

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

ANNUAL FINANCIAL REPORT

2010

CITY OF HARTFORD CITY

BLACKFORD COUNTY, INDIANA



FILED
06/22/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Janet Gilland	01-01-08 to 12-31-11
Mayor	Dennis Whitesell	01-01-08 to 12-31-11
President of the Common Council	C. Scott Confer	01-01-10 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE CITY OF HARTFORD CITY, BLACKFORD COUNTY, INDIANA

We have audited the accompanying financial statement of the City of Hartford City (City), for the year ended December 31, 2010. This financial statement is the responsibility of the City's management. Our responsibility is to express an opinion on the 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 includes consideration of internal control over financial reporting as a basis for designing 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 over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated June 1, 2011, 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 and should be considered in assessing the results of our audit.

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.

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

Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the City's financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedule(s) of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt 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.

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

STATE BOARD OF ACCOUNTS

June 1, 2011



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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 HARTFORD CITY, BLACKFORD COUNTY, INDIANA

We have audited the financial statement of the City of Hartford City (City), for the year ended December 31, 2010, and have issued our report thereon dated June 1, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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.

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)

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

STATE BOARD OF ACCOUNTS

June 1, 2011

FINANCIAL STATEMENT(S)

CITY OF HARTFORD CITY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 125,396	\$ 1,906,754	\$ 1,918,866	\$ 113,284
Cash Change	-	350	-	350
Fire Department Grant	-	4,000	4,000	-
Motor Vehicle Highway	25,907	458,508	420,257	64,158
Local Road and Street	25,702	29,478	49,872	5,308
Riverboat	87,685	175,408	250,370	12,723
Park Improvement	6,718	2,125	-	8,843
Rainy Day	308	50,240	-	50,548
Law Enforcement Continuing Education	7,184	6,159	5,227	8,116
Hazardous Materials	3,122	-	-	3,122
Levy Excess	-	5,090	-	5,090
Operation Pullover Grant	96	4,000	3,923	173
4 Blackford County Grant	16,752	-	4,203	12,549
Cops for Coats	1,024	941	985	980
Canine/Police Equipment	13,554	10,046	-	23,600
Homeowner Grant/Community Development	-	5,136	5,136	-
Governmental TV Funding	25	-	-	25
Pool Concessions	7,929	5,191	3,608	9,512
Building Permit	24,314	8,065	6,143	26,236
Pool Maintenance	3,411	3,910	-	7,321
Neighborhood Stabilization Program Grant	32	862,090	862,090	32
Debt Service	-	147,790	147,790	-
Cumulative Capital Development	81,830	70,491	88,322	63,999
Industrial Development Revolving Loan	174,783	24,469	9,900	189,352
Cumulative Fire	66,754	40,791	48,882	58,663
Cumulative Capital Improvement	19,576	20,285	25,000	14,861
Economic Development Income Tax	96,582	154,768	143,572	107,778
Police Officers' Pension	91,081	84,420	78,338	97,163
Firefighters' Pension	95,263	49,486	64,712	80,037
Payroll	39,309	2,482,280	2,484,699	36,890
Sanitation Operating	16,516	383,112	397,200	2,428
Sanitation Sinking	132,657	-	80,666	51,991
Wastewater Utility - Operating	38,442	1,471,825	1,489,915	20,352
Wastewater Utility - Bond and Interest Reserve	509,547	40,993	-	550,540
Wastewater Utility - Improvement	1	-	-	1
Wastewater Utility - Bond and Interest	53,440	126,000	171,638	7,802
Wastewater Utility - SRF Improvement	5,405	-	5,405	-
Wastewater Utility - TIF District	99,639	308,318	76,038	331,919
Wastewater Utility - Commissioners Ditch	7,527	7,237	14,700	64
Water Utility - Operating	35,063	867,149	866,869	35,343
Water Utility - Bond and Interest Reserve	232,360	-	-	232,360
Water Utility - Bond Sinking	33,593	210,000	230,868	12,725
Water Utility - Customer Deposit	139,575	29,221	23,347	145,449
Water Utility - Improvement	52,001	4,371	46,013	10,359
Water Utility - Meter Investment	390	-	390	-
Totals	<u>\$ 2,370,493</u>	<u>\$ 10,060,497</u>	<u>\$ 10,028,944</u>	<u>\$ 2,402,046</u>

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

CITY OF HARTFORD CITY
NOTES TO FINANCIAL STATEMENT(S)

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(s) present(s) the financial information for the City (primary government), and does not include financial information for any of the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the City (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

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

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

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

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

CITY OF HARTFORD CITY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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

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

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

Utility fees which are comprised mostly of charges for current services.

