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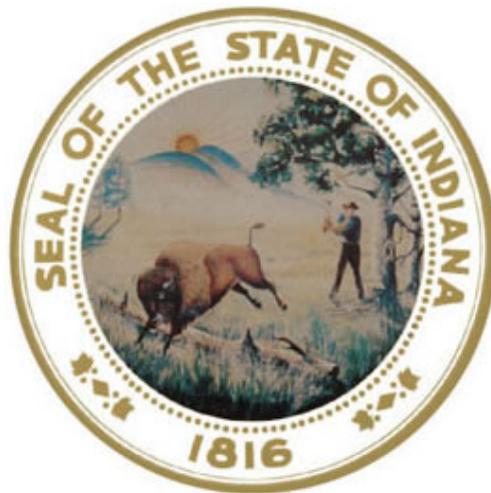
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

ANNUAL FINANCIAL REPORT

2009

CITY OF BOONVILLE

WARRICK COUNTY, INDIANA



**FILED**  
07/01/2010



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Nancy Shull	01-01-08 to 12-31-11
Mayor	Pamela Hendrickson	01-01-08 to 12-31-11
President of the Board of Public Works	Pamela Hendrickson	01-01-09 to 12-31-10
President of the Common Council	Robert Barnett Jim Ruff	01-01-09 to 12-31-09 01-01-10 to 12-31-10



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

TO: THE OFFICIALS OF THE CITY OF BOONVILLE, WARRICK 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 Boonville (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 May 11, 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.

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

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

May 11, 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 BOONVILLE, WARRICK 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 Boonville (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 May 11, 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, the 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

May 11, 2010

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

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 915,043	\$ 69,727	\$ -	\$ -	\$ (845,316)	\$ -	\$ (845,316)
Public safety	2,058,409	25,313	7,730	9,997	(2,015,369)	-	(2,015,369)
Highways and streets	467,988	32,275	188,769	63,096	(183,848)	-	(183,848)
Sanitation	-	66,780	-	-	66,780	-	66,780
Economic development	110,818	-	-	-	(110,818)	-	(110,818)
Culture and recreation	361,574	13,985	-	-	(347,589)	-	(347,589)
Principal and interest on indebtedness	548,000	-	-	-	(548,000)	-	(548,000)
<b>Total governmental activities</b>	<b>4,461,832</b>	<b>208,080</b>	<b>196,499</b>	<b>73,093</b>	<b>(3,984,160)</b>	<b>-</b>	<b>(3,984,160)</b>
<b>Business-type activities:</b>							
Electric Utility	7,135	468,755	-	-	-	461,620	461,620
Wastewater Utility	1,447,280	1,344,324	-	-	-	(102,956)	(102,956)
Water Utility	5,637,818	1,750,756	-	1,757,500	-	(2,129,562)	(2,129,562)
<b>Total business-type activities</b>	<b>7,092,233</b>	<b>3,563,835</b>	<b>-</b>	<b>1,757,500</b>	<b>-</b>	<b>(1,770,898)</b>	<b>(1,770,898)</b>
<b>Total primary government</b>	<b>\$ 11,554,065</b>	<b>\$ 3,771,915</b>	<b>\$ 196,499</b>	<b>\$ 1,830,593</b>	<b>(3,984,160)</b>	<b>(1,770,898)</b>	<b>(5,755,058)</b>
<b>General receipts:</b>							
Property taxes					2,053,473	-	2,053,473
Intergovernmental					1,525,783	-	1,525,783
Other local sources					702,477	-	702,477
Net proceeds from borrowings					990,880	1,757,500	2,748,380
Grants and contributions not restricted to specific programs					12,848	-	12,848
Investment earnings					14,782	12,142	26,924
Interfund loans					(220,000)	220,000	-
Transfers					(2,897,851)	2,897,851	-
<b>Total general receipts, special items, and transfers</b>					<b>2,182,392</b>	<b>4,887,493</b>	<b>7,069,885</b>
<b>Change in net assets</b>					<b>(1,801,768)</b>	<b>3,116,595</b>	<b>1,314,827</b>
<b>Net assets - beginning</b>					<b>4,732,866</b>	<b>2,042,339</b>	<b>6,775,205</b>
<b>Net assets - ending</b>					<b>\$ 2,931,098</b>	<b>\$ 5,158,934</b>	<b>\$ 8,090,032</b>
<b>Assets</b>							
Cash and investments					\$ 432,091	\$ 1,275,776	\$ 1,707,867
Restricted assets:							
Cash and investments					2,499,007	3,883,158	6,382,165
<b>Total assets</b>					<b>\$ 2,931,098</b>	<b>\$ 5,158,934</b>	<b>\$ 8,090,032</b>
<b>Net Assets</b>							
Restricted for:							
General government					\$ 5,430	\$ -	\$ 5,430
Public safety					58,655	-	58,655
Highways and streets					47,327	-	47,327
Culture and recreation					49,227	-	49,227
Debt service					1,243,926	941,001	2,184,927
Capital outlay					1,094,442	-	1,094,442
Other purposes					-	2,942,157	2,942,157
Unrestricted					432,091	1,275,776	1,707,867
<b>Total net assets</b>					<b>\$ 2,931,098</b>	<b>\$ 5,158,934</b>	<b>\$ 8,090,032</b>

