

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF
KOSCIUSKO COUNTY, INDIANA
January 1, 2014 to December 31, 2014



FILED
03/30/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Marsha A. McSherry Michelle L. Puckett	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Treasurer	Sue Ann Mitchell Rhonda Helser	01-01-13 to 12-31-16 01-01-17 to 12-31-20
Clerk of the Circuit Court	Ann M. Torpy	03-19-13 to 12-31-20
County Sheriff	William R. Goshert Aaron Rovenstine	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Recorder	Deborah A. Wright Joetta Mitchell	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Prosecutor	Daniel H. Hampton	01-01-11 to 12-31-18
President of the Board of County Commissioners	Bradford Jackson Bob Conley Ronald D. Truex Bradford Jackson	01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17
President of the County Council	Robert G. Sanders	01-01-14 to 12-31-17



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF KOSCIUSKO COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Kosciusko County (County), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement as listed in the Table of Contents.

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 our audit. We conducted our 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statement, the County prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the County for the year ended December 31, 2014.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the County for the year ended December 31, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

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, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, 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 the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 30, 2017, 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

January 30, 2017



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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 KOSCIUSKO COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of Kosciusko County (County), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement, and have issued our report thereon dated January 30, 2017, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of 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 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 a material weakness.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County'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 item 2014-001 to be a material weakness.

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


As part of obtaining reasonable assurance about whether the County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

Kosciusko 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 audit of 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

January 30, 2017

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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.

KOSCIUSKO COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2014

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
Clerks Trust SAR	\$ 917,929	\$ 6,175,293	\$ 6,022,539	\$ 1,070,683
County General	5,234,221	16,299,470	13,914,261	7,619,430
Sheriff Accident Report	16,902	8,279	3,509	21,672
County EDIT Fund	3,146,096	2,888,723	3,637,096	2,397,723
Child Abuse Prevention	6,575	50	-	6,625
City & Town Court Costs	1,569	20,111	10,233	11,447
Clerk Document Storage Fee	86,028	33,321	24,888	94,461
Certified Share Local Option Tax	222,448	3,596,205	3,506,030	312,623
Interest Congressional	10,499	94	1,125	9,468
Principal Congressional	28,129	-	-	28,129
Assessor Ed/Sales Disclosure	101,919	10,585	10	112,494
Cumulative Bridge	1,016,740	600,129	330,485	1,286,384
County Cumulative Capital Development	2,207,935	796,944	1,090,990	1,913,889
Cumulative Jail	127,631	143,117	150,000	120,748
Drug Free Communities KCODE	4,383	65,062	52,839	16,606
Electronic Data	31,401	208	-	31,609
Local Emergency Planning	48,902	9,620	8,433	50,089
County Extradition	806	7,280	3,091	4,995
Gun Permits	18,974	23,910	30,245	12,639
General Drain Improvement	227,071	279,025	367,930	138,166
County Health	854,178	618,039	719,949	752,268
County ID Security Protection	11,601	7,175	4,500	14,276
Levy Excess Fund	-	281	-	281
Health Maintenance Grant	26,113	48,859	15,263	59,709
Local Road & Street	1,135	664,795	640,124	25,806
County Correction	-	49,610	49,610	-
Highway- MVH	1,306,938	5,021,393	5,204,116	1,124,215
Plat Book Fund	129,369	19,720	30,286	118,803
Rainy Day Fund	5,343,316	-	2,000,000	3,343,316
Recorders Record Perpetuation	96,086	123,654	192,201	27,539
Riverboat Revenue Sharing	-	458,263	458,263	-
Clerk Sheriff Pension	-	47,230	47,230	-
Surplus Tax	155,893	70,746	169,675	56,964
Surveyor Corner Perpetuation	73,824	19,040	7,577	85,287
Tax Sale Redemption	-	90,192	90,192	-
Tax Sale Surplus	708,525	1,016,037	552,941	1,171,621
Local Health Department Trust Account	193,909	34,816	52,796	175,929
CASA	-	14,154	14,154	-
Statewide 9-1-1	319,013	643,601	685,368	277,246
Adult Probation User Fees	293,787	232,989	261,466	265,310
Juvenile Probation User Fees	13,763	4,464	-	18,227
Alternative Dispute Resolution	-	8,071	-	8,071
Drug & Alcohol User Fees	452,534	248,698	270,395	430,837
Drainage Maintenance	1,007,505	751,078	508,834	1,249,749
Sheriff Sale Fund	136,465	36,926	43,129	130,262
Health Clinic Administrative	12,373	97,596	20,251	89,718
SHOT Team Donation	16,090	9,193	14,782	10,501
Redevelopment Comm Dreyfus TIF	172,797	90,513	132,592	130,718
Employee Health Insurance Fund	2,988,378	3,825,230	4,064,577	2,749,031
Direct Deposit	-	7,355,349	7,355,349	-
Colonial Insurance	17,439	3,183,181	3,192,682	7,938
Deferred Compensation	12,842	227,377	227,312	12,907
Withholding Federal	-	1,199,566	1,199,566	-
Withholding County Option Tax	-	115,192	115,192	-
Withholding P.E.R.F.	-	300,461	300,461	-
Withholding Sheriff Pension	-	57,611	57,611	-
Withholding State	-	381,703	381,703	-
Garnishment	-	60,646	60,646	-
Tax Distribution	-	72,683,893	72,683,893	-
Commercial Vehicle Excise Tax	-	343,891	343,891	-
Sewage Charge Assessment Delq.	-	250,993	163,514	87,479
Financial Institution Fran Tax	-	419,462	419,462	-
HEA 1001-2008 Homestead Credit	2,356	-	2,356	-
Fines & Forfeitures	14,253	111,304	105,149	20,408
Clerk Of Court-Infraction	8,059	107,170	109,642	5,587
Special Death Benefit Fee	570	9,570	9,480	660
State Disclosure Of Sales	785	10,585	10,410	960
St Coroner Tr & C Education	646	8,530	8,540	636
Mortgage Fee Fund	660	7,092	7,055	697

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

KOSCIUSKO COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
Homestd Property Database DLGF	-	276	275	1
Child Restraint Fines	150	1,576	1,701	25
Inheritance Tax	101,993	37,498	125,611	13,880
Education Plate Fee Dist.	38	1,106	1,106	38
County Edit Tax	-	4,380,885	4,380,885	-
Certified Share Local Option	-	10,174,257	10,174,257	-
93.563 Prosecutor PCA	94	745	334	505
Clerk ARRA	26,693	-	2,109	24,584
93.563 Title IV-D Incentive	194,357	42,184	16,735	219,806
Prosecutor IV-D Incentive -New	131,706	63,465	54,886	140,285
Clerk IV-D Incentive (NEW)	116,361	42,184	24,405	134,140
Clerk ISETS Support SAR	8,890	1,084,625	1,087,730	5,785
Sheriff Inmate Meals SAR	568	348,799	349,071	296
Sheriff Inmate Trust SAR	59,330	1,291,230	1,292,749	57,811
Work Release Inmate Trust SAR	6,806	51,628	46,476	11,958
Sheriff Commissary SAR	206,015	494,202	473,180	227,037
Sheriff Crime Stoppers SAR	25,186	3	1,375	23,814
Treasurer Cash Change SAR	500	-	-	500
Treasurer Unsettled Tax SAR	1,644,465	2,444,748	1,644,465	2,444,748
Property Reassessment 2017	1,936,852	148,622	633,512	1,451,962
Law Enforcement Data Access	62,400	40,500	-	102,900
Ineligible Deduction Fund Coun	123,210	7,478	18,339	112,349
Promotional Fund	6,923	2,387	2,997	6,313
Innkeepers Tax	36,215	543,090	543,247	36,058
Dreyfus TIF Bond Repayment	285,310	329,718	255,000	360,028
Trupointe TIF Bond Repayment	-	200,956	200,000	956
County Sheriff Continuing Education	4,488	2,554	6,135	907
KCCRVC Commission	231,590	573,492	360,544	444,538
Law Enforcement Forfeit Sheriff	78,673	248	13,620	65,301
Recorder Refund	305	-	-	305
Sub Division Escrow	3,750	-	3,750	-
Etna Green Sheriff Patrol Reimbursement	-	12,860	12,860	-
Withholding Medicare	-	161,334	161,334	-
Withholding OASI	-	689,390	689,390	-
Weed Cutting Assessments	-	13,560	7,950	5,610
Public Mass Trans 1802504O FED	-	394,547	394,547	-
Public Mass Trans 1802504O STA	-	112,647	112,647	-
DUI Reimbursement	-	9,606	9,606	-
Fire District 2 Training 10/11	100	-	-	100
VOCA	(6,477)	24,089	43,837	(26,225)
Prenatal	74,088	14,042	14,419	73,711
ADR Plan	-	10,000	2,688	7,312
Signage Pavement Markings	-	34,556	34,556	-
Closure	-	10,000	-	10,000
Fire District 2 2013/2014	-	25,128	25,128	-
DNR 2011	726	-	726	-
Fire District 2 11/12/13	6,296	1,000	7,096	200
2011 Exercise	(641)	20,107	19,466	-
2014 HMEP (LEPC)	-	13,050	13,050	-
2012 Exercise	-	21,429	21,429	-
2012 SHSP Administrative	(4,000)	34,000	30,000	-
Bioterrorism Preparedness 2014	-	7,595	7,595	-
2013 SHSP Training	-	325	26,998	(26,673)
2013 County Based Projects	-	9,268	9,268	-
2014 EMPG Competitive	-	5,180	5,180	-
2013 SHSP Administrative	-	16,000	20,000	(4,000)
2014 HMEP	-	9,000	9,000	-
Operation Pull Over PT-08-04-0	-	22,607	20,154	2,453
USDOJ Reimbursement Fund	6,982	6	5,256	1,732
TB Medical Expenses	30,000	-	-	30,000
Pandemic Fund	1,908	-	-	1,908
Court Interpreter Grant	6,825	7,000	6,787	7,038
Well Child Fund	20,510	22,435	17,971	24,974
DNR Grant 2014	-	15,000	14,991	9
Community Transition Program	10,470	9,835	20,305	-
Turkey Creek Block Grant	4,000	30,000	34,000	-
Totals	\$ 33,271,015	\$ 156,107,417	\$ 155,670,617	\$ 33,707,815

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

KOSCIUSKO 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. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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. 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

KOSCIUSKO COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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. Amounts received for services including, but 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. Amounts received 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. Amounts received from various sources, including, but 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements. Amounts disbursed for various other purposes including, but 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.

KOSCIUSKO COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

KOSCIUSKO COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

State statutes authorize the County to invest in securities including, but not limited to, the following: 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. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the County authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

KOSCIUSKO COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

B. 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.

C. 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. The County established these funds to account for reimbursement grants. The cash deficits in these funds represent expenditures made by the County for which reimbursement had not been received by December 31, 2014.

KOSCIUSKO COUNTY
 NOTES TO FINANCIAL STATEMENT
 (Continued)

Note 8. Holding Corporation

The County has entered into a capital lease with Kosciusko County Justice 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 2014 totaled \$1,022,500.

