

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

FINANCIAL STATEMENTS AND  
FEDERAL SINGLE AUDIT REPORT  
OF

TOWN OF HAMLET  
STARKE COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
09/24/2012



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Neva Johnson Kristina Pitts	01-01-08 to 12-31-11 01-01-12 to 12-31-15
President of the Town Council	Curtis Simpkins Dave Kesvormas	01-01-10 to 12-31-11 01-01-12 to 12-31-12



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF HAMLET, STARKE COUNTY, INDIANA

We have audited the accompanying financial statements of the Town of Hamlet (Town), for the years ended December 31, 2010 and 2011. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements 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 statements are 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 Town'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 statements. 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 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 of accounting 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, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated September 10, 2012, on our consideration of the Town'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 Town's financial statements. 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 statements. Such information is the responsibility of management and was derived from and relates directly to the underlying

INDEPENDENT AUDITOR'S REPORT  
(Continued)

accounting and other reports used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the Town's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, 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 auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.

The Town's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the Town's response and, accordingly, we express no opinion on it.

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

September 10, 2012



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE TOWN OF HAMLET, STARKE COUNTY, INDIANA

We have audited the financial statements of the Town of Hamlet (Town), for the years ended December 31, 2010 and 2011, and have issued our report thereon dated September 10, 2012. 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

Management of the Town is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town'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 statements 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.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are 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.

The Town's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the Town's response and, accordingly, we express no opinion on it.

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

September 10, 2012

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

Fund	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 30,883	\$ 277,974	\$ 256,909	\$ 51,948
MVH	28,850	19,000	37,533	10,317
LRS	8,162	4,763	4,797	8,128
Police Firearms Training	10	-	-	10
EDIT	65,106	43,325	15,829	92,602
Police Law Enf & Cont Ed.	1,049	383	-	1,432
Riverboat Fund	16,229	5,131	-	21,360
Park	8,000	42	4,307	3,735
Park Donation	295	150	-	445
Vid Cam Grt 154AI	1,980	-	-	1,980
Rainy Day Fund	8,969	7,648	-	16,617
Police Donation	380	-	-	380
CCD	10,981	765	-	11,746
CCI	17,253	2,400	-	19,653
Tower Inspection/Grant Money	29,363	5,150	17,030	17,483
Payroll	7,189	205,125	203,197	9,117
Wastewater Operating	149,589	174,132	141,198	182,523
Wastewater Bond & Int	72,528	44,399	45,414	71,513
Wastewater B&I Reserve	33,895	5,280	-	39,175
Water Operating	9,751	92,439	94,009	8,181
Water Bond & Int	12,013	18,000	16,297	13,716
Water Deposits	30,468	5,040	3,028	32,480
Water B&I Reserve	14,500	-	-	14,500
Totals	<u>\$ 557,443</u>	<u>\$ 911,146</u>	<u>\$ 839,548</u>	<u>\$ 629,041</u>

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

TOWN OF HAMLET  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2011

Fund	Cash and Investments 01-01-11	Receipts	Disbursements	Cash and Investments 12-31-11
General	\$ 51,948	\$ 250,843	\$ 275,580	\$ 27,211
MVH	10,317	36,729	45,653	1,393
LRS	8,128	5,323	7,765	5,686
Park	3,735	6,203	4,859	5,079
Police Donation	380	-	-	380
Police Firearms Training	10	-	-	10
Police Law Enf & Cont Ed.	1,432	128	-	1,560
Riverboat Fund	21,360	5,132	-	26,492
Park Donation	445	-	-	445
Rainy Day Fund	16,617	-	-	16,617
EDIT	92,602	40,671	46,020	87,253
CCD	11,746	692	5,919	6,519
Vid Cam Grt 154AI	1,980	-	-	1,980
CCI	19,653	2,495	3,850	18,298
Tower Inspection/Grant Money	17,483	870,450	874,260	13,673
Payroll	9,117	225,343	225,943	8,517
Wastewater Bond & Int	71,513	44,400	47,013	68,900
Wastewater Operating	182,523	188,744	161,669	209,598
Wastewater B&I Reserve	39,175	5,280	-	44,455
Water Operating	8,181	108,148	96,134	20,195
Water Deposits	32,480	4,010	3,392	33,098
Water B&I Reserve	14,500	-	-	14,500
Water Bond & Int	13,716	18,000	15,937	15,779
Totals	<u>\$ 629,041</u>	<u>\$ 1,812,591</u>	<u>\$ 1,813,994</u>	<u>\$ 627,638</u>

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

TOWN OF HAMLET  
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.

