

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF
MARSHALL COUNTY, INDIANA
January 1, 2016 to December 31, 2016



FILED
10/11/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Julie A. Fox	01-01-15 to 12-31-18
County Treasurer	Penny A. Lukenbill Angela C. Birchmeier	01-01-15 to 12-31-16 01-01-17 to 12-31-20
Clerk of the Circuit Court	Deborah P. VanDeMark	01-01-15 to 12-31-18
County Sheriff	Matthew K. Hassel	01-01-15 to 12-31-18
County Recorder	Marlene K. Mahler	01-01-15 to 12-31-18
President of the Board of County Commissioners	Kevin G. Overmeyer	01-01-16 to 12-31-18
President of the County Council	Judith Stone	01-01-16 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF MARSHALL COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Marshall County (County), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the County for the year ended December 31, 2016.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the County for the year ended December 31, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 4, 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

September 4, 2018



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

TO: THE OFFICIALS OF MARSHALL 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 Marshall County (County), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement, and have issued our report thereon dated September 4, 2018, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001, 2016-002, 2016-003, and 2016-004, that we consider to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-002.

Marshall 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

September 4, 2018

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

MARSHALL COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
Sheriff's Inmate Trust Account	\$ 309	\$ 1,656,671	\$ 1,629,230	\$ 27,750
Petty Cash Funds	590	-	-	590
Treasurer's Cash Fund	500	-	-	500
Jail Commissary	129,684	91,593	64,739	156,538
Clerk's Trust Account - ISETS	2,437,958	6,223,578	7,195,963	1,465,573
General	6,839,381	9,187,645	8,780,144	7,246,882
Accident Report	3,516	6,313	3,646	6,183
CAGIT - Special Legislation	6,234,421	2,461,733	1,683,522	7,012,632
CAGIT County Certified Shares	1,326,296	3,430,185	3,301,418	1,455,063
Campaign Finance Enforcement - County	842	-	-	842
Child Advocacy	2,210	-	-	2,210
City and Town Court Costs	11,613	19,838	28,490	2,961
Clerk's Records Perpetuation	87,128	49,419	9,878	126,669
Community Corrections	200	341,275	204,400	137,075
Community Transition Program	-	32,650	105	32,545
Congressional School Interest	17,290	214	-	17,504
Congressional School Principal	21,223	-	-	21,223
Sales Disclosure - County Share	32,192	5,365	3,887	33,670
Cummulative Bridge	879,692	893,309	306,662	1,466,339
Cummulative Capital Development	946,630	464,066	618,303	792,393
Drug Free Community	59,525	72,086	55,750	75,861
Emergency Planning/Right to Know	23,426	6,290	3,677	26,039
Enhanced Access	399	292	-	691
Extradition and Sheriff's Assistance	161,839	12,402	3,949	170,292
Firearms Training	63,886	34,485	39,153	59,218
General Drain Improvement	387,200	140,858	130,998	397,060
Health	728,417	398,672	501,417	625,672
Identification Security Protection	33,488	3,471	-	36,959
Levy Excess	46,754	-	-	46,754
Local Health Maintenance	46,222	49,709	33,318	62,613
Local Road and Street	210,952	440,725	397,244	254,433
LOIT Public Safety - County Share	-	1,113,938	1,000,000	113,938
Misdemeanant	58,701	41,111	40,823	58,989
Motor Vehicle Highway	1,805,687	5,087,804	4,023,778	2,869,713
Plat Book	77,237	11,168	7,153	81,252
Rainy Day	3,319,144	32,521	326,945	3,024,720
Reassessment - 2015	715,407	328,113	350,462	693,058
Recorder's Records Perpetuation	36,798	115,159	56,998	94,959
Sex and Violent Offender Administration	18,507	3,408	4,813	17,102
Sheriff's Pension Trust	9,475	53,603	51,824	11,254
Supplemental Public Defender Services	106,113	27,056	-	133,169
Surplus Tax	55,144	92,400	21,741	125,803
Surveyor's Corner Perpetuation	10,993	9,705	2,224	18,474
Tax Sale Redemption	(168)	68,910	68,742	-
Tax Sale Surplus	211,353	761,439	441,385	531,407
Local Health Department Trust Account	88,480	37,641	7,965	118,156
Victim Impact Program	2,346	-	-	2,346
GAL/CASA	141,437	30,849	41,512	130,774
Auditors Ineligible Deductions	30,278	-	1,097	29,181
County Elected Officials Training	14,342	3,471	1,286	16,527
Statewide 911	271,292	588,995	593,129	267,158
LOIT 2016 Special Distribution	-	2,406,430	2,406,430	-
Adult Probation Administrative	1,402	41,081	41,080	1,403
Juvenile Probation Administrative	3,309	-	-	3,309
Supplemental Adult Probation Services	543,781	79,884	118,862	504,803
Supplemental Juvenile Probation Services	30,006	3,952	-	33,958
County User Fee	41,703	21,798	21,710	41,791
Drain Maintenance	1,502,100	437,438	427,869	1,511,669
Drug Task Force	18,436	150	7,935	10,651
DUI Task Force	781	8,524	9,473	(168)

MARSHALL COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
K-9	3,628	-	-	3,628
Payroll Clearing	139,133	4,286,873	4,284,469	141,537
Settlement	-	37,756,127	37,756,127	-
CVET Agency	-	306,068	306,068	-
Sewage Collections	2,277	43,677	45,954	-
Financial Institution Tax	-	198,049	198,049	-
Homestead Credit Rebate	22,680	230	-	22,910
LOIT PTRC	-	2,397,624	2,397,624	-
State Fines and Forfeitures	5,116	31,753	33,331	3,538
Infraction Judgements	9,432	128,027	129,687	7,772
Special Death Benefit	470	5,249	5,279	440
Sales Disclosure - State Share	540	5,365	5,345	560
Coroners Training & Con't Education	580	5,942	5,926	596
Interstate Compact - State Share	-	438	250	188
Mortgage Recording Fees - State Share	293	4,325	4,233	385
Sex and Violent Offender Admin - State	30	379	391	18
Child Restraint Violation Fines	200	1,550	1,625	125
Education Plate Fees Agency	112	750	694	168
Riverboat Revenue Sharing	-	278,716	278,716	-
Innkeepers Tax Collections	16,117	357,538	350,296	23,359
Judgements Due Law Enforcement	2,649	-	-	2,649
93.563 Prosecutor IV-D Incentive-Post Oct '99	62,349	37,190	72,873	26,666
93.563 Clerk IV-D Incentive-Prior To Oct '99	1,127	-	1,022	105
93.563 Clerk IV-D Incentive-Post Oct '99	162,727	24,721	31	187,417
Commissioners Certificate Sale	-	7,554	7,419	135
Old Surplus Dog Tax	26	-	26	-
After Settlement Collections - Treasurer	1,116,075	1,220,885	1,116,075	1,220,885
Prosecutor Pre-Trial Diversion	190,718	125,911	99,294	217,335
Sheriff Pre-Trial Diversion	4,055	-	-	4,055
Comm Corr Project Income	431,488	334,594	235,343	530,739
MC DTF#2	488	-	-	488
Victim Assistance Donations	1,195	-	-	1,195
Road Cut Bonds	17,700	4,000	3,000	18,700
Intrastate Compact Fees	3,528	313	-	3,841
EPICS Fund	79,490	14,400	-	93,890
Governors Drug Free Indiana	253	-	-	253
DARE	16,902	9,305	5,387	20,820
Crossroads Museum Project	980	16,940	-	17,920
Historical Society	9,314	39,000	29,630	18,684
Personal Property Tax Judgement	3,063	-	-	3,063
Sheriff Continuing Education	24,382	7,855	8,905	23,332
Prosecutor Continuing Education	476	-	-	476
Supplemental Technology	3,270	-	-	3,270
DEA Forfeiture Fund	64,049	620	4,756	59,913
Local Option Certified Shares	-	7,192,872	7,192,872	-
MVH Distribution Fund	-	3,028,171	3,028,171	-
10.557 WIC	(55,373)	202,001	204,542	(57,914)
16.575 Victim Assistance	5,163	-	-	5,163
20.509 Older Adult Service Grant	7,889	248,562	248,562	7,889
20.609 Operation Pull Over	163	7,500	7,500	163
97.042 EMA Grants	3,276	54,426	54,426	3,276
97.012 Lake Enforce DNR Grant	6,629	35,519	41,136	1,012
93.563 County IVD Incentive	300,282	24,721	4,900	320,103
Community Crossings Grant Fund	-	1,000,000	752,714	247,286
Totals	<u>\$ 32,512,808</u>	<u>\$ 96,875,132</u>	<u>\$ 93,993,777</u>	<u>\$ 35,394,163</u>

