

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

ANNUAL FINANCIAL REPORT

2010

CITY OF HUNTINGBURG

DUBOIS COUNTY, INDIANA



FILED
06/16/2011

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
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	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	7
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	8
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Funds.....	9
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds	10
Notes to Financial Statements	11-20
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	21-26
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Internal Service Funds	27
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Agency Funds.....	28
Schedule of Capital Assets.....	29
Schedule of Long-Term Debt	30
Audit Results and Comments:	
Expenditure of Utility Funds.....	31
Records of Hours Worked	32
Supplemental Audit of Federal Awards:	
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.....	34-35
Schedule of Expenditures of Federal Awards	36
Notes to Schedule of Expenditures of Federal Awards.....	37
Schedule of Findings and Questioned Costs	38-39
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings	40
Corrective Action Plan.....	41-43
Exit Conference.....	44

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	01-01-10 to 12-31-11
Superintendent of Water, Gas and Electric Utilities	Tony Traylor	01-01-10 to 12-31-10
Superintendent of Wastewater Utility	Ron Hall (Vacant) Mike Kemp	01-01-10 to 06-11-10 06-12-10 to 07-23-10 07-24-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huntingburg (City), as of and for the year ended December 31, 2010, 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, 2010, 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 18, 2011, 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 City has not presented Management's Discussion and Analysis, Schedules of Funding Progress, Schedule of Contributions From the Employer and Other Contributing Entities, 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 18, 2011



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 HUNTINGBURG, DUBOIS COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the City of Huntingburg (City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 18, 2011. 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2010-1 to be material weaknesses.

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.

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

This report is intended solely for the information and use of the City's management, Common Council, Board of Public Works and Safety, 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 18, 2011

CITY OF HUNTINGBURG
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2010

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals
					Governmental Activities	Business-Type Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,977,379	\$ 612,940	\$ 49,990	\$ -	\$ (2,314,449)	\$ -	\$ (2,314,449)
Public safety	1,091,224	31,179	41,870	15,178	(1,002,997)	-	(1,002,997)
Highways and streets	990,829	-	146,981	31,798	(812,050)	-	(812,050)
Sanitation	-	6,719	-	-	6,719	-	6,719
Culture and recreation	723,885	70,555	158,026	-	(495,304)	-	(495,304)
Principal and interest on indebtedness	25,150	-	-	-	(25,150)	-	(25,150)
Total governmental activities	5,808,467	721,393	396,867	46,976	(4,643,231)	-	(4,643,231)
Business-type activities:							
Electric	8,119,220	8,892,311	-	-	-	773,091	773,091
Gas	4,122,293	4,589,702	-	-	-	467,409	467,409
Wastewater	4,162,472	3,468,789	-	993,907	-	300,224	300,224
Water	2,498,065	2,665,207	-	-	-	167,142	167,142
Total business-type activities	18,902,050	19,616,009	-	993,907	-	1,707,866	1,707,866
Total primary government	\$ 24,710,517	\$ 20,337,402	\$ 396,867	\$ 1,040,883	(4,643,231)	1,707,866	(2,935,365)
General receipts:							
Property taxes					2,580,575	-	2,580,575
Intergovernmental					1,501,864	-	1,501,864
Other local sources					253,060	-	253,060
Grants and contributions not restricted to specific programs					7,946	-	7,946
Investment earnings					74,158	-	74,158
Transfers					355,620	(355,620)	-
Total general receipts, special items, and transfers					4,773,223	(355,620)	4,417,603
Change in net assets					129,992	1,352,246	1,482,238
Net assets - beginning					8,818,597	8,077,616	16,896,213
Net assets - ending					\$ 8,948,589	\$ 9,429,862	\$ 18,378,451
<u>Assets</u>							
Cash and investments					\$ 7,070,288	\$ 7,277,085	\$ 14,347,373
Restricted assets:							
Cash and investments					1,878,301	2,152,777	4,031,078
Total assets					\$ 8,948,589	\$ 9,429,862	\$ 18,378,451
<u>Net Assets</u>							
Restricted for:							
General government					\$ 917,734	\$ -	\$ 917,734
Highways and streets					115,699	-	115,699
Debt service					-	1,371,832	1,371,832
Capital outlay					844,868	-	844,868
Other purposes					-	780,945	780,945
Unrestricted					7,070,288	7,277,085	14,347,373
Total net assets					\$ 8,948,589	\$ 9,429,862	\$ 18,378,451

