

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

ANNUAL FINANCIAL REPORT

2010

STARKE COUNTY, INDIANA



FILED

09/06/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Michaelene J. Houston Katherine Chaffins	01-01-07 to 12-31-10 01-01-11 to 12-31-14
Treasurer	Linda L. Belork	01-01-09 to 12-31-12
Clerk	Evelyn A. Skronski	01-01-07 to 12-31-14
Sheriff	Oscar O. Cowen	01-01-07 to 12-31-14
Recorder	Jackie Bridegroom Lisa Minix	01-01-07 to 12-31-10 01-01-11 to 12-31-14
President of the Board of County Commissioners	Daniel D. Bridegroom	01-01-10 to 12-31-11
President of the County Council	Mark C. Smith	01-01-10 to 12-31-11



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF STARKE COUNTY, INDIANA

We have audited the accompanying financial statement of Starke County (County), for the year ended December 31, 2010. This financial statement is the responsibility of the County's management. Our responsibility is to express opinions 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the County prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by 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 noted above is a different basis than that used in the prior year.

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, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated August 10, 2011, 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 to describe the scope of our testing of internal control over financial reporting

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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 the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Included in the financial statement are the receipts and disbursements activity from emergency telephone system fees (IC 36-8-16) and enhanced wireless emergency telephone fees (IC 36-8-16.5). In accordance with Indiana Code 36-8-16-14 and Indiana Code 36-8-16.5-41 these fees have been subject to an annual audit performed by the State Board of Accounts and, in our opinion, are fairly stated, in all material respects, in relation to the financial statement taken as a whole.

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 Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt 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.

This report is intended solely for the information and use of the County's management, County Commissioners and County Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 24, 2011



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF STARKE COUNTY, INDIANA

We have audited the financial statement of Starke County (County), for the year ended December 31, 2010, and have issued our report thereon dated August 24, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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 entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2010-1 and 2010-2 to be material weaknesses.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
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 are 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.

The County's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County's management, County Commissioners and County Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 24, 2011

FINANCIAL STATEMENT

STARKE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 986,013	\$ 5,688,269	\$ 5,614,174	\$ 1,060,108
Firearms Training	28,136	8,500	6,917	29,719
Health	45,103	166,510	135,546	76,067
Highway	629,566	1,789,390	1,767,168	651,788
Jury Pay	14,361	4,615	14,718	4,258
Rainy Day	1,234,021	196,750	-	1,430,771
Cumulative Reassessment	812,584	286,780	326,340	773,024
Child Advocacy	297	-	-	297
Levy Excess	-	60,544	49,255	11,289
Operation Pullover	(125)	7,950	8,026	(201)
Alternative Dispute Resolution	13,905	3,470	5,430	11,945
Community Transition Program	11,685	-	-	11,685
EMS Donations for Education	497	818	718	597
Emergency Management Grant	17,301	19,160	17,547	18,914
County Share Sales Disclosure	2,472	2,665	-	5,137
Juvenile Tracking Grant	23	-	-	23
Drug Enforcement Donation	3,771	-	3,771	-
Redact Fund--Recorder	18,834	7,654	-	26,488
COPS Technology Program	1,493	-	-	1,493
Starke County Check Enforcement	2,249	980	3,204	25
Prosecutor's STOP Grant	(13,035)	23,099	24,865	(14,801)
Sex Offender Fees--Sheriff	695	545	1,240	-
State Share Delinquent Tax	-	6,462	6,462	-
H1N1 Grant	8,265	13,979	4,440	17,804
Sheriff Narcotic K-9 Donation	811	1,020	1,390	441
New Phone System Loan	40,746	-	40,746	-
Hamlet Project With Grant	(510,988)	574,375	453,182	(389,795)
Surveyor Corner Perpetual	869	4,831	1,600	4,100
Tact Narco Team Rico	105	868	959	14
WIC Donations	815	570	1,142	243
Starke County Dare Donations	9,412	46	6,040	3,418
Recorder Perpetual	31,442	21,268	9,816	42,894
2010 Tax Sale Surplus	-	73,314	7,162	66,152
2010 Tax Sale Redemption	-	9,256	9,256	-
2010 Certificate Sale & Redemption	-	36,289	15,989	20,300
2009 Tax Sale Redemption	4,079	147,630	150,652	1,057
2009 Tax Sale Surplus	291,231	1,433	232,781	59,883
2009 Surplus Tax	28,731	-	20,087	8,644
2010 Surplus Tax	-	80,679	15,478	65,201
Title IV-D Clerk	10,858	14,954	10,783	15,029
Title IV-D Prosecutor	86,363	22,499	43,759	65,103
Knox Lead Track Grant	969	-	-	969
Knox Lead Track Expenses	163,277	29,529	22,816	169,990
State Share Disclosure Fee	225	2,665	2,715	175
Supplemental Juvenile	74,081	2,878	-	76,959
Supplemental Adult	155,017	79,645	62,945	171,717
Juvenile Acc. Blk. Grant	(26)	-	-	(26)
Pretrial Diversion	71,075	93,907	81,727	83,255
County Extradition	742	-	742	-
County Corrections	17,090	16,855	14,045	19,900
Supplemental Pub Defender Serv	4,174	8,436	-	12,610
Indiana Criminal Justice Victims Assistance	-	7,876	15,715	(7,839)
Local Road & Street	353,459	271,472	318,238	306,693
WIC Program	(29,655)	123,730	94,075	-
WIC Program #2	(59)	119	-	60
WIC Program #3	76	16,959	30,075	(13,040)
Pandemic Influenza Preparedness	2,000	-	-	2,000
Mosquito Control Block Grant	420	-	-	420
Local Health Maintenance	40,970	24,853	11,032	54,791
Child Services	6,639	52	-	6,691
Special Vehicle Inspection	1,088	151	968	271
General Drain Maintenance	1,296,527	288,161	356,427	1,228,261
Yellow River Basin Project	-	197,946	192,839	5,107
Accident Report Fees	2,197	806	2,469	534
Community Corrections Project Income	-	176,734	35,136	141,598
Community Corrections CTP	-	16,540	4,815	11,725
Energy Grant	-	4,000	48,980	(44,980)
2009 Polling Place Grant	-	10,000	3,590	6,410
10-01-06 Drug Free Community	-	24,162	21,700	2,462

