

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CITY OF HUNTINGBURG

DUBOIS COUNTY, INDIANA

January 1, 2012 to December 31, 2012



FILED
10/09/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Thomas A. Dippel	01-01-12 to 12-31-15
Mayor	Dennis W. Spinner	01-01-12 to 12-31-15
President of the Board of Public Works and Safety	Dennis W. Spinner	01-01-12 to 12-31-15
President of the Common Council	Amy D. Lehr	01-01-12 to 12-31-13
Superintendent of Water, Gas, and Electric Utilities	Tony Traylor	01-01-12 to 01-23-13
Superintendent of Water Utility	Tony Traylor	01-24-13 to 12-31-13
Superintendent of Energy Utilities	John Reutepohler	01-24-13 to 12-31-13
Superintendent of Wastewater Utility	Mike Kemp	01-01-12 to 12-31-13



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the accompanying financial statement of the City of Huntingburg (City), for the year ended December 31, 2012. The financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on the financial statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2012.

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, 2012, on the basis of accounting described in Note 1.

Our examination 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, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

Bruce Hartman
State Examiner

September 11, 2013

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FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the City. The financial statement 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, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
General	\$ 1,805,023	\$ 1,893,980	\$ 1,711,822	\$ 1,987,181
Motor Vehicle Highway	481,158	853,573	1,001,989	332,742
Local Road And Street	146,760	32,157	-	178,917
Economic Development Operating	7,941	-	-	7,941
Transportation	128,961	122,777	113,250	138,488
Unsafe Building Fund	-	45,000	23,999	21,001
Riverboat	216,738	35,881	-	252,619
Parks And Recreation	387,444	624,162	662,287	349,319
Rainy Day	642,813	-	-	642,813
Cumulative Capl Imprv Cigarette Tax	82,663	16,065	20,355	78,373
Cumulative Fire	205,841	24,537	-	230,378
Place Based Grant - Veterans Memorial	-	13,000	1,295	11,705
Cedit Capital Projects	711,994	451,645	110,846	1,052,793
Self-Insurance	1,064,040	804,014	588,671	1,279,383
Police Pension	142,544	66,980	66,964	142,560
Transportation Change	10	15	10	15
Veterans Memorial Fund	20,669	24,532	27,499	17,702
10th Street Extension	-	85,040	85,040	-
OFS Economic Development Area - TIF	4	274	-	278
Phoenix Drive 2012	-	9,202	9,202	-
ARRA Transit	-	46,637	45,762	875
Police Auxiliary	1,584	-	-	1,584
General Cash Change	850	-	-	850
Revolving Loan	88,957	17,731	35,052	71,636
League Stadium	4,995	8,074	7,352	5,717
Police Special	18,079	4,501	4,961	17,619
Golf/Park Project	15,150	5,000	-	20,150
Industrial Park Projects	-	352,468	352,468	-
Splash Park	2,152	2,000	4,152	-
Chestnut V	-	12,613	11,679	934
Ihfa	15,276	-	-	15,276
Redevelopment Tif Nw	1,931,922	698,618	257,629	2,372,911
Redevelopment Tif Ind Park	1,561,096	375,562	350,910	1,585,748
Redevelopment Tif Styline East	269,778	146,936	53,312	363,402
Redevelopment Tif 400 W-City	67,619	60,146	80,559	47,206
Redevelopment Tif 400 W-County	35,586	74,005	109,547	44
Police Special Equip And Donations	1,545	1,489	1,323	1,711
Police Special Covert Operations	510	-	-	510

