

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF  
NEWTON COUNTY, INDIANA  
January 1, 2018 to December 31, 2018



**FILED**  
12/30/2019



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Sharon Dewing Tamra Jackson	01-01-15 to 12-31-18 01-01-19 to 12-31-22
County Treasurer	Diane Veld Teri Knowles	01-01-17 to 02-08-19 02-09-19 to 12-31-20
Clerk of the Circuit Court	Janice Wilson Jessica Firkins	01-01-17 to 12-31-18 01-01-19 to 12-31-20
County Sheriff	Thomas VanVleet	01-01-15 to 12-31-22
President of the Board of County Commissioners	Tim Drenth	01-01-18 to 12-31-19
President of the County Council	Scott Carlson	01-01-18 to 12-31-19



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF NEWTON COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of Newton County (County), which comprises the financial position and results of operations for the year ended December 31, 2018, 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 opinions.

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, 2018.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

The County did not account for all receipts of the George Ade Memorial Healthcare Center (Healthcare Center). The financial activity of the Healthcare Center is accounted for in the George Ade Medicare fund. We were unable to obtain sufficient competent evidential matter to satisfy ourselves that the receipts in the George Ade Medicare fund were materially correct. The County's records do not permit the application of other auditing procedures to ascertain if receipts within the financial statement were fairly stated.

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

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the County for the year ended December 31, 2018, on the basis of accounting described in Note 1.

***Other Matters***

*Supplementary Information*

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


INDEPENDENT AUDITOR'S REPORT  
(Continued)

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of 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.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 19, 2019, 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

December 19, 2019



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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 NEWTON 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 Newton County (County), which comprises the financial position and results of operations for the year ended December 31, 2018, and the related notes to the financial statement, and have issued our report thereon dated December 19, 2019, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America. The opinion to the financial statement relative to the regulatory basis of accounting was qualified due to a lack of audit evidence to support the amounts reported in the financial statement for the George Ade Medicare fund.

**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 2018-001, that we consider to be material weaknesses.

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

**Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Newton 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

December 19, 2019

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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.

NEWTON COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2018

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18
After Settlement Collections	\$ 469,675	\$ 535,260	\$ 469,675	\$ 535,260
Inmate Trust	1,140	99,353	99,025	1,468
Clerk Trust	442,248	1,312,121	1,363,490	390,879
County General	2,532,003	8,757,979	7,718,276	3,571,706
Accident Report	9,104	912	-	10,016
Campaign Finance Enforcement	750	-	-	750
City & Town Court Costs	17,699	6,436	-	24,135
Clerk Perpetuation	36,119	14,935	7,966	43,088
Congressional Interest	30,212	-	14,393	15,819
Congressional School Principal	359,835	-	-	359,835
Sales Disclosure-Co Share	7,397	1,910	588	8,719
Cumulative Bridge	1,465,160	281,154	230,627	1,515,687
Cumulative Capital Development	670,226	153,679	25,299	798,606
Drug Free Community	13,810	11,180	12,459	12,531
Electronic Map Generation Fund	14,216	1,179	-	15,395
Ambulance	1,868,608	717,615	1,071,415	1,514,808
Emerg Plan/Right To Know	24,401	3,717	19	28,099
Firearms Training	55,876	5,660	269	61,267
Drain Improvement	272,284	752,478	569,828	454,934
Health	262,570	143,857	172,567	233,860
Identification Security Protec	8,159	2,588	-	10,747
Landfill Closure	2,188,591	1,300,000	425,000	3,063,591
Health Maintenance	38,571	35,437	40,244	33,764
Local Road & Street	222,672	285,384	392,037	116,019
Misdemeanant	62,556	9,521	2,212	69,865
Highway	3,149,664	3,167,694	5,192,425	1,124,933
Omitted Property Audits	4	224,642	52,700	171,946
Rainy Day	907,489	-	-	907,489
Reassessment 2015	428,666	197,024	152,601	473,089
Recorder Record Perp	86,878	37,470	14,675	109,673
Riverboat - County share	462,613	54,530	34,376	482,767
Sex/Violent Offender-County Share	10,218	770	-	10,988
Surplus Tax	26,027	17,077	24,412	18,692
Surveyor Corner Perp	11,781	12,785	2,965	21,601
Tax Sale Redemption	5,057	31,435	36,492	-
Tax Sale Surplus	84,407	128,304	116,233	96,478
User Fee/Guardian Ad Litem	-	6,452	6,452	-
County Elected Official Train	902	2,588	1,255	2,235
County Offender Transport Fund	1,274	813	-	2,087
Statewide 911	24,979	248,213	201,064	72,128
LOIT Special Distr-Co share	325,000	-	321,000	4,000
Adult Prob/Admin	17,054	8,375	11,428	14,001
Juvenile Prob/Admin	1,824	1,700	3,428	96
User Fee/Alcohol & Drug	1,111,377	153,517	121,754	1,143,140
Drainage Maintenance	1,144,172	997,766	766,773	1,375,165
Donations	157,582	32,490	58,919	131,153
Self-insurance	546,575	1,395,580	1,504,024	438,131
Payroll Clearing	18,305	1,776,853	1,792,246	2,912
Sheriff Pension Holding	28,977	10,630	-	39,607
Local Tax Distribution	-	12,531,850	12,531,850	-
CVET-Commercial Vehicle Excise	-	123,474	123,474	-
Financial Institution	-	10,201	10,201	-
Fines & Forfeitures	41	724	726	39
Infractions	5,769	62,619	66,386	2,002
Special Death Benefit	110	1,470	1,505	75
Sales Disclosure	160	1,910	1,875	195
Coroner's Education Fee	86	1,665	1,654	97
Adult-Juvenile Offender Compac	-	813	625	188
Mortgage Fee	95	1,280	1,278	97
Sex/Violent Offender-State Share	5	86	86	5
Child Restraint Violation	-	225	200	25

