

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF CONVERSE

MIAMI COUNTY, INDIANA

January 1, 2019 to December 31, 2022



**FILED**

12/22/2023



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Clerk-Treasurer:	
Audit Results and Comments:	
Fund Sources and Uses - Park Fund.....	6
Purchase of Real Property.....	6
Annual Financial Report - Other Information .....	7
Accounting for the IFA Administered Coronavirus Relief Money.....	7-9
Exit Conference .....	10

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Kathy Juillerat	01-01-19 to 12-31-23
President of the Town Council	Joe Lenon	01-01-19 to 12-31-23
Superintendent of Utilities	Ed Asher	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](http://www.in.gov/sboa)

TO: THE OFFICIALS OF THE TOWN OF CONVERSE, MIAMI COUNTY, INDIANA

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

December 18, 2023

(This page intentionally left blank.)

CLERK-TREASURER  
TOWN OF CONVERSE

CLERK-TREASURER  
TOWN OF CONVERSE  
AUDIT RESULTS AND COMMENTS

**FUND SOURCES AND USES - PARK FUND**

*Condition and Context*

Out of the 21 transfers selected for testing, we identified 1 transfer that was not an authorized use of funds according to the enabling law. The Town established a new park board in 2020, and on December 29, 2020, transferred the balance of the Park fund of \$35,894 to the Rainy Day Fund. The Park fund monies should have remained in the Park fund in accordance with IC 36-10-3-3(b).

*Criteria*

Indiana Code 36-10-3-3(b) states: "After a board has been created, all books, papers, documents, and other property of former park and recreation authorities shall be transferred to and become the property of the board."

Sources and uses of funds must be limited to those authorized by the enabling law, ordinance/ resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

**PURCHASE OF REAL PROPERTY**

*Condition and Context*

The Town purchased a parcel of land in 2019 and obtained only one appraisal prior to the purchase. The Town should have obtained two appraisals prior to the purchase.

Additionally, the Town purchased the land for \$174,992 which exceeded the appraised value of \$152,000.

*Criteria*

Indiana Code 36-1-10.5-5 states:

"A purchasing agent shall purchase land or a structure only after compliance with the following procedures:

- (1) The fiscal body of the political subdivision shall pass a resolution to the effect that it is interested in making a purchase of specified land or a structure.
- (2) The purchasing agent shall appoint two (2) appraisers to appraise the fair market value of the land or structure. The appraisers must be professionally engaged in making appraisals or be trained as an appraiser and licensed as a broker under [IC 25-34.1](#).
- (3) The appraisers shall return their separate appraisals to the purchasing agent within thirty (30) days after the date of their appointment. The purchasing agent shall keep the appraisals on file in the purchasing agent's office for five (5) years after they are given to the purchasing agent.
- (4) The purchasing agent shall give a copy of both appraisals to the fiscal body."

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

**ANNUAL FINANCIAL REPORT - OTHER INFORMATION**

*Condition and Context*

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units financial reporting system. The other information entered by the Town contained numerous errors.

The capital asset, debt, and accounts payable and accounts receivable information entered into the AFR was inaccurate and/or incomplete.

Adjustments were proposed, accepted by the Town, and made to the Schedule of Leases and Debt presented as Other Information in the Financial Statements Audit Report of the Town. The capital asset and accounts payable and receivable schedules were not presented in 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](#)."

**ACCOUNTING FOR THE IFA ADMINISTERED CORONAVIRUS RELIEF MONEY**

*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.

The Town did not properly receipt reimbursements from the Indiana Finance Authority into a separate CARES grant fund. Instead, the Town receipted three of the six reimbursements into the WW Operating and Sewage Operating funds.

The Town did not properly comply with Framework One outlined in State Examiner Directive 2020-3. Amounts paid out of the CARES Act fund were for disbursements other than those submitted and approved for reimbursement.

*Criteria*

**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.

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

**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. . . .

**Reimbursed Costs Other than Public Health and Safety Payroll Costs**

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. . . .

**Framework Two.** If IFA has provided reimbursement based on unpaid invoices or purchase orders, then reimbursements received from IFA shall be receipted into the separate CARES grant fund. The expenditures to vendors will be made through the CARES grant fund and these expenditures must match the application made to IFA. If the actual invoice or invoices relating to a purchase order is less than the purchase order, then the difference in the money expended to the vendor and the amount received for the purchase order from IFA must be returned to IFA. The items on the invoice must match the items on the purchase order. All documentation must be maintained. . . .

**Framework Three.** If you have created a negative balance in your CARES fund based on expenditures made in anticipation of receipt of reimbursement for allowable expenditures where invoices have already been submitted to IFA then leave as is and receipt reimbursement when received, bringing the balance in the separate CARES grant fund to zero. Going forward, expend any anticipated allowable expenditures from a fund with an appropriation and follow framework one. If a negative balance in the CARES grant fund is not fully reimbursed, then the unreimbursed amount will require a reverse entry and posting of the expenditure to the general or other appropriate fund within an appropriated line item. . . .

(State Examiner Directive 2020-3)

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

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 CONVERSE  
EXIT CONFERENCE

The contents of this report were discussed on December 18, 2023, with Kathy Juillerat, Clerk-Treasurer, and Joe Lenon, President of the Town Council.