

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF REYNOLDS

WHITE COUNTY, INDIANA

January 1, 2020 to December 31, 2022



**FILED**

03/27/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jennifer Segal	01-01-20 to 07-31-21
	(Vacant)	08-01-21 to 12-31-21
	Pam Cochran	01-01-22 to 12-31-24
President of the Town Council	Rick Buschman	01-01-20 to 10-21-20
	Charlie Vanvoorst	10-22-20 to 06-01-21
	Stacie Morgan	06-02-21 to 08-02-21
	Carol Hendress	08-03-21 to 02-08-22
	Aaron Ruemler	02-09-22 to 12-31-22
	Allison Loy	01-01-23 to 12-31-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to the audit report of the Town of Reynolds (Town), for the period from January 1, 2020 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Town. It should be read in conjunction with the Financial Statements Audit Report of the Town, which provides our opinions 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 Audit 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 Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE  
Deputy State Examiner

January 29, 2024

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CLERK-TREASURER  
TOWN OF REYNOLDS

CLERK-TREASURER  
TOWN OF REYNOLDS  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

A similar comment also appeared in prior audit Report B53938, and prior compliance Report 84694A.

*Condition and Context*

There were deficiencies in the internal control system of the Town related to all audit areas. The Town had not separated incompatible activities related to financial close and reporting, cash and investments, receipts, and disbursements.

*Financial Close and Reporting*

The Town had not designed or implemented a system of internal controls over the financial information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Annual Financial Report (AFR) and the financial statements. The Clerk-Treasurer prepared and submitted the AFR in Gateway without an oversight or review process in place to prevent and correct errors on the financial statements.

Due to the lack of effective internal controls, the following errors were noted in the financial statements:

1. Collections for monthly billings of utilities including penalties were collectively overstated by \$195,508 for 2021 and recorded in the Water Operating fund, for \$129,646, Wastewater Operating fund for \$55,398, and Stormwater Operating fund for \$10,464.
2. The total January 1, 2022 cash and investments balance was overstated by \$568,963.
3. The financial statements did not agree to the fund reports for 2022. Total receipts and disbursements were understated by \$124,495 and \$305,274, respectively.
4. Other immaterial errors were recorded to the financial statements in 2021 and 2022.

Adjustments were proposed, accepted by the Town, and made to the financial statements.

*Cash and Investments*

The Town had not established effective internal controls over cash and investments. The Clerk-Treasurer prepared the bank reconciliements and the Deputy Clerk-Treasurer reviewed them; however, the internal controls were not effective to prevent, or detect and correct, errors.

*Receipts*

The Town had not designed or implemented a system of internal controls that ensured receipts were recorded timely and posted to the proper fund. One employee collected funds, prepared the deposit, made the deposit, and recorded the receipts without oversight, review or an approval process.

CLERK-TREASURER  
TOWN OF REYNOLDS  
AUDIT RESULTS AND COMMENTS  
(Continued)

The following deficiencies were noted related to receipts:

1. The Town failed to record \$2,930 in state distributions to the ledgers in 2020.
2. There were 3 state distribution receipts in 2021 and 11 in 2022 that were recorded in the wrong fund.
3. During the audit period, there were receipts that were backdated from 20 to 235 days.
4. Hydrant rental was collected without any support on how the amount was determined in 2021.
5. In December 2021, half of the Motor Vehicle Highway (MVH) local distributions were recorded in the restricted MVH fund.
6. In June 2022, all of the local distributions were recorded in the General Fund when \$17,155 should have been recorded in the Motor Vehicle Highway fund.

*Disbursements*

The Town had not designed or implemented a system of internal controls that ensured disbursements were reported accurately. During 2020 and 2021, one employee processed all claims without a properly documented oversight or review process to ensure the accuracy of vendor payments. In 2022, the Town had established internal controls over vendor claims; however, they were deemed ineffective due to the errors found during the audit.

The Town did not have effective internal controls in place during the audit period over payroll. Throughout the audit period, one employee processed payroll without proper review or oversight to ensure employees were paid according to the approved salary ordinance.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

CLERK-TREASURER  
TOWN OF REYNOLDS  
AUDIT RESULTS AND COMMENTS  
(Continued)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

### ***BANK ACCOUNT RECONCILEMENTS***

A similar comment also appeared in prior audit Report B53938, and prior compliance Report 84694A.