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

CITY OF BOONVILLE  
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	City Construction Fund	Lease Rental Reserve	Edit Excess	Other Governmental Funds	Totals
<b>Receipts:</b>						
Taxes	\$ 1,870,409	\$ -	\$ -	\$ -	\$ 183,064	\$ 2,053,473
Licenses and permits	6,030	-	-	-	3,605	9,635
Intergovernmental	330,037	-	-	1,074,322	391,022	1,795,381
Charges for services	140,252	-	-	-	51,186	191,438
Fines and forfeits	6,240	-	-	-	767	7,007
Interfund loans	1,000,000	-	-	500,000	-	1,500,000
Other	307,238	10,444	2,677	1,572	13,170	335,101
<b>Total receipts</b>	<b>3,660,206</b>	<b>10,444</b>	<b>2,677</b>	<b>1,575,894</b>	<b>642,814</b>	<b>5,892,035</b>
<b>Disbursements:</b>						
General government	865,235	-	-	-	9,858	875,093
Public safety	1,976,677	-	-	-	80,928	2,057,605
Highways and streets	-	-	-	-	467,988	467,988
Economic development	-	-	-	18,365	-	18,365
Culture and recreation	218,910	-	-	-	133,164	352,074
Interfund loans	500,000	-	-	1,220,000	-	1,720,000
Debt service:						
Principal	-	-	260,000	47,635	-	307,635
Interest	-	-	238,000	2,365	-	240,365
Capital outlay:						
General government	-	-	-	-	39,950	39,950
Public safety	402	-	-	-	402	804
Economic development	-	-	-	92,453	-	92,453
Culture and recreation	-	-	-	-	9,500	9,500
<b>Total disbursements</b>	<b>3,561,224</b>	<b>-</b>	<b>498,000</b>	<b>1,380,818</b>	<b>741,790</b>	<b>6,181,832</b>
Excess (deficiency) of receipts over disbursements	98,982	10,444	(495,323)	195,076	(98,976)	(289,797)
<b>Other financing sources (uses):</b>						
Net proceeds from borrowings	-	990,880	-	-	-	990,880
Transfers in	459,476	2,325,000	984,476	-	204,439	3,973,391
Transfers out	(459,476)	(3,326,324)	(2,325,000)	(760,442)	-	(6,871,242)
Other receipts	-	-	-	395,000	-	395,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(10,444)</b>	<b>(1,340,524)</b>	<b>(365,442)</b>	<b>204,439</b>	<b>(1,511,971)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	98,982	-	(1,835,847)	(170,366)	105,463	(1,801,768)
Cash and investment fund balance - beginning	93,292	-	3,079,773	1,249,860	309,941	4,732,866
Cash and investment fund balance - ending	<u>\$ 192,274</u>	<u>\$ -</u>	<u>\$ 1,243,926</u>	<u>\$ 1,079,494</u>	<u>\$ 415,404</u>	<u>\$ 2,931,098</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 192,274	\$ -	\$ -	\$ -	\$ 239,817	\$ 432,091
Restricted assets:						
Cash and investments	-	-	1,243,926	1,079,494	175,587	2,499,007
Total cash and investment assets - ending	<u>\$ 192,274</u>	<u>\$ -</u>	<u>\$ 1,243,926</u>	<u>\$ 1,079,494</u>	<u>\$ 415,404</u>	<u>\$ 2,931,098</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ 5,430	\$ 5,430
Public safety	-	-	-	-	58,655	58,655
Highways and streets	-	-	-	-	47,327	47,327
Culture and recreation	-	-	-	-	49,227	49,227
Debt service	-	-	1,243,926	-	-	1,243,926
Capital outlay	-	-	-	1,079,494	14,948	1,094,442
Unrestricted	192,274	-	-	-	239,817	432,091
Total cash and investment fund balance - ending	<u>\$ 192,274</u>	<u>\$ -</u>	<u>\$ 1,243,926</u>	<u>\$ 1,079,494</u>	<u>\$ 415,404</u>	<u>\$ 2,931,098</u>

