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

ANNUAL FINANCIAL REPORT

2009

CITY OF HUNTINGBURG

DUBOIS COUNTY, INDIANA



FILED
09/28/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Thomas A. Dippel	01-01-08 to 12-31-11
Mayor	Marvin R. Belcher	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Marvin R. Belcher	01-01-08 to 12-31-11
President of the Common Council	Marvin Boeglin	01-01-09 to 12-31-10
Superintendent of Water, Gas and Electric Utilities	Ron McDonald Tony Traylor	01-01-09 to 05-15-09 05-16-09 to 12-31-10
Superintendent of Wastewater Utility	Ron Hall (Vacant) Mike Kemp	01-01-09 to 06-11-10 06-12-10 to 07-23-10 07-24-10 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CITY OF HUNTINGBURG, DUBOIS COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Huntingburg (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. 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.

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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

STATE BOARD OF ACCOUNTS

July 20, 2010

CITY OF HUNTINGBURG
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
Primary government:							
Governmental activities:							
General government	\$ 3,355,425	\$ 726,220	\$ 66,250	\$ -	\$ (2,562,955)	\$ -	\$ (2,562,955)
Public safety	1,035,699	30,758	-	7,874	(997,067)	-	(997,067)
Highways and streets	869,758	7,470	219,546	31,125	(611,617)	-	(611,617)
Sanitation	-	7,471	-	-	7,471	-	7,471
Health and welfare	-	1,789	-	-	1,789	-	1,789
Economic development	180,031	-	-	-	(180,031)	-	(180,031)
Culture and recreation	539,442	64,662	-	-	(474,780)	-	(474,780)
Principal and interest on indebtedness	24,075	-	-	-	(24,075)	-	(24,075)
Total governmental activities	<u>6,004,430</u>	<u>838,370</u>	<u>285,796</u>	<u>38,999</u>	<u>(4,841,265)</u>	<u>-</u>	<u>(4,841,265)</u>
Business-type activities:							
Electric	8,013,325	7,723,588	-	-	-	(289,737)	(289,737)
Gas	4,115,094	4,554,243	-	-	-	439,149	439,149
Wastewater	1,647,889	1,360,303	-	-	-	(287,586)	(287,586)
Water	3,106,912	2,369,721	-	707,564	-	(29,627)	(29,627)
Total business-type activities	<u>16,883,220</u>	<u>16,007,855</u>	<u>-</u>	<u>707,564</u>	<u>-</u>	<u>(167,801)</u>	<u>(167,801)</u>
Total primary government	<u>\$ 22,887,650</u>	<u>\$ 16,846,225</u>	<u>\$ 285,796</u>	<u>\$ 746,563</u>	<u>(4,841,265)</u>	<u>(167,801)</u>	<u>(5,009,066)</u>
General receipts:							
Property taxes					2,589,077	-	2,589,077
Intergovernmental					1,384,543	1,055,000	2,439,543
Other local sources					714,952	-	714,952
Net proceeds from borrowings					-	318,300	318,300
Grants and contributions not restricted to specific programs					5,280	-	5,280
Investment earnings					101,509	-	101,509
Transfers					651,371	(651,371)	-
Total general receipts, transfers					<u>5,446,732</u>	<u>721,929</u>	<u>6,168,661</u>
Change in net assets					605,467	554,128	1,159,595
Net assets - beginning					<u>8,213,131</u>	<u>7,523,487</u>	<u>15,736,618</u>
Net assets - ending					<u>\$ 8,818,598</u>	<u>\$ 8,077,615</u>	<u>\$ 16,896,213</u>
<u>Assets</u>							
Cash and investments					\$ 7,743,317	\$ 6,624,146	\$ 14,367,463
Restricted assets:							
Cash and investments					<u>1,075,281</u>	<u>1,453,469</u>	<u>2,528,750</u>
Total assets					<u>\$ 8,818,598</u>	<u>\$ 8,077,615</u>	<u>\$ 16,896,213</u>
<u>Net Assets</u>							
Restricted for:							
Highways and streets					\$ 83,901	\$ 1,241,679	\$ 1,325,580
Capital outlay					991,380	211,790	1,203,170
Unrestricted					<u>7,743,317</u>	<u>6,624,146</u>	<u>14,367,463</u>
Total net assets					<u>\$ 8,818,598</u>	<u>\$ 8,077,615</u>	<u>\$ 16,896,213</u>

