

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CITY OF HUNTINGTON
HUNTINGTON COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
02/28/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	10-11
Notes to Financial Statement	12-17
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	20-34
Schedule of Payables and Receivables	35
Schedule of Leases and Debt	36
Schedule of Capital Assets.....	37
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance	40-42
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	44
Notes to Schedule of Expenditures of Federal Awards	45
Schedule of Findings and Questioned Costs	46-49
Auditee-Prepared Document:	
Corrective Action Plan	52
Other Reports.....	53

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Christi A. Scher McElhanev	01-01-12 to 12-31-19
Mayor	Brooks L. Fetters	01-01-12 to 12-31-19
President of the Board of Public Works and Safety	Brooks L. Fetters	01-01-12 to 12-31-19
President Pro Tempore of the Common Council	Joseph E. Blomeke	01-01-14 to 12-31-17
Utilities Coordinator	Marilyn K. Ratliff	01-01-14 to 12-31-17



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the City of Huntington (City), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the City for the year ended December 31, 2014.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the City for the year ended December 31, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 11, 2017, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

January 11, 2017



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

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

We have audited, 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, the financial statement of the City of Huntington (City), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement, and have issued our report thereon dated January 11, 2017, wherein we noted the City followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

January 11, 2017

(This page intentionally left blank.)

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

CITY OF HUNTINGTON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2014

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
General	\$ 3,845,682	\$ 8,880,198	\$ 9,653,247	\$ 3,072,633
Motor Vehicle Highway	1,058,242	866,982	642,429	1,282,795
Local Road and Street	123,466	78,820	182,622	19,664
Aviation	307,852	300,618	471,439	137,031
Park Rec Center	33,999	48,449	50,301	32,147
Health Insurance Claim	678,347	2,810,827	2,081,966	1,407,208
Solid Waste	836,048	1,270,865	857,806	1,249,107
Refuse Container Replace	15,750	2,810	16,800	1,760
Parking Lot	19,794	17,257	17,314	19,737
Community Development Historic Grant	-	1,335	1,251	84
Indiana Housing Grant	-	37,629	37,629	-
LLECE	34,099	15,172	18,153	31,118
Building Demo Repair and Construction	14,130	15,823	29,340	613
Park and Recreation	798,645	458,325	699,469	557,501
Rainy Day	854,207	-	500	853,707
K-9 Training	1,847	-	374	1,473
CEDIT	5,894	1,590,990	1,506,305	90,579
Levy Excess	-	1,150	-	1,150
Cinergy TIF	-	143,918	1,078	142,840
Aviation Rev Gas and Oil	42,066	149,642	146,229	45,479
Aviation Federal Grant	2,377	-	-	2,377
Cumulative Capital Development	583,517	91,471	315,264	359,724
Park Capital	11,239	-	10,077	1,162
RDC Debt Reserve - Northside	61,093	-	61,093	-
General Improvement	79,714	1,329	74,730	6,313
Cumulative Capital Improvement	123,444	46,002	91,408	78,038
TIF 2008 Consolidated	3,881,908	1,786,876	1,618,268	4,050,516
Airport Capital	11,362	300,000	53,560	257,802
Aviation Special Events Non Reverting	2,020	1,244	1,150	2,114
Police Pension	298,690	864,728	782,108	381,310
Fire Pension	299,920	916,282	894,671	321,531
Riverboat	432,902	103,023	-	535,925
Public Safety LOIT	242,426	829,180	1,071,360	246
GO Bond Debt Service	1	201,664	162,119	39,546
Mayor Prayer Breakfast	15	686	682	19
Street Vending	68	-	-	68
Park Building Deposit	4,957	8,886	6,132	7,711
No-Revert No-Ref Bldg Dep	850	-	-	850
HUD	34,813	1,153	-	35,966
Park Donation	44,935	539	22,049	23,425
Revolving Loan	376,127	31,504	-	407,631
Trails/Greenway Donation	-	22,597	-	22,597
Police Reserve Donations	3,428	100	-	3,528
Police LACE	188	1,117	-	1,305
GO Bond	77,640	-	-	77,640

