

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF  
JENNINGS COUNTY, INDIANA  
January 1, 2013 to December 31, 2013



**FILED**  
01/06/2016



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Janice L. Ramey Kay S. Vance	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Treasurer	Sandra L. Vance	01-01-13 to 12-31-16
Clerk of the Circuit Court	Mary Dorsett Kilgore	01-01-11 to 12-31-18
County Sheriff	Steve Hoppock Gary Driver	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Recorder	Lisa Jines-Plessinger Janice L. Ramey	01-01-11 to 12-31-14 01-01-15 to 12-31-18
President of the Board of County Commissioners	Matt Sporleder	01-01-13 to 12-31-15
President of the County Council	Howard L. Malcomb	01-01-13 to 12-31-15



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF JENNINGS COUNTY, INDIANA

***Report on the Financial Statement***

We were engaged to audit the accompanying financial statement of Jennings County (County), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

***Basis for Disclaimer of Opinion***

The County Auditor and County Treasurer did not properly maintain the County's financial ledgers, records, and bank reconcilements during the audit period. The County's records did not permit the application of other auditing procedures to ascertain whether the financial statement was fairly stated; therefore, we were unable to express an opinion on the financial statement.

***Disclaimer of Opinion***

Because of the significance of the matter discussed in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on this financial statement.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Matters**

*Supplementary Information*


Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Because of the significance of the matters described in the *Basis for Disclaimer of Opinion* paragraph and because federal grant monies were not accurately and separately identified in the financial ledgers, it is inappropriate to and we do not express an opinion on the Schedule of Expenditures of Federal Awards referred to above.

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to any auditing procedures and, accordingly, we express no opinion on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated September 16, 2015, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

September 16, 2015



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

TO: THE OFFICIALS OF JENNINGS COUNTY, INDIANA

We were engaged to audit, 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 statement of Jennings County (County), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated September 16, 2015. Our report disclaims an opinion on such financial statement because the County Auditor and County Treasurer did not properly maintain the County's financial ledgers, records, and bank reconciliations during the audit period. The County's records did not permit the application of other auditing procedures to ascertain whether the financial statement was fairly stated; therefore, we were unable to express an opinion on the financial statement.

***Internal Control Over Financial Reporting***

In connection with our engagement to audit the financial statement, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, 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.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001, 2013-002, 2013-003, 2013-004, 2013-005, 2013-006, 2013-007, 2013-008, and 2013-009 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  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

***Compliance and Other Matters***


In connection with our engagement to audit the County's financial statement, 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 2013-001, 2013-002, 2013-003, 2013-004, 2013-005, 2013-006, 2013-007, 2013-008, and 2013-009. Additionally, if the scope of our work had been sufficient to enable us to express an opinion on the financial statement, other instances of noncompliance or other matters may have been identified and reported herein.

***Jennings County's Response to Findings***

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 engagement to audit the financial statement 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.

  
Paul D. Joyce, CPA  
State Examiner

September 16, 2015

## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the County. The financial statement and notes are presented as intended by the County.

JENNINGS COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
General	\$ 283,441	\$ 5,061,820	\$ 5,062,837	\$ 282,424
Accident Report	6,506	5,865	4,789	7,582
Animal Control	10,160	71,325	81,487	(2)
CAGIT County Certified Shares	-	1,982,987	1,887,907	95,080
CEDIT County Share	17,944	1,748,376	1,696,354	69,966
City and Town Court Costs	8,076	6,521	-	14,597
Community Corrections	98	4,906	2,644	2,360
County Option Dog Tax	442	-	-	442
Sales Disclosure - County Share	6,662	3,505	3,820	6,347
Covered Bridge	30,619	-	-	30,619
Cumulative Bridge	542,495	439,905	572,117	410,283
Cumulative Courthouse	463,860	84,751	98,509	450,102
Emergency Telephone System	1,452	391,465	384,183	8,734
Firearms Training	3,508	20,880	24,388	-
Health	88,760	238,896	239,961	87,695
Identification Security Protection	14,285	2,286	3,065	13,506
Local Health Maintenance	75,836	33,139	38,848	70,127
Local Road and Street	234,892	270,700	342,161	163,431
Misdemeanant	17,877	17,542	24,262	11,157
Motor Vehicle Highway	457,587	1,982,758	1,817,892	622,453
Park Nonreverting Operating	49,520	44,232	46,008	47,744
Planning and Zoning Impact	1,437	111,793	113,230	-
Rainy Day	329,306	-	22,350	306,956
Reassessment - 2009	2,403	-	-	2,403
Reassessment - 2015	250,512	198,316	78,385	370,443
Recorder's Records Perpetuation	42,271	41,618	36,875	47,014
Riverboat	143,345	208,855	333,137	19,063
Supplemental Public Defender Services	86,080	54,255	22,545	117,790
Surplus Tax	1,264	31,355	9,197	23,422
Surveyor's Corner Perpetuation	28,777	6,760	-	35,537
Tax Sale Fees	31,048	2,079	22,593	10,534
Tax Sale Redemption	34,705	83,280	108,407	9,578
Tax Sale Surplus	440,747	689,240	493,169	636,818
Local Health Department Trust Account	1,003	9,575	11,127	(549)
Vehicle Inspection	735	860	-	1,595
Wireless Emergency Telephone System	172	-	-	172
GAL/CASA	-	19,145	19,145	-
Adult Probation Administrative	88,913	65,806	54,924	99,795
Juvenile Probation Administrative	68,527	5,467	9,557	64,437
Supplemental Juvenile Probation Services	340	3,243	637	2,946
Recycling	179	55,999	69,648	(13,470)
Donations	1,629	410	-	2,039
Debt Service	802,496	747,012	770,000	779,508
Payroll Withholding - Insurance	48,310	383,610	370,446	61,474
Payroll Withholding - Federal	(10)	461,209	461,691	(492)
Payroll Withholding - FICA & Medicare	(28,708)	754,265	768,768	(43,211)
Payroll Withholding - Local Tax	4,382	58,836	42,377	20,841
Payroll Withholding - 457 B Plan	445	174,990	161,684	13,751
Payroll Withholding - Sheriff Pension	19,631	19,481	33,546	5,566
Payroll Withholding - State	12,552	168,715	121,474	59,793
Payroll Withholding - Uniforms	124	1,613	1,308	429
Payroll Withholding - Wage Garnishments	200	39,827	41,479	(1,452)
Settlement	-	21,149,499	21,149,499	-
CVET Agency	-	186,902	93,456	93,446

The notes to the financial statement are an integral part of this statement.

JENNINGS COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
Financial Institution Tax	-	100,077	45,158	54,919
HEA 1001 State Homestead Credit	1,745	-	-	1,745
State Fines and Forfeitures	3,192	18,723	9,040	12,875
Infraction Judgments	2,369	12,707	11,907	3,169
Special Death Benefit	10,420	1,715	-	12,135
Sales Disclosure - State Share	335	3,505	3,510	330
Coroners Training & Con't Education	2,775	1,670	6,908	(2,463)
Child Restraint Violations Fines	375	225	650	(50)
Inheritance Tax	76,225	128,930	183,058	22,097
Education Plate Fees Agency	188	394	-	582
Innkeepers Tax Collections	39,894	30,094	39,894	30,094
Judgments Due Law Enforcement	821	-	-	821
CAGIT Distribution	1,068	3,981,731	3,981,731	1,068
93.563 Title IV-D Incentive	41,887	34,531	-	76,418
93.563 Prosecutor IV-D Incentive-Post Oct '99	40,964	51,953	30,376	62,541
93.563 Clerk IV-D Incentive-Post Oct '99	86,085	34,531	7,182	113,434
Library General	187,515	-	187,515	-
Sharps Fund	-	100	100	-
Payroll Withholdings - United Way	222	5,645	4,618	1,249
Credit Union	-	39,232	38,502	730
Unreimbursed Medical	-	3,319	3,319	-
Dependent Day Care	-	1,500	1,500	-
Identity Theft Protection	(16)	1,237	1,127	94
Circuit Supplemental Public Defend	9,286	26,061	-	35,347
North Vernon Sewer	1,133	219	4,309	(2,957)
Alcohol and Drug Services	47,844	24,278	-	72,122
Sheriff's Continuing Education	108	-	-	108
Law Enforcement Continuing Ed	33,819	3,754	1,934	35,639
Superior Supplemental Public Defend	3,968	2,211	-	6,179
Solid Waste Settlement	41,353	-	41,353	-
Operation Pull Over	1,115	753	738	1,130
Jennings Co Christmas Light	50	-	-	50
Campbell Sewer Lien	5,558	-	3,702	1,856
MUTC Sewer	8,394	-	194,369	(185,975)
Jury Fee	3,217	2,014	-	5,231
Special Death Benefit Fees	-	-	1,715	(1,715)
Corp Debt Service	40,662	1,338	39,472	2,528
Corp Police Pension	15,324	-	15,324	-
Corp Recreation	53,960	-	53,960	-
Corp Cemetery	14,674	-	14,674	-
Deferral Fee Program	14,488	11,550	14,217	11,821
Corp MVH	103,833	-	103,833	-
Corp General	1,861,505	-	1,853,350	8,155
Equitable Share Law Enf	66	-	-	66
Corp Cumulative Capital	28,512	-	28,512	-
School Transportation	1,393,527	-	1,393,527	-
School Capital Projects	1,259,486	-	1,259,486	-
School Debt Service	1,280,163	-	1,280,163	-
Court Security	1,533	16,162	15,510	2,185
Township Fire	36,196	-	36,196	-
Township General	34,841	-	34,841	-
State Welfare Excise	391,891	395,574	787,463	2
Criminal Background Check	159	-	-	159
Prisoner Reimbursement	6,659	9,350	-	16,009

The notes to the financial statement are an integral part of this statement.

JENNINGS COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended December 31, 2013  
(Continued)

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
Courthouse Security Grant	45	-	-	45
Victim of Crime Assistance	4,662	4,662	-	9,324
Township Debt Service	4,358	-	4,358	-
Township Cumulative Fire	30,645	-	30,645	-
School Bus Replacement	64,882	-	64,882	-
Paramedic Training	3,537	1,775	4,577	735
Document Storage Fee	3,889	9,459	2,422	10,926
Transfer Fee	13,235	6,750	5,690	14,295
Jennings Drug Free Community	26,581	21,832	22,000	26,413
Pretrial Diversion	22,362	22,480	33,506	11,336
JC Landfill Closure	10,148	-	-	10,148
Local DNR Law Enforcement	505	-	-	505
Supplemental Circuit Court Probation	15,496	11,000	4,761	21,735
Rescue 20 - Fema	725	-	140	585
Supplemental Superior Probation	844	10,736	111	11,469
2008 IN Natural Disaster	146	-	-	146
Interstate Compact	9,626	505	10,063	68
Township Assistance	55,205	-	55,205	-
E911 - General	40,281	237,839	221,038	57,082
Superior Probation Fund	27,272	50,941	34,460	43,753
Fairground Non-Revert	26,707	49,005	42,542	33,170
Interstate Probation Fee	492	833	-	1,325
Public Health Prepare	350	25,657	24,958	1,049
Fema Disaster	33,354	-	-	33,354
WTH Web Feature Service	2,000	-	-	2,000
Jennings County Lepc	15,423	3,198	1,185	17,436
Child Abuse Prevention - Co	15	-	-	15
Mortgage Recording Fees	-	2,298	1,875	423
November 2011 Certificate Sale	1,285	-	-	1,285
Squire Lakes Big Lake Dam	2,632	996,517	1,006,009	(6,860)
Interpreter Grant	4,675	-	200	4,475
Elected Officials Training	3,042	2,286	2,325	3,003
NV Redevelopment - CR350 N	19,773	-	-	19,773
School Retirement	149,370	-	149,370	-
Health Assessment Incentive	1,000	-	-	1,000
Electronic Map Generation	2,000	-	-	2,000
2010 EMPG Competitive EMA	-	4,054	4,054	-
Sheriff Drug Fee	43	-	-	43
Emergency Management Non-Reverting Fund	97,154	44,222	40,515	100,861
2013 GO Bond Project Fund	-	1,621,212	-	1,621,212
2013 GO Bond Debt Service Fund	-	18,389	-	18,389
2013 RDC TIF Bond Project Fund	-	507,676	-	507,676
County Misdemeanant Fund	-	-	602	(602)
2013 RDC TIF Bond Debt Service Reserve Fund	-	41,824	-	41,824
Asset Forfeiture	-	51,926	13,096	38,830
Sex & Violent Offender	-	2,061	-	2,061
Carnegie Library Plan G	-	-	570	(570)
Sex & Violent Offender 10% State	-	229	127	102
Alternate Dispute Resol	-	780	-	780
SC Garnishee Service Fee	-	77	-	77
Home Detention Fees	-	1,554	537	1,017
Totals	<u>\$ 12,609,982</u>	<u>\$ 46,842,734</u>	<u>\$ 51,268,452</u>	<u>\$ 8,184,264</u>

The notes to the financial statement are an integral part of this statement.

