

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

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



FILED
08/28/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance with <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	10-11
Notes to Financial Statement	12-17
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	20-37
Schedule of Leases and Debt	38
Schedule of Capital Assets.....	39
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control over Compliance	42-43
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	46
Notes to Schedule of Expenditures of Federal Awards	47
Schedule of Findings and Questioned Costs	48-55
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	58-59
Corrective Action Plan	60-62
Other Reports.....	63

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Anna M. Culy	01-01-15 to 12-31-18
County Treasurer	Robin Alberson Paula Miller	01-01-13 to 12-31-16 01-01-17 to 12-31-20
Clerk of the Circuit Court	Ellen Coats Jon Eads	01-01-13 to 12-31-16 01-01-17 to 12-31-20
County Sheriff	Dwane Ford	01-01-15 to 12-31-18
County Recorder	Betty St. Myers	01-01-15 to 12-31-18
President of the Board of County Commissioners	Faron Parr Douglas L. Inman Richard L. Huffman	01-01-15 to 12-31-16 01-01-17 to 06-12-17 06-13-17 to 12-31-18
President of the County Council	Michael Leonhard Jeanne Houchins	01-01-15 to 12-31-16 01-01-17 to 12-31-18



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF JAY COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Jay 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. Except as stated in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, 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.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The County did not provide audit evidence to support the amount reported in the financial statements as County Home Residence Trust. The County's records did not permit adequate testing of the receipts, disbursements, and cash balance of the fund. No control ledger was maintained, no ledger for individual residents was maintained, and no supporting information for the amount reported in the County's financial statement was maintained.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, 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, on the basis of accounting 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.


INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated August 3, 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

August 3, 2018



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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 JAY 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 Jay 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 August 3, 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. The opinion to the financial statement relative to the regulatory basis of accounting was qualified due to lack of audit evidence to support the amount reported in the financial statement as County Home Residence Trust.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2017-002 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)

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001 to be a significant deficiency.

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002.

Jay 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

August 3, 2018

(This page intentionally left blank.)

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

JAY 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
After Settlement Collections	\$ 485,010	\$ 738,645	\$ 485,010	\$ 738,645
Inmate Trust Act#2201	12,235	188,671	179,268	21,638
Jail Commissary	19,126	121,475	130,124	10,477
Clerk Trust	163,967	1,213,813	1,220,775	157,005
County Home Residence Trust	14,121	190,673	174,522	30,272
General	902,591	8,145,951	7,064,569	1,983,973
Accident Report	9,953	3,681	-	13,634
CAGIT County Certified Shares	293,830	-	293,830	-
Campaign Finance Enforcement - County	350	150	-	500
CEDIT County Share	1,024,179	554,355	420,596	1,157,938
LIT- Property Tax Relief	-	2,152,501	2,060,528	91,973
City and Town Court Costs	90,209	2,863	-	93,072
Clerk's Records Perpetuation	54,962	13,847	-	68,809
Community Corrections	172,293	122,259	69,271	225,281
Community Transition Program	100,051	23,950	48,313	75,688
Congressional School Interest	4,863	177	913	4,127
Convention Visitor and Tourism Promotion	111,031	117,618	111,031	117,618
Sales Disclosure - County Share	14,280	2,650	148	16,782
Cumulative Bridge	1,778,086	426,332	292,304	1,912,114
Cumulative Capital Development	585,263	329,798	170,218	744,843
Drug Free Community	22,343	20,831	22,300	20,874
Electronic Map Generation	5,391	92	-	5,483
Emergency Medical Services	287,386	1,098,590	1,222,397	163,579
Emergency Planning/Right to Know	8,247	-	2,029	6,218
Extradition and Sheriff's Assistance	1,837	-	-	1,837
Firearms Training	10,729	5,330	4,514	11,545
General Drain Improvement	78,192	151,345	168,038	61,499
Health	73,457	269,902	278,298	65,061
Levy Excess	5,218	-	-	5,218
Local Health Maintenance	38,242	25,411	44,305	19,348
Local Road and Street	464,048	236,805	171,409	529,444
LOIT Public Safety - County Share	135,210	428,461	397,577	166,094
Medical Care for Inmates	8,943	5,345	-	14,288
Motor Vehicle Highway	1,920,464	3,181,272	2,615,369	2,486,367
Plat Book	34,777	5,838	4,300	36,315
Rainy Day	1,980,374	-	9,991	1,970,383
Reassessment - 2015	52,054	13,941	56,760	9,235
Recorder's Records Perpetuation	186,895	47,134	78,480	155,549
Sex and Violent Offender Administration	200	1,865	2,065	-
Sheriff's Pension Trust	-	19,289	19,289	-
Supplemental Public Defender Services	34,718	3,650	-	38,368
Surplus Tax	8,967	10,995	10,177	9,785
Surveyor's Corner Perpetuation	15,202	10,635	2,965	22,872
Tax Sale Redemption	679	9,023	8,630	1,072
Tax Sale Surplus	67,397	36,180	30,901	72,676
Local Health Department Trust Account	47,021	8,808	26,428	29,401
Vehicle Inspection	2,940	1,170	-	4,110
County Elected Officials Training	7,314	2,606	1,597	8,323
Statewide 911	318,693	308,640	264,914	362,419
LOIT Special Distribution	700,120	-	-	700,120
Adult Probation Administrative	170	-	-	170
Juvenile Probation Administrative	10,106	-	-	10,106
(Deferral) County User Fee	45,709	12,428	1,487	56,650
Drain Maintenance	417,675	566,359	464,473	519,561
Drug Buy Money	5,200	-	2,200	3,000
Court Interpreters	3,945	-	908	3,037
TIF Debt Service	-	703,116	703,116	-
TIF Capital Projects	-	249,000	-	249,000
Payroll Clearing	31,434	7,196,123	7,205,974	21,583
Settlement	-	15,870,306	15,870,306	-
LOIT Stabilization	1,622,602	298,438	-	1,921,040
Wheel Tax	-	137,926	137,926	-
Sur Tax	-	297,275	297,275	-
CVET Agency	-	83,978	83,978	-

