

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

EXAMINATION REPORT
OF
TOWN OF REYNOLDS
WHITE COUNTY, INDIANA
January 1, 2009 to December 31, 2010



FILED
05/18/2011

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OFFICIALS

Office

Official

Term

Clerk-Treasurer

Shirley Rose

01-01-08 to 12-31-11

President of the Town Council

Charles VanVoorst
Sid Holderly

01-01-09 to 12-31-10
01-01-11 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF REYNOLDS, WHITE COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Reynolds (Town), for the period of January 1, 2009 to December 31, 2010. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2009 and 2010, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

April 12, 2011

TOWN OF REYNOLDS
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND PROPRIETARY FUND TYPES
As Of And For The Years Ended December 31, 2009 And 2010

	Cash and Investments		Cash and Investments	
	01-01-09	Receipts	Disbursements	12-31-09
Governmental Funds:				
General	\$ 21,843	\$ 93,871	\$ 101,920	\$ 13,794
Motor Vehicle Highway	7,438	14,378	16,512	5,304
Local Road and Street	1,863	2,316	2,675	1,504
Park and Recreation	19,280	6,087	13,774	11,593
Law Enforcement Continuing Education	3,543	1,205	70	4,678
Riverboat	20,680	3,423	-	24,103
Rainy Day	11,808	1,897	83	13,622
Donation	6,282	500	6,644	138
Cumulative Capital Improvement	12,708	1,677	10,548	3,837
County Economic Development Income Tax	21,218	16,663	19,419	18,462
Community Center	2,494	415	216	2,693
Economic Development Revenue Bond	-	800,000	72,351	727,649
Planning Grant	-	23,760	23,760	-
Proprietary Funds:				
Water Utility - Operating	29,868	122,490	132,912	19,446
Water Utility - Bond and Interest	11,857	30,671	29,890	12,638
Water Utility - Debt Reserve	34,705	2	-	34,707
Water Utility - Customer Deposit	6,788	994	696	7,086
Wastewater Utility - Operating	14,573	117,071	114,862	16,782
Wastewater Utility - Bond and Interest	15,392	28,854	27,700	16,546
Wastewater Utility - Debt Reserve	101,011	3,201	-	104,212
Wastewater Utility - Customer Deposit	5,476	1,306	827	5,955
Wastewater Utility - Improvement	1,555	3	-	1,558
Totals	\$ 350,382	\$ 1,270,784	\$ 574,859	\$ 1,046,307
	Cash and Investments		Cash and Investments	
	01-01-10	Receipts	Disbursements	12-31-10
Governmental Funds:				
General	\$ 13,794	\$ 173,972	\$ 101,337	\$ 86,429
Motor Vehicle Highway	5,304	14,212	12,400	7,116
Local Road and Street	1,504	2,368	1,174	2,698
Park and Recreation	11,593	5,771	14,201	3,163
Law Enforcement Continuing Education	4,678	793	70	5,401
Riverboat	24,103	3,423	-	27,526
Rainy Day	13,622	3,273	-	16,895
Donation	138	25,545	25,545	138
Cumulative Capital Improvement	3,837	1,602	15	5,424
County Economic Development Income Tax	18,462	7,459	2,670	23,251
Community Center	2,693	260	283	2,670
Economic Development Revenue Bond	727,649	2,852	99,933	630,568
Planning Grant	-	15,840	15,840	-
Proprietary Funds:				
Water Utility - Operating	19,446	123,259	126,295	16,410
Water Utility - Bond and Interest	12,638	30,671	29,641	13,668
Water Utility - Debt Reserve	34,707	3	-	34,710
Water Utility - Customer Deposit	7,086	898	984	7,000
Wastewater Utility - Operating	16,782	115,331	109,116	22,997
Wastewater Utility - Bond and Interest	16,546	28,841	27,500	17,887
Wastewater Utility - Debt Reserve	104,212	62	-	104,274
Wastewater Utility - Customer Deposit	5,955	1,361	1,137	6,179
Wastewater Utility - Improvement	1,558	1	-	1,559
Totals	\$ 1,046,307	\$ 557,797	\$ 568,141	\$ 1,035,963

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

TOWN OF REYNOLDS
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, culture and recreation, water treatment and distribution, wastewater collection and treatment, and general administrative services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF REYNOLDS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 DECEMBER 31, 2010

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.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 86,000
Improvements other than buildings	66,768
Machinery and equipment	<u>153,268</u>
 Total governmental activities, capital assets not being depreciated	 \$ <u>306,036</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Water Utility:	
Capital assets, not being depreciated:	
Land	\$ 47,772
Buildings	286,548
Improvements other than buildings	614,219
Machinery and equipment	<u>63,290</u>
 Total Water Utility capital assets	 <u>1,011,829</u>
Wastewater Utility:	
Capital assets, not being depreciated:	
Land	31,650
Improvements other than buildings	1,184,326
Machinery and equipment	<u>31,491</u>
 Total Wastewater Utility capital assets	 <u>1,247,467</u>
 Total business-type activities capital assets	 \$ <u>2,259,296</u>

TOWN OF REYNOLDS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Business-type activities:		
Water Utility:		
Revenue bonds:		
1995 Waterworks improvement bonds	\$ 127,000	\$ 29,291
Wastewater Utility:		
Revenue bonds:		
1972 Wastewater improvement bonds	25,000	26,250
2004 Wastewater improvement bonds	382,000	34,574
Total Wastewater Utility	407,000	60,824
Total business-type activities debt	\$ 534,000	\$ 90,115

TOWN OF REYNOLDS
EXAMINATION RESULTS AND COMMENTS

CUSTOMER DEPOSIT REGISTER

The detailed customer deposit registers do not reconcile with the customer deposit amounts recorded on the simplified cash journals. A similar comment was also contained in the previous four reports.

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

RATE ORDINANCE

The Reynolds Water Utility has an ordinance concerning billing customers for water services provided. However, not all customers were billed in accordance with the rate ordinance. A similar comment was also contained in the prior Report B34222.

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)

INTERNAL CONTROLS

Controls over the receipting, disbursing, recording, and accounting for the financial activities of the park concessions are insufficient. Money is remitted to the Clerk-Treasurer without any documentation to verify the amounts collected. A similar comment was also contained in the prior Report B34222.

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)

TOWN OF REYNOLDS
EXIT CONFERENCE

The contents of this report were discussed on April 12, 2011, with Sid Holderly, President of the Town Council, and Shirley Rose, Clerk-Treasurer. The officials concurred with our findings.