

**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, 2017 to December 31, 2017



**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
County Prosecuting Attorney	D. J. Sigler, Jr.	01-01-17 to 12-31-18
President of the Board of County Commissioners	George A. Schrupf	01-01-16 to 12-31-18
President of the County Council	John Barrett Thor Hodges	01-01-17 to 12-31-17 01-01-18 to 12-31-18



## 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, 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 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, 2017, 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 2017-001, that we consider to be a material weakness.

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

**Compliance and Other Matters**


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

**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, 2017

Fund	Cash and Investments 01-01-17	Receipts	Disbursements	Cash and Investments 12-31-17
After Settlement Collections	\$ 764,756	\$ 1,027,045	\$ 764,756	\$ 1,027,045
Sheriff's Inmate Trust	34,016	262,435	239,179	57,272
Bad Check Account	23	28,160	27,949	234
Jail Commissary	106,688	205,001	198,210	113,479
Clerk's Trust	403,007	3,815,509	3,320,969	897,547
Sheriff Cash Book	-	1,474,781	1,474,781	-
County General	614,388	10,128,217	9,918,112	824,493
Accident Reports	6,740	4,965	5,752	5,953
CAGIT County Certified Funds	60,631	498	61,129	-
Campaign Finance Funds	475	-	115	360
Cedit	528,004	989,254	839,817	677,441
City & Town Courts	7,038	13,092	18,968	1,162
Comm Corrections Project Incom	1,540	1,076,510	963,060	114,990
Community Transition	2,469	24,625	26,722	372
Assess Sales Disc	45,282	5,020	648	49,654
Cum Bridge	684,299	882,400	619,509	947,190
Cum Capital Development	371,425	484,974	495,884	360,515
County Drug Free Community	65,626	51,204	65,212	51,618
Emerg Plan & Right To Know	3,967	4,378	2,358	5,987
Firearms Training	8,102	10,660	5,814	12,948
General Drain Improvement	181,411	112,783	93,494	200,700
County Health	812,813	321,589	375,492	758,910
Ident Security Protect	-	4,251	-	4,251
Local Health Maintenance	42,799	16,570	14,556	44,813
Local Roads & Streets	128,329	430,345	347,045	211,629
LOIT Public Safety - Co Share	290,369	1,356,505	1,183,439	463,435
Medical Care for Inmates	18,853	6,108	3,587	21,374
County Misdemeanant	38,299	20,126	10,544	47,881
Highway	428,213	3,127,862	3,109,978	446,097
Rainy Day	102,556	-	11,641	90,915
Reassessment Fund	983,893	116,960	243,407	857,446
Co Recorders Record	138,314	84,123	195,743	26,694
Sex and Violent Offender Admin	155	2,125	2,175	105
Surplus Tax	56,042	29,586	25,821	59,807
Co Surveyor Cornerstone	67,965	16,970	3,750	81,185
Tax Sale Redemption	6,455	36,796	37,530	5,721
Tax Sale Surplus	218,653	173,356	94,809	297,200
Tobacco Settlement	63,254	-	10,017	53,237
Unsafe Building	14,326	-	-	14,326
Guardian Ad LITEM	427	1,273	370	1,330
Guardian Ad Litem/Casa	-	35,998	35,998	-
Auditors Ineligible Deductions	125,318	14,832	70,094	70,056
Elected Official Training Fund	5,259	4,255	3,041	6,473
Whitley Co Statewide 911	261,562	429,025	333,859	356,728
Supplemental Adult	47,638	98,288	90,353	55,573
Supplemental Juvenile	22,672	7,522	9,137	21,057
Alternative Dispute Resolution	9,844	2,978	1,210	11,612
Sheriff Law Enforcement Con Ed	2,467	2,759	1,074	4,152
Drain Maintenance	2,671,184	476,674	585,496	2,562,362
Sheriff Sale Administration	2,635	3,102	-	5,737
Sheriff K-9 Donation Fund	2,902	-	1,000	1,902
EMS Donations	187	-	187	-
Ordinance Violations Liens	(16,900)	-	-	(16,900)
Redevelopment Commission	3,602,236	4,366,522	2,827,852	5,140,906
Gov Ctr Lease	264,122	505,040	507,551	261,611
Redevelopment Series A	2,025,352	-	-	2,025,352
Redevelopment Series B	2,477,957	-	92,033	2,385,924
Payroll	49,437	2,461,663	2,461,662	49,438
Sheriff Pension Holding	2,829	39,233	39,000	3,062
Tax Distribution Clearing Fund	-	34,417,671	34,417,671	-
Local Income Tax-Prop Tax Reli	-	259,880	256,382	3,498
LOIT Public Safety	-	1,972,371	1,972,371	-
Wheel Tax Distributions	-	128,292	128,292	-