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

CITY OF HUNTINGTON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
City Revital Grant	2,558	-	2,558	-
Fire Dept Donations	8,503	2,004	4,430	6,077
Storm Water Bond	31,959	497,431	368,329	161,061
Federal Drug Seizure	15,650	-	-	15,650
Payroll	-	467,016	467,016	-
Payroll Federal W/H	-	849,497	849,497	-
Payroll FICA W/H	-	368,472	368,472	-
Payroll Medicare W/H	-	171,330	171,330	-
Payroll State Tax	-	266,527	266,527	-
Payroll County Tax	-	115,916	115,916	-
Payroll PERF	-	428,876	428,876	-
Payroll Police PERF	-	82,970	82,970	-
Payroll Fire PERF	-	100,899	100,899	-
Payroll Vision Insurance	-	15,862	15,862	-
Payroll Health Insurance	-	2,231,441	2,231,441	-
Payroll Life Insurance	-	18,764	18,764	-
Payroll Accident In AFLAC	-	11,230	11,230	-
Payroll Fire Dues	-	20,782	20,782	-
Payroll United Way	-	1,387	1,387	-
Payroll 457 AUL	-	171,231	171,231	-
Payroll Union Dues	-	16,380	16,380	-
Payroll Garnishments	-	37,944	37,944	-
Section 125	-	27,707	27,707	-
Payroll AUL Life	-	18,575	18,575	-
Fire PAC	-	730	730	-
Payroll Direct Deposit	-	5,195,621	5,195,621	-
Payroll 457 Amer	-	29,295	29,295	-
Payroll Continental American	-	5,508	5,508	-
Payroll Dental Insurance	-	18,606	18,606	-
Sewage Operating	52,194	5,909,926	5,946,625	15,495
Sewage Plant Depreciation	250,851	383,272	509,284	124,839
Sewage Plant Bond and Interest	1,987,981	2,976,317	2,201,561	2,762,737
Sewage Debt Reserve	1,309,296	344,961	-	1,654,257
2011 WPC SRF	-	3,422,947	3,422,947	-
2013 SRF Frederick Street	-	3,708,536	3,708,536	-
2013B SRF WW Rabbit Run	14,182,557	17,808	11,280,859	2,919,506
Water Operating	146,017	3,437,210	3,476,011	107,216
Water Cons Dep	373,880	74,830	51,061	397,649
Water Depreciation	216,524	240,100	376,323	80,301
2011 SRF Water Bond and Interest	352,804	705,105	705,457	352,452
2011 SRF Water Debt Reserve	353,145	141,258	-	494,403
2011 SRF Water Construction	6,827	-	-	6,827
Totals	<u>\$ 34,534,448</u>	<u>\$ 54,433,462</u>	<u>\$ 64,305,470</u>	<u>\$ 24,662,440</u>

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

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

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

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

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Utility fees. Amounts received from charges for current services.

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

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

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

Supplies. Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

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

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

The City may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. 1925 Police Officers' Pension Plan

Plan Description

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

Funding Policy

The contribution requirements of plan members for the 1925 Police Officers' Pension Plan are established by state statute.

On Behalf Payments

The 1925 Police Officers' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

C. 1937 Firefighters' Pension Plan

Plan Description

The 1937 Firefighters' Pension Plan is a single-employer defined benefit pension plan. The plan is administered by the local pension board as authorized by state statute (IC 36-8-7). 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

The contribution requirements of plan members for the 1937 Firefighters' Pension Plan are established by state statute.

On Behalf Payments

The 1937 Firefighters' Pension Plan is funded by the State of Indiana through the Indiana Public Retirement System as provided under Indiana Code 5-10.3-11.

CITY OF HUNTINGTON
NOTES TO FINANCIAL STATEMENT
(Continued)

D. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

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

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy

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

Note 7. Subsequent Event

The City issued a Tax Incremental Finance (TIF) bond in the amount of \$6,000,000 in May 2015 to add bike lanes on old U.S. 24.

Note 8. Other Postemployment Benefits

The City provides health insurance at the employee rate to eligible retirees. These benefits pose a liability to the City for this year and in future years. Information regarding the benefits can be obtained by contacting the City.

(This page intentionally left blank.)

