

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TOWN OF BOSWELL

BENTON COUNTY, INDIANA

January 1, 2020 to December 31, 2023



FILED
11/26/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Donna Musenbrock (Vacant) Tracy Wortley	01-01-20 to 09-29-23 09-30-23 to 10-01-23 10-02-23 to 12-31-24
President of the Town Council	Jake Foster Mike Brody	01-01-20 to 01-08-24 01-09-24 to 12-31-24



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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TO: THE OFFICIALS OF THE TOWN OF BOSWELL, BENTON COUNTY, INDIANA

This report is supplemental to the audit report of the Town of Boswell (Town), for the period from January 1, 2020 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 Town. It should be read in conjunction with the Financial Statements Audit Report of the Town, which provides our opinions on the Town's financial statements. This report may be found at 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

November 7, 2024

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CLERK-TREASURER
TOWN OF BOSWELL

CLERK-TREASURER
TOWN OF BOSWELL
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

A similar comment appeared in prior Report B55069, entitled *FINANCIAL TRANSACTIONS AND REPORTING*.

Condition and Context

There were deficiencies in the internal control system of the Town related to receipts, disbursements, cash and investments, financial close and reporting, and compliance.

Receipts

The Town had not properly designed or implemented internal controls over receipts. Receipts are recorded in the Town's financial ledgers by the Clerk-Treasurer without an oversight or review process in place to ensure accuracy. As a result, receipts into the Town's Bank of New York bank accounts were not recorded in the Town's financial ledgers.

Disbursements

The Town had not designed or implemented effective internal controls over disbursements. Though disbursements are processed by the Clerk-Treasurer, and reviewed and approved by the Town Council, this was not effective at ensuring disbursements were properly recorded in the financial ledgers of the Town. As a result, disbursements from the Town's Bank of New York bank accounts were not recorded in the Town's financial ledgers.

Cash and Investments

The Town had not properly designed or implemented internal controls over cash and investments. Although cash and investments are reconciled by the Clerk-Treasurer and reviewed by the Deputy Clerk-Treasurer, the implemented internal control was not effective and did not detect and allow for correction of errors. As a result, the Town's Bank of New York bank accounts were not included in the monthly combined bank account reconciliation completed by the Town and not included in the financial ledgers of the Town.

Financial Close and Reporting

The Town had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the Town's financial statements. A system of internal controls was not designed which would correct and did not detect and allow for correction of errors prior to submission.

Compliance

The Town did not have adequate internal controls in place to ensure compliance with applicable laws and regulations. Additional details on noncompliance are noted in the comments following this comment and entitled:

- Annual Financial Report
- Transaction Recording

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

- Supporting Documentation

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. . . .

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. . . ."

ANNUAL FINANCIAL REPORT

Condition and Context

The Annual Financial Report (AFR) is required to be submitted annually via the Indiana Gateway for Government Units financial reporting system. The Clerk-Treasurer entered the information in the AFR without any oversight or review. Internal controls were not in place to detect or allow for correction of information submitted in the AFR.

Due to the lack of internal controls, the AFR contained the following errors:

Financial Data

Fund	Beginning Balance Over (Under) Statement			
	January 1, 2020	January 1, 2021	January 1, 2022	January 1, 2023
SRF DW Bond and Interest	\$ (38,960)	\$ (39,739)	\$ (39,411)	\$ (31,534)
SRF DW Debt Service Reserve	(32,597)	(43,347)	(53,945)	(54,595)
Total	\$ (71,557)	\$ (83,086)	\$ (93,356)	\$ (86,129)

Fund	Receipt Over (Under) Statement			
	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
SRF DW Bond and Interest	\$ (52,979)	\$ (52,122)	\$ (43,813)	\$ (58,269)
SRF DW Debt Service Reserve	(10,750)	(10,598)	(650)	(2,686)
Total	\$ (63,729)	\$ (62,720)	\$ (44,463)	\$ (60,955)

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

Fund	Disbursement Over (Under) Statement			
	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
SRF DW Bond and Interest	\$ (52,200)	\$ (52,450)	\$ (51,690)	\$ (52,920)
Total	<u>\$ (52,200)</u>	<u>\$ (52,450)</u>	<u>\$ (51,690)</u>	<u>\$ (52,920)</u>

Fund	Ending Balance Over (Under) Statement			
	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
SRF DW Bond and Interest	\$ (39,739)	\$ (39,411)	\$ (31,534)	\$ (36,883)
SRF DW Debt Service Reserve	(43,347)	(53,945)	(54,595)	(57,281)
Total	<u>\$ (83,086)</u>	<u>\$ (93,356)</u>	<u>\$ (86,129)</u>	<u>\$ (94,164)</u>

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

Leases and Debt

- For 2020, the Town did not report any leases in the AFR. As a result, the lease information was understated by \$13,974. Additionally, the Town did not report principal and interest amounts due in 2021 on the Water General Obligation bond debt in the AFR. As a result, the debt information was understated by \$52,450.
- For 2021, the Town did not report principal due in 2022 on the Water General Obligation bond debt in the AFR. As a result, the debt information was understated by \$38,000.
- For 2022 and 2023, the Town did not report one of the leases in the AFR. As a result, the lease information was understated by \$17,114 for each year.

Audit adjustments were proposed, accepted by the Town, and made to the 2023 Schedule of Leases and Debt presented as Other Information in the Financial Statements Audit Report of the Town.

Accounts Payable and Accounts Receivable

The Town could not provide supporting documentation to verify the amounts reported in 2020, 2021, and 2022 for accounts payable and accounts receivable information entered into the AFR. The differences could not be determined but are presumed to be material. The accounts payable and accounts receivable information reported in the AFR for 2023 was verified against supporting documentation and presented as Other Information in the Financial Statements Audit Report of the Town.

Capital Assets

The Town's capital asset information reported in the AFR for the years 2020, 2021, and 2022 was understated when compared to underlying accounting records by \$58,048, \$122,738, and \$122,738, respectively. The capital asset information reported in the AFR for 2023 was verified against supporting documentation and presented as Other Information in the Financial Statements Audit Report of the Town.

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

Grants

The Town's grant information reported in the AFR did not include COVID-19 Local Fiscal Recovery grant funds. As a result, the grant information was understated by \$86,810 in 2021 and \$87,467 in 2022.

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](#)."

TRANSACTION RECORDING

Condition and Context

The Town did not have adequate internal controls in place to ensure that all financial transactions were recorded in the financial records of the Town. Receipts and disbursements for the SRF DW Bond and Interest fund and the SRF DW Debt Service Reserve Fund were not recorded in the financial records of the Town. Total receipts and disbursements for the audit period for the SRF DW Bond and Interest fund were \$207,183 and \$209,260, respectively. Total receipts for the audit period for the SRF DW Debt Service Reserve Fund were \$24,684.

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 5-15-1-1.

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 Cities and Towns, Chapter 1)

SUPPORTING DOCUMENTATION

Condition and Context

The Town did not have internal controls in place to ensure that documentation was retained to support receipt transactions.

Supporting documentation to verify the validity of receipts was not provided for 8 of the 66 receipts tested during the audit period totaling \$721.

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

Criteria

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

- (1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.
- (2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

CLERK-TREASURER
TOWN OF BOSWELL
EXIT CONFERENCE

The contents of this report were discussed on November 7, 2024, with Tracy Wortley, Clerk-Treasurer, and Jake Foster, Town Council member.