

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TOWN OF WALKERTON
ST. JOSEPH COUNTY, INDIANA

January 1, 2014 to December 31, 2014



FILED
05/01/2017

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|--------------------|----------------------|
| Clerk-Treasurer | Theresa Buckmaster | 01-01-12 to 12-31-19 |
| President of the Town Council | Karol S. Jackson | 01-01-14 to 12-31-17 |



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE TOWN OF WALKERTON, ST. JOSEPH COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Town of Walkerton (Town), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the Town prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Town for the year ended December 31, 2014.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Town for the year ended December 31, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


Other Information

Our audit was conducted for the purpose of forming an opinion on the Town's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 23, 2017, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

February 23, 2017



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF THE TOWN OF WALKERTON, ST. JOSEPH COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Town of Walkerton (Town), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement, and have issued our report thereon dated February 23, 2017, wherein we noted the Town followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the Town's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002.

Town of Walkerton's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

February 23, 2017

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the Town. The financial statement and notes are presented as intended by the Town.

TOWN OF WALKERTON
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2014

| Fund | Cash and Investments 01-01-14 | Receipts | Disbursements | Cash and Investments 12-31-14 |
|------------------------------------|-------------------------------------|----------------------|----------------------|-------------------------------------|
| General | \$ 116,077 | \$ 940,978 | \$ 953,125 | \$ 103,930 |
| Motor Vehicle Highway | 92,020 | 186,233 | 161,161 | 117,092 |
| Local Road And Street | 48,603 | 24,276 | 3,153 | 69,726 |
| Non Reverting Operating | 33,285 | 139,326 | 83,314 | 89,297 |
| Canine Donation Fund | 2,160 | 12,433 | 13,580 | 1,013 |
| Continuing Education Fund | 20,425 | 35,155 | 36,219 | 19,361 |
| Riverboat | 29,859 | 12,701 | 17,739 | 24,821 |
| Park Bond 2011 | 150,763 | 239 | 8,331 | 142,671 |
| Rainy Day Fund | 56,233 | - | 6,000 | 50,233 |
| Drug Task Force | 935 | - | - | 935 |
| Major Moves | 49,011 | - | 49,011 | - |
| Cumulative Capital Dev | 43,843 | 29,979 | 14,998 | 58,824 |
| Redevelopment | 108,331 | 83,367 | 171,205 | 20,493 |
| Park District Bond Non Exempt 2011 | 18,355 | 33,598 | 52,188 | (235) |
| Cumulative Capital Improvement | 12,925 | 5,671 | 17,142 | 1,454 |
| County Economic Dev Tax | 259,642 | 147,007 | 319,963 | 86,686 |
| Fire T Replace Equip | 25,019 | 37,333 | 28,849 | 33,503 |
| Petty Cash | 115 | - | - | 115 |
| Cash Change Fund | 250 | - | - | 250 |
| Fire Donation | 1,792 | - | - | 1,792 |
| Operation Pullover | 1 | 21,762 | 21,763 | - |
| Donations Poor Relief | 3,971 | 2,814 | 1,862 | 4,923 |
| Economic Development Fund | 11,817 | - | 1,800 | 10,017 |
| Park And Recreation | 12,656 | 134,043 | 123,506 | 23,193 |
| Matching Grant Fund | 8,235 | - | - | 8,235 |
| Ambulance Invest D Eddinger | 12,983 | 25 | - | 13,008 |
| Ambulance Donation Fund | 1,183 | - | - | 1,183 |
| Court Storage Document | 1,767 | 11,380 | 13,141 | 6 |
| Police Reserve Donation | 4,533 | 1,681 | 3,937 | 2,277 |
| Historic Donation | 21,721 | 8,216 | 5,681 | 24,256 |
| Sale Of Suplus Fund | 977 | 4,460 | 4,300 | 1,137 |
| Police Grant | 2,530 | - | - | 2,530 |
| Interest Earned | 48,401 | 5,273 | 12,476 | 41,198 |
| Walkerton Continue Education | 129 | 1,564 | 979 | 714 |
| Fire Territory | 57,058 | 532,194 | 485,310 | 103,942 |
| LOIT Public Safety | 140,946 | 109,666 | 109,258 | 141,354 |
| Park District Bond | 29,015 | 25,260 | 56,788 | (2,513) |
| Payroll | 12,165 | 694,462 | 687,452 | 19,175 |
| Electric Utility Operating | 724,807 | 3,713,410 | 3,675,143 | 763,074 |
| Electric Utility Improvement | - | 10,586 | 10,586 | - |
| Electric Utility Deposit | 62,837 | 8,200 | 6,021 | 65,016 |
| Electric Utility Cash Reserve | 496,503 | 474,386 | - | 970,889 |
| Trash Pick Up | 38,976 | 114,619 | 105,947 | 47,648 |
| Wastewater Construction | - | 4,027,528 | 4,027,528 | - |
| Wastewater Improvement Fund | - | 479,186 | 479,186 | - |
| Wastewater Utility Operating | 240,103 | 572,875 | 616,158 | 196,820 |
| Wastewater Utility Bond And Int | 25,107 | 140,067 | 75,495 | 89,679 |
| Wastewater Utility Replacement | 27,747 | - | - | 27,747 |
| Wastewater Cash Reserve | 47,300 | 4,194 | - | 51,494 |
| Water Utility Operating | 176,762 | 537,091 | 534,694 | 179,159 |
| Water Utility Bond And Int | 123,835 | 186,470 | 180,429 | 129,876 |
| Water Utility Depreciation | 72,000 | 26,000 | - | 98,000 |
| Water Utility Deposit Fund | 47,070 | 5,750 | 4,387 | 48,433 |
| Water Utility Construction | 5,353 | - | 5,353 | - |
| Water Utility Improvement | 13,631 | - | 13,631 | - |
| Water Utility Debt Service | 179,855 | - | - | 179,855 |
| Town Court | 58,198 | 705,148 | 711,356 | 51,990 |
| Totals | <u>\$ 3,779,815</u> | <u>\$ 14,246,606</u> | <u>\$ 13,910,145</u> | <u>\$ 4,116,276</u> |

The notes to the financial statement are an integral part of this statement.