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, 2012
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Police Special Oper Pullover	216	-	-	216
Core Property	83,300	-	45,000	38,300
Santa Fund	250	-	-	250
Tif-Moenkhaus & 9Th	-	42,191	42,191	-
Park & Rec Cash Change	100	-	-	100
Debt Reserve	10,704	23,514	25,125	9,093
Cumulative Sewer	5,465	400	658	5,207
Edit Curb And Gutter	161,937	5,600	46	167,491
Edit Projects	-	110,846	110,846	-
Tif 12 & 400W	-	7,731	7,731	-
Maintenance	3,198	538	-	3,736
Combined Utility	25,201	15,570,252	15,486,813	108,640
City Office	-	28,613	28,613	-
Consumer Meter Interest	1,227	1,246	1,227	1,246
Combined Utility Cash Change	2,000	-	-	2,000
Payroll	105,714	3,628,287	3,565,858	168,143
Electric Utility - Operating	4,240,763	8,367,219	7,772,204	4,835,778
Electric Utility - Customer Deposit	77,250	30,850	26,825	81,275
Electric Cash Reserve	1,603,500	26,000	175,000	1,454,500
Electric - Impa	1,783	6,466	-	8,249
Wastewater Utility - Operating	58,341	1,898,660	1,894,632	62,369
Wastewater Util - Bond And Interest	129,312	123,472	122,660	130,124
Wastewater Utility - Customer Deposit	43,615	15,840	14,560	44,895
Wastewater Utility - Debt Reserve	367,044	16,009	-	383,053
Sewer Works Construction	330,264	405	231,302	99,367
Wastewater Bond & Interest Srf	112,739	291,673	252,050	152,362
Water Utility - Operating	400,466	2,913,559	2,774,381	539,644
Water Utility - Bond And Interest	40,672	566,310	565,795	41,187
Water Utility - Customer Deposit	28,560	10,240	9,660	29,140
Water Utility - Debt Reserve	707,531	-	-	707,531
Water Capital Savings	100,000	120,000	-	220,000
Gas Utility - Operating	1,923,878	3,060,088	2,800,058	2,183,908
Gas Utility - Customer Deposit	60,640	19,475	19,200	60,915
Gas Cash Reserve	225,000	175,000	175,000	225,000
Totals	\$ 20,910,372	\$ 43,969,098	\$ 41,885,370	\$ 22,994,100

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, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the City.

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 include 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.

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,

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENT
(Continued)

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 include 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.

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.

CITY OF HUNTINGBURG
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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 Indiana Public Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

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 Indiana Public Retirement System 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 Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

The contribution requirements of plan members and the City are established by the Board of Trustees of INPRS.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City's 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 examination. This is a common occurrence in any financial statement examination. The financial information presented in this report is examined information, and the accuracy of such information can be determined by reading the opinion given in the Independent Accountant'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, 2012

	General	Motor Vehicle Highway	Local Road And Street	Economic Development Operating	Transportation	Unsafe Building Fund	Riverboat
Cash and investments - beginning	\$ 1,805,023	\$ 481,158	\$ 146,760	\$ 7,941	\$ 128,961	\$ -	\$ 216,738
Receipts:							
Taxes	764,396	582,122	-	-	42,508	-	-
Licenses and permits	33,894	700	-	-	-	-	-
Intergovernmental	1,042,203	228,720	32,157	-	6,054	-	35,881
Charges for services	35,512	42,031	-	-	8,175	-	-
Fines and forfeits	6,354	-	-	-	-	-	-
Other receipts	11,621	-	-	-	66,040	45,000	-
Total receipts	<u>1,893,980</u>	<u>853,573</u>	<u>32,157</u>	<u>-</u>	<u>122,777</u>	<u>45,000</u>	<u>35,881</u>
Disbursements:							
Personal services	1,202,703	594,000	-	-	81,586	-	-
Supplies	102,316	154,885	-	-	16,525	-	-
Other services and charges	249,565	253,104	-	-	15,124	-	-
Debt service - principal and interest	55,336	-	-	-	-	-	-
Capital outlay	101,902	-	-	-	-	-	-
Other disbursements	-	-	-	-	15	23,999	-
Total disbursements	<u>1,711,822</u>	<u>1,001,989</u>	<u>-</u>	<u>-</u>	<u>113,250</u>	<u>23,999</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>182,158</u>	<u>(148,416)</u>	<u>32,157</u>	<u>-</u>	<u>9,527</u>	<u>21,001</u>	<u>35,881</u>
Cash and investments - ending	<u>\$ 1,987,181</u>	<u>\$ 332,742</u>	<u>\$ 178,917</u>	<u>\$ 7,941</u>	<u>\$ 138,488</u>	<u>\$ 21,001</u>	<u>\$ 252,619</u>

