

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CITY OF HUNTINGBURG  
DUBOIS COUNTY, INDIANA

January 1, 2011 to December 31, 2011



**FILED**  
09/11/2012



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Thomas A. Dippel	01-01-11 to 12-31-15
Mayor	Marvin R. Belcher Dennis W. Spinner	01-01-11 to 12-31-11 01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Marvin R. Belcher Dennis W. Spinner	01-01-11 to 12-31-11 01-01-12 to 12-31-15
President of the Common Council	Marvin Boeglin Amy D. Lehr	01-01-11 to 12-31-11 01-01-12 to 12-31-12
Superintendent of Water, Gas and Electric Utilities	Tony Traylor	01-01-11 to 12-31-12
Superintendent of Wastewater Utility	Mike Kemp	01-01-11 to 12-31-12



**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 statement of the City of Huntingburg (City), for the year ended December 31, 2011. This financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the City prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated July 25, 2012, 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  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. 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 financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

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

July 25, 2012



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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Telephone: (317) 232-2513  
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statement of the City of Huntingburg (City), for the year ended December 31, 2011, and have issued our report thereon dated July 25, 2012. 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 opinion on the financial statement, 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 statement 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 item 2011-1 to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is 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 finding 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, 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

July 25, 2012

## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the City. The financial statements and notes are presented as intended by the City.

CITY OF HUNTINGBURG  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 1,721,783	\$ 1,675,894	\$ 1,592,653	\$ 1,805,024
Motor Vehicle Highway	498,708	889,324	906,873	481,159
Local Road And Street	115,699	31,062	-	146,761
Economic Development Operating	7,941	-	-	7,941
Transportation	137,125	92,796	100,960	128,961
Riverboat	181,705	35,032	-	216,737
Parks And Recreation	340,475	823,481	776,512	387,444
Rainy Day	642,813	-	-	642,813
Levy Excess	4,601	-	4,601	-
Cumulative Capl Imprv Cigarette Tax	66,587	16,076	-	82,663
Cumulative Fire	181,532	24,309	-	205,841
Cedit Capital Projects	663,336	340,678	292,019	711,995
Self-Insurance	917,734	1,107,617	961,311	1,064,040
Police Pension	142,040	66,499	65,995	142,544
Transportation Change	-	10	-	10
Veterans Memorial Fund	-	22,990	2,322	20,668
10th Street Extension	-	4,182	4,182	-
OFS Economic Development Area-TIF	-	4	-	4
Police Auxiliary	1,584	-	-	1,584
General Cash Change	850	-	-	850
Revolving Loan	86,314	18,660	16,017	88,957
League Stadium	5,756	9,877	10,639	4,994
Police Special	16,718	3,910	2,549	18,079
Golf/Park Project	10,150	5,000	-	15,150
Industrial Park Projects	-	6,388	6,388	-
Splash Park	2,129	23	-	2,152
Chestnut V	-	22,586	22,586	-
lhfa	15,276	-	-	15,276
Redevelopment Tif Nw	1,519,255	606,718	194,051	1,931,922
Redevelopment Tif Ind Park	1,227,943	463,157	130,004	1,561,096
Redevelopment Tif Styleline East	294,119	118,027	142,367	269,779
Redevelopment Tif 400 W-City	27,265	69,936	29,583	67,618
Redevelopment Tif 400 W-County	4	71,153	35,572	35,585
Police Special Equip And Donations	1,290	255	-	1,545
Police Special Covert Operations	510	-	-	510
Police Special Oper Pullover	216	-	-	216

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

CITY OF HUNTINGBURG  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011  
(Continued)

