

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

COMPLIANCE REPORT

OF

TOWN OF MATTHEWS

GRANT COUNTY, INDIANA

January 1, 2017 to December 31, 2018



**FILED**  
05/13/2020



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Sandra C. Loer	01-01-16 to 12-31-23
President of the Town Council	David C. Loer	01-01-17 to 12-31-20



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF MATTHEWS, GRANT COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Town of Matthews (Town), Grant County, for the period of January 1, 2017 to December 31, 2018, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Results and Comments contained herein describe the identified reportable instances of non-compliance 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 Results and Comments, incorporated within this report, was not verified for accuracy.

The Town's Annual Financial Report information can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

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

May 7, 2020

TOWN OF MATTHEWS  
RESULTS AND COMMENTS

**LATE SUBMISSION OF CERTIFIED REPORT**

A similar comment also appeared in prior Report B48678.

*Condition and Context*

The Town's Certified Report of Names, Addresses, Duties and Compensation of Public Employees (Form 100R), for 2018, was not filed electronically until April 15, 2019, which was 74 days past the due date.

*Criteria*

Indiana Code 5-11-13-1(a) states in part:

"Every . . . Town . . . 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 . . . 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 certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

**PRESCRIBED FORMS**

A similar comment also appeared in prior Report B48678.

*Condition and Context*

The Town used a computerized accounting software designed for towns and other governmental units to maintain receipts and disbursements of the Town and its utilities; however, the software application was not used properly and resulted in missing and unreliable information.

The Town used a computerized spreadsheet application to maintain total monthly receipts, disbursements, and fund balances. This form had not been approved for use and contained a significant number of known errors. The computerized spreadsheet did not have proper format of the prescribed forms and did not include relevant information such as receipt numbers.

*Criteria*

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**ANNUAL FINANCIAL REPORT**

A similar comment also appeared in prior Report B48678.

*Condition and Context*

The cash balances, total receipts, and total disbursements reflected in the Annual Financial Report (AFR) for 2017 and 2018 contained errors and did not match the records of the Town as shown below.

TOWN OF MATTHEWS  
RESULTS AND COMMENTS  
(Continued)

Years	Category	Amount per AFR	Amount per Ledger	Difference
2017	Beginning Balance - Town Funds	\$ 221,751	\$ 221,760	\$ (9)
2017	Disbursements - Town Funds	197,209	207,328	(10,119)
2017	Disbursements - Utility Funds	129,334	129,674	(340)
2017	Ending Balance - Town Funds	250,710	245,428	5,282
2017	Ending Balance - Utility Funds	196,560	203,087	(6,527)
2018	Receipts - Town Funds	240,347	254,857	(14,510)
2018	Disbursements - Town Funds	250,362	258,233	(7,871)
2018	Ending Balance - Town Funds	240,695	253,233	(12,538)
2018	Ending Balance - Utility Funds	247,722	256,413	(8,691)

Differences between the reported State and Local Tax Distributions and the AFR are as follows:

Years	Description	Fund	State Distributions	AFR	Difference
2017	Cigarette Tax	CCI	\$ 1,449	\$ 762	\$ 687
2018	ABC Gallonage	General	1,283	941	342
2018	Local Road and Street Distribution	LRS	9,647	8,696	951

Years	Description	Fund	Local Distributions	AFR	Difference
2017	General Fund Property Taxes	General	\$ 117,262	\$ 126,522	\$ (9,260)
2017	General Fund Property Taxes	Cumulative Capital Development	1,659	-	1,659
2017	License Excise	General	15,412	-	15,412
2017	License Excise	Cumulative Capital Development	213	-	213
2017	Commercial Vehicle Excise Tax	General	379	7,332	(6,953)
2017	Commercial Vehicle Excise Tax	Cumulative Capital Development	5	-	5
2018	License Excise	Cumulative Capital Development	100	-	100
2018	Commercial Vehicle Excise Tax	Cumulative Capital Development	2	-	2

Additionally, the 2019 AFR had not been filed as of April 26, 2020.

**Criteria**

Indiana Code 5-11-1-4(a) 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 in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

TOWN OF MATTHEWS  
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)

**CONDITION OF RECORDS**

A similar comment also appeared in prior Report B48678.

*Condition and Context*

The Town maintained two separate independent types of records.

1. Computerized Accounting System

A computerized accounting software, designed by an outside vendor specifically for use in towns and other governmental units, was used to record the financial transactions of the Town. Monthly Fund Reports were uploaded into the Indiana Gateway for Government Units financial reporting system beginning in January of 2018. The Stormwater and Wastewater Funds were not included on the monthly uploads because the computerized accounting system only accounted for the billings and collections of the Utilities.

2. Manual Calculation - Spreadsheet Report

The Clerk-Treasurer maintained individual fund balances by entering the Town's financial transactions into a computerized Excel spreadsheet/report. Separate files were maintained for disbursements, receipts, and cash balances. The ending cash balances reported on the Excel spreadsheets did not match the Annual Financial Report.

