

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF CHANDLER

WARRICK COUNTY, INDIANA

January 1, 2012 to December 31, 2015



**FILED**  
08/24/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Timothy D. Osha Misty Denk (interim) Kathy Lemmons Brian Pace	01-01-12 to 10-25-12 10-26-12 to 12-03-12 12-04-12 to 12-31-15 01-01-16 to 12-31-19
President of the Town Council	Brian Lucas Tonya Wester	01-01-12 to 12-31-15 01-01-16 to 12-31-16
Superintendent of Water Utility	Rob Coghill	01-01-12 to 12-31-16
Superintendent of Wastewater Utility	Rob Coghill	01-01-12 to 12-31-16
Superintendent of Storm Water Utility	Grover Fisher Jr.	01-01-12 to 12-31-16
Utility Office Manager	Misty Denk	01-01-12 to 12-31-16



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our examination report of the Town of Chandler (Town), for the period from January 1, 2012, to December 31, 2015. It has been provided as a separate report so that the reader may easily identify any Examination Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statements Examination Report of the Town, which provides our opinion on the Town's financial statements. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Examination Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Examination Results and Comments, incorporated within this report, was not verified for accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

May 25, 2016

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CLERK-TREASURER  
TOWN OF CHANDLER

CLERK-TREASURER  
TOWN OF CHANDLER  
EXAMINATION RESULTS AND COMMENTS

**SUPPORTING DOCUMENTATION**

The following disbursement did not include documentation to support the purchase.

Date	Amount	Payee	Description of Purchase
04-30-14	\$ <u>518</u>	Lynnville National bank	Credit card claim for travel expenses

Due to the lack of supporting information, we could not verify the purpose of the disbursement.

Supporting documentation such as receipts, canceled checks, tickets, 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)

**APPROPRIATIONS**

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

Fund	Years	Excess Amount Expended
General Fund	2012	\$ 177,944
Motor Vehicle Highway	2012	100,219
Motor Vehicle Highway	2014	18,193
Motor Vehicle Highway	2015	89,845
Park and Recreation	2012	1,705
Park and Recreation	2015	4,377
Economic Development Income Tax	2012	201,320
Cumulative Capital Improvement	2013	49,534

A similar comment appeared in prior Report B41501.

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

**CUSTOMER DEPOSIT REGISTER**

The detailed customer deposit registers for the water and sewage customer deposits did not reconcile with the consumer deposit cash and investment balances recorded on the fund balance report. The fund balances included in the reconciliation are the Sewage Consumer Deposits, Sewage Consumer Deposit Money Market, Water Utility Meter Deposit, and Water Consumer Deposit Money Market.

A similar comment appeared in prior Report B41501.



CLERK-TREASURER  
TOWN OF CHANDLER  
EXAMINATION 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)

**RECEIPT ISSUANCE**

We conducted a test designed to verify that receipts issued were properly recorded to the Town's records at the time the transactions occurred. Our test found that while cash collections were posted to the records, no receipts had been issued and/or were not available for examination.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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, tickets, 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)

**UNIDENTIFIED BALANCES IN PAYROLL FUNDS**

Various payroll funds had unidentified balances at the end of each year.

A similar comment appeared in prior Report B41501.

Payroll deductions will be accumulated in the payroll fund, and then disbursed from this fund at the proper time to the various receiving agencies by payroll warrants. It is suggested the payroll fund ledger sheet be supported by subsidiary ledger sheets for each type of payroll deduction in order to see that no unidentified balance is allowed to accumulate in the payroll fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 3)

**CAPITAL ASSET RECORDS**

The Town did not maintain capital asset records for the Town or the Utilities.

A similar comment appeared in prior Report B41501.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CLERK-TREASURER  
TOWN OF CHANDLER  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

**OVERDRAWN CASH BALANCES**

The financial statements presented for examination included the following funds with overdrawn cash balances at December 31 of each respective year:

Fund	Amount Overdrawn			
	2012	2013	2014	2015
Redevelopment Commission	\$ -	\$ -	\$ -	\$ (23,912)
Park Donation	-	(1,249)	(1,249)	(1,249)
Unsafe Building	(584)	-	-	-
Payroll Federal W/H	-	-	(7,734)	(276)
Payroll Fica and Med W/H	-	-	(9,134)	(460)
Payroll Agla Insurance	(79)	(774)	(1,118)	(51)
Payroll Health Ins W/H	(30,037)	(28,540)	(13,426)	(8,514)
Payroll Child Support W/H	-	-	(180)	-
Payroll Union Dues W/H	-	(721)	(780)	-
Payroll PERF	-	-	(881)	-
Payroll Mutual Stock W/H	(156)	-	-	-
Payroll Cancer Insurance	-	(2,151)	(2,106)	(83)
Payroll Life Insurance	(1,958)	(1,921)	(3,481)	-
Payroll Dental Benefits	(1,779)	(1,779)	(5,309)	-
Payroll 457B	-	-	(270)	-
Eyecare Reimbursement	-	(700)	-	-

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CLERK-TREASURER  
TOWN OF CHANDLER  
EXIT CONFERENCE

The contents of this report were discussed on May 25, 2016, with Misty Denk, former Interim Clerk-Treasurer; Kathy Lemmons, former Clerk-Treasurer; Brian Pace, Clerk-Treasurer; Tonya Wester, President of the Town Council; Cheryl Amos, Town Council member; and Ron Whittedge, Town Council member.

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TOWN COUNCIL  
TOWN OF CHANDLER

TOWN COUNCIL  
TOWN OF CHANDLER  
EXAMINATION RESULT AND COMMENT

**CREDIT CARDS**

The Town used credit cards to purchase items without an approved credit card policy.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

1. The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
2. Issuance and use should be handled by an official or employee designated by the board.
3. The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
4. When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
5. The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
6. Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
7. Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
8. If properly authorized, an annual fee may be paid.

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

TOWN COUNCIL  
TOWN OF CHANDLER  
EXIT CONFERENCE

The contents of this report were discussed on May 25, 2016, with Tonya Wester, President of the Town Council; Cheryl Amos, Town Council member; and Ron Whitledge, Town Council member.

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TOWN MARSHAL  
TOWN OF CHANDLER

TOWN MARSHAL  
TOWN OF CHANDLER  
EXAMINATION RESULT AND COMMENT

***TOWN MARSHAL RECEIPTS***

The Town Marshal did not remit receipts to the Clerk-Treasurer timely. Town Marshal receipts dated between November 6, 2015, and February 25, 2016, were remitted to the Clerk-Treasurer and deposited on April 19, 2016.

Because the receipts were not remitted to the Clerk-Treasurer timely, they were not posted or reported in the correct year.

Indiana Code 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . . ."

TOWN MARSHAL  
TOWN OF CHANDLER  
EXIT CONFERENCE

The contents of this report were discussed on May 25, 2016, with Robert Irvin, Town Marshal, and Tonya Wester, President of the Town Council.