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

STARKE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2010
(Continued)

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
07-01-05 Drug Free Community	(161)	1,270	1,109	-
Drug Free Community	6,255	18,750	25,005	-
County & Local Law Enforcement	2,169	431	1,705	895
Wireless 911 Fees	-	114,080	114,080	-
Emergency 911	13,060	408,299	393,255	28,104
Emergency PI/Right To Know	580	-	44	536
Fines & Forfeitures	6,213	16,297	14,331	8,179
Public Health Preparedness Grant	2,500	153	2,500	153
LHMF/Tobacco Settlement	33,275	26,241	4,037	55,479
Health Department Donations	309	-	-	309
Child Immunization Grant	60	-	-	60
General Drain Reconstruction	130,497	1,321	-	131,818
ARRA Title IV-D Pros Incentive	-	16,513	-	16,513
Cumulative Capital Development	289,800	155,890	185,922	259,768
Cumulative Bridge	647,487	69,880	673	716,694
Dental Self Pay	69,018	64,254	49,425	83,847
Auditor's Transfer Fee	15,575	5,445	-	21,020
Worker's Comp Insurance Acct	150,000	-	-	150,000
County Police Pension Trust	-	25,729	25,729	-
Principal Congressional School	14,720	-	-	14,720
Save The Hospital Fund	4,325,404	188,435	-	4,513,839
Inheritance Tax	44,478	171,917	166,439	49,956
Title 3	3,292	4,000	4,000	3,292
Sale Of Plat Books	1,004	540	563	981
Mortgage Fees	176	1,992	2,168	-
Special Death Benefits	240	2,280	2,520	-
Community Corrections	54,675	113,627	216,554	(48,252)
Community Corrections - 2	60,673	196,466	257,308	(169)
Probation Indigent Assistance	1,500	-	-	1,500
CEDIT	533,389	1,233,563	475,934	1,291,018
Hamlet Fire Well	12,298	13,000	17,072	8,226
CEDIT Excess - Rainy Day Fund	266,071	-	-	266,071
Education Plate Fee	19	975	956	38
2008 Surplus Tax	6,849	-	1,346	5,503
2007 Tax Sale Surplus	2,751	-	-	2,751
2007 Surplus Tax	18,438	-	1,333	17,105
2006 Tax Sale Surplus	13,048	-	-	13,048
2006 Surplus Tax	9,167	-	-	9,167
Sewage Charges & Collections	38,960	116,624	152,673	2,911
CEDIT for Homestead Credits	1,241	202,221	196,915	6,547
HEA 1001-2008 State Homestead Credit	(1,502)	164,889	162,231	1,156
2004 Tax Sale Surplus	16,578	-	-	16,578
2005 Tax Sale Surplus	8,465	-	-	8,465
Clerks Perpetual	15,945	3,736	-	19,681
Victim's Assistance # 2	(16,755)	28,942	12,187	-
Payroll Clearing	138,700	1,707,073	818,752	1,027,021
City / Town Share Court Costs	9,903	4,430	-	14,333
Children's Psychiatric Residential Treatment	1,055	-	-	1,055
Prosecutor Rico Fund	569	-	569	-
CVET	33,715	82,688	116,403	-
Tax Distribution	-	20,424,542	20,424,542	-
Interest Congressional School	5,796	318	-	6,114
Victim Assistant Grant-97Va046	(4)	-	-	(4)
Recorder	7,637	85,430	84,390	8,677
Clerk	291,513	1,880,716	1,790,358	381,871
Probation	-	82,495	82,495	-
Inmate Trust	1,476	112,129	108,728	4,877
Sheriff	5,377	575,219	554,050	26,546
Sheriff's Commissary	21,337	46,897	47,638	20,596
Prosecutor	320	15,306	15,574	52
Treasurer	1,398,285	21,403,478	22,347,083	454,680
County Police Pension Retirement	2,178,276	-	385,563	1,792,713
Police Pension Trust Retirement	81,425	14,620	9,666	86,379
Totals	<u>\$ 16,946,012</u>	<u>\$ 60,477,749</u>	<u>\$ 59,605,517</u>	<u>\$ 17,818,244</u>

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

STARKE COUNTY
NOTES TO FINANCIAL STATEMENTS

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 statements presents the financial information for the County (primary government), and does not include financial information for any of the County's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the County (primary government).

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the 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. Receipts are recorded when received and disbursements are recorded when paid.

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 statements. The aggregate receipts may include, but are not limited to, the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers 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 which include 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: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

STARKE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution 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 which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine 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 which include receipts derived 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).

Utility fees which are comprised mostly of charges for current services.

Other receipts which include amounts received from various sources which can include, but are 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 statements. The aggregate disbursements may include, but are not limited to, the following uses:

Personal services include outflows 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 which include 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 office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include 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.

