

**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, 2017 to December 31, 2017



**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	Angela C. Birchmeier	01-01-17 to 12-31-20
Clerk of the Circuit Court	Deborah P. VanDeMark	01-01-15 to 12-31-18
County Prosecutor	Nelson Chipman	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	01-01-17 to 12-31-18
President of the County Council	Judith Stone	01-01-17 to 12-31-18



## 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, 2017, and the related notes to the financial statement as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statement***

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

### ***Auditor's Responsibility***

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

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the County for the year ended December 31, 2017, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

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


*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

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



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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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, 2017, 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 2017-001, 2017-002, 2017-003, and 2017-004, 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**

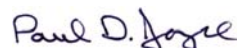
As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 2017-002.

**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, 2017

Fund	Cash and Investments		Cash and Investments	
	01-01-17	Receipts	Disbursements	12-31-17
After Settlement Collections	\$ 1,220,885	\$ 2,097,845	\$ 1,220,885	\$ 2,097,845
Sheriff's Inmate Trust Account	27,750	1,913,466	1,895,798	45,418
Jail Commissary	156,538	111,186	73,043	194,681
Clerk's Trust Account - ISETS	1,459,303	5,879,444	5,660,264	1,678,483
General	7,246,882	14,516,227	13,182,114	8,580,995
Accident Report	6,183	6,752	6,649	6,286
CAGIT - Special Legislation	7,012,632	5,645	7,018,277	-
CAGIT County Certified Shares	1,455,063	-	1,455,065	(2)
Campaign Finance Enforcement - County	842	-	-	842
Child Advocacy	2,210	13	-	2,223
City and Town Court Costs	2,962	19,865	21,113	1,714
Clerk's Records Perpetuation	126,669	50,028	8,889	167,808
Community Corrections	137,075	381,663	422,344	96,394
Community Transition Program	32,545	26,300	5,680	53,165
Congressional School Interest	17,504	229	-	17,733
Congressional School Principal	21,223	-	-	21,223
Sales Disclosure - County Share	33,670	6,070	3,749	35,991
Cummulative Bridge	1,466,339	905,008	422,378	1,948,969
Cummulative Capital Development	792,392	471,682	623,748	640,326
Drug Free Community	75,861	70,725	53,801	92,785
Emergency Planning/Right to Know	26,039	6,465	7,544	24,960
Enhanced Access	691	100	-	791
Extradition and Sheriff's Assistance	170,291	12,195	81,007	101,479
Firearms Training	59,218	14,945	17,158	57,005
General Drain Improvement	397,061	106,801	36,056	467,806
Health	625,673	485,537	420,909	690,301
Identification Security Protection	36,959	5,267	-	42,226
Levy Excess	46,754	-	-	46,754
Local Health Maintenance	62,612	16,570	27,103	52,079
Local Road and Street	254,434	560,823	377,791	437,466
LOIT Public Safety - County Share	113,938	-	-	113,938
Misdemeanant	58,989	40,048	13,904	85,133
Motor Vehicle Highway	2,869,714	4,010,128	4,331,896	2,547,946
Plat Book	81,253	11,609	22,186	70,676
Rainy Day	3,024,720	1,547,316	144,975	4,427,061
Reassessment - 2015	693,058	421,131	253,980	860,209
Recorder's Records Perpetuation	94,958	103,006	44,489	153,475
Sex and Violent Offender Administration	17,102	2,880	3,757	16,225
Sheriff's Pension Trust	11,255	51,687	47,240	15,702
Supplemental Public Defender Services	133,168	23,992	-	157,160
Surplus Tax	125,803	23,752	99,969	49,586
Surveyor's Corner Perpetuation	18,474	22,160	9,856	30,778
Tax Sale Redemption	-	131,960	120,130	11,830
Tax Sale Surplus	531,408	206,647	526,183	211,872
Local Health Department Trust Account	118,156	12,547	11,532	119,171
Victim Impact Program	2,346	-	-	2,346
GAL/CASA	130,775	21,348	42,582	109,541
Auditors Ineligible Deductions	29,181	1,795	-	30,976
County Elected Officials Training	16,526	5,267	2,000	19,793
County Offender Transportation Fund	-	4,360	-	4,360
Statewide 911	267,158	585,527	606,688	245,997
Central Dispatch	-	169,639	133,698	35,941
Adult Probation Administrative	1,402	39,127	37,890	2,639
Juvenile Probation Administrative	3,309	-	-	3,309
Supplemental Adult Probation Services	504,802	71,667	126,045	450,424
Supplemental Juvenile Probation Services	33,958	2,321	-	36,279
County User Fee	41,791	20,300	19,776	42,315
Drain Maintenance	1,511,668	404,390	365,390	1,550,668
Drug Task Force	10,652	178	10,830	-
DUI Task Force	(168)	18,358	17,409	781
K-9	3,628	-	-	3,628

