

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

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



**FILED**  
08/03/2017



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
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 <i>Government Auditing Standards</i> .....	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	10-11
Notes to Financial Statement .....	12-16
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis .....	18-36
Schedule of Leases and Debt .....	37
Schedule of Capital Assets .....	38
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance .....	40-41
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards .....	44
Notes to Schedule of Expenditures of Federal Awards .....	45
Schedule of Findings and Questioned Costs .....	46-50
Auditee-Prepared Document:	
Corrective Action Plan .....	52-53
Other Reports .....	54

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Gregg Townsend	06-20-12 to 12-31-18
County Treasurer	Bonita Guffey Suzanne Alexander	01-01-11 to 12-31-14 01-01-15 to 12-31-18
Clerk of the Circuit Court	Deborah Tragesser	01-01-11 to 12-31-18
County Sheriff	John Moses Tony D. Frawley	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Recorder	Marla Featherstone Sheila D. Hook	01-01-13 to 12-31-16 01-01-17 to 12-31-20
President of the Board of County Commissioners	Phil Heron Joe VanBibber Jim Mullins	01-01-14 to 12-31-14 01-01-15 to 12-31-16 01-01-17 to 12-31-17
President of the County Council	Dennis Henderson James L. Powell Beth Roach	01-01-14 to 12-31-14 01-01-15 to 12-31-16 01-01-17 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF TIPTON COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of Tipton 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 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 June 12, 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

June 12, 2017



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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 TIPTON 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 Tipton 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 June 12, 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 the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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 items 2014-001 and 2014-002 to be material weaknesses.

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

**Compliance and Other Matters**

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 items 2014-001 and 2014-002.

**Tipton 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

June 12, 2017

(This page intentionally left blank.)

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.

TIPTON 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
After Settlement Collections	\$ 299,245	\$ 377,019	\$ 299,245	\$ 377,019
County Sheriff	16,447	78,527	69,184	25,790
Clerk's Trust	399,915	1,247,703	1,556,814	90,804
General	1,865,235	4,424,820	5,076,345	1,213,710
Accident Report	55	2,297	3,911	(1,559)
CAGIT	18,529	1,262,247	812,898	467,878
Certified Shares CAGIT	28	2,737,916	2,737,916	28
Economic Develop Income Tax	817,067	803,184	778,447	841,804
Child Protection Team	640	50	-	690
City/Town Court Cost	9,413	1,723	-	11,136
Clerk's Records	19,641	1,369	2,760	18,250
Community Correct-Prj Income	74,531	37,302	34,408	77,425
Community Corrections-Transit	385	4,445	4,043	787
Congressional School Interest	9,122	-	-	9,122
Congressional School Prin	27,854	-	-	27,854
Sales Disclosure - County	21,171	1,958	319	22,810
Cumulative Bridge	887,704	316,971	166,360	1,038,315
Cumulative Capital Development	157,770	244,742	271,637	130,875
Drug Free Community	19,111	6,534	16,250	9,395
Electronic MAP	631	-	-	631
Emergency Planning Comm	6,885	3,455	2,058	8,282
Extradition	2,463	1,000	-	3,463
Firearms Training	15,967	4,770	6,579	14,158
General Drain Improvement	(104,122)	640,714	282,371	254,221
Health	78,847	241,486	194,416	125,917
County Id Security Protection	128	1,259	1,400	(13)
Excess Levy	-	87	-	87
Local Road & Street	55,967	159,535	29,737	185,765
County Corrections	70,271	11,711	17,100	64,882
Highway	604,334	2,403,759	2,286,182	721,911
Transfer Fee & Auditor Surplus	44,334	3,600	-	47,934
Rainy Day	392,263	-	2,997	389,266
Property Reassessment	31,354	-	-	31,354
Reassessment 2015	162,092	65,097	227,189	-
Recorders Perpetuation	49,985	18,919	4,494	64,410
Sex & Violent Offender Admin	90	860	-	950
Public Defender Services Fund	4,365	250	-	4,615
Surplus Tax	29,751	21,613	58,985	(7,621)
Surveyor Corner Perpetuation	4,120	3,555	1,918	5,757
Tax Sale Fees/Costs	4,937	-	2,973	1,964
Tax Sale Redemption	(12,506)	27,358	8,348	6,504
Tax Sale Surplus	107,665	3,826	53,673	57,818
Un-safe Building Fund	-	2,052	-	2,052
Guardian Ad Litem	21,079	4,006	16,119	8,966
Co. Elected Officials Training	3,886	1,260	60	5,086
Statewide 911	69,598	235,283	248,010	56,871
Adult Probation Service	133,258	40,857	36,938	137,177
Juvenile Probation	2,880	1,333	2,112	2,101
County User Fees	132,248	48,154	18,202	162,200
Drain Maintenance	1,970,655	859,358	1,268,974	1,561,039
Sheriff's Sale Fees/Costs	25,916	4,580	-	30,496
Drug Dog	2,003	1,920	816	3,107
Back to School	1,222	8,500	8,458	1,264
2008 TIF Sinking Fund	(350)	446,726	447,076	(700)
Debt Service	1,266	-	-	1,266
2008 ED REV Proj Old Const 377	(2,000)	6,000	-	4,000
New Payroll Clearing	(39,367)	1,164,929	1,164,160	(38,598)
Sheriff's Pension Trust Fund	20,725	6,323	-	27,048
Tax Distribution	-	15,918,221	15,918,221	-
County Wheel Surtax Fund	4,386	118,007	115,144	7,249