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

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

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

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

CITY OF HARTFORD CITY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the City in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates

CITY OF HARTFORD CITY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plan(s)

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the 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 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.

CITY OF HARTFORD CITY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

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.

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 Public Employees' Retirement Fund 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.

CITY OF HARTFORD CITY
NOTES TO FINANCIAL STATEMENT(S)
(Continued)

On Behalf Payments

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

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 Employees' Retirement Plan (PERF) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 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.

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

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

Funding Policy

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the City of Hartford City's Annual Report(s) can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

CITY OF HARTFORD CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Cash Change	Fire Department Grant	Motor Vehicle Highway	Local Road and Street	Riverboat	Park Improvement
Cash and investments - beginning	\$ 125,396	\$ -	\$ -	\$ 25,907	\$ 25,702	\$ 87,685	\$ 6,718
Receipts:							
Taxes	1,161,783	-	-	248,095	-	-	-
Licenses and permits	733	-	-	-	-	-	-
Intergovernmental	468,475	-	4,000	183,346	29,478	175,408	-
Charges for services	-	-	-	2,280	-	-	2,125
Fines and forfeits	3,288	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	272,475	350	-	24,787	-	-	-
Total receipts	<u>1,906,754</u>	<u>350</u>	<u>4,000</u>	<u>458,508</u>	<u>29,478</u>	<u>175,408</u>	<u>2,125</u>
Disbursements:							
Personal services	1,398,859	-	-	264,158	-	-	-
Supplies	67,250	-	-	69,656	29,684	-	-
Other services and charges	400,646	-	-	34,771	3,913	162,969	-
Capital outlay	48,793	-	-	51,200	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	3,318	-	4,000	472	16,275	87,400	-
Total disbursements	<u>1,918,866</u>	<u>-</u>	<u>4,000</u>	<u>420,257</u>	<u>49,872</u>	<u>250,370</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(12,112)</u>	<u>350</u>	<u>-</u>	<u>38,251</u>	<u>(20,394)</u>	<u>(74,962)</u>	<u>2,125</u>
Cash and investments - ending	<u>\$ 113,284</u>	<u>\$ 350</u>	<u>\$ -</u>	<u>\$ 64,158</u>	<u>\$ 5,308</u>	<u>\$ 12,723</u>	<u>\$ 8,843</u>

CITY OF HARTFORD CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Rainy Day	Law Enforcement Continuing Education	Hazardous Materials	Levy Excess	Operation Pullover Grant	4 Blackford County Grant	Cops For Coats
Cash and investments - beginning	\$ 308	\$ 7,184	\$ 3,122	\$ -	\$ 96	\$ 16,752	\$ 1,024
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	2,905	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	920	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	50,240	2,334	-	5,090	4,000	-	941
Total receipts	<u>50,240</u>	<u>6,159</u>	<u>-</u>	<u>5,090</u>	<u>4,000</u>	<u>-</u>	<u>941</u>
Disbursements:							
Personal services	-	-	-	-	3,923	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	5,227	-	-	-	4,203	985
Total disbursements	<u>-</u>	<u>5,227</u>	<u>-</u>	<u>-</u>	<u>3,923</u>	<u>4,203</u>	<u>985</u>
Excess (deficiency) of receipts over disbursements	<u>50,240</u>	<u>932</u>	<u>-</u>	<u>5,090</u>	<u>77</u>	<u>(4,203)</u>	<u>(44)</u>
Cash and investments - ending	<u>\$ 50,548</u>	<u>\$ 8,116</u>	<u>\$ 3,122</u>	<u>\$ 5,090</u>	<u>\$ 173</u>	<u>\$ 12,549</u>	<u>\$ 980</u>

CITY OF HARTFORD CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Canine/Police Equipment	Homeowner Grant/ Community Development	Governmental TV Funding	Pool Concessions	Building Permit	Pool Maintenance	Neighborhood Stabilization Program Grant
Cash and investments - beginning	\$ 13,554	\$ -	\$ 25	\$ 7,929	\$ 24,314	\$ 3,411	\$ 32
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	5,136	-	-	-	-	862,090
Charges for services	-	-	-	5,156	-	-	-
Fines and forfeits	10,036	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	10	-	-	35	8,065	3,910	-
Total receipts	10,046	5,136	-	5,191	8,065	3,910	862,090
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	5,136	-	3,608	6,143	-	862,090
Total disbursements	-	5,136	-	3,608	6,143	-	862,090
Excess (deficiency) of receipts over disbursements	10,046	-	-	1,583	1,922	3,910	-
Cash and investments - ending	\$ 23,600	\$ -	\$ 25	\$ 9,512	\$ 26,236	\$ 7,321	\$ 32