CITY OF HUNTINGBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Parks And Recreation	Rainy Day	Cumulative Capl Imprv Cigarette Tax	Cumulative Fire	Place Based Grant - Veterans Memorial	Cedit Capital Projects	Self-Insurance
Cash and investments - beginning	\$ 387,444	\$ 642,813	\$ 82,663	\$ 205,841	\$ -	\$ 711,994	\$ 1,064,040
Receipts:							
Taxes	477,579	-	-	21,478	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	68,013	-	16,065	3,059	-	451,645	-
Charges for services	78,570	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	13,000	-	804,014
Total receipts	<u>624,162</u>	<u>-</u>	<u>16,065</u>	<u>24,537</u>	<u>13,000</u>	<u>451,645</u>	<u>804,014</u>
Disbursements:							
Personal services	334,649	-	-	-	-	-	-
Supplies	79,945	-	-	-	-	-	-
Other services and charges	121,872	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	125,821	-	20,355	-	-	-	-
Other disbursements	-	-	-	-	1,295	110,846	588,671
Total disbursements	<u>662,287</u>	<u>-</u>	<u>20,355</u>	<u>-</u>	<u>1,295</u>	<u>110,846</u>	<u>588,671</u>
Excess (deficiency) of receipts over disbursements	<u>(38,125)</u>	<u>-</u>	<u>(4,290)</u>	<u>24,537</u>	<u>11,705</u>	<u>340,799</u>	<u>215,343</u>
Cash and investments - ending	<u>\$ 349,319</u>	<u>\$ 642,813</u>	<u>\$ 78,373</u>	<u>\$ 230,378</u>	<u>\$ 11,705</u>	<u>\$ 1,052,793</u>	<u>\$ 1,279,383</u>

CITY OF HUNTINGBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Police Pension	Transportation Change	Veterans Memorial Fund	10th Street Extension	OFS Economic Development Area - TIF	Phoenix Drive 2012	ARRA Transit
Cash and investments - beginning	\$ 142,544	\$ 10	\$ 20,669	\$ -	\$ 4	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	274	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	66,980	-	-	-	-	-	46,637
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	15	24,532	85,040	-	9,202	-
Total receipts	<u>66,980</u>	<u>15</u>	<u>24,532</u>	<u>85,040</u>	<u>274</u>	<u>9,202</u>	<u>46,637</u>
Disbursements:							
Personal services	182	-	-	5,297	-	9,202	-
Supplies	-	-	-	-	-	-	-
Other services and charges	851	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	27,499	-	-	-	45,762
Other disbursements	65,931	10	-	79,743	-	-	-
Total disbursements	<u>66,964</u>	<u>10</u>	<u>27,499</u>	<u>85,040</u>	<u>-</u>	<u>9,202</u>	<u>45,762</u>
Excess (deficiency) of receipts over disbursements	<u>16</u>	<u>5</u>	<u>(2,967)</u>	<u>-</u>	<u>274</u>	<u>-</u>	<u>875</u>
Cash and investments - ending	<u>\$ 142,560</u>	<u>\$ 15</u>	<u>\$ 17,702</u>	<u>\$ -</u>	<u>\$ 278</u>	<u>\$ -</u>	<u>\$ 875</u>

CITY OF HUNTINGBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Police Auxiliary	General Cash Change	Revolving Loan	League Stadium	Police Special	Golf/Park Project	Industrial Park Projects
Cash and investments - beginning	\$ 1,584	\$ 850	\$ 88,957	\$ 4,995	\$ 18,079	\$ 15,150	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	8,074	-	-	-
Fines and forfeits	-	-	-	-	4,501	-	-
Other receipts	-	-	17,731	-	-	5,000	352,468
Total receipts	-	-	17,731	8,074	4,501	5,000	352,468
Disbursements:							
Personal services	-	-	-	-	-	-	26,836
Supplies	-	-	-	-	4,961	-	-
Other services and charges	-	-	52	7,352	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	325,632
Other disbursements	-	-	35,000	-	-	-	-
Total disbursements	-	-	35,052	7,352	4,961	-	352,468
Excess (deficiency) of receipts over disbursements	-	-	(17,321)	722	(460)	5,000	-
Cash and investments - ending	\$ 1,584	\$ 850	\$ 71,636	\$ 5,717	\$ 17,619	\$ 20,150	\$ -