#### *Condition and Context*

The Town performed bank reconciliations up to six months from the date of the bank statement to the date of the reconciliation. The reconciliations did not include all the bank accounts held by the Town.

The following errors were noted in the bank reconciliations:

1. Payroll checks totaling \$7,847, issued on December 24, 2020, cleared the bank in 2020, but were not recorded in the financial records in 2020.
2. The December 2021 and 2022 bank reconciliations did not include adjustments for the various bond and interest bank accounts totaling \$18,216 in receipts and \$19,631 in disbursements.
3. The Town inadvertently recorded an additional \$195,508 in utility receipts in September 2021, that was not actually collected.
4. The Town omitted outstanding checks of \$9,221 and electronic funds transfers of \$1,986, from December 31, 2020, and earlier, from the bank reconciliations for December 31, 2021 and 2022.

After adjustments to the bank reconciliations, the bank balances exceeded the record balances by \$3,114 and \$452, as of December 31, 2020 and 2021, respectively. As of December 31, 2022, the record balances exceeded the bank balances by \$1,527.

#### *Criteria*

Indiana Code 5-13-6-1(e) states: "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."

CLERK-TREASURER  
TOWN OF REYNOLDS  
AUDIT RESULTS AND COMMENTS  
(Continued)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**TRANSFERS**

*Condition and Context*

The Town was required to make monthly transfers from the Water Utility Operating and Wastewater Utility Operating funds to the Water Utility Bond & Interest and Wastewater Utility Bond & Interest funds, respectively, to pay its bonded debt. The following errors were noted for these transfers:

1. The Wastewater Bond and Interest fund and the Water Bond and Interest fund receipts were understated by \$11,288, and \$12,515, respectively for 2021. The bank activity determined that transfers were made but were not recorded in the ledgers or the financial statements. .

Other immaterial errors included transfers not recorded in the ledgers but on the financial statements, recording receipts to the wrong funds, and transfers not recorded until the next year.

*Criteria*

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**OVERDRAWN CASH BALANCES**

*Condition and Context*

The following funds were overdrawn during the audit period:

CLERK-TREASURER  
TOWN OF REYNOLDS  
AUDIT RESULTS AND COMMENTS  
(Continued)

Fund	Overdrawn Amount		
	2020	2021	2022
Motor Vehicle Highway	\$ -	\$ 14,874	\$ 20,278
Trash	-	-	3,018
Payroll	-	22,162	21,736
Water Utility Operating	-	64,221	96,851
Donation	7,767	-	-
Utility Deposit Fund	-	140	-

*Criteria*

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 unit. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**CUSTOMER UTILITY ACCOUNTS**

*Condition and Context*

The Town collected a deposit of \$150 from customers that request water and wastewater service at property serviced by the Town. The following issues were related to those deposits:

1. Customer deposits for 2020 and 2021 were posted to either the Water Utility Operating or Waste Water Utility Operating funds instead of the Utility Deposit Fund.
2. Customer deposits collected for September through December 2021 were deposited into the bank, but were not recorded in the ledgers.
3. As of January 29, 2024, the Town was unable to provide documentation as to the amount of money held as customer deposits.

*Criteria*

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER  
TOWN OF REYNOLDS  
AUDIT RESULTS AND COMMENTS  
(Continued)

**DISBURSEMENTS**

*Condition and Context*

The Town had the following deficiencies regarding disbursements:

1. The Town did not maintain supporting documentation for 20 percent of the vendor claims tested for 2020 and 2021.
2. Claim dockets were not maintained to ensure that claims were approved but the Clerk Treasurer and Town Council. The Town Council did not approve the invoices for 80 percent of the vendor claims tested and 30 percent were not approved by the Clerk-Treasurer.
3. The Town did not obtain or maintain proper supporting documentation for its 2020 paving contract. The Town could not provide the proper bid advertisement, Bid Form 96, Vendor's Financial Statements, Bid Bond, and Non-collusion affidavit for audit.
4. There were two vendor claims that were not paid timely. One invoice dated October 18, 2019, was not paid or recorded until March 3, 2020. The second invoice dated March 11, 2021, was not paid until April 6, 2021, which caused the Town to pay a late fee of \$10.
5. There were three credit card payments in 2020 in which the Town did not pay the outstanding balance in full, which resulted in the Town incurring interest and fees totaling \$108. In addition, some of the purchases made with the credit card did not have supporting documentation.
6. There were two claims in which the Town paid sales tax totaling \$46.
7. The Town did not provide a 2020 salary ordinance for audit.
8. There were two instances in which the Town did not maintain timesheets for employees for 2020 and 2021.
9. There were seven instances in which employees were not paid the correct amount according to the Town Council Approved Salary Ordinance, which resulted in the overpayment of six employees totaling \$1,711, and an underpayment of one employee of \$377.
10. There were three instances in which employees were not paid from the proper fund as stated by the Town Council Approved Salary Ordinance in 2021 and 2022.