JAY 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
Sewage Collections	-	19,960	19,960	-
Financial Institution Tax	-	105,660	105,660	-
CEDIT Homestead Credit	595	-	595	-
LOIT Residential PTRC	46,194	-	46,194	-
State Fines and Forfeitures	3,078	23,426	21,683	4,821
Infraction Judgements	1,971	23,191	24,159	1,003
Overweight Vehicle Fines	330	2,380	2,630	80
Special Death Benefit	165	2,945	2,890	220
Sales Disclosure - State Share	235	2,650	2,630	255
Coroners Training & Con't Education	158	1,752	1,766	144
Interstate Compact - State Share	-	450	250	200
Mortgage Recording Fees - State Share	148	1,790	1,765	173
Child Restraint Violation Fines	25	175	200	-
Education Plate Fees Agency	-	169	169	-
Riverboat Revenue Sharing	-	125,901	125,901	-
LIT Certified Shares	-	3,619,324	3,619,324	-
LIT Public Safety	-	700,731	700,731	-
LIT Economic Development	-	886,065	886,065	-
93.563 Title IV-D Incentive	69,913	11,072	-	80,985
93.563 Prosecutor IV-D Incentive-Post Oct '99	126,118	17,086	5,680	137,524
93.563 Clerk IV-D Incentive-Post Oct '99	107,567	11,073	295	118,345
Adult Probation Fees	115,944	76,892	106,863	85,973
County User Fee	8,290	1,178	1,203	8,265
Jury Fees	4,882	2,989	5,596	2,275
Comm Corr 08-09	43,924	71,210	107,213	7,921
Comm Corr 09-10	-	118,687	86,216	32,471
Juvenile Comm Corr Grant 16-17	(4,645)	9,817	5,172	-
Jay Co Lease Payments	400,387	801,937	771,000	431,324
Drug Free (Sheriff)	3,053	-	-	3,053
Rural Transportation Grant	4	778,515	778,515	4
County Corrections	25,314	15,290	14,072	26,532
Jay-Portland Building & Planning Dept	3,168	240,002	219,735	23,435
Highway Department Donations	11,223	-	-	11,223
Salamonia River Cleanup	-	30,472	44,023	(13,551)
14.228 CDBG	27,930	-	27,930	-
Backhoe & Dozer Repair	114,670	82,484	169,990	27,164
Infrastructure	466,388	393,563	587,262	272,689
Retirement Center Donations	5,036	507	500	5,043
Tile Inventory	2	47,920	47,922	-
Jay Co Redevelopment Dis Cap Fund	77,402	604	11,562	66,444
County Forfeiture Fund	720	-	-	720
5% Host Fee Infrastructure	218,210	18,671	-	236,881
Court ASAA&E Fund	17,770	35,138	32,010	20,898
Commissioners Certificate Sale	-	346	41	305
Sheriff's Department Donations	3,850	2,033	-	5,883
Redacting Fund	20,499	2,523	22,692	330
Eradication	829	-	-	829
Bond General Acct Fund	267,859	-	-	267,859
Bond Reserve Fund	125,575	-	-	125,575
Health Insurance	120,792	26	42,624	78,194
Loit Operating Levy Freeze	-	1,401,029	1,401,029	-
IPAC Drug Prosecution Funds	-	1,850	1,850	-
16.575 Victim Assistant Fund	(296)	-	-	(296)
93.069 Bioterrorism Fund (HD)	10,998	15,949	14,925	12,022
Jury Pay Fund	98	-	-	98
Pre Trial Diversion	12,266	1,368	2,500	11,134
Law Enforcement Continuing Fund	9,015	2,168	-	11,183
Congressional Principal	22,822	-	-	22,822
Totals	<u>\$ 16,980,775</u>	<u>\$ 55,376,484</u>	<u>\$ 53,002,788</u>	<u>\$ 19,354,471</u>

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

JAY COUNTY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

JAY 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.

JAY 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, 2017 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.

JAY 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

JAY 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 until the following year.

JAY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Holding Corporation

The County has entered into a capital lease with the Jay County Jail Building Corporation. 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 \$771,000.

(This page intentionally left blank.)

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.

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

	After Settlement Collections	Inmate Trust Act#2201	Jail Commissary	Clerk Trust	County Home Residence Trust	General	Accident Report
Cash and investments - beginning	\$ 485,010	\$ 12,235	\$ 19,126	\$ 163,967	\$ 14,121	\$ 902,591	\$ 9,953
Receipts:							
Taxes	-	-	-	-	-	5,914,297	-
Licenses and permits	-	-	-	-	-	1,217	-
Intergovernmental receipts	-	-	-	-	-	797,304	-
Charges for services	-	-	-	-	-	862,631	3,681
Fines and forfeits	-	-	-	-	-	66,679	-
Other receipts	738,645	188,671	121,475	1,213,813	190,673	503,823	-
Total receipts	738,645	188,671	121,475	1,213,813	190,673	8,145,951	3,681
Disbursements:							
Personal services	-	-	-	-	-	5,080,798	-
Supplies	-	-	-	-	-	481,968	-
Other services and charges	-	-	-	-	-	1,455,389	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	3,878	-
Other disbursements	485,010	179,268	130,124	1,220,775	174,522	42,536	-
Total disbursements	485,010	179,268	130,124	1,220,775	174,522	7,064,569	-
Excess (deficiency) of receipts over disbursements	253,635	9,403	(8,649)	(6,962)	16,151	1,081,382	3,681
Cash and investments - ending	\$ 738,645	\$ 21,638	\$ 10,477	\$ 157,005	\$ 30,272	\$ 1,983,973	\$ 13,634