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

TIPTON 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
Tipton County Surtax Fund	26,507	458,725	404,617	80,615
Commercial Vehicle CVET	-	101,271	101,271	-
Financial Institution Tax	-	142,152	142,152	-
CEDIT Homestead	95,456	292,961	390,416	(1,999)
HEA 1001-2008 State Homestead	479	-	479	-
Homestead Credit Rebate	5,160	-	-	5,160
LOIT Homestead Credit	757,581	912,639	1,276,982	393,238
State Fines & Foreitures	3,872	2,740	5,807	805
Infraction Judgements	17,266	19,369	21,680	14,955
Overweight Vehicle	300	5,037	1,930	3,407
Special Death Benefits	200	1,200	470	930
Sales Disclosure - State	410	1,853	928	1,335
Coroner Continuing Educ	98	1,462	522	1,038
Mortgage Fee Fund	295	1,345	665	975
Sex & Violent Offender State	-	96	35	61
Child Restraint Violations	1,050	3,324	1,875	2,499
Inheritance Tax	146,874	5,324	152,170	28
Education Plate Fee	19	244	225	38
Riverboat Wagering Tax	-	94,404	94,404	-
CEDIT Distribution	-	915,502	915,925	(423)
ARRA Prosecutor	1,339	-	-	1,339
ARRA Clerk	2,950	-	-	2,950
County IV-D Incentive	16,778	5,924	-	22,702
Prosecutor Incentive IV-D	43,050	8,913	42	51,921
Clerk Incentive IV-D	25,283	5,924	1,047	30,160
Reassessment	-	300,793	272,766	28,027
Dog Control	150	-	-	150
Property Tax Replacement Credit	38,590	912,638	912,638	38,590
2008 EDIT Reveune Bond Sinking	-	93,956	93,956	-
Drug Awareness	174	-	-	174
Health Maintenance	14,894	33,139	16,646	31,387
SubDiv Control Ord	2,750	-	-	2,750
Indigent Substance Abuse	1,425	-	-	1,425
Sheriff Flower	4	-	-	4
Trust Grant	(109)	15,112	7,426	7,577
Combat Range	39	-	-	39
Big Bond Trust	2,407	-	-	2,407
TIF Redevelopment Commission	527,152	369,740	477,987	418,905
TC Wind Farm Econ Dev Fund	849,999	300,000	-	1,149,999
TC Wind Farm Expense fund	4,538	-	1,250	3,288
Adult Offender Interstate Comp	-	125	-	125
Tax Certificate Sale	621	-	-	621
State Drunk Driving	350	-	-	350
Surveyor Inspection Fee Fund	1	11,590	4,789	6,802
Law Enforcement Seizure Fund	325	-	-	325
Road Maintenance Fund	16,994	8,497	-	25,491
Operation Pullover 2005-2011	(2,371)	5,000	4,772	(2,143)
HAVA	5,000	-	-	5,000
Rural Demonstration Project	-	1,000	1,014	(14)
Tobacco Prevention Grant Fund	728	6,700	4,860	2,568
Emergency Preparedness:TCHD	27,915	15,000	10,000	32,915
Community Corrections-Grant	30,577	138,748	141,322	28,003
Ruth Jordan	880	-	-	880
Comm. Dev. Blk Grant-Triple S	40,000	337,172	377,172	-
Totals	<u>\$ 11,249,089</u>	<u>\$ 39,558,789</u>	<u>\$ 40,095,487</u>	<u>\$ 10,712,391</u>

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

TIPTON 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 non-businesses 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.

TIPTON 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 machines 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.

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

TIPTON COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

*F. Interfund Transfers*

The County may, from time to time, make transfers 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 amounts 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 amounts 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.

TIPTON COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

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

State statutes authorize the County to invest in securities including, but not limited to, 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. 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.

TIPTON COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. County Police Benefit Plan*

*Plan Description*

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

*Funding Policy*

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

**Note 7. Cash Balance Deficits**

The financial statements contain some funds with deficits in cash. This is a result of reimbursements for expenditures made by the County not received by December 31, 2014.

#### 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.

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

	After Settlement Collections	County Sheriff	Clerk's Trust	General	Accident Report	CAGIT	Certified Shares CAGIT
Cash and investments - beginning	\$ 299,245	\$ 16,447	\$ 399,915	\$ 1,865,235	\$ 55	\$ 18,529	\$ 28
Receipts:							
Taxes	217,626	-	-	2,887,505	-	1,205,438	2,737,916
Licenses and permits	-	-	-	44,860	-	-	-
Intergovernmental receipts	158,647	-	-	788,927	-	-	-
Charges for services	-	78,527	-	220,857	-	-	-
Fines and forfeits	-	-	-	61,424	1,205	-	-
Other receipts	746	-	1,247,703	421,247	1,092	56,809	-
Total receipts	377,019	78,527	1,247,703	4,424,820	2,297	1,262,247	2,737,916
Disbursements:							
Personal services	-	-	-	2,711,544	-	812,155	-
Supplies	-	-	-	218,942	-	-	-
Other services and charges	-	-	-	1,713,987	-	743	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	123,930	-	-	-
Other disbursements	299,245	69,184	1,556,814	307,942	3,911	-	2,737,916
Total disbursements	299,245	69,184	1,556,814	5,076,345	3,911	812,898	2,737,916
Excess (deficiency) of receipts over disbursements	77,774	9,343	(309,111)	(651,525)	(1,614)	449,349	-
Cash and investments - ending	\$ 377,019	\$ 25,790	\$ 90,804	\$ 1,213,710	\$ (1,559)	\$ 467,878	\$ 28

