

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF
FLOYD COUNTY, INDIANA
January 1, 2015 to December 31, 2015



FILED
09/12/2017

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	18-38
Schedule of Leases and Debt	39
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	42-44
Schedule of Expenditures of Federal Awards and Accompanying Note:	
Schedule of Expenditures of Federal Awards	46-47
Note to Schedule of Expenditures of Federal Awards	48
Schedule of Findings and Questioned Costs	49-64
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings	66-69
Corrective Action Plans	70-80
Other Reports	81

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Scott L. Clark	01-01-15 to 12-31-18
County Treasurer	Linda L. Berger Lois N. Endris	01-01-13 to 12-31-16 01-01-17 to 12-31-20
Clerk of the Circuit Court	Christy M. Eurton	01-01-15 to 12-31-18
County Sheriff	Frank Loop	01-01-15 to 12-31-18
County Recorder	Lois N. Endris Todd Scannell	01-01-13 to 12-31-16 01-01-17 to 12-31-20
President of the Board of County Commissioners	Mark Seabrook Steve A. Bush Mark Seabrook	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	Matt Oakley Brad Striegel	01-01-15 to 12-31-15 01-01-16 to 12-31-17



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF FLOYD COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Floyd County (County), which comprises the financial position and results of operations for the year ended December 31, 2015, 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 (Indiana Code 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, 2015.

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, 2015, 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 Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to 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 July 17, 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

July 17, 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 FLOYD 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 Floyd County (County), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement, and have issued our report thereon dated July 17, 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001, 2015-002, 2015-003, 2015-004, and 2015-005, that we consider to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001, 2015-002, 2015-003, and 2015-004.

Floyd 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

July 17, 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.

FLOYD COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2015

Fund	Cash and Investments		Cash and Investments	
	01-01-15	Receipts	Disbursements	12-31-15
Indiana Judicial "FLIP" Grant	\$ 159,959	\$ 14,900	\$ 150,995	\$ 23,864
General	251,984	12,548,880	12,674,558	126,306
Accident Report	15,714	5,216	9,424	11,506
CAGIT County Certified Shares	2,837	3,860,936	3,859,039	4,734
CEDIT County Share	264,482	3,299,685	3,560,356	3,811
Child Advocacy	75	-	-	75
City and Town Court Costs	27,603	30,925	27,603	30,925
Clerk's Records Perpetuation	24,733	24,188	15,770	33,151
Community Corrections	-	416,874	297,169	119,705
Congressional School Interest	2,163	-	1,000	1,163
Congressional School Principal	24,995	-	-	24,995
Capital Development Fund / Travel	-	54,523	54,523	-
Sales Disclosure - County Share	80,367	17,096	37,717	59,746
Cumulative Bridge	1,693,229	2,784,593	1,508,468	2,969,354
Drug Free Community	13,880	26,245	27,969	12,156
Firearms Training	1,536	30,782	3,986	28,332
Health	172,653	473,613	548,434	97,832
Identification Security Protection	14,274	9,602	-	23,876
Levy Excess	40,783	-	-	40,783
Local Health Maintenance	78,383	49,884	42,306	85,961
Local Road and Street	838,706	1,348,068	1,150,344	1,036,430
Medical Care for Inmates	8,381	14,889	5,400	17,870
Misdemeanant	47,354	46,637	37,960	56,031
Motor Vehicle Highway	314,637	2,212,405	2,127,040	400,002
Park Nonreverting Capital	460,769	159,670	207,959	412,480
Plat Book	8,930	-	-	8,930
Rainy Day	26,722	-	11,673	15,049
Reassessment - 2015	593,402	188	350,243	243,347
Recorder's Records Perpetuation	197,154	157,079	172,903	181,330
Sex and Violent Offender Administration	16,125	4,202	68	20,259
Supplemental Public Defender Services	106,823	49,255	40,725	115,353
Surplus Tax	383,737	54,647	79,644	358,740
Surveyor's Corner Perpetuation	52,418	15,700	7,803	60,315
Tax Sale Redemption	15,778	360,906	321,348	55,336
Tax Sale Surplus	1,027,414	1,221,038	992,501	1,255,951
Local Health Department Trust Account	54,778	44,997	36,015	63,760
Unsafe Building	539	-	-	539
Victim Impact Program	5,963	35,316	33,093	8,186
Guardian Ad Litem	-	28,432	28,432	-
Auditors Ineligible Deductions	213,998	375,147	151,073	438,072
County Elected Officials Training	29,194	9,602	27,039	11,757
Park And Recreation	47,261	314,501	231,984	129,778
County Offender Transportation Fund	22,538	6,871	-	29,409
Statewide 911	202,993	493,795	485,219	211,569
Adult Probation Administrative	398,245	86,985	127,367	357,863
Juvenile Probation Administrative	-	20,061	20,061	-
Supplemental Adult Probation Services	247,937	273,844	479,455	42,326
Supplemental Juvenile Probation Services	33,860	5,643	20,673	18,830
Sheriff Sale Administration	125,762	53,832	51,766	127,828
Pineview Purchase by Bond	206	-	-	206
Self-Insurance	-	223,939	223,939	-
Payroll Withholding - Federal	-	1,140,189	1,140,189	-
Payroll Withholding - FICA & Medicare	249	1,727,433	1,727,433	249
Payroll Withholding - Local Tax	-	139,195	139,167	28
Payroll Withholding - PERF	-	1,301,678	1,300,251	1,427
Payroll Withholding - Sheriff Pension	14,221	50,620	52,078	12,763
Payroll Withholding - State	24	361,182	360,897	309
Payroll Withholding - Wage Garnishments	-	34,266	34,266	-
Settlement	-	76,180,593	76,180,593	-
CVET Agency	-	278,251	278,251	-
Weed Liens	-	403	403	-
Sewage Collections	-	46,154	46,154	-
Financial Institution Tax	-	362,399	362,399	-
CEDIT Homestead Credit	32,452	2,016,592	2,008,820	40,224
State Fines and Forfeitures	115	1,276	1,008	383
Infraction Judgements	1,713	27,367	27,276	1,804
Overweight Vehicle Fines	51	502	553	-
Special Death Benefit	380	6,845	6,630	595
Sales Disclosure - State Share	780	9,612	9,411	981
Coroners Training & Continuing Education	1,825	11,938	11,651	2,112
Mortgage Recording Fees - State Share	585	8,125	8,193	517
DLGF Homestead Property Database	6	1,166	1,126	46
Sex and Violent Offender Admin - State	38	466	460	44
Child Restraint Violations Fines	2,194	37,124	36,364	2,954
Forest Restoration	-	1,366	-	1,366

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

FLOYD COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2015
(Continued)

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
Inheritance Tax	-	10,805	10,805	-
Education Plate Fees Agency	375	1,275	1,575	75
Riverboat Revenue Sharing	21,849	1,035,477	1,057,326	-
Innkeepers Tax Collections	-	163,568	163,568	-
CEDIT Distribution	-	5,943,025	5,943,025	-
93.563 ARRA Prosecutor IV-D Incentive	198	-	-	198
93.563 Title IV-D Incentive	124,506	24,824	29,707	119,623
93.563 Prosecutor IV-D Incentive-Post Oct '99	248,978	37,350	114,070	172,258
93.563 Clerk IV-D Incentive-Post Oct '99	55,317	24,824	24,194	55,947
Diversion Fund	80,230	49,909	48,994	81,145
Veterans Court User Fees	2,220	2,090	-	4,310
MCH Patient Fees	101	-	-	101
Alcohol & Drug User Fees	22,599	104,677	125,241	2,035
FC Gangs Task Force	1,611	-	667	944
New Albany Township Trustee	3,959	167,511	164,833	6,637
Floyd County Youth Service	-	635,197	598,277	36,920
Special Vehicle & Equipment	40,692	104,737	53,614	91,815
Local Law Enforcement Continuing Education	91,483	19,354	18,325	92,512
Enhanced Access	8,437	14,448	6,918	15,967
County Local Law Enforcement Training	2,919	1,825	-	4,744
Redevelopment Commission	87,171	3,253	6,116	84,308
Non-Revolving Loan Fund	213,026	29,842	127,301	115,567
Bad Checks	38,236	2,783	5,106	35,913
American Family Withholding	2,117	21,999	22,278	1,838
Humana Vision Care	2,395	20,187	20,033	2,549
Fort Dearborn Life Insurance	93	1,838	1,838	93
Colonial Life Withholding	2,897	5,006	5,011	2,892
Health Insurance	321,887	3,218,755	3,331,033	209,609
Medical Life Withholding	20,620	12,213	12,264	20,569
Guardian	8,048	98,724	98,524	8,248
Health Insurance Non-Reverting	-	56,000	41,768	14,232
Colonial Withholding	7,515	27,380	27,519	7,376
Deferred Compensation	-	214,178	214,178	-
Sheriff Asset Forfeiture	75,844	83,420	29,616	129,648
Floyd County Health WIC	(64,480)	234,143	213,482	(43,819)
Prosecutor STOP Grant	(16,982)	27,548	17,172	(6,606)
Floyd County JAG Grant	35,024	10,000	12,966	32,058
Bio Terror & Public Prep Program	6,345	53,433	49,826	9,952
Local Emergency Plan Civil Defense	22,896	5,276	10,413	17,759
EMPG Competitive Grant	-	11,461	11,461	-
Sexual Assault Grant	3,794	14,020	7,005	10,809
Community Corrections A & D Grant	2,113	1,288	1,713	1,688
Veterans Court Government Grants	3,850	-	2,113	1,737
Project Income	331,798	247,164	350,414	228,548
Veterans Service Horseshoe Grant	17	-	-	17
Pros Drug Investigation Non-Reverting	37,943	6,969	6,612	38,300
Humana Life	1,148	18,421	18,391	1,178
County Police Deferred Comp	3,060	112,294	111,949	3,405
County Landowners Liab Cont	-	261,738	19,030	242,708
New York Life Withholding	41	-	-	41
State Homeland Security Grant	6,733	-	-	6,733
Juvenile Accountability Incentive	267	-	-	267
Parks Non-Reverting	319,571	223,834	203,664	339,741
CAGIT Distribution	-	14,707,744	14,707,744	-
Humana Critical	370	8,135	8,050	455
Humana Accident	124	3,038	3,023	139
Humana Disability	57	2,372	2,329	100
Court Reform Grant	-	150	150	-
Treasurer Non-Reverting Fund	-	2,797	354	2,443
Scenic Valley CDBG Grant	-	128,211	81,639	46,572
Floyd County Subdivision Infrastructure	-	564,830	271,777	293,053
GIS Department	-	18,065	-	18,065
2016 HMEP Competitive Grant	-	-	8,520	(8,520)
Floyd County Surf & Storm Water ADM	-	13,750	1,250	12,500
Plan Commission Surf & Storm Water ADM	-	34,760	13,002	21,758
Stormwater Management Operating	475,673	754,701	656,363	574,011
Odyssey	1,024,690	3,701,591	3,208,300	1,517,981
ISETS - Child Support	9,949	1,139,250	1,136,504	12,695
Sheriff's Commissary & Inmate Trust Fund	223,192	1,091,539	1,030,773	283,958
Floyd County Sheriff Fund	10,009	1,882,828	1,785,395	107,442
Treasurer's After Settlement Collections	1,810,051	2,130,649	1,810,051	2,130,649
Treasurer's Cash Change	350	-	-	350
Totals	<u>\$ 14,138,833</u>	<u>\$ 154,558,806</u>	<u>\$ 152,039,776</u>	<u>\$ 16,657,863</u>