Note 9. Restatements

For the year ended December 31, 2014, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the County. The following schedule presents a summary of restated beginning balances:

Fund	Balance as of December 31, 2013	Prior Period Adjustment	Balance as of January 1, 2014
Sheriff Inmate Trust SAR	\$ 57,012	\$ 2,318	\$ 59,330
Work Release Inmate Trust SAR	6,636	170	6,806

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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 County's Annual Financial Report 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.

KOSCIUSKO COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	Clerks Trust SAR	County General	Sheriff Accident Report	County EDIT Fund	Child Abuse Prevention	City & Town Court Costs	Clerk Document Storage Fee	Certified Share Local Option Tax
Cash and investments - beginning	\$ 917,929	\$ 5,234,221	\$ 16,902	\$ 3,146,096	\$ 6,575	\$ 1,569	\$ 86,028	\$ 222,448
Receipts:								
Taxes	-	8,880,568	-	2,724,306	-	-	-	3,593,155
Licenses and permits	-	39,580	-	-	-	-	-	-
Intergovernmental receipts	-	1,017,915	-	-	-	-	-	-
Charges for services	-	4,631,689	8,279	-	50	-	-	-
Fines and forfeits	-	314,605	-	-	-	20,111	32,437	-
Other receipts	6,175,293	1,415,113	-	164,417	-	-	884	3,050
Total receipts	6,175,293	16,299,470	8,279	2,888,723	50	20,111	33,321	3,596,205
Disbursements:								
Personal services	-	8,786,287	-	-	-	-	-	3,506,030
Supplies	-	615,038	-	-	-	-	-	-
Other services and charges	-	4,404,629	-	147,440	-	-	24,600	-
Capital outlay	-	14,963	-	1,489,656	-	-	288	-
Other disbursements	6,022,539	93,344	3,509	2,000,000	-	10,233	-	-
Total disbursements	6,022,539	13,914,261	3,509	3,637,096	-	10,233	24,888	3,506,030
Excess (deficiency) of receipts over disbursements	152,754	2,385,209	4,770	(748,373)	50	9,878	8,433	90,175
Cash and investments - ending	\$ 1,070,683	\$ 7,619,430	\$ 21,672	\$ 2,397,723	\$ 6,625	\$ 11,447	\$ 94,461	\$ 312,623

KOSCIUSKO COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Interest Congressional	Principal Congressional	Assessor Ed/Sales Disclosure	Cumulative Bridge	County Cumulative Capital Development	Cumulative Jail	Drug Free Communities KCODE	Electronic Data
Cash and investments - beginning	\$ 10,499	\$ 28,129	\$ 101,919	\$ 1,016,740	\$ 2,207,935	\$ 127,631	\$ 4,383	\$ 31,401
Receipts:								
Taxes	-	-	-	513,678	686,600	132,234	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	42,276	56,509	10,883	-	-
Charges for services	-	-	-	44,175	52,865	-	-	208
Fines and forfeits	-	-	10,585	-	-	-	65,062	-
Other receipts	94	-	-	-	970	-	-	-
Total receipts	94	-	10,585	600,129	796,944	143,117	65,062	208
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	3,811	-	-	-
Other services and charges	-	-	-	330,485	350,677	-	52,839	-
Capital outlay	-	-	-	-	736,502	150,000	-	-
Other disbursements	1,125	-	10	-	-	-	-	-
Total disbursements	1,125	-	10	330,485	1,090,990	150,000	52,839	-
Excess (deficiency) of receipts over disbursements	(1,031)	-	10,575	269,644	(294,046)	(6,883)	12,223	208
Cash and investments - ending	\$ 9,468	\$ 28,129	\$ 112,494	\$ 1,286,384	\$ 1,913,889	\$ 120,748	\$ 16,606	\$ 31,609

KOSCIUSKO COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Local Emergency Planning	County Extradition	Gun Permits	General Drain Improvement	County Health	County ID Security Protection	Levy Excess Fund	Health Maintenance Grant
Cash and investments - beginning	\$ 48,902	\$ 806	\$ 18,974	\$ 227,071	\$ 854,178	\$ 11,601	\$ -	\$ 26,113
Receipts:								
Taxes	-	-	-	279,025	493,335	-	-	-
Licenses and permits	-	-	23,910	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	40,603	-	-	-
Charges for services	3,000	7,280	-	-	81,937	-	-	-
Fines and forfeits	-	-	-	-	-	7,175	-	-
Other receipts	6,620	-	-	-	2,164	-	281	48,859
Total receipts	9,620	7,280	23,910	279,025	618,039	7,175	281	48,859
Disbursements:								
Personal services	-	-	-	-	631,512	-	-	15,263
Supplies	2,516	-	28,295	-	41,360	-	-	-
Other services and charges	5,265	3,086	1,950	-	47,077	4,500	-	-
Capital outlay	652	-	-	-	-	-	-	-
Other disbursements	-	5	-	367,930	-	-	-	-
Total disbursements	8,433	3,091	30,245	367,930	719,949	4,500	-	15,263
Excess (deficiency) of receipts over disbursements	1,187	4,189	(6,335)	(88,905)	(101,910)	2,675	281	33,596
Cash and investments - ending	\$ 50,089	\$ 4,995	\$ 12,639	\$ 138,166	\$ 752,268	\$ 14,276	\$ 281	\$ 59,709

KOSCIUSKO COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Local Road & Street	County Correction	Highway- MVH	Plat Book Fund	Rainy Day Fund	Recorders Record Perpetuation	Riverboat Revenue Sharing	Clerk Sheriff Pension
Cash and investments - beginning	\$ 1,135	\$ -	\$ 1,306,938	\$ 129,369	\$ 5,343,316	\$ 96,086	\$ -	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	25,670	-	-	-	-	-
Intergovernmental receipts	664,795	-	4,642,696	-	-	-	458,263	-
Charges for services	-	-	334,558	-	-	123,654	-	-
Fines and forfeits	-	-	-	19,720	-	-	-	47,230
Other receipts	-	49,610	18,469	-	-	-	-	-
Total receipts	664,795	49,610	5,021,393	19,720	-	123,654	458,263	47,230
Disbursements:								
Personal services	-	49,610	2,472,634	27,286	-	56,173	-	-
Supplies	640,124	-	2,165,385	-	-	-	-	-
Other services and charges	-	-	389,040	3,000	-	-	-	-
Capital outlay	-	-	176,977	-	-	-	-	-
Other disbursements	-	-	80	-	2,000,000	136,028	458,263	47,230
Total disbursements	640,124	49,610	5,204,116	30,286	2,000,000	192,201	458,263	47,230
Excess (deficiency) of receipts over disbursements	24,671	-	(182,723)	(10,566)	(2,000,000)	(68,547)	-	-
Cash and investments - ending	\$ 25,806	\$ -	\$ 1,124,215	\$ 118,803	\$ 3,343,316	\$ 27,539	\$ -	\$ -

KOSCIUSKO COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Surplus Tax	Surveyor Corner Perpetuation	Tax Sale Redemption	Tax Sale Surplus	Local Health Department Trust Account	CASA	Statewide 9-1-1	Adult Probation User Fees
Cash and investments - beginning	\$ 155,893	\$ 73,824	\$ -	\$ 708,525	\$ 193,909	\$ -	\$ 319,013	\$ 293,787
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	19,040	90,192	-	-	14,154	1,862	750
Fines and forfeits	-	-	-	-	-	-	-	210,193
Other receipts	70,746	-	-	1,016,037	34,816	-	641,739	22,046
Total receipts	70,746	19,040	90,192	1,016,037	34,816	14,154	643,601	232,989
Disbursements:								
Personal services	-	-	-	-	52,796	-	605,773	212,094
Supplies	-	-	-	-	-	-	-	35,061
Other services and charges	-	7,577	-	-	-	-	79,595	14,111
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	169,675	-	90,192	552,941	-	14,154	-	200
Total disbursements	169,675	7,577	90,192	552,941	52,796	14,154	685,368	261,466
Excess (deficiency) of receipts over disbursements	(98,929)	11,463	-	463,096	(17,980)	-	(41,767)	(28,477)
Cash and investments - ending	\$ 56,964	\$ 85,287	\$ -	\$ 1,171,621	\$ 175,929	\$ -	\$ 277,246	\$ 265,310

KOSCIUSKO COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Juvenile Probation User Fees	Alternative Dispute Resolution	Drug & Alcohol User Fees	Drainage Maintenance	Sheriff Sale Fund	Health Clinic Administrative	SHOT Team Donation	Redevelopment Comm Dreyfus TIF
Cash and investments - beginning	\$ 13,763	\$ -	\$ 452,534	\$ 1,007,505	\$ 136,465	\$ 12,373	\$ 16,090	\$ 172,797
Receipts:								
Taxes	-	-	-	751,078	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	42,929	-	36,926	-	-	47,534
Fines and forfeits	4,464	-	70,361	-	-	-	-	-
Other receipts	-	8,071	135,408	-	-	97,596	9,193	42,979
Total receipts	<u>4,464</u>	<u>8,071</u>	<u>248,698</u>	<u>751,078</u>	<u>36,926</u>	<u>97,596</u>	<u>9,193</u>	<u>90,513</u>
Disbursements:								
Personal services	-	-	97,317	-	-	-	-	-
Supplies	-	-	9,947	-	-	-	-	-
Other services and charges	-	-	136,712	-	-	18,810	-	-
Capital outlay	-	-	-	-	-	-	-	132,592
Other disbursements	-	-	26,419	508,834	43,129	1,441	14,782	-
Total disbursements	<u>-</u>	<u>-</u>	<u>270,395</u>	<u>508,834</u>	<u>43,129</u>	<u>20,251</u>	<u>14,782</u>	<u>132,592</u>
Excess (deficiency) of receipts over disbursements	<u>4,464</u>	<u>8,071</u>	<u>(21,697)</u>	<u>242,244</u>	<u>(6,203)</u>	<u>77,345</u>	<u>(5,589)</u>	<u>(42,079)</u>
Cash and investments - ending	<u>\$ 18,227</u>	<u>\$ 8,071</u>	<u>\$ 430,837</u>	<u>\$ 1,249,749</u>	<u>\$ 130,262</u>	<u>\$ 89,718</u>	<u>\$ 10,501</u>	<u>\$ 130,718</u>

KOSCIUSKO COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Employee Health Insurance Fund	Direct Deposit	Colonial Insurance	Deferred Compensation	Withholding Federal	Withholding County Option Tax	Withholding P.E.R.F.	Withholding Sheriff Pension
Cash and investments - beginning	\$ 2,988,378	\$ -	\$ 17,439	\$ 12,842	\$ -	\$ -	\$ -	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	3,178,965	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	646,265	7,355,349	3,183,181	227,377	1,199,566	115,192	300,461	57,611
Total receipts	3,825,230	7,355,349	3,183,181	227,377	1,199,566	115,192	300,461	57,611
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	37,035	-	-	-	-	-	-	-
Other services and charges	111,521	-	-	-	-	-	-	-
Capital outlay	4,117	-	-	-	-	-	-	-
Other disbursements	3,911,904	7,355,349	3,192,682	227,312	1,199,566	115,192	300,461	57,611
Total disbursements	4,064,577	7,355,349	3,192,682	227,312	1,199,566	115,192	300,461	57,611
Excess (deficiency) of receipts over disbursements	(239,347)	-	(9,501)	65	-	-	-	-
Cash and investments - ending	\$ 2,749,031	\$ -	\$ 7,938	\$ 12,907	\$ -	\$ -	\$ -	\$ -