*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 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.

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,

TOWN OF HAMLET  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

Penalties which include fees received for late payments.

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 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.

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

TOWN OF HAMLET  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 HAMLET  
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.

**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 Indiana Public Retirement System (INPRS) 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.

INPRS 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:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

TOWN OF HAMLET  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*Funding Policy and Annual Pension Cost*

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

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Town's 2010 Annual Report can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

For additional financial information, the Town's 2011 Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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 audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

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

	General	MVH	LRS	Police Firearms Training	EDIT	Police Law Enf & Cont Ed.
Cash and investments - beginning	\$ 30,883	\$ 28,850	\$ 8,162	\$ 10	\$ 65,106	\$ 1,049
Receipts:						
Taxes	203,248	-	-	-	-	-
Licenses and permits	250	-	-	-	-	-
Intergovernmental	49,690	19,000	4,763	-	43,325	-
Charges for services	20,267	-	-	-	-	383
Utility fees	-	-	-	-	-	-
Other receipts	4,519	-	-	-	-	-
Total receipts	<u>277,974</u>	<u>19,000</u>	<u>4,763</u>	<u>-</u>	<u>43,325</u>	<u>383</u>
Disbursements:						
Personal services	253,016	37,092	-	-	-	-
Supplies	2,400	-	-	-	4,998	-
Other services and charges	1,493	441	-	-	10,831	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	4,509	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	288	-	-	-
Total disbursements	<u>256,909</u>	<u>37,533</u>	<u>4,797</u>	<u>-</u>	<u>15,829</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>21,065</u>	<u>(18,533)</u>	<u>(34)</u>	<u>-</u>	<u>27,496</u>	<u>383</u>
Cash and investments - ending	<u>\$ 51,948</u>	<u>\$ 10,317</u>	<u>\$ 8,128</u>	<u>\$ 10</u>	<u>\$ 92,602</u>	<u>\$ 1,432</u>

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

	Riverboat Fund	Park	Park Donation	Vid Cam Grt 154A1	Rainy Day Fund	Police Donation
Cash and investments - beginning	\$ 16,229	\$ 8,000	\$ 295	\$ 1,980	\$ 8,969	\$ 380
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	5,131	42	-	-	7,648	-
Charges for services	-	-	150	-	-	-
Utility fees	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>5,131</u>	<u>42</u>	<u>150</u>	<u>-</u>	<u>7,648</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	4,307	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>4,307</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>5,131</u>	<u>(4,265)</u>	<u>150</u>	<u>-</u>	<u>7,648</u>	<u>-</u>
Cash and investments - ending	<u>\$ 21,360</u>	<u>\$ 3,735</u>	<u>\$ 445</u>	<u>\$ 1,980</u>	<u>\$ 16,617</u>	<u>\$ 380</u>

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

	CCD	CCI	Tower Inspection/Grant Money	Payroll	Wastewater Operating	Wastewater Bond & Int
Cash and investments - beginning	\$ 10,981	\$ 17,253	\$ 29,363	\$ 7,189	\$ 149,589	\$ 72,528
Receipts:						
Taxes	666	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	99	2,400	-	-	-	-
Charges for services	-	-	5,150	-	-	-
Utility fees	-	-	-	-	162,827	-
Other receipts	-	-	-	205,125	11,305	44,399
Total receipts	<u>765</u>	<u>2,400</u>	<u>5,150</u>	<u>205,125</u>	<u>174,132</u>	<u>44,399</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	17,030	-	-	-
Debt service - principal and interest	-	-	-	-	-	45,414
Capital outlay	-	-	-	-	5,107	-
Utility operating expenses	-	-	-	-	79,265	-
Other disbursements	-	-	-	203,197	56,826	-
Total disbursements	<u>-</u>	<u>-</u>	<u>17,030</u>	<u>203,197</u>	<u>141,198</u>	<u>45,414</u>
Excess (deficiency) of receipts over disbursements	<u>765</u>	<u>2,400</u>	<u>(11,880)</u>	<u>1,928</u>	<u>32,934</u>	<u>(1,015)</u>
Cash and investments - ending	<u>\$ 11,746</u>	<u>\$ 19,653</u>	<u>\$ 17,483</u>	<u>\$ 9,117</u>	<u>\$ 182,523</u>	<u>\$ 71,513</u>

