



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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May 19, 2023

TO: THE OFFICIALS OF THE TOWN OF MOORELAND, HENRY COUNTY, INDIANA

As authorized under Indiana Code 5-11-1, we performed certain procedures to the accounting records and related documents of the Town of Mooreland (Town), Henry County, for the period of January 1, 2018 to December 31, 2021, to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

Management is responsible for preparing and maintaining its accounting records and related documents, as well as compliance with applicable state laws and uniform compliance guidelines established by the Indiana State Board of Accounts.

The Town's Annual Financial Reports filed by management can be found on the Gateway Website: www.gateway.ifionline.org.

The Comments contained herein describe the identified reportable instances of noncompliance found as a result of the procedures we performed. Our procedures were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Comments

ACCOUNTING FOR CORONAVIRUS RELIEF FUNDS

Condition and Context

In 2020, the Town received \$4,238.82 in Coronavirus Relief funds (Cares Act) reimbursements. The Town had requested an additional \$1,968.18. The Town reported the federal award of \$4,238.82 as receipts in the Cares Act fund in the Annual Financial Report (AFR) filed in the Indiana Gateway for Government Units financial reporting system. In addition, the Town reported transfers into the Cares Act fund of \$1,968.18 and disbursements of \$6,206.82 for a reported December 31, 2020 fund balance of zero. In 2021, the Town was reimbursed an additional \$1,733.85 of the \$1,968.18 requested; however, the Town did not report those receipts in the 2021 AFR. In the 2021 AFR, the Town reported the difference between the requested reimbursement of \$1,968.18 and the \$1,733.85 as a receipt to the Cares Act fund of \$234.33. Also in 2021, the Town reported American Rescue Plan funds received in the amount of \$35,000 along with a disbursement of \$35,000 into the Cares Act fund leaving a reported AFR balance of \$234.33 in the Cares Act fund.

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. . . . (State Examiner Directive 2020-3)**

CAPITAL ASSETS

Condition and Context

The Town had not adopted a capital assets policy during the engagement period. In addition, the Town had not conducted a physical inventory or kept record of its capital assets.

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 Towns, Chapter 1)

ADOPTION OF INTERNAL CONTROL STANDARDS

Condition and Context

The Town did not provide adopted internal control standards which included the acceptable minimum level of internal control standards as defined by the Indiana State Board of Accounts. In addition, there was no evidence training was provided to Town personnel involved in financial transactions, oversight, and recordkeeping concerning those standards.

Criteria

Indiana Code 5-11-1-27(g) states:

"After June 30, 2016, the legislative body of a political subdivision shall ensure that:

- (1) the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

CERTIFICATION ON INTERNAL CONTROL STANDARDS

Condition and Context

The Town certified on the Indiana Gateway for Government Units financial reporting system that the Town had adopted and trained on internal control standards in 2018, 2019, 2020, and 2021. However, evidence of adoption of and training on internal control standards was not presented during the engagement.

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](#)."

This report is intended solely for the information and use of management, governance, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

The Schedule of Cash and Investment Balances - Regulatory Basis is presented as other information. It has not been subjected to any auditing procedures, and, accordingly, we do not express an opinion or provide any assurance on it.

SCHEDULE OF CASH AND INVESTMENT
BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2021

Fund	Cash and Investments 12-31-21
General All Funds	\$ 73,079
Local Road and Streets	10,534
MVH Restricted	9,244
Non Reverting Fund	113
Law Enforcement Education	387
Park	1,369
Rainy Day Fund	21,764
Levy Excess	74
CCI	3,767
CCD	15,995
Police Donation	442
Riverboat	17,200
LOIT-PS	9,849
Improvement Fund	2,925
Cares Act Fund	239
Trash Collection	15,313
Motor Vehicle Highway	77,870
Sewage Utility Operating	18,472
Sewage Utility Depreciation/Improvement	38,934
Sewage Utility Bond & Interest	5,265
Sewage Utility Construction	130,998
 Total	 \$ 453,833

Any Official Response to the Comments, incorporated within this report, was not verified for accuracy.

The contents of this report were communicated to Martha Biehl, Clerk-Treasurer; Kristi Mosier, President of the Town Council; and Geordina May, former Clerk-Treasurer, on May 11, 2023.

Respectfully,



Beth Kelley, CPA, CFE
Deputy State Examiner

Town of Mooreland
P.O. Box 33
Mooreland, IN 47360

To whom it may concern:

This is in response to the audit the Town of Mooreland just finished.

During our meeting on May 15th, 2023, we adopted a Capital Asset and Internal Control Policies which will go into effect immediately.

While some other reports are currently being done and the rest will be corrected immediately.

We hope to have all issues resolved before August 1, 2023

Any questions please contact the Town of Mooreland at 765-524-9665

Kristi Mosier
Town Board President

Martha Biehl
Clerk Treasurer