

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF SUMMITVILLE

MADISON COUNTY, INDIANA

January 1, 2020 to December 31, 2020



**FILED**  
03/15/2022



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kelley Kornbroke Robin McKee	01-01-20 to 06-03-20 06-04-20 to 12-31-22
President of the Town Council	DeeAnna Stitt	01-01-20 to 12-31-22



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF TOWN OF SUMMITVILLE, MADISON COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Summitville (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/](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

February 24, 2022

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CLERK-TREASURER  
TOWN OF SUMMITVILLE

CLERK-TREASURER  
TOWN OF SUMMITVILLE  
AUDIT RESULTS AND COMMENTS

**ACCOUNTING FOR CORONAVIRUS RELIEF FUNDS**

*Condition and Context*

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

The Town did not properly establish a separate CARES grant fund that followed the uniform chart of accounts. Instead, the Town utilized a fund number, fund 264, that was specified for another CARES purpose.

The Town issued a check from its CARES grant fund to the General Fund as outlined in the Directive for public health and safety payroll expenses; however, the check was issued without the adoption of an ordinance or resolution. Additionally, a check was issued from the CARES grant fund to the General Fund for non-payroll expenses. However, as outlined in Framework One, the non-payroll expenditures upon which the reimbursement was based should have been reversed and recorded in the CARES fund, which would have allowed for the proper processing and recording of the CARES activity and the reinstatement of the cash balance and appropriation of the originating fund.

*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 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. . . .

**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.

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

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. . . .**

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.

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. . . .** (State Examiner Directive 2020-3)

**TOWN FUNDS HELD IN AN UNAPPROVED DEPOSITORY**

*Condition and Context*

Town funds totaling \$70,848 as of December 31, 2020, were held in an unapproved depository.

*Criteria*

Indiana Code 5-13-6-1(d) states in part:

"Except as provided in subsection (g), a city . . . or a town shall deposit funds not later than the next business day following the receipt of the funds in depositories:

- (1) selected by the city or town as provided in an ordinance adopted by the city or the town; and
- (2) approved as depositories of state funds."

CLERK-TREASURER  
TOWN OF SUMMITVILLE  
EXIT CONFERENCE

The contents of this report were discussed on February 24, 2022, with Robin McKee, Clerk-Treasurer, and DeeAnna Stitt, President of the Town Council.