WHITLEY 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
Surtax Distributions	-	357,887	357,887	-
CVET	-	295,372	295,372	-
Financial Institution	-	247,321	247,321	-
Cedit Homestead Credit	4,470	-	-	4,470
Fines & Forfeitures	8,206	47,397	46,642	8,961
Infraction Judgements/Seatbelt	6,367	107,773	104,366	9,774
Overweight Vehicles	670	-	670	-
Spc Death Benefit	160	2,550	2,500	210
State Sales Disclosures	470	5,020	5,040	450
Coroner's Continuing Ed	382	2,846	2,900	328
Mortgage Fees	369	3,836	3,685	520
Child Restraint	25	625	625	25
Inheritance Tax	715	-	-	715
Ed Plate Fees	56	375	431	-
Riverboat Sharing	-	197,219	197,219	-
Cedit Distrb	-	1,579,817	1,579,817	-
93.563 Title IV-D Incentive	36,553	18,735	24,426	30,862
Prosecutor Incentive	3,435	28,185	7,963	23,657
Clerk Incentive	62,915	18,735	20,745	60,905
Prosecutor Restitution	5,868	128,682	123,845	10,705
Prosecuting Attorney	2,857	25,900	25,158	3,599
Law Enforcement Continuing Ed	30,401	12,923	12,158	31,166
Alcohol and Drug Services	-	200	-	200
Pre-Trial Diversion	249,065	24,675	-	273,740
County User Fee Infraction	53,285	103,565	72,086	84,764
Supplemental Public	1,631	5,067	4,136	2,562
Document Storage Fees	42,945	35,468	27,620	50,793
Rail Connect Park TIF	98,301	97,150	-	195,451
lotron Union TIF Amended	67,330	79,104	98,000	48,434
Probation Officer/CC Grant	13,970	101,438	82,564	32,844
Sheriff Donation	4,723	2,050	554	6,219
LIT Certified Shares	-	7,889,483	7,889,483	-
LOIT Special Distribution	72,782	-	-	72,782
Jury Pay	29,473	8,282	4,787	32,968
Solid Waste District	-	777,698	777,698	-
Fuel Facility	108,601	437,841	451,834	94,608
4-H Clubs Inc	528	8,652	7,593	1,587
Community Services	-	9,318	6,639	2,679
PP Tax Recovery	554	-	554	-
Employee Disability	5,529	-	5,529	-
CFDA 93.507 Health Infrastruct	44,022	-	-	44,022
CFDA #14.228 CDBG	(5,760)	28,348	22,588	-
JDAI Grant	22,635	52,317	36,344	38,608
Asset Forf & Money Laundering	4,463	325	4,518	270
CFDA #16.575 IN Criminal Justi	-	14,988	14,988	-
CFDA 10.557 WIC	1,651	92,308	93,810	149
Drug Enforcement Grant	30,031	20,028	24,655	25,404
Homeland Security Grant	(500)	500	-	-
EMPG Grant	4,157	6,066	11,278	(1,055)
EMA Grant	26	7,178	7,178	26
CFDA 16.800 IN Internet Crime	12	-	12	-
Senior Citizen Transporation	69,317	324,713	394,030	-
HAVA Grant	150	-	-	150
Comm Corrections Grant	100,552	673,103	688,607	85,048
TGF II	20,681	10,340	20,680	10,341
Bioterrorism Preparedness	6,892	24,473	22,546	8,819
Totals	<u>\$ 20,069,268</u>	<u>\$ 85,488,037</u>	<u>\$ 82,475,686</u>	<u>\$ 23,081,619</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.

*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.

WHITLEY 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.

WHITLEY 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.

WHITLEY 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 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.

**Note 8. 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 2017 totaled \$504,500.

#### 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, 2017

	After Settlement Collections	Sheriff's Inmate Trust	Bad Check Account	Jail Commissary	Clerk's Trust	Sheriff Cash Book
Cash and investments - beginning	\$ 764,756	\$ 34,016	\$ 23	\$ 106,688	\$ 403,007	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	1,027,045	262,435	28,160	205,001	3,815,509	1,474,781
Total receipts	1,027,045	262,435	28,160	205,001	3,815,509	1,474,781
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	764,756	239,179	27,949	198,210	3,320,969	1,474,781
Total disbursements	764,756	239,179	27,949	198,210	3,320,969	1,474,781
Excess (deficiency) of receipts over disbursements	262,289	23,256	211	6,791	494,540	-
Cash and investments - ending	\$ 1,027,045	\$ 57,272	\$ 234	\$ 113,479	\$ 897,547	\$ -

