

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

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

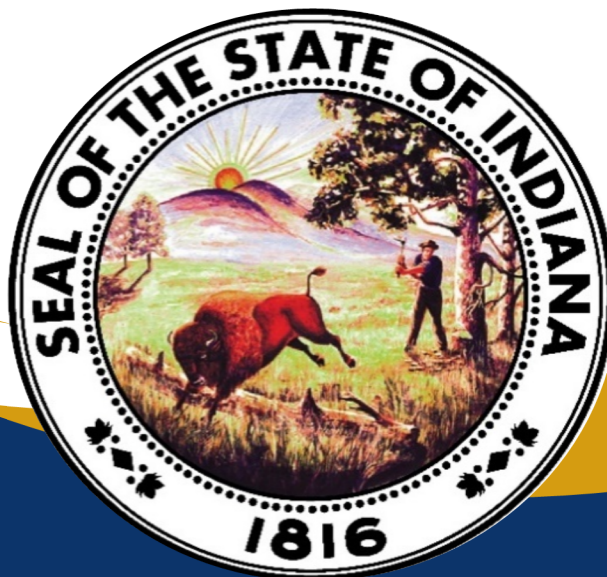
COMPLIANCE EXAMINATION REPORT

OF

TOWN OF WALTON

CASS COUNTY, INDIANA

January 1, 2020 to December 31, 2023



**FILED**

12/12/2024



Paul D. Joyce, CPA  
State Examiner

# INDIANA STATE BOARD OF ACCOUNTS

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December 12, 2024

To: The Officials of the Town of Walton  
Town of Walton  
Cass County, Indiana

This report is supplemental to the audit report of Town of Walton (Town), for the period from January 1, 2020 to December 31, 2023. It has been provided as a separate report so that the reader may easily identify any findings that pertain to the Town. It should be read in conjunction with the financial statement audit report of the Town, which provides an opinion 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 engaged private examiners under our review to perform the audit of the Town and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The findings contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the supplemental report of Town of Walton prepared by Crowe LLP, Independent Public Accountants, for the period January 1, 2020 to December 31, 2023. In our opinion, the supplemental report was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

We call your attention to the findings in the report on pages 3 through 4.

The report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA  
Deputy State Examiner

Town of Walton

Cass County, Indiana  
January 1, 2020 through December 31, 2023

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Town of Walton  
SCHEDULE OF OFFICIALS (Unaudited)  
January 1, 2020 through December 31, 2023

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<u>Office</u>	<u>Official</u>	<u>Term</u>
President of the Town Council	Mike Robinson	01-01-20 to 04-20-21
	Vincent Beeson	04-21-21 to 12-31-23
Clerk Treasurer	Kim L. Craig	01-01-20 to 10-07-21
	(Vacant)	10-08-21 to 12-05-21
	Melanie Kelly	12-06-21 to 12-31-23



## INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and  
Management of the Town of Walton

We have examined the Town of Walton's (Town) compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Cities and Towns* during the period January 1, 2020 through December 31, 2023. Management of the Town is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Town's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual for Cities and Towns* applicable to the Town during the period January 1, 2020 through December 31, 2023, as described in items 2023-001 through 2023-005 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Town complied, in all material respects, with the aforementioned requirements during the period January 1, 2020 through December 31, 2023.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
November 12, 2024

TOWN OF WALTON  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2020 through December 31, 2023

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**FINDING 2023-001: OVERDRAWN CASH BALANCES**

**Criteria:** Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Cities and Towns states in part, *“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.”*

**Condition:** During testing of cash fund balances, we noted the Payroll clearing fund and the Emp Proll SS/MED clearing fund had negative cash balances. The Payroll clearing fund had a negative cash balance of \$8,404 and \$10,926 at December 31, 2020 and 2021, respectively. The negative balance was repaid with receipts in 2022. The Emp Proll SS/MED clearing fund had a negative cash balance of \$2,937 at December 31, 2020, \$2,937 at December 31, 2021, \$28,584 at December 31, 2022, and \$87,631 at December 31, 2023. The negative balance is to be repaid with future receipts.

**FINDING 2023-002: UTILITY RECEIPTS – SUPPORTING DOCUMENTATION**

**Criteria:** Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Cities and Towns states in part, *“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.”*

**Condition:** During our utility receipts testing, we selected a sample of five customer bills from each year under audit (20 in total) to verify the sanitation and water rates are being charged in accordance with the Council approved rate ordinances for the Town’s utility services. Management was unable to provide customer bills for any of the 20 selections.

**FINDING 2023-003: MINIMUM LEVEL OF INTERNAL CONTROLS – AFR**

**Criteria:** The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Cities and Towns, Chapter 1)

**Condition:** While testing compliance requirements, it was noted that the 2020 AFR was submitted on April 19, 2021, which is 49 days after the required due date.

**FINDING 2023-004: MOTOR VEHICLE HIGHWAY FUNDS**

**Criteria:** On the chart of accounts, the MVH Fund and MVH Restricted sub-fund shall be shown as follows: *“...Cities and Towns Fund 201 MVH Fund 203 MVH Restricted. Together, MVH and MVH Restricted shall constitute the total MVH Fund. MVH and MVH Restricted will be shown separately on the Annual Financial*

*Report...”* (State Examiner Directive 2018-2). *“The political subdivision posted, at the time of the receipt of the distribution from the State MVH Account, fifty percent (50%) of the distribution to MVH Restricted”* (State Examiner Directive 2018-2). Indiana Code 8-14-1-5(c) states: *“For funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the county’s highways.”*

**Condition:** The Town created the Motor Vehicle Highway (MVH) Restricted fund as required. However, the Town did not allocate or deposit at least 50 percent of the distribution from the State Motor Vehicle Highway Account at the time of the receipt into the MVH Restricted fund during 2020.

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(Continued)

TOWN OF WALTON  
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS  
January 1, 2020 through December 31, 2023

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**FINDING 2023-005: SCHEDULES IN ANNUAL FINANCIAL REPORT – OTHER INFORMATION**

**Criteria:** The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Cities and Towns, Chapter 1)

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

*Capital Assets*

Management provided a capital asset listing stating a balance of \$16,509,776. The total capital asset balance reported on the AFR was \$14,171,995 before being adjusted to agree to the underlying detail.

TOWN OF WALTON  
EXIT CONFERENCE  
January 1, 2020 through December 31, 2023

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The contents of this report were discussed on November 12, 2024 with Clerk Treasurer Melanie Kelly and Town Council President Vincent Beeson.