

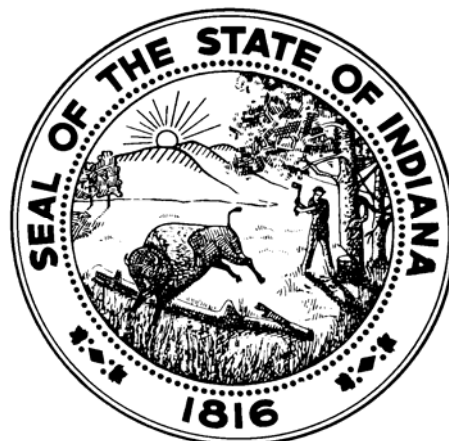
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

ANNUAL FINANCIAL REPORT

2005

CITY OF HUNTINGTON

HUNTINGTON COUNTY, INDIANA



**FILED**  
08/21/2006



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### SCHEDULE OF OFFICIALS

| <u>Office</u>                                            | <u>Official</u>                        | <u>Term</u>                                  |
|----------------------------------------------------------|----------------------------------------|----------------------------------------------|
| Clerk-Treasurer                                          | Pamela J. Updike                       | 01-01-04 to 12-31-07                         |
| Mayor                                                    | Terry R. Abbett                        | 01-01-04 to 12-31-07                         |
| President of the Board of<br>Public Works and Safety     | Terry R. Abbett                        | 01-01-04 to 12-31-07                         |
| President of the Common Council                          | Ervin R. Ebersole                      | 01-01-05 to 12-31-06                         |
| Superintendent of Water Utility<br>Plant<br>Distribution | Darold L. Harlan, Jr.<br>Owen L. Kirby | 01-01-05 to 12-31-06<br>01-01-05 to 12-31-06 |
| Superintendent of Wastewater Utility                     | Collin E. Bullock                      | 01-01-05 to 12-31-06                         |
| Utility Office Manager                                   | Todd A. Slusser                        | 01-01-05 to 12-31-06                         |



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE CITY OF HUNTINGTON, HUNTINGTON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huntington (City), as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the City prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2005, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated August 2, 2006, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

The Schedules of Funding Progress and Schedule of Contributions From the Employer and Other Contributing Entities as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

STATE BOARD OF ACCOUNTS

August 2, 2006



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE CITY OF HUNTINGTON, HUNTINGTON COUNTY, INDIANA

We have audited the financial statements of the City of Huntington (City), as of and for the year ended December 31, 2005, and have issued our report thereon dated August 2, 2006. 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.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 2, 2006

CITY OF HUNTINGTON  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2005

| Functions/Programs                                              | Program Receipts     |                         |                                          |                                        | Net (Disbursements) Receipts<br>and Changes in Net Assets |                             |                      |
|-----------------------------------------------------------------|----------------------|-------------------------|------------------------------------------|----------------------------------------|-----------------------------------------------------------|-----------------------------|----------------------|
|                                                                 | Disbursements        | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                                | Business-Type<br>Activities | Total                |
| Primary government:                                             |                      |                         |                                          |                                        |                                                           |                             |                      |
| Governmental activities:                                        |                      |                         |                                          |                                        |                                                           |                             |                      |
| General government                                              | \$ 5,537,095         | \$ 1,559,198            | \$ 22,628                                | \$ 69,110                              | \$ (3,886,159)                                            | \$ -                        | \$ (3,886,159)       |
| Public safety                                                   | 4,401,254            | 68,082                  | 74,257                                   | 28,525                                 | (4,230,390)                                               | -                           | (4,230,390)          |
| Highways and streets                                            | 1,781,600            | 35,072                  | 562,945                                  | 92,265                                 | (1,091,318)                                               | -                           | (1,091,318)          |
| Sanitation                                                      | 763,022              | 150,388                 | 23,128                                   | -                                      | (589,506)                                                 | -                           | (589,506)            |
| Health and welfare                                              | 80,500               | -                       | -                                        | -                                      | (80,500)                                                  | -                           | (80,500)             |
| Culture and recreation                                          | 1,153,736            | 95,484                  | 51,284                                   | 366,992                                | (639,976)                                                 | -                           | (639,976)            |
| Economic development                                            | 694,487              | 24,143                  | -                                        | 633,391                                | (36,953)                                                  | -                           | (36,953)             |
| Interest on long-term debt                                      | 296,513              | -                       | -                                        | -                                      | (296,513)                                                 | -                           | (296,513)            |
| Total governmental activities                                   | <u>14,708,207</u>    | <u>1,932,367</u>        | <u>734,242</u>                           | <u>1,190,283</u>                       | <u>(10,851,315)</u>                                       | <u>-</u>                    | <u>(10,851,315)</u>  |
| Business-type activities:                                       |                      |                         |                                          |                                        |                                                           |                             |                      |
| Water                                                           | 2,197,748            | 2,096,644               | -                                        | -                                      | -                                                         | (101,104)                   | (101,104)            |
| Wastewater                                                      | 2,977,843            | 3,182,748               | -                                        | -                                      | -                                                         | 204,905                     | 204,905              |
| Total business-type activities                                  | <u>5,175,591</u>     | <u>5,279,392</u>        | <u>-</u>                                 | <u>-</u>                               | <u>-</u>                                                  | <u>103,801</u>              | <u>103,801</u>       |
| Total primary government                                        | <u>\$ 19,883,798</u> | <u>\$ 7,211,759</u>     | <u>\$ 734,242</u>                        | <u>\$ 1,190,283</u>                    | <u>(10,851,315)</u>                                       | <u>103,801</u>              | <u>(10,747,514)</u>  |
| General receipts:                                               |                      |                         |                                          |                                        |                                                           |                             |                      |
| Property taxes                                                  |                      |                         |                                          |                                        | 8,319,042                                                 | -                           | 8,319,042            |
| Other local sources                                             |                      |                         |                                          |                                        | 2,529,828                                                 | -                           | 2,529,828            |
| Grants and contributions not restricted<br>to specific programs |                      |                         |                                          |                                        | 174,540                                                   | -                           | 174,540              |
| Unrestricted investment earnings                                |                      |                         |                                          |                                        | 234,941                                                   | 56,403                      | 291,344              |
| Total general receipts                                          |                      |                         |                                          |                                        | <u>11,258,351</u>                                         | <u>56,403</u>               | <u>11,314,754</u>    |
| Change in net assets                                            |                      |                         |                                          |                                        | 407,036                                                   | 160,204                     | 567,240              |
| Net assets - beginning                                          |                      |                         |                                          |                                        | <u>8,541,885</u>                                          | <u>1,842,208</u>            | <u>10,384,093</u>    |
| Net assets - ending                                             |                      |                         |                                          |                                        | <u>\$ 8,948,921</u>                                       | <u>\$ 2,002,412</u>         | <u>\$ 10,951,333</u> |
| <u>Assets</u>                                                   |                      |                         |                                          |                                        |                                                           |                             |                      |
| Cash and investments                                            |                      |                         |                                          |                                        | \$ 2,951,396                                              | \$ 632,509                  | \$ 3,583,905         |
| Restricted assets:                                              |                      |                         |                                          |                                        |                                                           |                             |                      |
| Cash and investments                                            |                      |                         |                                          |                                        | <u>5,997,525</u>                                          | <u>1,369,903</u>            | <u>7,367,428</u>     |
| Total assets                                                    |                      |                         |                                          |                                        | <u>\$ 8,948,921</u>                                       | <u>\$ 2,002,412</u>         | <u>\$ 10,951,333</u> |
| <u>Net Assets</u>                                               |                      |                         |                                          |                                        |                                                           |                             |                      |
| Restricted for:                                                 |                      |                         |                                          |                                        |                                                           |                             |                      |
| Highways and streets                                            |                      |                         |                                          |                                        | \$ 540,753                                                | \$ -                        | \$ 540,753           |
| Culture and recreation                                          |                      |                         |                                          |                                        | 323,967                                                   | -                           | 323,967              |
| Debt service                                                    |                      |                         |                                          |                                        | 3,852,033                                                 | 1,105,299                   | 4,957,332            |
| Other purposes                                                  |                      |                         |                                          |                                        | 1,280,772                                                 | 264,604                     | 1,545,376            |
| Unrestricted                                                    |                      |                         |                                          |                                        | <u>2,951,396</u>                                          | <u>632,509</u>              | <u>3,583,905</u>     |
| Total net assets                                                |                      |                         |                                          |                                        | <u>\$ 8,948,921</u>                                       | <u>\$ 2,002,412</u>         | <u>\$ 10,951,333</u> |