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

	CAGIT County Certified Shares	Campaign Finance Enforcement - County	CEDIT County Share	LIT - Property Tax Relief	City and Town Court Costs	Clerk's Records Perpetuation	Community Corrections
Cash and investments - beginning	\$ 293,830	\$ 350	\$ 1,024,179	\$ -	\$ 90,209	\$ 54,962	\$ 172,293
Receipts:							
Taxes	-	-	550,354	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	2,105,712	-	-	-
Charges for services	-	-	-	-	-	8,590	122,059
Fines and forfeits	-	150	-	-	2,863	5,257	-
Other receipts	-	-	4,001	46,789	-	-	200
Total receipts	-	150	554,355	2,152,501	2,863	13,847	122,259
Disbursements:							
Personal services	-	-	-	-	-	-	28,472
Supplies	-	-	-	-	-	-	478
Other services and charges	-	-	405,700	-	-	-	37,884
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	988
Other disbursements	293,830	-	14,896	2,060,528	-	-	1,449
Total disbursements	293,830	-	420,596	2,060,528	-	-	69,271
Excess (deficiency) of receipts over disbursements	(293,830)	150	133,759	91,973	2,863	13,847	52,988
Cash and investments - ending	\$ -	\$ 500	\$ 1,157,938	\$ 91,973	\$ 93,072	\$ 68,809	\$ 225,281

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

	Community Transition Program	Congressional School Interest	Convention Visitor and Tourism Promotion	Sales Disclosure - County Share	Cumulative Bridge	Cumulative Capital Development	Drug Free Community
Cash and investments - beginning	\$ 100,051	\$ 4,863	\$ 111,031	\$ 14,280	\$ 1,778,086	\$ 585,263	\$ 22,343
Receipts:							
Taxes	-	-	117,618	-	279,224	309,939	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	147,108	19,859	-
Charges for services	23,950	-	-	2,650	-	-	-
Fines and forfeits	-	-	-	-	-	-	20,831
Other receipts	-	177	-	-	-	-	-
Total receipts	23,950	177	117,618	2,650	426,332	329,798	20,831
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	19,035	-	-
Other services and charges	-	-	111,031	148	5,343	8,405	22,300
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	267,926	161,813	-
Other disbursements	48,313	913	-	-	-	-	-
Total disbursements	48,313	913	111,031	148	292,304	170,218	22,300
Excess (deficiency) of receipts over disbursements	(24,363)	(736)	6,587	2,502	134,028	159,580	(1,469)
Cash and investments - ending	\$ 75,688	\$ 4,127	\$ 117,618	\$ 16,782	\$ 1,912,114	\$ 744,843	\$ 20,874

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

	Electronic Map Generation	Emergency Medical Services	Emergency Planning/Right to Know	Extradition and Sheriff's Assistance	Firearms Training	General Drain Improvement	Health
Cash and investments - beginning	\$ 5,391	\$ 287,386	\$ 8,247	\$ 1,837	\$ 10,729	\$ 78,192	\$ 73,457
Receipts:							
Taxes	-	442,105	-	-	-	-	171,257
Licenses and permits	-	-	-	-	5,330	-	-
Intergovernmental receipts	-	28,327	-	-	-	-	10,973
Charges for services	43	624,676	-	-	-	-	27,133
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	49	3,482	-	-	-	151,345	60,539
Total receipts	92	1,098,590	-	-	5,330	151,345	269,902
Disbursements:							
Personal services	-	999,072	-	-	-	54,941	199,461
Supplies	-	105,515	920	-	-	98,515	2,256
Other services and charges	-	117,810	1,109	-	-	14,030	76,581
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	4,514	-	-
Other disbursements	-	-	-	-	-	552	-
Total disbursements	-	1,222,397	2,029	-	4,514	168,038	278,298
Excess (deficiency) of receipts over disbursements	92	(123,807)	(2,029)	-	816	(16,693)	(8,396)
Cash and investments - ending	\$ 5,483	\$ 163,579	\$ 6,218	\$ 1,837	\$ 11,545	\$ 61,499	\$ 65,061

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

	Levy Excess	Local Health Maintenance	Local Road and Street	LOIT Public Safety - County Share	Medical Care for Inmates	Motor Vehicle Highway	Plat Book
Cash and investments - beginning	\$ 5,218	\$ 38,242	\$ 464,048	\$ 135,210	\$ 8,943	\$ 1,920,464	\$ 34,777
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	16,570	236,805	419,746	-	3,081,159	-
Charges for services	-	8,798	-	-	-	72,025	5,838
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	43	-	8,715	5,345	28,088	-
Total receipts	-	25,411	236,805	428,461	5,345	3,181,272	5,838
Disbursements:							
Personal services	-	44,305	-	305,537	-	1,044,421	4,300
Supplies	-	-	-	-	-	1,157,018	-
Other services and charges	-	-	-	-	-	242,208	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	171,409	92,040	-	171,722	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	44,305	171,409	397,577	-	2,615,369	4,300
Excess (deficiency) of receipts over disbursements	-	(18,894)	65,396	30,884	5,345	565,903	1,538
Cash and investments - ending	\$ 5,218	\$ 19,348	\$ 529,444	\$ 166,094	\$ 14,288	\$ 2,486,367	\$ 36,315