OTHER INFORMATION - UNAUDITED

The City's Annual Financial Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	General	Motor Vehicle Highway	Local Road and Street	Aviation	Park Rec Center	Health Insurance Claim
Cash and investments - beginning	\$ 3,845,682	\$ 1,058,242	\$ 123,466	\$ 307,852	\$ 33,999	\$ 678,347
Receipts:						
Taxes	5,037,619	229,792	-	204,294	-	-
Licenses and permits	1,360	-	-	-	-	-
Intergovernmental receipts	3,261,609	634,555	78,820	18,282	-	-
Charges for services	33,854	-	-	38,367	48,449	-
Fines and forfeits	21,478	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	524,278	2,635	-	39,675	-	2,810,827
Total receipts	8,880,198	866,982	78,820	300,618	48,449	2,810,827
Disbursements:						
Personal services	6,158,361	196,975	-	15,684	-	-
Supplies	297,222	109,682	-	7,658	-	-
Other services and charges	1,653,591	302,543	-	148,037	50,301	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	442,110	8,582	182,622	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	1,101,963	24,647	-	300,060	-	2,081,966
Total disbursements	9,653,247	642,429	182,622	471,439	50,301	2,081,966
Excess (deficiency) of receipts over disbursements	(773,049)	224,553	(103,802)	(170,821)	(1,852)	728,861
Cash and investments - ending	\$ 3,072,633	\$ 1,282,795	\$ 19,664	\$ 137,031	\$ 32,147	\$ 1,407,208

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Solid Waste	Refuse Container Replace	Parking Lot	Community Development Historic Grant	Indiana Housing Grant	LLECE
Cash and investments - beginning	\$ 836,048	\$ 15,750	\$ 19,794	\$ -	\$ -	\$ 34,099
Receipts:						
Taxes	410,143	-	-	-	-	-
Licenses and permits	-	-	-	-	-	4,920
Intergovernmental receipts	37,055	-	-	1,335	37,629	-
Charges for services	784,478	2,810	17,257	-	-	3,872
Fines and forfeits	-	-	-	-	-	36
Utility fees	-	-	-	-	-	-
Other receipts	39,189	-	-	-	-	6,344
Total receipts	<u>1,270,865</u>	<u>2,810</u>	<u>17,257</u>	<u>1,335</u>	<u>37,629</u>	<u>15,172</u>
Disbursements:						
Personal services	268,144	-	-	-	-	116
Supplies	81,007	-	6,237	-	-	-
Other services and charges	314,021	-	332	1,251	37,629	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	88,818	-	10,735	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	105,816	16,800	10	-	-	18,037
Total disbursements	<u>857,806</u>	<u>16,800</u>	<u>17,314</u>	<u>1,251</u>	<u>37,629</u>	<u>18,153</u>
Excess (deficiency) of receipts over disbursements	<u>413,059</u>	<u>(13,990)</u>	<u>(57)</u>	<u>84</u>	<u>-</u>	<u>(2,981)</u>
Cash and investments - ending	<u>\$ 1,249,107</u>	<u>\$ 1,760</u>	<u>\$ 19,737</u>	<u>\$ 84</u>	<u>\$ -</u>	<u>\$ 31,118</u>

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Building Demo Repair and Construction	Park and Recreation	Rainy Day	K-9 Training	CEDIT	Levy Excess
Cash and investments - beginning	\$ 14,130	\$ 798,645	\$ 854,207	\$ 1,847	\$ 5,894	\$ -
Receipts:						
Taxes	-	394,284	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	35,258	-	-	399,108	-
Charges for services	-	14,099	-	-	-	1,150
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	15,823	14,684	-	-	1,191,882	-
Total receipts	<u>15,823</u>	<u>458,325</u>	<u>-</u>	<u>-</u>	<u>1,590,990</u>	<u>1,150</u>
Disbursements:						
Personal services	-	349,676	-	-	-	-
Supplies	-	56,234	-	374	-	-
Other services and charges	29,340	122,677	500	-	1,506,305	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	129,895	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	40,987	-	-	-	-
Total disbursements	<u>29,340</u>	<u>699,469</u>	<u>500</u>	<u>374</u>	<u>1,506,305</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(13,517)</u>	<u>(241,144)</u>	<u>(500)</u>	<u>(374)</u>	<u>84,685</u>	<u>1,150</u>
Cash and investments - ending	<u>\$ 613</u>	<u>\$ 557,501</u>	<u>\$ 853,707</u>	<u>\$ 1,473</u>	<u>\$ 90,579</u>	<u>\$ 1,150</u>