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

CITY OF HUNTINGTON  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2005

|                                                                                                                                                                                                                                                                               | General             | Tax Increment<br>Financing<br>Phase V | Other<br>Governmental<br>Funds | Totals              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------------------------|--------------------------------|---------------------|
| Receipts:                                                                                                                                                                                                                                                                     |                     |                                       |                                |                     |
| Taxes                                                                                                                                                                                                                                                                         | \$ 5,673,184        | \$ 913,200                            | \$ 1,732,658                   | \$ 8,319,042        |
| Special assessments                                                                                                                                                                                                                                                           | -                   | -                                     | 30,552                         | 30,552              |
| Licenses and permits                                                                                                                                                                                                                                                          | 4,888               | -                                     | 7,510                          | 12,398              |
| Intergovernmental                                                                                                                                                                                                                                                             | 2,613,793           | -                                     | 1,905,123                      | 4,518,916           |
| Charges for services                                                                                                                                                                                                                                                          | 126,233             | -                                     | 385,155                        | 511,388             |
| Fines and forfeits                                                                                                                                                                                                                                                            | 20,990              | -                                     | 14,193                         | 35,183              |
| Other                                                                                                                                                                                                                                                                         | 265,358             | -                                     | 147,965                        | 413,323             |
|                                                                                                                                                                                                                                                                               | <u>8,704,446</u>    | <u>913,200</u>                        | <u>4,223,156</u>               | <u>13,840,802</u>   |
| Total receipts                                                                                                                                                                                                                                                                |                     |                                       |                                |                     |
| Disbursements:                                                                                                                                                                                                                                                                |                     |                                       |                                |                     |
| General government                                                                                                                                                                                                                                                            | 3,530,635           | -                                     | 420,630                        | 3,951,265           |
| Public safety                                                                                                                                                                                                                                                                 | 4,333,824           | -                                     | 56,119                         | 4,389,943           |
| Highways and streets                                                                                                                                                                                                                                                          | 757,140             | -                                     | 694,163                        | 1,451,303           |
| Sanitation                                                                                                                                                                                                                                                                    | 247,200             | -                                     | 459,389                        | 706,589             |
| Health and welfare                                                                                                                                                                                                                                                            | 80,500              | -                                     | -                              | 80,500              |
| Culture and recreation                                                                                                                                                                                                                                                        | 35,000              | -                                     | 792,061                        | 827,061             |
| Economic development                                                                                                                                                                                                                                                          | 13,650              | -                                     | 134,584                        | 148,234             |
| Debt service:                                                                                                                                                                                                                                                                 |                     |                                       |                                |                     |
| Principal                                                                                                                                                                                                                                                                     | -                   | -                                     | 918,000                        | 918,000             |
| Interest                                                                                                                                                                                                                                                                      | -                   | -                                     | 296,513                        | 296,513             |
| Capital outlay:                                                                                                                                                                                                                                                               |                     |                                       |                                |                     |
| General government                                                                                                                                                                                                                                                            | -                   | -                                     | 163,816                        | 163,816             |
| Public safety                                                                                                                                                                                                                                                                 | -                   | -                                     | 11,311                         | 11,311              |
| Highways and streets                                                                                                                                                                                                                                                          | -                   | -                                     | 87,064                         | 87,064              |
| Sanitation                                                                                                                                                                                                                                                                    | -                   | -                                     | 6,433                          | 6,433               |
| Culture and recreation                                                                                                                                                                                                                                                        | -                   | -                                     | 326,675                        | 326,675             |
| Economic development                                                                                                                                                                                                                                                          | -                   | -                                     | 61,253                         | 61,253              |
|                                                                                                                                                                                                                                                                               | <u>8,997,949</u>    | <u>-</u>                              | <u>4,428,011</u>               | <u>13,425,960</u>   |
| Total disbursements                                                                                                                                                                                                                                                           |                     |                                       |                                |                     |
| Excess (deficiency) of revenue<br>over (under) disbursements                                                                                                                                                                                                                  | <u>(293,503)</u>    | <u>913,200</u>                        | <u>(204,855)</u>               | <u>414,842</u>      |
| Other financing sources (uses)                                                                                                                                                                                                                                                |                     |                                       |                                |                     |
| Other receipts                                                                                                                                                                                                                                                                | -                   | -                                     | 621                            | 621                 |
| Transfers in                                                                                                                                                                                                                                                                  | -                   | -                                     | 821,783                        | 821,783             |
| Transfers out                                                                                                                                                                                                                                                                 | (26,033)            | (312,689)                             | (483,061)                      | (821,783)           |
| Other disbursements                                                                                                                                                                                                                                                           | -                   | -                                     | (40,233)                       | (40,233)            |
|                                                                                                                                                                                                                                                                               | <u>(26,033)</u>     | <u>(312,689)</u>                      | <u>299,110</u>                 | <u>(39,612)</u>     |
| Total other financing sources (uses)                                                                                                                                                                                                                                          |                     |                                       |                                |                     |
| Excess (deficiency) of receipts and other<br>financing sources over (under) disbursements<br>and other financing uses                                                                                                                                                         | <u>(319,536)</u>    | <u>600,511</u>                        | <u>94,255</u>                  | <u>375,230</u>      |
| Cash and investment fund balance - beginning                                                                                                                                                                                                                                  | <u>2,403,793</u>    | <u>1,532,574</u>                      | <u>4,616,924</u>               | <u>8,553,291</u>    |
| Cash and investment fund balance - ending                                                                                                                                                                                                                                     | <u>\$ 2,084,257</u> | <u>\$ 2,133,085</u>                   | <u>\$ 4,711,179</u>            | <u>\$ 8,928,521</u> |
| Amounts reported for governmental activities in the Statement of Activities and Net Assets -<br>Cash and Investment Basis are different because:                                                                                                                              |                     |                                       |                                |                     |
| Internal services funds are used by management to charge the costs of certain services<br>to individual funds. The assets of the internal service funds are included in governmental<br>activities in the Statement of Activities and Net Assets - Cash and Investment Basis. |                     |                                       |                                | <u>20,400</u>       |
| Net assets of governmental activities                                                                                                                                                                                                                                         |                     |                                       |                                | <u>\$ 8,948,921</u> |
| <u>Cash and Investment Assets - December 31</u>                                                                                                                                                                                                                               |                     |                                       |                                |                     |
| Cash and investments                                                                                                                                                                                                                                                          | \$ 2,084,257        | \$ -                                  | \$ 846,739                     | \$ 2,930,996        |
| Restricted assets:                                                                                                                                                                                                                                                            |                     |                                       |                                |                     |
| Cash and investments                                                                                                                                                                                                                                                          | -                   | 2,133,085                             | 3,864,440                      | 5,997,525           |
| Total cash and investment assets - December 31                                                                                                                                                                                                                                | <u>\$ 2,084,257</u> | <u>\$ 2,133,085</u>                   | <u>\$ 4,711,179</u>            | <u>\$ 8,928,521</u> |
| <u>Cash and Investment Fund Balance - December 31</u>                                                                                                                                                                                                                         |                     |                                       |                                |                     |
| Restricted for:                                                                                                                                                                                                                                                               |                     |                                       |                                |                     |
| Highways and streets                                                                                                                                                                                                                                                          | \$ -                | \$ -                                  | \$ 540,753                     | \$ 540,753          |
| Culture and recreation                                                                                                                                                                                                                                                        | -                   | -                                     | 323,967                        | 323,967             |
| Debt service                                                                                                                                                                                                                                                                  | -                   | 2,133,085                             | 1,718,948                      | 3,852,033           |
| Other purposes                                                                                                                                                                                                                                                                | -                   | -                                     | 1,280,772                      | 1,280,772           |
| Unrestricted                                                                                                                                                                                                                                                                  | <u>2,084,257</u>    | <u>-</u>                              | <u>846,739</u>                 | <u>2,930,996</u>    |
| Total cash and investment fund balance - December 31                                                                                                                                                                                                                          | <u>\$ 2,084,257</u> | <u>\$ 2,133,085</u>                   | <u>\$ 4,711,179</u>            | <u>\$ 8,928,521</u> |

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

CITY OF HUNTINGTON  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2005

|                                                                                                         | Water<br>Utility  | Wastewater<br>Utility | Total               | Internal<br>Service<br>Funds |
|---------------------------------------------------------------------------------------------------------|-------------------|-----------------------|---------------------|------------------------------|
| Operating receipts:                                                                                     |                   |                       |                     |                              |
| Receipts from customers and users                                                                       | \$ 2,096,644      | \$ 3,181,531          | \$ 5,278,175        | \$ -                         |
| Employer/employee contributions                                                                         | -                 | -                     | -                   | 1,273,186                    |
| Interfund services provided                                                                             | -                 | 1,217                 | 1,217               | -                            |
|                                                                                                         | <u>2,096,644</u>  | <u>3,182,748</u>      | <u>5,279,392</u>    | <u>1,273,186</u>             |
| Total operating receipts                                                                                |                   |                       |                     |                              |
| Operating disbursements:                                                                                |                   |                       |                     |                              |
| Payments to suppliers and contractors                                                                   | 827,002           | 658,498               | 1,485,500           | -                            |
| Payments to employees                                                                                   | 1,038,172         | 1,123,385             | 2,161,557           | -                            |
| Equipment and capital improvements                                                                      | 304,437           | 198,748               | 503,185             | -                            |
| Interfund services used                                                                                 | 1,217             | -                     | 1,217               | -                            |
| Insurance disbursements                                                                                 | -                 | -                     | -                   | 1,242,014                    |
|                                                                                                         | <u>2,170,828</u>  | <u>1,980,631</u>      | <u>4,151,459</u>    | <u>1,242,014</u>             |
| Total operating disbursements                                                                           |                   |                       |                     |                              |
| Excess (deficiency) of operating receipts<br>over (under) operating disbursements                       | <u>(74,184)</u>   | <u>1,202,117</u>      | <u>1,127,933</u>    | <u>31,172</u>                |
| Nonoperating receipts (disbursements):                                                                  |                   |                       |                     |                              |
| Interest receipts                                                                                       | 27,719            | 28,684                | 56,403              | 634                          |
| Debt service of principal                                                                               | (24,306)          | (595,338)             | (619,644)           | -                            |
| Interest disbursements                                                                                  | (2,614)           | (401,874)             | (404,488)           | -                            |
|                                                                                                         | <u>799</u>        | <u>(968,528)</u>      | <u>(967,729)</u>    | <u>634</u>                   |
| Total nonoperating receipts (disbursements)                                                             |                   |                       |                     |                              |
| Excess (deficiency) of receipts over (under) disbursements<br>and nonoperating receipts (disbursements) | <u>(73,385)</u>   | <u>233,589</u>        | <u>160,204</u>      | <u>31,806</u>                |
| Cash and investment fund balance - beginning                                                            | <u>612,760</u>    | <u>1,229,448</u>      | <u>1,842,208</u>    | <u>(11,406)</u>              |
| Cash and investment fund balance - ending                                                               | <u>\$ 539,375</u> | <u>\$ 1,463,037</u>   | <u>\$ 2,002,412</u> | <u>\$ 20,400</u>             |
| <u>Cash and Investment Assets - December 31</u>                                                         |                   |                       |                     |                              |
| Cash and investments                                                                                    | \$ 274,771        | \$ 357,738            | \$ 632,509          | \$ 20,400                    |
| Restricted assets:                                                                                      |                   |                       |                     |                              |
| Cash and investments                                                                                    | <u>264,604</u>    | <u>1,105,299</u>      | <u>1,369,903</u>    | <u>-</u>                     |
| Total cash and investment assets - December 31                                                          | <u>\$ 539,375</u> | <u>\$ 1,463,037</u>   | <u>\$ 2,002,412</u> | <u>\$ 20,400</u>             |
| <u>Cash and Investment Fund Balance - December 31</u>                                                   |                   |                       |                     |                              |
| Restricted for:                                                                                         |                   |                       |                     |                              |
| Debt service                                                                                            | \$ -              | \$ 1,105,299          | \$ 1,105,299        | \$ -                         |
| Other purposes                                                                                          | 264,604           | -                     | 264,604             | -                            |
| Unrestricted                                                                                            | <u>274,771</u>    | <u>357,738</u>        | <u>632,509</u>      | <u>20,400</u>                |
| Total cash and investment fund balance - December 31                                                    | <u>\$ 539,375</u> | <u>\$ 1,463,037</u>   | <u>\$ 2,002,412</u> | <u>\$ 20,400</u>             |

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

CITY OF HUNTINGTON  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2005

|                                                                         | <u>Pension<br/>Trust Funds</u> | <u>Private-Purpose<br/>Trust Funds</u> | <u>Agency<br/>Funds</u> |
|-------------------------------------------------------------------------|--------------------------------|----------------------------------------|-------------------------|
| Additions:                                                              |                                |                                        |                         |
| Contributions:                                                          |                                |                                        |                         |
| Employer                                                                | \$ 664,511                     | \$ -                                   | \$ -                    |
| Plan members                                                            | 15,662                         | -                                      | -                       |
| State                                                                   | 787,645                        | -                                      | -                       |
| Other                                                                   | <u>3,187</u>                   | <u>38,256</u>                          | <u>-</u>                |
| Total contributions                                                     | <u>1,471,005</u>               | <u>38,256</u>                          | <u>-</u>                |
| Agency fund additions                                                   | <u>-</u>                       | <u>-</u>                               | <u>11,248,592</u>       |
| Total additions                                                         | <u>1,471,005</u>               | <u>38,256</u>                          | <u>11,248,592</u>       |
| Deductions:                                                             |                                |                                        |                         |
| Benefits                                                                | 1,533,676                      | -                                      | -                       |
| Administrative and general                                              | 6,948                          | 27,564                                 | -                       |
| Agency fund deductions                                                  | <u>-</u>                       | <u>-</u>                               | <u>11,249,446</u>       |
| Total deductions                                                        | <u>1,540,624</u>               | <u>27,564</u>                          | <u>11,249,446</u>       |
| Excess (deficiency) of total additions<br>over (under) total deductions | (69,619)                       | 10,692                                 | (854)                   |
| Cash and investment fund balance - beginning                            | <u>1,010,156</u>               | <u>13,187</u>                          | <u>83,743</u>           |
| Cash and investment fund balance - ending                               | <u>\$ 940,537</u>              | <u>\$ 23,879</u>                       | <u>\$ 82,889</u>        |

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

CITY OF HUNTINGTON  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

The City's financial reporting entity is composed of the primary government, the City of Huntington.

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

The tax increment financing phase V fund accounts for financial resources from property taxes to be used for improvements for the tax increment financing district.

The City reports the following major proprietary funds:

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

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations and collection systems.