CITY OF HUNTINGBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Splash Park	Chestnut V	lhfa	Redevelopment Tif Nw	Redevelopment Tif Ind Park	Redevelopment Tif Styline East	Redevelopment Tif 400 W-City
Cash and investments - beginning	\$ 2,152	\$ -	\$ 15,276	\$ 1,931,922	\$ 1,561,096	\$ 269,778	\$ 67,619
Receipts:							
Taxes	-	-	-	459,894	372,485	104,074	60,019
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	234,717	-	42,311	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	2,000	12,613	-	4,007	3,077	551	127
Total receipts	2,000	12,613	-	698,618	375,562	146,936	60,146
Disbursements:							
Personal services	-	11,679	-	-	-	347	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	80,559
Capital outlay	-	-	-	-	-	-	-
Other disbursements	4,152	-	-	257,629	350,910	52,965	-
Total disbursements	4,152	11,679	-	257,629	350,910	53,312	80,559
Excess (deficiency) of receipts over disbursements	(2,152)	934	-	440,989	24,652	93,624	(20,413)
Cash and investments - ending	\$ -	\$ 934	\$ 15,276	\$ 2,372,911	\$ 1,585,748	\$ 363,402	\$ 47,206

CITY OF HUNTINGBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Redevelopment Tif 400 W-County	Police Special Equip And Donations	Police Special Covert Operations	Police Special Oper Pullover	Core Property	Santa Fund	Tif-Moenkhaus & 9Th
Cash and investments - beginning	\$ 35,586	\$ 1,545	\$ 510	\$ 216	\$ 83,300	\$ 250	\$ -
Receipts:							
Taxes	73,975	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	30	1,489	-	-	-	-	42,191
Total receipts	<u>74,005</u>	<u>1,489</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,191</u>
Disbursements:							
Personal services	-	-	-	-	-	-	2,473
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	39,718
Debt service - principal and interest	109,547	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	1,323	-	-	45,000	-	-
Total disbursements	<u>109,547</u>	<u>1,323</u>	<u>-</u>	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>42,191</u>
Excess (deficiency) of receipts over disbursements	<u>(35,542)</u>	<u>166</u>	<u>-</u>	<u>-</u>	<u>(45,000)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 44</u>	<u>\$ 1,711</u>	<u>\$ 510</u>	<u>\$ 216</u>	<u>\$ 38,300</u>	<u>\$ 250</u>	<u>\$ -</u>

CITY OF HUNTINGBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Park & Rec Cash Change	Debt Reserve	Cumulative Sewer	Edit Curb And Gutter	Edit Projects	Tif 12 & 400W	Maintenance
Cash and investments - beginning	\$ 100	\$ 10,704	\$ 5,465	\$ 161,937	\$ -	\$ -	\$ 3,198
Receipts:							
Taxes	-	20,583	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	2,931	-	-	-	-	-
Charges for services	-	-	400	-	-	-	538
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	5,600	110,846	7,731	-
Total receipts	-	23,514	400	5,600	110,846	7,731	538
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	658	-	-	-	-
Other services and charges	-	-	-	46	110,846	-	-
Debt service - principal and interest	-	25,125	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	7,731	-
Total disbursements	-	25,125	658	46	110,846	7,731	-
Excess (deficiency) of receipts over disbursements	-	(1,611)	(258)	5,554	-	-	538
Cash and investments - ending	\$ 100	\$ 9,093	\$ 5,207	\$ 167,491	\$ -	\$ -	\$ 3,736

CITY OF HUNTINGBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Combined Utility	City Office	Consumer Meter Interest	Combined Utility Cash Change	Payroll	Electric Utility - Operating
Cash and investments - beginning	\$ 25,201	\$ -	\$ 1,227	\$ 2,000	\$ 105,714	\$ 4,240,763
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	<u>15,570,252</u>	<u>28,613</u>	<u>1,246</u>	<u>-</u>	<u>3,628,287</u>	<u>8,367,219</u>
Total receipts	<u>15,570,252</u>	<u>28,613</u>	<u>1,246</u>	<u>-</u>	<u>3,628,287</u>	<u>8,367,219</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	<u>15,486,813</u>	<u>28,613</u>	<u>1,227</u>	<u>-</u>	<u>3,565,858</u>	<u>7,772,204</u>
Total disbursements	<u>15,486,813</u>	<u>28,613</u>	<u>1,227</u>	<u>-</u>	<u>3,565,858</u>	<u>7,772,204</u>
Excess (deficiency) of receipts over disbursements	<u>83,439</u>	<u>-</u>	<u>19</u>	<u>-</u>	<u>62,429</u>	<u>595,015</u>
Cash and investments - ending	<u>\$ 108,640</u>	<u>\$ -</u>	<u>\$ 1,246</u>	<u>\$ 2,000</u>	<u>\$ 168,143</u>	<u>\$ 4,835,778</u>