STARKE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Utility operating expenses which include all outflows for operating the utilities.

Other disbursements which include, but are 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, transfer money 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 money 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 money 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 March 1 (lien date) 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.

STARKE COUNTY
NOTES TO FINANCIAL STATEMENTS
(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, 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 statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks. These risks may also be mitigated by the County by recording as a disbursement and replacement items purchased.

Note 6. Pension Plan(s)

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent 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 PERF 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.

PERF 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:

STARKE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

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

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. 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. 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.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, Starke County's Annual Report can be found on the Indiana Transparency Portal website: www.in.gov/itp/annual_reports/.

STARKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010

	General	Firearms Training	Health	Highway	Jury Pay	Rainy Day	Cumulative Reassessment
Cash and investments - beginning	\$ 986,013	\$ 28,136	\$ 45,103	\$ 629,566	\$ 14,361	\$ 1,234,021	\$ 812,584
Receipts:							
Taxes	3,844,522	-	-	-	-	-	-
Licenses and permits	115,756	-	-	-	-	-	-
Intergovernmental	136,984	-	-	-	-	-	-
Charges for services	854,723	-	-	-	-	-	-
Fines and forfeits	105,587	-	-	-	-	-	-
Other receipts	630,697	8,500	166,510	1,789,390	4,615	196,750	286,780
Total receipts	<u>5,688,269</u>	<u>8,500</u>	<u>166,510</u>	<u>1,789,390</u>	<u>4,615</u>	<u>196,750</u>	<u>286,780</u>
Disbursements:							
Personal services	4,256,040	-	129,550	1,046,789	14,718	-	125,874
Supplies	213,888	-	2,886	407,549	-	-	-
Other services and charges	1,030,103	-	3,110	204,616	-	-	-
Capital outlay	10,386	-	-	105,085	-	-	-
Other disbursements	103,757	6,917	-	3,129	-	-	200,466
Total disbursements	<u>5,614,174</u>	<u>6,917</u>	<u>135,546</u>	<u>1,767,168</u>	<u>14,718</u>	<u>-</u>	<u>326,340</u>
Excess (deficiency) of receipts over disbursements	<u>74,095</u>	<u>1,583</u>	<u>30,964</u>	<u>22,222</u>	<u>(10,103)</u>	<u>196,750</u>	<u>(39,560)</u>
Cash and investments - ending	<u>\$ 1,060,108</u>	<u>\$ 29,719</u>	<u>\$ 76,067</u>	<u>\$ 651,788</u>	<u>\$ 4,258</u>	<u>\$ 1,430,771</u>	<u>\$ 773,024</u>

STARKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Child Advocacy	Levy Excess	Operation Pullover	Alternative Dispute Resolution	Community Transition Program	EMS Donations For Education	Emergency Management Grant
Cash and investments - beginning	\$ 297	\$ -	\$ (125)	\$ 13,905	\$ 11,685	\$ 497	\$ 17,301
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	3,470	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	60,544	7,950	-	-	818	19,160
Total receipts	-	60,544	7,950	3,470	-	818	19,160
Disbursements:							
Personal services	-	-	561	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	49,255	7,465	5,430	-	718	17,547
Total disbursements	-	49,255	8,026	5,430	-	718	17,547
Excess (deficiency) of receipts over disbursements	-	11,289	(76)	(1,960)	-	100	1,613
Cash and investments - ending	<u>\$ 297</u>	<u>\$ 11,289</u>	<u>\$ (201)</u>	<u>\$ 11,945</u>	<u>\$ 11,685</u>	<u>\$ 597</u>	<u>\$ 18,914</u>

STARKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	County Share Sales Disclosure	Juvenile Tracking Grant	Drug Enforcement Donation	Redact Fund--Recorder	COPS Technology Program	Starke County Check Enforcement	Prosecutor's STOP Grant
Cash and investments - beginning	\$ 2,472	\$ 23	\$ 3,771	\$ 18,834	\$ 1,493	\$ 2,249	\$ (13,035)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	2,665	-	-	7,654	-	980	23,099
Total receipts	<u>2,665</u>	<u>-</u>	<u>-</u>	<u>7,654</u>	<u>-</u>	<u>980</u>	<u>23,099</u>
Disbursements:							
Personal services	-	-	-	-	-	1,096	24,865
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	3,771	-	-	2,108	-
Total disbursements	<u>-</u>	<u>-</u>	<u>3,771</u>	<u>-</u>	<u>-</u>	<u>3,204</u>	<u>24,865</u>
Excess (deficiency) of receipts over disbursements	<u>2,665</u>	<u>-</u>	<u>(3,771)</u>	<u>7,654</u>	<u>-</u>	<u>(2,224)</u>	<u>(1,766)</u>
Cash and investments - ending	<u>\$ 5,137</u>	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ 26,488</u>	<u>\$ 1,493</u>	<u>\$ 25</u>	<u>\$ (14,801)</u>

STARKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Sex Offender Fees--Sheriff	State Share Delinquent Tax	H1N1 Grant	Sheriff Narcotic K-9 Donation	New Phone System Loan	Hamlet Project With Grant	Surveyor Corner Perpetual
Cash and investments - beginning	\$ 695	\$ -	\$ 8,265	\$ 811	\$ 40,746	\$ (510,988)	\$ 869
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	399,823	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	545	6,462	13,979	1,020	-	174,552	4,831
Total receipts	<u>545</u>	<u>6,462</u>	<u>13,979</u>	<u>1,020</u>	<u>-</u>	<u>574,375</u>	<u>4,831</u>
Disbursements:							
Personal services	-	-	1,834	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	2,606	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	1,240	6,462	-	1,390	40,746	453,182	1,600
Total disbursements	<u>1,240</u>	<u>6,462</u>	<u>4,440</u>	<u>1,390</u>	<u>40,746</u>	<u>453,182</u>	<u>1,600</u>
Excess (deficiency) of receipts over disbursements	<u>(695)</u>	<u>-</u>	<u>9,539</u>	<u>(370)</u>	<u>(40,746)</u>	<u>121,193</u>	<u>3,231</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,804</u>	<u>\$ 441</u>	<u>\$ -</u>	<u>\$ (389,795)</u>	<u>\$ 4,100</u>

STARKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Tact Narco Team Rico	WIC Donations	Starke County Dare Donations	Recorder Perpetual	2010 Tax Sale Surplus	2010 Tax Sale Redemption	2010 Certificate Sale & Redemption
Cash and investments - beginning	\$ 105	\$ 815	\$ 9,412	\$ 31,442	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	18	72,446	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	868	570	46	21,250	868	9,256	36,289
Total receipts	868	570	46	21,268	73,314	9,256	36,289
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	959	1,142	6,040	9,816	7,162	9,256	15,989
Total disbursements	959	1,142	6,040	9,816	7,162	9,256	15,989
Excess (deficiency) of receipts over disbursements	(91)	(572)	(5,994)	11,452	66,152	-	20,300
Cash and investments - ending	\$ 14	\$ 243	\$ 3,418	\$ 42,894	\$ 66,152	\$ -	\$ 20,300

STARKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	2009 Tax Sale Redemption	2009 Tax Sale Surplus	2009 Surplus Tax	2010 Surplus Tax	Title IV-D Clerk	Title IV-D Prosecutor	Knox Lead Track Grant
Cash and investments - beginning	\$ 4,079	\$ 291,231	\$ 28,731	\$ -	\$ 10,858	\$ 86,363	\$ 969
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	147,630	1,433	-	80,679	14,954	22,499	-
Total receipts	<u>147,630</u>	<u>1,433</u>	<u>-</u>	<u>80,679</u>	<u>14,954</u>	<u>22,499</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	10,783	20,727	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	150,652	232,781	20,087	15,478	-	23,032	-
Total disbursements	<u>150,652</u>	<u>232,781</u>	<u>20,087</u>	<u>15,478</u>	<u>10,783</u>	<u>43,759</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(3,022)</u>	<u>(231,348)</u>	<u>(20,087)</u>	<u>65,201</u>	<u>4,171</u>	<u>(21,260)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,057</u>	<u>\$ 59,883</u>	<u>\$ 8,644</u>	<u>\$ 65,201</u>	<u>\$ 15,029</u>	<u>\$ 65,103</u>	<u>\$ 969</u>

STARKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Knox Lead Track Expenses	State Share Disclosure Fee	Supplemental Juvenile	Supplemental Adult	Juvenile Acc. Blk. Grant	Pretrial Diversion	County Extradition
Cash and investments - beginning	\$ 163,277	\$ 225	\$ 74,081	\$ 155,017	\$ (26)	\$ 71,075	\$ 742
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	29,529	2,665	2,878	79,645	-	93,907	-
Total receipts	<u>29,529</u>	<u>2,665</u>	<u>2,878</u>	<u>79,645</u>	<u>-</u>	<u>93,907</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	30,571	-	4,120	619
Supplies	-	-	-	3,396	-	-	-
Other services and charges	-	-	-	12,169	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	22,816	2,715	-	16,809	-	77,607	123
Total disbursements	<u>22,816</u>	<u>2,715</u>	<u>-</u>	<u>62,945</u>	<u>-</u>	<u>81,727</u>	<u>742</u>
Excess (deficiency) of receipts over disbursements	<u>6,713</u>	<u>(50)</u>	<u>2,878</u>	<u>16,700</u>	<u>-</u>	<u>12,180</u>	<u>(742)</u>
Cash and investments - ending	<u>\$ 169,990</u>	<u>\$ 175</u>	<u>\$ 76,959</u>	<u>\$ 171,717</u>	<u>\$ (26)</u>	<u>\$ 83,255</u>	<u>\$ -</u>

STARKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	County Corrections	Supplemental Pub Defender Serv	Indiana Criminal Justice Victims Assistance	Local Road & Street	WIC Program	WIC Program #2	WIC Program #3
Cash and investments - beginning	\$ 17,090	\$ 4,174	\$ -	\$ 353,459	\$ (29,655)	\$ (59)	\$ 76
Receipts:							
Taxes	-	-	-	32	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	16,855	8,436	7,876	271,440	123,730	119	16,959
Total receipts	<u>16,855</u>	<u>8,436</u>	<u>7,876</u>	<u>271,472</u>	<u>123,730</u>	<u>119</u>	<u>16,959</u>
Disbursements:							
Personal services	6,419	-	14,160	-	76,614	-	26,465
Supplies	-	-	-	-	6,669	-	3,534
Other services and charges	-	-	-	-	10,792	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	7,626	-	1,555	318,238	-	-	76
Total disbursements	<u>14,045</u>	<u>-</u>	<u>15,715</u>	<u>318,238</u>	<u>94,075</u>	<u>-</u>	<u>30,075</u>
Excess (deficiency) of receipts over disbursements	<u>2,810</u>	<u>8,436</u>	<u>(7,839)</u>	<u>(46,766)</u>	<u>29,655</u>	<u>119</u>	<u>(13,116)</u>
Cash and investments - ending	<u>\$ 19,900</u>	<u>\$ 12,610</u>	<u>\$ (7,839)</u>	<u>\$ 306,693</u>	<u>\$ -</u>	<u>\$ 60</u>	<u>\$ (13,040)</u>

STARKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Pandemic Influenza Preparedness	Mosquito Control Block Grant	Local Health Maintenance	Child Services	Special Vehicle Inspection	General Drain Maintenance	Yellow River Basin Project
Cash and investments - beginning	\$ 2,000	\$ 420	\$ 40,970	\$ 6,639	\$ 1,088	\$ 1,296,527	\$ -
Receipts:							
Taxes	-	-	-	52	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	24,853	-	151	288,161	197,946
Total receipts	-	-	24,853	52	151	288,161	197,946
Disbursements:							
Personal services	-	-	7,358	-	-	-	-
Supplies	-	-	1,420	-	-	-	-
Other services and charges	-	-	2,254	-	-	356,189	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	968	238	192,839
Total disbursements	-	-	11,032	-	968	356,427	192,839
Excess (deficiency) of receipts over disbursements	-	-	13,821	52	(817)	(68,266)	5,107
Cash and investments - ending	\$ 2,000	\$ 420	\$ 54,791	\$ 6,691	\$ 271	\$ 1,228,261	\$ 5,107

STARKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Accident Report Fees	Community Corrections Project Income	Community Corrections CTP	Energy Grant	2009 Polling Place Grant	10-01-06 Drug Free Community	07-01-05 Drug Free Community
Cash and investments - beginning	\$ 2,197	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (161)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	806	176,734	16,540	4,000	10,000	24,162	1,270
Total receipts	806	176,734	16,540	4,000	10,000	24,162	1,270
Disbursements:							
Personal services	-	5,385	-	-	-	-	-
Supplies	-	1,908	-	-	-	-	-
Other services and charges	-	10,398	-	-	-	21,700	-
Capital outlay	-	869	-	-	-	-	-
Other disbursements	2,469	16,576	4,815	48,980	3,590	-	1,109
Total disbursements	2,469	35,136	4,815	48,980	3,590	21,700	1,109
Excess (deficiency) of receipts over disbursements	(1,663)	141,598	11,725	(44,980)	6,410	2,462	161
Cash and investments - ending	\$ 534	\$ 141,598	\$ 11,725	\$ (44,980)	\$ 6,410	\$ 2,462	\$ -

STARKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Drug Free Community	County & Local Law Enforcement	Wireless 911 Fees	Emergency 911	Emergency PI/Right To Know	Fines & Forfeitures	Public Health Preparedness Grant
Cash and investments - beginning	\$ 6,255	\$ 2,169	\$ -	\$ 13,060	\$ 580	\$ 6,213	\$ 2,500
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	18,750	431	114,080	408,299	-	16,297	153
Total receipts	<u>18,750</u>	<u>431</u>	<u>114,080</u>	<u>408,299</u>	<u>-</u>	<u>16,297</u>	<u>153</u>
Disbursements:							
Personal services	-	-	-	313,159	-	-	-
Supplies	-	-	-	1,638	-	-	-
Other services and charges	3,800	-	-	78,458	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	21,205	1,705	114,080	-	44	14,331	2,500
Total disbursements	<u>25,005</u>	<u>1,705</u>	<u>114,080</u>	<u>393,255</u>	<u>44</u>	<u>14,331</u>	<u>2,500</u>
Excess (deficiency) of receipts over disbursements	<u>(6,255)</u>	<u>(1,274)</u>	<u>-</u>	<u>15,044</u>	<u>(44)</u>	<u>1,966</u>	<u>(2,347)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 895</u>	<u>\$ -</u>	<u>\$ 28,104</u>	<u>\$ 536</u>	<u>\$ 8,179</u>	<u>\$ 153</u>

STARKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	LHMF/ Tobacco Settlement	Health Department Donations	Child Immunization Grant	General Drain Reconstruction	ARRA Title IV-D Pros Incentive	Cumulative Capital Development	Cumulative Bridge
Cash and investments - beginning	\$ 33,275	\$ 309	\$ 60	\$ 130,497	\$ -	\$ 289,800	\$ 647,487
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	26,241	-	-	1,321	16,513	155,890	69,880
Total receipts	<u>26,241</u>	<u>-</u>	<u>-</u>	<u>1,321</u>	<u>16,513</u>	<u>155,890</u>	<u>69,880</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	600	-	-	-	-	-	-
Other services and charges	3,437	-	-	-	-	87,891	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	98,031	673
Total disbursements	<u>4,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,922</u>	<u>673</u>
Excess (deficiency) of receipts over disbursements	<u>22,204</u>	<u>-</u>	<u>-</u>	<u>1,321</u>	<u>16,513</u>	<u>(30,032)</u>	<u>69,207</u>
Cash and investments - ending	<u>\$ 55,479</u>	<u>\$ 309</u>	<u>\$ 60</u>	<u>\$ 131,818</u>	<u>\$ 16,513</u>	<u>\$ 259,768</u>	<u>\$ 716,694</u>

STARKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Dental Self Pay	Auditor's Transfer Fee	Worker's Comp Insurance Acct	County Police Pension Trust	Principal Congressional School	Save The Hospital Fund	Inheritance Tax
Cash and investments - beginning	\$ 69,018	\$ 15,575	\$ 150,000	\$ -	\$ 14,720	\$ 4,325,404	\$ 44,478
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	25,892	5,445	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	38,362	-	-	25,729	-	188,435	171,917
Total receipts	64,254	5,445	-	25,729	-	188,435	171,917
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	49,425	-	-	25,729	-	-	166,439
Total disbursements	49,425	-	-	25,729	-	-	166,439
Excess (deficiency) of receipts over disbursements	14,829	5,445	-	-	-	188,435	5,478
Cash and investments - ending	\$ 83,847	\$ 21,020	\$ 150,000	\$ -	\$ 14,720	\$ 4,513,839	\$ 49,956

STARKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Title 3	Sale Of Plat Books	Mortgage Fees	Special Death Benefits	Community Corrections	Community Corrections - 2	Probation Indigent Assistance
Cash and investments - beginning	\$ 3,292	\$ 1,004	\$ 176	\$ 240	\$ 54,675	\$ 60,673	\$ 1,500
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	4,000	540	1,992	2,280	113,627	196,466	-
Total receipts	<u>4,000</u>	<u>540</u>	<u>1,992</u>	<u>2,280</u>	<u>113,627</u>	<u>196,466</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	4,000	563	2,168	2,520	216,554	257,308	-
Total disbursements	<u>4,000</u>	<u>563</u>	<u>2,168</u>	<u>2,520</u>	<u>216,554</u>	<u>257,308</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(23)</u>	<u>(176)</u>	<u>(240)</u>	<u>(102,927)</u>	<u>(60,842)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,292</u>	<u>\$ 981</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (48,252)</u>	<u>\$ (169)</u>	<u>\$ 1,500</u>

STARKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	CEDIT	Hamlet Fire Well	CEDIT Excess- Rainy Day Fund	Education Plate Fee	2008 Surplus Tax	2007 Tax Sale Surplus	2007 Surplus Tax
Cash and investments - beginning	\$ 533,389	\$ 12,298	\$ 266,071	\$ 19	\$ 6,849	\$ 2,751	\$ 18,438
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	1,233,563	13,000	-	975	-	-	-
Total receipts	<u>1,233,563</u>	<u>13,000</u>	<u>-</u>	<u>975</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	475,934	17,072	-	956	1,346	-	1,333
Total disbursements	<u>475,934</u>	<u>17,072</u>	<u>-</u>	<u>956</u>	<u>1,346</u>	<u>-</u>	<u>1,333</u>
Excess (deficiency) of receipts over disbursements	<u>757,629</u>	<u>(4,072)</u>	<u>-</u>	<u>19</u>	<u>(1,346)</u>	<u>-</u>	<u>(1,333)</u>
Cash and investments - ending	<u>\$ 1,291,018</u>	<u>\$ 8,226</u>	<u>\$ 266,071</u>	<u>\$ 38</u>	<u>\$ 5,503</u>	<u>\$ 2,751</u>	<u>\$ 17,105</u>

STARKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	2006 Tax Sale Surplus	2006 Surplus Tax	Sewage Charges & Collections	CEDIT For Homestead Credits	HEA 1001-2008 State Homestead Credit	2004 Tax Sale Surplus	2005 Tax Sale Surplus
Cash and investments - beginning	\$ 13,048	\$ 9,167	\$ 38,960	\$ 1,241	\$ (1,502)	\$ 16,578	\$ 8,465
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	116,624	202,221	164,889	-	-
Total receipts	-	-	116,624	202,221	164,889	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	152,673	196,915	162,231	-	-
Total disbursements	-	-	152,673	196,915	162,231	-	-
Excess (deficiency) of receipts over disbursements	-	-	(36,049)	5,306	2,658	-	-
Cash and investments - ending	<u>\$ 13,048</u>	<u>\$ 9,167</u>	<u>\$ 2,911</u>	<u>\$ 6,547</u>	<u>\$ 1,156</u>	<u>\$ 16,578</u>	<u>\$ 8,465</u>

STARKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Clerks Perpetual	Victim's Assistance #2	Payroll Clearing	City/Town Share Court Costs	Children's Psychiatric Residential Treatment	Prosecutor Rico Fund	CVET
Cash and investments - beginning	\$ 15,945	\$ (16,755)	\$ 138,700	\$ 9,903	\$ 1,055	\$ 569	\$ 33,715
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	3,736	28,942	1,707,073	4,430	-	-	82,688
Total receipts	3,736	28,942	1,707,073	4,430	-	-	82,688
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	12,187	818,752	-	-	569	116,403
Total disbursements	-	12,187	818,752	-	-	569	116,403
Excess (deficiency) of receipts over disbursements	3,736	16,755	888,321	4,430	-	(569)	(33,715)
Cash and investments - ending	\$ 19,681	\$ -	\$ 1,027,021	\$ 14,333	\$ 1,055	\$ -	\$ -

STARKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Tax Distribution	Interest Congressional School	Victim Assistant Grant-97Va046	Recorder	Clerk	Probation	Inmate Trust
Cash and investments - beginning	\$ -	\$ 5,796	\$ (4)	\$ 7,637	\$ 291,513	\$ -	\$ 1,476
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	20,424,542	318	-	85,430	1,880,716	82,495	112,129
Total receipts	<u>20,424,542</u>	<u>318</u>	<u>-</u>	<u>85,430</u>	<u>1,880,716</u>	<u>82,495</u>	<u>112,129</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	20,424,542	-	-	84,390	1,790,358	82,495	108,728
Total disbursements	<u>20,424,542</u>	<u>-</u>	<u>-</u>	<u>84,390</u>	<u>1,790,358</u>	<u>82,495</u>	<u>108,728</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>318</u>	<u>-</u>	<u>1,040</u>	<u>90,358</u>	<u>-</u>	<u>3,401</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 6,114</u>	<u>\$ (4)</u>	<u>\$ 8,677</u>	<u>\$ 381,871</u>	<u>\$ -</u>	<u>\$ 4,877</u>