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

	Rainy Day	Reassessment - 2015	Recorder's Records Perpetuation	Sex and Violent Offender Administration	Sheriff's Pension Trust	Supplemental Public Defender Services	Surplus Tax
Cash and investments - beginning	\$ 1,980,374	\$ 52,054	\$ 186,895	\$ 200	\$ -	\$ 34,718	\$ 8,967
Receipts:							
Taxes	-	13,030	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	835	-	-	-	-	-
Charges for services	-	-	46,608	-	-	-	-
Fines and forfeits	-	-	-	-	-	3,650	-
Other receipts	-	76	526	1,865	19,289	-	10,995
Total receipts	-	13,941	47,134	1,865	19,289	3,650	10,995
Disbursements:							
Personal services	-	5,913	6	-	-	-	-
Supplies	-	859	-	-	-	-	-
Other services and charges	-	49,503	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	485	-	-	-	-	-
Other disbursements	9,991	-	78,474	2,065	19,289	-	10,177
Total disbursements	9,991	56,760	78,480	2,065	19,289	-	10,177
Excess (deficiency) of receipts over disbursements	(9,991)	(42,819)	(31,346)	(200)	-	3,650	818
Cash and investments - ending	\$ 1,970,383	\$ 9,235	\$ 155,549	\$ -	\$ -	\$ 38,368	\$ 9,785

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

	Surveyor's Corner Perpetuation	Tax Sale Redemption	Tax Sale Surplus	Local Health Department Trust Account	Vehicle Inspection	County Elected Officials Training	Statewide 911
Cash and investments - beginning	\$ 15,202	\$ 679	\$ 67,397	\$ 47,021	\$ 2,940	\$ 7,314	\$ 318,693
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	8,409	-	83	-
Charges for services	10,635	-	-	399	1,170	2,523	308,640
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	9,023	36,180	-	-	-	-
Total receipts	10,635	9,023	36,180	8,808	1,170	2,606	308,640
Disbursements:							
Personal services	-	-	-	1,493	-	-	188,535
Supplies	-	-	-	4,166	-	-	-
Other services and charges	2,965	-	-	1,955	-	1,597	61,379
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	18,814	-	-	15,000
Other disbursements	-	8,630	30,901	-	-	-	-
Total disbursements	2,965	8,630	30,901	26,428	-	1,597	264,914
Excess (deficiency) of receipts over disbursements	7,670	393	5,279	(17,620)	1,170	1,009	43,726
Cash and investments - ending	\$ 22,872	\$ 1,072	\$ 72,676	\$ 29,401	\$ 4,110	\$ 8,323	\$ 362,419

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

	LOIT Special Distribution	Adult Probation Administrative	Juvenile Probation Administrative	(Deferral) County User Fee	Drain Maintenance	Drug Buy Money	Court Interpreters
Cash and investments - beginning	\$ 700,120	\$ 170	\$ 10,106	\$ 45,709	\$ 417,675	\$ 5,200	\$ 3,945
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	12,428	566,359	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	12,428	566,359	-	-
Disbursements:							
Personal services	-	-	-	-	95,505	-	-
Supplies	-	-	-	-	151,411	2,200	-
Other services and charges	-	-	-	1,487	56,414	-	908
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	161,143	-	-
Total disbursements	-	-	-	1,487	464,473	2,200	908
Excess (deficiency) of receipts over disbursements	-	-	-	10,941	101,886	(2,200)	(908)
Cash and investments - ending	\$ 700,120	\$ 170	\$ 10,106	\$ 56,650	\$ 519,561	\$ 3,000	\$ 3,037

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

	TIF Debt Service	TIF Capital Projects	Payroll Clearing	Settlement	LOIT Stabilization	Wheel Tax	Sur Tax
Cash and investments - beginning	\$ -	\$ -	\$ 31,434	\$ -	\$ 1,622,602	\$ -	\$ -
Receipts:							
Taxes	703,116	-	-	15,870,306	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	249,000	7,196,123	-	298,438	137,926	297,275
Total receipts	<u>703,116</u>	<u>249,000</u>	<u>7,196,123</u>	<u>15,870,306</u>	<u>298,438</u>	<u>137,926</u>	<u>297,275</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	703,116	-	7,205,974	15,870,306	-	137,926	297,275
Total disbursements	<u>703,116</u>	<u>-</u>	<u>7,205,974</u>	<u>15,870,306</u>	<u>-</u>	<u>137,926</u>	<u>297,275</u>
Excess (deficiency) of receipts over disbursements	-	249,000	(9,851)	-	298,438	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ 249,000</u>	<u>\$ 21,583</u>	<u>\$ -</u>	<u>\$ 1,921,040</u>	<u>\$ -</u>	<u>\$ -</u>

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

	CVET Agency	Sewage Collections	Financial Institution Tax	CEDIT Homestead Credit	LOIT Residential PTRC	State Fines and Forfeitures	Infraction Judgements
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 595	\$ 46,194	\$ 3,078	\$ 1,971
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	83,978	19,960	105,660	-	-	23,426	23,191
Total receipts	83,978	19,960	105,660	-	-	23,426	23,191
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	83,978	19,960	105,660	595	46,194	21,683	24,159
Total disbursements	83,978	19,960	105,660	595	46,194	21,683	24,159
Excess (deficiency) of receipts over disbursements	-	-	-	(595)	(46,194)	1,743	(968)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,821	\$ 1,003

