

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

COMPLIANCE EXAMINATION REPORT

OF

TOWN OF BARGERSVILLE

JOHNSON COUNTY, INDIANA

January 1, 2023 to December 31, 2023



**FILED**

09/18/2024



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SCHEDULE OF OFFICIALS

| <u>Office</u>                    | <u>Official</u>                 | <u>Term</u>                                  |
|----------------------------------|---------------------------------|--|
| Clerk-Treasurer                  | Nancy Kehl<br>Dustin Doyle      | 01-01-23 to 12-31-23<br>01-01-24 to 12-31-24 |
| President of the<br>Town Council | Susie Qualls<br>James Rumell II | 01-01-23 to 12-31-23<br>01-01-24 to 12-31-24 |



INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE FOR THE U.S. DEPARTMENT OF THE  
TREASURY CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM (SLFRF)  
REQUIREMENTS FOR AN ALTERNATIVE SLFRF COMPLIANCE EXAMINATION ENGAGEMENT

TO: THE MANAGEMENT OF THE TOWN OF BARGERSVILLE, JOHNSON COUNTY, INDIANA

We were engaged to examine the Town of Bargersville's (Town) compliance with the compliance requirements "activities allowed or unallowed" and "allowable costs/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving SLFRF Awards" of the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) section of the 2023 OMB *Compliance Supplement* (referred to herein as "Requirements for an Alternative SLFRF Compliance Examination Engagement") during the period January 1, 2023 to December 31, 2023.

Management of the Town is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town's compliance with the specified requirements based on our examination.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Town's compliance with the specified requirements referenced above.

As described in the accompanying Schedule of Findings and Responses, we were unable to obtain sufficient appropriate audit evidence supporting the Town's compliance with the "activities allowed or unallowed" and "allowable costs/costs principles" requirements as described in item 2023-001. As a result, we were unable to determine whether the Town complied with the requirements applicable to the Alternative SLFRF Compliance Examination Engagement.

Because of the limitation on the scope of our examination discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the Town's compliance with the compliance requirements "activities allowed or unallowed" and "allowable costs/cost principles" as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving SLFRF Awards" of the SLFRF section of the 2023 OMB *Compliance Supplement* during the period January 1, 2023 to December 31, 2023.

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE FOR THE U.S. DEPARTMENT OF THE  
TREASURY CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS PROGRAM (SLFRF)  
REQUIREMENTS FOR AN ALTERNATIVE SLFRF COMPLIANCE EXAMINATION ENGAGEMENT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud; and noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the Town's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We were engaged to express an opinion on the Town's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions.

Certain findings identified as item 2023-001 that are required to be reported under *Government Auditing Standards* were identified. Those findings, along with the views of responsible officials, are described in the attached Schedule of Findings and Responses.

**Intended Purpose**

The purpose of this examination report is solely to express an opinion on whether the Town complied, in all material respects with the specified requirements referenced above during the period January 1, 2023 to December 31, 2023. Accordingly, this report is not suitable for any other purpose.



Beth Kelley, CPA, CFE  
Deputy State Examiner

August 30, 2024

TOWN OF BARGERSVILLE  
SCHEDULE OF FINDINGS AND RESPONSES

***FINDING 2023-001***

Subject: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - Activities  
Allowed or Unallowed and Allowable Costs/Cost Principles

Federal Agency: Department of the Treasury

Federal Program: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Assistance Listings Number: 21.027

Federal Award Year: FY2023

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Modified Opinion

*Condition and Context*

Recipients may use State and Local Fiscal Recovery Funds (SLFRF) funds for any eligible expenses subject to the restrictions set forth in sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021 and amended by the Consolidated Appropriations Act of 2023. The SLFRF program provides substantial flexibility for each recipient to meet local needs within seven separate eligible use categories. Recipients may use SLFRF funds to:

- Respond to the COVID-19 public health emergency and its negative economic impacts;
- Respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of eligible employers that have eligible workers who are performing essential work;
- Provide government services, to the extent COVID-19 caused a reduction in revenues collected in the most recent full fiscal year of the recipient;
- Make necessary investments in water, sewer, or broadband infrastructure;
- Provide emergency relief from natural disasters or their negative economic impacts;
- Fund eligible Surface Transportation projects; and
- Fund Title I projects that are eligible activities under the Community Development Block Grant and Inana Community Development Block Grant programs.

As part of sound management of the Federal award, the Town was responsible for implementing a system of internal controls that would ensure compliance with the applicable requirements. The Town did not properly design or implement such a system.

The Town elected to receive the standard revenue loss allowance, allowing them to claim its total SLFRF allocation of \$1,823,339 as revenue loss to use for government services. On January 31, 2023, the Town Council approved the transfer of \$750,000 of SLFRF funds from the ARPA Grant Fund to the Park Bond 2022 Operating/Construction (Park Bond) fund. The transfer allowed for federal grant funds to be commingled with bond proceeds.

