

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF SUNMAN

RIPLEY COUNTY, INDIANA

January 1, 2018 to December 31, 2022



**FILED**  
11/06/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Chelsea Eckstein	01-01-18 to 07-19-18
	(Vacant)	07-20-18 to 07-22-18
	Janet Jenner	07-23-18 to 12-31-19
	Cheryl Taylor	01-01-20 to 12-31-23
President of the Town Council	Michael Wolff	01-01-18 to 03-21-19
	Harvey Dobson	03-22-19 to 12-31-19
	Don Foley	01-01-20 to 12-31-20
	Marilyn Decker	01-01-21 to 05-20-21
	Don Foley	05-21-21 to 12-31-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE TOWN OF SUNMAN, RIPLEY COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Sunman (Town), for the period from January 1, 2018 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 Statements Audit Report of the Town, which provides our opinions on the Town's financial statements. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we 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

October 26, 2023

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CLERK-TREASURER  
TOWN OF SUNMAN

CLERK-TREASURER  
TOWN OF SUNMAN  
AUDIT RESULTS AND COMMENTS

**CAPITAL ASSETS**

*Condition and Context*

The Town did not have a detailed listing of all capital assets owned to support amounts reported on the Annual Financial Report on the Indiana Gateway for Government Units financial reporting system.

*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)

**ACCOUNTING OF COVID-19 GRANTS**

*Condition and Context*

The Town did not properly account for the COVID-19 - Coronavirus Relief Fund (CRF) in accordance with the options outlined in State Examiner Directive 2020-3 (Directive).

The payroll reimbursement from the Indiana Finance Authority (IFA) was receipted into the CARES (COVID-19) IFA fund (grant fund). A claim was then prepared against the grant fund for the reimbursement. The claim was receipted into the General Fund, the Wastewater Utility Operating fund, and the Water Utility Operating fund. The full amount should have been claimed to the General Fund or Option One of the Directive should have been followed for the portion claimed to the other funds. By not creating reversing entries, expenditure activities were reflected in the incorrect fund and did not re-establish appropriations.

The CARES (COVID-19) IFA fund had a zero balance at year end.

*Criteria*

**All Reimbursements received from IFA shall be receipted into a separate CARES grant fund that is specific to IFA reimbursements. . . .**

Transactions for public health and safety payroll costs must be accounted for through one of these two prescribed options.

**Option One.** Reimbursements received from IFA shall be receipted into the separate CARES grant fund. The reimbursed amount for public health and safety payroll costs originally incurred in the general fund (or other fund) will be moved to the separate CARES grant fund through a reversing entry. This action will reinstate the general fund (or other fund) cash balance and re-appropriate the general fund (or other fund) in a similar manner to IC 6-1.1-18-9(1) for those disbursements. This reversal must be done in the same budget year that the original transaction was posted.

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

Once the disbursement is reversed within the general fund (or other fund), it must be posted as a disbursement in the separate CARES grant fund. Documentation must be maintained so the audit trail can be followed. The accounting system must tie the original claim for the disbursement to the separate CARES grant fund by specific reference or notation in a comment section.

Once option one is completed, the cash balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund. . . .**

**Option Two.** Reimbursements received from IFA shall be receipted into the separate CARES grant fund. A claim will be created against the separate CARES grant fund for the reimbursed amount in favor of the general fund. This claim must be supported by documentation of the public health and safety payroll costs that have been expensed from the general fund or other funds.

The amount of the claim will be receipted into the general fund cash balance. Normal appropriation procedures will apply to these funds.

Once option two is completed, the cash balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund. This option requires a resolution or ordinance as detailed in the memorandum CARES Reimbursement of Public Health and Safety Payroll Costs, September 30, 2020.**

(State Examiner Directive 2020-3)

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

#### *Condition and Context*

In 2019, 2020, and 2021, the Town failed to post at least 50 percent of the distributions from the State Motor Vehicle Highway (MVH) Account into the MVH Restricted fund. An additional \$49,820 should have been receipted into the MVH Restricted fund during those years.

#### *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 the House Enrolled Act 1002-2017 and House Enrolled Act 1290-2018. . . .

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)

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)



## ***Town of Sunman***

604. N. Meridian St. P.O. Box 147, Sunman, IN 47041

clerk@townofsunman.org

townofsunman.org

### OFFICIAL RESPONSE

Date: October 31, 2023

Indiana State Board of Accounts  
302 West Washington St. Room E418  
Indianapolis, IN 46204-2765

Re: 2023 Audit Results and Comments  
Civil Town of Sunman

Please find below the official response from the Town of Sunman.

#### CAPITAL ASSETS

The establishment of a comprehensive capital asset management tracking list is currently underway, marking a significant step towards accurate asset tracking and valuation. As part of this process, our staff and officials have begun the initial stages and have gathered the majority of information needed, which involves taking a physical inventory of our existing assets. Assets are being carefully recorded on Indiana State Form 369, General Fixed Asset Account Group, by Fund and Department or Building, ensuring an accurate representation of our holdings.

Additionally, efforts are being made to determine the value of each asset, a fundamental aspect of managing our capital. Following the guidelines provided by the SBOA Cities and Town Bulletin of December 2021, we have been working to implement a system that will record the acquisition of new assets and monitor their associated costs effectively.

We aim to complete this task by midyear 2024. By establishing a detailed list of our capital assets, we are paving the way for improved financial decision-making and ensuring the optimal allocation of resources. This initiative demonstrates our commitment to transparency and accountability, allowing us to make informed choices that will benefit our citizens and stakeholders alike.

#### ACCOUNTING OF COVID-19 GRANTS

To maintain the accuracy within the accounting records, the funds received were recorded as reimbursements to their respective accounts. As a result of this management, the CARES Act Fund reached a zero balance, demonstrating accurate reporting.

Town Hall/Utility Office 812-623-2066

Clerk-Treasurer Office 812-623-1375



Utility Superintendent 812-623-1378

Town Hall/Utility Fax 812-623-3545

In the future, the accounting of COVID-19 grants must be a continuous process, constantly reassessed and compared to the real-time situation. This approach is crucial for meeting fiscal responsibilities and ensuring the effective and efficient utilization of funds, all while adhering to the options outlined in the State Examiner Directives.

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

The MVH Restricted Sub Fund is a special revenue motor vehicle restricted sub-fund that dictates the allocation of funds for construction, reconstruction, and preservation within the Motor Vehicle Highway Fund. It is mandated that at least 50% of the distributions received from the state motor vehicle highway account be utilized for these purposes, and this allocation is meticulously accounted for in the MVH Restricted sub-fund.

In May 2021, a training session, titled AIM Budget Workshop Fund Names, Types, and Numbers, was attended by the clerk-treasurer, where the matter of the restricted fund was raised. Concerns were expressed to the Council regarding the Town's noncompliance with the directive, and beginning in June 2021, compliance was achieved, and we have successfully upheld the directive without failure since. This demonstrates our dedication to adhering to regulations and ensuring the proper use of funds for the betterment of our motor vehicle highway infrastructure.

Best regards,

  
Cheryl A. Taylor  
Clerk-Treasurer

CLERK-TREASURER  
TOWN OF SUNMAN  
EXIT CONFERENCE

The contents of this report were discussed on October 26, 2023, with Cheryl Taylor, Clerk-Treasurer; Don Foley, President of the Town Council; Carol Eckstein, Town Council member, Sharron Bennett, Town Council member; and John Kellerman, Town Attorney.