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

CITY OF BOONVILLE  
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

	Electric Utility	Wastewater Utility	Water Utility	Totals
Operating receipts:				
Fees	\$ -	\$ 1,206,351	\$ 1,577,520	\$ 2,783,871
Interfund loan proceeds	-	319,000	-	319,000
Miscellaneous	468,755	137,973	173,236	779,964
<b>Total operating receipts</b>	<b>468,755</b>	<b>1,663,324</b>	<b>1,750,756</b>	<b>3,882,835</b>
Operating disbursements:				
Salaries and wages	-	132,622	128,248	260,870
Contractual services	-	963,162	-	963,162
Refunds	-	-	16,713	16,713
Equipment and capital improvements	-	-	4,098,716	4,098,716
Interfund loans made/repaid	99,000	-	-	99,000
Miscellaneous	7,135	6	1,027,553	1,034,694
<b>Total operating disbursements</b>	<b>106,135</b>	<b>1,095,790</b>	<b>5,271,230</b>	<b>6,473,155</b>
Excess (deficiency) of operating receipts over operating disbursements	362,620	567,534	(3,520,474)	(2,590,320)
Nonoperating receipts (disbursements):				
Investment income	534	9,468	2,140	12,142
Net proceeds from borrowings	-	-	1,757,500	1,757,500
Grants	-	-	1,757,500	1,757,500
Debt service of principal	-	(245,000)	(155,025)	(400,025)
Interest disbursements	-	(106,490)	(211,563)	(318,053)
<b>Total nonoperating receipts (disbursements)</b>	<b>534</b>	<b>(342,022)</b>	<b>3,150,552</b>	<b>2,809,064</b>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	363,154	225,512	(369,922)	218,744
Transfers in	2,784,476	360,050	4,035,856	7,180,382
Transfers out	(3,243,952)	(360,050)	(678,529)	(4,282,531)
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	(96,322)	225,512	2,987,405	3,116,595
Cash and investment fund balance - beginning	1,070,155	575,166	397,018	2,042,339
Cash and investment fund balance - ending	<u>\$ 973,833</u>	<u>\$ 800,678</u>	<u>\$ 3,384,423</u>	<u>\$ 5,158,934</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ 973,833	\$ 170,275	\$ 131,668	\$ 1,275,776
Restricted assets:				
Cash and investments	-	630,403	3,252,755	3,883,158
<b>Total cash and investment assets - December 31</b>	<b>\$ 973,833</b>	<b>\$ 800,678</b>	<b>\$ 3,384,423</b>	<b>\$ 5,158,934</b>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Debt service	\$ -	\$ 560,355	\$ 380,646	\$ 941,001
Other purposes	-	70,048	2,872,109	2,942,157
Unrestricted	973,833	170,275	131,668	1,275,776
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 973,833</b>	<b>\$ 800,678</b>	<b>\$ 3,384,423</b>	<b>\$ 5,158,934</b>

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

CITY OF BOONVILLE  
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:		
Employer	\$ 7,785	
State	325,015	
Total contributions	332,800	
Investment earnings:		
Interest	348	
Total additions	333,148	
Deductions:		
Benefits	226,857	
Administrative and general	7,835	
Total deductions	234,692	
Excess of total additions over total deductions	98,456	
Cash and investment fund balance - beginning	680,792	
Cash and investment fund balance - ending	\$ 779,248	\$ 9,206

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

CITY OF BOONVILLE  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Primary Government: City of Boonville

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 city construction fund was used to account for EDIT bond proceeds and a transfer from the lease rental reserve fund until transferred into a trust fund to be expended for the water utility improvement project.

The lease rental reserve fund accounts for transfers from the City General fund and the City EDIT fund and payment of the lease payment for the City's Wastewater facility.

The EDIT excess fund is used to account for economic development income tax receipts and disbursements.

CITY OF BOONVILLE  
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.