CITY OF HUNTINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Additionally, the City reports the following fund types:

The internal service fund accounts for health insurance provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the 1925 police and 1937 fire pension funds, which accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the citizens of the City.

Agency funds account for assets held by the City as an agent for the City and serve as control of accounts for certain cash transactions during the time they are a liability to the City.

C. Measurement Focus and Basis of Accounting

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

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

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

CITY OF HUNTINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

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

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

It is the City's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

CITY OF HUNTINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Operating Receipts and Disbursements

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds).

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

On or before August 31, the fiscal officer of the City submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the City receives approval of the Indiana Department of Local Government Finance.

CITY OF HUNTINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The City's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds; and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13.

Investment Policies

Indiana Code 5-13-9 authorizes the City to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the unit to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of or interest in an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise; or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of or interest in an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

CITY OF HUNTINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Additionally, the City may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the unit's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City must follow state statute and limit the stated final maturities of the investments to no more than two years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The City does not have a formal policy in regards to foreign currency risk.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2005, were as follows:

| Transfer From                        | Transfer To        | 2005       |
|--------------------------------------|--------------------|------------|
| General Fund                         | Other governmental | \$ 26,033  |
| Tax Increment Financing Phase V Fund | Other governmental | 312,689    |
| Other governmental                   | Other governmental | 483,061    |
| Total                                |                    | \$ 821,783 |

CITY OF HUNTINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The City typically uses transfers to fund ongoing operating subsidies and to transfer the portion of state-shared revenues from the General Fund to the debt service fund for current-year debt service requirements.

C. Segment Information

The City issued revenue bonds to finance major improvements. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment. Summary financial information for the wastewater utility is presented below.

|                                                                                                      |                  |
|------------------------------------------------------------------------------------------------------|------------------|
| Condensed statement of cash and investment net assets:                                               | 2005             |
| Cash and investment assets:                                                                          |                  |
| Cash and investments                                                                                 | \$ 357,738       |
| Restricted assets                                                                                    | 1,105,299        |
| <br>Total cash and investment assets                                                                 | <br>\$ 1,463,037 |
| <br>Cash and investment net assets:                                                                  |                  |
| Restricted for:                                                                                      |                  |
| Debt Service                                                                                         | \$ 1,105,299     |
| Unrestricted                                                                                         | 357,738          |
| <br>Total cash and investment net assets                                                             | <br>\$ 1,463,037 |
| <br>Condensed statement of receipts, disbursements and changes<br>in cash and investment net assets: |                  |
| Receipts (pledged against bond)                                                                      | \$ 3,182,748     |
| Operating disbursements                                                                              | (1,980,631)      |
| Excess of receipts over disbursements                                                                | 1,202,117        |
| <br>Nonoperating receipts (disbursements):                                                           |                  |
| Interest received                                                                                    | 28,684           |
| Debt service of principal                                                                            | (595,338)        |
| Interest disbursed                                                                                   | (401,874)        |
| Total nonoperating receipts (disbursements)                                                          | (968,528)        |
| Excess of receipts over disbursements and<br>nonoperating receipts (disbursements)                   | 233,589          |
| <br>Beginning cash and investment net assets                                                         | <br>1,229,448    |
| <br>Ending cash and investment net assets                                                            | <br>\$ 1,463,037 |

CITY OF HUNTINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees

The City has chosen to establish a risk financing fund for risks associated with medical benefits to employees. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$60,000 to \$200,000 per year, depending on the individual. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

Job Related Illnesses or Injuries to Employees

During 2002, the City joined the Indiana Public Employers' Plan Inc., a public entity risk pool currently operating as a common risk management and insurance program for approximately 350 member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of job related illnesses or injuries to employees. The City pays an annual premium to the risk pool for its job related illnesses or injuries to employees coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$1,000,000 limit.

B. Holding Corporation

The City has entered into a capital lease with Huntington NFP Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the City. The lessor has been determined to be a related party of the City. Lease payments during the year totaled \$198,500.

C. Subsequent Events

On April 26, 2006, the City entered into a capital lease agreement for \$744,041 to purchase a new fire truck. The lease matures on August 15, 2015, at an annual interest rate of 4.566%.

CITY OF HUNTINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Loans Receivable

| Borrower                    | Interest Rates | Amount     |
|-----------------------------|----------------|------------|
| DK Enterprises              | 2.64%          | \$ 25,000  |
| Baker Properties            | 2.28%          | 60,000     |
| Residential Rehabilitations | 3.00%          | 30,988     |
| Total                       |                | \$ 115,988 |

E. Rate Structure – Enterprise Funds

Water Utility

On May 14, 1991, the City Council adopted Ordinance No. 9-C-91 to withdraw from the jurisdiction of the Indiana Utility Regulatory Commission. The current rate structure was approved by the Common Council on September 14, 2004.

Wastewater Utility

The current rate structure was approved by the City Council on October 26, 2004.

F. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. Public Employees' Retirement Fund

Plan Description

The City contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

CITY OF HUNTINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the City and the Utilities is not available.

b. 1925 Police Officers' Pension Plan

Plan Description

The City contributes to the 1925 Police Officers' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-6). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute. The City's annual pension cost and related information as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

c. 1937 Firefighters' Pension Plan

Plan Description

The City contributes to the 1937 Firefighters' Pension Plan, which is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by the plan administrator, as provided by state statute. The plan administrator does not issue a publicly available financial report that includes financial statements and required supplementary information of the plan.

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute. The City's annual pension cost and related information, as provided by the actuary, is presented in this note.

The use of the pay-as-you-go actuarial cost method by the City results in significant underfunding of the plan. Therefore, the Net Pension Obligation (NPO) is not reflected in the financial statements of the pension trust funds.

CITY OF HUNTINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plans

|                                               | PERF        | 1925 Police<br>Officers'<br>Pension | 1937<br>Firefighters'<br>Pension |
|-----------------------------------------------|-------------|-------------------------------------|----------------------------------|
| Annual required contribution                  | \$ 198,542  | \$ 1,388,900                        | \$ 1,567,800                     |
| Interest on net pension obligation            | (463)       | 241,500                             | 246,100                          |
| Adjustment to annual required contribution    | 527         | (403,000)                           | (410,600)                        |
| Annual pension cost                           | 198,606     | 1,227,400                           | 1,403,300                        |
| Contributions made                            | 212,584     | 364,663                             | 497,255                          |
| Increase (decrease) in net pension obligation | (13,978)    | 862,737                             | 906,045                          |
| Net pension obligation, beginning of year     | (6,383)     | 3,578,426                           | 3,646,473                        |
| Net pension obligation, end of year           | \$ (20,361) | \$ 4,441,163                        | \$ 4,552,518                     |

|                                    | PERF                                                              | 1925 Police<br>Officers'<br>Pension                             | 1937<br>Firefighters'<br>Pension                                |
|------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|
| Contribution rates:                |                                                                   |                                                                 |                                                                 |
| City                               | 5.75%                                                             | 553%                                                            | 749%                                                            |
| Plan members                       | 3%                                                                | 6%                                                              | 6%                                                              |
| Actuarial valuation date           | 07-01-05                                                          | 01-01-04                                                        | 01-01-04                                                        |
| Actuarial cost method              | Entry age                                                         | Entry age                                                       | Entry age                                                       |
| Amortization method                | Level percentage<br>of projected<br>payroll, closed<br>40 years   | Level percentage<br>of projected<br>payroll, closed<br>30 years | Level percentage<br>of projected<br>payroll, closed<br>30 years |
| Amortization period<br>(from date) | 07-01-97                                                          | 01-01-05                                                        | 01-01-05                                                        |
| Asset valuation method             | 75% of expected<br>actuarial value<br>plus 25% of<br>market value | 4 year phase in<br>of unrealized and<br>realized capital        | 4 year phase in<br>of unrealized and<br>realized capital        |

Actuarial Assumptions

|                                    |       |          |          |
|------------------------------------|-------|----------|----------|
| Investment rate of return          | 7.25% | 6%       | 6%       |
| Projected future salary increases: |       |          |          |
| Total                              | 5%    | 4%       | 4%       |
| Attributed to inflation            | 4%    | 4%       | 4%       |
| Attributed to merit/seniority      | 1%    | 0%       | 0%       |
| Cost-of-living adjustments         | 2%    | 2.75/4%* | 2.75/4%* |

\*2.75% converted members; 4% nonconverted members

CITY OF HUNTINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

|                                       | Year<br>Ending | Annual<br>Pension Cost<br>(APC) | Percentage<br>of APC<br>Contributed | Net<br>Pension<br>Obligation |
|---------------------------------------|----------------|---------------------------------|-------------------------------------|------------------------------|
| PERF                                  | 06-30-03       | \$ 244,699                      | 77%                                 | \$ 737                       |
|                                       | 06-30-04       | 195,645                         | 104%                                | (6,383)                      |
|                                       | 06-30-05       | 198,606                         | 109%                                | (20,361)                     |
| 1925 Police Officers'<br>Pension Plan | 12-31-01       | 1,255,300                       | 81%                                 | 3,366,733                    |
|                                       | 12-31-02       | 1,165,600                       | 82%                                 | 3,578,426                    |
|                                       | 12-31-03       | 1,227,400                       | 30%                                 | 4,441,163                    |
| 1937 Firefighters'<br>Pension Plan    | 12-31-01       | 1,464,300                       | 93%                                 | 3,515,405                    |
|                                       | 12-31-02       | 1,395,700                       | 91%                                 | 3,646,473                    |
|                                       | 12-31-03       | 1,403,300                       | 35%                                 | 4,552,518                    |

Membership in the 1925 Police Officers' Pension Plan and the 1937 Firefighters' Pension Plan at January 1, 2005, was comprised of the following:

|                                                                 | 1925 Police<br>Officers'<br>Pension | 1937<br>Firefighters'<br>Pension |
|-----------------------------------------------------------------|-------------------------------------|----------------------------------|
| Retirees and beneficiaries currently receiving benefits         | 30                                  | 37                               |
| Terminated employees entitled to but not yet receiving benefits | -                                   | -                                |
| Current active employees                                        | 7                                   | 1                                |

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plans

1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The City contributes to the 1977 Police Officers' and Firefighters' Pension and Disability Fund, a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting and requirements for contributions by employers and by employees. Covered employees may retire at age 55 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 55. The plan also provides for death and disability benefits.

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:

CITY OF HUNTINGTON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Funding Policy and Annual Pension Costs

Plan members are required to contribute 6% of the first-class police officers' and firefighters' salary and the City is to contribute at an actuarially determined rate. The current rate, which has not changed since the inception of the plan, is 21% of the first-class police officers' and firefighters' salary. The contribution requirements of plan members and the City are established by the Board of Trustees of PERF. The City's contributions to the plan for the years ending December 31, 2005, 2004, and 2003, were \$590,339, \$574,870, and \$541,084, respectively, equal to the required contributions for each year.

G. Municipal Landfill Closure and Postclosure Care Costs

State and Federal laws and regulations require the City to place a final cover on its municipal landfill when it stops accepting solid waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste. The City has estimated the cost of closure and postclosure care to be \$590,038. These amounts are based on what it would cost to perform all closure and postclosure cost in 2003. The City expects to close the landfill in 2046. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The City prepares its financial statements on the prescribed basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. Therefore, the liability for estimated closure and postclosure care costs attributed to the current year's operations as required by Statement Number 18 of the Governmental Accounting Standards Board has not been computed.

The City has established financial responsibility for closure and postclosure costs for units of government as required by statute.