KOSCIUSKO COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Withholding State	Garnishment	Tax Distribution	Commercial Vehicle Excise Tax	Sewage Charge Assessment Delq.	Financial Institution Fran Tax	HEA 1001-2008 Homestead Credit	Fines & Forfeitures
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,356	\$ 14,253
Receipts:								
Taxes	-	-	65,414,759	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	7,269,134	343,891	-	-	-	-
Charges for services	-	-	-	-	250,993	419,462	-	-
Fines and forfeits	-	-	-	-	-	-	-	111,304
Other receipts	381,703	60,646	-	-	-	-	-	-
Total receipts	381,703	60,646	72,683,893	343,891	250,993	419,462	-	111,304
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	381,703	60,646	72,683,893	343,891	163,514	419,462	2,356	105,149
Total disbursements	381,703	60,646	72,683,893	343,891	163,514	419,462	2,356	105,149
Excess (deficiency) of receipts over disbursements	-	-	-	-	87,479	-	(2,356)	6,155
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 87,479	\$ -	\$ -	\$ 20,408

KOSCIUSKO COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Clerk Of Court-Infraction	Special Death Benefit Fee	State Disclosure Of Sales	St Coroner Tr & C Education	Mortgage Fee Fund	Homestd Property Database DLGF	Child Restraint Fines	Inheritance Tax
Cash and investments - beginning	\$ 8,059	\$ 570	\$ 785	\$ 646	\$ 660	\$ -	\$ 150	\$ 101,993
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	10,585	8,530	7,092	-	-	37,498
Fines and forfeits	107,170	9,570	-	-	-	-	1,576	-
Other receipts	-	-	-	-	-	276	-	-
Total receipts	<u>107,170</u>	<u>9,570</u>	<u>10,585</u>	<u>8,530</u>	<u>7,092</u>	<u>276</u>	<u>1,576</u>	<u>37,498</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	109,642	9,480	10,410	8,540	7,055	275	1,701	125,611
Total disbursements	<u>109,642</u>	<u>9,480</u>	<u>10,410</u>	<u>8,540</u>	<u>7,055</u>	<u>275</u>	<u>1,701</u>	<u>125,611</u>
Excess (deficiency) of receipts over disbursements	<u>(2,472)</u>	<u>90</u>	<u>175</u>	<u>(10)</u>	<u>37</u>	<u>1</u>	<u>(125)</u>	<u>(88,113)</u>
Cash and investments - ending	<u>\$ 5,587</u>	<u>\$ 660</u>	<u>\$ 960</u>	<u>\$ 636</u>	<u>\$ 697</u>	<u>\$ 1</u>	<u>\$ 25</u>	<u>\$ 13,880</u>

KOSCIUSKO COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Education Plate Fee Dist.	County Edit Tax	Certified Share Local Option	93.563 Prosecutor PCA	Clerk ARRA	93.563 Title IV-D Incentive	Prosecutor IV-D Incentive -New	Clerk IV-D Incentive (NEW)
Cash and investments - beginning	\$ 38	\$ -	\$ -	\$ 94	\$ 26,693	\$ 194,357	\$ 131,706	\$ 116,361
Receipts:								
Taxes	-	4,380,885	10,174,257	-	-	-	-	-
Licenses and permits	1,106	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	-	-	-	745	-	42,184	63,465	42,184
Total receipts	1,106	4,380,885	10,174,257	745	-	42,184	63,465	42,184
Disbursements:								
Personal services	-	-	-	-	2,109	16,735	36,900	-
Supplies	-	-	-	-	-	-	6,591	-
Other services and charges	-	-	-	-	-	-	730	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	1,106	4,380,885	10,174,257	334	-	-	10,665	24,405
Total disbursements	1,106	4,380,885	10,174,257	334	2,109	16,735	54,886	24,405
Excess (deficiency) of receipts over disbursements	-	-	-	411	(2,109)	25,449	8,579	17,779
Cash and investments - ending	\$ 38	\$ -	\$ -	\$ 505	\$ 24,584	\$ 219,806	\$ 140,285	\$ 134,140

KOSCIUSKO COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Clerk ISETS Support SAR	Sheriff Inmate Meals SAR	Sheriff Inmate Trust SAR	Work Release Inmate Trust SAR	Sheriff Commissary SAR	Sheriff Crime Stoppers SAR	Treasurer Cash Change SAR	Treasurer Unsettled Tax SAR
Cash and investments - beginning	\$ 8,890	\$ 568	\$ 59,330	\$ 6,806	\$ 206,015	\$ 25,186	\$ 500	\$ 1,644,465
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	<u>1,084,625</u>	<u>348,799</u>	<u>1,291,230</u>	<u>51,628</u>	<u>494,202</u>	<u>3</u>	<u>-</u>	<u>2,444,748</u>
Total receipts	<u>1,084,625</u>	<u>348,799</u>	<u>1,291,230</u>	<u>51,628</u>	<u>494,202</u>	<u>3</u>	<u>-</u>	<u>2,444,748</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	<u>1,087,730</u>	<u>349,071</u>	<u>1,292,749</u>	<u>46,476</u>	<u>473,180</u>	<u>1,375</u>	<u>-</u>	<u>1,644,465</u>
Total disbursements	<u>1,087,730</u>	<u>349,071</u>	<u>1,292,749</u>	<u>46,476</u>	<u>473,180</u>	<u>1,375</u>	<u>-</u>	<u>1,644,465</u>
Excess (deficiency) of receipts over disbursements	<u>(3,105)</u>	<u>(272)</u>	<u>(1,519)</u>	<u>5,152</u>	<u>21,022</u>	<u>(1,372)</u>	<u>-</u>	<u>800,283</u>
Cash and investments - ending	<u>\$ 5,785</u>	<u>\$ 296</u>	<u>\$ 57,811</u>	<u>\$ 11,958</u>	<u>\$ 227,037</u>	<u>\$ 23,814</u>	<u>\$ 500</u>	<u>\$ 2,444,748</u>

KOSCIUSKO COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Property Reassessment 2017	Law Enforcement Data Access	Ineligible Deduction Fund Coun	Promotional Fund	Innkeepers Tax	Dreyfus TIF Bond Repayment	Trupointe TIF Bond Repayment	County Sheriff Continuing Education
Cash and investments - beginning	\$ 1,936,852	\$ 62,400	\$ 123,210	\$ 6,923	\$ 36,215	\$ 285,310	\$ -	\$ 4,488
Receipts:								
Taxes	137,320	-	-	-	543,090	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	11,302	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	329,718	956	-
Fines and forfeits	-	-	-	-	-	-	-	2,554
Other receipts	-	40,500	7,478	2,387	-	-	200,000	-
Total receipts	<u>148,622</u>	<u>40,500</u>	<u>7,478</u>	<u>2,387</u>	<u>543,090</u>	<u>329,718</u>	<u>200,956</u>	<u>2,554</u>
Disbursements:								
Personal services	359,104	-	13,812	-	-	-	-	-
Supplies	792	-	787	1,249	-	-	-	-
Other services and charges	36,441	-	3,740	-	-	-	-	-
Capital outlay	237,175	-	-	-	-	-	-	-
Other disbursements	-	-	-	1,748	543,247	255,000	200,000	6,135
Total disbursements	<u>633,512</u>	<u>-</u>	<u>18,339</u>	<u>2,997</u>	<u>543,247</u>	<u>255,000</u>	<u>200,000</u>	<u>6,135</u>
Excess (deficiency) of receipts over disbursements	<u>(484,890)</u>	<u>40,500</u>	<u>(10,861)</u>	<u>(610)</u>	<u>(157)</u>	<u>74,718</u>	<u>956</u>	<u>(3,581)</u>
Cash and investments - ending	<u>\$ 1,451,962</u>	<u>\$ 102,900</u>	<u>\$ 112,349</u>	<u>\$ 6,313</u>	<u>\$ 36,058</u>	<u>\$ 360,028</u>	<u>\$ 956</u>	<u>\$ 907</u>

KOSCIUSKO COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	KCCRVC Commission	Law Enforcement Forfeit Sheriff	Recorder Refund	Sub Division Escrow	Etna Green Sheriff Patrol Reimbursement	Withholding Medicare	Withholding OASI	Weed Cutting Assessments
Cash and investments - beginning	\$ 231,590	\$ 78,673	\$ 305	\$ 3,750	\$ -	\$ -	\$ -	\$ -
Receipts:								
Taxes	543,247	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	248	-	-	-	-	-	2,800
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	30,245	-	-	-	12,860	161,334	689,390	10,760
Total receipts	<u>573,492</u>	<u>248</u>	<u>-</u>	<u>-</u>	<u>12,860</u>	<u>161,334</u>	<u>689,390</u>	<u>13,560</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	3,283	-	-	-	-	-	-
Other services and charges	330,544	9,000	-	-	-	-	-	-
Capital outlay	-	1,337	-	-	-	-	-	-
Other disbursements	30,000	-	-	3,750	12,860	161,334	689,390	7,950
Total disbursements	<u>360,544</u>	<u>13,620</u>	<u>-</u>	<u>3,750</u>	<u>12,860</u>	<u>161,334</u>	<u>689,390</u>	<u>7,950</u>
Excess (deficiency) of receipts over disbursements	<u>212,948</u>	<u>(13,372)</u>	<u>-</u>	<u>(3,750)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,610</u>
Cash and investments - ending	<u>\$ 444,538</u>	<u>\$ 65,301</u>	<u>\$ 305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,610</u>

KOSCIUSKO COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Public Mass Trans 1802504O FED	Public Mass Trans 1802504O STA	DUI Reimbursement	Fire District 2 Training 10/11	VOCA	Prenatal	ADR Plan	Signage Pavement Markings
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 100	\$ (6,477)	\$ 74,088	\$ -	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	394,547	112,647	9,606	-	24,089	14,042	10,000	34,556
Total receipts	394,547	112,647	9,606	-	24,089	14,042	10,000	34,556
Disbursements:								
Personal services	-	-	-	-	43,837	14,296	-	-
Supplies	-	-	-	-	-	123	-	34,556
Other services and charges	-	-	-	-	-	-	2,688	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	394,547	112,647	9,606	-	-	-	-	-
Total disbursements	394,547	112,647	9,606	-	43,837	14,419	2,688	34,556
Excess (deficiency) of receipts over disbursements	-	-	-	-	(19,748)	(377)	7,312	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 100	\$ (26,225)	\$ 73,711	\$ 7,312	\$ -

