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

EXAMINATION REPORT

OF

CITY OF HUNTINGTON

HUNTINGTON COUNTY, INDIANA

January 1, 2007 to December 31, 2007

FILED
08/22/2008

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OFFICIALS

Office	Official	Term
Clerk-Treasurer	Pamela J. Updike	01-01-04 to 12-31-07
	Christi A. Scher	01-01-08 to 12-31-11
Mayor	Terry R. Abbett	01-01-04 to 12-31-07
	Steven D. Updike	01-01-08 to 12-31-11
President of the Board of Public Works and Safety	Terry R. Abbett	01-01-04 to 12-31-07
	Steven D. Updike	01-01-08 to 12-31-11
President of the Common Council	Joseph E. Blomeke	01-01-07 to 12-31-07
	Brooks L. Fetters	01-01-08 to 12-31-08
Superintendent of Water Utility		
Plant	Darold L. Harlan, Jr.	01-01-07 to 12-31-08
Distribution	Owen L. Kirby	01-01-07 to 10-12-07
	Darold L. Harlan, Jr.	10-13-07 to 12-31-08
Superintendent of Wastewater Utility	Collin E. Bullock	01-01-07 to 12-31-08
Utility Office Manager	Todd A. Slusser	01-01-07 to 12-31-07
	Pamela J. Updike	01-01-08 to 12-31-08
Operations Manager	Ruth A. Marsh	01-01-08 to 12-31-08

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the City of Huntington (City), for the period of January 1, 2007 to December 31, 2007. The City's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the City for the year ended December 31, 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

July 21, 2008

CITY OF HUNTINGTON
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2007

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	$ 1,296,958	$ 9,277,010	$ 9,543,030	$ 1,030,938
Motor Vehicle Highway	702,174	648,198	736,137	614,235
Local Road and Street	25,761	78,465	104,226	-
Solid Waste	159,336	456,057	434,924	180,469
Law Enforcement Continuing Education	13,822	11,246	15,112	9,956
Park and Recreation	153,966	892,804	868,380	178,390
Aviation	79,311	76,707	151,478	4,540
Building Demolition and Repair	4,638	13,390	9,575	8,453
Park and Recreation Center	28,684	61,161	55,770	34,075
Aviation Revolving	18,187	159,537	138,804	38,920
K-9 Training	5,141	3,556	7,630	1,067
Police LACE	190	4,294	4,294	190
AED Defibrillators Grant	375	-	-	375
Parking Lot	30	10,162	10,125	67
Federal Drug Seizure	15,707	4,300	7,536	12,471
Rainy Day	132,061	-	-	132,061
Riverboat	319,096	110,036	-	429,132
Park Building Deposit	1,732	10,828	8,940	3,620
Park Splash Pad	9	-	-	9
Tax Increment Financing Phase V	2,677,379	1,337,959	363,328	3,652,010
City Building Lease Purchase	90,291	196,966	196,820	90,437
Storm Water Bond	220,491	329,572	382,373	167,690
Tax Increment Financing Phase IV	476,456	170,718	155,017	492,157
RDC Bond and Interest (Northside)	-	292	-	292
RDC Debt Reserve (Northside)	61,093	-	-	61,093
Landfill Bond and Interest	54,061	2,774	56,833	2
CEDIT	752,740	708,259	611,433	849,566
Cumulative Capital Improvement	38,866	61,291	46,545	53,612
General Improvement	133,506	24,463	23,175	134,794
Cumulative Capital Development	625,068	324,219	4,982	944,305
Housing and Urban Development	25,710	1,632	-	27,342
Revolving Loan	335,023	36,523	-	371,546
Park Capital	20,914	-	-	20,914
Proprietary Funds:				
Health Insurance Claim	255,146	1,631,968	1,484,742	402,372
Water Utility - Operating	282,456	2,396,777	2,471,652	207,581
Water Utility - Bond and Interest	112	-	-	112
Water Utility - Depreciation	53,576	-	-	53,576
Water Utility - Customer Deposit	219,896	36,460	29,526	226,830
Wastewater Utility - Operating	654,354	3,517,254	3,460,499	711,109
Wastewater Utility - Bond and Interest	101,470	954,699	954,663	101,506
Wastewater Utility - Debt Service Reserve	1,003,838	-	-	1,003,838
Fiduciary Funds:				
1925 Police Pension	470,369	834,419	851,340	453,448
1937 Firefighters' Pension	272,157	1,059,636	960,335	371,458
Park Donation	(1,673)	31,163	84,465	(54,975)
Police Reserve Donation	960	300	105	1,155
Fire Department Donation	3,126	4,510	4,172	3,464
Payroll	84,369	11,776,584	11,786,479	74,474
Totals	$ 11,868,932	$ 37,256,189	$ 36,024,445	$ 13,100,676