TOWN OF BARGERSVILLE  
SCHEDULE OF FINDINGS AND RESPONSES  
(Continued)

During the engagement period, expenditures for two parks department construction projects were disbursed from the Park Bond fund. However, since the transfer of SLFRF funds into the Park Bond fund commingled receipts, and the Town did not ensure there was an appropriate system of internal controls in place to account for the federal expenditures separately from the bond proceeds expenditures, we were unable to determine a population of federal expenditures. Without a population of expenditures, we were unable to determine the Town's compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements. As such, the \$750,000 transferred to the Park Bond fund is considered questioned costs.

The lack of controls and appropriate documentation to test the compliance requirements was isolated to the situation described above.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.302 states:

"(a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. . . ."

(b) The financial management system of each non-Federal entity must provide for the following . . .

- (1) Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the Assistance Listings title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any.
- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 and 200.329. . . .

TOWN OF BARGERSVILLE  
SCHEDULE OF FINDINGS AND RESPONSES  
(Continued)

- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, financial obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.
- (4) Effective control over, and accountability for, all funds, property, and other assets. . . ."

*Cause*

A proper system of internal controls was not designed by management of the Town. Embedded within a properly designed and implemented internal control system should be internal controls consisting of policies and procedures. Policies reflect the Town's management statements of what should be done to effect internal controls, and procedures should consist of actions that would implement these policies. Due to the lack of internal controls, the Town was unable to differentiate expenditures made from federal and non-federal funds once it commingled bond proceeds and federal grant awards into a single fund within its ledger.

*Effect*

Without the proper implementation of an effectively designed system of internal controls, the Town cannot identify the expenditures paid with federal grant funds. As such the Town cannot ensure nor can we determine that expenditures of the grant were not unallowable and adhered to established practices and policies.

*Questioned Costs*

We identified \$750,000 in known questioned costs as noted above in the *Condition and Context*.

*Recommendation*

We recommended that management of the Town establish a system of internal controls to ensure that grant award funds are accounted for and tracked in a designated grant fund. All activity of the grant should be in this fund with supporting documentation for each transaction.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the Town. The document is presented as intended by the Town.

FINDING 2023-001

Finding Subject: COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Activities Allowed or Unallowed & Allowable Costs / Cost Principles

**Summary of Finding:**

Recipients may use State and Local Fiscal Recovery Funds SLFRF funds for any eligible expenses subject to the restrictions set forth in sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021 and amended by the Consolidated Appropriations Act of 2023. The SLFRF program provides substantial flexibility for each recipient to meet local needs within seven separate eligible use categories. Recipients may use SLFRF funds to:

- Respond to the COVID-19 public health emergency and its negative economic impacts;
- Respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers of eligible employers that have eligible workers who are performing essential work;
- Provide government services, to the extent COVID-19 caused a reduction in revenues collected in the most recent full fiscal year of the recipient;
- Make necessary investments in water, sewer, or broadband infrastructure;
- Provide emergency relief from natural disasters or their negative economic impacts;
- Fund eligible Surface Transportation projects; and
- Fund Title I projects that are eligible activities under the Community Development Block Grant and Inana Community Development Block Grant programs.

The Town of Bargersville (Town) was awarded a total of \$1,823,339 as part of the State and Local Fiscal Recovery Funds (SLFRF) grant. The Town elected revenue replacement as the eligible use category for all the SLFRF grant funds. On January 31st, 2023, the Town Council approved the transfer of \$750,000 of SLFRF funds from the ARPA Grant Fund into the Park Bond 2022 Operating/Construction (Park Bond) fund, which comingled the federal grant funds with bond proceeds. Expenditures for two parks department construction projects were disbursed from the Park Bond fund and the Town did not ensure there was an appropriate system in place to track federal expenditures separately from the bond proceeds expenditures.

We were unable to obtain a population of federal expenditures due to the comingling of federal money and bond proceeds in the same fund, therefore, the Activities Allowed or Unallowed & Allowable Costs / Cost Principles compliance requirements could not be tested to ensure the Town met the requirements of the grant. As we were unable to obtain sufficient audit evidence, the \$750,000 transferred will be considered questioned costs.

The lack of internal controls and noncompliance were systemic throughout the engagement period.

**Contact Person Responsible for Corrective Action:**

R. Dustin Doyle  
Clerk-Treasure

**Contact Phone Number and Email Address:**

317-422-3102  
ddoyle@bargersville.in.gov

**Views of Responsible Officials:**

We concur with the findings.

**Description of Corrective Action Plan:**

The Town of Bargersville is immediately implementing a separate journal entry that will match any pay apps for federally approved projects. We will no longer ask for council approval for movement of the journal entry, instead it will work as such;

1. Approval of use of federal grant funds by council for a project.
2. Invoices for approved federal expenditures will be paid from the pooled cash account and directly journaled to the federal grant.
3. When the federal grant dollars have been expended, funds from other sources will then take over.

Putting these controls in place will ensure proper tracking of federal grants to specific invoices.

**Anticipated Completion Date:**

Completion date is now, 8/30/2024. All federal grants are now in their proper journal and will be used when council approves such expenditures that will adhere to federal requirements.

R. Dustin Doyle  
Clerk Treasurer, Town of Bargersville

## OTHER REPORTS

In addition to this report, other reports may have been issued for the Town. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.