KOSCIUSKO COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Closure	Fire District 2 2013/2014	DNR 2011	Fire District 2 11/12/13	2011 Exercise	2014 HMEP (LEPC)	2012 Exercise	2012 SHSP Administrative
Cash and investments - beginning	\$ -	\$ -	\$ 726	\$ 6,296	\$ (641)	\$ -	\$ -	\$ (4,000)
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	10,000	25,128	-	1,000	20,107	13,050	21,429	34,000
Total receipts	10,000	25,128	-	1,000	20,107	13,050	21,429	34,000
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	19,466	-	21,429	30,000
Other services and charges	-	25,128	-	7,096	-	13,050	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	-	-	726	-	-	-	-	-
Total disbursements	-	25,128	726	7,096	19,466	13,050	21,429	30,000
Excess (deficiency) of receipts over disbursements	10,000	-	(726)	(6,096)	641	-	-	4,000
Cash and investments - ending	\$ 10,000	\$ -	\$ -	\$ 200	\$ -	\$ -	\$ -	\$ -

KOSCIUSKO COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Bioterrorism Preparedness 2014	2013 SHSP Training	2013 County Based Projects	2014 EMPG Competitive	2013 SHSP Administrative	2014 HMEP	Operation Pull Over PT-08-04-0	USDOJ Reimbursement Fund
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,982
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	7,595	325	9,268	5,180	16,000	9,000	22,607	6
Total receipts	7,595	325	9,268	5,180	16,000	9,000	22,607	6
Disbursements:								
Personal services	-	-	-	-	-	-	20,154	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	7,595	26,998	9,268	5,180	20,000	9,000	-	5,256
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	7,595	26,998	9,268	5,180	20,000	9,000	20,154	5,256
Excess (deficiency) of receipts over disbursements	-	(26,673)	-	-	(4,000)	-	2,453	(5,250)
Cash and investments - ending	\$ -	\$ (26,673)	\$ -	\$ -	\$ (4,000)	\$ -	\$ 2,453	\$ 1,732

KOSCIUSKO COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	TB Medical Expenses	Pandemic Fund	Court Interpreter Grant	Well Child Fund	DNR Grant 2014	Community Transition Program	Turkey Creek Block Grant	Totals
Cash and investments - beginning	\$ 30,000	\$ 1,908	\$ 6,825	\$ 20,510	\$ -	\$ 10,470	\$ 4,000	\$ 33,271,015
Receipts:								
Taxes	-	-	-	-	-	-	-	99,247,537
Licenses and permits	-	-	-	-	-	-	-	90,266
Intergovernmental receipts	-	-	-	-	-	-	-	14,558,267
Charges for services	-	-	-	-	-	-	-	9,787,929
Fines and forfeits	-	-	-	-	-	-	-	1,034,117
Other receipts	-	-	7,000	22,435	15,000	9,835	30,000	31,389,301
Total receipts	-	-	7,000	22,435	15,000	9,835	30,000	156,107,417
Disbursements:								
Personal services	-	-	-	17,971	11,125	-	-	17,048,818
Supplies	-	-	-	-	-	-	-	3,696,848
Other services and charges	-	-	-	-	3,866	-	-	6,648,494
Capital outlay	-	-	-	-	-	-	-	2,944,259
Other disbursements	-	-	6,787	-	-	20,305	34,000	125,332,198
Total disbursements	-	-	6,787	17,971	14,991	20,305	34,000	155,670,617
Excess (deficiency) of receipts over disbursements	-	-	213	4,464	9	(10,470)	(4,000)	436,800
Cash and investments - ending	\$ 30,000	\$ 1,908	\$ 7,038	\$ 24,974	\$ 9	\$ -	\$ -	\$ 33,707,815

KOSCIUSKO COUNTY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 1,127,240</u>	<u>\$ 4,830,834</u>

KOSCIUSKO COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Kosciusko County Justice Building Corporation	Justice Building	<u>\$ 1,022,500</u>	2002	2015

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	Louis Dreyfus TIF		\$ 5,085,000	\$ 305,000
General obligation bonds	TruPointe TIF		1,570,000	78,500
Notes and loans payable	Munson Buildings		<u>367,686</u>	<u>103,691</u>
Totals			<u>\$ 7,022,686</u>	<u>\$ 487,191</u>

KOSCIUSKO COUNTY
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2014

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance	
Governmental activities:		
Infrastructure	\$ 50,950,666	*
Buildings	39,824,868	
Machinery, equipment, and vehicles	5,622,014	
Total capital assets	\$ 96,397,548	

* - At Depreciation Value

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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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 KOSCIUSKO COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Kosciusko 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, 2014. 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.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

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

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 2014-002 and 2014-003. 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 a 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 2014-002 and 2014-003 to be material weaknesses.

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

January 30, 2017

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

KOSCIUSKO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

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>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 Water Utility Study	Indiana Office of Community and Rural Affairs	14.228	A192-14-PL-12-040	\$ 30,000
Total - Department of Housing and Urban Development				<u>30,000</u>
<u>Department of Justice</u>				
Crime Victim Assistance VOCA	Indiana Criminal Justice Institute	16.575	D3-14-8572	<u>24,089</u>
Total - Department of Justice				<u>24,089</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning and Construction PE Old US 30 Zimmer Rd to Walnut Western Route Bridge Inspection	Indiana Department of Transportation	20.205	DES 0902295 DES 1297353 DES 1382104	80,761 37,866 <u>44,175</u>
Total - Highway Planning and Construction Cluster				<u>162,802</u>
ARRA - Formula Grants for Rural Areas ARRA KABS	Indiana Department of Transportation	20.509	A249-14-320486	<u>96,880</u>
Formula Grants for Rural Areas KABS Federal KABS Federal	Indiana Department of Transportation	20.509	A249-13-320288 A249-14-320486	50,440 <u>247,227</u>
Total - Formula Grants for Rural Areas				<u>394,547</u>
Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants I Operation Pullover DUI Task Force Indiana Enforcement	Town of Winona Lake	20.601	D3-14-8229 D3-14-8149	22,606 <u>9,606</u>
Total - Highway Safety Cluster				<u>32,212</u>
Interagency Hazardous Materials Public Sector Training and Planning Grants HMEP Training Grant	Indiana Department of Homeland Security	20.703	C44P-5-389B C44P-4-442B	13,050 <u>9,000</u>
Total - Interagency Hazardous Materials Public Sector Training and Planning Grants				<u>22,050</u>
Total - Department of Transportation				<u>611,611</u>
<u>Department of Health and Human Services</u>				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Bioterrorism Preparedness & Response Supplement	Indiana Department of Health	93.074	A70-4-0532222	<u>7,595</u>

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

KOSCIUSKO COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014
(Continued)

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>Department of Health and Human Services (continued)</u>				
Child Support Enforcement	Indiana Department of Child Services	93.563		
Prosecutor's Expenditures			Year 2014	374,295
Clerk's Expenditures			Year 2014	19,569
Court Expenditures			Year 2014	17,804
Indirect Costs			Year 2014	84,847
Title IV-D Incentive			Year 2014	16,735
Prosecutor Incentive			Year 2014	54,886
Clerk Incentive			Year 2014	24,405
Document Storage			Year 2014	884
Cumulative Capital Development			Year 2014	606
General Commissioners			Year 2014	16
COIT Commissioners			Year 2014	3,050
Total - Child Support Enforcement				<u>597,097</u>
Maternal and Child Health Services Block Grant to the States Prenatal	Indiana Department of Health	93.994	A70-4-069690	<u>14,043</u>
Total - Department of Health and Human Services				<u>618,735</u>
<u>Department of Homeland Security</u>				
Boating Safety Financial Assistance DNR Grant 2014	Indiana Department of Natural Resources	97.012	E11-1-004	<u>7,880</u>
Disaster Grants - Public Assistance (Presidentially Declared Disasters) FEMA Disaster DR-4173	Indiana Department of Homeland Security	97.036	385PA4173000000	<u>56,326</u>
Emergency Management Performance Grants 2013 EMPG Salaries	Indiana Department of Homeland Security	97.042	C44P-5-044B	38,481
2014 EMPG Competitive			C44P-4-371B	<u>5,180</u>
Total - Emergency Management Performance Grants				<u>43,661</u>
Homeland Security Grant Program 2011 SHSP Equipment	Indiana Department of Homeland Security	97.067	C44P-2-414A	20,107
2012 SHSP Administrative			C44P-3-098B	34,000
2012 SHSP Training/Exercise			C44P-3-180B	21,429
2013 SHSP Training			C44P-4-055B	325
2013 SHSP Equipment			C44P-4-068B	9,268
2013 SHSP Administrative			C44P-4-476B	<u>16,000</u>
Total - Homeland Security Grant Program				<u>101,129</u>
Total - Department of Homeland Security				<u>208,996</u>
Total federal awards expended				<u>\$ 1,493,431</u>

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

KOSCIUSKO COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the County and is presented in accordance with the cash and investments 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.

Note 2. Subrecipients

Of the federal expenditures presented in the SEFA, the County provided federal awards to subrecipients as follows for the year ended December 31, 2014:

Program Title	Federal CFDA Number	2014
Formula Grants for Rural Areas	20.509	\$ 297,667
ARRA - Formula Grants for Rural Areas	20.509	96,880

KOSCIUSKO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
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:	Unmodified
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:

CFDA Number	Name of Federal Program or Cluster
20.509	Formula Grants For Rural Areas
20.509	ARRA - Formula Grants For Rural Areas
93.563	Child Support Enforcement

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 2014-001 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Condition

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

KOSCIUSKO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The County prepared and submitted the SEFA without effective controls to ensure its accuracy before submission. This resulted in the following errors on the SEFA presented for audit:

1. Not all CFDA Numbers were listed.
2. Not all Program Names were correct.
3. Not all Federal Award Agencies were listed correctly.
4. ARRA - Formula Grants for Rural Areas of \$96,880 was not listed separately.
5. Not all Pass-Through Entities were listed correctly.
6. Not all Pass-Through identifying numbers were listed correctly.
7. State Grants of \$179,272 were included.
8. Community Development Block Grant of \$30,000 was omitted.
9. Highway Planning and Construction Grants of \$124,936 were omitted.
10. Interagency Hazardous Materials Public Sector Training and Planning Grant of \$9,000 was omitted.
11. Hospital Preparedness Program (HHP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements of \$7,595 was omitted.
12. Child Support Enforcement expenditures were overstated by \$12,973.
13. Disaster Grants - Public Assistance (Presidentially Declared Disasters) of \$56,326 were omitted.
14. Emergency Management Performance Grants of \$43,661 were omitted.
15. Homeland Security Grant Program of \$50,000 was omitted.

Audit adjustments were proposed, accepted by the County, and made to the SEFA.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

KOSCIUSKO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

KOSCIUSKO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not established a system of internal control that would ensure proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-002 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number): Year 2014
Pass-Through Entity: Indiana Department of Child Services

Condition

Management of the Prosecuting Attorney's office had not established an effective internal control system over requirements relating to Allowable Costs/Cost Principles.

Context

There were no periodic certifications completed for full-time employees during the audit period. The Prosecuting Attorney's office was not aware of any report required for full-time employees by the state agency that would have fulfilled the compliance requirement.

Criteria

OMB Circular A-87, Attachment B, item 8h(3), states:

"Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee."

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. . . ."

KOSCIUSKO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a system of internal controls that ensured Allowable Costs/Cost Principles requirements were met.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance of the grant agreement or the Allowable Costs/Cost Principles requirements that have a direct and material effect to the program could have resulted in the loss of federal funds to the County.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the Prosecuting Attorney's office establish controls pertaining to Allowable Costs/Cost Principles to ensure that all requirements are complied with in the future.

