
Cash and investments	74,050	60,290	586,253	768,593	1,489,186	842,270
Total cash and investment assets - December 31	\$ 4,553,221	\$ 1,338,095	\$ 679,007	\$ 953,164	\$ 7,523,487	\$ 842,270
Cash and Investment Fund Balance - December 31						
Restricted for:						
Other purposes	\$ 74,050	\$ 60,290	\$ 586,253	\$ 768,593	\$ 1,489,186	\$ 842,270
Unrestricted	4,479,171	1,277,805	92,754	184,571	6,034,301	-
Total cash and investment fund balance - December 31	\$ 4,553,221	\$ 1,338,095	\$ 679,007	\$ 953,164	\$ 7,523,487	\$ 842,270

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

CITY OF HUNTINBURG
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2008

	Pension Trust Funds	Agency Funds
Additions:		
Contributions:		
Employer	\$ 70,856	
Deductions:		
Benefits	62,171	
Administrative and general	167	
Total deductions	62,338	
Excess of total additions over total deductions	8,518	
Cash and investment fund balance - beginning	87,682	
Cash and investment fund balance - ending	\$ 96,200	\$ 170,330

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

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Primary Government: City

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other 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 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 redevelopment TIF NW fund is used to account for disbursements for undertaking and carrying out redevelopment projects related to the northwest industrial economic development area from property tax receipts.

The redevelopment TIF industrial park fund is used to account for disbursements for undertaking and carrying out redevelopment projects related to the industrial park from property tax receipts.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

The City reports the following major proprietary funds:

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

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

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

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

Additionally, the City reports the following fund types:

The internal service funds account for shared expenses and risk financing for risks associated with health claims which are provided to other departments on a cost-reimbursement basis.

The pension trust fund accounts 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 employee wages and withholdings, utility payments, and consumer meter deposits and serve as control of accounts for certain cash transactions during the time they are a liability to the City.

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.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water, wastewater, electric, and gas functions and various other functions of 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.

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 City 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 City 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.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

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:

1. 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.
2. Primary government and balances – Resource flows between the primary government are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

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 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 HUNTINGBURG
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 City's deposit policy for custodial credit risk is to only deposit funds with financial institutions designated by the State Board of Finance as depositories for municipal funds and to ensure preservation of the capital in the portfolio as safety of the principal is the paramount objective of the City's investment program. At December 31, 2008, the City had deposit balances in the amount of \$16,003,143. 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.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2008, were as follows:

Transfer From	Transfer To	2008
General Fund	Other governmental funds	\$ 116,000
Redevelopment TIF NW	Other governmental funds	211,037
Redevelopment TIF Industrial Park	Other governmental funds	106,473
Electric Utility	General Fund	276,062
Gas Utility	General Fund	189,006
Wastewater Utility	General Fund	95,661
Water Utility	General Fund	97,466
Other governmental funds	Other governmental funds	490,743
 Total		 \$ 1,582,448

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

C. Restatements and Reclassifications

For the year ended December 31, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the City. The following schedule presents a summary of restated beginning balances by opinion unit.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

Opinion Unit	Balance as Reported December 31, 2007	Fund Reclassification	Balance as Restated January 1, 2008
Governmental Activities	\$ 6,055,345	\$ 16,266	\$ 6,071,611
Aggregate Remaining Funds (Other governmental funds)	1,714,051	181,126	1,895,177
Aggregate Remaining Funds (Private-Purpose Trust Funds)	16,266	(16,266)	-
Major Funds (Redevelopment Commission)	2,485,532	(164,860)	2,320,672

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees, and Dependents

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$45,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

Job Related Illnesses and Injuries to Employees

During 1991, the City joined with other governmental entities in the Indiana Public Employer's Plan, a public entity risk pool currently operating as a common risk management and insurance program for the member governmental entities. This risk pool was formed in 1990. The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses and injuries to employees. The City pays an annual premium to the risk pool for its job related illnesses and 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.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Holding Corporation

The City has entered into a capital lease with Huntingburg Municipal Facilities (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. The City made their final lease payment in 2007 and the lessor paid all outstanding bonds on January 1, 2009. The lessor released the lease and deed to the property to the City on January 15, 2009. In 2009, the lessor paid the City \$183,279 from funds remaining after the bonds were paid in full.