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

	Overweight Vehicle Fines	Special Death Benefit	Sales Disclosure - State Share	Coroners Training & Con't Education	Interstate Compact - State Share	Mortgage Recording Fees - State Share	Child Restraint Violation Fines
Cash and investments - beginning	\$ 330	\$ 165	\$ 235	\$ 158	\$ -	\$ 148	\$ 25
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	2,380	2,945	2,650	1,752	450	1,790	175
Total receipts	2,380	2,945	2,650	1,752	450	1,790	175
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	2,630	2,890	2,630	1,766	250	1,765	200
Total disbursements	2,630	2,890	2,630	1,766	250	1,765	200
Excess (deficiency) of receipts over disbursements	(250)	55	20	(14)	200	25	(25)
Cash and investments - ending	\$ 80	\$ 220	\$ 255	\$ 144	\$ 200	\$ 173	\$ -

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

	Education Plate Fees Agency	Riverboat Revenue Sharing	LIT Certified Shares	LIT Public Safety	LIT Economic Development	93.563 Title IV-D Incentive	93.563 Prosecutor IV-D Incentive- Post Oct '99
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,913	\$ 126,118
Receipts:							
Taxes	-	-	-	-	-	-	16,659
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	11,072	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	169	125,901	3,619,324	700,731	886,065	-	427
Total receipts	169	125,901	3,619,324	700,731	886,065	11,072	17,086
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	169	125,901	3,619,324	700,731	886,065	-	5,680
Total disbursements	169	125,901	3,619,324	700,731	886,065	-	5,680
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	11,072	11,406
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,985	\$ 137,524

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

	93.563 Clerk IV-D Incentive- Post Oct '99	Adult Probation Fees	County User Fee	Jury Fees	Comm Corr 08-09	Comm Corr 09-10	Juvenile Comm Corr Grant 16-17
Cash and investments - beginning	\$ 107,567	\$ 115,944	\$ 8,290	\$ 4,882	\$ 43,924	\$ -	\$ (4,645)
Receipts:							
Taxes	11,073	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	71,210	118,687	9,815
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	76,892	1,178	2,866	-	-	-
Other receipts	-	-	-	123	-	-	2
Total receipts	11,073	76,892	1,178	2,989	71,210	118,687	9,817
Disbursements:							
Personal services	-	98,437	-	-	95,165	80,366	4,610
Supplies	-	2,594	-	-	7,948	1,542	562
Other services and charges	-	3,998	-	-	4,100	4,308	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	1,834	-	-	-	-	-
Other disbursements	295	-	1,203	5,596	-	-	-
Total disbursements	295	106,863	1,203	5,596	107,213	86,216	5,172
Excess (deficiency) of receipts over disbursements	10,778	(29,971)	(25)	(2,607)	(36,003)	32,471	4,645
Cash and investments - ending	\$ 118,345	\$ 85,973	\$ 8,265	\$ 2,275	\$ 7,921	\$ 32,471	\$ -

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

	Jay Co Lease Payments	Drug Free (Sheriff)	Rural Transportation Grant	County Corrections	Jay-Portland Building & Planning Dept	Highway Department Donations	Salamonia River Cleanup
Cash and investments - beginning	\$ 400,387	\$ 3,053	\$ 4	\$ 25,314	\$ 3,168	\$ 11,223	\$ -
Receipts:							
Taxes	796,526	-	-	-	-	-	-
Licenses and permits	-	-	-	-	174,137	-	-
Intergovernmental receipts	5,411	-	778,515	-	-	-	30,472
Charges for services	-	-	-	15,177	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	113	65,865	-	-
Total receipts	801,937	-	778,515	15,290	240,002	-	30,472
Disbursements:							
Personal services	-	-	-	-	112,252	-	-
Supplies	-	-	-	11,917	4,938	-	-
Other services and charges	-	-	-	2,155	15,467	-	44,023
Debt service - principal and interest	771,000	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	778,515	-	87,078	-	-
Total disbursements	771,000	-	778,515	14,072	219,735	-	44,023
Excess (deficiency) of receipts over disbursements	30,937	-	-	1,218	20,267	-	(13,551)
Cash and investments - ending	\$ 431,324	\$ 3,053	\$ 4	\$ 26,532	\$ 23,435	\$ 11,223	\$ (13,551)

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

	14.228 CDBG	Backhoe & Dozer Repair	Infrastructure	Retirement Center Donations	Tile Inventory	Jay Co Redevelopment Dis Cap Fund	County Forfeiture Fund
Cash and investments - beginning	\$ 27,930	\$ 114,670	\$ 466,388	\$ 5,036	\$ 2	\$ 77,402	\$ 720
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	35,000	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	354,748	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	82,484	3,815	507	47,920	604	-
Total receipts	-	82,484	393,563	507	47,920	604	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	16,835	59,922	-	47,922	-	-
Other services and charges	-	28,593	146,557	-	-	-	-
Debt service - principal and interest	-	-	53,383	-	-	-	-
Capital outlay	-	124,562	307,400	500	-	-	-
Other disbursements	27,930	-	20,000	-	-	11,562	-
Total disbursements	27,930	169,990	587,262	500	47,922	11,562	-
Excess (deficiency) of receipts over disbursements	(27,930)	(87,506)	(193,699)	7	(2)	(10,958)	-
Cash and investments - ending	\$ -	\$ 27,164	\$ 272,689	\$ 5,043	\$ -	\$ 66,444	\$ 720

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

	5% Host Fee Infrastructure	Court ASAA&E Fund	Commissioners Certificate Sale	Sheriff's Department Donations	Redacting Fund	Eradication
Cash and investments - beginning	\$ 218,210	\$ 17,770	\$ -	\$ 3,850	\$ 20,499	\$ 829
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	18,671	-	-	-	2,523	-
Fines and forfeits	-	35,138	-	-	-	-
Other receipts	-	-	346	2,033	-	-
Total receipts	18,671	35,138	346	2,033	2,523	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	31,610	-	-	875	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	21,817	-
Other disbursements	-	400	41	-	-	-
Total disbursements	-	32,010	41	-	22,692	-
Excess (deficiency) of receipts over disbursements	18,671	3,128	305	2,033	(20,169)	-
Cash and investments - ending	\$ 236,881	\$ 20,898	\$ 305	\$ 5,883	\$ 330	\$ 829