CITY OF HUNTINGTON  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (a-b) | Funded Ratio (a/b) | Covered Payroll (c) | Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c) |
|--------------------------|-------------------------------|---------------------------------------|--------------------|--------------------|---------------------|-----------------------------------------------------------|
| 07-01-03                 | \$ 3,649,709                  | \$ 4,068,975                          | \$ (419,266)       | 90%                | \$ 3,827,312        | (11%)                                                     |
| 07-01-04                 | 3,716,849                     | 4,268,061                             | (551,212)          | 87%                | 3,561,407           | (15%)                                                     |
| 07-01-05                 | 3,885,195                     | 4,576,809                             | (691,614)          | 85%                | 3,488,256           | (20%)                                                     |

1925 Police Officers' Pension Plan

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (a-b) | Funded Ratio (a/b) | Covered Payroll (c) | Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c) |
|--------------------------|-------------------------------|---------------------------------------|--------------------|--------------------|---------------------|-----------------------------------------------------------|
| 01-01-99                 | \$ 90,441                     | \$ 12,338,200                         | \$ (12,247,759)    | 1%                 | \$ 320,700          | (3,819%)                                                  |
| 01-01-00                 | 111,499                       | 12,101,500                            | (11,990,001)       | 1%                 | 260,700             | (4,599%)                                                  |
| 01-01-01                 | 181,419                       | 12,904,800                            | (12,723,381)       | 1%                 | 269,800             | (4,716%)                                                  |
| 01-01-02                 | 603,791                       | 11,797,000                            | (11,193,209)       | 5%                 | 276,700             | (4,045%)                                                  |
| 01-01-03                 | 963,561                       | 11,893,300                            | (10,929,739)       | 8%                 | 284,500             | (3,842%)                                                  |
| 01-01-04                 | 717,997                       | 11,580,900                            | (10,862,903)       | 6%                 | 251,100             | (4,326%)                                                  |

1937 Firefighters' Pension Plan

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (a-b) | Funded Ratio (a/b) | Covered Payroll (c) | Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c) |
|--------------------------|-------------------------------|---------------------------------------|--------------------|--------------------|---------------------|-----------------------------------------------------------|
| 01-01-99                 | \$ 110,159                    | \$ 15,229,500                         | \$ (15,119,341)    | 1%                 | \$ 249,400          | (6,062%)                                                  |
| 01-01-00                 | 116,672                       | 15,383,400                            | (15,266,728)       | 1%                 | 223,500             | (6,831%)                                                  |
| 01-01-01                 | 148,770                       | 15,309,200                            | (15,160,430)       | 1%                 | 192,700             | (7,867%)                                                  |
| 01-01-02                 | 708,958                       | 14,272,500                            | (13,563,542)       | 5%                 | 197,600             | (6,864%)                                                  |
| 01-01-03                 | 1,161,505                     | 12,884,600                            | (11,723,095)       | 9%                 | 284,400             | (4,122%)                                                  |
| 01-01-04                 | 840,066                       | 13,682,000                            | (12,841,934)       | 6%                 | 209,300             | (6,136%)                                                  |

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

|                                    | <u>Year<br/>Ending</u> | <u>Annual<br/>Required<br/>Contribution<br/>(ARC)</u> | <u>Percentage<br/>of ARC<br/>Contributed</u> |
|------------------------------------|------------------------|-------------------------------------------------------|----------------------------------------------|
| 1925 Police Officers' Pension Plan | 12-31-98               | \$ 1,329,100                                          | 45%                                          |
|                                    | 12-31-99               | 1,250,700                                             | 45%                                          |
|                                    | 12-31-00               | 1,248,300                                             | 52%                                          |
|                                    | 12-31-01               | 1,369,900                                             | 75%                                          |
|                                    | 12-31-02               | 1,302,300                                             | 73%                                          |
|                                    | 12-31-03               | 1,388,900                                             | 26%                                          |
| 1937 Firefighters' Pension Plan    | 12-31-98               | \$ 1,667,800                                          | 50%                                          |
|                                    | 12-31-99               | 1,501,600                                             | 51%                                          |
|                                    | 12-31-00               | 1,553,800                                             | 53%                                          |
|                                    | 12-31-01               | 1,589,100                                             | 86%                                          |
|                                    | 12-31-02               | 1,538,400                                             | 82%                                          |
|                                    | 12-31-03               | 1,567,800                                             | 32%                                          |

CITY OF HUNTINGTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005

|                                                                                                                       | Motor<br>Vehicle<br>Highway | Local<br>Road and<br>Street | Solid<br>Waste | Law<br>Enforcement<br>Continuing<br>Education | Park and<br>Recreation | Aviation   | Building<br>Demolition<br>and Repair |
|-----------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|----------------|-----------------------------------------------|------------------------|------------|--------------------------------------|
| Receipts:                                                                                                             |                             |                             |                |                                               |                        |            |                                      |
| Taxes                                                                                                                 | \$ 25,062                   | \$ -                        | \$ 202,955     | \$ -                                          | \$ 566,604             | \$ 66,341  | \$ -                                 |
| Special assessments                                                                                                   | -                           | -                           | -              | -                                             | -                      | -          | -                                    |
| Licenses and permits                                                                                                  | -                           | -                           | -              | 1,510                                         | -                      | -          | -                                    |
| Intergovernmental                                                                                                     | 539,189                     | 84,486                      | 18,369         | 5,751                                         | 51,284                 | 6,005      | 8,835                                |
| Charges for services                                                                                                  | 2,160                       | -                           | 140,344        | 1,941                                         | -                      | 24,911     | -                                    |
| Fines and forfeits                                                                                                    | -                           | -                           | -              | 2,367                                         | 5,506                  | -          | -                                    |
| Other                                                                                                                 | 2,360                       | -                           | 10,044         | 2,443                                         | 25,011                 | 3,818      | -                                    |
| Total receipts                                                                                                        | 568,771                     | 84,486                      | 371,712        | 14,012                                        | 648,405                | 101,075    | 8,835                                |
| Disbursements:                                                                                                        |                             |                             |                |                                               |                        |            |                                      |
| General government                                                                                                    | -                           | -                           | -              | -                                             | -                      | 156,033    | -                                    |
| Public safety                                                                                                         | -                           | -                           | -              | 14,128                                        | -                      | -          | 27,639                               |
| Highways and streets                                                                                                  | 648,944                     | -                           | -              | -                                             | -                      | -          | -                                    |
| Sanitation                                                                                                            | -                           | -                           | 459,389        | -                                             | -                      | -          | -                                    |
| Culture and recreation                                                                                                | -                           | -                           | -              | -                                             | 732,249                | -          | -                                    |
| Economic development                                                                                                  | -                           | -                           | -              | -                                             | -                      | -          | -                                    |
| Debt service:                                                                                                         |                             |                             |                |                                               |                        |            |                                      |
| Principal                                                                                                             | -                           | -                           | -              | -                                             | -                      | -          | -                                    |
| Interest                                                                                                              | -                           | -                           | -              | -                                             | -                      | -          | -                                    |
| Capital outlay:                                                                                                       |                             |                             |                |                                               |                        |            |                                      |
| General government                                                                                                    | -                           | -                           | -              | -                                             | -                      | -          | -                                    |
| Public safety                                                                                                         | -                           | -                           | -              | -                                             | -                      | -          | -                                    |
| Highways and streets                                                                                                  | -                           | -                           | -              | -                                             | -                      | -          | -                                    |
| Sanitation                                                                                                            | -                           | -                           | -              | -                                             | -                      | -          | -                                    |
| Culture and recreation                                                                                                | -                           | -                           | -              | -                                             | -                      | -          | -                                    |
| Economic development                                                                                                  | -                           | -                           | -              | -                                             | -                      | -          | -                                    |
| Total disbursements                                                                                                   | 648,944                     | -                           | 459,389        | 14,128                                        | 732,249                | 156,033    | 27,639                               |
| Excess (deficiency) of revenue<br>over (under) disbursements                                                          | (80,173)                    | 84,486                      | (87,677)       | (116)                                         | (83,844)               | (54,958)   | (18,804)                             |
| Other financing sources (uses)                                                                                        |                             |                             |                |                                               |                        |            |                                      |
| Other receipts                                                                                                        | -                           | -                           | -              | -                                             | -                      | -          | -                                    |
| Transfers in                                                                                                          | -                           | -                           | -              | -                                             | -                      | 27,550     | 26,033                               |
| Transfers out                                                                                                         | -                           | -                           | -              | -                                             | (1,714)                | -          | -                                    |
| Other disbursements                                                                                                   | -                           | -                           | -              | -                                             | -                      | -          | -                                    |
| Total other financing sources (uses)                                                                                  | -                           | -                           | -              | -                                             | (1,714)                | 27,550     | 26,033                               |
| Excess (deficiency) of receipts and other<br>financing sources over (under) disbursements<br>and other financing uses | (80,173)                    | 84,486                      | (87,677)       | (116)                                         | (85,558)               | (27,408)   | 7,229                                |
| Cash and investment fund balance - beginning                                                                          | 510,245                     | 6,243                       | 335,336        | 9,605                                         | 349,744                | 185,581    | 1,606                                |
| Cash and investment fund balance - ending                                                                             | \$ 430,072                  | \$ 90,729                   | \$ 247,659     | \$ 9,489                                      | \$ 264,186             | \$ 158,173 | \$ 8,835                             |
| <u>Cash and Investment Assets - December 31</u>                                                                       |                             |                             |                |                                               |                        |            |                                      |
| Cash and investments                                                                                                  | \$ -                        | \$ -                        | \$ 247,659     | \$ 9,489                                      | \$ -                   | \$ 158,173 | \$ 8,835                             |
| Restricted assets:                                                                                                    |                             |                             |                |                                               |                        |            |                                      |
| Cash and investments                                                                                                  | 430,072                     | 90,729                      | -              | -                                             | 264,186                | -          | -                                    |
| Total cash and investment assets - December 31                                                                        | \$ 430,072                  | \$ 90,729                   | \$ 247,659     | \$ 9,489                                      | \$ 264,186             | \$ 158,173 | \$ 8,835                             |
| <u>Cash and Investment Fund Balance - December 31</u>                                                                 |                             |                             |                |                                               |                        |            |                                      |
| Restricted for:                                                                                                       |                             |                             |                |                                               |                        |            |                                      |
| Highways and streets                                                                                                  | \$ 430,072                  | \$ 90,729                   | \$ -           | \$ -                                          | \$ -                   | \$ -       | \$ -                                 |
| Culture and recreation                                                                                                | -                           | -                           | -              | -                                             | 264,186                | -          | -                                    |
| Debt service                                                                                                          | -                           | -                           | -              | -                                             | -                      | -          | -                                    |
| Other purposes                                                                                                        | -                           | -                           | -              | -                                             | -                      | -          | -                                    |
| Unrestricted                                                                                                          | -                           | -                           | 247,659        | 9,489                                         | -                      | 158,173    | 8,835                                |
| Total cash and investment fund balance - December 31                                                                  | \$ 430,072                  | \$ 90,729                   | \$ 247,659     | \$ 9,489                                      | \$ 264,186             | \$ 158,173 | \$ 8,835                             |