CITY OF HUNTINGBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Electric Utility - Customer Deposit	Electric Cash Reserve	Electric - Impa	Wastewater Utility - Operating	Wastewater Util - Bond And Interest	Wastewater Utility - Customer Deposit
Cash and investments - beginning	\$ 77,250	\$ 1,603,500	\$ 1,783	\$ 58,341	\$ 129,312	\$ 43,615
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	30,850	26,000	6,466	1,898,660	123,472	15,840
Total receipts	30,850	26,000	6,466	1,898,660	123,472	15,840
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	26,825	175,000	-	1,894,632	122,660	14,560
Total disbursements	26,825	175,000	-	1,894,632	122,660	14,560
Excess (deficiency) of receipts over disbursements	4,025	(149,000)	6,466	4,028	812	1,280
Cash and investments - ending	\$ 81,275	\$ 1,454,500	\$ 8,249	\$ 62,369	\$ 130,124	\$ 44,895

CITY OF HUNTINGBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Wastewater Utility - Debt Reserve	Sewer Works Construction	Wastewater Bond & Interest Srf	Water Utility - Operating	Water Utility - Bond And Interest	Water Utility - Customer Deposit
Cash and investments - beginning	\$ 367,044	\$ 330,264	\$ 112,739	\$ 400,466	\$ 40,672	\$ 28,560
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	16,009	405	291,673	2,913,559	566,310	10,240
Total receipts	16,009	405	291,673	2,913,559	566,310	10,240
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	231,302	252,050	2,774,381	565,795	9,660
Total disbursements	-	231,302	252,050	2,774,381	565,795	9,660
Excess (deficiency) of receipts over disbursements	16,009	(230,897)	39,623	139,178	515	580
Cash and investments - ending	\$ 383,053	\$ 99,367	\$ 152,362	\$ 539,644	\$ 41,187	\$ 29,140

CITY OF HUNTINGBURG
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Water Utility - Debt Reserve	Water Capital Savings	Gas Utility - Operating	Gas Utility - Customer Deposit	Gas Cash Reserve	Totals
Cash and investments - beginning	\$ 707,531	\$ 100,000	\$ 1,923,878	\$ 60,640	\$ 225,000	\$ 20,910,372
Receipts:						
Taxes	-	-	-	-	-	2,979,387
Licenses and permits	-	-	-	-	-	34,594
Intergovernmental	-	-	-	-	-	2,277,373
Charges for services	-	-	-	-	-	173,300
Fines and forfeits	-	-	-	-	-	10,855
Other receipts	-	120,000	3,060,088	19,475	175,000	38,493,589
Total receipts	-	120,000	3,060,088	19,475	175,000	43,969,098
Disbursements:						
Personal services	-	-	-	-	-	2,268,954
Supplies	-	-	-	-	-	359,290
Other services and charges	-	-	-	-	-	798,530
Debt service - principal and interest	-	-	-	-	-	270,567
Capital outlay	-	-	-	-	-	646,971
Other disbursements	-	-	2,800,058	19,200	175,000	37,541,058
Total disbursements	-	-	2,800,058	19,200	175,000	41,885,370
Excess (deficiency) of receipts over disbursements	-	120,000	260,030	275	-	2,083,728
Cash and investments - ending	\$ 707,531	\$ 220,000	\$ 2,183,908	\$ 60,915	\$ 225,000	\$ 22,994,100

CITY OF HUNTINGBURG
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2012

Government or Enterprise	Accounts Payable	Accounts Receivable
Electric	\$ 990,039	\$ 176,941
Wastewater	94,017	58,069
Water	133,766	58,808
Gas	322,701	150,774
Governmental activities	<u>294,407</u>	<u>62,809</u>
Totals	<u>\$ 1,834,930</u>	<u>\$ 507,401</u>

