

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF
WASHINGTON COUNTY, INDIANA
January 1, 2017 to December 31, 2017



FILED
08/07/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Randall Bills	01-01-15 to 12-31-18
County Treasurer	Shirley Batt	01-01-17 to 12-31-20
Clerk of the Circuit Court	Sarah Milligan	01-01-17 to 12-31-20
County Sheriff	Roger L. Newlon	01-01-15 to 12-31-18
County Recorder	Kyra Stephenson	01-01-15 to 12-31-18
President of the Board of County Commissioners	Phillip D. Marshall	01-01-17 to 12-31-18
President of the County Council	Todd M. Ewen	01-01-17 to 12-31-18



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF WASHINGTON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Washington County (County), which comprises the financial position and results of operations for the year ended December 31, 2017, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the County for the year ended December 31, 2017.

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, 2017, 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 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, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 18, 2018, 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 solely 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 effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

June 18, 2018



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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 WASHINGTON 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 Washington County (County), which comprises the financial position and results of operations for the year ended December 31, 2017, and the related notes to the financial statement, and have issued our report thereon dated June 18, 2018, 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 item 2017-001, that we consider to be a material weakness.

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

Compliance and Other Matters

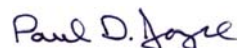
As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 item 2017-001.

Washington County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

June 18, 2018

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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.

WASHINGTON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2017

Fund	Cash and Investments		Cash and Investments	
	01-01-17	Receipts	Disbursements	12-31-17
After Settlement Collections	\$ 590,978	\$ 603,511	\$ 590,478	\$ 604,011
Sheriff Inmate Trust	43,699	258,049	203,754	97,994
Jail Commissary	46,082	144,140	133,060	57,162
Clerks Trust	608,469	2,528,215	2,519,226	617,458
General	1,343,624	8,035,570	7,252,274	2,126,920
Accident Report	1,211	2,719	2,117	1,813
CAGIT County Certified Shares	1,958,661	-	90,624	1,868,037
CEDIT County Share	297,975	822,263	681,584	438,654
City and Town Court Costs	737	5,212	5,093	856
Clerks Records Perpetuation	55,596	18,376	16,420	57,552
Community Corrections	-	1,116,430	1,115,930	500
Community Transition Program	-	28,675	28,675	-
Sales Disclosure-County Share	16,785	3,650	-	20,435
Cumulative Bridge	518,488	439,457	192,118	765,827
County Cumulative Funds	605,229	345,090	400,805	549,514
Cumulative Jail	278,980	-	128,980	150,000
Drug Free Community	24,354	20,093	20,500	23,947
Washington County EMS	339,794	1,223,767	1,172,358	391,203
Emergency Planning/Right To Know	21,258	3,647	1,444	23,461
Firearms Training	107,602	14,599	4,390	117,811
Health	248,502	356,939	257,700	347,741
Identification Security Protection	17,189	3,055	-	20,244
Local Health Maintenance	86,362	16,570	28,269	74,663
Local Road and Street	167,258	348,254	278,912	236,600
LOIT Public Safety- County Share	303,622	816,588	712,033	408,177
Motor Vehicle Highway	712,311	2,967,037	2,756,254	923,094
Omitted Property Audits	235,907	213,199	441,594	7,512
Park Nonreverting Operating	212,072	287,675	230,511	269,236
Plat Book Maintenance	22,861	5,875	4,967	23,769
Rainy Day	30,818	218,709	3,015	246,512
Reassessment - 2015	158,816	435,777	283,957	310,636
Recorders Records Perpetuation	73,256	50,238	39,733	83,761
Riverboat	1,216,550	408,428	90,917	1,534,061
Sex and Violent Offender Count	-	661	-	661
Supplemental Public Defender Services	35,812	14,715	27,437	23,090
Surplus Tax	41,210	30,362	32,288	39,284
Surveyors Corner Perpetuation	18,460	12,430	120	30,770
Tax Sale Redemption	-	51,134	51,134	-
Tax Sale Surplus	447,190	178,467	465,948	159,709
Tobacco Settlement LHD Account	31,269	9,533	12,508	28,294
Auditors Ineligible Deductions	5,976	7,559	2,199	11,336
Elected Officials Training Fund	5,440	3,055	1,109	7,386
County Offender Transportation	788	250	-	1,038
Statewide 9-1-1	49,892	318,223	326,195	41,920
Adult Probation Administrative	101,919	16,445	-	118,364
Supplemental Adult Probation Services	333,769	75,664	118,862	290,571
Supplemental Juvenile Probation	10,111	2,903	4,192	8,822
Law Enforcement Continuing Education	29,671	2,730	1,998	30,403
Drug Prosecution Fund	-	1,190	-	1,190
Sheriff Sale Administration	33,708	8,875	7,200	35,383
K-9 Donations	7,770	14,407	17,794	4,383
Health Clinic	28,829	43,802	41,829	30,802
Courthouse Renovation	5,400	-	-	5,400
Jail Bond	906,083	869,166	1,192,450	582,799
Payroll Clearing	(3,991)	1,836,236	1,826,901	5,344
Settlement	-	23,195,635	23,195,635	-
CVET Agency	-	108,659	108,659	-
Weed Lien Collections	-	1,616	1,616	-
Sewage Collections	-	976	976	-
Financial Institution Tax	-	96,223	96,223	-
Cedit Homestead Credit	23,170	-	23,170	-
LOIT PTRC	38,325	-	38,325	-
LOIT Res PTRC	76,485	-	76,485	-
State Fines And Forfeitures	75	2,252	2,277	50
Infraction Judgements	745	17,476	17,315	906
Special Death Benefit	265	1,915	2,055	125
State Disclosure State Share	450	3,650	3,810	290