C. Subsequent Events

State Pension Relief Fund

Beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Fire Fighter Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Pension Fund, the 1937 Firefighters' Fund, and the 1953 Police Pension Fund. For property taxes due and payable after December 31, 2008, the Indiana Department of Local Government Finance shall reduce the maximum permissible property tax levy of any civil taxing unit and special service district by the amount of the payment to be made in 2009 by the State for the obligations.

Outdoor Recreation – Acquisition, Development, and Planning Grant

In August 2006, the City of Huntingburg Park and Recreation Board (Park Board) was awarded an outdoor recreation – acquisition, development, and planning grant (CFDA 15.916) from the U.S. Department of the Interior and passed-through the Indiana Department of Natural Resources to be used to develop a multi-purpose trail on a converted landfill site. In April 2007, the Park Board received an amendment to the grant increasing the grant amount to \$158,026. In April 2007, the Park Board entered into a contract with Indiana Regional Planning Commission for the administration of the grant at a cost of \$3,500. According to the grant agreement, the project must be completed by September 30, 2010.

Wastewater Improvement Project

In 2008, the City of Huntingburg began the preliminary work on a project to install a berm and a flood protection system around the City's wastewater treatment plant. The preliminary engineering estimate of the total project cost is \$2,198,900. In September 2008, the City of Huntingburg was awarded \$1,300,000 Economic Development Administration Grant for use in this project. In 2009, the City was also awarded a \$400,000 SRF Grant and a SRF low interest loan for up to \$1,200,000 for the wastewater improvement project. The City plans to contribute a local match of \$20,000 from CEDIT Capital Project fund. In order to pay some of the initial project expenses, the City entered into a bond anticipation note agreement with Integra Bank on December 1, 2008, for up to \$1,000,000 with a fixed interest rate of 2.09% with a maturity date of 60 months. On December 4, 2008, an initial draw of \$50,000 was made by the Wastewater Utility.

Farbest Foods Project - Water Line Replacement

In June 2009, the City of Huntingburg accepted the low bid from Huntingburg Machine Works for \$325,084.50 for the water line replacement on County Road 400W as part of the Farbest Foods economic development project.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Defeasance of Bonds

In prior years, the Water Utility defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the liability for the defeased bonds are not included in the Water Utility's financial statements. At December 31, 2008, \$530,000 of the bonds outstanding are considered defeased.

E. Huntingburg Economic Development

Northwest Industrial Economic Development Area

The Huntingburg Redevelopment Commission (Commission) established the Northwest Industrial Economic Development Area as an economic development area and an allocation area for purposes of capturing incremental ad valorem property taxes. On September 8, 1992, the Commission issued \$610,000 of Redevelopment District Tax Increment Revenue Bonds to finance improvements to road, water, wastewater, gas, and electric utilities in or serving the Northwest Industrial Economic Development Area. The bonds constitute an indebtedness of the Commission only. Funds for payment of principal and interest will be generated from tax increment collected from the economic development area.

The Redevelopment Tax Increment Revenue Bonds of 1992 are due in installments of \$5,000 to \$65,000, plus interest through 2008 at interest rates of 6.75% to 7.00% payable by the Commission.

400W Economic Development Area

The Huntingburg Redevelopment Commission (Commission) established the 400W Economic Development Area as an economic development area and an allocation area for the purposes of capturing property taxes generated from the incremental real and depreciable personal property located in the allocation area. On September 29, 2006, the Commission issued \$1,350,000 of "Taxable Economic Development Revenue Bonds, Series 2006 (Farbest Foods Project)" to finance improvements to road, water, sewer, and rail infrastructure in, serving, or benefiting the 400W Economic Development Area. The bonds were purchased by Farbest Foods, Inc., through a purchase bond purchase agreement and constitute an indebtedness of Farbest Foods, Inc. Funds for payment of principal and interest will be generated from tax increment collected from the economic development area with the remaining payments funded by Farbest Foods, Inc.