JENNINGS COUNTY  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The County was established under the laws of the State of Indiana. The County operates under a Council-Commissioner form of government and provides some or all of the following services: public safety (police), highways and streets, health welfare and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The accompanying financial statement presents the financial information for the County.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the County.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

JENNINGS COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the County.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the County. It includes all expenditures for the reduction of the principal and interest of the County's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

JENNINGS COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

*F. Interfund Transfers*

The County may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the County. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the County. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the County submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the County in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

JENNINGS COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the County to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

The County may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the County to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plans**

*A. County Police Retirement Plan*

*Plan Description*

The County Police Retirement Plan is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides retirement, death, and disability benefits to plan members and beneficiaries. Funds designated for payments related to this plan are accounted for in a pension trust fund. The activity of this trust fund has not been reflected in the financial statement. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

*Funding Policy*

The contribution requirements of plan members for the County Police Retirement Plan are established by state statute.

JENNINGS COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. County Police Benefit Plan*

*Plan Description*

The County Police Benefit Plan is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides dependent pensions, life insurance, and disability benefits to plan members and beneficiaries. Funds designated for payments related to this plan are accounted for in a pension trust fund. The activity of this trust fund has not been reflected in the financial statement. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

*Funding Policy*

The contribution requirements of plan members for the County Police Benefit Plan are established by state statute.

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of errors in posting.

**Note 8. Holding Corporation**

The County has entered into a capital lease with Jennings County Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related party of the County. Lease payments during the year 2013 totaled \$768,000.

**Note 9. Combined Funds**

Funds related to Payroll Withholding - FICA & Medicare were reported individually in the prior financial statement, but were combined into one fund for the current financial statement.

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#### OTHER INFORMATION - UNAUDITED

The County's Annual Financial Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Financial Report of the County which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the County. It is presented as intended by the County.

JENNINGS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013

	General	Accident Report	Animal Control	CAGIT County Certified Shares	CEDIT County Share	City and Town Court Costs	Community Corrections	County Option Dog Tax
Cash and investments - beginning	\$ 283,441	\$ 6,506	\$ 10,160	\$ -	\$ 17,944	\$ 8,076	\$ 98	\$ 442
Receipts:								
Taxes	3,201,711	-	-	1,982,987	1,748,376	-	-	-
Licenses and permits	37,742	-	-	-	-	-	-	-
Intergovernmental	639,292	-	-	-	-	-	-	-
Charges for services	796,644	5,865	71,325	-	-	-	-	-
Fines and forfeits	77,554	-	-	-	-	6,521	4,906	-
Other receipts	308,877	-	-	-	-	-	-	-
Total receipts	<u>5,061,820</u>	<u>5,865</u>	<u>71,325</u>	<u>1,982,987</u>	<u>1,748,376</u>	<u>6,521</u>	<u>4,906</u>	<u>-</u>
Disbursements:								
Personal services	4,378,398	-	68,280	-	-	-	-	-
Supplies	274,546	4,789	3,644	-	-	-	-	-
Other services and charges	277,850	-	5,557	1,887,907	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	21,183	-	3,928	-	-	-	-	-
Other disbursements	110,860	-	78	-	1,696,354	-	2,644	-
Total disbursements	<u>5,062,837</u>	<u>4,789</u>	<u>81,487</u>	<u>1,887,907</u>	<u>1,696,354</u>	<u>-</u>	<u>2,644</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(1,017)</u>	<u>1,076</u>	<u>(10,162)</u>	<u>95,080</u>	<u>52,022</u>	<u>6,521</u>	<u>2,262</u>	<u>-</u>
Cash and investments - ending	<u>\$ 282,424</u>	<u>\$ 7,582</u>	<u>\$ (2)</u>	<u>\$ 95,080</u>	<u>\$ 69,966</u>	<u>\$ 14,597</u>	<u>\$ 2,360</u>	<u>\$ 442</u>

JENNINGS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Sales Disclosure -				Emergency Telephone System	Firearms Training	Health	Identification Security Protection
	County Share	Covered Bridge	Cumulative Bridge	Cumulative Courthouse				
Cash and investments - beginning	\$ 6,662	\$ 30,619	\$ 542,495	\$ 463,860	\$ 1,452	\$ 3,508	\$ 88,760	\$ 14,285
Receipts:								
Taxes	-	-	350,041	77,787	-	-	178,910	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	31,337	6,964	-	-	14,739	-
Charges for services	3,505	-	-	-	391,465	20,880	45,247	2,286
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	-	-	58,527	-	-	-	-	-
Total receipts	3,505	-	439,905	84,751	391,465	20,880	238,896	2,286
Disbursements:								
Personal services	70	-	-	-	315,116	-	221,603	-
Supplies	-	-	-	-	-	-	16,074	-
Other services and charges	3,750	-	-	-	24,166	-	2,254	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	44,901	-	-	-
Other disbursements	-	-	572,117	98,509	-	24,388	30	3,065
Total disbursements	3,820	-	572,117	98,509	384,183	24,388	239,961	3,065
Excess (deficiency) of receipts over disbursements	(315)	-	(132,212)	(13,758)	7,282	(3,508)	(1,065)	(779)
Cash and investments - ending	\$ 6,347	\$ 30,619	\$ 410,283	\$ 450,102	\$ 8,734	\$ -	\$ 87,695	\$ 13,506

JENNINGS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Local Health Maintenance	Local Road and Street	Misdemeanant	Motor Vehicle Highway	Park Nonreverting Operating	Planning and Zoning Impact	Rainy Day	Reassessment - 2009
Cash and investments - beginning	\$ 75,836	\$ 234,892	\$ 17,877	\$ 457,587	\$ 49,520	\$ 1,437	\$ 329,306	\$ 2,403
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	33,139	270,700	17,542	1,967,720	-	-	-	-
Charges for services	-	-	-	-	44,232	111,793	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	-	-	-	15,038	-	-	-	-
Total receipts	<u>33,139</u>	<u>270,700</u>	<u>17,542</u>	<u>1,982,758</u>	<u>44,232</u>	<u>111,793</u>	<u>-</u>	<u>-</u>
Disbursements:								
Personal services	360	-	-	893,607	-	80,397	-	-
Supplies	8,844	-	-	701,211	-	6,745	-	-
Other services and charges	29,644	342,161	-	86,058	-	25,685	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	137,016	-	-	-	-
Other disbursements	-	-	24,262	-	46,008	403	22,350	-
Total disbursements	<u>38,848</u>	<u>342,161</u>	<u>24,262</u>	<u>1,817,892</u>	<u>46,008</u>	<u>113,230</u>	<u>22,350</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(5,709)</u>	<u>(71,461)</u>	<u>(6,720)</u>	<u>164,866</u>	<u>(1,776)</u>	<u>(1,437)</u>	<u>(22,350)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 70,127</u>	<u>\$ 163,431</u>	<u>\$ 11,157</u>	<u>\$ 622,453</u>	<u>\$ 47,744</u>	<u>\$ -</u>	<u>\$ 306,956</u>	<u>\$ 2,403</u>

JENNINGS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Reassessment - 2015	Recorder's Records Perpetuation	Riverboat	Supplemental Public Defender Services	Surplus Tax	Surveyor's Corner Perpetuation	Tax Sale Fees	Tax Sale Redemption
Cash and investments - beginning	\$ 250,512	\$ 42,271	\$ 143,345	\$ 86,080	\$ 1,264	\$ 28,777	\$ 31,048	\$ 34,705
Receipts:								
Taxes	182,021	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	16,295	-	168,980	-	-	-	-	-
Charges for services	-	41,618	-	-	-	6,760	-	-
Fines and forfeits	-	-	-	54,255	-	-	-	-
Other receipts	-	-	39,875	-	31,355	-	2,079	83,280
Total receipts	198,316	41,618	208,855	54,255	31,355	6,760	2,079	83,280
Disbursements:								
Personal services	24,480	36,875	24,513	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	53,905	-	-	-	-	-	22,593	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	-	-	308,624	22,545	9,197	-	-	108,407
Total disbursements	78,385	36,875	333,137	22,545	9,197	-	22,593	108,407
Excess (deficiency) of receipts over disbursements	119,931	4,743	(124,282)	31,710	22,158	6,760	(20,514)	(25,127)
Cash and investments - ending	\$ 370,443	\$ 47,014	\$ 19,063	\$ 117,790	\$ 23,422	\$ 35,537	\$ 10,534	\$ 9,578

JENNINGS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Tax Sale Surplus	Local Health Department Trust Account	Vehicle Inspection	Wireless Emergency Telephone System	GAL/CASA	Adult Probation Administrative	Juvenile Probation Administrative	Supplemental Juvenile Probation Services
Cash and investments - beginning	\$ 440,747	\$ 1,003	\$ 735	\$ 172	\$ -	\$ 88,913	\$ 68,527	\$ 340
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	19,145	-	-	-
Charges for services	-	-	860	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	65,806	5,467	3,243
Other receipts	689,240	9,575	-	-	-	-	-	-
Total receipts	689,240	9,575	860	-	19,145	65,806	5,467	3,243
Disbursements:								
Personal services	-	-	-	-	19,145	29,382	-	637
Supplies	-	-	-	-	-	7,759	-	-
Other services and charges	-	-	-	-	-	17,783	9,557	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	493,169	11,127	-	-	-	-	-	-
Total disbursements	493,169	11,127	-	-	19,145	54,924	9,557	637
Excess (deficiency) of receipts over disbursements	196,071	(1,552)	860	-	-	10,882	(4,090)	2,606
Cash and investments - ending	\$ 636,818	\$ (549)	\$ 1,595	\$ 172	\$ -	\$ 99,795	\$ 64,437	\$ 2,946

JENNINGS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Recycling	Donations	Debt Service	Payroll Withholding - Insurance	Payroll Withholding - Federal	Payroll Withholding - FICA & Medicare	Payroll Withholding - Local Tax	Payroll Withholding - 457 B Plan
Cash and investments - beginning	\$ 179	\$ 1,629	\$ 802,496	\$ 48,310	\$ (10)	\$ (28,708)	\$ 4,382	\$ 445
Receipts:								
Taxes	-	-	686,859	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	60,153	-	-	-	-	-
Charges for services	55,999	410	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	-	-	-	383,610	461,209	754,265	58,836	174,990
Total receipts	55,999	410	747,012	383,610	461,209	754,265	58,836	174,990
Disbursements:								
Personal services	69,648	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	3,525	-	-	-	-	-
Debt service - principal and interest	-	-	766,475	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	370,446	461,691	768,768	42,377	161,684
Total disbursements	69,648	-	770,000	370,446	461,691	768,768	42,377	161,684
Excess (deficiency) of receipts over disbursements	(13,649)	410	(22,988)	13,164	(482)	(14,503)	16,459	13,306
Cash and investments - ending	\$ (13,470)	\$ 2,039	\$ 779,508	\$ 61,474	\$ (492)	\$ (43,211)	\$ 20,841	\$ 13,751