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

FLOYD COUNTY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

Taxes, which can include one or more of the following: property 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.

Intergovernmental receipts, which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of these types of 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.

FLOYD COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Other receipts, which include amounts received from various sources 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, which include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

FLOYD COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

FLOYD COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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 statements. 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

FLOYD COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

members and beneficiaries. Funds designated for payments related to this plan are accounted for in a pension trust fund. The activity of this trust fund has not been reflected in the financial statement. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of some reimbursable grant funds expenditures made for which reimbursement had not been received by December 31, 2015.

Note 8. Subsequent Events

On June 29, 2016, the County hospital, known as Floyd Memorial Hospital and Health Services, Inc., entered into an agreement to sell its assets and liabilities to Baptist Health System, Inc. (Baptist), a Kentucky Corporation. The total sales price was \$161 million.

On September 30, 2016, the date of closing, the County received \$75 million cash and a ten year promissory note for \$61 million, with the remaining \$25 million placed in escrow. The funds placed in escrow are for post-closing adjustments once a final audit of the hospital is subsequently performed and to pay an estimated \$5 million in cost incurred by Floyd Memorial Hospital and the County associated with the sale. Final close out of escrow funds are to occur six months after closing with any remaining funds in the escrow account to be paid to Baptist.

In addition to the funds paid to the County, the sales agreement required an additional \$2.3 million to be paid by Baptist to the New Albany Township Little League at closing.

The \$61 million term note was issued on September 30, 2016, and will mature on January 1, 2026. The note requires ten payments of \$6.1 million plus accrued interest to be paid annually on January 31. Interest payable is to be calculated annually on the first day of the year using the ten year Treasury bond rate plus 50 basis points. Early payoff of the note is permissible without penalty. The note is a senior debt obligation of Baptist pari passu with the outstanding debt of Baptist pursuant to Baptist's Master Trust Indenture and secured by the Note.

The County has agreed to remit 7.86 percent per year of the total annual note payment received to Floyd Memorial Hospital Foundation, or another hospital foundation servicing the county, per the asset purchase agreement.

In a related second event, on October 18, 2016, the County Commissioners and Council passed resolution 2016-4 to donate \$70 million received from the hospital sale to the Community Foundation of Southern Indiana (CFSI) to be placed in a permanent endowment. As part of the agreement with CFSI, all investment income earned less any expenses will be paid quarterly to the County. The funds were transferred to CFSI on December 15, 2016.

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.

FLOYD COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015

	Indiana Judicial "FLIP" Grant	General	Accident Report	CAGIT County Certified Shares	CEDIT County Share	Child Advocacy	City and Town Court Costs	Clerk's Records Perpetuation
Cash and investments - beginning	\$ 159,959	\$ 251,984	\$ 15,714	\$ 2,837	\$ 264,482	\$ 75	\$ 27,603	\$ 24,733
Receipts:								
Taxes	-	-	-	3,860,936	3,299,685	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	14,900	12,548,880	5,216	-	-	-	30,925	24,188
Total receipts	14,900	12,548,880	5,216	3,860,936	3,299,685	-	30,925	24,188
Disbursements:								
Personal services	67,949	7,943,922	-	3,612,697	162,920	-	-	4,416
Other disbursements	83,046	4,730,636	9,424	246,342	3,397,436	-	27,603	11,354
Total disbursements	150,995	12,674,558	9,424	3,859,039	3,560,356	-	27,603	15,770
Excess (deficiency) of receipts over disbursements	(136,095)	(125,678)	(4,208)	1,897	(260,671)	-	3,322	8,418
Cash and investments - ending	\$ 23,864	\$ 126,306	\$ 11,506	\$ 4,734	\$ 3,811	\$ 75	\$ 30,925	\$ 33,151

FLOYD COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Community Corrections	Congressional School Interest	Congressional School Principal	Capital Development Fund / Travel	Sales Disclosure - County Share	Cumulative Bridge	Drug Free Community
Cash and investments - beginning	\$ -	\$ 2,163	\$ 24,995	\$ -	\$ 80,367	\$ 1,693,229	\$ 13,880
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	416,874	-	-	54,523	17,096	2,784,593	26,245
Total receipts	416,874	-	-	54,523	17,096	2,784,593	26,245
Disbursements:							
Personal services	261,116	-	-	-	-	-	-
Other disbursements	36,053	1,000	-	54,523	37,717	1,508,468	27,969
Total disbursements	297,169	1,000	-	54,523	37,717	1,508,468	27,969
Excess (deficiency) of receipts over disbursements	119,705	(1,000)	-	-	(20,621)	1,276,125	(1,724)
Cash and investments - ending	\$ 119,705	\$ 1,163	\$ 24,995	\$ -	\$ 59,746	\$ 2,969,354	\$ 12,156

FLOYD COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Firearms Training	Health	Identification Security Protection	Levy Excess	Local Health Maintenance	Local Road and Street	Medical Care for Inmates
Cash and investments - beginning	\$ 1,536	\$ 172,653	\$ 14,274	\$ 40,783	\$ 78,383	\$ 838,706	\$ 8,381
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	1,348,068	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	30,782	473,613	9,602	-	49,884	-	14,889
Total receipts	30,782	473,613	9,602	-	49,884	1,348,068	14,889
Disbursements:							
Personal services	-	466,704	-	-	-	1,150,344	-
Other disbursements	3,986	81,730	-	-	42,306	-	5,400
Total disbursements	3,986	548,434	-	-	42,306	1,150,344	5,400
Excess (deficiency) of receipts over disbursements	26,796	(74,821)	9,602	-	7,578	197,724	9,489
Cash and investments - ending	\$ 28,332	\$ 97,832	\$ 23,876	\$ 40,783	\$ 85,961	\$ 1,036,430	\$ 17,870

FLOYD COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Misdemeanant	Motor Vehicle Highway	Park Nonreverting Capital	Plat Book	Rainy Day	Reassessment - 2015	Recorder's Records Perpetuation
Cash and investments - beginning	\$ 47,354	\$ 314,637	\$ 460,769	\$ 8,930	\$ 26,722	\$ 593,402	\$ 197,154
Receipts:							
Taxes	-	2,212,405	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	46,637	-	159,670	-	-	188	157,079
Total receipts	46,637	2,212,405	159,670	-	-	188	157,079
Disbursements:							
Personal services	-	1,501,647	-	-	-	64,250	872
Other disbursements	37,960	625,393	207,959	-	11,673	285,993	172,031
Total disbursements	37,960	2,127,040	207,959	-	11,673	350,243	172,903
Excess (deficiency) of receipts over disbursements	8,677	85,365	(48,289)	-	(11,673)	(350,055)	(15,824)
Cash and investments - ending	\$ 56,031	\$ 400,002	\$ 412,480	\$ 8,930	\$ 15,049	\$ 243,347	\$ 181,330