The "Taxable Economic Development Area Revenue Bonds, Series 2006 (Farbest Foods Project)" are due in installments of \$15,000 to \$40,000, plus interest through 2034 at an interest rate of 6% payable by Farbest Foods, Inc.

F. Lincoln Village Housing Bonds

On May 4, 2000, the Common Council, in agreement with the Huntingburg Economic Development Commission adopted Resolution 2000-15, approving the issuance of: "Adjustable Rate Multifamily Housing Revenue Bonds, Series 2000." The bonds were sold on October 18, 2000. The proceeds of the bonds were to be used by Lincoln Village L.P. to finance a portion of the costs of the acquisition, rehabilitation, construction, and equipping of a low to moderate income apartment complex.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

The proceeds of the bonds were placed with Fifth Third Bank, Indiana (trustee). The Trustee, in turn, loaned the money to Lincoln Village L.P. All loan repayments are to be made by Lincoln Village. The bonds shall never constitute a general obligation of, an indebtedness of, or a charge against the general credit of the City, nor are they payable in any matter from revenues raised by taxation.

G. Loans Receivable – Indiana Department of Commerce

Borrower	Date of Loan	Original Amount	Interest Rate	Annual Payment	Outstanding Balance	Purpose of Loan
Brown Antiques	02-04-05	\$10,000.00	4%	\$2,179.00	\$1,323.16	Operating capital
Sweet Violet	01-21-08	15,000.00	4%	2,584.46	12,415.54	Operating capital
Dubois County Bombers	01-18-08	19,000.00	4%	5,625.44	13,374.56	Operating capital

H. Rate Structure – Enterprise Funds

Water Utility

On March 18, 1986, the City Council adopted Ordinance No. 86-8 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on August 24, 2000.

Wastewater Utility

The current rate structure was approved by the City Council on May 20, 2004.

Electric Utility

On March 18, 1986, the City Council adopted Ordinance No. 86-8 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on December 12, 2006.

Gas Utility

On March 18, 1986, the City Council adopted Ordinance No. 86-8 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on October 25, 2001, and amended on November 29, 2001, and on September 25, 2005.

I. 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

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

(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.

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.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	PERF	1925 Police Officers' Pension
Annual required contribution	\$ 130,746	\$ 77,600
Interest on net pension obligation	1,120	24,200
Adjustment to annual required contribution	(1,277)	(30,500)
Annual pension cost	130,589	71,300
Contributions made	155,966	70,856
Increase (decrease) in net pension obligation	(25,377)	444
Net pension obligation, beginning of year	15,455	403,325
Net pension obligation, end of year	\$ (9,922)	\$ 403,769

	PERF	1925 Police Officers' Pension
Contribution rates:		
City	8%	0%
Plan members	3%	6%
Actuarial valuation date	07-01-08	01-01-08
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	30 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

Actuarial Assumptions

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

CITY OF HUNTINGBURG
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	\$ 173,008	64%	\$ 2,789
	06-30-07	135,112	91%	15,455
	06-30-08	130,589	119%	(9,922)
1925 Police Officers' Pension Plan	12-31-06	69,100	115%	410,250
	12-31-07	70,400	110%	403,325
	12-31-08	71,300	99%	403,769

Membership in the 1925 Police Officers' Pension Plan at January 1, 2008, was comprised of the following:

	<u>1925 Police Officers' Pension</u>
Retirees and beneficiaries currently receiving benefits	3

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

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

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

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2008, 2007, and 2006, were \$87,098, \$83,999, and \$78,816, respectively, equal to the required contributions for each year.