TOWN OF WALKERTON
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides some or all of the following services: public safety (police and fire), highways and streets, health and social services, culture and recreation, public improvements, planning and zoning, general administrative services, water, wastewater, electric, gas, storm water, trash, aviation, and urban redevelopment and housing.

The accompanying financial statement presents the financial information for the Town.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the Town.

Licenses and permits. Amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction, or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

TOWN OF WALKERTON
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits. Amounts received from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Utility fees. Amounts received from charges for current services.

Penalties. Amounts received from late payment fees.

Other receipts. Amounts received from various sources, including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services. Amounts disbursed for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies. Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the Town. It includes all expenditures for the reduction of the principal and interest of the Town's general obligation indebtedness.

TOWN OF WALKERTON
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses. Amounts disbursed for operating the utilities.

Other disbursements. Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Town may, from time to time, make transfers from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Town. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Town. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the Town in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Town submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Town in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

TOWN OF WALKERTON
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Town to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The Town may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the Town to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

TOWN OF WALKERTON
 NOTES TO FINANCIAL STATEMENT
 (Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. 1977 Police Officers' and Firefighters' Pension and Disability Fund

Plan Description

The 1977 Police Officers' and Firefighters' Pension and Disability Fund is a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS) for all police officers and firefighters hired after April 30, 1977.

State statute (IC 36-8-8) regulates the operations of the system, including benefits, vesting, and requirements for contributions by employers and by employees. Covered employees may retire at age 52 with 20 years of service. An employee with 20 years of service may leave service, but will not receive benefits until reaching age 52. The plan also provides for death and disability benefits.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
 One North Capitol, Suite 001
 Indianapolis, IN 46204
 Ph. (888) 526-1687

Funding Policy

The contribution requirements of plan members and the Town are established by the Board of Trustees of INPRS.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the Town receiving less local tax distributions than expected.

Note 8. Restatements

For the year ended December 31, 2014, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the Town. The following schedule presents a summary of restated beginning balances:

| Fund | Balance as of December 31, 2013 | New Fund | Prior Period Adjustment | Balance as of January 1, 2014 |
|---------------------|---------------------------------------|-----------|-------------------------------|-------------------------------------|
| Town Court | \$ - | \$ 58,198 | \$ - | \$ 58,198 |
| Beautification Fund | 104 | - | (104) | - |

TOWN OF WALKERTON
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Holding Corporation*

The Town entered into a capital lease with the Walkerton Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the Town. The lessor has been determined to be a related-party of the Town. Lease payments during the year 2014 totaled \$75,500.

Note 10. *Subsequent Events*

The Town Council approved Ordinance 2015-5 on August 11, 2015, which approved the issuance of a \$410,000 General Obligation Bond. The 2015 bond funded the 2015 Street project. The Bonds were issued for the purpose of milling and repaving roads within the Town.

OTHER INFORMATION - UNAUDITED

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

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Town's Annual Financial Report referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the Town. It is presented as intended by the Town.

TOWN OF WALKERTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

| | General | Motor Vehicle Highway | Local Road And Street | Non Reverting Operating | Canine Donation Fund | Continuing Education Fund |
|--|-------------------|-----------------------------|--------------------------------|-------------------------------|----------------------------|---------------------------------|
| Cash and investments - beginning | \$ 116,077 | \$ 92,020 | \$ 48,603 | \$ 33,285 | \$ 2,160 | \$ 20,425 |
| Receipts: | | | | | | |
| Taxes | 570,533 | 59,359 | - | 788 | - | - |
| Licenses and permits | 4,679 | - | - | - | - | - |
| Intergovernmental receipts | 142,332 | 121,211 | 24,276 | - | - | - |
| Charges for services | 3,900 | - | - | 77,834 | - | - |
| Fines and forfeits | 193,362 | - | - | - | - | 35,155 |
| Utility fees | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - |
| Other receipts | 26,172 | 5,663 | - | 60,704 | 12,433 | - |
| Total receipts | <u>940,978</u> | <u>186,233</u> | <u>24,276</u> | <u>139,326</u> | <u>12,433</u> | <u>35,155</u> |
| Disbursements: | | | | | | |
| Personal services | 683,749 | 90,848 | - | 12,148 | - | - |
| Supplies | 17,076 | 20,025 | - | 70,418 | 2,906 | - |
| Other services and charges | 143,343 | 31,869 | - | - | 10,674 | 36,219 |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | 23,209 | 18,419 | 3,153 | - | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | 85,748 | - | - | 748 | - | - |
| Total disbursements | <u>953,125</u> | <u>161,161</u> | <u>3,153</u> | <u>83,314</u> | <u>13,580</u> | <u>36,219</u> |
| Excess (deficiency) of receipts over disbursements | <u>(12,147)</u> | <u>25,072</u> | <u>21,123</u> | <u>56,012</u> | <u>(1,147)</u> | <u>(1,064)</u> |
| Cash and investments - ending | <u>\$ 103,930</u> | <u>\$ 117,092</u> | <u>\$ 69,726</u> | <u>\$ 89,297</u> | <u>\$ 1,013</u> | <u>\$ 19,361</u> |