NEWTON COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2018

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18
Education Plates	-	150	150	-
Riverboat Wagering Tax Revenue	-	84,380	84,380	-
CAGIT Distribution	-	306	306	-
ARRA Title IV-D Incent Clerk	3,571	-	3,571	-
Title IV-D Incentive Fund	44,514	6,594	-	51,108
Pros Title IV-D Inc	6,166	11,813	14,104	3,875
Clerk Title IV-D Inc	44,451	10,165	-	54,616
Sheriff Commissary	42,428	71,953	71,186	43,195
Treasurer Cash Change Fund	500	-	-	500
ISETS	502	237,720	236,157	2,065
George Ade Medicare	399,645	5,315,137	4,395,067	1,319,715
Cable TV	39,590	13,384	-	52,974
Child Protection	183	-	183	-
County Owned Property	344,043	87,230	52,098	379,175
Governmental Development	99	-	-	99
Landfill Fees	9,336,235	8,031,418	4,793,734	12,573,919
Landfill Drainage	52,121	10,000	-	62,121
Park Board	6,683	59,445	-	66,128
Road Deposit-Beaver Creek Ph 1	14,000	4,000	-	18,000
Sumava Resorts Protection Fund	25,457	-	-	25,457
Workforce One Center	89,682	-	-	89,682
GIS - Geographic Info Systems	51	66	-	117
Enforcement Fund	84,457	53,023	88,045	49,435
Home Detention Hook-up	101,627	-	628	100,999
Tax Certificate Sale	7,414	-	4,542	2,872
Welfare Administration	-	599,139	599,139	-
Retainage - Atlas Excavating	3,570	-	-	3,570
Kentland Conservancy	-	110,706	110,706	-
Morocco Conservancy	-	81,308	81,308	-
Iroquois Conservancy	-	14,761	14,761	-
Atlas (Ambulance)	145	6,558	6,688	15
Auditor Transfer Fee	21,095	4,395	10,000	15,490
Landfill Income Holding	7,931,319	8,233,176	7,931,319	8,233,176
TIF-Newton Co ECD #1	103,806	59,058	5,985	156,879
HRA - COBRA	5,804	1,049	-	6,853
BPPE late filing fees	925	1,450	-	2,375
LIT Local Income Tax	-	3,005,275	3,005,275	-
Community Emergency Response	1,578	-	-	1,578
Bio Terrorism	3,295	14,060	14,060	3,295
Equitable Sharing-Prosecutor	53,333	4,600	53,333	4,600
Equitable Sharing-Sheriff	36,574	-	-	36,574
2016 Homeland Security Grant	(14,417)	14,417	-	-
Fair Oaks Farms-KIRPC OCRA	-	1,657,853	1,657,853	-
Fair Oaks Farms-KIRPC -EDA	-	2,063,671	2,063,671	-
Fair Oaks Farms-KIRPC-IEDC	-	475,000	475,000	-
Problem Gambling-Crim Justice	1,400	-	-	1,400
Jasper Foundation Grant	580	-	-	580
Tobacco Settlement	20,319	14,569	28,823	6,065
Drug Prosecution Funds	2,000	-	-	2,000
2017 Regional Public Safety Grant	(300)	-	-	(300)
2017 Infrastructure Maintenance	(7,500)	7,500	-	-
2018 Regional Public Safety Grant	-	24,809	24,809	-
Community Crossings 2017	(80,473)	578,458	362,135	135,850
2018 Dist Training Center Main	-	11,294	11,032	262
Senior & Adult Guardianship	-	50,000	50,000	-
2019 Infrastructure	-	9,698	9,698	-
<b>Totals</b>	<b>\$ 38,357,445</b>	<b>\$ 66,714,968</b>	<b>\$ 62,030,217</b>	<b>\$ 43,042,196</b>

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

NEWTON 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.

NEWTON 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.

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

NEWTON COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

NEWTON 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 Defined Benefit Plan (PERF DB) is a cost-sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF DB is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the County authority to contribute to the plan.

The Public Employees' Hybrid Plan (PERF Hybrid) consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

The Retirement Savings Plan for Public Employees (My Choice) is a multiple-employer defined contribution plan. It is administered through the INPRS Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the County authority to contribute to the plan.

New employees hired have a one-time election to join either the PERF Hybrid or the My Choice.

NEWTON COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Financial Report*

INPRS 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. (844) 464-6777

*Contributions*

Members' contributions are set by state statute at 3 percent of compensation for both the defined contribution component of PERF Hybrid and My Choice. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid and My Choice members may receive additional employer contribution in lieu of the PERF DB. Contributions to the PERF DB are determined by INPRS Board based on actuarial valuation.

*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.

NEWTON COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy*

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

**Note 7. Cash Balance Deficit**

The financial statement contains a fund with a deficit in cash. This is a result of the fund being set up for reimbursable grants. The reimbursements for expenditures made by the County were not received by December 31, 2018.

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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.

NEWTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	After Settlement Collections	Inmate Trust	Clerk Trust	County General	Accident Report	Campaign Finance Enforcement	City & Town Court Costs
Cash and investments - beginning	\$ 469,675	\$ 1,140	\$ 442,248	\$ 2,532,003	\$ 9,104	\$ 750	\$ 17,699
Receipts:							
Taxes	-	-	-	5,489,430	-	-	-
Licenses and permits	-	-	-	62,292	-	-	-
Intergovernmental receipts	-	-	-	2,263,583	-	-	-
Charges for services	-	-	-	181,492	912	-	-
Fines and forfeits	-	-	-	133,311	-	-	6,436
Other receipts	535,260	99,353	1,312,121	627,871	-	-	-
Total receipts	535,260	99,353	1,312,121	8,757,979	912	-	6,436
Disbursements:							
Personal services	-	-	-	5,218,190	-	-	-
Supplies	-	-	-	213,317	-	-	-
Other services and charges	-	-	-	2,163,123	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	123,646	-	-	-
Other disbursements	469,675	99,025	1,363,490	-	-	-	-
Total disbursements	469,675	99,025	1,363,490	7,718,276	-	-	-
Excess (deficiency) of receipts over disbursements	65,585	328	(51,369)	1,039,703	912	-	6,436
Cash and investments - ending	\$ 535,260	\$ 1,468	\$ 390,879	\$ 3,571,706	\$ 10,016	\$ 750	\$ 24,135

NEWTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	Clerk Perpetuation	Congressional Interest	Congressional School Principal	Sales Disclosure-Co Share	Cumulative Bridge	Cumulative Capital Development	Drug Free Community
Cash and investments - beginning	\$ 36,119	\$ 30,212	\$ 359,835	\$ 7,397	\$ 1,465,160	\$ 670,226	\$ 13,810
Receipts:							
Taxes	-	-	-	-	257,720	143,587	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	23,234	10,092	-
Charges for services	-	-	-	1,910	-	-	-
Fines and forfeits	14,935	-	-	-	-	-	11,014
Other receipts	-	-	-	-	200	-	166
Total receipts	14,935	-	-	1,910	281,154	153,679	11,180
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	7,966	-	-	-	1,772	-	-
Other services and charges	-	14,393	-	588	114,996	25,299	12,459
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	113,859	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	7,966	14,393	-	588	230,627	25,299	12,459
Excess (deficiency) of receipts over disbursements	6,969	(14,393)	-	1,322	50,527	128,380	(1,279)
Cash and investments - ending	\$ 43,088	\$ 15,819	\$ 359,835	\$ 8,719	\$ 1,515,687	\$ 798,606	\$ 12,531

NEWTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	Electronic Map Generation Fund	Ambulance	Emerg Plan/Right To Know	Firearms Training	Drain Improvement	Health	Identification Security Protec
Cash and investments - beginning	\$ 14,216	\$ 1,868,608	\$ 24,401	\$ 55,876	\$ 272,284	\$ 262,570	\$ 8,159
Receipts:							
Taxes	-	206,176	-	-	-	118,735	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	14,491	-	-	-	8,345	-
Charges for services	-	23,656	3,717	5,660	-	16,777	2,588
Fines and forfeits	-	472,976	-	-	-	-	-
Other receipts	1,179	316	-	-	752,478	-	-
Total receipts	1,179	717,615	3,717	5,660	752,478	143,857	2,588
Disbursements:							
Personal services	-	857,670	-	-	-	169,642	-
Supplies	-	70,048	-	-	-	1,758	-
Other services and charges	-	73,539	19	269	-	552	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	70,158	-	-	569,828	615	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	1,071,415	19	269	569,828	172,567	-
Excess (deficiency) of receipts over disbursements	1,179	(353,800)	3,698	5,391	182,650	(28,710)	2,588
Cash and investments - ending	\$ 15,395	\$ 1,514,808	\$ 28,099	\$ 61,267	\$ 454,934	\$ 233,860	\$ 10,747

NEWTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	Landfill Closure	Health Maintenance	Local Road & Street	Misdemeanant	Highway	Omitted Property Audits	Rainy Day
Cash and investments - beginning	\$ 2,188,591	\$ 38,571	\$ 222,672	\$ 62,556	\$ 3,149,664	\$ 4	\$ 907,489
Receipts:							
Taxes	-	-	-	-	9,281	224,642	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	33,139	270,384	-	3,003,947	-	-
Charges for services	-	-	-	9,521	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	1,300,000	2,298	15,000	-	154,466	-	-
Total receipts	1,300,000	35,437	285,384	9,521	3,167,694	224,642	-
Disbursements:							
Personal services	-	34,485	-	-	926,457	-	-
Supplies	-	4,761	392,037	-	742,687	-	-
Other services and charges	425,000	998	-	2,212	2,351,888	52,700	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	1,171,393	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	425,000	40,244	392,037	2,212	5,192,425	52,700	-
Excess (deficiency) of receipts over disbursements	875,000	(4,807)	(106,653)	7,309	(2,024,731)	171,942	-
Cash and investments - ending	\$ 3,063,591	\$ 33,764	\$ 116,019	\$ 69,865	\$ 1,124,933	\$ 171,946	\$ 907,489

NEWTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	Reassessment 2015	Recorder Record Perp	Riverboat - County share	Sex/Violent Offender-County Share	Surplus Tax	Surveyor Corner Perp	Tax Sale Redemption
Cash and investments - beginning	\$ 428,666	\$ 86,878	\$ 462,613	\$ 10,218	\$ 26,027	\$ 11,781	\$ 5,057
Receipts:							
Taxes	184,086	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	12,938	-	-	-	-	-	-
Charges for services	-	37,470	-	770	-	12,785	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	54,530	-	17,077	-	31,435
Total receipts	197,024	37,470	54,530	770	17,077	12,785	31,435
Disbursements:							
Personal services	61,120	-	-	-	-	-	-
Supplies	4,403	-	-	-	-	116	-
Other services and charges	87,078	14,675	34,376	-	24,412	1,890	36,492
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	959	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	152,601	14,675	34,376	-	24,412	2,965	36,492
Excess (deficiency) of receipts over disbursements	44,423	22,795	20,154	770	(7,335)	9,820	(5,057)
Cash and investments - ending	\$ 473,089	\$ 109,673	\$ 482,767	\$ 10,988	\$ 18,692	\$ 21,601	\$ -

NEWTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	Tax Sale Surplus	User Fee/Guardian Ad Litem	County Elected Official Train	County Offender Transport Fund	Statewide 911	LOIT Special Distr-Co share	Adult Prob/Admin
Cash and investments - beginning	\$ 84,407	\$ -	\$ 902	\$ 1,274	\$ 24,979	\$ 325,000	\$ 17,054
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	6,452	-	-	-	-	-
Charges for services	-	-	2,588	-	248,213	-	-
Fines and forfeits	-	-	-	813	-	-	8,375
Other receipts	128,304	-	-	-	-	-	-
Total receipts	128,304	6,452	2,588	813	248,213	-	8,375
Disbursements:							
Personal services	-	-	-	-	154,429	-	11,428
Supplies	-	-	-	-	1,693	-	-
Other services and charges	116,233	6,452	1,255	-	44,942	-	-
Debt service - principal and interest	-	-	-	-	-	321,000	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	116,233	6,452	1,255	-	201,064	321,000	11,428
Excess (deficiency) of receipts over disbursements	12,071	-	1,333	813	47,149	(321,000)	(3,053)
Cash and investments - ending	\$ 96,478	\$ -	\$ 2,235	\$ 2,087	\$ 72,128	\$ 4,000	\$ 14,001

NEWTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	Juvenile Prob/Admin	User Fee/Alcohol & Drug	Drainage Maintenance	Donations	Self-insurance	Payroll Clearing	Sheriff Pension Holding
Cash and investments - beginning	\$ 1,824	\$ 1,111,377	\$ 1,144,172	\$ 157,582	\$ 546,575	\$ 18,305	\$ 28,977
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	2,006
Fines and forfeits	1,700	148,273	-	-	-	-	8,624
Other receipts	-	5,244	997,766	32,490	1,395,580	1,776,853	-
Total receipts	1,700	153,517	997,766	32,490	1,395,580	1,776,853	10,630
Disbursements:							
Personal services	3,428	64,877	-	-	1,504,024	1,792,246	-
Supplies	-	10,319	-	-	-	-	-
Other services and charges	-	40,183	-	58,919	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	6,375	197,207	-	-	-	-
Other disbursements	-	-	569,566	-	-	-	-
Total disbursements	3,428	121,754	766,773	58,919	1,504,024	1,792,246	-
Excess (deficiency) of receipts over disbursements	(1,728)	31,763	230,993	(26,429)	(108,444)	(15,393)	10,630
Cash and investments - ending	\$ 96	\$ 1,143,140	\$ 1,375,165	\$ 131,153	\$ 438,131	\$ 2,912	\$ 39,607

NEWTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	Local Tax Distribution	CVET- Commercial Vehicle Excise	Financial Institution	Fines & Forfeitures	Infractions	Special Death Benefit	Sales Disclosure
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 41	\$ 5,769	\$ 110	\$ 160
Receipts:							
Taxes	11,679,687	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	835,045	123,387	-	-	-	-	-
Charges for services	7,093	-	-	-	-	-	-
Fines and forfeits	-	-	-	724	62,619	1,470	-
Other receipts	10,025	87	10,201	-	-	-	1,910
Total receipts	12,531,850	123,474	10,201	724	62,619	1,470	1,910
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	726	66,386	1,505	1,875
Debt service - principal and interest	12,531,850	123,474	10,201	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	12,531,850	123,474	10,201	726	66,386	1,505	1,875
Excess (deficiency) of receipts over disbursements	-	-	-	(2)	(3,767)	(35)	35
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 39	\$ 2,002	\$ 75	\$ 195

NEWTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	Coroner's Education Fee	Adult-Juvenile Offender Compac	Mortgage Fee	Sex/Violent Offender-State Share	Child Restraint Violation	Education Plates	Riverboat Wagering Tax Revenue
Cash and investments - beginning	\$ 86	\$ -	\$ 95	\$ 5	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	84,380
Charges for services	1,665	-	1,280	86	-	150	-
Fines and forfeits	-	813	-	-	225	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	1,665	813	1,280	86	225	150	84,380
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	1,654	625	1,278	86	200	150	84,380
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	1,654	625	1,278	86	200	150	84,380
Excess (deficiency) of receipts over disbursements	11	188	2	-	25	-	-
Cash and investments - ending	\$ 97	\$ 188	\$ 97	\$ 5	\$ 25	\$ -	\$ -

NEWTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	CAGIT Distribution	ARRA Title IV-D Incent Clerk	Title IV-D Incentive Fund	Pros Title IV-D Inc	Clerk Title IV-D Inc	Sheriff Commissary	Treasurer Cash Change Fund
Cash and investments - beginning	\$ -	\$ 3,571	\$ 44,514	\$ 6,166	\$ 44,451	\$ 42,428	\$ 500
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	1,897	-	-	-
Fines and forfeits	-	-	4	7	-	-	-
Other receipts	306	-	6,590	9,909	10,165	71,953	-
Total receipts	306	-	6,594	11,813	10,165	71,953	-
Disbursements:							
Personal services	-	-	-	11,428	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	3,571	-	2,676	-	-	-
Debt service - principal and interest	306	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	71,186	-
Total disbursements	306	3,571	-	14,104	-	71,186	-
Excess (deficiency) of receipts over disbursements	-	(3,571)	6,594	(2,291)	10,165	767	-
Cash and investments - ending	\$ -	\$ -	\$ 51,108	\$ 3,875	\$ 54,616	\$ 43,195	\$ 500

NEWTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	ISETS	George Ade Medicare	Cable TV	Child Protection	County Owned Property	Governmental Development	Landfill Fees
Cash and investments - beginning	\$ 502	\$ 399,645	\$ 39,590	\$ 183	\$ 344,043	\$ 99	\$ 9,336,235
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	80,238	-	41,979
Fines and forfeits	-	-	-	-	-	-	6,576
Other receipts	237,720	5,315,137	13,384	-	6,992	-	7,982,863
Total receipts	237,720	5,315,137	13,384	-	87,230	-	8,031,418
Disbursements:							
Personal services	-	-	-	-	-	-	736,359
Supplies	-	-	-	-	-	-	11,472
Other services and charges	-	4,395,067	-	183	52,098	-	2,137,227
Debt service - principal and interest	-	-	-	-	-	-	175,000
Capital outlay	-	-	-	-	-	-	1,733,676
Other disbursements	236,157	-	-	-	-	-	-
Total disbursements	236,157	4,395,067	-	183	52,098	-	4,793,734
Excess (deficiency) of receipts over disbursements	1,563	920,070	13,384	(183)	35,132	-	3,237,684
Cash and investments - ending	\$ 2,065	\$ 1,319,715	\$ 52,974	\$ -	\$ 379,175	\$ 99	\$ 12,573,919

NEWTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	Landfill Drainage	Park Board	Road Deposit-Beaver Creek Ph 1	Sumava Resorts Protection Fund	Workforce One Center	GIS - Geographic Info Systems	Enforcement Fund
Cash and investments - beginning	\$ 52,121	\$ 6,683	\$ 14,000	\$ 25,457	\$ 89,682	\$ 51	\$ 84,457
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	53,840	-	-	-	66	-
Fines and forfeits	-	75	-	-	-	-	50,705
Other receipts	10,000	5,530	4,000	-	-	-	2,318
Total receipts	10,000	59,445	4,000	-	-	66	53,023
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	88,045
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	88,045
Excess (deficiency) of receipts over disbursements	10,000	59,445	4,000	-	-	66	(35,022)
Cash and investments - ending	\$ 62,121	\$ 66,128	\$ 18,000	\$ 25,457	\$ 89,682	\$ 117	\$ 49,435

NEWTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	Home Detention Hook-up	Tax Certificate Sale	Welfare Administration	Retainage - Atlas Excavating	Kentland Conservancy	Morocco Conservancy	Iroquois Conservancy
Cash and investments - beginning	\$ 101,627	\$ 7,414	\$ -	\$ 3,570	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	599,139	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	110,706	81,308	14,761
Total receipts	-	-	599,139	-	110,706	81,308	14,761
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	628	4,542	599,139	-	110,706	81,308	14,761
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	628	4,542	599,139	-	110,706	81,308	14,761
Excess (deficiency) of receipts over disbursements	(628)	(4,542)	-	-	-	-	-
Cash and investments - ending	\$ 100,999	\$ 2,872	\$ -	\$ 3,570	\$ -	\$ -	\$ -

NEWTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	Atlas (Ambulance)	Auditor Transfer Fee	Landfill Income Holding	TIF-Newton Co ECD #1	HRA - COBRA	BPPE late filing fees	LIT Local Income Tax
Cash and investments - beginning	\$ 145	\$ 21,095	\$ 7,931,319	\$ 103,806	\$ 5,804	\$ 925	\$ -
Receipts:							
Taxes	-	-	-	59,058	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	3,005,275
Charges for services	-	4,395	7,664	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	6,558	-	8,225,512	-	1,049	1,450	-
Total receipts	6,558	4,395	8,233,176	59,058	1,049	1,450	3,005,275
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	6,688	10,000	7,931,319	5,985	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	3,005,275
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	6,688	10,000	7,931,319	5,985	-	-	3,005,275
Excess (deficiency) of receipts over disbursements	(130)	(5,605)	301,857	53,073	1,049	1,450	-
Cash and investments - ending	\$ 15	\$ 15,490	\$ 8,233,176	\$ 156,879	\$ 6,853	\$ 2,375	\$ -

NEWTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	Community Emergency Response	Bio Terrorism	Equitable Sharing- Prosecutor	Equitable Sharing- Sheriff	2016 Homeland Security Grant	Fair Oaks Farms-KIRPC OCRA	Fair Oaks Farms-KIRPC -EDA
Cash and investments - beginning	\$ 1,578	\$ 3,295	\$ 53,333	\$ 36,574	\$ (14,417)	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	14,060	-	-	14,417	1,657,853	2,063,671
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	4,600	-	-	-	-
Total receipts	-	14,060	4,600	-	14,417	1,657,853	2,063,671
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	3,237	-	-	-	-	-
Other services and charges	-	2,133	53,333	-	-	1,657,853	2,063,671
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	8,690	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	14,060	53,333	-	-	1,657,853	2,063,671
Excess (deficiency) of receipts over disbursements	-	-	(48,733)	-	14,417	-	-
Cash and investments - ending	\$ 1,578	\$ 3,295	\$ 4,600	\$ 36,574	\$ -	\$ -	\$ -

NEWTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	Fair Oaks Farms-KIRPC IEDC	Problem Gambling-Crim Justice	Jasper Foundation Grant	Tobacco Settlement	Drug Prosecution Funds	2017 Regional Public Safety Grant	2017 Infrastructure Maintenance
Cash and investments - beginning	\$ -	\$ 1,400	\$ 580	\$ 20,319	\$ 2,000	\$ (300)	\$ (7,500)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	475,000	-	-	14,569	-	-	7,500
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	475,000	-	-	14,569	-	-	7,500
Disbursements:							
Personal services	-	-	-	13,097	-	-	-
Supplies	-	-	-	226	-	-	-
Other services and charges	475,000	-	-	15,500	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	475,000	-	-	28,823	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	(14,254)	-	-	7,500
Cash and investments - ending	\$ -	\$ 1,400	\$ 580	\$ 6,065	\$ 2,000	\$ (300)	\$ -

