

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

EXAMINATION REPORT  
OF  
TOWN OF HUNTERTOWN  
ALLEN COUNTY, INDIANA  
January 1, 2009 to December 31, 2010



**FILED**  
11/15/2011



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Statements:	
Statement of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	6-7
Notes to Financial Statements .....	8-12
Supplementary Information:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	14-19
Schedule of Capital Assets.....	20
Schedule of Long-Term Debt .....	21
Examination Results and Comments:	
Board Minutes.....	22
Penalties, Interest, and Other Charges .....	22
Errors on Claims .....	22-23
Ordinances and Resolutions .....	23
Overdrawn Cash Balances.....	23
Prescribed Forms .....	23
Exit Conference.....	24

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Robin R. Riley David W. Rudolph	01-01-07 to 12-31-10 01-01-11 to 12-31-14
President of the Town Council	Sue Gongwer Jim Fortman	01-01-09 to 12-31-09 01-01-10 to 12-31-11
Superintendent of Utilities	Wilson Gongwer	01-01-09 to 12-31-11



**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](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF HUNTERTOWN, ALLEN COUNTY, INDIANA

We have examined the financial statements of the Town of Hometown (Town), for the period of January 1, 2009 to December 31, 2010. The Town's management is responsible for the financial statements. 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 statements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the Town prepares its financial statements 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 noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Town for the years ended December 31, 2009 and 2010, on the basis of accounting described in Note 1.

The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the examination procedures applied to the financial statements and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Town's management, Town Council, 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

September 7, 2011

(This page intentionally left blank.)

## FINANCIAL STATEMENTS

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

TOWN OF HUNTERTOWN  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2009

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
General	\$ 140,698	\$ 238,329	\$ 238,651	\$ 140,376
Petty Cash	100	-	-	100
Motor Vehicle Highway	31,227	92,169	80,569	42,827
Local Road & Street	40,857	32,759	67,382	6,234
Rainy Day Fund	35,344	11,836	9,318	37,862
Storm Water Lease Rental	86,677	130,578	183,315	33,940
Cumulative Capital Improvement	3,898	6,994	7,337	3,555
Cumulative Capital Development	293,286	33,187	2,467	324,006
County Economic Development Income Tax	633,163	219,529	151,959	700,733
Payroll	(3,070)	489,927	500,249	(13,392)
Sanitation	184,754	308,066	267,305	225,515
Wastewater Utility - Operating	542,934	941,878	892,613	592,199
Wastewater Utility - Depreciation	182,114	37,561	-	219,675
Wastewater Utility - Construction	3,020	-	-	3,020
Wastewater Utility - Debt Service Reserve	1,482	533	-	2,015
Water Utility - Operating	961,621	1,304,213	1,059,727	1,206,107
Water Utility - Depreciation	306,888	58,435	42,770	322,553
Water Utility - Customer Deposit	37,782	8,450	6,157	40,075
Water Utility - Bond & Interest	109,363	365,277	95,592	379,048
Water Utility - Debt Service Reserve	406,048	937	-	406,985
Totals	<u>\$ 3,998,186</u>	<u>\$ 4,280,658</u>	<u>\$ 3,605,411</u>	<u>\$ 4,673,433</u>

