

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

FINANCIAL STATEMENTS AND  
FEDERAL SINGLE AUDIT REPORT  
OF

TOWN OF DECKER  
KNOX COUNTY, INDIANA

January 1, 2010 to December 31, 2011



**FILED**  
01/22/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Donald Driskill Gregory Dent Robin L. Lindsay	01-01-08 to 08-31-11 09-01-11 to 12-31-11 01-01-12 to 12-31-15
President of the Town Board	Robert Dent Patricia Doades	01-01-10 to 12-31-11 01-01-12 to 12-31-12
Superintendent of Water Utility	Earl Horst	01-01-10 to 12-31-12



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

TO: THE OFFICIALS OF THE TOWN OF DECKER, KNOX COUNTY, INDIANA

We have audited the accompanying financial statements of the Town of Decker (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 statement 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 the 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 11, 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.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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, 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.

STATE BOARD OF ACCOUNTS

October 11, 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 DECKER, KNOX COUNTY, INDIANA

We have audited the financial statements of the Town of Decker (Town), for the period of January 1, 2010 to December 31, 2011, and have issued our report thereon dated October 11, 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 certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 deficiencies 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 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 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 Board, 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 11, 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 DECKER  
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	\$ 35,069	\$ 16,358	\$ 17,529	\$ 33,898
MOTOR VEHICLE HIGHWAY	39,554	11,496	13,694	37,356
LOCAL ROAD & STREET	7,980	1,440	-	9,420
RIVERBOAT	5,331	1,771	-	7,102
COUNTY ECONOMIC DEVELOPMENT INCOME TAX	13,113	1,481	4,274	10,320
LEVY EXCESS	-	27	-	27
RAINY DAY	1,644	344	-	1,988
COUNTY OPTION INCOME TAX	10,521	2,413	-	12,934
CUMULATIVE CAPITAL IMPROVEMENT	8,225	861	254	8,832
STREET	1,092	-	-	1,092
WATER UTILITY - OPERATING	33,112	45,313	50,320	28,105
WATER UTILITY - DEPRECIATION	6,193	14	-	6,207
WATER UTILITY - CUSTOMER DEPOSIT	3,755	275	225	3,805
Totals	<u>\$ 165,589</u>	<u>\$ 81,793</u>	<u>\$ 86,296</u>	<u>\$ 161,086</u>

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

TOWN OF DECKER  
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	\$ 33,898	\$ 13,267	\$ 22,323	\$ 24,842
MOTOR VEHICLE HIGHWAY	37,356	7,474	19,913	24,917
LOCAL ROAD & STREET	9,420	1,390	7,162	3,648
RIVERBOAT	7,102	1,771	-	8,873
COUNTY ECONOMIC DEVELOPMENT INCOME TAX	10,320	1,127	-	11,447
LEVY EXCESS	27	-	-	27
CUMULATIVE CAPITAL IMPROVEMENT	8,832	813	-	9,645
CBDG STORMWATER GRANT	-	848,423	848,423	-
STREET	1,092	-	352	740
RAINY DAY	1,988	-	200	1,788
COUNTY OPTION INCOME TAX	12,934	7,456	8,200	12,190
WATER UTILITY - OPERATING	28,105	42,566	51,909	18,762
WATER UTILITY - DEPRECIATION	6,207	4	-	6,211
WATER UTILITY - CUSTOMER DEPOSIT	3,805	100	125	3,780
Totals	<u>\$ 161,086</u>	<u>\$ 924,391</u>	<u>\$ 958,607</u>	<u>\$ 126,870</u>

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

TOWN OF DECKER  
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 (fire), highways and streets, culture and recreation, public improvements, general administrative services, 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 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 DECKER  
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.

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 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.

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.

TOWN OF DECKER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*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.

**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.

TOWN OF DECKER  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**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.