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

CITY OF HUNTINGBURG
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2009

	General	Redevelopment TIF Industrial Park	CEDIT Capital Projects	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 389,822	\$ 351,384	\$ -	\$ 1,847,871	\$ 2,589,077
Licenses and permits	525	-	-	-	525
Intergovernmental	612,781	-	399,244	702,313	1,714,338
Charges for services	83,299	-	-	90,445	173,744
Fines and forfeits	4,233	-	-	-	4,233
Interfund loans	-	-	-	12,050	12,050
Other	56,864	27,492	183,296	310,976	578,628
Total receipts	1,147,524	378,876	582,540	2,963,655	5,072,595
Disbursements:					
General government	386,085	-	-	916,966	1,303,051
Public safety	1,114,948	-	-	-	1,114,948
Highways and streets	-	-	-	928,732	928,732
Economic development	-	-	180,031	-	180,031
Culture and recreation	-	-	-	470,988	470,988
Debt service:					
Principal	-	-	-	18,000	18,000
Interest	-	-	-	6,075	6,075
Capital outlay:					
General government	5,621	-	-	989,697	995,318
Public safety	68,760	-	-	-	68,760
Highways and streets	-	-	-	17,048	17,048
Culture and recreation	-	-	-	92,719	92,719
Total disbursements	1,575,414	-	180,031	3,440,225	5,195,670
Excess (deficiency) of receipts over disbursements	(427,890)	378,876	402,509	(476,570)	(123,075)
Other financing sources (uses):					
Transfers in	651,371	-	-	1,076,151	1,727,522
Transfers out	-	(342,861)	(264,611)	(468,679)	(1,076,151)
Other receipts	15,768	-	-	33,227	48,995
Total other financing sources (uses)	667,139	(342,861)	(264,611)	640,699	700,366
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	239,249	36,015	137,898	164,129	577,291
Cash and investment fund balance - beginning	1,380,232	1,607,332	686,940	3,696,357	7,370,861
Cash and investment fund balance - ending	<u>\$ 1,619,481</u>	<u>\$ 1,643,347</u>	<u>\$ 824,838</u>	<u>\$ 3,860,486</u>	7,948,152
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:					
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.					
					870,446
Net assets of governmental activities					<u>\$ 8,818,598</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 1,619,481	\$ 1,643,347	\$ -	\$ 3,610,043	\$ 6,872,871
Restricted assets:					
Cash and investments	-	-	824,838	250,443	1,075,281
Total cash and investment assets - ending	<u>\$ 1,619,481</u>	<u>\$ 1,643,347</u>	<u>\$ 824,838</u>	<u>\$ 3,860,486</u>	<u>\$ 7,948,152</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Highways and streets	\$ -	\$ -	\$ -	\$ 83,901	\$ 83,901
Capital outlay	-	-	824,838	166,542	991,380
Unrestricted	1,619,481	1,643,347	-	3,610,043	6,872,871
Total cash and investment fund balance - ending	<u>\$ 1,619,481</u>	<u>\$ 1,643,347</u>	<u>\$ 824,838</u>	<u>\$ 3,860,486</u>	<u>\$ 7,948,152</u>

