

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

FINANCIAL STATEMENTS REVIEW REPORT

OF

TOWN OF WILKINSON

HANCOCK COUNTY, INDIANA

January 1, 2018 to December 31, 2021



**FILED**  
02/15/2023



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Accountant's Review Report .....	3-4
Financial Statements and Accompanying Notes:	
Statements of Receipts, Disbursements, and Cash and Investment	
Balances - Regulatory Basis .....	6-7
Notes to Financial Statements .....	8-11
Review Results and Comments:	
Approval of Disbursements .....	12
Motor Vehicle Highway (MVH) - Restricted Fund .....	13
Certification on Internal Control Standards .....	13-14
Training on Internal Control Standards .....	14
Exit Conference .....	15

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Janette Young	01-01-18 to 12-31-23
President of the Town Council	Dennis Fisher	01-01-18 to 12-31-23



## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

TO: THE OFFICIALS OF THE TOWN OF WILKINSON, HANCOCK COUNTY, INDIANA

We have reviewed the accompanying financial statements of the Town of Wilkinson (Town), for the period of January 1, 2018 to December 31, 2021. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Town's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***Management's Responsibilities for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a regulatory 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 comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This includes determining that the basis of accounting the Town uses is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements whether due to fraud or error.

### ***Accountant's Responsibilities***

Our responsibility is to conduct the review engagement in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the prescribed basis of accounting described in Note 1. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

INDEPENDENT ACCOUNTANT'S REVIEW REPORT  
(Continued)

***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the prescribed basis of accounting described in Note 1.

***Basis of Accounting***

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with 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 comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.



Beth Kelley, CPA, CFE  
Deputy State Examiner

February 2, 2023

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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

TOWN OF WILKINSON  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2018 and 2019

Fund	Cash and Investments		Cash and Investments		Cash and Investments		
	01-01-18	Receipts	Disbursements	12-31-18	Receipts	Disbursements	12-31-19
GENERAL FUND	\$ 178,303	\$ 186,875	\$ 221,084	\$ 144,094	\$ 228,486	\$ 174,025	\$ 198,554
MOTOR VEHICLE HIGHWAY	113,115	32,211	9,511	135,815	31,063	46,908	119,970
LOCAL ROAD & STREET	21,648	8,606	676	29,578	8,975	8,512	30,041
RIVERBOAT	14,987	2,870	240	17,617	2,760	6,375	14,002
PARK & RECREATION	12,135	2,000	-	14,135	2,000	-	16,135
RAINY DAY	36,481	-	720	35,761	-	50	35,711
COUNTY ECONOMIC DEVELOPMENT INCOME TAX (CEDIT)	19,634	7,750	5,217	22,167	8,717	9,385	21,499
CUM CAP IMP - CIG TAX	5,944	1,050	3,490	3,504	1,038	2,473	2,070
LOIT - PUBLIC SAFETY	23,046	16,283	-	39,329	18,449	10,113	47,665
FIRE PROTECTION TERRITORY	-	-	-	-	6,300	-	6,300
FIRE DONATIONS	-	-	-	-	-	-	-
ARP FUND	-	-	-	-	-	-	-
LOCAL LAW ENF CONT ED	59	100	-	159	514	-	673
GRANT	50,795	15,000	28,795	37,000	1,000	38,000	-
Garage Sale	99	95	55	139	120	141	118
Libary	-	309	94	215	103	186	132
CAR SHOW	-	-	-	-	-	-	-
PAYROLL	2,006	74,244	66,072	10,178	81,977	72,105	20,050
SEWAGE UTILITY OPERATING	250,655	81,681	71,472	260,864	84,931	111,948	233,847
Petty Cash	34	-	-	34	-	-	34
Totals	<u>\$ 728,941</u>	<u>\$ 429,074</u>	<u>\$ 407,426</u>	<u>\$ 750,589</u>	<u>\$ 476,433</u>	<u>\$ 480,221</u>	<u>\$ 746,801</u>

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

TOWN OF WILKINSON  
 STATEMENT OF RECEIPTS, DISBURSEMENTS,  
 AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Years Ended December 31, 2020 and 2021