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Cinergy TIF	Aviation Rev Gas and Oil	Aviation Federal Grant	Cumulative Capital Development	Park Capital	RDC Debt Reserve - Northside
Cash and investments - beginning	\$ -	\$ 42,066	\$ 2,377	\$ 583,517	\$ 11,239	\$ 61,093
Receipts:						
Taxes	143,918	-	-	68,720	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	6,148	-	-
Charges for services	-	149,642	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	16,603	-	-
Total receipts	<u>143,918</u>	<u>149,642</u>	<u>-</u>	<u>91,471</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	969	-	-	-	-
Other services and charges	-	110,260	-	-	-	-
Debt service - principal and interest	1,078	-	-	-	-	-
Capital outlay	-	-	-	315,264	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	35,000	-	-	10,077	61,093
Total disbursements	<u>1,078</u>	<u>146,229</u>	<u>-</u>	<u>315,264</u>	<u>10,077</u>	<u>61,093</u>
Excess (deficiency) of receipts over disbursements	<u>142,840</u>	<u>3,413</u>	<u>-</u>	<u>(223,793)</u>	<u>(10,077)</u>	<u>(61,093)</u>
Cash and investments - ending	<u>\$ 142,840</u>	<u>\$ 45,479</u>	<u>\$ 2,377</u>	<u>\$ 359,724</u>	<u>\$ 1,162</u>	<u>\$ -</u>

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	General Improvement	Cumulative Capital Improvement	TIF 2008 Consolidated	Airport Capital	Aviation Special Events Non Reverting	Police Pension
Cash and investments - beginning	\$ 79,714	\$ 123,444	\$ 3,881,908	\$ 11,362	\$ 2,020	\$ 298,690
Receipts:						
Taxes	-	-	1,725,783	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	46,002	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	1,329	-	61,093	300,000	1,244	864,728
Total receipts	<u>1,329</u>	<u>46,002</u>	<u>1,786,876</u>	<u>300,000</u>	<u>1,244</u>	<u>864,728</u>
Disbursements:						
Personal services	-	-	-	-	-	781,977
Supplies	-	-	-	-	-	-
Other services and charges	201	-	917,840	-	-	131
Debt service - principal and interest	-	-	72,485	-	-	-
Capital outlay	-	91,077	627,943	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	74,529	331	-	53,560	1,150	-
Total disbursements	<u>74,730</u>	<u>91,408</u>	<u>1,618,268</u>	<u>53,560</u>	<u>1,150</u>	<u>782,108</u>
Excess (deficiency) of receipts over disbursements	<u>(73,401)</u>	<u>(45,406)</u>	<u>168,608</u>	<u>246,440</u>	<u>94</u>	<u>82,620</u>
Cash and investments - ending	<u>\$ 6,313</u>	<u>\$ 78,038</u>	<u>\$ 4,050,516</u>	<u>\$ 257,802</u>	<u>\$ 2,114</u>	<u>\$ 381,310</u>

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Fire Pension	Riverboat	Public Safety LOIT	GO Bond Debt Service	Mayor Prayer Breakfast	Street Vending
Cash and investments - beginning	\$ 299,920	\$ 432,902	\$ 242,426	\$ 1	\$ 15	\$ 68
Receipts:						
Taxes	-	-	-	188,747	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	103,023	829,180	12,917	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	916,282	-	-	-	686	-
Total receipts	<u>916,282</u>	<u>103,023</u>	<u>829,180</u>	<u>201,664</u>	<u>686</u>	<u>-</u>
Disbursements:						
Personal services	893,975	-	-	-	-	-
Supplies	58	-	-	-	-	-
Other services and charges	120	-	25,530	-	-	-
Debt service - principal and interest	-	-	-	162,119	-	-
Capital outlay	-	-	430,089	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	518	-	615,741	-	682	-
Total disbursements	<u>894,671</u>	<u>-</u>	<u>1,071,360</u>	<u>162,119</u>	<u>682</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>21,611</u>	<u>103,023</u>	<u>(242,180)</u>	<u>39,545</u>	<u>4</u>	<u>-</u>
Cash and investments - ending	<u>\$ 321,531</u>	<u>\$ 535,925</u>	<u>\$ 246</u>	<u>\$ 39,546</u>	<u>\$ 19</u>	<u>\$ 68</u>