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

CITY OF HUNTINGBURG
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2009

	Electric	Gas	Wastewater	Water	Totals	Internal Service Funds
Operating receipts:						
Sales	\$ 7,697,213	\$ 4,534,443	\$ -	\$ -	\$ 12,231,656	\$ -
Interfund loan proceeds	-	-	-	-	-	-
Miscellaneous	26,375	19,800	1,360,303	2,369,721	3,776,199	1,143,943
Total operating receipts	<u>7,723,588</u>	<u>4,554,243</u>	<u>1,360,303</u>	<u>2,369,721</u>	<u>16,007,855</u>	<u>1,143,943</u>
Operating disbursements:						
Salaries and wages	-	-	-	-	-	6,696
Equipment and capital improvements	-	-	-	-	-	-
Miscellaneous	7,988,700	4,096,469	1,274,129	2,338,817	15,698,115	1,109,071
Total operating disbursements	<u>7,988,700</u>	<u>4,096,469</u>	<u>1,274,129</u>	<u>2,338,817</u>	<u>15,698,115</u>	<u>1,115,767</u>
Excess (deficiency) of operating receipts over operating disbursements	<u>(265,112)</u>	<u>457,774</u>	<u>86,174</u>	<u>30,904</u>	<u>309,740</u>	<u>28,176</u>
Nonoperating receipts (disbursements):						
Intergovernmental	1,055,000	-	-	-	1,055,000	-
Net proceeds from borrowings	-	-	318,300	-	318,300	-
Refunds	(24,625)	(18,625)	(13,320)	(8,545)	(65,115)	-
Debt service of principal	-	-	(360,440)	(759,550)	(1,119,990)	-
Total nonoperating receipts (disbursements)	<u>1,030,375</u>	<u>(18,625)</u>	<u>(55,460)</u>	<u>(768,095)</u>	<u>188,195</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	<u>765,263</u>	<u>439,149</u>	<u>30,714</u>	<u>(737,191)</u>	<u>497,935</u>	<u>28,176</u>
Capital contributions	-	-	-	707,564	707,564	-
Transfers out	(278,513)	(188,593)	(88,275)	(95,990)	(651,371)	-
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	<u>486,750</u>	<u>250,556</u>	<u>(57,561)</u>	<u>(125,617)</u>	<u>554,128</u>	<u>28,176</u>
Cash and investment fund balance - beginning	<u>4,553,221</u>	<u>1,338,095</u>	<u>679,007</u>	<u>953,164</u>	<u>7,523,487</u>	<u>842,270</u>
Cash and investment fund balance - ending	<u>\$ 5,039,971</u>	<u>\$ 1,588,651</u>	<u>\$ 621,446</u>	<u>\$ 827,547</u>	<u>\$ 8,077,615</u>	<u>\$ 870,446</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 4,964,171	\$ 1,527,186	\$ 77,125	\$ 55,664	\$ 6,624,146	\$ 870,446
Restricted assets:						
Cash and investments	75,800	61,465	544,321	771,883	1,453,469	-
Total cash and investment assets - December 31	<u>\$ 5,039,971</u>	<u>\$ 1,588,651</u>	<u>\$ 621,446</u>	<u>\$ 827,547</u>	<u>\$ 8,077,615</u>	<u>\$ 870,446</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 497,626	\$ 744,053	\$ 1,241,679	\$ -
Other purposes	75,800	61,465	46,695	27,830	211,790	-
Unrestricted	4,964,171	1,527,186	77,125	55,664	6,624,146	870,446
Total cash and investment fund balance - December 31	<u>\$ 5,039,971</u>	<u>\$ 1,588,651</u>	<u>\$ 621,446</u>	<u>\$ 827,547</u>	<u>\$ 8,077,615</u>	<u>\$ 870,446</u>

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

CITY OF HUNTINGBURG
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	\$ 100,810	
Deductions:		
Benefits	62,503	
Administrative and general	1,023	
Total deductions	63,526	
Excess of total additions over total deductions	37,284	
Cash and investment fund balance - beginning	96,200	
Cash and investment fund balance - ending	\$ 133,484	\$ 181,493

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

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Primary Government: City of Huntingburg

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The General Fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

CITY OF HUNTINGBURG
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.

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

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 pension fund, which accumulates resources for pension benefit payments.

Agency funds account for assets held by the City as an agent for employee wages and withholdings, utility payments, and consumer meter deposits and serve as control of accounts for certain cash transactions during the time they are a liability to the City.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the City utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government.

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 HUNTINGBURG
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 HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.
2. Primary government and balances – Resource flows between the primary government are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

II. Stewardship, Compliance and Accountability

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.

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 \$17,784,901.

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

B. Interfund Transfers

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

Transfer From	Transfer To	2009
Redevelopment TIF Industrial Park	Other Governmental Funds	\$ 342,861
CEDIT Capital Projects	Other Governmental Funds	264,611
Electric Utility	General Fund	278,513
Gas Utility	General Fund	188,593
Wastewater Utility	General Fund	88,275
Water Utility	General Fund	95,990
Other Governmental Funds	Other Governmental Funds	468,679
 Total		 \$ 1,727,522

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; medical benefits to; and natural disasters are covered by commercial insurance from independent third parties.

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. 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 premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

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.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

During 1991, the City joined with other governmental entities in the Indiana Public Employer's Plan, a public entity risk pool currently operating as a common risk management and insurance program for approximately 512 member governmental entities. This risk pool was formed in 1990. The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses and injuries to employees. The City pays an annual premium to the risk pool for its job related illnesses and injuries to employees coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Subsequent Events

Wastewater Improvement Project

On February 19, 2010, the Board of Public Works and Safety awarded a bid to Graves Plumbing Company, Inc., in the amount of \$2,558,759 for the construction of flood protection and wet weather equalization and sludge system improvements to the wastewater treatment plant.