Fund	Cash and Investments 01-01-20	Receipts	Disbursements	Cash and Investments 12-31-20	Receipts	Disbursements	Cash and Investments 12-31-21
GENERAL FUND	\$ 198,554	\$ 229,172	\$ 166,127	\$ 261,600	\$ 239,107	\$ 176,570	\$ 324,136
MOTOR VEHICLE HIGHWAY	119,970	29,693	9,112	140,551	30,320	9,055	161,815
LOCAL ROAD & STREET	30,041	8,742	8,430	30,352	9,702	6,717	33,337
RIVERBOAT	14,002	3,642	7,792	9,853	2,657	-	12,510
PARK & RECREATION	16,135	2,000	-	18,135	2,000	4,995	15,140
RAINY DAY	35,711	12,454	12,454	35,711	86,050	26,200	95,561
COUNTY ECONOMIC DEVELOPMENT INCOME TAX (CEDIT)	21,499	10,138	19,710	11,927	9,440	3,359	18,009
CUM CAP IMP - CIG TAX	2,070	611	1,227	1,455	923	307	2,070
LOIT - PUBLIC SAFETY	47,665	22,399	3,867	66,197	20,353	20,997	65,553
FIRE PROTECTION TERRITORY	6,300	-	-	6,300	-	-	6,300
FIRE DONATIONS	-	300	-	300	-	-	300
ARP FUND	-	-	-	-	51,250	47,637	3,614
LOCAL LAW ENF CONT ED	673	500	-	1,173	650	1,743	80
GRANT	-	1,000	1,000	-	-	-	-
Garage Sale	118	-	85	33	-	30	3
Libary	132	137	56	213	175	241	147
CAR SHOW	-	-	-	-	451	125	326
PAYROLL	20,050	67,161	78,973	8,237	78,995	81,926	5,307
SEWAGE UTILITY OPERATING	233,847	87,945	97,490	224,302	137,868	102,364	259,806
Petty Cash	34	-	-	34	-	-	34
Totals	<u>\$ 746,801</u>	<u>\$ 475,894</u>	<u>\$ 406,323</u>	<u>\$ 816,372</u>	<u>\$ 669,941</u>	<u>\$ 482,266</u>	<u>\$ 1,004,047</u>

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

TOWN OF WILKINSON  
NOTES TO FINANCIAL STATEMENTS

**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 statements present the financial information for the Town.

**B. Basis of Accounting**

The financial statements are 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 statements. 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 WILKINSON  
NOTES TO FINANCIAL STATEMENTS  
(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.

*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 statements. 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.

*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.

TOWN OF WILKINSON  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

*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 December 31 of the year preceding the budget year or January 15 of the budget year if the Town is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. 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 WILKINSON  
NOTES TO FINANCIAL STATEMENTS  
(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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

TOWN OF WILKINSON  
REVIEW RESULTS AND COMMENTS

**APPROVAL OF DISBURSEMENTS**

*Condition and Context*

The Town did not use the prescribed Accounts Payable Voucher (Town Form No. 39) or Accounts Payable Voucher Register (General Form No. 364) for disbursements. Also, disbursements selected for testing did not have supporting documentation showing they had been approved by the fiscal officer and governing body.

*Criteria*

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Indiana Code 5-11-10-2 states in part:

"(a) Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer.

(b) The state board of accounts shall prescribe a form which will permit claims from two (2) or more claimants to be listed on a single document and, when such list is signed by members of the governing body showing the claims and amounts allowed each claimant and the total claimed and allowed as listed on such document, it shall not be necessary for the members to sign each claim. . . ."

TOWN OF WILKINSON  
REVIEW RESULTS AND COMMENTS  
(Continued)

**MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND**

*Condition and Context*

In 2019, the Town failed to create and report the Motor Vehicle Highway (MVH) Restricted sub-fund as directed by the State Examiner. Therefore, the Town failed to allocate or deposit at least 50 percent of the distributions from the State Motor Vehicle Highway (MVH) Account at the time of the receipt, into an MVH Restricted sub-fund. Since the MVH Restricted sub-fund had not been created, we were not able to determine if the Town used at least 50 percent for the purposes specified in Indiana Code 8-14-1-5(c).

*Criteria*

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

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 . . .

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)

Indiana Code 8-14-1-5(c) states: "For funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions, and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

The same comment appeared in prior Report B51074.

*Condition and Context*

The Town certified on the Annual Financial Report that all personnel defined by Indiana Code 5-11-1-27(c) had received training concerning the internal control standards adopted by the Town; however, during the engagement, the Town could not provide supporting documentation showing all personnel had received training concerning the internal control standards.

TOWN OF WILKINSON  
REVIEW RESULTS AND COMMENTS  
(Continued)

*Criteria*

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

**TRAINING ON INTERNAL CONTROL STANDARDS**

The same comment appeared in prior Report B51074.

*Condition and Context*

The Town could not provide supporting documentation showing all required personnel had received training concerning internal control standards.

*Criteria*

Indiana Code 5-11-1-27(g) states in part:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that: . . .

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

TOWN OF WILKINSON  
EXIT CONFERENCE

The contents of this report were discussed on February 2, 2023, with Janette Young, Clerk-Treasurer, and Robert Heiden, Town Council member.