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

	Bond General Acct Fund	Bond Reserve Fund	Health Insurance	Loit Operating Levy Freeze	IPAC Drug Prosecution Funds	16.575 Victim Assistant Fund
Cash and investments - beginning	\$ 267,859	\$ 125,575	\$ 120,792	\$ -	\$ -	\$ (296)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	1,850	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	26	1,401,029	-	-
Total receipts	-	-	26	1,401,029	1,850	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	42,624	1,401,029	1,850	-
Total disbursements	-	-	42,624	1,401,029	1,850	-
Excess (deficiency) of receipts over disbursements	-	-	(42,598)	-	-	-
Cash and investments - ending	\$ 267,859	\$ 125,575	\$ 78,194	\$ -	\$ -	\$ (296)

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

	93.069 Bioterrorism Fund (HD)	Jury Pay Fund	Pre Trial Diversion	Law Enforcement Continuing Fund	Congressional Principal	Totals
Cash and investments - beginning	\$ 10,998	\$ 98	\$ 12,266	\$ 9,015	\$ 22,822	\$ 16,980,775
Receipts:						
Taxes	-	-	-	-	-	25,195,504
Licenses and permits	-	-	-	-	-	215,684
Intergovernmental receipts	-	-	-	-	-	7,899,922
Charges for services	15,949	-	-	2,168	-	3,120,072
Fines and forfeits	-	-	1,368	-	-	216,872
Other receipts	-	-	-	-	-	18,728,430
Total receipts	15,949	-	1,368	2,168	-	55,376,484
Disbursements:						
Personal services	-	-	-	-	-	8,443,589
Supplies	1,495	-	-	-	-	2,180,016
Other services and charges	9,221	-	-	-	-	2,965,053
Debt service - principal and interest	-	-	-	-	-	824,383
Capital outlay	4,209	-	-	-	-	1,368,911
Other disbursements	-	-	2,500	-	-	37,220,836
Total disbursements	14,925	-	2,500	-	-	53,002,788
Excess (deficiency) of receipts over disbursements	1,024	-	(1,132)	2,168	-	2,373,696
Cash and investments - ending	\$ 12,022	\$ 98	\$ 11,134	\$ 11,183	\$ 22,822	\$ 19,354,471

JAY COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Jay County Jail Building Corporation	jail lease	\$ 751,500	07/15/17	01/15/29
Total of annual lease payments		<u>\$ 751,500</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities: General obligation bonds	PREMIER TIF	\$ 625,000	\$ 117,900
Notes and loans payable	E911 Dispatching Equipment	<u>210,000</u>	<u>55,621</u>
Total governmental activities		<u>835,000</u>	<u>173,521</u>
Totals		<u>\$ 835,000</u>	<u>\$ 173,521</u>

JAY 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	\$ 848,002
Buildings	13,978,513
Improvements other than buildings	20,463,187
Machinery, equipment, and vehicles	<u>9,602,893</u>
Total governmental activities	<u>44,892,595</u>
Total capital assets	<u>\$ 44,892,595</u>

(This page intentionally left blank.)

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

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

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

TO: THE OFFICIALS OF JAY COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited Jay 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 its major federal program for the year ended December 31, 2017. The County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with 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 the County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 the major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on the Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

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

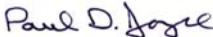
Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with 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.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

August 3, 2018

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

JAY 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
Department of Housing and Urban Development					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii CDBG Jay Senior Ctr	Office of Community & Rural Affairs	14.228	B15DC180001PF-15-101	\$ 27,930	\$ 27,930
Total - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				27,930	27,930
Total - Department of Housing and Urban Development				27,930	27,930
Department of Transportation					
Highway Planning and Construction Cluster					
Highway Planning & Construction	Indiana Department of Transportation	20.205	12-0500719	-	6,370
Cumulative Bridge- Bridge Inspection			Designation: 1382082	-	6,160
Cumulative Bridge-Bridge Inspection			Designation: 1383447	-	116,688
Cumulative Bridge- Safety Sign Inventory					
Total - Highway Planning & Construction				-	129,218
Total - Highway Planning and Construction Cluster				-	129,218
Formula Grants for Rural Areas	Indiana Department of Transportation	20.509	16813237	151,728	151,728
Rural Transportation Grant			17811503	380,247	380,247
Rural Transportation Grant					
Total - Formula Grants for Rural Areas				531,975	531,975
Total - Department of Transportation				531,975	661,193
Environmental Protection Agency					
Nonpoint Source Implementation Grants	Indiana Department of Environmental Management	66.460	A305-18273	-	30,472
Upper Salamonia Grant					
Total - Environmental Protection Agency				-	30,472
Department of Health and Human Services					
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	Indiana State Department of Health	93.074	16564114	-	6,427
Public Health Preparedness Grant			18500042	-	9,522
Public Health Preparedness Grant					
Total - Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements				-	15,949
Child Support Enforcement	Indiana Department of Child Services	93.563	1604INCENT	-	-
Title IV-D Incentive (County)			1604INCENT	-	295
Title IV-D (8899) Clerk Incentive			1604INCENT	-	5,680
Title IV-D Prosecutor Incentive (8897)			1704INCSES	-	29,193
Title IV-D (1000) Co. General Reimb.			1704INCSES	-	34,661
Title IV-D (1000-001) Clerk Reimb.			1704INCSES	-	83
Title IV-D (1217)			1704INCSES	-	66,897
Title IV-D (1000-009) Prosecutor Reimb.					
Total - Child Support Enforcement				-	136,809
Total - Department of Health and Human Services				-	152,758
Department of Homeland Security					
Emergency Management Performance Grants EMPG Performance Grant	Indiana Department of Homeland Security	97.042	EMW-2016-EP-00006	-	30,560
Total - Department of Homeland Security				-	30,560
Total federal awards expended				\$ 559,905	\$ 902,913

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

JAY 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.