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, 2010

	General	Redevelopment TIF NW	Other Governmental Funds	Totals
Receipts:				
Taxes	\$ 356,141	\$ 505,267	\$ 1,719,167	\$ 2,580,575
Licenses and permits	590	-	425	1,015
Intergovernmental	603,816	-	1,346,891	1,950,707
Charges for services	37,319	-	94,103	131,422
Fines and forfeits	4,589	-	-	4,589
Interfund loans	-	-	9,735	9,735
Other	108,759	11,700	58,512	178,971
Total receipts	1,111,214	516,967	3,228,833	4,857,014
Disbursements:				
General government	439,224	11,962	436,754	887,940
Public safety	1,107,598	-	-	1,107,598
Highways and streets	-	-	1,062,439	1,062,439
Culture and recreation	-	-	500,085	500,085
Debt service:				
Principal	-	-	20,000	20,000
Interest	-	-	5,150	5,150
Capital outlay:				
General government	16,774	-	1,211,865	1,228,639
Public safety	120,086	-	12,538	132,624
Highways and streets	-	-	5,126	5,126
Culture and recreation	-	-	250,867	250,867
Total disbursements	1,683,682	11,962	3,504,824	5,200,468
Excess (deficiency) of receipts over disbursements	(572,468)	505,005	(275,991)	(343,454)
Other financing sources (uses):				
Transfers in	675,620	-	1,648,054	2,323,674
Transfers out	-	(224,602)	(1,743,452)	(1,968,054)
Other receipts	-	-	67,300	67,300
Total other financing sources (uses)	675,620	(224,602)	(28,098)	422,920
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	103,152	280,403	(304,089)	79,466
Cash and investment fund balance - beginning	1,619,481	1,238,852	5,089,818	7,948,151
Cash and investment fund balance - ending	<u>\$ 1,722,633</u>	<u>\$ 1,519,255</u>	<u>\$ 4,785,729</u>	8,027,617
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.				
				<u>920,972</u>
Net assets of governmental activities				<u>\$ 8,948,589</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	\$ 1,722,633	\$ 1,519,255	\$ 3,825,162	\$ 7,067,050
Restricted assets:				
Cash and investments	-	-	960,567	960,567
Total cash and investment assets - ending	<u>\$ 1,722,633</u>	<u>\$ 1,519,255</u>	<u>\$ 4,785,729</u>	<u>\$ 8,027,617</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Restricted for:				
Highways and streets	\$ -	\$ -	\$ 115,699	\$ 115,699
Capital outlay	-	-	844,868	844,868
Unrestricted	1,722,633	1,519,255	3,825,162	7,067,050
Total cash and investment fund balance - ending	<u>\$ 1,722,633</u>	<u>\$ 1,519,255</u>	<u>\$ 4,785,729</u>	<u>\$ 8,027,617</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, 2010

	Electric	Gas	Wastewater	Water	Totals	Internal Service Funds
Operating receipts:						
Fees	\$ -	\$ -	\$ 145,271	\$ 40,000	\$ 185,271	\$ -
Charges for services	-	-	-	-	-	827,963
Miscellaneous	8,892,311	4,589,702	3,323,518	2,625,207	19,430,738	149,645
Total operating receipts	8,892,311	4,589,702	3,468,789	2,665,207	19,616,009	977,608
Operating disbursements:						
Salaries and wages	-	-	-	-	-	1,378
Equipment and capital improvements	-	-	-	-	-	149,645
Miscellaneous	8,119,220	4,122,293	4,162,472	2,498,065	18,902,050	776,059
Total operating disbursements	8,119,220	4,122,293	4,162,472	2,498,065	18,902,050	927,082
Excess (deficiency) of operating receipts over operating disbursements	773,091	467,409	(693,683)	167,142	713,959	50,526
Capital contributions	-	-	993,907	-	993,907	-
Transfers in	-	-	370,000	-	370,000	-
Transfers out	(339,535)	(189,493)	(95,016)	(101,576)	(725,620)	-
Excess of receipts, contributions and transfers in over disbursements and transfers out	433,556	277,916	575,208	65,566	1,352,246	50,526
Cash and investment fund balance - beginning	5,039,971	1,588,651	621,447	827,547	8,077,616	870,446
Cash and investment fund balance - ending	<u>\$ 5,473,527</u>	<u>\$ 1,866,567</u>	<u>\$ 1,196,655</u>	<u>\$ 893,113</u>	<u>\$ 9,429,862</u>	<u>\$ 920,972</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 5,367,101	\$ 1,804,627	\$ 28,070	\$ 77,287	\$ 7,277,085	\$ 3,238
Restricted assets:						
Cash and investments	106,426	61,940	1,168,585	815,826	2,152,777	917,734
Total cash and investment assets - December 31	<u>\$ 5,473,527</u>	<u>\$ 1,866,567</u>	<u>\$ 1,196,655</u>	<u>\$ 893,113</u>	<u>\$ 9,429,862</u>	<u>\$ 920,972</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 624,716	\$ 747,116	\$ 1,371,832	\$ -
Other purposes	106,426	61,940	543,869	68,710	780,945	917,734
Unrestricted	5,367,101	1,804,627	28,070	77,287	7,277,085	3,238
Total cash and investment fund balance - December 31	<u>\$ 5,473,527</u>	<u>\$ 1,866,567</u>	<u>\$ 1,196,655</u>	<u>\$ 893,113</u>	<u>\$ 9,429,862</u>	<u>\$ 920,972</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, 2010