WASHINGTON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
Coroners Training and Continuing Education	186	2,200	2,232	154
Interstate Compact State Share	-	250	250	-
Mortgage Recording Fee State Share	227	2,578	2,595	210
Sex and Violent Offender Admin	-	74	63	11
Child Restraint Violation Fine	100	200	300	-
Sales Tax Collections	2,747	13,044	8,482	7,309
Education Plate Fee Agency	38	318	356	-
Riverboat Revenue Share	34,001	167,422	169,434	31,989
Innkeepers Tax Collections	4,559	42,012	36,741	9,830
93.563 Prosecutor PCA	3,133	472	244	3,361
93.563 ARRA Prosecutor IV-D Incentive	31	-	-	31
93.563 County IV-D Incentive	110,559	11,608	-	122,167
93.563 Prosecutor IV-D Incentive	18,896	17,463	9,742	26,617
93.563 Clerk IV-D Incentive	68,567	11,607	11,753	68,421
Courts/Clerk Expansion	-	318,450	239,000	79,450
Sheriff Donation	-	1,500	1,596	(96)
LOIT Special Distribution	1,807,122	-	1,776,812	30,310
SRI/Commissioner Auction	4,487	1,650	4,379	1,758
Sheriff's Repeater Tower Fund	9,158	10,104	13,308	5,954
Coroner Fund	340	-	-	340
Community Corrections Home Detention	27,248	38,166	19,275	46,139
Washington County Prosecutor Investigation	15,497	5,861	3,138	18,220
County Correctional Fund	101,513	30,603	83,662	48,454
Nancy J Morris Fund	8,956	-	-	8,956
Community Service Restitution	11,278	4,348	3,372	12,254
Urine Screen Test	44,143	25,416	16,508	53,051
State Welfare Excise Allocation	-	789,455	789,455	-
Riley Trust Fund	31,975	-	31,975	-
Cumulative Park & Recreation	232	-	-	232
Horse Drawn Vehicles	4,767	7,938	46	12,659
Rodman Cemetery Donation	146	644	790	-
Hebron Cemetery Donation	1,772	-	-	1,772
Standish Cemetery	2,471	-	-	2,471
Alcohol & Drug	-	51,943	44,884	7,059
Washington EDA-Industrial Park	369,440	75,307	41,911	402,836
Jury Pay Fund	3,288	1,566	2,434	2,420
Marijuana	37,581	3,790	31,119	10,252
Pre-Trial Prosecutor	9,512	28,542	29,825	8,229
County Law Enforcement Continuing Education	4,863	-	-	4,863
A & D Veterans Court-Pact	-	12,228	12,228	-
Build Washington County	4,133	-	-	4,133
Airport/Speedway	42,047	18,493	2,097	58,443
Cedit Holding	27,715	842	-	28,557
Sheriff Investigation	9,185	-	-	9,185
EEDMA Program	8,807	-	3,423	5,384
Prosecutor Controlled Purchase	-	15,426	9,901	5,525
BPPE Local Service Fee	-	22,700	19,975	2,725
BPPE Late Assessment Penalty	-	2,675	-	2,675
LIT-Property Tax Relief	-	2,393,632	2,203,691	189,941
LIT Certified Shares	-	4,511,302	4,511,302	-
LIT Public Safety	-	1,127,826	1,127,826	-
LIT Economic Development	-	1,135,821	1,135,821	-
Housing Rehab Fund	-	300,662	300,662	-
Bioterrorism/Health Fund	22	-	-	22
Hava Voting Machine Title III	1,463	-	-	1,463
Ebola/Infectious Disease Control	8,868	-	2,156	6,712
2017 Operation Pull Over Enforcement	-	2,641	2,641	-
Blue River LogJam Cleanup	-	-	1,520	(1,520)
Washington County Plan Commission	2,965	-	-	2,965
Community Crossings Grant	-	1,025,183	1,025,183	-
Adult Protective Service	(30,162)	173,728	177,680	(34,114)
Totals	\$ 15,387,743	\$ 61,075,706	\$ 61,296,189	\$ 15,167,260

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

WASHINGTON COUNTY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

WASHINGTON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

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

Supplies. Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

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

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

WASHINGTON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the County in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

WASHINGTON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

WASHINGTON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 statement. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

Funding Policy

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

C. County Police Benefit Plan

Plan Description

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

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants. The reimbursements for expenditures made by the County were not received by December 31, 2017. The disbursements for the Sheriff Donation fund exceeded receipts.

WASHINGTON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporation*

The County has entered into capital leases with Washington County Building Corp (Huntington Bank) (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related-party of the County. Lease payments during the year 2017 totaled \$1,431,450.

Note 9. *Subsequent Events*

The Board of County Commissioners held a special board meeting on March 8, 2018, to award a bid to General Restoration Corporation for courthouse improvements. The base bid was for \$1,038,000.

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OTHER INFORMATION - UNAUDITED

The County's Annual Financial Report information can be found on the Indiana Gateway for Government Units 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.

WASHINGTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	After Settlement Collections	Sheriff Inmate Trust	Jail Commissary	Clerks Trust	General	Accident Report	CAGIT County Certified Shares
Cash and investments - beginning	\$ 590,978	\$ 43,699	\$ 46,082	\$ 608,469	\$ 1,343,624	\$ 1,211	\$ 1,958,661
Receipts:							
Taxes	603,511	-	-	-	5,609,970	-	-
Licenses and permits	-	-	-	-	26,035	-	-
Intergovernmental receipts	-	-	-	-	1,512,207	-	-
Charges for services	-	-	-	-	342,389	-	-
Fines and forfeits	-	-	-	2,528,215	58,820	-	-
Other receipts	-	258,049	144,140	-	486,149	2,719	-
Total receipts	603,511	258,049	144,140	2,528,215	8,035,570	2,719	-
Disbursements:							
Personal services	-	-	-	-	4,940,108	-	1,098
Supplies	-	-	-	-	133,069	-	-
Other services and charges	-	-	-	-	1,856,615	-	89,526
Debt service - principal and interest	-	-	-	-	165,778	-	-
Capital outlay	-	-	-	-	39,220	-	-
Other disbursements	590,478	203,754	133,060	2,519,226	117,484	2,117	-
Total disbursements	590,478	203,754	133,060	2,519,226	7,252,274	2,117	90,624
Excess (deficiency) of receipts over disbursements	13,033	54,295	11,080	8,989	783,296	602	(90,624)
Cash and investments - ending	\$ 604,011	\$ 97,994	\$ 57,162	\$ 617,458	\$ 2,126,920	\$ 1,813	\$ 1,868,037

WASHINGTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	CEDIT County Share	City and Town Court Costs	Clerks Records Perpetuation	Community Corrections	Community Transition Program	Sales Disclosure- County Share	Cumulative Bridge
Cash and investments - beginning	\$ 297,975	\$ 737	\$ 55,596	\$ -	\$ -	\$ 16,785	\$ 518,488
Receipts:							
Taxes	-	-	-	-	-	-	343,629
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	33,021
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	822,263	5,212	18,376	1,116,430	28,675	3,650	62,807
Total receipts	822,263	5,212	18,376	1,116,430	28,675	3,650	439,457
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	63,360	-	-	-	-	-	98,034
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	618,224	-	-	-	-	-	94,084
Other disbursements	-	5,093	16,420	1,115,930	28,675	-	-
Total disbursements	681,584	5,093	16,420	1,115,930	28,675	-	192,118
Excess (deficiency) of receipts over disbursements	140,679	119	1,956	500	-	3,650	247,339
Cash and investments - ending	\$ 438,654	\$ 856	\$ 57,552	\$ 500	\$ -	\$ 20,435	\$ 765,827

WASHINGTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	County Cumulative Funds	Cumulative Jail	Drug Free Community	Washington County EMS	Emergency Planning/ Right To Know	Firearms Training	Health
Cash and investments - beginning	\$ 605,229	\$ 278,980	\$ 24,354	\$ 339,794	\$ 21,258	\$ 107,602	\$ 248,502
Receipts:							
Taxes	313,192	-	-	-	-	-	297,408
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	30,096	-	-	-	-	-	28,587
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	1,802	-	20,093	1,223,767	3,647	14,599	30,944
Total receipts	345,090	-	20,093	1,223,767	3,647	14,599	356,939
Disbursements:							
Personal services	-	-	-	837,706	-	-	241,751
Supplies	-	-	-	96,100	-	-	3,359
Other services and charges	149,315	128,980	20,500	192,194	454	-	11,226
Debt service - principal and interest	-	-	-	9,824	-	-	-
Capital outlay	251,490	-	-	36,534	990	-	1,364
Other disbursements	-	-	-	-	-	4,390	-
Total disbursements	400,805	128,980	20,500	1,172,358	1,444	4,390	257,700
Excess (deficiency) of receipts over disbursements	(55,715)	(128,980)	(407)	51,409	2,203	10,209	99,239
Cash and investments - ending	\$ 549,514	\$ 150,000	\$ 23,947	\$ 391,203	\$ 23,461	\$ 117,811	\$ 347,741

WASHINGTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Indentification Security Protection	Local Health Maintenance	Local Road and Street	LOIT Public Safety- County Share	Motor Vehicle Highway	Omitted Property Audits	Park Nonreverting Operating
Cash and investments - beginning	\$ 17,189	\$ 86,362	\$ 167,258	\$ 303,622	\$ 712,311	\$ 235,907	\$ 212,072
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	2,951,547	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	3,055	16,570	348,254	816,588	15,490	213,199	287,675
Total receipts	3,055	16,570	348,254	816,588	2,967,037	213,199	287,675
Disbursements:							
Personal services	-	17,316	-	205,535	1,117,218	-	115,228
Supplies	-	6,902	-	242,277	233,953	-	32,998
Other services and charges	-	1,259	278,912	256,197	262,090	-	57,319
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	2,792	-	8,024	1,142,993	-	24,837
Other disbursements	-	-	-	-	-	441,594	129
Total disbursements	-	28,269	278,912	712,033	2,756,254	441,594	230,511
Excess (deficiency) of receipts over disbursements	3,055	(11,699)	69,342	104,555	210,783	(228,395)	57,164
Cash and investments - ending	\$ 20,244	\$ 74,663	\$ 236,600	\$ 408,177	\$ 923,094	\$ 7,512	\$ 269,236

WASHINGTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Plat Book Maintenance	Rainy Day	Reassessment - 2015	Recorders Records Perpetuation	Riverboat	Sex and Violent Offender Count	Supplemental Public Defender Services
Cash and investments - beginning	\$ 22,861	\$ 30,818	\$ 158,816	\$ 73,256	\$ 1,216,550	\$ -	\$ 35,812
Receipts:							
Taxes	-	-	396,595	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	38,115	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	5,875	218,709	1,067	50,238	408,428	661	14,715
Total receipts	5,875	218,709	435,777	50,238	408,428	661	14,715
Disbursements:							
Personal services	-	-	131,156	-	-	-	-
Supplies	-	2,856	48,335	-	58,417	-	-
Other services and charges	-	159	104,466	39,733	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	32,500	-	-
Other disbursements	4,967	-	-	-	-	-	27,437
Total disbursements	4,967	3,015	283,957	39,733	90,917	-	27,437
Excess (deficiency) of receipts over disbursements	908	215,694	151,820	10,505	317,511	661	(12,722)
Cash and investments - ending	\$ 23,769	\$ 246,512	\$ 310,636	\$ 83,761	\$ 1,534,061	\$ 661	\$ 23,090

WASHINGTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Surplus Tax	Surveyors Corner Perpetuation	Tax Sale Redemption	Tax Sale Surplus	Tobacco Settlement LHD Account	Auditors Ineligible Deductions	Elected Officials Training Fund
Cash and investments - beginning	\$ 41,210	\$ 18,460	\$ -	\$ 447,190	\$ 31,269	\$ 5,976	\$ 5,440
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	30,362	12,430	51,134	178,467	9,533	7,559	3,055
Total receipts	30,362	12,430	51,134	178,467	9,533	7,559	3,055
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	12,508	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	32,288	120	51,134	465,948	-	2,199	1,109
Total disbursements	32,288	120	51,134	465,948	12,508	2,199	1,109
Excess (deficiency) of receipts over disbursements	(1,926)	12,310	-	(287,481)	(2,975)	5,360	1,946
Cash and investments - ending	\$ 39,284	\$ 30,770	\$ -	\$ 159,709	\$ 28,294	\$ 11,336	\$ 7,386

WASHINGTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	County Offender Transportation	Statewide 9-1-1	Adult Probation Administrative	Supplemental Adult Probation Services	Supplemental Juvenile Probation	Law Enforcement Continuing Education
Cash and investments - beginning	\$ 788	\$ 49,892	\$ 101,919	\$ 333,769	\$ 10,111	\$ 29,671
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	250	318,223	16,445	75,664	2,903	2,730
Total receipts	250	318,223	16,445	75,664	2,903	2,730
Disbursements:						
Personal services	-	255,485	-	118,640	-	-
Supplies	-	-	-	-	1,360	-
Other services and charges	-	70,710	-	222	2,832	1,998
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	326,195	-	118,862	4,192	1,998
Excess (deficiency) of receipts over disbursements	250	(7,972)	16,445	(43,198)	(1,289)	732
Cash and investments - ending	\$ 1,038	\$ 41,920	\$ 118,364	\$ 290,571	\$ 8,822	\$ 30,403

WASHINGTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Drug Prosecution Fund	Sheriff Sale Administration	K-9 Donations	Health Clinic	Courthouse Renovation	Jail Bond	Payroll Clearing
Cash and investments - beginning	\$ -	\$ 33,708	\$ 7,770	\$ 28,829	\$ 5,400	\$ 906,083	\$ (3,991)
Receipts:							
Taxes	-	-	-	-	-	794,286	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	74,155	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	1,190	8,875	14,407	43,802	-	725	1,836,236
Total receipts	1,190	8,875	14,407	43,802	-	869,166	1,836,236
Disbursements:							
Personal services	-	-	-	-	-	-	2,400
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	1,192,450	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	7,200	17,794	41,829	-	-	1,824,501
Total disbursements	-	7,200	17,794	41,829	-	1,192,450	1,826,901
Excess (deficiency) of receipts over disbursements	1,190	1,675	(3,387)	1,973	-	(323,284)	9,335
Cash and investments - ending	\$ 1,190	\$ 35,383	\$ 4,383	\$ 30,802	\$ 5,400	\$ 582,799	\$ 5,344

WASHINGTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Settlement	CVET Agency	Weed Lien Collections	Sewage Collections	Financial Institution Tax	Cedit Homestead Credit	LOIT PTRC
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,170	\$ 38,325
Receipts:							
Taxes	23,195,575	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	60	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	108,659	1,616	976	96,223	-	-
Total receipts	<u>23,195,635</u>	<u>108,659</u>	<u>1,616</u>	<u>976</u>	<u>96,223</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	96,223	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	23,195,635	108,659	1,616	976	-	23,170	38,325
Total disbursements	<u>23,195,635</u>	<u>108,659</u>	<u>1,616</u>	<u>976</u>	<u>96,223</u>	<u>23,170</u>	<u>38,325</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(23,170)	(38,325)
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

WASHINGTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	LOIT Res PTRC	State Fines And Forfeitures	Infraction Judgements	Special Death Benefit	State Disclosure State Share	Coroners Training and Continuing Education	Interstate Compact State Share
Cash and investments - beginning	\$ 76,485	\$ 75	\$ 745	\$ 265	\$ 450	\$ 186	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	2,252	17,476	1,915	3,650	2,200	250
Total receipts	-	2,252	17,476	1,915	3,650	2,200	250
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	76,485	2,277	17,315	2,055	3,810	2,232	250
Total disbursements	76,485	2,277	17,315	2,055	3,810	2,232	250
Excess (deficiency) of receipts over disbursements	(76,485)	(25)	161	(140)	(160)	(32)	-
Cash and investments - ending	\$ -	\$ 50	\$ 906	\$ 125	\$ 290	\$ 154	\$ -

WASHINGTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Mortgage Recording Fee State Share	Sex and Violent Offender Admin	Child Restraint Violation Fine	Sales Tax Collections	Education Plate Fee Agency	Riverboat Revenue Share	Innkeepers Tax Collections
Cash and investments - beginning	\$ 227	\$ -	\$ 100	\$ 2,747	\$ 38	\$ 34,001	\$ 4,559
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	2,578	74	200	13,044	318	167,422	42,012
Total receipts	2,578	74	200	13,044	318	167,422	42,012
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	116,326	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	2,595	63	300	8,482	356	53,108	36,741
Total disbursements	2,595	63	300	8,482	356	169,434	36,741
Excess (deficiency) of receipts over disbursements	(17)	11	(100)	4,562	(38)	(2,012)	5,271
Cash and investments - ending	\$ 210	\$ 11	\$ -	\$ 7,309	\$ -	\$ 31,989	\$ 9,830

WASHINGTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	93.563 Prosecutor PCA	93.563 ARRA Prosecutor IV-D Incentive	93.563 County IV-D Incentive	93.563 Prosecutor IV-D Incentive	93.563 Clerk IV-D Incentive	Courts/Clerk Expansion	Sheriff Donation
Cash and investments - beginning	\$ 3,133	\$ 31	\$ 110,559	\$ 18,896	\$ 68,567	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	291,013	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	27,171	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	472	-	11,608	17,463	11,607	266	1,500
Total receipts	472	-	11,608	17,463	11,607	318,450	1,500
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	239,000	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	244	-	-	9,742	11,753	-	1,596
Total disbursements	244	-	-	9,742	11,753	239,000	1,596
Excess (deficiency) of receipts over disbursements	228	-	11,608	7,721	(146)	79,450	(96)
Cash and investments - ending	\$ 3,361	\$ 31	\$ 122,167	\$ 26,617	\$ 68,421	\$ 79,450	\$ (96)

WASHINGTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	LOIT Special Distribution	SRI/Commissioner Auction	Sheriff's Repeater Tower Fund	Coroner Fund	Community Corrections Home Detention	Washington County Prosecutor Investigation	County Correctional Fund
Cash and investments - beginning	\$ 1,807,122	\$ 4,487	\$ 9,158	\$ 340	\$ 27,248	\$ 15,497	\$ 101,513
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	1,650	10,104	-	38,166	5,861	30,603
Total receipts	-	1,650	10,104	-	38,166	5,861	30,603
Disbursements:							
Personal services	-	-	-	-	105	-	-
Supplies	-	-	-	-	36	-	-
Other services and charges	-	-	-	-	19,134	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	558,102	-	-	-	-	-	83,662
Other disbursements	1,218,710	4,379	13,308	-	-	3,138	-
Total disbursements	1,776,812	4,379	13,308	-	19,275	3,138	83,662
Excess (deficiency) of receipts over disbursements	(1,776,812)	(2,729)	(3,204)	-	18,891	2,723	(53,059)
Cash and investments - ending	\$ 30,310	\$ 1,758	\$ 5,954	\$ 340	\$ 46,139	\$ 18,220	\$ 48,454

WASHINGTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Nancy J Morris Fund	Community Service Restitution	Urine Screen Test	State Welfare Excise Allocation	Riley Trust Fund	Cumulative Park & Recreation	Horse Drawn Vehicles
Cash and investments - beginning	\$ 8,956	\$ 11,278	\$ 44,143	\$ -	\$ 31,975	\$ 232	\$ 4,767
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	4,348	25,416	789,455	-	-	7,938
Total receipts	-	4,348	25,416	789,455	-	-	7,938
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	16,508	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	3,372	-	789,455	31,975	-	46
Total disbursements	-	3,372	16,508	789,455	31,975	-	46
Excess (deficiency) of receipts over disbursements	-	976	8,908	-	(31,975)	-	7,892
Cash and investments - ending	\$ 8,956	\$ 12,254	\$ 53,051	\$ -	\$ -	\$ 232	\$ 12,659

WASHINGTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Rodman Cemetery Donation	Hebron Cemetery Donation	Standish Cemetery	Alcohol & Drug	Washington EDA-Industrial Park	Jury Pay Fund	Marijuana
Cash and investments - beginning	\$ 146	\$ 1,772	\$ 2,471	\$ -	\$ 369,440	\$ 3,288	\$ 37,581
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	644	-	-	51,943	75,307	1,566	3,790
Total receipts	644	-	-	51,943	75,307	1,566	3,790
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	31,119
Other disbursements	790	-	-	44,884	41,911	2,434	-
Total disbursements	790	-	-	44,884	41,911	2,434	31,119
Excess (deficiency) of receipts over disbursements	(146)	-	-	7,059	33,396	(868)	(27,329)
Cash and investments - ending	\$ -	\$ 1,772	\$ 2,471	\$ 7,059	\$ 402,836	\$ 2,420	\$ 10,252

WASHINGTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Pre-Trial Prosecutor	County Law Enforcement Continuing Education	A & D Veterans Court-Pact	Build Washington County	Airport/ Speedway	Cedit Holding	Sheriff Investigation
Cash and investments - beginning	\$ 9,512	\$ 4,863	\$ -	\$ 4,133	\$ 42,047	\$ 27,715	\$ 9,185
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	28,542	-	12,228	-	18,493	842	-
Total receipts	28,542	-	12,228	-	18,493	842	-
Disbursements:							
Personal services	5,000	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	10,003	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	14,822	-	-	-	-	-	-
Other disbursements	-	-	12,228	-	2,097	-	-
Total disbursements	29,825	-	12,228	-	2,097	-	-
Excess (deficiency) of receipts over disbursements	(1,283)	-	-	-	16,396	842	-
Cash and investments - ending	\$ 8,229	\$ 4,863	\$ -	\$ 4,133	\$ 58,443	\$ 28,557	\$ 9,185

WASHINGTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	EEDMA Program	Prosecutor Controlled Purchase	BPPE Local Service Fee	BPPE Late Assessment Penalty	LIT-Property Tax Relief	LIT Certified Shares	LIT Public Safety
Cash and investments - beginning	\$ 8,807	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	3,383,476	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	1,127,826	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	15,426	22,700	2,675	2,393,632	-	1,127,826
Total receipts	-	15,426	22,700	2,675	2,393,632	4,511,302	1,127,826
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	3,423	9,901	19,975	-	2,203,691	4,511,302	1,127,826
Total disbursements	3,423	9,901	19,975	-	2,203,691	4,511,302	1,127,826
Excess (deficiency) of receipts over disbursements	(3,423)	5,525	2,725	2,675	189,941	-	-
Cash and investments - ending	\$ 5,384	\$ 5,525	\$ 2,725	\$ 2,675	\$ 189,941	\$ -	\$ -

WASHINGTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	LIT Economic Development	Housing Rehab Fund	Bioterrorism/ Health Fund	Hava Voting Machine Title III	Ebola/Infectious Disease Control	2017 Operation Pull Over Enforcement
Cash and investments - beginning	\$ -	\$ -	\$ 22	\$ 1,463	\$ 8,868	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	1,135,821	300,662	-	-	-	2,641
Total receipts	1,135,821	300,662	-	-	-	2,641
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	1,135,821	300,662	-	-	2,156	2,641
Total disbursements	1,135,821	300,662	-	-	2,156	2,641
Excess (deficiency) of receipts over disbursements	-	-	-	-	(2,156)	-
Cash and investments - ending	\$ -	\$ -	\$ 22	\$ 1,463	\$ 6,712	\$ -

WASHINGTON COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Blue River LogJam Cleanup	Washington County Plan Commission	Community Crossings Grant	Adult Protective Service	Totals
Cash and investments - beginning	\$ -	\$ 2,965	\$ -	\$ (30,162)	\$ 15,387,743
Receipts:					
Taxes	-	-	-	-	35,228,655
Licenses and permits	-	-	-	-	26,035
Intergovernmental receipts	-	-	-	-	5,822,725
Charges for services	-	-	-	-	342,449
Fines and forfeits	-	-	-	-	2,587,035
Other receipts	-	-	1,025,183	173,728	17,068,807
Total receipts	-	-	1,025,183	173,728	61,075,706
Disbursements:					
Personal services	-	-	-	161,846	8,150,592
Supplies	-	-	-	1,137	873,307
Other services and charges	-	-	-	10,846	3,955,141
Debt service - principal and interest	-	-	-	-	1,607,052
Capital outlay	-	-	-	3,851	2,944,608
Other disbursements	1,520	-	1,025,183	-	43,765,489
Total disbursements	1,520	-	1,025,183	177,680	61,296,189
Excess (deficiency) of receipts over disbursements	(1,520)	-	-	(3,952)	(220,483)
Cash and investments - ending	\$ (1,520)	\$ 2,965	\$ -	\$ (34,114)	\$ 15,167,260

WASHINGTON COUNTY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 559,101</u>	<u>\$ 623,069</u>

WASHINGTON COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Washington County Building Corp (Huntington Bank)	Jail Bond	\$ 860,000	8/1/2013	2/1/2033
Washington County Building Corp (Huntington Bank)	Court Bond	<u>473,000</u>	6/1/2016	1/15/2036
Total governmental activities		<u>1,333,000</u>		
Total of annual lease payments		<u>\$ 1,333,000</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	2 Challenger Mowers	\$ 148,248	\$ 54,670
Notes and loans payable	2017 Wheel Loader	111,656	44,049
Notes and loans payable	3 2015 Freightliners	325,407	108,470
Notes and loans payable	3 2018 Internationals	431,028	112,420
Notes and loans payable	Ambulance Loan	71,447	36,534
Notes and loans payable	Ambulance Operating Loan	<u>51,295</u>	<u>51,920</u>
Total governmental activities		<u>1,139,081</u>	<u>408,063</u>
Totals		<u>\$ 1,139,081</u>	<u>\$ 408,063</u>

WASHINGTON COUNTY
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2017

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

	Ending Balance
Governmental activities:	
Land	\$ 944,994
Infrastructure	22,722,004
Buildings	16,376,939
Improvements other than buildings	3,440,208
Machinery, equipment, and vehicles	<u>5,951,777</u>
Total governmental activities	<u>49,435,922</u>
Total capital assets	<u>\$ 49,435,922</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

TO: THE OFFICIALS OF WASHINGTON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Washington 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, 2017. 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 Adverse Opinion on TANF Cluster

As described in item 2017-003, in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding Subrecipient Monitoring that are applicable to its Temporary Assistance for Needy Families 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)

Adverse Opinion on TANF Cluster

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on TANF Cluster* paragraph, the County did not comply in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Temporary Assistance for Needy Families for the year ended December 31, 2017.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2017.

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 2017-002. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 2017-002 and 2017-003, 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

June 18, 2018

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.

WASHINGTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2017

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	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Indiana Housing and Community Development Authority	14.228	HD-014-005	\$ 300,662	\$ 300,662
Total - Department of Housing and Urban Development				300,662	300,662
<u>Department of Justice</u>					
Equitable Sharing Program	Direct Grant	16.922	2017	-	5,480
Total - Department of Justice				-	5,480
<u>Department of Transportation</u>					
Highway Safety Cluster National Priority Safety Programs	Indiana Criminal Justice Institute	20.616	EDS D3-17-11138	-	2,641
Total - Highway Safety Cluster				-	2,641
Total - Department of Transportation				-	2,641
<u>Department of Health and Human Services</u>					
TANF Cluster Temporary Assistance for Needy Families	Indiana Department of Corrections	93.558	EDS D12-17-103-TANF	225,981	225,981
Total - TANF Cluster				225,981	225,981
Child Support Enforcement	Indiana Department of Child Services	93.563			
Prosecutor Incentive			2017	-	9,742
Clerk Incentive			2017	-	11,753
Prosecutor Expenditures			2017	-	148,824
Clerk Expenditures			2017	-	8,918
Indirect Costs			2017	-	31,167
Total - Child Support Enforcement				-	210,404
Total - Department of Health and Human Services				225,981	436,385
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042	Contract #20125	-	20,683
Total - Department of Homeland Security				-	20,683
Total federal awards expended				\$ 526,643	\$ 765,851

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

WASHINGTON 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, 2017. 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.