TOWN OF WALKERTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Riverboat | Park Bond 2011 | Rainy Day Fund | Drug Task Force | Major Moves | Cumulative Capital Dev |
|--|------------------|----------------------|----------------------|-----------------------|-----------------|------------------------------|
| Cash and investments - beginning | \$ 29,859 | \$ 150,763 | \$ 56,233 | \$ 935 | \$ 49,011 | \$ 43,843 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | 28,296 |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | 12,701 | - | - | - | - | 1,683 |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - |
| Other receipts | - | 239 | - | - | - | - |
| Total receipts | <u>12,701</u> | <u>239</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>29,979</u> |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - |
| Other services and charges | 17,739 | - | 6,000 | - | - | 7,093 |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | - | 8,331 | - | - | 49,011 | 7,905 |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - |
| Total disbursements | <u>17,739</u> | <u>8,331</u> | <u>6,000</u> | <u>-</u> | <u>49,011</u> | <u>14,998</u> |
| Excess (deficiency) of receipts over disbursements | <u>(5,038)</u> | <u>(8,092)</u> | <u>(6,000)</u> | <u>-</u> | <u>(49,011)</u> | <u>14,981</u> |
| Cash and investments - ending | <u>\$ 24,821</u> | <u>\$ 142,671</u> | <u>\$ 50,233</u> | <u>\$ 935</u> | <u>\$ -</u> | <u>\$ 58,824</u> |

TOWN OF WALKERTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Redevelopment | Park District Bond Non Exepmt 2011 | Cummulative Capital Improvement | County Economic Dev Tax | Fire T Replace Equip | Petty Cash |
|--|------------------|--|---------------------------------------|----------------------------------|----------------------------|---------------|
| Cash and investments - beginning | \$ 108,331 | \$ 18,355 | \$ 12,925 | \$ 259,642 | \$ 25,019 | \$ 115 |
| Receipts: | | | | | | |
| Taxes | 83,367 | 31,812 | - | - | 35,215 | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | 1,786 | 5,671 | 145,282 | 2,118 | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - |
| Other receipts | - | - | - | 1,725 | - | - |
| Total receipts | <u>83,367</u> | <u>33,598</u> | <u>5,671</u> | <u>147,007</u> | <u>37,333</u> | <u>-</u> |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | - |
| Supplies | - | - | 10,000 | - | - | - |
| Other services and charges | 275 | - | - | 2,755 | - | - |
| Debt service - principal and interest | - | 52,188 | - | 75,500 | - | - |
| Capital outlay | 160,157 | - | 7,142 | 241,708 | 28,849 | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | 10,773 | - | - | - | - | - |
| Total disbursements | <u>171,205</u> | <u>52,188</u> | <u>17,142</u> | <u>319,963</u> | <u>28,849</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>(87,838)</u> | <u>(18,590)</u> | <u>(11,471)</u> | <u>(172,956)</u> | <u>8,484</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ 20,493</u> | <u>\$ (235)</u> | <u>\$ 1,454</u> | <u>\$ 86,686</u> | <u>\$ 33,503</u> | <u>\$ 115</u> |

TOWN OF WALKERTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Cash Change Fund | Fire Donation | Operation Pullover | Donations Poor Relief | Economic Development Fund | Park And Recreation |
|--|------------------------|------------------|-----------------------|-----------------------------|---------------------------------|---------------------------|
| Cash and investments - beginning | \$ 250 | \$ 1,792 | \$ 1 | \$ 3,971 | \$ 11,817 | \$ 12,656 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | 114,474 |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | 19,052 | - | - | 8,797 |
| Charges for services | - | - | - | - | - | 8,532 |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - |
| Other receipts | - | - | 2,710 | 2,814 | - | 2,240 |
| Total receipts | - | - | 21,762 | 2,814 | - | 134,043 |
| Disbursements: | | | | | | |
| Personal services | - | - | 21,763 | - | - | 86,506 |
| Supplies | - | - | - | - | 1,800 | 7,874 |
| Other services and charges | - | - | - | - | - | 25,744 |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | 586 |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | - | 1,862 | - | 2,796 |
| Total disbursements | - | - | 21,763 | 1,862 | 1,800 | 123,506 |
| Excess (deficiency) of receipts over disbursements | - | - | (1) | 952 | (1,800) | 10,537 |
| Cash and investments - ending | \$ 250 | \$ 1,792 | \$ - | \$ 4,923 | \$ 10,017 | \$ 23,193 |

TOWN OF WALKERTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Matching Grant Fund | Ambulance Invest D Eddinger | Ambulance Donation Fund | Court Storage Document | Police Reserve Donation | Historic Donation |
|--|---------------------------|-----------------------------------|-------------------------------|------------------------------|-------------------------------|----------------------|
| Cash and investments - beginning | \$ 8,235 | \$ 12,983 | \$ 1,183 | \$ 1,767 | \$ 4,533 | \$ 21,721 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | 11,380 | - | - |
| Utility fees | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - |
| Other receipts | - | 25 | - | - | 1,681 | 8,216 |
| Total receipts | - | 25 | - | 11,380 | 1,681 | 8,216 |
| Disbursements: | | | | | | |
| Personal services | - | - | - | 8,093 | - | - |
| Supplies | - | - | - | 5,048 | 3,937 | 5,681 |
| Other services and charges | - | - | - | - | - | - |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | - | - | - | - |
| Total disbursements | - | - | - | 13,141 | 3,937 | 5,681 |
| Excess (deficiency) of receipts over disbursements | - | 25 | - | (1,761) | (2,256) | 2,535 |
| Cash and investments - ending | \$ 8,235 | \$ 13,008 | \$ 1,183 | \$ 6 | \$ 2,277 | \$ 24,256 |