STARKE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2010
 (Continued)

	Sheriff	Sheriff's Commissary	Prosecutor	Treasurer	County Police Pension Retirement	Police Pension Trust Retirement	Totals
Cash and investments - beginning	\$ 5,377	\$ 21,337	\$ 320	\$ 1,398,285	\$ 2,178,276	\$ 81,425	\$ 16,946,012
Receipts:							
Taxes	-	-	-	-	-	-	3,917,070
Licenses and permits	-	-	-	-	-	-	115,756
Intergovernmental	-	-	-	-	-	-	536,807
Charges for services	-	-	-	-	-	-	889,530
Fines and forfeits	-	-	-	-	-	-	105,587
Other receipts	575,219	46,897	15,306	21,403,478	-	14,620	54,912,999
Total receipts	575,219	46,897	15,306	21,403,478	-	14,620	60,477,749
Disbursements:							
Personal services	-	-	-	-	-	-	6,117,707
Supplies	-	-	-	-	-	-	643,488
Other services and charges	-	-	-	-	-	-	1,827,523
Capital outlay	-	-	-	-	-	-	116,340
Other disbursements	554,050	47,638	15,574	22,347,083	385,563	9,666	50,900,459
Total disbursements	554,050	47,638	15,574	22,347,083	385,563	9,666	59,605,517
Excess (deficiency) of receipts over disbursements	21,169	(741)	(268)	(943,605)	(385,563)	4,954	872,232
Cash and investments - ending	<u>\$ 26,546</u>	<u>\$ 20,596</u>	<u>\$ 52</u>	<u>\$ 454,680</u>	<u>\$ 1,792,713</u>	<u>\$ 86,379</u>	<u>\$ 17,818,244</u>

STARKE COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The County has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable	\$ 61,122	\$ 21,770

STARKE COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2010

The County has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable	\$ 61,122	\$ 21,770

STARKE COUNTY
OTHER REPORTS

The annual report presented herein was prepared in addition to other official reports prepared for the individual County offices listed below:

County Treasurer
Clerk of the Circuit Court

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF STARKE COUNTY, INDIANA

Compliance

We have audited the compliance of the Starke County (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended December 31, 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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 OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance 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, 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 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.

Our consideration of the 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the County's management, County Commissioners and County Council, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 24, 2011

STARKE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through Indiana State Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		
		FY 2010	\$ 94,074
		FY 2011	<u>30,075</u>
Total for federal grantor agency			<u>124,149</u>
<u>U.S. DEPARTMENT OF COMMERCE</u>			
Direct Grant Investments for Public Works and Economic Development Facilities Starke County Industrial Infrastructure Project	11.300		
		06-01-05226	<u>399,823</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Crime Victim Assistance	16.575	FY 2010	<u>27,902</u>
Violence Against Women Formula Grant	16.588	FY 2010	<u>24,866</u>
Total for federal grantor agency			<u>52,768</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster State and Community Highway Safety Operation Pullover	20.600	FY 2010	<u>8,026</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Pass-Through Indiana Office of Energy Development ARRA- Energy Efficiency and Conservation Block Grant Program (EECBG), Recovery Act	81.128	FY 2010	<u>48,980</u>
<u>U.S. ELECTION ASSISTANCE COMMISSION</u>			
Pass-Through Indiana Secretary of State Help America Vote Act Requirements Payments	90.401	FY 2010	<u>3,179</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Department of Health Public Health Emergency Preparedness	93.069	FY 2010	<u>4,440</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	FY 2010	<u>2,500</u>
Pass-Through Indiana Department of Child Services Child Support Enforcement ARRA- Child Support Enforcement, Recovery Act	93.563	FY 2010	196,645 <u>16,513</u>
Total for program			<u>213,158</u>
Pass-Through Indiana Secretary of State Voting Access for Individuals with Disabilities - Grants to States	93.617	FY 2010	<u>3,590</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Emergency Management Performance Grants	97.042	FY 2010	<u>8,703</u>
Homeland Security Grant Program	97.067	FY 2010	<u>17,547</u>
Total for federal grantor agency			<u>26,250</u>
Total federal awards expended			<u>\$ 886,863</u>

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

STARKE COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Starke County (County) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

STARKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
11.300	Investments for Public Works and Economic Development Facilities

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2010-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several material deficiencies in the internal control system of the Starke County Treasurer related to financial transactions and reporting.

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the County to reduce risks to achievement of financial reporting objectives. The County has not separated incompatible activities related to receipts, disbursements, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to go undetected.
2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the County's audited financial statements and then determining how those identified risks

STARKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

should be managed. The County has not identified risks to the preparation of reliable financial statements and as a result has failed to design effective controls over the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.

3. **Monitoring of Controls:** Effective internal control over financial reporting requires the County Commissioners to monitor and assess the quality of the County's system of internal control. The Commissioners have not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the County at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the County has no process to identify or communicate corrective actions to improve controls.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

FINDING 2010-2 - FINANCIAL ACCOUNTING DEFICIENCIES AND FINANCIAL REPORT MODIFICATION

The following are deficiencies identified with the recording of financial activity in the County's ledgers and reports that led to a disclaimer of the opinion to the Independent Auditor's Report.