WASHINGTON 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 weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency 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
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii TANF Cluster	Unmodified Adverse

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

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

FINDING 2017-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Condition

The County had not established effective internal controls to prevent, or detect and correct, errors in the financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the Schedule of Expenditures of Federal Awards (SEFA).

Context

The SEFA presented for audit contained the following errors:

WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. Four federal programs totaling \$534,764 were excluded from the SEFA.
2. Two grants totaling \$1,002,156 were erroneously included on the SEFA.
3. The Child Support Enforcement grant was understated by \$7,315.

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. . . ."

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.

WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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 that 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.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

Recommendation

We recommended that the County's management establish controls to prevent, or detect and correct, errors on the SEFA.

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 2017-002

Subject: Community Development Block Grants/State's program and
Non-Entitlement Grants in Hawaii - Subrecipient Monitoring
Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's program
and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): HD-014-005
Pass-Through Entity: Indiana Housing and Community Development Authority
Compliance Requirement: Subrecipient Monitoring
Audit Findings: Material Weakness, Other Matters

WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

An effective internal control system was not in place at the County to ensure compliance with requirements related to the grant agreement and the Subrecipient Monitoring compliance requirement.

Sufficient evidence was not presented for audit that the County reviewed financial and programmatic reports that were required to be submitted by the subrecipient, or that they verified that the subrecipient was audited, if required. Additionally, no evidence was presented that the County followed up and ensured that the subrecipient took timely and appropriate action on all deficiencies pertaining to the federal award provided to the subrecipient through audits, on-site reviews, or other means.

Context

The lack of controls and noncompliance were systemic problems throughout the audit period.

Criteria

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). . . ."

2 CFR 200.331 states in part:

"All pass-through entities must: . . .

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

- (1) Reviewing financial and performance reports required by the pass-through entity.
- (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
- (3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521 Management decision. . . ."

Cause

The County's management had not developed a system of internal control that would have ensured compliance with the Subrecipient Monitoring compliance requirement.

WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish controls related to the grant agreement and the Subrecipient Monitoring compliance requirement.

Views of Responsible Officials

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

FINDING 2017-003

Subject: Temporary Assistance for Needy Families - Subrecipient Monitoring
Federal Agency: Department of Health and Human Services
Federal Program: Temporary Assistance for Needy Families
CFDA Number: 93.558
Federal Award Number and Year (or Other Identifying Number): EDS D12-17-103-TANF
Pass-Through Entity: Indiana Department of Corrections
Compliance Requirement: Subrecipient Monitoring
Audit Findings: Material Weakness, Modified Opinion

Condition

An effective internal control system was not in place at the County to ensure compliance with requirements related to the grant agreement and the Subrecipient Monitoring compliance requirement.

The County passed through \$225,981 of Temporary Assistance for Needy Families funds to a subrecipient. Upon receipt of the funds from the state pass-through agency, the amount deposited into the County's bank account was disbursed to the subrecipient without any review and approval of the supporting documentation.

No evidence was presented for audit to indicate that the County performed any subrecipient monitoring activities pertaining to the subrecipient.

Context

The lack of controls and noncompliance were systemic problems throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(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). . . ."

2 CFR 200.331 states in part:

"All pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward . . .

(d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

- (1) Reviewing financial and performance reports required by the pass-through entity.
- (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.
- (3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by § 200.521 Management decision. . . ."

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish controls related to the grant agreement and the Subrecipient Monitoring compliance requirement.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENT

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

Washington County Auditor



County Est. 1814

Randall Bills, Auditor

99 Public Square, Suite 103 ~ Salem, IN 47167

CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Randall Bills, Washington County Auditor

Contact Phone Number: 812-883-4805

We concur with the findings.

Description of Corrective Action Plan:

Washington County, Indiana Government has developed the following plan to prevent, or detect and correct, errors in the financial information entered into the Indiana Gateway for Governmental Units financial reporting system, which is the source for the Schedule of Expenditures of Federal Awards (SEFA).

In addition to the controls currently exercised which will not be mentioned here, with respect to both (1) federal programs excluded from the SEFA and (2) federal grant programs erroneously included on SEFA, Washington County will, annually, before the SEFA is submitted to Gateway: (1) circulate the proposed SEFA to all Washington County elected officials and department heads for approval and input to identify federal grants that are inappropriately either included or excluded from the proposed SEFA and make appropriate changes; (2) verify if any sources of funds containing Federal CFDA numbers are inappropriately excluded from the SEFA and ensure all funds reported on the SEFA contain appropriate Federal CFDA numbers; (3) if questions remain, we will communicate with other Auditors throughout Indiana and, if appropriate, discuss any further remaining questions as to whether a fund should or should not be reported on SEFA; and finally, (4) contact the State Board of Accounts to clarify any remaining questions about whether funds should or should not be included on the SEFA.

Anticipated Completion Date: Immediately

Signed the 05th Day of June, 2018.

A handwritten signature in cursive script, reading "Randall Bills", written over a horizontal line.

Randall Bills

Washington County Auditor

WASHINGTON COUNTY COMMISSIONERS

99 PUBLIC SQUARE, SUITE 103

SALEM, INDIANA 47167

(812)883-4805

CORRECTIVE ACTION PLAN

FINDING 2017-002

Contact Person Responsible for Corrective Action: Phillip Marshall, Washington County Commissioner

Contact Phone Number: 812-883-4805

We concur with the findings.

Description of Corrective Action Plan:

Washington County, Indiana Government has developed the following plan in the implementation of all grant funds received and distributed as pass-through entity of Federal and State of Indiana funds.