CITY OF HARTFORD CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Debt Service	Cumulative Capital Development	Industrial Development Revolving Loan	Cumulative Fire	Cumulative Capital Improvement	Economic Development Income Tax	Police Officers' Pension
Cash and investments - beginning	\$ -	\$ 81,830	\$ 174,783	\$ 66,754	\$ 19,576	\$ 96,582	\$ 91,081
Receipts:							
Taxes	134,022	48,274	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	1,853	667	-	-	20,285	-	84,420
Charges for services	-	-	-	38,664	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	11,915	21,550	24,469	2,127	-	154,768	-
Total receipts	<u>147,790</u>	<u>70,491</u>	<u>24,469</u>	<u>40,791</u>	<u>20,285</u>	<u>154,768</u>	<u>84,420</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	3,147	-	-	-
Other services and charges	-	-	-	-	-	78,000	78,338
Capital outlay	-	51,095	-	45,735	-	54,000	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	147,790	37,227	9,900	-	25,000	11,572	-
Total disbursements	<u>147,790</u>	<u>88,322</u>	<u>9,900</u>	<u>48,882</u>	<u>25,000</u>	<u>143,572</u>	<u>78,338</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(17,831)</u>	<u>14,569</u>	<u>(8,091)</u>	<u>(4,715)</u>	<u>11,196</u>	<u>6,082</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 63,999</u>	<u>\$ 189,352</u>	<u>\$ 58,663</u>	<u>\$ 14,861</u>	<u>\$ 107,778</u>	<u>\$ 97,163</u>

CITY OF HARTFORD CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Firefighters' Pension	Payroll	Sanitation Operating	Sanitation Sinking	Wastewater Utility Operating	Wastewater Utility Bond and Interest Reserve
Cash and investments - beginning	\$ 95,263	\$ 39,309	\$ 16,516	\$ 132,657	\$ 38,442	\$ 509,547
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	49,486	-	-	-	-	-
Charges for services	-	-	376,184	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	1,425,335	-
Other receipts	-	2,482,280	6,928	-	46,490	40,993
Total receipts	<u>49,486</u>	<u>2,482,280</u>	<u>383,112</u>	<u>-</u>	<u>1,471,825</u>	<u>40,993</u>
Disbursements:						
Personal services	-	-	199,888	-	-	-
Supplies	-	-	31,995	-	-	-
Other services and charges	64,712	-	150,875	-	-	-
Capital outlay	-	-	14,442	80,666	-	-
Utility operating expenses	-	-	-	-	1,047,378	-
Other disbursements	-	2,484,699	-	-	442,537	-
Total disbursements	<u>64,712</u>	<u>2,484,699</u>	<u>397,200</u>	<u>80,666</u>	<u>1,489,915</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(15,226)</u>	<u>(2,419)</u>	<u>(14,088)</u>	<u>(80,666)</u>	<u>(18,090)</u>	<u>40,993</u>
Cash and investments - ending	<u>\$ 80,037</u>	<u>\$ 36,890</u>	<u>\$ 2,428</u>	<u>\$ 51,991</u>	<u>\$ 20,352</u>	<u>\$ 550,540</u>

CITY OF HARTFORD CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Wastewater Utility Improvement	Wastewater Utility Bond and Interest	Wastewater Utility SRF Improvement	Wastewater Utility TIF District	Wastewater Utility Commissioners Ditch	Water Utility Operating
Cash and investments - beginning	\$ 1	\$ 53,440	\$ 5,405	\$ 99,639	\$ 7,527	\$ 35,063
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	855,350
Other receipts	-	126,000	-	308,318	7,237	11,799
Total receipts	-	126,000	-	308,318	7,237	867,149
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	119,153
Utility operating expenses	-	-	-	-	-	335,801
Other disbursements	-	171,638	5,405	76,038	14,700	411,915
Total disbursements	-	171,638	5,405	76,038	14,700	866,869
Excess (deficiency) of receipts over disbursements	-	(45,638)	(5,405)	232,280	(7,463)	280
Cash and investments - ending	\$ 1	\$ 7,802	\$ -	\$ 331,919	\$ 64	\$ 35,343