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

MARSHALL 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.

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,

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the County in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

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.

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

B. County Police Retirement Plan

Plan Description

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

Funding Policy

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

C. County Police Benefit Plan

Plan Description

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

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of expenditures from grant funds that had not been reimbursed as of December 31, 2016.

Note 8. Holding Corporation

The County has entered into a capital lease with Marshall County Holding Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related-party of the County. Lease payments during the year 2016 totaled \$1,128,000.

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Other Postemployment Benefits*

The County provides to eligible retirees and their spouses the following benefits: health, dental, and vision insurance. These benefits pose a liability to the County for this year and in future years. Information regarding the benefits can be obtained by contacting the County.

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OTHER INFORMATION - UNAUDITED

The County's Annual Financial Report information can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the County's Annual Financial Report referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the County. It is presented as intended by the County.

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Sheriff's Inmate Trust Account	Petty Cash Funds	Treasurer's Cash Fund	Jail Commissary	Clerk's Trust Account - ISETS
Cash and investments - beginning	\$ 309	\$ 590	\$ 500	\$ 129,684	\$ 2,437,958
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other receipts	1,656,671	-	-	91,593	6,223,578
Total receipts	<u>1,656,671</u>	<u>-</u>	<u>-</u>	<u>91,593</u>	<u>6,223,578</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	1,629,230	-	-	64,739	7,195,963
Total disbursements	<u>1,629,230</u>	<u>-</u>	<u>-</u>	<u>64,739</u>	<u>7,195,963</u>
Excess (deficiency) of receipts over disbursements	<u>27,441</u>	<u>-</u>	<u>-</u>	<u>26,854</u>	<u>(972,385)</u>
Cash and investments - ending	<u>\$ 27,750</u>	<u>\$ 590</u>	<u>\$ 500</u>	<u>\$ 156,538</u>	<u>\$ 1,465,573</u>

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	General	Accident Report	CAGIT - Special Legislation	CAGIT County Certified Shares	Campaign Finance Enforcement - County
Cash and investments - beginning	\$ 6,839,381	\$ 3,516	\$ 6,234,421	\$ 1,326,296	\$ 842
Receipts:					
Taxes	6,581,380	-	2,397,624	3,288,761	-
Licenses and permits	102,317	-	-	-	-
Intergovernmental receipts	1,313,021	-	-	-	-
Charges for services	352,922	-	-	16,947	-
Fines and forfeits	238,575	-	-	-	-
Other receipts	599,430	6,313	64,109	124,477	-
Total receipts	<u>9,187,645</u>	<u>6,313</u>	<u>2,461,733</u>	<u>3,430,185</u>	<u>-</u>
Disbursements:					
Personal services	5,380,403	-	491,175	2,598,229	-
Supplies	325,585	-	-	318,479	-
Other services and charges	2,731,250	-	53,417	271,333	-
Debt service - principal and interest	-	-	1,128,000	-	-
Capital outlay	117,821	-	10,930	113,377	-
Other disbursements	225,085	3,646	-	-	-
Total disbursements	<u>8,780,144</u>	<u>3,646</u>	<u>1,683,522</u>	<u>3,301,418</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>407,501</u>	<u>2,667</u>	<u>778,211</u>	<u>128,767</u>	<u>-</u>
Cash and investments - ending	<u>\$ 7,246,882</u>	<u>\$ 6,183</u>	<u>\$ 7,012,632</u>	<u>\$ 1,455,063</u>	<u>\$ 842</u>

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Child Advocacy	City and Town Court Costs	Clerk's Records Perpetuation	Community Corrections	Community Transition Program
Cash and investments - beginning	\$ 2,210	\$ 11,613	\$ 87,128	\$ 200	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	341,275	-
Charges for services	-	-	-	-	32,650
Fines and forfeits	-	19,838	49,419	-	-
Other receipts	-	-	-	-	-
Total receipts	-	19,838	49,419	341,275	32,650
Disbursements:					
Personal services	-	-	-	168,381	-
Supplies	-	-	768	1,994	-
Other services and charges	-	-	7,136	34,025	105
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	1,974	-	-
Other disbursements	-	28,490	-	-	-
Total disbursements	-	28,490	9,878	204,400	105
Excess (deficiency) of receipts over disbursements	-	(8,652)	39,541	136,875	32,545
Cash and investments - ending	\$ 2,210	\$ 2,961	\$ 126,669	\$ 137,075	\$ 32,545

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Congressional School Interest	Congressional School Principal	Sales Disclosure - County Share	Cummulative Bridge	Cummulative Capital Development
Cash and investments - beginning	\$ 17,290	\$ 21,223	\$ 32,192	\$ 879,692	\$ 946,630
Receipts:					
Taxes	-	-	-	651,499	420,242
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	54,384	35,080
Charges for services	-	-	5,365	175,795	-
Fines and forfeits	-	-	-	-	-
Other receipts	214	-	-	11,631	8,744
Total receipts	214	-	5,365	893,309	464,066
Disbursements:					
Personal services	-	-	-	109,921	-
Supplies	-	-	-	4,538	-
Other services and charges	-	-	2,584	114,016	417,727
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	1,303	78,187	200,576
Other disbursements	-	-	-	-	-
Total disbursements	-	-	3,887	306,662	618,303
Excess (deficiency) of receipts over disbursements	214	-	1,478	586,647	(154,237)
Cash and investments - ending	\$ 17,504	\$ 21,223	\$ 33,670	\$ 1,466,339	\$ 792,393

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Drug Free Community	Emergency Planning/ Right to Know	Enhanced Access	Extradition and Sheriff's Assistance	Firearms Training
Cash and investments - beginning	\$ 59,525	\$ 23,426	\$ 399	\$ 161,839	\$ 63,886
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	72,086	6,290	-	-	-
Charges for services	-	-	292	12,402	-
Fines and forfeits	-	-	-	-	-
Other receipts	-	-	-	-	34,485
Total receipts	72,086	6,290	292	12,402	34,485
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	55,750	2,601	-	3,949	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	1,076	-	-	-
Other disbursements	-	-	-	-	39,153
Total disbursements	55,750	3,677	-	3,949	39,153
Excess (deficiency) of receipts over disbursements	16,336	2,613	292	8,453	(4,668)
Cash and investments - ending	\$ 75,861	\$ 26,039	\$ 691	\$ 170,292	\$ 59,218