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

	GENERAL	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	RIVERBOAT	COUNTY ECONOMIC DEVELOPMENT INCOME TAX	LEVY EXCESS	RAINY DAY
Cash and investments - beginning	\$ 35,069	\$ 39,554	\$ 7,980	\$ 5,331	\$ 13,113	\$ -	\$ 1,644
Receipts:							
Taxes	15,121	4,080	-	-	-	-	-
Intergovernmental	1,128	7,397	1,440	1,771	1,481	-	344
Charges for services	-	-	-	-	-	27	-
Utility fees	-	-	-	-	-	-	-
Other receipts	109	19	-	-	-	-	-
Total receipts	<u>16,358</u>	<u>11,496</u>	<u>1,440</u>	<u>1,771</u>	<u>1,481</u>	<u>27</u>	<u>344</u>
Disbursements:							
Personal services	4,334	2,534	-	-	-	-	-
Supplies	6,881	702	-	-	-	-	-
Other services and charges	3,487	9,115	-	-	4,274	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Utility operating expenses	-	-	-	-	-	-	-
Other disbursements	2,827	1,343	-	-	-	-	-
Total disbursements	<u>17,529</u>	<u>13,694</u>	<u>-</u>	<u>-</u>	<u>4,274</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(1,171)</u>	<u>(2,198)</u>	<u>1,440</u>	<u>1,771</u>	<u>(2,793)</u>	<u>27</u>	<u>344</u>
Cash and investments - ending	<u>\$ 33,898</u>	<u>\$ 37,356</u>	<u>\$ 9,420</u>	<u>\$ 7,102</u>	<u>\$ 10,320</u>	<u>\$ 27</u>	<u>\$ 1,988</u>

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

	COUNTY OPTION INCOME TAX	CUMULATIVE CAPITAL IMPROVEMENT	STREET	WATER UTILITY- OPERATING	WATER UTILITY- DEPRECIATION	WATER UTILITY- CUSTOMER DEPOSIT	Totals
Cash and investments - beginning	\$ 10,521	\$ 8,225	\$ 1,092	\$ 33,112	\$ 6,193	\$ 3,755	\$ 165,589
Receipts:							
Taxes	-	-	-	-	-	-	19,201
Intergovernmental	2,413	861	-	-	-	-	16,835
Charges for services	-	-	-	-	-	-	27
Utility fees	-	-	-	42,212	-	-	42,212
Other receipts	-	-	-	3,101	14	275	3,518
Total receipts	2,413	861	-	45,313	14	275	81,793
Disbursements:							
Personal services	-	-	-	-	-	-	6,868
Supplies	-	10	-	-	-	-	7,593
Other services and charges	-	-	-	-	-	-	16,876
Debt service - principal and interest	-	-	-	10,925	-	-	10,925
Utility operating expenses	-	-	-	29,141	-	-	29,141
Other disbursements	-	244	-	10,254	-	225	14,893
Total disbursements	-	254	-	50,320	-	225	86,296
Excess (deficiency) of receipts over disbursements	2,413	607	-	(5,007)	14	50	(4,503)
Cash and investments - ending	\$ 12,934	\$ 8,832	\$ 1,092	\$ 28,105	\$ 6,207	\$ 3,805	\$ 161,086

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

	GENERAL	MOTOR VEHICLE HIGHWAY	LOCAL ROAD & STREET	RIVERBOAT	COUNTY ECONOMIC DEVELOPMENT INCOME TAX	LEVY EXCESS	CUMULATIVE CAPITAL IMPROVEMENT	CBDG STORMWATER GRANT
Cash and investments - beginning	\$ 33,898	\$ 37,356	\$ 9,420	\$ 7,102	\$ 10,320	\$ 27	\$ 8,832	\$ -
Receipts:								
Taxes	11,156	-	-	-	-	-	-	-
Licenses and permits	100	-	-	-	-	-	-	-
Intergovernmental	1,826	7,474	1,390	1,771	1,127	-	813	848,423
Utility fees	-	-	-	-	-	-	-	-
Other receipts	185	-	-	-	-	-	-	-
Total receipts	13,267	7,474	1,390	1,771	1,127	-	813	848,423
Disbursements:								
Personal services	6,549	2,767	-	-	-	-	-	-
Supplies	3,470	15,304	7,162	-	-	-	-	-
Other services and charges	12,304	1,842	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	848,423
Utility operating expenses	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	22,323	19,913	7,162	-	-	-	-	848,423
Excess (deficiency) of receipts over disbursements	(9,056)	(12,439)	(5,772)	1,771	1,127	-	813	-
Cash and investments - ending	\$ 24,842	\$ 24,917	\$ 3,648	\$ 8,873	\$ 11,447	\$ 27	\$ 9,645	\$ -

