

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

AUDIT REPORT
OF
COUNTY AUDITOR
BOONE COUNTY, INDIANA
January 1, 2010 to December 31, 2010



FILED
08/17/2011

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COUNTY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Melody Price	01-01-09 to 12-31-12
President of the County Council	Steve Jacob	01-01-10 to 12-31-10
President of the Board of County Commissioners	Charles Eaton Jeff Wolfe	01-01-10 to 12-31-10 01-01-11 to 12-31-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF BOONE COUNTY

We have audited the records of the County Auditor for the period from January 1, 2010 to December 31, 2010, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Result(s) and Comment(s). The financial transactions of this office are reflected in the Annual Report of Boone County for the year 2010.

STATE BOARD OF ACCOUNTS

June 30, 2011

COUNTY AUDITOR
AUDIT RESULT(S) AND COMMENT(S)

FEDERAL AND STATE AGENCIES - EQUIPMENT AND REAL PROPERTY MANAGEMENT

The County does not maintain records that identify equipment and other property acquired with federal monies. No system exists to provide separated identification for items acquired with federal and nonfederal funds. No physical annual inventory of federally purchased equipment was presented for audit.

34 CFR 80.32(d) states in part:

- "(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years."

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

FEDERAL AND STATE AGENCIES - SUBRECIPIENT MONITORING

The County does not monitor any federal dollars passed through to Boone County Senior Services, Inc. No request is made for expenditure reports or any reports that are filed with INDOT.

49 CFR 18.40 states in part:

- "(a) Monitoring by grantees. Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana,, Chapter 14)

COUNTY AUDITOR
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

ANNUAL REPORT

The computerized County Annual Report (CAR) was prepared by the County Auditor and submitted to the State Board of Accounts by the deadline. However, the report contained errors that resulted in a material overstatement of cash balance for December 31, 2010. Investment balances were added to the fund balances at year end causing an overstatement of more than \$30 million. The investments were accounted for in the funds; therefore, the ending balance did not need to be added to the funds.

Indiana Code 5-11-1-4(a) concerning annual reports, states in part: ". . . these reports shall be prepared, verified, and filed with the state examiner no later than thirty (30) days after the close of each fiscal year."

OVERDRAWN CASH BALANCES

The cash balance was overdrawn at December 31, 2010, for the following funds:

<u>Fund Name</u>	<u>Amount</u>
H1N1 Influenza	\$ 10,810
Payroll	1,424,158
Seat Belt Enforcement	1,090

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

CAPITAL ASSETS

County officials did not update the Capital Assets schedule for 2010 transactions.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the Capital Assets Ledger Form. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 20)

AUDIT REPORT NOT CERTIFIED BY DUE DATE

The County did not certify their report to the Federal Audit Clearinghouse by the required deadline for the 2009 audit period. One of the consequences for not meeting this deadline is that the County does not qualify as a low-risk auditee. Qualifying for a low-risk auditee could reduce the time required to complete the A-133 portion of the audit.

COUNTY AUDITOR
AUDIT RESULT(S) AND COMMENT(S)
(Continued)

OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, §__.320, requires the audit to be completed and the data collection form and reporting package be submitted within the earlier of 30 days after the receipt of the auditor's reports, or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit. The submission process includes the certification of the report to the Federal Audit Clearinghouse.

COUNTY AUDITOR
BOONE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 19, 2011, with Melody Price, Auditor; Steve Jacob, President of the County Council; and Jeff Wolfe, President of the Board of County Commissioners. The Official Response has been made a part of this report and may be found on page 8.

OFFICE OF THE AUDITOR
BOONE COUNTY
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Lebanon, IN 46052

Melody S. Price
Auditor

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Fax: (765) 483-4434

July 29, 2011

Indiana State Board of Accounts
"Official Response"
302 W. Washington St., Room E418
Indianapolis, IN 46204-2765

Ref: 2010 Audit Boone County

Negative Balances at year-end in three funds.

1. Fund #302 Payroll
 2. Fund #0813 N1H1
 3. Fund #1171 Seat Belt Enforcement
-
1. This payroll fund is a clearing fund. The County switched the health insurance to self-insured funding beginning in 2010. This meant the county would pay the difference in what is collected from payroll and the actual billing from the insurance company. The amount that needed to be paid our insurance company was more than collected and the funds were set aside in the Commissioner's budget. However, our software (Harris) was not setup to hit the Commissioner's budget which made the account go into a negative. It was into 2011 before we realized what was happening in our software. A transfer has been made to clear the fund and it is no longer in the negative.
 2. The N1H1 is a reimbursable grant and the monies had to be spent to be reimbursed. The last quarter of 2010 was reimbursed and was received by the county in February of 2011 which cleared the negative balance from year-end. This grant ends 7/31/11 and will not be a problem at year-end 2011.
 3. The Seat Belt Enforcement grant fund has been a problem stemming from the previous sheriff's administration. The County Council has approved creating a new fund for 2011 to help better track the reimbursements. I have contacted the Sheriff's Department to help resolve this matter.