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

Additionally, the City reports the following fund types:

The pension trust funds account for the activities of the 1925 police officers' and 1937 firefighters' 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 BOONVILLE  
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. The City does not have any internal service funds.

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.

CITY OF BOONVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

6. Equity Classification

Government-Wide Statements

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

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

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.

CITY OF BOONVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Government-Wide Financial Statements

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund 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 an ordinance, approves the budget for the next year. Copies of the budget 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.

III. Detailed Notes on All Funds

A. 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 uses only approved depositories. At December 31, 2009, the City had deposit balances in the amount of \$8,878,486.

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.

CITY OF BOONVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

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

Transfer From	Transfer To	2009
General Fund	Lease Rental Reserve	\$ 459,476
Edit Excess	Lease Rental Reserve	525,000
Edit Excess	Other Governmental	204,439
Lease Rental	Electric Utility	2,325,000
Edit Excess	Water Utility	31,003
City Construction	Water Utility	3,326,324
Electric Utility	General Fund	459,476
Electric Utility	City Construction	2,325,000
Electric Utility	Electric Utility	459,476
Wastewater Utility	Wastewater Utility	360,050
Water Utility	Water Utility	678,529
Total		\$ 11,153,773

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

IV. Other Information

A. Risk Management

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

B. Holding Corporations

The City has entered into a capital lease with Boonville Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. Lease payments during the year 2009 totaled \$498,000.

CITY OF BOONVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Other Postemployment Benefits

Defined Contribution Healthcare Plan

Plan Description

The City of Boonville Healthcare Plan is a defined contribution healthcare plan administered by Hartford Senior Connection Insurance and Welborn Insurance. The plan provides medical and life insurance to eligible retirees and their spouses. City Ordinance 1993-12 assigns the authority to establish and amend benefit provisions to the City.

Funding Policy

The contribution requirements of plan members for the City of Boonville Healthcare Plan are established by the City's governing board. The required contribution is 25% of cost of coverage. For the year ended December 31, 2009, the City contributed \$90,776 to the plan. Plan members receiving benefits contributed \$30,496.

D. Rate Structure – Enterprise Funds

Water Utility

The Utility was granted approval by the Indiana Utility Regulatory Commission to increase rates. The increase became effective May 1, 2009, and amounted to approximately a 19% increase to all customers.

Wastewater Utility

The current rate structure was approved by the City Council on October 11, 2001.

Electric Utility

The Electric Utility is currently leased to VECTREN. The customers are charged the same rates as all other VECTREN customers.

E. Receipts Pledged

Water Utility Receipts Pledged

The City has pledged future receipts, net of specified operating expenditures, to repay revenue bonds issued in 2006. Proceeds from the bonds provided financing for additions, extensions and improvements to the municipal waterworks. The bonds are payable solely from net receipts and are payable through 2027. Annual principal and interest payments are expected to require less than seventeen percent of net receipts.

The City has pledged future receipts, net of specified operating expenditures, to repay revenue bonds issued in 2009. Proceeds from the bonds provided financing for additions, extensions and improvements to the municipal waterworks. The bonds are payable solely from net receipts and are payable through 2030. Annual principal and interest payments are expected to require less than twelve percent of net receipts.

CITY OF BOONVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Wastewater Utility Receipts Pledged

The City has pledged future receipts, net of specified operating expenditures, to repay revenue bonds issued in 1998. Proceeds from the bonds provided financing for additions, extensions and improvements to the municipal sewage works. The bonds are payable solely from net receipts and are payable through 2020. Annual principal and interest payments are expected to require less than sixteen percent of net receipts.

The City has pledged future receipts, net of specified operating expenditures, to repay revenue bonds issued in 2003. Proceeds from the bonds provided financing for additions, extensions and improvements to the municipal sewage works. The bonds are payable solely from net receipts and are payable through 2013. Annual principal and interest payments are expected to require less than eighteen percent of net receipts.

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 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 \$7,966.

CITY OF BOONVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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. The contributions made by the City during the period were \$44,071.

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 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. The contributions made by the City during the period were \$41,246.

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.

CITY OF BOONVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

Funding Policy

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 \$193,434.