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	General Drain Improvement	Health	Identification Security Protection	Levy Excess	Local Health Maintenance
Cash and investments - beginning	\$ 387,200	\$ 728,417	\$ 33,488	\$ 46,754	\$ 46,222
Receipts:					
Taxes	56,646	295,910	-	-	-
Licenses and permits	-	34,090	-	-	-
Intergovernmental receipts	-	24,701	-	-	49,709
Charges for services	250	16,802	3,471	-	-
Fines and forfeits	-	-	-	-	-
Other receipts	83,962	27,169	-	-	-
Total receipts	<u>140,858</u>	<u>398,672</u>	<u>3,471</u>	<u>-</u>	<u>49,709</u>
Disbursements:					
Personal services	-	313,775	-	-	32,318
Supplies	-	9,348	-	-	-
Other services and charges	-	172,138	-	-	1,000
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	6,156	-	-	-
Other disbursements	130,998	-	-	-	-
Total disbursements	<u>130,998</u>	<u>501,417</u>	<u>-</u>	<u>-</u>	<u>33,318</u>
Excess (deficiency) of receipts over disbursements	<u>9,860</u>	<u>(102,745)</u>	<u>3,471</u>	<u>-</u>	<u>16,391</u>
Cash and investments - ending	<u>\$ 397,060</u>	<u>\$ 625,672</u>	<u>\$ 36,959</u>	<u>\$ 46,754</u>	<u>\$ 62,613</u>

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Local Road and Street	LOIT Public Safety - County Share	Misdemeanant	Motor Vehicle Highway	Plat Book
Cash and investments - beginning	\$ 210,952	\$ -	\$ 58,701	\$ 1,805,687	\$ 77,237
Receipts:					
Taxes	-	1,113,938	-	-	-
Licenses and permits	-	-	-	45,275	-
Intergovernmental receipts	440,725	-	33,998	3,371,427	-
Charges for services	-	-	-	47,430	11,168
Fines and forfeits	-	-	-	-	-
Other receipts	-	-	7,113	1,623,672	-
Total receipts	<u>440,725</u>	<u>1,113,938</u>	<u>41,111</u>	<u>5,087,804</u>	<u>11,168</u>
Disbursements:					
Personal services	-	-	-	1,811,786	7,153
Supplies	397,244	-	-	1,723,425	-
Other services and charges	-	-	22,683	308,353	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	18,140	179,214	-
Other disbursements	-	1,000,000	-	1,000	-
Total disbursements	<u>397,244</u>	<u>1,000,000</u>	<u>40,823</u>	<u>4,023,778</u>	<u>7,153</u>
Excess (deficiency) of receipts over disbursements	<u>43,481</u>	<u>113,938</u>	<u>288</u>	<u>1,064,026</u>	<u>4,015</u>
Cash and investments - ending	<u>\$ 254,433</u>	<u>\$ 113,938</u>	<u>\$ 58,989</u>	<u>\$ 2,869,713</u>	<u>\$ 81,252</u>

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Rainy Day	Reassessment - 2015	Recorder's Records Perpetuation	Sex and Violent Offender Administration	Sheriff's Pension Trust
Cash and investments - beginning	\$ 3,319,144	\$ 715,407	\$ 36,798	\$ 18,507	\$ 9,475
Receipts:					
Taxes	-	295,910	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	24,701	-	-	-
Charges for services	-	-	68,724	-	53,603
Fines and forfeits	-	-	-	3,408	-
Other receipts	32,521	7,502	46,435	-	-
Total receipts	32,521	328,113	115,159	3,408	53,603
Disbursements:					
Personal services	-	191,814	-	4,813	-
Supplies	274,997	541	-	-	-
Other services and charges	51,948	14,423	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	143,684	-	-	-
Other disbursements	-	-	56,998	-	51,824
Total disbursements	326,945	350,462	56,998	4,813	51,824
Excess (deficiency) of receipts over disbursements	(294,424)	(22,349)	58,161	(1,405)	1,779
Cash and investments - ending	\$ 3,024,720	\$ 693,058	\$ 94,959	\$ 17,102	\$ 11,254

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Supplemental Public Defender Services	Surplus Tax	Surveyor's Corner Perpetuation	Tax Sale Redemption	Tax Sale Surplus
Cash and investments - beginning	\$ 106,113	\$ 55,144	\$ 10,993	\$ (168)	\$ 211,353
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	9,595	-	-
Fines and forfeits	-	-	-	-	-
Other receipts	27,056	92,400	110	68,910	761,439
Total receipts	<u>27,056</u>	<u>92,400</u>	<u>9,705</u>	<u>68,910</u>	<u>761,439</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	-	21,741	2,224	68,742	441,385
Total disbursements	<u>-</u>	<u>21,741</u>	<u>2,224</u>	<u>68,742</u>	<u>441,385</u>
Excess (deficiency) of receipts over disbursements	<u>27,056</u>	<u>70,659</u>	<u>7,481</u>	<u>168</u>	<u>320,054</u>
Cash and investments - ending	<u>\$ 133,169</u>	<u>\$ 125,803</u>	<u>\$ 18,474</u>	<u>\$ -</u>	<u>\$ 531,407</u>

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Local Health Department Trust Account	Victim Impact Program	GAL/CASA	Auditors Ineligible Deductions	County Elected Officials Training
Cash and investments - beginning	\$ 88,480	\$ 2,346	\$ 141,437	\$ 30,278	\$ 14,342
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	37,641	-	16,282	-	-
Charges for services	-	-	-	-	3,471
Fines and forfeits	-	-	-	-	-
Other receipts	-	-	14,567	-	-
Total receipts	<u>37,641</u>	<u>-</u>	<u>30,849</u>	<u>-</u>	<u>3,471</u>
Disbursements:					
Personal services	3,274	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	4,691	-	-	-	1,286
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	-	-	41,512	1,097	-
Total disbursements	<u>7,965</u>	<u>-</u>	<u>41,512</u>	<u>1,097</u>	<u>1,286</u>
Excess (deficiency) of receipts over disbursements	<u>29,676</u>	<u>-</u>	<u>(10,663)</u>	<u>(1,097)</u>	<u>2,185</u>
Cash and investments - ending	<u>\$ 118,156</u>	<u>\$ 2,346</u>	<u>\$ 130,774</u>	<u>\$ 29,181</u>	<u>\$ 16,527</u>

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Statewide 911	LOIT 2016 Special Distribution	Adult Probation Administrative	Juvenile Probation Administrative	Supplemental Adult Probation Services
Cash and investments - beginning	\$ 271,292	\$ -	\$ 1,402	\$ 3,309	\$ 543,781
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	2,406,430	-	-	-
Charges for services	586,141	-	-	-	-
Fines and forfeits	-	-	41,081	-	79,884
Other receipts	2,854	-	-	-	-
Total receipts	588,995	2,406,430	41,081	-	79,884
Disbursements:					
Personal services	520,193	-	-	-	8,835
Supplies	-	-	-	-	-
Other services and charges	65,580	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	7,356	-	-	-	-
Other disbursements	-	2,406,430	41,080	-	110,027
Total disbursements	593,129	2,406,430	41,080	-	118,862
Excess (deficiency) of receipts over disbursements	(4,134)	-	1	-	(38,978)
Cash and investments - ending	\$ 267,158	\$ -	\$ 1,403	\$ 3,309	\$ 504,803