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

	Wastewater B&I Reserve	Water Operating	Water Bond & Int	Water Deposits	Water B&I Reserve	Totals
Cash and investments - beginning	\$ 33,895	\$ 9,751	\$ 12,013	\$ 30,468	\$ 14,500	\$ 557,443
Receipts:						
Taxes	-	-	-	-	-	203,914
Licenses and permits	-	-	-	-	-	250
Intergovernmental	-	-	-	-	-	132,098
Charges for services	-	-	-	-	-	25,950
Utility fees	-	91,646	-	-	-	254,473
Other receipts	5,280	793	18,000	5,040	-	294,461
Total receipts	<u>5,280</u>	<u>92,439</u>	<u>18,000</u>	<u>5,040</u>	<u>-</u>	<u>911,146</u>
Disbursements:						
Personal services	-	-	-	-	-	290,108
Supplies	-	-	-	-	-	11,705
Other services and charges	-	-	-	-	-	29,795
Debt service - principal and interest	-	-	2,297	-	-	47,711
Capital outlay	-	-	-	-	-	9,616
Utility operating expenses	-	72,759	-	864	-	152,888
Other disbursements	-	21,250	14,000	2,164	-	297,725
Total disbursements	<u>-</u>	<u>94,009</u>	<u>16,297</u>	<u>3,028</u>	<u>-</u>	<u>839,548</u>
Excess (deficiency) of receipts over disbursements	<u>5,280</u>	<u>(1,570)</u>	<u>1,703</u>	<u>2,012</u>	<u>-</u>	<u>71,598</u>
Cash and investments - ending	<u>\$ 39,175</u>	<u>\$ 8,181</u>	<u>\$ 13,716</u>	<u>\$ 32,480</u>	<u>\$ 14,500</u>	<u>\$ 629,041</u>

TOWN OF HAMLET  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011

	General	MVH	LRS	Park	Police Donation	Police Firearms Training
Cash and investments - beginning	\$ 51,948	\$ 10,317	\$ 8,128	\$ 3,735	\$ 380	\$ 10
Receipts:						
Taxes	170,286	11,065	-	5,489	-	-
Intergovernmental	48,851	25,664	4,228	714	-	-
Charges for services	22,551	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	9,155	-	1,095	-	-	-
Total receipts	<u>250,843</u>	<u>36,729</u>	<u>5,323</u>	<u>6,203</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	163,024	32,063	5,531	-	-	-
Supplies	15,069	5,275	-	1,229	-	-
Other services and charges	86,379	-	-	478	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	2,671	8,315	2,234	3,152	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	8,437	-	-	-	-	-
Total disbursements	<u>275,580</u>	<u>45,653</u>	<u>7,765</u>	<u>4,859</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(24,737)</u>	<u>(8,924)</u>	<u>(2,442)</u>	<u>1,344</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 27,211</u>	<u>\$ 1,393</u>	<u>\$ 5,686</u>	<u>\$ 5,079</u>	<u>\$ 380</u>	<u>\$ 10</u>