	Pension Trust Funds	Agency Funds
Additions:		
Investment earnings:		
Dividends	\$ 72,906	
Deductions:		
Benefits	63,226	
Administrative and general	1,124	
Total deductions	64,350	
Excess of total additions over total deductions	8,556	
Cash and investment fund balance - beginning	133,484	
Cash and investment fund balance - ending	\$ 142,040	\$ 268,014

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 NW fund is used to account for disbursements for undertaking and carrying out redevelopment projects related to the northwest economic development area from property tax receipts.

The City reports the following major enterprise funds:

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

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

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)

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

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 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.
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.

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

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.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The City does not have a deposit policy for custodial credit risk. At December 31, 2010, the City had deposit balances in the amount of \$18,834,058.

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. Transfers

Interfund transfers for the year ended December 31, 2010, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2010</u>
Redevelopment TIF NW	Other Governmental Funds	\$ 224,602
Electric Utility	General Fund	289,535
Electric Utility	Wastewater Utility	50,000
Gas Utility	General Fund	189,493
Wastewater Utility	General Fund	95,016
Water Utility	General Fund	101,576
Other Governmental Funds	Wastewater Utility	320,000
Other Governmental Funds	Other Governmental Funds	<u>1,423,452</u>
 Total		 <u><u>\$ 2,693,674</u></u>

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 employees, retirees, and dependents; 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.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 504 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. 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, 2010, \$285,000 of the bonds outstanding are considered defeased.

C. 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 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.

D. 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.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 manner from revenues raised by taxation.

E. 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	Balance 12-31-10
Sweet Violet	01-21-08	\$ 15,000	4.00%	\$ 2,990	\$ 6,524
Dubois County Bombers	01-18-08	19,000	4.00%	6,508	551

F. 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 March 3, 2011.

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.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. 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 three percent 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 \$265,141.

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.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 Indiana Code 5-10.3-11. The State of Indiana has contributed \$72,905 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 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

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

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

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan during the period were \$96,546.

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, 2010

	Motor Vehicle Highway	Local Road And Street	Economic Development Operating	Transportation	Riverboat	Parks And Recreation	Rainy Day
Receipts:							
Taxes	\$ 617,385	\$ -	\$ -	\$ 54,716	\$ -	\$ 486,768	\$ -
Licenses and permits	425	-	-	-	-	-	-
Intergovernmental	283,851	31,798	-	64,723	35,032	226,310	101,734
Charges for services	1,221	-	-	6,793	-	73,975	-
Interfund loans	-	-	-	-	-	-	-
Other	15,382	-	-	20	-	5,590	-
Total receipts	<u>918,264</u>	<u>31,798</u>	<u>-</u>	<u>126,252</u>	<u>35,032</u>	<u>792,643</u>	<u>101,734</u>
Disbursements:							
General government	-	-	-	-	-	-	247
Highways and streets	969,566	-	-	92,873	-	-	-
Culture and recreation	-	-	-	-	-	500,085	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	5,125	-	-	1	-	-	-
Culture and recreation	-	-	-	-	-	250,867	-
Total disbursements	<u>974,691</u>	<u>-</u>	<u>-</u>	<u>92,874</u>	<u>-</u>	<u>750,952</u>	<u>247</u>
Excess (deficiency) of receipts over disbursements	<u>(56,427)</u>	<u>31,798</u>	<u>-</u>	<u>33,378</u>	<u>35,032</u>	<u>41,691</u>	<u>101,487</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(56,427)</u>	<u>31,798</u>	<u>-</u>	<u>33,378</u>	<u>35,032</u>	<u>41,691</u>	<u>101,487</u>
Cash and investment fund balance - beginning	<u>555,135</u>	<u>83,901</u>	<u>7,941</u>	<u>103,747</u>	<u>146,673</u>	<u>298,884</u>	<u>541,326</u>
Cash and investment fund balance - ending	<u>\$ 498,708</u>	<u>\$ 115,699</u>	<u>\$ 7,941</u>	<u>\$ 137,125</u>	<u>\$ 181,705</u>	<u>\$ 340,575</u>	<u>\$ 642,813</u>
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 498,708	\$ -	\$ 7,941	\$ 137,125	\$ 181,705	\$ 340,575	\$ 642,813
Restricted assets:							
Cash and investments	-	115,699	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 498,708</u>	<u>\$ 115,699</u>	<u>\$ 7,941</u>	<u>\$ 137,125</u>	<u>\$ 181,705</u>	<u>\$ 340,575</u>	<u>\$ 642,813</u>
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Highways and streets	\$ -	\$ 115,699	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-	-
Unrestricted	<u>498,708</u>	<u>-</u>	<u>7,941</u>	<u>137,125</u>	<u>181,705</u>	<u>340,575</u>	<u>642,813</u>
Total cash and investment fund balance - ending	<u>\$ 498,708</u>	<u>\$ 115,699</u>	<u>\$ 7,941</u>	<u>\$ 137,125</u>	<u>\$ 181,705</u>	<u>\$ 340,575</u>	<u>\$ 642,813</u>