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

Fund	Cash and	Receipts	Disbursements	Cash and
	Investments			Investments
	01-01-17			12-31-17
Payroll Clearing	141,537	4,457,999	4,435,291	164,245
CVET Agency	-	296,756	296,756	-
Sewage Collections	-	54,813	54,813	-
Financial Institution Tax	-	178,209	178,209	-
Homestead Credit Rebate	22,910	75	22,985	-
State Fines and Forfeitures	3,538	30,443	29,946	4,035
Infraction Judgements	7,772	124,126	121,046	10,852
Special Death Benefit	440	5,635	5,700	375
Sales Disclosure - State Share	560	6,070	6,085	545
Coroners Training & Con't Education	596	6,076	6,186	486
Interstate Compact - State Share	188	418	605	1
Mortgage Recording Fees - State Share	385	4,183	4,213	355
Sex and Violent Offender Admin - State	18	320	328	10
Child Restraint Violation Fines	125	975	1,075	25
Education Plate Fees Agency	169	656	694	131
Riverboat Revenue Sharing	-	278,726	278,726	-
Innkeepers Tax Collections	23,359	397,519	394,849	26,029
Judgements Due Law Enforcement	2,649	-	-	2,649
LIT Certified Shares	-	9,972,869	9,972,869	-
LIT Special Purpose	-	8,945,697	1,553,522	7,392,175
93.563 Prosecutor IV-D Incentive-Post Oct '99	26,666	40,406	65,161	1,911
93.563 Clerk IV-D Incentive-Prior To Oct '99	105	-	105	-
93.563 Clerk IV-D Incentive-Post Oct '99	187,417	26,859	6,308	207,968
WIC	-	13,427	46,536	(33,109)
Settlement	-	38,993,169	38,993,169	-
Petty Cash Fund	590	-	-	590
Treasurer's Cash Fund	500	-	-	500
Clerk ISETS Account	6,270	722,627	716,425	12,472
Prosecutor Pre-Trial Diversion	217,334	155,958	105,347	267,945
Sheriff Pre-Trial Diversion	4,055	-	-	4,055
Court Services	530,739	327,128	304,561	553,306
Commissioners Certificate Sale	135	-	-	135
MC DTF#2	488	-	-	488
Victim Assistance Donations	1,195	-	-	1,195
Road Cut Bonds	18,700	18,000	12,000	24,700
Intrastate Compact Fees	3,840	180	4,020	-
EPICS Fund	93,890	14,400	-	108,290
Governors Drug Free Indiana	253	-	-	253
DARE	20,820	6,769	10,881	16,708
Crossroads Museum Project	17,920	-	7,259	10,661
Historical Society	18,684	79,000	41,956	55,728
Personal Property Tax Judgement	3,063	-	-	3,063
Sheriff Continuing Education	23,332	4,495	6,283	21,544
Prosecutor Continuing Education	476	-	-	476
Supplemental Technology	3,270	-	-	3,270
DEA Forfeiture Fund	59,913	585	11,499	48,999
MVH Distribution Fund	-	3,157,646	3,157,646	-
10.557 WIC	(57,914)	199,558	157,380	(15,736)
16.575 Victim Assistance	5,163	-	-	5,163
20.509 Older Adult Service Grant	7,889	253,810	253,810	7,889
20.609 Operation Pull Over	163	8,000	8,000	163
97.042 EMA Performance Grants	3,276	-	15,000	(11,724)
97.012 Lake Enforce DNR Grant	1,012	45,000	43,552	2,460
93.563 County IVD Incentive	320,103	30,093	36,542	313,654
Community Crossings Grant Fund	247,286	1,000,000	1,155,401	91,885
Pros - IPAC Grant	-	1,000	1,000	-
Totals	<u>\$ 35,394,163</u>	<u>\$ 105,483,666</u>	<u>\$ 102,557,509</u>	<u>\$ 38,320,320</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 non-businesses that must be licensed before doing business within the government's jurisdiction, or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

*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, 2017.

**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 2017 totaled \$1,127,500.

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, 2017

	After Settlement Collections	Sheriff's Inmate Trust Account	Jail Commissary	Clerk's Trust Account - ISETS	General
Cash and investments - beginning	\$ 1,220,885	\$ 27,750	\$ 156,538	\$ 1,459,303	\$ 7,246,882
Receipts:					
Taxes	-	-	-	-	6,765,476
Licenses and permits	-	-	-	-	118,203
Intergovernmental receipts	-	-	-	-	4,757,660
Charges for services	-	-	-	-	670,298
Fines and forfeits	-	-	-	-	239,320
Other receipts	2,097,845	1,913,466	111,186	5,879,444	1,965,270
Total receipts	<u>2,097,845</u>	<u>1,913,466</u>	<u>111,186</u>	<u>5,879,444</u>	<u>14,516,227</u>
Disbursements:					
Personal services	-	-	-	-	8,107,335
Supplies	-	-	-	-	337,355
Other services and charges	-	-	-	-	2,930,273
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	162,232
Other disbursements	1,220,885	1,895,798	73,043	5,660,264	1,644,919
Total disbursements	<u>1,220,885</u>	<u>1,895,798</u>	<u>73,043</u>	<u>5,660,264</u>	<u>13,182,114</u>
Excess (deficiency) of receipts over disbursements	<u>876,960</u>	<u>17,668</u>	<u>38,143</u>	<u>219,180</u>	<u>1,334,113</u>
Cash and investments - ending	<u>\$ 2,097,845</u>	<u>\$ 45,418</u>	<u>\$ 194,681</u>	<u>\$ 1,678,483</u>	<u>\$ 8,580,995</u>

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

	Accident Report	CAGIT - Special Legislation	CAGIT County Certified Shares	Campaign Finance Enforcement - County	Child Advocacy
Cash and investments - beginning	\$ 6,183	\$ 7,012,632	\$ 1,455,063	\$ 842	\$ 2,210
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	13
Other receipts	6,752	5,645	-	-	-
Total receipts	<u>6,752</u>	<u>5,645</u>	<u>-</u>	<u>-</u>	<u>13</u>
Disbursements:					
Personal services	-	22,976	-	-	-
Supplies	-	4,677	-	-	-
Other services and charges	-	3,871	-	-	-
Debt service - principal and interest	-	564,000	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	6,649	6,422,753	1,455,065	-	-
Total disbursements	<u>6,649</u>	<u>7,018,277</u>	<u>1,455,065</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>103</u>	<u>(7,012,632)</u>	<u>(1,455,065)</u>	<u>-</u>	<u>13</u>
Cash and investments - ending	<u>\$ 6,286</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ 842</u>	<u>\$ 2,223</u>

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

	City and Town Court Costs	Clerk's Records Perpetuation	Community Corrections	Community Transition Program	Congressional School Interest
Cash and investments - beginning	\$ 2,962	\$ 126,669	\$ 137,075	\$ 32,545	\$ 17,504
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	381,663	-	-
Charges for services	-	-	-	26,300	-
Fines and forfeits	19,865	50,028	-	-	-
Other receipts	-	-	-	-	229
Total receipts	<u>19,865</u>	<u>50,028</u>	<u>381,663</u>	<u>26,300</u>	<u>229</u>
Disbursements:					
Personal services	-	-	269,123	-	-
Supplies	-	431	6,678	-	-
Other services and charges	-	6,969	55,223	5,680	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	1,489	-	-	-
Other disbursements	21,113	-	91,320	-	-
Total disbursements	<u>21,113</u>	<u>8,889</u>	<u>422,344</u>	<u>5,680</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(1,248)</u>	<u>41,139</u>	<u>(40,681)</u>	<u>20,620</u>	<u>229</u>
Cash and investments - ending	<u>\$ 1,714</u>	<u>\$ 167,808</u>	<u>\$ 96,394</u>	<u>\$ 53,165</u>	<u>\$ 17,733</u>