JENNINGS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Payroll Withholding - Sheriff Pension	Payroll Withholding - State	Payroll Withholding - Uniforms	Payroll Withholding - Wage Garnishments	Settlement	CVET Agency	Financial Institution Tax	HEA 1001 State Homestead Credit
Cash and investments - beginning	\$ 19,631	\$ 12,552	\$ 124	\$ 200	\$ -	\$ -	\$ -	\$ 1,745
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	186,902	100,077	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	19,481	168,715	1,613	39,827	21,149,499	-	-	-
Total receipts	19,481	168,715	1,613	39,827	21,149,499	186,902	100,077	-
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	33,546	121,474	1,308	41,479	21,149,499	93,456	45,158	-
Total disbursements	33,546	121,474	1,308	41,479	21,149,499	93,456	45,158	-
Excess (deficiency) of receipts over disbursements	(14,065)	47,241	305	(1,652)	-	93,446	54,919	-
Cash and investments - ending	\$ 5,566	\$ 59,793	\$ 429	\$ (1,452)	\$ -	\$ 93,446	\$ 54,919	\$ 1,745

JENNINGS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	State Fines and Forfeitures	Infraction Judgments	Special Death Benefit	Sales Disclosure - State Share	Coroners Training & Con't Education	Child Restraint Violations Fines	Inheritance Tax	Education Plate Fees Agency
Cash and investments - beginning	\$ 3,192	\$ 2,369	\$ 10,420	\$ 335	\$ 2,775	\$ 375	\$ 76,225	\$ 188
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	128,930	-
Charges for services	-	-	-	3,505	1,670	-	-	-
Fines and forfeits	18,723	12,707	1,715	-	-	225	-	394
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>18,723</u>	<u>12,707</u>	<u>1,715</u>	<u>3,505</u>	<u>1,670</u>	<u>225</u>	<u>128,930</u>	<u>394</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	9,040	11,907	-	3,510	6,908	650	183,058	-
Total disbursements	<u>9,040</u>	<u>11,907</u>	<u>-</u>	<u>3,510</u>	<u>6,908</u>	<u>650</u>	<u>183,058</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>9,683</u>	<u>800</u>	<u>1,715</u>	<u>(5)</u>	<u>(5,238)</u>	<u>(425)</u>	<u>(54,128)</u>	<u>394</u>
Cash and investments - ending	<u>\$ 12,875</u>	<u>\$ 3,169</u>	<u>\$ 12,135</u>	<u>\$ 330</u>	<u>\$ (2,463)</u>	<u>\$ (50)</u>	<u>\$ 22,097</u>	<u>\$ 582</u>

JENNINGS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Innkeepers Tax Collections	Judgments Due Law Enforcement	CAGIT Distribution	93.563 Title IV-D Incentive	93.563 Prosecutor IV-D Incentive-Post Oct '99	93.563 Clerk IV-D Incentive-Post Oct '99	Library General	Sharps Fund
Cash and investments - beginning	\$ 39,894	\$ 821	\$ 1,068	\$ 41,887	\$ 40,964	\$ 86,085	\$ 187,515	\$ -
Receipts:								
Taxes	30,094	-	2,986,298	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	995,433	34,531	51,953	34,531	-	100
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	30,094	-	3,981,731	34,531	51,953	34,531	-	100
Disbursements:								
Personal services	-	-	-	-	30,376	-	-	-
Supplies	-	-	-	-	-	-	-	100
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	39,894	-	3,981,731	-	-	7,182	187,515	-
Total disbursements	39,894	-	3,981,731	-	30,376	7,182	187,515	100
Excess (deficiency) of receipts over disbursements	(9,800)	-	-	34,531	21,577	27,349	(187,515)	-
Cash and investments - ending	\$ 30,094	\$ 821	\$ 1,068	\$ 76,418	\$ 62,541	\$ 113,434	\$ -	\$ -

JENNINGS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Payroll Withholdings -			Dependent Day Care	Identity Theft Protection	Circuit Supplemental Public Defend	North Vernon Sewer	Alcohol and Drug Services
	United Way	Credit Union	Unreimbursed Medical					
Cash and investments - beginning	\$ 222	\$ -	\$ -	\$ -	\$ (16)	\$ 9,286	\$ 1,133	\$ 47,844
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	219	-
Fines and forfeits	-	-	-	-	-	26,061	-	24,278
Other receipts	5,645	39,232	3,319	1,500	1,237	-	-	-
Total receipts	5,645	39,232	3,319	1,500	1,237	26,061	219	24,278
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	4,618	38,502	3,319	1,500	1,127	-	4,309	-
Total disbursements	4,618	38,502	3,319	1,500	1,127	-	4,309	-
Excess (deficiency) of receipts over disbursements	1,027	730	-	-	110	26,061	(4,090)	24,278
Cash and investments - ending	\$ 1,249	\$ 730	\$ -	\$ -	\$ 94	\$ 35,347	\$ (2,957)	\$ 72,122

JENNINGS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Sheriff's Continuing Education	Law Enforcement Continuing Ed	Superior Supplemental Public Defend	Solid Waste Settlement	Operation Pull Over	Jennings Co Christmas Light	Campbell Sewer Lien	MUTC Sewer
Cash and investments - beginning	\$ 108	\$ 33,819	\$ 3,968	\$ 41,353	\$ 1,115	\$ 50	\$ 5,558	\$ 8,394
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	3,754	2,211	-	753	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	3,754	2,211	-	753	-	-	-
Disbursements:								
Personal services	-	-	-	-	738	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	3,702	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	-	1,934	-	41,353	-	-	-	194,369
Total disbursements	-	1,934	-	41,353	738	-	3,702	194,369
Excess (deficiency) of receipts over disbursements	-	1,820	2,211	(41,353)	15	-	(3,702)	(194,369)
Cash and investments - ending	<u>\$ 108</u>	<u>\$ 35,639</u>	<u>\$ 6,179</u>	<u>\$ -</u>	<u>\$ 1,130</u>	<u>\$ 50</u>	<u>\$ 1,856</u>	<u>\$ (185,975)</u>

JENNINGS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Jury Fee	Special Death Benefit Fees	Corp Debt Service	Corp Police Pension	Corp Recreation	Corp Cemetery	Deferral Fee Program	Corp MVH
Cash and investments - beginning	\$ 3,217	\$ -	\$ 40,662	\$ 15,324	\$ 53,960	\$ 14,674	\$ 14,488	\$ 103,833
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	1,338	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	2,014	-	-	-	-	-	11,550	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	2,014	-	1,338	-	-	-	11,550	-
Disbursements:								
Personal services	-	-	-	-	-	-	633	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	13,584	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	-	1,715	39,472	15,324	53,960	14,674	-	103,833
Total disbursements	-	1,715	39,472	15,324	53,960	14,674	14,217	103,833
Excess (deficiency) of receipts over disbursements	2,014	(1,715)	(38,134)	(15,324)	(53,960)	(14,674)	(2,667)	(103,833)
Cash and investments - ending	\$ 5,231	\$ (1,715)	\$ 2,528	\$ -	\$ -	\$ -	\$ 11,821	\$ -

JENNINGS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Corp General	Equitable Share Law Enf	Corp Cumulative Capital	School Transportation	School Capital Projects	School Debt Service	Court Security	Township Fire
Cash and investments - beginning	\$ 1,861,505	\$ 66	\$ 28,512	\$ 1,393,527	\$ 1,259,486	\$ 1,280,163	\$ 1,533	\$ 36,196
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	16,162	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	16,162	-
Disbursements:								
Personal services	-	-	-	-	-	-	15,510	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	28,512	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	1,853,350	-	-	1,393,527	1,259,486	1,280,163	-	36,196
Total disbursements	1,853,350	-	28,512	1,393,527	1,259,486	1,280,163	15,510	36,196
Excess (deficiency) of receipts over disbursements	(1,853,350)	-	(28,512)	(1,393,527)	(1,259,486)	(1,280,163)	652	(36,196)
Cash and investments - ending	<u>\$ 8,155</u>	<u>\$ 66</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,185</u>	<u>\$ -</u>

JENNINGS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Township General	State Welfare Excise	Criminal Background Check	Prisoner Reimbursement	Courthouse Security Grant	Victim of Crime Assistance	Township Debt Service	Township Cumulative Fire
Cash and investments - beginning	\$ 34,841	\$ 391,891	\$ 159	\$ 6,659	\$ 45	\$ 4,662	\$ 4,358	\$ 30,645
Receipts:								
Taxes	-	395,574	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	9,350	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	4,662	-	-
Total receipts	-	395,574	-	9,350	-	4,662	-	-
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	34,841	787,463	-	-	-	-	4,358	30,645
Total disbursements	34,841	787,463	-	-	-	-	4,358	30,645
Excess (deficiency) of receipts over disbursements	(34,841)	(391,889)	-	9,350	-	4,662	(4,358)	(30,645)
Cash and investments - ending	\$ -	\$ 2	\$ 159	\$ 16,009	\$ 45	\$ 9,324	\$ -	\$ -

JENNINGS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	School Bus Replacement	Paramedic Training	Document Storage Fee	Transfer Fee	Jennings Drug Free Community	Pretrial Deversion	JC Landfill Closure	Local DNR Law Enforcement
Cash and investments - beginning	\$ 64,882	\$ 3,537	\$ 3,889	\$ 13,235	\$ 26,581	\$ 22,362	\$ 10,148	\$ 505
Receipts:								
Taxes	-	-	-	-	-	9,324	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	1,775	9,459	6,750	-	-	-	-
Fines and forfeits	-	-	-	-	21,832	13,156	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	1,775	9,459	6,750	21,832	22,480	-	-
Disbursements:								
Personal services	-	-	2,422	-	-	33,506	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	4,577	-	5,690	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	64,882	-	-	-	22,000	-	-	-
Total disbursements	64,882	4,577	2,422	5,690	22,000	33,506	-	-
Excess (deficiency) of receipts over disbursements	(64,882)	(2,802)	7,037	1,060	(168)	(11,026)	-	-
Cash and investments - ending	\$ -	\$ 735	\$ 10,926	\$ 14,295	\$ 26,413	\$ 11,336	\$ 10,148	\$ 505

JENNINGS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Supplemental Circuit Court Probation	Rescue 20 - Fema	Supplemental Superior Probation	2008 IN Natural Disaster	Interstate Compact	Township Assistance	E911 - General	Superior Probation Fund
Cash and investments - beginning	\$ 15,496	\$ 725	\$ 844	\$ 146	\$ 9,626	\$ 55,205	\$ 40,281	\$ 27,272
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	237,756	-
Fines and forfeits	11,000	-	10,736	-	505	-	-	50,937
Other receipts	-	-	-	-	-	-	83	4
Total receipts	11,000	-	10,736	-	505	-	237,839	50,941
Disbursements:								
Personal services	4,761	-	111	-	-	-	145,184	9,163
Supplies	-	-	-	-	-	-	7,566	7,791
Other services and charges	-	140	-	-	-	-	65,119	17,506
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	3,169	-
Other disbursements	-	-	-	-	10,063	55,205	-	-
Total disbursements	4,761	140	111	-	10,063	55,205	221,038	34,460
Excess (deficiency) of receipts over disbursements	6,239	(140)	10,625	-	(9,558)	(55,205)	16,801	16,481
Cash and investments - ending	\$ 21,735	\$ 585	\$ 11,469	\$ 146	\$ 68	\$ -	\$ 57,082	\$ 43,753