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Park Building Deposit	No-Revert No-Ref Bldg Dep	HUD	Park Donation	Revolving Loan	Trails/Greenway Donation
Cash and investments - beginning	\$ 4,957	\$ 850	\$ 34,813	\$ 44,935	\$ 376,127	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	8,886	-	1,153	539	31,504	22,597
Total receipts	<u>8,886</u>	<u>-</u>	<u>1,153</u>	<u>539</u>	<u>31,504</u>	<u>22,597</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	22,049	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	6,132	-	-	-	-	-
Total disbursements	<u>6,132</u>	<u>-</u>	<u>-</u>	<u>22,049</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,754</u>	<u>-</u>	<u>1,153</u>	<u>(21,510)</u>	<u>31,504</u>	<u>22,597</u>
Cash and investments - ending	<u>\$ 7,711</u>	<u>\$ 850</u>	<u>\$ 35,966</u>	<u>\$ 23,425</u>	<u>\$ 407,631</u>	<u>\$ 22,597</u>

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Police Reserve Donations	Police LACE	GO Bond	City Revital Grant	Fire Dept Donations	Storm Water Bond
Cash and investments - beginning	\$ 3,428	\$ 188	\$ 77,640	\$ 2,558	\$ 8,503	\$ 31,959
Receipts:						
Taxes	-	-	-	-	-	465,492
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	31,939
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	100	1,117	-	-	2,004	-
Total receipts	<u>100</u>	<u>1,117</u>	<u>-</u>	<u>-</u>	<u>2,004</u>	<u>497,431</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	2,558	-	-
Debt service - principal and interest	-	-	-	-	-	368,329
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	4,430	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,558</u>	<u>4,430</u>	<u>368,329</u>
Excess (deficiency) of receipts over disbursements	<u>100</u>	<u>1,117</u>	<u>-</u>	<u>(2,558)</u>	<u>(2,426)</u>	<u>129,102</u>
Cash and investments - ending	<u>\$ 3,528</u>	<u>\$ 1,305</u>	<u>\$ 77,640</u>	<u>\$ -</u>	<u>\$ 6,077</u>	<u>\$ 161,061</u>

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Federal Drug Seizure	Payroll	Payroll Federal W/H	Payroll FICA W/H	Payroll Medicare W/H	Payroll State Tax
Cash and investments - beginning	\$ 15,650	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	467,016	849,497	368,472	171,330	266,527
Total receipts	<u>-</u>	<u>467,016</u>	<u>849,497</u>	<u>368,472</u>	<u>171,330</u>	<u>266,527</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	467,016	849,497	368,472	171,330	266,527
Total disbursements	<u>-</u>	<u>467,016</u>	<u>849,497</u>	<u>368,472</u>	<u>171,330</u>	<u>266,527</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 15,650</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Payroll County Tax	Payroll PERF	Payroll Police PERF	Payroll Fire PERF	Payroll Vision Insurance	Payroll Health Insurance
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	115,916	428,876	82,970	100,899	15,862	2,231,441
Total receipts	<u>115,916</u>	<u>428,876</u>	<u>82,970</u>	<u>100,899</u>	<u>15,862</u>	<u>2,231,441</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	115,916	428,876	82,970	100,899	15,862	2,231,441
Total disbursements	<u>115,916</u>	<u>428,876</u>	<u>82,970</u>	<u>100,899</u>	<u>15,862</u>	<u>2,231,441</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Payroll Life Insurance	Payroll Accident In AFLAC	Payroll Fire Dues	Payroll United Way	Payroll 457 AUL	Payroll Union Dues
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	18,764	11,230	20,782	1,387	171,231	16,380
Total receipts	<u>18,764</u>	<u>11,230</u>	<u>20,782</u>	<u>1,387</u>	<u>171,231</u>	<u>16,380</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	18,764	11,230	20,782	1,387	171,231	16,380
Total disbursements	<u>18,764</u>	<u>11,230</u>	<u>20,782</u>	<u>1,387</u>	<u>171,231</u>	<u>16,380</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Payroll Garnishments	Section 125	Payroll AUL Life	Fire PAC	Payroll Direct Deposit	Payroll 457 Amer
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	37,944	27,707	18,575	730	5,195,621	29,295
Total receipts	<u>37,944</u>	<u>27,707</u>	<u>18,575</u>	<u>730</u>	<u>5,195,621</u>	<u>29,295</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	37,944	27,707	18,575	730	5,195,621	29,295
Total disbursements	<u>37,944</u>	<u>27,707</u>	<u>18,575</u>	<u>730</u>	<u>5,195,621</u>	<u>29,295</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Payroll Continental American	Payroll Dental Insurance	Sewage Operating	Sewage Plant Depreciation	Sewage Plant Bond and Interest	Sewage Debt Reserve
Cash and investments - beginning	\$ -	\$ -	\$ 52,194	\$ 250,851	\$ 1,987,981	\$ 1,309,296
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	5,909,904	-	-	-
Other receipts	5,508	18,606	22	383,272	2,976,317	344,961
Total receipts	5,508	18,606	5,909,926	383,272	2,976,317	344,961
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	2,201,561	-
Capital outlay	-	-	-	509,284	-	-
Utility operating expenses	-	-	2,458,447	-	-	-
Other disbursements	5,508	18,606	3,488,178	-	-	-
Total disbursements	5,508	18,606	5,946,625	509,284	2,201,561	-
Excess (deficiency) of receipts over disbursements	-	-	(36,699)	(126,012)	774,756	344,961
Cash and investments - ending	\$ -	\$ -	\$ 15,495	\$ 124,839	\$ 2,762,737	\$ 1,654,257

