

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF SCHNEIDER

LAKE COUNTY, INDIANA

January 1, 2019 to December 31, 2022



FILED

12/14/2023

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Results and Comments:	
Motor Vehicle Highway (MVH) - Restricted Fund	6
Annual Financial Report - Other Information	6
Capital Assets	7
Accounting for Coronavirus Relief Funds	7-8
Exit Conference	9

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Jenny Beier	01-01-19 to 12-31-23
President of the Town Council	Jack Jeralds	01-01-19 to 12-31-23



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 TOWN OF SCHNEIDER, LAKE COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Schneider (Town), for the period from January 1, 2019 to December 31, 2022. 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 the Financial Statements Audit Report of the Town, which provides our opinions on the Town'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

December 4, 2023

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CLERK-TREASURER
TOWN OF SCHNEIDER

CLERK-TREASURER
TOWN OF SCHNEIDER
AUDIT RESULTS AND COMMENTS

MOTOR VEHICLE HIGHWAY (MVH) - RESTRICTED FUND

Condition and Context

The Town created the Motor Vehicle Highway (MVH) - Restricted fund as required. However, the Town did not allocate or deposit at least 50 percent of the distribution from the State Motor Vehicle Highway Account (state distributions) at the time of the receipt into the MVH Restricted fund.

In 2019, the Town did not allocate 50 percent of state distributions into the MVH Restricted fund. The Town's financial statements reported 50 percent of the distribution, in the amount of \$5,961, as being receipted into and disbursed from the MVH Restricted fund. However, this was inaccurate, as the full MVH distribution was recorded in the Town's receipt ledger into the Motor Vehicle Highway fund with no such disbursement recorded. No adjustment was made to the Town's financial statements for this.

Criteria

Indiana Code 8-14-1-5(c) states: "For funds distributed to a city or town from the motor vehicle highway account, the city or town shall use at least fifty percent (50%) of the money for the construction, reconstruction, and preservation of the city's or town's highways."

Starting on January 1, 2019, the political subdivision must post at the time of receipt of the distribution from the State Motor Vehicle Highway Account fifty percent (50%) of the distribution to MVH Restricted. (State Examiner Directive 2018-2)

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

Condition and Context

Financial and other information are required to be entered annually into the Annual Financial Report via the Indiana Gateway for Government Units (Gateway) financial reporting system.

The Town prepared and submitted the capital asset information into Gateway; however, the amount reported was not supported by a complete detailed listing of all capital assets. The reported amounts were based upon a 2004 valuation report and accumulated spreadsheets of additions and deletions.

The Town approved the omission of the Schedule of Capital Assets from the Financial Statements Audit Report of the Town.

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](#)."

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

CAPITAL ASSETS

Condition and Context

The Town did not maintain a complete detailed listing of all capital assets. Additionally, the Town did not provide supporting documentation that a physical inventory of capital assets was performed as required.

Criteria

Every unit must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

ACCOUNTING FOR CORONAVIRUS RELIEF FUNDS

Condition and Context

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

The Town receipted the Indiana Finance Authority (IFA) reimbursement of \$4,698 for non-payroll related expenses into the COVID Reimbursement Grant fund (CARES fund). A claim was created against the CARES fund to the funds in which the expenses originated. However, the 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.

Additionally, the Town made a transfer from its CARES fund to the General fund as outlined in the Directive for payroll expenses; however, the transfer was made two months prior to the adoption of an ordinance or resolution.

Criteria

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 SCHNEIDER
AUDIT RESULTS AND COMMENTS
(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. . . .**

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)

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)

CLERK-TREASURER
TOWN OF SCHNEIDER
EXIT CONFERENCE

The contents of this report were discussed on December 4, 2023, with Jenny Beier, Clerk-Treasurer; Jack Jeralds, President of the Town Council; David Harris, Town Council member; and Christa Stavros, Town Council member.