CITY OF HUNTINGBURG
SCHEDULE OF LEASES AND DEBT
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Fifth Third Bank - Indiana Bond Bank	Fire Truck	\$ 55,336	04-21-06	10-21-15
Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year	
Governmental activities:				
General obligation bonds	Improvements to League Stadium	\$ 46,000	\$ 24,025	
Wastewater:				
SRF Loan	Wastewater Berm Project	1,100,000	75,410	
SRF Loan	Sanitary Sewer Project	1,684,000	215,836	
Revenue bonds	Additions and Improvements to the Huntingburg Sewage Works - Series A	1,385,000	100,325	
Revenue bonds	Additions and Improvements to the Huntingburg Sewage Works - Series B	<u>319,000</u>	<u>23,355</u>	
Total Wastewater		<u>4,488,000</u>	<u>414,926</u>	
Water:				
SRF Loan	Finance Water Quality and Drinking Water Projects	<u>4,430,000</u>	<u>64,235</u>	
Totals		<u>\$ 8,964,000</u>	<u>\$ 503,186</u>	

CITY OF HUNTINGBURG
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

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	2,428,436
Improvements other than buildings	9,302,558
Machinery, equipment, and vehicles	2,781,125
Total governmental activities	14,766,106
Electric:	
Land	169,827
Buildings	835,713
Improvements other than buildings	7,441,174
Machinery, equipment, and vehicles	2,786,471
Total Electric	11,233,185
Wastewater:	
Land	239,249
Buildings	1,429,280
Improvements other than buildings	14,344,661
Machinery, equipment, and vehicles	1,414,409
Total Wastewater	17,427,599
Water:	
Land	98,399
Buildings	5,415,247
Improvements other than buildings	7,428,348
Machinery, equipment, and vehicles	1,816,438
Construction in progress	36,056
Total Water	14,794,488
Gas:	
Land	25,862
Buildings	279,218
Improvements other than buildings	3,185,249
Machinery, equipment, and vehicles	767,278
Total Gas	4,257,607
Total capital assets	\$ 62,478,985

CITY OF HUNTINGBURG
EXAMINATION RESULTS AND COMMENTS

RECORD OF HOURS WORKED

Several officials and employees were paid salaries from more than one fund and/or department. A separate record showing which hours were worked for each position was not presented for examination.

Indiana Code 5-11-9-4 requires that records be maintained showing which hours are worked each day for employees employed by more than one political subdivision or in more than one position by the same public agency. This requirement can be met by indicating the number of hours worked on each Employee's Service Record, General Form No. 99A, and/or General Form No. 99B.

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

General Form 99A, Employees' Service Record

General Form 99B, Employee's Earnings Record

General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor.

(Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

A similar comment appeared in the prior report.

OPERATING FUNDS USED FOR CITY EXPENSES

The officials of the Electric, Water, Wastewater, and Gas Utilities used operating funds to pay for expenses related to the City as follows:

1. Cell phone stipends are paid out of the City Office Fund and are reimbursed by the various departments. While most of the cell phone stipends are paid out of the appropriate fund, the mayor, clerk-treasurer, planning director, and city office manager's cell phone stipend is divided the same way as their payroll; however, there is no documented basis for the proration of salaries. The prorations do not appear to fairly represent the expenses of the utilities.

CITY OF HUNTINGBURG
EXAMINATION RESULTS AND COMMENTS
(Continued)

2. Expenses related to the clerk-treasurer's office, such as travel, training, and office supplies, are paid 20 percent from the City with the remaining 80 percent paid from the four utilities.
3. Utility expenses for the City Office Building and the City Office Garage are paid 20 percent out of City Funds and the remaining 80 percent is paid out of the four utilities.
4. The Electric, Water, and Gas Utilities paid the mowing expenses for the City Office Building, Police Station, Fire Stations, and Old Town Hall.

There was no documentation to support the calculation of the percentages used for prorating expenses. The expenses, indicated above, do not appear to be fairly prorated and result in the utilities paying more than their fair share of these expenses. Also, 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 2012 that amounted to \$175,000 from the Electric Utility and \$175,000 from the Gas Utility.

Indiana Code 8-1.5-3-11(d) states in part: ". . . transfers may not be made from any utility funds to the general fund except from the cash reserve fund."

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.

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

A similar comment appeared in the prior report.

CITY OF HUNTINGBURG
EXIT CONFERENCE

The contents of this report were discussed on September 11, 2013, with Dennis W. Spinner, Mayor; Thomas A. Dippel, Clerk-Treasurer; and Amy D. Lehr, President of the Common Council. The officials concurred with our findings.