The accompanying notes are an integral part of the financial information.

CITY OF HUNTINGTON
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The City was established under the laws of the State of Indiana. The City 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.

Note 2. Fund Accounting

The City uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the City in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the City on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

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

State statute (IC 5-13-9) authorizes the City to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Pension Plan

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 this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the City authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

CITY OF HUNTINGTON
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
December 31, 2007

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

General infrastructure assets completed in the current and prior years have been reported. Retroactive reporting of general infrastructure assets has not occurred by December 31, 2007.

Primary Government	Ending Balance
Governmental activities:	
Capital assets, not being depreciated:	
Land	$ 234,527
Infrastructure	2,025,798
Buildings	8,427,184
Improvements other than buildings	2,400,909
Machinery and equipment	6,032,863
Total governmental activities, capital assets not being depreciated	$ 19,121,281
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	$ 126,720
Construction in progress	48,985
Capital assets, being depreciated:	
Buildings	1,200,551
Improvements other than buildings	11,219,353
Machinery and equipment	2,164,873
Transportation equipment	387,064
Total Water Utility capital assets	15,147,546
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	131,620
Construction in progress	157,200
Capital assets, being depreciated:	
Buildings	10,899,046
Improvements other than buildings	23,685,210
Machinery and equipment	1,307,553
Transportation equipment	395,365
Total Wastewater Utility capital assets	36,575,994
Total business-type activities capital assets	$ 51,723,540

CITY OF HUNTINGTON
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
December 31, 2007

The City has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Buildings	$ 285,000	$ 196,500
Machinery and equipment	752,702	169,512
Notes and loans payable	2,318,000	209,837
Bonds payable:		
General obligation bonds:		
$1,000,000 1996 tax increment financing	115,000	118,307
$1,395,000 1997 tax increment financing	1,055,000	111,205
$675,000 2000 tax increment financing	395,000	77,417
$475,000 2001 storm water	400,000	39,515
$1,545,000 2002 storm water district	1,315,000	132,590
$877,979 2003 tax increment financing	777,496	40,879
Total governmental activities debt	$ 7,413,198	$ 1,095,762
Business-type Activities:		
Water Utility		
Capital leases:		
Machinery and equipment	$ 22,637	$ 13,977
Wastewater Utility		
Capital leases:		
Machinery and equipment	22,637	13,977
Revenue bonds:		
$9,050,000 1998 wastewater improvement	6,700,000	152,987
$1,390,000 2003 wastewater refunding	1,130,000	120,546
Total Wastewater Utility	7,852,637	287,510
Total business-type activities debt	$ 7,875,274	$ 301,487

CITY OF HUNTINGTON
OTHER REPORT

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

City of Huntington Municipal Utilities

CITY OF HUNTINGTON
EXAMINATION RESULTS AND COMMENTS

OVERDRAWN CASH BALANCE

The cash balance of the Park Donation Fund was overdrawn by $54,975 at December 31, 2007.

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS

The City was required to retroactively record infrastructure as of December 31, 2007, but failed to do so. General infrastructure assets were to be recorded if they were acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The City has not completed estimating the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.)

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CITY OF HUNTINGTON
EXIT CONFERENCE

The contents of this report were discussed on July 21, 2008, with Christi A. Scher, Clerk-Treasurer; Pamela J. Updike, former Clerk-Treasurer; Steven D. Updike, Mayor; and Terry R. Abbett, former Mayor.