FLOYD COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Sex and Violent Offender Administration	Supplemental Public Defender Services	Surplus Tax	Surveyor's Corner Perpetuation	Tax Sale Redemption	Tax Sale Surplus	Local Health Department Trust Account
Cash and investments - beginning	\$ 16,125	\$ 106,823	\$ 383,737	\$ 52,418	\$ 15,778	\$ 1,027,414	\$ 54,778
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	4,202	49,255	54,647	15,700	360,906	1,221,038	44,997
Total receipts	4,202	49,255	54,647	15,700	360,906	1,221,038	44,997
Disbursements:							
Personal services	-	6,677	-	5,203	-	-	-
Other disbursements	68	34,048	79,644	2,600	321,348	992,501	36,015
Total disbursements	68	40,725	79,644	7,803	321,348	992,501	36,015
Excess (deficiency) of receipts over disbursements	4,134	8,530	(24,997)	7,897	39,558	228,537	8,982
Cash and investments - ending	\$ 20,259	\$ 115,353	\$ 358,740	\$ 60,315	\$ 55,336	\$ 1,255,951	\$ 63,760

FLOYD COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Unsafe Building	Victim Impact Program	Guardian Ad Litem	Auditors Ineligible Deductions	County Elected Officials Training	Park And Recreation	County Offender Transportation Fund
Cash and investments - beginning	\$ 539	\$ 5,963	\$ -	\$ 213,998	\$ 29,194	\$ 47,261	\$ 22,538
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	35,316	28,432	375,147	9,602	314,501	6,871
Total receipts	-	35,316	28,432	375,147	9,602	314,501	6,871
Disbursements:							
Personal services	-	33,093	-	-	15,811	162,655	-
Other disbursements	-	-	28,432	151,073	11,228	69,329	-
Total disbursements	-	33,093	28,432	151,073	27,039	231,984	-
Excess (deficiency) of receipts over disbursements	-	2,223	-	224,074	(17,437)	82,517	6,871
Cash and investments - ending	\$ 539	\$ 8,186	\$ -	\$ 438,072	\$ 11,757	\$ 129,778	\$ 29,409

FLOYD COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Statewide 911	Adult Probation Administrative	Juvenile Probation Administrative	Supplemental Adult Probation Services	Supplemental Juvenile Probation Services	Sheriff Sale Administration	Pineview Purchase by Bond
Cash and investments - beginning	\$ 202,993	\$ 398,245	\$ -	\$ 247,937	\$ 33,860	\$ 125,762	\$ 206
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	493,795	86,985	20,061	273,844	5,643	53,832	-
Total receipts	493,795	86,985	20,061	273,844	5,643	53,832	-
Disbursements:							
Personal services	3,102	24,104	20,061	378,691	3,920	11,999	-
Other disbursements	482,117	103,263	-	100,764	16,753	39,767	-
Total disbursements	485,219	127,367	20,061	479,455	20,673	51,766	-
Excess (deficiency) of receipts over disbursements	8,576	(40,382)	-	(205,611)	(15,030)	2,066	-
Cash and investments - ending	\$ 211,569	\$ 357,863	\$ -	\$ 42,326	\$ 18,830	\$ 127,828	\$ 206

FLOYD COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Self-Insurance	Payroll Withholding - Federal	Payroll Withholding - FICA & Medicare	Payroll Withholding - Local Tax	Payroll Withholding - PERF	Payroll Withholding - Sheriff Pension	Payroll Withholding - State
Cash and investments - beginning	\$ -	\$ -	\$ 249	\$ -	\$ -	\$ 14,221	\$ 24
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	223,939	1,140,189	1,727,433	139,195	1,301,678	50,620	361,182
Total receipts	<u>223,939</u>	<u>1,140,189</u>	<u>1,727,433</u>	<u>139,195</u>	<u>1,301,678</u>	<u>50,620</u>	<u>361,182</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Other disbursements	223,939	1,140,189	1,727,433	139,167	1,300,251	52,078	360,897
Total disbursements	<u>223,939</u>	<u>1,140,189</u>	<u>1,727,433</u>	<u>139,167</u>	<u>1,300,251</u>	<u>52,078</u>	<u>360,897</u>
Excess (deficiency) of receipts over disbursements	-	-	-	28	1,427	(1,458)	285
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 249</u>	<u>\$ 28</u>	<u>\$ 1,427</u>	<u>\$ 12,763</u>	<u>\$ 309</u>

FLOYD COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Payroll Withholding - Wage Garnishments	Settlement	CVET Agency	Weed Liens	Sewage Collections	Financial Institution Tax	CEDIT Homestead Credit
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,452
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	34,266	76,180,593	278,251	403	46,154	362,399	2,016,592
Total receipts	34,266	76,180,593	278,251	403	46,154	362,399	2,016,592
Disbursements:							
Personal services	-	-	-	-	-	-	-
Other disbursements	34,266	76,180,593	278,251	403	46,154	362,399	2,008,820
Total disbursements	34,266	76,180,593	278,251	403	46,154	362,399	2,008,820
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	7,772
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,224

FLOYD COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	State Fines and Forfeitures	Infraction Judgements	Overweight Vehicle Fines	Special Death Benefit	Sales Disclosure - State Share	Coroners Training & Continuing Education	Mortgage Recording Fees - State Share
Cash and investments - beginning	\$ 115	\$ 1,713	\$ 51	\$ 380	\$ 780	\$ 1,825	\$ 585
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Fines and forfeits	-	-	502	-	-	-	-
Other receipts	1,276	27,367	-	6,845	9,612	11,938	8,125
Total receipts	<u>1,276</u>	<u>27,367</u>	<u>502</u>	<u>6,845</u>	<u>9,612</u>	<u>11,938</u>	<u>8,125</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Other disbursements	1,008	27,276	553	6,630	9,411	11,651	8,193
Total disbursements	<u>1,008</u>	<u>27,276</u>	<u>553</u>	<u>6,630</u>	<u>9,411</u>	<u>11,651</u>	<u>8,193</u>
Excess (deficiency) of receipts over disbursements	<u>268</u>	<u>91</u>	<u>(51)</u>	<u>215</u>	<u>201</u>	<u>287</u>	<u>(68)</u>
Cash and investments - ending	<u>\$ 383</u>	<u>\$ 1,804</u>	<u>\$ -</u>	<u>\$ 595</u>	<u>\$ 981</u>	<u>\$ 2,112</u>	<u>\$ 517</u>

FLOYD COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	DLGF Homestead Property Database	Sex and Violent Offender Admin - State	Child Restraint Violations Fines	Forest Restoration	Inheritance Tax	Education Plate Fees Agency	Riverboat Revenue Sharing
Cash and investments - beginning	\$ 6	\$ 38	\$ 2,194	\$ -	\$ -	\$ 375	\$ 21,849
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	10,805	-	1,035,477
Fines and forfeits	-	-	37,124	-	-	-	-
Other receipts	1,166	466	-	1,366	-	1,275	-
Total receipts	1,166	466	37,124	1,366	10,805	1,275	1,035,477
Disbursements:							
Personal services	-	-	-	-	-	-	-
Other disbursements	1,126	460	36,364	-	10,805	1,575	1,057,326
Total disbursements	1,126	460	36,364	-	10,805	1,575	1,057,326
Excess (deficiency) of receipts over disbursements	40	6	760	1,366	-	(300)	(21,849)
Cash and investments - ending	\$ 46	\$ 44	\$ 2,954	\$ 1,366	\$ -	\$ 75	\$ -

FLOYD COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Innkeepers Tax Collections	CEDIT Distribution	93.563 ARRA Prosecutor IV-D Incentive	93.563 Title IV-D Incentive	93.563 Prosecutor IV-D Incentive-Post Oct '99	93.563 Clerk IV-D Incentive-Post Oct '99	Diversion Fund
Cash and investments - beginning	\$ -	\$ -	\$ 198	\$ 124,506	\$ 248,978	\$ 55,317	\$ 80,230
Receipts:							
Taxes	163,568	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	5,943,025	-	24,824	37,350	24,824	49,909
Total receipts	163,568	5,943,025	-	24,824	37,350	24,824	49,909
Disbursements:							
Personal services	-	-	-	-	-	-	15,795
Other disbursements	163,568	5,943,025	-	29,707	114,070	24,194	33,199
Total disbursements	163,568	5,943,025	-	29,707	114,070	24,194	48,994
Excess (deficiency) of receipts over disbursements	-	-	-	(4,883)	(76,720)	630	915
Cash and investments - ending	\$ -	\$ -	\$ 198	\$ 119,623	\$ 172,258	\$ 55,947	\$ 81,145

FLOYD COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Veterans Court User Fees	MCH Patient Fees	Alcohol & Drug User Fees	FC Gangs Task Force	New Albany Township Trustee	Floyd County Youth Service	Special Vehicle & Equipment
Cash and investments - beginning	\$ 2,220	\$ 101	\$ 22,599	\$ 1,611	\$ 3,959	\$ -	\$ 40,692
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	2,090	-	104,677	-	167,511	635,197	104,737
Total receipts	2,090	-	104,677	-	167,511	635,197	104,737
Disbursements:							
Personal services	-	-	110,559	-	164,366	487,855	-
Other disbursements	-	-	14,682	667	467	110,422	53,614
Total disbursements	-	-	125,241	667	164,833	598,277	53,614
Excess (deficiency) of receipts over disbursements	2,090	-	(20,564)	(667)	2,678	36,920	51,123
Cash and investments - ending	\$ 4,310	\$ 101	\$ 2,035	\$ 944	\$ 6,637	\$ 36,920	\$ 91,815

