

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF GASTON

DELAWARE COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
09/16/2020

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Results and Comments:	
Bank Account Reconciliations.....	6
Stale Dated Outstanding Checks (Warrants).....	6-7
MVH Restricted Fund Not Established	7
Utility Billing.....	7-8
Customer Deposit Register.....	8
Official Response.....	9
Exit Conference	10
Town Council:	
Audit Result and Comment:	
Adoption of and Training on Internal Control Standards.....	12
Exit Conference	13

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Traci Pittenger	01-01-19 to 12-31-20
President of the Town Council	Tanya Hiatt Katina Gleeson	01-01-19 to 05-01-19 05-02-19 to 12-31-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE TOWN OF GASTON, DELAWARE COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Gaston (Town), for the period from January 1, 2019 to December 31, 2019. 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 our Financial Statement Audit Report of the Town, which provides our opinions on the Town's financial statement. This report may be found at 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.

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

August 26, 2019

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CLERK-TREASURER
TOWN OF GASTON

CLERK-TREASURER
TOWN OF GASTON
AUDIT RESULTS AND COMMENTS

BANK ACCOUNT RECONCILIATIONS

The same comment also appeared in prior Report B55012.

Condition and Context

The bank reconciliation for December 31, 2019, included a reconciling item in the amount of \$19,801, for which no supporting documentation was provided. This would result in cash long.

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."

STALE DATED OUTSTANDING CHECKS (WARRANTS)

The same comment also appeared in prior Report B55012.

Condition and Context

The Town had stale dated outstanding checks over two years old as of December 31, 2019, totaling \$6,011.

Criteria

Indiana Code 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void. . . ."

Indiana Code 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the:

- (1) board of finance of the political subdivision; or
- (2) fiscal body of a city or town.

The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

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

Indiana Code 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

MVH RESTRICTED FUND NOT ESTABLISHED

Context and Condition

The Town had not established an MVH Restricted fund during 2019.

Criteria

The purpose of this Directive is to authorize and require . . . cities, and towns that receive distributions from the State Motor Vehicle Highway Account to create a new sub-fund within the MVH Fund to properly manage and account for the usage restrictions that were included in House Enrolled Act 1002-2017 and House Enrolled Act 1290-2018.

The sub-fund will be referred to throughout this Directive as "MVH Restricted" and will be used to account for MVH monies which have been statutorily restricted for construction, reconstruction, and preservation purposes.

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted. (State Examiner Directive 2018-2)

UTILITY BILLING

Context and Condition

The Town passed Ordinance 2018-10, which increased Wastewater utility rates effective January 1, 2019. However, the new Wastewater utility rates were not uploaded into the Town's utility software until May 1, 2019. Therefore, the Town did not bill and collect the appropriate Wastewater fees for the first four months of the year. This resulted in a loss of Wastewater utility revenue.

Criteria

Units have a responsibility to collect amounts owed to the unit pursuant to procedures authorized by law. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

CUSTOMER DEPOSIT REGISTER

Context and Condition

The detailed customer deposit register balance did not reconcile with the customer deposit amount recorded on the general ledger. The Town did not provide a detailed list of customer deposits at December 31, 2019. As of August 4, 2020, the detailed customer deposit register showed a balance of \$30,564, and the customer deposit cash balance recorded on the general ledger (Fund 604) as of August 4, 2020, was \$24,923, a difference of \$5,641.

Criteria

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)

TOWN OF GASTON

OFFICE OF CLERK TREASURER
107 N. SYCAMORE P.O. BOX 186
GASTON, INDIANA 47342

To: State Board of Account official response:

Internal Controls:

The Town of Gaston has adopted an Internal Controls Ordinance.

Stale Date Outstanding Checks: (Warrants)

The Clerk-Treasurer has been working in the Financial Accounting System to receipt appropriate information and report them back to the town funds on which disbursed.

The Town of Gaston will also be having second person looking AFR when its prepared at the end of year before submitted.

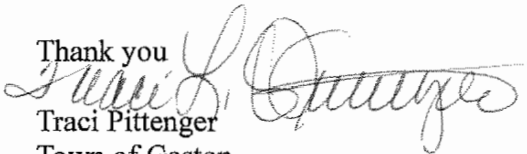
Receipts:

A detailed listing of all receipts will be added to the monthly packet that is reviewed by Gaston Town Council.

The town Gaston will also make sure the SEFA is correct in the Financial Reporting.

The Town of Gaston will ensure the compliance grant agreements and the Procurement and Suspension and Debarment and compliance requirement.

Thank you



Traci Pittenger
Town of Gaston
Clerk-Treasurer

CLERK-TREASURER
TOWN OF GASTON
EXIT CONFERENCE

The contents of this report were discussed on August 26, 2019, with Traci Pittenger, Clerk-Treasurer; Katina Gleeson, President of the Town Council; and Brett Ellison, Town Council member.

TOWN COUNCIL
TOWN OF GASTON

TOWN COUNCIL
TOWN OF GASTON
AUDIT RESULT AND COMMENT

ADOPTION OF AND TRAINING ON INTERNAL CONTROL STANDARDS

The same comment also appeared in prior report B55012.

Condition and Context

The Town had not adopted the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts. There was no documentation that the Town personnel received the training 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 GASTON
EXIT CONFERENCE

The contents of this report were discussed on August 26, 2019, with Traci Pittenger, Clerk-Treasurer; Katina Gleeson, President of the Town Council; and Brett Ellison, Town Council member.