TOWN OF WALKERTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Sale Of Suplus Fund | Police Grant | Interest Earned | Walkerton Continue Education | Fire Territory | LOIT Public Saftey |
|--|---------------------------|-----------------|--------------------|------------------------------------|-------------------|--------------------------|
| Cash and investments - beginning | \$ 977 | \$ 2,530 | \$ 48,401 | \$ 129 | \$ 57,058 | \$ 140,946 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | 340,872 | - |
| Licenses and permits | - | - | - | 1,100 | - | - |
| Intergovernmental receipts | - | - | - | - | 49,215 | 109,666 |
| Charges for services | - | - | - | 464 | 141,406 | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | - | - | - |
| Penalties | - | - | - | - | - | - |
| Other receipts | 4,460 | - | 5,273 | - | 701 | - |
| Total receipts | <u>4,460</u> | <u>-</u> | <u>5,273</u> | <u>1,564</u> | <u>532,194</u> | <u>109,666</u> |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | 362,708 | 44,864 |
| Supplies | - | - | - | 579 | 19,946 | - |
| Other services and charges | - | - | - | 400 | 100,601 | - |
| Debt service - principal and interest | - | - | - | - | - | - |
| Capital outlay | 4,300 | - | - | - | 2,055 | - |
| Utility operating expenses | - | - | - | - | - | - |
| Other disbursements | - | - | 12,476 | - | - | 64,394 |
| Total disbursements | <u>4,300</u> | <u>-</u> | <u>12,476</u> | <u>979</u> | <u>485,310</u> | <u>109,258</u> |
| Excess (deficiency) of receipts over disbursements | <u>160</u> | <u>-</u> | <u>(7,203)</u> | <u>585</u> | <u>46,884</u> | <u>408</u> |
| Cash and investments - ending | <u>\$ 1,137</u> | <u>\$ 2,530</u> | <u>\$ 41,198</u> | <u>\$ 714</u> | <u>\$ 103,942</u> | <u>\$ 141,354</u> |

TOWN OF WALKERTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Park District Bond | Payroll | Electric Utility Operating | Electric Utility Improvement | Electric Utility Deposit | Electric Utility Cash Reserve |
|--|--------------------------|------------------|----------------------------------|------------------------------------|--------------------------------|--|
| Cash and investments - beginning | \$ 29,015 | \$ 12,165 | \$ 724,807 | \$ - | \$ 62,837 | \$ 496,503 |
| Receipts: | | | | | | |
| Taxes | 23,916 | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | 1,344 | - | - | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | 3,663,431 | - | - | - |
| Penalties | - | - | 21,344 | - | - | - |
| Other receipts | - | 694,462 | 28,635 | 10,586 | 8,200 | 474,386 |
| Total receipts | <u>25,260</u> | <u>694,462</u> | <u>3,713,410</u> | <u>10,586</u> | <u>8,200</u> | <u>474,386</u> |
| Disbursements: | | | | | | |
| Personal services | - | - | - | - | - | - |
| Supplies | - | - | - | - | - | - |
| Other services and charges | 188 | - | - | - | - | - |
| Debt service - principal and interest | 56,600 | - | - | - | - | - |
| Capital outlay | - | - | 31,682 | 10,586 | - | - |
| Utility operating expenses | - | - | 3,632,875 | - | - | - |
| Other disbursements | - | 687,452 | 10,586 | - | 6,021 | - |
| Total disbursements | <u>56,788</u> | <u>687,452</u> | <u>3,675,143</u> | <u>10,586</u> | <u>6,021</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>(31,528)</u> | <u>7,010</u> | <u>38,267</u> | <u>-</u> | <u>2,179</u> | <u>474,386</u> |
| Cash and investments - ending | <u>\$ (2,513)</u> | <u>\$ 19,175</u> | <u>\$ 763,074</u> | <u>\$ -</u> | <u>\$ 65,016</u> | <u>\$ 970,889</u> |

TOWN OF WALKERTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Trash Pick Up | Wastewater Construction | Wastewater Improvement Fund | Wastewater Utility Operating | Wastewater Utility Bond And Int | Wastewater Utility Replacement |
|--|---------------------|----------------------------|-----------------------------------|------------------------------------|---|--------------------------------------|
| Cash and investments - beginning | \$ 38,976 | \$ - | \$ - | \$ 240,103 | \$ 25,107 | \$ 27,747 |
| Receipts: | | | | | | |
| Taxes | - | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - | - |
| Intergovernmental receipts | - | 3,644,717 | - | - | - | - |
| Charges for services | 114,619 | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - | - |
| Utility fees | - | - | - | 497,254 | - | - |
| Penalties | - | - | - | 9,987 | - | - |
| Other receipts | - | 382,811 | 479,186 | 65,634 | 140,067 | - |
| Total receipts | <u>114,619</u> | <u>4,027,528</u> | <u>479,186</u> | <u>572,875</u> | <u>140,067</u> | <u>-</u> |
| Disbursements: | | | | | | |
| Personal services | - | - | - | 133,008 | - | - |
| Supplies | - | - | - | - | - | - |
| Other services and charges | 105,947 | - | - | 13,450 | - | - |
| Debt service - principal and interest | - | - | - | - | 75,495 | - |
| Capital outlay | - | 3,481,405 | 4,800 | 62,827 | - | - |
| Utility operating expenses | - | 163,312 | - | 142,345 | - | - |
| Other disbursements | - | 382,811 | 474,386 | 264,528 | - | - |
| Total disbursements | <u>105,947</u> | <u>4,027,528</u> | <u>479,186</u> | <u>616,158</u> | <u>75,495</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>8,672</u> | <u>-</u> | <u>-</u> | <u>(43,283)</u> | <u>64,572</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ 47,648</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 196,820</u> | <u>\$ 89,679</u> | <u>\$ 27,747</u> |