CITY OF HUNTINBURG
 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)
07-01-06	\$ 2,628,661	\$ 2,987,873	\$ (359,212)	88%	\$ 1,927,084	(19%)
07-01-07	2,718,897	3,022,206	(303,309)	90%	1,872,711	(16%)
07-01-08	2,998,971	3,210,557	(211,586)	93%	1,926,143	(11%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-03	\$ 45,011	\$ 969,400	\$ (924,389)	5%	\$ 35,200	(2,626%)
01-01-04	34,381	990,700	(956,319)	3%	35,900	(2,664%)
01-01-05	28,409	594,400	(565,991)	5%	-	N/A
01-01-06	68,566	1,047,200	(978,634)	7%	-	N/A
01-01-07	81,693	1,052,200	(970,507)	8%	-	N/A
01-01-08	87,682	1,053,600	(965,918)	8%	-	N/A

N/A = Not Applicable

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

1925 Police Officers' Pension Plan

Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed
12-31-03	\$ 115,900	18%
12-31-04	121,200	24%
12-31-05	41,900	248%
12-31-06	74,800	106%
12-31-07	76,400	101%
12-31-07	77,600	91%

CITY OF HUNTINBURG
 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

	Motor Vehicle Highway	Local Road And Street	Economic Development Operating	Transportation	Riverboat	Parks And Recreation	Rainy Day
Receipts:							
Taxes	\$ 597,071	\$ -	\$ -	\$ 27,082	\$ -	\$ 380,775	\$ -
Intergovernmental	302,612	32,570	-	88,608	35,117	59,338	111,346
Charges for services	24,609	-	-	3,999	-	66,958	-
Interfund loans	-	-	-	-	-	-	-
Other	4,130	-	-	-	-	8,105	-
Total receipts	928,422	32,570	-	119,689	35,117	515,176	111,346
Disbursements:							
General government	-	-	-	-	-	-	59,790
Public safety	-	-	-	-	-	-	-
Highways and streets	768,577	-	-	99,207	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	397,281	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	11,675	-	-	38,000	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	74,167	-
Total disbursements	780,252	-	-	137,207	-	471,448	59,790
Excess (deficiency) of receipts over disbursements	148,170	32,570	-	(17,518)	35,117	43,728	51,556
Other financing sources (uses):							
Transfers in	10,170	-	-	-	-	-	131,000
Transfers out	(15,000)	-	-	-	-	-	-
Total other financing sources (uses)	(4,830)	-	-	-	-	-	131,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	143,340	32,570	-	(17,518)	35,117	43,728	182,556
Cash and investment fund balance - beginning	284,303	20,206	7,941	56,322	76,524	263,668	273,061
Cash and investment fund balance - ending	\$ 427,643	\$ 52,776	\$ 7,941	\$ 38,804	\$ 111,641	\$ 307,396	\$ 455,617
Cash and Investment Assets - Ending							
Restricted assets:							
Cash and investments	\$ 427,643	\$ 52,776	\$ 7,941	\$ 38,804	\$ 111,641	\$ 307,396	\$ 455,617
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ 38,804	\$ 111,641	\$ -	\$ 455,617
Public safety	-	-	-	-	-	-	-
Highways and streets	427,643	52,776	-	-	-	-	-
Economic development	-	-	7,941	-	-	-	-
Culture and recreation	-	-	-	-	-	307,396	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ 427,643	\$ 52,776	\$ 7,941	\$ 38,804	\$ 111,641	\$ 307,396	\$ 455,617

CITY OF HUNTINBURG
 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
 (Continued)