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

	Congressional School Principal	Sales Disclosure - County Share	Cummulative Bridge	Cummulative Capital Development	Drug Free Community
Cash and investments - beginning	\$ 21,223	\$ 33,670	\$ 1,466,339	\$ 792,392	\$ 75,861
Receipts:					
Taxes	-	-	657,614	424,186	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	57,512	37,097	70,725
Charges for services	-	6,070	172,368	-	-
Fines and forfeits	-	-	-	-	-
Other receipts	-	-	17,514	10,399	-
Total receipts	-	6,070	905,008	471,682	70,725
Disbursements:					
Personal services	-	-	109,135	-	-
Supplies	-	-	3,437	-	-
Other services and charges	-	2,765	124,733	524,146	53,801
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	984	185,073	99,602	-
Other disbursements	-	-	-	-	-
Total disbursements	-	3,749	422,378	623,748	53,801
Excess (deficiency) of receipts over disbursements	-	2,321	482,630	(152,066)	16,924
Cash and investments - ending	\$ 21,223	\$ 35,991	\$ 1,948,969	\$ 640,326	\$ 92,785

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

	Emergency Planning/Right to Know	Enhanced Access	Extradition and Sheriff's Assistance	Firearms Training	General Drain Improvement
Cash and investments - beginning	\$ 26,039	\$ 691	\$ 170,291	\$ 59,218	\$ 397,061
Receipts:					
Taxes	-	-	-	-	62,148
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	6,465	-	-	-	-
Charges for services	-	100	12,195	-	-
Fines and forfeits	-	-	-	-	-
Other receipts	-	-	-	14,945	44,653
Total receipts	6,465	100	12,195	14,945	106,801
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	7,544	-	11,057	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	69,950	-	-
Other disbursements	-	-	-	17,158	36,056
Total disbursements	7,544	-	81,007	17,158	36,056
Excess (deficiency) of receipts over disbursements	(1,079)	100	(68,812)	(2,213)	70,745
Cash and investments - ending	\$ 24,960	\$ 791	\$ 101,479	\$ 57,005	\$ 467,806

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

	Health	Identification Security Protection	Levy Excess	Local Health Maintenance	Local Road and Street
Cash and investments - beginning	\$ 625,673	\$ 36,959	\$ 46,754	\$ 62,612	\$ 254,434
Receipts:					
Taxes	368,967	-	-	-	-
Licenses and permits	36,570	-	-	-	-
Intergovernmental receipts	32,268	-	-	16,570	560,823
Charges for services	15,358	5,267	-	-	-
Fines and forfeits	-	-	-	-	-
Other receipts	32,374	-	-	-	-
Total receipts	<u>485,537</u>	<u>5,267</u>	<u>-</u>	<u>16,570</u>	<u>560,823</u>
Disbursements:					
Personal services	330,222	-	-	26,103	-
Supplies	11,027	-	-	-	377,791
Other services and charges	79,645	-	-	1,000	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	15	-	-	-	-
Total disbursements	<u>420,909</u>	<u>-</u>	<u>-</u>	<u>27,103</u>	<u>377,791</u>
Excess (deficiency) of receipts over disbursements	<u>64,628</u>	<u>5,267</u>	<u>-</u>	<u>(10,533)</u>	<u>183,032</u>
Cash and investments - ending	<u>\$ 690,301</u>	<u>\$ 42,226</u>	<u>\$ 46,754</u>	<u>\$ 52,079</u>	<u>\$ 437,466</u>

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

	LOIT Public Safety - County Share	Misdemeanant	Motor Vehicle Highway	Plat Book	Rainy Day
Cash and investments - beginning	\$ 113,938	\$ 58,989	\$ 2,869,714	\$ 81,253	\$ 3,024,720
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	41,625	-	-
Intergovernmental receipts	-	33,998	3,683,247	-	-
Charges for services	-	-	24,050	11,609	-
Fines and forfeits	-	-	-	-	-
Other receipts	-	6,050	261,206	-	1,547,316
Total receipts	-	40,048	4,010,128	11,609	1,547,316
Disbursements:					
Personal services	-	-	1,801,438	8,854	-
Supplies	-	-	2,063,786	-	-
Other services and charges	-	2,864	301,861	13,332	144,975
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	11,040	164,236	-	-
Other disbursements	-	-	575	-	-
Total disbursements	-	13,904	4,331,896	22,186	144,975
Excess (deficiency) of receipts over disbursements	-	26,144	(321,768)	(10,577)	1,402,341
Cash and investments - ending	\$ 113,938	\$ 85,133	\$ 2,547,946	\$ 70,676	\$ 4,427,061

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

	Reassessment - 2015	Recorder's Records Perpetuation	Sex and Violent Offender Administration	Sheriffs Pension Trust	Supplemental Public Defender Services
Cash and investments - beginning	\$ 693,058	\$ 94,958	\$ 17,102	\$ 11,255	\$ 133,168
Receipts:					
Taxes	368,967	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	32,268	-	-	-	-
Charges for services	-	103,006	-	51,687	-
Fines and forfeits	-	-	2,880	-	-
Other receipts	19,896	-	-	-	23,992
Total receipts	421,131	103,006	2,880	51,687	23,992
Disbursements:					
Personal services	195,197	-	3,757	-	-
Supplies	1,465	-	-	-	-
Other services and charges	14,018	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	43,300	-	-	-	-
Other disbursements	-	44,489	-	47,240	-
Total disbursements	253,980	44,489	3,757	47,240	-
Excess (deficiency) of receipts over disbursements	167,151	58,517	(877)	4,447	23,992
Cash and investments - ending	\$ 860,209	\$ 153,475	\$ 16,225	\$ 15,702	\$ 157,160