TOWN OF WALKERTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Wastewater Cash Reserve | Water Utility Operating | Water Utility Bond And Int | Water Utility Depreciation | Water Utility Deposit Fund |
|--|-------------------------------|-------------------------------|--|----------------------------------|-------------------------------------|
| Cash and investments - beginning | \$ 47,300 | \$ 176,762 | \$ 123,835 | \$ 72,000 | \$ 47,070 |
| Receipts: | | | | | |
| Taxes | - | - | - | - | - |
| Licenses and permits | - | - | - | - | - |
| Intergovernmental receipts | - | - | - | - | - |
| Charges for services | - | - | - | - | - |
| Fines and forfeits | - | - | - | - | - |
| Utility fees | - | 527,105 | - | - | - |
| Penalties | - | 4,147 | - | - | - |
| Other receipts | 4,194 | 5,839 | 186,470 | 26,000 | 5,750 |
| Total receipts | <u>4,194</u> | <u>537,091</u> | <u>186,470</u> | <u>26,000</u> | <u>5,750</u> |
| Disbursements: | | | | | |
| Personal services | - | 126,221 | - | - | - |
| Supplies | - | - | - | - | - |
| Other services and charges | - | 16,806 | - | - | - |
| Debt service - principal and interest | - | - | 180,429 | - | - |
| Capital outlay | - | 18,629 | - | - | - |
| Utility operating expenses | - | 184,459 | - | - | - |
| Other disbursements | - | 188,579 | - | - | 4,387 |
| Total disbursements | <u>-</u> | <u>534,694</u> | <u>180,429</u> | <u>-</u> | <u>4,387</u> |
| Excess (deficiency) of receipts over disbursements | <u>4,194</u> | <u>2,397</u> | <u>6,041</u> | <u>26,000</u> | <u>1,363</u> |
| Cash and investments - ending | <u>\$ 51,494</u> | <u>\$ 179,159</u> | <u>\$ 129,876</u> | <u>\$ 98,000</u> | <u>\$ 48,433</u> |

TOWN OF WALKERTON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

| | Water Utility Construction | Water Utility Improvement | Water Utility Debt Service | Town Court | Totals |
|--|----------------------------------|---------------------------------|-------------------------------------|---------------|--------------|
| Cash and investments - beginning | \$ 5,353 | \$ 13,631 | \$ 179,855 | \$ 58,198 | \$ 3,779,815 |
| Receipts: | | | | | |
| Taxes | - | - | - | - | 1,288,632 |
| Licenses and permits | - | - | - | - | 5,779 |
| Intergovernmental receipts | - | - | - | - | 4,289,851 |
| Charges for services | - | - | - | - | 346,755 |
| Fines and forfeits | - | - | - | - | 239,897 |
| Utility fees | - | - | - | - | 4,687,790 |
| Penalties | - | - | - | - | 35,478 |
| Other receipts | - | - | - | 705,148 | 3,352,424 |
| Total receipts | - | - | - | 705,148 | 14,246,606 |
| Disbursements: | | | | | |
| Personal services | - | - | - | - | 1,569,908 |
| Supplies | - | - | - | - | 165,290 |
| Other services and charges | - | - | - | - | 519,103 |
| Debt service - principal and interest | - | - | - | - | 440,212 |
| Capital outlay | 5,353 | 10,321 | - | - | 4,180,428 |
| Utility operating expenses | - | 3,310 | - | - | 4,126,301 |
| Other disbursements | - | - | - | 711,356 | 2,908,903 |
| Total disbursements | 5,353 | 13,631 | - | 711,356 | 13,910,145 |
| Excess (deficiency) of receipts over disbursements | (5,353) | (13,631) | - | (6,208) | 336,461 |
| Cash and investments - ending | \$ - | \$ - | \$ 179,855 | \$ 51,990 | \$ 4,116,276 |

TOWN OF WALKERTON
 SCHEDULE OF PAYABLES AND RECEIVABLES
 December 31, 2014

| Government or Enterprise | Accounts Payable | Accounts Receivable |
|--------------------------|---------------------|------------------------|
| Electric | \$ 24,330 | \$ 2,526 |
| Trash | 9,936 | - |
| Wastewater | 7,077 | 1,282 |
| Water | 31,418 | 2,331 |
| Governmental activities | <u>70,206</u> | <u>75,875</u> |
| Totals | <u>\$ 142,967</u> | <u>\$ 82,014</u> |

