

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

EXAMINATION REPORT  
OF  
TOWN OF HAZLETON  
GIBSON COUNTY, INDIANA  
January 1, 2007 to December 31, 2008



**FILED**  
12/30/2009



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials .....	2
Independent Accountant's Report.....	3
Financial Information:	
Schedules of Receipts, Disbursements, and Cash and Investment Balances .....	4
Notes to Financial Information .....	5
Examination Results and Comments:	
Old Outstanding Checks.....	6
Capital Asset Records .....	7
Collection of Amounts Due .....	7
Exit Conference.....	8

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Marcia D. Hall	01-01-04 to 12-31-11
President of the Town Council	Rebecca L. Sherman Clarence A. Cornwell	01-01-07 to 10-03-09 10-12-09 to 12-31-09



**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 HAZLETON, GIBSON COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Hazleton (Town), for the period of January 1, 2007 to December 31, 2008. 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, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

November 5, 2009

TOWN OF TOWN OF HAZLETON  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES  
As Of And For The Years Ended December 31, 2007 And 2008

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 11,512	\$ 20,952	\$ 20,662	\$ 11,802
Motor Vehicle Highway	18,720	13,206	21,348	10,578
Local Road and Street	5,809	2,059	5,317	2,551
Rainy Day	590	-	-	590
Town Hall Building	55	-	-	55
Cumulative Capital Improvement	1,953	1,012	1,000	1,965
Economic Development Income Tax Fund	2,870	3,455	2,152	4,173
FEMA Disaster Relief	9,433	1,243	-	10,676
Proprietary Funds:				
Water Utility - Operating	9,919	53,216	62,674	461
Water Utility - Depreciation	37,425	14,994	20,000	32,419
Water Utility - Customer Deposit	2,648	240	-	2,888
Totals	<u>\$ 100,934</u>	<u>\$ 110,377</u>	<u>\$ 133,153</u>	<u>\$ 78,158</u>

	Cash and Investments 01-01-08	Receipts	Disbursements	Cash and Investments 12-31-08
Governmental Funds:				
General	\$ 11,802	\$ 20,641	\$ 21,672	\$ 10,771
Motor Vehicle Highway	10,578	10,985	14,675	6,888
Local Road and Street	2,551	1,950	3,829	672
Rainy Day	590	-	-	590
Town Hall Building	55	-	-	55
Cumulative Capital Improvement	1,965	937	1,000	1,902
Economic Development Income Tax Fund	4,173	3,536	2,446	5,263
FEMA Disaster Relief	10,676	10,704	21,077	303
Proprietary Funds:				
Water Utility - Operating	461	51,167	51,608	20
Water Utility - Depreciation	32,419	2,590	2,500	32,509
Water Utility - Customer Deposit	2,888	240	208	2,920
Totals	<u>\$ 78,158</u>	<u>\$ 102,750</u>	<u>\$ 119,015</u>	<u>\$ 61,893</u>

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

TOWN OF HAZLETON  
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: general administrative services, highways and streets, and water.

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 HAZLETON  
EXAMINATION RESULTS AND COMMENTS

OLD OUTSTANDING CHECKS – (Applies to Town and Water Utility)

Our review of the bank reconcilements as of September 30, 2009, revealed checks outstanding in excess of two years.

IC 5-11-10.5-2 states in part:

"All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

IC 5-11-10.5-3 states in part:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the board of finance of the political subdivision or the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

IC 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

TOWN OF HAZLETON  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

CAPITAL ASSET RECORDS – (Applies to Town and Water Utility)

The Town does not maintain current 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)

COLLECTION OF AMOUNTS DUE – (Applies to Water Utility)

The Officials are not monitoring the amount of water billed with the amount of water treated in order to determine the loss of water on a monthly basis. The Officials are aware they are losing water which causes reduced revenue for the utility to collect to operate.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

TOWN OF HAZLETON  
EXIT CONFERENCE

The contents of this report were discussed on November 9, 2009, with Marcia D. Hall, Clerk-Treasurer; and Clarence A. Cornwell, President of the Town Council. The officials concurred with our findings.