

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF WALKERTON

ST. JOSEPH COUNTY, INDIANA

January 1, 2021 to December 31, 2021



FILED
07/29/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Theresa Buckmaster	01-01-21 to 12-31-22
President of the Town Council	Gene Reese	01-01-21 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the Town of Walkerton (Town), for the period from January 1, 2021 to December 31, 2021. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Town. It should be read in conjunction with our Financial Statement Audit Report of the Town, which provides our opinions on the Town's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE
Deputy State Examiner

June 29, 2022

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CLERK-TREASURER
TOWN OF WALKERTON

CLERK-TREASURER
TOWN OF WALKERTON
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCE

The same comment appeared in prior Report B57264.

Condition and Context

The Motor Vehicle Highway (MVH) fund had an overdrawn cash balance of \$24,737 at December 31, 2021. The MVH fund still had an overdrawn cash fund balance as of June 2022.

Criteria

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. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

The same comment appeared in prior Report B57264.

Condition and Context

The Town reported the Motor Vehicle Highway (MVH) fund and Motor Vehicle Highway Restricted (MVH-R) fund as separate funds in the Annual Financial Report as required.

However, the Town did not establish the correct fund numbers for the MVH fund and the MVH-R sub-fund. The MVH fund number in the ledger was 708 rather than the required fund numbers 201 for the MVH fund and fund number 203 for the MVH-R sub-fund.

Furthermore, the Town did not allocate or deposit at least 50 percent of the distributions from the State Motor Vehicle Highway Account at the time of the receipt into the MVH-R fund. The Town receipted all the MVH distributions into the MVH fund and tracked the MVH-R distributions and expenditures by using different account codes within the MVH fund. The Town's ledger did not contain a separate MVH-R sub-fund as required.

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

Criteria

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

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

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 and Annual Operational Report.

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

CLERK TREASURER
TOWN OF WALKERTON
EXIT CONFERENCE

The contents of this report were discussed on June 29, 2022, with Theresa Buckmaster, Clerk-Treasurer, and Gene Reese, President of the Town Council.