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	2011 WPC SRF	2013 SRF Frederick Street	2013B SRF WW Rabbit Run	Water Operating	Water Cons Dep
Cash and investments - beginning	\$ -	\$ -	\$ 14,182,557	\$ 146,017	\$ 373,880
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Utility fees	-	-	-	3,437,188	-
Other receipts	3,422,947	3,708,536	17,808	22	74,830
Total receipts	<u>3,422,947</u>	<u>3,708,536</u>	<u>17,808</u>	<u>3,437,210</u>	<u>74,830</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	3,422,947	3,478,012	11,280,859	-	-
Utility operating expenses	-	-	-	2,389,548	-
Other disbursements	-	230,524	-	1,086,463	51,061
Total disbursements	<u>3,422,947</u>	<u>3,708,536</u>	<u>11,280,859</u>	<u>3,476,011</u>	<u>51,061</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(11,263,051)</u>	<u>(38,801)</u>	<u>23,769</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,919,506</u>	<u>\$ 107,216</u>	<u>\$ 397,649</u>

CITY OF HUNTINGTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Water Depreciation	2011 SRF Water Bond and Interest	2011 SRF Water Debt Reserve	2011 SRF Water Construction	Totals
Cash and investments - beginning	\$ 216,524	\$ 352,804	\$ 353,145	\$ 6,827	\$ 34,534,448
Receipts:					
Taxes	-	-	-	-	8,868,792
Licenses and permits	-	-	-	-	6,280
Intergovernmental receipts	-	-	-	-	5,532,860
Charges for services	-	-	-	-	1,093,978
Fines and forfeits	-	-	-	-	21,514
Utility fees	-	-	-	-	9,347,092
Other receipts	240,100	705,105	141,258	-	29,562,946
Total receipts	<u>240,100</u>	<u>705,105</u>	<u>141,258</u>	<u>-</u>	<u>54,433,462</u>
Disbursements:					
Personal services	-	-	-	-	8,664,908
Supplies	-	-	-	-	559,441
Other services and charges	-	-	-	-	5,223,167
Debt service - principal and interest	-	705,457	-	-	3,511,029
Capital outlay	376,323	-	-	-	21,416,609
Utility operating expenses	-	-	-	-	4,847,995
Other disbursements	-	-	-	-	20,082,321
Total disbursements	<u>376,323</u>	<u>705,457</u>	<u>-</u>	<u>-</u>	<u>64,305,470</u>
Excess (deficiency) of receipts over disbursements	<u>(136,223)</u>	<u>(352)</u>	<u>141,258</u>	<u>-</u>	<u>(9,872,008)</u>
Cash and investments - ending	<u>\$ 80,301</u>	<u>\$ 352,452</u>	<u>\$ 494,403</u>	<u>\$ 6,827</u>	<u>\$ 24,662,440</u>

CITY OF HUNTINGTON
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2014

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ 8,090	\$ 312,203
Water	94,429	160,757
Governmental activities	317,956	133,082
Totals	\$ 420,475	\$ 606,042

