

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF JAMESTOWN

BOONE COUNTY, INDIANA

January 1, 2019 to December 31, 2020



FILED
12/22/2021

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Tamara "Katie" Conyer	01-01-19 to 09-12-19
	Catrina Shroll	09-13-19 to 10-23-20
	(Vacant)	10-24-20 to 11-16-20
	Lori Hieston	11-17-20 to 12-31-21
President of the Town Council	Chassity Hawkins	01-01-19 to 12-31-19
	Shane Childress	01-01-20 to 02-18-20
	(Vacant)	02-19-20 to 03-05-20
	David Phelps	03-06-20 to 09-07-21
	Chassity Hawkins	09-08-21 to 12-31-21



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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TO: THE OFFICIALS OF THE TOWN OF JAMESTOWN, BOONE COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Jamestown (Town), for the period from January 1, 2019 to December 31, 2020. 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 our 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/.

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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

December 15, 2021

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CLERK-TREASURER
TOWN OF JAMESTOWN

CLERK-TREASURER
TOWN OF JAMESTOWN
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

A similar comment also appeared in prior Report B56009.

Condition and Context

There were deficiencies in the internal control system for the Town related to cash and investments, receipts, disbursements, and financial close and reporting.

Cash and Investments

Internal controls over cash and investments were not properly implemented. Monthly bank reconciliations were to be prepared by the Clerk-Treasurer and reviewed by the Town Council; however, adequate evidence was not presented to verify the reviews had been performed for 13 of 24 months.

Receipts

Internal controls over receipts were in place but were not effective, which caused the financial statement to contain material errors due to the omission of the State Revolving Loan Funds and related construction activity of the Wastewater and Stormwater Utilities.

Disbursements

Internal controls over disbursements were in place but were not effective, which caused the financial statement to contain material errors due to the omission of the State Revolving Loan Funds and related construction activity of the Wastewater and Stormwater Utilities.

Financial Close and Reporting

The Annual Financial Report uploaded into the Indiana Gateway for Governmental Units financial reporting system was prepared and submitted solely by the Clerk-Treasurer without any evidence of an effective oversight, review, or approval process in place to ensure the accuracy of the report.

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.

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

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. . . ."

FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

The Town did not record in its ledgers, nor reported in its financial statement, the beginning and ending cash balances, receipt, or disbursement activity of the following wastewater State Revolving Loan Fund accounts at Bank of New York Mellon for 2019 or 2020:

1. Sewer Utility Bond & Interest fund - The beginning and ending cash balances, receipts, and disbursements were not recorded in the financial records or reported in the financial statement.
2. Sewer Construction - The beginning and ending cash balances, receipts, and disbursements were not recorded in the financial records or reported in the financial statement.
3. Sewer Bond & Interest Reserve - Interest totaling \$1,255 was not recorded in the financial records or reported in the financial statement.

Additionally, the Town had a flood control loan (loan) with the State Revolving Loan Fund. This loan did not require a paying agent agreement, and, therefore, the Indiana Finance Authority (IFA) maintained the activity of the project within its financial records and bank accounts on behalf of the Town. The entire loan amount of \$150,000 was drawn down and paid out to vendors direct from IFA during 2020 at the request of Town officials, but the activity was not recorded in the Town's financial records or reported in its financial statement. A Stormwater Construction fund has been added to the financial statement to reflect this activity.

Audit adjustments were proposed, accepted by the Town, and made to 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)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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

ACCOUNTING OF THE IFA ADMINISTERED CRF MONEY

Condition and Context

The Town did not properly account for the Coronavirus Relief Fund (CRF) as outlined in State Examiner Directive 2020-3 (the Directive).

The Town did not follow one of the two defined options as outlined in the Directive for its public health and safety payroll costs. The Town receipted the reimbursement into the CARES/COVID-19 GRANT fund on December 21, 2020, but did not transfer the balance to the General Fund until September 2021. The balance in the fund at December 31, 2020, was \$26,948.

Criteria

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.

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)

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

CAPITAL ASSETS

Condition and Context

The Town had not updated its detailed listing of capital assets since 2018 or performed physical inventories 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 JAMESTOWN
EXIT CONFERENCE

The contents of this report were discussed on December 15, 2021, with Lori Hieston, Clerk-Treasurer, and Carol Leeke, Town Council member.

TOWN COUNCIL
TOWN OF JAMESTOWN

TOWN COUNCIL
TOWN OF JAMESTOWN
AUDIT RESULT AND COMMENT

CAPITAL ASSETS

Condition and Context

The Town did not have a capital asset policy in place detailing the threshold at which an item is considered a capital asset.

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)

TOWN COUNCIL
TOWN OF JAMESTOWN
EXIT CONFERENCE

The contents of this report were discussed on December 15, 2021, with Lori Hieston, Clerk-Treasurer, and Carol Leeke, Town Council member.