FLOYD COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Local Law Enforcement Continuing Education	Enhanced Access	County Local Law Enforcement Training	Redevelopment Commission	Non-Revolving Loan Fund	Bad Checks	American Family Withholding
Cash and investments - beginning	\$ 91,483	\$ 8,437	\$ 2,919	\$ 87,171	\$ 213,026	\$ 38,236	\$ 2,117
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	19,354	14,448	1,825	3,253	29,842	2,783	21,999
Total receipts	<u>19,354</u>	<u>14,448</u>	<u>1,825</u>	<u>3,253</u>	<u>29,842</u>	<u>2,783</u>	<u>21,999</u>
Disbursements:							
Personal services	-	-	-	-	-	1,698	-
Other disbursements	18,325	6,918	-	6,116	127,301	3,408	22,278
Total disbursements	<u>18,325</u>	<u>6,918</u>	<u>-</u>	<u>6,116</u>	<u>127,301</u>	<u>5,106</u>	<u>22,278</u>
Excess (deficiency) of receipts over disbursements	<u>1,029</u>	<u>7,530</u>	<u>1,825</u>	<u>(2,863)</u>	<u>(97,459)</u>	<u>(2,323)</u>	<u>(279)</u>
Cash and investments - ending	<u>\$ 92,512</u>	<u>\$ 15,967</u>	<u>\$ 4,744</u>	<u>\$ 84,308</u>	<u>\$ 115,567</u>	<u>\$ 35,913</u>	<u>\$ 1,838</u>

FLOYD COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Humana Vision Care	Fort Dearborn Life Insurance	Colonial Life Withholding	Health Insurance	Medical Life Withholding	Guardian	Health Insurance Non-Reverting
Cash and investments - beginning	\$ 2,395	\$ 93	\$ 2,897	\$ 321,887	\$ 20,620	\$ 8,048	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	20,187	1,838	5,006	3,218,755	12,213	98,724	56,000
Total receipts	20,187	1,838	5,006	3,218,755	12,213	98,724	56,000
Disbursements:							
Personal services	-	-	-	-	-	-	-
Other disbursements	20,033	1,838	5,011	3,331,033	12,264	98,524	41,768
Total disbursements	20,033	1,838	5,011	3,331,033	12,264	98,524	41,768
Excess (deficiency) of receipts over disbursements	154	-	(5)	(112,278)	(51)	200	14,232
Cash and investments - ending	\$ 2,549	\$ 93	\$ 2,892	\$ 209,609	\$ 20,569	\$ 8,248	\$ 14,232

FLOYD COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Colonial Withholding	Deferred Compensation	Sheriff Asset Forfeiture	Floyd County Health WIC	Prosecutor STOP Grant	Floyd County JAG Grant	Bio Terror & Public Prep Program
Cash and investments - beginning	\$ 7,515	\$ -	\$ 75,844	\$ (64,480)	\$ (16,982)	\$ 35,024	\$ 6,345
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	10,000	53,433
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	27,380	214,178	83,420	234,143	27,548	-	-
Total receipts	<u>27,380</u>	<u>214,178</u>	<u>83,420</u>	<u>234,143</u>	<u>27,548</u>	<u>10,000</u>	<u>53,433</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Other disbursements	27,519	214,178	29,616	213,482	17,172	12,966	49,826
Total disbursements	<u>27,519</u>	<u>214,178</u>	<u>29,616</u>	<u>213,482</u>	<u>17,172</u>	<u>12,966</u>	<u>49,826</u>
Excess (deficiency) of receipts over disbursements	<u>(139)</u>	<u>-</u>	<u>53,804</u>	<u>20,661</u>	<u>10,376</u>	<u>(2,966)</u>	<u>3,607</u>
Cash and investments - ending	<u>\$ 7,376</u>	<u>\$ -</u>	<u>\$ 129,648</u>	<u>\$ (43,819)</u>	<u>\$ (6,606)</u>	<u>\$ 32,058</u>	<u>\$ 9,952</u>

FLOYD COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Local Emergency Plan Civil Defense	EMPG Competitive Grant	Sexual Assault Grant	Community Corrections A & D Grant	Veterans Court Government Grants	Project Income	Veterans Service Horseshoe Grant
Cash and investments - beginning	\$ 22,896	\$ -	\$ 3,794	\$ 2,113	\$ 3,850	\$ 331,798	\$ 17
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	5,276	11,461	14,020	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	1,288	-	247,164	-
Total receipts	<u>5,276</u>	<u>11,461</u>	<u>14,020</u>	<u>1,288</u>	<u>-</u>	<u>247,164</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Other disbursements	10,413	11,461	7,005	1,713	2,113	350,414	-
Total disbursements	<u>10,413</u>	<u>11,461</u>	<u>7,005</u>	<u>1,713</u>	<u>2,113</u>	<u>350,414</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(5,137)</u>	<u>-</u>	<u>7,015</u>	<u>(425)</u>	<u>(2,113)</u>	<u>(103,250)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 17,759</u>	<u>\$ -</u>	<u>\$ 10,809</u>	<u>\$ 1,688</u>	<u>\$ 1,737</u>	<u>\$ 228,548</u>	<u>\$ 17</u>

FLOYD COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Pros Drug Investigation Non-Reverting	Humana Life	County Police Deferred Comp	County Landowners Liab Cont	New York Life Withholding	State Homeland Security Grant	Juvenile Accountability Incentive
Cash and investments - beginning	\$ 37,943	\$ 1,148	\$ 3,060	\$ -	\$ 41	\$ 6,733	\$ 267
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	6,969	18,421	112,294	261,738	-	-	-
Total receipts	6,969	18,421	112,294	261,738	-	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Other disbursements	6,612	18,391	111,949	19,030	-	-	-
Total disbursements	6,612	18,391	111,949	19,030	-	-	-
Excess (deficiency) of receipts over disbursements	357	30	345	242,708	-	-	-
Cash and investments - ending	\$ 38,300	\$ 1,178	\$ 3,405	\$ 242,708	\$ 41	\$ 6,733	\$ 267

FLOYD COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Parks Non-Reverting	CAGIT Distribution	Humana Critical	Humana Accident	Humana Disability	Court Reform Grant	Treasurer Non-Reverting Fund
Cash and investments - beginning	\$ 319,571	\$ -	\$ 370	\$ 124	\$ 57	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	223,834	14,707,744	8,135	3,038	2,372	150	2,797
Total receipts	<u>223,834</u>	<u>14,707,744</u>	<u>8,135</u>	<u>3,038</u>	<u>2,372</u>	<u>150</u>	<u>2,797</u>
Disbursements:							
Personal services	29,501	-	-	-	-	-	-
Other disbursements	174,163	14,707,744	8,050	3,023	2,329	150	354
Total disbursements	<u>203,664</u>	<u>14,707,744</u>	<u>8,050</u>	<u>3,023</u>	<u>2,329</u>	<u>150</u>	<u>354</u>
Excess (deficiency) of receipts over disbursements	<u>20,170</u>	<u>-</u>	<u>85</u>	<u>15</u>	<u>43</u>	<u>-</u>	<u>2,443</u>
Cash and investments - ending	<u>\$ 339,741</u>	<u>\$ -</u>	<u>\$ 455</u>	<u>\$ 139</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 2,443</u>

FLOYD COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Scenic Valley CDBG Grant	Floyd County Subdivision Infrastructure	GIS Department	2016 HMEP Competitive Grant	Floyd County Surf & Storm Water ADM	Plan Commission Surf & Storm Water ADM	Stormwater Management Operating
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 475,673
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	128,211	564,830	18,065	-	13,750	34,760	754,701
Total receipts	<u>128,211</u>	<u>564,830</u>	<u>18,065</u>	<u>-</u>	<u>13,750</u>	<u>34,760</u>	<u>754,701</u>
Disbursements:							
Personal services	-	-	-	-	-	-	512,080
Other disbursements	81,639	271,777	-	8,520	1,250	13,002	144,283
Total disbursements	<u>81,639</u>	<u>271,777</u>	<u>-</u>	<u>8,520</u>	<u>1,250</u>	<u>13,002</u>	<u>656,363</u>
Excess (deficiency) of receipts over disbursements	<u>46,572</u>	<u>293,053</u>	<u>18,065</u>	<u>(8,520)</u>	<u>12,500</u>	<u>21,758</u>	<u>98,338</u>
Cash and investments - ending	<u>\$ 46,572</u>	<u>\$ 293,053</u>	<u>\$ 18,065</u>	<u>\$ (8,520)</u>	<u>\$ 12,500</u>	<u>\$ 21,758</u>	<u>\$ 574,011</u>

FLOYD COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Odyssey	ISETS - Child Support	Sheriff's Commissary & Inmate Trust Fund	Floyd County Sheriff Fund	Treasurer's After Settlement Collections	Treasurer's Cash Change	Totals
Cash and investments - beginning	\$ 1,024,690	\$ 9,949	\$ 223,192	\$ 10,009	\$ 1,810,051	\$ 350	\$ 14,138,833
Receipts:							
Taxes	-	-	-	-	2,130,649	-	11,667,243
Intergovernmental receipts	-	-	-	-	-	-	2,488,540
Fines and forfeits	-	-	-	-	-	-	37,626
Other receipts	3,701,591	1,139,250	1,091,539	1,882,828	-	-	140,365,397
Total receipts	<u>3,701,591</u>	<u>1,139,250</u>	<u>1,091,539</u>	<u>1,882,828</u>	<u>2,130,649</u>	<u>-</u>	<u>154,558,806</u>
Disbursements:							
Personal services	-	-	-	-	-	-	17,224,007
Other disbursements	3,208,300	1,136,504	1,030,773	1,785,395	1,810,051	-	134,815,769
Total disbursements	<u>3,208,300</u>	<u>1,136,504</u>	<u>1,030,773</u>	<u>1,785,395</u>	<u>1,810,051</u>	<u>-</u>	<u>152,039,776</u>
Excess (deficiency) of receipts over disbursements	<u>493,291</u>	<u>2,746</u>	<u>60,766</u>	<u>97,433</u>	<u>320,598</u>	<u>-</u>	<u>2,519,030</u>
Cash and investments - ending	<u>\$ 1,517,981</u>	<u>\$ 12,695</u>	<u>\$ 283,958</u>	<u>\$ 107,442</u>	<u>\$ 2,130,649</u>	<u>\$ 350</u>	<u>\$ 16,657,863</u>