The December 2018 Billing Journal-was not presented for examination.

During our testing of Utility billings and collections, we noted the following errors:

1. Stormwater collections of \$280 were improperly posted to the Sewer Utility in March of 2018.
2. Utility fees of \$2,797, reported as collected on the computerized software system, were dated September 16, 2018; however, these collections were reported on the Excel ledger as collected on September 11, 2018. Therefore, there were numerous discrepancies between the two accounting records.

*Criteria*

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

TOWN OF MATTHEWS  
RESULTS AND COMMENTS  
(Continued)

**BANK ACCOUNT RECONCILIATIONS**

A similar comment also appeared in prior Report B48678.

*Condition and Context*

Cash Reconcilements for December 31, 2017, and December 31, 2018, were not in agreement with the Town's ledger balance. The cash reconcilements were prepared through the computerized accounting software system for 2017 and 2018; however, the Annual Financial Report (AFR) was prepared using the Town's Excel spreadsheets.

<u>Date</u>	<u>Adjusted Bank Balance</u>	<u>AFR</u>	<u>Amount per Ledger</u>	<u>AFR</u>	<u>Variance With Amount per Ledger</u>
12-31-17	\$ 438,857	\$ 447,270	\$ 448,515	\$ (8,413)	\$ (9,658)
12-31-18	478,576	488,417	509,646	(9,841)	(31,070)

The December 31, 2018 bank account reconciliation did not provide the detail of the outstanding checks, and, therefore, they could not be verified.

*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."

**ANNUAL CONTRACTING POLICY CERTIFICATIONS**

A similar comment also appeared in prior Report B48678.

*Condition and Context*

Elected officials did not certify in writing that the officer had not violated Indiana Code 36-1-21-6 by December 31, 2017 and 2018.

*Criteria*

Indiana Code 36-1-21-6 states: "Each elected officer of the unit shall annually certify in writing, subject to the penalties for perjury, that the officer is in compliance with this chapter. An officer shall submit the certification to the executive of the unit not later than December 31 of each year."

TOWN OF MATTHEWS  
RESULTS AND COMMENTS  
(Continued)

**COMPENSATION AND BENEFITS**

*Condition and Context*

A Town Council member received additional compensation for mowing that was not included in a salary ordinance or resolution. Since the Town Council member was an employee of the Town and received wages as reported through a W-2, this additional compensation received through the mowing of grass should have been reported as wages and reported through the W-2 process.

*Criteria*

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)



# Town of Matthews

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David White, Town Board Vice President  
Kenny Shrontz, Town Board Member  
James Gross, Town Board Member  
Tyson Nuckols, Town Board Member  
Sandra Loer, Clerk Treasurer

## "OFFICIAL RESPONSE" - 2017 / 2018 Audit

### LATE SUBMISSION OF CERTIFIED REPORT

**Corrective Action:** All future reports will be completed on time.

### PRESCRIBED FORMS

**Corrective Action:** The town is going to eliminate the future use of the Keystone Fund Program. All future files will be generated only in Excel Spreadsheets that have been approved prior to use by Todd Caldwell's office.

### ANNUAL FINANCIAL REPORT

**Corrective Action:** The Clerk was under the impression that the numbers submitted into Gateway was to be from the Keystone Fund Program. The Clerk is going to re-enter the correct information from the Excel Spreadsheets into Gateway and will continue to use the spreadsheet's numbers for Gateway in the future.

### CONDITION OF RECORDS

**Corrective Action:** The Town's permanent records in the future will be generated via Excel Spreadsheets (hand written) instead of divided into two separate reporting systems. The date for deposits used on the reports will be the date the money is collected not deposited.

### BANK ACCOUNT RECONCILIATIONS

**Corrective Action:** The Town's bank accounts were reconciled each month in the Keystone Fund Program. However, Keystone replaces one year's information with the next. Therefore, any retrieval of this information is prohibited. All future bank reconciliation's will be done manually.

### ANNUAL NEPOTISM POLICY CERTIFICATIONS

**Corrective Action:** The Town Council always signs this form in January's meeting. The Clerk has sent these forms to SBOA Auditor Chris Rodenbeck on May 8, 2020.

### ANNUAL CONTRACTING POLICY CERTIFICATIONS

**Corrective Action:** In the future, board members will sign in the January board meeting.

### COMPENSATION and BENEFITS

**Corrective Action:** In the future, Mr. White will only be issued a W2 which will include his town council wages and his compensation for mowing.

### BOARD MINUTES UNSIGNED

**Corrective Action:** Past and current board minutes had all the required information included except for the Signatures of each member. In the future, all Minutes will be signed by all members present.

  
David C Loer, Town Council President

5-8-20  
Date

TOWN OF MATTHEWS  
EXIT CONFERENCE

The contents of this report were discussed on May 7, 2020, with Sandra C. Loer, Clerk-Treasurer, and David C. Loer, President of the Town Council.