

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

EXAMINATION REPORT  
OF  
TOWN OF HARTSVILLE  
BARTHOLOMEW COUNTY, INDIANA  
January 1, 2002 to December 31, 2005



**FILED**  
7/31/06

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report .....	3
Schedules of Receipts, Disbursements, and Cash and Investment Balances.....	4-5
Notes to Schedules .....	6
Examination Results and Comments:	
Deposits .....	7
Official Bond .....	7
Capital Asset Records .....	7
Exit Conference .....	8

OFFICIALS

Office

Official

Term

Clerk-Treasurer

Thelma A. Hargett

01-01-02 to 12-31-07

President of the  
Town Council

Chuck Luurtsema  
Steven Rucker

01-01-02 to 12-31-05  
01-01-06 to 12-31-06



**STATE OF INDIANA**  
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF HARTSVILLE, BARTHOLOMEW COUNTY, INDIANA

We have examined the schedules of receipts, disbursements, and cash and investment balances of the Town of Hartsville (Town), for the period of January 1, 2002 to December 31, 2005. The Town's management is responsible for the schedules. 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 schedule of receipts, disbursements, and cash and investment balances 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 schedules referred to above present fairly, in all material respects, the cash transactions of the Town for the years ended December 31, 2002, 2003, 2004, and 2005, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

June 7, 2006

TOWN OF HARTSVILLE  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES  
As Of And For The Years Ended December 31, 2002, 2003, 2004, And 2005

	Cash and Investments 01-01-02	Receipts	Disbursements	Cash and Investments 12-31-02
Governmental Funds:				
General	\$ 12,819	\$ 29,487	\$ 30,550	\$ 11,756
Motor Vehicle Highway	68,139	16,059	13,645	70,553
Local Road and Street	34,597	4,830	2,811	36,616
Cumulative Capital Improvement	8,722	1,738	-	10,460
Playground	908	136	-	1,044
Law Enforcement Grant	-	250	250	-
Proprietary Fund:				
Wastewater Utility - Operating	23,915	55,269	71,719	7,465
Totals	<u>\$ 149,100</u>	<u>\$ 107,769</u>	<u>\$ 118,975</u>	<u>\$ 137,894</u>

	Cash and Investments 01-01-03	Receipts	Disbursements	Cash and Investments 12-31-03
Governmental Funds:				
General	\$ 11,756	\$ 30,283	\$ 32,984	\$ 9,055
Motor Vehicle Highway	70,553	11,940	10,039	72,454
Local Road and Street	36,616	4,657	2,978	38,295
Cumulative Capital Improvement	10,460	1,359	-	11,819
Playground	1,044	100	-	1,144
Law Enforcement Grant	-	1,250	1,000	250
Riverboat	-	2,378	-	2,378
Proprietary Fund:				
Wastewater Utility - Operating	7,465	48,215	47,696	7,984
Totals	<u>\$ 137,894</u>	<u>\$ 100,182</u>	<u>\$ 94,697</u>	<u>\$ 143,379</u>

The accompanying notes are an integral part of the schedules.

TOWN OF HARTSVILLE  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES  
As Of And For The Years Ended December 31, 2002, 2003, 2004, And 2005  
(Continued)

	Cash and Investments 01-01-04	Receipts	Disbursements	Cash and Investments 12-31-04
Governmental Funds:				
General	\$ 9,055	\$ 33,472	\$ 30,505	\$ 12,022
Motor Vehicle Highway	72,454	12,287	2,425	82,316
Local Road and Street	38,295	4,674	4,825	38,144
Cumulative Capital Improvement	11,819	1,403	5,000	8,222
Playground	1,144	60	-	1,204
Law Enforcement Grant	250	500	750	-
Riverboat	2,378	2,371	-	4,749
Proprietary Fund:				
Wastewater Utility - Operating	7,984	59,300	52,313	14,971
Totals	<u>\$ 143,379</u>	<u>\$ 114,067</u>	<u>\$ 95,818</u>	<u>\$ 161,628</u>

	Cash and Investments 01-01-05	Receipts	Disbursements	Cash and Investments 12-31-05
Governmental Funds:				
General	\$ 12,022	\$ 28,426	\$ 33,240	\$ 7,208
Motor Vehicle Highway	82,316	12,097	5,925	88,488
Local Road and Street	38,144	4,751	3,277	39,618
Cumulative Capital Improvement	8,222	1,162	-	9,384
Playground	1,204	75	-	1,279
Riverboat	4,749	2,371	4,125	2,995
Proprietary Fund:				
Wastewater Utility - Operating	14,971	65,947	57,024	23,894
Totals	<u>\$ 161,628</u>	<u>\$ 114,829</u>	<u>\$ 103,591</u>	<u>\$ 172,866</u>

The accompanying notes are an integral part of the schedules.

TOWN OF HARTSVILLE  
NOTES TO SCHEDULES

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.

Note 6. Long-Term Debt

The Town has entered into debt such as revenue bonds for the wastewater utility. The outstanding principal at December 31, 2005, was \$36,000.

TOWN OF HARTSVILLE  
EXAMINATION RESULTS AND COMMENTS

DEPOSITS

In numerous instances, receipts were deposited later than the next business day.

Indiana Code 5-13-6-1(d) states: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and (2) approved as depositories of state funds."

OFFICIAL BOND

The following official bond was not filed in the Office of the County Recorder:

Thelma A. Hargett - Clerk-Treasurer

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

CAPITAL ASSET RECORDS

The Town and the Wastewater Utility do not maintain capital asset records.

Every governmental unit should have a complete inventory of all capital assets owned which reflect 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 HARTSVILLE  
EXIT CONFERENCE

The contents of this report were discussed on June 7, 2006, with Michael Mitchner, Town Board Member; and Thelma A. Hargett, Clerk-Treasurer. The officials concurred with our findings.