NEWTON COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	2018 Regional Public Safety Grant	Community Crossings 2017	2018 Dist Training Center Main	Senior & Adult Guardianship	2019 Infrastructure	Totals
Cash and investments - beginning	\$ -	\$ (80,473)	\$ -	\$ -	\$ -	\$ 38,357,445
Receipts:						
Taxes	-	-	-	-	-	18,372,402
Licenses and permits	-	-	-	-	-	62,292
Intergovernmental receipts	24,809	578,458	11,294	50,000	9,698	15,215,160
Charges for services	-	-	-	-	-	750,418
Fines and forfeits	-	-	-	-	-	929,675
Other receipts	-	-	-	-	-	31,385,021
Total receipts	24,809	578,458	11,294	50,000	9,698	66,714,968
Disbursements:						
Personal services	-	-	-	-	-	11,558,880
Supplies	-	-	-	-	-	1,465,812
Other services and charges	24,809	-	11,032	50,000	9,698	25,670,779
Debt service - principal and interest	-	-	-	-	-	16,167,106
Capital outlay	-	362,135	-	-	-	4,358,541
Other disbursements	-	-	-	-	-	2,809,099
Total disbursements	24,809	362,135	11,032	50,000	9,698	62,030,217
Excess (deficiency) of receipts over disbursements	-	216,323	262	-	-	4,684,751
Cash and investments - ending	\$ -	\$ 135,850	\$ 262	\$ -	\$ -	\$ 43,042,196

NEWTON COUNTY  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 746,712</u>	<u>\$ 1,096,231</u>

NEWTON COUNTY  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Newton County Redevelopment Authority	Bridge Repair 14	\$ 413,000	7/01/2015	1/01/2034
Newton County Redevelopment Authority	Bridge Repair 16	<u>124,000</u>	7/01/2018	1/01/2036
Total of annual lease payments		<u>\$ 537,000</u>		

NEWTON COUNTY  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2018

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	\$ 650,722
Buildings	19,145,995
Improvements other than buildings	538,101
Machinery, equipment, and vehicles	<u>10,014,102</u>
Total capital assets	<u>\$ 30,348,920</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF NEWTON COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

We have audited Newton County's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each 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 each of its major federal programs for the year ended December 31, 2018.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH 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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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 2018-002 and 2018-003, that we consider to be material weaknesses.

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

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

  
Paul D. Joyce, CPA  
State Examiner

December 19, 2019

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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.

NEWTON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2018

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 Commerce</u>					
Economic Development Cluster Investments for Public Works and Economic Development Facilities Fair Oaks Farms-KIRPC EDA	Direct Grant	11.300	EDA06-01-06080	\$ -	\$ 2,063,671
Total - Economic Development Cluster				-	2,063,671
Total - Department of Commerce				-	2,063,671
<u>Department of Housing and Urban Development</u>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Fair Oaks Farms-KIRPC OCRA	Indiana Office of Community and Rural Affairs	14.228	DR2-09-290	-	1,657,853
Total - Department of Housing and Urban Development				-	1,657,853
<u>Department of Justice</u>					
Equitable Sharing Program Equitable Sharing Prosecutor	Direct Grant	16.922		-	53,333
Total - Department of Justice				-	53,333
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Cumulative Bridge	Indiana Department of Transportation	20.205	#800138209700LC4	-	6,400
Total - Highway Planning and Construction Cluster				-	6,400
Total - Department of Transportation				-	6,400
<u>Department of Health and Human Services</u>					
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Bio Terrorism Federal Grant	Indiana State Department of Health	93.074	BPRS 155-71	-	14,060
Child Support Enforcement Prosecutor Title IV-D Incentive Clerk Title IV-D Incentive Usr/Infraction Deferral County General Title IV-D Incentive Landfill County General	Indiana Department of Child Services	93.563	FY18 FY18 FY18 FY18 FY18 FY18 FY18	- - - - - - -	9,916 5,357 7,519 54,056 6,590 6,576 27,445
Total - Child Support Enforcement				-	117,459
Total - Department of Health and Human Services				-	131,519
<u>Department of Homeland Security</u>					
Emergency Management Performance Grants Landfill Civil Defense	Indiana Department of Homeland Security	97.042	C44P-5-741B	-	41,979
Homeland Security Grant Program 2016 Homeland Security Grant	Indiana Department of Homeland Security	97.067	#40093074PHEPA18	-	14,417
Total - Department of Homeland Security				-	56,396
Total federal awards expended				\$ -	\$ 3,969,172

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

NEWTON 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, 2018. 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.

NEWTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Qualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

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

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
14.228	Economic Development Cluster	Unmodified
	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	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 2018-001**

Subject: Financial Transactions and Reporting  
Audit Finding: Material Weakness

*Condition*

There were several deficiencies in the internal control system of the County related to financial transactions and reporting. The County had not separated incompatible activities related to all areas of the financial statement, including cash and investments, receipts, and disbursements.

The County did not have adequate processes or procedures in place to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting would have required the County to monitor and assess the quality of the system of internal controls.

NEWTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Cash and Investments - County Treasurer*

The County Treasurer reconciled the record balances to the depository balances without a system of oversight or review.

*Receipts - County Treasurer*

Separate employees prepared the receipts for deposit, made the deposits, and completed a daily collections report without a system of oversight, review, or approval.

*Receipts - County Auditor*

Receipts were issued, recorded, and submitted to the County Treasurer for deposit without evidence of a proper segregation of duties. There was no documented oversight, review, or approval process in place to ensure the accuracy and classification of receipts to the proper funds and accounts.