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Supplemental Juvenile Probation Services	County User Fee	Drain Maintenance	Drug Task Force	DUI Task Force
Cash and investments - beginning	\$ 30,006	\$ 41,703	\$ 1,502,100	\$ 18,436	\$ 781
Receipts:					
Taxes	-	-	437,078	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	8,524
Charges for services	-	-	-	-	-
Fines and forfeits	3,952	21,798	-	-	-
Other receipts	-	-	360	150	-
Total receipts	<u>3,952</u>	<u>21,798</u>	<u>437,438</u>	<u>150</u>	<u>8,524</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	1,304	-
Other services and charges	-	-	-	6,631	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	-	21,710	427,869	-	9,473
Total disbursements	<u>-</u>	<u>21,710</u>	<u>427,869</u>	<u>7,935</u>	<u>9,473</u>
Excess (deficiency) of receipts over disbursements	<u>3,952</u>	<u>88</u>	<u>9,569</u>	<u>(7,785)</u>	<u>(949)</u>
Cash and investments - ending	<u>\$ 33,958</u>	<u>\$ 41,791</u>	<u>\$ 1,511,669</u>	<u>\$ 10,651</u>	<u>\$ (168)</u>

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	K-9	Payroll Clearing	Settlement	CVET Agency	Sewage Collections
Cash and investments - beginning	\$ 3,628	\$ 139,133	\$ -	\$ -	\$ 2,277
Receipts:					
Taxes	-	-	37,756,127	-	43,677
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	306,068	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other receipts	-	4,286,873	-	-	-
Total receipts	<u>-</u>	<u>4,286,873</u>	<u>37,756,127</u>	<u>306,068</u>	<u>43,677</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	-	4,284,469	37,756,127	306,068	45,954
Total disbursements	<u>-</u>	<u>4,284,469</u>	<u>37,756,127</u>	<u>306,068</u>	<u>45,954</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>2,404</u>	<u>-</u>	<u>-</u>	<u>(2,277)</u>
Cash and investments - ending	<u>\$ 3,628</u>	<u>\$ 141,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Financial Institution Tax	Homestead Credit Rebate	LOIT PTRC	State Fines and Forfeitures	Infraction Judgements
Cash and investments - beginning	\$ -	\$ 22,680	\$ -	\$ 5,116	\$ 9,432
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	198,049	-	2,397,624	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	31,753	-
Other receipts	-	230	-	-	128,027
Total receipts	<u>198,049</u>	<u>230</u>	<u>2,397,624</u>	<u>31,753</u>	<u>128,027</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	198,049	-	2,397,624	33,331	129,687
Total disbursements	<u>198,049</u>	<u>-</u>	<u>2,397,624</u>	<u>33,331</u>	<u>129,687</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>230</u>	<u>-</u>	<u>(1,578)</u>	<u>(1,660)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 22,910</u>	<u>\$ -</u>	<u>\$ 3,538</u>	<u>\$ 7,772</u>

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Special Death Benefit	Sales Disclosure - State Share	Coroners Training & Con't Education	Interstate Compact - State Share	Mortgage Recording Fees - State Share
Cash and investments - beginning	\$ 470	\$ 540	\$ 580	\$ -	\$ 293
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	5,365	-	-	4,325
Fines and forfeits	-	-	-	438	-
Other receipts	5,249	-	5,942	-	-
Total receipts	<u>5,249</u>	<u>5,365</u>	<u>5,942</u>	<u>438</u>	<u>4,325</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	5,279	5,345	5,926	250	4,233
Total disbursements	<u>5,279</u>	<u>5,345</u>	<u>5,926</u>	<u>250</u>	<u>4,233</u>
Excess (deficiency) of receipts over disbursements	<u>(30)</u>	<u>20</u>	<u>16</u>	<u>188</u>	<u>92</u>
Cash and investments - ending	<u>\$ 440</u>	<u>\$ 560</u>	<u>\$ 596</u>	<u>\$ 188</u>	<u>\$ 385</u>

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Sex and Violent Offender Admin - State	Child Restraint Violation Fines	Education Plate Fees Agency	Riverboat Revenue Sharing	Innkeepers Tax Collections
Cash and investments - beginning	\$ 30	\$ 200	\$ 112	\$ -	\$ 16,117
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	750	278,716	-
Charges for services	-	-	-	-	-
Fines and forfeits	379	1,550	-	-	-
Other receipts	-	-	-	-	357,538
Total receipts	<u>379</u>	<u>1,550</u>	<u>750</u>	<u>278,716</u>	<u>357,538</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	391	1,625	694	278,716	350,296
Total disbursements	<u>391</u>	<u>1,625</u>	<u>694</u>	<u>278,716</u>	<u>350,296</u>
Excess (deficiency) of receipts over disbursements	<u>(12)</u>	<u>(75)</u>	<u>56</u>	<u>-</u>	<u>7,242</u>
Cash and investments - ending	<u>\$ 18</u>	<u>\$ 125</u>	<u>\$ 168</u>	<u>\$ -</u>	<u>\$ 23,359</u>

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Judgements Due Law Enforcement	93.563 Prosecutor IV-D Incentive-Post Oct '99	93.563 Clerk IV-D Incentive-Prior To Oct '99	93.563 Clerk IV-D Incentive-Post Oct '99	Commissioners Certificate Sale
Cash and investments - beginning	\$ 2,649	\$ 62,349	\$ 1,127	\$ 162,727	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other receipts	-	37,190	-	24,721	7,554
Total receipts	-	37,190	-	24,721	7,554
Disbursements:					
Personal services	-	72,651	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	31	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	-	222	1,022	-	7,419
Total disbursements	-	72,873	1,022	31	7,419
Excess (deficiency) of receipts over disbursements	-	(35,683)	(1,022)	24,690	135
Cash and investments - ending	\$ 2,649	\$ 26,666	\$ 105	\$ 187,417	\$ 135

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Old Surplus Dog Tax	After Settlement Collections - Treasurer	Prosecutor Pre-Trial Diversion	Sheriff Pre-Trial Diversion	Comm Corr Project Income
Cash and investments - beginning	\$ 26	\$ 1,116,075	\$ 190,718	\$ 4,055	\$ 431,488
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	4,000	-	-
Charges for services	-	-	33	-	331,333
Fines and forfeits	-	-	-	-	-
Other receipts	-	1,220,885	121,878	-	3,261
Total receipts	-	1,220,885	125,911	-	334,594
Disbursements:					
Personal services	-	-	44,125	-	121,576
Supplies	-	-	3,572	-	2,630
Other services and charges	-	-	49,019	-	80,043
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	521	-	9,138
Other disbursements	26	1,116,075	2,057	-	21,956
Total disbursements	26	1,116,075	99,294	-	235,343
Excess (deficiency) of receipts over disbursements	(26)	104,810	26,617	-	99,251
Cash and investments - ending	\$ -	\$ 1,220,885	\$ 217,335	\$ 4,055	\$ 530,739

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	MC DTF#2	Victim Assistance Donations	Road Cut Bonds	Intrastate Compact Fees	EPICS Fund
Cash and investments - beginning	\$ 488	\$ 1,195	\$ 17,700	\$ 3,528	\$ 79,490
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	4,000	-	-
Fines and forfeits	-	-	-	313	-
Other receipts	-	-	-	-	14,400
Total receipts	-	-	4,000	313	14,400
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	-	-	3,000	-	-
Total disbursements	-	-	3,000	-	-
Excess (deficiency) of receipts over disbursements	-	-	1,000	313	14,400
Cash and investments - ending	\$ 488	\$ 1,195	\$ 18,700	\$ 3,841	\$ 93,890