TOWN OF WALKERTON
SCHEDULE OF LEASES AND DEBT
December 31, 2014

| Lessor | Purpose | Annual Lease Payment | Lease Beginning Date | Lease Ending Date |
|--------------------------------|--|----------------------------|----------------------------|-------------------------|
| Governmental activities: | | | | |
| First Source Bank | Police Car Lease | \$ 5,959 | 6/24/2014 | 6/24/2018 |
| First Source Bank | Fire Truck Lease | 28,848 | 2/15/2014 | 2/15/2019 |
| Walkerton Building Corporation | Ad Valorem Prop Tax Lease Rental Bonds | <u>138,000</u> | 12/31/2013 | 12/31/2032 |
| Total of annual lease payments | | <u>\$ 172,807</u> | | |

| Type | Description of Debt Purpose | Ending Principal Balance | Principal and Interest Due Within One Year |
|--------------------------|---|--------------------------------|---|
| Governmental activities: | | | |
| General obligation bonds | Park District Bonds of 2011 | \$ 245,000 | \$ 72,475 |
| Wastewater: | | | |
| Revenue bonds | Wastewater Facility and Sewer Works Project of 2011 | 274,000 | 74,043 |
| Revenue bonds | Wastewater Facility and Sewer Works Project of 2014 | <u>2,742,000</u> | <u>92,185</u> |
| Total wastewater | | <u>3,016,000</u> | <u>166,228</u> |
| Water: | | | |
| Revenue bonds | Water Tower / Distribution Improvement | <u>1,236,000</u> | <u>174,844</u> |
| Totals | | <u>\$ 4,497,000</u> | <u>\$ 413,547</u> |

TOWN OF WALKERTON
SCHEDULE OF CAPITAL ASSETS
December 31, 2014

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

| | Ending Balance |
|------------------------------------|-------------------|
| Governmental activities: | |
| Land | \$ 429,000 |
| Infrastructure | 14,110 |
| Buildings | 7,071,458 |
| Improvements other than buildings | 102,000 |
| Machinery, equipment, and vehicles | 3,148,951 |
| Total governmental activities | 10,765,519 |
| Electric: | |
| Infrastructure | 1,499,050 |
| Buildings | 410,871 |
| Machinery, equipment, and vehicles | 1,834,593 |
| Total Electric | 3,744,514 |
| Wastewater: | |
| Infrastructure | 1,736,619 |
| Buildings | 4,968,386 |
| Machinery, equipment, and vehicles | 928,813 |
| Total Wastewater | 7,633,818 |
| Water: | |
| Infrastructure | 2,733,483 |
| Buildings | 268,408 |
| Machinery, equipment, and vehicles | 244,573 |
| Total Water | 3,246,464 |
| Total capital assets | \$ 25,390,315 |

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF THE TOWN OF WALKERTON, ST. JOSEPH COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited the Town of Walkerton's (Town) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2014. The Town's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on the Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2014.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-003. Our opinion on the major federal program is not modified with respect to this matter.

The Town's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance


Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003 and 2014-004 to be material weaknesses.

The Town's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Town's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

February 23, 2017

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the Town. The schedule and notes are presented as intended by the Town.

TOWN OF WALKERTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

| Federal Grantor Agency Cluster Title/Program Title/Project Title | Pass-Through Entity or Direct Grant | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Pass-Through To Subrecipient | Total Federal Awards Expended |
|--|---|---------------------------|--|---------------------------------|-------------------------------------|
| <u>Department of Agriculture</u> | | | | | |
| Water and Waste Program Cluster | | | | | |
| Water and Waste Disposal Systems for Rural Communities | Direct | 10.760 | | | |
| Wastewater Project | | | 92-05 | \$ - | \$ 905,031 |
| Wastewater Project | | | 92-04 | - | 2,742,000 |
| | | | | - | 3,647,031 |
| Total - Water and Waste Program Cluster | | | | - | 3,647,031 |
| Total - Department of Agriculture | | | | - | 3,647,031 |
| <u>Department of Housing and Urban Development</u> | | | | | |
| CDBG - State-Administered CDBG Cluster | | | | | |
| Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii | Indiana Office of Community & Rural Affairs | | | | |
| Wastewater Project | | 14.228 | D-12-CD-18-0001 | - | 380,497 |
| Total - CDBG - State-Administered CDBG Cluster | | | | - | 380,497 |
| Total - Department of Housing and Urban Development | | | | - | 380,497 |
| Total federal awards expended | | | | \$ - | \$ 4,027,528 |

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF WALKERTON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. *Basis of Presentation*

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the Town under programs of the federal government for the year ended December 31, 2014. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the Town, it is not intended to and does not present the financial position of the Town.

Note 2. *Summary of Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

TOWN OF WALKERTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

| | |
|--|--|
| Type of auditor's report issued: | Adverse as to GAAP; Unmodified as to Regulatory Basis |
| Internal control over financial reporting: | |
| Material weaknesses identified? | yes |
| Significant deficiencies identified? | none reported |
| Noncompliance material to financial statement noted? | yes |

Federal Awards:

| | |
|---|---------------|
| Internal control over major program: | |
| Material weaknesses identified? | yes |
| Significant deficiencies identified? | none reported |
| Type of auditor's report issued on compliance for major program: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133? | yes |

Identification of Major Program:

_____ Name of Federal Program or Cluster _____

Water and Waste Program Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

| | |
|--|----|
| Auditee qualified as low-risk auditee? | no |
|--|----|

Section II - Financial Statement Findings

FINDING 2014-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition

The Town failed to establish or properly implement effective internal controls over cash and investments, receipts, vendor and payroll disbursements, and the Schedule of Expenditures of Federal Awards (SEFA).

Cash and Investments

The Town failed to document an oversight or review process over the monthly bank reconciliements.