The County Treasurer is required to keep records so that the money belonging to each fund is shown separately and money received for taxes is kept as a separate item until after settlement and transfer to the various funds has been made. The Treasurer is also responsible for bank reconciliations using this information. This makes it imperative for the treasurer to have adequate records and keep them properly.

The Treasurer's Daily Balance of Cash and Depositories, Form 47, is the record prescribed to reflect the daily receipts and disbursements, total amount of cash and investments on hand, and a proof of the financial condition of the treasurer's office at the close of each day. For the first 7 months in 2010, a hard copy of the Form 47 was manually completed. Starting in August the form was created and completed electronically.

Monthly the Treasurer is to prepare a report showing the financial condition of the office as of the last day of the preceding month. The Monthly Financial Report, Form 47TR, has been prescribed by State Board of Accounts for this purpose. The financial information is abstracted from Form 47, outstanding warrants, and balances from bank statements.

STARKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

When tracing between Form 47 and Form 47TR we found the following unexplained variances:

	<u>Form47 balance</u>	<u>Form47TR balance</u>	<u>Variance</u>
January 2010	\$ 14,328,029	\$ 14,327,529	\$ 500
February 2010	14,059,091	14,058,591	500
March 2010	14,649,703	14,649,203	500
April 2010	17,211,638	17,211,138	500
May 2010	25,108,898	25,108,398	500
June 2010	15,151,665	15,197,030	45,365
July 2010	14,874,746	14,911,250	36,504
August 2010	15,660,715	15,482,547	178,168
September 2010	16,064,108	11,578,255	4,485,853
October 2010	21,264,174	16,029,611	5,234,563
November 2010	22,541,145	18,558,207	3,982,938
December 2010	16,725,392	14,633,113	2,092,279

Through further testing of Form 47 we noted several corrections for posting errors that were undocumented, unexplained and could not be traced to verify their validity. This included an undocumented posting in January 2010 for \$523,619. Also, we noted an error in the electronic version of Form 47 which caused various formulas to not carry forward correctly. The effect of this was incorrect balances carried forward. We could not determine if proper corrections to the balances as a result of this error had been made.

We also noted numerous errors in the preparation of Form 47TR which included the unexplained variances found in the schedule above as well as unexplained variations of balances within the form itself. We noted several instances where a balance that is used in various places on the form for proofing purposes was different.

These exceptions left us unable to rely on the financial data provided in these ledgers and reports as well as the resulting bank reconcilements using this information.

Instead of relying on the Treasurer's bank reconciliation at December 31, 2010, we performed a reconciliation to the bank statements using the county auditor's funds ledger, unsettled receipts, receipts in transit, and outstanding check list. The resulting unexplained variance was \$890,956 cash necessary to balance, and is material to the financial statements.

After being granted access to the County's bank account statements and depository information, the County Auditor was able to investigate the material variance discussed above. The Auditor identified errors made in the recordkeeping of payroll withholdings. Beginning in March 2010 and continuing to 2011, there was a failure to post the entries pertaining to the remittance of various payroll withholdings to the proper authorities. The Auditor has taken the necessary steps to remedy this situation, and has made corrections totaling \$869,050 for 2010, and \$614,672 for 2011 in the County's ledger. At present the remaining unexplained variance from 2010 is \$21,906.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers, Chapter 10)

STARKE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers, Chapter 10)

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

STARKE COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

STARKE COUNTY CORRECTIVE ACTION PLAN

June 17, 2011 – Draft 1.1

Pending confirmation of the results of the SBOA audit of the Starke Co. Treasurer for calendar year 2010, the draft plan for action may be summarized as follows:

- 1) At the regular meeting on the evening of June 20, 2011, the commissioners intend to formalize their pending claims on the Treasurer's Surety Bond (\$300,000.00) and the county's blanket bond covering unlawful activities by a county employee (\$500,000.00).
- 2) Based upon the action on the bonds as described above, the commissioner will then determine whether the Treasurer is delinquent as described in IC § 36-2-10-3. Evidence of delinquency may include:
 - (a) repeated failures to timely file reports, including for example, Monthly Financial Report (47TR) even after repeated requests for information,
 - (b) repeated and substantial inaccuracies in the handling of county funds, including reports that fail to balance,
 - (c) evidence and reports suggesting inappropriate modifications of records relating to county funds,
 - (d) a pattern of interference or non-cooperation with lawful oversight of her office by the commissioners and the SBOA,
 - (e) failing or refusing to cooperate with other county officials,
 - (f) all resulting in a substantial loss or risk of loss or misapplication or misuse of public funds held in the county treasury.
- 3) If the Commissioners find that the treasurer "is delinquent" and "has been sued on [her] official bond", the commissioners will vote on a motion for removal pursuant to IC § 36-2-10-3, provided however, that the Treasurer shall be immediately notified of her due process right to request a hearing before the commissioners, to be held within 30 days, with representation by counsel after notice of the specific basis for the allegation of delinquency.
- 4) If the Treasurer is removed, a careful review of the records will be conducted to (a) re-establish them into an orderly and credible condition, and (b) determine if additional action is needed.

NOTE: This draft plan is based on discussions at the duly notice executive session of the Starke County Commissioners on June 16, 2011. As such, none of these matters have been voted upon by the commissioners, and no final action has been taken, or can be taken until the SBOA audit is finalized and published and the commissioners deliberate on this important matter in a public meeting. Therefore, this is a draft plan produced by the commissioners' legal counsel, and is subject to review and modification.

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Katherine Chaffins
Starke Co. Auditor

STARKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 24, 2011, with Katherine Chaffins, Auditor, and Mark C. Smith, President of the County Council.