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

	Economic Develop Income Tax	Child Protection Team	City/Town Court Cost	Clerk's Records	Community Correct-Prij Income	Community Corrections- Transit
Cash and investments - beginning	\$ 817,067	\$ 640	\$ 9,413	\$ 19,641	\$ 74,531	\$ 385
Receipts:						
Taxes	636,166	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	2,250	-	-	-	13,815	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	50	1,723	1,369	22,687	-
Other receipts	164,768	-	-	-	800	4,445
Total receipts	803,184	50	1,723	1,369	37,302	4,445
Disbursements:						
Personal services	-	-	-	-	19,769	-
Supplies	-	-	-	-	670	-
Other services and charges	343,342	-	-	-	13,969	4,043
Debt service - principal and interest	95,956	-	-	-	-	-
Capital outlay	318,209	-	-	2,760	-	-
Other disbursements	20,940	-	-	-	-	-
Total disbursements	778,447	-	-	2,760	34,408	4,043
Excess (deficiency) of receipts over disbursements	24,737	50	1,723	(1,391)	2,894	402
Cash and investments - ending	\$ 841,804	\$ 690	\$ 11,136	\$ 18,250	\$ 77,425	\$ 787

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

	Congressional School Interest	Congressional School Prin	Sales Disclosure - County	Cumulative Bridge	Cumulative Capital Development	Drug Free Community
Cash and investments - beginning	\$ 9,122	\$ 27,854	\$ 21,171	\$ 887,704	\$ 157,770	\$ 19,111
Receipts:						
Taxes	-	-	-	273,296	137,076	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	34,133	17,120	330
Charges for services	-	-	1,958	-	-	-
Fines and forfeits	-	-	-	-	-	6,204
Other receipts	-	-	-	9,542	90,546	-
Total receipts	-	-	1,958	316,971	244,742	6,534
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	166,360	271,637	-
Other disbursements	-	-	319	-	-	16,250
Total disbursements	-	-	319	166,360	271,637	16,250
Excess (deficiency) of receipts over disbursements	-	-	1,639	150,611	(26,895)	(9,716)
Cash and investments - ending	\$ 9,122	\$ 27,854	\$ 22,810	\$ 1,038,315	\$ 130,875	\$ 9,395

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

	Electronic MAP	Emergency Planning Comm	Extradition	Firearms Training	General Drain Improvement	Health
Cash and investments - beginning	\$ 631	\$ 6,885	\$ 2,463	\$ 15,967	\$ (104,122)	\$ 78,847
Receipts:						
Taxes	-	-	-	-	639,294	185,053
Licenses and permits	-	-	-	-	-	22,894
Intergovernmental receipts	-	-	-	-	-	23,112
Charges for services	-	-	-	-	-	10,156
Fines and forfeits	-	-	1,000	2,430	-	-
Other receipts	-	3,455	-	2,340	1,420	271
Total receipts	-	3,455	1,000	4,770	640,714	241,486
Disbursements:						
Personal services	-	-	-	-	-	173,647
Supplies	-	-	-	-	-	14,859
Other services and charges	-	1,500	-	-	-	5,910
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	558	-	-	267,802	-
Other disbursements	-	-	-	6,579	14,569	-
Total disbursements	-	2,058	-	6,579	282,371	194,416
Excess (deficiency) of receipts over disbursements	-	1,397	1,000	(1,809)	358,343	47,070
Cash and investments - ending	\$ 631	\$ 8,282	\$ 3,463	\$ 14,158	\$ 254,221	\$ 125,917

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

	County Id Security Protection	Excess Levy	Local Road & Street	County Corrections	Highway	Transfer Fee & Auditor Surplus
Cash and investments - beginning	\$ 128	\$ -	\$ 55,967	\$ 70,271	\$ 604,334	\$ 44,334
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	159,535	11,711	2,394,115	-
Charges for services	-	-	-	-	-	3,600
Fines and forfeits	-	-	-	-	-	-
Other receipts	1,259	87	-	-	9,644	-
Total receipts	1,259	87	159,535	11,711	2,403,759	3,600
Disbursements:						
Personal services	-	-	-	-	872,261	-
Supplies	-	-	29,737	-	1,144,334	-
Other services and charges	-	-	-	17,100	143,213	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	126,374	-
Other disbursements	1,400	-	-	-	-	-
Total disbursements	1,400	-	29,737	17,100	2,286,182	-
Excess (deficiency) of receipts over disbursements	(141)	87	129,798	(5,389)	117,577	3,600
Cash and investments - ending	\$ (13)	\$ 87	\$ 185,765	\$ 64,882	\$ 721,911	\$ 47,934

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

	Rainy Day	Property Reassessment	Reassessment 2015	Recorders Perpetuation	Sex & Violent Offender Admin	Public Defender Services Fund
Cash and investments - beginning	\$ 392,263	\$ 31,354	\$ 162,092	\$ 49,985	\$ 90	\$ 4,365
Receipts:						
Taxes	-	-	49,888	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	4,637	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	860	250
Other receipts	-	-	10,572	18,919	-	-
Total receipts	-	-	65,097	18,919	860	250
Disbursements:						
Personal services	-	-	3,422	-	-	-
Supplies	-	-	1,955	-	-	-
Other services and charges	2,997	-	208,162	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	13,650	-	-	-
Other disbursements	-	-	-	4,494	-	-
Total disbursements	2,997	-	227,189	4,494	-	-
Excess (deficiency) of receipts over disbursements	(2,997)	-	(162,092)	14,425	860	250
Cash and investments - ending	\$ 389,266	\$ 31,354	\$ -	\$ 64,410	\$ 950	\$ 4,615