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
Core Property	83,300	-	-	83,300
Santa Fund	530	-	280	250
Tif-Moenkhaus & 9Th	-	136,144	136,144	-
Park & Rec Cash Change	100	-	-	100
Debt Reserve	12,064	22,790	24,150	10,704
Cumulative Sewer	5,465	-	-	5,465
Edit Curb And Gutter	154,474	7,463	-	161,937
Edit Projects	-	292,019	292,019	-
Tif 12 & 400W	-	123,616	123,616	-
Maintenance	3,238	587	626	3,199
Combined Utility	115,893	16,321,530	16,412,222	25,201
City Office	-	97,117	97,117	-
Consumer Meter Interest	1,879	1,227	1,879	1,227
Combined Utility Cash Change	2,000	-	-	2,000
Payroll	148,242	3,468,174	3,510,702	105,714
Electric Utility-Operating	3,594,601	8,393,439	7,747,277	4,240,763
Electric Utility-Customer Deposit	77,950	23,200	23,900	77,250
Electric Cash Reserve	1,772,500	6,000	175,000	1,603,500
Electric-Impa	28,476	6,336	33,029	1,783
Wastewater Utility-Operating	28,070	2,506,233	2,475,962	58,341
Wastewater Util-Bond And Interest	129,678	206,527	206,893	129,312
Wastewater Utility-Customer Deposit	43,615	12,450	12,450	43,615
Wastewater Utility-Debt Reserve	351,034	16,011	1	367,044
Sewer Works Construction	430,936	694,281	794,953	330,264
Wastewater Bond & Interest Srf	144,004	292,454	323,719	112,739
Wastewater Construction Retainage	69,318	99,913	169,231	-
Water Utility-Operating	77,287	2,784,159	2,460,980	400,466
Water Utility-Bond And Interest	39,585	708,541	707,455	40,671
Water Utility-Customer Deposit	28,710	9,350	9,500	28,560
Water Utility-Debt Reserve	707,531	-	-	707,531
Water Capital Savings	40,000	60,000	-	100,000
Gas Utility-Operating	1,474,627	4,123,238	3,673,987	1,923,878
Gas Utility-Customer Deposit	61,940	15,600	16,900	60,640
Gas Cash Reserve	330,000	70,000	175,000	225,000
Totals	<u>\$ 18,788,505</u>	<u>\$ 47,024,043</u>	<u>\$ 44,902,176</u>	<u>\$ 20,910,372</u>

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

CITY OF HUNTINGBURG  
NOTES TO FINANCIAL STATEMENT

**Note 1. 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 some or all of 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 and housing.

The accompanying financial statement presents the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the City.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

CITY OF HUNTINGBURG  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the City. It includes all expenditures for the reduction of the principal and interest of the City's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

CITY OF HUNTINGBURG  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The City may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the City. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the City. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the City in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the City submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

CITY OF HUNTINGBURG  
NOTES TO FINANCIAL STATEMENT  
(Continued)

State statutes authorize the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The City may be 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.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the City to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the City by recording as a disbursement any replacement items purchased.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is 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 this 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 members' contributions, set by state statute at 3 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. 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 and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

CITY OF HUNTINGBURG  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. 1925 Police Officers' Pension Plan*

*Plan Description*

The 1925 Police Officers' Pension Plan 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 Indiana Code 5-10.3-11.

*C. 1977 Police Officers' and Firefighters' Pension and Disability Fund*

*Plan Description*

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is 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.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the City which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the City. It is presented as intended by the City.

CITY OF HUNTINGBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General	Motor Vehicle Highway	Local Road And Street	Economic Development Operating	Transportation	Riverboat
Cash and investments - beginning	\$ 1,721,783	\$ 498,708	\$ 115,699	\$ 7,941	\$ 137,125	\$ 181,705
Receipts:						
Taxes	373,568	644,032	-	-	26,863	-
Licenses and permits	2,132	725	-	-	-	-
Intergovernmental	1,174,706	225,775	31,062	-	3,523	35,032
Charges for services	84,610	18,792	-	-	8,179	-
Fines and forfeits	6,683	-	-	-	-	-
Other receipts	34,195	-	-	-	54,231	-
Total receipts	<u>1,675,894</u>	<u>889,324</u>	<u>31,062</u>	<u>-</u>	<u>92,796</u>	<u>35,032</u>
Disbursements:						
Personal services	1,137,012	558,650	-	-	78,454	-
Supplies	85,290	108,059	-	-	14,091	-
Other services and charges	233,559	140,957	-	-	8,405	-
Debt service - principal and interest	67,501	-	-	-	-	-
Capital outlay	54,185	99,207	-	-	-	-
Other disbursements	15,106	-	-	-	10	-
Total disbursements	<u>1,592,653</u>	<u>906,873</u>	<u>-</u>	<u>-</u>	<u>100,960</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>83,241</u>	<u>(17,549)</u>	<u>31,062</u>	<u>-</u>	<u>(8,164)</u>	<u>35,032</u>
Cash and investments - ending	<u>\$ 1,805,024</u>	<u>\$ 481,159</u>	<u>\$ 146,761</u>	<u>\$ 7,941</u>	<u>\$ 128,961</u>	<u>\$ 216,737</u>

