

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

FINANCIAL STATEMENTS AND  
FEDERAL SINGLE AUDIT REPORT  
OF

TOWN OF CHANDLER  
WARRICK COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
12/10/2012



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Timothy D. Osha Misty Denk	01-01-08 to 10-25-12 10-26-12 to 12-31-12
President of the Town Council	Brian Lucas	01-01-10 to 12-31-12
Superintendent of Water Utility	Rob Coghill	01-01-10 to 12-31-12
Superintendent of Wastewater Utility	Rob Coghill	01-01-10 to 12-31-12
Superintendent of Storm Water Utility	Terry Fisher Grover Fisher Jr.	01-01-10 to 11-18-11 11-19-11 to 12-31-12
Utility Office Manager	Misty Denk	06-22-12 to 12-31-12



## INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF CHANDLER, WARRICK COUNTY, INDIANA

We have audited the accompanying financial statements of the Town of Chandler (Town), for the period of January 1, 2010 to December 31, 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 effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the period of January 1, 2010 to December 31, 2011.

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 period of January 1, 2010 to December 31, 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated October 31, 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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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 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 and Schedule of Leases and 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 auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

October 31, 2012



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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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 CHANDLER, WARRICK COUNTY, INDIANA

We have audited the financial statements of the Town of Chandler (Town), for the period of January 1, 2010 to December 31, 2011, and have issued our report thereon dated October 31, 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1 to be a material weakness.

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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1.

The Town's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. 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

October 31, 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 CHANDLER  
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 Fund	\$ (16,495)	\$ 662,507	\$ 633,950	\$ 12,062
Genmm	16,343	316	10,000	6,659
Motor Vehicle Highway	131,315	113,861	224,770	20,406
Local Road & Street	(73,851)	73,851	-	-
Local Law Enf Cont Ed	8,387	1,670	3,492	6,565
Riverboat	38,771	19,362	57,966	167
Park & Recreation	(6,074)	62,356	64,005	(7,723)
Editmm	90,000	-	90,000	-
Mvhmm	169,398	-	-	169,398
Lrsmm	51,000	-	-	51,000
Ccimm	23	-	-	23
Ccdfmm	28,500	-	-	28,500
Cum Cap Imp - Cig Tax	21,205	10,244	-	31,449
Cum Cap Development	66,796	29,542	-	96,338
Economic Dev Income Tax	294,159	200,341	204,877	289,623
Eyecare	(25,254)	33,919	8,665	-
Payroll Net Salaries	464,810	1,173,473	1,028,676	609,607
Payroll Perf	(121,449)	27,656	27,656	(121,449)
Payroll Federal W/H	(9,505)	109,168	120,218	(20,555)
Payroll State & County W/H	(24,130)	49,243	72,963	(47,850)
Payroll Fica Liability	11,550	170,965	125,234	57,281
Payroll Health Ins W/H	(268,301)	310,240	370,597	(328,658)
Payroll Union Dues W/H	(1,020)	1,578	1,844	(1,286)
Payroll Savings W/H	(17,298)	46,084	48,005	(19,219)
Pay-Interest	-	-	60	(60)
Payroll Trustee W/H	(5,705)	16,617	17,310	(6,398)
Payroll Mutual Stock W/H	(2,099)	3,681	3,796	(2,214)
Payroll Child Support W/H	(5,024)	14,483	15,169	(5,710)
Payroll Cancer Insurance	(2,411)	7,195	9,048	(4,264)
Payroll Life Insurance	(16,102)	1,678	19,705	(34,129)
Payroll Dental Benefits	(16,197)	10,069	16,355	(22,483)
Payroll Temp Clearing	37,381	123	60	37,444
Payroll FICA & Med W/H	-	-	46,705	(46,705)
Payroll AGLA Insurance	-	260	-	260
Stormwater Operating	69,294	95,503	116,296	48,501
Sewage Utility Operating	751,865	2,594,878	3,194,865	151,878
Sewage Util Depreciation	2,096	-	-	2,096
Sewage Util Const In Prog	28,354	2,511,110	1,514,957	1,024,507
2009 Sewer Ban	-	1,032,790	130,484	902,306
Sewer System Develop	99,750	14,000	-	113,750
Sew/ Lnb	212,434	27,566	319,864	(79,864)
Sewcd/ Lnb	125,000	-	27,354	97,646
Sewsrfd	-	703,459	-	703,459
Sewsrfb&I	-	769,787	237,021	532,766
Sewer Customer Deposits	31,290	52,104	16,050	67,344
Water Utility Operating	650,709	4,996,861	5,612,916	34,654
Water B&I - Lnb	214,510	674,137	693,064	195,583
Water Util Depreciation	6,153	-	5,251	902
Water Util Meter Deposit	38,856	24,125	15,370	47,611
Water Util Const In Prog	115,154	1,122,472	1,276,664	(39,038)
Water Future Projects	285,216	-	285,216	-
Water System Development	282,550	42,584	282,550	42,584
Water B&I -Onb	45,743	132,859	132,813	45,789
Wat	144,455	369	-	144,824
Watcd	225,000	-	-	225,000
Water Debt Reserve	418,330	75,340	493,670	-
Watsrfd	-	520,094	-	520,094
Watsrfb&I	-	48,348	1,841	46,507
Watsrfcon	-	567,852	-	567,852
Watsrfconsd	-	1,315,877	1,315,877	-
<b>Totals</b>	<b>\$ 4,565,482</b>	<b>\$ 20,472,597</b>	<b>\$ 18,893,249</b>	<b>\$ 6,144,830</b>

