



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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October 19, 2023

TO: THE OFFICIALS OF THE TOWN OF HAUBSTADT, GIBSON COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Town of Haubstadt (Town), Gibson County, for the period of January 1, 2019 to December 31, 2022, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Town's Annual Financial Reports filed by management can be found on the Gateway Website: [www.gateway.ifionline.org](http://www.gateway.ifionline.org).

The Comment contained herein describes the identified reportable instance of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

***Comment***

**ACCOUNTING FOR CORONAVIRUS RELIEF FUNDS**

***Condition and Context***

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

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 494 - Cares Act Funding - COVID (CARES 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.

The Town receipted the Indiana Finance Authority reimbursement for public health and safety payroll costs of \$54,959 into the CARES fund. During 2020, the Town spent directly from the fund without appropriation, which left a year-end balance of \$47,558 in the CARES fund. 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 unit purpose. Either of these two methods would have allowed for the proper processing and recording of subsequent expenditures.

During 2021, the Town continued to spend directly out of the CARES fund without appropriation until such time the Town transferred the remaining balance of \$39,924 to the General fund. The transfer was completed without the adoption of an ordinance or resolution. As of December 31, 2021, the CARES fund had a zero balance.

### *Criteria*

Accounting and Appropriations of COVID-19 Grants memo dated April 29, 2020 (updated September 29, 2020) states in part:

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

. . . Cities/Towns: 150-175 . . ."

. . . 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)

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The Schedule of Cash and Investment Balances - Regulatory Basis is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT  
BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2022

Fund	Cash and Investments 12-31-22
General Fund	\$ 178,416
Motor Vehicle Highway	22,748
Local Road & Street	35,842
MVH Restricted	102,013
Law Enforcement Training	2,860
Riverboat Fund	97,947
Park & Recreation	97,452
Rainy Day Fund	71,476
Fire Territory Operating Funds	847,470
Cumulative Capitol Development	192,946
Special Police Equipment & Training	10
Cumulative Capitol Improvement	10,546
Haubstadt TIF Funds	6,007
Fire Territory Equipment Replacement	214,520
Tax Account	100
American Rescue Plan-Grant	280,772
Old School Property & Gym	4,835
Fire Dept. Special Run Fund	13,556
Economic Development Income Tax	317,364
Payroll Funds	3,540
Cash Drawer	150
Wastewater Utility Operating	793,448
Wastewater Bond & Interest	260,388
Wastewater Improvement Funds	370,151
Wastewater Capitol Improvement	10,576
Cash Drawer	50
Water Construction Fund	160,500
Water Utility Operating	409,183
Water Consumer Deposits	10,475
Stormwater Utility Funds	417,261
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Total	\$ 4,932,602
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Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to Bonnie J. Wagner, Clerk-Treasurer, and Reed Farmer, Town Council member, on October 17, 2023.

Respectfully,

A handwritten signature in blue ink that reads "Beth Kelley". The signature is written in a cursive style with a large initial "B".

Beth Kelley, CPA, CFE  
Deputy State Examiner