

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

EXAMINATION REPORT
OF
TOWN OF SHARPSVILLE
TIPTON COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
08/18/2010

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Berniece Farris	01-01-08 to 12-31-11
President of the Town Council	Jessica Beck Robert Rupe	01-01-08 to 07-31-09 08-01-09 to 12-31-10
Superintendent of Utilities	Michael Beck	01-01-08 to 12-31-10
Town Court Judge	Evelyn R. Hollman	01-01-08 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF SHARPSVILLE, TIPTON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Sharpsville (Town), for the period of January 1, 2008 to December 31, 2009. The Town'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 Town for the years ended December 31, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Long-Term Debt, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on the schedule.

STATE BOARD OF ACCOUNTS

July 8, 2010

TOWN OF SHARPSVILLE
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Years Ended December 31, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 248,831	\$ 226,868	\$ 250,866	\$ 224,833
Motor Vehicle Highway	23,561	23,403	27,108	19,856
Local Road and Street	17,871	2,567	817	19,621
Local Law Enforcement Continuing Education	7,442	923	-	8,365
Riverboat	13,075	3,877	-	16,952
Rainy Day	4,456	5,008	442	9,022
Trash	14,072	37,482	41,690	9,864
Community Building	9,361	9,522	9,530	9,353
Economic Development Income Tax	17,411	15,871	8,271	25,011
Record Perpetuation (FAX) Fund	22,826	2,596	7,175	18,247
Cumulative Capital Improvement	19,384	2,010	-	21,394
Cumulative Capital Development	23,195	3,520	3,500	23,215
Cumulative Building and Fire Fighting Equipment	21,983	2,341	2,500	21,824
Proprietary Funds:				
Water Utility - Operating	68,932	117,059	134,684	51,307
Water Utility - Bond and Interest	77,469	19,422	53,055	43,836
Water Utility - Debt Reserve	-	46,157	-	46,157
Water Utility - Customer Deposit	5,776	280	-	6,056
Wastewater Utility - Operating	7,670	106,718	83,293	31,095
Wastewater Utility - Bond and Interest	33,102	191	-	33,293
Fiduciary Funds:				
Law Enforcement Continuing Education	16,839	2,831	1,970	17,700
Town Court	7,224	148,018	150,722	4,520
County Court Fees	-	13,596	12,882	714
Payroll	1,884	142,895	142,841	1,938
Totals	<u>\$ 662,364</u>	<u>\$ 933,155</u>	<u>\$ 931,346</u>	<u>\$ 664,173</u>

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 224,833	\$ 217,245	\$ 238,696	\$ 203,382
Motor Vehicle Highway	19,856	23,310	17,766	25,400
Local Road and Street	19,621	2,442	558	21,505
Local Law Enforcement Continuing Education	8,365	420	1,463	7,322
Riverboat	16,952	3,867	-	20,819
Rainy Day	9,022	1,741	-	10,763
Trash	9,864	33,974	39,036	4,802
Community Building	9,353	7,560	8,401	8,512
Economic Development Income Tax	25,011	16,597	13,723	27,885
Record Perpetuation (FAX) Fund	18,247	1,850	4,038	16,059
Cumulative Capital Improvement	21,394	1,895	-	23,289
Cumulative Capital Development	23,215	2,538	3,500	22,253
Cumulative Building and Fire Fighting Equipment	21,824	1,686	2,500	21,010
Proprietary Funds:				
Water Utility - Operating	51,307	160,151	130,685	80,773
Water Utility - Bond and Interest	43,836	54,511	53,055	45,292
Water Utility - Depreciation	46,157	10,013	-	56,170
Water Utility - Customer Deposit	6,056	260	20	6,296
Wastewater Utility - Operating	31,095	122,185	106,444	46,836
Wastewater Utility - Bond and Interest	33,293	116	-	33,409
Fiduciary Funds:				
Law Enforcement Continuing Education	17,700	2,442	3,833	16,309
Town Court	4,520	106,968	106,896	4,592
County Court Fees	714	9,498	10,212	-
Payroll	1,938	138,881	135,635	5,184
Totals	<u>\$ 664,173</u>	<u>\$ 920,150</u>	<u>\$ 876,461</u>	<u>\$ 707,862</u>

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

TOWN OF SHARPSVILLE
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The Town 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 Town 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 Town 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 Town 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.

TOWN OF SHARPSVILLE
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town 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 Town 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.

TOWN OF SHARPSVILLE
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2009

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Fire Station	\$ 159,295	\$ 12,000
Total governmental activities debt	<u>\$ 159,295</u>	<u>\$ 12,000</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
Water Project	\$ 656,000	\$ 53,033
Total Water Utility	<u>656,000</u>	<u>53,033</u>
Wastewater Utility:		
Revenue bonds:		
Wastewater Utility	<u>155,000</u>	<u>29,725</u>
Total Wastewater Utility	<u>155,000</u>	<u>29,725</u>
Total business-type activities debt	<u>\$ 811,000</u>	<u>\$ 82,758</u>

TOWN OF SHARPSVILLE
EXAMINATION RESULTS AND COMMENTS

DEPOSITS – GUN PERMIT RECEIPTS

As stated in the prior Reports B07798, B13893, B17670, B23803, B27191, and B33186, we noted instances where receipts collected for gun permits were not deposited in a timely manner. Fees are collected by the Town Marshal throughout the year, but are only remitted to the Clerk-Treasurer sporadically. Some receipts were held as long as ninety days before being turned over to the Clerk-Treasurer.

Receipts and fees collected by a police department or marshal's office, should be remitted to the Clerk-Treasurer or controller at least once each week. (Cities and Towns Bulletin and Uniform Compliance Guidelines, September 2003)

CAPITAL ASSET RECORDS

As reported in prior Reports B23803, B27191, and B33186, capital asset records are not maintained for the Town. Capital Asset records for the Water and Wastewater Utilities are not maintained on a current basis.

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 form. 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)

TOWN OF SHARPSVILLE
EXIT CONFERENCE

The contents of this report were discussed on July 8, 2010, with Berniece Farris, Clerk-Treasurer, and Linda Smeltzer, Town Board member. The officials concurred with our findings.