Submission, Monitoring, Authorization: The agency receiving an awarding of funds must supply agency's name, address, contact, phone number, email address and DUNS number before receiving any funding. The agency is required to submit signed authorization with dated itemized invoice(s) and claim form (county form 17 as prescribed by the Indiana State Board of Accounts) to the office of the Washington County Auditor. All claims will be reviewed and signed by the County Auditor per statement "I hereby certify the attached invoice(s) or bill(s) is (are) true and correct and I have audited same in accordance with IC 5-11-10-2". The County Auditor will submit the claim for review and approval by the Washington County Board of Commissioners during their monthly meeting. With final approval of the Washington County Board of Commissioners the claim will be paid. It will be required that the agency provide an annual report and annual financial statement audit report updating the progress of the grants use be presented in writing to the Auditor for the Washington County Board of Commissioners review and approval.

Accounting, Auditing, Monitoring: The Washington County Auditors Office accounts receivable and accounts payable deputy is responsible for accounting, auditing and monitoring of funds from grants which are received and processed through this unit.

Proper acknowledgement of funds received from grant agencies with all proper authorized documentation supplied with information as to name of agency/department, address, authorized contact, whom is receiving the funding, DUNS number, location, complete description of use and/or materials and amount of itemized fund clearly stated with the total amount due. The total amount received by the Washington County Auditor will be disbursed.

All funds received are electronically recorded with paper documents filed with account number, check numbers, process date and deposited with the Treasurer of Washington County, Indiana.

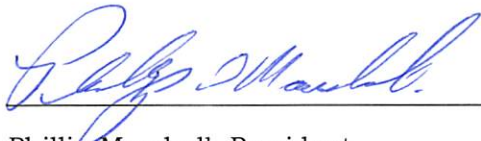
Funds processed for payment require proper documentation before electronically distributed to the proper unit. Proper documentation information as to the agency, contact name, date, account/grant number, address, complete itemized description of used and/or materials, amount of itemized fund clearly stated with the total amount due and signed by authorized official, printed name, date and title stated on invoice and claim of unit requesting payment.

Paper document copies are filed for record verification of complete process in the office of the Auditor. Washington County Board of Commissioners, Washington County Council and the Auditor will review all HUEDC A-133 audit reports and tracking of said reports. Audits will be conducted by the Indiana State Board of Accounts with reviews held in stated meetings. Recommendations and reporting must be adhered to promptly by all agencies involved.

All reporting of audits is held by the Indiana State Board of Account and posted as required for public inspection on Indiana Gateway as required by law.

Anticipated Completion Date: Immediately

Signed the 05th Day of June, 2018.

A handwritten signature in blue ink, appearing to read "Phillip Marshall", is written over a horizontal line.

Phillip Marshall, President

Washington County Commissioners

WASHINGTON COUNTY COMMISSIONERS

99 PUBLIC SQUARE, SUITE 103

SALEM, INDIANA 47167

(812)883-4805

CORRECTIVE ACTION PLAN

FINDING 2017-003

Contact Person Responsible for Corrective Action: Phillip Marshall, Washington County Commissioner

Contact Phone Number: 812-883-4805

We concur with the findings.

Description of Corrective Action Plan:

Washington County, Indiana Government has developed the following plan in the implementation of all grant funds received and distributed as pass-through entity of Federal and State of Indiana funds.

Submission, Monitoring, Authorization: The agency receiving an awarding of funds must supply agency's name, address, contact, phone number, email address and DUNS number before receiving any funding. The agency is required to submit signed authorization with dated itemized invoice(s) and claim form (county form 17 as prescribed by the Indiana State Board of Accounts) to the office of the Washington County Auditor. All claims will be reviewed and signed by the County Auditor per statement "I hereby certify the attached invoice(s) or bill(s) is (are) true and correct and I have audited same in accordance with IC 5-11-10-2". The County Auditor will submit the claim for review and approval by the Washington County Board of Commissioners during their monthly meeting. With final approval of the Washington County Board of Commissioners the claim will be paid. It will be required that the agency provide an annual report and annual financial statement audit report updating the progress of the grants use be presented in writing to the Auditor for the Washington County Board of Commissioners review and approval.

Accounting, Auditing, Monitoring: The Washington County Auditors Office accounts receivable and accounts payable deputy is responsible for accounting, auditing and monitoring of funds from grants which are received and processed through this unit.

Proper acknowledgement of funds received from grant agencies with all proper authorized documentation supplied with information as to name of agency/department, address, authorized contact, whom is receiving the funding, DUNS number, location, complete description of use and/or materials and amount of itemized fund clearly stated with the total amount due. The total amount received by the Washington County Auditor will be disbursed.

All funds received are electronically recorded with paper documents filed with account number, check numbers, process date and deposited with the Treasurer of Washington County, Indiana.

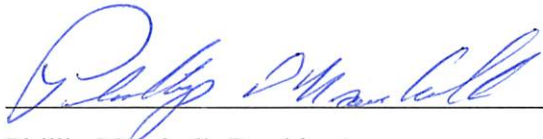
Funds processed for payment require proper documentation before electronically distributed to the proper unit. Proper documentation information as to the agency, contact name, date, account/grant number, address, complete itemized description of used and/or materials, amount of itemized fund clearly stated with the total amount due and signed by authorized official, printed name, date and title stated on invoice and claim of unit requesting payment.

Paper document copies are filed for record verification of complete process in the office of the Auditor. Washington County Board of Commissioners, Washington County Council and the Auditor will review all Hoosier Hills Pact A-133 audit reports and tracking of said reports. Audits will be conducted by the Indiana State Board of Accounts with reviews held in stated meetings. Recommendations and reporting must be adhered to promptly by all agencies involved.

All reporting of audits is held by the Indiana State Board of Account and posted as required for public inspection on Indiana Gateway as required by law.

Anticipated Completion Date: Immediately

Signed the 05th Day of June, 2018.



Phillip Marshall, President

Washington County Commissioners

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/>.