TIPTON 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 Fees/Costs	Tax Sale Redemption	Tax Sale Surplus	Un-safe Building Fund
Cash and investments - beginning	\$ 29,751	\$ 4,120	\$ 4,937	\$ (12,506)	\$ 107,665	\$ -
Receipts:						
Taxes	21,613	-	-	-	3,366	-
Licenses and permits	-	-	-	-	-	2,052
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	3,555	-	27,358	460	-
Total receipts	<u>21,613</u>	<u>3,555</u>	<u>-</u>	<u>27,358</u>	<u>3,826</u>	<u>2,052</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	1,918	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	58,985	-	2,973	8,348	53,673	-
Total disbursements	<u>58,985</u>	<u>1,918</u>	<u>2,973</u>	<u>8,348</u>	<u>53,673</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(37,372)</u>	<u>1,637</u>	<u>(2,973)</u>	<u>19,010</u>	<u>(49,847)</u>	<u>2,052</u>
Cash and investments - ending	<u>\$ (7,621)</u>	<u>\$ 5,757</u>	<u>\$ 1,964</u>	<u>\$ 6,504</u>	<u>\$ 57,818</u>	<u>\$ 2,052</u>

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

	Guardian Ad Litem	Co. Elected Officials Training	Statewide 911	Adult Probation Service	Juvenile Probation	County User Fees
Cash and investments - beginning	\$ 21,079	\$ 3,886	\$ 69,598	\$ 133,258	\$ 2,880	\$ 132,248
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	4,006	-	-	-	-	-
Charges for services	-	-	235,182	355	-	1,163
Fines and forfeits	-	-	-	32,744	1,333	46,991
Other receipts	-	1,260	101	7,758	-	-
<b>Total receipts</b>	<b>4,006</b>	<b>1,260</b>	<b>235,283</b>	<b>40,857</b>	<b>1,333</b>	<b>48,154</b>
Disbursements:						
Personal services	11,801	-	186,159	32,751	-	1,756
Supplies	791	-	-	230	-	1,563
Other services and charges	3,220	-	61,851	2,416	2,112	10,983
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	307	-	-	1,541	-	-
Other disbursements	-	60	-	-	-	3,900
<b>Total disbursements</b>	<b>16,119</b>	<b>60</b>	<b>248,010</b>	<b>36,938</b>	<b>2,112</b>	<b>18,202</b>
Excess (deficiency) of receipts over disbursements	(12,113)	1,200	(12,727)	3,919	(779)	29,952
Cash and investments - ending	\$ 8,966	\$ 5,086	\$ 56,871	\$ 137,177	\$ 2,101	\$ 162,200

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

	Drain Maintenance	Sheriff's Sale Fees/Costs	Drug Dog	Back to School	2008 TIF Sinking Fund	Debt Service
Cash and investments - beginning	\$ 1,970,655	\$ 25,916	\$ 2,003	\$ 1,222	\$ (350)	\$ 1,266
Receipts:						
Taxes	857,562	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	2,200	-	-	-	-
Fines and forfeits	-	2,380	1,920	-	-	-
Other receipts	1,796	-	-	8,500	446,726	-
Total receipts	<u>859,358</u>	<u>4,580</u>	<u>1,920</u>	<u>8,500</u>	<u>446,726</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	8,458	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	446,726	-
Capital outlay	1,224,307	-	-	-	-	-
Other disbursements	44,667	-	816	-	350	-
Total disbursements	<u>1,268,974</u>	<u>-</u>	<u>816</u>	<u>8,458</u>	<u>447,076</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(409,616)</u>	<u>4,580</u>	<u>1,104</u>	<u>42</u>	<u>(350)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,561,039</u>	<u>\$ 30,496</u>	<u>\$ 3,107</u>	<u>\$ 1,264</u>	<u>\$ (700)</u>	<u>\$ 1,266</u>

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

	2008 ED REV Proj Old Const 377	New Payroll Clearing	Sheriff's Pension Trust Fund	Tax Distribution	County Wheel Surtax Fund	Tipton County Surtax Fund
Cash and investments - beginning	\$ (2,000)	\$ (39,367)	\$ 20,725	\$ -	\$ 4,386	\$ 26,507
Receipts:						
Taxes	-	52,160	-	15,918,221	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	118,007	458,725
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	6,323	-	-	-
Other receipts	6,000	1,112,769	-	-	-	-
Total receipts	<u>6,000</u>	<u>1,164,929</u>	<u>6,323</u>	<u>15,918,221</u>	<u>118,007</u>	<u>458,725</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	1,164,160	-	15,918,221	115,144	404,617
Total disbursements	<u>-</u>	<u>1,164,160</u>	<u>-</u>	<u>15,918,221</u>	<u>115,144</u>	<u>404,617</u>
Excess (deficiency) of receipts over disbursements	<u>6,000</u>	<u>769</u>	<u>6,323</u>	<u>-</u>	<u>2,863</u>	<u>54,108</u>
Cash and investments - ending	<u>\$ 4,000</u>	<u>\$ (38,598)</u>	<u>\$ 27,048</u>	<u>\$ -</u>	<u>\$ 7,249</u>	<u>\$ 80,615</u>