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

TOWN OF CHANDLER  
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 Fund	\$ 12,062	\$ 524,016	\$ 621,720	\$ (85,642)
Motor Vehicle Highway	20,406	120,709	87,982	53,133
Local Road & Street	-	29,515	26,646	2,869
Local Law Enf Cont Ed	6,565	4,763	1,309	10,019
Riverboat	167	19,363	-	19,530
Park & Recreation	(7,723)	67,482	45,491	14,268
Cum Cap Imp - Cig Tax	31,449	10,136	-	41,585
Cum Cap Development	96,338	27,581	-	123,919
Economic Dev Income Tax	289,623	141,697	155,205	276,115
Park Donation	-	1,200	17,304	(16,104)
Police Donation	-	2,400	1,048	1,352
Payroll FICA & Med W/H	(46,705)	241,180	194,475	-
Payroll/AGLA Insurance	260	2,964	2,867	357
Payroll/457B	-	2,430	2,430	-
Genmm	6,659	233	-	6,892
Mvhmm	169,398	-	125,000	44,398
Lrsmm	51,000	-	-	51,000
Ccimm	23	-	-	23
Ccdfmm	28,500	-	-	28,500
Stormwater Operating	48,501	116,202	156,502	8,201
Payroll Net Salaries	609,607	951,867	1,561,474	-
Payroll Perf	(121,449)	222,611	101,162	-
Payroll Federal W/H	(20,555)	179,369	158,814	-
Payroll State & County W/H	(47,850)	134,028	81,978	4,200
Payroll Fica Liability	57,281	-	57,281	-
Payroll Health Ins W/H	(328,658)	766,783	438,125	-
Payroll Union Dues W/H	(1,286)	3,246	1,960	-
Payroll Savings W/H	(19,219)	70,513	51,294	-
Pay-Interest	(60)	60	-	-
Payroll Trustee W/H	(6,398)	7,783	1,385	-
Payroll Mutual Stock W/H	(2,214)	6,589	4,375	-
Payroll Child Support W/H	(5,710)	11,470	5,760	-
Payroll Cancer Insurance	(4,264)	15,967	11,703	-
Payroll Life Insurance	(34,129)	89,857	55,728	-
Payroll Dental Benefits	(22,483)	43,541	21,058	-
Payroll Temp Clearing	37,444	23,436	60,496	384
Sewage Utility Bond & Int	-	591,320	591,320	-
Sewer Customer Deposits	67,344	25,675	21,074	71,945
Sewage Utility Operating	151,878	2,743,237	2,693,293	201,822
Sewage Util Depreciation	2,096	-	-	2,096
Sewage Util Const In Pro	1,024,507	446,452	1,470,935	24
2009 Sewer Ban	902,306	886	520,347	382,845
Sewer System Develop	113,750	18,000	-	131,750
Sew/Lnb	(79,864)	100,113	20,076	173
Sewcd/Lnb	97,646	-	-	97,646
Sewsrfcon	-	16,022	16,022	-
Sewsrfd	703,459	17,223	-	720,682
Sewsrfb&I	532,766	764,402	802,574	494,594
Water Utility Operating	34,654	5,380,516	5,476,461	(61,291)
Water B&I - Lnb	195,583	586,635	586,818	195,400
Water Util Depreciation	902	-	-	902
Water Util Meter Deposit	47,611	27,740	20,675	54,676
Water Util Const In Prog	(39,038)	1,594,353	1,555,315	-
Water System Development	42,584	50,808	-	93,392
Water B&I - Onb	45,789	48,936	48,890	45,835
Wat	144,824	224,272	369,116	(20)
Watcd	225,000	-	-	225,000
Watsrfd	520,094	45,243	3,770	561,567
Watsrfb&I	46,507	108,580	54,517	100,570
Watsrfcon	567,852	3	-	567,855
Watsrfconsd	-	1,515,264	1,515,264	-
<b>Totals</b>	<b>\$ 6,144,830</b>	<b>\$ 18,144,671</b>	<b>\$ 19,817,039</b>	<b>\$ 4,472,462</b>

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

TOWN OF CHANDLER  
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, storm water, 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 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 CHANDLER  
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.

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 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.

Utility operating expenses which include all outflows for operating the utilities.

TOWN OF CHANDLER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

	General Fund	Genmm	Motor Vehicle Highway	Local Road & Street	Local Law Enf Cont Ed	Riverboat	Park & Recreation
Cash and investments - beginning	\$ (16,495)	\$ 16,343	\$ 131,315	\$ (73,851)	\$ 8,387	\$ 38,771	\$ (6,074)
Receipts:							
Taxes	418,226	-	35,647	-	-	-	35,857
Licenses and permits	4,137	-	-	-	865	-	-
Intergovernmental	14,736	-	78,214	36,591	-	19,362	325
Charges for services	74,824	-	-	-	90	-	24,074
Fines and forfeits	509	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	150,075	316	-	37,260	715	-	2,100
Total receipts	<u>662,507</u>	<u>316</u>	<u>113,861</u>	<u>73,851</u>	<u>1,670</u>	<u>19,362</u>	<u>62,356</u>
Disbursements:							
Personal services	462,135	-	18,698	-	-	-	7,433
Supplies	1,584	-	-	-	-	-	-
Other services and charges	20,446	-	206,072	-	3,492	-	56,572
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	10,000	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	149,785	-	-	-	-	57,966	-
Total disbursements	<u>633,950</u>	<u>10,000</u>	<u>224,770</u>	<u>-</u>	<u>3,492</u>	<u>57,966</u>	<u>64,005</u>
Excess (deficiency) of receipts over disbursements	<u>28,557</u>	<u>(9,684)</u>	<u>(110,909)</u>	<u>73,851</u>	<u>(1,822)</u>	<u>(38,604)</u>	<u>(1,649)</u>
Cash and investments - ending	<u>\$ 12,062</u>	<u>\$ 6,659</u>	<u>\$ 20,406</u>	<u>\$ -</u>	<u>\$ 6,565</u>	<u>\$ 167</u>	<u>\$ (7,723)</u>