CITY OF BOONVILLE  
 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 AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 1,443,820	\$ 551,334	\$ 892,486	262%	\$ 346,452	258%
07-01-07	1,564,010	587,265	976,745	266%	350,497	279%
07-01-08	1,676,724	840,322	836,402	200%	370,439	226%

1928 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
3,762,200%	\$ 256,140	\$ 2,142,200	\$ (1,886,060)	12%	\$ 64,400	(2,929%)
3,798,700%	252,186	1,898,600	(1,646,414)	13%	-	0%
3,835,300%	256,364	1,902,700	(1,646,336)	13%	-	0%
3,871,800%	253,856	1,893,700	(1,639,844)	13%	34,800	(4,712%)
3,908,300%	307,966	1,880,500	(1,572,534)	16%	36,100	(4,356%)
3,944,800%	417,993	2,205,400	(1,787,407)	19%	36,700	(4,870%)

1937 Firefighters' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-03	\$ 323,919	\$ 1,507,700	\$ (1,183,781)	21%	\$ 96,700	(1,224%)
01-01-04	328,332	1,907,000	(1,578,668)	17%	65,400	(2,414%)
01-01-05	317,377	1,895,900	(1,578,523)	17%	67,300	(2,346%)
01-01-06	310,156	1,547,700	(1,237,544)	20%	34,800	(3,556%)
01-01-07	314,852	1,541,700	(1,226,848)	20%	36,100	(3,398%)
01-01-08	325,956	1,076,200	(750,244)	30%	-	0%

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

	1925 Police Officers' Pension Plan			
	Year Ending	Annual Required Contribution (ARC)	Percentage of ARC Contributed	
			City	State
1925 Police Officers' Pension Plan	12-31-03	\$ 256,200	*	*
	12-31-04	216,900	*	*
	12-31-05	134,300	*	*
	12-31-06	146,000	*	*
	12-31-07	147,300	*	*
	12-31-08	175,000	20%	21%
1937 Firefighters' Pension Plan	12-31-03	\$ 225,800	*	*
	12-31-04	234,100	*	*
	12-31-05	152,200	*	*
	12-31-06	121,300	*	*
	12-31-07	122,800	*	*
	12-31-08	79,200	37%	66%

\*Information is not available.

CITY OF BOONVILLE  
 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	Parking Meter Fund	Fire Homeland Security Grant	Law Enforcement Continuing Education	Park and Recreation
Receipts:						
Taxes	\$ 89,743	\$ -	\$ -	\$ -	\$ -	\$ 93,321
Licenses and permits	-	-	-	-	3,605	-
Intergovernmental	275,463	63,096	-	9,997	-	13,781
Charges for services	2,064	-	30,211	-	403	13,354
Fines and forfeits	-	-	-	-	767	-
Other	-	-	-	-	313	9
<b>Total receipts</b>	<b>367,270</b>	<b>63,096</b>	<b>30,211</b>	<b>9,997</b>	<b>5,088</b>	<b>120,465</b>
Disbursements:						
General government	-	-	-	6,240	-	-
Public safety	-	-	46,225	-	9,423	-
Highways and streets	372,283	95,705	-	-	-	-
Culture and recreation	-	-	-	-	-	133,164
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	402	-
Culture and recreation	-	-	-	-	-	9,500
<b>Total disbursements</b>	<b>372,283</b>	<b>95,705</b>	<b>46,225</b>	<b>6,240</b>	<b>9,825</b>	<b>142,664</b>
Excess (deficiency) of receipts over disbursements	(5,013)	(32,609)	(16,014)	3,757	(4,737)	(22,199)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,013)	(32,609)	(16,014)	3,757	(4,737)	(22,199)
Cash and investment fund balance - beginning	30,061	54,888	49,156	-	19,941	70,695
Cash and investment fund balance - ending	<u>\$ 25,048</u>	<u>\$ 22,279</u>	<u>\$ 33,142</u>	<u>\$ 3,757</u>	<u>\$ 15,204</u>	<u>\$ 48,496</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	25,048	22,279	33,142	3,757	15,204	48,496
<b>Total cash and investment assets - ending</b>	<b>\$ 25,048</b>	<b>\$ 22,279</b>	<b>\$ 33,142</b>	<b>\$ 3,757</b>	<b>\$ 15,204</b>	<b>\$ 48,496</b>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ 3,757	\$ -	\$ -
Public safety	-	-	33,142	-	15,204	-
Highways and streets	25,048	22,279	-	-	-	-
Culture and recreation	-	-	-	-	-	48,496
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 25,048</b>	<b>\$ 22,279</b>	<b>\$ 33,142</b>	<b>\$ 3,757</b>	<b>\$ 15,204</b>	<b>\$ 48,496</b>