CITY OF HARTFORD CITY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Water Utility Bond and Interest Reserve	Water Utility Bond Sinking	Water Utility Customer Deposit	Water Utility Improvement	Water Utility Meter Investment	Totals
Cash and investments - beginning	\$ 232,360	\$ 33,593	\$ 139,575	\$ 52,001	\$ 390	\$ 2,370,493
Receipts:						
Taxes	-	-	-	-	-	1,592,174
Licenses and permits	-	-	-	-	-	3,638
Intergovernmental	-	-	-	-	-	1,884,644
Charges for services	-	-	-	-	-	425,329
Fines and forfeits	-	-	-	-	-	13,324
Utility fees	-	-	-	-	-	2,280,685
Other receipts	-	210,000	29,221	4,371	-	3,860,703
Total receipts	-	210,000	29,221	4,371	-	10,060,497
Disbursements:						
Personal services	-	-	-	-	-	1,866,828
Supplies	-	-	-	-	-	201,732
Other services and charges	-	-	-	-	-	974,224
Capital outlay	-	-	-	-	-	465,084
Utility operating expenses	-	-	-	-	-	1,383,179
Other disbursements	-	230,868	23,347	46,013	390	5,137,896
Total disbursements	-	230,868	23,347	46,013	390	10,028,944
Excess (deficiency) of receipts over disbursements	-	(20,868)	5,874	(41,642)	(390)	31,553
Cash and investments - ending	\$ 232,360	\$ 12,725	\$ 145,449	\$ 10,359	\$ -	\$ 2,402,046

CITY OF HARTFORD CITY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

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:		
City Hall/Street Garage	\$ 920,000	\$ 160,000
Garbage Truck	12,652	13,018
Dodge Police Cars	60,755	18,761
Street Patcher	<u>57,078</u>	<u>13,008</u>
Total governmental activities debt	<u>\$ 1,050,485</u>	<u>\$ 204,787</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
2006 Issue	<u>\$ 1,375,000</u>	<u>\$ 229,514</u>
Total Water Utility	<u>1,375,000</u>	<u>229,514</u>
Wastewater Utility:		
Loans:		
1998 SRF	1,420,000	201,180
2001 SRF	<u>553,000</u>	<u>61,249</u>
Total Wastewater Utility	<u>1,973,000</u>	<u>262,429</u>
Total business-type activities debt	<u>\$ 3,348,000</u>	<u>\$ 491,943</u>

CITY OF HARTFORD CITY
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

The bank account balances were not reconciled to the record balances. There was unidentified cash long of \$277 at December 31, 2010. A similar comment appeared in prior Report B38148.

Indiana Code 5-13-6-1(e) states in part:

"All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CAPITAL ASSET RECORDS

The City did not maintain a complete inventory of capital assets. A similar comment appeared in prior Report B38148.

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)

CREDIT CARDS

The Mayor is using the City credit card issued to his office for personal purchases. No City funds have been used towards payment of these charges. The Mayor personally makes the payments on this credit card.

City officials are using credit cards to purchase items without an approved credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.

CITY OF HARTFORD CITY
AUDIT RESULTS AND COMMENTS
(Continued)

5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid.

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

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the funds ledger. At December 31, 2010, the detail as presented for audit totaled \$146,698; the cash balance in the Water Utility Customer Deposit fund was \$145,449, a difference of \$1,249.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

DELINQUENT WASTEWATER ACCOUNTS

Delinquent Wastewater fees and penalties were not recorded with the County Recorder nor were they certified to the County Auditor which would result in a lien against the property. A similar comment appeared in prior Report B38148.

Indiana Code 36-9-23-33 states in part:

"(b) Except as provided in subsection (l), the officer charged with the collection of fees and penalties assessed under this chapter shall enforce their payment. As often as the officer determines is necessary in a calendar year, the officer shall prepare either of the following:

- (1) A list of the delinquent fees and penalties that are enforceable under this section, which must include the following:

- (A) the name or names of the owner or owners of each lot or parcel of real property on which fees are delinquent.

CITY OF HARTFORD CITY
AUDIT RESULTS AND COMMENTS
(Continued)

(B) A description of the premises, as shown by the records of the county auditor.

