

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

EXAMINATION REPORT
OF
TOWN OF HARTSVILLE
BARTHOLOMEW COUNTY, INDIANA
January 1, 2008 to December 31, 2009



FILED
04/14/2011

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Thelma A. Hargett
Nancy Berkenstock

01-01-08 to 05-22-09
05-23-09 to 12-31-10

President of the Town Council

Charles Luurtsema

01-01-08 to 12-31-10



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the financial information presented herein of the Town of Hartsville (Town), for the period of January 1, 2008 to December 31, 2009. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2008 and 2009, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

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

STATE BOARD OF ACCOUNTS

September 23, 2010

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, 2008 And 2009

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 10,721	\$ 34,840	\$ 31,164	\$ 14,397
Motor Vehicle Highway	76,634	20,013	22,982	73,665
Local Road and Street	35,089	4,794	5,198	34,685
Mitchell & Stark Escrow Fund	42,341	-	42,341	-
Riverboat	7,732	2,358	5,000	5,090
Cumulative Capital Improvement	12,048	1,223	-	13,271
Playground	1,404	95	-	1,499
Law Enforcement Grant	500	1,500	2,000	-
Proprietary Funds:				
Wastewater Utility - Operating	46,028	102,768	129,142	19,654
Wastewater Utility - Bond and Interest	-	21,985	-	21,985
Wastewater Utility - Debt Service Reserve	-	13,100	-	13,100
Totals	\$ 232,497	\$ 202,676	\$ 237,827	\$ 197,346

	Cash and Investments 01-01-09	Receipts	Disbursements	Cash and Investments 12-31-09
Governmental Funds:				
General	\$ 14,397	\$ 29,350	\$ 28,014	\$ 15,733
Motor Vehicle Highway	73,665	10,853	5,395	79,123
Local Road and Street	34,685	4,740	4,720	34,705
Riverboat	5,090	2,353	-	7,443
Cumulative Capital Improvement	13,271	1,153	-	14,424
Playground	1,499	130	-	1,629
Law Enforcement Grant	-	1,500	1,500	-
Proprietary Funds:				
Wastewater Utility - Operating	19,654	86,482	75,712	30,424
Wastewater Utility - Bond and Interest	21,985	19,927	21,985	19,927
Wastewater Utility - Debt Service Reserve	13,100	5,297	-	18,397
Totals	\$ 197,346	\$ 161,785	\$ 137,326	\$ 221,805

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

TOWN OF HARTSVILLE
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, highways and streets, culture and recreation, general administrative, and wastewater utility services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

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

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

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

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activity:		
Wastewater Utility:		
Notes and Loans:		
SRF Loan - WW 0515031	\$ 369,000	\$ 28,624

TOWN OF HARTSVILLE
EXAMINATION RESULTS AND COMMENTS

DEPOSITS

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

IC 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."

CAPITAL ASSET RECORDS

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

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)

PENALTIES, INTEREST, AND OTHER CHARGES

In some cases, amounts payable to vendors and other suppliers of goods and services are not being paid until after the invoice due dates. As a result, penalties were paid for some services rendered.

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)

TOWN OF HARTSVILLE
EXIT CONFERENCE

The contents of this report were discussed on September 23, 2010, with Nancy Berkenstock;
Clerk-Treasurer.