

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, 2020 to December 31, 2021



FILED

10/25/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Deborah Dunham	01-01-20 to 12-31-22
President of the Town Council	Scott Hardin Ed Leonard	01-01-20 to 06-29-20 06-30-20 to 12-31-22
Superintendent of Water Utility	Daniel Wooten	01-01-20 to 12-31-22
Superintendent of Wastewater Utility	Scott Schutte	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 CHESTERFIELD, MADISON COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Chesterfield (Town), for the period from January 1, 2020 to December 31, 2021. 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

October 6, 2022

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CLERK-TREASURER
TOWN OF CHESTERFIELD

CLERK-TREASURER
TOWN OF CHESTERFIELD
AUDIT RESULT AND COMMENT

ACCOUNTING FOR IFA ADMINISTERED CORONAVIRUS RELIEF FUNDS

Condition and Context

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

The Town receipted the Indiana Finance Authority reimbursements for public health and safety payroll costs of \$88,543 into the COVID 19 Grant fund (CARES fund). Expenditures for non-payroll expenses totaling \$69,096 were then inappropriately paid from the CARES fund without appropriation. The remaining amount of \$19,447 was correctly claimed to the General Fund leaving a zero balance in the CARES fund as of December 31, 2020, and December 31, 2021.

The expenditures upon which the reimbursement was based should have been recorded in the CARES fund or the reimbursed amount transferred through the claims process to the General Fund, which would have allowed the money to be expended for any general Town purpose. Either of these two methods would have allowed for the proper processing and recording of subsequent expenditures.

Criteria

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

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.

CLERK-TREASURER
TOWN OF CHESTERFIELD
AUDIT RESULT AND COMMENT
(Continued)

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)

TOWN OF CHESTERFIELD
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OFFICIAL RESPONSE

Date: October 20, 2022

Indiana State Board of Accounts
302 West Washington St. Room E418
Indianapolis, IN 46204-2765

Re:

Response to the public comment on our recent audit for Town of Chesterfield: Wow, we just had our first pandemic in our life time! It has been brought to our attention that we didn't follow the exact procedure. Unfortunately, we got caught up in all the changes that happen throughout the year, as well as all the memos and guidelines changing and not sure what to follow during the allocating of the funds. Honestly, there was no clear direction. We were able to use and account for what we spent. I look forward to seeing a format and policies being more consistent during our next pandemic as well as more concrete guidelines. (I hope we never experience this again in my lifetime!)

Thank you for your help!

Deborah Dunham
Clerk Treasurer
Town of Chesterfield

CLERK-TREASURER
TOWN OF CHESTERFIELD
EXIT CONFERENCE

The contents of this report were discussed on October 6, 2022, with Deborah Dunham, Clerk-Treasurer, and Ed Leonard, President of the Town Council.