*Criteria*

Indiana Code 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.

CLERK-TREASURER  
TOWN OF REYNOLDS  
AUDIT RESULTS AND COMMENTS  
(Continued)

(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. . . ."

Indiana Code 5-3-1-2(e) states: "If the event is the receiving of bids, notice shall be published two (2) times, at least one (1) week apart, with the second publication made at least seven (7) days before the date the bids will be received."

Indiana Code 5-22-16-5 states:

"(a) A purchasing agent may specify in a solicitation that an offeror must provide evidence of financial responsibility in order to be considered responsible. The evidence of financial responsibility may be a bond, certified check, or other evidence specified by the purchasing agent in the solicitation.

(b) An offeror must file evidence of financial responsibility in the amount, at the time, and as specified by the purchasing agent in the solicitation.

(c) If a bond or certified check is required as the evidence of financial responsibility, the amount of the bond or certified check may not be set at more than ten percent (10%) of the contract price. The bond, certified check, or other evidence of financial responsibility shall be made payable to the governmental body.

(d) This section does not preclude the use of a performance bond in addition to the bid bond, certified check, or other evidence of financial responsibility if the amount of the performance bond is stated in the solicitation.

(e) The check of an unsuccessful offeror shall be returned to the offeror by the purchasing agent upon selection of successful offerors. The check of a successful offeror shall be held until delivery or until completion of the contract."

Indiana Code 5-22-16-6 states:

"(a) An offeror must file with the purchasing agent an affirmation, made under the penalties for perjury, that states in substance the following:

- (1) The offeror has not entered into a combination or an agreement:
  - (A) relative to the price to be offered by a person;

CLERK-TREASURER  
TOWN OF REYNOLDS  
AUDIT RESULTS AND COMMENTS  
(Continued)

(B) to prevent a person from making an offer; or

(C) to induce a person to refrain from making an offer.

(2) The offeror's offer is made without reference to any other offer.

(b) The purchasing agent may require the affirmation to be made in the contract documents.

(c) The purchasing agent shall reject an offer that the purchasing agent finds to be collusive.

(d) If after the purchasing agent has awarded the contract, the purchasing agent discovers that the successful offeror's affirmation was false, the purchasing agent shall declare the contract forfeited and award a new contract.

(e) A person convicted of perjury for filing a false affirmation under this section may not be a party to a contract under this article for three (3) years following the date of conviction."

Indiana Code 5-11-9-4(b) states in part:

"The state board of accounts shall require that records be maintained showing which hours are worked each day by officers and employees: . . .

2. employed by more than one (1) public agency or in more than one (1) position by the same public agency . . ."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination 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 1)

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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 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 unit. Any penalties, interest, or other charges paid by the unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER  
TOWN OF REYNOLDS  
AUDIT RESULTS AND COMMENTS  
(Continued)

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of week on which the employee's work week begins be kept for all employees. These requirements can be met by use of the following prescribed general forms:

- General Form 99A, Employee's Service Record
- General Form 99B, Employee's Earnings Record
- General Form 99C, Employee's Weekly Earnings Record

General Form 99C is required only for employees who are not exempt from FLSA, are not on a fixed work schedule, and are not paid weekly.

Additional information regarding FLSA rules and regulations may be obtained from the Department of Labor. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**ANNUAL FINANCIAL REPORT - OTHER INFORMATION**

*Condition and Context*

Other Information is required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The Town had not established effective internal controls over the AFR information entered into Gateway, which resulted in the following errors.