CITY OF HUNTINGTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

|                                                                                                                 | Animal<br>Immunization | Park and<br>Recreation<br>Center | Aviation<br>Revolving | K-9<br>Training | Police<br>LACE  | AED<br>Defibrillators<br>Grant | Law<br>Enforcement<br>Grant #8 |
|-----------------------------------------------------------------------------------------------------------------|------------------------|----------------------------------|-----------------------|-----------------|-----------------|--------------------------------|--------------------------------|
| <b>Receipts:</b>                                                                                                |                        |                                  |                       |                 |                 |                                |                                |
| Taxes                                                                                                           | \$ -                   | \$ -                             | \$ -                  | \$ -            | \$ -            | \$ -                           | \$ -                           |
| Special assessments                                                                                             | -                      | -                                | -                     | -               | -               | -                              | -                              |
| Licenses and permits                                                                                            | -                      | -                                | -                     | -               | -               | -                              | -                              |
| Intergovernmental                                                                                               | -                      | -                                | -                     | -               | 5,176           | -                              | -                              |
| Charges for services                                                                                            | -                      | 56,652                           | 150,832               | -               | -               | -                              | -                              |
| Fines and forfeits                                                                                              | -                      | -                                | -                     | -               | -               | -                              | -                              |
| Other                                                                                                           | -                      | -                                | -                     | 2,617           | -               | 24,000                         | -                              |
| <b>Total receipts</b>                                                                                           | <b>-</b>               | <b>56,652</b>                    | <b>150,832</b>        | <b>2,617</b>    | <b>5,176</b>    | <b>24,000</b>                  | <b>-</b>                       |
| <b>Disbursements:</b>                                                                                           |                        |                                  |                       |                 |                 |                                |                                |
| General government                                                                                              | -                      | -                                | 137,481               | -               | -               | -                              | -                              |
| Public safety                                                                                                   | -                      | -                                | -                     | 2,730           | 2,229           | 1,241                          | 3,000                          |
| Highways and streets                                                                                            | -                      | -                                | -                     | -               | -               | -                              | -                              |
| Sanitation                                                                                                      | -                      | -                                | -                     | -               | -               | -                              | -                              |
| Culture and recreation                                                                                          | -                      | 52,277                           | -                     | -               | -               | -                              | -                              |
| Economic development                                                                                            | -                      | -                                | -                     | -               | -               | -                              | -                              |
| Debt service:                                                                                                   |                        |                                  |                       |                 |                 |                                |                                |
| Principal                                                                                                       | -                      | -                                | -                     | -               | -               | -                              | -                              |
| Interest                                                                                                        | -                      | -                                | -                     | -               | -               | -                              | -                              |
| Capital outlay:                                                                                                 |                        |                                  |                       |                 |                 |                                |                                |
| General government                                                                                              | -                      | -                                | -                     | -               | -               | -                              | -                              |
| Public safety                                                                                                   | -                      | -                                | -                     | -               | -               | -                              | -                              |
| Highways and streets                                                                                            | -                      | -                                | -                     | -               | -               | -                              | -                              |
| Sanitation                                                                                                      | -                      | -                                | -                     | -               | -               | -                              | -                              |
| Culture and recreation                                                                                          | -                      | -                                | -                     | -               | -               | -                              | -                              |
| Economic development                                                                                            | -                      | -                                | -                     | -               | -               | -                              | -                              |
| <b>Total disbursements</b>                                                                                      | <b>-</b>               | <b>52,277</b>                    | <b>137,481</b>        | <b>2,730</b>    | <b>2,229</b>    | <b>1,241</b>                   | <b>3,000</b>                   |
| Excess (deficiency) of revenue over (under) disbursements                                                       | -                      | 4,375                            | 13,351                | (113)           | 2,947           | 22,759                         | (3,000)                        |
| <b>Other financing sources (uses)</b>                                                                           |                        |                                  |                       |                 |                 |                                |                                |
| Other receipts                                                                                                  | -                      | -                                | -                     | -               | -               | -                              | -                              |
| Transfers in                                                                                                    | -                      | -                                | -                     | -               | -               | -                              | -                              |
| Transfers out                                                                                                   | -                      | -                                | (10,000)              | -               | -               | -                              | -                              |
| Other disbursements                                                                                             | -                      | -                                | -                     | -               | -               | -                              | -                              |
| <b>Total other financing sources (uses)</b>                                                                     | <b>-</b>               | <b>-</b>                         | <b>(10,000)</b>       | <b>-</b>        | <b>-</b>        | <b>-</b>                       | <b>-</b>                       |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | -                      | 4,375                            | 3,351                 | (113)           | 2,947           | 22,759                         | (3,000)                        |
| Cash and investment fund balance - beginning                                                                    | 584                    | 17,592                           | 32,591                | 1,341           | 2,419           | -                              | 3,000                          |
| Cash and investment fund balance - ending                                                                       | <u>\$ 584</u>          | <u>\$ 21,967</u>                 | <u>\$ 35,942</u>      | <u>\$ 1,228</u> | <u>\$ 5,366</u> | <u>\$ 22,759</u>               | <u>\$ -</u>                    |
| <b>Cash and Investment Assets - December 31</b>                                                                 |                        |                                  |                       |                 |                 |                                |                                |
| Cash and investments                                                                                            | \$ 584                 | \$ -                             | \$ 35,942             | \$ 1,228        | \$ 5,366        | \$ 22,759                      | \$ -                           |
| Restricted assets:                                                                                              |                        |                                  |                       |                 |                 |                                |                                |
| Cash and investments                                                                                            | -                      | 21,967                           | -                     | -               | -               | -                              | -                              |
| Total cash and investment assets - December 31                                                                  | <u>\$ 584</u>          | <u>\$ 21,967</u>                 | <u>\$ 35,942</u>      | <u>\$ 1,228</u> | <u>\$ 5,366</u> | <u>\$ 22,759</u>               | <u>\$ -</u>                    |
| <b>Cash and Investment Fund Balance - December 31</b>                                                           |                        |                                  |                       |                 |                 |                                |                                |
| Restricted for:                                                                                                 |                        |                                  |                       |                 |                 |                                |                                |
| Highways and streets                                                                                            | \$ -                   | \$ -                             | \$ -                  | \$ -            | \$ -            | \$ -                           | \$ -                           |
| Culture and recreation                                                                                          | -                      | 21,967                           | -                     | -               | -               | -                              | -                              |
| Debt service                                                                                                    | -                      | -                                | -                     | -               | -               | -                              | -                              |
| Other purposes                                                                                                  | -                      | -                                | -                     | -               | -               | -                              | -                              |
| Unrestricted                                                                                                    | 584                    | -                                | 35,942                | 1,228           | 5,366           | 22,759                         | -                              |
| Total cash and investment fund balance - December 31                                                            | <u>\$ 584</u>          | <u>\$ 21,967</u>                 | <u>\$ 35,942</u>      | <u>\$ 1,228</u> | <u>\$ 5,366</u> | <u>\$ 22,759</u>               | <u>\$ -</u>                    |

CITY OF HUNTINGTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

|                                                                                                                       | Northeast<br>Storm Water<br>Project | Parking<br>Lot     | Federal<br>Drug<br>Seizure | Rainy<br>Day             | Riverboat                | Park<br>Building<br>Deposit | Cops in<br>School       |
|-----------------------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------|----------------------------|--------------------------|--------------------------|-----------------------------|-------------------------|
| Receipts:                                                                                                             |                                     |                    |                            |                          |                          |                             |                         |
| Taxes                                                                                                                 | \$ -                                | \$ -               | \$ -                       | \$ -                     | \$ -                     | \$ -                        | \$ -                    |
| Special assessments                                                                                                   | -                                   | -                  | -                          | -                        | -                        | -                           | -                       |
| Licenses and permits                                                                                                  | -                                   | 6,000              | -                          | -                        | -                        | -                           | -                       |
| Intergovernmental                                                                                                     | -                                   | -                  | 2,500                      | -                        | 110,035                  | -                           | 13,179                  |
| Charges for services                                                                                                  | -                                   | -                  | -                          | -                        | -                        | 8,315                       | -                       |
| Fines and forfeits                                                                                                    | -                                   | 6,320              | -                          | -                        | -                        | -                           | -                       |
| Other                                                                                                                 | -                                   | -                  | -                          | -                        | -                        | -                           | -                       |
| <b>Total receipts</b>                                                                                                 | <b>-</b>                            | <b>12,320</b>      | <b>2,500</b>               | <b>-</b>                 | <b>110,035</b>           | <b>8,315</b>                | <b>13,179</b>           |
| Disbursements:                                                                                                        |                                     |                    |                            |                          |                          |                             |                         |
| General government                                                                                                    | -                                   | 70                 | -                          | 5,920                    | 121,126                  | -                           | -                       |
| Public safety                                                                                                         | -                                   | -                  | 5,152                      | -                        | -                        | -                           | -                       |
| Highways and streets                                                                                                  | 42,706                              | -                  | -                          | -                        | -                        | -                           | -                       |
| Sanitation                                                                                                            | -                                   | -                  | -                          | -                        | -                        | -                           | -                       |
| Culture and recreation                                                                                                | -                                   | -                  | -                          | -                        | -                        | 7,535                       | -                       |
| Economic development                                                                                                  | -                                   | -                  | -                          | -                        | -                        | -                           | -                       |
| Debt service:                                                                                                         |                                     |                    |                            |                          |                          |                             |                         |
| Principal                                                                                                             | -                                   | -                  | -                          | -                        | -                        | -                           | -                       |
| Interest                                                                                                              | -                                   | -                  | -                          | -                        | -                        | -                           | -                       |
| Capital outlay:                                                                                                       |                                     |                    |                            |                          |                          |                             |                         |
| General government                                                                                                    | -                                   | -                  | -                          | -                        | -                        | -                           | -                       |
| Public safety                                                                                                         | -                                   | -                  | -                          | -                        | -                        | -                           | -                       |
| Highways and streets                                                                                                  | -                                   | -                  | -                          | -                        | -                        | -                           | -                       |
| Sanitation                                                                                                            | -                                   | -                  | -                          | -                        | -                        | -                           | -                       |
| Culture and recreation                                                                                                | -                                   | -                  | -                          | -                        | -                        | -                           | -                       |
| Economic development                                                                                                  | -                                   | -                  | -                          | -                        | -                        | -                           | -                       |
| <b>Total disbursements</b>                                                                                            | <b>42,706</b>                       | <b>70</b>          | <b>5,152</b>               | <b>5,920</b>             | <b>121,126</b>           | <b>7,535</b>                | <b>-</b>                |
| Excess (deficiency) of revenue<br>over (under) disbursements                                                          | (42,706)                            | 12,250             | (2,652)                    | (5,920)                  | (11,091)                 | 780                         | 13,179                  |
| Other financing sources (uses)                                                                                        |                                     |                    |                            |                          |                          |                             |                         |
| Other receipts                                                                                                        | -                                   | -                  | -                          | -                        | -                        | -                           | -                       |
| Transfers in                                                                                                          | -                                   | -                  | -                          | -                        | -                        | -                           | -                       |
| Transfers out                                                                                                         | -                                   | (23,438)           | -                          | -                        | -                        | -                           | -                       |
| Other disbursements                                                                                                   | -                                   | -                  | -                          | -                        | -                        | -                           | -                       |
| <b>Total other financing sources (uses)</b>                                                                           | <b>-</b>                            | <b>(23,438)</b>    | <b>-</b>                   | <b>-</b>                 | <b>-</b>                 | <b>-</b>                    | <b>-</b>                |
| Excess (deficiency) of receipts and other<br>financing sources over (under) disbursements<br>and other financing uses | (42,706)                            | (11,188)           | (2,652)                    | (5,920)                  | (11,091)                 | 780                         | 13,179                  |
| Cash and investment fund balance - beginning                                                                          | 62,658                              | 11,188             | 4,830                      | 137,981                  | 220,377                  | 1,120                       | -                       |
| Cash and investment fund balance - ending                                                                             | <u>\$ 19,952</u>                    | <u>\$ -</u>        | <u>\$ 2,178</u>            | <u>\$ 132,061</u>        | <u>\$ 209,286</u>        | <u>\$ 1,900</u>             | <u>\$ 13,179</u>        |
| <b>Cash and Investment Assets - December 31</b>                                                                       |                                     |                    |                            |                          |                          |                             |                         |
| Cash and investments                                                                                                  | \$ -                                | \$ -               | \$ 2,178                   | \$ 132,061               | \$ 209,286               | \$ -                        | \$ 13,179               |
| Restricted assets:                                                                                                    |                                     |                    |                            |                          |                          |                             |                         |
| Cash and investments                                                                                                  | <u>19,952</u>                       | <u>-</u>           | <u>-</u>                   | <u>-</u>                 | <u>-</u>                 | <u>1,900</u>                | <u>-</u>                |
| <b>Total cash and investment assets - December 31</b>                                                                 | <b><u>\$ 19,952</u></b>             | <b><u>\$ -</u></b> | <b><u>\$ 2,178</u></b>     | <b><u>\$ 132,061</u></b> | <b><u>\$ 209,286</u></b> | <b><u>\$ 1,900</u></b>      | <b><u>\$ 13,179</u></b> |
| <b>Cash and Investment Fund Balance - December 31</b>                                                                 |                                     |                    |                            |                          |                          |                             |                         |
| Restricted for:                                                                                                       |                                     |                    |                            |                          |                          |                             |                         |
| Highways and streets                                                                                                  | \$ 19,952                           | \$ -               | \$ -                       | \$ -                     | \$ -                     | \$ -                        | \$ -                    |
| Culture and recreation                                                                                                | -                                   | -                  | -                          | -                        | -                        | 1,900                       | -                       |
| Debt service                                                                                                          | -                                   | -                  | -                          | -                        | -                        | -                           | -                       |
| Other purposes                                                                                                        | -                                   | -                  | -                          | -                        | -                        | -                           | -                       |
| Unrestricted                                                                                                          | -                                   | -                  | 2,178                      | 132,061                  | 209,286                  | -                           | 13,179                  |
| <b>Total cash and investment fund balance - December 31</b>                                                           | <b><u>\$ 19,952</u></b>             | <b><u>\$ -</u></b> | <b><u>\$ 2,178</u></b>     | <b><u>\$ 132,061</u></b> | <b><u>\$ 209,286</u></b> | <b><u>\$ 1,900</u></b>      | <b><u>\$ 13,179</u></b> |

