

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF CHRISNEY

SPENCER COUNTY, INDIANA

January 1, 2020 to December 31, 2020



FILED
02/22/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kimberly Litkenhus	01-01-20 to 12-31-22
President of the Town Council	Neal Dougan	01-01-20 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF CHRISNEY, SPENCER COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Chrisney (Town), for the period from January 1, 2020 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 Result and Comment contained herein describes the identified reportable instance 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 Result and Comment, incorporated within this report, was not verified for accuracy.

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

February 17, 2022

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CLERK-TREASURER
TOWN OF CHRISNEY

CLERK-TREASURER
TOWN OF CHRISNEY
AUDIT RESULT AND COMMENT

ACCOUNTING AND APPROPRIATION OF COVID-19 GRANTS

Condition and Context

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

The Town did not properly establish a separate CARES grant fund for the CRF grant that followed the uniform chart of accounts. The Town established fund 264, the CARES Relief Fund, instead of following the *Accounting and Appropriation of COVID-19 Grants* memo dated April 29, 2020, which indicated the Town could utilize any fund number between 150-175, and the *Cares Act Fund Numbers* memo dated April 20, 2020, which indicated the Town should use fund number 264 specifically for Medicare fee-for-service reimbursements.

Additionally, the Town posted expenses directly to the CARES Relief Fund after October 22, 2020, instead of utilizing framework one as outlined in the Directive. This caused the CARES Relief Fund to have a cash balance deficit of \$2,507 at year end. The associated reimbursement was received in 2021 and appropriately offset the deficit.

Criteria

Each local unit of government that receives an allocation from the Coronavirus Relief Fund administered by IFA shall establish a separate CARES grant fund with a fund number consistent with memorandum *Accounting and Appropriation of COVID-19 Grants, April 29, 2020* (updated September 29, 2020). . . .

Transactions for other permitted costs reimbursed by IFA must be accounted for through one of the following prescribed frameworks.

Framework One. Reimbursements received from IFA shall be receipted into the separate CARES grant fund. Reimbursed disbursements originally incurred in another fund will be moved to the separate CARES grant fund through a reversing entry. This action will reinstate the fund cash balance and re-appropriate the 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 CHRISNEY
AUDIT RESULT AND COMMENT
(Continued)

Once the disbursement is reversed within the original 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 these steps are completed, the balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund.** . . .

Framework Three. If you have created a negative balance in your CARES fund based on expenditures made in anticipation of receipt of reimbursement for allowable expenditures where invoices have already been submitted to IFA then leave as is and receipt reimbursement when received, bringing the balance in the separate CARES grant fund to zero. Going forward, expend any anticipated allowable expenditures from a fund with an appropriation and follow framework one. If a negative balance in the CARES grant fund is not fully reimbursed, then the unreimbursed amount will require a reverse entry and posting of the expenditure to the general or other appropriate fund within an appropriated line item.

Once these steps are completed, the balance of the separate CARES grant fund will be zero. **No money shall remain in the separate CARES grant fund.** . . . (State Examiner Directive 2020-3)

In anticipation of several separate fund being necessary, the following fund numbering system should be followed: . . .

Cities/Towns: 150-175 . . .

(Accounting and Appropriations of COVID-19 Grants Memorandum)

To properly track assistance from the Provider Relief Fund, use the following Fund Number and Name: . . .

Cities and Towns Fund Number and Name
264 CARES Provider Relief Fund . . .

(Cares Act Fund Numbers Memorandum)

CLERK-TREASURER
TOWN OF CHRISNEY
EXIT CONFERENCE

The contents of this report were discussed on February 17, 2022, with Kimberly Litkenhus, Clerk-Treasurer; Neal Dougan, President of the Town Council; Mason Seay, Vice President of the Town Council; and Chris Anderson, Town Council member.