

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF PORTLAND

JAY COUNTY, INDIANA

January 1, 2019 to December 31, 2020



FILED

05/13/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Lori A. Phillips	01-01-19 to 12-31-22
Mayor	Randy D. Geesaman John W. Boggs	01-01-19 to 12-31-19 01-01-20 to 12-31-22
President of the Board of Public Works and Safety	Randy D. Geesaman John W. Boggs	01-01-19 to 12-31-19 01-01-20 to 12-31-22
President Pro Tempore of the Common Council	William E. Gibson Kent McClung	01-01-19 to 12-31-19 01-01-20 to 12-31-22
Superintendent of Water Utility	Douglas A. Jackson	01-01-19 to 12-31-22
Superintendent of Wastewater Utility	Brad Clayton	01-01-19 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE CITY OF PORTLAND, JAY COUNTY, INDIANA

This report is supplemental to our audit report of the City of Portland (City), for the period from January 1, 2019 to December 31, 2020. 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 Statement Audit Report of the City, which provides our opinions on the City'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

May 4, 2022

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CLERK-TREASURER
CITY OF PORTLAND

CLERK-TREASURER
CITY OF PORTLAND
AUDIT RESULT AND COMMENT

CORONAVIRUS RELIEF FUND (CRF)

Condition and Context

The City did not properly account for the Coronavirus Relief Fund (CRF) in accordance with 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 number 264 entitled, COVID - 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.

The reimbursement for non-public health and safety payroll costs was receipted into the CARES fund in September 2020. The expenditures upon which the reimbursement was based should have been reversed and recorded in the CARES fund at that time, which would have allowed for the proper processing and recording of the CARES grant activity, and the reinstatement of the cash balance and appropriation of the originating fund.

The reimbursement for public health and safety payroll costs was receipted into the CARES fund in November 2020. The reimbursement amount should have been moved by claim to the General Fund or the expenditures upon which the reimbursement was based should have been reversed. Either option would have left a zero balance in the CARES fund.

The City had a balance of \$197,420 in the CARES fund at December 31, 2020.

In 2021, the City received an additional reimbursement for public health and safety payroll costs, which was receipted into the CARES fund in February. The reimbursement amount should have been moved by claim to the General Fund at that time. In December 2021, the City expended all money in the CARES fund on items not related to its reimbursement requests. Therefore, the expenditure activity accounted for in the fund did not properly reflect the expenditures of the grant. As of December 31, 2021, the fund had a zero balance.

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.

CLERK-TREASURER
CITY OF PORTLAND
AUDIT RESULT AND COMMENT
(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.

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)

CLERK-TREASURER
CITY OF PORTLAND
AUDIT RESULT AND COMMENT
(Continued)

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

Cities/Towns: 150-175 . . .

(Memorandum *Accounting and Appropriation of COVID-19 Grants*, April 29, 2020 (updated September 29, 2020))

To properly track assistance from the Provider Relief Fund, use the following Fund Number and Name: . . .

Cities and Towns Fund Number and Name
264 CARES Provider Relief Fund . . .

(Cares Act Fund Numbers Memorandum)

CLERK-TREASURER
CITY OF PORTLAND
EXIT CONFERENCE

The contents of this report were discussed on May 4, 2022, with Lori A. Phillips, Clerk-Treasurer; Matt Goldsworthy, Common Council member; and John W. Boggs, Mayor.