JAY 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; Qualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	yes
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
20.509	Formula Grants for Rural Areas	Unmodified

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: Internal Controls over Financial Transactions and Reporting - County Sheriff
Audit Findings: Significant Deficiency, Noncompliance

Repeat

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-001.

Condition

The County Sheriff's Department did not have a proper system of internal control in place over financial transactions and reporting of the Inmate Trust account to prevent, or detect and correct, errors.

JAY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The County Sheriff's Department had not separated incompatible activities related to financial transactions of the Inmate Trust account. One employee was responsible for reconciling daily cash collections, preparing and making the bank deposits, recording receipts and disbursements in the financial records, and performing the reconciliation of the depository account balance with the record balance. There were no controls in place such as an oversight, review, or approval process of the financial records or bank reconciliations.

Context

The lack of controls was a systemic problem throughout the audit period.

Due to the lack of controls, the following issues were noted during the audit period:

- On several occasions during 2017, receipts exceeding \$500 were received and deposited later than the next business day. Some receipts were not deposited as much as 25 days after receipt.
- In addition to the late depositing of receipts already noted, there were nine receipts received during 2016 and 2017 totaling \$9,155 that still had not been deposited as of April 30, 2018.
- The Jay County Sheriff's Department did not reconcile the balance of the Inmate Trust account with the balance on the bank statements provided by its financial institution, on a monthly basis.
- During the audit period, the Jail Matron did not generate a detailed report of the inmate trust receipts, disbursements, and balances from its software system to reconcile to the fund ledger, as required.

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. . . ."

JAY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8.7."

Indiana Code 5-13-6-1 states in part:

". . . (c) . . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . .

(e) All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories. . . .

(g) The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500): . . .

(2) A local officer of a political subdivision required to deposit funds under subsection (c) other than a township trustee.

(3) A city or a town required to deposit funds under subsection (d). . . ."

Indiana Code 36-8-10-22 states:

"(a) This section applies to any county that operates a county jail.

(b) The sheriff shall hold in trust separately for each inmate any money received from that inmate or from another person on behalf of that inmate.

(c) If the inmate or the inmate's legal guardian requests a disbursement from the inmate's trust fund, the sheriff may make a disbursement for the personal benefit of the inmate, including but not limited to a disbursement to the county jail commissary.

(d) Upon discharge or release of an inmate from the county jail, the sheriff shall pay to that inmate or the inmate's legal guardian any balance remaining in his inmate's trust fund.

(e) If an inmate is found guilty of intentionally destroying or losing county property after a hearing conducted under IC 11-11-5-5, the sheriff may disburse from the inmate's trust fund or commissary account sums of money as reimbursement to the county for the inmate's intentional destruction or loss of county property, including but not limited to clothing, bedding, and other nondisposable items issued by the county to the inmate. Before disbursing money under this subsection, the sheriff shall adopt rules to administer this procedure.

(f) The sheriff shall maintain a record of each trust fund's receipts and disbursements. The state board of accounts shall prescribe the form for this record."

JAY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Cause

Management of the County had not established a proper system of internal control over financial transactions and reporting of the Sheriff's Inmate Trust account.

Effect

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

Recommendation

We recommended that the County's management establish controls, including segregation of duties, over financial transactions and reporting of the Sheriff's Inmate Trust accounts.

Views of Responsible Officials

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

FINDING 2017-002

Subject: Internal Controls over Financial Transactions and Reporting - County Home
Audit Findings: Material Weakness, Noncompliance

Repeat

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-002.

Condition

The County Home did not have a proper system of internal control in place over financial transactions and reporting to prevent, or detect and correct, errors.

The County Home's office had not separated incompatible activities related to the financial transactions of the County Home. One employee was responsible for receiving monies, reconciling daily cash collections, recording receipt and disbursement transactions, preparing and making the bank deposits and reconciling bank accounts to the records. One individual was also responsible for withdrawing and maintaining the residents' personal spending money each month. There were no controls in place such as an oversight, review, or approval process of the financial transactions or bank reconcilements.

Context

The lack of controls was a systemic problem throughout the audit period.

JAY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Due to the lack of controls, the following issues were identified during the audit period:

