

B37139

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

ANNUAL FINANCIAL REPORT

2009

CITY OF HUNTINGTON

HUNTINGTON COUNTY, INDIANA



FILED
06/21/2010

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|--|----------------------------|--|
| Clerk-Treasurer | Christi A. Scher | 01-01-08 to 12-31-11 |
| Mayor | Steven D. Updike | 01-01-08 to 12-31-11 |
| President of the Board of Public Works and Safety | Steven D. Updike | 01-01-08 to 12-31-11 |
| President of the Common Council | Ervin R. Ebersole | 01-01-09 to 12-31-10 |
| Superintendent of Water Utility | Darold L. Harlan, Jr. | 01-01-09 to 12-31-10 |
| Superintendent of Wastewater Utility | Collin E. Bullock | 01-01-09 to 12-31-10 |
| Utility Office Manager | Pamela J. Updike Vacant | 01-01-09 to 11-03-09 11-04-09 to 12-31-09 |
| Operations Manager | Ruth A. Marsh | 01-01-09 to 12-31-10 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE CITY OF HUNTINGTON, HUNTINGTON 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 Huntington (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2009, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated June 8, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City'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

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

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

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

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

STATE BOARD OF ACCOUNTS

June 8, 2010



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

TO: THE OFFICIALS OF THE CITY OF HUNTINGTON, HUNTINGTON COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huntington (City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the City's management, Common 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

June 8, 2010

CITY OF HUNTINGTON
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2009

| Functions/Programs | Program Receipts | | | | Net (Disbursements) Receipts and Changes in Net Assets | | |
|---|----------------------|-------------------------|--|--|---|-----------------------------|----------------------|
| | Disbursements | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-Type Activities | Totals |
| Primary government: | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 4,451,340 | \$ 211,875 | \$ - | \$ 52,726 | \$ (4,186,739) | \$ - | \$ (4,186,739) |
| Public safety | 5,232,663 | 81,093 | 34,046 | - | (5,117,524) | - | (5,117,524) |
| Highways and streets | 1,569,551 | 16,774 | 459,107 | 76,374 | (1,017,296) | - | (1,017,296) |
| Sanitation | 543,647 | 270,908 | - | - | (272,739) | - | (272,739) |
| Economic development | 2,119,823 | - | - | - | (2,119,823) | - | (2,119,823) |
| Culture and recreation | 1,147,412 | 126,281 | 16,000 | - | (1,005,131) | - | (1,005,131) |
| Principal and interest on indebtedness | 986,648 | - | - | - | (986,648) | - | (986,648) |
| Total governmental activities | 16,051,084 | 706,931 | 509,153 | 129,100 | (14,705,900) | - | (14,705,900) |
| Business-type activities: | | | | | | | |
| Water | 2,391,222 | 2,472,068 | - | - | - | 80,846 | 80,846 |
| Wastewater | 6,094,485 | 3,600,800 | - | - | - | (2,493,685) | (2,493,685) |
| Total business-type activities | 8,485,707 | 6,072,868 | - | - | - | (2,412,839) | (2,412,839) |
| Total primary government | \$ 24,536,791 | \$ 6,779,799 | \$ 509,153 | \$ 129,100 | (14,705,900) | (2,412,839) | (17,118,739) |
| General receipts: | | | | | | | |
| Property taxes | | | | | 8,562,202 | - | 8,562,202 |
| Intergovernmental | | | | | 4,517,136 | - | 4,517,136 |
| Other local sources | | | | | 555,941 | - | 555,941 |
| Net proceeds from borrowings | | | | | - | 3,388,843 | 3,388,843 |
| Grants and contributions not restricted to specific programs | | | | | 10,674 | - | 10,674 |
| Investment earnings | | | | | 42,338 | 8,233 | 50,571 |
| Total general receipts | | | | | 13,688,291 | 3,397,076 | 17,085,367 |
| Change in net assets | | | | | (1,017,609) | 984,237 | (33,372) |
| Net assets - beginning | | | | | 9,538,935 | 2,130,738 | 11,669,673 |
| Net assets - ending | | | | | \$ 8,521,326 | \$ 3,114,975 | \$ 11,636,301 |
| Assets | | | | | | | |
| Cash and investments | | | | | \$ 5,237,391 | \$ 491,759 | \$ 5,729,150 |
| Restricted assets: | | | | | | | |
| Cash and investments | | | | | 3,283,935 | 2,623,216 | 5,907,151 |
| Total assets | | | | | \$ 8,521,326 | \$ 3,114,975 | \$ 11,636,301 |
| Net Assets | | | | | | | |
| Restricted for: | | | | | | | |
| Highways and streets | | | | | \$ 69,409 | \$ - | \$ 69,409 |
| Culture and recreation | | | | | 250 | - | 250 |
| Debt service | | | | | 643,798 | 1,672,780 | 2,316,578 |
| Capital outlay | | | | | 2,570,478 | - | 2,570,478 |
| Other purposes | | | | | - | 950,436 | 950,436 |
| Unrestricted | | | | | 5,237,391 | 491,759 | 5,729,150 |
| Total net assets | | | | | \$ 8,521,326 | \$ 3,114,975 | \$ 11,636,301 |