CITY OF HUNTINGBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Parks And Recreation	Rainy Day	Levy Excess	Cumulative Capl Imprv Cigarette Tax	Cumulative Fire	Cedit Capital Projects
Cash and investments - beginning	\$ 340,475	\$ 642,813	\$ 4,601	\$ 66,587	\$ 181,532	\$ 663,336
Receipts:						
Taxes	449,664	-	-	-	21,491	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	58,963	-	-	16,076	2,818	319,235
Charges for services	314,854	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	21,443
Total receipts	<u>823,481</u>	<u>-</u>	<u>-</u>	<u>16,076</u>	<u>24,309</u>	<u>340,678</u>
Disbursements:						
Personal services	320,110	-	-	-	-	-
Supplies	80,192	-	-	-	-	-
Other services and charges	89,536	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	286,674	-	-	-	-	-
Other disbursements	-	-	4,601	-	-	292,019
Total disbursements	<u>776,512</u>	<u>-</u>	<u>4,601</u>	<u>-</u>	<u>-</u>	<u>292,019</u>
Excess (deficiency) of receipts over disbursements	<u>46,969</u>	<u>-</u>	<u>(4,601)</u>	<u>16,076</u>	<u>24,309</u>	<u>48,659</u>
Cash and investments - ending	<u>\$ 387,444</u>	<u>\$ 642,813</u>	<u>\$ -</u>	<u>\$ 82,663</u>	<u>\$ 205,841</u>	<u>\$ 711,995</u>

CITY OF HUNTINGBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Self-Insurance	Police Pension	Transportation Change	Veterans Memorial Fund	10th Street Extension	OFS Economic Development Area-TIF
Cash and investments - beginning	\$ 917,734	\$ 142,040	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	2,686	-	-	-	4
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	63,813	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	1,107,617	-	10	22,990	4,182	-
Total receipts	<u>1,107,617</u>	<u>66,499</u>	<u>10</u>	<u>22,990</u>	<u>4,182</u>	<u>4</u>
Disbursements:						
Personal services	-	173	-	-	3,147	-
Supplies	-	-	-	-	-	-
Other services and charges	-	1,131	-	-	1,035	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	2,322	-	-
Other disbursements	961,311	64,691	-	-	-	-
Total disbursements	<u>961,311</u>	<u>65,995</u>	<u>-</u>	<u>2,322</u>	<u>4,182</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>146,306</u>	<u>504</u>	<u>10</u>	<u>20,668</u>	<u>-</u>	<u>4</u>
Cash and investments - ending	<u>\$ 1,064,040</u>	<u>\$ 142,544</u>	<u>\$ 10</u>	<u>\$ 20,668</u>	<u>\$ -</u>	<u>\$ 4</u>

CITY OF HUNTINGBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Police Auxiliary	General Cash Change	Revolving Loan	League Stadium	Police Special	Golf/Park Project
Cash and investments - beginning	\$ 1,584	\$ 850	\$ 86,314	\$ 5,756	\$ 16,718	\$ 10,150
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	9,877	-	-
Fines and forfeits	-	-	-	-	3,910	-
Other receipts	-	-	18,660	-	-	5,000
Total receipts	-	-	18,660	9,877	3,910	5,000
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	2,549	-
Other services and charges	-	-	17	10,639	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	16,000	-	-	-
Total disbursements	-	-	16,017	10,639	2,549	-
Excess (deficiency) of receipts over disbursements	-	-	2,643	(762)	1,361	5,000
Cash and investments - ending	<u>\$ 1,584</u>	<u>\$ 850</u>	<u>\$ 88,957</u>	<u>\$ 4,994</u>	<u>\$ 18,079</u>	<u>\$ 15,150</u>

