

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

CASS COUNTY, INDIANA

January 1, 2021 to December 31, 2021



FILED
07/21/2022

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Cheryl Alcorn	01-01-21 to 12-31-22
County Treasurer	Cindy Howard	01-01-21 to 12-31-22
Clerk of the Circuit Court	Destry Richey	01-01-21 to 12-31-22
County Sheriff	Edward Schroder	01-01-21 to 12-31-22
County Recorder	Beth Liming	01-01-21 to 12-31-22
President of the Board of County Commissioners	Ryan Browning	01-01-21 to 12-31-22
President of the County Council	Brian Reed	01-01-21 to 12-31-22



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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TO: THE OFFICIALS OF CASS COUNTY, INDIANA

This report is supplemental to our audit report of Cass County (County), for the period from January 1, 2021 to December 31, 2021. 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 our 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.

Beth Kelley, CPA, CFE
Deputy State Examiner

July 13, 2022

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COUNTY AUDITOR
CASS COUNTY

COUNTY AUDITOR
CASS COUNTY
AUDIT RESULT AND COMMENT

SUPPLEMENTAL DEBT INFORMATION

Condition and Context

The County reported debt in the Indiana Gateway for Government Units (Gateway) financial reporting system. The amount reported contained a material omission as noted below.

The Redevelopment District Bonds of 2021, for a new fire suppression system, in the amount of \$4,520,000 were omitted from the debt information provided on Gateway and from the supplemental debt schedule reported in the Financial Statement Audit Report.

An adjustment was proposed, accepted by the County, and made to the debt schedule presented in the Financial Statement Audit Report.

Criteria

Indian 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](#).

Each reporting entity shall be permitted to report lease and debt information on this supplementary schedule. If presented, the schedule should include all outstanding lease and debt at the end of the fiscal year. (Accounting and Financial Regulatory Reporting Manual - 2013, Part III)

COUNTY AUDITOR
CASS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 13, 2022, with Cheryl Alcorn, County Auditor; Ruth Baker, Vice President of the Board of County Commissioners; and Jeffrey Stanton, County Attorney.

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COUNTY TREASURER
CASS COUNTY

COUNTY TREASURER
CASS COUNTY
AUDIT RESULT AND COMMENT

FINANCIAL TRANSACTIONS

Condition and Context

There were deficiencies in the internal control system of the County Treasurer related to financial transactions. The County Treasurer had not separated incompatible activities related to cash and investments.

The County Treasurer had not established a system of internal control to ensure monthly bank reconciliations were complete and accurate.

Depository account balance reconciliations to the fund balances were not complete because of unidentified reconciling items. The bank account reconciliations contained numerous reconciling items which either were not outstanding items, or could not be identified. The County's reconciled bank account balances to the financial statement was cash long by \$13,996 as of December 31, 2021. This amount was determined to be immaterial to the financial statement as a whole.

The County Treasurer's Monthly Financial Report (Form 47TR) shall be prepared with one copy retained by the County Treasurer, and copies filed with the County Auditor for transmission to the Board of Finance, Board of County Commissioners, and Indiana State Board of Accounts by the 16th day of the following month. The County Treasurer filed this report up to 72 days late.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27€ 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. . . ."

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

On or before the 16th day of each month the treasurer shall prepare a report showing the financial condition of the office as of the close of business on the last day of the preceding month. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 5)

COUNTY TREASURER
CASS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 13, 2022, with Cindy Howard, County Treasurer; Cheryl Alcorn, County Auditor; Ruth Baker, Vice President of the Board of County Commissioners; and Jeffrey Stanton, County Attorney.