(C) The amount of the delinquent fees, together with the penalty.

(2) An individual instrument for each lot or parcel of real property on which the fees are delinquent."

"(c) The officer shall record a copy of each list or each individual instrument with the county recorder . . ."

"(e) Using the lists and instruments prepared under subsection (b) and recorded under subsection (c), the officer shall, not later than ten (10) days after the list or each individual instrument is recorded under subsection (c), certify to the county auditor a list of the liens that remain unpaid for collection in the next May. . . ."

DISTRIBUTION OF SANITATION FEES

City Code 3.47.040 states in part:

"Revenues generated by the Sanitation Fee shall be deposited by the Clerk-Treasurer in a separate and distinct fund and shall be appropriated from time to time by the Common Council to provide for sanitation purposes only. Ten percent (10%) of said funds shall be placed in an escrow account and used for the sole purpose of replacement of equipment or emergency repairs of equipment required by the sanitation Department after lawfully appropriated by the Council."

The calculated amount to be transferred for 2010 was \$37,618. The Sanitation Sinking Fund, which was established to be the escrow account, had no receipts in 2010. A similar comment appeared in prior Report B38148.

On March 7, 2011, the Common Council adopted Ordinance 2011-01 amending City Code 3.47.040 to establish a flat amount of \$2,500 per month to be transferred into an escrow account, the Sanitation Sinking Fund.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

PROMOTION OF CITY BUSINESS

Meals and food items for departmental meetings and the purchase of promotional items were made without an enabling Home Rule ordinance.

IC 36-7-2-7 allows cities and towns to promote economic development and tourism. Accordingly, a Home Rule ordinance needs to be adopted in accordance with IC 36-1-3 in order to enable a city or town to pay for such expenses. Additionally, an appropriation for such expenses must also be obtained. (Cities and Towns Bulletin and Uniform Compliance Guidelines, December 2005, page 4)

CITY OF HARTFORD CITY
AUDIT RESULTS AND COMMENTS
(Continued)

Each city and town should establish, by ordinance, the parameters for such appropriations and expenditures. Such ordinance should list the specific types of promotional expenses which can be paid from moneys appropriated for such purpose. (Cities and Towns Bulletin and Uniform Compliance Guidelines, December 2005, page 4)

TRAVEL POLICY

During an audit of disbursements posted to travel budget line items we noted the following:

Meals were reimbursed for employees while in travel status. The Personnel Policy Handbook of the City states that "The City Council shall establish per diem rates for individuals in travel status. Per diem covers, meals, incidentals, gratuities, etc."

Full reimbursement of travel related expense was made for employees receiving job-related training without evidence of prior approval being obtained. The Personnel Policy Handbook of the City states that "In cases where an employee receives job-related training . . . the City may provide either partial or full reimbursement for expenses incurred during training. A request must be submitted for approval prior to the training."

Travel status as noted in the policy is not defined.

Each governmental unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE CITY OF HARTFORD CITY, BLACKFORD COUNTY, INDIANA

Compliance

We have audited the compliance of the City of Hartford City (City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2010. The City's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States 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. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

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

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

A deficiency in internal control over compliance 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, 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.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

STATE BOARD OF ACCOUNTS

June 1, 2011

CITY OF HARTFORD CITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-through Indiana Housing and Community Development Authority CDBG - State Administered Small Cities Program Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	NSP1-009-020	\$ <u>862,090</u>
Total for federal grantor agency			<u>862,090</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-through Indiana Criminal Justice Institute Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	OP-10-02-01-06	<u>4,000</u>
Total for federal grantor agency			<u>4,000</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Pass-through Indiana Office of Energy Development ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	A302-10-EECBG-02-001	<u>80,416</u>
Total for federal grantor agency			<u>80,416</u>
Total federal awards expended			<u>\$ 946,506</u>

The accompanying note(s) are an integral part of the Schedule of Expenditures of Federal Awards.

CITY OF HARTFORD CITY
NOTE(S) TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Hartford City and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

CITY OF HARTFORD CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
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 programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Program:

Name of Federal Program or Cluster

CDBG - State Administered Small Cities Program Cluster

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

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

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CITY OF HARTFORD CITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CITY OF HARTFORD CITY
EXIT CONFERENCE

The contents of this report were discussed on June 1, 2011, with Janet Gilland, Clerk-Treasurer; Dennis Whitesell, Mayor; and C. Scott Confer, President of the Common Council. The officials concurred with our audit findings.