*Schedule of Leases and Debt*

The Town did not accurately report the Water Works Revenue Bonds of 2015 in Gateway for the years 2020, 2021, and 2022. The Town also omitted the Sewage Work Revenue Bonds of 2013 in Gateway for the years 2020, 2021, and 2022, resulting in the following errors:

Description of Debt		Variance (Under) Over Reported					
		Year 2020		Year 2021		Year 2022	
		Ending Principal Balance	Principal Due Within One Year	Ending Principal Balance	Principal Due Within One Year	Ending Principal Balance	Principal Due Within One Year
Water Utility:							
Water Works Revenue Bond 2015	Water	\$ (369,301)	\$ (22,000)	\$ (347,301)	\$ (24,000)	\$ (279,744)	\$ 45,256
Wastewater Utility:							
Sewage Work Revenue Bond 2013	Sewage	(326,000)	(22,000)	(304,000)	(24,000)	(280,000)	(24,000)

Adjustments were proposed, accepted by the Town, and made to the Schedule of Leases and Debt presented as Other Information in the Financial Statements Audit Report of the Town.

CLERK-TREASURER  
TOWN OF REYNOLDS  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Schedule of Payables and Receivables*

The accounts payable and accounts receivable information was omitted from the AFR in 2020 and 2021. The Town reported amounts in the schedule for 2022; however, the Town could not provide supporting documentation for the amounts reported. The Town determined that the Schedule of Payables and Receivables would not be presented in the Financial Statements Audit Report as Other Information for the Town.

*Schedule of Capital Assets*

The Town could not provide accurate subsidiary records to support the capital assets reported in Gateway. The Town determined that the Schedule of Capital Assets would not be presented in the Financial Statements Audit Report as Other Information for the Town.

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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 in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Town had not adopted the acceptable minimum level of internal control standards or trained employees on standards; however, the Clerk-Treasurer incorrectly certified on the Annual Financial Report for 2020, 2021, and 2022 that the Town had adopted the acceptable minimum level of internal controls and trained appropriate personnel.

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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 in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

**CAPITAL ASSETS**

*Condition and Context*

The Town reported \$5,339,744 in total capital assets in its Annual Financial Report (AFR) as of December 31, 2022. The Town had not adopted a capital asset policy, completed a physical inventory every 2 years, or maintained a complete detailed listing of all capital assets, which reflects their acquisition value.

CLERK-TREASURER  
TOWN OF REYNOLDS  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Criteria*

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**ANNUAL FINANCIAL REPORT SUBMISSION**

*Condition and Context*

The Town did not submit the 2021 and 2022 Annual Financial Reports (AFR) timely. The 2021 AFR was submitted 27 days late and the 2022 AFR was submitted 29 days late.

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity 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 in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

**ANNUAL GATEWAY UPLOADS**

*Condition and Context*

The Town is required to upload into the Indiana Gateway Government Units (Gateway) financial reporting system monthly and annual files and governmental unit information. The Town had not uploaded any of the required annual uploads into Gateway.

*Criteria*

Beginning with July 2018 files, which were due September 15, 2018, **all** cities, towns, townships, libraries, and special districts will use the Upload App to upload files containing financial and governmental unit information on Gateway to allow the State Board of Accounts (SBOA) to conduct audit planning and audit processes prior to on-site work at a unit. . . .

Annual files are due to be uploaded on Gateway no later than March 1, 2019. Thereafter, annual files must be uploaded no later than March 1 for the prior year end unless the SBOA establishes a different date. . . .

(State Examiner Directive 2018-1)

This amended directive is effective starting with December 2020 monthly files. . . .This is effective for 2020 annual files which will be due for upload March 1, 2021, for calendar year end units. . . .Thereafter, annual files must be uploaded no later than March 1<sup>st</sup>. . . (Amended State Examiner Directive 2018-1)

CLERK-TREASURER  
TOWN OF REYNOLDS  
AUDIT RESULTS AND COMMENTS  
(Continued)

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CLERK-TREASURER  
TOWN OF REYNOLDS  
EXIT CONFERENCE

The contents of this report were discussed on January 29, 2024, with Pam Cochran, Clerk-Treasurer; Allison Loy, President of the Town Council; and Bob Hall, Town Superintendent.

TOWN COUNCIL  
TOWN OF REYNOLDS

TOWN COUNCIL  
TOWN OF REYNOLDS  
AUDIT RESULT AND COMMENT

***ADOPTION OF, AND TRAINING ON, INTERNAL CONTROL STANDARDS***

The same comment appeared in prior audit Report B53938, and prior compliance Report 84694A.

*Condition and Context*

The Town had not adopted the acceptable minimum level of internal control standards. In addition, the Town failed to provide training to applicable personnel on internal control standards.

*Criteria*

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

TOWN COUNCIL  
TOWN OF REYNOLDS  
EXIT CONFERENCE

The contents of this report were discussed on January 29, 2024, with Allison Loy, President of the Town Council.