

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

VIGO COUNTY, INDIANA

January 1, 2021 to December 31, 2021



FILED
05/05/2023

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	3-4
Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	5-8
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards	11-13
Notes to Schedule of Expenditures of Federal Awards.....	14
Schedule of Findings and Questioned Costs.....	15-19
Auditee-Prepared Document:	
Corrective Action Plan	22
Other Reports.....	23

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	James W. Bramble	01-01-21 to 12-31-23
County Treasurer	Josie Swalls Thompson	01-01-21 to 12-31-23
Clerk of the Circuit Court	Bradley M. Newman	01-01-21 to 12-31-23
County Sheriff	John A. Plasse	01-01-21 to 12-31-23
County Recorder	Diana Winstead-Smith	01-01-21 to 12-31-23
County Assessor	Kevin Gardner	01-01-21 to 12-31-23
County Surveyor	Bruce W. Allen, Jr.	01-01-21 to 12-31-23
County Prosecutor	Terry R. Modesitt	01-01-21 to 12-31-23
County Coroner	Janie Myers	01-01-21 to 12-31-23
President of the Board of County Commissioners	Ivan M. Morris Chris Switzer Mike Morris	01-01-21 to 12-31-21 01-01-22 to 12-31-22 01-01-23 to 12-31-23
President of the County Council	Aaron D. Loudermilk R. Todd Thacker	01-01-21 to 12-31-22 01-01-23 to 12-31-23



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF VIGO COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Vigo County (County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated April 28, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected, and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 and 2021-002, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 and 2021-002.

Vigo County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The County's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beth Kelley, CPA, CFE
Deputy State Examiner

April 28, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF VIGO COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Vigo County's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021. The County's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings and Questioned Costs.

The County's basic financial statements include the operations of the Vigo County Solid Waste Management District, Vigo County Public Library, Honey Creek Fire Protection District, Lost Creek Fire Protection District, New Goshen Fire Protection District, Prairieton Fire Protection District, Riley Fire Protection District, and Sugar Creek Fire Protection District; however, the federal award expenditures, if any, are not included in the County's Schedule of Expenditures of Federal Awards during the year ended December 31, 2021. Our audit, described below, did not include the operations of Vigo County Solid Waste Management District, Vigo County Public Library, Honey Creek Fire Protection District, Lost Creek Fire Protection District, New Goshen Fire Protection District, Prairieton Fire Protection District, Riley Fire Protection District, and Sugar Creek Fire Protection District as these entities are legally separate from the County and are subject to separate audits in accordance with Indiana state statutes or regulations including the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) if applicable.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Uniform Guidance. Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance, and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(Continued)

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated April 28, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Beth Kelley, CPA, CFE
Deputy State Examiner

April 28, 2023

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the County. The schedule and notes are presented as intended by the County.

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VIGO COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
Non-Reverting Lunch 8322.09900			FY2021	\$ -	\$ 12,645
National School Lunch Program	Indiana Department of Education	10.555			
Non-Reverting Lunch 8322.09900			FY2021	-	24,352
Total - Child Nutrition Cluster				-	36,997
Total - Department of Agriculture				-	36,997
<u>Department of Justice</u>					
Coronavirus Emergency Supplemental Funding Program	Indiana Department of Justice	16.034			
Coronavirus Emergency Supplement 8312.09953			2020-VD-BX-1061	-	14,851
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575			
VOCA - Victim of Crime 8103.09953			VOCA-2020-00087	-	35,864
2018 VOCA VC Staff CASA 8112.09850			VOCA-2020-00218	-	87,110
Total - Crime Victim Assistance				-	122,974
Public Safety Partnership and Community Policing Grants	Indiana Criminal Justice Institute	16.710			
COPS Hiring Program 8320			2020UMWX0346	-	36,063
Edward Byrne Memorial Justice Assistance Grant Program	Indiana Department of Justice	16.738			
Public Defender ICJI Grant 9125.09953			Jag 2020-00150	-	4,950
Total - Department of Justice				-	178,838
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster					
Highway Planning and Construction	Indiana Department of Transportation	20.205			
Transportation Improvement Program (DES 1401314) Springhill to 7th St			DES 1401314	-	1,242,592
SFY 2012-2015 Transportation Improvement Program DES 1500254 Bridge Inspection			DES 1500254	-	17,088
Transportation Improvement Program (Des 1700437) Bridge 37			DES 1700437	-	24,840
Transportation Improvement Program DES 1700438 Bridge 322			DES 1700438	-	113,054
Transportation Improvement Program DES 1700439 Bridge 77			DES 1700439	-	25,210
SFY 2012-20105 Transportation Improvement Program DES 1700440 #330/B			DES 1700440	-	10,397
Total - Highway Planning and Construction				-	1,433,181
Recreational Trails Program	Indiana Department of Natural Resources	20.219			
Recreational Trails Program 8440.09953			RT-18-007	-	3,288
Total - Highway Planning and Construction Cluster				-	1,436,469