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

	Surplus Tax	Surveyor's Corner Perpetuation	Tax Sale Redemption	Tax Sale Surplus	Local Health Department Trust Account
Cash and investments - beginning	\$ 125,803	\$ 18,474	\$ -	\$ 531,408	\$ 118,156
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	12,547
Charges for services	-	22,160	-	-	-
Fines and forfeits	-	-	-	-	-
Other receipts	23,752	-	131,960	206,647	-
Total receipts	<u>23,752</u>	<u>22,160</u>	<u>131,960</u>	<u>206,647</u>	<u>12,547</u>
Disbursements:					
Personal services	-	-	-	-	6,856
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	4,676
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	99,969	9,856	120,130	526,183	-
Total disbursements	<u>99,969</u>	<u>9,856</u>	<u>120,130</u>	<u>526,183</u>	<u>11,532</u>
Excess (deficiency) of receipts over disbursements	<u>(76,217)</u>	<u>12,304</u>	<u>11,830</u>	<u>(319,536)</u>	<u>1,015</u>
Cash and investments - ending	<u>\$ 49,586</u>	<u>\$ 30,778</u>	<u>\$ 11,830</u>	<u>\$ 211,872</u>	<u>\$ 119,171</u>

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

	Victim Impact Program	GAL/CASA	Auditors Ineligible Deductions	County Elected Officials Training	County Offender Transportation Fund
Cash and investments - beginning	\$ 2,346	\$ 130,775	\$ 29,181	\$ 16,526	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	12,164	-	-	-
Charges for services	-	-	-	5,267	-
Fines and forfeits	-	-	-	-	340
Other receipts	-	9,184	1,795	-	4,020
Total receipts	-	21,348	1,795	5,267	4,360
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	2,000	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	-	42,582	-	-	-
Total disbursements	-	42,582	-	2,000	-
Excess (deficiency) of receipts over disbursements	-	(21,234)	1,795	3,267	4,360
Cash and investments - ending	\$ 2,346	\$ 109,541	\$ 30,976	\$ 19,793	\$ 4,360

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

	Statewide 911	Central Dispatch	Adult Probation Administrative	Juvenile Probation Administrative	Supplemental Adult Probation Services
Cash and investments - beginning	\$ 267,158	\$ -	\$ 1,402	\$ 3,309	\$ 504,802
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	582,410	169,639	-	-	-
Fines and forfeits	-	-	39,127	-	71,667
Other receipts	3,117	-	-	-	-
Total receipts	<u>585,527</u>	<u>169,639</u>	<u>39,127</u>	<u>-</u>	<u>71,667</u>
Disbursements:					
Personal services	541,497	106,181	-	-	5,034
Supplies	-	-	-	-	-
Other services and charges	65,191	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	27,517	-	-	18,028
Other disbursements	-	-	37,890	-	102,983
Total disbursements	<u>606,688</u>	<u>133,698</u>	<u>37,890</u>	<u>-</u>	<u>126,045</u>
Excess (deficiency) of receipts over disbursements	<u>(21,161)</u>	<u>35,941</u>	<u>1,237</u>	<u>-</u>	<u>(54,378)</u>
Cash and investments - ending	<u>\$ 245,997</u>	<u>\$ 35,941</u>	<u>\$ 2,639</u>	<u>\$ 3,309</u>	<u>\$ 450,424</u>

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

	Supplemental Juvenile Probation Services	County User Fee	Drain Maintenance	Drug Task Force	DUI Task Force
Cash and investments - beginning	\$ 33,958	\$ 41,791	\$ 1,511,668	\$ 10,652	\$ (168)
Receipts:					
Taxes	-	-	394,036	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	18,358
Charges for services	-	-	-	-	-
Fines and forfeits	2,321	20,300	-	-	-
Other receipts	-	-	10,354	178	-
Total receipts	<u>2,321</u>	<u>20,300</u>	<u>404,390</u>	<u>178</u>	<u>18,358</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	9,205	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	1,625	-
Other disbursements	-	19,776	365,390	-	17,409
Total disbursements	<u>-</u>	<u>19,776</u>	<u>365,390</u>	<u>10,830</u>	<u>17,409</u>
Excess (deficiency) of receipts over disbursements	<u>2,321</u>	<u>524</u>	<u>39,000</u>	<u>(10,652)</u>	<u>949</u>
Cash and investments - ending	<u>\$ 36,279</u>	<u>\$ 42,315</u>	<u>\$ 1,550,668</u>	<u>\$ -</u>	<u>\$ 781</u>

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

	K-9	Payroll Clearing	CVET Agency	Sewage Collections	Financial Institution Tax
Cash and investments - beginning	\$ 3,628	\$ 141,537	\$ -	\$ -	\$ -
Receipts:					
Taxes	-	-	-	54,813	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	296,756	-	178,209
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other receipts	-	4,457,999	-	-	-
Total receipts	<u>-</u>	<u>4,457,999</u>	<u>296,756</u>	<u>54,813</u>	<u>178,209</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	-	4,435,291	296,756	54,813	178,209
Total disbursements	<u>-</u>	<u>4,435,291</u>	<u>296,756</u>	<u>54,813</u>	<u>178,209</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>22,708</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,628</u>	<u>\$ 164,245</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, 2017

	Homestead Credit Rebate	State Fines and Forfeitures	Infraction Judgements	Special Death Benefit	Sales Disclosure - State Share
Cash and investments - beginning	\$ 22,910	\$ 3,538	\$ 7,772	\$ 440	\$ 560
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	6,070
Fines and forfeits	-	30,443	-	-	-
Other receipts	75	-	124,126	5,635	-
Total receipts	<u>75</u>	<u>30,443</u>	<u>124,126</u>	<u>5,635</u>	<u>6,070</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	22,985	29,946	121,046	5,700	6,085
Total disbursements	<u>22,985</u>	<u>29,946</u>	<u>121,046</u>	<u>5,700</u>	<u>6,085</u>
Excess (deficiency) of receipts over disbursements	<u>(22,910)</u>	<u>497</u>	<u>3,080</u>	<u>(65)</u>	<u>(15)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 4,035</u>	<u>\$ 10,852</u>	<u>\$ 375</u>	<u>\$ 545</u>

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

	Coroners Training & Con't Education	Interstate Compact - State Share	Mortgage Recording Fees - State Share	Sex and Violent Offender Admin - State	Child Restraint Violation Fines
Cash and investments - beginning	\$ 596	\$ 188	\$ 385	\$ 18	\$ 125
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	4,183	-	-
Fines and forfeits	-	418	-	320	975
Other receipts	6,076	-	-	-	-
Total receipts	6,076	418	4,183	320	975
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	6,186	605	4,213	328	1,075
Total disbursements	6,186	605	4,213	328	1,075
Excess (deficiency) of receipts over disbursements	(110)	(187)	(30)	(8)	(100)
Cash and investments - ending	\$ 486	\$ 1	\$ 355	\$ 10	\$ 25