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

CITY OF HUNTINGTON
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, 2009

| | General Fund | 2008 Consolidated TIF | Cumulative Capital Development | CEDIT | Other Governmental Funds | Totals |
|---|------------------|-----------------------------|--------------------------------------|---------------------|--------------------------------|---------------------|
| Receipts: | | | | | | |
| Taxes | \$ 5,113,962 | \$ 2,121,577 | \$ 84,073 | \$ - | \$ 1,242,590 | \$ 8,562,202 |
| Special assessments | 1,890 | - | - | - | 25,943 | 27,833 |
| Licenses and permits | 16,256 | - | - | - | 6,360 | 22,616 |
| Intergovernmental | 3,184,695 | - | 7,851 | 754,881 | 1,218,456 | 5,165,883 |
| Charges for services | 51,256 | - | - | - | 611,186 | 662,442 |
| Fines and forfeits | 6,709 | - | - | - | 11,450 | 18,159 |
| Other | 470,961 | - | - | - | 95,561 | 566,522 |
| Total receipts | 8,845,729 | 2,121,577 | 91,924 | 754,881 | 3,211,546 | 15,025,657 |
| Disbursements: | | | | | | |
| General government | 4,000,195 | - | - | - | 285,883 | 4,286,078 |
| Public safety | 4,636,724 | - | - | - | 339,435 | 4,976,159 |
| Highways and streets | 753,207 | - | - | - | 495,185 | 1,248,392 |
| Sanitation | - | - | - | - | 427,470 | 427,470 |
| Economic development | - | 1,507,175 | - | 612,648 | - | 2,119,823 |
| Culture and recreation | - | - | - | - | 986,214 | 986,214 |
| Debt service: | | | | | | |
| Principal | 83,246 | 281,287 | - | - | 347,423 | 711,956 |
| Interest | 26,649 | 69,512 | - | - | 178,531 | 274,692 |
| Capital outlay: | | | | | | |
| General government | 2,100 | - | - | - | 92,123 | 94,223 |
| Public safety | 35,636 | - | - | - | 220,868 | 256,504 |
| Highways and streets | - | - | 99,065 | - | 222,094 | 321,159 |
| Sanitation | - | - | - | - | 116,177 | 116,177 |
| Culture and recreation | - | - | - | - | 161,198 | 161,198 |
| Total disbursements | 9,537,757 | 1,857,974 | 99,065 | 612,648 | 3,872,601 | 15,980,045 |
| Excess (deficiency) of receipts over disbursements | (692,028) | 263,603 | (7,141) | 142,233 | (661,055) | (954,388) |
| Other financing sources (uses): | | | | | | |
| Transfers in | 76,142 | - | - | - | 14,524 | 90,666 |
| Transfers out | - | - | - | - | (90,666) | (90,666) |
| Other receipts | 7,818 | - | - | - | - | 7,818 |
| Total other financing sources (uses) | 83,960 | - | - | - | (76,142) | 7,818 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (608,068) | 263,603 | (7,141) | 142,233 | (737,197) | (946,570) |
| Cash and investment fund balance - beginning | 653,012 | 3,109,093 | 1,088,359 | 1,198,913 | 3,283,933 | 9,333,310 |
| Cash and investment fund balance - ending | \$ 44,944 | \$ 3,372,696 | \$ 1,081,218 | \$ 1,341,146 | \$ 2,546,736 | 8,386,740 |
| 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 of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis. | | | | | | |
| | | | | | | 134,586 |
| Net assets of governmental activities | | | | | | \$ 8,521,326 |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 44,944 | \$ 3,372,696 | \$ - | \$ - | \$ 1,685,165 | \$ 5,102,805 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | 1,081,218 | 1,341,146 | 861,571 | 3,283,935 |
| Total cash and investment assets - ending | \$ 44,944 | \$ 3,372,696 | \$ 1,081,218 | \$ 1,341,146 | \$ 2,546,736 | \$ 8,386,740 |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Highways and streets | \$ - | \$ - | \$ - | \$ - | \$ 69,409 | \$ 69,409 |
| Culture and recreation | - | - | - | - | 250 | 250 |
| Debt service | - | - | - | - | 643,798 | 643,798 |
| Capital outlay | - | - | 1,081,218 | 1,341,146 | 148,114 | 2,570,478 |
| Unrestricted | 44,944 | 3,372,696 | - | - | 1,685,165 | 5,102,805 |
| Total cash and investment fund balance - ending | \$ 44,944 | \$ 3,372,696 | \$ 1,081,218 | \$ 1,341,146 | \$ 2,546,736 | \$ 8,386,740 |

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

CITY OF HUNTINGTON
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, 2009

| | Water Utility | Wastewater Utility | Totals | Internal Service Fund |
|---|-------------------|-----------------------|---------------------|-----------------------------|
| Operating receipts: | | | | |
| Metered/measured | \$ 2,378,331 | \$ 3,475,326 | \$ 5,853,657 | \$ - |
| Penalties | 19,070 | 74,156 | 93,226 | - |
| Employer/employee contributions | - | - | - | 1,938,014 |
| Miscellaneous | 74,667 | 51,318 | 125,985 | - |
| | <u>2,472,068</u> | <u>3,600,800</u> | <u>6,072,868</u> | <u>1,938,014</u> |
| Total operating receipts | | | | |
| Operating disbursements: | | | | |
| Salaries and wages | 1,294,916 | 1,454,458 | 2,749,374 | - |
| Material and supplies | 881,849 | 968,851 | 1,850,700 | - |
| Insurance claims and expense | - | - | - | 2,009,053 |
| Equipment and capital improvements | 116,395 | 2,812,257 | 2,928,652 | - |
| Interfund loans made/repaid | 30,583 | - | 30,583 | - |
| | <u>2,323,743</u> | <u>5,235,566</u> | <u>7,559,309</u> | <u>2,009,053</u> |
| Total operating disbursements | | | | |
| Excess (deficiency) of operating receipts over operating disbursements | <u>148,325</u> | <u>(1,634,766)</u> | <u>(1,486,441)</u> | <u>(71,039)</u> |
| Nonoperating receipts (disbursements): | | | | |
| Investment income | 2,846 | 5,387 | 8,233 | - |
| Net proceeds from borrowings | - | 3,388,843 | 3,388,843 | - |
| Debt service of principal | (66,438) | (529,196) | (595,634) | - |
| Interest disbursements | (1,041) | (329,723) | (330,764) | - |
| | <u>(64,633)</u> | <u>2,535,311</u> | <u>2,470,678</u> | <u>-</u> |
| Total nonoperating receipts (disbursements) | | | | |
| Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements) | 83,692 | 900,545 | 984,237 | (71,039) |
| Transfers in | 124,900 | - | 124,900 | - |
| Transfers out | <u>(124,900)</u> | <u>-</u> | <u>(124,900)</u> | <u>-</u> |
| Excess (deficiency) of receipts and transfers in over disbursements and transfers out | 83,692 | 900,545 | 984,237 | (71,039) |
| Cash and investment fund balance - beginning | <u>517,088</u> | <u>1,613,650</u> | <u>2,130,738</u> | <u>205,625</u> |
| Cash and investment fund balance - ending | <u>\$ 600,780</u> | <u>\$ 2,514,195</u> | <u>\$ 3,114,975</u> | <u>\$ 134,586</u> |
| <u>Cash and Investment Assets - December 31</u> | | | | |
| Cash and investments | \$ 299,472 | \$ 192,287 | \$ 491,759 | \$ 134,586 |
| Restricted assets: | | | | |
| Cash and investments | <u>301,308</u> | <u>2,321,908</u> | <u>2,623,216</u> | <u>-</u> |
| Total cash and investment assets - December 31 | <u>\$ 600,780</u> | <u>\$ 2,514,195</u> | <u>\$ 3,114,975</u> | <u>\$ 134,586</u> |
| <u>Cash and Investment Fund Balance - December 31</u> | | | | |
| Restricted for: | | | | |
| Debt service | \$ 112 | \$ 1,672,668 | \$ 1,672,780 | \$ - |
| Other purposes | 301,196 | 649,240 | 950,436 | - |
| Unrestricted | <u>299,472</u> | <u>192,287</u> | <u>491,759</u> | <u>134,586</u> |
| Total cash and investment fund balance - December 31 | <u>\$ 600,780</u> | <u>\$ 2,514,195</u> | <u>\$ 3,114,975</u> | <u>\$ 134,586</u> |

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

CITY OF HUNTINGTON
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2009

| | Pension Trust Funds | Agency Funds |
|---|---------------------------|-----------------|
| Additions: | | |
| Contributions: | | |
| State | \$ 1,764,344 | |
| Other | 9,719 | |
| Total additions | 1,774,063 | |
| Deductions: | | |
| Benefits | 1,734,226 | |
| Administrative and general | 6,336 | |
| Total deductions | 1,740,562 | |
| Excess of total additions over total deductions | 33,501 | |
| Cash and investment fund balance - beginning | 240,757 | |
| Cash and investment fund balance - ending | \$ 274,258 | \$ 77,436 |

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

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Primary Government: City of Huntington

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 2008 consolidated TIF fund accounts for financial resources from property taxes to be used for improvements in the tax increment financing district and debt retirement.