JENNINGS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Fairground Non-Revert	Interstate Probation Fee	Public Health Prepare	Fema Disaster	WTH Web Feature Service	Jennings County Leperc	Child Abuse Prevention - Co	Mortgage Recording Fees
Cash and investments - beginning	\$ 26,707	\$ 492	\$ 350	\$ 33,354	\$ 2,000	\$ 15,423	\$ 15	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	25,657	-	-	3,198	-	-
Charges for services	49,005	-	-	-	-	-	-	2,298
Fines and forfeits	-	833	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	49,005	833	25,657	-	-	3,198	-	2,298
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	24,958	-	-	1,185	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	42,542	-	-	-	-	-	-	1,875
Total disbursements	42,542	-	24,958	-	-	1,185	-	1,875
Excess (deficiency) of receipts over disbursements	6,463	833	699	-	-	2,013	-	423
Cash and investments - ending	\$ 33,170	\$ 1,325	\$ 1,049	\$ 33,354	\$ 2,000	\$ 17,436	\$ 15	\$ 423

JENNINGS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	November 2011 Certificate Sale	Squire Lakes Big Lake Dam	Interpreter Grant	Elected Officials Training	NV Redevelopment - CR350 N	School Retirement	Health Assessment Incentive	Electronic Map Generation
Cash and investments - beginning	\$ 1,285	\$ 2,632	\$ 4,675	\$ 3,042	\$ 19,773	\$ 149,370	\$ 1,000	\$ 2,000
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	996,517	-	-	-	-	-	-
Charges for services	-	-	-	2,286	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	996,517	-	2,286	-	-	-	-
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	1,006,009	200	2,325	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	149,370	-	-
Total disbursements	-	1,006,009	200	2,325	-	149,370	-	-
Excess (deficiency) of receipts over disbursements	-	(9,492)	(200)	(39)	-	(149,370)	-	-
Cash and investments - ending	\$ 1,285	\$ (6,860)	\$ 4,475	\$ 3,003	\$ 19,773	\$ -	\$ 1,000	\$ 2,000

JENNINGS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	2010 EMPG Competitive EMA	Sheriff Drug Fee	Emergency Management Non-Reverting Fund	2013 GO Bond Project Fund	2013 GO Bond Debt Service Fund	2013 RDC TIF Bond Project Fund	County Misdemeanant Fund	2013 RDC TIF Bond Debt Service Reserve Fund
Cash and investments - beginning	\$ -	\$ 43	\$ 97,154	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	4,054	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	-	-	44,222	1,621,212	18,389	507,676	-	41,824
Total receipts	4,054	-	44,222	1,621,212	18,389	507,676	-	41,824
Disbursements:								
Personal services	-	-	13,195	-	-	-	-	-
Supplies	-	-	1,520	-	-	-	-	-
Other services and charges	4,054	-	25,800	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	602	-
Total disbursements	4,054	-	40,515	-	-	-	602	-
Excess (deficiency) of receipts over disbursements	-	-	3,707	1,621,212	18,389	507,676	(602)	41,824
Cash and investments - ending	\$ -	\$ 43	\$ 100,861	\$ 1,621,212	\$ 18,389	\$ 507,676	\$ (602)	\$ 41,824

JENNINGS COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2013  
 (Continued)

	Asset Forfeiture	Sex & Violent Offender	Carnegie Library Plan G	Sex & Violent Offender 10% State	Alternate Dispute Resol	SC Garnishee Service Fee	Home Detention Fees	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,609,982
Receipts:								
Taxes	-	-	-	-	-	-	-	11,829,982
Licenses and permits	-	-	-	-	-	-	-	37,742
Intergovernmental	-	-	-	-	-	-	-	5,809,227
Charges for services	-	-	-	-	-	-	-	1,922,962
Fines and forfeits	51,926	2,061	-	229	780	77	1,554	503,925
Other receipts	-	-	-	-	-	-	-	26,738,896
Total receipts	51,926	2,061	-	229	780	77	1,554	46,842,734
Disbursements:								
Personal services	13,096	-	-	-	-	-	-	6,431,206
Supplies	-	-	-	-	-	-	-	1,040,589
Other services and charges	-	-	-	-	-	-	-	3,995,756
Debt service - principal and interest	-	-	-	-	-	-	-	766,475
Capital outlay	-	-	-	-	-	-	-	210,197
Other disbursements	-	-	570	127	-	-	537	38,824,229
Total disbursements	13,096	-	570	127	-	-	537	51,268,452
Excess (deficiency) of receipts over disbursements	38,830	2,061	(570)	102	780	77	1,017	(4,425,718)
Cash and investments - ending	\$ 38,830	\$ 2,061	\$ (570)	\$ 102	\$ 780	\$ 77	\$ 1,017	\$ 8,184,264

JENNINGS COUNTY  
SCHEDULE OF LEASES AND DEBT  
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Jennings County Building Corporation	Government Center Lease	\$ 768,000	7/15/1999	1/15/2015
Total of annual lease payments		<u>\$ 768,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	General Obligation Bonds Series 2013	\$ 1,640,000	\$ 259,379
Revenue bonds	Tax Increment Revenue Bonds Series 2013	550,000	50,577
Total governmental activities		<u>2,190,000</u>	<u>309,956</u>
Totals		<u>\$ 2,190,000</u>	<u>\$ 309,956</u>

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF JENNINGS COUNTY, INDIANA

***Report on Compliance for Each Major Federal Program***

We have audited Jennings County's (County) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

***Basis for Qualified Opinion on the CDBG - State-Administered CDBG Cluster and Economic Development Cluster***

As described in items 2013-012 and 2013-014 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding Reporting that is applicable to its CDBG - State-Administered CDBG Cluster or Period of Availability, Matching, and Reporting that are applicable to its Economic Development Cluster. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

***Qualified Opinion on the CDBG State-Administered CDBG Cluster  
and Economic Development Cluster***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, 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 the CDBG - State-Administered CDBG Cluster and Economic Development Cluster for the year ended December 31, 2013.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2013-011 and 2013-015. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance 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 compliance and, accordingly, we express no opinion on the response.

***Report on Internal Control Over Compliance***

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

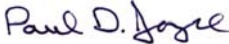
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-010 and 2013-013 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

The County's response to the internal control over compliance 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 compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

September 16, 2015

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

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

JENNINGS COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended December 31, 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. Department of Commerce</u>				
Economic Development Cluster				
Investments for Public Works and Economic Development Facilities	Direct	11.300	06-01-05376	\$ 194,369
<u>U.S. Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Squire Lakes Big Lake Dam	Indiana Office of Community and Rural Affairs	14.228	DR1B-09-022	440,185
<u>U.S. Department of Justice</u>				
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575		
Prosecutors Victim Assistance			11-VA-PR-144	18,648
Equitable Sharing Program	Direct	16.922		
			Calendar Year 2013	13,096
Total - U.S. Department of Justice				31,744
<u>U.S. Department of Transportation</u>				
Highway Planning and Construction Cluster	Indiana Department of Transportation	20.205		
Highway Planning and Construction			DES #1006064	88,317
Highway Safety Cluster	Indiana Criminal Justice Institute	20.600		
State and Community Highway Safety			Calendar Year 2013	738
Total - U.S. Department of Transportation				89,055
<u>U.S. Department of Health and Human Services</u>				
Public Health Emergency Preparedness	Indiana State Department of Health	93.069		
Public Health Preparedness			5U90TP517024-10	21,757
Centers for Disease Control and Prevention_Investigations and Technical Assistance	Indiana State Department of Health	93.283		
Public Health Preparedness			BPRS 139-70	3,900
Child Support Enforcement	Indiana Department of Child Services	93.563		
Title IV-D Child Support			Calendar Year 2013	146,380
Title IV-D Child Support			Calendar Year 2013	67,137
IV-D Incentive - Prosecutor			Calendar Year 2013	30,376
IV-D Incentive - Clerk			Calendar Year 2013	7,182
Total - Child Support Enforcement				251,075
Total - U.S. Department of Health and Human Services				276,732
<u>U.S. Department of Homeland Security</u>				
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042		
2010 EMPG Competitive EMA			C44P-2-101A	4,054
Total federal awards expended				\$ 1,036,139

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

JENNINGS COUNTY  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

JENNINGS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Disclaimer
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Qualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

\_\_\_\_\_  
Name of Federal Program or Cluster

Economic Development Cluster  
CDBG - State-Administered CDBG Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2013-001 - FINANCIAL RECORDS AND REPORTING - COUNTY AUDITOR AND COUNTY TREASURER**

The County failed to design and implement effective controls over the financial accounting records used to prepare the financial statement, including Notes to Financial Statement, in order to prevent, or detect and correct, material misstatements. We consider the issues in internal controls to be a material weakness.

The County Auditor and County Treasurer did not properly maintain the County's financial ledgers, records, and bank reconcilements during the audit period.

JENNINGS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

1. Reconciliation of the County's Financial Ledgers - The County Auditor and the County Treasurer did not reconcile their Funds Ledger balances and transactions. There were no procedures in place to close out their financial ledgers monthly or at year end. As of December 31, 2013, the County Auditor's Funds Ledger balance was \$8,184,584, while the Treasurer's Daily Balance of Cash Depositories (Cash Book) balance was \$6,470,584, a difference of \$1,714,000.
2. Reconciliation of the County's Bank Accounts to the County Treasurer's Cash Book - From January 1, 2013 to December 31, 2013, and through March 31, 2015, bank reconciliations of the bank statement balances to the County Treasurer's Cash Book balances were not provided for audit. During the audit, the following issues were noted:
  - Outstanding check list included checks which had been voided on the County Auditor's Funds Ledger.
  - Multiple electronic fund transactions from outside sources, totaling \$279,286, were deposited to the County's bank accounts during 2013, but were not recorded to the County Auditor's Funds Ledger or the County Treasurer's Cash Book.

Similar issues of the County Treasurer not reconciling the County's bank accounts with the County Treasurer's Cash Book were noted in the 2009, 2010, 2011, and 2012 audit reports.

Due to the weaknesses in internal controls and the condition of records, material misstatements of the financial statement were identified; however, additional misstatements may exist and remain undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10) (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Regardless of the source of a receipt or the purpose of a disbursement, all funds of the county must be accounted for in the records of the county auditor and reconciled with the records of the county treasurer. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 5)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10) (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

JENNINGS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

DUTIES TO BE PERFORMED EACH MONTH:

- |                  |  |
|------------------|--|
| 1st Day of Month | Balance and prove all records at close of preceding month, prepare monthly financial statement, and reconcile with statement prepared by county auditor.<br><br>Check depository statements and prepare reconciliation with each depository. |
|------------------|--|

1) (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter

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."

***FINDING 2013-002 - CASH BOOK AND FINANCIAL TRANSACTIONS - COUNTY TREASURER***

The County Treasurer's Office is responsible for maintaining the County Treasurer's Daily Balance of Cash and Depositories (Cash Book). The County failed to design and implement effective controls over the preparation of the Cash Book, financial transactions, and financial statement, including Notes to Financial Statement, to prevent, or detect and correct, material misstatements.

The Cash Book reflects the financial condition of the County Treasurer's Office at the close of each day and includes the daily receipts, disbursements, and cash and investments balances. We noted several deficiencies in the internal control system of the County Treasurer's Office related to the Cash Book and financial transactions. We consider the issues in internal controls to be a material weakness.