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

	Education Plate Fees Agency	Riverboat Revenue Sharing	Innkeepers Tax Collections	Judgements Due Law Enforcement	LIT Certified Shares
Cash and investments - beginning	\$ 169	\$ -	\$ 23,359	\$ 2,649	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	656	278,726	-	-	9,972,869
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other receipts	-	-	397,519	-	-
Total receipts	<u>656</u>	<u>278,726</u>	<u>397,519</u>	<u>-</u>	<u>9,972,869</u>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	694	278,726	394,849	-	9,972,869
Total disbursements	<u>694</u>	<u>278,726</u>	<u>394,849</u>	<u>-</u>	<u>9,972,869</u>
Excess (deficiency) of receipts over disbursements	<u>(38)</u>	<u>-</u>	<u>2,670</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 131</u>	<u>\$ -</u>	<u>\$ 26,029</u>	<u>\$ 2,649</u>	<u>\$ -</u>

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

	LIT Special Purpose	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	WIC
Cash and investments - beginning	\$ -	\$ 26,666	\$ 105	\$ 187,417	\$ -
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	2,493,217	-	-	-	13,427
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other receipts	6,452,480	40,406	-	26,859	-
Total receipts	8,945,697	40,406	-	26,859	13,427
Disbursements:					
Personal services	450,003	59,006	-	-	34,879
Supplies	186,249	-	-	-	983
Other services and charges	227,856	-	-	-	10,674
Debt service - principal and interest	563,500	-	-	-	-
Capital outlay	73,138	-	-	-	-
Other disbursements	52,776	6,155	105	6,308	-
Total disbursements	1,553,522	65,161	105	6,308	46,536
Excess (deficiency) of receipts over disbursements	7,392,175	(24,755)	(105)	20,551	(33,109)
Cash and investments - ending	\$ 7,392,175	\$ 1,911	\$ -	\$ 207,968	\$ (33,109)

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

	Settlement	Petty Cash Fund	Treasurer's Cash Fund	Clerk ISETS Account	Prosecutor Pre-Trial Diversion
Cash and investments - beginning	\$ -	\$ 590	\$ 500	\$ 6,270	\$ 217,334
Receipts:					
Taxes	38,993,169	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	1,397
Fines and forfeits	-	-	-	-	-
Other receipts	-	-	-	722,627	154,561
Total receipts	<u>38,993,169</u>	<u>-</u>	<u>-</u>	<u>722,627</u>	<u>155,958</u>
Disbursements:					
Personal services	-	-	-	-	53,118
Supplies	-	-	-	-	8,210
Other services and charges	-	-	-	-	42,058
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	1,783
Other disbursements	38,993,169	-	-	716,425	178
Total disbursements	<u>38,993,169</u>	<u>-</u>	<u>-</u>	<u>716,425</u>	<u>105,347</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,202</u>	<u>50,611</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 590</u>	<u>\$ 500</u>	<u>\$ 12,472</u>	<u>\$ 267,945</u>

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

	Sheriff Pre-Trial Diversion	Court Services	Commissioners Certificate Sale	MC DTF#2	Victim Assistance Donations
Cash and investments - beginning	\$ 4,055	\$ 530,739	\$ 135	\$ 488	\$ 1,195
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	324,536	-	-	-
Fines and forfeits	-	-	-	-	-
Other receipts	-	2,592	-	-	-
Total receipts	-	327,128	-	-	-
Disbursements:					
Personal services	-	145,561	-	-	-
Supplies	-	15,748	-	-	-
Other services and charges	-	104,586	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	10,275	-	-	-
Other disbursements	-	28,391	-	-	-
Total disbursements	-	304,561	-	-	-
Excess (deficiency) of receipts over disbursements	-	22,567	-	-	-
Cash and investments - ending	\$ 4,055	\$ 553,306	\$ 135	\$ 488	\$ 1,195

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

	Road Cut Bonds	Intrastate Compact Fees	EPICS Fund	Governors Drug Free Indiana	DARE
Cash and investments - beginning	\$ 18,700	\$ 3,840	\$ 93,890	\$ 253	\$ 20,820
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	18,000	-	-	-	-
Fines and forfeits	-	180	-	-	-
Other receipts	-	-	14,400	-	6,769
Total receipts	18,000	180	14,400	-	6,769
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	9,020
Other services and charges	-	-	-	-	1,861
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	12,000	4,020	-	-	-
Total disbursements	12,000	4,020	-	-	10,881
Excess (deficiency) of receipts over disbursements	6,000	(3,840)	14,400	-	(4,112)
Cash and investments - ending	\$ 24,700	\$ -	\$ 108,290	\$ 253	\$ 16,708

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

	Crossroads Museum Project	Historical Society	Personal Property Tax Judgement	Sheriff Continuing Education	Prosecutor Continuing Education
Cash and investments - beginning	\$ 17,920	\$ 18,684	\$ 3,063	\$ 23,332	\$ 476
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	4,495	-
Other receipts	-	79,000	-	-	-
Total receipts	-	79,000	-	4,495	-
Disbursements:					
Personal services	-	41,956	-	-	-
Supplies	-	-	-	-	-
Other services and charges	7,259	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	-	-	-	6,283	-
Total disbursements	7,259	41,956	-	6,283	-
Excess (deficiency) of receipts over disbursements	(7,259)	37,044	-	(1,788)	-
Cash and investments - ending	\$ 10,661	\$ 55,728	\$ 3,063	\$ 21,544	\$ 476

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

	Supplemental Technology	DEA Forfeiture Fund	MVH Distribution Fund	10.557 WIC	16.575 Victim Assistance
Cash and investments - beginning	\$ 3,270	\$ 59,913	\$ -	\$ (57,914)	\$ 5,163
Receipts:					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental receipts	-	-	3,157,646	187,446	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other receipts	-	585	-	12,112	-
Total receipts	-	585	3,157,646	199,558	-
Disbursements:					
Personal services	-	-	-	111,481	-
Supplies	-	-	-	5,439	-
Other services and charges	-	5,000	-	39,905	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	6,499	-	555	-
Other disbursements	-	-	3,157,646	-	-
Total disbursements	-	11,499	3,157,646	157,380	-
Excess (deficiency) of receipts over disbursements	-	(10,914)	-	42,178	-
Cash and investments - ending	\$ 3,270	\$ 48,999	\$ -	\$ (15,736)	\$ 5,163

