

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

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



FILED
10/31/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Jana L. Schinbeckler	01-01-15 to 12-31-18
County Treasurer	Laurell E. Schroeder	01-01-13 to 12-31-20
Clerk of the Circuit Court	Deborah S. Beers	01-01-15 to 12-31-18
County Sheriff	Marcus E. Gatton	01-01-15 to 12-31-18
County Recorder	April D. Whetstone	01-01-15 to 12-31-18
President of the Board of County Commissioners	George A. Schrumpf	01-01-16 to 12-31-18
President of the County Council	Kim H. Wheeler John Barrett Thor Hodges	01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF WHITLEY COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 20, 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 20, 2018



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

TO: THE OFFICIALS OF WHITLEY 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 Whitley County (County), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement, and have issued our report thereon dated September 20, 2018, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

Whitley 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 20, 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.

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

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
After Settlement Collections	\$ 821,175	\$ 764,756	\$ 821,175	\$ 764,756
Sheriff's Inmate Trust	27,518	206,690	200,192	34,016
Bad Check Account	90	25,581	25,648	23
Jail Commissary	84,479	180,097	157,888	106,688
Clerk's Trust	623,041	3,736,327	3,956,361	403,007
Sheriff Cash Book	-	1,247,530	1,247,530	-
County General	554,960	6,172,516	6,113,088	614,388
Accident Reports	9,218	5,507	7,985	6,740
CAGIT County Certified Funds	269,073	3,009,202	3,217,644	60,631
Campaign Finance Funds	475	-	-	475
Cedit	215,149	991,535	678,680	528,004
City & Town Courts	966	11,797	5,725	7,038
Document Storage Fees	37,083	34,020	28,158	42,945
Comm Corrections Project Incom	25,835	911,514	935,809	1,540
Community Transition	9,591	25,050	32,172	2,469
Assess Sales Disc	41,693	4,660	1,071	45,282
Cum Bridge	322,355	1,115,238	753,294	684,299
Cum Capital Development	475,425	453,883	557,883	371,425
County Drug Free Community	49,393	72,542	56,309	65,626
Emerg Plan & Right To Know	4,402	851	1,286	3,967
Firearms Training	30,058	32,320	54,276	8,102
General Drain Improvement	147,399	134,561	100,549	181,411
County Health	860,530	315,522	363,239	812,813
Ident Security Protect	5,762	2,920	8,682	-
Local Health Maintenance	21,496	36,570	15,267	42,799
Local Roads & Streets	163,267	340,062	375,000	128,329
LOIT Public Safety - Co Share	-	1,257,263	966,894	290,369
Medical Care for Inmates	14,631	5,061	839	18,853
County Misdemeanant	23,492	20,126	5,319	38,299
Highway	589,288	2,915,646	3,076,721	428,213
Rainy Day	87,376	24,261	9,081	102,556
Reassessment Fund	1,097,388	101,307	214,802	983,893
Co Recorders Record	59,007	101,683	22,376	138,314
Sex and Violent Offender Admin	5	2,445	2,295	155
Supplemental Public	2,694	3,360	4,423	1,631
Surplus Tax	56,583	36,038	36,579	56,042
Co Surveyor Cornerstone	66,210	7,530	5,775	67,965
Tax Sale Redemption	5,722	23,315	22,582	6,455
Tax Sale Surplus	132,812	123,237	37,396	218,653
Tobacco Settlement	54,668	13,139	4,553	63,254
Unsafe Building	6,003	8,323	-	14,326
Guardian Ad LITEM	644	-	217	427
Guardian Ad Litem/Casa	-	16,181	16,181	-
Auditors Ineligible Deductions	143,640	51,165	69,487	125,318
Elected Official Training Fund	4,073	2,926	1,740	5,259
Whitley Co Statewide 911	192,390	429,273	360,101	261,562
LOIT Special Distribution	-	72,782	-	72,782
Supplemental Adult	57,979	76,874	87,215	47,638
Supplemental Juvenile	20,897	8,857	7,082	22,672
Alternative Dispute Resolution	6,904	2,940	-	9,844
Sheriff Law Enforcement Con Ed	4,312	2,329	4,174	2,467
Drain Maintenance	2,534,499	574,798	438,113	2,671,184
Sheriff Sale Administration	-	2,635	-	2,635
Sheriff K-9 Donation Fund	1,702	1,200	-	2,902
EMS Donations	187	-	-	187
Ordinance Violations Liens	(16,900)	-	-	(16,900)
Redevelopment Series A	2,150,617	-	125,265	2,025,352
Redevelopment Series B	2,926,375	-	448,418	2,477,957
Redevelopment Commission	2,811,502	4,729,042	3,938,308	3,602,236
Ambulance Lease	(16,072)	16,072	-	-
Payroll	57,253	2,215,186	2,223,002	49,437
Sheriff Pension Holding	1,720	35,474	34,365	2,829
Tax Distribution Clearing Fund	-	33,077,730	33,077,730	-
LOIT Public Safety	-	1,867,120	1,867,120	-