Under the terms of the State Revolving Loan Fund, revenue bonds were sold to the Indiana Bond Bank on February 17, 2010, the proceeds of which are to be used to finance the wastewater improvement project described above. Funds will be loaned to the Wastewater Utility as construction costs are incurred to a maximum of \$1,200,000. At the completion of construction, the outstanding principal balance will be amortized over a period of 20 years.

In addition to the \$1,200,000 State Revolving Loan, the City of Huntingburg was awarded a \$1,300,000 Economic Development Administration Grant, \$119,725 grant from the Office of Community and Rural Affairs, and a \$400,000 State Revolving Fund Grant to finance the project.

Total estimated cost of the project is \$3,166,496. CEDIT Capital Projects Fund will be funding whatever is needed after using the grants and loan.

Outdoor Recreation – Acquisition, Development, and Planning Grant

In August 2006, the City of Huntingburg Park and Recreation Board (Park Board) was awarded an outdoor recreation – acquisition, development, and planning grant (CFDA 15.916) from the U.S. Department of the Interior and passed-through the Indiana Department of Natural Resources to be used to develop a multi-purpose trail on a converted landfill site. In April 2007, the Park Board received an amendment to the grant increasing the grant amount to \$158,026. In April 2007, the Park Board entered into a contract with Indiana Regional Planning Commission for the administration of the grant at a cost of \$3,500. In November 2009, the Park Board awarded a bid to River Town Construction of Newburg in the amount of \$138,474.80 for the construction of the walking trail. Construction began in December 2009; however, no receipt or disbursements of federal grant funds occurred in 2009. According to the grant agreement, the project must be completed by September 30, 2010.

C. Defeasance of Bonds

In prior years, the Water Utility defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the liability for the defeased bonds are not included in the Water Utility's financial statements. At December 31, 2009, \$410,000 of the bonds outstanding is considered defeased.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Huntingburg Economic Development

400W Economic Development Area

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

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

E. Lincoln Village Housing Bonds

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

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

F. Loans Receivable – Economic Development

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

Borrower	Date of Loan	Amount	Rate	Annual Payment	December 31, 2009
Brown Antiques	02-24-05	\$ 10,000	4.00%	\$ 1,086	\$ 237
Sweet Violet	01-21-08	15,000	4.00%	2,902	9,514
Dubois County Bombers	01-18-08	19,000	4.00%	6,316	7,059

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Rate Structure – Enterprise Funds

Water Utility

On March 18, 1986, the City Council adopted Ordinance 86-8 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on December 15, 2009.

Wastewater Utility

The current rate structure was approved by the City Council on December 15, 2009.

Electric Utility

On March 18, 1986, the City Council adopted Ordinance 86-8 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on December 12, 2006.

Gas Utility

On March 18, 1986, the City Council adopted Ordinance 86-8 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Council on October 25, 2001, and amended on November 29, 2001, and on September 25, 2005.

H. 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

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 \$161,033.

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 \$100,810 on behalf of the City. On behalf contributions from the State of Indiana approximates 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.

CITY OF HUNTINGBURG
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 \$83,675.

CITY OF HUNTINGBURG
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-07	\$ 2,718,897	\$ 3,022,206	\$ (303,309)	90%	\$ 1,872,711	(16%)
07-01-08	2,998,971	3,210,557	(211,586)	93%	1,926,143	(11%)
07-01-09	2,807,119	3,520,564	(713,445)	80%	2,148,200	(33%)

1925 Police Officers' Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-04	\$ 34,381	\$ 990,700	\$ (956,319)	3%	\$ 35,900	(2,664%)
01-01-05	28,409	594,400	(565,991)	5%	-	N/A
01-01-06	68,566	1,047,200	(978,634)	7%	-	N/A
01-01-07	81,693	1,052,200	(970,507)	8%	-	N/A
01-01-08	87,682	1,053,600	(965,918)	8%	-	N/A
01-01-09	96,200	1,410,300	(1,314,100)	7%	-	N/A

N/A = Not Applicable

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

	<u>Year Ending</u>	<u>Annual Required Contribution (ARC)</u>	<u>Percentage of ARC Contributed</u>
1925 Police Officers' Pension Plan	12-31-04	\$ 121,200	24%
	12-31-05	41,900	248%
	12-31-06	74,800	106%
	12-31-07	76,400	101%
	12-31-08	77,600	91%
	12-31-09	105,500	96%