CITY OF HUNTINGTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

|                                                                                                                       | City Building<br>Lease<br>Purchase | Storm Water<br>Bond | Tax<br>Increment<br>Financing<br>Phase IV | RDC<br>Bond and<br>Interest I | RDC<br>Bond and<br>Interest II | RDC<br>Debt<br>Reserve I | RDC<br>Debt<br>Reserve II |
|-----------------------------------------------------------------------------------------------------------------------|------------------------------------|---------------------|-------------------------------------------|-------------------------------|--------------------------------|--------------------------|---------------------------|
| <b>Receipts:</b>                                                                                                      |                                    |                     |                                           |                               |                                |                          |                           |
| Taxes                                                                                                                 | \$ 178,877                         | \$ 348,416          | \$ 124,248                                | \$ -                          | \$ -                           | \$ -                     | \$ -                      |
| Special assessments                                                                                                   | -                                  | -                   | -                                         | -                             | -                              | -                        | -                         |
| Licenses and permits                                                                                                  | -                                  | -                   | -                                         | -                             | -                              | -                        | -                         |
| Intergovernmental                                                                                                     | 16,190                             | 31,535              | -                                         | -                             | -                              | -                        | -                         |
| Charges for services                                                                                                  | -                                  | -                   | -                                         | -                             | -                              | -                        | -                         |
| Fines and forfeits                                                                                                    | -                                  | -                   | -                                         | -                             | -                              | -                        | -                         |
| Other                                                                                                                 | -                                  | -                   | -                                         | -                             | 61                             | -                        | -                         |
| <b>Total receipts</b>                                                                                                 | <b>195,067</b>                     | <b>379,951</b>      | <b>124,248</b>                            | <b>-</b>                      | <b>61</b>                      | <b>-</b>                 | <b>-</b>                  |
| <b>Disbursements:</b>                                                                                                 |                                    |                     |                                           |                               |                                |                          |                           |
| General government                                                                                                    | -                                  | -                   | -                                         | -                             | -                              | -                        | -                         |
| Public safety                                                                                                         | -                                  | -                   | -                                         | -                             | -                              | -                        | -                         |
| Highways and streets                                                                                                  | -                                  | 2,513               | -                                         | -                             | -                              | -                        | -                         |
| Sanitation                                                                                                            | -                                  | -                   | -                                         | -                             | -                              | -                        | -                         |
| Culture and recreation                                                                                                | -                                  | -                   | -                                         | -                             | -                              | -                        | -                         |
| Economic development                                                                                                  | -                                  | -                   | -                                         | -                             | -                              | -                        | -                         |
| Debt service:                                                                                                         |                                    |                     |                                           |                               |                                |                          |                           |
| Principal                                                                                                             | 180,000                            | 203,000             | -                                         | 60,000                        | 195,000                        | -                        | -                         |
| Interest                                                                                                              | 18,500                             | 136,858             | -                                         | 2,565                         | 117,689                        | -                        | -                         |
| Capital outlay:                                                                                                       |                                    |                     |                                           |                               |                                |                          |                           |
| General government                                                                                                    | -                                  | -                   | -                                         | -                             | -                              | -                        | -                         |
| Public safety                                                                                                         | -                                  | -                   | -                                         | -                             | -                              | -                        | -                         |
| Highways and streets                                                                                                  | -                                  | -                   | -                                         | -                             | -                              | -                        | -                         |
| Sanitation                                                                                                            | -                                  | -                   | -                                         | -                             | -                              | -                        | -                         |
| Culture and recreation                                                                                                | -                                  | -                   | -                                         | -                             | -                              | -                        | -                         |
| Economic development                                                                                                  | -                                  | -                   | -                                         | -                             | -                              | -                        | -                         |
| <b>Total disbursements</b>                                                                                            | <b>198,500</b>                     | <b>342,371</b>      | <b>-</b>                                  | <b>62,565</b>                 | <b>312,689</b>                 | <b>-</b>                 | <b>-</b>                  |
| Excess (deficiency) of revenue<br>over (under) disbursements                                                          | (3,433)                            | 37,580              | 124,248                                   | (62,565)                      | (312,628)                      | -                        | -                         |
| <b>Other financing sources (uses)</b>                                                                                 |                                    |                     |                                           |                               |                                |                          |                           |
| Other receipts                                                                                                        | -                                  | -                   | -                                         | -                             | -                              | -                        | -                         |
| Transfers in                                                                                                          | -                                  | -                   | 26,261                                    | 62,565                        | 312,689                        | -                        | -                         |
| Transfers out                                                                                                         | -                                  | -                   | (62,565)                                  | -                             | -                              | (26,261)                 | -                         |
| Other disbursements                                                                                                   | -                                  | (40,233)            | -                                         | -                             | -                              | -                        | -                         |
| <b>Total other financing sources (uses)</b>                                                                           | <b>-</b>                           | <b>(40,233)</b>     | <b>(36,304)</b>                           | <b>62,565</b>                 | <b>312,689</b>                 | <b>(26,261)</b>          | <b>-</b>                  |
| Excess (deficiency) of receipts and other<br>financing sources over (under) disbursements<br>and other financing uses | (3,433)                            | (2,653)             | 87,944                                    | -                             | 61                             | (26,261)                 | -                         |
| Cash and investment fund balance - beginning                                                                          | 95,429                             | 338,896             | 329,800                                   | -                             | -                              | 26,261                   | 61,093                    |
| Cash and investment fund balance - ending                                                                             | <u>\$ 91,996</u>                   | <u>\$ 336,243</u>   | <u>\$ 417,744</u>                         | <u>\$ -</u>                   | <u>\$ 61</u>                   | <u>\$ -</u>              | <u>\$ 61,093</u>          |
| <b>Cash and Investment Assets - December 31</b>                                                                       |                                    |                     |                                           |                               |                                |                          |                           |
| Cash and investments                                                                                                  | \$ -                               | \$ -                | \$ -                                      | \$ -                          | \$ -                           | \$ -                     | \$ -                      |
| Restricted assets:                                                                                                    |                                    |                     |                                           |                               |                                |                          |                           |
| Cash and investments                                                                                                  | 91,996                             | 336,243             | 417,744                                   | -                             | 61                             | -                        | 61,093                    |
| <b>Total cash and investment assets - December 31</b>                                                                 | <b>\$ 91,996</b>                   | <b>\$ 336,243</b>   | <b>\$ 417,744</b>                         | <b>\$ -</b>                   | <b>\$ 61</b>                   | <b>\$ -</b>              | <b>\$ 61,093</b>          |
| <b>Cash and Investment Fund Balance - December 31</b>                                                                 |                                    |                     |                                           |                               |                                |                          |                           |
| Restricted for:                                                                                                       |                                    |                     |                                           |                               |                                |                          |                           |
| Highways and streets                                                                                                  | \$ -                               | \$ -                | \$ -                                      | \$ -                          | \$ -                           | \$ -                     | \$ -                      |
| Culture and recreation                                                                                                | -                                  | -                   | -                                         | -                             | -                              | -                        | -                         |
| Debt service                                                                                                          | 91,996                             | 336,243             | 417,744                                   | -                             | 61                             | -                        | 61,093                    |
| Other purposes                                                                                                        | -                                  | -                   | -                                         | -                             | -                              | -                        | -                         |
| Unrestricted                                                                                                          | -                                  | -                   | -                                         | -                             | -                              | -                        | -                         |
| <b>Total cash and investment fund balance - December 31</b>                                                           | <b>\$ 91,996</b>                   | <b>\$ 336,243</b>   | <b>\$ 417,744</b>                         | <b>\$ -</b>                   | <b>\$ 61</b>                   | <b>\$ -</b>              | <b>\$ 61,093</b>          |