Views of Responsible Officials

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

***FINDING 2014-003 - SPECIAL TESTS AND PROVISIONS -
SEPARATE ACCOUNTABILITY FOR ARRA FUNDING***

Federal Agency: Department of Transportation

Federal Program: ARRA - Formula Grant for Rural Areas

CFDA Number: 20.509

Federal Award Number and Year (or Other Identifying Number): A249-14-320486

Pass-Through Entity: Indiana Department of Transportation

Condition

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Separate Accountability for ARRA Funding compliance requirement.

Context

No control procedures had been established to ensure ARRA - Formula Grants for Rural Areas were maintained by separate records from Formula Grants for Rural Areas. The County combined the federal program records of Formula Grants for Rural Areas and ARRA - Formula Grants for Rural Areas into the Public Mass Trans 18025040 FED fund.

KOSCIUSKO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 176.210(a) states in part:

"To maximize the transparency and accountability of funds authorized under the American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5) (Recovery Act) as required by Congress and in accordance with 2 CFR 215.21 'Uniform Administrative Requirements for Grants and Agreements' and OMB Circular A-102 Common Rules provisions, recipients agree to maintain records that identify adequately the source and application of Recovery Act funds. . . ."

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. . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish and effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the County.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and compliance requirement listed above.

We also recommended that the County comply with the Special Tests and Provisions - Separate Accountability for ARRA Funding requirements of the program.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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



Michelle L. Puckett
Kosciusko County Auditor

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-003 (Auditor Assigned Reference Number) B44588

Fiscal year in which the finding initially occurred: 2013

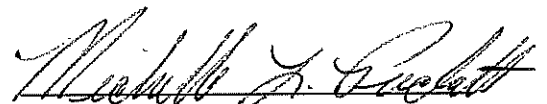
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Child Services

Contact Person Responsible for Corrective Action: Michelle Puckett, Auditor

Contact Phone Number: 574-372-2328

Status of Audit Finding:

The Clerk of the Circuit Court has established an internal control process which directly relates to the Maximus agreement and all of the compliance requirements that have a direct and material effect on the program. As always, segregation of duties is an integral part of the Annual Report process. The Courts are not involved in this process because they no longer qualify for reimbursement with respect to these expenses.


(Signature)

Kosciusko County Auditor

(Title)

October 17, 2016

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



Michelle L. Puckett
Kosciusko County Auditor

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-004 (Auditor Assigned Reference Number) B44588

Fiscal year in which the finding initially occurred: 2013

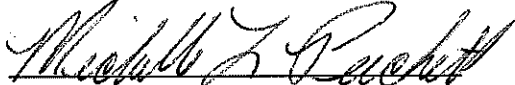
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Child Services

Contact Person Responsible for Corrective Action: Michelle Puckett, Auditor

Contact Phone Number: 574-372-2328

Status of Audit Finding:

The Clerk of the Circuit Court has maintained detailed asset records of all inventory purchased with Title IV-D proceeds. The records are verified and reconciled on a yearly basis.


(Signature)

Kosciusko County Auditor
(Title)

October 17, 2016
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).



Michelle L. Puckett
Kosciusko County Auditor

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: **Michelle Puckett, Kosciusko County Auditor**
Contact Phone Number: **574-372-2328**

We concur with the findings.

Description of Corrective Action Plan:

In reviewing our current SEFA Process and SEFA Internal Controls, it has been made clear that due to turnover in the Grant Deputy position that misstatements of the SEFA went undetected. We have had yet additional turnover in the Grant Deputy position, but I am confident that all issues with the SEFA have been addressed. We are reviewing our current internal controls process and will revise it inserting additional segregation of duties to ensure that any misstatements in the SEFA are detected.

Anticipated Completion Date: October 2017

Michelle L. Puckett

Michelle Puckett

Auditor

(Title)

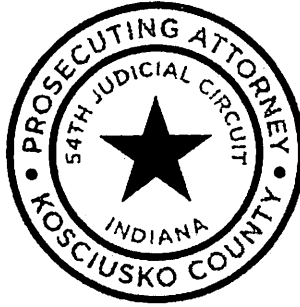
1-20-17

(Date)

**Office of the
Prosecuting Attorney**

54th Indiana Judicial Circuit
Kosciusko County Indiana

Daniel H. Hampton
Prosecuting Attorney



Child Support Enforcement
121 North Lake Street
Warsaw, Indiana 46580
t: (574) 372-2425
f: (574) 372-2428
e: childsupport@kcgov.com

CORRECTIVE ACTION PLAN

FINDING 2014-002

Contact Person Responsible for Corrective Action:
Daniel H. Hampton, Kosciusko County Prosecuting Attorney

Contact Phone Number: 574-372-2460

View of Responsible Official:

I concur with the Finding. I also submitted for attachment to the Finding a Response of the Kosciusko County Prosecuting Attorneys Office to the Findings dated January 30, 2016 (which should be 2017) consisting of twenty three (23) pages.

Description of Corrective Action Plan:

In 2016, the Child Support Enforcement Division (IV-D) was geographically separated from the Criminal Division of the Kosciusko County Prosecuting Attorneys Office. This physical separation helps clarify the distinct separation for those employees who are receiving benefits from the federal funding. Also, internal controls have been established for time sheets, payroll, and itemized budgeting. Further explanation can be found in the attachment described above.

Anticipated Completion Date:

Immediate implementation of internal controls and procedures.

Daniel H. Hampton
Kosciusko County Prosecuting Attorney
January 31, 2017

Office of the Prosecuting Attorney

54th Indiana Judicial Circuit
Kosciusko County Indiana

Daniel H. Hampton
Prosecuting Attorney



Criminal Division

121 North Lake Street
Warsaw, Indiana 46580
t: (574) 372-2419
f: (574) 372-2470
e: prosatty@kcgov.com

January 30, 2016

Exit Interview regarding recent Findings and Recommendations by the State Board of Accounts Examiner

Response of the Kosciusko County Prosecuting Attorneys Office (KCPAO) to the Findings identified in the SBA Finding 2014-002.

1. Allegation that the office was unaware of the requirement.

The KCPAO is aware of 45 CFR 75.430(I) which is the federal regulation underlying this issue. It is also aware of the OMB. The knowledge was in the Title IV-D Deputy Prosecuting Attorney.

2. The State of Indiana has had a long history of problems in providing guidance on this issue, as reflected in the described attachments and identified as Exhibits.
 - a. Exhibit A- email from Cynthia Longest about draft guidance dated October 25, 2013.
 - b. Exhibit B- email from the CSB Centralized Training Unit (CTU) dated 2/13/14 indicating the guidance is not ready.
 - c. Exhibit C- an email from CSB employee Adam Norman dated April 15, 2016 establishing that the guidance previously provided has been confusing and again proposing draft policies.
 - d. The KCPAO does not believe that the State of Indiana has supplied clear and concise directions on this issue. KCPAO has structured and implemented a set of controls to satisfy the regulation.
3. The KCPAO believes it has a robust system of controls and oversight in place that complies with the regulation.
 - a. Segregation of the Office:

The KCPAO has long been segregated into discrete units of a Criminal Division and a Title IV-D Division. Each division has their own staff. Starting in 2016, the Title IV-D staff is also geographically segregated.
 - b. Budgets:

The KCPAO has a control in place through segregation of the costs of each of its divisions into separate budgets. All Title IV-D payroll is in line items assigned solely for IV-D.
 - c. Job Descriptions:

The County maintains job descriptions that clearly establish that the Title IV-D staff will be performing Title IV-D functions.

d. **Oversight:**

The day- to-day supervision of Title IV-D area in by the IV-D DPA. This includes approval of vacation, personal days and any other matter that affects periodic payroll.

e. **Payroll:**

Beginning in 2013, the KCPAO enhanced its controls over payroll. In addition to the individual employees certifying their hours as accurate, an extra control was added which requires the IV-D DPA to review and certify the accuracy of the bi-weekly payroll numbers to the County Auditor for payroll. Since 2014, the County has added an even more robust 'time-clock' system to account for the time keeping of Kosciusko County employees which further enhances the time-keeping elements of our payroll system,

4. **Corrective Action.**

Regardless of whether the SBA Auditors determine the controls in place are sufficient, the KCPAO will continue the current system of safeguards and controls. Also, the KCPAO will begin using the certification supplied by the State. Current certifications are attached. Also, the KCPAO will incorporate any procedure recommendations by the SBA.



exhibit A

Rob Bishop <rbishop@kcgov.com>

Transfer Agreement and Personal Services Guidance Drafts

2 messages

Longest, Cynthia E <Cynthia.Longest@dcs.in.gov>

Fri, Oct 25, 2013 at 8:02 PM

To: "Mantia, Karla A." <KMantia@ipac.in.gov>, "Bishop, Robert J." <rbishop@kcgov.com>

Cc: "Boggs, Peggy C" <Peggy.Boggs@dcs.in.gov>

K and Rob,

I have attached the draft Incentive Transfer form that I gave out at the Auditor Conference on Wednesday. We got some feedback from them at the conference, but none of those suggestions have been incorporated yet. I also gave to the incoming President of the Clerks Association yesterday, and asked for comments from them. Let me know what you think. We believe this will end up needing to be an official State Form, so the ICPR will have the final say on wording, format, etc.

The other attachment is our draft Personal Services Guidance document – this is the one that addresses some of the SBOA findings regarding semi-annual Certification documents, keeping documentation for staff that only work part-time on IV-D, etc. We are looking for feedback (regarding clarity of the wording – this is a very complicated subject!). It won't be released "cold"; in addition to this document we will have webinar training/discussion sessions with a powerpoint, but this is the "official" guidance document. I have given this out to the heads of the Auditor and Clerk Associations this week as well, and are asking for feedback by Nov 15, so we can get it finalized and schedule the webinars.

Thanks much!

-C

Cynthia Longest

Deputy Director

Indiana Dept. of Child Services

Child Support Bureau


317-233-4482

The information in this email, and any attachments, may contain confidential information and is intended solely for the attention and use of the named addressee(s). It must not be disclosed to any person(s) without authorization. If you are not the intended recipient, or a person responsible for delivering it to the intended recipient, you are not authorized to, and must not, disclose, copy, distribute, or retain this message or any part of it. If you have received this communication in error, please notify the sender immediately.