CITY OF HUNTINGBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Industrial Park Projects	Splash Park	Chestnut V	lhfa	Redevelopment Tif Nw	Redevelopment Tif Ind Park
Cash and investments - beginning	\$ -	\$ 2,129	\$ -	\$ 15,276	\$ 1,519,255	\$ 1,227,943
Receipts:						
Taxes	-	-	-	-	599,648	457,620
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	6,388	23	22,586	-	7,070	5,537
Total receipts	6,388	23	22,586	-	606,718	463,157
Disbursements:						
Personal services	-	-	22,586	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	6,388	-	-	-	-	-
Other disbursements	-	-	-	-	194,051	130,004
Total disbursements	6,388	-	22,586	-	194,051	130,004
Excess (deficiency) of receipts over disbursements	-	23	-	-	412,667	333,153
Cash and investments - ending	\$ -	\$ 2,152	\$ -	\$ 15,276	\$ 1,931,922	\$ 1,561,096

CITY OF HUNTINGBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Redevelopment Tif Styline East	Redevelopment Tif 400 W-City	Redevelopment Tif 400 W-County	Police Special Equip And Donations	Police Special Covert Operations	Police Special Oper Pullover
Cash and investments - beginning	\$ 294,119	\$ 27,265	\$ 4	\$ 1,290	\$ 510	\$ 216
Receipts:						
Taxes	116,663	69,559	71,144	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	<u>1,364</u>	<u>377</u>	<u>9</u>	<u>255</u>	<u>-</u>	<u>-</u>
Total receipts	<u>118,027</u>	<u>69,936</u>	<u>71,153</u>	<u>255</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	11,128	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	29,583	35,572	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	<u>131,239</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>142,367</u>	<u>29,583</u>	<u>35,572</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(24,340)</u>	<u>40,353</u>	<u>35,581</u>	<u>255</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 269,779</u>	<u>\$ 67,618</u>	<u>\$ 35,585</u>	<u>\$ 1,545</u>	<u>\$ 510</u>	<u>\$ 216</u>

CITY OF HUNTINGBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Core Property	Santa Fund	Tif-Moenkhaus & 9Th	Park & Rec Cash Change	Debt Reserve	Cumulative Sewer
Cash and investments - beginning	\$ 83,300	\$ 530	\$ -	\$ 100	\$ 12,064	\$ 5,465
Receipts:						
Taxes	-	-	-	-	20,148	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	2,642	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	136,144	-	-	-
Total receipts	-	-	136,144	-	22,790	-
Disbursements:						
Personal services	-	-	13,363	-	-	-
Supplies	-	280	-	-	-	-
Other services and charges	-	-	122,781	-	-	-
Debt service - principal and interest	-	-	-	-	24,150	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	280	136,144	-	24,150	-
Excess (deficiency) of receipts over disbursements	-	(280)	-	-	(1,360)	-
Cash and investments - ending	\$ 83,300	\$ 250	\$ -	\$ 100	\$ 10,704	\$ 5,465

CITY OF HUNTINGBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Edit Curb And Gutter	Edit Projects	Tif 12 & 400W	Maintenance	Combined Utility	City Office
Cash and investments - beginning	\$ 154,474	\$ -	\$ -	\$ 3,238	\$ 115,893	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	587	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	7,463	292,019	123,616	-	16,321,530	97,117
Total receipts	7,463	292,019	123,616	587	16,321,530	97,117
Disbursements:						
Personal services	-	-	2,150	-	-	-
Supplies	-	-	-	626	69	-
Other services and charges	-	292,019	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	121,466	-	-	-
Other disbursements	-	-	-	-	16,412,153	97,117
Total disbursements	-	292,019	123,616	626	16,412,222	97,117
Excess (deficiency) of receipts over disbursements	7,463	-	-	(39)	(90,692)	-
Cash and investments - ending	\$ 161,937	\$ -	\$ -	\$ 3,199	\$ 25,201	\$ -

CITY OF HUNTINGBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Consumer Meter Interest	Combined Utility Cash Change	Payroll	Electric Utility-Operating	Electric Utility-Customer Deposit	Electric Cash Reserve
Cash and investments - beginning	\$ 1,879	\$ 2,000	\$ 148,242	\$ 3,594,601	\$ 77,950	\$ 1,772,500
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	1,227	-	3,468,174	8,393,439	23,200	6,000
Total receipts	1,227	-	3,468,174	8,393,439	23,200	6,000
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	1,879	-	3,510,702	7,747,277	23,900	175,000
Total disbursements	1,879	-	3,510,702	7,747,277	23,900	175,000
Excess (deficiency) of receipts over disbursements	(652)	-	(42,528)	646,162	(700)	(169,000)
Cash and investments - ending	\$ 1,227	\$ 2,000	\$ 105,714	\$ 4,240,763	\$ 77,250	\$ 1,603,500