The cumulative capital development fund is used to account for receipts and disbursements of taxes levied under Indiana Code IC 36-9-15.5 for capital project uses.

The county economic development income tax (CEDIT) Fund accounts for financial resources from county economic development income taxes to be used for economic development purposes for the City.

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

The City reports the following major enterprise 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 City reports the following fund types:

The internal service fund accounts for health insurance provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police officers' and 1937 fire-fighters' pension plans, which accumulate resources for pension benefit payments.

Agency funds account for assets held by the City as an agent for federal and state revenue agencies and serve as control of accounts for 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City and its enterprise funds. 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

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

When both restricted and unrestricted resources are available for use, the City's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

2. 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.

3. Property Taxes

Normally, 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. 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 may 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.

4. 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.

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

- 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."

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 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 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.
- 4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements. 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 loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

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. Prior to November 1, 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.

B. Disbursements in Excess of Appropriations

For the year ended December 31, 2009, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

| Fund | 2009 |
|----------------|---------------------|
| Police Pension | \$ 712,128 |
| Fire Pension | <u>1,008,432</u> |
| Total | <u>\$ 1,720,560</u> |

These disbursements were funded by State pension relief distributions that were incorrectly budgeted.

CITY OF HUNTINGTON
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. IC 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 does not have a deposit policy for custodial credit risk. At December 31, 2009, the City had deposit balances in the amount of \$11,987,995.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Statutory Authorization for Investments

IC 5-13-9 authorizes the City to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the City to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust has a stated final maturity of one day.

Additionally, the City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the City's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

CITY OF HUNTINGTON
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years. The City does not have a formal investment policy for interest rate risk for investments.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City does not have a formal investment policy for credit risk for investments.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The City does not have a formal policy in regards to foreign currency risk.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2009, were as follows:

| <u>Transfer From</u> | <u>Transfer To</u> | <u>2009</u> |
|--------------------------|--------------------------|------------------|
| Other governmental funds | General Fund | \$ 76,142 |
| Other governmental funds | Other governmental funds | <u>14,524</u> |
| Total | | <u>\$ 90,666</u> |

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, 2009, 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. Prior period adjustments represent reclassification of private purpose funds to other governmental funds.

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

| Opinion Unit | Balance as Reported December 31, 2008 | Fund Reclassification | Balance as Restated January 1, 2009 |
|---------------------------|--|--------------------------|--|
| Fiduciary Funds: | | | |
| Park Donation | \$ 29,539 | \$ (29,539) | \$ - |
| Police Reserve Donation | 1,921 | (1,921) | - |
| Fire Department Donation | 3,004 | (3,004) | - |
| Other Governmental Funds: | | | |
| Park Donation | - | 29,539 | 29,539 |
| Police Reserve Donation | - | 1,921 | 1,921 |
| Fire Department Donation | - | 3,004 | 3,004 |

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; 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 risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees. The risk financing fund is accounted for in the Health Insurance Claim Fund, an internal service fund, where assets are set aside for claim settlements. The City purchases commercial insurance for claims in excess of coverage provided by the fund. 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 percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

During 2002, the City joined the Indiana Public Employers' Plan Inc., a public entity risk pool currently operating as a common risk management and insurance program for 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 job related illnesses or injuries to employees. The City pays an annual premium to the risk pool for its job related illnesses or injuries to employees coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$1,000,000 limit.

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

Parkview Signature Care is a single-employer defined benefit healthcare plan administered by Group Administrators, LTD. The plan provides medical insurance to eligible retirees and their spouses. The Parkview Signature Care issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for the participants. That report may be obtained by contacting the plan administrator:

Group Administrators, LTD
P.O. Box 5548
Ft. Wayne, IN 46895-5548
800-666-4449

Funding Policy

The contribution requirements of plan members for Parkview Signature Care are established by the City's governing board. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2009, the City contributed \$4,404 to the plan for current premiums (approximately 9% of total premiums). Plan members receiving benefits contributed \$42,011, or approximately 91% of the total premiums, through their required contribution of \$534 per month for retiree-only coverage and \$655 for retiree and spouse coverage.

C. Loans Receivable – Economic Development

The City makes low interest loans to local businesses for economic development through the Revolving Loan Fund. Loans receivable under this program are as follows:

| <u>Borrower</u> | <u>Date of Loan</u> | <u>Amount</u> | <u>Rate</u> | <u>Annual Payment</u> | <u>December 31, 2009</u> |
|-----------------------------|---------------------|---------------|-------------|-----------------------|--------------------------|
| Baker Properties | 05-15-01 | \$ 100,000 | 2.28% | \$ 10,000 | \$ 20,000 |
| Residential Rehabilitations | various | - | 3.00% | - | 24,223 |

D. Rate Structure – Enterprise Funds

Water Utility

On May 14, 1991, the City Council adopted Ordinance 9-C-91 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on October 30, 2007.

Wastewater Utility

The current rate structure was approved by the City Council on November 10, 2008.

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Receipts Pledged

Wastewater Utility Receipts Pledged

The City has pledged future customer collections, net of specified operating expenditures, to repay revenue bonds issued in 2003. Proceeds from the bonds provided financing for refunding. The bonds are payable solely from customer collections net receipts and are payable through 2019.

The City has pledged future customer collections, net of specified operating expenditures, to repay revenue bonds issued in 2008. Proceeds from the bonds provided financing for refunding. The bonds are payable solely from customer collections net receipts and are payable through 2019.

Tax Increment Receipts Pledged

The City has pledged a portion of tax incremental financing receipts to repay \$1,395,000 in tax increment bonds issued in 1997 to finance the 1997 redevelopment district. The bonds are payable solely from the incremental tax financing generated by property taxes. Incremental tax financing was projected to produce 100% of the debt service requirements over the life of the bonds.