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

	Commercial Vehicle CVET	Financial Institution Tax	CEDIT Homestead	HEA 1001-2008 State Homestead	Homestead Credit Rebate	LOIT Homestead Credit
Cash and investments - beginning	\$ -	\$ -	\$ 95,456	\$ 479	\$ 5,160	\$ 757,581
Receipts:						
Taxes	-	-	292,961	-	-	912,639
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	101,271	142,152	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	101,271	142,152	292,961	-	-	912,639
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	27,140	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	101,271	115,012	390,416	479	-	1,276,982
Total disbursements	101,271	142,152	390,416	479	-	1,276,982
Excess (deficiency) of receipts over disbursements	-	-	(97,455)	(479)	-	(364,343)
Cash and investments - ending	\$ -	\$ -	\$ (1,999)	\$ -	\$ 5,160	\$ 393,238

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

	State Fines & Foreitures	Infraction Judgements	Overweight Vehicle	Special Death Benefits	Sales Disclosure - State	Coroner Continuing Educ
Cash and investments - beginning	\$ 3,872	\$ 17,266	\$ 300	\$ 200	\$ 410	\$ 98
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	580	1,853	1,462
Fines and forfeits	2,740	19,369	5,037	515	-	-
Other receipts	-	-	-	105	-	-
Total receipts	<u>2,740</u>	<u>19,369</u>	<u>5,037</u>	<u>1,200</u>	<u>1,853</u>	<u>1,462</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	5,807	21,680	1,930	470	928	522
Total disbursements	<u>5,807</u>	<u>21,680</u>	<u>1,930</u>	<u>470</u>	<u>928</u>	<u>522</u>
Excess (deficiency) of receipts over disbursements	<u>(3,067)</u>	<u>(2,311)</u>	<u>3,107</u>	<u>730</u>	<u>925</u>	<u>940</u>
Cash and investments - ending	<u>\$ 805</u>	<u>\$ 14,955</u>	<u>\$ 3,407</u>	<u>\$ 930</u>	<u>\$ 1,335</u>	<u>\$ 1,038</u>

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

	Mortgage Fee Fund	Sex & Violent Offender State	Child Restraint Violations	Inheritance Tax	Education Plate Fee	Riverboat Wagering Tax
Cash and investments - beginning	\$ 295	\$ -	\$ 1,050	\$ 146,874	\$ 19	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	5,324	244	94,404
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	96	3,324	-	-	-
Other receipts	1,345	-	-	-	-	-
<b>Total receipts</b>	<b>1,345</b>	<b>96</b>	<b>3,324</b>	<b>5,324</b>	<b>244</b>	<b>94,404</b>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	665	35	1,875	152,170	225	94,404
<b>Total disbursements</b>	<b>665</b>	<b>35</b>	<b>1,875</b>	<b>152,170</b>	<b>225</b>	<b>94,404</b>
Excess (deficiency) of receipts over disbursements	680	61	1,449	(146,846)	19	-
Cash and investments - ending	\$ 975	\$ 61	\$ 2,499	\$ 28	\$ 38	\$ -

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

	CEDIT Distribution	ARRA Prosecutor	ARRA Clerk	County IV-D Incentive	Prosecutor Incentive IV-D	Clerk Incentive IV-D
Cash and investments - beginning	\$ -	\$ 1,339	\$ 2,950	\$ 16,778	\$ 43,050	\$ 25,283
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	915,502	-	-	5,924	8,913	5,924
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total receipts</b>	<b>915,502</b>	<b>-</b>	<b>-</b>	<b>5,924</b>	<b>8,913</b>	<b>5,924</b>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	915,925	-	-	-	42	1,047
<b>Total disbursements</b>	<b>915,925</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42</b>	<b>1,047</b>
Excess (deficiency) of receipts over disbursements	(423)	-	-	5,924	8,871	4,877
Cash and investments - ending	\$ (423)	\$ 1,339	\$ 2,950	\$ 22,702	\$ 51,921	\$ 30,160

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

	Reassessment	Dog Control	Property Tax Replacement Credit	2008 EDIT Revenue Bond Sinking	Drug Awareness	Health Maintenance
Cash and investments - beginning	\$ -	\$ 150	\$ 38,590	\$ -	\$ 174	\$ 14,894
Receipts:						
Taxes	35,785	-	912,638	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	6,063	-	-	93,956	-	33,139
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	258,945	-	-	-	-	-
Total receipts	<u>300,793</u>	<u>-</u>	<u>912,638</u>	<u>93,956</u>	<u>-</u>	<u>33,139</u>
Disbursements:						
Personal services	37,053	-	-	-	-	-
Supplies	8,299	-	-	-	-	1,109
Other services and charges	215,315	-	-	-	-	15,537
Debt service - principal and interest	-	-	-	93,956	-	-
Capital outlay	12,099	-	-	-	-	-
Other disbursements	-	-	912,638	-	-	-
Total disbursements	<u>272,766</u>	<u>-</u>	<u>912,638</u>	<u>93,956</u>	<u>-</u>	<u>16,646</u>
Excess (deficiency) of receipts over disbursements	<u>28,027</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,493</u>
Cash and investments - ending	<u>\$ 28,027</u>	<u>\$ 150</u>	<u>\$ 38,590</u>	<u>\$ -</u>	<u>\$ 174</u>	<u>\$ 31,387</u>