CITY OF HUNTINGTON
SCHEDULE OF LEASES AND DEBT
December 31, 2014

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Kroger TIF	\$ 482,617	\$ 43,827
General obligation bonds	Equipment purchase street dept	575,000	170,113
General obligation bonds	Storm Water Project refinance	960,000	165,438
General obligation bonds	Cinergy Metronet TIF	1,500,000	-
Notes and loans payable	2014 Police cars	62,924	33,961
Notes and loans payable	Storm Water Bond SRF	<u>1,298,000</u>	<u>209,508</u>
Total governmental activities		<u>4,878,541</u>	<u>622,847</u>
Wastewater:			
Revenue bonds	waste water improvements 2003	540,000	122,673
Revenue bonds	waste water improvements 2008	3,020,000	776,212
Notes and loans payable	sewer separation SRF 2008	3,465,000	119,832
Notes and loans payable	Waste Water Plant Improvements SRF 2011	14,594,034	704,560
Notes and loans payable	sewage separation SRF2013 Frederick St	5,498,330	418,348
Notes and loans payable	sewage separation SRF 2013b Rabbit Run	<u>14,260,000</u>	<u>850,400</u>
Total Wastewater		<u>41,377,364</u>	<u>2,992,025</u>
Water:			
Notes and loans payable	water plant SRF	<u>9,463,000</u>	<u>705,651</u>
Totals		<u>\$ 55,718,905</u>	<u>\$ 4,320,523</u>

CITY OF HUNTINGTON
SCHEDULE OF CAPITAL ASSETS
December 31, 2014

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

	Ending Balance
Governmental activities:	
Land	\$ 234,527
Infrastructure	2,176,482
Buildings	8,591,690
Improvements other than buildings	2,443,709
Machinery, equipment, and vehicles	7,280,751
Total governmental activities	20,727,159
Wastewater:	
Land	142,120
Buildings	9,245,837
Improvements other than buildings	28,789,363
Machinery, equipment, and vehicles	3,034,203
Construction in progress	35,131,119
Total Wastewater	76,342,642
Water:	
Land	539,979
Buildings	8,334,901
Improvements other than buildings	17,009,434
Machinery, equipment, and vehicles	2,739,420
Construction in progress	1,561,789
Total Water	30,185,523
Total capital assets	\$ 127,255,324

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for the Major Federal Program

We have audited the City of Huntington's (City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. Except as discussed in the following paragraph, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Basis for Qualified Opinion on Capitalization Grants for Clean Water State Revolving Funds

As described in item 2014-002 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the City with Capitalization Grants for Clean Water State Revolving Funds regarding the Davis-Bacon Act. Consequently we were unable to determine whether the City complied with these requirements applicable to the program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Qualified Opinion on Capitalization Grants for Clean Water State Revolving Funds

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the City's compliance with the requirements of Capitalization Grants for Clean Water State Revolving Funds regarding the Davis-Bacon Act, described in the *Basis for Qualified Opinion* paragraph the City complied, in all material respects, with the requirements referred to above that could have a direct and material effect on Capitalization Grants for Clean Water State Revolving Funds for the year ended December 31, 2014.

Other Matters

The City's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.


Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 to be material weaknesses.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

January 11, 2017

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

CITY OF HUNTINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Indiana Housing and Community Development Authority	14.228	DR2OR-013-009	\$ 37,629
Total - CDBG - State-Administered CDBG Cluster				<u>37,629</u>
Total - Department of Housing and Urban Development				<u>37,629</u>
<u>Department of Justice</u>				
Bulletproof Vest Partnership Program	Direct Grant	16.607	FY 2013 FY 2014	544 <u>1,715</u>
Total - Bulletproof Vest Partnership Program				<u>2,259</u>
Total - Department of Justice				<u>2,259</u>
<u>Department of Transportation</u>				
Highway Safety Cluster State and Community Highway Safety	Indiana Criminal Justice Institute	20.600	D3-14-8164	<u>6,800</u>
Total - Highway Safety Cluster				<u>6,800</u>
Total - Department of Transportation				<u>6,800</u>
<u>National Endowment for the Humanities</u>				
Promotion of the Humanities_Federal/State Partnership	Indiana Humanities Council	45.129	14-4019	<u>1,251</u>
Total - Promotion of the Humanities_Federal/State Partnership				<u>1,251</u>
Total - National Endowment for the Humanities				<u>1,251</u>
<u>Environmental Protection Agency</u>				
Clean Water State Revolving Fund Cluster Capitalization Grants for Clean Water State Revolving Funds 2011 SRF Wastewater 2013 SRF WW Frederick St	Indiana Finance Authority	66.458	WW10013503 WW12352104	1,146,264 <u>1,304,894</u>
Total - Clean Water State Revolving Fund Cluster				<u>2,451,158</u>
Total - Environmental Protection Agency				<u>2,451,158</u>
<u>Department of Homeland Security</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036	385PA4173-00236 385PA4173-00237	19,045 <u>8,072</u>
Total - Disaster Grants - Public Assistance (Presidentially Declared Disasters)				<u>27,117</u>
Total - Department of Homeland Security				<u>27,117</u>
Total federal awards expended				<u>\$ 2,526,214</u>