VIGO COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
Highway Safety Cluster					
State and Community Highway Safety	Indiana Criminal Justice Institute	20.600			
FY2021 Operation Pull Over Enforcement Grant VCSD 1000.02200			Chirp-2021-00078	-	8,568
FY2021 Operation Pull Over Enforcement Grant THPD 8315.09953			Chirp-2021-00078	20,562	20,562
FY2021 Operation Pull Over Enforcement Grant WTHPD 8315.09953			Chirp-2021-00078	6,398	6,398
FY2021 Operation Pull Over Enforcement Grant Seelyville 8315.09953			Chirp-2021-00078	1,792	1,792
Total - State and Community Highway Safety				<u>28,752</u>	<u>37,320</u>
Total - Highway Safety Cluster				<u>28,752</u>	<u>37,320</u>
Minimum Penalties for Repeat Offenders for Driving While Intoxicated					
FY2021 DUI & DUID Taskforce Grant WTH 8315.09953	Indiana Criminal Justice Institute	20.608			
FY 2021 DUI & DUID Taskforce Grant VCSC 1000.02200			Chirp-2021-00078	6,448	6,448
			Chirp-2021-00078	-	311
Total - Minimum Penalties for Repeat Offenders for Driving While Intoxicated				<u>6,448</u>	<u>6,759</u>
Total - Department of Transportation				<u>35,200</u>	<u>1,480,548</u>
Department of the Treasury					
COVID-19 - Coronavirus Relief Fund	Indiana Department of Health	21.019			
Health Cares Act Coronavirus 8901.09953			46000	-	242,130
COVID-19 - Coronavirus Relief Fund	Indiana Finance Authority	21.019			
Safety Awareness Cares Act 8905.09953			FY2020	-	345,295
Total - Department of the Treasury				<u>-</u>	<u>587,425</u>
Department of Health and Human Services					
Substance Abuse and Mental Health Services Projects of Regional and National Significance	Indiana Supreme Court	93.243			
Veterans Grant SAMHSA 93.243 - 8235 YR #4			5H79TI081161-04	-	11,145
Veterans Grant SAMHSA 93.243 8235 YR #3			5H79TI081161-03	-	49,433
Drug Court SAMHSA Grant 93.24 -8230 YR #3			5H79TI081171-03	-	151,446
Total - Substance Abuse and Mental Health Services Projects of Regional and National Significance				<u>-</u>	<u>212,024</u>
COVID-19 - Immunization Cooperative Agreements	Indiana Department of Health	93.268			
Immunization and Vaccines for Children 8901.009953			NH23IP922631	-	26,808
Health Immunization Grant 8119.09953 YR #2 (7.1-12.31)			NH23IP922631	-	13,334
Health Immunization Grant 8109.09953 YR #1 (1.1-6.30)			NH23IP922631	-	28,751
Total - COVID-19 - Immunization Cooperative Agreements				<u>-</u>	<u>68,893</u>
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases	Indiana Department of Health	93.323			
Immunization and Vaccines for Children 8901.009953			NU50CK000503	-	53,832

VIGO COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listings Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
Child Support Enforcement	Indiana Department of Child Services	93.563			
Title IV-D Child Support Reimb (Regular) 1000.03102			FY2021	-	737,218
Prosecutor Incentive 8897			FY2021	-	6,713
Child Support (Indirect Costs)1000.02714			FY2021	-	104,631
County General Incentive/Superior Court IV-D/Child Support 8895.08609			FY2021	-	9,609
New Clerk Incentive 8899			FY2021	-	<u>81,827</u>
Total - Child Support Enforcement				-	<u>939,998</u>
Opioid STR	Indiana Office of Court Services	93.788			
Sequential Intercept Model 8360			21-5JC89-C84-001	-	<u>8,531</u>
Total - Department of Health and Human Services				-	<u>1,283,278</u>
<u>Department of Homeland Security</u>					
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036			
COVID Reimbursement - General Fund			167-UWENH-00 DR4515	-	<u>27,758</u>
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042			
EMA Performance Grants (Salaries)			FR-2020-EMPGS-00658	-	<u>55,000</u>
Homeland Security Grant Program	Indiana Department of Homeland Security	97.067			
FFY20 State Homeland Security-SHSP Equip			EMW-2020-SS-00009-S01	-	<u>8,445</u>
Total - Department of Homeland Security				-	<u>91,203</u>
Total federal awards expended				<u>\$ 35,200</u>	<u>\$ 3,658,289</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

VIGO COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2021. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the County, it is not intended to and does not present the financial position of the County.