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, 2010
 (Continued)

	Levy Excess	Revolving Loan	League Stadium	Police Special	Golf/Park Project	Industrial Park Projects	Splash Park
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	4,601	-	-	-	5,000	-	-
Charges for services	-	-	8,580	3,101	-	-	-
Interfund loans	-	9,735	-	-	-	-	-
Other	-	1,069	100	-	-	-	34
Total receipts	4,601	10,804	8,680	3,101	5,000	-	34
Disbursements:							
General government	-	-	4,691	-	-	51,842	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Total disbursements	-	-	4,691	-	-	51,842	-
Excess (deficiency) of receipts over disbursements	4,601	10,804	3,989	3,101	5,000	(51,842)	34
Other financing sources (uses):							
Transfers in	-	-	-	-	-	51,842	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	51,842	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,601	10,804	3,989	3,101	5,000	-	34
Cash and investment fund balance - beginning	-	75,510	1,767	13,617	5,150	-	2,095
Cash and investment fund balance - ending	\$ 4,601	\$ 86,314	\$ 5,756	\$ 16,718	\$ 10,150	\$ -	\$ 2,129
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 4,601	\$ 86,314	\$ 5,756	\$ 16,718	\$ 10,150	\$ -	\$ 2,129
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 4,601	\$ 86,314	\$ 5,756	\$ 16,718	\$ 10,150	\$ -	\$ 2,129
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-	-
Unrestricted	4,601	86,314	5,756	16,718	10,150	-	2,129
Total cash and investment fund balance - ending	\$ 4,601	\$ 86,314	\$ 5,756	\$ 16,718	\$ 10,150	\$ -	\$ 2,129

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, 2010
 (Continued)

	Chestnut V	IHFA	Redevelopment TIF Ind Park	Redevelopment TIF Styline East	Redevelopment TIF 400W - City	Redevelopment TIF 400W - County
Receipts:						
Taxes	\$ -	\$ -	\$ 310,778	\$ 96,382	\$ 62,218	\$ 45,880
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	117,610	-	-	-
Charges for services	-	-	370	-	-	-
Interfund loans	-	-	-	-	-	-
Other	-	-	14,254	2,790	175	2
Total receipts	-	-	443,012	99,172	62,393	45,882
Disbursements:						
General government	201,551	-	-	-	52,885	45,881
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	166,396	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	201,551	-	-	166,396	52,885	45,881
Excess (deficiency) of receipts over disbursements	(201,551)	-	443,012	(67,224)	9,508	1
Other financing sources (uses):						
Transfers in	201,551	-	-	-	-	-
Transfers out	-	-	(858,416)	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	201,551	-	(858,416)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(415,404)	(67,224)	9,508	1
Cash and investment fund balance - beginning	-	15,276	1,643,347	361,343	17,757	3
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 15,276</u>	<u>\$ 1,227,943</u>	<u>\$ 294,119</u>	<u>\$ 27,265</u>	<u>\$ 4</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 15,276	\$ 1,227,943	\$ 294,119	\$ 27,265	\$ 4
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 15,276</u>	<u>\$ 1,227,943</u>	<u>\$ 294,119</u>	<u>\$ 27,265</u>	<u>\$ 4</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-
Unrestricted	-	15,276	1,227,943	294,119	27,265	4
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 15,276</u>	<u>\$ 1,227,943</u>	<u>\$ 294,119</u>	<u>\$ 27,265</u>	<u>\$ 4</u>

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, 2010
 (Continued)

	Police Special Equip And Donations	Police Special Covert Operations	Police Special Oper Pullover	Core Property	Santa Fund	TIF-Moenkhaus & 9Th
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other	85	-	-	-	1,005	-
Total receipts	85	-	-	-	1,005	-
Disbursements:						
General government	-	-	-	-	475	27,175
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	-	-	-	-	475	27,175
Excess (deficiency) of receipts over disbursements	85	-	-	-	530	(27,175)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	27,175
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	67,300	-	-
Total other financing sources (uses)	-	-	-	67,300	-	27,175
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	85	-	-	67,300	530	-
Cash and investment fund balance - beginning	1,205	510	216	16,000	-	-
Cash and investment fund balance - ending	<u>\$ 1,290</u>	<u>\$ 510</u>	<u>\$ 216</u>	<u>\$ 83,300</u>	<u>\$ 530</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 1,290	\$ 510	\$ 216	\$ 83,300	\$ 530	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,290</u>	<u>\$ 510</u>	<u>\$ 216</u>	<u>\$ 83,300</u>	<u>\$ 530</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-	-	-
Unrestricted	1,290	510	216	83,300	530	-
Total cash and investment fund balance - ending	<u>\$ 1,290</u>	<u>\$ 510</u>	<u>\$ 216</u>	<u>\$ 83,300</u>	<u>\$ 530</u>	<u>\$ -</u>