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

	SubDiv Control Ord	Indigent Substance Abuse	Sheriff Flower	Trust Grant	Combat Range	Big Bond Trust
Cash and investments - beginning	\$ 2,750	\$ 1,425	\$ 4	\$ (109)	\$ 39	\$ 2,407
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	15,112	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	-	-	15,112	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	1,793	-	-
Other services and charges	-	-	-	5,633	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	-	7,426	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	7,686	-	-
Cash and investments - ending	\$ 2,750	\$ 1,425	\$ 4	\$ 7,577	\$ 39	\$ 2,407

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

	TIF Redevelopment Commission	TC Wind Farm Econ Dev Fund	TC Wind Farm Expense fund	Adult Offender Interstate Comp	Tax Certificate Sale	State Drunk Driving
Cash and investments - beginning	\$ 527,152	\$ 849,999	\$ 4,538	\$ -	\$ 621	\$ 350
Receipts:						
Taxes	369,740	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	125	-	-
Other receipts	-	300,000	-	-	-	-
Total receipts	<u>369,740</u>	<u>300,000</u>	<u>-</u>	<u>125</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	1,250	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	477,987	-	-	-	-	-
Total disbursements	<u>477,987</u>	<u>-</u>	<u>1,250</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(108,247)</u>	<u>300,000</u>	<u>(1,250)</u>	<u>125</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 418,905</u>	<u>\$ 1,149,999</u>	<u>\$ 3,288</u>	<u>\$ 125</u>	<u>\$ 621</u>	<u>\$ 350</u>

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

	Surveyor Inspection Fee Fund	Law Enforcement Seizure Fund	Road Maintenance Fund	Operation Pullover 2005-2011	HAVA	Rural Demonstration Project
Cash and investments - beginning	\$ 1	\$ 325	\$ 16,994	\$ (2,371)	\$ 5,000	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	11,590	-	-	-	-	-
Intergovernmental receipts	-	-	-	5,000	-	1,000
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	8,497	-	-	-
Total receipts	<u>11,590</u>	<u>-</u>	<u>8,497</u>	<u>5,000</u>	<u>-</u>	<u>1,000</u>
Disbursements:						
Personal services	-	-	-	4,772	-	1,014
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	4,789	-	-	-	-	-
Total disbursements	<u>4,789</u>	<u>-</u>	<u>-</u>	<u>4,772</u>	<u>-</u>	<u>1,014</u>
Excess (deficiency) of receipts over disbursements	<u>6,801</u>	<u>-</u>	<u>8,497</u>	<u>228</u>	<u>-</u>	<u>(14)</u>
Cash and investments - ending	<u>\$ 6,802</u>	<u>\$ 325</u>	<u>\$ 25,491</u>	<u>\$ (2,143)</u>	<u>\$ 5,000</u>	<u>\$ (14)</u>

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

	Tobacco Prevention Grant Fund	Emergency Preparedness: TCHD	Community Corrections- Grant	Ruth Jordan	Comm. Dev. Blk Grant- Triple S	Totals
Cash and investments - beginning	\$ 728	\$ 27,915	\$ 30,577	\$ 880	\$ 40,000	\$ 11,249,089
Receipts:						
Taxes	-	-	-	-	-	28,345,943
Licenses and permits	-	-	-	-	-	81,396
Intergovernmental receipts	6,700	15,000	138,576	-	337,172	6,120,446
Charges for services	-	-	-	-	-	557,893
Fines and forfeits	-	-	-	-	-	222,099
Other receipts	-	-	172	-	-	4,231,012
<b>Total receipts</b>	<b>6,700</b>	<b>15,000</b>	<b>138,748</b>	<b>-</b>	<b>337,172</b>	<b>39,558,789</b>
Disbursements:						
Personal services	-	10,000	56,076	-	-	4,934,180
Supplies	-	-	511	-	-	1,462,309
Other services and charges	2,767	-	25,680	-	7,200	2,808,930
Debt service - principal and interest	-	-	-	-	-	636,638
Capital outlay	-	-	-	-	369,972	2,899,506
Other disbursements	2,093	-	59,055	-	-	27,353,924
<b>Total disbursements</b>	<b>4,860</b>	<b>10,000</b>	<b>141,322</b>	<b>-</b>	<b>377,172</b>	<b>40,095,487</b>
Excess (deficiency) of receipts over disbursements	1,840	5,000	(2,574)	-	(40,000)	(536,698)
Cash and investments - ending	\$ 2,568	\$ 32,915	\$ 28,003	\$ 880	\$ -	\$ 10,712,391

TIPTON COUNTY  
SCHEDULE OF LEASES AND DEBT  
December 31, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Encompass FCU	Surveyor Vehicle 2013 Chevy Silverado	\$ 8,750	01/14/13	01/30/15
Encompass FCU	Sheriff Vehicle 2013 Ford Taurus	8,132	05/06/13	04/25/15
Encompass FCU	Highway Vehicle 2014 International	65,525	07/15/13	01/30/15
Encompass FCU	Sheriff Vehicle 2014 Ford Explorer	10,902	04/22/14	03/24/16
Encompass FCU	Sheriff Vehicle 2013 Ford Explorer	8,578	05/06/13	04/25/15
Encompass FCU	Sheriff Vehicle 2013 Chevy Tahoe	8,320	05/08/13	04/25/15
Encompass FCU	Highway Motorola Radio System	16,470	12/02/13	12/02/16
PNC Equipment Finance	HVAC for Courthouse	<u>181,216</u>	01/15/09	01/15/19
Total governmental activities		<u>307,893</u>		
Total of annual lease payments		<u>\$ 307,893</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	Economic Development Income Tax Revenue Bond	\$ 870,000	\$ 91,941
Revenue bonds	Economic Development Revenue Bond Series 2010	12,873,899	-
Revenue bonds	Tax Increment Revenue Refunding Bonds Series 2014	<u>2,205,000</u>	<u>418,122</u>
Total governmental activities		<u>15,948,899</u>	<u>510,063</u>
Totals		<u>\$ 15,948,899</u>	<u>\$ 510,063</u>