B. Other Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

Note 2. Indirect Cost Rate

The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

VIGO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:

Name of Opinion Unit	Opinion Issued
Governmental activities	Unmodified
Aggregate discretely presented component units	Unmodified
Each major fund	Unmodified
Aggregate remaining fund information	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

Identification of Major Programs and type of auditor's report issued on compliance for each:

Assistance Listings Number	Name of Federal Program or Cluster	Opinion Issued
21.019	Highway Planning and Construction Cluster COVID-19 - Coronavirus Relief Fund	Unmodified Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? no

VIGO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued))

Section II - Financial Statement Findings

FINDING 2021-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Condition and Context

The County had not designed or implemented a system of internal controls to ensure that all financial transactions of the Vigo County Building Corporation (Building Corporation) were properly recorded and reported to the County for inclusion in its financial statements.

In December 2019, the County issued a check in the amount of \$4,000,000 from the LIT-Special Purpose Fund 1114. This money was intended for the Building Corporation to be used for the county jail construction payments, as stated in the agreement between the County and the Building Corporation. The check was deposited into a newly created bank account erroneously established in the County's name. Proceeds from the sale of the jail project site totaling \$620,000 and fees from December 2019 to March 2020 totaling \$18,377 were also deposited into the bank account. The Building Corporation had not included the bank account nor any of the activity in its ledger. Neither the County nor the Building Corporation had ensured this information was reported on the financial statements for the County. Therefore, the following errors were noted:

1. Cash and cash equivalents were understated by \$13,182,266, for the Building Corporation Capital Project fund and governmental activities.
2. Revenues for the Building Corporation Capital Project fund and governmental activities were understated by \$10,001,555, which consisted of an additional check in the amount of \$10,000,000 paid from the County's LIT-Special Purpose Fund 1114 and \$1,555 in fees and dividends deposited into the bank account.
3. Expenditures for the Building Corporation Capital Project fund and expenses for the governmental activities were understated by \$1,458,005, which consisted of expenditures for the County jail construction in December 2021 totaling \$1,456,466 and bank fees of \$1,538.
4. The Beginning Fund Balance for the Building Corporation Capital Project fund was restated in the amount of an additional \$4,638,377, to account for the omitted activity that occurred during the 2019 and 2020 years.
5. A prior period adjustment to the Beginning Net Position for governmental activities was also made in the amount of \$4,638,377, to account for the omitted activity that occurred during the 2019 and 2020 years.

Adjustments were proposed, accepted by the County, and made to the financial statements and are materially correct as presented.

VIGO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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.

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

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. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 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 Counties of Indiana, Chapter 1)

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](#)."

Cause

Management had not established a proper system of internal controls over financial transactions and reporting.

Effect

Without a proper system of internal controls in place, material misstatements of the financial statement remained undetected. The financial statement included the errors identified in the *Condition and Context*.

VIGO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2021-002

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Condition and Context

The County had not designed or implemented an effective system of internal controls to ensure that all financial transactions were properly reported in the financial statements.

The financial statements presented for audit included the following errors:

1. An incorrect beginning accrual reversing journal entry was made and resulted in an overstatement in the amount of \$26,718,266 for both additions and deductions for the custodial funds.
2. The governmental activities Net Investment in Capital Assets was overstated by \$13,182,266, and the Unrestricted Net Position was understated by \$13,182,266.
3. The General Fund Cash and Cash Equivalents was overstated by \$5,000,000, and Investments was understated by \$5,000,000 due to a misclassified certificate of deposit.
4. The Discretely Presented Component Units were understated in the amounts of \$1,520,686, \$2,399,294, \$131,038, \$1,520,686, and \$2,268,256 for Taxes Receivable, Capital Assets, Payables, Deferred Inflows, and Net Position, respectively.
5. The custodial funds total Taxes Receivable was understated in the amount of \$3,575,628, the total Deferred Inflows was overstated in the amount by \$1,494,523, and the total Additions and Net Position was understated in the amount by \$5,070,151.

Adjustments were proposed, accepted by the County, and made to the financial statements and are materially correct as presented.

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.

VIGO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(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 Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

Cause

Management had not established a proper system of internal controls over financial transactions and reporting.

Effect

Without a proper system of internal controls that operated effectively, material misstatements of the financial statement remained undetected. The financial statement included the errors identified in the *Condition and Context*.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the County. The document is presented as intended by the County.



Vigo County Auditor

VIGO COUNTY ANNEX
131 OAK STREET
TERRE HAUTE, INDIANA 47807
(812) 462-3261

James W. Bramble, CPA, Auditor
james.bramble@vigocounty.in.gov

FINDING 2021-001

Contact Person Responsible for Corrective Action: James Bramble
Contact Phone Number: 812-462-3361

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

The jail project has been completed. If similar circumstances arise in the future, controls will be in place to insure proper accounting and reporting of financial transactions.

Anticipated Completion Date: 4/20/2023

FINDING 2021-002

Contact Person Responsible for Corrective Action: James Bramble
Contact Phone Number: 812-462-3361

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

Corrections have been made. If similar circumstances arise in the future, controls will be in place to insure proper accounting and reporting of financial transactions.

Anticipated Completion Date: 4/20/2023

OTHER REPORTS

In addition to this report, other reports may have been issued for the County. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.