TOWN OF HAMLET  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Police Law Enf & Cont Ed.	Riverboat Fund	Park Donation	Rainy Day Fund	EDIT	CCD
Cash and investments - beginning	\$ 1,432	\$ 21,360	\$ 445	\$ 16,617	\$ 92,602	\$ 11,746
Receipts:						
Taxes	-	-	-	-	-	612
Intergovernmental	-	5,132	-	-	40,671	80
Charges for services	-	-	-	-	-	-
Fines and forfeits	128	-	-	-	-	-
Utility fees	-	-	-	-	-	-
Penalties	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total receipts</b>	<b>128</b>	<b>5,132</b>	<b>-</b>	<b>-</b>	<b>40,671</b>	<b>692</b>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	4,750	5,919
Other services and charges	-	-	-	-	10,168	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-
Other disbursements	-	-	-	-	31,102	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,020</b>	<b>5,919</b>
Excess (deficiency) of receipts over disbursements	128	5,132	-	-	(5,349)	(5,227)
Cash and investments - ending	<u>\$ 1,560</u>	<u>\$ 26,492</u>	<u>\$ 445</u>	<u>\$ 16,617</u>	<u>\$ 87,253</u>	<u>\$ 6,519</u>

TOWN OF HAMLET  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Vid Cam Grt 154A1	CCI	Tower Inspection/Grant Money	Payroll	Wastewater Bond & Int	Wastewater Operating
Cash and investments - beginning	\$ 1,980	\$ 19,653	\$ 17,483	\$ 9,117	\$ 71,513	\$ 182,523
Receipts:						
Taxes	-	140	-	-	-	-
Intergovernmental	-	2,355	870,450	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Utility fees	-	-	-	-	-	160,337
Penalties	-	-	-	-	-	3,641
Other receipts	-	-	-	225,343	44,400	24,766
<b>Total receipts</b>	<b>-</b>	<b>2,495</b>	<b>870,450</b>	<b>225,343</b>	<b>44,400</b>	<b>188,744</b>
Disbursements:						
Personal services	-	-	-	225,943	-	-
Supplies	-	3,850	-	-	-	-
Other services and charges	-	-	3,810	-	-	-
Debt service - principal and interest	-	-	-	-	47,013	-
Capital outlay	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	42,331
Other disbursements	-	-	870,450	-	-	119,338
<b>Total disbursements</b>	<b>-</b>	<b>3,850</b>	<b>874,260</b>	<b>225,943</b>	<b>47,013</b>	<b>161,669</b>
Excess (deficiency) of receipts over disbursements	-	(1,355)	(3,810)	(600)	(2,613)	27,075
Cash and investments - ending	<u>\$ 1,980</u>	<u>\$ 18,298</u>	<u>\$ 13,673</u>	<u>\$ 8,517</u>	<u>\$ 68,900</u>	<u>\$ 209,598</u>

TOWN OF HAMLET  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2011  
 (Continued)

	Wastewater B&I Reserve	Water Operating	Water Deposits	Water B&I Reserve	Water Bond & Int	Totals
Cash and investments - beginning	\$ 39,175	\$ 8,181	\$ 32,480	\$ 14,500	\$ 13,716	\$ 629,041
Receipts:						
Taxes	-	-	-	-	-	187,592
Intergovernmental	-	-	-	-	-	998,145
Charges for services	-	-	-	-	-	22,551
Fines and forfeits	-	-	-	-	-	128
Utility fees	-	106,367	-	-	-	266,704
Penalties	-	1,401	-	-	-	5,042
Other receipts	5,280	380	4,010	-	18,000	332,429
Total receipts	5,280	108,148	4,010	-	18,000	1,812,591
Disbursements:						
Personal services	-	-	-	-	-	426,561
Supplies	-	-	-	-	-	36,092
Other services and charges	-	-	-	-	-	100,835
Debt service - principal and interest	-	-	-	-	15,937	62,950
Capital outlay	-	6,696	-	-	-	23,068
Utility operating expenses	-	41,731	-	-	-	84,062
Other disbursements	-	47,707	3,392	-	-	1,080,426
Total disbursements	-	96,134	3,392	-	15,937	1,813,994
Excess (deficiency) of receipts over disbursements	5,280	12,014	618	-	2,063	(1,403)
Cash and investments - ending	\$ 44,455	\$ 20,195	\$ 33,098	\$ 14,500	\$ 15,779	\$ 627,638

