

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF WHITESTOWN

BOONE COUNTY, INDIANA

January 1, 2021 to December 31, 2022



**FILED**

01/05/2024



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Matthew Sumner	01-01-21 to 12-31-23
President of the Town Council	Clinton Bohm Eric Nichols	01-01-21 to 05-10-23 05-11-23 to 12-31-23
Utility Office Manager	Nicole Rountree (Vacant)	01-01-21 to 10-02-23 10-03-23 to 11-21-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE TOWN OF WHITESTOWN, BOONE COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Whitestown (Town), for the period from January 1, 2021 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 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/](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

November 21, 2023

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CLERK-TREASURER  
TOWN OF WHITESTOWN

CLERK-TREASURER  
TOWN OF WHITESTOWN  
AUDIT RESULTS AND COMMENTS

**BANK ACCOUNT RECONCILIATIONS**

*Condition and Context*

The following noncompliance was noted pertaining to monthly bank account reconciliations:

1. Utility bank accounts - The August and December 2021 reconciliations were not performed until March 2022, and the December 2022 reconciliation was not performed until March 2023.
2. Town bank accounts - The December 2022 reconciliations were not performed until March 2023.

*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."

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 51-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**INTERNAL CONTROLS**

The same comment also appeared in prior Report B58705.

*Condition and Context*

There were deficiencies in the internal control system of the Town related to financial close and reporting.

The Clerk-Treasurer along with a third-party consultant, compiled and submitted the financial information for the Town into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the Annual Financial Report (AFR) and the financial statement. There was no documented audit evidence of an oversight, review, or approval process by the individuals that were involved with preparing and submitting the AFR.

*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:

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TOWN OF WHITESTOWN  
AUDIT RESULTS AND COMMENTS  
(Continued)

"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. . . ."

"Internal control is a process executed by officials and employees that is designed to provide reasonable assurance that the objectives of the political subdivision will be achieved."

## **DEPOSIT OF ACCOUNTABLE ITEMS**

### *Condition and Context*

During compliance testing of utility billings and collections, only one of nine invoices processed through Invoice Cloud was able to be sufficiently traced from the daily batch report to deposits on the bank statement.

### *Criteria*

Tickets, goods for sale, billings, and other collections, are considered accountable items for which a corresponding deposit must be made in the bank accounts of the units. The deposit ticket or attached documentation must provide a detail listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payers. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

## **ANNUAL FINANCIAL REPORT - OTHER INFORMATION**

### *Condition and Context*

Financial and other information are required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system. The information entered into Gateway resulted in the following errors:

### *Capital Assets*

The capital assets information entered into Gateway was not accurate or complete as the Town does not maintain a complete detailed ledger of capital assets. The Town opted not to present the Schedule of Capital Assets in the Financial Statement Audit Report of the Town.

### *Leases and Debt*

1. Several leases were incorrectly reported as debt overstating ending principal due and principal due with a year of \$38,845,000 and \$2,560,000, respectively.

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2. One item listed as a lease was a duplicate item, which resulted in an overstatement of \$1,716,270.
3. Three leases were incorrectly reported as debt, which understated leases by \$2,071,270.

Adjustments were proposed, accepted by the Town, and made to the Schedule of Leases and Debt presented as Other Information in the Financial Statement Audit Report of 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](#)."

**CAPITAL ASSETS**

The same comment also appeared in prior Report B58705.

*Condition and Context*

The Town did not maintain a complete detailed listing of capital assets. The last inventory performed was dated December 2020 and only included assets owned by the utilities.

*Criteria*

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)

**MONTHLY AND ANNUAL UPLOADS**

This same comment appeared in a Management Letter addressed to the Clerk-Treasurer for the audit period ending December 31, 2020.

*Condition and Context*

The Town did not upload the required monthly and annual financial information onto the Indiana Gateway for Government Units (Gateway) financial reporting system for 2021 and 2022 as follows:

- Bank statements for the utilities bank accounts were not uploaded to Gateway on a monthly basis for the audit period.
- Bank reconciliations and outstanding checks list for the utilities and the Town were not uploaded for the month of July 2022.

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(Continued)

- Bank reconciliations, outstanding checks list, and bank statements for the Town were not uploaded for the month of August 2022.
- Bank reconciliations and outstanding checks list for the utilities were not uploaded for the month of September 2022.
- Redevelopment Commission Board minutes were not uploaded during the audit period.
- Monthly fund reports only included the ending balance for each fund and did not include the beginning balance, receipt, and disbursement transactions for the audit period.
- None of the annual files were uploaded, except for the salary ordinance.