CITY OF BOONVILLE  
 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)

	Department of Justice Grant #SF269-04	Fire Donation	Spray Park Donations	Police Grant 2005-DJ-121	Fire Department Training	Rainy Day
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	4,112	-	-	3,618	-	-
Charges for services	-	-	631	-	83	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	100	-	-	-
<b>Total receipts</b>	<b>4,112</b>	<b>-</b>	<b>731</b>	<b>3,618</b>	<b>83</b>	<b>-</b>
Disbursements:						
General government	-	-	-	3,618	-	-
Public safety	3,803	10,707	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
<b>Total disbursements</b>	<b>3,803</b>	<b>10,707</b>	<b>-</b>	<b>3,618</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	309	(10,707)	731	-	83	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	204,439
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>204,439</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	309	(10,707)	731	-	83	204,439
Cash and investment fund balance - beginning	126	10,747	-	-	219	35,378
Cash and investment fund balance - ending	<u>\$ 435</u>	<u>\$ 40</u>	<u>\$ 731</u>	<u>\$ -</u>	<u>\$ 302</u>	<u>\$ 239,817</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 239,817
Restricted assets:						
Cash and investments	435	40	731	-	302	-
<b>Total cash and investment assets - ending</b>	<u>\$ 435</u>	<u>\$ 40</u>	<u>\$ 731</u>	<u>\$ -</u>	<u>\$ 302</u>	<u>\$ 239,817</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	435	40	-	-	302	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	731	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	239,817
<b>Total cash and investment fund balance - ending</b>	<u>\$ 435</u>	<u>\$ 40</u>	<u>\$ 731</u>	<u>\$ -</u>	<u>\$ 302</u>	<u>\$ 239,817</u>

CITY OF BOONVILLE  
 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)

	Build Indiana	Haz Mat Fund Fire Dept.	Police Donation Fund	Cumulative Capital Improvement	Totals
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 183,064
Licenses and permits	-	-	-	-	3,605
Intergovernmental	-	-	-	20,955	391,022
Charges for services	-	4,440	-	-	51,186
Fines and forfeits	-	-	-	-	767
Other	-	-	12,748	-	13,170
<b>Total receipts</b>	<b>-</b>	<b>4,440</b>	<b>12,748</b>	<b>20,955</b>	<b>642,814</b>
Disbursements:					
General government	-	-	-	-	9,858
Public safety	-	-	10,770	-	80,928
Highways and streets	-	-	-	-	467,988
Culture and recreation	-	-	-	-	133,164
Capital outlay:					
General government	-	-	-	39,950	39,950
Public safety	-	-	-	-	402
Culture and recreation	-	-	-	-	9,500
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>10,770</b>	<b>39,950</b>	<b>741,790</b>
Excess (deficiency) of receipts over disbursements	-	4,440	1,978	(18,995)	(98,976)
Other financing sources (uses):					
Transfers in	-	-	-	-	204,439
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>204,439</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	4,440	1,978	(18,995)	105,463
Cash and investment fund balance - beginning	1,673	-	3,114	33,943	309,941
Cash and investment fund balance - ending	<u>\$ 1,673</u>	<u>\$ 4,440</u>	<u>\$ 5,092</u>	<u>\$ 14,948</u>	<u>\$ 415,404</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 239,817
Restricted assets:					
Cash and investments	1,673	4,440	5,092	14,948	175,587
<b>Total cash and investment assets - ending</b>	<u>\$ 1,673</u>	<u>\$ 4,440</u>	<u>\$ 5,092</u>	<u>\$ 14,948</u>	<u>\$ 415,404</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
General government	\$ 1,673	\$ -	\$ -	\$ -	\$ 5,430
Public safety	-	4,440	5,092	-	58,655
Highways and streets	-	-	-	-	47,327
Culture and recreation	-	-	-	-	49,227
Capital outlay	-	-	-	14,948	14,948
Unrestricted	-	-	-	-	239,817
<b>Total cash and investment fund balance - ending</b>	<u>\$ 1,673</u>	<u>\$ 4,440</u>	<u>\$ 5,092</u>	<u>\$ 14,948</u>	<u>\$ 415,404</u>