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, 2010
 (Continued)

	Police Auxiliary	Debt Reserve	Cumulative Capl Imprv Cigarette Tax	Cumulative Fire	Cumulative Sewer	CEDIT Capital Projects
Receipts:						
Taxes	\$ -	\$ 21,019	\$ -	\$ 24,021	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	2,949	16,390	3,369	-	403,534
Charges for services	-	-	-	-	63	-
Interfund loans	-	-	-	-	-	-
Other	1,722	-	-	-	-	-
Total receipts	1,722	23,968	16,390	27,390	63	403,534
Disbursements:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	20,000	-	-	-	-
Interest	-	5,150	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	138	-	-	12,400	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Total disbursements	138	25,150	-	12,400	-	-
Excess (deficiency) of receipts over disbursements	1,584	(1,182)	16,390	14,990	63	403,534
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(565,036)
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(565,036)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,584	(1,182)	16,390	14,990	63	(161,502)
Cash and investment fund balance - beginning	-	13,246	50,197	166,542	5,402	824,838
Cash and investment fund balance - ending	<u>\$ 1,584</u>	<u>\$ 12,064</u>	<u>\$ 66,587</u>	<u>\$ 181,532</u>	<u>\$ 5,465</u>	<u>\$ 663,336</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 1,584	\$ 12,064	\$ 66,587	\$ -	\$ 5,465	\$ -
Restricted assets:						
Cash and investments	-	-	-	181,532	-	663,336
Total cash and investment assets - ending	\$ 1,584	\$ 12,064	\$ 66,587	\$ 181,532	\$ 5,465	\$ 663,336
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	181,532	-	663,336
Unrestricted	1,584	12,064	66,587	-	5,465	-
Total cash and investment fund balance - ending	\$ 1,584	\$ 12,064	\$ 66,587	\$ 181,532	\$ 5,465	\$ 663,336

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, 2010
 (Continued)

	EDIT Curb And Gutter	Edit Projects	TIF Northwest Projects(52)	TIF 12 & 400W	Transportation Grant-Van	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,719,167
Licenses and permits	-	-	-	-	-	425
Intergovernmental	-	-	-	-	49,990	1,346,891
Charges for services	-	-	-	-	-	94,103
Interfund loans	-	-	-	-	-	9,735
Other	16,284	-	-	-	-	58,512
Total receipts	16,284	-	-	-	49,990	3,228,833
Disbursements:						
General government	-	-	17,319	34,688	-	436,754
Highways and streets	-	-	-	-	-	1,062,439
Culture and recreation	-	-	-	-	-	500,085
Debt service:						
Principal	-	-	-	-	-	20,000
Interest	-	-	-	-	-	5,150
Capital outlay:						
General government	-	223,593	-	771,886	49,990	1,211,865
Public safety	-	-	-	-	-	12,538
Highways and streets	-	-	-	-	-	5,126
Culture and recreation	-	-	-	-	-	250,867
Total disbursements	-	223,593	17,319	806,574	49,990	3,504,824
Excess (deficiency) of receipts over disbursements	16,284	(223,593)	(17,319)	(806,574)	-	(275,991)
Other financing sources (uses):						
Transfers in	-	543,593	17,319	806,574	-	1,648,054
Transfers out	-	(320,000)	-	-	-	(1,743,452)
Other receipts	-	-	-	-	-	67,300
Total other financing sources (uses)	-	223,593	17,319	806,574	-	(28,098)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,284	-	-	-	-	(304,089)
Cash and investment fund balance - beginning	138,190	-	-	-	-	5,089,818
Cash and investment fund balance - ending	\$ 154,474	\$ -	\$ -	\$ -	\$ -	\$ 4,785,729
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 154,474	\$ -	\$ -	\$ -	\$ -	\$ 3,825,162
Restricted assets:						
Cash and investments	-	-	-	-	-	960,567
Total cash and investment assets - ending	\$ 154,474	\$ -	\$ -	\$ -	\$ -	\$ 4,785,729
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,699
Capital outlay	-	-	-	-	-	844,868
Unrestricted	154,474	-	-	-	-	3,825,162
Total cash and investment fund balance - ending	\$ 154,474	\$ -	\$ -	\$ -	\$ -	\$ 4,785,729