CITY OF HUNTINGBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Electric-Impa	Wastewater Utility-Operating	Wastewater Util-Bond And Interest	Wastewater Utility-Customer Deposit	Wastewater Utility-Debt Reserve	Sewer Works Construction
Cash and investments - beginning	\$ 28,476	\$ 28,070	\$ 129,678	\$ 43,615	\$ 351,034	\$ 430,936
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	6,336	2,506,233	206,527	12,450	16,011	694,281
Total receipts	<u>6,336</u>	<u>2,506,233</u>	<u>206,527</u>	<u>12,450</u>	<u>16,011</u>	<u>694,281</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	33,029	2,475,962	206,893	12,450	1	794,953
Total disbursements	<u>33,029</u>	<u>2,475,962</u>	<u>206,893</u>	<u>12,450</u>	<u>1</u>	<u>794,953</u>
Excess (deficiency) of receipts over disbursements	<u>(26,693)</u>	<u>30,271</u>	<u>(366)</u>	<u>-</u>	<u>16,010</u>	<u>(100,672)</u>
Cash and investments - ending	<u>\$ 1,783</u>	<u>\$ 58,341</u>	<u>\$ 129,312</u>	<u>\$ 43,615</u>	<u>\$ 367,044</u>	<u>\$ 330,264</u>

CITY OF HUNTINGBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Wastewater Bond & Interest Srf	Wastewater Construction Retainage	Water Utility-Operating	Water Utility-Bond And Interest	Water Utility-Customer Deposit	Water Utility-Debt Reserve
Cash and investments - beginning	\$ 144,004	\$ 69,318	\$ 77,287	\$ 39,585	\$ 28,710	\$ 707,531
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	292,454	99,913	2,784,159	708,541	9,350	-
Total receipts	292,454	99,913	2,784,159	708,541	9,350	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	323,719	169,231	2,460,980	707,455	9,500	-
Total disbursements	323,719	169,231	2,460,980	707,455	9,500	-
Excess (deficiency) of receipts over disbursements	(31,265)	(69,318)	323,179	1,086	(150)	-
Cash and investments - ending	\$ 112,739	\$ -	\$ 400,466	\$ 40,671	\$ 28,560	\$ 707,531

CITY OF HUNTINGBURG  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Water Capital Savings	Gas Utility-Operating	Gas Utility-Customer Deposit	Gas Cash Reserve	Totals
Cash and investments - beginning	\$ 40,000	\$ 1,474,627	\$ 61,940	\$ 330,000	\$ 18,788,505
Receipts:					
Taxes	-	-	-	-	2,853,090
Licenses and permits	-	-	-	-	2,857
Intergovernmental	-	-	-	-	1,933,645
Charges for services	-	-	-	-	436,899
Fines and forfeits	-	-	-	-	10,593
Other receipts	<u>60,000</u>	<u>4,123,238</u>	<u>15,600</u>	<u>70,000</u>	<u>41,786,959</u>
Total receipts	<u>60,000</u>	<u>4,123,238</u>	<u>15,600</u>	<u>70,000</u>	<u>47,024,043</u>
Disbursements:					
Personal services	-	-	-	-	2,146,773
Supplies	-	-	-	-	291,156
Other services and charges	-	-	-	-	900,079
Debt service - principal and interest	-	-	-	-	156,806
Capital outlay	-	-	-	-	570,242
Other disbursements	<u>-</u>	<u>3,673,987</u>	<u>16,900</u>	<u>175,000</u>	<u>40,837,120</u>
Total disbursements	<u>-</u>	<u>3,673,987</u>	<u>16,900</u>	<u>175,000</u>	<u>44,902,176</u>
Excess (deficiency) of receipts over disbursements	<u>60,000</u>	<u>449,251</u>	<u>(1,300)</u>	<u>(105,000)</u>	<u>2,121,867</u>
Cash and investments - ending	<u>\$ 100,000</u>	<u>\$ 1,923,878</u>	<u>\$ 60,640</u>	<u>\$ 225,000</u>	<u>\$ 20,910,372</u>