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

TOWN OF HUNTERTOWN  
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	\$ 140,376	\$ 277,962	\$ 267,761	\$ 150,577
Petty Cash	100	-	-	100
Motor Vehicle Highway	42,827	117,333	115,807	44,353
Local Road & Street	6,234	33,254	32,365	7,123
Rainy Day Fund	37,862	34,913	13,850	58,925
Levy Excess	-	1,084	-	1,084
Storm Water Lease Rental	33,940	234,237	184,251	83,926
Cumulative Capital Improvement	3,555	6,679	6,760	3,474
Cumulative Capital Development	324,006	29,039	-	353,045
County Economic Development Income Tax	700,733	218,671	189,885	729,519
Payroll	(13,392)	536,029	517,896	4,741
Sanitation	225,515	338,383	285,426	278,472
Wastewater Utility - Operating	592,199	1,018,496	1,181,304	429,391
Wastewater Utility - Depreciation	219,675	39,550	-	259,225
Wastewater Utility - Construction	3,020	-	-	3,020
Wastewater Utility - Debt Service Reserve	2,015	413	-	2,428
Water Utility - Operating	1,206,107	1,458,382	1,136,370	1,528,119
Water Utility - Depreciation	322,553	62,290	-	384,843
Water Utility - Customer Deposit	40,075	9,575	8,125	41,525
Water Utility - Bond & Interest	379,048	383,689	519,839	242,898
Water Utility - Debt Service Reserve	406,985	132	11,663	395,454
Totals	<u>\$ 4,673,433</u>	<u>\$ 4,800,111</u>	<u>\$ 4,471,302</u>	<u>\$ 5,002,242</u>

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

TOWN OF HUNTERTOWN  
NOTES TO FINANCIAL STATEMENTS

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council 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 statements present the financial information for the Town (primary government), and do not include financial information for any of the Town'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 Town (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 Town.

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.

TOWN OF HUNTERTOWN  
NOTES TO FINANCIAL STATEMENTS  
(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.

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

TOWN OF HUNTERTOWN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 Town 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 Town. 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 Town. 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 Town 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 Town 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 Town 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.

TOWN OF HUNTERTOWN  
NOTES TO FINANCIAL STATEMENTS  
(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 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.

**Note 5. *Risk Management***

The Town 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 Town 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 Town by recording as a disbursement and replacement items purchased.

**Note 6. *Pension Plan***

*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 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 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.

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:

TOWN OF HUNTERTOWN  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Subsequent Event**

The Water Utility project associated with the State Revolving Fund Loan through the State of Indiana was officially closed out and the loan was reamortized in May, 2011. The project was determined not to be beneficial to the Town and was ended before completion. Any amount of funds remaining reverted back to the State and will not be received by the Town. The current loan balance is \$2,790,466.

#### SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's Annual Report can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

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

The supplementary information presented was prepared and/or approved by management of the Town. It is presented as intended by the Town.

TOWN OF HUNTERTOWN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009

	General	Petty Cash	Motor Vehicle Highway	Local Road & Street	Rainy Day Fund	Storm Water Lease Rental	Cumulative Capital Improvement
Cash and investments - beginning	\$ 140,698	\$ 100	\$ 31,227	\$ 40,857	\$ 35,344	\$ 86,677	\$ 3,898
Receipts:							
Taxes	121,968	-	-	-	-	115,788	-
Intergovernmental	71,613	-	91,975	32,441	11,221	14,790	6,994
Charges for services	23,980	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	20,768	-	194	318	615	-	-
Total receipts	<u>238,329</u>	<u>-</u>	<u>92,169</u>	<u>32,759</u>	<u>11,836</u>	<u>130,578</u>	<u>6,994</u>
Disbursements:							
Personal services	60,143	-	54,314	-	-	-	-
Supplies	4,875	-	7,607	-	-	-	-
Other services and charges	153,411	-	8,188	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	18,834	-	10,460	67,381	9,318	183,315	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	1,388	-	-	1	-	-	7,337
Total disbursements	<u>238,651</u>	<u>-</u>	<u>80,569</u>	<u>67,382</u>	<u>9,318</u>	<u>183,315</u>	<u>7,337</u>
Excess (deficiency) of receipts over disbursements	<u>(322)</u>	<u>-</u>	<u>11,600</u>	<u>(34,623)</u>	<u>2,518</u>	<u>(52,737)</u>	<u>(343)</u>
Cash and investments - ending	<u>\$ 140,376</u>	<u>\$ 100</u>	<u>\$ 42,827</u>	<u>\$ 6,234</u>	<u>\$ 37,862</u>	<u>\$ 33,940</u>	<u>\$ 3,555</u>

