

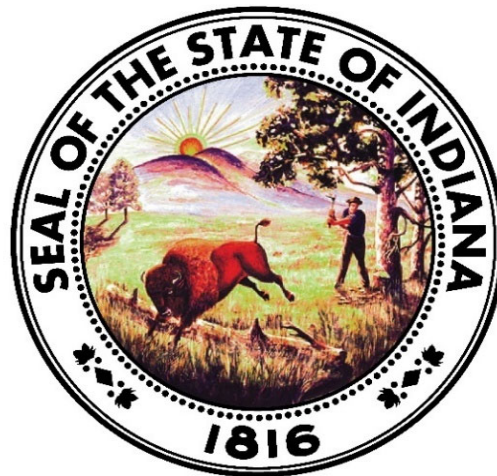
**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

SUPPLEMENTAL COMPLIANCE REPORT

OF

DECATUR COUNTY, INDIANA

January 1, 2023 to December 31, 2023



**FILED**  
09/25/2024



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
Board of County Commissioners:	
Audit Result and Comment:	
Training on Internal Control Standards .....	6
Exit Conference .....	7
County Auditor:	
Audit Results and Comments:	
Annual Financial Report .....	10-11
Transaction Recording .....	11-12
Certification on Internal Control Standards .....	12
Capital Assets .....	13
Exit Conference .....	14
County Treasurer:	
Audit Result and Comment:	
Investments .....	16-17
Exit Conference .....	18

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Janet S. Chadwell	01-01-23 to 12-31-24
County Treasurer	Diane M. Wenning	01-01-23 to 12-31-24
Clerk of the Circuit Court	Janet Howell	01-01-23 to 12-31-24
County Sheriff	William B. Meyerrose	01-01-23 to 12-31-24
County Recorder	Dottie Robbins	01-01-23 to 12-31-24
President of the Board of County Commissioners	Mark Koors	01-01-23 to 12-31-24
President of the County Council	Danny D. Peters	01-01-23 to 12-31-24



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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TO: THE OFFICIALS OF DECATUR COUNTY, INDIANA

This report is supplemental to the audit report of Decatur County (County), for the period from January 1, 2023 to December 31, 2023. 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

September 17, 2024

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BOARD OF COUNTY COMMISSIONERS  
DECATUR COUNTY

BOARD OF COUNTY COMMISSIONERS  
DECATUR COUNTY  
AUDIT RESULT AND COMMENT

***TRAINING ON INTERNAL CONTROL STANDARDS***

A similar comment also appeared in prior Report B59682.

*Condition and Context*

The County was unable to provide documentation that all personnel hired in 2023 had received training on internal control standards.

*Criteria*

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

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

- (2) personnel receive training concerning the internal control standards and procedures adopted by the political subdivision."

BOARD OF COUNTY COMMISSIONERS  
DECATUR COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 17, 2024, with Janet S. Chadwell, County Auditor; Christy Smiley, Deputy County Auditor; Abby Johnson, Deputy County Auditor; Danny D. Peters, President of the County Council; Mark Koors, President of the Board of County Commissioners; Jeremy Pasel, County Commissioner; Ashley Emsweller-Hungate, County Council member; Bill Metz, County Council member; Deanna Burkart, County Council member; Kenny Hooten, County Council member; Melanie Nobbe, County Council member; and Patty Hensley, Director of Human Resources.

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COUNTY AUDITOR  
DECATUR COUNTY

COUNTY AUDITOR  
DECATUR COUNTY  
AUDIT RESULTS AND COMMENTS

**ANNUAL FINANCIAL REPORT**

*Condition and Context*

Financial and other information are required to be entered into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The County had not established an effective system of internal controls over the information entered into Gateway, which resulted in the following errors:

*Financial Information*

- Cash and investment balances reported in the AFR for January 1, 2023, were understated by \$4,495,650. This was primarily due to the omission of three funds and one investment from the AFR.
- Receipts and disbursements reported in the AFR for 2023 were understated by \$872,934 and \$2,399,011, respectively. This was primarily due to omitting the activity of the County's self-insurance fund and overreporting the County's Community Crossing grant activity.
- Cash and investment balances reported in the AFR for December 31, 2023, were understated by \$2,969,573 as a result of the errors noted above.

Audit adjustments were proposed, accepted by the County, and made to the financial statement and the Combining Schedule of Receipts, Disbursement, and Cash and Investment Balances - Regulatory Basis presented as Other Information in the Financial Statement Audit Report of the County.

*Grant Information*

- The Child Support Services program expenditures were understated by \$134,799.
- The Highway Planning and Construction program expenditures were overstated by \$48,265.
- Other grants had individually immaterial errors that resulted in misstatements of expenditures of \$113,576.