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Governors Drug Free Indiana	DARE	Crossroads Museum Project	Historical Society	Personal Property Tax Judgement
Cash and investments - beginning	\$ 253	\$ 16,902	\$ 980	\$ 9,314	\$ 3,063
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	16,940	-	-
Fines and forfeits	-	-	-	-	-
Other receipts	-	9,305	-	39,000	-
Total receipts	-	9,305	16,940	39,000	-
Disbursements:					
Personal services	-	-	-	29,630	-
Supplies	-	3,277	-	-	-
Other services and charges	-	2,110	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	-	-	-	-	-
Total disbursements	-	5,387	-	29,630	-
Excess (deficiency) of receipts over disbursements	-	3,918	16,940	9,370	-
Cash and investments - ending	\$ 253	\$ 20,820	\$ 17,920	\$ 18,684	\$ 3,063

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Sheriff Continuing Education	Prosecutor Continuing Education	Supplemental Technology	DEA Forfeiture Fund	Local Option Certified Shares
Cash and investments - beginning	\$ 24,382	\$ 476	\$ 3,270	\$ 64,049	\$ -
Receipts:					
Taxes	-	-	-	-	7,192,872
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	7,855	-	-	-	-
Other receipts	-	-	-	620	-
Total receipts	<u>7,855</u>	<u>-</u>	<u>-</u>	<u>620</u>	<u>7,192,872</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	4,756	-
Other disbursements	8,905	-	-	-	7,192,872
Total disbursements	<u>8,905</u>	<u>-</u>	<u>-</u>	<u>4,756</u>	<u>7,192,872</u>
Excess (deficiency) of receipts over disbursements	<u>(1,050)</u>	<u>-</u>	<u>-</u>	<u>(4,136)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 23,332</u>	<u>\$ 476</u>	<u>\$ 3,270</u>	<u>\$ 59,913</u>	<u>\$ -</u>

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	MVH Distribution Fund	10.557 WIC	16.575 Victim Assistance	20.509 Older Adult Service Grant	20.609 Operation Pull Over
Cash and investments - beginning	\$ -	\$ (55,373)	\$ 5,163	\$ 7,889	\$ 163
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	3,028,171	196,251	-	248,562	7,500
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other receipts	-	5,750	-	-	-
Total receipts	<u>3,028,171</u>	<u>202,001</u>	<u>-</u>	<u>248,562</u>	<u>7,500</u>
Disbursements:					
Personal services	-	147,729	-	-	-
Supplies	-	6,240	-	-	-
Other services and charges	-	50,573	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	3,028,171	-	-	248,562	7,500
Total disbursements	<u>3,028,171</u>	<u>204,542</u>	<u>-</u>	<u>248,562</u>	<u>7,500</u>
Excess (deficiency) of receipts over disbursements	-	(2,541)	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ (57,914)</u>	<u>\$ 5,163</u>	<u>\$ 7,889</u>	<u>\$ 163</u>

MARSHALL COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	97.042 EMA Grants	97.012 Lake Enforce DNR Grant	93.563 County IVD Incentive	Community Crossings Grant Fund	Totals
Cash and investments - beginning	\$ 3,276	\$ 6,629	\$ 300,282	\$ -	\$ 32,512,808
Receipts:					
Taxes	-	-	-	-	60,531,664
Licenses and permits	-	-	-	-	181,682
Intergovernmental receipts	54,426	15,000	-	-	14,971,391
Charges for services	-	-	-	-	1,759,024
Fines and forfeits	-	-	-	-	500,243
Other receipts	-	20,519	24,721	1,000,000	18,931,128
Total receipts	<u>54,426</u>	<u>35,519</u>	<u>24,721</u>	<u>1,000,000</u>	<u>96,875,132</u>
Disbursements:					
Personal services	-	34,372	-	-	12,092,153
Supplies	-	6,113	-	-	3,080,055
Other services and charges	-	651	-	-	4,525,053
Debt service - principal and interest	-	-	-	-	1,128,000
Capital outlay	54,426	-	-	752,714	1,701,349
Other disbursements	-	-	4,900	-	71,467,167
Total disbursements	<u>54,426</u>	<u>41,136</u>	<u>4,900</u>	<u>752,714</u>	<u>93,993,777</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(5,617)</u>	<u>19,821</u>	<u>247,286</u>	<u>2,881,355</u>
Cash and investments - ending	<u>\$ 3,276</u>	<u>\$ 1,012</u>	<u>\$ 320,103</u>	<u>\$ 247,286</u>	<u>\$ 35,394,163</u>

MARSHALL COUNTY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 1,570,457</u>	<u>\$ -</u>

MARSHALL COUNTY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Enterprise FM Trust	County vehicle leases	\$ 72,765	09/17/2015	01/31/2019
Marshall County Holding Corporation	Pay bond issue for jail construction	<u>1,128,000</u>	01/09/2006	03/18/2028
Total of annual lease payments		<u>\$ 1,200,765</u>		

MARSHALL COUNTY
SCHEDULE OF CAPITAL ASSETS
December 31, 2016

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 989,108
Infrastructure	9,217,188
Buildings	22,763,176
Machinery, equipment, and vehicles	<u>8,763,558</u>
Total capital assets	<u>\$ 41,733,030</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF MARSHALL COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Marshall County's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. Except as discussed below, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on WIC Special Supplemental Nutrition Program for Women, Infants, and Children

As described in item 2016-006 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the County with the WIC Special Supplemental Nutrition Program for Women, Infants, and Children regarding Cash Management, Period of Performance, and Reporting. Consequently, we were unable to determine whether the County complied with those requirements applicable to the program.

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

Qualified Opinion on WIC Special Supplemental Nutrition Program for Women, Infants, and Children

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on WIC Special Supplemental Nutrition Program for Women, Infants, and Children* paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its WIC Special Supplemental Nutrition Program for Women, Infants, and Children for the year ended December 31, 2016.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-007. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.


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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2016-005, 2016-006, 2016-007, and 2016-008, that we consider to be material weaknesses.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

September 4, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

MARSHALL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
WIC Special Supplemental Nutrition Program for Women, Infants, and Children Breastfeeding Peer Counselor (BFPC) Nutrition Services and Administration (NSA) 2016	Indiana State Dept of Health	10.557	EDS A70-5-070652 EDS A70-5-070652	\$ - -	\$ 9,801 213,725
Total - Department of Agriculture				-	223,526
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction 7th Road Construction Seltentright Bridge #310 7th Road Wetland Mitigation Bridge Inspection Hickory Road Bridge #81	Indiana Dept of Transportation	20.205	DES#0810140 DES#1173280 DES#1297268 DES#1382094 DES#1383474	- - - - -	95,344 2,248 10,971 14,578 94,578
Total - Highway Planning and Construction Cluster				-	217,719
Federal Transit Cluster Bus and Bus Facilities Formula Program FY2015 FTA Replacement Vans - Capital	Indiana Dept of Transportation	20.526	A249-15-320528	-	34,050
Total - Federal Transit Cluster				-	34,050
Highway Safety Cluster State and Community Highway Safety Operation Pullover DUI Task Force	Indiana Criminal Justice Institute	20.600	18X9204020IN16 EDS D3-15-9011 - 18X9204050IN1	- -	7,500 8,524
Total - State and Community Highway Safety				-	16,024
Total - Highway Safety Cluster				-	16,024
Formula Grants for Rural Areas FY2014 Rural/Intercity Operating/RTAP FY2016 Rural/Intercity Operating/Administration	Indiana Dept of Transportation	20.509	A249-15-320528 065 800138239400LC7	- -	13,663 150,239
Total - Formula Grants for Rural Areas				-	163,902
Total - Department of Transportation				-	431,695
<u>Department of Health and Human Services</u>					
Child Support Enforcement IVD Reimbursement General IVD Incentive-Clerk Prior Oct. 1999 IVD Incentive-County IVD Incentive Clerk IVD Incentive Prosecutor	Indiana Dept. of Child Services	93.563	1504INCSES FY 1999 FY 2016 FY 2016 FY 2016	- - - - -	171,468 1,022 4,900 31 72,873
Total - Child Support Enforcement				-	250,294
Total - Department of Health and Human Services				-	250,294
<u>Department of Homeland Security</u>					
Boating Safety Financial Assistance Lake Enforcement	Indiana Dept. of Natural Resources	97.012	#300LE1boatGRT15	-	15,000
Emergency Management Performance Grants EMA Grants - Material EMA Grants - Salaries	Indiana Dept Homeland Security	97.042	Contract #16481	- -	19,827 21,027
Total - Emergency Management Performance Grants				-	40,854
Homeland Security Grant Program EMA Grants - Equipment	Indiana Dept Homeland Security	97.067	Contract #16481	-	34,600
Total - Department of Homeland Security				-	90,454
Total federal awards expended				\$ -	\$ 995,969