TOWN OF HUNTERTOWN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009  
 (Continued)

	Cumulative Capital Development	County Economic Development Income Tax	Payroll	Sanitation	Wastewater Utility Operating	Wastewater Utility Depreciation	Wastewater Utility Construction
Cash and investments - beginning	\$ 293,286	\$ 633,163	\$ (3,070)	\$ 184,754	\$ 542,934	\$ 182,114	\$ 3,020
Receipts:							
Taxes	24,861	-	-	-	-	-	-
Intergovernmental	3,175	209,979	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Utility fees	-	-	-	-	930,062	-	-
Other receipts	5,151	9,550	489,927	308,066	11,816	37,561	-
Total receipts	33,187	219,529	489,927	308,066	941,878	37,561	-
Disbursements:							
Personal services	-	-	500,249	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	2,467	151,959	-	-	22,653	-	-
Utility operating expenses	-	-	-	267,305	735,265	-	-
Other disbursements	-	-	-	-	134,695	-	-
Total disbursements	2,467	151,959	500,249	267,305	892,613	-	-
Excess (deficiency) of receipts over disbursements	30,720	67,570	(10,322)	40,761	49,265	37,561	-
Cash and investments - ending	\$ 324,006	\$ 700,733	\$ (13,392)	\$ 225,515	\$ 592,199	\$ 219,675	\$ 3,020

TOWN OF HUNTERTOWN  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2009  
 (Continued)

	Wastewater Utility Debt Service Reserve	Water Utility Operating	Water Utility Depreciation	Water Utility Customer Deposit	Water Utility Bond & Interest	Water Utility Debt Service Reserve	Totals
Cash and investments - beginning	\$ 1,482	\$ 961,621	\$ 306,888	\$ 37,782	\$ 109,363	\$ 406,048	\$ 3,998,186
Receipts:							
Taxes	-	-	-	-	-	-	262,617
Intergovernmental	-	-	-	-	-	-	442,188
Charges for services	-	-	-	-	-	-	23,980
Utility fees	-	1,281,103	-	-	-	-	2,211,165
Other receipts	533	23,110	58,435	8,450	365,277	937	1,340,708
Total receipts	533	1,304,213	58,435	8,450	365,277	937	4,280,658
Disbursements:							
Personal services	-	-	-	-	-	-	614,706
Supplies	-	-	-	-	-	-	12,482
Other services and charges	-	-	-	-	-	-	161,599
Debt service - principal and interest	-	-	-	-	95,592	-	95,592
Capital outlay	-	-	-	-	-	-	466,387
Utility operating expenses	-	632,453	-	6,157	-	-	1,641,180
Other disbursements	-	427,274	42,770	-	-	-	613,465
Total disbursements	-	1,059,727	42,770	6,157	95,592	-	3,605,411
Excess (deficiency) of receipts over disbursements	533	244,486	15,665	2,293	269,685	937	675,247
Cash and investments - ending	\$ 2,015	\$ 1,206,107	\$ 322,553	\$ 40,075	\$ 379,048	\$ 406,985	\$ 4,673,433