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

	County General	Accident Reports	CAGIT County Certified Funds	Campaign Finance Funds	Cedit	City & Town Courts
Cash and investments - beginning	\$ 614,388	\$ 6,740	\$ 60,631	\$ 475	\$ 528,004	\$ 7,038
Receipts:						
Taxes	4,382,384	-	-	-	-	-
Licenses and permits	171,070	-	-	-	-	-
Intergovernmental receipts	4,547,309	-	-	-	982,854	-
Charges for services	441,947	-	-	-	-	-
Fines and forfeits	214,503	-	-	-	-	-
Other receipts	371,004	4,965	498	-	6,400	13,092
Total receipts	10,128,217	4,965	498	-	989,254	13,092
Disbursements:						
Personal services	4,337,853	-	-	-	-	-
Supplies	374,529	-	-	-	-	-
Other services and charges	3,166,437	-	-	-	-	-
Capital outlay	4,676	-	-	-	759,817	-
Other disbursements	2,034,617	5,752	61,129	115	80,000	18,968
Total disbursements	9,918,112	5,752	61,129	115	839,817	18,968
Excess (deficiency) of receipts over disbursements	210,105	(787)	(60,631)	(115)	149,437	(5,876)
Cash and investments - ending	\$ 824,493	\$ 5,953	\$ -	\$ 360	\$ 677,441	\$ 1,162

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

	Comm Corrections Project Incom	Community Transition	Assess Sales Disc	Cum Bridge	Cum Capital Development	County Drug Free Community
Cash and investments - beginning	\$ 1,540	\$ 2,469	\$ 45,282	\$ 684,299	\$ 371,425	\$ 65,626
Receipts:						
Taxes	-	-	-	773,521	415,512	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	91,194	48,984	-
Charges for services	-	24,625	-	16,308	-	51,204
Fines and forfeits	863,221	-	-	-	-	-
Other receipts	213,289	-	5,020	1,377	20,478	-
Total receipts	1,076,510	24,625	5,020	882,400	484,974	51,204
Disbursements:						
Personal services	344,765	-	-	-	-	3,300
Supplies	120,685	16,761	-	-	-	-
Other services and charges	157,108	9,961	648	619,509	289,861	-
Capital outlay	-	-	-	-	206,023	-
Other disbursements	340,502	-	-	-	-	61,912
Total disbursements	963,060	26,722	648	619,509	495,884	65,212
Excess (deficiency) of receipts over disbursements	113,450	(2,097)	4,372	262,891	(10,910)	(14,008)
Cash and investments - ending	\$ 114,990	\$ 372	\$ 49,654	\$ 947,190	\$ 360,515	\$ 51,618

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

	Emerg Plan & Right To Know	Firearms Training	General Drain Improvement	County Health	Ident Security Protect	Local Health Maintenance
Cash and investments - beginning	\$ 3,967	\$ 8,102	\$ 181,411	\$ 812,813	\$ -	\$ 42,799
Receipts:						
Taxes	-	-	11,611	185,526	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	21,887	-	-
Charges for services	-	-	-	-	4,251	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	4,378	10,660	101,172	114,176	-	16,570
Total receipts	4,378	10,660	112,783	321,589	4,251	16,570
Disbursements:						
Personal services	-	-	-	212,605	-	12,080
Supplies	-	-	-	54,964	-	1,053
Other services and charges	-	5,814	-	10,995	-	500
Capital outlay	-	-	-	228	-	-
Other disbursements	2,358	-	93,494	96,700	-	923
Total disbursements	2,358	5,814	93,494	375,492	-	14,556
Excess (deficiency) of receipts over disbursements	2,020	4,846	19,289	(53,903)	4,251	2,014
Cash and investments - ending	\$ 5,987	\$ 12,948	\$ 200,700	\$ 758,910	\$ 4,251	\$ 44,813