TIPTON 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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 4,042,800
Infrastructure	71,242,284
Buildings	16,655,540
Improvements other than buildings	3,595,498
Machinery, equipment, and vehicles	<u>3,137,695</u>
Total governmental activities	<u>98,673,817</u>
Total capital assets	<u>\$ 98,673,817</u>

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF TIPTON COUNTY, INDIANA

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

We have audited Tipton 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 its major federal program for the year ended December 31, 2014. The County's major federal program is 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 the County's major federal program 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 the major federal program. However, our audit does not provide a legal determination of the County's compliance.

***Opinion on the 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 its major federal program for the year ended December 31, 2014.

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

**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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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 item 2014-003 to be material weaknesses.

The County's response to the internal control over compliance finding 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

June 12, 2017

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

TIPTON 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	Pass-Through To Subrecipient	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 Grant-Triple S Farms Migrant Housing	Indiana Housing and Community Development Authority	14.228	EMW-2012-EP-0017	\$ -	\$ 337,172
Total - Department of Housing and Urban Development				-	337,172
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Tipton County Road 560W Phase 2 Construction	Indiana Department of Transportation	20.205	Des. 1005946	-	32,276
Highway Safety Cluster State and Community Highway Safety Operation Pull Over	Indiana Criminal Justice Institute	20.600	18X9204020IN14	-	5,000
Occupant Protection Incentive Grants 2014 Rural Demonstration Project	Indiana Criminal Justice Institute	20.602	18x9204050IN14	-	1,000
Total - Highway Safety Cluster				-	6,000
Total - Department of Transportation				-	38,276
<u>Department of Health and Human Services</u>					
Child Support Enforcement Clerk Prosecutor CAGIT Indirect Costs New Clerk Incentive County General Title IV-D Incentive New Prosecutor Incentive	Indiana Department of Child Services	93.563	1204IN4005 1204IN4005 1204IN4005 1304IN4005 1304IN4005 1304IN4005 1304IN4005 1404IN4005	- - - - - - - -	12,663 55,564 1,105 24,849 5,924 8,913 5,924
Total - Child Support Enforcement				-	114,942
Total - Department of Health and Human Services				-	114,942
<u>Department of Homeland Security</u>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters) 2014 Snow Emergency - County Emergency Operations Center	Indiana Department. of Homeland Security	97.036	159-99159-00 159-U1TOV-00	- -	3,077 23,318
Total - Disaster Grants - Public Assistance				-	26,395
Emergency Management Performance Grants	Indiana Department. of Homeland Security	97.042	EMU-2013-EP-0016 EMW-2013-EP-0016	- -	4,725 4,250
Total - Emergency Management Performance Grants				-	8,975
Homeland Security Grant Program Amateur Radio Grant 2013 County Based Project Generator	Indiana Department. of Homeland Security	97.067	EMW-2011-SS-00058 EMW-2013-SS-00017	- -	3,224 10,000
Total - Homeland Security Grant Program				-	13,224
Total - Department of Homeland Security				-	48,594
Total federal awards expended				\$ -	\$ 538,984

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

TIPTON 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 under programs of the federal government for the year ended December 31, 2014. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the County, it is not intended to and does not present the financial position of the County.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.



TIPTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

2. Lack of Oversight over Financial Statement: The County Auditor processed the financial close and reporting of the County's financial information by submitting the financial information into the Indiana Gateway for Government Units, which is a financial reporting system and the source of the Annual Financial Report (AFR) and financial statement. There was no control in place to ensure the accuracy of the financial information prior to the submission. As a result, the AFR and financial statement contained the following material errors: the beginning balance was overstated by \$1,246,957, receipts were overstated by \$280,369, and disbursements were overstated by \$468,355.

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

*Criteria*

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

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

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

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

Indiana Code 5-11-1-4(a) states: "The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

*Cause*

Management of the County had not established a proper system of internal control.

*Effect*

The failure to establish controls enabled material misstatements or irregularities to remain undetected.

*Views of Responsible Officials*

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

TIPTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2014-002 - PREPARATION OF THE 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).

Due to the lack of controls, the following errors occurred on the SEFA:

- Vendor payments of \$500,673 were incorrectly reported as pass-through to subrecipients.
- Expenditures for the Community Development Block Grant (CFDA #14.228) were overstated by \$1,000,000.
- Expenditures for the Child Support Enforcement (CFDA #93.563) were understated by \$27,576.

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:

"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:

TIPTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (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."

*Cause*

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

*Effect*

Because a proper system of internal control was not in place, 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 2014-003 - INTERNAL CONTROL OVER COMMUNITY DEVELOPMENT  
BLOCK GRANTS/STATE'S PROGRAM AND NONENTITLEMENT GRANTS IN HAWAII**

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

CFDA Number: 14.228

Federal Award Number and Year (or Other Identifying Number): EMW-2012-EP-0017

Pass-Through Entity: Indiana Housing and Community Development Authority

TIPTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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 following compliance requirements: Activities Allowed or Unallowed, Allowable Cost/Cost Principles, Davis-Bacon Act, Period of Availability, and Special Tests and Provisions - Citizen Participation.