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

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
Wheel Tax Distributions	-	112,292	112,292	-
Surtax Distributions	-	344,090	344,090	-
CVET	-	304,644	304,644	-
Financial Institution	-	274,856	274,856	-
Cedit Homestead Credit	4,137	236,792	236,459	4,470
Fines & Forfeitures	8,726	56,054	56,574	8,206
Infraction Judgements/Seatbelt	8,454	97,720	99,807	6,367
Overweight Vehicles	1,495	670	1,495	670
Spc Death Benefit	200	1,910	1,950	160
State Sales Disclosures	405	4,660	4,595	470
Coroner's Continuing Ed	314	3,351	3,283	382
Mortgage Fees	279	3,868	3,778	369
Child Restraint	50	425	450	25
Inheritance Tax	713	2	-	715
Ed Plate Fees	-	356	300	56
Riverboat Sharing	-	197,212	197,212	-
CAGIT Cert Shares	-	5,367,899	5,367,899	-
Cedit Distrib	-	1,439,463	1,439,463	-
LOIT 2016 Special Distribution	-	185,056	185,056	-
Prosecuting Attorney	6,330	21,800	25,274	2,856
93.563 Title IV-D Incentive	44,069	17,998	25,514	36,553
Prosecutor Incentive	36,031	27,080	59,676	3,435
Clerk Incentive	63,921	17,998	19,004	62,915
Law Enforcement Continuing Ed	29,172	11,758	10,529	30,401
Pre-Trial Diversion	266,186	18,318	35,439	249,065
County User Fee Infraction	80,419	78,433	105,567	53,285
Sheriff Donation	5,171	3,075	3,523	4,723
Rail Connect Park TIF	44,351	53,950	-	98,301
lotron Union TIF Amended	8,222	168,108	109,000	67,330
Gov Ctr Lease	45,173	724,449	505,500	264,122
Prosecutor Restitution	8,696	77,679	80,507	5,868
4-H Clubs	-	528	-	528
CFDA #14.228 CDBG	-	5,760	11,520	(5,760)
JDAI Grant	-	33,224	10,589	22,635
Probation Officer/CC Grant	-	39,375	25,405	13,970
Jury Pay	30,629	7,289	8,445	29,473
Solid Waste District	-	757,088	757,088	-
Fuel Facility	92,446	399,960	383,805	108,601
PP Tax Recovery	554	-	-	554
Employee Disability	5,529	-	-	5,529
CAGIT PTRC	-	1,789,300	1,789,300	-
CFDA 93.507 Health Infrastruct	52,477	-	8,455	44,022
Asset Forf & Money Laundering	35,425	-	30,962	4,463
CFDA #16.575 IN Criminal Justi	14,569	17,769	32,338	-
CFDA 10.557 WIC	(57,286)	166,671	107,734	1,651
Drug Enforcement Grant	26,464	11,745	8,178	30,031
Homeland Security Grant	(500)	-	-	(500)
EMPG Grant	(143)	4,300	-	4,157
EMA Grant	26	-	-	26
CFDA 16.800 IN Internet Crime	12	-	-	12
Senior Citizen Transportation	-	274,263	204,946	69,317
HAVA Grant	150	-	-	150
Comm Corrections Grant	64,290	597,970	561,708	100,552
TGF II	10,341	31,020	20,680	20,681
Bioterrorism Preparedness	9,636	44,112	46,856	6,892
Totals	<u>\$ 18,825,167</u>	<u>\$ 81,688,909</u>	<u>\$ 80,444,809</u>	<u>\$ 20,069,267</u>

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

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

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

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

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

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

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

WHITLEY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. County Police Retirement Plan

Plan Description

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

Funding Policy

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

C. County Police Benefit Plan

Plan Description

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

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of expenditures exceeding available revenue. The Ordinance Violations Liens fund had a deficit in cash due to the County cleaning up a property to which the bill was paid by the County with a lien being put on the property which has not been paid as the taxes on the property have not yet been collected.

WHITLEY COUNTY
 NOTES TO FINANCIAL STATEMENT
 (Continued)

Note 8. Restatements

For the year ended December 31, 2016, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the County. The following schedule presents a summary of restated beginning balances:

Fund	Balance as of December 31, 2015	Prior Period Adjustment	Balance as of January 1, 2016
Clerk's Trust	\$ 584,481	\$ 38,560	\$ 623,041

Note 9. Holding Corporation

The County has entered into a capital lease with Whitley County Holding Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related-party of the County. Lease payments during the year 2016 totaled \$505,500.

