

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF WHEATLAND

KNOX COUNTY, INDIANA

January 1, 2021 to December 31, 2022



**FILED**

04/12/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mildred Rice	01-01-21 to 12-31-23
President of the Town Council	Brett Dawson	01-01-21 to 12-31-23
Superintendent of the Water Utility	Earl Horst	01-01-21 to 12-31-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF THE TOWN OF WHEATLAND, KNOX COUNTY, INDIANA

This report is supplemental to our audit report of the Town of Wheatland (Town), for the period from January 1, 2021 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 our Financial Statement Audit Report of the Town, which provides our opinions on the Town's financial statement. 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.

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

Beth Kelley, CPA, CFE  
Deputy State Examiner

April 3, 2023

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CLERK-TREASURER  
TOWN OF WHEATLAND

CLERK-TREASURER  
TOWN OF WHEATLAND  
AUDIT RESULTS AND COMMENTS

**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 leases and debt information and federal grant information entered into Gateway contained the following errors:

The Waterworks Revenue Bonds, Series 2022A and 2022B were omitted, which resulted in an understatement of the Ending Principal Balance and Principal and Interest Due Within One Year by \$1,434,553 and \$11,835, respectively.

Adjustments were proposed, approved by the Town, and made to the Schedule of Leases and Debt presented as Other Information in the Financial Statement Audit Report.

The Town did not complete the grant schedule resulting in the Community Development Block Grant and Coronavirus State and Local Fiscal Recovery Funds grants to not be reported.

*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 OF COVID-19 GRANTS**

*Condition and Context*

The Town did not properly account for the COVID-19 - Coronavirus Relief Fund (CRF) in accordance with the 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 264 - COVID Cares 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. Additionally, fund number 264 was reserved for a different specified CARES purpose as outlined in the *Cares Act Fund Numbers* memo dated April 20, 2020.

The non-public health and safety payroll costs reimbursements from the Indiana Finance Authority totaling \$11,498 were receipted into the COVID-19 Cares fund in January 2021. At that time, the reimbursed amount should have been transferred through the claims process to the General fund, which would have allowed the money to be expended for any general unit purpose. Instead, the Town spent directly out of the fund during the year for various other items. As of December 31, 2021, the fund had a negative cash balance of \$4,203.

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

*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. . . .**

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*. . . .**

Transaction 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.

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

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 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.

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)

*Cares Act Fund Numbers* memo dated April 20, 2020 states in part:

". . . 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 . . ."

*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 . . ."

CLERK-TREASURER  
TOWN OF WHEATLAND  
EXIT CONFERENCE

The contents of this report were discussed on April 3, 2023, with Brett Dawson, President of the Town Council; Mildred Rice, Clerk-Treasurer; and Erika Goble, Deputy Clerk-Treasurer.