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

	Local Roads & Streets	LOIT Public Safety - Co Share	Medical Care for Inmates	County Misdemeanant	Highway	Rainy Day
Cash and investments - beginning	\$ 128,329	\$ 290,369	\$ 18,853	\$ 38,299	\$ 428,213	\$ 102,556
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	5,700	-
Intergovernmental receipts	430,345	1,356,505	-	-	3,063,413	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	4,268	-
Other receipts	-	-	6,108	20,126	54,481	-
Total receipts	430,345	1,356,505	6,108	20,126	3,127,862	-
Disbursements:						
Personal services	-	1,076,582	-	-	992,471	11,641
Supplies	347,045	-	-	-	1,190,237	-
Other services and charges	-	-	451	3,540	96,772	-
Capital outlay	-	106,857	-	-	348,532	-
Other disbursements	-	-	3,136	7,004	481,966	-
Total disbursements	347,045	1,183,439	3,587	10,544	3,109,978	11,641
Excess (deficiency) of receipts over disbursements	83,300	173,066	2,521	9,582	17,884	(11,641)
Cash and investments - ending	\$ 211,629	\$ 463,435	\$ 21,374	\$ 47,881	\$ 446,097	\$ 90,915

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

	Reassessment Fund	Co Recorders Record	Sex and Violent Offender Admin	Surplus Tax	Co Surveyor Cornerstone	Tax Sale Redemption
Cash and investments - beginning	\$ 983,893	\$ 138,314	\$ 155	\$ 56,042	\$ 67,965	\$ 6,455
Receipts:						
Taxes	103,178	-	-	29,586	-	8,374
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	12,159	-	-	-	-	-
Charges for services	-	84,123	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	1,623	-	2,125	-	16,970	28,422
Total receipts	116,960	84,123	2,125	29,586	16,970	36,796
Disbursements:						
Personal services	61,614	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	181,793	124,143	-	-	3,750	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	71,600	2,175	25,821	-	37,530
Total disbursements	243,407	195,743	2,175	25,821	3,750	37,530
Excess (deficiency) of receipts over disbursements	(126,447)	(111,620)	(50)	3,765	13,220	(734)
Cash and investments - ending	\$ 857,446	\$ 26,694	\$ 105	\$ 59,807	\$ 81,185	\$ 5,721

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

	Tax Sale Surplus	Tobacco Settlement	Unsafe Building	Guardian Ad LITEM	Guardian Ad Litem/Casa	Auditors Ineligible Deductions
Cash and investments - beginning	\$ 218,653	\$ 63,254	\$ 14,326	\$ 427	\$ -	\$ 125,318
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	173,356	-	-	1,273	35,998	14,832
Total receipts	173,356	-	-	1,273	35,998	14,832
Disbursements:						
Personal services	-	8,139	-	-	-	33,187
Supplies	-	1,878	-	-	-	500
Other services and charges	-	-	-	-	-	35,138
Capital outlay	-	-	-	-	-	-
Other disbursements	94,809	-	-	370	35,998	1,269
Total disbursements	94,809	10,017	-	370	35,998	70,094
Excess (deficiency) of receipts over disbursements	78,547	(10,017)	-	903	-	(55,262)
Cash and investments - ending	\$ 297,200	\$ 53,237	\$ 14,326	\$ 1,330	\$ -	\$ 70,056

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

	Elected Official Training Fund	Whitley Co Statewide 911	Supplemental Adult	Supplemental Juvenile	Alternative Dispute Resolution	Sheriff Law Enforcement Con Ed
Cash and investments - beginning	\$ 5,259	\$ 261,562	\$ 47,638	\$ 22,672	\$ 9,844	\$ 2,467
Receipts:						
Taxes	-	-	18,423	2,315	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	4,251	-	-	-	-	-
Fines and forfeits	-	1,935	-	-	-	-
Other receipts	4	427,090	79,865	5,207	2,978	2,759
Total receipts	4,255	429,025	98,288	7,522	2,978	2,759
Disbursements:						
Personal services	-	204,798	23,210	2,080	-	-
Supplies	-	-	1,828	-	-	-
Other services and charges	3,041	129,061	65,315	7,057	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	1,210	1,074
Total disbursements	3,041	333,859	90,353	9,137	1,210	1,074
Excess (deficiency) of receipts over disbursements	1,214	95,166	7,935	(1,615)	1,768	1,685
Cash and investments - ending	\$ 6,473	\$ 356,728	\$ 55,573	\$ 21,057	\$ 11,612	\$ 4,152

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

	Drain Maintenance	Sheriff Sale Administration	Sheriff K-9 Donation Fund	EMS Donations	Ordinance Violations Liens	Redevelopment Commission
Cash and investments - beginning	\$ 2,671,184	\$ 2,635	\$ 2,902	\$ 187	\$ (16,900)	\$ 3,602,236
Receipts:						
Taxes	448,933	-	-	-	-	4,182,037
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	3,102	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	27,741	-	-	-	-	184,485
Total receipts	476,674	3,102	-	-	-	4,366,522
Disbursements:						
Personal services	-	-	-	-	-	1,650
Supplies	-	-	-	-	-	-
Other services and charges	-	-	1,000	-	-	164,372
Capital outlay	-	-	-	-	-	2,411,315
Other disbursements	585,496	-	-	187	-	250,515
Total disbursements	585,496	-	1,000	187	-	2,827,852
Excess (deficiency) of receipts over disbursements	(108,822)	3,102	(1,000)	(187)	-	1,538,670
Cash and investments - ending	\$ 2,562,362	\$ 5,737	\$ 1,902	\$ -	\$ (16,900)	\$ 5,140,906