The City has pledged a portion of tax incremental financing receipts to repay \$675,000 in tax increment bonds issued in 2000 to finance the 2000 redevelopment district. The bonds are payable solely from the incremental tax financing generated by property taxes. Incremental tax financing was projected to produce 100% of the debt service requirements over the life of the bonds.

The City has pledged a portion of tax incremental financing receipts to repay \$877,979 in tax increment bonds issued in 2003 to finance the 2003 redevelopment district. The bonds are payable solely from the incremental tax financing generated by property taxes. Incremental tax financing was projected to produce 100% of the debt service requirements over the life of the bonds.

F. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the City during the period were \$280,287.

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

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On-behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$740,034 on behalf of the City. Contributions from the State of Indiana approximate the amount paid out for benefits.

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On-behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Public Employees' Retirement Fund as provided under IC 5-10.3-11. The State of Indiana has contributed \$1,024,310 on behalf of the City. Contributions from the State of Indiana approximate the amount paid out for benefits.

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

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

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

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

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

Funding Policy

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 during the period were \$638,534.

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Subsequent Events

The Wastewater Utility is in the planning phase of a construction project to separate storm water and wastewater lines. The total project is estimated to cost \$11,300,000 and will be financed with a bond issue. The project is expected to begin in the fall of 2010 and the Wastewater Utility anticipates increasing rates by 20%.

CITY OF HUNTINGTON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Excess of Assets Over (Unfunded) AAL (a-b) | Funded Ratio (a/b) | Covered Payroll (c) | Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c) |
|--------------------------|-------------------------------|---------------------------------------|--|--------------------|---------------------|--|
| 07-01-07 | \$ 4,250,336 | \$ 4,782,488 | \$ (532,152) | 89% | \$ 3,798,876 | (14%) |
| 07-01-08 | 4,645,831 | 5,078,265 | (432,434) | 91% | 3,955,441 | (11%) |
| 07-01-09 | 4,484,271 | 5,445,231 | (960,960) | 82% | 4,348,916 | (22%) |

1925 Police Officers' Pension Plan

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Excess of Assets Over (Unfunded) AAL (a-b) | Funded Ratio (a/b) | Covered Payroll (c) | Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c) |
|--------------------------|-------------------------------|---------------------------------------|--|--------------------|---------------------|--|
| 01-01-03 | \$ 963,561 | \$ 11,893,300 | \$ (10,929,739) | 8% | \$ 284,500 | (3,842%) |
| 01-01-04 | 717,997 | 11,580,900 | (10,862,903) | 6% | 251,100 | (4,326%) |
| 01-01-05 | 494,268 | 11,379,900 | (10,885,632) | 4% | 254,800 | (4,272%) |
| 01-01-06 | 554,092 | 11,834,600 | (11,280,508) | 5% | 258,500 | (4,364%) |
| 01-01-07 | 470,369 | 11,724,300 | (11,253,931) | 4% | 264,400 | (4,256%) |
| 01-01-08 | 453,448 | 10,801,200 | (10,347,752) | 4% | 180,300 | (5,739%) |

1937 Firefighters' Pension Plan

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Excess of Assets Over (Unfunded) AAL (a-b) | Funded Ratio (a/b) | Covered Payroll (c) | Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c) |
|--------------------------|-------------------------------|---------------------------------------|--|--------------------|---------------------|--|
| 01-01-03 | \$ 1,161,505 | \$ 12,884,600 | \$ (11,723,095) | 9% | \$ 284,400 | (4,122%) |
| 01-01-04 | 840,066 | 13,682,000 | (12,841,934) | 6% | 209,300 | (6,136%) |
| 01-01-05 | 515,888 | 13,310,300 | (12,794,412) | 4% | 212,400 | (6,024%) |
| 01-01-06 | 386,445 | 12,107,300 | (11,720,855) | 3% | 129,300 | (9,065%) |
| 01-01-07 | 272,157 | 10,641,600 | (10,369,443) | 3% | - | No Covered Payroll |
| 01-01-08 | 371,458 | 10,232,200 | (9,860,742) | 4% | - | No Covered Payroll |

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

| | Year Ending | Annual Required Contribution (ARC) | Percentage of ARC Contributed | |
|------------------------------------|----------------|---|----------------------------------|-------|
| | | | City | State |
| 1925 Police Officers' Pension Plan | 12-31-03 | \$ 1,388,900 | 1% | 26% |
| | 12-31-04 | 1,385,500 | 5% | 24% |
| | 12-31-05 | 877,700 | 38% | 39% |
| | 12-31-06 | 910,400 | 22% | 38% |
| | 12-31-07 | 913,600 | 44% | 47% |
| | 12-31-08 | 844,300 | 14% | 48% |
| 1937 Firefighters' Pension Plan | 12-31-03 | 1,567,800 | 3% | 29% |
| | 12-31-04 | 1,617,300 | 5% | 27% |
| | 12-31-05 | 999,900 | 34% | 44% |
| | 12-31-06 | 900,700 | 63% | 49% |
| | 12-31-07 | 771,400 | 51% | 86% |
| | 12-31-08 | 752,700 | 14% | 65% |