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

	20.509 Older Adult Service Grant	20.609 Operation Pull Over	97.042 EMA Performance Grants	97.012 Lake Enforce DNR Grant
Cash and investments - beginning	\$ 7,889	\$ 163	\$ 3,276	\$ 1,012
Receipts:				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental receipts	253,810	8,000	-	15,000
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Other receipts	-	-	-	30,000
Total receipts	253,810	8,000	-	45,000
Disbursements:				
Personal services	-	-	-	36,181
Supplies	-	-	-	5,315
Other services and charges	-	-	-	2,056
Debt service - principal and interest	-	-	-	-
Capital outlay	-	-	15,000	-
Other disbursements	253,810	8,000	-	-
Total disbursements	253,810	8,000	15,000	43,552
Excess (deficiency) of receipts over disbursements	-	-	(15,000)	1,448
Cash and investments - ending	\$ 7,889	\$ 163	\$ (11,724)	\$ 2,460

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

	93.563 County IVD Incentive	Community Crossings Grant Fund	Pros - IPAC Grant	Totals
Cash and investments - beginning	\$ 320,103	\$ 247,286	\$ -	\$ 35,394,163
Receipts:				
Taxes	-	-	-	48,089,376
Licenses and permits	-	-	-	196,398
Intergovernmental receipts	-	1,000,000	1,000	27,570,127
Charges for services	3,234	-	-	2,235,204
Fines and forfeits	-	-	-	482,692
Other receipts	26,859	-	-	26,909,869
Total receipts	<u>30,093</u>	<u>1,000,000</u>	<u>1,000</u>	<u>105,483,666</u>
Disbursements:				
Personal services	16,807	-	-	12,482,700
Supplies	-	-	-	3,037,611
Other services and charges	4,900	-	-	4,810,984
Debt service - principal and interest	-	-	-	1,127,500
Capital outlay	-	1,155,401	-	2,047,727
Other disbursements	14,835	-	1,000	79,050,987
Total disbursements	<u>36,542</u>	<u>1,155,401</u>	<u>1,000</u>	<u>102,557,509</u>
Excess (deficiency) of receipts over disbursements	<u>(6,449)</u>	<u>(155,401)</u>	<u>-</u>	<u>2,926,157</u>
Cash and investments - ending	<u>\$ 313,654</u>	<u>\$ 91,885</u>	<u>\$ -</u>	<u>\$ 38,320,320</u>

MARSHALL COUNTY  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 2,212,199</u>	<u>\$ -</u>

MARSHALL COUNTY  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Enterprise FM Trust	County vehicle leases	\$ 72,435	09/17/2015	01/31/2019
Marshall County Holding Corporation	Pay bond issue for jail construction	1,127,000	01/09/2006	03/18/2028
Republic First National Corporation	Highway Dept. Trucks	<u>231,422</u>	10/21/2016	01/01/2022
Total of annual lease payments		<u>\$ 1,430,857</u>		

MARSHALL COUNTY  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2017

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 1,002,308
Infrastructure	9,217,188
Buildings	25,247,093
Machinery, equipment, and vehicles	<u>9,819,669</u>
Total capital assets	<u>\$ 45,286,258</u>

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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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, 2017. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 2017-006 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 Period of Performance. 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, 2017.

***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, 2017.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-008. 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 2017-005, 2017-006, 2017-007, and 2017-008, 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, 2017

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
WIC Special Supplemental Nutrition Program for Women, Infants, and Children Breastfeeding Peer Counselor (BFPC) Nutrition Services and Administration (NSA) Nutrition Services and Administration (NSA)	Indiana State Dept of Health	10.557	EDS A70-5-070652 FY2017 EDS A70-5-070652 FY2017 EDS A70-5-070652 FY2018	\$ - - -	\$ 10,382 167,460 13,427
Total - Department of Agriculture				-	191,269
<u>Department of Interior</u>					
Historic Preservation Fund Grants-In-Aid	Indiana Department of Transportation	15.904	Contract R-29712 DES 0500825	-	7,259
<u>Department of Justice</u>					
Crime Victim Assistance VOCA 1000	Indiana Criminal Justice Institute	16.575	EDS-D3-171147	-	25,881
Total - Department of Justice				-	25,881
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Seltlenright Bridge #310 Bridge Inspection Hickory Road Bridge #81	Indiana Dept of Transportation	20.205	DES#1173280 DES#1382094 DES#1383474	- - -	5,103 68,414 63,421
Total - Highway Planning and Construction Cluster				-	136,938
Highway Safety Cluster State and Community Highway Safety DUI Task Force Fund Operation Pullover	Indiana Criminal Justice Institute	20.600	EDS D3-15-9011 FY2017	- -	18,358 8,000
Total - Highway Safety Cluster				-	26,358
Formula Grants for Rural Areas FY16 Rural/Intercity Op/Admin and 2017 Section 5311/5339	Indiana Dept of Transportation	20.509	A249-15-320528	-	199,380
Total - Department of Transportation				-	362,676
<u>Department of Health and Human Services</u>					
Child Support Enforcement IVD Reimbursement General Clerk IV-D Incentive Prior 99 IVD Incentive-County IVD Incentive Prosecutor Fund 8897 IVD Incentive-Clerk Prior Oct. 1999	Indiana Dept. of Child Services	93.563	1504INCSES FY 1999 FY 2016 FY 2017 FY2017	- - - - -	175,064 105 36,542 65,161 6,308
Total - Department of Health and Human Services				-	283,180
<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 - Salaries	Indiana Dept of Homeland Security	97.042	Contract #16481	-	22,000
Total - Department of Homeland Security				-	37,000
Total federal awards expended				\$ -	\$ 907,265

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, 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the County, it is not intended to and does not present the financial position of the County.

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

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

Federal Awards:

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

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

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
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
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**Section II - Financial Statement Findings**

**FINDING 2017-001**

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 2016-001.

*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.

MARSHALL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

*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.

MARSHALL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2017-002***

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

*Repeat Finding*

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

*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 overstated by \$189,176.
2. The Highway Planning and Construction Cluster expenditures were overstated by \$35,430.
3. The Child Support Enforcement expenditures were overstated \$8,094.
4. The Boating Safety Financial Assistance expenditures were overstated by \$28,552.

