

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

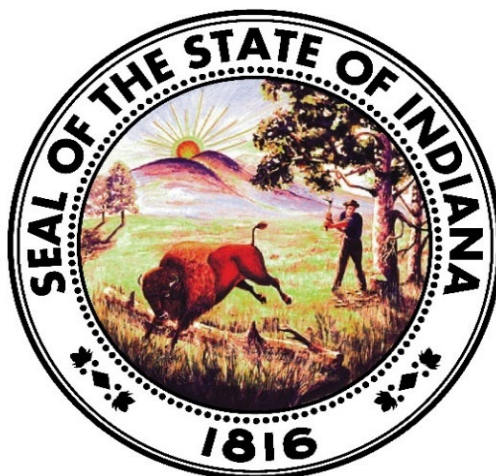
SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF LAPAZ

MARSHALL COUNTY, INDIANA

January 1, 2018 to December 31, 2021



FILED
12/09/2022

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	4
Clerk-Treasurer:	
Audit Results and Comments:	
Coronavirus Relief Fund (CRF)	6-7
Annual Financial Report - Other Information	8
Exit Conference	9

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Susan Albert Lorraine Dove	01-01-18 to 04-30-19 05-01-19 to 12-31-22
President of the Town Council	Roger Ecker	01-01-18 to 12-31-22



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 LAPAZ, MARSHALL COUNTY, INDIANA

This report is supplemental to our audit report of the Town of LaPaz (Town), for the period from January 1, 2018 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 Town. It should be read in conjunction with our 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.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE
Deputy State Examiner

November 30, 2022

(This page intentionally left blank.)

CLERK-TREASURER
TOWN OF LAPAZ

CLERK-TREASURER
TOWN OF LAPAZ
AUDIT RESULTS AND COMMENTS

CORONAVIRUS RELIEF FUND (CRF)

Condition and Context

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

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 264 entitled COVID Cares Act PPE CFDA 21.019 (CARES fund) for reimbursements received from the Indiana Finance Authority (IFA), 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. Fund number 264 was reserved for a different specified CARES purpose.

The reimbursement of health and safety payroll costs from the IFA was receipted into the CARES fund and claimed to the General Fund as outlined in the Directive for payroll expenses; however, the claim was made without the adoption of an ordinance or resolution.

The reimbursements of \$10,583 for non-payroll expenditures from IFA were receipted into the CARES fund in 2020 and 2021. During 2020, a total of \$2,570 was incorrectly claimed to General Fund and during 2021, a total of \$187 was incorrectly claimed to the General Fund. By not processing reversing entries, the activity was not reflected in the correct funds and appropriations were not re-established in the originating fund.

The CARES fund had a zero balance as of December 31, 2020, and December 31, 2021.

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.

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. . . .**

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

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.** . . .

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.

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
TOWN OF LAPAZ
AUDIT RESULTS AND COMMENTS
(Continued)

ANNUAL FINANCIAL REPORT – OTHER INFORMATION

Condition and Context

Financial and supplementary information are required to be reported annually on the Indiana Gateway for Government Units (Gateway) financial reporting system. The Town was not in compliance as follows:

Schedule of Payables and Receivables

The Town failed to report the \$1,648 of accounts receivables at December 31, 2021, for the Wastewater and Stormwater Utilities on the Schedule of Payables and Receivables. Adjustments were proposed, accepted by the Town, and made to the Schedule of Payables and Receivables presented in the Financial Statements Audit Report.

Schedule of Leases and Debt

The debt information reported in Gateway overstated the Ending Principal Balance and the Principal and Interest Due Within One Year by \$288,000 and \$86,794, respectively. Adjustments were proposed, accepted by the Town, and made to the Schedule of Leases and Debt presented in the Financial Statements Audit Report.

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 LAPAZ
EXIT CONFERENCE

The contents of this report were discussed on November 30, 2022, with Lorraine Dove, Clerk-Treasurer, and Roger Ecker, President of the Town Council.