CITY OF HUNTINGTON
 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, 2009

| | Motor Vehicle Highway | Local Road and Street | Aviation | Park Nonrefundable Building Deposit | Building Demolition and Repair | Solid Waste | Parking Lot |
|---|-----------------------------|-----------------------------|------------------|--|--------------------------------------|-------------------|-----------------|
| Receipts: | | | | | | | |
| Taxes | \$ - | \$ - | \$ 91,885 | \$ - | \$ - | \$ 131,318 | \$ - |
| Special assessments | - | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - | - |
| Intergovernmental | 459,107 | 76,374 | 8,580 | - | - | 12,263 | - |
| Charges for services | 2,160 | - | 46,733 | - | - | 270,908 | 14,614 |
| Fines and forfeits | - | - | - | - | - | - | - |
| Other | - | - | 9,262 | 250 | 1,600 | - | - |
| Total receipts | 461,267 | 76,374 | 156,460 | 250 | 1,600 | 414,489 | 14,614 |
| Disbursements: | | | | | | | |
| General government | - | - | 124,270 | - | - | - | 90 |
| Public safety | - | - | - | - | - | - | - |
| Highways and streets | 495,185 | - | - | - | - | - | - |
| Sanitation | - | - | - | - | - | 427,470 | - |
| Culture and recreation | - | - | - | - | - | - | - |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | 26,423 | - |
| Interest | - | - | - | - | - | 8,595 | - |
| Capital outlay: | | | | | | | |
| General government | - | - | 1,650 | - | - | - | - |
| Public safety | - | - | - | - | - | - | - |
| Highways and streets | 10,682 | 73,643 | - | - | - | - | - |
| Sanitation | - | - | - | - | - | 238 | - |
| Culture and recreation | - | - | - | - | - | - | - |
| Total disbursements | 505,867 | 73,643 | 125,920 | - | - | 462,726 | 90 |
| Excess (deficiency) of receipts over disbursements | (44,600) | 2,731 | 30,540 | 250 | 1,600 | (48,237) | 14,524 |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | (14,524) |
| Total other financing sources (uses) | - | - | - | - | - | - | (14,524) |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (44,600) | 2,731 | 30,540 | 250 | 1,600 | (48,237) | - |
| Cash and investment fund balance - beginning | 340,987 | 66,678 | 6,338 | - | 4,838 | 161,248 | - |
| Cash and investment fund balance - ending | \$ 296,387 | \$ 69,409 | \$ 36,878 | \$ 250 | \$ 6,438 | \$ 113,011 | \$ - |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ 296,387 | \$ - | \$ 36,878 | \$ - | \$ 6,438 | \$ 113,011 | \$ - |
| Restricted assets: | | | | | | | |
| Cash and investments | - | 69,409 | - | 250 | - | - | - |
| Total cash and investment assets - ending | \$ 296,387 | \$ 69,409 | \$ 36,878 | \$ 250 | \$ 6,438 | \$ 113,011 | \$ - |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Highways and streets | \$ - | \$ 69,409 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Culture and recreation | - | - | - | 250 | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Unrestricted | 296,387 | - | 36,878 | - | 6,438 | 113,011 | - |
| Total cash and investment fund balance - ending | \$ 296,387 | \$ 69,409 | \$ 36,878 | \$ 250 | \$ 6,438 | \$ 113,011 | \$ - |

CITY OF HUNTINGTON
 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, 2009
 (Continued)

| | Federal Drug Seizure | Law Enforcement Continuing Education | Riverboat | Police LACE | Park and Recreation | Fire Department Donation |
|---|----------------------------|---|-------------------|----------------|------------------------|--------------------------------|
| Receipts: | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ 623,480 | \$ - |
| Special assessments | - | - | - | - | - | - |
| Licenses and permits | - | 6,360 | - | - | - | - |
| Intergovernmental | - | - | 109,203 | 3,995 | 58,222 | - |
| Charges for services | - | 1,308 | - | - | 57,960 | 1,348 |
| Fines and forfeits | - | 2,279 | - | - | 9,171 | - |
| Other | - | - | - | - | - | 3,927 |
| Total receipts | - | 9,947 | 109,203 | 3,995 | 748,833 | 5,275 |
| Disbursements: | | | | | | |
| General government | - | - | 8,930 | - | - | - |
| Public safety | 2,133 | 2,230 | - | 3,995 | - | 4,226 |
| Highways and streets | - | - | - | - | - | - |
| Sanitation | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | 634,428 | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - |
| Capital outlay: | | | | | | |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - |
| Highways and streets | - | - | - | - | - | - |
| Sanitation | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | 161,198 | - |
| Total disbursements | 2,133 | 2,230 | 8,930 | 3,995 | 795,626 | 4,226 |
| Excess (deficiency) of receipts over disbursements | (2,133) | 7,717 | 100,273 | - | (46,793) | 1,049 |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (2,133) | 7,717 | 100,273 | - | (46,793) | 1,049 |
| Cash and investment fund balance - beginning | 15,739 | 16,841 | 538,597 | 190 | 198,970 | 3,004 |
| Cash and investment fund balance - ending | <u>\$ 13,606</u> | <u>\$ 24,558</u> | <u>\$ 638,870</u> | <u>\$ 190</u> | <u>\$ 152,177</u> | <u>\$ 4,053</u> |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 13,606 | \$ 24,558 | \$ 638,870 | \$ 190 | \$ 152,177 | \$ 4,053 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ 13,606</u> | <u>\$ 24,558</u> | <u>\$ 638,870</u> | <u>\$ 190</u> | <u>\$ 152,177</u> | <u>\$ 4,053</u> |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Highways and streets | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Culture and recreation | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Unrestricted | 13,606 | 24,558 | 638,870 | 190 | 152,177 | 4,053 |
| Total cash and investment fund balance - ending | <u>\$ 13,606</u> | <u>\$ 24,558</u> | <u>\$ 638,870</u> | <u>\$ 190</u> | <u>\$ 152,177</u> | <u>\$ 4,053</u> |

CITY OF HUNTINGTON
 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, 2009
 (Continued)

| | Park Donation | Street Vending | Park Building Deposit | Aviation-Federal Grants | AED Defibrillators Grant | City Revitalization Grant |
|---|------------------|-------------------|-----------------------------|----------------------------|--------------------------------|---------------------------------|
| Receipts: | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special assessments | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | - | - | - | 52,726 | - | - |
| Charges for services | - | - | 13,340 | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Other | 26,090 | 59 | - | - | - | - |
| Total receipts | 26,090 | 59 | 13,340 | 52,726 | - | - |
| Disbursements: | | | | | | |
| General government | - | - | - | - | 375 | 552 |
| Public safety | - | - | - | - | - | - |
| Highways and streets | - | - | - | - | - | - |
| Sanitation | - | - | - | - | - | - |
| Culture and recreation | 22,027 | - | 11,306 | - | - | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - |
| Capital outlay: | | | | | | |
| General government | - | - | - | 42,902 | - | 2,082 |
| Public safety | - | - | - | - | - | - |
| Highways and streets | - | - | - | - | - | - |
| Sanitation | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - |
| Total disbursements | 22,027 | - | 11,306 | 42,902 | 375 | 2,634 |
| Excess (deficiency) of receipts over disbursements | 4,063 | 59 | 2,034 | 9,824 | (375) | (2,634) |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 4,063 | 59 | 2,034 | 9,824 | (375) | (2,634) |
| Cash and investment fund balance - beginning | 29,539 | - | 2,595 | 189 | 375 | 5,400 |
| Cash and investment fund balance - ending | <u>\$ 33,602</u> | <u>\$ 59</u> | <u>\$ 4,629</u> | <u>\$ 10,013</u> | <u>\$ -</u> | <u>\$ 2,766</u> |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 33,602 | \$ 59 | \$ 4,629 | \$ 10,013 | \$ - | \$ 2,766 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ 33,602</u> | <u>\$ 59</u> | <u>\$ 4,629</u> | <u>\$ 10,013</u> | <u>\$ -</u> | <u>\$ 2,766</u> |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Highways and streets | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Culture and recreation | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Unrestricted | 33,602 | 59 | 4,629 | 10,013 | - | 2,766 |
| Total cash and investment fund balance - ending | <u>\$ 33,602</u> | <u>\$ 59</u> | <u>\$ 4,629</u> | <u>\$ 10,013</u> | <u>\$ -</u> | <u>\$ 2,766</u> |