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

	Gov Ctr Lease	Redevelopment Series A	Redevelopment Series B	Payroll	Sheriff Pension Holding	Tax Distribution Clearing Fund
Cash and investments - beginning	\$ 264,122	\$ 2,025,352	\$ 2,477,957	\$ 49,437	\$ 2,829	\$ -
Receipts:						
Taxes	452,408	-	-	114,488	-	30,407,526
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	52,632	-	-	-	-	3,960,734
Charges for services	-	-	-	-	8,178	49,412
Fines and forfeits	-	-	-	-	31,055	-
Other receipts	-	-	-	2,347,175	-	(1)
Total receipts	505,040	-	-	2,461,663	39,233	34,417,671
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	90,130	-	39,000	-
Capital outlay	-	-	-	-	-	-
Other disbursements	507,551	-	1,903	2,461,662	-	34,417,671
Total disbursements	507,551	-	92,033	2,461,662	39,000	34,417,671
Excess (deficiency) of receipts over disbursements	(2,511)	-	(92,033)	1	233	-
Cash and investments - ending	\$ 261,611	\$ 2,025,352	\$ 2,385,924	\$ 49,438	\$ 3,062	\$ -

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

	Local Income Tax-Prop Tax Reli	LOIT Public Safety	Wheel Tax Distributions	Surtax Distributions	CVET	Financial Institution
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	259,880	1,972,371	128,292	357,887	295,372	247,321
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>259,880</u>	<u>1,972,371</u>	<u>128,292</u>	<u>357,887</u>	<u>295,372</u>	<u>247,321</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	256,382	1,972,371	128,292	357,887	295,372	247,321
Total disbursements	<u>256,382</u>	<u>1,972,371</u>	<u>128,292</u>	<u>357,887</u>	<u>295,372</u>	<u>247,321</u>
Excess (deficiency) of receipts over disbursements	<u>3,498</u>	-	-	-	-	-
Cash and investments - ending	<u>\$ 3,498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Cedit Homestead Credit	Fines & Forfeitures	Infraction Judgements/ Seatbelt	Overweight Vehicles	Spc Death Benefit	State Sales Disclosures
Cash and investments - beginning	\$ 4,470	\$ 8,206	\$ 6,367	\$ 670	\$ 160	\$ 470
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	47,397	107,773	-	2,550	5,020
Total receipts	-	47,397	107,773	-	2,550	5,020
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	46,642	104,366	670	2,500	5,040
Total disbursements	-	46,642	104,366	670	2,500	5,040
Excess (deficiency) of receipts over disbursements	-	755	3,407	(670)	50	(20)
Cash and investments - ending	\$ 4,470	\$ 8,961	\$ 9,774	\$ -	\$ 210	\$ 450

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

	Coroner's Continuing Ed	Mortgage Fees	Child Restraint	Inheritance Tax	Ed Plate Fees	Riverboat Sharing
Cash and investments - beginning	\$ 382	\$ 369	\$ 25	\$ 715	\$ 56	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	197,219
Charges for services	-	3,836	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	2,846	-	625	-	375	-
Total receipts	2,846	3,836	625	-	375	197,219
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	2,900	3,685	625	-	431	197,219
Total disbursements	2,900	3,685	625	-	431	197,219
Excess (deficiency) of receipts over disbursements	(54)	151	-	-	(56)	-
Cash and investments - ending	\$ 328	\$ 520	\$ 25	\$ 715	\$ -	\$ -

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

	Cedit Distrb	93.563 Title IV-D Incentive	Prosecutor Incentive	Clerk Incentive	Prosecutor Restitution	Prosecuting Attorney
Cash and investments - beginning	\$ -	\$ 36,553	\$ 3,435	\$ 62,915	\$ 5,868	\$ 2,857
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	1,579,817	-	-	-	-	-
Charges for services	-	18,735	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	28,185	18,735	128,682	25,900
Total receipts	1,579,817	18,735	28,185	18,735	128,682	25,900
Disbursements:						
Personal services	-	18,928	-	11,818	-	-
Supplies	-	-	7,963	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	1,579,817	5,498	-	8,927	123,845	25,158
Total disbursements	1,579,817	24,426	7,963	20,745	123,845	25,158
Excess (deficiency) of receipts over disbursements	-	(5,691)	20,222	(2,010)	4,837	742
Cash and investments - ending	\$ -	\$ 30,862	\$ 23,657	\$ 60,905	\$ 10,705	\$ 3,599