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

MARSHALL 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, 2016. 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.

MARSHALL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

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

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
10.557	WIC Special Supplemental Nutrition Program for Women, Infants and Children	Qualified
93.563	Child Support Enforcement	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 2016-001

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition

There were deficiencies in the internal control system of the County Treasurer related to financial transactions and reporting. The County Treasurer had not separated incompatible activities related to cash and investments.

The County Treasurer prepared the bank reconciliation without an oversight, review, or approval process.

MARSHALL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

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

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. . . ."

Cause

Management of the County Treasurer's office had not established a proper system of internal controls that segregated key functions.

Effect

The failure to establish and properly implement controls could have enabled material misstatements or irregularities to remain undetected.

Recommendation

We recommended that the County's management establish a system of controls, including segregation of duties, related to financial transactions and reporting of cash and investments.

Views of Responsible Officials

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

FINDING 2016-002

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

MARSHALL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-001.

Condition

The County had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units financial reporting system, which was the source for the Schedule of Expenditures of Federal Awards (SEFA). One employee prepared the SEFA without evidence of a review or approval process, or other compensating control.

Context

Due to the lack of controls, the SEFA contained the following errors:

1. The WIC Special Supplemental Nutrition Program for Women, Infants, and Children expenditures were understated by \$13,629.
2. The Historic Preservation Fund Grants-In-Aid expenditures of \$16,940 were included in error.
3. The Highway Planning and Construction Cluster expenditures were overstated by \$5,506.
4. The Child Support Enforcement grant expenditures were overstated by \$11,296.
5. The Emergency Management Performance Grants expenditures of \$40,854 were not reported.

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

Criteria

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

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

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

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

MARSHALL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

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

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

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

The County's management had not established a system of internal control that would have ensured proper reporting of the SEFA.

MARSHALL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish and properly implement internal controls enabled material misstatements to go undetected. The SEFA contained the errors identified in the *Context*.

Recommendation

We recommended that the County's management establish controls to ensure accurate reporting of the SEFA.

Views of Responsible Officials

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

FINDING 2016-003

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-003.

Condition

There were deficiencies in the internal control system of the Clerk of the Circuit Court (Clerk) related to financial transactions and reporting. The Clerk had not separated incompatible activities related to cash and investments.

One person prepared the bank reconciliation without an oversight, review, or approval process.

Context

The lack of adequate internal controls was a systemic issue throughout the audit period.

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.

MARSHALL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

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

Cause

Management of the Clerk's office had not established a proper system of internal controls that segregated key functions.

Effect

The failure to establish and properly implement controls could have enabled material misstatements or irregularities to remain undetected.

Recommendation

We recommended that the County's management establish a system of controls, including segregation of duties, related to financial transactions and reporting of cash and investments.

Views of Responsible Officials

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

FINDING 2016-004

Subject: Financial Transactions and Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2015-002.

Condition

There were deficiencies in the internal control system of the County Sheriff related to financial transactions and reporting. The County Sheriff had not separated incompatible activities related to receipts and disbursements of the Inmate Trust Account fund.

The same employee issued receipts, deposited funds, recorded receipts, and wrote and recorded checks without an oversight, review, or approval process.

Context

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

MARSHALL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

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

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

Cause

Management of the County Sheriff's office had not established a proper system of internal controls that segregated key functions.

Effect

The failure to establish and properly implement controls could have enabled material misstatements or irregularities to remain undetected.

Recommendation

We recommended that the County's management establish a system of controls, including segregation of duties, related to financial transactions and reporting of receipts and disbursements.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-005

Subject: WIC Special Supplemental Nutrition Program for Women, Infants, and Children -
Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Federal Agency: Department of Agriculture
Federal Program: WIC Special Supplemental Nutrition Program for Women, Infants, and Children
CFDA Number: 10.557
Federal Award Number and Year (or Other Identifying Number): EDS A70-5-070652
Pass-Through Entity: Indiana Department of Health
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Audit Finding: Material Weakness

MARSHALL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

The County had not designed or implemented adequate internal controls to ensure that grant expenditures were for allowable activities and were allowable costs. The claims for program expenditures were prepared and submitted for payment by the WIC Coordinator without an oversight, review, or approval process.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls to ensure compliance with the compliance requirements listed above.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish controls related to the grant agreement and the compliance requirements listed above.

Views of Responsible Officials

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

MARSHALL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-006

Subject: WIC Special Supplemental Nutrition Program for Women, Infants, and Children -
Cash Management, Period of Performance, Reporting
Federal Agency: Department of Agriculture
Federal Program: WIC Special Supplemental Nutrition Program for Women, Infants, and Children
CFDA Number: 10.557
Federal Award Number and Year (or Other Identifying Number): EDS A70-5-070652
Pass-Through Entity: Indiana Health Department
Compliance Requirements: Cash Management, Period of Performance, Reporting
Audit Findings: Material Weakness, Modified Opinion

Condition

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Cash Management, Period of Performance, and Reporting compliance requirements.

The County had not designed or implemented adequate internal controls to ensure that the specific grant expenditures included on the reimbursement requests were adequately documented, that they were paid before they were included on a reimbursement request, that they were paid within the period of performance, and that the reimbursement requests were complete and accurate prior to submission. One employee prepared and submitted the reimbursement requests without an oversight, review, or approval process.

The County's compliance with the requirements listed above could not be determined because the expenditures included on each reimbursement request were not adequately documented. Therefore, it could not be determined if the expenditures were paid before reimbursement was requested, if expenditures were within the period of performance, or if the reimbursement requests (reports) were accurate and complete.

Context

The lack of controls and failure to provide adequate supporting documentation for which specific expenditures were included on reimbursement requests were systemic issues throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

MARSHALL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.305(b)(3) states in part: "Reimbursement is the preferred method when the requirements in paragraph (b) cannot be met, . . ."

2 CFR 200.309 states:

"A non-federal entity may charge to the Federal award only allowable costs incurred during the period of performance (except as described in § 200.461 Publication and printing costs) and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:
. . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . .
- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

Cause

The County had not developed a system of internal controls that would have ensured that adequate supporting documentation was maintained and made available for audit related to the compliance requirements listed above.