3 attachments

**FINAL Incentives Fund Transfer Agreement DRAFT for Auditor Conference discussion 10-18-13.doc**

47K

 **Introduction Message Personal Services Guidance 090313.docx**
18K

 **Guidance Draft - Documentation for Personal Services' Salaries and Wages....docx**
36K


Rob Bishop <rbishop@kcgov.com>
To: amburgher@ipac.in.gov

Mon, Oct 28, 2013 at 10:55 AM

Robert J. Bishop
Deputy Prosecuting Attorney
Kosciusko County Prosecutor's Office
121 N. Lake Street
Warsaw, IN 46580
[Quoted text hidden]

3 attachments

 **FINAL Incentives Fund Transfer Agreement DRAFT for Auditor Conference discussion 10-18-13.doc**
47K

 **Introduction Message Personal Services Guidance 090313.docx**
18K

 **Guidance Draft - Documentation for Personal Services' Salaries and Wages....docx**
36K

Ex B

From: ISETS_CTU
Sent: Thursday, February 13, 2014 9:05 AM
To: #ISETS County Prosecutor Offices; #ISETS County Clerk Offices; charvey@co.adams.in.us; ceverett@co.adams.in.us; kris.myers@co.allen.in.us; bmijares@bartholomewco.com; bentonchildsup@sbcglobal.net; Ischein@co.boone.in.us; Dorsett, Danetta J.; Sheets, Debra L.; crkinder@att.net; Martin, Amy A.; troberts@clintonco.com; ivdadministrator@crawfordcountyin.com; rechel.davers@daviess.org; bmessmore@dearborncounty.in.gov; childsupport4d@decaturcounty.in.gov; Craig, Linda S.; lcraycraft@co.delaware.in.us; dubois@fullnet.com; Pam Benedix; prosecutor@co.fayette.in.us; mjloop@floydcounty.in.gov; baskren@fountainco.net; martinpa@fountainco.net; childsupport@franklincounty.in.gov; paticalvert@hotmail.com; Graper, April A.; rogers1law@aol.com; Owsley, Cheryl; Stephanie.diehl@greene.in.us; Karen.pearson@hamiltoncounty.in.gov; kristy.smith@hamiltoncounty.in.gov; Poppino, Michelle L; fischer@harrisonsuperior.com; marcher@co.hendricks.in.us; mary.jane.hayes@co.henry.in.us; paige.kaufman@co.howard.in.us; Schenkel, Kari; tbrewer@jcprosecutor.us; dfrey@JCProsecutor.us; kimberly.hitchcock@co.jasper.in.us; csouthworth@co.jay.in.us; DebbieL@jeffersoncounty.in.gov; GABrooks@jcpros.org; llampert@co.johnson.in.us; mlykins@co.johnson.in.us; Feagans, Joyce E.; adarlington@kcgov.com; Yoder, Wendy S.; dawnr@lakepros.org; robertn@lakepros.org; traciet@laportecounty.org; jbrown@lawrencecounty.in.gov; mash@madisoncounty.in.gov; amy.kendall@indy.gov; sueb@co.marshall.in.us; charder@martincountyin.gov; jcorwin@miamicountyin.gov; cpope@co.monroe.in.us; angela.swazay@montgomeryco.net; Pryor, Tammi J.; ngemmill@nclaw.org; bmessmore@dearborncounty.in.gov; ocpa59@hotmail.com; cheri.zimmerman@owencounty.in.gov; Mckinney, Deborah A.; childsupport@psci.net; conniegrable@yahoo.com; Maria L. Overschmidt; Barb.VanZant@poseycountygov.org; smrak@pulaskiprosecutor.com; office@pulaskiprosecutor.com; bethross1968@yahoo.com; donna.halcomb@randolphin.net; abrunner@ripleycounty.com; Miller, Stacy A.; emckinney@stjoepros.org; jburch@stjoepros.org; sara.goode@iglou.com; mbarga@co.shelby.in.us; csspencerco@sbcglobal.net; ISETS, Starke Prosecutor's Office; jkinsey@co.steuben.in.us; barbadams@sullivancountyprosecutor.com; deputyprosecutor@switzerlandcountycourthouse.org; Morton, Keisha; Clemons, Mary; tcinvestigator@tiptoncounty.in.gov; ucchildsupport@verizon.net; Newman, Regene; Greenwell, Genene P.; Silver, Holly A.; Tiffany, Debra; terri@larsonlawoffice.net; jkrantz@warrickprosecutor.org; ptrulock1@warrickprosecutor.org; Moore, Janet; slane@co.wayne.in.us; ivd@wellscounty.org; steeleailen@yahoo.com; patty@whitcopros.org; bborne@co.adams.in.us; kstuckey@co.adams.in.us; Tera.Klutz@co.allen.in.us; jackie.scheuman@allencounty.us; sbeatty@bartholomewco.com; Schluttenhofer, Joan; afreeland@bentoncounty.in.gov;

smeadows@blackfordcounty.com; jconfer@blackfordcounty.com;
jstogsdill@co.boone.in.us; dpolgar@co.boone.in.us; stogsdill@browncounty-
in.us; donna.lutes@att.net; Dorsett, Danetta J.; Myers, Beth L.;
vaneen.ide@co.cass.in.us; michelle.crain@co.cass.in.us;
msnelling@co.clark.in.us; asparkman@co.clark.in.us;
Maryjo@claycountyin.gov; stallcope@claycountyin.gov;
chamilton@clintonco.com; deputyauditor1@crawfordcountyin.com;
auditor@daviess.org; maury.lemon@daviess.org;
gpennington@dearborncounty.in.gov; lbailey@dearborncounty.in.gov; Clark,
Bridgett C.; jzapfe@decaturcounty.in.gov; jfettters@co.dekalb.in.us;
jsmith@co.dekalb.in.us; jrust@co.delaware.in.us;
gbicknell@co.delaware.in.us; Wehr, Martha A.;
deputyauditor1@duboiscountyin.org; pgraff@elkhartcounty.com;
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Cc: #ISETS Help Desk; #ISETS Communications and Training Unit; #ISETS Field Consultants; #ISETS Business Consultants; CSB Supervisors; DCS CSB Program Support

Subject: Personal Services Guidance Update

County IV-D Offices,

In recent months, the Child Support Bureau has been promoting upcoming guidance which would provide clarification of the documentation requirements for support of wages and benefits claimed for IV-D reimbursement. The guidance being developed was drafted from the requirements within the Code of Federal Regulations (CFR). These requirements were originally from OMB Circular A-87 which had been incorporated into 2 C.F.R. § 225.

On December 26, 2013, the Federal Office of Management and Budget released changes to this section of the C.F.R. Instead of multiple sections covering multiple institutions (State Governments, Hospitals, Institutions of Higher Education, etc.), the Administrative Requirements, Cost Principles and Audit Requirements were incorporated into a single section of the C.F.R. at 2 C.F.R. § 200. Due to these revisions, CSB will be thoroughly reviewing the guidance that was previously developed as well as the IV-D Administrative Claiming Guide for any changes that are necessary based on the updated federal regulations.

We apologize for this delay, and do expect to have the guidance during the first half of 2014. In the meantime, we encourage your office to review the specific requirements for cost principles located at 2 C.F.R. § 200.400 through § 200.475 and ensure your IV-D Office is meeting federal cost principles. The C.F.R. is accessible online at www.ecfr.gov.

Thank you.

Communications & Training Unit (CTU)

Indiana Department of Child Services / Child Support Bureau

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*Protecting our children.
Families and future*

County Prosecutor's/IV-D () Semi-Annual IV-D Time and Effort Ce Individual Staff

Address:
City/State:

Employee Number:
Job Title:

Employee Name: _____
Calendar Year: _____

COUNTY: **WASHINGTON** COI

I, _____, certify that :
(Employee Printed Full Name)

January 1, 2013 to **June 30**
(Beginning Date ex. Month/Date/Year) (Ending Date ex. M

_____ Title IV-D _____ duties and re
(Federal Funding Source)

Employee Signature

Court's
rtification

COUNTY OFFICE: PROSECUTOR

100% of my work time from

was spent on
(Month/Date/Year)

responsibilities.

Date

*ERC*

Rob Bishop <rbishop@kcgov.com>

FW: CSB Draft Guidance for Personnel Expenditures Documentation

2 messages

Mantia, Karla A. <KMantia@ipac.in.gov>
To: "Bishop, Robert J." <rbishop@kcgov.com>

Thu, Jan 12, 2017 at 10:33 AM

Hi Rob- I just found this. It is from April. I believe it was issued without a change to the bit about certifications. It looks like if you have other ways of documenting 100% dedication to IV-D you should not have to use the certification form. It is clearly a "suggested" not mandatory form in CSB's eyes. Do you agree with that analysis? I will try to locate the final issued directive. k

Karla Mantia

Indiana Prosecuting Attorneys Council

302 West Washington Street

Room E205

Indianapolis, Indiana 46204

(317) 232-1836

(317) 233-3599 (fax)

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From: Norman, Adam B
Sent: Friday, April 15, 2016 11:00 AM
To: Mantia, Karla A.; Ethan McKinney
Subject: CSB Draft Guidance for Personnel Expenditures Documentation

Karla and Ethan –

After the pilot process of the CSB Financial Quality Assurance Reviews were completed, we discovered some common areas of misunderstanding or lack of guidance given by CSB relating to IV-D claiming and expenditures. One such area is in personnel services documentation. Thus, we created guidance in this area to assist counties, and claims vendors, in their documentation of personnel services. The draft of this guidance is attached to this email.

This guidance document has also been sent to the Clerk's Association and Auditor's Association for comment as well. Additionally, this guidance document has been reviewed and approved by Cynthia.

We are sending this webmail in two weeks to all county auditors, clerks, IV-D courts and prosecutors.

If you have any comments, please send them to me no later than **Friday, April 29, 2016**.

Thanks,

Adam Norman

Assistant Deputy Director, Financial Quality Assurance

Department of Child Services

Child Support Bureau

Office: (317) 232-0642

Cell: (317) 504-0413

Adam.Norman@dcs.IN.gov

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 **Guidance for Personnel Expenditures Documentation.docx**
18K

Rob Bishop <rbishop@kcgov.com>
To: "Mantia, Karla A." <KMantia@ipac.in.gov>

Thu, Jan 12, 2017 at 10:35 AM

I sign the payroll every two weeks, we are going to confirm that I did and then submit that as an alternative form of proof.

Rob

Robert J. Bishop
Deputy Prosecuting Attorney
Kosciusko County Prosecutor's Office
121 N. Lake Street
Warsaw, IN 46580

[Quoted text hidden]

Documentation Standards from Code of Federal Regulations

45 C.F.R. §75.430(i) Standards for Documentation of Personnel Expenses

(1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities
- (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity; and
- (vi) [Reserved]
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
- (viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:
 - (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;
 - (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and
 - (C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

(2) For records which meet the standards required in paragraph (i)(1) of this section, the non-Federal entity will not be required to provide additional support or documentation for the work performed, other than that referenced in paragraph (i)(3) of this section.

(3) In accordance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 C.F.R. Part 516), charges for the salaries and wages of nonexempt employees, in addition to the supporting documentation described in this section, must also be supported by records indicating the total number of hours worked each day.

(4) Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.

(5) For states, local governments and Indian tribes, substitute processes or systems for allocating salaries and wages to Federal awards may be used in place of or in addition to the records described in paragraph (1) if approved by the cognizant agency for indirect cost. Such systems may include, but are not limited to, random moment sampling, "rolling" time studies, case counts, or other quantifiable measures of work performed.

Updated 6/16/15

(i) Substitute systems which use sampling methods (primarily for Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP), Medicaid, and other public assistance programs) must meet acceptable statistical sampling standards including:

(A) The sampling universe must include all of the employees whose salaries and wages are to be allocated based on sample results except as provided in paragraph (i)(5)(iii) of this section;

(B) The entire time period involved must be covered by the sample; and

(C) The results must be statistically valid and applied to the period being sampled.