1. There was a lack of segregation of duties. The Bookkeeper receipted money, could void receipts, balanced the day's business in the financial software, recorded daily transactions in the County Treasurer's Cash Book, made adjustments, made bank deposits, and prepared reconciliation reports. The Bookkeeper also prepared the settlement documents. All staff, which consisted of the County Treasurer, Bookkeeper, and a part-time staff person, collected property tax payments. There was no evidence of oversight or review of the Bookkeeper's work.
2. Cash short or cash long entries are recorded in the Cash Book indicating a difference between the ending balance of the taxes, other sources, funds, and investments, when compared to the ending depository balances. Various cash short and cash long entries during the year did not include documentation of why these entries existed.
3. There were not sufficient controls over the property tax settlement process. Controls were not in place to ensure that proper supporting documentation was maintained to reconcile the amounts posted to the Cash Book to the supporting property tax settlement worksheets for receipts and subsequent disbursements, to ensure that all amounts had been properly recorded.

JENNINGS COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (Continued)

As a result, the following issues were identified during the audit:

1. Cash short and cash long entries were recorded in the Cash Book indicating a difference between the ending balance of the taxes, other sources, funds, and investments, when compared to the ending depository balances. Various cash short and cash long entries during the year were not supported by adequate documentation to identify or explain the reason for the cash short or long.

The cumulative cash short and cash long amounts at January 2, 2013, June 28, 2013, and December 31, 2013, are noted as follows:

Description	01-02-13	06-28-13	12-31-13
Cash Long	\$ 582,924	\$ 1,236,306	\$ 4,120,778
Cash (Short)	<u>(532,840)</u>	<u>(1,260,460)</u>	<u>(2,099,832)</u>
Net (Short)/Long	<u>\$ 50,084</u>	<u>\$ (24,154)</u>	<u>\$ 2,020,946</u>

2. Some amounts recorded to the County Treasurer's Cash Book were not recorded in a timely manner. Proceeds from a general obligation bond and a redevelopment bond totaling \$2,166,850 were received on December 20, 2013, but not recorded in the Cash Book until February 13, 2014. Also, property tax receipts totaling \$2,184,510 were received on December 26, 2013, but were not recorded to the Cash Book until December 30, 2013.

Due to the weaknesses in internal controls and the condition of records, material misstatements of the financial statement were identified; however, additional misstatements may exist and remain undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

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."

JENNINGS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Indiana Code 5-13-5-1 states:

"(a) Every public officer who receives or distributes public funds shall:

- (1) keep a cashbook into which the public officer shall enter daily, by item, all receipts of public funds; and
- (2) balance the cashbook daily to show funds on hand at the close of each day.

(b) The cashbook is a public record and is open to public inspection in accordance with IC 5-14-3.

(c) A person who violates this section is subject to criminal prosecution under IC 35-44.2-2-2."

It is important that the amounts distributed at each semiannual settlement agree with the amounts shown in the treasurer's daily balance of cash and depositories, since a settlement and distribution in excess of the amounts entered in this record will result in "cash short" on the day the settlement is made. Conversely, if the settlement and distribution is made for less than the amount shown in this record, it will result in "cash long" for that day. Therefore, every effort should be made before settlement and distribution to see that the amounts distributed for each taxing district agree with the amounts entered in the register of taxes collected and in the treasurer's daily balance of cash and depositories. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 4)

***FINDING 2013-003 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - COUNTY AUDITOR***

The County failed to design and implement a proper system of internal control, which would include segregation of duties, related to the preparation of the Schedule of Expenditures of Federal Awards (SEFA). There was no evidence that grant information included in the SEFA was reviewed or verified for accuracy or was derived from the financial records used to prepare the financial statement. We consider the issues in internal controls to be a material weakness.

During the audit of the Schedule of Expenditures of Federal Awards (SEFA), we noted the following errors:

1. Not all federal grants were included.
2. Some state grants were included.
3. One grant included local matching funds.
4. One grant reported the incorrect breakdown between state and federal share.
5. Some grants were reported as reimbursement grants instead of advance funded grants.
6. Federal agency or state agency information was not always correct.
7. Some CFDA numbers were incorrect.
8. Some program names and/or program numbers were either incorrect or not reported.

JENNINGS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in the report. However, due to the weaknesses in internal controls and the condition of records, material misstatements of the SEFA could remain undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

OMB Circular A-133, Subpart C, section \_\_.300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the Schedule of Expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance . . ."

JENNINGS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2013-004 - FINANCIAL REPORTING - COUNTY AUDITOR***

The County failed to design and implement effective controls over the preparation of the financial statement, including Notes to Financial Statement in order to prevent, or detect and correct, material misstatements. We consider the issues in internal controls to be a material weakness.

The following deficiencies in internal controls related to financial transactions and reporting were noted:

1. The County did not have procedures in place to identified risks to the preparation of a reliable financial statement.
2. The County did not have adequate procedures in place to ensure the financial information provided in the Annual Financial Report, which is used to compile the financial statement, was accurate.
3. The County did not have adequate procedures in place to ensure that all departments were included on the County's financial statement.

As a result, financial transactions and cash balances for the following departments were not included in the financial statement: County Treasurer, Clerk of the Circuit Court, and County Sheriff. Due to the conditions of records, we were not able to propose adjustments for those departments. Therefore, they were not included in the financial statement presented in this report.

Due to the weaknesses in internal controls and the condition of records, material misstatements of the financial statement were identified; however, additional misstatements may exist and remain undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality 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."

***FINDING 2013-005 - FINANCIAL TRANSACTIONS - COUNTY AUDITOR***

The County failed to design and implement effective controls over the recording of financial transactions, including adjusting entries, to prevent, or detect and correct, material misstatements. We consider the issues in internal controls to be a material weakness.

JENNINGS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The County Council contracted with an accounting firm, who prepared management reports including numerous adjustments that the firm recommended to the County Auditor's Funds Ledger. During 2013, numerous transactions were recorded in the County Auditor's Funds Ledger as reclassifications or adjustments. Many of these transactions were based on the management reports; however, the documentation provided for audit was not adequate to determine whether the entries were made from the management reports or from an Auditor's employee. Many of the software reports detailing recorded transactions were not retained for audit. As a result, we were not able to determine who recorded the transactions or why the transactions were recorded. There was no evidence that these transactions were subjected to a review or approval process.

Additionally, the County did not have proper procedures in place to ensure that all receipt and disbursement transactions were recorded in the County Auditor's Funds Ledger or recorded in a timely manner.

The following issues were noted during the audit:

1. Numerous transactions were recorded in 2014 and 2013, but were backdated to 2013 and 2012, respectively, in the County Auditor's Funds Ledger. In most instances, these entries were identified in the County Auditor's Funds Ledger as "recoding," "correction of error posting," or "recoded to CREDIT." Included in these transactions were proceeds from a general obligation bond and redevelopment bond totaling \$2,166,850 which was received on December 20, 2013, and recorded in the County Treasurer's Cash Book on February 13, 2014, but backdated in the County Auditor's Funds Ledger to December 20, 2013.
2. Some electronic funds transfer (EFT) disbursements were made from the County's bank account and not recorded in the County Auditor's Funds Ledger. EFT payments of \$80,000 for contracted legal services in 2013, and \$101,009 for contracted financial consulting services in 2014 were issued and not recorded.
3. Some electronic deposits were made into the County's bank account and not recorded in the County Auditor's Funds Ledger in a timely manner. A total of \$245,645 was received electronically in 2013, and not recorded to the County Auditor's Funds Ledger until 2014. The electronic deposits included a U.S. Department of Commerce federal grant reimbursement of \$194,369 received on December 11, 2013, and an additional four deposits totaling \$44,974 that the County Auditor's staff were unable to identify as being recorded in 2013.

Due to the weaknesses in internal controls and the condition of records, material misstatements of the financial statement were identified; however, additional misstatements may exist and remain undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

JENNINGS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 16)

Public records, financial statement information and supporting information generated through a computer system should be printed out on paper, printed to disk or maintained on-line at the end of each reporting year and retained for audit. Information must be maintained in a manner that will allow access for audit and public inquiry on equipment of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

***FINDING 2013-006 - PAYROLL - COUNTY AUDITOR***

The County failed to design and implement effective controls over payroll to prevent, or detect and correct, material misstatements. We consider the issues in internal controls to be a material weakness.

The following deficiencies in internal controls related to payroll were noted:

1. The County had not established proper controls to verify salaried employees have worked the required hours prior to being paid. Salaried employees were paid to date each pay. The Payroll Schedule and Voucher (General Fund No. 99) were submitted by the department head or official approximately seven days prior to the end of each pay period. As a result, the department head or responsible official was certifying employees' time prior to it actually being worked.
2. Salaried employees did not fill out and/or sign payroll worksheets or timesheets for each pay period certifying their time. Employee service records were kept by the departments and/or the individual employee, and not turned into the County Auditor's Office. As a result, there was no independent verification that County employees were complying with the County's personnel policies concerning hours worked, leave time, and compensatory time earned, taken, and balances.
3. An employee in the County Auditor's Office processed payroll, all employee benefits, and most employer benefit payments. The same employee also prepared the direct deposit reports, transmitted those reports to the bank, and recorded the payroll to the budget accounts. The employee prepared the quarterly tax reports, and prepared the W-2s. Any corrections or adjustments were also prepared by this employee. No evidence was presented of review or approval of these payroll transactions.
4. No evidence of verification was presented for ensuring that the payroll system reports agreed to the amounts that were processed for direct deposits.
5. No evidence of verification was presented for audit that the amounts being paid to the employees was for the appropriate amount or that timesheets and payroll claim vouchers were signed by the official or department head.
6. No evidence was presented for audit that a review of the payroll withholding funds were recorded properly and that the balances, if any, were correct.

JENNINGS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Due to the weaknesses in internal controls and the condition of records, some audit procedures could not be performed to verify some payroll information related to financial statement transactions; therefore material misstatements may exist and remain undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 16)

***FINDING 2013-007 - DISBURSEMENTS - COUNTY AUDITOR***

The County failed to design and implement effective controls over disbursements to prevent, or detect and correct, material misstatements. We consider the issues in internal controls to be a material weakness.

The following deficiencies in internal controls system related to disbursements were noted:

1. The County Auditor did not have sufficient internal controls to ensure that adequate documentation was maintained to support the validity of disbursement transactions. As a result, the following issues regarding documentation were noted:
  - a. Numerous accounts payable vouchers which were not presented for audit.
  - b. Accounts payable vouchers were not prepared for employee withholdings and employer provided benefits.
  - c. Numerous check registers or other software generated documents were not retained for audit. A separate method of tracking check numbers was not performed; therefore, numerous check numbers could not be accounted for.
  - d. Some voided checks were not retained for audit.
2. The County Auditor's staff did not have internal controls over the issuing of accounts payable checks to ensure that only authorized transactions were paid. The following control issues were noted:
  - a. Proper procedures were not in place to accumulate accounts payable vouchers, audit those accounts payable vouchers, and then issue checks.
  - b. Adequate procedures were not in place to ensure that these checks complied with Ordinance #03-02, "An Ordinance to Establish Pre-Payment Procedures."

JENNINGS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- c. Proper internal controls were not in place to ensure that all accounts payable vouchers were audited for accuracy and were authorized prior to payment. Procedures were not in place to ensure that the County Auditor or her designee (other than the person issuing the checks) reviewed and signed the accounts payable vouchers or reports, and were then approved and signed by the County Commissioners. Several instances were noted where accounts payable vouchers and/or accounts payable vouchers reports were not certified by the appropriate personnel and/or governing board.
  - d. Adequate controls were not in place to ensure that all accounts payable vouchers were included on the accounts payable voucher reports.
3. No evidence that the County Auditor had approved or submitted the individual County employees' gross pay reports for the County Commissioners' approval.

Due to the weaknesses in internal controls and the condition of records, some audit procedures could not be performed to verify financial information related to disbursements reported in the financial statement; therefore, material misstatements may exist and remain undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

JENNINGS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Public records, financial statement information, and supporting information generated through a computer system should be printed out on paper, printed to disk or maintained on-line at the end of each reporting year and retained for audit. Information must be maintained in a manner that will allow access for audit and public inquiry on equipment of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Indiana Code 5-15-6-3(f) states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission . . ."

