

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF CHARLESTOWN

CLARK COUNTY, INDIANA

January 1, 2019 to December 31, 2021



FILED

03/15/2023

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Results and Comments:	
Annual Financial Report.....	6
Accounting for Coronavirus Relief Funds	6-7
Exit Conference	8

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Donna Coomer	01-01-19 to 12-31-23
Mayor	G. Robert Hall Treva E. Hodges	01-01-19 to 12-31-19 01-01-20 to 12-31-23
President of the Board of Public Works	G. Robert Hall Treva E. Hodges	01-01-19 to 12-31-19 01-01-20 to 12-31-23
President Pro Tempore of the Common Council	Ted Little Brian Hester Ruthie E. Jackson	01-01-19 to 12-31-19 01-01-20 to 12-31-20 01-01-21 to 12-31-23
Superintendent of Utilities	Mike Perry	01-01-19 to 09-07-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE CITY OF CHARLESTOWN, CLARK COUNTY, INDIANA

This report is supplemental to our audit report of the City of Charlestown (City), for the period from January 1, 2019 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 City. It should be read in conjunction with our Financial Statements Audit Report of the City, which provides our opinions on the City's financial statements. 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

February 27, 2023

(This page intentionally left blank.)

CLERK-TREASURER
CITY OF CHARLESTOWN

CLERK-TREASURER
CITY OF CHARLESTOWN
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT

Condition and Context

The information entered into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system was incorrect and did not agree with the City's records.

The City failed to properly review the debt information that was prepared and submitted in Gateway. As a result, the following errors were noted:

1. A police station loan was improperly recorded as a lease instead of as notes and loans payable.
2. The Wastewater Utility revenue bonds for sewer line upgrades were improperly recorded as a lease instead of as revenue bonds.
3. The amount recorded for the Principal and Interest Due Within One Year for the Wastewater Utility Revenue Bonds for sewer plant upgrade was incorrect.

Audit adjustments were proposed, accepted by the City, and made to the Schedule of Leases and Debt presented as Other Information.

Criteria

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

ACCOUNTING FOR CORONAVIRUS RELIEF FUNDS

Condition and Context

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

The City did not properly establish a separate CARES grant fund for the CRF grant that followed the uniform chart of accounts. The City established fund 264 entitled, CARES Provider Relief Fund (CARES fund) for reimbursements received from the Indiana Finance Authority (IFA). However, fund number 264 and the CARES Provider Relief Fund name were reserved for a different specified CARES purpose.

CLERK-TREASURER
CITY OF CHARLESTOWN
AUDIT RESULTS AND COMMENTS
(Continued)

The reimbursement for public health and safety payroll costs was receipted into the CARES fund in November 2020. The City then transferred \$75,477 of the payroll reimbursement from the CARES fund to the General Fund. The remaining portion of \$31,358 was left in the CARES fund and nonpayroll expenditures requested, but not reimbursed were reversed and moved to the CARES fund. The fund had a zero balance as of December 31, 2020.

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).

All Reimbursements received from IFA shall be receipted into a separate CARES grant fund that is specific to IFA reimbursements.

Reimbursed Public Health and Safety Payroll Costs

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.

The amount of the claim will be receipted into the general fund cash balance. Normal appropriation procedures will apply to these funds. . . .

(State Examiner Directive 2020-3)

CLERK-TREASURER
CITY OF CHARLESTOWN
EXIT CONFERENCE

The contents of this report were discussed on February 27, 2023, with Donna Coomer, Clerk-Treasurer; Treva E. Hodges, Mayor; and Ruthie E. Jackson, President Pro Tempore of the Common Council.