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 error 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 2017-003**

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 2016-003.

*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 2017-004**

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 2016-004.

*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.

MARSHALL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2017-005**

Subject: WIC Special Supplemental Nutrition Program for Women, Infants,  
and Children - Activities Allowed or Unallowed, Allowable  
Costs/Cost Principles, Cash Management, and 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 FY2017,  
EDS A70-5-070652 FY2018

Pass-Through Entity: Indiana State Dept of Health

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost  
Principles, Cash Management, and Reporting

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding numbers were 2016-005 and 2016-006.

*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 compliance requirements listed above.

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.

The County also had not designed or implemented adequate internal controls to ensure that grant expenditures were paid before they were included on a reimbursement request and that the reimbursement requests were complete and accurate prior to submission. The WIC Coordinator prepared and submitted the reimbursement requests 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

MARSHALL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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 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.

**FINDING 2017-006**

Subject: WIC Special Supplemental Nutrition Program for Women,  
Infants, and Children - Period of Performance

Federal Agency: Department of Agriculture

Federal Program: WIC Special Supplemental Nutrition Program  
for Women, Infants, and Children

CFDA Number: 10.557

Federal Award Number or Year (or Other Identifying Number): EDS A70-5-070652 FY2017,  
EDS A70-5-070652 FY2018

Pass-Through Entity: Indiana State Dept of Health

Compliance Requirement: Period of Performance

Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-006.

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 Period of Performance compliance requirement.

The County had not designed or implemented adequate internal controls to ensure that grant expenditures were within the period of performance. The reimbursement requests were prepared and submitted for payment by the WIC Coordinator without an oversight, review, or approval process.

It could not be determined if the County complied with the period of performance requirements. Multiple program years were combined in one fund and there was no documentation available to determine which expenditures were at the end of one grant period or at the beginning of the next grant period.

*Context*

The lack of controls and failure to provide adequate documentation related to the grant periods 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 200.309 states in part:

"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. . . ."

MARSHALL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

The County had not developed a system of internal controls to ensure that adequate supporting documentation was maintained and made available for audit related to the Period of Performance compliance requirement.

*Effect*

The failure to retain or provide appropriate supporting documentation prevented the determination of the County's compliance with the Period of Performance compliance requirement.

*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 the Period of Performance compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2017-007**

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, FY2017

Pass-Through Entity: Indiana Dept. of Child Services

Compliance Requirement: Allowable Costs/Cost Principles

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-008.

*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.

MARSHALL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*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 non-compliance 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 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 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.

MARSHALL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**FINDING 2017-008**

Subject: Child Support Enforcement - Reporting  
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): FY2017  
Pass-Through Entity: Indiana Dept. of Child Services  
Compliance Requirement: Reporting  
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 Reporting compliance requirement.

The County Prosecutor's controls over the quarterly incentive reports were not effective. The amounts reported on the quarterly incentive reports did not always agree to the ledger and the reports were not always mathematically accurate or complete.

*Context*

The lack of controls and the noncompliance were systemic issues throughout the audit period. Three of the four incentive reports tested were incorrect.

*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 200.302(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. . . ."

MARSHALL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cause*

The County's management had not designed or implemented effective internal controls that would have ensured compliance with the grant agreement and the Reporting compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County's management establish controls to ensure compliance and comply with the Reporting 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.



## TREASURER OF MARSHALL COUNTY

Angela C. Birchmeier

112 W. Jefferson Street

Room 206

Plymouth, IN 46563

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Phone 574-935-8520

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### ***FINDING 2016-001***

Fiscal year in the finding initially occurred: 2016

Contact Person Responsible for Corrective Action:

Angela C. Birchmeier  
Marshall County Treasurer  
Contact Phone Number: 574-935-8518

Status of Audit Finding: Due to the timing of the audit the finding from the 2016 audit has not been corrected.

Angela C. Birchmeier  
Marshall County Treasurer  
August 20, 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).)



**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](mailto:julief@co.marshall.in.us)

Fax: 574-936-4863

#### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDINGS: 2016-002***

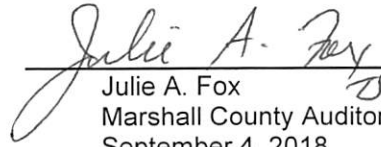
Fiscal year in which the finding initially occurred: 2016

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: Due to the timing of the 2016 (Audit: 9/4/18), the State Board of Account Audit finding for 2016 could not be corrected. Marshall County implemented controls for those audit findings in January, 2018 over the Schedule of Expenditures of Federal Awards (SEFA).

  
\_\_\_\_\_  
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

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2016-003**

Fiscal year in which the finding initially occurred:

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

Contact Person Responsible for Corrective Action: Deborah VanDeMark

Contact Phone Number: 574-935-8701

Status of Audit Finding:

State Board of Accounts audited our records for 2016 and 2017 at the same time therefore the 2016 finding and 2017 finding will be corrected as of August 2018.

  
(Signature)

\_\_\_\_\_  
Marshall County Clerk

(Title)

\_\_\_\_\_  
August 23, 2018

(Date)

(Date)

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



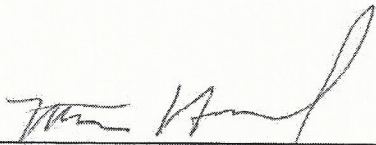
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2016-004**

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 Hassel  
Contact Phone Number: 574-936-3187

Status of Audit Finding:

Due to the timing of the audit the Finding from 2016 audit has not been corrected.

  
\_\_\_\_\_  
(Signature)  
  
Sheriff  
\_\_\_\_\_  
(Title)  
  
8/21/2018  
\_\_\_\_\_  
(Date)



**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](mailto:julief@co.marshall.in.us)

Fax: 574-936-4863

#### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDINGS: 2016-005***

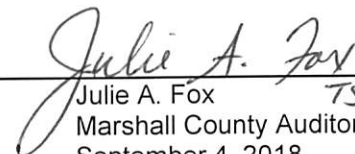
Fiscal year in which the finding initially occurred: 2016

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 will implement controls for those audit findings in January, 2019.

  
\_\_\_\_\_  
Julie A. Fox <sup>TS</sup>  
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).)