Effect

The failure to establish an effective internal control system, and failure to maintain and provide for audit supporting documentation for the specific expenditures included on the reimbursement requests, prevented the determination of the County's compliance with the compliance requirements listed above.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish controls to ensure that documentation will be maintained and made available for audit related to compliance with the Cash Management, Period of Performance, and Reporting compliance requirements.

Views of Responsible Officials

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

MARSHALL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-007

Subject: Child Support Enforcement - Allowable Costs/Cost Principles (Time and Effort)
Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number): FY 2016
Pass-Through Entity: Indiana Department of Child Services
Compliance Requirement: Allowable Costs/Cost Principles (Time and Effort)
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the allowable costs requirements related to documentation of time and effort.

The Clerk of the Circuit Court had not designed or implemented adequate internal controls to ensure that personnel activity reports that documented time and effort spent on the program were accurately maintained. Employees allocated their time evenly between child support (IV-D) cases and other cases. They did not properly document the time spent on, or the number of, IV-D cases on which they worked.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

MARSHALL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.430(i) states in part:

"Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.

These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

The County's management had not designed or implemented effective internal controls that would have ensured compliance with the grant agreement and the allowable costs requirements regarding documentation of time and effort.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish controls to ensure compliance and comply with the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

MARSHALL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2016-008

Subject: Child Support Enforcement - Allowable Costs/Cost Principles (Cost Allocation Plan)

Federal Agency: Department of Health and Human Services

Federal Program: Child Support Enforcement

CFDA Number: 93.563

Federal Award Numbers and Years (or Other Identifying Numbers): 1504INCSES, FY 1999,
FY 2016, FY 2017

Pass-Through Entity: Indiana Department of Child Services

Compliance Requirement: Allowable Costs/Cost Principles (Cost Allocation Plan)

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the allowable costs requirements related to indirect costs and the cost allocation plan.

The County officials certified that the cost allocation plan was true and correct by signing the Certificate of Indirect Cost form without an oversight, review, or approval process.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls to ensure compliance with the allowable costs requirements related to indirect costs and the cost allocation plan.

Effect

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

MARSHALL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish controls to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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



Julie A. Fox
Marshall County Auditor
112 W. Jefferson St., Room 205
Plymouth, IN 46563

Phone: 574-935-8555

Email: julief@co.marshall.in.us

Fax: 574-936-4863

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

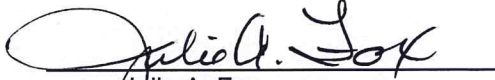
Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Not applicable

Contact Person Responsible for Corrective Action: Julie A. Fox, Marshall County Auditor

Contact Phone Number: (574) 935-8555

Status of Audit Finding: Marshall County implemented controls in January, 2018 over the Schedule of Expenditures of Federal Awards (SEFA).


Julie A. Fox
Marshall County Auditor
July 19, 2018

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

Marshall County Sheriff's Department
1400 Pioneer Drive
Plymouth, IN 46563



Summary Schedule of Prior Audit Findings

08/02/2018

Finding 2015-002

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct; Not Applicable

Contact Person Responsible for Corrective Action: Matthew K. Hassel

Contact Phone Number (574) 936-3187, Ext. 222

According to the corrective action plan put in place by Sheriff Matthew Hassel, effective January 15th, 2016, each reconciliation for the inmate trust account needs to be performed by a separate employee that is not responsible for the actual depositing of money to the account. At this time we are in accordance with this plan. Michael Mattern our Jail Records Clerk performs the reconciliation and I, Andrew B. Holcomb the Chief Jail Officer, reviews the documentation and signs off, if correct.

As of August 7th, 2018 the same procedures take place for all receipts and disbursements.

Regards,

A handwritten signature in blue ink, appearing to read "A. Holcomb", with a long, sweeping underline.

Andrew (Beau) Holcomb

Chief Jail Officer

Marshall County Sheriff's Department

1400 Pioneer Drive

Plymouth, Indiana 46563



Marshall Circuit and Superior Courts

Deborah VanDeMark, Clerk

211 West Madison Street, Plymouth, IN 46563

Telephone: 574-936-8922

Fax: 574-936-8893

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-003

Fiscal year in which the finding initially occurred: 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Not Applicable

Contact Person Responsible for Corrective Action: Deborah P. VanDeMark

Contact Phone Number: (574) 935-8701

Status of Audit Finding:

Beginning in January 2016 our process for segregation of duties between the person preparing the daily deposits and the person performing the monthly bank reconciliation on our trust account changed as follows:

The deputies each have their own till and balance their till. They initial their balance sheet showing they are in balance. The money is then given to the 1st deputy. The 1st deputy verifies the cash, checks and credit cards deposits with their balance sheets and posts all transactions. The deposits are delivered to the bank by our court security officer. When the 1st deputy receives the bank statement it is given to the Clerk who then balances the statement to the Odyssey case management system.

Deborah VanDeMark

Clerk of The Courts

July 20, 2018



TREASURER OF MARSHALL COUNTY

Angela C. Birchmeier

112 W. Jefferson Street

Room 206

Plymouth, IN 46563

Phone 574-935-8520

CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action:

Angela C. Birchmeier

Marshall County Treasurer

Contact Phone Number: 574-935-8518

Views of Responsible Official: We concur with the finding.

The Marshall County Treasurer will include the bank statement each month along with the 47TR, Monthly Comparison Report, Monthly Financial Report and month end Cash Book to the Auditor each month. The Auditor will verify what the Treasurer has allowed for on the bank statement and initial the bank statement.

Anticipated Completion Date: September, 2018

A handwritten signature in cursive script, reading "Angela C. Birchmeier", is written over a horizontal line.

Angela C. Birchmeier
Marshall County Treasurer

August 20, 2018



Julie A. Fox
Marshall County Auditor
112 W. Jefferson St., Room 205
Plymouth, IN 46563

Phone: 574-935-8555

Email: julief@co.marshall.in.us

Fax: 574-936-4863

CORRECTIVE ACTION PLAN

FINDINGS: 2016-002

Contact Person Responsible for Corrective Action:


Julie A. Fox, Marshall County Auditor
TX: (574) 935-8555

Views of Responsible Official: We concur with the findings.

Description of Corrective Action Plan: In reviewing our current Schedule of Federal Awards (SEFA) Grant process and internal controls, it has been made clear that due to a lack of internal reporting requirements and lack of departmental communication, including following the implemented County Ordinance No. 2013-15: An Ordinance Adopting a Marshall County Grant Approval and Administration Policy; and lack of grant applicants expenditure reports to the County Auditor, misstatements of the SEFA went undetected.

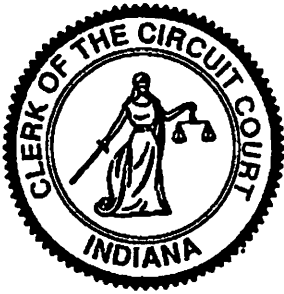
We are continually reviewing our current internal control process. Revision will include receipt of additional department documentation (including completed grant application, award letter, itemized department expenditure and receipting reports, grant supporting documents, etc.), segregation of duties and oversight to ensure that any misstatements in the SEFA are detected.

Anticipated Completion Date: January 1, 2019.



Julie A. Fox
Marshall County Auditor
September 4, 2018

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



Marshall Circuit and Superior Courts

Deborah VanDeMark, Clerk

211 West Madison Street, Plymouth, IN 46563

Telephone: 574-936-8922

Fax: 574-936-8893

CORRECTIVE ACTION PLAN

FINDING 2016-003

Contact Person Responsible for Corrective Action: Deborah VanDeMark

Contact Phone Number: 574-935-8701

Views of Responsible Official: We concur with the finding.