(ii) Allocating charges for the sampled employees' supervisors, clerical and support staffs, based on the results of the sampled employees, will be acceptable.

(iii) Less than full compliance with the statistical sampling standards noted in subsection (5)(i) may be accepted by the cognizant agency for indirect costs if it concludes that the amounts to be allocated to Federal awards will be minimal, or if it concludes that the system proposed by the non-Federal entity will result in lower costs to Federal awards than a system which complies with the standards.

(6) Cognizant agencies for indirect costs are encouraged to approve alternative proposals based on outcomes and milestones for program performance where these are clearly documented. Where approved by the Federal cognizant agency for indirect costs, these plans are acceptable as an alternative to the requirements of paragraph (i)(1) of this section.

(7) For Federal awards of similar purpose activity or instances of approved blended funding, a non-Federal entity may submit performance plans that incorporate funds from multiple Federal awards and account for their combined use based on performance-oriented metrics, provided that such plans are approved in advance by all involved Federal awarding agencies. In these instances, the non-Federal entity must submit a request for waiver of the requirements based on documentation that describes the method of charging costs, relates the charging of costs to the specific activity that is applicable to all fund sources, and is based on quantifiable measures of the activity in relation to time charged.

(8) For a non-Federal entity where the records do not meet the standards described in this section, the Federal government may require personnel activity reports, including prescribed certifications, or equivalent documentation that support the records as required in this section.

Guidance for Personnel Expenditures Documentation

This communication is a clarification to all Title IV-D sub-recipients regarding the necessary supporting documentation for personnel expenditures claimed for Title IV-D monthly expenditure reimbursements or reported as quarterly incentive expenditures. These guidelines are applicable to payroll and benefits costs encompassing all salary and benefits paid to employees performing IV-D duties. Benefits would include all employer paid portions of medical insurance, FICA and unemployment taxes and any other fringe benefit provided to the employee as part of the county or office policy.

During 2012, Indiana's Department of Child Services' Child Support Bureau (CSB) was subject to a Federal Limited Cost Audit. The federal auditor noted some county claims where part-time hours for an employee were consistently the same every pay period. The federal auditor indicated such consistency could be a red flag. It was recommended we ensure counties understand the documentation maintained must support the hours and pay which are claimed for federal reimbursement. The federal auditor also stressed this would likely be an area of review in future audits. In addition, there have been recent findings from SBOA indicating supporting documentation was not sufficient for claimed payroll expenditures.

The following is a summary of federal requirements:

1. Employees working 100% on IV-D activity – A method of internal control should be present and documented to ensure the employee's duties are 100% related to IV-D activity. If an office is not maintaining documentation supporting the employee's efforts, CSB recommends the employee or supervisor complete a semi-annual certification confirming 100% of the employee's time was spent on IV-D activity.
 - a. What are internal controls? Per the definition at 2 C.F.R. §200.61: *Internal controls* means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) Effectiveness and efficiency of operations; (b) Reliability of reporting for internal and external use; and (c) Compliance with applicable laws and regulations.
2. Employees sharing time between IV-D activity and non-IV-D activity – A method of internal control should be present to ensure accurate documentation is kept supporting the time charged to the IV-D program. This could include signed reports identifying the individual's daily time spent working on IV-D activity as well as complete time sheets which, together with the report of IV-D activity, would document 100% of the employee's time. If detailed time records are not kept, a documented valid statistical or sampling method must be in place to support how an employee's time was charged to the IV-D program. If the sampling method used does not provide assurance that time charged to IV-D is accurate, activity reports may be required.
 - a. The amount individuals are paid from IV-D funds should correlate to the documented effort of each employee to the IV-D program. If documentation supports an individual spent 55% of time on IV-D, 55% of his/her salary would be allowable for federal reimbursement.
3. Allocating salary based on budget estimates is not a sufficient method to determine the amounts to be charged to the IV-D program. If budget estimates are used, processes should be in place to review estimates after-the-fact and make necessary adjustments to ensure the Federal award is charged properly.

The above requirements are based on rules from the Code of Federal Regulations located at 45 C.F.R. §75.430(i). A copy of this section of the C.F.R. is provided at the end of this guidance document. The documents supporting cost allocation are in addition to normal payroll documentation (such as approved time-sheets and payroll records) which must be maintained for personnel expenditures.

To summarize how the requirements of the above regulations impact each county office:

CLERKS

In a Clerk's Office, child support duties involve both IV-D and non-IV-D tasks. A reasonable method to determine percentage of IV-D effort for Clerk's staff only performing child support duties is to utilize the ISETS IV-D caseload count report. Employees who spend 100% of their time performing child support tasks would have their salaries allocated to IV-D based on the IV-D caseload percentage. If an employee works on child support and other tasks (e.g. elections), documentation must be maintained to ensure none of the non-child support time is charged to the IV-D program.

- For employees working 100% on child support duties, internal controls should ensure the individual's duties are 100% related to child support. Documentation must be maintained in support of the 100% effort towards child support. If no method is in place, CSB recommends utilizing a semi-annual certification signed by the employee or his/her direct supervisor in support of 100% effort to child support.
- For employees sharing time between child support and other duties (e.g. elections), internal controls should ensure documentation is maintained supporting the allocation of effort between child support and other duties
 - The shared individual's child support time would be allocated to IV-D/non-IV-D based on the IV-D caseload percentage
 - Supporting documentation allocating time between child support and non-child support duties could include personnel activity reports or a reasonable, valid and documented sampling method
- The IV-D caseload count report can be used each month to determine a percentage of effort for child support employees
 - From most recent ISETS caseload report: [IV-D Case Count divided by Total Case Count]
- All supporting documentation must be maintained, including county required payroll records, approved time sheets, personnel activity reports and statistical calculations (10 year retention per Indiana General Records Retention and Disposition Schedule)
- CSB does not recommend using budget estimates. If estimates are used to allocate payroll costs to the IV-D program a system of review and reconciliation is required to ensure the Federal award is properly charged
 - Reconciliation must meet requirements of 45 C.F.R. §75.430(i)(1)(viii)

PROSECUTORS

- For employees working 100% on IV-D activity, internal controls should ensure the individual's duties are 100% related to IV-D. Documentation must be maintained in support of the 100% effort towards IV-D. If no method is in place, CSB recommends utilizing a semi-annual certification signed by the employee or his/her direct supervisor in support of 100% effort towards the IV-D Program.
- For employees sharing time between IV-D and non-IV-D (e.g. criminal duties), internal controls should ensure documentation is maintained supporting the allocation of effort between IV-D and non-IV-D duties
 - Supporting documentation allocating time between IV-D and non-IV-D duties could include personnel activity reports or a reasonable, valid and documented sampling method

Updated 6/16/15

- All supporting documentation must be maintained, including county required payroll records, approved time sheets, personnel activity reports and statistical calculations (10 year retention per Indiana General Records Retention and Disposition Schedule)
- CSB does not recommend using budget estimates, but if estimates are used to allocate payroll costs to the IV-D program, a system of review and reconciliation is required to ensure the Federal award is properly charged
 - Reconciliation must meet requirements of 45 C.F.R. §75.430(i)(1)(viii)

COURTS

- For employees working 100% on IV-D activity, internal controls should ensure the individual's duties are 100% related to IV-D. Documentation must be maintained in support of the 100% effort towards IV-D. If no method is in place, CSB recommends utilizing a semi-annual certification signed by the employee or his/her direct supervisor in support of 100% effort towards the IV-D Program.
- For employees sharing time between IV-D and non-IV-D, internal controls should ensure documentation is maintained supporting the allocation of effort between IV-D and non-IV-D duties
 - Some IV-D Courts handle IV-D cases 100% of the time, other IV-D Courts handle IV-D cases only certain days or certain hours. In instances where Court employees are performing IV-D activity for only a portion of their work hours, documentation allocating time between IV-D and non-IV-D duties could include personnel activity reports or a reasonable, valid and documented sampling method
- All supporting documentation must be maintained, including county required payroll records, approved time sheets, personnel activity reports and statistical calculations (10 year retention per Indiana General Records Retention and Disposition Schedule)
- CSB does not recommend using budget estimates, but if estimates are used to allocate payroll costs to the IV-D program, a system of review and reconciliation is required to ensure the Federal award is properly charged
 - Reconciliation must meet requirements of 45 C.F.R. §75.430(i)(1)(viii)

If your office has any questions, please contact DCS Accounting Operations for assistance at DcsAOInquiries@dcs.in.gov.

Personal Services Guidance – Introduction Message

During 2012, Indiana's Department of Child Services' Child Support Bureau (DCS-CSB) was subject to a Federal Limited Cost Audit. The federal auditor noted issues on a few of the county claims where part-time hours for an employee were consistently the same number every pay period. The federal auditor indicated such consistency could be a red flag. It was recommended we ensure counties understand the backup documentation maintained must support the hours and pay which are claimed for federal reimbursement. The federal auditor also stressed this would likely be an area of review in future audits. As a result of this audit, DCS-CSB reviewed the federal regulations and created the attached Personal Services Guidance for the county offices. These guidelines, which are applicable to the salary and benefits paid to employees performing IV-D duties, will ensure that all offices are aware of the backup documentation needed to support payroll costs which are claimed for federal reimbursement or paid for with federal incentive funds.

To summarize the information contained in the attached guidance,

- 1) For employees spending 100% of their time on IV-D activity, a semi-annual signed certification is required confirming the efforts of the employee are entirely towards the IV-D program.
- 2) For employees spending time on IV-D activity and non IV-D activity, there must be a Personnel Activity Report (PAR) completed at least monthly, coinciding with the covered pay periods which documents both IV-D activity and non IV-D activity. The exception to this requirement is if a valid sampling/statistical method is used to allocate an employee's time between IV-D and non IV-D.
- 3) Budget estimates made prior to services being performed do not qualify as sufficient documentation for cost allocation. If estimates are used, a quarterly review and appropriate reconciliation of charges to the IV-D program is required.

If your office currently utilizes a vendor for reporting, your office must review these requirements with the vendor to ensure the documentation maintained meets federal standards. Also, if any sampling/statistical methods are used to allocate costs, the methods must be reasonable, documented and maintained with the payroll records.

DCS-CSB will be hosting webinars to review the attached guidelines and to address any questions your office may have regarding these requirements. It is recommended that the following individuals attend one of the webinars. Staff who: complete payroll expenditure reports, maintain back up documentation, or handle the payroll process for your office. Please see the attached schedule to determine which webinar you would like to attend.

In addition, DCS-CSB has created a form that may be used for the Semi-Annual Certification as well as a two-week Personnel Activity Report (PAR) which can be utilized to document the hours of employees with both IV-D and non IV-D duties. The report was created in two-week intervals in order to correspond with the majority of county payroll periods. DCS-CSB will also be offering guidance on utilizing statistical methods to allocate costs for employees that perform both IV-D and non IV-D duties.

If your county office is already meeting the standards of the federal requirements, there is no requirement to use the newly provided forms or alter any current reporting/documentation methods.