TOWN OF HAMLET  
 SCHEDULE OF PAYABLES AND RECEIVABLES  
 December 31, 2011

Government or Enterprise	Accounts Payable	Accounts Receivable
Wastewater	\$ 1,766	\$ 13,357
Water	2,210	7,000
Totals	\$ 3,976	\$ 20,357

TOWN OF HAMLET  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2011

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Wastewater:			
Revenue bonds	Upgrade wastewater facilities	\$ 1,078,125	\$ 32,190
Water:			
Revenue bonds	Upgrade water infrastructure	<u>16,000</u>	<u>16,484</u>
Totals		<u>\$ 1,094,125</u>	<u>\$ 48,674</u>

TOWN OF HAMLET  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2011

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.

	Ending Balance
Wastewater:	
Land	\$ 45,319
Infrastructure	50,000
Buildings	29,527
Improvements other than buildings	14,027
Machinery, equipment and vehicles	905,319
Total Wastewater	1,044,192
Water:	
Land	74,770
Infrastructure	1,649,783
Buildings	20,000
Machinery, equipment and vehicles	209,761
Total Water	1,954,314
Total capital assets	\$ 2,998,506

TOWN OF HAMLET  
AUDIT RESULTS AND COMMENTS

***UTILITY BILLINGS***

The Town of Hamlet has an ordinance concerning wastewater rates, based on water consumption. On February 17, 2009, the Hamlet Town Council approved a new rate ordinance effective with future billings. However, these new rates were never put into the billing system. The wastewater utility continues to charge customers based on the old rates.

Also, the Town has an ordinance concerning trash pickup and recycling rates. The Town Council approved a new rate schedule ordinance on December 18, 2007, to be effective for the years 2008 through 2012. However, the amounts billed to trash pickup customers were not in conformance with the approved rate schedule. For 2010 and 2011, customers were charged the old 2009 trash pickup rate.

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)

***CUSTOMER DEPOSIT REGISTER***

The detailed customer deposit register does not reconcile with the customer deposit amount recorded on the fund report.

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)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**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 AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF HAMLET, STARKE COUNTY, INDIANA

Compliance

We have audited Town of Hamlet's (Town) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the years ended December 31, 2010 and 2011. The Town'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 Town's management. Our responsibility is to express an opinion on the Town'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 Town'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 Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the years ended December 31, 2010 and 2011. However the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1.

Internal Control Over Compliance

Management of the Town 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 Town's internal control over compliance with requirements that could have a direct and material effect on a major federal program 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 Town's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
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. However, we identified a certain deficiency in internal control over compliance that we considered to be significant deficiency as described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Town's responses to the finding identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the Town's response 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, 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

September 10, 2012

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#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the Town. The schedule and note are presented as intended by the Town.

TOWN OF HAMLET  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For The Years Ended December 31, 2010 and 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 2010	Total Federal Awards Expended 2011
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass Through Indiana Office of Community and Rural Affairs				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program				
and Non-Entitlement Grants in Hawaii				
	14.228	DR2-09-100	\$ -	\$ 870,000

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF HAMLET  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Hamlet (Town) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. 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.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of Towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF HAMLET  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statements:

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 statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	yes
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?	yes

Identification of Major Programs:

\_\_\_\_\_ Name of Federal Program or Cluster \_\_\_\_\_

CDBG - State-Administered CDBG Cluster

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

Auditee qualified as low-risk auditee?	no
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**Section II – Financial Statement Findings**

No matters are reportable.

TOWN OF HAMLET  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section III – Federal Award Findings and Questioned Costs**

**FINDING 2011-1 - CASH MANAGEMENT**

Federal Agency: Department of Housing and Urban Development  
Federal Program: Community Development Block Grants/State's Program  
and Non-entitlement Grants in Hawaii  
CFDA Number: 14.228  
Pass-Through Entity: Indiana Office of Community & Rural Affairs

The Town received a \$128,286 grant draw on May 20, 2011, and disbursed these grant funds on June 3, 2011, or nine business days later. The Town also received a \$331,967 grant draw on June 28, 2011, and disbursed these grant funds on July 13, 2011, or eight business days later.