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

*Leases and Debt*

- The Decatur County, Indiana Jail Building Corporation lease was omitted from the AFR, which understated the County's annual lease payment amount by \$1,545,500.
- The Honda TIF revenue bonds ending principal balance was overstated \$367,464.
- The Honda TIF revenue bonds principal due within one year was overstated by \$974,460.

COUNTY AUDITOR  
DECATUR COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

Audit 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.

*Investments*

- The Investment Fund Statement reported in Gateway was understated in the amount of \$3,000,000 at December 31, 2023.

*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 as set forth in the uniform compliance guidelines. 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](#)."

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. . . .

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. . . ."

**TRANSACTION RECORDING**

*Condition and Context*

Internal controls were not in place to ensure that transactions were posted in a timely manner, which resulted in the following errors:

- The County utilized a third-party to administer its self-insurance fund. The administrator provided the County with reports and worksheets including the monthly income (receipts), expenses (disbursements), and cash balances. The County did not record the activity of this fund on the funds ledger during the year 2023, nor was the activity reported on the 2023 Annual Financial Report. This resulted in an understatement of receipts and disbursements in the amount of \$4,199,696 and \$3,732,342, respectively.

COUNTY AUDITOR  
DECATUR COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

- One contract payment, in the amount of \$265,979, was not recorded on the ledger.

*Criteria*

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)

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**CERTIFICATION ON INTERNAL CONTROL STANDARDS**

The same comment appeared in prior Report B59682.

*Condition and Context*

The County Auditor certified on the Indiana Gateway for Government Units financial reporting system that all personnel had received training on internal control standards; however, documentation was not provided to show that training had occurred for personnel hired in 2023.

*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 as set forth in the uniform compliance guidelines. 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  
DECATUR COUNTY  
AUDIT RESULTS AND COMMENTS  
(Continued)

**CAPITAL ASSETS**

A similar comment appeared in a Management Letter addressed to the County Auditor for the audit period ending December 31, 2021.

*Condition and Context*

Internal controls were not in place to ensure accurate recordkeeping and inventory of the County's capital assets. The County provided a detailed capital asset ledger for audit; however, the County had not properly updated its detailed asset listing or completed a physical inventory within the past two years. We noted the construction of a highway building and other purchases noted in the County Council minutes that had not been properly added to the listing.

*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)

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:

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COUNTY AUDITOR  
DECATUR COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 17, 2024, with Janet S. Chadwell, County Auditor; Christy Smiley, Deputy County Auditor; Abby Johnson, Deputy County Auditor; Danny D. Peters, President of the County Council; Mark Koors, President of the Board of County Commissioners; Jeremy Pasel, County Commissioner; Ashley Emsweller-Hungate, County Council member; Bill Metz, County Council member; Deanna Burkart, County Council member; Kenny Hooten, County Council member; Melanie Nobbe, County Council member; and Patty Hensley, Director of Human Resources.

COUNTY TREASURER  
DECATUR COUNTY

COUNTY TREASURER  
DECATUR COUNTY  
AUDIT RESULT AND COMMENT

**INVESTMENTS**

*Condition and Context*

Internal controls were not in place to ensure that County funds were properly invested with an approved depository. In 2022, the County Treasurer transferred \$3,000,000 from an approved depository to an investment company, who then invested the funds on behalf of the County. In 2023, the funds were then transferred to a new investment company, who invested the funds on behalf of the County. The investment companies used by the County were not approved depositories designated by the State Board of Finance as a depository for state deposits under Indiana Code 5-13-9-5.

*Criteria*

Indiana Code 5-13-9-2.5 states in part:

"(a) An officer designated in section 1 of this chapter may invest or reinvest funds that are held by the officer and available for investment in investments commonly known as money market mutual funds that are in the form of securities of or interests in an open-end, no-load, management-type investment company or investment trust registered under the provisions of the federal Investment Company Act of 1940, as amended (15 U.S.C. 80a et seq.) . . .

(b) The investments described in subsection (a) shall be made through depositories designated by the state board of finance as depositories for state deposits under IC 5-13-9-5.

(c) The portfolio of an investment company or investment trust described in subsection (a) must be limited to the following:

(1) Direct obligations of the United States.

(2) Obligations issued by any of the following:

COUNTY TREASURER  
DECATUR COUNTY  
AUDIT RESULT AND COMMENT  
(Continued)

- (A) A federal agency.
  - (B) A federal instrumentality.
  - (C) A federal government sponsored enterprise.
- (3) Repurchase agreements full collateralized by obligations described in subdivision (1) or (2). . . ."

Investments can only be made in accordance with statutory guidelines. Losses and expenses related to any unauthorized investments and unauthorized investment procedures may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 1)

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:

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