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

	STREET	RAINY DAY	COUNTY OPTION INCOME TAX	WATER UTILITY - OPERATING	WATER UTILITY - DEPRECIATION	WATER UTILITY - CUSTOMER DEPOSIT	Totals
Cash and investments - beginning	\$ 1,092	\$ 1,988	\$ 12,934	\$ 28,105	\$ 6,207	\$ 3,805	\$ 161,086
Receipts:							
Taxes	-	-	-	-	-	-	11,156
Licenses and permits	-	-	-	-	-	-	100
Intergovernmental	-	-	7,456	-	-	-	870,280
Utility fees	-	-	-	42,566	-	100	42,666
Other receipts	-	-	-	-	4	-	189
Total receipts	-	-	7,456	42,566	4	100	924,391
Disbursements:							
Personal services	-	-	-	-	-	-	9,316
Supplies	-	200	8,200	-	-	-	34,336
Other services and charges	352	-	-	-	-	-	14,498
Debt service - principal and interest	-	-	-	13,061	-	-	13,061
Capital outlay	-	-	-	-	-	-	848,423
Utility operating expenses	-	-	-	38,848	-	-	38,848
Other disbursements	-	-	-	-	-	125	125
Total disbursements	352	200	8,200	51,909	-	125	958,607
Excess (deficiency) of receipts over disbursements	(352)	(200)	(744)	(9,343)	4	(25)	(34,216)
Cash and investments - ending	\$ 740	\$ 1,788	\$ 12,190	\$ 18,762	\$ 6,211	\$ 3,780	\$ 126,870

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

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ 1,000	\$ -
Water	500	2,500
Totals	\$ 1,500	\$ 2,500

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

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Water:			
Notes and loans payable	WATER PROJECT LOAN	\$ 110,311	\$ 103,840
Totals		<u>\$ 110,311</u>	<u>\$ 103,840</u>

TOWN OF DECKER  
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
Governmental activities:	
Land	\$ 1,500
Buildings	62,720
Machinery, equipment and vehicles	31,333
Total governmental activities	95,553
Water:	
Land	38,500
Infrastructure	166,743
Improvements other than buildings	629,068
Total Water	834,311
Total capital assets	\$ 929,864

TOWN OF DECKER  
AUDIT RESULTS AND COMMENTS

***INTERNAL CONTROLS***

Controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient and caused material misstatements on the financial statements:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to the achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.
2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Board to monitor and assess the quality of the Town's system of internal control. The Town Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

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. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

***CONDITION OF RECORDS - ANNUAL REPORT***

The Annual Reports presented for audit were incomplete and not reflective of the activity of the Town funds. The following deficiencies were noted on the 2010 and 2011 annual reports, which represent the Town's financial statements.

1. Both reports had numerous errors in compiling of receipts and disbursements. Receipts and disbursements were not categorized properly on the reports and in some cases were compiled to the incorrect fund.

TOWN OF DECKER  
AUDIT RESULTS AND COMMENTS  
(Continued)

2. Beginning balances were not properly carried over from the prior year to the current year.
3. The 2011 report did not include the CDBG stormwater grant fund, which entailed \$848,423 in receipts and disbursements not being reported on the financial statements.
4. Finally, both years reports did not agree with or reflect the transactions listed on the Town and Water Utility ledgers.

At all times, the manual and/or 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)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**ANNUAL REPORT**

The Annual Report and Form 100R for 2010 were not filed timely.

Indiana Code 5-11-1-4 states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. the reports must be filed electronically, in a manner prescribed by the state examiner that is compatible with the technology employed by the political subdivision."