CITY OF HUNTINGBURG  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2011

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 139,592	\$ 82,156
Electric	941,183	134,978
Wastewater	108,140	39,396
Water	110,431	40,165
Gas	<u>333,422</u>	<u>100,963</u>
Totals	<u>\$ 1,632,768</u>	<u>\$ 397,658</u>

CITY OF HUNTINGBURG  
SCHEDULE OF LEASES AND DEBT  
December 31, 2011

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Fifth Third Banks-Indiana Bond Bank	Fire Truck	\$ 55,336	04-21-06	10-21-15
Total of annual lease payments		<u>\$ 55,336</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities: General obligation bonds	Improvements to League Stadium	\$ 57,000	\$ 12,425
General obligation bonds	Huntingburg Economic Development	<u>1,137,000</u>	<u>68,110</u>
Total governmental activities		<u>1,194,000</u>	<u>80,535</u>
Wastewater: Revenue bonds	Sewage Works Project	1,846,000	188,767
Revenue bonds	Additions and Improvements to the Huntingburg Sewage Works - Series A	1,421,000	67,973
Revenue bonds	Additions and Improvements to the Huntingburg Sewage Works - Series B	327,000	15,358
Revenue bonds	Sewage Works Revenue Bonds of 2010	<u>1,150,000</u>	<u>63,283</u>
Total Wastewater		<u>4,744,000</u>	<u>335,381</u>
Water: Revenue bonds	Finance Water Quality and Drinking Water Projects	<u>4,855,000</u>	<u>70,398</u>
Totals		<u>\$ 10,793,000</u>	<u>\$ 486,314</u>

CITY OF HUNTINGBURG  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2011

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.

	Ending Balance
Governmental activities:	
Land	\$ 253,987
Buildings	2,403,186
Improvements other than buildings	4,624,159
Machinery, equipment and vehicles	2,766,459
Total governmental activities	10,047,791
Electric:	
Land	169,827
Buildings	704,758
Improvements other than buildings	7,428,647
Machinery, equipment and vehicles	2,785,406
Construction in progress	23,236
Total Electric	11,111,874
Wastewater:	
Land	239,249
Buildings	1,371,928
Improvements other than buildings	10,904,121
Machinery, equipment and vehicles	1,380,604
Construction in progress	3,243,992
Total Wastewater	17,139,894
Water:	
Land	98,399
Buildings	5,415,247
Improvements other than buildings	7,183,748
Machinery, equipment and vehicles	1,754,714
Construction in progress	4,651
Total Water	14,456,759
Gas:	
Land	25,862
Buildings	272,834
Improvements other than buildings	3,180,089
Machinery, equipment and vehicles	711,634
Construction in progress	3,862
Total Gas	4,194,281
Total capital assets	\$ 56,950,599

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 2011 totaled \$9,690.
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 charges to the Utilities for these items were \$24,604 for 2011. 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, postage, and software for the C-T office, were also paid 80 percent from the Utility funds and 20 percent from the City. The charges to the Utilities for these items were \$16,325 for 2011.

The total costs charged to the City Office account during 2011 were \$97,316. Of this amount, the Utilities paid \$78,407 or 81 percent.

There was no documentation to support the calculation of the percentages used for prorating expenses. The total amount of expenses, indicated above, that do not appear to be fairly prorated is \$50,619 which is 52 percent of the total expenses charged to the City Office account.

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 2011 that amounted to \$175,000 from the Electric Utility and \$175,000 from the Gas Utility.

CITY OF HUNTINGBURG  
AUDIT RESULTS AND COMMENTS  
(Continued)

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.

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. 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 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

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 its major federal program for the year ended December 31, 2011. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2011.

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 THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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

July 25, 2012

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the City. The schedule and notes are presented as intended by the City.

CITY OF HUNTINGBURG  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For The Year Ended December 31, 2011

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 AGRICULTURE</u>			
Direct Grant			
Rural Business Enterprise Grants	10.769		\$ 14,400
<u>U.S. DEPARTMENT OF COMMERCE</u>			
Direct Grant			
Economic Development Cluster	11.300		
Investment for Public Works and Economic Development Facilities		06-01-05312	632,994
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs			
CDBG - State-Administered CDBG Cluster	14.228		
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii		DR2-09-064	19,449
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation			
Highway Planning and Construction Cluster	20.205		
Highway Planning and Construction		DES #9620040	34,596
Total for cluster			34,596
Formula Grants for Other Than Urbanized Areas	20.509	18028A160	32,491
Total for federal grantor agency			67,087
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority			
Capitalization Grants for Clean Water State Revolving Funds	66.458	WW09941901	231,675
<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	35,197
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-1977	23,841
Total federal awards expended			\$ 1,024,643

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

**Note 1. 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 statement. 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.