	Revolving Loan	League Stadium	Police Special	Golf/Park Project	Industrial Park Projects	Splash Park	Farbest DCRR Project
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	35,100	-	-	-	-	-	-
Charges for services	-	8,551	3,511	-	-	-	-
Interfund loans	29,555	-	-	-	-	-	-
Other	2,180	-	1,070	5,000	-	1,950	646,625
Total receipts	66,835	8,551	4,581	5,000	-	1,950	646,625
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	6,601	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	38,520	-	-	-	51,291	-	489,290
Culture and recreation	-	20,354	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	38,520	20,354	6,601	-	51,291	-	489,290
Excess (deficiency) of receipts over disbursements	28,315	(11,803)	(2,020)	5,000	(51,291)	1,950	157,335
Other financing sources (uses):							
Transfers in	-	-	-	-	51,291	-	159,944
Transfers out	-	-	-	-	-	-	(145,480)
Total other financing sources (uses)	-	-	-	-	51,291	-	14,464
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	28,315	(11,803)	(2,020)	5,000	-	1,950	171,799
Cash and investment fund balance - beginning	35,156	15,756	12,844	5,150	-	-	-
Cash and investment fund balance - ending	<u>\$ 63,471</u>	<u>\$ 3,953</u>	<u>\$ 10,824</u>	<u>\$ 10,150</u>	<u>\$ -</u>	<u>\$ 1,950</u>	<u>\$ 171,799</u>
Cash and Investment Assets - Ending							
Restricted assets:							
Cash and investments	<u>\$ 63,471</u>	<u>\$ 3,953</u>	<u>\$ 10,824</u>	<u>\$ 10,150</u>	<u>\$ -</u>	<u>\$ 1,950</u>	<u>\$ 171,799</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	10,824	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	63,471	-	-	-	-	-	171,799
Culture and recreation	-	3,953	-	10,150	-	1,950	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total cash and investment fund balance - ending	<u>\$ 63,471</u>	<u>\$ 3,953</u>	<u>\$ 10,824</u>	<u>\$ 10,150</u>	<u>\$ -</u>	<u>\$ 1,950</u>	<u>\$ 171,799</u>

CITY OF HUNTINBURG
 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
 (Continued)

	Chestnut V	IHFA	Redevelopment TIF Styline East	Redevelopment TIF 400 W City	Redevelopment TIF 400 W County	Debt Reserve	Cumulative Capital Improvement Cigarette Tax
Receipts:							
Taxes	\$ -	\$ -	\$ 94,976	\$ 45,527	\$ 22,850	\$ 21,485	\$ -
Intergovernmental	-	-	-	-	-	3,347	18,205
Charges for services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	3,455	1,398,242	72	-	-
Total receipts	-	-	98,431	1,443,769	22,922	24,832	18,205
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	-	1,008,376	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	18,000	-
Interest	-	-	-	-	-	6,975	-
Capital outlay:							
Highways and streets	266,219	-	-	-	-	-	-
Economic development	-	-	-	182,689	-	-	32
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	266,219	-	-	1,191,065	-	24,975	32
Excess (deficiency) of receipts over disbursements	(266,219)	-	98,431	252,704	22,922	(143)	18,173
Other financing sources (uses):							
Transfers in	266,219	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	266,219	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	98,431	252,704	22,922	(143)	18,173
Cash and investment fund balance - beginning	-	15,277	164,590	248	22	12,772	14,858
Cash and investment fund balance - ending	\$ -	\$ 15,277	\$ 263,021	\$ 252,952	\$ 22,944	\$ 12,629	\$ 33,031
Cash and Investment Assets - Ending							
Restricted assets:							
Cash and investments	\$ -	\$ 15,277	\$ 263,021	\$ 252,952	\$ 22,944	\$ 12,629	\$ 33,031
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Economic development	-	-	263,021	252,952	22,944	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	15,277	-	-	-	-	-
Debt service	-	-	-	-	-	12,629	-
Capital outlay	-	-	-	-	-	-	33,031
Total cash and investment fund balance - ending	\$ -	\$ 15,277	\$ 263,021	\$ 252,952	\$ 22,944	\$ 12,629	\$ 33,031

CITY OF HUNTINBURG
 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
 (Continued)