Indiana Code 5-11-13-1 states in part:

"Every state, county, city, town, township, or school official, elective or appointive, shall during the month of January of each year prepare, make and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents in their respective offices, departments, boards, commissions, and institutions, and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts. The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees. However, no more than on (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. The certification must be filed electronically in the manner prescribed under IC 5-14-3.8-7."

Indiana Code 5-14-3.8-7 states:

"The department may require that prescribed forms be submitted in an electronic format. The department, working with the office of technology established by IC 4-13.1-2-1 or another organization that is part of a state educational institution, shall develop and maintain a secure, web-based system that facilitates electronic submission of the forms under this section. Political subdivision shall submit forms under this section through the web-based system as prescribed by the department."

TOWN OF DECKER  
AUDIT RESULTS AND COMMENTS  
(Continued)

**OFFICIAL BONDS**

The following official bonds were not filed in the Office of the County Recorder:

Gregory Dent, Clerk-Treasurer, Western Surety Co., 11-01-11 to 11-01-12, \$30,000.  
Robin Lindsey, Clerk-Treasurer, Western Surety Co., 01-01-12 to 12-31-15, \$30,000.  
Donald Driskill, Clerk-Treasurer, Ohio Casualty Insurance Co., 01-01-11 to 12-31-11, \$30,000.

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

**ORDINANCES AND RESOLUTIONS**

The Town has an ordinance stating that all water bills must be paid by the 15th or the customer will owe a penalty, and if not paid by the last day of the following month the water meter will be removed. There were instances where customer did not pay water bills for up to ten months without the water meter being removed. In fact during 2011, there were no instances where the water meter was removed for non-payment.

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)

A similar comment appeared in the prior report.

**PUBLIC RECORDS RETENTION**

The following record was not presented for audit:

Customer Deposit Receipt, Form 310

Indiana Code 5-15-6-3(f) concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Supporting documentation such as receipts, canceled checks, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

**BANK ACCOUNT RECONCILIATIONS**

Depository reconciliations of the fund balances to the bank account balances were not performed by the Town for the months of October, November, and December 2011.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

TOWN OF DECKER  
AUDIT RESULTS AND COMMENTS  
(Continued)

At all times, the manual and/or 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)

***PENALTIES, INTEREST, AND OTHER CHARGES***

Penalties and interest totaling \$24.13 were paid to the Indiana Department of Revenue for late filing of Utility Receipts Taxes on March 12, 2010, for the period ended December 31, 2004.

Penalties and interest totaling \$42.52 were also paid to the Indiana Department of Revenue for late filing of Utility Receipts Taxes on June 7, 2011, for the period ended December 31, 2009.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

***OPTICAL IMAGES OF WARRANTS***

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3 concerning optical imaging of checks states in part:

"(a) . . . 'original records' . . . includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . . "

Further, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise: and
- (2) remains accessible for later reference."

TOWN OF DECKER  
AUDIT RESULTS AND COMMENTS  
(Continued)

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

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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 DECKER, KNOX COUNTY, INDIANA

Compliance

We have audited Town of Decker'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 period of January 1, 2010 to December 31, 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 period of January 1, 2010 to December 31, 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 2011-2.

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

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)

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 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 item 2011-2 to be a material weakness.

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 Board, 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 11, 2012

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#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

TOWN OF DECKER  
 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 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 Rural and Community Affairs				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				
Disaster Recovery - Stormwater Improvements	14.228	DR2-09-097	\$ -	\$ 848,423
Total federal awards expended			<u>\$ -</u>	<u>\$ 848,423</u>

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

TOWN OF DECKER  
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 Decker 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 below 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF DECKER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statements:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

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

\_\_\_\_\_ 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
--	----

**Section II – Financial Statement Findings**

**FINDING 2011 - 1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

We noted several deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to the achievement of financial reporting objectives. The Town has not separated incompatible activities related to receipts, disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

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

2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the Town's audited financial statements and then determining how those identified risks should be managed. The Town has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. Monitoring of Controls: Effective internal control over financial reporting requires the Town Board to monitor and assess the quality of the Town's system of internal control. The Town Board has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the Town at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the Town has no process to identify or communicate corrective actions to improve controls.