**Note 2. Noncash Assistance**

The City expended the following amount of noncash assistance for the year ending December 31, 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2011
ARRA – Energy Efficiency and Conservation Block Grant Program	81.128	\$ 35,197

CITY OF HUNTINGBURG  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to the financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major program:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Program:

Name of Federal Program or Cluster

Economic Development Cluster

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

Auditee qualified as low-risk auditee?	no
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CITY OF HUNTINGBURG  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section II – Financial Statement Findings**

**FINDING 2011-1 - PRORATION OF EXPENSES**

The City is in the process of implementing, but has not fully implemented, controls 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 Utilities paying 81 percent of those costs. The City also does not have controls that provide documentation to support employee's time when they are paid from more than one fund or department. While the City has begun compiling some documentation and made a few adjustments in the proration of salaries, 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.

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)

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 . . ."

Without adequate and reasonable documentation to support the proration of expenses, certain funds could pay more than their 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.

July 17, 2012

## CORRECTIVE ACTION PLAN

FINDING NO. 2011-1, 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 shared position costs is estimated to be January 1, 2013 and January 1, 2014.

### Background:

The City had 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 were:

- 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 had 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 had 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 or fund. The Salary Ordinance has historically been put together in August and September of each year.

Corrective actions taken to correct Finding 2010-01:

Many Items in the categories shared were analyzed and a reasonable basis was established.

Expense items are now coded directly to the funds that will be charged for the expense where known.

The City Office Fund is no longer used to allocate groups of expenses, the fund is used to collect and pay Court Filing fees/Shared Refunds/Non-City Disbursements and receipts as to not use appropriations for items that are not actually expenditures of a City fund or expenditures or receipts of a utility fund. Direct coding began in June 2011.

The City is currently reviewing the practice of charging the Transportation Department for a shared portion of the City Office building utilities, phone and office supplies. To date in 2012, the City has not charged the Transportation Department the traditional \$300.00 per month for these expenses. Individual items are now being paid by the Transportation Department as needed.

The shared positions not corrected from Corrective Action Plan for Finding Number 2010-01 are:

- 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

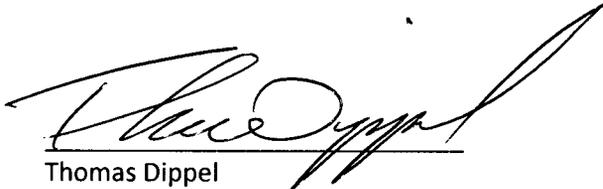
Corrective Plan:

Each shared expense claim will be analyzed to determine a reasonable allocation basis. Efforts will continue to be made to match an expense with the activities that cause the expense.

The City employees whose plan was not followed in accordance with the corrective action plan for Finding 2010-01 will plan to follow this plan:

City Hall-Office Manager and City Hall- Secretary/Transit Administrator will be split based on a proposed revised organization structure of the new administration. After the new structure is implemented a revised plan will be developed for time allocation on a test period basis for inclusion in the 2014 Salary ordinance to be done in 2013.

All other listed employees will document their time using daily log or recall for 4 consecutive weeks in sufficient detail to determine the department or fund to be charged for the time. As many positions within the City are positions that deal with multiple departments and funds simultaneously, a judgment will be made to consider the reasonableness of the allocation. Also, time spent on issues tends to vary based on season, project, and priority. 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, additional periods of documentation may be needed.

A handwritten signature in black ink, appearing to read 'Thomas Dippel', written over a horizontal line.

Thomas Dippel  
Clerk-Treasurer, City of Huntingburg  
7/20/2012

CITY OF HUNTINGBURG  
EXIT CONFERENCE

The contents of this report were discussed on July 25, 2012, with Dennis W. Spinner, Mayor, and Thomas A. Dippel, Clerk-Treasurer. The officials concurred with our audit findings.