FLOYD COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Ally	Prosecutor Vehicle	\$ 6,956	12/30/2014	11/30/2016
Building Authority	Building Lease Rental Paymnet	<u>988,258</u>	1/1/2015	12/31/2016
Total governmental activities		<u>995,214</u>		
Total of annual lease payments		<u>\$ 995,214</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pineview Building Purchase	\$ 1,325,000	\$ 142,238
General obligation bonds	Bridge Bond	460,000	69,500
General obligation bonds	Parks Department Bond	1,209,730	105,270
General obligation bonds	Road Improvement Bond Series 2014	3,950,000	314,548
General obligation bonds	County Bridge Improvements Bonds Series 2015	2,000,000	68,781
Notes and loans payable	Dump Truck	<u>52,984</u>	<u>32,787</u>
Total governmental activities		<u>8,997,714</u>	<u>733,124</u>
Totals		<u>\$ 8,997,714</u>	<u>\$ 733,124</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF FLOYD COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Floyd County's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Child Support Enforcement

As described in items 2015-007 and 2015-008 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding Activities Allowed or Unallowed and Allowable Costs/Cost Principles that are applicable to its Child Support Enforcement program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

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

Qualified Opinion on Child Support Enforcement

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Support Enforcement* paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Support Enforcement program for the year ended December 31, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-006. 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 the Uniform Guidance, 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.


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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2015-006, 2016-007, and 2015-008, that we consider 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

July 17, 2017

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.

FLOYD COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015

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 Agriculture</u>				
Child Nutrition Cluster				
School Breakfast Program	Indiana Department of Education	10.553		\$ 5,511
School Breakfast Program				
National School Lunch Program	Indiana Department of Education	10.555		10,104
National School Lunch Program				
Total - Child Nutrition Cluster				<u>15,615</u>
Special Supplemental Nutrition Program for Women, Infants, and Children	Indiana State Department of Health	10.557		
W.I.C.			#40010557WICAD15	204,090
W.I.C.			400100557WICAD16	15,137
W.I.C.			#40010557WPCG015	9,747
W.I.C.			40040557WPCG016	<u>933</u>
Total - Special Supplemental Nutrition Program for Women, Infants, and Children				<u>229,907</u>
Total - Department of Agriculture				<u>245,522</u>
<u>Department of Housing and Urban Development</u>				
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Office of Community and Rural Affairs	14.228	A192-15-WW-14-104	27,861
Scenic Valley				
Total - Department Housing and Urban Development				<u>27,861</u>
<u>Department of Justice</u>				
Edward Byrne Memorial Justice Assistance Grant Program	Direct Grant	16.738	2013-DJ-BX-1105	10,000
JAG				
Juvenile Accountability Block Grants	Indiana Criminal Justice Institute	16.523		
JABG			03209JBFX006603	793
JABG			03211JBFX001703	2,287
JABG			03212JBFX000403	<u>2,287</u>
Total - Juvenile Accountability Block Grants				<u>5,367</u>
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575		
Victims Assistance			2013-VA-GX-0036	12,327
Victims Assistance			2014-VA-GX-0062	<u>37,009</u>
Total - Crime Victim Assistance				<u>49,336</u>
Violence Against Women Formula Grants	Indiana Criminal Justice Institute	16.588		
S.T.O.P. Grant			2014-WF-AX-0047	6,808
S.T.O.P. Grant			2014-WF-AX-0005	<u>20,741</u>
Total - Violence Against Women Formula Grants				<u>27,549</u>

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

FLOYD COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015
(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 Justice (continued)</u>				
Equitable Sharing Program Sheriff Forfeiture	Direct Grant	16.922		29,616
Total - Department of Justice				<u>121,868</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning and Construction Bridge Inspection Old Vincennes Road	Indiana Department of Transportation	20.205	DES 1382109 DES 0200786	47,584 <u>476,356</u>
Total - Highway Planning and Construction Cluster				<u>523,940</u>
Highway Safety Cluster State and Community Highway Safety Operation Pullover	Indiana Criminal Justice Institute	20.600	NHTSA-4052015	<u>7,962</u>
Total - Highway Safety Cluster				
Interagency Hazardous Materials Public Sector Training and Planning Grants	Indiana Department of Homeland Security	20.703	C44P-5-554B	<u>2,995</u>
Total - Department of Transportation				<u>534,897</u>
<u>Department of Health and Human Services</u>				
Public Health Emergency Preparedness Bio Terror & Public Prep Program	Indiana State Department of Health	93.069	40093074PHEPA16	<u>13,434</u>
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	Indiana State Department of Health	93.074	40093074E302S15 40093074PHEPA15	11,036 <u>28,963</u>
Total - Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements				<u>39,999</u>
Child Support Enforcement Child Support	Indiana Department of Child Services	93.563		<u>615,953</u>
Total - Department of Health and Human Services				<u>669,386</u>
<u>Department of Homeland Security</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036	042-UROCX-00	<u>4,387</u>
Emergency Management Performance Grants EMA EMA	Indiana Department of Homeland Security	97.042	C44P-5-711B C44P-5-479B	31,096 <u>8,466</u>
Total - Emergency Management Performance Grants				<u>39,562</u>
Total - Department of Homeland Security				<u>43,949</u>
Total federal awards expended				<u>\$ 1,643,483</u>

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

FLOYD 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, 2015. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the County, it is not intended to and does not present the financial position of the County.

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 the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The County has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

FLOYD 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
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

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

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
93.563	Highway Planning and Construction Cluster Child Support Enforcement	Unmodified Qualified

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2015-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition

Due to the lack of controls over the input of financial information entered into the Indiana Gateway for Government Units financial system, which is the source for the Annual Financial Report (AFR) and the financial statement, the following errors occurred on the AFR and the financial statement: two funds were omitted and the activity for one fund was reported incorrectly.

The net effect of the errors resulted in the beginning cash and investment balance being understated by \$8,580; receipts being understated by \$920,907; disbursements being overstated by \$5,433 and the ending cash and investment balance being understated by \$934,920.

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

FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

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

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

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities. . . .

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

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.

FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

**FINDING 2015-002 - 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). One person was solely responsible for preparing and submitting the SEFA without any compensating controls. Documentation was not retained to support how information reported on the SEFA was determined. The SEFA presented for audit contained material errors as indicated below.

1. Federal grants were understated in the net amount of \$302,807.
2. Six federal grants totaling \$612,615 were omitted.
3. There were a number of instances in which the identifying project numbers assigned by the pass-through agencies were incorrect.

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. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §200.510 financial statements. . . ."

FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must 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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA. The SEFA was prepared by staff in the County Auditor's office without compensating controls. The grant files and records, either maintained by the County Auditor's office, or forwarded to the County Auditor's office from the departments, were not complete and accurate. The lack of complete and accurate records combined with the lack of adequate internal controls contributed to inaccurate reporting of the SEFA.

Effect

Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA remained undetected, as identified in the *Condition* paragraph above.

FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

**FINDING 2015-003 - INTERNAL CONTROLS OVER FINANCIAL
TRANSACTIONS AND REPORTING - TREASURER'S OFFICE**

Condition

The County Treasurer did not have a proper system of internal control in place over financial transactions and reporting to prevent, or detect and correct, errors in financial reporting. The County Treasurer had not separated incompatible activities related to receipts and cash and investments. The same individuals responsible for collecting and depositing funds and recording financial activity, also performed the bank reconciliations without any compensating controls to verify the accuracy of the reconcilements.

Depository reconciliations of the fund balances to the bank account balances in the County Treasurer's office were conducted; however, the reconciliations contained errors and did not balance. A comparison of the Treasurer's Daily Balance of Cash and Depositories, Form 47 (Cash Book) to the bank accounts on December 31, 2015, indicated a cash long of \$271,548.

Financial transactions were not recorded in a timely manner. At December 31, 2015, financial activity in the amount of \$157,089 from various sources, had been received, but not recorded to the financial records. The following problems were identified regarding timely recording of financial transactions:

1. Credit card receipts were not recorded at the time of the transactions. Instead, they were recorded when they were received from the credit card processing company.
2. E911 fees electronically deposited were recorded one to three months after the funds were received.
3. License excise tax electronically deposited was recorded one to two months after the funds were received.
4. Some reconciling items on the bank reconciliations related to errors identified in the recording of financial activity remained uncorrected for up to a year.
5. Monies received and deposited daily by outside County departments were recorded a month to a month and half after received.
6. Monthly interest earned on wealth management investment account was only recorded quarterly and fees on the account were not recorded.

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:

FLOYD 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. . . ."

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

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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.