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

	Law Enforcement Continuing Ed	Alcohol and Drug Services	Pre-Trial Diversion	County User Fee Infraction	Supplemental Public	Document Storage Fees
Cash and investments - beginning	\$ 30,401	\$ -	\$ 249,065	\$ 53,285	\$ 1,631	\$ 42,945
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	12,923	200	24,675	103,565	5,067	35,468
Total receipts	12,923	200	24,675	103,565	5,067	35,468
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	12,158	-	-	72,086	4,136	27,620
Total disbursements	12,158	-	-	72,086	4,136	27,620
Excess (deficiency) of receipts over disbursements	765	200	24,675	31,479	931	7,848
Cash and investments - ending	\$ 31,166	\$ 200	\$ 273,740	\$ 84,764	\$ 2,562	\$ 50,793

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

	Rail Connect Park TIF	lotron Union TIF Amended	Probation Officer/CC Grant	Sheriff Donation	LIT Certified Shares	LOIT Special Distribution
Cash and investments - beginning	\$ 98,301	\$ 67,330	\$ 13,970	\$ 4,723	\$ -	\$ 72,782
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	7,889,483	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	97,150	79,104	101,438	2,050	-	-
Total receipts	97,150	79,104	101,438	2,050	7,889,483	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	98,000	82,564	554	7,889,483	-
Total disbursements	-	98,000	82,564	554	7,889,483	-
Excess (deficiency) of receipts over disbursements	97,150	(18,896)	18,874	1,496	-	-
Cash and investments - ending	\$ 195,451	\$ 48,434	\$ 32,844	\$ 6,219	\$ -	\$ 72,782

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

	Jury Pay	Solid Waste District	Fuel Facility	4-H Clubs Inc	Community Services	PP Tax Recovery
Cash and investments - beginning	\$ 29,473	\$ -	\$ 108,601	\$ 528	\$ -	\$ 554
Receipts:						
Taxes	-	777,698	-	7,615	8,201	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	1,037	1,117	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	8,282	-	437,841	-	-	-
Total receipts	8,282	777,698	437,841	8,652	9,318	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	451,835	-	-	-
Other services and charges	4,787	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	777,698	(1)	7,593	6,639	554
Total disbursements	4,787	777,698	451,834	7,593	6,639	554
Excess (deficiency) of receipts over disbursements	3,495	-	(13,993)	1,059	2,679	(554)
Cash and investments - ending	\$ 32,968	\$ -	\$ 94,608	\$ 1,587	\$ 2,679	\$ -

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

	Employee Disability	CFDA 93.507 Health Infrastruct	CFDA #14.228 CDBG	JDAI Grant	Asset Forf & Money Laundering	CFDA #16.575 IN Criminal Justi
Cash and investments - beginning	\$ 5,529	\$ 44,022	\$ (5,760)	\$ 22,635	\$ 4,463	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	28,348	52,317	325	14,988
Total receipts	-	-	28,348	52,317	325	14,988
Disbursements:						
Personal services	-	-	-	27,131	-	-
Supplies	-	-	-	45	4,518	-
Other services and charges	-	-	-	3,813	-	-
Capital outlay	-	-	-	3,281	-	-
Other disbursements	5,529	-	22,588	2,074	-	14,988
Total disbursements	5,529	-	22,588	36,344	4,518	14,988
Excess (deficiency) of receipts over disbursements	(5,529)	-	5,760	15,973	(4,193)	-
Cash and investments - ending	\$ -	\$ 44,022	\$ -	\$ 38,608	\$ 270	\$ -

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

	CFDA 10.557 WIC	Drug Enforcement Grant	Homeland Security Grant	EMPG Grant	EMA Grant	CFDA 16.800 IN Internet Crime
Cash and investments - beginning	\$ 1,651	\$ 30,031	\$ (500)	\$ 4,157	\$ 26	\$ 12
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	92,308	20,028	500	6,066	7,178	-
Total receipts	92,308	20,028	500	6,066	7,178	-
Disbursements:						
Personal services	81,352	-	-	-	-	-
Supplies	2,263	24,655	-	-	-	-
Other services and charges	3,567	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	6,628	-	-	11,278	7,178	12
Total disbursements	93,810	24,655	-	11,278	7,178	12
Excess (deficiency) of receipts over disbursements	(1,502)	(4,627)	500	(5,212)	-	(12)
Cash and investments - ending	\$ 149	\$ 25,404	\$ -	\$ (1,055)	\$ 26	\$ -