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

	Editmm	Mvhmm	Lrsmm	Ccimm	Ccdfmm	Cum Cap Imp - Cig Tax	Cum Cap Development
Cash and investments - beginning	\$ 90,000	\$ 169,398	\$ 51,000	\$ 23	\$ 28,500	\$ 21,205	\$ 66,796
Receipts:							
Taxes	-	-	-	-	-	-	29,282
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	10,244	260
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	10,244	29,542
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	90,000	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	90,000	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	(90,000)	-	-	-	-	10,244	29,542
Cash and investments - ending	\$ -	\$ 169,398	\$ 51,000	\$ 23	\$ 28,500	\$ 31,449	\$ 96,338

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

	Economic Dev Income Tax	Eyecare	Payroll Net Salaries	Payroll Perf	Payroll Federal W/H	Payroll State & County W/H	Payroll Fica Liability
Cash and investments - beginning	\$ 294,159	\$ (25,254)	\$ 464,810	\$ (121,449)	\$ (9,505)	\$ (24,130)	\$ 11,550
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	200,341	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	33,919	1,173,473	27,656	109,168	49,243	170,965
Total receipts	<u>200,341</u>	<u>33,919</u>	<u>1,173,473</u>	<u>27,656</u>	<u>109,168</u>	<u>49,243</u>	<u>170,965</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	34,996	-	-	-	-	-	-
Other services and charges	93,965	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	75,916	8,665	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	1,028,676	27,656	120,218	72,963	125,234
Total disbursements	<u>204,877</u>	<u>8,665</u>	<u>1,028,676</u>	<u>27,656</u>	<u>120,218</u>	<u>72,963</u>	<u>125,234</u>
Excess (deficiency) of receipts over disbursements	<u>(4,536)</u>	<u>25,254</u>	<u>144,797</u>	<u>-</u>	<u>(11,050)</u>	<u>(23,720)</u>	<u>45,731</u>
Cash and investments - ending	<u>\$ 289,623</u>	<u>\$ -</u>	<u>\$ 609,607</u>	<u>\$ (121,449)</u>	<u>\$ (20,555)</u>	<u>\$ (47,850)</u>	<u>\$ 57,281</u>

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

	Payroll Health Ins W/H	Payroll Union Dues W/H	Payroll Savings W/H	Pay-Interest	Payroll Trustee W/H	Payroll Mutual Stock W/H	Payroll Child Support W/H
Cash and investments - beginning	\$ (268,301)	\$ (1,020)	\$ (17,298)	\$ -	\$ (5,705)	\$ (2,099)	\$ (5,024)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	310,240	1,578	46,084	-	16,617	3,681	14,483
Total receipts	<u>310,240</u>	<u>1,578</u>	<u>46,084</u>	<u>-</u>	<u>16,617</u>	<u>3,681</u>	<u>14,483</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	370,597	1,844	48,005	60	17,310	3,796	15,169
Total disbursements	<u>370,597</u>	<u>1,844</u>	<u>48,005</u>	<u>60</u>	<u>17,310</u>	<u>3,796</u>	<u>15,169</u>
Excess (deficiency) of receipts over disbursements	<u>(60,357)</u>	<u>(266)</u>	<u>(1,921)</u>	<u>(60)</u>	<u>(693)</u>	<u>(115)</u>	<u>(686)</u>
Cash and investments - ending	<u>\$ (328,658)</u>	<u>\$ (1,286)</u>	<u>\$ (19,219)</u>	<u>\$ (60)</u>	<u>\$ (6,398)</u>	<u>\$ (2,214)</u>	<u>\$ (5,710)</u>

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

	Payroll Cancer Insurance	Payroll Life Insurance	Payroll Dental Benefits	Payroll Temp Clearing	Payroll FICA & Med Withholding	Payroll AGLA Insurance	Stormwater Operating
Cash and investments - beginning	\$ (2,411)	\$ (16,102)	\$ (16,197)	\$ 37,381	\$ -	\$ -	\$ 69,294
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	95,430
Other receipts	7,195	1,678	10,069	123	-	260	73
Total receipts	<u>7,195</u>	<u>1,678</u>	<u>10,069</u>	<u>123</u>	<u>-</u>	<u>260</u>	<u>95,503</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	63,666
Other disbursements	9,048	19,705	16,355	60	46,705	-	52,630
Total disbursements	<u>9,048</u>	<u>19,705</u>	<u>16,355</u>	<u>60</u>	<u>46,705</u>	<u>-</u>	<u>116,296</u>
Excess (deficiency) of receipts over disbursements	<u>(1,853)</u>	<u>(18,027)</u>	<u>(6,286)</u>	<u>63</u>	<u>(46,705)</u>	<u>260</u>	<u>(20,793)</u>
Cash and investments - ending	<u>\$ (4,264)</u>	<u>\$ (34,129)</u>	<u>\$ (22,483)</u>	<u>\$ 37,444</u>	<u>\$ (46,705)</u>	<u>\$ 260</u>	<u>\$ 48,501</u>