CITY OF HUNTINGTON  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

|                                                                                                                       | Landfill<br>Bond and<br>Interest | CEDIT<br>Bond and<br>Interest | Cumulative<br>Capital<br>Improvement | General<br>Improvement | Cumulative<br>Capital<br>Development | Housing<br>and Urban<br>Development |
|-----------------------------------------------------------------------------------------------------------------------|----------------------------------|-------------------------------|--------------------------------------|------------------------|--------------------------------------|-------------------------------------|
| <b>Receipts:</b>                                                                                                      |                                  |                               |                                      |                        |                                      |                                     |
| Taxes                                                                                                                 | \$ 52,582                        | \$ -                          | \$ -                                 | \$ -                   | \$ 167,573                           | \$ -                                |
| Special assessments                                                                                                   | -                                | -                             | -                                    | 30,552                 | -                                    | -                                   |
| Licenses and permits                                                                                                  | -                                | -                             | -                                    | -                      | -                                    | -                                   |
| Intergovernmental                                                                                                     | 4,759                            | 312,247                       | 53,943                               | -                      | 15,167                               | -                                   |
| Charges for services                                                                                                  | -                                | -                             | -                                    | -                      | -                                    | -                                   |
| Fines and forfeits                                                                                                    | -                                | -                             | -                                    | -                      | -                                    | -                                   |
| Other                                                                                                                 | -                                | -                             | 1,322                                | -                      | 52,146                               | 1,773                               |
| <b>Total receipts</b>                                                                                                 | <b>57,341</b>                    | <b>312,247</b>                | <b>55,265</b>                        | <b>30,552</b>          | <b>234,886</b>                       | <b>1,773</b>                        |
| <b>Disbursements:</b>                                                                                                 |                                  |                               |                                      |                        |                                      |                                     |
| General government                                                                                                    | -                                | -                             | -                                    | -                      | -                                    | -                                   |
| Public safety                                                                                                         | -                                | -                             | -                                    | -                      | -                                    | -                                   |
| Highways and streets                                                                                                  | -                                | -                             | -                                    | -                      | -                                    | -                                   |
| Sanitation                                                                                                            | -                                | -                             | -                                    | -                      | -                                    | -                                   |
| Culture and recreation                                                                                                | -                                | -                             | -                                    | -                      | -                                    | -                                   |
| Economic development                                                                                                  | -                                | 134,584                       | -                                    | -                      | -                                    | -                                   |
| Debt service:                                                                                                         |                                  |                               |                                      |                        |                                      |                                     |
| Principal                                                                                                             | 50,000                           | 230,000                       | -                                    | -                      | -                                    | -                                   |
| Interest                                                                                                              | 7,600                            | 13,301                        | -                                    | -                      | -                                    | -                                   |
| Capital outlay:                                                                                                       |                                  |                               |                                      |                        |                                      |                                     |
| General government                                                                                                    | -                                | -                             | -                                    | -                      | 143,746                              | -                                   |
| Public safety                                                                                                         | -                                | -                             | 1,045                                | -                      | 10,266                               | -                                   |
| Highways and streets                                                                                                  | -                                | -                             | 29,948                               | 57,116                 | -                                    | -                                   |
| Sanitation                                                                                                            | -                                | -                             | 6,433                                | -                      | -                                    | -                                   |
| Culture and recreation                                                                                                | -                                | -                             | -                                    | -                      | 2,450                                | -                                   |
| Economic development                                                                                                  | -                                | -                             | -                                    | -                      | -                                    | -                                   |
| <b>Total disbursements</b>                                                                                            | <b>57,600</b>                    | <b>377,885</b>                | <b>37,426</b>                        | <b>57,116</b>          | <b>156,462</b>                       | <b>-</b>                            |
| Excess (deficiency) of revenue<br>over (under) disbursements                                                          | (259)                            | (65,638)                      | 17,839                               | (26,564)               | 78,424                               | 1,773                               |
| <b>Other financing sources (uses)</b>                                                                                 |                                  |                               |                                      |                        |                                      |                                     |
| Other receipts                                                                                                        | -                                | -                             | -                                    | -                      | 621                                  | -                                   |
| Transfers in                                                                                                          | -                                | 312,248                       | -                                    | 29,285                 | -                                    | -                                   |
| Transfers out                                                                                                         | -                                | -                             | (29,285)                             | -                      | (17,550)                             | -                                   |
| Other disbursements                                                                                                   | -                                | -                             | -                                    | -                      | -                                    | -                                   |
| <b>Total other financing sources (uses)</b>                                                                           | <b>-</b>                         | <b>312,248</b>                | <b>(29,285)</b>                      | <b>29,285</b>          | <b>(16,929)</b>                      | <b>-</b>                            |
| Excess (deficiency) of receipts and other<br>financing sources over (under) disbursements<br>and other financing uses | (259)                            | 246,610                       | (11,446)                             | 2,721                  | 61,495                               | 1,773                               |
| Cash and investment fund balance - beginning                                                                          | 51,233                           | 514,227                       | 43,842                               | 127,799                | 606,613                              | 22,303                              |
| Cash and investment fund balance - ending                                                                             | <u>\$ 50,974</u>                 | <u>\$ 760,837</u>             | <u>\$ 32,396</u>                     | <u>\$ 130,520</u>      | <u>\$ 668,108</u>                    | <u>\$ 24,076</u>                    |
| <b>Cash and Investment Assets - December 31</b>                                                                       |                                  |                               |                                      |                        |                                      |                                     |
| Cash and investments                                                                                                  | \$ -                             | \$ -                          | \$ -                                 | \$ -                   | \$ -                                 | \$ -                                |
| Restricted assets:                                                                                                    |                                  |                               |                                      |                        |                                      |                                     |
| Cash and investments                                                                                                  | 50,974                           | 760,837                       | 32,396                               | 130,520                | 668,108                              | 24,076                              |
| Total cash and investment assets - December 31                                                                        | <u>\$ 50,974</u>                 | <u>\$ 760,837</u>             | <u>\$ 32,396</u>                     | <u>\$ 130,520</u>      | <u>\$ 668,108</u>                    | <u>\$ 24,076</u>                    |
| <b>Cash and Investment Fund Balance - December 31</b>                                                                 |                                  |                               |                                      |                        |                                      |                                     |
| Restricted for:                                                                                                       |                                  |                               |                                      |                        |                                      |                                     |
| Highways and streets                                                                                                  | \$ -                             | \$ -                          | \$ -                                 | \$ -                   | \$ -                                 | \$ -                                |
| Culture and recreation                                                                                                | -                                | -                             | -                                    | -                      | -                                    | -                                   |
| Debt service                                                                                                          | 50,974                           | 760,837                       | -                                    | -                      | -                                    | -                                   |
| Other purposes                                                                                                        | -                                | -                             | 32,396                               | 130,520                | 668,108                              | 24,076                              |
| Unrestricted                                                                                                          | -                                | -                             | -                                    | -                      | -                                    | -                                   |
| Total cash and investment fund balance - December 31                                                                  | <u>\$ 50,974</u>                 | <u>\$ 760,837</u>             | <u>\$ 32,396</u>                     | <u>\$ 130,520</u>      | <u>\$ 668,108</u>                    | <u>\$ 24,076</u>                    |

CITY OF HUNTINGTON  
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 (Continued)

|                                                                                                                       | Revolving<br>Loan | CEDIT            | Park<br>Capital  | Boys and<br>Girls Club<br>Grant | Airport<br>Improvement<br>Grant | Totals              |
|-----------------------------------------------------------------------------------------------------------------------|-------------------|------------------|------------------|---------------------------------|---------------------------------|---------------------|
| <b>Receipts:</b>                                                                                                      |                   |                  |                  |                                 |                                 |                     |
| Taxes                                                                                                                 | \$ -              | \$ -             | \$ -             | \$ -                            | \$ -                            | \$ 1,732,658        |
| Special assessments                                                                                                   | -                 | -                | -                | -                               | -                               | 30,552              |
| Licenses and permits                                                                                                  | -                 | -                | -                | -                               | -                               | 7,510               |
| Intergovernmental                                                                                                     | -                 | 312,248          | -                | 314,225                         | -                               | 1,905,123           |
| Charges for services                                                                                                  | -                 | -                | -                | -                               | -                               | 385,155             |
| Fines and forfeits                                                                                                    | -                 | -                | -                | -                               | -                               | 14,193              |
| Other                                                                                                                 | 22,370            | -                | -                | -                               | -                               | 147,965             |
| <b>Total receipts</b>                                                                                                 | <b>22,370</b>     | <b>312,248</b>   | <b>-</b>         | <b>314,225</b>                  | <b>-</b>                        | <b>4,223,156</b>    |
| <b>Disbursements:</b>                                                                                                 |                   |                  |                  |                                 |                                 |                     |
| General government                                                                                                    | -                 | -                | -                | -                               | -                               | 420,630             |
| Public safety                                                                                                         | -                 | -                | -                | -                               | -                               | 56,119              |
| Highways and streets                                                                                                  | -                 | -                | -                | -                               | -                               | 694,163             |
| Sanitation                                                                                                            | -                 | -                | -                | -                               | -                               | 459,389             |
| Culture and recreation                                                                                                | -                 | -                | -                | -                               | -                               | 792,061             |
| Economic development                                                                                                  | -                 | -                | -                | -                               | -                               | 134,584             |
| Debt service:                                                                                                         |                   |                  |                  |                                 |                                 |                     |
| Principal                                                                                                             | -                 | -                | -                | -                               | -                               | 918,000             |
| Interest                                                                                                              | -                 | -                | -                | -                               | -                               | 296,513             |
| Capital outlay:                                                                                                       |                   |                  |                  |                                 |                                 |                     |
| General government                                                                                                    | 70                | -                | -                | -                               | 20,000                          | 163,816             |
| Public safety                                                                                                         | -                 | -                | -                | -                               | -                               | 11,311              |
| Highways and streets                                                                                                  | -                 | -                | -                | -                               | -                               | 87,064              |
| Sanitation                                                                                                            | -                 | -                | -                | -                               | -                               | 6,433               |
| Culture and recreation                                                                                                | -                 | 10,000           | -                | 314,225                         | -                               | 326,675             |
| Economic development                                                                                                  | -                 | 61,253           | -                | -                               | -                               | 61,253              |
| <b>Total disbursements</b>                                                                                            | <b>70</b>         | <b>71,253</b>    | <b>-</b>         | <b>314,225</b>                  | <b>20,000</b>                   | <b>4,428,011</b>    |
| Excess (deficiency) of revenue<br>over (under) disbursements                                                          | 22,300            | 240,995          | -                | -                               | (20,000)                        | (204,855)           |
| <b>Other financing sources (uses)</b>                                                                                 |                   |                  |                  |                                 |                                 |                     |
| Other receipts                                                                                                        | -                 | -                | -                | -                               | -                               | 621                 |
| Transfers in                                                                                                          | 23,438            | -                | 1,714            | -                               | -                               | 821,783             |
| Transfers out                                                                                                         | -                 | (312,248)        | -                | -                               | -                               | (483,061)           |
| Other disbursements                                                                                                   | -                 | -                | -                | -                               | -                               | (40,233)            |
| <b>Total other financing sources (uses)</b>                                                                           | <b>23,438</b>     | <b>(312,248)</b> | <b>1,714</b>     | <b>-</b>                        | <b>-</b>                        | <b>299,110</b>      |
| Excess (deficiency) of receipts and other<br>financing sources over (under) disbursements<br>and other financing uses | 45,738            | (71,253)         | 1,714            | -                               | (20,000)                        | 94,255              |
| Cash and investment fund balance - beginning                                                                          | 255,945           | 120,595          | 34,200           | -                               | 94,647                          | 4,616,924           |
| Cash and investment fund balance - ending                                                                             | <u>\$ 301,683</u> | <u>\$ 49,342</u> | <u>\$ 35,914</u> | <u>\$ -</u>                     | <u>\$ 74,647</u>                | <u>\$ 4,711,179</u> |
| <b><u>Cash and Investment Assets - December 31</u></b>                                                                |                   |                  |                  |                                 |                                 |                     |
| Cash and investments                                                                                                  | \$ -              | \$ -             | \$ -             | \$ -                            | \$ -                            | \$ 846,739          |
| Restricted assets:                                                                                                    |                   |                  |                  |                                 |                                 |                     |
| Cash and investments                                                                                                  | 301,683           | 49,342           | 35,914           | -                               | 74,647                          | 3,864,440           |
| <b>Total cash and investment assets - December 31</b>                                                                 | <b>\$ 301,683</b> | <b>\$ 49,342</b> | <b>\$ 35,914</b> | <b>\$ -</b>                     | <b>\$ 74,647</b>                | <b>\$ 4,711,179</b> |
| <b><u>Cash and Investment Fund Balance - December 31</u></b>                                                          |                   |                  |                  |                                 |                                 |                     |
| Restricted for:                                                                                                       |                   |                  |                  |                                 |                                 |                     |
| Highways and streets                                                                                                  | \$ -              | \$ -             | \$ -             | \$ -                            | \$ -                            | \$ 540,753          |
| Culture and recreation                                                                                                | -                 | -                | 35,914           | -                               | -                               | 323,967             |
| Debt service                                                                                                          | -                 | -                | -                | -                               | -                               | 1,718,948           |
| Other purposes                                                                                                        | 301,683           | 49,342           | -                | -                               | 74,647                          | 1,280,772           |
| Unrestricted                                                                                                          | -                 | -                | -                | -                               | -                               | 846,739             |
| <b>Total cash and investment fund balance - December 31</b>                                                           | <b>\$ 301,683</b> | <b>\$ 49,342</b> | <b>\$ 35,914</b> | <b>\$ -</b>                     | <b>\$ 74,647</b>                | <b>\$ 4,711,179</b> |