CITY OF HUNTINGBURG
 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	Economic Development Operating	Transportation	Riverboat	Parks And Recreation
Receipts:						
Taxes	\$ 624,041	\$ -	\$ -	\$ 64,753	\$ -	\$ 398,793
Intergovernmental	361,457	31,125	-	78,762	35,032	66,438
Charges for services	3,092	-	-	5,599	-	73,248
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	988,590	31,125	-	149,114	35,032	538,479
Disbursements:						
General government	-	-	-	-	-	-
Highways and streets	844,561	-	-	84,171	-	-
Culture and recreation	-	-	-	-	-	470,988
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and streets	17,048	-	-	-	-	-
Culture and recreation	-	-	-	-	-	92,719
Total disbursements	861,609	-	-	84,171	-	563,707
Excess (deficiency) of receipts over disbursements	126,981	31,125	-	64,943	35,032	(25,228)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	511	-	-	-	-	16,716
Total other financing sources (uses)	511	-	-	-	-	16,716
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	127,492	31,125	-	64,943	35,032	(8,512)
Cash and investment fund balance - beginning	427,643	52,776	7,941	38,804	111,641	307,396
Cash and investment fund balance - ending	\$ 555,135	\$ 83,901	\$ 7,941	\$ 103,747	\$ 146,673	\$ 298,884
Cash and Investment Assets - Ending						
Cash and investments	\$ 555,135	\$ -	\$ 7,941	\$ 103,747	\$ 146,673	\$ 298,884
Restricted assets:						
Cash and investments	-	83,901	-	-	-	-
Total cash and investment assets - ending	\$ 555,135	\$ 83,901	\$ 7,941	\$ 103,747	\$ 146,673	\$ 298,884
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ 83,901	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-
Unrestricted	555,135	-	7,941	103,747	146,673	298,884
Total cash and investment fund balance - ending	\$ 555,135	\$ 83,901	\$ 7,941	\$ 103,747	\$ 146,673	\$ 298,884

CITY OF HUNTINGBURG
 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	Revolving Loan	League Stadium	Police Special	Golf/Park Project	Industrial Park Projects
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	99,614	-	-	-	5,000	-
Charges for services	-	-	3,414	4,589	-	-
Interfund loans	-	12,050	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	99,614	12,050	3,414	4,589	5,000	-
Disbursements:						
General government	13,905	11	5,600	-	-	38,782
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	10,000	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	13,905	11	5,600	-	10,000	38,782
Excess (deficiency) of receipts over disbursements	85,709	12,039	(2,186)	4,589	(5,000)	(38,782)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	38,782
Transfers out	-	-	-	(1,796)	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(1,796)	-	38,782
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	85,709	12,039	(2,186)	2,793	(5,000)	-
Cash and investment fund balance - beginning	455,617	63,471	3,953	10,824	10,150	-
Cash and investment fund balance - ending	\$ 541,326	\$ 75,510	\$ 1,767	\$ 13,617	\$ 5,150	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 541,326	\$ 75,510	\$ 1,767	\$ 13,617	\$ 5,150	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 541,326	\$ 75,510	\$ 1,767	\$ 13,617	\$ 5,150	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-
Unrestricted	541,326	75,510	1,767	13,617	5,150	-
Total cash and investment fund balance - ending	\$ 541,326	\$ 75,510	\$ 1,767	\$ 13,617	\$ 5,150	\$ -

CITY OF HUNTINGBURG
 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)

	Splash Park	Farbest DCRR Project	Chestnut V	IHFA	Redevelopment TIF NW	Redevelopment TIF Styline East
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 512,700	\$ 98,959
Intergovernmental	-	-	-	-	1,610	-
Charges for services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	145	234,352	-	-	25,292	3,088
Total receipts	145	234,352	-	-	539,602	102,047
Disbursements:						
General government	-	3,092	336,976	-	500	3,725
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	403,059	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	406,151	336,976	-	500	3,725
Excess (deficiency) of receipts over disbursements	145	(171,799)	(336,976)	-	539,102	98,322
Other financing sources (uses):						
Transfers in	-	-	336,976	-	-	-
Transfers out	-	-	-	-	(466,883)	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	336,976	-	(466,883)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	145	(171,799)	-	-	72,219	98,322
Cash and investment fund balance - beginning	1,950	171,799	-	15,277	1,166,633	263,021
Cash and investment fund balance - ending	\$ 2,095	\$ -	\$ -	\$ 15,277	\$ 1,238,852	\$ 361,343
Cash and Investment Assets - Ending						
Cash and investments	\$ 2,095	\$ -	\$ -	\$ 15,277	\$ 1,238,852	\$ 361,343
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 2,095	\$ -	\$ -	\$ 15,277	\$ 1,238,852	\$ 361,343
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-
Unrestricted	2,095	-	-	15,277	1,238,852	361,343
Total cash and investment fund balance - ending	\$ 2,095	\$ -	\$ -	\$ 15,277	\$ 1,238,852	\$ 361,343