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

	Sewage Utility Operating	Sewage Util Depreciation	Sewage Util Const In Pro	2009 Sewer Ban	Sewer System Develop	Sew/ Lnb	Sewcd/ Lnb
Cash and investments - beginning	\$ 751,865	\$ 2,096	\$ 28,354	\$ -	\$ 99,750	\$ 212,434	\$ 125,000
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	<u>2,594,878</u>	<u>-</u>	<u>2,511,110</u>	<u>1,032,790</u>	<u>14,000</u>	<u>27,566</u>	<u>-</u>
Total receipts	<u>2,594,878</u>	<u>-</u>	<u>2,511,110</u>	<u>1,032,790</u>	<u>14,000</u>	<u>27,566</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	878,600	-	-	-	-	-	-
Capital outlay	47,636	-	-	-	-	-	-
Utility operating expenses	926,636	-	1,514,957	130,484	-	-	-
Other disbursements	<u>1,341,993</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>319,864</u>	<u>27,354</u>
Total disbursements	<u>3,194,865</u>	<u>-</u>	<u>1,514,957</u>	<u>130,484</u>	<u>-</u>	<u>319,864</u>	<u>27,354</u>
Excess (deficiency) of receipts over disbursements	<u>(599,987)</u>	<u>-</u>	<u>996,153</u>	<u>902,306</u>	<u>14,000</u>	<u>(292,298)</u>	<u>(27,354)</u>
Cash and investments - ending	<u>\$ 151,878</u>	<u>\$ 2,096</u>	<u>\$ 1,024,507</u>	<u>\$ 902,306</u>	<u>\$ 113,750</u>	<u>\$ (79,864)</u>	<u>\$ 97,646</u>

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

	Sewsrfcon	Sewsrfd	Sewsrfb&I	Sewer Customer Deposits	Water Utility Operating	Water B&I - Lnb	Water Utl Depreciation
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 31,290	\$ 650,709	\$ 214,510	\$ 6,153
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	2,876,595	-	-
Other receipts	-	703,459	769,787	52,104	2,120,266	674,137	-
Total receipts	-	703,459	769,787	52,104	4,996,861	674,137	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	451,709	-
Capital outlay	-	-	-	-	716,561	-	-
Utility operating expenses	-	-	-	-	2,350,173	-	5,251
Other disbursements	-	-	237,021	16,050	2,546,182	241,355	-
Total disbursements	-	-	237,021	16,050	5,612,916	693,064	5,251
Excess (deficiency) of receipts over disbursements	-	703,459	532,766	36,054	(616,055)	(18,927)	(5,251)
Cash and investments - ending	\$ -	\$ 703,459	\$ 532,766	\$ 67,344	\$ 34,654	\$ 195,583	\$ 902

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

	Water Util Meter Deposit	Water Util Const In Prog	Water Future Projects	Water System Development	Water B&I -Onb	Wat	Watcd
Cash and investments - beginning	\$ 38,856	\$ 115,154	\$ 285,216	\$ 282,550	\$ 45,743	\$ 144,455	\$ 225,000
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	24,125	1,122,472	-	42,584	132,859	369	-
Total receipts	<u>24,125</u>	<u>1,122,472</u>	<u>-</u>	<u>42,584</u>	<u>132,859</u>	<u>369</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	15,370	220,617	-	-	-	-	-
Other disbursements	-	1,056,047	285,216	282,550	132,813	-	-
Total disbursements	<u>15,370</u>	<u>1,276,664</u>	<u>285,216</u>	<u>282,550</u>	<u>132,813</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>8,755</u>	<u>(154,192)</u>	<u>(285,216)</u>	<u>(239,966)</u>	<u>46</u>	<u>369</u>	<u>-</u>
Cash and investments - ending	<u>\$ 47,611</u>	<u>\$ (39,038)</u>	<u>\$ -</u>	<u>\$ 42,584</u>	<u>\$ 45,789</u>	<u>\$ 144,824</u>	<u>\$ 225,000</u>

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

	Water Debt Reserve	Watsrfrd	Watsrft&I	Watsrcon	Watsrconsd	Totals
Cash and investments - beginning	\$ 418,330	\$ -	\$ -	\$ -	\$ -	\$ 4,565,482
Receipts:						
Taxes	-	-	-	-	-	519,012
Licenses and permits	-	-	-	-	-	5,002
Intergovernmental	-	-	-	-	-	360,073
Charges for services	-	-	-	-	-	98,988
Fines and forfeits	-	-	-	-	-	509
Utility fees	-	-	-	-	-	2,972,025
Other receipts	<u>75,340</u>	<u>520,094</u>	<u>48,348</u>	<u>567,852</u>	<u>1,315,877</u>	<u>16,516,988</u>
Total receipts	<u>75,340</u>	<u>520,094</u>	<u>48,348</u>	<u>567,852</u>	<u>1,315,877</u>	<u>20,472,597</u>
Disbursements:						
Personal services	-	-	-	-	-	488,266
Supplies	-	-	-	-	-	36,580
Other services and charges	-	-	-	-	-	470,547
Debt service - principal and interest	-	-	-	-	-	1,330,309
Capital outlay	-	-	-	-	-	858,778
Utility operating expenses	-	-	-	-	1,315,877	6,543,031
Other disbursements	<u>493,670</u>	<u>-</u>	<u>1,841</u>	<u>-</u>	<u>-</u>	<u>9,165,738</u>
Total disbursements	<u>493,670</u>	<u>-</u>	<u>1,841</u>	<u>-</u>	<u>1,315,877</u>	<u>18,893,249</u>
Excess (deficiency) of receipts over disbursements	<u>(418,330)</u>	<u>520,094</u>	<u>46,507</u>	<u>567,852</u>	<u>-</u>	<u>1,579,348</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 520,094</u>	<u>\$ 46,507</u>	<u>\$ 567,852</u>	<u>\$ -</u>	<u>\$ 6,144,830</u>