The Town's consultant, who administered the grant, accurately requested the grant draw based on invoices received. The delay in issuing the check was a result of the Town's check processing procedures.

Federal Regulation 24 CFR 85.21 (b) states in part: "Methods and procedures for payment shall minimize the time elapsing between the transfer of funds and disbursement by the grantee or subgrantee . . ."

The Indiana CDBG Handbook, Chapter 6.5 states:

"Under no circumstances should a Grantee retain more than \$5,000 of federal money in their bank account for more than five business days. If for any reason the federal funds cannot be disbursed during the five day period, the Grantee will be required to return all interest earned on the federal funds to OCRA by check made payable to the U.S. Treasury. Grantees are advised to keep federal funds in non-interest bearing accounts."

This was a finding in the June 4, 2012 Indiana Office of Community & Rural Affairs (OCRA) monitoring results letter sent to the Town. In response, the Town submitted a written statement indicating their understanding that federal grant funds are to be disbursed within five business days of their deposit and also a statement from the Town's depository that the Town funds were not held in an interest bearing account. OCRA accepted the necessary documentation to resolve the monitoring finding.

The delay in issuing the checks timely, a violation of federal program requirements, could result in a loss of future federal grant funding for the Town.

We recommended that the Town implement policies and procedures to ensure timely payment of federal grant disbursements.

DAVE KESVORMAS  
PRESIDENT

## TOWN OF HAMLET

10 SOUTH STARKE STREET  
HAMLET, INDIANA 46532  
(547) 867-3541 PHONE  
(547) 867-1035 FAX

BRIAN EARNEST  
COUNCILMAN

KRISTINA PITTS  
CLERK/ TREASURER

FRANK LONIGRO JR.  
COUNCILMAN

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Finding No. 2011-1 Cash Management  
Federal Agency: Department of Housing and Urban Development  
Federal Program: Community Development Block Grants/State's Program and Non-entitlement  
Grants in Hawaii  
CFDA Number: 14.228  
Pass-through Entity: Indiana Office of Community & Rural Affairs  
Auditee Contact Person: Kristina Pitts  
Title of Contact Person: Clerk Treasurer  
Phone Number: (574)-867-3541

The new Clerk-Treasurer is aware of the five business days that a Grant fund of \$5,000.00 or more must be disbursed within. The next Grant we receive the new Clerk-Treasurer will make sure the funds are disbursed within the time frame.

*Dave Kesvornas - Board President*

*Kristina Pitts - Clerk Treasurer*

TOWN OF HAMLET  
EXIT CONFERENCE

The contents of this report were discussed, via e-mail, on September 10, 2012, with Neva Johnson, former Clerk-Treasurer.

The contents of this report were discussed on September 10, 2012, with Dave Kesvornas, President of the Town Council; and Kristina Pitts, Clerk-Treasurer. The Official Response has been made a part of this report and may be found on page 40.

DAVE KESVORMAS  
PRESIDENT

## TOWN OF HAMLET

10 SOUTH STARKE STREET  
HAMLET, INDIANA 46532  
(547) 867-3541 PHONE  
(547) 867-1035 FAX

BRIAN EARNEST  
COUNCILMAN

FRANK LONIGRO JR.  
COUNCILMAN

KRISTINA PITTS  
CLERK/ TREASURER

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In response to the Town of Hamlet 2010-2011, Audit Results and Comments, the Town of Hamlet officially responds to the audit findings.

1. Wastewater Rates- The previous board approved new rates, but continued to charge the previous lower rate. The current board will correct this error immediately either by charging the higher rate set by the previous board, or will upon financial review, revert to the current rate being charged each month.
2. Trash Collection Billing- The current Clerk Treasurer has corrected the deficiencies as they relate to trash and recycling collection in 2012. The Town Board will not take action to recoup lost revenue from this error.
3. Customer Deposit Register- The current Clerk-Treasurer and Deputy Clerk Treasurer are researching 50+/- years of Deposit records and are aggressively making progress to locate persons to refund or apply the corrective funds to services received.