**Julie A. Fox**  
Marshall County Auditor  
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#### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDINGS: 2016-006***

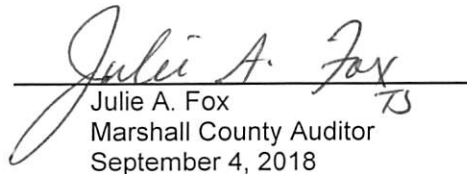
Fiscal year in which the finding initially occurred: 2016

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 will implement controls for those audit findings in January, 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

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2016-007 Child Support***

Fiscal year in which the finding initially occurred:

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Deborah VanDeMark

Contact Phone Number: 574-935-8701

Status of Audit Finding:

State Board of Accounts audited our records for 2016 and 2017 in August 2018. The finding was for 2016. Clerk changed process in August of 2017 based on information received from a IV-D conference.

*Deborah VanDeMark*  
(Signature)

Marshall County Clerk  
(Title)

September 5, 2018  
(Date)



**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](mailto:julief@co.marshall.in.us)

Fax: 574-936-4863

#### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDINGS: 2016-008***

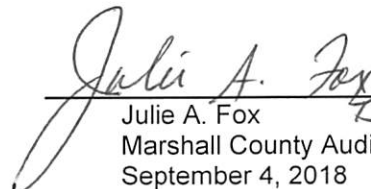
Fiscal year in which the finding initially occurred: 2016

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 will implement controls for those audit findings in January, 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).)



## TREASURER OF MARSHALL COUNTY

Angela C. Birchmeier  
112 W. Jefferson Street  
Room 206  
Plymouth, IN 46563

---

Phone 574-935-8520

### CORRECTIVE ACTION PLAN

#### ***FINDING 2017-001***

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, appearing to read "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](mailto:julief@co.marshall.in.us)

Fax: 574-936-4863

## CORRECTIVE ACTION PLAN

**FINDINGS:** 2017-002

**Contact Person Responsible for Corrective Action:**

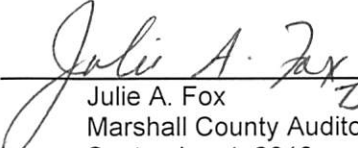
Julie A. Fox, Marshall County Auditor  
TX: (574) 935-8555

**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 2017-003**

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

*Deborah VanDeMark*  
(Signature)

Marshall County Clerk

(Title)

August 23, 2018

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



CORRECTIVE ACTION PLAN

**FINDING 2017-004**

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:

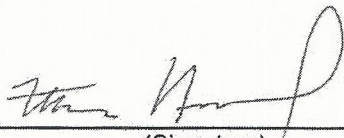
The County Sheriff has implemented an increased oversight throughout the processes of receipting, depositing, and recording checks. Each check sent to the Marshall County Clerk's Office has a Promise to Appear/Cash Bond Form attached to it, and each form will be reviewed and initialed by the Sheriff,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



**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](mailto:julief@co.marshall.in.us)

Fax: 574-936-4863

### CORRECTIVE ACTION PLAN

**FINDINGS:** 2017-005

**Contact Person Responsible for Corrective Action:**

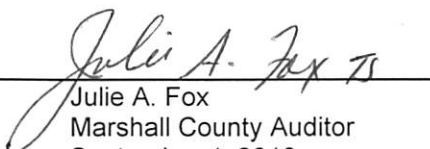
Julie A. Fox, Marshall County Auditor  
TX: (574) 935-8555

**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 regarding cash management and reporting and 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).)



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

Phone: 574-935-8555

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Fax: 574-936-4863

## CORRECTIVE ACTION PLAN

**FINDINGS:** 2017-006

**Contact Person Responsible for Corrective Action:**

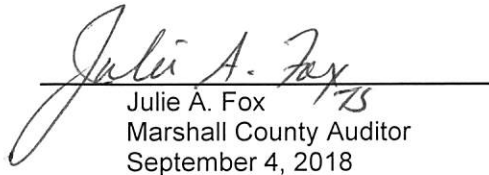
Julie A. Fox, Marshall County Auditor  
TX: (574) 935-8555

**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).)



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

Phone: 574-935-8555

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Fax: 574-936-4863

## CORRECTIVE ACTION PLAN

**FINDINGS:** 2017-007

**Contact Person Responsible for Corrective Action:**

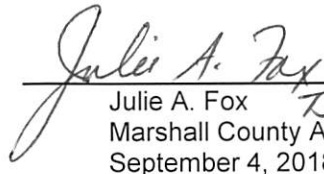
Julie A. Fox, Marshall County Auditor  
TX: (574) 935-8555

**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).)



**E. Nelson Chipman, Jr.**  
**Prosecuting Attorney of Marshall County**  
72<sup>nd</sup> Judicial Circuit

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CORRECTIVE ACTION PLAN

**FINDING 2017-008**

Contact Person Responsible for Corrective Action: **E. Nelson Chipman, Jr.**  
Contact Phone Number: **574-935-8666**

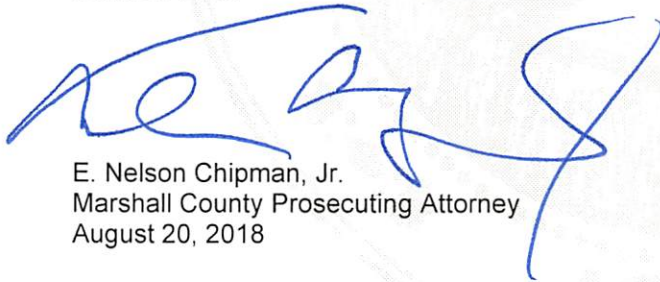
Views of Responsible Official: **We concur with the finding. It is apparent the expenditure of approximately \$8000 was incurred as we moved the Child Support Division offices to expanded office space not previously available. The expenditure was noted in a quarterly report and inadvertently carried over to the following quarterly report. Obviously, the expenditure was not incurred in the second quarter which made the entry in the second quarterly report an error. We thank you for finding the error and apologize for the inconvenience it has caused.**

Description of Corrective Action Plan:

**A negative adjustment in the amount of the double entry will be made on the next quarterly report.**

Anticipated Completion Date:

**October 2018**



E. Nelson Chipman, Jr.  
Marshall County Prosecuting Attorney  
August 20, 2018

#### 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/>.