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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.

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

	After Settlement Collections	Sheriff's Inmate Trust	Bad Check Account	Jail Commissary	Clerk's Trust	Sheriff Cash Book
Cash and investments - beginning	\$ 821,175	\$ 27,518	\$ 90	\$ 84,479	\$ 623,041	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	764,756	206,690	25,581	180,097	3,736,327	1,247,530
Total receipts	764,756	206,690	25,581	180,097	3,736,327	1,247,530
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	821,175	200,192	25,648	157,888	3,956,361	1,247,530
Total disbursements	821,175	200,192	25,648	157,888	3,956,361	1,247,530
Excess (deficiency) of receipts over disbursements	(56,419)	6,498	(67)	22,209	(220,034)	-
Cash and investments - ending	\$ 764,756	\$ 34,016	\$ 23	\$ 106,688	\$ 403,007	\$ -

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

	County General	Accident Reports	CAGIT County Certified Funds	Campaign Finance Funds	Cedit	City & Town Courts
Cash and investments - beginning	\$ 554,960	\$ 9,218	\$ 269,073	\$ 475	\$ 215,149	\$ 966
Receipts:						
Taxes	4,116,990	-	2,931,596	-	895,535	-
Licenses and permits	108,587	-	-	-	-	-
Intergovernmental receipts	1,139,890	-	-	-	-	-
Charges for services	393,884	5,507	-	-	-	-
Fines and forfeits	181,676	-	-	-	-	11,797
Other receipts	231,489	-	77,606	-	96,000	-
Total receipts	<u>6,172,516</u>	<u>5,507</u>	<u>3,009,202</u>	<u>-</u>	<u>991,535</u>	<u>11,797</u>
Disbursements:						
Personal services	3,795,927	-	1,935,259	-	-	-
Supplies	339,474	-	45,118	-	-	-
Other services and charges	1,837,194	-	932,789	-	193,000	-
Debt service - principal and interest	-	-	-	-	136,983	-
Capital outlay	3,077	-	-	-	304,947	-
Other disbursements	137,416	7,985	304,478	-	43,750	5,725
Total disbursements	<u>6,113,088</u>	<u>7,985</u>	<u>3,217,644</u>	<u>-</u>	<u>678,680</u>	<u>5,725</u>
Excess (deficiency) of receipts over disbursements	<u>59,428</u>	<u>(2,478)</u>	<u>(208,442)</u>	<u>-</u>	<u>312,855</u>	<u>6,072</u>
Cash and investments - ending	<u>\$ 614,388</u>	<u>\$ 6,740</u>	<u>\$ 60,631</u>	<u>\$ 475</u>	<u>\$ 528,004</u>	<u>\$ 7,038</u>

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

	Document Storage Fees	Comm Corrections Project Incom	Community Transition	Assess Sales Disc	Cum Bridge	Cum Capital Development
Cash and investments - beginning	\$ 37,083	\$ 25,835	\$ 9,591	\$ 41,693	\$ 322,355	\$ 475,425
Receipts:						
Taxes	-	-	-	-	756,964	406,501
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	62,757	-	-	105,594	46,687
Charges for services	-	848,757	25,050	-	-	-
Fines and forfeits	34,020	-	-	-	-	-
Other receipts	-	-	-	4,660	252,680	695
Total receipts	<u>34,020</u>	<u>911,514</u>	<u>25,050</u>	<u>4,660</u>	<u>1,115,238</u>	<u>453,883</u>
Disbursements:						
Personal services	-	677,025	-	-	-	-
Supplies	-	93,547	26,867	-	-	-
Other services and charges	-	165,237	5,305	1,071	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	753,294	557,883
Other disbursements	28,158	-	-	-	-	-
Total disbursements	<u>28,158</u>	<u>935,809</u>	<u>32,172</u>	<u>1,071</u>	<u>753,294</u>	<u>557,883</u>
Excess (deficiency) of receipts over disbursements	<u>5,862</u>	<u>(24,295)</u>	<u>(7,122)</u>	<u>3,589</u>	<u>361,944</u>	<u>(104,000)</u>
Cash and investments - ending	<u>\$ 42,945</u>	<u>\$ 1,540</u>	<u>\$ 2,469</u>	<u>\$ 45,282</u>	<u>\$ 684,299</u>	<u>\$ 371,425</u>