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, 2010

	<u>Self-Insurance</u>	<u>Maintenance</u>	<u>City Office</u>	<u>Totals</u>
Operating receipts:				
Charges for services	\$ 823,656	\$ 4,307	\$ -	\$ 827,963
Miscellaneous	<u>-</u>	<u>-</u>	<u>149,645</u>	<u>149,645</u>
Total operating receipts	<u>823,656</u>	<u>4,307</u>	<u>149,645</u>	<u>977,608</u>
Operating disbursements:				
Cost of sales and services	-	1,378	-	1,378
Insurance claims and expense	776,059	-	-	776,059
Miscellaneous	<u>-</u>	<u>-</u>	<u>149,645</u>	<u>149,645</u>
Total operating disbursements	<u>776,059</u>	<u>1,378</u>	<u>149,645</u>	<u>927,082</u>
Excess of receipts over disbursements	<u>47,597</u>	<u>2,929</u>	<u>-</u>	<u>50,526</u>
Cash and investment fund balance - beginning	<u>870,137</u>	<u>309</u>	<u>-</u>	<u>870,446</u>
Cash and investment fund balance - ending	<u>\$ 917,734</u>	<u>\$ 3,238</u>	<u>\$ -</u>	<u>\$ 920,972</u>
<u>Cash and Investment Assets - December 31</u>				
Cash and investments	\$ -	\$ 3,238	\$ -	\$ 3,238
Restricted assets:				
Cash and investments	<u>917,734</u>	<u>-</u>	<u>-</u>	<u>917,734</u>
Total cash and investment assets - December 31	<u>\$ 917,734</u>	<u>\$ 3,238</u>	<u>\$ -</u>	<u>\$ 920,972</u>
<u>Cash and Investment Fund Balance - December 31</u>				
Restricted for:				
Other purposes	\$ 917,734	\$ -	\$ -	\$ 917,734
Unrestricted	<u>-</u>	<u>3,238</u>	<u>-</u>	<u>3,238</u>
Total cash and investment fund balance - December 31	<u>\$ 917,734</u>	<u>\$ 3,238</u>	<u>\$ -</u>	<u>\$ 920,972</u>

CITY OF HUNTINGBURG
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2010

	<u>Payroll</u>	<u>Combined Utility</u>	<u>Consumer Meter Interest</u>	<u>Totals</u>
Additions:				
Agency fund additions	\$ 3,552,958	\$ 16,005,198	\$ 1,843	\$ 19,559,999
Deductions:				
Agency fund deductions	<u>3,546,007</u>	<u>15,925,486</u>	<u>1,985</u>	<u>19,473,478</u>
Excess (deficiency) of total additions over total deductions	6,951	79,712	(142)	86,521
Cash and investment fund balance - beginning	<u>141,291</u>	<u>38,181</u>	<u>2,021</u>	<u>181,493</u>
Cash and investment fund balance - ending	<u>\$ 148,242</u>	<u>\$ 117,893</u>	<u>\$ 1,879</u>	<u>\$ 268,014</u>

CITY OF HUNTINGBURG
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2010

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	\$ 253,987
Infrastructure	2,442,286
Buildings	2,397,602
Improvements other than buildings	1,878,350
Machinery and equipment	935,301
Transportation equipment	<u>1,718,273</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 9,625,799</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	7,179,909
Machinery and equipment	1,560,567
Transportation equipment	<u>196,082</u>
 Total Water Utility capital assets	 <u>\$ 14,450,203</u>
 Wastewater Utility:	
Capital assets, not being depreciated:	
Land	\$ 239,249
Construction in progress	2,381,118
Capital assets, being depreciated:	
Buildings	1,364,540
Improvements other than buildings	10,897,733
Machinery and equipment	1,295,239
Transportation equipment	<u>85,393</u>
 Total Wastewater Utility capital assets	 <u>\$ 16,263,272</u>
 Electric Utility:	
Capital assets, not being depreciated:	
Land	\$ 169,827
Capital assets, being depreciated:	
Buildings	704,758
Improvements other than buildings	7,397,268
Machinery and equipment	2,017,842
Transportation equipment	<u>730,527</u>
 Total Electric Utility capital assets	 <u>\$ 11,020,222</u>
 Gas Utility:	
Capital assets, not being depreciated:	
Land	\$ 14,324
Gas storage lease and rights	995,400
Capital assets, being depreciated:	
Buildings	272,834
Improvements other than buildings	3,111,779
Machinery and equipment	474,875
Transportation equipment	179,222
Cushion gas in place	<u>493,253</u>
 Total Gas Utility capital assets	 <u>\$ 5,541,687</u>