CITY OF HUNTINGBURG
 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)

	Redevelopment TIF 400 W-City	Redevelopment TIF 400 W-County	Police Special Equipment And Donations	Police Special Covert Operations	Police Special Operation Pullover	ARRA Projects
Receipts:						
Taxes	\$ 70,996	\$ 32,612	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	626	2	135	-	-	-
Total receipts	71,622	32,614	135	-	-	-
Disbursements:						
General government	306,817	55,555	-	-	-	14,152
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	306,817	55,555	-	-	-	14,152
Excess (deficiency) of receipts over disbursements	(235,195)	(22,941)	135	-	-	(14,152)
Other financing sources (uses):						
Transfers in	-	-	1,070	510	216	14,152
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	1,070	510	216	14,152
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(235,195)	(22,941)	1,205	510	216	-
Cash and investment fund balance - beginning	252,952	22,944	-	-	-	-
Cash and investment fund balance - ending	\$ 17,757	\$ 3	\$ 1,205	\$ 510	\$ 216	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 17,757	\$ 3	\$ 1,205	\$ 510	\$ 216	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 17,757	\$ 3	\$ 1,205	\$ 510	\$ 216	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-
Unrestricted	17,757	3	1,205	510	216	-
Total cash and investment fund balance - ending	\$ 17,757	\$ 3	\$ 1,205	\$ 510	\$ 216	\$ -

CITY OF HUNTINGBURG
 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)

	CORE Property	Debt Reserve	Cumulative Capital Improvement Cigarette Tax	Cumulative Fire	Cumulative Sewer	EDIT Curb And Gutter
Receipts:						
Taxes	\$ -	\$ 21,530	\$ -	\$ 23,487	\$ -	\$ -
Intergovernmental	-	3,162	17,166	2,947	-	-
Charges for services	-	-	-	503	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	-	-	-	17,292
Total receipts	-	24,692	17,166	26,937	-	17,292
Disbursements:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	18,000	-	-	-	-
Interest	-	6,075	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	24,075	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	617	17,166	26,937	-	17,292
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	16,000	-	-	-	-	-
Total other financing sources (uses)	16,000	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,000	617	17,166	26,937	-	17,292
Cash and investment fund balance - beginning	-	12,629	33,031	139,605	5,402	120,898
Cash and investment fund balance - ending	\$ 16,000	\$ 13,246	\$ 50,197	\$ 166,542	\$ 5,402	\$ 138,190
Cash and Investment Assets - Ending						
Cash and investments	\$ 16,000	\$ 13,246	\$ 50,197	\$ -	\$ 5,402	\$ 138,190
Restricted assets:						
Cash and investments	-	-	-	166,542	-	-
Total cash and investment assets - ending	\$ 16,000	\$ 13,246	\$ 50,197	\$ 166,542	\$ 5,402	\$ 138,190
Cash and Investment Fund Balance - Ending						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	166,542	-	-
Unrestricted	16,000	13,246	50,197	-	5,402	138,190
Total cash and investment fund balance - ending	\$ 16,000	\$ 13,246	\$ 50,197	\$ 166,542	\$ 5,402	\$ 138,190

CITY OF HUNTINGBURG
 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)

	EDIT Projects	Farbest Project Bond	TIF Northwest Projects	TIF 12th St. & 400W	Totals
Receipts:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,847,871
Intergovernmental	-	-	-	-	702,313
Charges for services	-	-	-	-	90,445
Interfund loans	-	-	-	-	12,050
Other	30,044	-	-	-	310,976
Total receipts	30,044	-	-	-	2,963,655
Disbursements:					
General government	-	100	131,993	5,758	916,966
Highways and streets	-	-	-	-	928,732
Culture and recreation	-	-	-	-	470,988
Debt service:					
Principal	-	-	-	-	18,000
Interest	-	-	-	-	6,075
Capital outlay:					
General government	280,403	-	-	296,235	989,697
Highways and streets	-	-	-	-	17,048
Culture and recreation	-	-	-	-	92,719
Total disbursements	280,403	100	131,993	301,993	3,440,225
Excess (deficiency) of receipts over disbursements	(250,359)	(100)	(131,993)	(301,993)	(476,570)
Other financing sources (uses):					
Transfers in	250,359	100	131,993	301,993	1,076,151
Transfers out	-	-	-	-	(468,679)
Other receipts	-	-	-	-	33,227
Total other financing sources (uses)	250,359	100	131,993	301,993	640,699
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	164,129
Cash and investment fund balance - beginning	-	-	-	-	3,696,357
Cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ 3,860,486
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 3,610,043
Restricted assets:					
Cash and investments	-	-	-	-	250,443
Total cash and investment assets - ending	\$ -	\$ -	\$ -	\$ -	\$ 3,860,486
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ 83,901
Capital outlay	-	-	-	-	166,542
Unrestricted	-	-	-	-	3,610,043
Total cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ -	\$ 3,860,486