- The County Home did not adequately maintain a County Home Resident's Maintenance Ledger. The County Home had been using a standard columnar pad to create a hand-written ledger in place of the prescribed form (County Form 77B).
- Receipts were not properly issued for all monies received. Multiple receipts were pre-written for resident rent payments not yet received by the County Home, resulting in numerous voided receipts. Receipts were not issued on many occasions for money received from the sale of grain and cattle, rent of farm ground, and donations.
- Errors were found on the Combined Report by the Superintendent of the County Home to the Board of Commissioners (Form 77), a detail of receipts from the residents as well as a reporting of resident charges for the month. These reports contained several errors including incorrect billing charges, no record of resident absence days, no admittance or departure date for partial month residents, and calculation errors, which caused incorrect amounts to be remitted to the County.
- The County Home sold cattle throughout the audit period, and for the period of December 2015 through February 2017 did not remit money received for cattle sales to the County. Money received from the sale of cattle was retained in the County Home bank account and later used to purchase additional cattle. Additionally, farm ground rent and proceeds from the sale of corn were retained in this account. In February of 2017, the remaining cattle, rent, and corn money was remitted to the County.
- The County Home Director opened a donation bank account in September 2015, without the knowledge or approval of the County Auditor. Funds were kept in this bank account and not remitted to the County as required. Some donations were kept on hand as a petty cash fund and used to pay for various items and services for individual residents. Examples of items purchased for residents with these funds were; dentures, eyeglasses, and various clothing items. Additionally, amounts retained in this donation bank account were not reported to the County to be included in the County Annual Report.
- Supporting documentation was not submitted for audit for numerous transactions throughout the audit period. The County Home maintained the personal spending money for a resident, without retaining documentation for amounts spent on behalf of the resident. Monies spent on behalf of the resident included amounts paid to Walmart, Jay County Hospital, Bluffton Physicians, and various other medical facilities.
- A receipt was issued during 2017 by the County Home that indicated money was received that was not deposited, in the amount of \$1,903. Additionally, three receipts were issued in 2016 that still had not been deposited, totaling \$2,618. For a total of \$4,521 of undeposited receipts at December 31, 2017.
- Documentation to support the financial information provided to the County Auditor for submission in the County Annual Report was not provided for audit.
- The following records were not retained or made available for audit:
 - Documentation for payments made to various medical facilities and grocery stores on behalf of residents.

JAY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- Documentation on sources of donations to the County Home or restrictions on donations.
 - Documentation of admittance, discharge, and leave dates for residents.
 - Record of past due balances of residents.
 - General ledger.
- Bank reconciliations were not performed during the audit period for the County Home to reconcile the balance of public funds with the balance on the bank statements provided by its financial institution.

Criteria

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

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

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

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

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

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8.7."

Officials and employees are required to use prescribed and approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

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

JAY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Indiana Code 5-13-6-1 states in part:

". . . (c) . . . all local officers . . . who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance . . .

(e) All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories. . . .

(g) The following are not required to deposit funds on the business day following receipt if the funds on hand do not exceed five hundred dollars (\$500): . . .

(2) A local officer of a political subdivision required to deposit funds under subsection (c) other than a township trustee.

(3) A city or a town required to deposit funds under subsection (d). . . ."

Indiana Code 5-15-6-3 states:

"No financial records or records relating to financial records shall be destroyed until the earlier of the following actions:

(1) The audit of the records by the state board of accounts has been completed, report filed, and any exceptions set out in the report satisfied.

(2) The financial record or records have been copied or reproduced in accordance with a retention schedule or with the written consent of the administration."

Cause

Management of the County had not established a proper system of internal control over financial transactions and reporting for the County Home.

JAY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

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

Recommendation

We recommended that the County's management establish controls, including segregation of duties, over financial transactions and reporting of the County Home.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

(This page intentionally left blank.)

AUDITEE-PREPARED DOCUMENTS

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

Jay County Government
120 N Court St, Suite 202
Portland, IN 47371
(260) 726-7575

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-002

Fiscal year in which the finding initially occurred: 2016

Contact Person Responsible for Corrective Action: Amanda Cox, county home superintendent;
Jay County Commissioners

Contact Phone Number: 260-726-8702

Status of Audit Finding:

The new county home superintendent and the Jay County Commissioners have begun implementation of internal controls to detect and identify any financial issues in the future. The commissioners have allowed the purchase of new technology for the retirement center to allow better tracking of resident finances as well as county monies. It has also been made clear to the new superintendent; all county monies must go to the auditor's office at the appropriate time and no bank accounts may exist outside the ones allowed for the department and resident.

The plan for correcting these issues is already underway. It is hoped the new procedures are in place within 1 year of audit, if not by the end of 2018.

Amanda Cox

Signature

Auditor

Title

8-3-2018

Date



JAY COUNTY SHERIFF OFFICE
224 West Water Street
Portland, Indiana 47371
260-726-8188
Fax: 260-726-8103

CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Kristin Coleman
 Contact Phone Number: 260-726-8188

Description of Corrective Action Plan: The Matron will perform deposit twice a week, verified by computer-generated transaction report and post to account. Administrative Assistant will review transaction. The Matron will reconcile bank statement and Administrative Assistant will review and sign monthly.

Anticipated Completion Date: 08/01/18

Dwane Ford

 (Signature)

Sheriff

 (Title)

08/01/18

 (Date)



Jay County Auditor's Office
120 N Court St, Suite 202
Portland, IN 47371
(260) 726-7575

August 3, 2018

CORRECTIVE ACTION PLAN

Finding 2017-002

Contact Person Responsible for Corrective Action: Amanda Cox, County Home Superintendent; Jay County Commissioners
Contact Phone Number: 260-726-8702

Views of Responsible Official:

We concur with the report.

Description of Corrective Action Plan:

In regards to future handling of all monies, several steps have been discussed and many already implemented. First, the county home superintendent will be closing out the erroneously opened donations bank account after the commissioners accept all donations. The money will then be deposited into an already existing fund set-up many years ago for all retirement center donations. A budget will be created for appropriately spend any donation money given from this point forward.

Second, the commissioners have allowed the purchase of a new computer and copier to allow the new county home director to create several spreadsheets to track any and all monies that are under her supervision. The spreadsheets will account for all resident money as well as any money due the county. The new technology will also allow better communication with the commissioners, auditor's office, and various other essential offices/departments.

Third, from this point forward, the county home superintendent will not be destroying any records until the appropriate time. In conjunction with this, all necessary records will be filled out accurately and at the appropriate time, and will then be appropriately filed in order to be retained.

Fourth, from this point forward all money stemming from the sale/purchase of livestock will be accounted for in the correct manner. The commissioners voted to end the livestock program at the retirement center on July 23, 2018. However, if there is ever even one animal purchased for county home use, the proper steps will be followed by the county home superintendent.

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/>.