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

	County Drug Free Community	Emerg Plan & Right To Know	Firearms Training	General Drain Improvement	County Health	Ident Security Protect
Cash and investments - beginning	\$ 49,393	\$ 4,402	\$ 30,058	\$ 147,399	\$ 860,530	\$ 5,762
Receipts:						
Taxes	-	-	-	54,269	184,500	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	22,779	-
Charges for services	-	-	-	-	108,243	2,920
Fines and forfeits	-	-	-	-	-	-
Other receipts	72,542	851	32,320	80,292	-	-
Total receipts	72,542	851	32,320	134,561	315,522	2,920
Disbursements:						
Personal services	39,080	-	-	-	296,239	-
Supplies	-	-	27,558	-	58,949	-
Other services and charges	-	-	14,768	-	6,814	8,682
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	405	-
Other disbursements	17,229	1,286	11,950	100,549	832	-
Total disbursements	56,309	1,286	54,276	100,549	363,239	8,682
Excess (deficiency) of receipts over disbursements	16,233	(435)	(21,956)	34,012	(47,717)	(5,762)
Cash and investments - ending	\$ 65,626	\$ 3,967	\$ 8,102	\$ 181,411	\$ 812,813	\$ -

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

	Local Health Maintenance	Local Roads & Streets	LOIT Public Safety - Co Share	Medical Care for Inmates	County Misdemeanant	Highway
Cash and investments - beginning	\$ 21,496	\$ 163,267	\$ -	\$ 14,631	\$ 23,492	\$ 589,288
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	3,550
Intergovernmental receipts	36,570	340,062	-	-	20,126	2,810,980
Charges for services	-	-	-	5,061	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	1,257,263	-	-	101,116
Total receipts	<u>36,570</u>	<u>340,062</u>	<u>1,257,263</u>	<u>5,061</u>	<u>20,126</u>	<u>2,915,646</u>
Disbursements:						
Personal services	13,386	-	966,794	-	-	1,270,252
Supplies	862	-	-	839	5,319	1,095,000
Other services and charges	1,019	-	-	-	-	180,316
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	375,000	-	-	-	530,000
Other disbursements	-	-	100	-	-	1,153
Total disbursements	<u>15,267</u>	<u>375,000</u>	<u>966,894</u>	<u>839</u>	<u>5,319</u>	<u>3,076,721</u>
Excess (deficiency) of receipts over disbursements	<u>21,303</u>	<u>(34,938)</u>	<u>290,369</u>	<u>4,222</u>	<u>14,807</u>	<u>(161,075)</u>
Cash and investments - ending	<u>\$ 42,799</u>	<u>\$ 128,329</u>	<u>\$ 290,369</u>	<u>\$ 18,853</u>	<u>\$ 38,299</u>	<u>\$ 428,213</u>

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

	Rainy Day	Reassessment Fund	Co Recorders Record	Sex and Violent Offender Admin	Supplemental Public	Surplus Tax
Cash and investments - beginning	\$ 87,376	\$ 1,097,388	\$ 59,007	\$ 5	\$ 2,694	\$ 56,583
Receipts:						
Taxes	-	89,457	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	24,261	10,275	-	-	-	-
Charges for services	-	-	101,683	2,445	-	-
Fines and forfeits	-	-	-	-	3,360	-
Other receipts	-	1,575	-	-	-	36,038
Total receipts	24,261	101,307	101,683	2,445	3,360	36,038
Disbursements:						
Personal services	-	62,364	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	152,438	22,376	-	4,423	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	9,081	-	-	2,295	-	36,579
Total disbursements	9,081	214,802	22,376	2,295	4,423	36,579
Excess (deficiency) of receipts over disbursements	15,180	(113,495)	79,307	150	(1,063)	(541)
Cash and investments - ending	\$ 102,556	\$ 983,893	\$ 138,314	\$ 155	\$ 1,631	\$ 56,042

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

	Co Surveyor Cornerstone	Tax Sale Redemption	Tax Sale Surplus	Tobacco Settlement	Unsafe Building	Guardian Ad LITEM
Cash and investments - beginning	\$ 66,210	\$ 5,722	\$ 132,812	\$ 54,668	\$ 6,003	\$ 644
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	13,139	-	-
Charges for services	7,530	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	23,315	123,237	-	8,323	-
Total receipts	7,530	23,315	123,237	13,139	8,323	-
Disbursements:						
Personal services	-	-	-	930	-	-
Supplies	-	-	-	3,623	-	-
Other services and charges	5,775	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	22,582	37,396	-	-	217
Total disbursements	5,775	22,582	37,396	4,553	-	217
Excess (deficiency) of receipts over disbursements	1,755	733	85,841	8,586	8,323	(217)
Cash and investments - ending	\$ 67,965	\$ 6,455	\$ 218,653	\$ 63,254	\$ 14,326	\$ 427