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

	General	Petty Cash	Motor Vehicle Highway	Local Road & Street	Rainy Day Fund	Levy Excess	Storm Water Lease Rental	Cumulative Capital Improvement
Cash and investments - beginning	\$ 140,376	\$ 100	\$ 42,827	\$ 6,234	\$ 37,862	\$ -	\$ 33,940	\$ 3,555
Receipts:								
Taxes	121,883	-	-	-	-	-	207,852	-
Intergovernmental	100,735	-	117,199	33,233	34,598	-	26,385	6,679
Charges for services	36,881	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-	-
Other receipts	18,463	-	134	21	315	1,084	-	-
Total receipts	<u>277,962</u>	<u>-</u>	<u>117,333</u>	<u>33,254</u>	<u>34,913</u>	<u>1,084</u>	<u>234,237</u>	<u>6,679</u>
Disbursements:								
Personal services	59,050	-	57,331	-	-	-	-	-
Supplies	6,998	-	14,495	-	-	-	-	-
Other services and charges	186,143	-	5,429	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	14,925	-	38,552	32,365	13,850	-	184,251	-
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	645	-	-	-	-	-	-	6,760
Total disbursements	<u>267,761</u>	<u>-</u>	<u>115,807</u>	<u>32,365</u>	<u>13,850</u>	<u>-</u>	<u>184,251</u>	<u>6,760</u>
Excess (deficiency) of receipts over disbursements	<u>10,201</u>	<u>-</u>	<u>1,526</u>	<u>889</u>	<u>21,063</u>	<u>1,084</u>	<u>49,986</u>	<u>(81)</u>
Cash and investments - ending	<u>\$ 150,577</u>	<u>\$ 100</u>	<u>\$ 44,353</u>	<u>\$ 7,123</u>	<u>\$ 58,925</u>	<u>\$ 1,084</u>	<u>\$ 83,926</u>	<u>\$ 3,474</u>

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

	Cumulative Capital Development	County Economic Development Income Tax	Payroll	Sanitation	Wastewater Utility Operating	Wastewater Utility Depreciation	Wastewater Utility Construction
Cash and investments - beginning	\$ 324,006	\$ 700,733	\$ (13,392)	\$ 225,515	\$ 592,199	\$ 219,675	\$ 3,020
Receipts:							
Taxes	23,528	-	-	-	-	-	-
Intergovernmental	2,987	214,418	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Utility fees	-	-	-	-	775,387	-	-
Other receipts	2,524	4,253	536,029	338,383	243,109	39,550	-
Total receipts	29,039	218,671	536,029	338,383	1,018,496	39,550	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	189,885	-	-	16,556	-	-
Utility operating expenses	-	-	-	284,456	963,748	-	-
Other disbursements	-	-	517,896	970	201,000	-	-
Total disbursements	-	189,885	517,896	285,426	1,181,304	-	-
Excess (deficiency) of receipts over disbursements	29,039	28,786	18,133	52,957	(162,808)	39,550	-
Cash and investments - ending	\$ 353,045	\$ 729,519	\$ 4,741	\$ 278,472	\$ 429,391	\$ 259,225	\$ 3,020

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

	Wastewater Utility Debt Service Reserve	Water Utility Operating	Water Utility Depreciation	Water Utility Customer Deposit	Water Utility Bond & Interest	Water Utility Debt Service Reserve	Totals
Cash and investments - beginning	\$ 2,015	\$ 1,206,107	\$ 322,553	\$ 40,075	\$ 379,048	\$ 406,985	\$ 4,673,433
Receipts:							
Taxes	-	-	-	-	-	-	353,263
Intergovernmental	-	-	-	-	-	-	536,234
Charges for services	-	-	-	-	-	-	36,881
Utility fees	-	1,310,553	-	-	-	-	2,085,940
Other receipts	413	147,829	62,290	9,575	383,689	132	1,787,793
Total receipts	413	1,458,382	62,290	9,575	383,689	132	4,800,111
Disbursements:							
Personal services	-	-	-	-	-	-	116,381
Supplies	-	-	-	-	-	-	21,493
Other services and charges	-	-	-	-	-	-	191,572
Debt service - principal and interest	-	-	-	-	519,839	-	519,839
Capital outlay	-	-	-	-	-	-	490,384
Utility operating expenses	-	578,563	-	8,125	-	-	1,834,892
Other disbursements	-	557,807	-	-	-	11,663	1,296,741
Total disbursements	-	1,136,370	-	8,125	519,839	11,663	4,471,302
Excess (deficiency) of receipts over disbursements	413	322,012	62,290	1,450	(136,150)	(11,531)	328,809
Cash and investments - ending	\$ 2,428	\$ 1,528,119	\$ 384,843	\$ 41,525	\$ 242,898	\$ 395,454	\$ 5,002,242