	Cumulative Fire	Cumulative Sewer	CEDIT Capital Projects	EDIT Curb And Gutter	EDIT Projects	Farbest Project Bond	Totals
Receipts:							
Taxes	\$ 25,999	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,215,765
Intergovernmental	4,052	-	386,756	-	-	-	1,077,051
Charges for services	-	-	-	24,173	-	-	131,801
Interfund loans	-	-	-	-	-	-	29,555
Other	-	-	4,351	-	-	8,514	2,083,694
Total receipts	30,051	-	391,107	24,173	-	8,514	4,537,866
Disbursements:							
General government	-	-	-	-	95,881	-	155,671
Public safety	-	-	-	-	-	-	6,601
Highways and streets	-	-	-	-	-	-	867,784
Economic development	-	-	-	-	-	16,464	1,603,941
Culture and recreation	-	-	-	-	-	-	417,635
Debt service:							
Principal	-	-	-	-	-	-	18,000
Interest	-	-	-	-	-	-	6,975
Capital outlay:							
Highways and streets	-	-	-	-	-	-	315,894
Economic development	-	-	500	-	-	-	183,221
Culture and recreation	-	-	-	-	-	-	74,167
Total disbursements	-	-	500	-	95,881	16,464	3,649,889
Excess (deficiency) of receipts over disbursements	30,051	-	390,607	24,173	(95,881)	(7,950)	887,977
Other financing sources (uses):							
Transfers in	-	-	64,268	-	95,881	145,480	924,253
Transfers out	-	-	(95,881)	-	-	(234,382)	(490,743)
Total other financing sources (uses)	-	-	(31,613)	-	95,881	(88,902)	433,510
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	30,051	-	358,994	24,173	-	(96,852)	1,321,487
Cash and investment fund balance - beginning	109,554	5,402	327,946	96,725	-	96,852	1,895,177
Cash and investment fund balance - ending	<u>\$ 139,605</u>	<u>\$ 5,402</u>	<u>\$ 686,940</u>	<u>\$ 120,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,216,664</u>
Cash and Investment Assets - Ending							
Restricted assets:							
Cash and investments	<u>\$ 139,605</u>	<u>\$ 5,402</u>	<u>\$ 686,940</u>	<u>\$ 120,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,216,664</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 606,062
Public safety	-	-	-	-	-	-	10,824
Highways and streets	-	-	-	-	-	-	480,419
Economic development	-	-	-	-	-	-	782,128
Culture and recreation	-	-	-	-	-	-	323,449
Urban redevelopment and housing	-	-	-	-	-	-	15,277
Debt service	-	-	-	-	-	-	12,629
Capital outlay	139,605	5,402	686,940	120,898	-	-	985,876
Total cash and investment fund balance - ending	<u>\$ 139,605</u>	<u>\$ 5,402</u>	<u>\$ 686,940</u>	<u>\$ 120,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,216,664</u>

CITY OF HUNTINBURG
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 INTERNAL SERVICE FUNDS
 As Of And For The Year Ended December 31, 2008

	<u>Maintenance</u>	<u>City Office</u>	<u>Self- Insurance</u>	<u>Totals</u>
Operating receipts:				
Charges for services	\$ 6,687	\$ -	\$ 737,643	\$ 744,330
Miscellaneous	<u>-</u>	<u>164,784</u>	<u>-</u>	<u>164,784</u>
Total operating receipts	<u>6,687</u>	<u>164,784</u>	<u>737,643</u>	<u>909,114</u>
Operating disbursements:				
Insurance disbursements	-	-	602,929	602,929
Miscellaneous	<u>4,630</u>	<u>164,867</u>	<u>-</u>	<u>169,497</u>
Total operating disbursements	<u>4,630</u>	<u>164,867</u>	<u>602,929</u>	<u>772,426</u>
Excess (deficiency) of receipts over disbursements	2,057	(83)	134,714	136,688
Cash and investment fund balance - beginning	<u>963</u>	<u>83</u>	<u>704,536</u>	<u>705,582</u>
Cash and investment fund balance - ending	<u>\$ 3,020</u>	<u>\$ -</u>	<u>\$ 839,250</u>	<u>\$ 842,270</u>
<u>Cash and Investment Assets - December 31</u>				
Restricted assets:				
Cash and investments	<u>\$ 3,020</u>	<u>\$ -</u>	<u>\$ 839,250</u>	<u>\$ 842,270</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Other purposes	<u>\$ 3,020</u>	<u>\$ -</u>	<u>\$ 839,250</u>	<u>\$ 842,270</u>