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

	General Fund	Motor Vehicle Highway	Local Road & Street	Local Law Enf Cont Ed	Riverboat	Park & Recreation	Cum Cap Imp - Cig Tax
Cash and investments - beginning	\$ 12,062	\$ 20,406	\$ -	\$ 6,565	\$ 167	\$ (7,723)	\$ 31,449
Receipts:							
Taxes	373,695	42,626	-	-	-	32,020	-
Licenses and permits	2,591	-	-	1,585	-	-	-
Intergovernmental	53,632	78,083	29,515	-	19,363	3,851	8,885
Charges for services	27,391	-	-	-	-	14,562	-
Fines and forfeits	1,833	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	64,874	-	-	3,178	-	17,049	1,251
Total receipts	<u>524,016</u>	<u>120,709</u>	<u>29,515</u>	<u>4,763</u>	<u>19,363</u>	<u>67,482</u>	<u>10,136</u>
Disbursements:							
Personal services	406,446	51,028	-	-	-	7,137	-
Supplies	9,520	2,058	-	-	-	-	-
Other services and charges	102,631	34,896	26,646	1,309	-	35,983	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	93,123	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	10,000	-	-	-	-	2,371	-
Total disbursements	<u>621,720</u>	<u>87,982</u>	<u>26,646</u>	<u>1,309</u>	<u>-</u>	<u>45,491</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(97,704)</u>	<u>32,727</u>	<u>2,869</u>	<u>3,454</u>	<u>19,363</u>	<u>21,991</u>	<u>10,136</u>
Cash and investments - ending	<u>\$ (85,642)</u>	<u>\$ 53,133</u>	<u>\$ 2,869</u>	<u>\$ 10,019</u>	<u>\$ 19,530</u>	<u>\$ 14,268</u>	<u>\$ 41,585</u>

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

	Cum Cap Development	Economic Dev Income Tax	Park Donation	Police Donation	Payroll FICA & Med W/H	Payroll/AGLA Insurance	Payroll/457B
Cash and investments - beginning	\$ 96,338	\$ 289,623	\$ -	\$ -	\$ (46,705)	\$ 260	\$ -
Receipts:							
Taxes	24,605	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	2,976	141,697	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	-	-	1,200	2,400	241,180	2,964	2,430
Total receipts	<u>27,581</u>	<u>141,697</u>	<u>1,200</u>	<u>2,400</u>	<u>241,180</u>	<u>2,964</u>	<u>2,430</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	155,205	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	-	17,304	1,048	194,475	2,867	2,430
Total disbursements	<u>-</u>	<u>155,205</u>	<u>17,304</u>	<u>1,048</u>	<u>194,475</u>	<u>2,867</u>	<u>2,430</u>
Excess (deficiency) of receipts over disbursements	<u>27,581</u>	<u>(13,508)</u>	<u>(16,104)</u>	<u>1,352</u>	<u>46,705</u>	<u>97</u>	<u>-</u>
Cash and investments - ending	<u>\$ 123,919</u>	<u>\$ 276,115</u>	<u>\$ (16,104)</u>	<u>\$ 1,352</u>	<u>\$ -</u>	<u>\$ 357</u>	<u>\$ -</u>

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

	Genmm	Mvhmm	Lrsmm	Ccimm	Ccdfmm	Stormwater Operating	Payroll Net Salaries
Cash and investments - beginning	\$ 6,659	\$ 169,398	\$ 51,000	\$ 23	\$ 28,500	\$ 48,501	\$ 609,607
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	106,180	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	233	-	-	-	-	10,022	951,867
Total receipts	233	-	-	-	-	116,202	951,867
Disbursements:							
Personal services	-	-	-	-	-	67,683	-
Supplies	-	-	-	-	-	2,916	-
Other services and charges	-	-	-	-	-	346	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	85,557	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	125,000	-	-	-	-	1,561,474
Total disbursements	-	125,000	-	-	-	156,502	1,561,474
Excess (deficiency) of receipts over disbursements	233	(125,000)	-	-	-	(40,300)	(609,607)
Cash and investments - ending	\$ 6,892	\$ 44,398	\$ 51,000	\$ 23	\$ 28,500	\$ 8,201	\$ -