TOWN OF HUNTERTOWN  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2010

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 694,978
Buildings	1,132,458
Infrastructure	15,100,519
Improvements other than buildings	62,930
Machinery and equipment	<u>425,339</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 17,416,224</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 609,438
Buildings	79,065
Improvements other than buildings	13,841,256
Machinery and equipment	<u>329,402</u>
 Total Water Utility capital assets	 <u>14,859,161</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	1,734
Buildings	5,660
Improvements other than buildings	16,598,371
Machinery and equipment	<u>369,994</u>
 Total Wastewater Utility capital assets	 <u>16,975,759</u>
 Total business-type activities, capital assets not being depreciated	 <u>\$ 31,834,920</u>

TOWN OF HUNTERTOWN  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2010

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:		
Storm Water Project	\$ 235,000	\$ 42,228
New Town Hall	1,480,000	109,250
Bonds payable:		
General obligation bonds:		
Storm Water Project	<u>425,000</u>	<u>70,798</u>
Total governmental activities debt	<u>\$ 2,140,000</u>	<u>\$ 222,276</u>
Business-type activities:		
Water Utility:		
Revenue bonds:		
Waterworks Refunding Revenue Bonds	\$ 410,000	\$ 217,138
State revolving fund loan:		
2006 Waterworks Improvements	<u>2,790,466</u>	<u>87,900</u>
Total business-type activities debt:	<u>\$ 3,200,466</u>	<u>\$ 305,038</u>

TOWN OF HUNTERTOWN  
EXAMINATION RESULTS AND COMMENTS

**BOARD MINUTES**

Board minutes for December 6, 2010, December 20, 2010, and for a Special Meeting held on December 22, 2010, were not presented for examination. The January 3, 2011 Board minutes indicated that there needed to be corrections made to December Board minutes. In August 2011, we received a copy of the December Board minutes from a Council member, but no documentation was presented to indicate that the minutes were approved.

Indiana Code 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.
- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes taken, by individual members if there is a roll call.
- (5) Any additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

**PENALTIES, INTEREST, AND OTHER CHARGES**

During the review of 2011 claims, it was noted that in some cases amounts payable to vendors and other suppliers of goods and services were not being paid until after late fees were due. On May 6, 2011, \$176 in penalties and interest were paid to the Indiana Department of Revenue for the withholding period of February 28, 2011. Also, penalties and interest totaling \$1,675 were paid to the Internal Revenue Service on June 23, 2011, for the periods ending January 25, 2011, February 22, 2011, March 7, 2011, March 21, 2011, and April 4, 2011.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

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

**ERRORS ON CLAIMS**

During examination of 2011 claims, it was noted that an Allowance of Accounts Payable Vouchers was signed by the governing board, but a list of claims paid was not available for examination.

TOWN OF HUNTERTOWN  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

***ORDINANCES AND RESOLUTIONS***

According to the Town Council meeting minutes, in 2011, the Town Council created two ordinances, 11-003 and 11-004, concerning a Utility Board. Town officials have not presented the 11-003 ordinance or a signed copy of the 11-004 ordinance for examination.

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)

***OVERDRAWN CASH BALANCES***

The cash balance of the Payroll Fund was overdrawn by \$13,392 in 2009. A similar comment was made in prior Report B35048.

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

***PRESCRIBED FORMS***

The 2009 Cities and Towns Annual Report did not contain utility receipts and disbursements.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF HUNTERTOWN  
EXIT CONFERENCE

The contents of this report were discussed on September 7, 2011, with David W. Rudolph, Clerk-Treasurer, and Jim Fortman, President of the Town Council.