**FINDING 2015-004 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS
AND REPORTING - SHERIFF'S DEPARTMENT**

Condition

The County Sheriff's Department did not have a proper system of internal control in place over financial transactions to prevent, or detect and correct, errors in financial reporting. The County Sheriff's Department had not separated incompatible activities related to receipts, disbursements, and cash and investments. One individual is responsible for performing the reconciliation of the depository account

FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

balance with the record balance; preparing and making bank deposits; reconciling daily cash collections; recording receipts; issuing checks and recording disbursements; approving purchases and payment of invoices; and preparing the Supplemental County Annual Financial Report (CAR-1).

The financial activity for the Sheriff's Commissary & Inmate Trust Fund reported in the financial statement was incorrect. The receipts were overstated by \$67,124 and disbursements were understated by \$155,765, which resulted in the ending cash and investment balance being overstated by \$222,889.

The financial records presented for audit were incomplete and were not reflective of all financial activity of the Floyd County Sheriff Fund. The following problems were identified with the CAR-1 and the financial records:

1. The CAR-1 was not reflective of the activity shown in the department's financial records. The CAR-1 was prepared based upon the activity per the bank statements for one of the department's bank accounts. Receipts and disbursements for the Floyd County Sheriff Fund were found to be understated by \$104,931 and \$114,022, respectively, which resulted in the ending cash and investment balance being overstated by \$9,091.
2. The financial ledger for the Floyd County Sheriff Fund was incomplete and was not reflective of all financial activity. Not all transactions were recorded in the financial records. The following deficiencies were identified:
 - a. No receipts were issued for collections deposited totaling \$54,482. This receipt activity was not recorded to the ledger. A review of supplemental information indicated these collections consisted of unrecorded credit card transactions, state fees and grants, and correction of prior year errors.
 - b. The financial records did not contain a beginning or ending cash balance.
 - c. Disbursement transactions totaling \$1,675,243 from tax warrants and sheriff sales were not recorded in the ledger.
3. Monthly reconciliements of the depository account balance with the ledger record balance were not performed.

Audit adjustments for the Sheriff's Commissary & Inmate Trust Fund and Floyd County Sheriff Fund 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.

FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance must agree. If the reconciled bank balance is less than the subsidiary or control ledgers, the amount needed to balance may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Cause

The County had not established a system of internal controls to ensure that all financial activity was properly accounted for and reported in the financial statement.

Effect

The failure to establish controls enabled material misstatements and 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.

FINDING 2015-005 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING - CLERK OF THE CIRCUIT COURT

Condition

The Clerk of the Circuit Court (Clerk) did not have a proper system of internal control in place over financial transactions to prevent, or detect and correct, errors in financial reporting. The Clerk had not separated incompatible activities related to receipts, disbursements, and cash and investments. One individual was responsible for performing the reconciliation of the depository account balance with the record balance; preparing and making bank deposits; reconciling daily cash collections; recording receipts; issuing checks and recording disbursements; and preparing the Supplemental County Annual Financial Report (CAR-1).

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:

FLOYD 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. . . ."

Cause

The County had not established a system of internal controls to ensure that all financial activity was properly accounted for and reported in the financial statement.

Effect

The failure to establish controls could have 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.

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-006 - SUSPENSION AND DEBARMENT

Federal Agency: Department of Transportation
Federal Program: Highway Planning and Construction
CFDA Number: 20.205
Federal Award Number and Year (or Other Identifying Number): DES 0200786
Pass-Through Entity: Indiana Department of Transportation
Audit Findings: Material Weakness, Other Matter

Repeat Finding

This is not a repeat finding from the immediate prior year.

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 requirement: Procurement and Suspension and Debarment. There were inadequate procedures established to ensure that the County was in compliance with the requirements for the Old Vincennes Road utility relocation project.

FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

The County included a clause in its contractor/consultant agreements requiring that they, and their subcontractors, not be suspended or debarred from doing business with the federal government; however, the Utility Reimbursement Agreements did not include this clause. The County did not provide evidence for audit that it had any other controls in place to meet the suspension and debarment requirements for these types of agreements.

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. . . ."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

Management of the County had not designed or implemented internal control procedures to ensure compliance with the suspension and debarment requirements.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected, which 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 and implement controls, including segregation of duties, related to the grant agreement and the requirements pertaining to suspension and debarment.

Views of Responsible Officials

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

FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

***FINDING 2015-007 - ACTIVITIES ALLOWED OR UNALLOWED
AND 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): N/A
Pass-Through Entity: Indiana Department of Child Services
Audit Findings: Material Weakness, Other Matter/Modified Opinion

Repeat Finding

This is not a repeat finding from the immediate prior year.

Condition

An effective internal control system was not in place for the County Prosecuting Attorney and Courts to ensure compliance with requirements pertaining to Activities Allowed or Unallowed and Allowable Costs/Cost Principles.

Amounts were charged to the program during the audit period that were determined to be for unallowable activities and unallowable costs.

Context

Construction renovation costs incurred by the County Prosecuting Attorney of \$106,353 were paid from Prosecutor IV-D Incentive funds that were considered unallowable activities of the program. Expenditures of this nature are not considered eligible for funding under the IV-D program and require prior approval from the Commissioner of the Office of Child Support Enforcement. In addition, costs of \$1,018 for cell phones were claimed for reimbursement from program funds by the County Prosecuting Attorney's office without documentation supporting how the costs were properly allocated in relationship to other non-child support related functions of the department.

The County appropriated and disbursed Court IV-D Incentive funds for autopsies and law books in the amounts of \$18,890 and \$7,789, respectively, on December 10, 2015. After these amounts were questioned by the third-party vendor that prepared the County's Cost Allocation Plan, the County later reimbursed \$18,000 of the amount expended for autopsies in September of 2016. The remaining amounts were considered unallowable activities of the program, since no documentation was presented by the County to show that these expenses pertained to Child Support Enforcement.

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. . . ."

FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Circular A-87, attachment A, Paragraph C, item 3(a), states: "A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received."

2 CFR 200.405 states in part:

"(a) A cost is allocable to a particular Federal award or other cost objective if the good or services involved are chargeable or assignable to that Federal award or cost objective in accordance with relative benefits received. This standard is met if the cost:

- (1) Is incurred specifically for the Federal award:
- (2) Benefits both the Federal award and other work of the non-Federal entity and can be distributed in proportions that may be approximated using reasonable methods; and
- (3) Is necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award in accordance with the principles in this subpart. . . .

(d) Direct cost allocation principles. If a cost benefits two or more project or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more project or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c) of this section, the costs may be allocated or transferred to benefited project on any reasonable documented basis. . . ."

45 CFR 304.23 states in part:

"Federal financial participation at the applicable matching rate is not available for: . . .

- (c) Construction and major renovations. . . ."

45 CFR 305.35(f) states: "Request for approval of expending incentives on activities not currently eligible for funding under the IV-D program, must be submitted in accordance with instructions issued by the Commissioner of the Office of the Child Support Enforcement."

FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management of the County had not designed or implemented internal control procedures to ensure compliance with requirements related to Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the County.

Questioned Costs

Costs in the amount of \$116,050 were identified as questioned costs.

Recommendation

We recommended that the County establish internal controls related to the grant agreement and compliance requirements pertaining to Activities Allowed or Unallowed and Allowable Costs/Cost Principles, including adopting a process to review allowable uses of IV-D Incentive funds prior to appropriation and disbursement of monies from those funds.

Views of Responsible Officials

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

Auditor's Response

Guidance from the Department of Child Services and 45 CFR 304.23 specifically states that construction and major renovations are not activities that are currently eligible for funding with Incentive funds. Although phone expenses could be an allowable cost to the program, 2 CFR 200.405 states that when a cost benefits both the Federal award and other work of the nonfederal award they can be distributed in proportions that may be approximated using reasonable methods. The phone expense was associated with an employee that was not paid from the Child Support Enforcement program and no basis for allocation was presented for audit.

FINDING 2015-008 - 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): N/A
Pass-Through Entity: Indiana Department of Child Services
Audit Findings: Material Weakness, Other Matter/Modified Opinion

Repeat Finding

This is a repeat finding from the immediate prior year. The prior year finding number was 2014-004.

FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

An effective internal control system was not in place for the Clerk of the Circuit Court's office, County Prosecuting Attorney's office, and the Courts to ensure compliance with Allowable Costs/Cost Principle requirements related to time and effort for the program.

Procedures were not in place to properly document time and effort related to salaries charged to the grant program.

Context

A third-party contractor conducted a time study of the County's Courts (Circuit, Magistrate, Superior 1 and Superior III) prior to implementing the Court Title IV-D program. The time study identified which court employees worked on IV-D cases and the percentage of time devoted to IV-D activities. Through this methodology, the third-party contractor applied calculated IV-D percentages to total IV-D employee payroll each month and the amounts were then included within the Court's Monthly Record of Monthly Time and Monthly Expense Claim for Title IV-D. No evidence was presented to indicate compensating controls to ensure that all personal services submitted for reimbursement had been incurred and paid prior to requesting reimbursement.

The County Prosecuting Attorney's office submitted Monthly Expense Claim IV-D forms, throughout the audit period, that included personal services expenses. There was no evidence presented for audit documenting the employees' time and effort related to child support enforcement activities.

The Clerk of the Circuit Court's office paid two employees' compensation and fringe benefits with Clerk IV-D Incentive funds. There was no evidence presented for audit documenting the employees' time and effort related to child support enforcement activities.

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

OMB Circular A-87, Attachment B, section 8h states in part:

". . . (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 first hand knowledge of the work performed by the employee.

(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. . . ."