CITY OF HUNTINBURG
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008

	<u>Payroll</u>	<u>Combined Utility</u>	<u>Consumer Meter</u>	<u>Totals</u>
Additions:				
Agency fund additions	\$ 3,272,186	\$ 17,015,958	\$ 8,156	\$ 20,296,300
Deductions:				
Agency fund deductions	<u>3,313,192</u>	<u>16,978,893</u>	<u>-</u>	<u>20,292,085</u>
Excess (deficiency) of total additions over total deductions	(41,006)	37,065	8,156	4,215
Cash and investment fund balance - beginning	<u>164,415</u>	<u>1,700</u>	<u>-</u>	<u>166,115</u>
Cash and investment fund balance - ending	<u>\$ 123,409</u>	<u>\$ 38,765</u>	<u>\$ 8,156</u>	<u>\$ 170,330</u>

CITY OF HUNTINGBURG

OFFICE OF CLERK-TREASURER



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clerktreasurer@huntingburg.org

CITY OF HUNTINGBURG 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.

General infrastructure assets completed in the current and prior years have been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 258,987
Infrastructure	1,966,650
Buildings	2,333,665
Improvements other than buildings	1,538,623
Machinery and equipment	1,007,826
Transportation equipment	<u>1,643,853</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 8,749,604</u>

Business-Type Activities:

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.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the enterprise fund financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 1,000	Straight-line	33.5 to 66.7 years
Improvements other than buildings	1,000	Straight-line	20.0 to 66.7 years
Machinery and equipment	1,000	Straight-line	10.0 to 20.0 years
Transportation equipment	1,000	Straight-line	10.0 years

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 98,398
Capital assets, being depreciated:	
Buildings	5,422,173
Improvements other than buildings	7,471,591
Machinery and equipment	1,714,352
Transportation equipment	<u>263,751</u>
Total Water Utility capital assets	<u>\$ 14,970,265</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 234,249
Construction in progress	50,651
Capital assets, being depreciated:	
Buildings	1,433,172
Improvements other than buildings	10,902,745
Machinery and equipment	1,272,795
Transportation equipment	<u>91,194</u>
Total Wastewater Utility capital assets	<u>\$ 13,984,806</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	\$ 169,827
Construction in progress	-
Capital assets, being depreciated:	
Buildings	739,515
Improvements other than buildings	8,229,629
Machinery and equipment	2,364,692
Transportation equipment	<u>730,336</u>
Total Electric Utility capital assets	<u>\$ 12,233,999</u>
Gas Utility:	
Capital assets, not being depreciated:	
Land	\$ 14,324
Gas storage lease and rights	995,400
Capital assets, being depreciated:	
Buildings	289,462
Improvements other than buildings	3,805,592
Machinery and equipment	763,510
Transportation equipment	193,523
Cushion Gas in Place	<u>493,253</u>
Total Gas Utility capital assets	<u>\$ 6,555,064</u>

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CITY OF HUNTINGBURG SUPPLEMENTARY INFORMATION SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2008

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
E-ONE 95 Fire Truck	\$ 328,174	\$ 40,754
3 Police Cars	\$ 20,587	\$ 20,587
Pick-up Truck - Park Dept	\$ 5,389	\$ 5,389
Bonds payable:		
General obligation bonds:		
1999 League Stadium improvements	\$ 126,000	\$ 18,000
Total governmental activities long-term debt	\$ 480,150	\$ 84,730
Business-type Activities:		
Water Utility		
Capital leases:		
Ford F450 Utility Service Truck 2007	\$ 16,919	\$ 16,919
Ford F250 Utility Service Truck 2008	\$ 16,121	\$ 7,879
Backhoe/Loader 2007	\$ 14,424	\$ 14,424
Loans:		
Water treatment plant, water tower, and improvements to the waterworks system	\$ 6,060,000	-
Revenue bonds:		
1988 Waterworks refunding revenue bonds	\$ 380,000	-
Total Water Utility	\$ 6,487,464	\$ 39,222
Wastewater Utility		
Loans:		
Sanitary sewers	\$ 2,304,000	\$ 148,000
Revenue bonds:		
1994 Wastewater improvement revenue bonds, treatment plant	\$ 1,871,000	\$ 39,000
Bond Anticipation Notes	\$ 50,000	-
Total Wastewater Utility	\$ 4,225,000	\$ 187,000
Total business-type activities long-term debt:	\$ 10,712,464	\$ 226,222