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2014. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the City, it is not intended to and does not present the financial position of the City.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 3. Subrecipients

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows for the year ended December 31, 2014:

Program Title	Federal CFDA Number	2014
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	\$ <u>37,629</u>

CITY OF HUNTINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Qualified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds

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

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-001 - CASH MANAGEMENT

Federal Agency: Environmental Protection Agency
 Federal Program: Capitalization Grants for Clean Water State Revolving Funds
 CFDA Number: 66.458
 Federal Award Numbers and Years (or Other Identifying Numbers): WW10013503, WW12352104
 Pass-Through Entity: Indiana Finance Authority

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

Condition

Management of the City had not established an effective internal control system related to the grant agreement and the Cash Management compliance requirement. The following deficiency constituted a material weakness:

The Clerk-Treasurer prepared the SRF (State Revolving Fund) Disbursement Request Form to request grant reimbursements but the form was not reviewed or approved by another person.

Context

The City did not have adequate controls in place to comply with the Cash Management requirement of the Capitalization Grants for Clean Water State Revolving Funds program.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs"

Cause

Management had not developed an effective system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system placed the City at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls related to the grant agreement and the Cash Management requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

FINDING 2014-002 - DAVIS-BACON ACT

Federal Agency: Environmental Protection Agency
Federal Program: Capitalization Grants for Clean Water State Revolving Funds
CFDA Number: 66.458
Federal Award Numbers and Years (or Other Identifying Numbers): WW10013503, WW12352104
Pass-Through Entity: Indiana Finance Authority

Condition

Management of the City had not established an effective internal control system related to the grant agreement and the following compliance requirement: Davis-Bacon Act. The City paid an independent contractor to provide grant administration services for the Capitalization Grants for Clean Water State Revolving Funds grant.

The City did not obtain all certified payrolls from the independent contractor or monitor that prevailing wage rates were paid. Therefore, the City did not review all certified payrolls for contractors and sub-contractors for the 2013 Frederick Street SRF project and they did not review subcontractor contracts for the 2011 WCP SRF project to ensure that a prevailing wage rate clause was included.

Context

The City relied solely on communications with the Grant Administrator to determine compliance with the Davis-Bacon Act.

Due to the lack of maintaining certified payrolls we were unable to determine if the City complied with the Davis-Bacon Act requirement of the Capitalization Grants for Clean Water State Revolving Funds program. The City did not have adequate controls in place over the Davis-Bacon Act requirement.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

40 CFR 30.53(b) states in part:

"Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by EPA. . . ."

Cause

Management had not developed an effective system of internal controls that segregated key functions. Certified payrolls were not maintained.

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

Effect

The failure to maintain the certified payrolls prevented the ability to verify if the City was in compliance with the requirements for Davis-Bacon Act.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the City's management establish controls related to the grant agreement and the Davis-Bacon Act requirement and to maintain the certified payrolls.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

(This page intentionally left blank.)

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the City. The document is presented as intended by the City.



CHRISTI A. MCELHANEY

*Clerk Treasurer
City of Huntington*

City of Huntington
300 Cherry Street
Huntington, IN 46750
Phone: (260) 356-1400
Fax: (260) 358-2332

January 11, 2017

CORRECTIVE ACTION PLAN

Finding 2014-001 –

Contact Person Responsible for Corrective Action: Christi McElhaney
Contact Phone Number: 260-356-1400 X 2016

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

We will have both the Engineer and the Clerk Treasurer sign off when submitting claims to SRF.

Anticipated completion date: 1/31/2017

Finding 2014-002 –

Contact Person Responsible for Corrective Action: Christi McElhaney
Contact Phone Number: 260-356-1400 X 2016

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

We will make sure we receive all information from the professional engineering service for the SRF grants and review the documents to ensure the prevailing wage rate is paid and that the documents are included in our files.

Anticipated completion date: 1/31/2017

Signature Christi A. McElhaney

Title City Clerk Treasurer

Date 1-11-17

OTHER REPORTS

In addition to this report, other reports may have been issued for the City. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.