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

	Payroll Perf	Payroll Federal W/H	Payroll State & County W/H	Payroll Fica Liability	Payroll Health Ins W/H	Payroll Union Dues W/H	Payroll Savings W/H
Cash and investments - beginning	\$ (121,449)	\$ (20,555)	\$ (47,850)	\$ 57,281	\$ (328,658)	\$ (1,286)	\$ (19,219)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	<u>222,611</u>	<u>179,369</u>	<u>134,028</u>	<u>-</u>	<u>766,783</u>	<u>3,246</u>	<u>70,513</u>
Total receipts	<u>222,611</u>	<u>179,369</u>	<u>134,028</u>	<u>-</u>	<u>766,783</u>	<u>3,246</u>	<u>70,513</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	<u>101,162</u>	<u>158,814</u>	<u>81,978</u>	<u>57,281</u>	<u>438,125</u>	<u>1,960</u>	<u>51,294</u>
Total disbursements	<u>101,162</u>	<u>158,814</u>	<u>81,978</u>	<u>57,281</u>	<u>438,125</u>	<u>1,960</u>	<u>51,294</u>
Excess (deficiency) of receipts over disbursements	<u>121,449</u>	<u>20,555</u>	<u>52,050</u>	<u>(57,281)</u>	<u>328,658</u>	<u>1,286</u>	<u>19,219</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Pay-Interest	Payroll Trustee W/H	Payroll Mutual Stock W/H	Payroll Child Support W/H	Payroll Cancer Insurance	Payroll Life Insurance	Payroll Dental Benefits
Cash and investments - beginning	\$ (60)	\$ (6,398)	\$ (2,214)	\$ (5,710)	\$ (4,264)	\$ (34,129)	\$ (22,483)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	60	7,783	6,589	11,470	15,967	89,857	43,541
Total receipts	<u>60</u>	<u>7,783</u>	<u>6,589</u>	<u>11,470</u>	<u>15,967</u>	<u>89,857</u>	<u>43,541</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	-	1,385	4,375	5,760	11,703	55,728	21,058
Total disbursements	<u>-</u>	<u>1,385</u>	<u>4,375</u>	<u>5,760</u>	<u>11,703</u>	<u>55,728</u>	<u>21,058</u>
Excess (deficiency) of receipts over disbursements	<u>60</u>	<u>6,398</u>	<u>2,214</u>	<u>5,710</u>	<u>4,264</u>	<u>34,129</u>	<u>22,483</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Payroll Temp Clearing	Sewage Utility Bond & Int	Sewer Customer Deposits	Sewage Utility Operating	Sewage Utl Depreciation	Sewage Utl Const In Pro	2009 Sewer Ban
Cash and investments - beginning	\$ 37,444	\$ -	\$ 67,344	\$ 151,878	\$ 2,096	\$ 1,024,507	\$ 902,306
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	2,052,849	-	-	-
Other receipts	23,436	591,320	25,675	690,388	-	446,452	886
Total receipts	23,436	591,320	25,675	2,743,237	-	446,452	886
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	591,320	-	36,102	-	-	-
Capital outlay	-	-	-	487,829	-	752,680	-
Utility operating expenses	-	-	-	1,134,254	-	28,323	468,812
Other disbursements	60,496	-	21,074	1,035,108	-	689,932	51,535
Total disbursements	60,496	591,320	21,074	2,693,293	-	1,470,935	520,347
Excess (deficiency) of receipts over disbursements	(37,060)	-	4,601	49,944	-	(1,024,483)	(519,461)
Cash and investments - ending	\$ 384	\$ -	\$ 71,945	\$ 201,822	\$ 2,096	\$ 24	\$ 382,845

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

	Sewer System Develop	Sew/Lnb	Sewcd/Lnb	Sewsrcon	Sewsrfd	Sewsrfb&l	Water Utility Operating
Cash and investments - beginning	\$ 113,750	\$ (79,864)	\$ 97,646	\$ -	\$ 703,459	\$ 532,766	\$ 34,654
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	3,431,869
Other receipts	18,000	100,113	-	16,022	17,223	764,402	1,948,647
Total receipts	18,000	100,113	-	16,022	17,223	764,402	5,380,516
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	211,254	-
Capital outlay	-	-	-	16,022	-	-	2,032,545
Utility operating expenses	-	-	-	-	-	-	1,551,255
Other disbursements	-	20,076	-	-	-	591,320	1,892,661
Total disbursements	-	20,076	-	16,022	-	802,574	5,476,461
Excess (deficiency) of receipts over disbursements	18,000	80,037	-	-	17,223	(38,172)	(95,945)
Cash and investments - ending	\$ 131,750	\$ 173	\$ 97,646	\$ -	\$ 720,682	\$ 494,594	\$ (61,291)

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

	Water B&I - Ln	Water Utl Depreciation	Water Utl Meter Deposit	Water Utl Const In Prog	Water System Development	Water B&I - On	Wat
Cash and investments - beginning	\$ 195,583	\$ 902	\$ 47,611	\$ (39,038)	\$ 42,584	\$ 45,789	\$ 144,824
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Utility fees	-	-	-	-	-	-	-
Other receipts	<u>586,635</u>	<u>-</u>	<u>27,740</u>	<u>1,594,353</u>	<u>50,808</u>	<u>48,936</u>	<u>224,272</u>
Total receipts	<u>586,635</u>	<u>-</u>	<u>27,740</u>	<u>1,594,353</u>	<u>50,808</u>	<u>48,936</u>	<u>224,272</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	583,813	-	-	-	-	-	-
Capital outlay	-	-	-	1,555,315	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	<u>3,005</u>	<u>-</u>	<u>20,675</u>	<u>-</u>	<u>-</u>	<u>48,890</u>	<u>369,116</u>
Total disbursements	<u>586,818</u>	<u>-</u>	<u>20,675</u>	<u>1,555,315</u>	<u>-</u>	<u>48,890</u>	<u>369,116</u>
Excess (deficiency) of receipts over disbursements	<u>(183)</u>	<u>-</u>	<u>7,065</u>	<u>39,038</u>	<u>50,808</u>	<u>46</u>	<u>(144,844)</u>
Cash and investments - ending	<u>\$ 195,400</u>	<u>\$ 902</u>	<u>\$ 54,676</u>	<u>\$ -</u>	<u>\$ 93,392</u>	<u>\$ 45,835</u>	<u>\$ (20)</u>