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

	Guardian Ad Litem/Casa	Auditors Ineligible Deductions	Elected Official Training Fund	Whitley Co Statewide 911	LOIT Special Distribution	Supplemental Adult
Cash and investments - beginning	\$ -	\$ 143,640	\$ 4,073	\$ 192,390	\$ -	\$ 57,979
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	16,181	-	-	-	72,782	-
Charges for services	-	-	2,921	429,056	-	17,862
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	51,165	5	217	-	59,012
Total receipts	16,181	51,165	2,926	429,273	72,782	76,874
Disbursements:						
Personal services	-	25,190	-	213,338	-	27,985
Supplies	-	971	-	17,724	-	2,129
Other services and charges	-	32,672	1,740	114,055	-	53,798
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	16,181	10,654	-	14,984	-	3,303
Total disbursements	16,181	69,487	1,740	360,101	-	87,215
Excess (deficiency) of receipts over disbursements	-	(18,322)	1,186	69,172	72,782	(10,341)
Cash and investments - ending	\$ -	\$ 125,318	\$ 5,259	\$ 261,562	\$ 72,782	\$ 47,638

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

	Supplemental Juvenile	Alternative Dispute Resolution	Sheriff Law Enforcement Con Ed	Drain Maintenance	Sheriff Sale Administration	Sheriff K-9 Donation Fund
Cash and investments - beginning	\$ 20,897	\$ 6,904	\$ 4,312	\$ 2,534,499	\$ -	\$ 1,702
Receipts:						
Taxes	-	-	-	550,126	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	2,965	-	-	-	2,635	-
Fines and forfeits	-	2,940	-	-	-	-
Other receipts	5,892	-	2,329	24,672	-	1,200
Total receipts	8,857	2,940	2,329	574,798	2,635	1,200
Disbursements:						
Personal services	2,080	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	3,446	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	1,556	-	4,174	438,113	-	-
Total disbursements	7,082	-	4,174	438,113	-	-
Excess (deficiency) of receipts over disbursements	1,775	2,940	(1,845)	136,685	2,635	1,200
Cash and investments - ending	\$ 22,672	\$ 9,844	\$ 2,467	\$ 2,671,184	\$ 2,635	\$ 2,902

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

	EMS Donations	Ordinance Violations Liens	Redevelopment Series A	Redevelopment Series B	Redevelopment Commission	Ambulance Lease
Cash and investments - beginning	\$ 187	\$ (16,900)	\$ 2,150,617	\$ 2,926,375	\$ 2,811,502	\$ (16,072)
Receipts:						
Taxes	-	-	-	-	3,864,448	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	864,594	16,072
Total receipts	-	-	-	-	4,729,042	16,072
Disbursements:						
Personal services	-	-	-	-	900	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	290,982	-
Debt service - principal and interest	-	-	125,265	448,418	3,134,784	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	511,642	-
Total disbursements	-	-	125,265	448,418	3,938,308	-
Excess (deficiency) of receipts over disbursements	-	-	(125,265)	(448,418)	790,734	16,072
Cash and investments - ending	\$ 187	\$ (16,900)	\$ 2,025,352	\$ 2,477,957	\$ 3,602,236	\$ -

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

	Payroll	Sheriff Pension Holding	Tax Distribution Clearing Fund	LOIT Public Safety	Wheel Tax Distributions	Surtax Distributions
Cash and investments - beginning	\$ 57,253	\$ 1,720	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	29,349,936	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	3,682,927	1,867,120	112,292	344,090
Charges for services	-	4,526	36,544	-	-	-
Fines and forfeits	-	30,948	-	-	-	-
Other receipts	2,215,186	-	8,323	-	-	-
Total receipts	2,215,186	35,474	33,077,730	1,867,120	112,292	344,090
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	2,223,002	34,365	33,077,730	1,867,120	112,292	344,090
Total disbursements	2,223,002	34,365	33,077,730	1,867,120	112,292	344,090
Excess (deficiency) of receipts over disbursements	(7,816)	1,109	-	-	-	-
Cash and investments - ending	\$ 49,437	\$ 2,829	\$ -	\$ -	\$ -	\$ -