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

	<u>Police Pension</u>	<u>Firemen Pension</u>	<u>Totals</u>
Additions:			
Contributions:			
Employer	\$ 5,004	\$ 2,781	\$ 7,785
State	<u>149,178</u>	<u>175,837</u>	<u>325,015</u>
Total contributions	<u>154,182</u>	<u>178,618</u>	<u>332,800</u>
Investment receipts:			
Interest	<u>182</u>	<u>166</u>	<u>348</u>
Total additions	<u>154,364</u>	<u>178,784</u>	<u>333,148</u>
Deductions:			
Benefits	103,694	123,163	226,857
Administrative and general	<u>5,054</u>	<u>2,781</u>	<u>7,835</u>
Total deductions	<u>108,748</u>	<u>125,944</u>	<u>234,692</u>
Excess of total additions over total deductions	45,616	52,840	98,456
Cash and investment fund balance - beginning	<u>391,726</u>	<u>289,066</u>	<u>680,792</u>
Cash and investment fund balance - ending	<u>\$ 437,342</u>	<u>\$ 341,906</u>	<u>\$ 779,248</u>

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

	Payroll Fund	Payroll Tax Fund	Totals
Additions:			
Agency fund additions	\$ 1,595,279	\$ 307,325	\$ 1,902,604
Deductions:			
Agency fund deductions	1,597,027	307,325	1,904,352
Deficiency of total additions over total deductions	(1,748)	-	(1,748)
Cash and investment fund balance - beginning	10,954	-	10,954
Cash and investment fund balance - ending	\$ 9,206	\$ -	\$ 9,206

CITY OF BOONVILLE  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended 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 are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate 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). As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 180,522
Infrastructure	221,418
Buildings	269,861
Improvements other than buildings	86,162
Machinery and equipment	<u>2,031,122</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 2,789,085</u>
<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 147,697
Construction in progress	2,436,779
Buildings	1,258,086
Improvements other than buildings	2,515,844
Machinery and equipment	<u>5,312,536</u>
Total Water Utility capital assets	<u>11,670,942</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	441,673
Buildings	2,918,633
Improvements other than buildings	165,290
Machinery and equipment	<u>4,445,815</u>
Total Wastewater Utility capital assets	<u>7,971,411</u>
Total business-type activities capital assets	<u>\$ 19,642,353</u>

CITY OF BOONVILLE  
 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:		
New Wastewater Plant	\$ 6,435,000	\$ 493,000
Bonds payable:		
General obligation bonds:		
Water Wellfield Construction	<u>1,260,000</u>	<u>33,887</u>
Total governmental activities debt	<u>\$ 7,695,000</u>	<u>\$ 526,887</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
Water Utility Improvements 2006	\$ 3,910,000	\$ 86,986
New Water Plant Construction 2009	<u>1,757,000</u>	<u>69,469</u>
Total Water Utility	<u>5,667,000</u>	<u>156,455</u>
Wastewater Utility:		
Revenue bonds:		
Wastewater Improvements 1998	1,420,000	43,536
Wastewater Improvements 2003	<u>745,000</u>	<u>135,775</u>
Total Wastewater Utility	<u>2,165,000</u>	<u>179,311</u>
Total business-type activities debt	<u>\$ 7,832,000</u>	<u>\$ 335,766</u>

CITY OF BOONVILLE  
AUDIT RESULTS AND COMMENTS

TRANSACTION RECORDING (Applies to the City)

The City received and disbursed a \$1,757,500 State Revolving Fund loan and a \$1,757,500 ARRA State Revolving Fund grant in the year 2009. The funds were deposited in a trust account and expended from the trust account. The transactions were never recorded in the records of the City or included in the statement of receipts, disbursements, cash balances and investment balances contained in the annual city financial report.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ACCOUNTABLE ITEMS (Applies to the Water and Wastewater Utility)

Records presented for audit indicated that gallons of water billed totaled 226,565,000 and gallons of water pumped by the Water Utility totaled 464,576,000, resulting in a difference of 238,011,000 gallons of water lost and not billed. Fifty-one percent of the water pumped for the year 2009 was not billed. Calculations indicate that the potential dollar amount of this loss would be between \$585,507 and \$1,513,750 because the Water Utility bills on a sliding scale based on the amount of water used. This could result in a potential loss for the Wastewater Utility of \$1,627,995 because the wastewater bills are based on water consumption. A similar comment was contained in the prior report.

Tickets, goods for sale, billings, and other collections are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS (Applies to Wastewater Utility)

As stated in the prior report, delinquent wastewater fees and penalties had not been recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property.

