

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

BOONE COUNTY, INDIANA

January 1, 2022 to December 31, 2022



**FILED**

09/11/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Debbie Morton-Crum	01-01-22 to 12-31-23
County Treasurer	Nikki Baldwin	01-01-22 to 12-31-23
Clerk of the Circuit Court	Jessica Fouts Lisa Bruder	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Sheriff	Michael Nielsen Tony Harris	01-01-22 to 12-31-22 01-01-23 to 12-31-23
County Recorder	Debbie Ottinger	01-01-22 to 12-31-23
President of the Board of County Commissioners	Jeff Wolfe Don Lawson	01-01-22 to 12-31-22 01-01-23 to 12-31-23
President of the County Council	Elise Nieshalla	01-01-22 to 12-31-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF BOONE COUNTY, INDIANA

This report is supplemental to the audit report of Boone County (County), for the period from January 1, 2022 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 County. It should be read in conjunction with the Financial Statement Audit Report of the County, which provides our opinions on the County'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.

Beth Kelley, CPA, CFE  
Deputy State Examiner

August 24, 2023

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COUNTY AUDITOR  
BOONE COUNTY

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AUDIT RESULTS AND COMMENTS

**TIMELY RECORDING**

*Condition and Context*

Several state distribution receipts were not recorded in the financial records in a timely manner.

1. There were 6 state distributions recorded 30 to 62 days after electronic deposit.
2. There were 17 state distributions recorded 8 to 29 days after electronic deposit.
3. There were 26 state distributions recorded 3 to 7 days after electronic deposit.

*Criteria*

All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 51-15-1-1.

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

**ERRORS ON CLAIMS**

*Condition and Context*

There was six debt payments made by the Bank of New York Mellon (on behalf of the County) for which there were no Accounts Payable Vouchers prepared. The payments were not shown on the Accounts Payable Voucher Register presented to the governing body for review and approval and did not show evidence that the fiscal officer had reviewed and approved the disbursements.

Additionally, four other disbursements tested during the audit were not listed on the Accounts Payable Voucher Register presented to the governing body for review and approval. Of the four disbursements, two were transfers between funds and two were disbursements from a grant fund of \$1,500,000 to a subrecipient and \$379,269 to a contractor.

*Criteria*

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;

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(Continued)

- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

**OVERDRAWN CASH BALANCES**

The same comment also appeared in prior Reports B59056 and B59582.

*Condition and Context*

The financial statement included the following non-grant funds with overdrawn cash balances at December 31, 2022:

Fund	Amount Overdrawn
INSURANCE - HOOSIER START	\$ 1,909
FEDERAL TAX AND UNEMPLOYMENT	49,560
FICA AND MEDICARE	89,299
COUNTY TAX	37,640
PERF	20,339
STATE TAX AND UNEMPLOYMENT	91,437
UMR/HEALTH CLAIMS	238,218
INSURANCE - LORD ABBOTT	200
REIMBURSEMENT OF DEDUCTION	47
HSA VOLUNTARY SAVINGS	202,681

*Criteria*

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 unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

**CAPITAL ASSETS**

The same comment also appeared in prior Reports B59056 and B59582.

*Condition and Context*

The County had not maintained a complete detailed capital asset listing based on a historical cost basis. A detailed capital asset listing for buildings and vehicles was provided, but no listing was provided for infrastructure, land, or improvements other than buildings.

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AUDIT RESULTS AND COMMENTS  
(Continued)

Additionally, a capital asset policy detailing the threshold at which an item is considered a capital asset was also not adopted by the County and physical inventory was not completed within last two years.

*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 County Auditors of Indiana, Chapter 1)

**ANNUAL FINANCIAL REPORT - OTHER INFORMATION**

A similar comment also appeared in prior Report B59582, entitled *SUPPLEMENTAL SCHEDULES IN ANNUAL FINANCIAL REPORT*.

*Condition and Context*

Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The County did not have adequate internal controls in place to ensure information entered into Gateway was accurate.

*Debt Information*

The leases and debt information entered into Gateway contained the following errors:

1. A lease with the Boone County Building Corporation in the amount of \$56,695,000 was shown on the Debt Schedule, instead of the Lease Schedule.
2. The Redevelopment District TIF Refunding Revenue Bond 2015/2016 (Anson North and Anson South) in the amount of \$15,210,000 was omitted from the Debt Schedule.
3. The County did not accurately report ending principal balances and principal due within one year at December 31, 2022. The ending principal balances for outstanding debt was overstated by \$43,415,001, and the principal due within one year was overstated by \$4,244,859.
4. One lease was omitted from the lease schedule and one lease annual lease payment was not accurately reported.

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

*Accounts Receivable and Accounts Payable Information*

The accounts receivable and accounts payable information entered into Gateway was not accurate. Accounts payable was overstated by \$63,319,570, and accounts receivable was overstated by \$132,029,084.

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(Continued)

Adjustments were proposed, accepted by the County, and made to the Schedule of Payables and Receivables presented as Other Information in the Financial Statement Audit Report of the County.

*Capital Asset Information*

The capital asset information entered into Gateway could not be verified because the County was unable to provide a Capital Asset Listing to support the values reported for Land, Infrastructure, Buildings, Improvements Other than Buildings, and Machinery, Equipment, and Vehicles.

The County did not present the Schedule of Capital Assets as Other Information in the Financial Statement Audit Report of the County.

*Grant Information*

The federal grant awards information entered into Gateway was not accurate and contained the following errors:

1. The Highway Planning and Construction Cluster (ALN 20.205) expenditures were overstated by \$254,231.
2. The Covid-19 - Coronavirus State and Local Fiscal Recovery Funds (ALN 21.027) pass-through to subrecipients was understated by \$2,503,400.
3. The Child Support Enforcement (ALN 93.563) expenditures were understated by \$211,961.
4. Other errors totaling \$881,161 were also identified in various other grants.

Adjustments were proposed, accepted by the County, and made to Schedule of Expenditure of Federal Awards presented in the Federal Compliance Audit Report of the County.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

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(Continued)

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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](#)."

COUNTY AUDITOR  
BOONE COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 24, 2023, with Debbie Morton-Crum, County Auditor; Elise Nieshalla, President of the County Council; Shari A. Richey, County Council member; Kevin VanHorn, County Council member; Jeff Wolfe, County Commissioner; Caryn Strode, Deputy County Auditor; and Katie Westerfeld, 1<sup>st</sup> Deputy County Auditor.