2 CFR 200.430(i) states in part:

"*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 (for IHE, this per the IHE's definition of IBS); . . .
- (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. . . ."

Cause

Management of the County had not designed or implemented internal control procedures to ensure compliance with requirements related to Allowable Costs/Cost Principles.

FLOYD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish internal controls enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the County.

Questioned Cost

There were no questioned costs identified.

Recommendation

We recommended that the Clerk of the Circuit Court's office, County Prosecuting Attorney's office, and the Courts established internal controls, including segregation of duties, related to the grant agreement and requirements that pertain to Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

Auditor's Response

Although we agree that it is not required that a supervisory official review and approve the Record of Monthly Time, OMB Circular A-87, Attachment B, item 8h(5) does specifically state that the personnel activity reports or equivalent record (Record of Monthly Time) must be signed by the employee. If no control is in place to ensure that the Record of Monthly Time has been signed by each employee, an internal control deficiency is deemed to exist.

AUDITEE-PREPARED DOCUMENTS

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



Scott L. Clark, Auditor of Floyd County

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-001

Fiscal year in which the finding initially occurred: 2012
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: None
Contact Person Responsible for Corrective Action: Scott L. Clark, Auditor
Contact Phone Number: 812-948-5435

Status of Audit Finding:

Some improvement has been shown from 2014 to 2015 in this area. Further, the Auditor, along with the Treasurer will begin documenting the system of internal control to reveal weaknesses and strengthen the system going forward.

A handwritten signature in black ink, appearing to be "S. L. Clark", written over a horizontal line.

(Signature)

The word "Auditor" written in a cursive, handwritten style in black ink, positioned above a horizontal line.

(Title)

The date "7-7-17" written in a handwritten style in black ink, positioned above a horizontal line.

(Date)



Scott L. Clark, Auditor of Floyd County

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-002

Fiscal year in which the finding initially occurred: 2012
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: none
Contact Person Responsible for Corrective Action: Scott Clark, Auditor
Contact Phone Number: 812-948-5435

Status of Audit Finding:

Some improvement has been shown from 2014 to 2015 in this area. As this area is somewhat new, the auditor was able to find resources to collect the correct information included on the form and training to complete the schedule correctly.

A handwritten signature in black ink, appearing to be "S. L. Clark", written over a horizontal line.

(Signature)

Auditor

A handwritten date "7-7-17" written over a horizontal line.

(Date)



Scott L. Clark, Auditor of Floyd County

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-003

Fiscal year in which the finding initially occurred: 2012
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: None
Contact Person Responsible for Corrective Action: Scott L. Clark, Auditor & Sheriff Frank Loop
Contact Phone Number: 812-948-5435

Status of Audit Finding:

Accounting for Equitably Shared Resources

The Floyd County Sheriff's Department agrees with the findings that a lack of internal procedures within the Auditor's Office for the electronic transfer of funds is received. Sheriff Loop has spoken with the Auditor, Scott Clark, and advised the Auditor is addressing this issue. For our part, each month the Administrative Assistant that oversees the Equitable Sharing program checks the reporting from E-Share. Sheriff Loop is still not receiving emails from the Marshal's office to advise of incoming transfers. The Administrative Assistant contacts the receiving officer in the Auditor's Office to ensure that the funds are received correctly. The FCSD is working with the auditor's office to not randomly receipt funds into this account so ensure the deposits are correct.

Equitable Sharing Agreement and Annual Certification Reports

The Floyd County Sheriff's Department will work diligently to ensure under/over reporting does not occur again. We request guidance to correct the issue as soon as it can be determined by AFMLS.

A handwritten signature in black ink, appearing to be "S. L. Clark", is written over a horizontal line.

(Signature)

Auditor
(Title)

July 7, 2017
(Date)



Scott L. Clark, Auditor of Floyd County

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-004

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: none
Contact Person Responsible for Corrective Action: Scott Clark, Auditor
Contact Phone Number: 812-948-5435

Status of Audit Finding:

The Judge of the Circuit Court, while continuing to discuss the finding, has implemented new procedures as a result of the finding. The Judge is now personally reviewing those reimbursement claims to ensure the accuracy of reports being submitted.

A handwritten signature in black ink, appearing to read "S. L. Clark", is written over a horizontal line.

(Signature)

Auditor

7-7-17

(Date)



Scott L. Clark, Auditor of Floyd County

Corrective Action Plan

Finding 2015-001

Contact Person responsible for Corrective Action: Scott L. Clark

Contact Phone no.: 812-948-5435

Views of responsible Official: The Auditor agrees with the finding.

Description of Corrective Action Plan:

The Auditor will now review the AFR report for BEFORE the report is input into the Gateway system. The report is prepared by the Chief Deputy. The Auditor will now review the report for classification, reconciliation and agreement of beginning and ending balances from the prior year, before Gateway submission.

In addition, note that the Auditor, along with the Treasurer, will conduct an internal control study to review and repair any internal control weaknesses within Floyd County Gov't. This study will lead to an written internal control plan to be utilized to provide for a basis for the future.

A handwritten signature in black ink, appearing to be "S. L. Clark", written over a horizontal line.

Signature

Title: Auditor

Date: 6-30-2017



Scott L. Clark, Auditor of Floyd County

Corrective Action Plan

Finding 2015-002

Contact Person responsible for Corrective Action: Scott L. Clark

Contact Phone no.: 812-948-5435

Views of responsible Official: The Auditor agrees with the finding.

Description of Corrective Action Plan:

As with finding 2015-001, the auditor, along with the Treasurer, will conduct an internal control study to review and repair any internal control weaknesses within Floyd County Gov't. This study will lead to a written internal control plan to be utilized to provide for a basis for the future. Separately, the Auditor is now reviewing the schedule for errors prior to the report being submitted.

A handwritten signature in black ink, appearing to be "S. L. Clark", written in a cursive style.

Signature

Title: Auditor

Date: 6-30-2017



Lois N. Endris
Floyd County Treasurer

CORRECTIVE ACTION PLAN

FINDING 2015-003

Contact Person Responsible for Corrective Action – Lois Endris, Treasurer

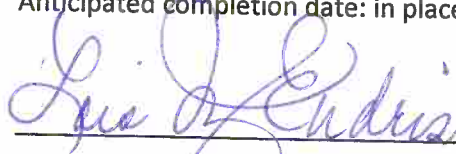
Contact Phone Number – 812-948-5477

Views of Responsible Official: Implementing procedures for corrective action on findings

Description of Corrective Action Plan:

1. Procedures were implemented as of 01-01-2017 to perform reconcilements on all depository and investment accounts. Control procedures were implemented as of 01-01-2017 for collecting and depositing funds whereby bank reconcilements and investment accounts are performed by a staff member and are reviewed and signed off by the Treasurer to ensure accuracy. To date, all unreconciled items have been corrected and all accounts are in balance. The individual balancing the accounts also keeps a separate accounting of all investments, dividends, and fees. All of these activities are verified by the Treasurer and double checked.
2. As of 01-01-2017, procedures have been implemented to ensure timely recording of financial transactions for the following outside departments; Parks Dept, Community Corrections, Health Dept. and Planning Commission. Each department is required to submit reports of deposits on a weekly basis to the Auditors office, thus generating a timely quietus.
3. Procedures have been implemented as of 01-01-2017 whereby license excise tax is now being receipted to the records on a regular basis twice a month.
4. Procedures have been implemented as of 03-01-2017 whereby interest earned on investment accounts along with fees associated with the investment account is recorded and tracked on a monthly basis. This account is not reconciled as of this report.
5. The Treasurer's office and the Auditor's office have each assigned a staff member to work together to identify unrecorded deposits, resolve any errors, and make corrections to ensure financial activity is corrected and recorded in a timely manner.
6. Procedures were implemented in late 2014 (cannot determine exact date) for separate individuals to perform daily counter drawer reconciliation vs. daily balance cashbook deposit reconciliation.

Anticipated completion date: in place currently



Lois N. Endris, Treasurer

April 26, 2017

Room 113 City-County Bldg. • 311 Hauss Square • New Albany, Indiana 47150
Phone: 812-948-5477 • Fax: 812-948-4750
lendris@floydcounty.in.gov
www.floydcounty.in.gov



FLOYD COUNTY SHERIFF'S DEPARTMENT

"The Sheriff shall keep and preserve the peace of his county"

Indiana State Board of Accounts
302 West Washington Street Rm E418
Indianapolis, Indiana 46204-2769

Ref: 2015-004 Correction Action Plan

Auditor findings....

The Sheriff's Department did not have a proper system of internal control in place over financial transactions to prevent or detect and correct errors in financial reporting. The Sheriff's Department had not separated incompatible activities related to receipts, disbursements, and cash and investments. One individual is responsible for performing the reconciliation of the depository account balance with the record balance; preparing and making bank deposits; reconciling daily cash collections; recording receipts; issuing checks and recording disbursements; approving purchases and payment of invoices and preparing the Supplemental County Annual Financial Report (CAR-1).

Sheriff Response....

The Floyd County Sheriff's Department has separated duties that were implemented during the 2014 audit at the request of SBOA auditor, However since the SBOA is two years behind in their audit efforts those results won't show until 2016 audit. The Sheriff's Office currently has no less than three different employees handling the financial issues of the Sheriff's Department. Sheriff Frank Loop has held weekly staff meetings where finances are discussed including approval or denial of purchases. Sheriff Frank Loop approved the CAR-1 report each year which is reflected by his signature on the report.