CITY OF HUNTINGBURG
OTHER REPORTS

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

Water, Wastewater, Electric, and Gas Utilities

CITY OF HUNTINGBURG
AUDIT RESULTS AND COMMENTS

EXPENDITURE OF UTILITY FUNDS

The City used an internal service fund "City Office" to accumulate all disbursements throughout the year for expenses to operate the City Hall which houses both City and Utility offices. These expenses were prorated between City and Utility expense accounts monthly. The percentage used in calculating the proration depends on the account number the expense was posted to within the City Office account. Based on a review of the disbursements between City and Utility expense accounts, the following items were noted:

- (1) The four utilities paid the Utility bills for the City Hall building with the exception of \$3,000 per year that was paid from the Transportation Fund (transit van). Utility expenses for 2008 totaled \$10,825.
- (2) Charges for routine maintenance of computer software and hardware, as well as new computers, software, and computer-related equipment for the Receptionist desk, Planning Director, and the Clerk-Treasurer's office, were paid 80% from the Utility funds and 20% from the City. The charge to the Utilities for these items was \$46,004 for 2008. In addition, charges to fix specific problems were charged to the department that incurred the problem.
- (3) Charges for GIS software, painting and repairs/maintenance at City Hall, office supplies, code books, Christmas decorations, a fireproof file cabinet for the Clerk-Treasurer's office, repair to the Mayor's car, the Office Manager's travel expenses to the IACT conference, and various promotional items were also paid 80% from the Utility funds and 20% from the City. The charge to the Utilities for these items was \$32,574 for 2008.
- (4) Sealing and re-striping the City Hall parking lot was paid by the utilities. Utility expenses for this were \$3,410 for 2008.

The total costs charged to the City Office account during 2008 were \$157,594. Of this amount, the Utilities paid \$132,034 or 84%.

There was no documentation to support the calculation of the percentages used for prorating expenses.

The above expenses paid by the Utilities were in addition to the residual equity transfers that were made from the Utilities' cash reserve funds to the City General Fund for 2008 that amounted to \$175,000 from the Electric Utility and \$175,000 from the Gas Utility.

Expenses paid from utility funds should be directly related to the operation of the municipally owned utility. Expenditures for city and town operating costs should not be paid from utility funds. Furthermore, the utility funds should not be used to pay for personal items. The cost of shared employees and equipment by two or more utilities should be prorated in a rational manner. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF HUNTINGBURG
AUDIT RESULTS AND COMMENTS
(Continued)

Establishment of a cash reserve fund permits transfer of surplus utility funds to the city and town general fund. After appropriation, such transferred funds may then be used for any legal general fund purpose. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in prior reports.

RECORDS OF HOURS WORKED

Several officials and employees were paid salaries from more than one fund and/or department. A record of hours worked for each was not presented for audit.

IC 5-11-9-4(b) states in part: ". . . records be maintained showing which hours were worked each day by officers and employees . . . employed . . . in more than one (1) position by the same public agency . . ."

A similar comment appeared in prior reports.

BUDGETED LINE ITEMS

Disbursements for City promotional items such as candy for distribution at the Herbsfest, holiday greetings ads and Heimfest ads in the newspaper, flowers for City employees, and food for employee meetings were paid from the council's supplies line item in the General Fund budget. The General Fund has a promotional line item budgeted under the Mayor and the Council for such items.

Disbursements should be paid from properly authorized line items. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in prior reports.

SALES TAX

Sales tax was paid on some purchases.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF HUNTINGBURG
EXIT CONFERENCE

The contents of this report were discussed on November 18, 2009, with Marvin R. Belcher, Mayor; Thomas A. Dippel, Clerk-Treasurer; Marvin Boeglin, President of the Common Council; and Tony Traylor, Superintendent of the Water, Gas, and Electric Utilities. The officials concurred with our audit findings.