The County contracted with a Grant Administrator who was responsible for handling all activities of the grant. There were no control procedures in place to ensure that amounts expended from grant funds were for allowable activities or allowable costs, complied with the Davis-Bacon Act requirements, or were within the period of availability. Additionally, there were no control procedures in place to ensure that citizen participation requirements per the grant agreement were followed.

*Context*

The lack of controls was a systemic problem during the period audited.

*Criteria*

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 to ensure compliance with the compliance requirements listed above.

*Effect*

The failure to establish an effective internal control system placed the County at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

*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 the compliance requirements listed above.

*Views of Responsible Officials*

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

AUDITEE-PREPARED DOCUMENT

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

# GREGG A. TOWNSEND, TIPTON COUNTY AUDITOR

TIPTON COUNTY COURTHOUSE 101 E. JEFFERSON ST. TIPTON, IN 46072 PHONE: 765.675.2794

June 7, 2017

## Finding 2014-001 – INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Contact Persons: Deborah Tragesser, County Clerk

Gregg Townsend, County Auditor

Contact Numbers: (765)675-2795 (Clerk) (765)675-2794 (Auditor)

Anticipated Completion Date: Immediately

### Corrective Action Plan

1) Clerk: Deputies can only receipt under their individual log in id. Only ISETS checks can be printed by any employee. ISETS is a canned program that will not allow changes to payee. ISETS prints checks once after over-night generation. Odyssey checks are only printed by the Clerk. The First Deputy is being trained to review the disbursement summary in Odyssey. Receipts specifically identify the payer and the receipt is given to the payer upon payment.

2) Auditor: The annual financial report will be prepared by the County Auditor, reviewed and entered by the First Deputy, and reviewed by the Auditor prior to final submission.

## Finding 2014-002 – PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person: Gregg Townsend, County Auditor

Contact Number: (765)675-2794

Anticipated Completion Date: Immediately

### Corrective Action Plan

We believe the errors were, in part a result of learning the reporting expectations and definitions on the grant portion of the annual report. The \$1 Million overstatement of expenditures had to do with the question "Amount of Insurance in effect during the Year." The community development block grant for migrant housing required a \$1 Million liability policy, hence the entry. This amount was also reported on the 2013 annual report, but was not questioned in the field examination for that year, so that same amount has been reported for 2013, 2014, and 2015, thinking that is was a correct response for that column. The report for 2016 was reported as zero.

Going forward, the Auditor will prepare and First Deputy, who is my only financial deputy, will review and enter the schedule of Expenditures of Federal Awards, and the Auditor will review before submission. Subsequent to the issuance of the State Examiner's Uniform Internal Control Standards for Indiana Political Subdivisions in September of 2015, and the July 1, 2016 requirement for training in internal controls in IC 5-11-1-27(g), all county employees who handle funds on behalf of the county have been required to receive training provided by the SBOA and certify to that training. Department Heads report their expenditures of grant funds to the respective State pass-through agencies.

Finding 2014-003 - INTERNAL CONTROL OVER COMMUNITY DEVELOPMENT BLOCK  
GRANTS/STATE'S PROGRAM AND NONENTITLEMENT GRANTS IN HAWAII

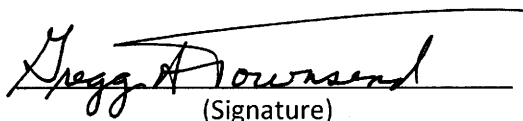
Contact Person: Gregg Townsend, County Auditor

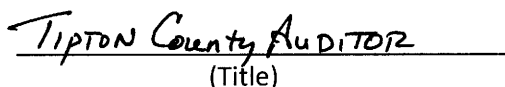
Contact Number: (765)675-2794

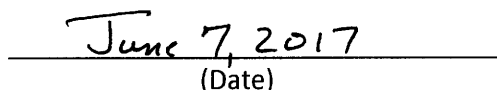
Anticipated Completion Date: Immediately

Corrective Action Plan

We believed, in 2014, that employing a Grant Administrator to handle all activities of the grant was sufficient to assure accuracy and compliance with the terms of the grant. All claims and payroll were submitted to Area 5 Agency on Aging and Community Services for review before submission to the grant provider, the Indiana Housing and Community Development Authority. Both agencies reviewed the submissions for accuracy and compliance. When the State agency approved the claim, Area 5 sent the Tipton County Auditor an email stating approval and the approximate date of the electronic funds transfer to the County's local bank. A screen shot of the bank account was obtained from the County Treasurer and the claim was paid within the five calendar days of availability. The Auditor sent copies of the bank statement and check to Area 5 to verify timely and accurate payment of the claim. He also sent copies of the front and back of the endorsed checks. Every claim was paid, in the correct amount, to the correct vendors, within the time of availability. All funds were accounted for and the claims and payroll records for the grant, at Area 5, were audited by the State agency before issuing the close-out letter for the grant. The Auditor's Office carefully followed all instructions provided to them by Area 5. The Auditor handled all details of the grant until the newly hired claims deputy was fully trained and able to process claims under the direct supervision of the Auditor. Going forward, the First Deputy, who is my claims deputy and only financial deputy, will process claims, under the supervision and review of the Auditor.

  
(Signature)

  
(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/>.