Auditor findings

The financial activity for the Sheriff's Commissary and Inmate Trust Fund reported in the financial statement was incorrect. The receipts were overstated by \$67,124 and disbursements were understated by \$155,765, which resulted in the ending cash and investment balance being overstated by \$222,889.

Sheriff Response....

The discrepancies listed above were temporary issues due to the Sheriff changing banks from Main Source to Your Community Bank and the reconciliations of funds with Tiger software; the vendor the Sheriff uses to control the finances for the Commissary Account and the Inmate Trust Fund SBOA auditor was provided updated reconciliations from Tiger Software after this report was prepared. (4-7-17)

Audit findings

Disbursement transactions totaling \$1,675,243 from tax warrants and sheriff sales were not recorded in the ledger.

Sheriff Response ...

These transactions may not have been listed in the ledger but were recorded and reconciled with the bank and since 2015 we have added these to the ledger as requested.

There are at least four employees who manage the finances of the Floyd County Sheriff's Department on a daily basis depending on the function of the finances, during this audit only one of them was interviewed, the others including the Sheriff never had the opportunity to meet with, provide records or explanations of procedures.



Sheriff Frank Loop

**Cc: Floyd County Auditor
Floyd County Council
Floyd County Commissioners**



Christy M Eurton, Floyd County Clerk

Room 235 City County Building, New Albany, IN 47150

812-542-3043

FAX 812-948-4711

Corrective Action Plan

Finding 2015-005

Contact Person Responsible for Corrective Action: Christy M Eurton

Contact Phone Number: 812-542-3043

Views of Responsible Official:

Description of Corrective Action Plan:

We believe no additional Corrective Action is required for Finding 2015-005 as proper procedures are in place.

In October 2015 during the completion of the 2014 annual audit, control deficiencies identified in finding 2015-005 were brought to the attention of Clerk Eurton. The Clerk's office promptly implemented corrective action when alerted to the deficiencies. Implementation of corrective action was completed on 10/31/15 as noted below:

The Bookkeeper balances daily tills and runs balance reports. Daily balance reports are printed for each till. Deposit slips and bank deposit receipts are attached to the balance reports. Clerk Eurton reviews the reports and deposit receipts verifying the amounts are in agreement and the composition of the deposit made agrees with the bank deposit. Clerk Eurton then initials and dates the reports to signify the information was correct. Additionally, a Deputy Clerk takes the daily deposits to the bank. The Bookkeeper reconciles the daily deposit. Clerk Eurton reviews and signs the monthly SBOA Accounts Reconciliation prepared by the Bookkeeper.

Clerk Eurton reviews the annual Supplemental County Annual Financial Report (CAR-1) report completed by the Bookkeeper and verifies account balances with the financial records prior to filing the report with the County Auditor.

A handwritten signature in cursive script that reads "Christina M. Eurton".

(Signature)

Floyd County Clerk of Courts

April 27, 2017

Department of Operations and County Planning
2524 Corydon Pike Suite 202
New Albany, IN 47150
(812)948.4110

Corrective Action Plan

May 22, 2017

Findings 2015-006 – Suspension and Disbarment

Contact Person: Donald Lopp, Director of Operations and County Planning

Contact Telephone Number: (812)948.4110

View of Responsible Official: Consent to Corrective Action Plan

Description of Corrective Action Plan:

Please see the finding as *“An effective internal control system, which would include segregation of duties, was not in place at the County in order to ensure compliance with requirements related to the grant agreement, and the compliance requirements related to the suspension and debarment. There were inadequate procedures established to ensure that the County was in compliance with the requirements for the Old Vincennes Road utility relocation project, DES 0200786. The failure to establish an effective internal control system allowed material noncompliance with the requirements.*

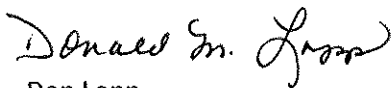
County Response:

INDOT provides and requires the County to use a standard INDOT agreement for both grant agreements and utility relocation agreements. While SBOA has stated that the County is required to ensure compliance with all requirements, the County does not have any stated or known authority to review or alter INDOT documents for projects. All documents were reviewed by not only INDOT legal counsel but also County counsel.

The Corrective Action Plan is to request from the INDOT that all suspension and debarment language be present in documentation to be signed by the County Commissioners prior to execution of any documentation. The County will review all documentation from INDOT regarding this language prior to signature to ensure language has been added.

Timeframe: Immediate. Upon receipt of any INDOT forms, a review will take place regarding required language to ensure compliance.

Sincerely



Don Lopp

Director of Operations and County Planning

FLOYD CIRCUIT COURT

52ND JUDICIAL CIRCUIT

Room 417 City County Building

311 Hauss Square

New Albany, Indiana 41720

Telephone: (812) 948-5455

Fax: (812) 948-4735

J. TERRENCE CODY, JUDGE

CORRECTIVE ACTION PLAN

Mr. M. Scott Shireman
Audit Manager
Indiana State Board of Accounts

Ms. Tammy R. White, CPA
Deputy State Examiner
Indiana State Board of Accounts

FINDING 2015-007

Contact Person Responsible for Corrective Action:
Hon. J. Terrence Cody

Contact Phone Number:
(812) 948-5455

Description of Corrective Action Plan:

The Floyd County Courts accept amended finding 2015-007 particularly as to the second (2nd) paragraph under the heading "context". The Courts requested an additional appropriation for law books in the amount of \$18,890.00 from the County General Fund. The Floyd County Council instead appropriated the money improperly from Court IV-D Incentive funds based on advice from its attorney. The Court's corrective action plan is to only submit claims to be paid from Court IV-D Incentive Funds that are allowable for child support enforcement. If the County Council attempts to appropriate funds for payment of claims from Court IV-D Incentive Funds that are not allowable for child support enforcement, it would be the Court's duty to advise the Council accordingly if there is an opportunity to do so.

FINDING 2015-008

Contact Person Responsible for Corrective Action:
Hon. J. Terrence Cody.

Contact Phone Number:
(812) 948-5455

Description of Corrective Action Plan:

Although not agreeing that it is necessary that a Court employee or other supervisory official (Floyd County Judges and Magistrate) must review and approve Record of Monthly

Time to ensure that all personal services submitted for reimbursement had been incurred and paid prior to requesting reimbursement as all Indiana Department of Child Services procedures in the submission of claims are presently being complied with and further disputing there is not an effective internal control system in place, the following corrective action has been taken and initiated: The Judge of the Floyd Circuit Court or one (1) of the Judges of the Floyd Superior Courts or the Floyd County Magistrate will verify that employee time sheets submitted with the monthly claim for reimbursement to the Indiana Department of Child Services are accurate. This process began with claims filed on or after January 1, 2016. In addition thereto, to verify accuracy Court employees did a time track for the period beginning October 17, 2016 through October 28, 2016. To further verify accuracy, beginning January 1, 2017 Court employees will time track three (3) times per year for a two (2) week period in February, Late July-early August and late October-early November. This process will be repeated each calendar year. The Floyd County Judges and Magistrate will review the time tracks after completion to further verify accuracy.

J. Terence Cody
(Signature)

JUDGE, FLOYD CIRCUIT COURTS
(Title)

JULY 13, 2017
(Date)



Christy M Eurton, Floyd County Clerk

Room 235 City County Building, New Albany, IN 47150

812-542-3043

FAX 812-948-4711

Corrective Action Plan

Finding 2015-008

Contact Person Responsible for Corrective Action: Christy M Eurton

Contact Phone Number: 812-542-3043

Views of Responsible Official:

Description of Corrective Action Plan:

We concur, in part, with finding for 2015-008 as no part time employee documentation was maintained for 2015.

The Clerk's office addressed the issue of documentation for part time employees after reviewing regulations and guidelines in January 2016 following the exit interview for the 2014 State Board of Accounts Audit. The Clerk's office implemented procedures to properly certify part time employee work hours by having part time employees sign semi-annual certifications as to time dedicated to IV-D cases. Full time employees completed semi-annual audits of their IV-D time and the percentage is applied per the official IV-D worksheets.

Completion Date: 1/30/16


(Signature)

Floyd County Clerk of Courts

May 22, 2017



Child Support Division
(812) 948-5475
Fax (812) 941-4736

Keith A. Henderson
Prosecuting Attorney
52nd Judicial Circuit

Criminal Division
(812) 948-5422
Fax (812) 948-5492

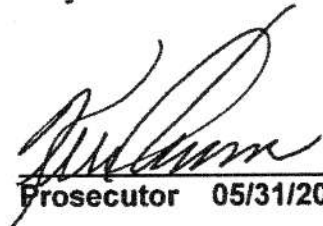
CORRECTIVE ACTION PLAN

I have met and discussed these issues with two auditors from the State Board of Accounts.

Finding 2015-007 - I disagree with the proposition that expenditures of Prosecutor IV-D Incentive funds are unallowable activities of the program when used for remodeling of child support work space. I do agree that certain remodeling expenditures require pre-approval from the State Child Support Bureau prior to commencement. As to phone expenditures, I disagree that due to time and effort, phone costs should be itemized to determine percentage breakdown.

Finding 2015-008 - Beginning in 2016, the Prosecutor's Office documented time and effort of full time IV-D Child Support employees. This documentation was executed semi-annually.

As to time and effort of employees working in Child Support and other activities of the Prosecutor's Office, the Prosecutor's Office will attempt to define the separation of costs through the allocation of the employee's salary commiserate with their assigned responsibilities.


Prosecutor 05/31/2017

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/>.