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

***FINDING 2013-008 - CONDITION OF RECORDS - COUNTY AUDITOR***

The County failed to design and implement effective internal controls over its financial records to prevent, or detect and correct, material misstatements. We consider the issues in internal controls to be a material weakness.

The following deficiencies in internal controls related to the financial records were noted:

1. Sufficient evidence was not provided to show that the financial records were reviewed and monitored to ensure that transactions were authorized, recorded to the correct funds, recorded for the correct amounts, and that all transactions were recorded to the records.
2. Proper procedures were not in place to ensure that receipts were issued for all monies received.
3. Sufficient evidence was not provided to show that there was proper oversight of the cash balances of individual funds to prevent overdrawn cash balances. As a result, several cash fund balances were reported as negative amounts.
4. Sufficient internal controls were not in place to ensure that distributions to countywide governmental units were made in a timely manner and did not remain in the cash fund balance of the County. As a result, there were multiple instances where distributions were not paid in timely manner, as follows:
  - a. The County Economic Development Income Tax (CEDIT) distributions were received and not paid out in a timely basis to the appropriate governmental units.
  - b. Commercial vehicle excise tax (CVET) and financial institution tax (FIT) distributions were received by the County on May 1, 2013, but not disbursed to the appropriate governmental units until July 17, 2013.
  - c. CVET and FIT distributions were received by the County on December 2, 2013, but not disbursed to the appropriate governmental units until March 7, 2014.

JENNINGS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

5. Proper controls were not in place to ensure that appropriate documentation was maintained to support the validity and authorization of certain transactions. As a result, several transactions that were included on the financial consultant's management reports to reimburse the General Fund for employee insurance benefits could not be validated. The transactions were recorded in 2014, but were backdated to December 31, 2013. The transactions included disbursements from the following funds: Highway Fund \$117,947; E-911 Landline Fund \$20,000; and Area Plan Fund \$4,602.
6. Sufficient internal controls were not in place over the property tax and excise tax settlement to ensure that adequate documentation was maintained to support the settlement process.

Due to the weaknesses in internal controls and the condition of records, material misstatements of the financial statement were identified; however, additional misstatements may exist and remain undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

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 governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Regarding CEDIT distributions, Indiana Code 6-3.5-7-16.5(b) states: "A distribution is considered to be timely made if the distribution is made not later than ten (10) working days after the date the county treasurer receives the county's certified distribution under section 12 of this chapter."

Regarding CVET distributions, Indiana Code 6-6-5.5-20 states:

"(a) On or before May 1, subject to subsections (c) and (d), the auditor of state shall distribute to each county auditor an amount equal to fifty percent (50%) of the product of:

- (1) the county's distribution percentage; multiplied by
- (2) the total commercial vehicle excise tax deposited in the commercial vehicle excise tax fund in the preceding calendar year.

(b) On or before December 1, subject to subsections (c) and (d), the auditor of state shall distribute to each county auditor an amount equal to fifty percent (50%) of the product of:

JENNINGS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (1) the county's distribution percentage; multiplied by
- (2) the total commercial vehicle excise tax deposited in the commercial vehicle excise tax fund in the preceding calendar year."

Regarding FIT distributions, Indiana Code 6-5.5-8-2(b) states: "The county auditor shall distribute the distributions received under subsection (a) to the taxing units in the county at the same time that the county auditor makes the semiannual distribution of real property taxes to the taxing units."

All documents and entries to records should be done in a timely manner to ensure that accurate financial information is available to allow the governmental unit to make informed management decisions and to help ensure compliance with Indiana Code 5-15-1-1 et seq., commonly referred to as the Public Records Law. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Accounting records and other public records must be maintained in a manner that will support accurate financial statements. Anything other than an unqualified opinion on the Independent Auditors' Report on the financial statements may have adverse financial consequences with the possibility of an increase in interest rate cost to the taxpayers of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

***FINDING 2013-009 - FINANCIAL TRANSACTIONS AND REPORTING - CLERK OF THE CIRCUIT COURT***

The County failed to design and implement effective internal controls over its financial transactions and reporting to prevent, or detect and correct, material misstatements. We consider the issues in internal controls to be a material weakness.

The following deficiencies in internal controls of the Clerk of the Circuit and Superior Court's Office were noted:

1. Internal controls over cash fund balances were not properly implemented. Sufficient evidence was not provided to show that monthly reconciliations of bank account balances to book balances were being performed as required. This includes preparing outstanding check list reports and deposits in transit reports on a monthly basis. We were unable to verify cash fund balances to bank account balances and were not able to apply other audit procedures due to the lack of supporting documentation.
2. The Clerk of the Circuit Court had not separated incompatible activities related to receipts, disbursements, and cash balances. The Bookkeeper was able to collect payments, issue receipts, count the daily collections from the cashiers, create bank deposit slips, and make bank deposits. Another employee opened mail, receipted in all mail items, handled the garnishments, and issued the checks. All employees were able to process payments and shared one cash drawer.

JENNINGS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

3. Evidence provided during the audit indicated there were no internal controls in place to ensure that each person was actually logging in to the Odyssey software using their own log in and password information to issue receipts.

Due to the weaknesses in internal controls and the condition of records, material misstatements of the financial statement were identified; however, additional misstatements may exist and remain undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Court of Indiana, Chapter 13)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Court of Indiana, Chapter 13)

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."

Access to information stored on the computer must be protected through the use of user identification codes and confidential passwords. These passwords must meet the following criteria:

Each user must have a unique user identification code and password.

Passwords must be changed every 30 days.

Passwords must be a minimum of six (6) characters in length.

Passwords must be a combination of alphabetic and numeric characters.

Passwords may not be the same for a user identification code as the last five (5) passwords used by this user identification code.

Individuals must assign their own passwords.

Passwords must be encrypted while stored on the computer.

User identification codes and passwords may not be shared.

(Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Court of Indiana, Chapter 14)

JENNINGS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2013-010 - INTERNAL CONTROLS OVER COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII**

Federal Agency: U.S. Department of Housing and Urban Development  
Federal Program: Community Development Block Grants/State's Program and  
Non-Entitlement Grants in Hawaii  
CFDA Number: 14.228  
Federal Award Number and Year (or Other Identifying Number): DR1B-09-022  
Pass-Through Entity: Indiana Office of Community and Rural Affairs

The County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Period of Availability; Procurement and Suspension and Debarment; and Reporting.

The County hired a consultant to administer all aspects of the grant program. Officials relied upon the Grant Administrator and the contracted engineer to ensure compliance with the requirements that have a direct and material effect on the program. An oversight or review process was not established to verify that the Grant Administrator or the contracted engineer ensured compliance with all applicable requirements.

The contracted grant consultant maintained the federal cash control register and the contractor expenditure ledgers for each contract. A reconciliation of the consultant's financial records with the County's official financial records, the County Auditor's Funds Ledger, was not performed to ensure the reporting information was accurate. The financial reports prepared by the grant consultant were based on their federal cash control register and not on the County Auditor's Funds Ledger. The President of the County Commissioners signed reports and paperwork; however, there was no evidence that the reports or paperwork were reviewed and/or verified to supporting documentation.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish effective internal controls enabled noncompliance to go undetected. A lack of segregation of duties within an internal control system also allowed noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the County.

We recommended that the County establish controls, including segregation of duties, related to the grant agreement and the compliance requirements noted above that have a direct and material effect on the program.

JENNINGS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2013-011 - CASH MANAGEMENT**

Federal Agency: U.S. Department of Housing and Urban Development  
Federal Program: Community Development Block Grants/State's Program  
and Non-Entitlement Grants in Hawaii  
CFDA Number: 14.228  
Federal Award Number and Year (or Other Identifying Number): DR1B-09-022  
Pass-Through Entity: Indiana Office of Community and Rural Affairs

The County did not ensure that grant monies received were disbursed within applicable Cash Management requirements.

During the audit period, the County processed drawdown requests based on submitted invoices. The following schedule reflects the drawdown amount received from the Indiana Office of Rural and Community Affairs, the date of deposit, the date the federal funds were disbursed, and the number of working days between the deposit and the payment.

<u>Amount of Drawdown</u>	<u>Date of Deposit</u>	<u>Date Vendor Paid</u>	<u>Number of Working Days</u>
\$ 6,860	11-05-13	11-20-13	10

This drawdown was not receipted to the County Auditor's Funds Ledger until April 4, 2014; however, an adjustment to include this distribution in the Schedule of Expenditures of Federal Awards was approved by County officials.

The County did not have adequate internal controls in place which resulted in noncompliance with the Cash Management requirements of the grant.

24 CFR 85.20(b) (7), standards for financial management systems states in part:

"Cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and sub-grantees must be followed whenever advances payment procedures are used."

Indiana CDBG Handbook, Version 12/11, Section 6.5 states in part:

"Draw-downs and Disbursements. Under no circumstances should a Grantee retain more than \$5,000 of federal money in their bank account for more than five business days. If for any reason the federal funds cannot be disbursed during the five day period, the Grantee will be required to return all interest earned on the federal funds to ORCA by check made payable to the U.S. Treasury. Grantees are advised to keep federal funds in non-interesting bearing accounts."

Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds.

We recommended that officials comply with the Cash Management requirement of minimizing the time between the receipt and disbursement of federal funds.

JENNINGS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2013-012 - REPORTING**

Federal Agency: U.S. Department of Housing and Urban Development  
Federal Program: Community Development Block Grants/State's Program  
and Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Federal Award Number and Year (or Other Identifying Number): DR1B-09-022

Pass-Through Entity: Indiana Office of Community and Rural Affairs

The County Auditor established separate grant funds; however, the fund established for the Community Development Block Grant (CDBG) was comingled with the Investments for Public Works and Economic Development Facilities grant and local matching funds. Receipts and disbursements related to this grant were also receipted to and paid from other County funds in error. Several correcting entries were recorded to move those transactions to this fund, but not all transactions were corrected. Separate accounting for CDBG grant monies was not established within the fund to identify the various receipt and disbursement transactions related to CDBG funding.

The County did not have adequate internal controls in place which resulted in noncompliance with the Reporting requirements of the grant.

24 CFR 85.20 states in part:

"(a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to-(1) Permit preparation of reports required by this part and the statutes authorizing the grant, and (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes."

Indiana CDBG Handbook, Version 12/11, Section 6.3. ,Required Financial Records, states in part:

"CDBG funds must be maintained in a separate account or in a separate fund within an existing account. Detailed records of receipts and expenditures of grant funds must be maintained at all times. Records must be supported by source documents including but not limited to deposit receipts, invoices and payments, and contracts awarded.

The following forms are required by the federal funding agency and must be maintained by the Grantee and available for inspection throughout the project:

1. Federal Cash Control Register: This form is used to track the receipt and expenditure of federal fund. The Federal Cash Control Register also maintains a cumulative amount deposited and disbursed throughout the grant project for accurate record-keeping purpose. . . .
2. Contract Obligation Control Ledger: This form provides a listing of all contractual obligations committed for the federally assisted project. All contracts must be listed including but not limited to those for professional services, legal fees, and acquisition and construction. Required information includes the contractor's name, contract date, and total contract amount. The amounts to be paid from CDBG funds are to be listed separately from amounts to be paid from local funds. . . .

JENNINGS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

3. Contractor Expenditure Ledger: This financial document is a supplement to the Contract Obligation Control Ledger and tracks the total contract amount, payments, change orders, and remaining balance for each contract listed on the Contract Obligation Control Ledger. A separate expenditure ledger should be maintained for each contract awarded for the grant project. This ledger is useful to the Financial Officer in monitoring the progress of payments on each contract, which should be compared to the work actually performed to assure that work on the contract is completed according to schedule and budget. This ledger is also maintained to assure that the Grantee is not being invoiced for amounts more than the total of the contract including any change orders. . . . "

Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds.