CITY OF HUNTINGTON
 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, 2009
 (Continued)

| | Rainy Day | K-9 Training | Park Grants | Police Reserve Donation | Aviation Revolving | Park and Recreation Center |
|---|-------------------|-----------------|----------------|-------------------------------|-----------------------|----------------------------------|
| Receipts: | | | | | | |
| Taxes | \$ 30,598 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Special assessments | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | - | - | 16,000 | - | - | - |
| Charges for services | - | - | - | - | 151,431 | 51,384 |
| Fines and forfeits | - | - | - | - | - | - |
| Other | - | 3,308 | - | 1,324 | 4,015 | - |
| Total receipts | 30,598 | 3,308 | 16,000 | 1,324 | 155,446 | 51,384 |
| Disbursements: | | | | | | |
| General government | 8,899 | - | - | - | 114,495 | - |
| Public safety | - | 4,375 | - | 656 | - | - |
| Highways and streets | - | - | - | - | - | - |
| Sanitation | - | - | - | - | - | - |
| Culture and recreation | - | - | 266,702 | - | - | 51,751 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - |
| Capital outlay: | | | | | | |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | - |
| Highways and streets | - | - | - | - | - | - |
| Sanitation | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - |
| Total disbursements | 8,899 | 4,375 | 266,702 | 656 | 114,495 | 51,751 |
| Excess (deficiency) of receipts over disbursements | 21,699 | (1,067) | (250,702) | 668 | 40,951 | (367) |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 21,699 | (1,067) | (250,702) | 668 | 40,951 | (367) |
| Cash and investment fund balance - beginning | 172,202 | 1,336 | 250,702 | 1,921 | 25,466 | 42,696 |
| Cash and investment fund balance - ending | <u>\$ 193,901</u> | <u>\$ 269</u> | <u>\$ -</u> | <u>\$ 2,589</u> | <u>\$ 66,417</u> | <u>\$ 42,329</u> |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 193,901 | \$ 269 | \$ - | \$ 2,589 | \$ 66,417 | \$ 42,329 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ 193,901</u> | <u>\$ 269</u> | <u>\$ -</u> | <u>\$ 2,589</u> | <u>\$ 66,417</u> | <u>\$ 42,329</u> |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Highways and streets | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Culture and recreation | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Unrestricted | 193,901 | 269 | - | 2,589 | 66,417 | 42,329 |
| Total cash and investment fund balance - ending | <u>\$ 193,901</u> | <u>\$ 269</u> | <u>\$ -</u> | <u>\$ 2,589</u> | <u>\$ 66,417</u> | <u>\$ 42,329</u> |

CITY OF HUNTINGTON
 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, 2009
 (Continued)

| | Public Safety LOIT | Revolving Loan | Storm Water Bond | RDC Debt Reserve (Northside) | City Building Lease Purchase | General Obligation Bond |
|---|--------------------------|-------------------|------------------------|------------------------------------|---------------------------------------|-------------------------------|
| Receipts: | | | | | | |
| Taxes | \$ - | \$ - | \$ 224,319 | \$ - | \$ 15,996 | \$ - |
| Special assessments | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental | 334,367 | - | 20,947 | - | 1,494 | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Other | - | 10,627 | 20,865 | - | 13,010 | - |
| Total receipts | 334,367 | 10,627 | 266,131 | - | 30,500 | - |
| Disbursements: | | | | | | |
| General government | - | - | - | - | 1,339 | - |
| Public safety | 321,820 | - | - | - | - | - |
| Highways and streets | - | - | - | - | - | - |
| Sanitation | - | - | - | - | - | - |
| Culture and recreation | - | - | - | - | - | - |
| Debt service: | | | | | | |
| Principal | - | - | 226,000 | - | 95,000 | - |
| Interest | - | - | 153,230 | - | 3,250 | 13,456 |
| Capital outlay: | | | | | | |
| General government | - | - | - | - | - | - |
| Public safety | - | - | - | - | - | 220,868 |
| Highways and streets | - | - | - | - | - | 137,769 |
| Sanitation | - | - | - | - | - | 115,939 |
| Culture and recreation | - | - | - | - | - | - |
| Total disbursements | 321,820 | - | 379,230 | - | 99,589 | 488,032 |
| Excess (deficiency) of receipts over disbursements | 12,547 | 10,627 | (113,099) | - | (69,089) | (488,032) |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | 14,524 | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses) | - | 14,524 | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 12,547 | 25,151 | (113,099) | - | (69,089) | (488,032) |
| Cash and investment fund balance - beginning | - | 392,935 | 113,099 | 61,093 | 76,948 | 509,443 |
| Cash and investment fund balance - ending | \$ 12,547 | \$ 418,086 | \$ - | \$ 61,093 | \$ 7,859 | \$ 21,411 |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 12,547 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted assets: | | | | | | |
| Cash and investments | - | 418,086 | - | 61,093 | 7,859 | 21,411 |
| Total cash and investment assets - ending | \$ 12,547 | \$ 418,086 | \$ - | \$ 61,093 | \$ 7,859 | \$ 21,411 |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Highways and streets | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Culture and recreation | - | - | - | - | - | - |
| Debt service | - | 418,086 | - | 61,093 | 7,859 | 21,411 |
| Capital outlay | - | - | - | - | - | - |
| Unrestricted | 12,547 | - | - | - | - | - |
| Total cash and investment fund balance - ending | \$ 12,547 | \$ 418,086 | \$ - | \$ 61,093 | \$ 7,859 | \$ 21,411 |

CITY OF HUNTINGTON
 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, 2009
 (Continued)