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

	Senior Citizen Transportation	HAVA Grant	Comm Corrections Grant	TGF II	Bioterrorism Preparedness	Totals
Cash and investments - beginning	\$ 69,317	\$ 150	\$ 100,552	\$ 20,681	\$ 6,892	\$ 20,069,268
Receipts:						
Taxes	-	-	-	-	-	42,329,336
Licenses and permits	-	-	-	-	-	176,770
Intergovernmental receipts	-	-	-	-	-	27,497,812
Charges for services	-	-	-	-	-	709,972
Fines and forfeits	-	-	-	-	-	1,114,982
Other receipts	324,713	-	673,103	10,340	24,473	13,659,165
Total receipts	324,713	-	673,103	10,340	24,473	85,488,037
Disbursements:						
Personal services	-	-	623,766	20,680	-	8,109,650
Supplies	-	-	-	-	-	2,600,759
Other services and charges	-	-	32,588	-	-	5,250,151
Capital outlay	-	-	-	-	22,546	3,863,275
Other disbursements	394,030	-	32,253	-	-	62,651,851
Total disbursements	394,030	-	688,607	20,680	22,546	82,475,686
Excess (deficiency) of receipts over disbursements	(69,317)	-	(15,504)	(10,340)	1,927	3,012,351
Cash and investments - ending	\$ -	\$ 150	\$ 85,048	\$ 10,341	\$ 8,819	\$ 23,081,619

WHITLEY 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>\$ 1,181,109</u>	<u>\$ -</u>

WHITLEY COUNTY  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Whitley County Holding Corporation	Government Building	<u>\$ 506,000</u>	6/7/2012	1/15/2024

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2014 Redevelopment Bond Series A	\$ 4,500,000	\$ 393,150
General obligation bonds	2014 Redevelopment Bond Series B	3,000,000	202,483
Notes and loans payable	Medical Claim Payment	<u>250,000</u>	<u>252,195</u>
Totals		<u>\$ 7,750,000</u>	<u>\$ 847,828</u>

WHITLEY 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	\$ 147,016
Infrastructure	37,595,018
Buildings	10,975,925
Improvements other than buildings	129,180
Machinery, equipment, and vehicles	5,748,012
Construction in progress	<u>635,536</u>
Total capital assets	<u>\$ 55,230,687</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, 2017. The County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Basis for Qualified Opinion on Child Support Enforcement***

As described in item 2017-002 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding Allowable Costs/Cost Principles and Reporting that are applicable to its Child Support Enforcement program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

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

**Qualified Opinion on Child Support Enforcement**

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Support Enforcement* 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 the Child Support Enforcement program for the year ended December 31, 2017.

**Other 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 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-002, that we consider to be a material weakness.

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.

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

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

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, 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	Indiana Department of Health	10.557	WIC WIC PIC	\$ - -	\$ 82,510 9,799
Total - Department of Agriculture				-	92,309
<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	28,348	28,348
Total - Department of Housing and Urban Development				28,348	28,348
<u>Department of Justice</u>					
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575	D3-17-11528	-	14,988
Total - Department of Justice				-	14,988
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction	Indiana Department of Transportation	20.205	DES 1382116	-	16,218
Total - Highway Planning and Construction Cluster				-	16,218
Formula Grants for Rural Areas	Indiana Department of Transportation	20.509	A249-16-G150154 A249-17-G160276	48,495 197,439	48,495 197,439
Total - Formula Grants for Rural Areas				245,934	245,934
Total - Department of Transportation				245,934	262,152
<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 2017	-	24,473
Child Support Enforcement	Indiana Department of Child Services	93.563	FY 2017	-	406,670
Total - Department of Health and Human Services				-	431,143
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042	18023 22544 20130	- - -	6,066 5,211 19,658
Total - Department of Homeland Security				-	30,935
Total federal awards expended				\$ 274,282	\$ 859,875

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, 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.

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?	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 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	Qualified

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

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

**Section II - Financial Statement Findings**

**FINDING 2017-001**

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

*Repeat Finding*

This is a repeat of Finding 2016-001 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).