CITY OF HUNTINGBURG
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 INTERNAL SERVICE FUNDS
 As of and for the Year Ended December 31, 2009

	<u>Maintenance</u>	<u>City Office</u>	<u>Self- Insurance</u>	<u>Totals</u>
Operating receipts:				
Charges for services	\$ 3,985	\$ -	\$ 934,612	\$ 938,597
Miscellaneous	<u>-</u>	<u>205,346</u>	<u>-</u>	<u>205,346</u>
Total operating receipts	<u>3,985</u>	<u>205,346</u>	<u>934,612</u>	<u>1,143,943</u>
Operating disbursements:				
Cost of sales and services	6,696	-	-	6,696
Insurance claims and expense	-	-	903,725	903,725
Miscellaneous	<u>-</u>	<u>205,346</u>	<u>-</u>	<u>205,346</u>
Total operating disbursements	<u>6,696</u>	<u>205,346</u>	<u>903,725</u>	<u>1,115,767</u>
Excess (deficiency) of receipts over disbursements	<u>(2,711)</u>	<u>-</u>	<u>30,887</u>	<u>28,176</u>
Cash and investment fund balance - beginning	<u>3,020</u>	<u>-</u>	<u>839,250</u>	<u>842,270</u>
Cash and investment fund balance - ending	<u>\$ 309</u>	<u>\$ -</u>	<u>\$ 870,137</u>	<u>\$ 870,446</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	<u>\$ 309</u>	<u>\$ -</u>	<u>\$ 870,137</u>	<u>\$ 870,446</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Unrestricted	<u>\$ 309</u>	<u>\$ -</u>	<u>\$ 870,137</u>	<u>\$ 870,446</u>

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

	<u>Payroll</u>	<u>Combined Utility</u>	<u>Consumer Meter Interest</u>	<u>Totals</u>
Additions:				
Agency fund additions	<u>\$ 3,531,969</u>	<u>\$ 16,305,862</u>	<u>\$ 2,010</u>	<u>\$ 19,839,841</u>
Deductions:				
Agency fund deductions	<u>3,514,087</u>	<u>16,306,446</u>	<u>8,145</u>	<u>19,828,678</u>
Excess (deficiency) of total additions over total deductions	17,882	(584)	(6,135)	11,163
Cash and investment fund balance - beginning	<u>123,409</u>	<u>38,765</u>	<u>8,156</u>	<u>170,330</u>
Cash and investment fund balance - ending	<u><u>\$ 141,291</u></u>	<u><u>\$ 38,181</u></u>	<u><u>\$ 2,021</u></u>	<u><u>\$ 181,493</u></u>

CITY OF HUNTINGBURG

OFFICE OF CLERK-TREASURER



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 clerktreasurer@huntingburg.org

CITY OF HUNTINGBURG
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 243,987
Infrastructure	2,168,922
Buildings	2,419,966
Improvements other than buildings	1,524,585
Machinery and equipment	924,562
Transportation equipment	<u>1,605,009</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 8,887,031</u>

Business-Type Activities:

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

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

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

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

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 98,398
Capital assets, being depreciated:	
Buildings	5,415,247
Improvements other than buildings	7,022,641
Machinery and equipment	1,617,728
Transportation equipment	<u>224,310</u>
Total Water Utility capital assets	<u>\$ 14,378,324</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 239,249
Construction in progress	350,536
Capital assets, being depreciated:	
Buildings	1,364,540
Improvements other than buildings	10,874,210
Machinery and equipment	1,154,710
Transportation equipment	<u>79,173</u>
Total Wastewater Utility capital assets	<u>\$ 14,062,418</u>
Electric Utility:	
Capital assets, not being depreciated:	
Land	\$ 169,827
Construction in progress	-
Capital assets, being depreciated:	
Buildings	758,591
Improvements other than buildings	7,871,780
Machinery and equipment	2,227,288
Transportation equipment	<u>795,695</u>
Total Electric Utility capital assets	<u>\$ 11,823,181</u>
Gas Utility:	
Capital assets, not being depreciated:	
Land	\$ 14,324
Gas storage lease and rights	995,400
Capital assets, being depreciated:	
Buildings	261,448
Improvements other than buildings	3,283,885
Machinery and equipment	519,015
Transportation equipment	177,628
Cushion Gas in Place	<u>493,253</u>
Total Gas Utility capital assets	<u>\$ 5,744,953</u>