| | General Obligation Bond Debt Service | Park Capital | General Improvement | Cumulative Capital Improvement | Housing and Urban Development | Totals |
|---|---|------------------|------------------------|--------------------------------------|-------------------------------------|---------------------|
| Receipts: | | | | | | |
| Taxes | \$ 124,994 | \$ - | \$ - | \$ - | \$ - | \$ 1,242,590 |
| Special assessments | - | - | 25,943 | - | - | 25,943 |
| Licenses and permits | - | - | - | - | - | 6,360 |
| Intergovernmental | 11,671 | - | - | 53,507 | - | 1,218,456 |
| Charges for services | - | - | - | - | - | 611,186 |
| Fines and forfeits | - | - | - | - | - | 11,450 |
| Other | - | - | - | - | 1,224 | 95,561 |
| Total receipts | 136,665 | - | 25,943 | 53,507 | 1,224 | 3,211,546 |
| Disbursements: | | | | | | |
| General government | 1,316 | - | 25,617 | - | - | 285,883 |
| Public safety | - | - | - | - | - | 339,435 |
| Highways and streets | - | - | - | - | - | 495,185 |
| Sanitation | - | - | - | - | - | 427,470 |
| Culture and recreation | - | - | - | - | - | 986,214 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | 347,423 |
| Interest | - | - | - | - | - | 178,531 |
| Capital outlay: | | | | | | |
| General government | - | - | - | 45,489 | - | 92,123 |
| Public safety | - | - | - | - | - | 220,868 |
| Highways and streets | - | - | - | - | - | 222,094 |
| Sanitation | - | - | - | - | - | 116,177 |
| Culture and recreation | - | - | - | - | - | 161,198 |
| Total disbursements | 1,316 | - | 25,617 | 45,489 | - | 3,872,601 |
| Excess (deficiency) of receipts over disbursements | 135,349 | - | 326 | 8,018 | 1,224 | (661,055) |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | 14,524 |
| Transfers out | - | - | - | (76,142) | - | (90,666) |
| Total other financing sources (uses) | - | - | - | (76,142) | - | (76,142) |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 135,349 | - | 326 | (68,124) | 1,224 | (737,197) |
| Cash and investment fund balance - beginning | - | 20,914 | 126,874 | 68,124 | 28,652 | 3,283,933 |
| Cash and investment fund balance - ending | \$ 135,349 | \$ 20,914 | \$ 127,200 | \$ - | \$ 29,876 | \$ 2,546,736 |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ - | \$ - | \$ - | \$ - | \$ 29,876 | \$ 1,685,165 |
| Restricted assets: | | | | | | |
| Cash and investments | 135,349 | 20,914 | 127,200 | - | - | 861,571 |
| Total cash and investment assets - ending | \$ 135,349 | \$ 20,914 | \$ 127,200 | \$ - | \$ 29,876 | \$ 2,546,736 |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Highways and streets | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 69,409 |
| Culture and recreation | - | - | - | - | - | 250 |
| Debt service | 135,349 | - | - | - | - | 643,798 |
| Capital outlay | - | 20,914 | 127,200 | - | - | 148,114 |
| Unrestricted | - | - | - | - | 29,876 | 1,685,165 |
| Total cash and investment fund balance - ending | \$ 135,349 | \$ 20,914 | \$ 127,200 | \$ - | \$ 29,876 | \$ 2,546,736 |

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2009

| | Police Pension | Fire Pension | Totals |
|---|-------------------|-----------------|--------------|
| Additions: | | | |
| Contributions: | | | |
| State | \$ 740,034 | \$ 1,024,310 | \$ 1,764,344 |
| Other | - | 9,719 | 9,719 |
| Total additions | 740,034 | 1,034,029 | 1,774,063 |
| Deductions: | | | |
| Benefits | 719,029 | 1,015,197 | 1,734,226 |
| Administrative and general | 3,100 | 3,236 | 6,336 |
| Total deductions | 722,129 | 1,018,433 | 1,740,562 |
| Excess of total additions over total deductions | 17,905 | 15,596 | 33,501 |
| Cash and investment fund balance - beginning | 256,353 | (15,596) | 240,757 |
| Cash and investment fund balance - ending | \$ 274,258 | \$ - | \$ 274,258 |

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009

| | Payroll Fund | Section 125 | Payroll PERF | Payroll Federal W/H | Payroll State Tax | Payroll FICA W/H | Payroll County Tax |
|---|-----------------|----------------|-----------------|---------------------------|-------------------------|------------------------|--------------------------|
| Additions: | | | | | | | |
| Agency fund additions | \$ 391,132 | \$ 51,272 | \$ 417,086 | \$ 930,992 | \$ 321,865 | \$ 527,321 | \$ 127,747 |
| Deductions: | | | | | | | |
| Agency fund deductions | 391,132 | 51,272 | 413,148 | 930,992 | 321,865 | 527,321 | 127,747 |
| Excess (deficiency) of total additions over total deductions | - | - | 3,938 | - | - | - | - |
| Cash and investment fund balance - beginning | - | - | 26,933 | - | - | - | - |
| Cash and investment fund balance - ending | \$ - | \$ - | \$ 30,871 | \$ - | \$ - | \$ - | \$ - |

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009
 (Continued)

| | Payroll Life Insurance | Payroll Vision Insurance | Payroll Health Insurance | Payroll Boston Life | Payroll AUL Life | Payroll Union Dues |
|---|------------------------------|--------------------------------|--------------------------------|---------------------------|------------------------|--------------------------|
| Additions: | | | | | | |
| Agency fund additions | \$ 22,939 | \$ 20,460 | \$ 2,010,468 | \$ 8,875 | \$ 21,785 | \$ 23,902 |
| Deductions: | | | | | | |
| Agency fund deductions | 22,939 | 20,460 | 2,010,468 | 8,875 | 21,785 | 23,902 |
| Excess (deficiency) of total additions over total deductions | - | - | - | - | - | - |
| Cash and investment fund balance - beginning | - | - | - | - | - | - |
| Cash and investment fund balance - ending | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009
 (Continued)

| | Payroll United Way | Payroll Medicare W/H | Payroll Accident IN-AFLAC | Payroll Direct Deposit | Payroll Police PERF | Payroll Fire PERF |
|---|--------------------------|----------------------------|---------------------------------|------------------------------|---------------------------|-------------------------|
| Additions: | | | | | | |
| Agency fund additions | \$ 6,256 | \$ 201,620 | \$ 17,285 | \$ 6,585,665 | \$ 81,914 | \$ 113,172 |
| Deductions: | | | | | | |
| Agency fund deductions | 6,256 | 201,620 | 17,285 | 6,585,665 | 82,439 | 114,057 |
| Excess (deficiency) of total additions over total deductions | - | - | - | - | (525) | (885) |
| Cash and investment fund balance - beginning | - | - | - | - | 20,271 | 27,704 |
| Cash and investment fund balance - ending | \$ - | \$ - | \$ - | \$ - | \$ 19,746 | \$ 26,819 |

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2009
 (Continued)

| | <u>Payroll Garnishments</u> | <u>Payroll 457-AUL</u> | <u>Payroll 457-Amer</u> | <u>Payroll Fire Dues</u> | <u>Fire PAC</u> | <u>Totals</u> |
|---|---------------------------------|----------------------------|-----------------------------|----------------------------------|---------------------|------------------|
| Additions: | | | | | | |
| Agency fund additions | \$ 60,112 | \$ 393,090 | \$ 42,449 | \$ 16,771 | \$ 1,928 | \$ 12,396,106 |
| Deductions: | | | | | | |
| Agency fund deductions | 60,112 | 393,090 | 42,449 | 16,771 | 1,928 | 12,393,578 |
| Excess (deficiency) of total additions over total deductions | - | - | - | - | - | 2,528 |
| Cash and investment fund balance - beginning | - | - | - | - | - | 74,908 |
| Cash and investment fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 77,436</u> |