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

	CVET	Financial Institution	Cedit Homestead Credit	Fines & Forfeitures	Infraction Judgements/ Seatbelt	Overweight Vehicles
Cash and investments - beginning	\$ -	\$ -	\$ 4,137	\$ 8,726	\$ 8,454	\$ 1,495
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	304,644	274,856	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	236,792	56,054	97,720	670
Total receipts	304,644	274,856	236,792	56,054	97,720	670
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	304,644	274,856	236,459	56,574	99,807	1,495
Total disbursements	304,644	274,856	236,459	56,574	99,807	1,495
Excess (deficiency) of receipts over disbursements	-	-	333	(520)	(2,087)	(825)
Cash and investments - ending	\$ -	\$ -	\$ 4,470	\$ 8,206	\$ 6,367	\$ 670

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

	Spc Death Benefit	State Sales Disclosures	Coroner's Continuing Ed	Mortgage Fees	Child Restraint	Inheritance Tax
Cash and investments - beginning	\$ 200	\$ 405	\$ 314	\$ 279	\$ 50	\$ 713
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	2
Charges for services	-	-	-	3,868	-	-
Fines and forfeits	-	-	-	-	425	-
Other receipts	1,910	4,660	3,351	-	-	-
Total receipts	1,910	4,660	3,351	3,868	425	2
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	1,950	4,595	3,283	3,778	450	-
Total disbursements	1,950	4,595	3,283	3,778	450	-
Excess (deficiency) of receipts over disbursements	(40)	65	68	90	(25)	2
Cash and investments - ending	\$ 160	\$ 470	\$ 382	\$ 369	\$ 25	\$ 715

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

	Ed Plate Fees	Riverboat Sharing	CAGIT Cert Shares	Cedit Distrb	LOIT 2016 Special Distribution	Prosecuting Attorney
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,330
Receipts:						
Taxes	-	-	5,367,899	1,439,463	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	197,212	-	-	185,056	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	356	-	-	-	-	21,800
Total receipts	356	197,212	5,367,899	1,439,463	185,056	21,800
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	300	197,212	5,367,899	1,439,463	185,056	25,274
Total disbursements	300	197,212	5,367,899	1,439,463	185,056	25,274
Excess (deficiency) of receipts over disbursements	56	-	-	-	-	(3,474)
Cash and investments - ending	\$ 56	\$ -	\$ -	\$ -	\$ -	\$ 2,856

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

	93.563 Title IV-D Incentive	Prosecutor Incentive	Clerk Incentive	Law Enforcement Continuing Ed	Pre-Trial Diversion	County User Fee Infraction
Cash and investments - beginning	\$ 44,069	\$ 36,031	\$ 63,921	\$ 29,172	\$ 266,186	\$ 80,419
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	27,080	17,998	-	-	-
Charges for services	17,998	-	-	-	-	-
Fines and forfeits	-	-	-	-	18,045	77,227
Other receipts	-	-	-	11,758	273	1,206
Total receipts	17,998	27,080	17,998	11,758	18,318	78,433
Disbursements:						
Personal services	17,077	59,676	10,139	-	-	9,145
Supplies	-	-	-	-	1,756	95,948
Other services and charges	8,437	-	-	-	9,049	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	8,865	10,529	24,634	474
Total disbursements	25,514	59,676	19,004	10,529	35,439	105,567
Excess (deficiency) of receipts over disbursements	(7,516)	(32,596)	(1,006)	1,229	(17,121)	(27,134)
Cash and investments - ending	\$ 36,553	\$ 3,435	\$ 62,915	\$ 30,401	\$ 249,065	\$ 53,285

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

	Sheriff Donation	Rail Connect Park TIF	Iontron Union TIF Amended	Gov Ctr Lease	Prosecutor Restitution	4-H Clubs
Cash and investments - beginning	\$ 5,171	\$ 44,351	\$ 8,222	\$ 45,173	\$ 8,696	\$ -
Receipts:						
Taxes	-	53,950	168,108	651,269	-	528
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	73,180	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	3,075	-	-	-	77,679	-
Total receipts	3,075	53,950	168,108	724,449	77,679	528
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	3,523	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	109,000	505,500	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	80,507	-
Total disbursements	3,523	-	109,000	505,500	80,507	-
Excess (deficiency) of receipts over disbursements	(448)	53,950	59,108	218,949	(2,828)	528
Cash and investments - ending	\$ 4,723	\$ 98,301	\$ 67,330	\$ 264,122	\$ 5,868	\$ 528