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

	<u>Watcd</u>	<u>Watsrfd</u>	<u>Watsrfb&amp;I</u>	<u>Watsrfcon</u>	<u>Watsrfconsd</u>	<u>Totals</u>
Cash and investments - beginning	\$ 225,000	\$ 520,094	\$ 46,507	\$ 567,852	\$ -	\$ 6,144,830
Receipts:						
Taxes	-	-	-	-	-	472,946
Licenses and permits	-	-	-	-	-	4,176
Intergovernmental	-	-	-	-	-	338,002
Charges for services	-	-	-	-	-	148,133
Fines and forfeits	-	-	-	-	-	1,833
Utility fees	-	-	-	-	-	5,484,718
Other receipts	-	45,243	108,580	3	1,515,264	11,694,863
Total receipts	-	45,243	108,580	3	1,515,264	18,144,671
Disbursements:						
Personal services	-	-	-	-	-	532,294
Supplies	-	-	-	-	-	14,494
Other services and charges	-	-	-	-	-	201,811
Debt service - principal and interest	-	-	46,677	-	-	1,469,166
Capital outlay	-	-	-	-	1,515,264	6,693,540
Utility operating expenses	-	-	-	-	-	3,182,644
Other disbursements	-	3,770	7,840	-	-	7,723,090
Total disbursements	-	3,770	54,517	-	1,515,264	19,817,039
Excess (deficiency) of receipts over disbursements	-	41,473	54,063	3	-	(1,672,368)
Cash and investments - ending	<u>\$ 225,000</u>	<u>\$ 561,567</u>	<u>\$ 100,570</u>	<u>\$ 567,855</u>	<u>\$ -</u>	<u>\$ 4,472,462</u>

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

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
<b>Wastewater:</b>			
State revolving loan	Sewage Works State Revolving Loan of 1999	\$ 4,325,000	\$ 608,320
Revenue bonds	Sewage Works Revenue Extension Bonds of 2005	1,725,000	42,291
Note payable	Sewage Works Bond Anticipation Notes of 2009	1,031,000	36,085
State revolving loan	Sewage Works State Revolving Loan of 2009	<u>890,999</u>	<u>63,340</u>
Total Wastewater		<u>7,971,999</u>	<u>750,036</u>
<b>Water:</b>			
Revenue bonds	Waterworks Revenue Refunding Bonds of 2005	1,605,000	265,295
Revenue bonds	Waterworks Revenue Bonds of 2007	5,065,000	322,355
State revolving loan	Waterworks State Revolving Loan of 2010	<u>2,831,141</u>	<u>39,060</u>
Total Water		<u>9,501,141</u>	<u>626,710</u>
<b>Totals</b>		<u>\$ 17,473,140</u>	<u>\$ 1,376,746</u>

TOWN OF CHANDLER  
OTHER REPORT

The audit report presented herein was prepared in addition to another official report prepared for the individual Town office listed below:

Clerk-Treasurer

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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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 CHANDLER, WARRICK COUNTY, INDIANA

Compliance

We have audited the Town of Chandler'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 each of its major federal programs for the period of January 1, 2010 to December 31, 2011. The Town's major federal programs are 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 each of its major federal programs 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.

As described in items 2011-2 and 2011-3 in the accompanying Schedule of Findings and Questioned Costs, the Town did not comply with requirements regarding Cash Management that are applicable to its Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii and with requirements regarding Equipment that are applicable to its Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii and to its Capitalization Grant for Drinking Water State Revolving Funds. Compliance with such requirements is necessary, in our opinion, for the Town to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Town complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of January 1, 2010 to December 31, 2011.

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)

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.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies, or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2011-2 and 2011-3 to be material weaknesses.

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on the response.

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

October 31, 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 CHANDLER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended December 31, 2010 and 2011

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-10	Total Federal Awards Expended 12-31-11
<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 Grant/State's Program and Non-Entitlement Grants in Hawaii Disaster Recovery Program	14.228			
		DR2-09-071	\$ 978,772	\$ 2,613,787
		DR2-09-003	1,450,270	-
Total for federal grantor agency			<u>2,429,042</u>	<u>2,613,787</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster State and Community Highway Safety	20.600			
		OP-10-02-02-02	1,376	-
Total for federal grantor agency			<u>1,376</u>	<u>-</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Pass-Through Indiana Finance Authority Capitalization Grant for Clean Water State Revolving Funds	66.458			
		WW 06248702	241,474	20,322
Capitalization Grant for Drinking Water State Revolving Funds	66.468			
		DW 06128701	488,585	606,106
Total for federal grantor agency			<u>730,059</u>	<u>626,428</u>
Total federal awards expended			<u>\$ 3,160,477</u>	<u>\$ 3,240,215</u>

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

TOWN OF CHANDLER  
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 Chandler 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 CHANDLER  
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?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statements noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Qualified
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:

CFDA Number	Name of Federal Program or Cluster
66.468	CDBG - State-Administered CDBG Cluster Capitalization Grant for Drinking Water State Revolving Funds

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

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

**FINDING 2011-1 – LACK OF PROPER ITEMIZATION ON CLAIMS**

During the audit period, the Town Council approved many claims which did not have proper, itemized supporting documentation attached. Due to the lack of proper, itemized supporting documentation attached to the claims, the Town Council approved claims which were not allowable Town expenses. The Town Council did not have established procedures in place to deny payment of claims which did not contain adequate documentation to verify that the claims were an allowable Town expense.

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

Indiana Coed 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."

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7).

