

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF WILLIAMSPORT

WARREN COUNTY, INDIANA

January 1, 2021 to December 31, 2022



**FILED**

06/09/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	William Lucas Michael D. Hutchison, CPA	01-01-21 to 02-28-21 03-01-21 to 12-31-23
President of the Town Council	Michael D. Hutchison, CPA (Vacant) Randy Wurtsbaugh W. Brian Jordan	01-01-21 to 02-28-21 03-01-21 to 03-03-21 03-04-21 to 12-31-22 01-01-23 to 12-31-23
Utility Office Manager	Melinda Story	01-01-21 to 12-31-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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TO: THE OFFICIALS OF THE TOWN OF WILLIAMSPORT, WARREN COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Williamsport (Town), for the period from January 1, 2021 to December 31, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the Town. It should be read in conjunction with the Financial Statement Audit Report of the Town, which provides our opinions on the Town's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

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

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

Beth Kelley, CPA, CFE  
Deputy State Examiner

May 30, 2023

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CLERK-TREASURER  
TOWN OF WILLIAMSPORT

CLERK-TREASURER  
TOWN OF WILLIAMSPORT  
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS**

The same comment also appeared in prior Report B57961.

*Condition and Context*

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

The Clerk-Treasurer entered and submitted the financial information for the Town into the Indiana Gateway for Government Units financial reporting system, which was the source for the Annual Financial Report and financial statement. There was no evidence of an internal control, such as an oversight, review, or approval process to ensure the accuracy of the information entered and submitted.

*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. . . ."

**ANNUAL FINANCIAL REPORT - OTHER INFORMATION**

*Condition and Context*

Financial and other information are required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units financial reporting system. The other information reported by the Town contained the following errors:

*Leases and Debt*

The Town overstated the Ending Principal Balance of its General Obligation Bonds by \$522,577 and overstated the principal and interest due by \$43,810, as of December 31, 2022.

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

The Town overstated the Ending Principal Balance of its Water Revenue Bonds by \$476,017 and overstated the principal and interest due by \$40,910, as of December 31, 2022.

An adjustment was proposed, accepted by the Town, and made to the Schedule of Leases and Debt presented as Other Information.

*Capital Assets*

The Town did not provide accurate subsidiary records to support the capital assets reported as of December 31, 2022.

*Accounts Payable and Accounts Receivable*

The Town did not provide supporting documentation for the accounts payable and accounts receivable amounts reported as of December 31, 2022.

*Criteria*

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

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

**CAPITAL ASSETS**

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

*Condition and Context*

The Town did not maintain a detailed listing of capital assets and did not provide evidence that a capital asset inventory had been completed at least every two years.

*Criteria*

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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

**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Town's certification on internal control standards made on the Indiana Gateway for Government Units financial reporting system was not made correctly for 2021 and 2022. The certification asserts that training on internal control standards was received by all applicable personnel; however, it was determined that all applicable personnel had not received this training.

*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](#)."

**FORM 100R - CERTIFIED REPORT FILED AFTER DUE DATE**

*Condition and Context*

The Town did not timely file a Certified Report of Names, Addresses, Duties, and Compensation of Public Employees (Form 100R) with the Indiana State Board of Accounts for 2021 and 2022. The report for 2021 was filed on February 9, 2022, which is nine days past the due date, and the report for 2022 was filed on February 3, 2023, which was three days past the due date.

*Criteria*

Indiana Code 5-11-13-1(b) states:

"Each audited entity shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of the officers, employees, and agents of the audited entity. The report shall indicate the respective duties and compensation of each officer, employee, and agent of the audited entity. The audited entity shall file the report in the office of the state examiner of the state board of accounts. The report must also indicate whether the political subdivision offers a health plan, a pension, and other benefits to full-time and part-time employees. However, no more than one (1) report covering the same officers, employees, and agents need be made from the state or any county, city, town, township, or school unit in any one year. The certification must be filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

**ERRORS ON CLAIMS**

*Condition and Context*

All vendor claims were included on an Accounts Payable Voucher (APV) Transaction List report and the report was certified by the governing body at their monthly Board meeting. However, the payroll claims for Town employees were not included on the APV Transaction List and were not approved by the Town Council for any pay period during the audit period.

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

*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. . . ."

CLERK-TREASURER  
TOWN OF WILLIAMSPORT  
EXIT CONFERENCE

The contents of this report were discussed on May 30, 2023, with Michael D. Hutchison, CPA, Clerk-Treasurer, and W. Brian Jordan, President of the Town Council.

TOWN COUNCIL  
TOWN OF WILLIAMSPORT

TOWN COUNCIL  
TOWN OF WILLIAMSPORT  
AUDIT RESULT AND COMMENT

**TRAINING ON INTERNAL CONTROL STANDARDS**

*Condition and Context*

The Town had adopted internal control standards; however, all applicable personnel had not received training over internal control standards during the audit period.

*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 COUNCIL  
TOWN OF WILLIAMSPORT  
EXIT CONFERENCE

The contents of this report were discussed on May 30, 2023, with Michael D. Hutchison, CPA, Clerk-Treasurer, and W. Brian Jordan, President of the Town Council.