CITY OF HUNTINGTON  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUNDS  
 For The Year Ended December 31, 2005

|                                                                         | <u>1925</u><br>Police<br>Pension | <u>1937</u><br>Firefighters'<br>Pension | <u>Total</u>      |
|-------------------------------------------------------------------------|----------------------------------|-----------------------------------------|-------------------|
| Additions:                                                              |                                  |                                         |                   |
| Contributions:                                                          |                                  |                                         |                   |
| Employer                                                                | \$ 330,647                       | \$ 333,864                              | \$ 664,511        |
| Plan members                                                            | 13,075                           | 2,587                                   | 15,662            |
| State                                                                   | 345,067                          | 442,578                                 | 787,645           |
| Other                                                                   | <u>1,668</u>                     | <u>1,519</u>                            | <u>3,187</u>      |
| Total additions                                                         | <u>690,457</u>                   | <u>780,548</u>                          | <u>1,471,005</u>  |
| Deductions:                                                             |                                  |                                         |                   |
| Benefits                                                                | 627,885                          | 905,791                                 | 1,533,676         |
| Administrative and general                                              | <u>2,748</u>                     | <u>4,200</u>                            | <u>6,948</u>      |
| Total deductions                                                        | <u>630,633</u>                   | <u>909,991</u>                          | <u>1,540,624</u>  |
| Excess (deficiency) of total additions<br>over (under) total deductions | 59,824                           | (129,443)                               | (69,619)          |
| Cash and investment fund balance - beginning                            | <u>494,268</u>                   | <u>515,888</u>                          | <u>1,010,156</u>  |
| Cash and investment fund balance - ending                               | <u>\$ 554,092</u>                | <u>\$ 386,445</u>                       | <u>\$ 940,537</u> |

CITY OF HUNTINGTON  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For The Year Ended December 31, 2005

|                                                                         | <u>Park<br/>Donation</u> | <u>Police<br/>Reserve<br/>Donation</u> | <u>Fire<br/>Department<br/>Donation</u> | <u>Total</u>            |
|-------------------------------------------------------------------------|--------------------------|----------------------------------------|-----------------------------------------|-------------------------|
| Additions:                                                              |                          |                                        |                                         |                         |
| Contributions:                                                          |                          |                                        |                                         |                         |
| Other                                                                   | <u>\$ 30,776</u>         | <u>\$ 300</u>                          | <u>\$ 7,180</u>                         | <u>\$ 38,256</u>        |
| Deductions:                                                             |                          |                                        |                                         |                         |
| Administrative and general                                              | <u>20,888</u>            | <u>1,146</u>                           | <u>5,530</u>                            | <u>27,564</u>           |
| Excess (deficiency) of total additions<br>over (under) total deductions | 9,888                    | (846)                                  | 1,650                                   | 10,692                  |
| Cash and investment fund balance - beginning                            | <u>8,305</u>             | <u>1,296</u>                           | <u>3,586</u>                            | <u>13,187</u>           |
| Cash and investment fund balance - ending                               | <u><u>\$ 18,193</u></u>  | <u><u>\$ 450</u></u>                   | <u><u>\$ 5,236</u></u>                  | <u><u>\$ 23,879</u></u> |

CITY OF HUNTINGTON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended December 31, 2005

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

General infrastructure assets completed in the current and prior year have been reported. Retroactive reporting of general infrastructure assets will occur by December 31, 2007.

| <u>Primary Government</u>                                                  | <u>Ending<br/>Balance</u> |
|----------------------------------------------------------------------------|---------------------------|
| Governmental activities:                                                   |                           |
| Capital assets, not being depreciated:                                     |                           |
| Land                                                                       | \$ 183,418                |
| Infrastructure                                                             | 1,423,313                 |
| Buildings                                                                  | 7,701,054                 |
| Improvements other than buildings                                          | 2,383,631                 |
| Machinery and equipment                                                    | 4,621,536                 |
| Construction in progress                                                   | <u>104,865</u>            |
| <br>Total governmental activities, capital<br>assets not being depreciated | <br><u>\$ 16,417,817</u>  |
| <br><u>Primary Government</u>                                              |                           |
| Business-type activities:                                                  |                           |
| Water Utility:                                                             |                           |
| Capital assets, not being depreciated:                                     |                           |
| Land                                                                       | \$ 126,720                |
| Capital assets, being depreciated:                                         |                           |
| Buildings                                                                  | 1,185,358                 |
| Improvements other than buildings                                          | 11,059,268                |
| Machinery and equipment                                                    | 2,113,125                 |
| Transportation equipment                                                   | <u>365,689</u>            |
| <br>Total Water Utility capital assets                                     | <br><u>14,850,160</u>     |
| <br>Wastewater Utility:                                                    |                           |
| Capital assets, not being depreciated:                                     |                           |
| Land                                                                       | 131,620                   |
| Capital assets, being depreciated:                                         |                           |
| Buildings                                                                  | 10,899,046                |
| Improvements other than buildings                                          | 23,396,399                |
| Machinery and equipment                                                    | 1,302,053                 |
| Transportation equipment                                                   | <u>307,101</u>            |
| <br>Total Wastewater Utility capital assets                                | <br><u>36,036,219</u>     |
| <br>Total business-type activities<br>capital assets                       | <br><u>\$ 50,886,379</u>  |

CITY OF HUNTINGTON  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 For The Year Ended December 31, 2005

CAPITAL LEASES

The City has entered into the following capital leases:

| Description of Asset                                       | Present Value<br>of Net<br>Minimum<br>Lease Payments | Ending<br>Balance | Due<br>Within One<br>Year |
|------------------------------------------------------------|------------------------------------------------------|-------------------|---------------------------|
| Governmental activities:                                   |                                                      |                   |                           |
| Buildings                                                  | \$ 645,000                                           | \$ 688,250        | \$ 180,000                |
| Machinery and equipment                                    | 218,772                                              | 229,619           | 121,603                   |
| Business-type activities:                                  |                                                      |                   |                           |
| Wastewater Utility:                                        |                                                      |                   |                           |
| Machinery and equipment                                    | 226,030                                              | 237,381           | 99,822                    |
| Water Utility:                                             |                                                      |                   |                           |
| Machinery and equipment                                    | 60,821                                               | 64,191            | 25,168                    |
|                                                            |                                                      | Ending<br>Balance | Due<br>Within One<br>Year |
| Governmental activities:                                   |                                                      |                   |                           |
| Notes and loans payable                                    | \$ 2,302,292                                         | \$ 123,050        |                           |
| Bonds payable:                                             |                                                      |                   |                           |
| General obligation bonds:                                  |                                                      |                   |                           |
| \$440,000 1995 landfill                                    | 105,000                                              | 50,000            |                           |
| \$1,000,000 1996 tax increment financing                   | 330,000                                              | 105,000           |                           |
| \$1,395,000 1997 tax increment financing                   | 1,155,000                                            | 50,000            |                           |
| \$675,000 2000 tax increment financing                     | 500,000                                              | 50,000            |                           |
| \$475,000 2001 storm water                                 | 440,000                                              | 20,000            |                           |
| \$2,340,000 2001 economic development income tax refunding | 405,000                                              | 320,000           |                           |
| \$1,545,000 2002 storm water district                      | 1,445,000                                            | 65,000            |                           |
| \$877,979 2003 tax increment financing                     | 877,979                                              | 60,010            |                           |
| Total governmental activities long-term debt               | \$ 7,560,271                                         | \$ 843,060        |                           |
| Business-type activities:                                  |                                                      |                   |                           |
| Wastewater Utility:                                        |                                                      |                   |                           |
| Revenue bonds:                                             |                                                      |                   |                           |
| \$9,050,000 1998 wastewater improvement                    | \$ 7,690,000                                         | \$ -              |                           |
| \$1,390,000 2003 wastewater refunding                      | 1,280,000                                            | 75,000            |                           |
| Total Wastewater Utility                                   | \$ 8,970,000                                         | \$ 75,000         |                           |

CITY OF HUNTINGTON  
OTHER REPORT

The annual report presented herein was prepared in addition to the official report prepared for the individual City office listed below:

City of Huntington Municipal Utilities

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2765

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

TO: THE OFFICIALS OF THE CITY OF HUNTINGTON, HUNTINGTON COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Huntington (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, 2005. 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; 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, 2005.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the City's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 2, 2006

CITY OF HUNTINGTON  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2005

| Federal Grantor Agency/Pass-Through Entity<br>Cluster Title/Program Title/Project Title           | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Total<br>Federal Awards<br>Expended |
|---------------------------------------------------------------------------------------------------|---------------------------|------------------------------------------------------------|-------------------------------------|
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>                                           |                           |                                                            |                                     |
| Pass-through Indiana Department of Commerce<br>Community Development Block Grants/State's Program | 14.228                    | CF-04-207                                                  | \$ 314,225                          |
| <u>U.S. DEPARTMENT OF JUSTICE</u>                                                                 |                           |                                                            |                                     |
| Direct Grant                                                                                      |                           |                                                            |                                     |
| Local Law Enforcement Block Grants Program                                                        | 16.592                    | 2003-LB-BX-0783                                            | 3,000                               |
| Public Safety Partnership and Community Policing Grants                                           | 16.710                    | 2002-UM-WX-0334                                            | 23,558                              |
| Total for federal grantor agency                                                                  |                           |                                                            | 26,558                              |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u>                                                          |                           |                                                            |                                     |
| Pass-through Indiana Criminal Justice Institute<br>Highway Safety Cluster                         |                           |                                                            |                                     |
| Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants                              | 20.601                    | OP-05-02-03-75<br>OP-06-02-03-60                           | 4,800<br>1,900                      |
| Total for program                                                                                 |                           |                                                            | 6,700                               |
| Safety Incentive Grants for Use of Seatbelts<br>Emergency Gas Award                               | 20.604                    |                                                            | 650                                 |
| Total for cluster                                                                                 |                           |                                                            | 7,350                               |
| Direct Grant                                                                                      |                           |                                                            |                                     |
| Airport Improvement Program                                                                       | 20.106                    | 3-18-0036-07                                               | 234,335                             |
| Total for federal grantor agency                                                                  |                           |                                                            | 241,685                             |
| Total federal awards expended                                                                     |                           |                                                            | \$ 582,468                          |

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

CITY OF HUNTINGTON  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Huntington (City) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

II. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2005:

| Program Title                                      | Federal<br>CFDA<br>Number | 2005             |
|----------------------------------------------------|---------------------------|------------------|
| Community Development Block Grants/State's Program | 14.228                    | <u>\$ 10,000</u> |

CITY OF HUNTINGTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

|                                                                                     |               |
|-------------------------------------------------------------------------------------|---------------|
| Material weaknesses identified?                                                     | no            |
| Reportable conditions identified that are not considered to be material weaknesses? | none reported |

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

|                                                                                     |               |
|-------------------------------------------------------------------------------------|---------------|
| Material weaknesses identified?                                                     | no            |
| Reportable conditions identified that are not considered to be material weaknesses? | none reported |

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

| CFDA<br>Number | Name of Federal Program or Cluster                 |
|----------------|----------------------------------------------------|
| 14.228         | Community Development Block Grants/State's Program |

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF HUNTINGTON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF HUNTINGTON  
EXIT CONFERENCE

The contents of this report were discussed on August 2, 2006, with Terry R. Abbett, Mayor; and Pamela J. Updike, Clerk-Treasurer.