CITY OF HUNTINGBURG
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2010

Description of Asset	Ending Balance	Due Within One Year
Governmental activities:		
Capital leases:		
E-ONE 95 Fire Truck	\$ 244,776	\$ 44,621
Bonds payable:		
General obligation bonds:		
1999 League Stadium improvements	<u>88,000</u>	<u>20,000</u>
Total governmental activities long-term debt	<u>\$ 332,776</u>	<u>\$ 64,621</u>
Business-type activities:		
Water Utility:		
Loans:		
Water treatment plant, water tower, and improvements to the waterworks system	\$ 5,268,000	\$ -
Revenue bonds:		
1988 Waterworks refunding revenue bonds	<u>135,000</u>	<u>-</u>
Total Water Utility	<u>\$ 5,403,000</u>	<u>-</u>
Wastewater Utility		
Loans:		
Sanitary sewers	\$ 2,003,000	\$ 157,000
2010 SRF	685,167	50,000
Revenue bonds:		
1994 Wastewater improvement revenue bonds, treatment plant	1,791,000	43,000
Bond anticipation notes	<u>-</u>	<u>-</u>
Total Wastewater Utility	<u>\$ 4,479,167</u>	<u>\$ 250,000</u>
Total business-type activities long-term debt	<u>\$ 9,882,167</u>	<u>\$ 250,000</u>

CITY OF HUNTINGBURG
AUDIT RESULTS AND COMMENTS

EXPENDITURE OF UTILITY FUNDS

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

1. The four Utilities paid 80 percent and the City paid 20 percent 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 2010 totaled \$10,733.
2. Charges for routine maintenance of computer software and hardware, as well as new computer-related equipment for the City, were paid 80 percent from the Utility funds and 20 percent from the City. The charge to the Utilities for these items was \$36,827 for 2010. In addition, charges to fix specific problems were charged to the department that incurred the problem.
3. Charges for repairs/maintenance at City Hall, office supplies, code books, the Mayor's training and travel expenses to various conferences, and chairs and table for the lobby were also paid 80 percent from the Utility funds and 20 percent from the City. The charge to the Utilities for these items was \$33,856.51 for 2010.

The total costs charged to the City Office account during 2010 were \$148,961. Of this amount, the four Utilities paid \$122,866 or 82 percent.

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 2010 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. 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.

CITY OF HUNTINGBURG
AUDIT RESULTS AND COMMENTS
(Continued)

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.

Indiana Code 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 . . ."

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 . . . The cost of shared employees and equipment between a city or town and its utilities or between utilities should be prorated in a rational manner. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in prior reports.

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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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 HUNTINGBURG, DUBOIS COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Huntingburg (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, 2010. 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, 2010.

Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the City's management, Common Council, Board of Public Works and Safety, others within the entity, 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 18, 2011

CITY OF HUNTINGBURG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF COMMERCE</u>			
Direct Grant			
Public Works and Economic Development Cluster Investment for Public Works and Economic Development Facilities	11.300	06-01-05312	\$ 667,006
<u>U.S. HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs CDBG - State-Administered Small Cities Program Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	DR2-09-064	100,276
Total for cluster			100,276
<u>U.S. DEPARTMENT OF INTERIOR</u>			
Pass-Through Indiana Department of Natural Resources Outdoor Recreation - Acquisition, Development, and Planning	15.916	18-00562	158,026
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation ARRA - Formula Grants for Other Than Urbanized Areas Formula Grants for Other Than Urbanized Areas	20.509	8600116S 1802816O	49,990 41,870
Total for federal grantor agency			91,860
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority Capitalization Grant for Clean Water State Revolving Funds	66.458	5WN20 WW09941901	400,000 254,402
Total for federal grantor agency			654,402
<u>U.S. DEPARTMENT OF ENERGY</u>			
Pass-Through Indiana Municipal Power Agency ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	DE-EE003807	284,693
Total federal awards expended			\$ 1,956,263

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF HUNTINGBURG
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Huntingburg (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.

II. Noncash Assistance

The City expended the following amount of noncash assistance for the year ending December 31, 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010
ARRA – Energy Efficiency and Conservation Block Grant Program	81.128	<u>\$ 284,683</u>

CITY OF HUNTINGBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	yes
Significant deficiencies identified?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified?	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
66.458	Public Works and Economic Development Cluster Capitalization Grant for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2010-1 - PRORATION OF EXPENSES

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, utility funds should not be used to pay for personal items. The cost of shared employees and equipment between a city or town and its utilities should be prorated in a rational manner. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Indiana Code 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 . . ."

CITY OF HUNTINGBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The City does not have controls in place that require documentation to support the proration of expenses paid from the City Office Fund between the City and the Utilities. The City Office Fund is used to accumulate all disbursements throughout the year for expenses to operate the City Hall which houses both City and Utility offices. The manner used to prorate these expenses has resulted in the four Utilities paying 82 percent and the City paying 18 percent of those costs. The City also does not have controls in place that require officials and employees to provide documentation to support their time when they are paid from more than one fund or department. Several officials and employees were paid salaries from more than one fund or department without documentation to support the allocation of hours worked for each fund or department.