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

	CFDA #14.228 CDBG	JDAI Grant	Probation Officer/CC Grant	Jury Pay	Solid Waste District	Fuel Facility
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 30,629	\$ -	\$ 92,446
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	5,760	33,224	39,375	-	-	-
Charges for services	-	-	-	-	757,088	-
Fines and forfeits	-	-	-	7,289	-	-
Other receipts	-	-	-	-	-	399,960
Total receipts	5,760	33,224	39,375	7,289	757,088	399,960
Disbursements:						
Personal services	-	9,891	23,621	-	-	-
Supplies	-	48	-	-	-	-
Other services and charges	-	650	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	1,020	-	-	-
Other disbursements	11,520	-	764	8,445	757,088	383,805
Total disbursements	11,520	10,589	25,405	8,445	757,088	383,805
Excess (deficiency) of receipts over disbursements	(5,760)	22,635	13,970	(1,156)	-	16,155
Cash and investments - ending	\$ (5,760)	\$ 22,635	\$ 13,970	\$ 29,473	\$ -	\$ 108,601

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

	PP Tax Recovery	Employee Disability	CAGIT PTRC	CFDA 93.507 Health Infrastruct	Asset Forf & Money Laundering	CFDA #16.575 IN Criminal Justi
Cash and investments - beginning	\$ 554	\$ 5,529	\$ -	\$ 52,477	\$ 35,425	\$ 14,569
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	1,789,300	-	-	16,169
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	1,600
Total receipts	-	-	1,789,300	-	-	17,769
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	5,576	-
Other services and charges	-	-	-	-	6,951	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	4,135	-
Other disbursements	-	-	1,789,300	8,455	14,300	32,338
Total disbursements	-	-	1,789,300	8,455	30,962	32,338
Excess (deficiency) of receipts over disbursements	-	-	-	(8,455)	(30,962)	(14,569)
Cash and investments - ending	\$ 554	\$ 5,529	\$ -	\$ 44,022	\$ 4,463	\$ -

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

	CFDA 10.557 WIC	Drug Enforcement Grant	Homeland Security Grant	EMPG Grant	EMA Grant	CFDA 16.800 IN Internet Crime
Cash and investments - beginning	\$ (57,286)	\$ 26,464	\$ (500)	\$ (143)	\$ 26	\$ 12
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	158,215	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	8,456	11,745	-	4,300	-	-
Total receipts	166,671	11,745	-	4,300	-	-
Disbursements:						
Personal services	103,054	-	-	-	-	-
Supplies	1,479	8,178	-	-	-	-
Other services and charges	1,420	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	1,781	-	-	-	-	-
Total disbursements	107,734	8,178	-	-	-	-
Excess (deficiency) of receipts over disbursements	58,937	3,567	-	4,300	-	-
Cash and investments - ending	\$ 1,651	\$ 30,031	\$ (500)	\$ 4,157	\$ 26	\$ 12

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

	Senior Citizen Transporation	HAVA Grant	Comm Corrections Grant	TGF II	Bioterrorism Preparedness	Totals
Cash and investments - beginning	\$ -	\$ 150	\$ 64,290	\$ 10,341	\$ 9,636	\$ 18,825,167
Receipts:						
Taxes	-	-	-	-	-	50,881,539
Licenses and permits	-	-	-	-	-	112,137
Intergovernmental receipts	274,263	-	597,970	31,020	44,112	14,797,948
Charges for services	-	-	-	-	-	2,776,543
Fines and forfeits	-	-	-	-	-	367,727
Other receipts	-	-	-	-	-	12,753,015
Total receipts	<u>274,263</u>	<u>-</u>	<u>597,970</u>	<u>31,020</u>	<u>44,112</u>	<u>81,688,909</u>
Disbursements:						
Personal services	-	-	548,035	20,680	-	10,128,067
Supplies	-	-	-	-	-	1,834,488
Other services and charges	-	-	-	-	-	4,054,407
Debt service - principal and interest	-	-	-	-	-	4,459,950
Capital outlay	-	-	13,673	-	43,819	2,587,253
Other disbursements	<u>204,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,037</u>	<u>57,380,644</u>
Total disbursements	<u>204,946</u>	<u>-</u>	<u>561,708</u>	<u>20,680</u>	<u>46,856</u>	<u>80,444,809</u>
Excess (deficiency) of receipts over disbursements	<u>69,317</u>	<u>-</u>	<u>36,262</u>	<u>10,340</u>	<u>(2,744)</u>	<u>1,244,100</u>
Cash and investments - ending	<u>\$ 69,317</u>	<u>\$ 150</u>	<u>\$ 100,552</u>	<u>\$ 20,681</u>	<u>\$ 6,892</u>	<u>\$ 20,069,267</u>

WHITLEY COUNTY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 841,972</u>	<u>\$ 13,995</u>

WHITLEY COUNTY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Whitley County Holding Corporation	Government Building	\$ <u>504,500</u>	6/7/2012	1/15/2024