Attachments: Documentation for Personal Services' Salaries and Wages
Webinar Schedule

Documentation for Personal Services' Salaries and Wages

This communication is a clarification to all Title IV-D sub-recipients regarding the necessary supporting documentation for personal services costs claimed for Title IV-D monthly expenditure reimbursements or reported as quarterly incentive expenditures. These guidelines are applicable to directly paid payroll and benefits costs (the salary and benefits paid to employees performing IV-D duties).

The following is a summary of rules depending if an individual is working 100% IV-D or has split duties:

1. Employees working 100% on IV-D activity are required to have a semi-annual certification for the period covered confirming all of their efforts are toward the IV-D program. The certification must be signed by the employee or a supervisor having firsthand knowledge of the work performed by the employee.
2. Any IV-D employee that has time charged to multiple activities (IV-D and non IV-D) must complete a Personnel Activity Report (PAR) which reflects 100% of their time allocated to each activity. The PAR must be prepared at least monthly, correspond to the respective pay periods, and be signed by the employee.
3. A PAR is not required if a valid statistical method is used to allocate an employee's time between IV-D and non IV-D activity. Examples are provided in section 3 below.
4. In addition, allocating salary based on budget estimates is not a sufficient method to determine the amounts to be charged to the IV-D program. Quarterly review and reconciliation is required when estimates are used in expenditure claims.

These requirements for allocation of time are in addition to normal payroll documentation and approved timesheets which must be maintained to support personal services costs.

1. Employees working 100% on IV-D (or 100% Child Support if allocated by caseload)

This documentation method would be used by most Prosecutor IV-D staff that typically perform only IV-D duties. This method is also allowable for a 100% Child Support employee in a Clerk's Office because the IV-D/Non IV-D allocation is determined by a valid statistical method (i.e. ISETS caseload report). The certification provides the employee spends 100% of their time on IV-D duties in the Prosecutor's Office or 100% of time with Child Support duties in a Clerk's Office which is then allocated to IV-D by caseload.

- Certification – For your convenience, one of the forms in this document (insert hyperlink to CSR) can be used
- The certification should be completed semi-annually
- It should be signed after the dates being certified
- It should be signed by the employee or a supervisor with firsthand knowledge of the work performed by the employee
- The provided forms include supervisory forms that can be utilized to certify the effort of multiple individuals
- The certification is required in addition to normal county payroll documentation and approved time sheets

Reference: Federal Guidance

2 CFR Part 225 Appendix B (Formerly Office of Management and Budget Circular A-87)

8.h.(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

2. Employees splitting time between IV-D activity, non IV-D activity and non Child Support activity

- Personnel Activity Report (PAR)
 -
 - This form can be used for a IV-D Prosecutor or IV-D Court (hyperlink to form)
 - This form can be used for a County Clerk (hyperlink to form)
- The PAR should be completed at least monthly (DCS-CSB has created a report covering two-week intervals which will correspond to most county payroll periods)
- The dates reported on the PAR should correspond to respective pay periods
- The activity reported on the PAR must reflect 100% of the employees time allocated to both IV-D, non IV-D activity and non Child Support activity
- The PAR must be signed by the employee
- The PAR is required in addition to normal county payroll documentation and approved time sheets

Reference: Federal Guidance

2 CFR Part 225 Appendix B (Formerly Office of Management and Budget Circular A-87)

8.h.(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award*
- (b) A Federal award and a non Federal award,*
- (c) An indirect cost activity and a direct cost activity,*
- (d) Two or more indirect activities which are allocated using different allocation bases, or*
- (e) An unallowable activity and a direct or indirect cost activity.*

8.h.(5) Personnel activity reports or equivalent documentation must meet the following standards:

- (a) They must reflect an after the fact distribution of the actual activity of each employee,*
- (b) They must account for the total activity for which each employee is compensated,*
- (c) They must be prepared at least monthly and must coincide with one or more pay periods, and*
- (d) They must be signed by the employee*

3. The PAR is not required if a valid statistical method is used to allocate costs between IV-D and non IV-D activity

- It is allowable to allocate charges to IV-D based on measurable statistics
- Any method utilized must be reasonable and valid
 - Many County Clerks are able to allocate Child Support costs to IV-D based on their IV-D caseload percentage
 - A Prosecutor's Office could reasonably allocate costs for employees supporting both the IV-D and Criminal areas by the number of employees in each area, the total hours worked by the employees in each area or by total operational costs of each area
- The statistics used must relate to the time period being allocated
 - Caseload data is provided monthly and the calculation must be adjusted with each new caseload report, however, the change on a monthly basis is typically minimal
 - If number of employees or hours worked was used, the calculation must be adjusted each pay period
- Documentation must be maintained supporting the method and results of all calculations used to allocate payroll costs (If allocating costs each payroll period, documentation should be maintained corresponding to each pay period)

- The documentation is required in addition to normal county payroll documentation and approved time sheets

Reference: Federal Guidance

2 CFR Part 225 Appendix B (Formerly Office of Management and Budget Circular A-87)

8.h.(6) Substitute systems for allocating salaries and wages to Federal awards may be used in place of activity reports. These systems are subject to approval if required by the cognizant agency. Such systems may include, but are not limited to, random moment sampling, case counts, or other quantifiable measures of employee effort.

(a) Substitute systems which use sampling methods (primarily for Temporary Assistance to Needy Families (TANF), Medicaid, and other public assistance programs) must meet acceptable statistical sampling standards including:

(i) The sampling universe must include all of the employees whose salaries and wages are to be allocated based on sample results except as provided in subsection (c);

(ii) The entire time period involved must be covered by the sample; and

(iii) The results must be statistically valid and applied to the period being sampled.

(b) Allocating charges for the sampled employees' supervisors, clerical and support staffs, based on the results of the sampled employees, will be acceptable.

(c) Less than full compliance with the statistical sampling standards noted in subsection (a) may be accepted by the cognizant agency if it concludes that the amounts to be allocated to Federal awards will be minimal, or if it concludes that the system proposed by the governmental unit will result in lower costs to Federal awards than a system which complies with the standards.

4. Utilizing Budget Estimates to Allocate Payroll Costs

- Paying/claiming an individual's salary costs based on pre-determined budget estimates does not qualify as a sufficient method for charging costs to the IV-D program
- Budget estimates may be used for interim accounting purposes
- When estimates are used, quarterly reconciliations and adjustments to Monthly Expenditure Claims or Quarterly Incentive Expenditure Reports are required to correctly allocate costs charged to the IV-D program

Reference: Federal Guidance

2 CFR Part 225 Appendix B (Formerly Office of Management and Budget Circular A-87)

8.h.(5) Personnel activity reports or equivalent documentation must meet the following standards:

(e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to the Federal awards but may be used for interim accounting purposes, provided that:

(i) The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;

(ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and

(iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

To summarize requirements of the above regulations for each county office:

CLERKS

In a Clerk's Office, Child Support duties involve both IV-D and Non IV-D tasks. The reasonable method to determine percentage of effort put forth in IV-D cases (for clerks who only work on child support cases) is to utilize the IV-D caseload count report. Therefore, if an employee works 100% on Child Support duties, his/her salary would be allocated to IV-D based on the caseload percentage. If an employee works on Child Support and other tasks (e.g. elections), documentation should be maintained to ensure none of the non-Child Support time is charged to the IV-D program.

- The IV-D caseload count report can be used to determine a percentage of effort for Child Support Employees
 - From most recent caseload report – [IV-D Case Count divided by Total Case Count]
- For employees working 100% on Child Support duties, a semi-annual certification should be completed confirming the employee's efforts were 100% to Child Support duties
 - The certific
 -
 - ation should be signed by the employee or supervisor on a date after the time period being certified
- For employees sharing time between Child Support and other duties (e.g. elections), a Personnel Activity Report (PAR) should be maintained to document the allocation between Child Support and other duties
 - The PAR should be completed at least monthly, correspond to respective payroll periods, reflect 100% of the employee's activity and be signed by the employee (Form with two-week intervals has been created by DCS-CSB to correspond to county payroll periods)
 - The shared individual's Child Support time would be allocated to IV-D/non IV-D based on the caseload
- Certifications and the PAR are to be maintained in addition to county required payroll records and approved time sheets (10 year retention)
- If budget estimates are used to allocate payroll costs to the IV-D program, quarterly review and reconciliation is required between budgeted and actual costs

PROSECUTORS

- For employees working 100% on IV-D activity, a semi-annual certification should be completed confirming the employee's efforts were 100% to IV-D duties
 - The certification should be signed by the employee or supervisor on a date after the time period being certified

- For employees sharing time between IV-D and non IV-D (e.g. criminal duties), a Personnel Activity Report (PAR) should be maintained to document the allocation between IV-D and non IV-D duties (unless a valid statistical method is used)
 - The PAR should be completed at least monthly, correspond to respective payroll periods, reflect 100% of the employee's activity and be signed by the employee (Form with two-week intervals has been created by DCS-CSB to correspond to county payroll periods)
- Certifications and the PAR are to be maintained in addition to county required payroll records and approved time sheets (10 year retention)
- If budget estimates are used to allocate payroll costs to the IV-D program, quarterly review and reconciliation is required between budgeted and actual costs

COURTS

- For employees working 100% on IV-D activity, a semi-annual certification should be completed confirming the employee's efforts were 100% to IV-D duties
 - The certification should be signed by the employee or supervisor on a date after the time period
 -
 - being certified
- For employees sharing time between IV-D and non IV-D duties, a Personnel Activity Report (PAR) should be maintained to document the allocation between IV-D and non IV-D duties (unless a valid statistical method is used)
 - Some IV-D Courts handle IV-D cases 100% of the time, other IV-D Courts handle IV-D cases only certain days or certain hours. In instances where Court employees are performing IV-D activity for only a portion of their work hours, the PAR must be maintained to keep record of the number of hours spent processing IV-D cases and the number of hours spent on non IV-D cases.
 - The PAR should be completed at least monthly, correspond to respective payroll periods, reflect 100% of the employee's activity and be signed by the employee (Form with two-week intervals has been created by DCS-CSB to correspond to county payroll periods)
- Certifications and the PAR are to be maintained in addition to county required payroll records and approved time sheets (10 year retention)
- If budget estimates are used to allocate payroll costs to the IV-D program, quarterly review and reconciliation is required between budgeted and actual costs

As part of the Cooperative Agreement between the Counties and DCS-CSB, all Counties are required to maintain all supporting documentation for claims.

If your office has any questions, please contact DCS Accounting Operations for assistance at DcsAOInquiries@dcs.in.gov.



Michelle L. Puckett
Kosciusko County Auditor

CORRECTIVE ACTION PLAN

FINDING 2014-003

Contact Person Responsible for Corrective Action: **Michelle Puckett, Kosciusko County Auditor**
Contact Phone Number: **574-372-2328**

We concur with the finding

Description of Corrective Action Plan:

In the future, ARRA-Formula Grant for Rural Areas will not be combined into the same fund as other Formula Grants for Rural Areas. The ARRA funds will be maintained in a separate fund. This correction will be implemented on January 20, 2017.

The Auditor will continue to review and address any areas of concern in the internal control process including but not limited to the segregation of duties.

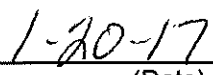
Anticipated Completion Date: January 20, 2017



Michelle Puckett



(Title)



(Date)

OTHER REPORTS

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