

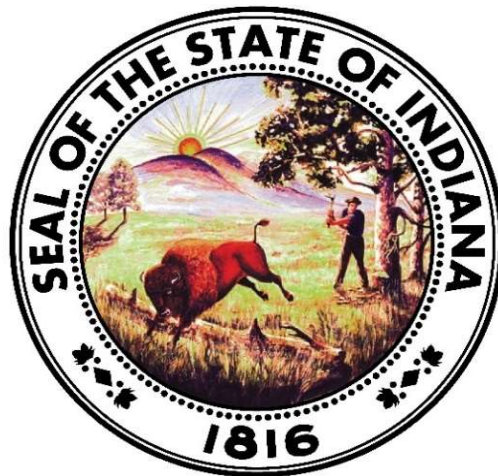
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SUPPLEMENTAL COMPLIANCE REPORT

OF

BOONE COUNTY, INDIANA

January 1, 2023 to December 31, 2023



FILED

08/16/2024

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Debbie Morton-Crum	01-01-23 to 12-31-24
County Treasurer	Nikki Baldwin	01-01-23 to 12-31-24
Clerk of the Circuit Court	Lisa Bruder	01-01-23 to 12-31-24
County Sheriff	Anthony Harris	01-01-23 to 12-31-24
County Recorder	Debbie Ottinger	01-01-23 to 12-31-24
President of the Board of County Commissioners	Don Lawson	01-01-23 to 12-31-24
President of the County Council	Elise Nieshalla Ken Hedge	01-01-23 to 12-31-23 01-01-24 to 12-31-24



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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302 WEST WASHINGTON STREET
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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, 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/.

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.

A handwritten signature in blue ink that reads "Beth Kelley".

Beth Kelley, CPA, CFE
Deputy State Examiner

July 24, 2024

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COUNTY AUDITOR
BOONE COUNTY

COUNTY AUDITOR
BOONE COUNTY
AUDIT RESULTS AND COMMENTS

ANNUAL FINANCIAL REPORT - OTHER INFORMATION

The same comment also appeared in prior Report 000000553S.

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.

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, improvements other than buildings, machinery, and equipment.

Grant Information

The grant information reported contained the following errors:

- The Highway Planning and Construction grant was overstated by \$958,361.
- The COVID-19 - Coronavirus State and Local Fiscal Recovery Funds passed through to subrecipients was understated by \$290,000.
- The Family Recovery Court Grant Program was understated by \$157,001.
- Additional grants had individually immaterial errors that resulted in misstatements of \$350,686 in total.
- Other errors included incorrect program names, pass-through entities, federal assistance listings numbers, and identifying numbers.

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.

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.

COUNTY AUDITOR
BOONE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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. . . ."

The Annual Financial Report (AFR) required under IC 5-11-1-4(a) shall be filed with the state examiner not later than sixty (60) days after the close of each fiscal year. (Accounting and Uniform Guidelines Compliance Manual for County Auditors of Indiana, Chapter 1)

OVERDRAWN CASH BALANCES

The same comment also appeared in prior Reports B59056, B59582, and 000000553S.

Condition and Context

The financial statement included the following non-grant funds with overdrawn cash balances at December 31, 2023.

Fund	Amount Overdrawn
PERF	\$ 61,557
SHERIFF PENSION	89,281
LIT CERTIFIED SHARES	283,805
SETS	1,516

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

This same comment also appeared in prior Reports B59056, B59582 and 000000553S.

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; however, a detailed capital asset listing was not provided for infrastructure, land, or improvements other than buildings.

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

COUNTY AUDITOR
BOONE COUNTY
AUDIT RESULTS AND COMMENTS
(Continued)

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)

COUNTY AUDITOR
BOONE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 24, 2024, with Debbie Morton-Crum, County Auditor; Caryn Strode, Deputy County Auditor; Katie Westerfeld, Deputy County Auditor; Don Lawson, President of the Board of County Commissioners; Ken Hedge, President of the County Council; and Kevin VanHorn, County Council member.

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BOARD OF COUNTY COMMISSIONERS
BOONE COUNTY

BOARD OF COUNTY COMMISSIONERS
BOONE COUNTY
AUDIT RESULT AND COMMENT

CAPITAL ASSETS

This same comment also appeared in prior Reports B59056, B59582, and 000000553S.

Condition and Context

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Additionally, a capital asset policy detailing the threshold at which an item is considered a capital asset was not adopted by the County, and a physical inventory was not completed within the 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 Counties of Indiana, Chapter 1)

BOARD OF COUNTY COMMISSIONERS
BOONE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 24, 2024, with Debbie Morton-Crum, County Auditor; Caryn Strode, Deputy County Auditor; Katie Westerfeld, Deputy County Auditor; Don Lawson, President of the Board of County Commissioners; Ken Hedge, President of the County Council; and Kevin VanHorn, County Council member.