

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF CHESTERFIELD

MADISON COUNTY, INDIANA

January 1, 2022 to December 31, 2023



**FILED**  
04/18/2024



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Clerk-Treasurer:	
Audit Results and Comments:	
Timely Recording .....	6
Internal Control over Annual Financial Report.....	6-7
Official Response.....	8
Exit Conference .....	9

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Deborah Dunham	01-01-22 to 12-31-24
President of the Town Council	Ed Leonard	01-01-22 to 12-31-24
Superintendent of the Water Utility	Daniel Wooten	01-01-22 to 12-31-24
Superintendent of the Wastewater Utility	Scott Schutte	01-01-22 to 12-31-24



**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 CHESTERFIELD, MADISON COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Chesterfield (Town), for the period from January 1, 2022 to December 31, 2023. 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

April 11, 2024

(This page intentionally left blank.)

CLERK-TREASURER  
TOWN OF CHESTERFIELD

CLERK-TREASURER  
TOWN OF CHESTERFIELD  
AUDIT RESULTS AND COMMENTS

**TIMELY RECORDING**

*Condition and Context*

Receipts and disbursements for the 2021A Construction Fund totaling \$711,398 and \$711,398, respectively, were not recorded in the Town's ledger for 2022. The activity was reported in the Town's Annual Financial Report as submitted in the Indiana Gateway for Government Units financial reporting system, which was the source of the financial statement.

*Criteria*

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**INTERNAL CONTROLS OVER ANNUAL FINANCIAL REPORT**

*Condition and Context*

Supplementary and Other Information is required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The Town had not established effective internal controls over the AFR information entered into Gateway, which resulted in the following errors:

*Leases and Debt*

- The Principal Due Within One Year for Sewage Bonds Revenue Series 2021B was understated by \$123,000.
- The Principal Due Within One Year for Sewage Bonds Revenue Series 2021A was understated by \$64,000.
- The Principal Due Within One Year for Waterworks Bond Anticipation Notes Series 2022A was overstated by \$1,952,000.
- The Principal Due Within One Year for Waterworks Bond Anticipation Notes Series 2022B was overstated by \$530,000.

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

- The Sewage Bonds Revenue Series 2023 was omitted from the Schedule of Leases and Debt, which resulted in the Ending Principal Balance being understated by \$334,000, and the Principal Due Within One Year being understated by \$2,000.

*Capital Assets*

- The Wastewater Buildings capital asset value was understated by \$59,155.

*Grants*

- Immaterial errors were noted with the amounts entered into Gateway for federal grants.

Adjustments were proposed, approved by the Town, and made to the Other Information presented in the Financial Statement Audit Report for the Town.

*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. . . ."

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. . . ."

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for Towns, Chapter 1)

April 15, 2024

To: John Gillespie at SBOA

Re: Chesterfield Audit

The Town has put in place internal controls effective immediately to have oversight after Clerk Treasurer enters into Gateway with Deputy Clerk reviewing. We have since hired a financial firm who will review before submission for possible errors. The debt errors were as my understanding not the same as requested on what is considered short and long term debt, causing errors.

I also had been trained in the past to include all grants on the debt schedule and was informed that only federal grants and monies were to be posted under the grant schedule.

Gateway asks for all grants and doesn't say "Federal only" on the schedule. The grant schedule has a column for local grants.

I was blessed to be able to have this audit now, as I am going into a period of several bans and bonds and was able to get a better understanding as to what is needed, and expected on our recordkeeping.

Thank you,

Deborah Dunham

Chesterfield Clerk Treasurer

CLERK-TREASURER  
TOWN OF CHESTERFIELD  
EXIT CONFERENCE

The contents of this report were discussed on April 11, 2024, with Deborah Dunham, Clerk-Treasurer, and Ed Leonard, President of the Town Council.