TOWN OF WALKERTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Receipts and Vendor Disbursements

The Town had controls for ensuring the accurate recording and processing of receipts and vendor disbursements. However, the controls were not properly implemented. The Town failed to document a review process over receipts that were entered into the financial software and over vendor disbursements that were generated by the financial software.

Payroll Disbursements

The Town paid its employees on various pay schedules. Town employees were paid bi-weekly, quarterly, bi-monthly, or monthly. The Town did not properly document a review process over payroll transactions.

SEFA

One employee prepared, submitted, and certified the SEFA without a review or approval process. There were no controls to ensure accurate reporting of federal awards.

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. . . ."

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with section .310. . . ."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

TOWN OF WALKERTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Cause

Management of the Town had not established a proper system of internal controls. An evaluation of the Town's system of internal control had not been conducted and management had not conducted a risk assessment related to the Town's financial reporting and transactions.

Effect

The failure to establish or properly implement controls could have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the Town at risk that controls may not have been either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, misstatements in a timely manner.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

TOWN OF WALKERTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2014-002 - FINANCIAL CLOSE AND REPORTING

Condition

The Town did not have effective internal controls over the financial close and reporting process and over cash and investments, receipts, and disbursements of the Town Court. There were no controls to ensure that all financial transactions of the Town were reported in the Annual Financial Report which was used to generate the financial statement. In addition, the Town did not document a review or approval process related to the cash reconciliation, and the receipts and disbursements transactions of the Town Court.

The Town failed to report the financial transactions of the Town Court. This resulted in material misstatements of the cash and investment balances, receipts, and disbursements. The beginning cash and investments balance, receipts, disbursements, and ending cash and investment balance were underreported by \$58,198; \$705,148; \$711,356; and \$51,990, respectively.

Adjustments were proposed, accepted, and made to the financial statement.

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. . . ."

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."

Cause

Management of the Town Court had not established a proper system of internal control.

TOWN OF WALKERTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish or properly implement controls enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the Town at risk that controls may not have been either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, misstatements in a timely manner.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-003 - SUSPENSION AND DEBARMENT

Federal Agency: Department of Agriculture

Federal Program: Water and Waste Disposal Systems for Rural Communities

CFDA Number: 10.760

Federal Award Numbers and Years (or Other Identifying Numbers): 92-04, 92-05

Condition

An effective internal control system was not in place at the Town in order to ensure compliance with requirements related to the grant agreement and the Suspension and Debarment compliance requirement.

The Town failed to comply with the Suspension and Debarment requirements. As part of the Wastewater Project, the Town contracted with an engineering firm to oversee the project. The Town failed to verify that the engineering firm selected by the Town was not suspended or debarred from participation in federal programs.

Context

This is considered an isolated incident because it only happened one time.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

TOWN OF WALKERTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

Management had not developed a system of internal controls to ensure compliance with the Suspension and Debarment requirements.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the Town.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Town's management establish controls to ensure compliance and to comply with the Suspension and Debarment requirements of the program.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2014-004 - INTERNAL CONTROL OVER WATER AND WASTE PROGRAM CLUSTER

Federal Agency: Department of Agriculture

Federal Program: Water and Waste Disposal Systems for Rural Communities

CFDA Number: 10.760

Federal Award Numbers and Years (or Other Identifying Numbers): 92-04, 92-05

Condition

An effective internal control system was not in place at the Town in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Cash Management, Davis-Bacon Act, Equipment and Real Property Management, and Reporting.

Cash Management

The Town had not established effective internal controls to minimize the time lapse between incurring a cost, issuing the related payment, and requesting the associated reimbursement.

Davis-Bacon Act

The Town had not established effective internal controls to ensure that contractors paid prevailing wage rates.

TOWN OF WALKERTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Equipment and Real Property Management

The Town had not established effective internal controls to ensure equipment and real property acquired with federal dollars were properly identified and accounted for in the Town's records.

Reporting

The Town had not established effective internal controls to ensure compliance with Reporting requirements.

Context

The lack of controls was a systemic problem. There were no documented controls over Cash Management, Davis-Bacon Act, Equipment and Real Property Management, or Reporting during the audit period.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system placed the Town at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also have allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Town's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the Town. The document is presented as intended by the Town.

TOWN OF WALKERTON
301 Michigan St.
Walkerton, Indiana 46574

(574)586-3711 Office

Office of the Clerk Treasurer

(574)586-2248 Fax

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: Theresa Buckmaster
Contact Phone Number: 574-586-3711
Description of Corrective Action Plan:

I concur with the finding.

Description of Corrective Action Plan:

I will put internal controls in place to make sure there is a review process over monthly bank reconciliation, the receipts and vendor distributions, as well as the payroll disbursements.

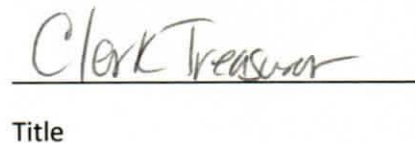
SEFA: If awarded a federal grant I will put internal controls in place for more than one person reviewing the reporting.

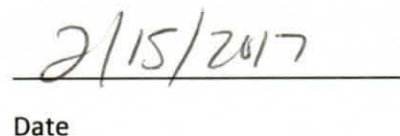
Anticipated Completion Date:

I will start with my January 2017 reconcilements and March 2017 for receipts, vendor and payroll transactions.

SEFA: As soon as we are awarded federal monies.