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. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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)

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

***FINDING 2011-2 - CASH MANAGEMENT***

Federal Agency: U.S. 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): DR2-09-097

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

The Town of Decker procured administration and management services, stormwater construction, and engineering services from third parties to complete a stormwater improvement project funded by the CDBG DR2-09-097 program.

Throughout the grant period, the Town processed drawdown requests based on submitted invoices. The following schedule reflects when the drawdown was received, the amount received from the Indiana Office of Rural and Community Affairs, the date of deposit and the date federal funds were disbursed.

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

<u>Date Received</u>	<u>Amount</u>	<u>Date Deposited</u>	<u>Date Paid Out</u>
October 17, 2011	\$ 154,431.42	October 17, 2011	October 25, 2011
November 30, 2001	160,877.92	November 30, 2001	December 12, 2011

The Town of Decker failed to implement policies and procedures to ensure that all Community Development Block Grant (CDBG) funds received would be disbursed within applicable financial management requirements. Officials had no internal control safeguards in place to monitor compliance with the cash management requirements of the grant.

Cash management provisions require the Town to minimize the time between the receipt and disbursement of federal funds. Because the above scheduled drawdowns were not disbursed within five working days, which was required by the grant agreement with the Indiana Office of Rural and Community Affairs, the Town did not comply with its cash management requirements set forth by the grantor agency.

24 CFR 85.20(b)(7), standards for financial management systems states in part:

"Cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and sub-grantees must be followed whenever advances payment procedures are used."

Indiana CDBG Handbook, Version 12/11, Section 6.5 states in part:

"Draw-downs and Disbursements. 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 ORCA by check made payable to the U.S. Treasury. Grantees are advised to keep federal funds in non-interest bearing accounts."

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 expend grant monies within a reasonable time could result in the loss of future federal funding for the Town of Decker.

We recommended that for all future grants officials design and implement controls that would ensure compliance with the cash management requirement of minimizing the time between the receipt and disbursement of federal funds.

TOWN OF DECKER  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TOWN OF DECKER

P.O. BOX 98

DECKER, IN 47524

CORRECTIVE ACTION PLANS

FINDING 2011-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Auditee Contact Person : Robin L. Lindsay

Title of Contact Person : Clerk/Treasurer

Phone Number: (812) 890-8451

Expected Completion Date : October 11, 2012

Corrective Action:

The Town of Decker will review control activities over the compilation of the Financial Statements. The Town Board will work with the Clerk-Treasurer to reduce the risks of misstatement of the Financial Statements. Control activities will be selected and developed to ensure effectiveness and efficiency of Financial Statement compilation. These control activities will be presented to the Town Board for their review and input.

Signature: \_\_\_\_\_

*Robin A. Lindsay*

Date: \_\_\_\_\_

*Oct 11, 2012*

TOWN OF DECKER

P.O. BOX 98

DECKER, IN 47524

FINDING 2011-2, CASH MANAGEMENT

Auditee Contact Person: Robin L. Lindsay

Title of Contact Person: Clerk-Treasurer

Phone Number: (812) 890-8451

Expected Completion Date : October 11, 2012

Corrective Action:

The Town of Decker will implement policies and procedures to ensure that all grant funds received will be disbursed within applicable financial management requirements. Internal Controls will be put into place to monitor compliance with the cash management requirements of the grant.

Signature: Robin L. Lindsay

Date: Oct 11, 2012

TOWN OF DECKER  
EXIT CONFERENCE

The contents of this report were discussed on October 11, 2012, with Robin L. Lindsay, Clerk-Treasurer and Patricia Doades, President of the Town Board. The officials concurred with our audit findings.

A second exit conference was held with Robin L. Lindsay, Clerk-Treasurer on January 16, 2013, to discuss changes to the Independent Auditor's Report.