Prior Finding: 2015-003 There were deficiencies in the internal control system of the County related to financial transactions and reporting of the Clerk of the Circuit Court (Clerk). The Clerk had not separated incompatible actives related to cash and investments. Daily deposits of the Clerk receipts were prepared by the same employee who performed the monthly bank reconciliations. There was no segregation of the duties, such as an oversight, review or approval process.

Corrective Action Plan was: The Clerk's office will segregate the duties between the person preparing the daily deposits and the person performing the monthly reconciliation.

Description of Corrective Action Plan: The Clerk segregated the duties between the person preparing the daily deposits and the person performing the monthly bank reconciliation on January of 2016. The Clerk stores documentation with each miscellaneous adjustment with the financial records. It was explained that because the miscellaneous adjustments in reconciling were not segregated by initialing of another individual we did not correct the deficiency.

Beginning August of 2018, the Clerk will have oversight of the financial reconciliation adjustment sheet by the bookkeeper, whom will initial the documents as stated by the examiner.

Anticipated Completion Date:

August 2018

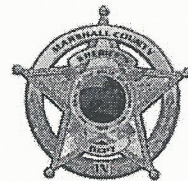

(Signature)

Marshall County Clerk

(Title)

August 23, 2018

Marshall County Sheriff's Department
1400 Pioneer Drive
Plymouth, IN 46563



CORRECTIVE ACTION PLAN

FINDING 2016-004

Contact Person Responsible for Corrective Action: Matthew Hassel
Contact Phone Number: 574-936-3187

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

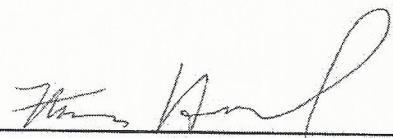
The County Sheriff has implemented an increased oversight throughout the processes of receipting, depositing, and recording checks. Each check sent to the Marshall County Clerk's Office has a Promise to Appear/Cash Bond Form attached to it, and each form will be reviewed and initialed by the Sheriff, prior to being physically taken to the Clerk's Office.

The County Sheriff has instructed the Jail Records Clerk to file the receipts received by the Clerk of Marshall County, along with the receipts for the checks written, to ensure the outgoing checks and receipts match, in order to maintain oversight in that area.

The County Sheriff has instructed the Jail Records Clerk to act as oversight on all deposits being taken to the bank, by matching the deposit slip with the amount to be deposited, as recorded in the accounting software. Once confirmed, the Jail Records Clerk will place his/her initials on the deposit slip, and will perform the deposit transaction in the accounting software, once the deposit has been made.

The State Board of Account Auditors have been made aware of the processes by which inmate funds are released for Commissary and other purchases, along with the physical release of the inmate themselves, which are signed for by the person from which the funds are removed, either physically or digitally, using their unique personal identification number, given randomly by the accounting system or the telephone system. This includes the debit card releases, where the funds are placed onto a debit card, to be used at points of service which accept Mastercard.

Anticipated Completion Date: August 21, 2018



(Signature)

Sheriff

(Title)

8/21/2018

(Date)



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CORRECTIVE ACTION PLAN

FINDINGS: 2016-005

Contact Person Responsible for Corrective Action:

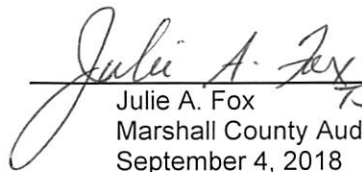
Julie A. Fox, Marshall County Auditor
TX: (574) 935-8555

Views of Responsible Official: We concur with the findings.

Description of Corrective Action Plan: In reviewing our current internal controls of the grant process, it has been made clear that due to a lack of internal reporting requirements and lack of departmental communication, including following the implemented County Ordinance No. 2013-15: An Ordinance Adopting a Marshall County Grant Approval and Administration Policy; and lack of grant applicants expenditure reports to the County Auditor, the claims for WIC Program expenditures were prepared and submitted for payment by the WIC Coordinator without an oversight, review, or approval process.

We are continually reviewing our current internal control process. Revision will include receipt of additional department documentation (including completed grant application, award letter, itemized department expenditure and receipting reports, grant supporting documents, etc.), segregation of duties and oversight to ensure that the activities and costs are allowable.

Anticipated Completion Date: January 1, 2019.


Julie A. Fox
Marshall County Auditor
September 4, 2018

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



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CORRECTIVE ACTION PLAN

FINDINGS: 2016-006

Contact Person Responsible for Corrective Action:

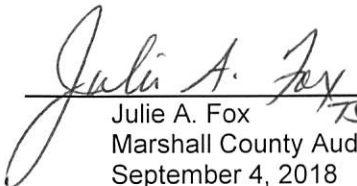
Julie A. Fox, Marshall County Auditor
TX: (574) 935-8555

Views of Responsible Official: We concur with the findings.

Description of Corrective Action Plan: In reviewing our current internal controls of the grant process, it has been made clear that due to a lack of internal reporting requirements and lack of departmental communication, including following the implemented County Ordinance No. 2013-15: An Ordinance Adopting a Marshall County Grant Approval and Administration Policy; and lack of grant applicants expenditure reports to the County Auditor, lack of controls of failure to provide supporting documentation that WIC Program expenditures were expended prior to request for reimbursement.

We are continually reviewing our current internal control process. Revision will include receipt of additional department documentation (including completed grant application, award letter, itemized department expenditure and receipting reports, grant supporting documents, etc.) and oversight to ensure that expenditures are paid before reimbursement is requested.

Anticipated Completion Date: January 1, 2019.


Julie A. Fox
Marshall County Auditor
September 4, 2018

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



Marshall Circuit and Superior Courts

Deborah VanDeMark, Clerk

211 West Madison Street, Plymouth, IN 46563

Telephone: 574-936-8922

Fax: 574-936-8893

CORRECTIVE ACTION PLAN

FINDING 2016-007 Child Support

Contact Person Responsible for Corrective Action: Deborah VanDeMark

Contact Phone Number: 574-935-8701

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Previously the Clerk understood that the full time support deputies time would be considered full time on the IV-D reports. Starting August 2017, the Clerk began documenting the time spent on IV-D cases to report personal services on the monthly expense claims.

Anticipated Completion Date:

August 2017

Deborah VanDeMark
(Signature)

Marshall County Clerk

(Title)

August 23, 2018

(Date)



Julie A. Fox
Marshall County Auditor
112 W. Jefferson St., Room 205
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CORRECTIVE ACTION PLAN

FINDINGS: 2016-008

Contact Person Responsible for Corrective Action:

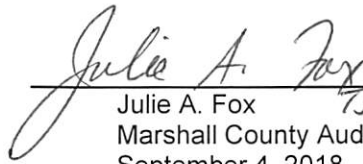
Julie A. Fox, Marshall County Auditor
TX: (574) 935-8555

Views of Responsible Official: We concur with the findings.

Description of Corrective Action Plan: In reviewing our current internal controls, it has been made clear that there is a lack of internal controls over the cost allocation plan during the review and approval process.

We are continually reviewing our current internal control process. Revision will include ensuring compliance with requirements related to the grant agreement and the allowable cost requirements related to the indirect costs and cost allocation plan.

Anticipated Completion Date: January 1, 2019.



Julie A. Fox
Marshall County Auditor
September 4, 2018

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

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/>.