WHITLEY COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Context*

The SEFA contained the following errors:

1. The WIC Special Supplemental Nutrition Program for Women, Infants, and Children expenditures were overstated by \$56.
2. The Highway Planning and Construction expenditures were overstated by \$90.
3. The Formula Grants for Rural Areas expenditures were understated by \$50,726.
4. The Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements expenditures were understated by \$24,473.
5. The Child Support Enforcement expenditures were overstated by \$6,975.

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 award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule must:

WHITLEY COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within a 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*

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 could remain 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.

WHITLEY COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

**FINDING 2017-002**

Subject: Child Support Enforcement - Allowable Costs/Cost Principles, 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): FY 2017  
Compliance Requirements: Allowable Costs/Cost Principles, Reporting  
Pass-Through Entity: Indiana Department of Child Services  
Audit Findings: Material Weakness, Modified Opinion

*Condition*

An effective internal control system, which would include segregation of duties, was not in place at the County Prosecuting Attorney's office in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles and Reporting compliance requirements.

The County Prosecuting Attorney did not comply with the allowable costs and reporting requirements for the personal services amounts reported in 2017 on 11 of 12 Monthly Reimbursement Claims for Title IV-D Expenditures. The County Prosecuting Attorney's office inaccurately calculated employees' gross pay and fringe benefits for those months.

This error resulted in known questioned costs of \$48,922.

*Context*

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.403 states in part:

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

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

WHITLEY COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost. . . .
- (g) Be adequately documented. . . ."

2 CFR 200.430(i) states in part:

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

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

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. . . ."

*Cause*

The County had not developed a system of internal controls that would have ensured compliance with the allowable costs and reporting requirements.

*Effect*

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

WHITLEY COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Questioned Costs*

Known questioned costs of \$48,922 were identified as detailed in the *Condition*.

*Recommendation*

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

*Views of Responsible Officials*

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

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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.



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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2016-001**

Fiscal year in which the finding initially occurred: 2016  
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 12<sup>th</sup> day of September, 2018.

*Jana L. Schinbeckler*  
\_\_\_\_\_  
(Signature)

Auditor  
\_\_\_\_\_  
(Title)

9/12/18  
\_\_\_\_\_  
(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).)

220 W. Van Buren Street, Suite 207 • Columbia City, IN 46725  
Phone: 260-248-3100 • Fax: 260-248-3187 • Email: wcauditor@whitleygov.com



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

CORRECTIVE ACTION PLAN

**FINDING 2017-001**

Contact Person Responsible for Corrective Action: Jana Schinbeckler  
Contact Phone Number: 260.248.3176

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 receipts 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.

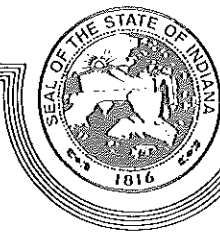
*Jana L. Schinbeckler*  
\_\_\_\_\_  
(Signature)

Auditor  
\_\_\_\_\_  
(Title)

9/18/18  
\_\_\_\_\_  
(Date)

PROSECUTING ATTORNEY

82nd JUDICIAL CIRCUIT



WHITLEY COUNTY, INDIANA

D.J. SIGLER, JR. - PROSECUTOR  
CORY A. SPREEN - CHIEF DEPUTY  
LINDSEY A. GROSSNICKLE - DEPUTY

101 W. VAN BUREN ST., ROOM 13  
COLUMBIA CITY, INDIANA 46725  
TELEPHONE (260) 244-3000  
FACSIMILE (260) 244-7380

**CORRECTIVE ACTION PLAN**

***FINDING 2017-002***

PROSECUTOR'S  
STAFF

**Contact Person Responsible for Corrective Action:** D.J. Sigler, Jr., Prosecutor

Jennifer E. Fulk

**Contact Phone Number:** 260-244-3000

Jennifer R. Patrick

**Views of Responsible Official:** We concur with the finding.

Kristina M. Stinson

**Description of Corrective Action Plan:**

PROSECUTOR'S  
INVESTIGATOR

Corrective Action Plan: We are putting into place a system of internal controls for completing the Personal Service Worksheets to eliminate any future error(s) in computation. We are taking corrective action beginning with the Monthly Expense Claim (MEC) in August of 2018 by making a prior period adjustment and will continue adjustments for September and October MECs until the amount of the error is fully corrected. This Corrective action was taken after consultation with the Indiana State Board of Accounts and the Indiana Child Support Bureau.

Michael S. Christie

VICTIM'S  
ADVOCATE

Denice R. Spencer

**Anticipated Completion Date:** October, 2018

Dated this 18<sup>th</sup> day of September, 2018

\_\_\_\_\_  
D.J. Sigler, Jr.  
Whitley County Prosecuting Attorney

#### 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/>.