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CITY OF HUNTINGBURG SUPPLEMENTARY INFORMATION SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2009

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
E-ONE 95 Fire Truck	\$ 308,027	\$ 42,644
Bonds payable:		
General obligation bonds:		
1999 League Stadium improvements	\$ 108,000	\$ 20,000
Total governmental activities long-term debt	\$ 416,027	\$ 62,644
Business-type Activities:		
Water Utility		
Loans:		
Water treatment plant, water tower, and improvements to the waterworks system	\$ 5,670,000	-
Revenue bonds:		
1988 Waterworks refunding revenue bonds	\$ 260,000	-
Total Water Utility	\$ 5,930,000	\$ -
Wastewater Utility		
Loans:		
Sanitary sewers	\$ 2,156,000	\$ 153,000
Revenue bonds:		
1994 Wastewater improvement revenue bonds, treatment plant	\$ 1,832,000	\$ 41,000
Bond Anticipation Notes	\$ 211,000	-
Total Wastewater Utility	\$ 4,199,000	\$ 194,000
Total business-type activities long-term debt:	\$ 10,129,000	\$ 194,000

CITY OF HUNTINGBURG
AUDIT RESULTS AND COMMENTS

ANNUAL REPORT NOT FILED TIMELY

The annual report was filed on April 1, 2010, which is not considered timely.

IC 5-11-1 states in part:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year."

BUDGETED LINE ITEMS

Disbursements for City promotional items such as food for employee meetings, meals for an employee's recognition banquet, and employee recognition pins were paid from the council's supplies line item in the General Fund budget. The General Fund has a promotional line item budgeted under the Mayor and the Council for such items.

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

A similar comment appeared in prior reports.

EXPENDITURE OF UTILITY FUNDS

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

- (1) The four Utilities paid 80% and the City paid 20% of the utility bills for the City Hall building with the exception of \$3,000 per year that was paid from the Transportation Fund (transit van). City Hall utility bills charged to the Utilities for 2009 totaled \$9,360.
- (2) Charges for routine maintenance of computer software and hardware, as well as new computers, software, and computer-related equipment for the City, were paid 80% from the utility funds and 20% from the City. The charge to the Utilities for these items was \$35,413 for 2009. In addition, charges to fix specific problems were charged to the department that incurred the problem.
- (3) Charges for GIS software maintenance, painting and repairs/maintenance at City Hall, office supplies, code books, the Mayor's training and travel expenses to various conferences, chairs for the Clerk-Treasurer's office, a new copier, and various promotional items were also paid 80% from the Utility funds and 20% from the City. The charge to the Utilities for these items was \$53,993 for 2009.

CITY OF HUNTINGBURG
AUDIT RESULTS AND COMMENTS
(Continued)

(4) Due to improper coding of claims, the utilities paid the entire portion of food for employee meetings and an oil change on the Mayor's car and for meals related to the Chestnut Street project. The charge to the Utilities for these items was \$156 for 2009.

The total costs charged to the City Office account during 2009 were \$197,456. Of this amount, the Utilities paid \$169,116 or 86%.

Also, in 2009, the Utilities paid the entire cost of the Mayor's car which totaled \$19,759.

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

The above expenses paid by the Utilities were in addition to the residual equity transfers that were made from the Utilities' cash reserve funds to the City General Fund for 2009 that amounted to \$175,000 from the Electric Utility and \$175,000 from the Gas Utility.

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

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

A similar comment appeared in prior reports.

RECORDS OF HOURS WORKED

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

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

A similar comment appeared in prior reports.

CITY OF HUNTINGBURG
EXIT CONFERENCE

The contents of this report were discussed on July 20, 2010, with Thomas A. Dippel, Clerk-Treasurer; Marvin R. Belcher, Mayor; and Marvin Boeglin, President of the Common Council. The officials concurred with our audit findings.