*Vendor Disbursements*

One employee prepared the claims, verified the invoices to the claims, prepared the checks, and recorded the disbursements without evidence of a proper segregation of duties. The County had not established a documented oversight, review, or approval process to ensure that vendors were paid the correct amount and were paid from the proper fund.

*Payroll Disbursements*

One employee prepared and recorded the payroll claims, prepared the direct deposits, and checks for disbursement without evidence of a proper segregation of duties. The County had not established a documented oversight, review, or approval process to ensure that employees were paid the correct amount and were paid from the proper fund.

*Cash and Investments, Receipts, Disbursements,  
Financial Reporting - Clerk of the Circuit Court*

The Clerk of the Circuit Court prepared and reconciled the record balances with the depository balances without a system of oversight or review. Receipts and disbursements were recorded and processed without a proper system of oversight or review to ensure that they were recorded to the proper account and disbursed to the proper vendor. The Supplemental Annual Financial Report, which was included in the County Annual Financial Report, was prepared and submitted to the County Auditor without a system of oversight or review.

*Monitoring*

The Board of County Commissioners had not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibilities placed the County at risk that controls may not be properly designed or operating effectively to provide reasonable assurance that the controls will prevent or detect material misstatements in the financial statements in a timely manner.

*Context*

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

NEWTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Criteria*

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

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

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

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

*Cause*

Management of the County had not established a proper system of internal control. An evaluation of the County's system of internal control had not been conducted.

*Effect*

The failure to establish a system of internal control could have enabled misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, misstatements in a timely manner.

*Recommendation*

We recommended that the County establishes a system of internal controls related to financial transactions and reporting.

*Views of Responsible Officials*

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

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

**FINDING 2018-002**

Subject: Economic Development Cluster - Internal Controls

Federal Agency: Department of Commerce

Federal Program: Investments for Public Works and Economic Development Facilities

CFDA Number: 11.300

Federal Award Number and Year (or Other Identifying Number): EDA06-01-06080

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance, Special Tests and Provisions - Wage Rate Requirements

Audit Finding: Material Weakness

NEWTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition*

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the compliance requirements listed above.

*Activities Allowed or Unallowed*

The County had not designed or implemented adequate policies or procedures to ensure that activities paid from grant funds were allowable. There was no review or approval over the disbursements prior to payment.

*Allowable Costs/Cost Principles*

The County had not designed or implemented adequate policies or procedures to ensure that costs paid from grant funds were allowable. There was no review or approval over the disbursements prior to payment.

*Period of Performance*

The County had not designed or implemented adequate policies or procedures to ensure that expenditures were made within the period of performance. There was no review or approval over the disbursements prior to payment.

*Special Tests and Provisions - Wage Rate Requirements*

The County had not designed or implemented adequate policies or procedures to ensure that contractors or subcontractors submitted certified payrolls weekly. There was no oversight, review, or approval process.

*Context*

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

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

NEWTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County's management establish a system of internal controls related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Performance, and Special Tests and Provisions - Wage Rate Requirements compliance requirements.

*Views of Responsible Officials*

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

**FINDING 2018-003**

Subject: Community Development Block Grants/State's Program  
and Non-Entitlement Grants in Hawaii - Internal Controls  
Federal Agency: Department of Housing and Urban Development  
Federal Program: Community Development Block Grants/State's program  
and Non-Entitlement Grants in Hawaii  
CFDA Number: 14.228  
Federal Award Number and Year (or Other Identifying Number): DR2-09-290  
Pass-Through Entity: Indiana Office of Community and Rural Affairs  
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles,  
Cash Management, Period of Performance, Special Tests and  
Provisions - Wage Rate Requirements  
Audit Finding: Material Weakness

*Condition*

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the compliance requirements listed above.

*Activities Allowed or Unallowed*

The County had not designed or implemented adequate policies or procedures to ensure that activities paid with grant funds were allowable. There was no review or approval over the disbursements prior to payment.

NEWTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Allowable Costs/Cost Principles*

The County had not designed or implemented adequate policies or procedures to ensure that costs paid with grant funds were allowable. There was no review or approval over the disbursements prior to payment.

*Cash Management*

The County had not designed or implemented adequate policies or procedures to ensure that grant funds received were disbursed within the required number of days. There was no oversight, review, or approval over the cash management requirements.

*Period of Performance*

The County had not designed or implemented adequate policies or procedures to ensure that expenditures were made within the period of performance. There was no review or approval over the disbursements prior to payment.

*Special Tests and Provisions- Wage Rate Requirements*

The County had not designed or implemented adequate policies or procedures to ensure that contractors or subcontractors submitted certified payrolls weekly. There was no oversight, review, or approval process.

*Context*

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

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

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

NEWTON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County's management establish a system of internal controls related to the grant agreement and the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Period of Performance, and Special Tests and Provisions - Wage Rate Requirements compliance requirements.

*Views of Responsible Officials*

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

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the County. The document is presented as intended by the County.

NEWTON COUNTY AUDITOR  
TAMRA M JACKSON  
201 N THIRD STREET  
KENTLAND, IN 47951  
Tel: (219) 474-6081  
tjackson@newtoncounty.in.gov

CORRECTIVE ACTION PLAN

**FINDING 2018-001**

Contact Person Responsible for Corrective Action: Tamra M Jackson, County Auditor:  
Contact Phone Number: (219) 474-6081 Ext. 1204

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

Receipts – County Auditor: When there is a check receipted we take the quietus to the Treasurer to verify and sign the quietus, confirm the amount being entered.


Vendor Disbursement – County Auditor: claims, I have one person preparer and I have my first deputy or I verify after they are entered in, there is an adding to tape to confirm total. When also a disbursement the Commissioner's sign and verify on everything at the meetings.