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	2014 Redevelopment Bond Series A	\$ 4,500,000	\$ 173,150
General obligation bonds	2014 Redevelopment Bond Series B	3,000,000	92,482
Notes and loans payable	Medical Claim Payment	<u>450,000</u>	<u>200,000</u>
Totals		<u>\$ 7,950,000</u>	<u>\$ 465,632</u>

WHITLEY COUNTY
SCHEDULE OF CAPITAL ASSETS
December 31, 2016

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 147,016
Infrastructure	37,042,794
Buildings	10,975,925
Improvements other than buildings	129,180
Machinery, equipment, and vehicles	5,514,051
Construction in progress	<u>635,536</u>
Total capital assets	<u>\$ 54,444,502</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF WHITLEY COUNTY, INDIANA

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

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


Report on Internal Control over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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


Paul D. Joyce, CPA
State Examiner

September 20, 2018

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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.

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Agriculture</u>					
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	Indiana Department of Health	10.557	WIC WIC PIC	\$ - -	\$ 146,489 11,726
Total - Department of Agriculture				-	158,215
<u>Department of Housing and Urban Development</u>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Indiana Office of Community and Rural Affairs	14.228	A192-16-WFD-15-100	5,760	5,760
Total - Department of Housing and Urban Development				5,760	5,760
<u>Department of Justice</u>					
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575	D3-16-10532	-	16,169
Total - Department of Justice				-	16,169
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction	Indiana Department of Transportation	20.205	DES 1382116	-	19,732
Total - Highway Planning and Construction Cluster				-	19,732
Formula Grants for Rural Areas	Indiana Department of Transportation	20.509	A249-15-320504 A249-16-G150154	57,797 128,627	57,797 128,627
Total - Formula Grants for Rural Areas				186,424	186,424
Total - Department of Transportation				186,424	206,156
<u>Department of Health and Human Services</u>					
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	Indiana Department of Health	93.074	FY 2016	-	44,112
Child Support Enforcement	Indiana Department of Child Services	93.563	FY 2016	-	371,622
Total - Department of Health and Human Services				-	415,734
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042	16456 C44P-5-823B	- -	13,648 5,151
Total - Department of Homeland Security				-	18,799
Total federal awards expended				\$ 192,184	\$ 820,833

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

WHITLEY COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2016. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the County, it is not intended to and does not present the financial position of the County.

Note 2. Summary of Significant Accounting Policies

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

WHITLEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
93.563	Child Support Enforcement	Unmodified

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

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

Section II - Financial Statement Findings

FINDING 2016-001

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

Repeat Finding

This is a repeat of Finding 2015-001 from the immediately prior report.

Condition

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

Context

The SEFA contained the following errors:

WHITLEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

1. The WIC Special Supplemental Nutrition Program for Women, Infants, and Children expenditures were understated by \$122,776.
2. The Child Support Enforcement expenditures were overstated by \$242.
3. The Emergency Management Performance Grants expenditures were understated by \$5,151.

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

Criteria

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

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

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

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

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

2 CFR 200.510(b) states:

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

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

WHITLEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

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

Recommendation

We recommended that the County's management establish controls related to the preparation 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.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE-PREPARED DOCUMENTS

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

Whitley County Auditor

Jana L. Schinbeckler

220 W Van Buren St., Suite 207 | Columbia City, IN 46725 | Phone: 260.248.3176

Email: wcauditor@whitleygov.com

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

Fiscal year in which the finding initially occurred: 2015

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

Contact Person Responsible for Corrective Action: Jana L. Schinbeckler, Auditor

Contact Phone Number: 260-248-3176

Status of Audit Finding:

The Auditor's Office now has internal controls in place to ensure that all appropriate personnel will oversee the schedule of expenditures for all grants and other federal monies that are received and/or disbursed as to be in compliance with the State Board of Accounts requirements.

Dated this 15th day of August, 2018.


(Signature)

AUDITOR
(Title)

8-15-18
(Date)

(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).)



Jana L. Schinbeckler
Auditor, Whitley County
Whitley County Government Center

CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Jana Schinbeckler
Contact Phone Number: 260248-3176

Views of Responsible Official: As the County Auditor it is important to have sufficient preparation of the schedule of expenditures of federal awards and we concur with the finding.

Description of Corrective Action Plan:

In regard to future preparations of the schedule of expenditures of federal awards, Whitley County will ensure that all appropriate personnel will oversee the schedule of expenditures for all grants and other federal monies that are receipted and/or disbursed as to be in compliance with the State Board of Accounts requirements. Departments will also be responsible to fill out an additional sheet with a checklist when they turn in their grant paperwork.

Anticipated Completion Date: Corrected action will be put in place immediately.

Jana L. Schinbeckler

(Signature)

Auditor

(Title)

9/10/18

(Date)

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/>.