We recommended that Town officials implement proper internal controls to ensure that all claims are properly itemized prior to payment and that all payments are allowable expenses of the Town.

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

**FEDERAL FINDING 2011-2, CASH MANAGEMENT**

Federal Agency: United States 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

Federal Award Number and Year (or Other Identifying Number): DR2-09-071, DR2-09-003

Pass-Through Entity: Indiana Office of Community and Rural Affairs

The Town was required to disburse the grant funds within five days of receipt. On at least nine separate occasions the Town was delinquent in disbursing the funds to the vendor. In one instance, the disbursement was made 67 days from the date of receipt. The Town did not have adequate internal control procedures in place to monitor this compliance requirement and to ensure the timely disbursing of federal funds.

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

24 CFR 85.21 (c) states: "*Advances*. Grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee."

Indiana CDBG Handbook, Chapter 6, Paragraph 6.3, #1 states:

"Federal Cash Control Register: This form is used to track the receipt and expenditure of federal funds. (Expenditures of local funds are not reported on this document.) It is the State's policy under the guidance of the Code of Federal Regulations, that grant funds of \$5,000 or more must be disbursed within five business days from the date they are deposited in the Grantee's designated account. The Federal Cash Control Register also maintains a cumulative amount deposited and disbursed throughout the grant project for accurate record-keeping purposes."

OMB Circular A-133 section .300 (b) states:

"The auditee shall: Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Remitting funds after the five day grace period indicates noncompliance with the cash management requirement as set forth by the grant agreement.

We recommended that the Clerk-Treasurer and Town Council should work together in monitoring the grant funds to ensure they are remitted within the five day allowed time frame. In addition, we recommended that the officials of the Town of Chandler design and implement internal control procedures that will ensure proper monitoring of and adherence to cash management compliance requirements.

#### **FEDERAL FINDING 2011-3, EQUIPMENT**

Federal Agency: United States Department of Housing and Urban Development;  
United States Environmental Protection Agency

Federal Program: Community Development Block Grants/State's Program and Non-Entitlement  
Grants in Hawaii; Capitalization Grant for Drinking Water State Revolving Funds

CFDA Number: 14.228; 66.468

Federal Award Number and Year (or Other Identifying Number): DR2-09-071, DR2-09-003; DW 06128701  
Pass-Through Entity: Indiana Office of Community and Rural Affairs; Indiana Finance Authority

The Town, including the Utilities, did not maintain complete capital asset records that identify equipment and other property acquired with federal monies including purchases made during the audit period. In addition, inventories of property and equipment have not been conducted every two years as required. The Town did not have adequate internal control procedures in place to monitor this compliance requirement and to ensure the proper recording and inventorying of assets purchased with federal funds.

24 CFR 85.32 (d) states in part:

"(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition

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

data including the date of disposal and sale price of the property. (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years."

40 CFR 31.32 (d) states in part:

"(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years."

OMB Circular A-133 section .300 (b) states:

"The auditee shall: Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Failure to maintain detailed and accurate equipment and property records could result in assets being lost, stolen, misappropriated, or disposed of improperly and not detected within a reasonable time.

We recommended that the Town design and properly monitor procedures that would ensure accurate detailed capital asset records are maintained and that inventories of property and equipment are conducted at least once every two years and reconciled to the detailed capital asset ledger. Any significant differences should be investigated and the appropriate adjustments made to the records. Also any assets acquired with federal funds must be designated as such so that they are not disposed of improperly.

TOWN OF CHANDLER  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF CHANDLER  
CORRECTIVE ACTION PLAN

Section II – Financial Statement Finding  
FINDING 2011-1. LACK OF PROPER ITEMIZATION ON CLAIMS

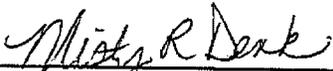
The Town Council will require claims to be properly itemized prior to payment and will verify that all payments are allowable expenses of the Town.

Section III – Cash Management  
FINDING 2011-2. CASH MANAGEMENT

The Clerk-Treasurer will implement a system to determine the date that grant monies are deposited electronically into the Town's bank account and then to disburse those funds to the appropriate vendor within the time requirements of the grant. The Town Council will verify that the payments are made to the vendor within the grant's time restrictions.

Section III – Equipment  
FINDING 2011-2. EQUIPMENT

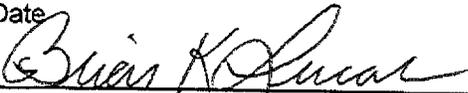
The Clerk-Treasurer will obtain the proper form on which to maintain capital asset records and record capital assets as they are purchased or constructed. The Town Council will review the record annually, in order to determine if all capital assets have been included and any disposals have been properly removed from the record.



\_\_\_\_\_  
Misty Denk, Interim Clerk-Treasurer

10/31/12

Date



\_\_\_\_\_  
Brian Lucas, President of the Town Council

10-31-12

Date

TOWN OF CHANDLER  
EXIT CONFERENCE

The contents of this report were discussed on October 31, 2012, with Misty Denk, Interim Clerk-Treasurer; Brian Lucas, President of the Town Council; and Anthony Long, Chandler Town Attorney. The officials concurred with our audit findings.

Separate exit conferences were held with Town Council members: Kathy Lemmons and Kenny Irvin on October 31, 2012.

Timothy D. Osha, former Clerk-Treasurer, was invited to attend but declined.

The contents of this report were discussed on November 20, 2012, with Misty Denk, Interim Clerk-Treasurer' and Brian Lucas, President of the Town Council. The officials concurred with our audit findings.