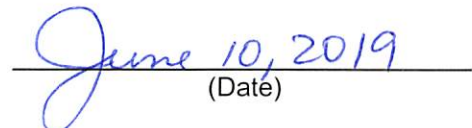
Payroll Disbursements – County Auditor: payroll clerk enters the time keeping, I verify with system and payroll vouchers to confirm totals.

Anticipated Completion Date:

All of this is in place as of June 1, 2019. As soon as the Auditor's brought these matters to my attention, action was taken immediately.

  
\_\_\_\_\_  
(Signature)

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

  
\_\_\_\_\_  
(Date)



**NEWTON COUNTY TREASURER**

TERI KNOWLES

**CORRECTIVE ACTION PLAN**

FINDING 2018-001

Contact Person Responsible for Corrective Action: Teri Knowles

Contact Phone Number: (219) 474-6081 ext 1302

Views of Responsible Official:

We concur with the finding.

Description of Corrective Action Plan:

With being a 2 man office and having the requirements for the County/ State, and deadlines required by both. I and my employer will do the best we can to double check the work that is required by State when reconciling the record balances to the depository balances. A system, somewhat, with the amount of time will be reviewed and initialed.

I have taken over the previous Treasurer position this year. I have already set up the system of the deputy preparing the receipts for deposit and making the bank deposits. Then, I the Treasurer complete the daily collection report with applying the daily cash sheet and monthly depository balance for State.

Anticipated Completion Date: 6/11/2019

  
\_\_\_\_\_  
(Signature)  
  
\_\_\_\_\_  
(Title)  
  
\_\_\_\_\_  
(Date)

**NEWTON COUNTY COURTHOUSE**



# JESSICA FIRKINS

CLERK OF THE CIRCUIT AND SUPERIOR COURTS

201 North Third Street  
P.O. Box 49  
Kentland, IN 47951

Newton County Courthouse  
Phone: (219) 474-6081  
Fax: (219) 474-5749

## CORRECTIVE ACTION PLAN

### **FINDING 2018-001**

Contact Person Responsible for Corrective Action: Jessica Firkins:  
Contact Phone Number: 219-474-6081 ext 1100:

Views of Responsible Official: I concur with the findings.

Description of Corrective Action Plan: We will have someone prepare & someone review on each of these issues.

Anticipated Completion Date: By the end of the year.

Jessica Firkins  
(Signature)

Clerk  
(Title)

06/06/2019

NEWTON COUNTY AUDITOR  
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CORRECTIVE ACTION PLAN

**Finding 2018-001**

Contact Person Responsible for Corrective Action: Tamra M Jackson, County Auditor:  
Contact Phone Number: (219) 474-6081 Ext. 1204

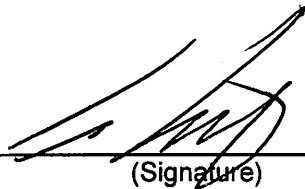
Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan:

The Board of Commissioners' will have a policy of internal controls in place. We will design and operate to provide reasonable assurance of the controls to detect material misstatements in the financial manner.

Anticipated Completion Date:

December 1, 2019

  
\_\_\_\_\_  
(Signature)

President Commissioner  
\_\_\_\_\_  
(Title)

June 11, 2019  
\_\_\_\_\_  
(Date)

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CORRECTIVE ACTION PLAN

**FINDING 2018-002**

Contact Person Responsible for Corrective Action: Tamra M Jackson, County Auditor:  
Contact Phone Number: (219) 474-6081 Ext. 1204

Views of Responsible Official: We concur with the finding


Description of Corrective Action Plan:

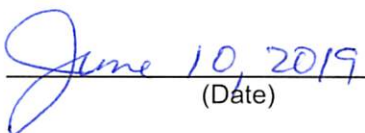
The County will insure that all claims for disbursements will be listed on the claim docket presented to the county commissioners and Auditor for approval prior to payment. The County will work with its grant administrator to review at random selected certified payrolls quarterly to insure that payrolls were submitted weekly and followed appropriate wage rates.

Anticipated Completion Date:

All of this is in place as of June 1, 2019. As soon as the Auditor's brought these matters to my attention, action was taken immediately.

  
\_\_\_\_\_  
(Signature)

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

  
\_\_\_\_\_  
(Date)

NEWTON COUNTY AUDITOR  
TAMRA M JACKSON  
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CORRECTIVE ACTION PLAN

**FINDING 2018-003**

Contact Person Responsible for Corrective Action: Tamra M Jackson, County Auditor:  
Contact Phone Number: (219) 474-6081 Ext. 1204

Views of Responsible Official: We concur with the finding

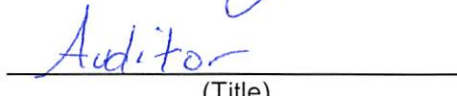
Description of Corrective Action Plan:

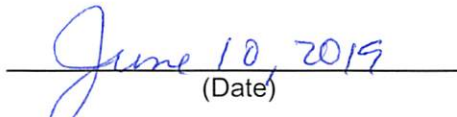
The County will insure that all claims for disbursements will be listed on the claim docket presented to the county commissioners for approval prior to payment. To ensure that grant funds received are disbursed within the allocated timeline, the County will check for bank deposits daily once a claim is submitted for payment. The County will work with its grant administrator to review at random selected certified payrolls quarterly to insure that payrolls were submitted weekly and followed appropriate wage rates.

Anticipated Completion Date:

All of this is in place as of June 1, 2019. As soon as the Auditor's brought these matters to my attention, action was taken immediately.

  
\_\_\_\_\_  
(Signature)

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

  
\_\_\_\_\_  
(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/>.