CITY OF HUNTINGTON
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2009

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. Retroactive reporting of general infrastructure assets has not been completed as of December 31, 2009.

| <u>Primary Government</u> | <u>Ending Balance</u> |
|--|---------------------------|
| Governmental activities: | |
| Capital assets, not being depreciated: | |
| Land | \$ 234,527 |
| Infrastructure | 2,176,482 |
| Buildings | 8,515,496 |
| Improvements other than buildings | 2,443,709 |
| Machinery and equipment | <u>6,361,232</u> |
| Total governmental activities, capital assets not being depreciated | <u>\$ 19,731,446</u> |
| Business-type activities: | |
| Water Utility: | |
| Capital assets, not being depreciated: | |
| Land | \$ 539,980 |
| Construction in progress | 224,748 |
| Capital assets, being depreciated: | |
| Buildings | 1,269,894 |
| Improvements other than buildings | 13,450,650 |
| Machinery and equipment | 2,288,437 |
| Transportation equipment | <u>418,608</u> |
| Total Water Utility capital assets | <u>18,192,317</u> |
| Wastewater Utility: | |
| Capital assets, not being depreciated: | |
| Land | 131,620 |
| Construction in progress | 3,539,741 |
| Capital assets, being depreciated: | |
| Buildings | 10,904,698 |
| Improvements other than buildings | 23,753,797 |
| Machinery and equipment | 1,450,106 |
| Transportation equipment | <u>448,874</u> |
| Total Wastewater Utility capital assets | <u>40,228,836</u> |
| Total business-type activities capital assets | <u>\$ 58,421,153</u> |

CITY OF HUNTINGTON
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2009

The City has entered into the following debt:

| Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year |
|--|--------------------------------|---|
| Governmental activities: | | |
| Capital leases: | | |
| Machinery and equipment | \$ 854,178 | \$ 179,932 |
| Notes and loans payable | 2,051,000 | 209,335 |
| Bonds payable: | | |
| General obligation bonds: | | |
| \$1,395,000 1997 tax increment financing | 820,000 | 230,105 |
| \$675,000 2000 tax increment financing | 285,000 | 85,098 |
| \$475,000 2001 storm water | 360,000 | 37,715 |
| \$1,545,000 2002 storm water district | 1,175,000 | 131,178 |
| \$877,979 2003 tax increment financing | 695,330 | 41,701 |
| \$550,000 2008 general obligation | <u>550,000</u> | <u>170,038</u> |
| Total governmental activities debt | <u>\$ 6,790,508</u> | <u>\$ 1,085,102</u> |
| Business-type activities: | | |
| Water Utility: | | |
| Capital leases: | | |
| Machinery and equipment | <u>\$ 18,404</u> | <u>\$ 18,463</u> |
| Wastewater Utility: | | |
| Notes and loans payable: | | |
| State Revolving Fund Loan | 3,470,000 | 119,004 |
| Revenue bonds: | | |
| \$1,390,000 2003 wastewater refunding | 980,000 | 120,773 |
| \$6,530,000 2008 wastewater refunding | <u>6,085,000</u> | <u>768,400</u> |
| Total Wastewater Utility | <u>10,535,000</u> | <u>1,008,177</u> |
| Total business-type activities debt | <u>\$ 10,553,404</u> | <u>\$ 1,026,640</u> |

CITY OF HUNTINGTON
OTHER REPORT

The annual report presented herein was prepared in addition to another official report prepared for the individual City office for the City of Huntington Municipal Utilities.

CITY OF HUNTINGTON
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS

The following expenditures were in excess of budgeted appropriations:

| <u>Fund</u> | <u>Years</u> | <u>Excess Amount Expended</u> |
|----------------|--------------|---------------------------------------|
| Police Pension | 2009 | \$ 712,128 |
| Fire Pension | 2009 | 1,008,432 |

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

ORDINANCES, RESOLUTIONS, AND POLICIES

The City does not have a written policy concerning compensatory time. Various City employees are earning, using, and accumulating compensatory time. In one instance, a salaried City employee has accumulated 305.5 hours of compensatory time.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS

The City was required to retroactively record infrastructure as of December 31, 2009, but failed to do so. General infrastructure assets were to be recorded if they were acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The City has not completed estimating the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). A similar comment appeared in prior Report B34857.

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

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
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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 CITY OF HUNTINGTON, HUNTINGTON COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Huntington (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2009. The City's major federal program is 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 its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied in all material respects with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

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

A control deficiency in a City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a

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)

federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

This report is intended solely for the information and use of the City's management, Common 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

June 8, 2010

CITY OF HUNTINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2009

| Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Total Federal Awards Expended |
|---|---------------------------|--|-------------------------------------|
| <u>U.S. DEPARTMENT OF JUSTICE</u> | | | |
| Direct Grant | | | |
| Bulletproof Vest Partnership Program | 16.607 | FY2009 | \$ <u>2,691</u> |
| Total for federal grantor agency | | | <u>2,691</u> |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | |
| Pass-Through Indiana Criminal Justice Institute | | | |
| Highway Safety Cluster | | | |
| Alcohol Impaired Driving Countermeasures Incentive Grants I | 20.601 | | |
| | | OP-09-01-01-52 | 4,900 |
| | | OP-10-02-01-48 | <u>1,600</u> |
| Total for program | | | <u>6,500</u> |
| Direct Grant | | | |
| Airport Improvement Program | 20.106 | | |
| | | 3-18-0036-08 | 8,550 |
| | | 3-18-0036-09 | <u>36,007</u> |
| Total for program | | | <u>44,557</u> |
| Total for federal grantor agency | | | <u>51,057</u> |
| <u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u> | | | |
| Pass-Through Indiana Finance Authority | | | |
| Capitalization Grants for Clean Water State Revolving Funds | 66.458 | WW08063502 | <u>999,515</u> |
| Total for federal grantor agency | | | <u>999,515</u> |
| Total federal awards expended | | | <u>\$ <u>1,053,263</u></u> |

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

CITY OF HUNTINGTON
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 City of Huntington (City) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF HUNTINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

| | |
|--|---------------|
| Material weaknesses identified? | no |
| 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 Program:

| CFDA Number | Name of Federal Program or Cluster |
|----------------|---|
| 66.458 | Capitalization Grants for Clean Water State Revolving Funds |

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF HUNTINGTON
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF HUNTINGTON
EXIT CONFERENCE

The contents of this report were discussed on June 8, 2010 with Christi A. Scher, Clerk-Treasurer; Ruth A. Marsh, Operations Manager; Ervin R. Ebersole, President of the Common Council; and Steven D. Updike, Mayor.