IC 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:
  - (A) The name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent;
  - (B) A description of the premises, as shown by the records of the county auditor; and
  - (C) The amount of the delinquent fees, together with the penalty; or

CITY OF BOONVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

(2) An individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder. . . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

INTERFUND RECEIVABLE/PAYABLE (Applies to City and Electric Utility)

As stated in several prior reports, the City of Boonville owes the Boonville Electric Utility for street lighting services. The amount due at December 31, 2009, is \$325,000.

Electric Utility ordinance 1980-35 states: "No free service shall be furnished by the utility to the city or to any person, firm, or corporation, public or private, or to a public agency, or any organization."

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

LOAN BETWEEN CITY FUNDS (Applies to City)

A temporary loan of \$1,000,000 was made in 2009 from the Edit Excess Fund to the General Fund and was not repaid by December 31, 2009.

IC 36-1-8-4 concerning temporary loans states in part: "(a) . . . (3) Except as provided in subsection (b), the prescribed period must end during the budget year of the year in which the transfer occurs; (4) The amount transferred must be returned to the other fund at the end of the prescribed period . . ."

"(b) If the fiscal body of a political subdivision determines that an emergency exists that requires an extension of the prescribed period of a transfer under this section, the prescribed period may be extended for not more than six (6) months beyond the budget year of the year in which the transfer occurs if the fiscal body does the following:

- (1) Passes an ordinance or a resolution that contains the following:
  - (A) A statement that the fiscal body has determined that an emergency exists.
  - (B) A brief description of the grounds for the emergency.
  - (C) The date the loan will be repaid that is not more than six (6) months beyond the budget year in which the transfer occurs.
- (2) Immediately forwards the ordinance or resolution to the state board of accounts and department of local government finance."

CITY OF BOONVILLE  
AUDIT RESULTS AND COMMENTS  
(Continued)

LOAN FROM ELECTRIC UTILITY (Applies to Electric Utility and Wastewater Utility)

Temporary loans of \$35,000 and \$64,000 were made in 2009 from the Electric Utility to the Wastewater Utility. The resolutions authorizing the loans required repayment by December 31, 2009. The loans were not repaid in 2009.

City Council Resolution 2009-4 states: "Be it further resolved that said sum of thirty five thousand (\$35,000) dollars so advanced and transferred shall be returned and repaid to the Electric Operating Fund of said City on or before the 31st day of December 2009."

Board of Public Works Resolution 2009-4 states: "Be it further resolved that said sum of sixty four thousand (\$64,000) dollars so advanced and transferred shall be returned and repaid to the Electric Cash Reserve Fund of said City on or before the 31st day of December 2009."

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, Page 51-9)

IN LIEU OF TAX (Applies to Water Utility)

The Water Utility has not paid the entire amount due for in lieu of tax for the years 2005-2008. The balance due at December 31, 2009, was \$72,500. A similar comment was contained in the prior report.

IC 8-1.5-3-8(g) states in part:

". . . the commission shall approve rates and charges sufficient to compensate the municipality for taxes that would be due the municipality on the utility property were it privately owned." In an order issued December 13, 2005 the Utility Regulatory Commission established an in lieu of tax amount of \$19,756 per year.

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE CITY OF BOONVILLE, WARRICK COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Boonville (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2009. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

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

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

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

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

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

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

May 11, 2010

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

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-DJ-121	\$ <u>3,618</u>
Total for federal grantor agency			<u>3,618</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority Capitalization Grants for Drinking Water State Revolving Funds	66.468	2009 SRF	703,000
ARRA - Capitalization Grants for Drinking Water State Revolving Funds	66.468	2009 ARRA	<u>703,000</u>
Total for federal grantor agency			<u>1,406,000</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PA-05-IN-1828-PW-00014	165,656 <u>110,091</u>
Total for federal grantor agency			<u>275,747</u>
Total federal awards expended			<u>\$ 1,685,365</u>

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

CITY OF BOONVILLE  
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 Boonville (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 BOONVILLE  
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 Programs:

CFDA Number	Name of Federal Program or Cluster
66.468	Capitalization Grants for Drinking Water State Revolving Funds
66.468	ARRA – Capitalization Grants for Drinking 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 BOONVILLE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF BOONVILLE  
EXIT CONFERENCE

The contents of this report were discussed on June 10, 2010, with Pamela Hendrickson, Mayor; and Nancy Shull, Clerk-Treasurer. The officials concurred with our audit findings.