*Criteria*

All counties, cities, towns, townships, libraries, schools and special districts will use the Engagement Uploads to upload files containing financial and governmental unit information on Gateway to allow the SBOA to conduct audit planning and audit processes prior to on-site work at a unit. This remote process will provide for more efficient data processing and save audit costs for our clients. (Amended State Examiner Directive 2018-1)

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)



317-769-6557 PHONE

317-769-6871 Fax

TOWN OF WHITESTOWN  
6210 VETERANS DRIVE  
WHITESTOWN, IN 46075

December 13, 2023

**“OFFICIAL RESPONSE”**

*Via Email* ([officialresponse@sboa.in.gov](mailto:officialresponse@sboa.in.gov))

State Board of Accounts  
Official Response  
302 West Washington Street, Room E 418  
Indianapolis, IN 46204-2765

Re: Town of Whitestown Response to 2021 and 2022 Examination Results and  
Audit Comments as Presented by the State Board of Accounts (“SBOA”)

To Whom It May Concern:

The Town of Whitestown (“Town”) writes to respond to the audit comments as presented to the Town at its November 21, 2023 exit conference and as amended in subsequent communications with SBOA auditors.

First, the Town is again pleased to learn that the financial statements are “unmodified” – meaning that the Town’s financial records fairly presented, in all material respects, the finances and results of operations of the Town for the audited periods. The Town is further pleased to again highlight that as a result of its financial health, stability, and policies, Standard & Poor’s (“S&P”) most recent bond rating for the Town resulted in an upgrade to “AA+” on the Town’s strong financial management, with a stable outlook. The Town’s fiscal policies and management have allowed it to continually find opportunities to improve services and investment in the community under favorable terms for its residents and business.

With respect to the Supplemental Compliance Report comments, the Town generally notes two recent changes in its operations that affected the audited periods. In 2020, the Town undertook a comprehensive changeover in its financial software to a new provider and platform. In addition, in late 2021 the Town replaced its longtime outside financial consultants with a new firm. While these types of transitions are not always convenient and can require a period of adjustment, the Town believes the changes have furthered the Town’s continuing efforts in improving financial accounting, reporting, and internal controls. In those contexts, the Town responds to the individual comments as follows:

### Bank Account Reconciliations

With respect to the utility bank accounts, the Town agrees that there had been an delay in monthly reconciliations during the audited period. The Town notes that it has changed financial consultants and has also recently changed its personnel structure with respect to its utility accounting. The Town anticipates that these changes will avoid similar delays in the future. With respect to the Town bank account reconciliation for one month in December 2022, the Town notes that the reconciliation was timely performed and available electronically, but a hard copy was not printed and signed until March of 2023. Moving forward, the Town will work to print and sign hard copies on a monthly basis.

### Internal Controls

The Town acknowledges that there was not sufficient documentation of a second review of utility reconciliations during fiscal year 2021, and notes the above referenced changes in utility operations and accounting review.

### Deposit of Accountable Items

As acknowledged by the auditors, the Town notes that all utility payments are properly accounted for and are in agreement with the utility deposits. However, the Town understands that the auditors were unable to trace the Town's flow of individual payments through the Town's online payment processor. The Town was not aware of this concern until the exit conference, and has since been able to trace tested payments. The Town notes that the payment processor software automatically adds the payments to the ledger. The Town is willing to assist SBOA auditors in the future to help trace tested individual payments through the online payment processor.

### Annual Financial Report – Other Information

As noted in the comment, each of the reporting items were updated to reflect the auditors' comments.

### Capital Assets

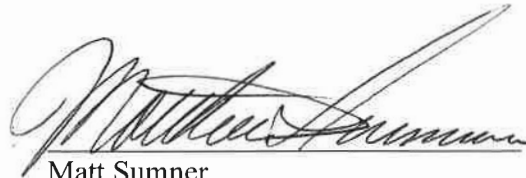
The Town adopted a formal capital asset policy in 2023 and since its last audit, and is now in the process of implementing it, including compiling an updated capital asset list.


### Monthly and Annual Uploads

The Town is working to upload monthly and annual financial information to Gateway going forward. The Town understands that this is a time consuming task for all communities. Based on its discussions with the auditors, the Town will focus on future uploads as opposed to uploading past information at this time.

Thank you for your consideration.

Sincerely,

  
Matt Sumner  
Clerk-Treasurer

  
Eric Nichols  
Town Council President

4677753

CLERK-TREASURER  
TOWN OF WHITESTOWN  
EXIT CONFERENCE

The contents of this report were discussed on November 21, 2023, with Matthew Sumner, Clerk-Treasurer; Arren Miller, Deputy Clerk-Treasurer; Eric Nichols, President of the Town Council; Daniel Powers, Deputy Town Manager Public Works; Stephen Unger, Town Attorney; and Nathan Fox, Project Manager at Krohn and Associates.