We recommended that the County comply with the grant requirements for Reporting.

***FINDING 2013-013 - INTERNAL CONTROLS OVER INVESTMENTS FOR PUBLIC WORKS AND ECONOMIC DEVELOPMENT FACILITIES***

Federal Agency: U.S. Department of Commerce

Federal Program: Investments for Public Works and Economic Development Facilities

CFDA Number: 11.300

Federal Award Number and Year (or Other Identifying Number): 06-01-05376

The County had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Period of Availability; Procurement and Suspension and Debarment; Matching; and Reporting.

The County hired a consultant to administer all aspects of the grant program. Officials relied upon the Grant Administrator and the contracted engineer to ensure compliance with the requirements that have a direct and material effect on the program. An oversight or review process was not established to verify that the Grant Administrator or the contracted engineer ensured compliance with all applicable requirements.

The contracted Grant Consultant maintained the federal cash control register and the contractor expenditure ledgers for each contract. A reconciliation of the consultant's financial records with the County's official financial records, the County Auditor's Funds Ledger, was not performed to ensure the reporting information was accurate. The financial reports prepared by the grant consultant were based on their federal cash control register and not on the County Auditor's Funds Ledger. The President of the County Commissioners signed reports and paperwork; however, there was no evidence that the reports or paperwork were reviewed and/or verified to supporting documentation.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

JENNINGS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The failure to establish effective internal controls enabled noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the County.

We recommended that the County establish controls, including segregation of duties, related to the grant agreement and the compliance requirements noted above that have a direct and material effect on the program.

***FINDING 2013-014 - PERIOD OF AVAILABILITY, MATCHING, AND REPORTING***

Federal Agency: U.S. Department of Commerce

Federal Program: Investments for Public Works and Economic Development Facilities

CFDA Number: 11.300

Federal Award Number and Year (or Other Identifying Number): 06-01-05376

*Period of Availability*

Disbursements related to this grant were made before the appropriate grant documents were executed. The first payment to the contractor was dated October 30, 2012, and subsequently, payments were made throughout 2013. The agreement cited below was not signed until November 18, 2013. Due to the delay in signing the agreement, this caused a delay in receiving grant money.

Per the Economic Development Administration Special Award Conditions of Financial Assistance Award for Public Works and Development Facilities, condition #12 Operation and maintenance agreement: "Prior to disbursement of funds, the Recipient shall submit an agreement between the Military Department of Indiana (MDI) and the City of North Vernon satisfactory to the Government for the operation, maintenance, and use of the pump station for the useful life of the Project."

*Matching*

Local matching funds were received from another governmental entity through an interlocal agreement. During 2012 and 2013, these funds were receipted to several County funds in error. The County Auditor did not have procedures in place to account for, or identify the local matching funds, on the County Auditor's Funds Ledger. The accounts payable vouchers did not contain a breakdown as to the payments being split between federal grant funds and local matching funds. The contracted Grant Administrator's grant project ledger included the breakdown between the federal portion and the local matching portion for the grant disbursements. However, the grant project ledger was not, and could not be, reconciled with the County Auditor's Funds Ledger. The Grant Consultant also kept a separate handwritten worksheet to track the local matching funds that were received. This worksheet did not include the entire grant period, nor were any of these amounts traced to the County Auditor's Funds Ledger. Due to the condition of records, there was not adequate accountability to determine whether the County complied with the local matching requirements of the grant.

15 CFR 24.24 (b)(6) states in part: "Costs and third party in-kind contributions counting towards satisfying a cost sharing or matching requirement must be verifiable from the records of grantees and subgrantee or cost-type contractors . . ."

JENNINGS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Reporting*

The County Auditor established separate grant funds; however, the fund established for the Community Development Block Grant (CDBG) was comingled with the Investments for Public Works and Economic Development Facilities grant and local matching funds. Receipts and disbursements related to this grant were also receipted to and paid from other County funds in error. Several correcting entries were recorded to move those transactions to this fund, but not all transactions were corrected. Separate accounting for the Investments for Public Works and Economic Development Facilities grant monies was not established within the fund to identify the various receipt and disbursement transactions related to this grant.

The Federal Financial Reports (Form 425) for the periods ending March 30, 2013, and September 30, 2013, were incorrect. The amounts reported for the federal cash disbursements, federal and recipient share (matching) of expenditures were incorrect.

15 CFR 24.20 (b) states in part:

"The financial management system of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
- (3) *Internal control.* Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes.
- (4) *Budget control.* Actual expenditures or outlays must be compared with budgeted amounts . . ."

The County did not have an adequate internal control system in place which resulted in noncompliance with the federal requirements noted above.

Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds.

We recommended that the County comply with the grant agreement and federal requirements for Period of Availability, Matching, and Reporting.

JENNINGS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2013-015 - PROCUREMENT AND SUSPENSION AND DEBARMENT***

Federal Agency: U.S. Department of Commerce  
Federal Program: Investments for Public Works and Economic Development Facilities  
CFDA Number: 11.300  
Federal Award Number and Year (or Other Identifying Number): 06-01-05376

The County was not in compliance with the Procurement requirements for this program. They did not have written procurement procedures in place related to the standards of conduct governing the performance of its employees and others engaged in the award and administration of contracts.

The Economic Development Administration Standard Terms and Conditions for Construction Projects Title II - Public Works and Economic Development Facilities and Title II - Economic Adjustment Construction Components states in part:

"(12)(a) Standards of conduct. The recipient shall maintain a written code of conduct, which shall govern the actions individuals, such as any officer, employee or member of the board of directors or other governing board of the recipient, including any other parties that advise, approve, recommend or otherwise participate in the business decisions of the recipient, such as agents, advisors, consultants, attorneys, accountants or shareholders. This also includes immediate family, significant others, partners, and other persons directly connected to such persons by law or through a business agreement."

The County did not have an adequate internal control system in place which resulted in noncompliance with Procurement requirements related to this grant.

Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the County.

We recommended that the officials comply with the grant agreement and the federal requirements for Procurement.

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#### AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the County. The documents are presented as intended by the County.



Jennings County Government Center  
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*Janice L. Ramey*  
*Auditor of Jennings County*

200 East Brown Street  
P.O. Box 383  
Vernon, IN 47282

Phone: (812) 352-3021

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**FINDING 2012-003**

Original Assigned SBA Audit Report Number:	B43479
Report Period:	Calendar Year 2013
Federal Grantor Agency:	U.S. Department of Housing and Urban Development
Pass-Through Entity:	Indiana Office of Community and Rural Affairs
Contact Person Responsible for Corrective Action:	

Contact Phone Number: *812-352-3021*

Status of Audit Finding:

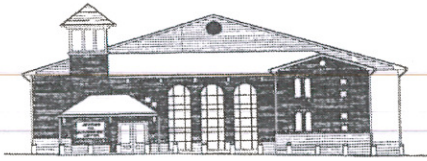
I have tried to follow the requirement set by the SBOA concerning the management of the county to establish for the County Board of Commissioners to review and approve all claims for grants in order for the Commissioners to approve disbursement and make sure that the claims can be located with the appropriate signatures. I did not realize that I was not taking care of county business when I received the Federal Award for MUTC and the CSL Dam Projects. I was told that we would do the bookkeeping and dispense the funding with the correct signature which would have been President of the Commissioners, Matt Sporleder. The funding was sent to the Treasurer's Office and we receive notification from SIRPC, Jodi Comer, with a claim telling me where to send the funding. I do apologize to the State Board of Accounts not taking care of business. Sometimes we do not receive the correct information to do our job. I do have all the paperwork and claims that were sent to me.

Janice L. Ramey

*Janice L. Ramey*  
(Signature)

*Auditor*  
(Title)

*Oct. 28, 2014*  
(Date)



Jennings County Government Center  
200 East Brown Street, Vernon, IN 47282

*Sandra L. Vance*

*Treasurer of Jennings County*

*200 East Brown Street*

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*Vernon, IN 47282*

Phone: (812) 352-3060

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July 7, 2015

**Corrective Action Plan**

**Finding 2013-001**

**Finding 2013-002**

Treasurer of Jennings County

Contact Person: Sandra L. Vance

The noted deficiencies of the Jennings County Treasurers office related to the Cash Book and the Financial Transactions was noted and brought to the attention of the S.B.O.A., the County Council President and the President of the Commissioners in 2009 along with the previous treasurer.

Under the advice of the SBOA we were given a number to proceed with in 2010. And we have continued since then.

At the present we have a plan in place and have made necessary changes for reconcilements of the counties' financial ledgers. With the help of the Low financial package and the Reedy Financial Group I feel confident that the problems will be resolved soon and the Auditors and Treasurers' office will be on track for the rest of 2015 and the upcoming year 2016.

A "County Treasurers' Monthly Report" will be completed to show combined bank reconciliation rather than individual bank accounts. This will take place on or before the 15<sup>th</sup> of each month, showing the financial condition at the close of business, on the last day of the preceding month. The report will be given to the Auditor to distribute to the State, County Council, Commissioners, and one for the Treasurer's Office.

**Cash Book and Financial Transactions**

The Treasurers' Office is responsible for maintaining the Treasurers' Daily Balance of the Cash and Depositories (Cash Book). The Cash Book reflects the daily receipts and disbursements, the total amount of cash and investments, and proof of the financial condition of the office at the close of each day. This can only be done when the correct information is forwarded to the Chief Deputy in the Treasurers' Office to complete. Many times the information was incorrect or not given at all.

1. The only segregation of duties falls on the Chief Deputy Sheila Porter she is the only one that maintains the Cash Book and Financial Transactions in the Treasurers' Office. The Chief Deputy has the responsibility of daily receipts and disbursements, the total amount of cash and investments, and does have proof of the financial condition of the office at the close of the day. She makes bank deposits, gives change, collects taxes and prepares reconciliation reports as requested. The Chief Deputy also works very closely with the Auditors' Office on the settlement to make sure that everything is included. She is also cross trained to fill the other duties in the office.

## Jennings County

### Position Description

**Position Title:** First Deputy

**Department:** Treasurer's Office

**Reports To:** Treasurer

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### Purpose of Position

At the discretion of the elected Jennings County Treasurer, the First Deputy is responsible for performing any and all duties required of the Treasurer, as set forth by the Constitution of the State of Indiana, and is subject to the same qualifications, statutes, requirements, penalties, and obligations applicable therein.

<b>Essential Duties and Responsibilities</b>
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*The following duties are all essential to the office. Some are typically performed by the 1<sup>st</sup> Deputy while others are typically performed by the Treasurer. These are not to be construed as exclusive or all-inclusive. Other duties may be required and assigned.*

- Cashier payments received into the computerized tax collection program.
- Process new and dismissed bankruptcies received in both the tax program and paper filing system. Timely file new and updated Proofs of Claim to Bankruptcy Trustee. Update old filings and purge records according to approved retention schedule.
- Type receipts for license excise tax, auto rental excise, watercraft excise, aircraft excise, excise tax cut, etc.; record and deposit monies received from BMW or Auditor of State into the manual excise tax check register. Check bank balances online and compare & reconcile to manual excise tax check register each time a deposit is made and/or a minimum of three times monthly.
- Prepare and process lender's requests for escrowed tax payments.
- Update and enter address changes on taxpayers in computer when new information is received.