Without adequate and reasonable documentation to support the proration of expenses, certain funds could pay more than their fair share of these expenses. This could result in the unnecessary increase to tax rates or utility billing rates in order to cover these expenses that may not directly relate to the particular fund or utility.

We recommended that controls be implemented to provide adequate documentation to support the rational proration of expenses between the various funds.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF HUNTINGBURG
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF HUNTINGBURG

OFFICE OF CLERK-TREASURER



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May 18, 2011

CORRECTIVE ACTION PLAN

FINDING NO. 2010-1, Proration of Expenses

AUDITEE : City of Huntingburg
AUDITEE CONTACT PERSON: Thomas Dippel
TITLE OF CONTACT PERSON: Clerk-Treasurer
PHONE NUMBER OF CONTACT PERSON: (812) 683-2211

EXPECTED COMPLETION DATE: Completion for Direct costs is estimated to be June 30, 2011 for Utilities, Completion for shared costs is estimated to be December 31, 2011.

Background:

The City has used the "City Office Fund-No. 25" to accumulate direct utility cost and shared expenses and distribute those expenses to Utilities, Common Council, and Transportation funds monthly.

Among the expenses distributed currently are:

- Telephone/Internet
- Utilities
- Repairs
- Office Supplies
- Misc.-Maintenance items
- Utility Mailing
- Utility Meter Reader
- Court Filing fees/Shared refunds/Non-City Disbursements and receipts
- Computer supplies
- Computer Maintenance-Software
- Computer Maintenance-Hardware

Monthly charges to the Transportation fund have been a flat \$300.00 per month (\$250.00 for Utilities, \$25.00 for phone, \$25.00 for office supplies).

The remaining monthly charges in the City Office Fund have been distributed to the Utility Funds and to the Common Council Department of the General Fund . The City has four utilities; Electric, Water, Gas and Wastewater.

The City also has several employees that do their job for all Departments of the City. The shared positions are paid in accordance with the yearly salary ordinance which directs the percent of wages to come from each department.

The shared positions are:

- Mayor
- Clerk-Treasurer
- Deputy Clerk-Treasurer
- Clerical Clerk-Treasurer
- City/Utility Attorney
- Clerical City/Utility Attorney
- Code Enforcement/Planning & Zoning Administrator
- Transit Driver
- Transit Receptionist
- Safety Director
- City Hall-Office Manager
- City Hall- Secretary/Transit Administrator
- Utilities Superintendent
- Utilities Clerical
- Meter Reader

Corrective Plan:

Each expense category shared will be analyzed to determine a reasonable allocation basis.

Some allocations that will be considered will be square feet of building, number of customers, calls received, internet connections, number of employees. Effort will be made to match an expense category with the activities that cause the expense.

As each type of expense is incurred the corresponding claim will be coded directly to the funds that will be charged for the expense.

The City Office fund will not be used to collect anything other than the Court Filing fee/Shared Refunds/Non-City Disbursements and receipts. These will remain so as to not use appropriations for items that are not actually expenditures of a City fund or expenditures or receipts of a utility fund.

The Transportation department will lease office space from the City of Huntingburg. The lease will be based on an allocation of square feet costs and market value of leased office space which will include space use, utilities, telephone, and internet. Other items such as GPS system maintenance, office supplies, training, etc. will be billed to the Transportation Department directly.

The City employees that do their job for multiple departments will follow this plan:

Mayor and Clerk-Treasurer salary costs will remain split by 20% to each utility and 20% to the City because these positions are not based on hours worked.

The Clerk-Treasurer Clerical position will go from being split 25% to each utility to a being split 20% to each utility and 20% to the City realizing that that position does work for the City and Utilities simultaneously.

The Deputy Clerk-Treasurer will remain split by 20% to each utility and 20% to the City realizing that work done in the Clerk-Treasurer's office is done for the benefit of all City and Utility employees and citizens and customers of the City of Huntingburg and its Utilities.

Utilities Superintendent will remain being split one third each to Electric, Water and Gas Utilities, realizing that each utility needs a superintendent regardless of size and other factors.

All other shared positions will track their time for a period of 4 consecutive weeks documenting what department their time was spent on. Once compiled the Clerk-Treasurer will summarize the information and review with each position holder to determine if the results are representative of the entire year and if not make and document adjustments based on known factors. If the results are deemed to not be representative an additional period of documentation may be needed.



Thomas Dippel
Clerk-Treasurer, City of Huntingburg
5/18/2011

CITY OF HUNTINGBURG
EXIT CONFERENCE

The contents of this report were discussed on May 18, 2011, with Thomas A. Dippel, Clerk-Treasurer; Marvin R. Belcher, Mayor; Marvin Boeglin, President of the Common Council; Tony Traylor, Superintendent of Water, Gas, and Electric Utilities; and Janet Kemp, Office Manager/Mayor's Assistant. The officials concurred with our audit findings.