Signature


Title


Date

TOWN OF WALKERTON
301 Michigan St.
Walkerton, Indiana 46574

(574)586-3711 Office

Office of the Clerk Treasurer

(574)586-2248 Fax

CORRECTIVE ACTION PLAN

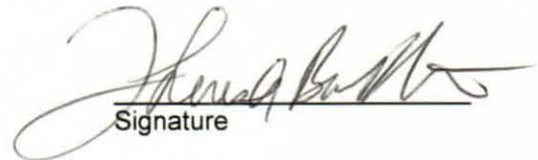
FINDING 2014-002

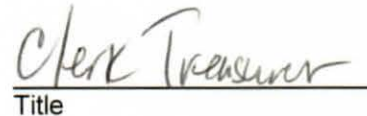
Contact Person Responsible for Corrective Action: Theresa Buckmaster
Contact Phone Number: 574-586-3711

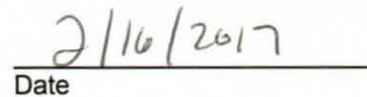
Description of Corrective Action Plan:

The courts financial data was entered in the 2014 annual report after the audit in 2017. I was not aware that the Town's Court financial data was to be reported in the Town's financial data for the AFR. I was never told in any prior audits that this was a requirement. I will work with the Court personnel and have an effective internal controls plan.

Anticipated Completion Date: Immediately


Signature


Title


Date

TOWN OF WALKERTON
301 Michigan St.
Walkerton, Indiana 46574

(574)586-3711 Office

Office of the Clerk Treasurer

(574)586-2248 Fax

CORRECTIVE ACTION PLAN

FINDING 2014-003

Contact Person Responsible for Corrective Action: Theresa Buckmaster
Contact Phone Number: 574-586-3711

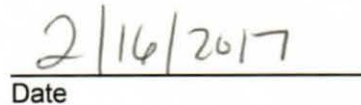
Description of Corrective Action Plan:

At the time of the agreements with the engineering firm the Town was not aware of the requirement for an engineering firm to be "verified of suspended or debarred from receiving federal funds". This requirement was fulfilled with the contractors on the project.

Anticipated Completion Date: Immediately. When contracting with engineering firm for a federal grant project we will ensure compliance.


Signature


Title


Date

TOWN OF WALKERTON
301 Michigan St.
Walkerton, Indiana 46574

(574)586-3711 Office

Office of the Clerk Treasurer

(574)586-2248 Fax

CORRECTIVE ACTION PLAN

FINDING 2014-004

Contact Person Responsible for Corrective Action: Theresa Buckmaster

Contact Phone Number: 574-586-3711

Description of Corrective Action Plan:

Description of Corrective Action Plan:

Cash Management:

Project invoices were submitted to the project engineer (sub-consultant) to review and approve; Said invoices were then presented to the Town Council by the project engineer (sub-consultant) at regularly scheduled Town Council meetings for review and approval; Once invoices were approved by the Town Council, the Walkerton Clerk-Treasurer would email the approved invoices to the grant administrator (sub-consultant) for review and the grant administrator (sub-consultant) would prepare the federal drawdown vouchers; Said federal drawdown vouchers were then emailed to the Clerk-Treasurer for signature and submission to federal agencies; Upon receipt of federal funds, the Clerk-Treasurer would email a copy of the federal fund deposit and checks written to grant administrator (sub-consultant) for posting. All checks were written within the 5 day requirement of receiving the deposits in the bank account. In the future I will have over sight in place as suggested by the SBOA.

Davis Bacon: Act:

Prior to the initiation of construction, a pre-construction meeting was conducted that included representation from the Town of Walkerton, engineering firm (sub-consultant), grant administrator (sub-consultant), and applicable contractors. At this meeting the applicable federal wage decision and the example payroll report was reviewed. The contractors were informed that weekly payroll reports were to be electronically submitted on a weekly basis to the grant administrator (sub-consultant) for review. In the event the contractor failed to submit weekly payroll reports, the Town of Walkerton would suspend payment until such time as documentation was received, reviewed and approved by the grant administrator (sub-consultant);

Once construction work began, these weekly payroll reports were submitted to the grant administrator (sub-consultant) for review. As stated at the pre-construction meeting, if there was a problem, it was the grant administrator's (sub-consultant's) responsibility to report the issues to the Town of Walkerton thus suspending the approval of said contractor invoices until such time as the problem was resolved; If no problems were detected, the grant administrator (sub-consultant) would provide a copy of said certified payroll reports and summary to the Town of Walkerton on a quarterly basis as requested by the Walkerton Town Council and Clerk-Treasurer's office for record-keeping purposes; At the end of the project, all of the certified payroll reports for each contractor and sub-contractor were reviewed by the federal funding agency and in the event of a problem; the Town of Walkerton would be

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Walkerton, Indiana 46574

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Office of the Clerk Treasurer

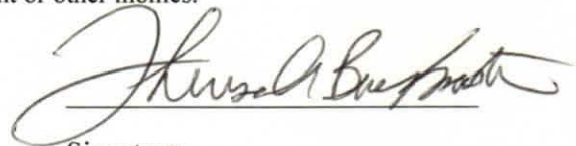
(574)586-2248 Fax

notified and charged with the task of resolving the problem via the assistance of their grant administrator (sub-consultant). In the future I will have over sight in place as suggested by the SBOA.

Equipment and Real Property Management: I will establish internal controls to ensure the equipment and real property are accounted for in the Town's records.

Reporting: I will implement better documentation of reporting to ensure compliance.

Anticipated Completion Date: At the time of being awarded a grant or other monies.



Signature



Title



Date

OTHER REPORTS

In addition to this report, other reports may have been issued for the Town. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.