- Answer telephone/email/fax inquiries and assist taxpayers at counter providing information, assistance, and direction; take and deliver messages as may be necessary.
- Sort and process incoming mail received and prepare any necessary outgoing mail.
- Assist in the process of determining those to be certified for tax sale each year. Assist in the updating of tax sale list from certification date until sale date.
- Send reminder letters to governmental units of deadline for receipt of employee lists. Update and ensure all governmental employees parcels are coded as such in tax program. Determine eligibility and send courtesy letter to those employee/taxpayers of impending garnishment action.
- Complete and file necessary paperwork to start the garnishment of delinquent governmental employees.
- Determine eligibility and send courtesy letters to taxpayers that are delinquent in Personal Property.
- Process, print, and mail Letters of Demand Notices on delinquent personal property.
- Certify personal property judgments to Clerk of Courts.
- Process payments received on past judgments as recharges when paid.
- Maintain files and/or filing systems.
- Create, and mail reconstruction statements in the spring and fall.
- Determine eligibility of taxpayer's delinquent real estate property.
- Print and send courtesy letter to delinquent real estate owners.
- Close and balance all cash drawers open at the end of every day and during spring and Fall Collection.
- Prepare the daily deposit of tax receipts and quietus money.
- Make bank deposits at banks when necessary.
- Daily complete the Daily Balance and Cash Sheet at end of day's business as required by State Board of Accounts.
- Complete the necessary end of day entries into the Treasurer's Module of the LOW Financial program.
- Manually figure taxes and estimates of taxes due when requested.
- Complete the Payroll Claim and submit to Auditor's Office when needed in the absence of the Treasurer.
- Report amount of taxes due upon request for Sheriff's Sale process.
- Investigate addresses with regard to returned mail from post office from various mailing that have been sent.
- Verify that all taxes are current and complete Mobile Home Transfer/Moving Permits as requested.
- Fill out Moving and Transfer permits as requested.
- Verify that all taxes are current and complete Alcohol/Tobacco permits as requested.
- Certify Tax Collections to the Auditor semi-annually.
- Reconcile all bank statements monthly.
- Prepare Treasurer's Monthly Financial Report due to the state by the 16<sup>th</sup> of each month.
- Process NSF Checks and turn over to Prosecutor for collection if necessary.
- Prepare report of all warrants over two years old to Board of Finance each January and then move the money back to their respective funds.
- Prepare report of all Investments on Record as of December 31<sup>st</sup> each year and total interest earned on investments to the Board of Finance each year.

- Help make decisions of investments of various county funds.
- Help maintain general office cleanliness and neatness running sweeper and dusting.

#### **Minimum Training and Experience Required to Perform Essential Duties and Responsibilities**

A high school diploma or equivalency. One to two years bookkeeping or related experience preferred; or any equivalent combination of education, training and experience which provides the necessary knowledge, skills and abilities.

#### **Special Requirements**

No special licensure or certification is required.

#### **Minimum Physical and Mental Abilities Required to Perform Essential Job Functions**

- Ability to operate a variety of automated office machines including typewriter, calculator, copier, computer, telephone system, fax machine, valuator, folding machine, printers, etc.
- Ability to utilize departmental software including financial, tax, and other specialized software.
- Ability to exert physical effort in sedentary to light work involving routine stooping, kneeling, crouching, climbing, and reaching; tasks require visual perception and discrimination.

#### **Mathematical Ability**

- Ability to add, subtracts, multiply, divide, calculate decimals and percentages, and measure data.

#### **Language Ability and Interpersonal Communication**

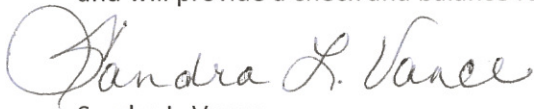
- Ability to comprehend and correctly use a variety of informational documents including tax statements, quietus, warrants, inheritance tax orders, bank statements, bankruptcy reports, excise tax reports, and other reports and records.
- Ability to comprehend a variety of reference books and manuals including I.C. Code books, Treasurers' Manual, computer handbooks/manuals, etc.
- Ability to prepare financial reports, financial statements, inheritance tax reports, tax statements, census reports, settlement worksheets, receipts, memos, correspondence, and other jobs related documents using prescribed format and conforming to all rules of punctuation, grammar, diction and style.
- Ability to accurately record and deliver information, meet deadlines, and maintain confidentiality of restricted information.

- Ability to use and interpret accounting/bookkeeping terminology and language.
- Ability to use independent judgment, common sense, and principles of rational systems in the performance of tasks.
- Ability to work under stressful conditions, to respond immediately to crisis situations, and to balance priorities within and between offices/departments.
- Ability to maintain personal composure and tactfully handle difficult situations and interpret questions correctly.
- Ability to advise and interpret the application of policies, procedures, and standards to specific situations; ability to explain, demonstrate, and clarify to others within well-established policies, procedures, and standards.
- Ability to communicate effectively with customers, bank personnel, Auditor's office, Assessor's office, other County personnel, and the general public verbally and in writing.

#### **Environmental Adaptability**

- Ability to work effectively in an office environment
  - **COMMENTS FROM THE TREASURER**
  - At the present we are working with Low Associates along with the Auditors' Office to find and correct the problems with the cash short and cash long amounts. We are hopeful to find documentation as to why the cumulative cash short and cash long exist.
  - With the help of Reedy Financial beginning in 2012 I feel the financial problems with both the offices Auditor and Treasurer and Jennings County will be resolved.
2. The Reconciliation of the County's Financial Ledgers could not be balance due to the lack of information from the Auditors' Office. All other funds were balanced with the exception of the operating fund. The monthly financial statement was not correct because of the incorrect amounts and I felt it would not be feasible to send in a report with incorrect numbers. With the help of Reedy Financial this will be taken care of. We have since given reports to the Auditors' Office each month.
  3. The amount posted to the Treasurers' Daily Balance of Cash and Depositories ("Cash Book") has been determined that the transaction had been posted as of December 30, 2013.

4. The verification of the property tax collection reports is reconciled at the end of every day with the payment summary. Every amount is accounted for.
  5. During the property tax settlement Manatron/Thompson Reuters is contacted and assisted in the settlement giving directions to complete the process.
- I want to thank the SBOA for bringing the bookkeeping problems to light. It is very important for the Commissioners of Jennings County along with the County Council to be aware that these problems exist.
  - I believe in the future with another employee in the treasurers' office it will benefit the Auditors' Office as well as the Treasurers'. There will be more internal control and the separation of duties and will provide a check and balance for both offices.



Sandra L. Vance

Treasurer of Jennings County

Office of Jennings County Auditor  
Kay S. Vance  
200 E. Brown Street  
P.O. Box 383  
Vernon, In 47282  
(812) 352-3016  
Fax (812) 352-3032

August 19, 2015

Corrective Action Plan

Contact Person: Kay Sue Vance

Title: Jennings County Auditor

Completion date: Corrective action will be on-going until all issues have been addressed and completed as stated.

**Finding 2013-001 – Disclaimer of Opinion – County Auditor and County Treasurer**

The County Auditor will maintain proper records and will check with Treasurer to reconcile the financial ledgers, records and bank statements.

The County Auditor shall monthly prepare a financial statement and reconcile cash and investment balances as shown on statement. The County Auditor shall work with the County Treasurer to account for all funds of the county in the records of the Auditor and reconcile with the records of the Treasurer.

**Finding 2013 - 003 Internal Controls over the Schedule of Expenditures of Federal Awards – County Auditor**

The County Auditor shall make an excel sheet for all grants received in the county.

**Finding 2013 – 004 Internal Controls and Non Compliance over Financial Reporting**

The Auditor shall work with the staff on a system where one person shall input and another person shall verify thus creating a more reliable statement. The Auditor shall make sure that all departmental funds are listed and verified.

**Finding 2013-005 - Internal Controls and Noncompliance over financial Transactions – County Auditor**

The County Auditor will have a report run monthly to check EFT and ACH deposits and receipts. The Auditor will see to it that no back dating transactions are done and will retain supporting documentation. The Auditor will research and correct the wire transfer not being recorded in Auditor's Funds Ledger.

**Finding 2013 - 006 - Internal Controls and Noncompliance over Payroll – County Auditor**

The County Auditor will strive to cross train the payroll position as well as others in her office and will oversee the payroll process to ensure correct payment is being made.

**Finding 2013-007 – Internal Controls and Non Compliance Over Disbursements**

The County Auditor shall make sure each voucher submitted is completely filled out and signed off on and that an invoice or statement of reason for the voucher is attached. The County Auditor shall have reports created so that all funds, postings and distributions can be monitored to ensure proper procedures.

**Finding 2013-008 – Condition of Records – County Auditor**

The County Auditor shall instruct the Claims Deputy that any claim submitted that is not supported by appropriation, that claim shall be returned to the department who submitted the claim. The County Auditor shall oversee and check receipt books to insure proper management.

**Finding 2013-010 – Internal Control over Compliance Requirements that have a Direct and Material Effect to Community Development block Grants/State's Program and Non-Entitlement Grants in Hawaii**

The Auditor will make sure proper oversight, reviews and approvals take place and to have a separation of functions over certain activities related to the program.

**Finding 2013-011 – Cash Management Noncompliance relating to the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii**

The County Auditor will implement controls that will ensure compliance with the cash management requirement; thus minimizing the time between the receipt and disbursement of federal funds.

**Finding 2013-012 - Reporting Noncompliance relating to Community Development block Grants/State's Program and Non-Entitlement Grants in Hawaii**

The County Auditor will maintain a separate account or fund within an existing account. The auditor will keep detailed receipts and expenditures reports of grant monies at all times.

**Finding 2013 - 013 - Internal Controls over Investments for Public Works and Economic Development Facilities**

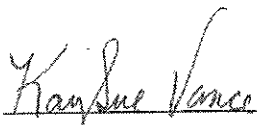
The County Auditor shall work with the grant administration to ensure compliance with the requirements of a federal program.

**Finding 2013 014 - Matching and Reporting Noncompliance relating to Investments for Public Works and Economic Development Facilities.**

The County Auditor shall put a system in place to ensure that the grant reports prepared by the contractual grant administrator are reviewed and compared to supporting documentation to ensure accuracy and completeness in reporting.

**Finding 2013 015 - Procurement Noncompliance relating to Investments for Public Works and Economic Development Facilities.**

The County Auditor will have written procurement procedures in place related to the standard Administration of contracts.

  
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Kay Sue Vance  
Jennings County Auditor



MARY DORSETT KILGORE  
JENNINGS COUNTY CLERK OF THE CIRCUIT & SUPERIOR COURTS

## Corrective Action Plan Finding 2013-009

Contact Person Responsible for Corrective Action: Mary Dorsett Kilgore  
Contact Phone Number: 812-352-3073

Finding: This office was trained to do month and year end financial reporting by Odyssey representatives. The reports required to complete task were told to us by the same. Any report not presented for audit reconciliation was solely because this office was not made aware of its requirement.

Corrective Plan: As always, upon request, reports from Odyssey can be made available in minutes starting from our initial "go-live date," to present day.

Finding: In this office, "lack of segregation of duties," is not to be confused with employees being cross-trained. Due to budgeting and limited staffing, this office strives for quality public service by ensuring that every employee has the required knowledge to best serve the public in the event an employee is absent whom usually handles that specific request. If each duty listed in this condition had a dedicated staff person, it would require a staff of more than 11 separate staff persons for the financial aspects of this office alone. The financial workings are just a small percentage of the day to day obligations this office has.

Corrective Plan: Continue to spread duties when adequate staffing is available but not to defer providing quality service to the public of Jennings County.

Finding: The Clerk's Office has a total staff of one full time clerk, five deputies, and one part time worker. With daily foot traffic between 100 to 300 members of the public, lines can form and the office can get hectic. Though Odyssey does label each open session with the user name of the person logged in, it is possible a staff member could accidentally use another's user name.

Corrective Plan: All seven staff members are required to log into and log out of a new session of Odyssey when using either of the two front counter terminals.

Anticipated Completion Date: September 28, 2015

X *Mary Dorsett Kilgore*

Mary Dorsett Kilgore  
Clerk, Jennings County Circuit Court

*September 28, 2015*

SEAL

Jennings County Clerk  
25 Pike Street  
Box 385  
Vernon, IN 47282  
812-352-3070

#### OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the County. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.