

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF
CLAY COUNTY, INDIANA
January 1, 2012 to December 31, 2012



FILED
07/17/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Mary Jo Alumbaugh	01-01-11 to 12-31-14
Treasurer	Deborah James	01-01-11 to 12-31-14
Clerk	Victoria Wheeler	01-01-09 to 12-31-16
Sheriff	Michael W. Heaton	01-01-11 to 12-31-14
Recorder	Joseph Dierdorf	01-01-09 to 12-31-16
President of the Board of County Commissioners	Charles Brown Paul Sindors	01-01-12 to 12-31-12 01-01-13 to 12-31-13
President of the County Council	Michael D. McCullough Larry Moss	01-01-12 to 12-31-12 01-01-13 to 12-31-13



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF CLAY COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Clay County (County), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement.

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 of material misstatement.

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

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

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

As discussed in Note 1 of 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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, 2012.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the County for the year ended December 31, 2012, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated May 23, 2013, 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 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* in considering the County's internal control over financial reporting and compliance.

Accompanying Information

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 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports 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)

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 Information

Included in the financial statement are the receipts and disbursements activity from emergency telephone system fees (IC 36-8-16), enhanced wireless emergency telephone fees (IC 36-8-16.5), and statewide 911 services fees (IC 36-8-16.7). In accordance with Indiana Code 36-8-16-14, Indiana Code 36-8-16.5-41, and Indiana Code 36-8-16.7-38, these fees have been subject to an annual audit performed by the Indiana 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.



Bruce Hartman
State Examiner

May 23, 2013



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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 CLAY 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 Clay County (County), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated May 23, 2013, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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*.

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.



Bruce Hartman
State Examiner

May 23, 2013

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FINANCIAL STATEMENT

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.

CLAY COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
County General	\$ 630,149	\$ 7,401,142	\$ 6,821,778	\$ 1,209,513
Accident Report	3,758	993	2,130	2,621
Aviation	49,759	54,371	33,377	70,753
Jail Cagit	1,781,493	1,102,273	2,192,000	691,766
Campaign Fin Enforcement	860	-	-	860
Clerk's Perpetuation	35,689	14,966	-	50,655
Comm Corr Home Detention	158,829	191,253	177,609	172,473
Comm Transition Program	25,957	8,351	13,576	20,732
County Sales Disclosure	29,074	2,570	25	31,619
Cumulative Bridge	1,096,363	244,915	256,706	1,084,572
Cumulative Capital Dev	382,020	91,586	35,000	438,606
Cumulative Voting	10,593	-	-	10,593
Co Drug Free Comm	26,614	23,613	15,563	34,664
REDEVELOPMENT COMM FEES	3,505	9,503	4,500	8,508
Local Emer Plan Comm	15,534	-	-	15,534
Clay Co Emgy Phone Sys	72,793	209,099	281,892	-
Firearms Training	9,864	16,300	14,215	11,949
General Drain Improvement	28,277	6,987	12,654	22,610
Health	167,794	84,659	218,443	34,010
SOCIAL SECURITY REDACTION	45,847	2,350	482	47,715
LEVY EXCESS FUND	173,741	54,450	110,063	118,128
Health Maintenance	93,136	32,672	27,144	98,664
Local Road & Street	71,685	245,366	249,750	67,301
COUNTY PUBLIC SAFETY LOIT	709,804	741,896	722,766	728,934
COUNTY MISDEMEANANT FUND	19,015	17,979	31,779	5,215
MOTOR VEHICLE HIGHWAY	970,481	1,748,997	1,933,926	785,552
Plat Book	87,402	8,215	9,384	86,233
Rainy Day	1,622,111	1,000,560	1,120,000	1,502,671
Reassessment 2010	469,889	6,929	152,531	324,287
REASSESSMENT 2015	404,417	410,492	30,300	784,609
Recorder Rcds Perpet	87,250	42,925	23,086	107,089
COUNTY RIVERBOAT	93,451	91,323	72,614	112,160
SHERIFFS SEX OFFENDER FEES	10,056	2,840	-	12,896
Public Defender	37,519	15,632	10,159	42,992
Overpayments-Prop Tax	20,765	32,320	24,200	28,885
Surveyors Cornerstone	4,861	5,435	1,236	9,060
Tax Sale Redemption	1,143	43,082	44,206	19
Tax Sale Surplus	247,177	153,617	126,868	273,926
LHD TRUST ACCOUNT	50,452	18,711	14,493	54,670
E-911 PSAP	179,182	47,156	226,337	1
Guardian Ad Litem / CASA	3,855	2,107	2,420	3,542
HAVA TITLE III REIMB	40,000	-	-	40,000
INELIGIBLE DEDUCTIONS FUND	-	59,612	13,110	46,502
CO ELECTED OFFICIAL TRAINING	906	2,350	-	3,256
Park & Recreation	11,328	-	-	11,328
COUNTY OFFENDER TRANSPORTATION	188	188	-	376
STATEWIDE 911	-	413,858	208,006	205,852
Adult Prob Admin Fee	81,833	26,035	34,043	73,825
Juvenile Prob Admin Fee	5,092	3,927	-	9,019
Probation Supplement	2,230	188	-	2,418
Drainage Maintenance	31,951	94,269	87,962	38,258
SHERIFF SALE FEE FUND	5,329	13,100	12,038	6,391
JAIL TRAINING & EQUIP	30,357	24,907	22,000	33,264
Debt Service Reserve IVC	45,000	-	-	45,000

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

CLAY COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
BR CTY NO CEN ECON DISTR	491,515	166,565	125,446	532,634
EMPLOYEE HEALTH INSURANCE FUND	49,169	834,500	787,965	95,704
Redevelopmt Dist Cap Fund	47,818	-	-	47,818
Payroll Clearing Fund	36,514	4,526,041	4,553,789	8,766
FICA Withholding	1	-	-	1
State Settlement	-	14,142,435	14,142,436	(1)
LOIT PUBLIC SAFETY	-	1,100,382	1,100,382	-
CVET Distribution	-	163,976	163,976	-
WEED CUTTING ASSESSMENTS	-	15,695	15,695	-
Sewage Collections	-	20,944	20,944	-
Financial Institution Tax	-	139,039	139,038	1
Fines & Forfeitures	1,522	11,056	10,585	1,993
Infraction Judgements	1,075	15,876	16,471	480
Overweight Vehicles	36	1,326	1,362	-
SPECIAL DEATH BENEFIT (OFFICER	145	1,410	1,480	75
Sales Disclosure Form	260	2,570	2,660	170
Coroners Cont Education	93	1,731	1,762	62
Mortgage Fee	238	2,473	2,508	203
DLGF HOMESTEAD PROPERTY DATABA	-	54	45	9
SEX & VIOLENT OFFEND ADMIN	22	316	325	13
Inheritance Tax	196,428	888,215	938,794	145,849
Education Plate Fee	-	525	525	-
Riverboat Revenue Sharing	-	159,294	159,294	-
Cagit Settlement	-	5,501,912	5,501,912	-
CLAY CITY TRAFFIC FINES	51,085	10,381	56,410	5,056
93.563 TITLE IV-D ARRA	1,249	-	-	1,249
93.563 ARRA PROS IV-D INCENTIV	10,542	-	-	10,542
93.563 ARRA CLERK IV-D INCENTI	61	-	-	61
93.563 TITLE IV-D INCENTIVE	73,199	15,098	3,240	85,057
93.563 PROSECUTOR IV-D INCENTI	38,663	22,721	22,535	38,849
93.563 CLERK IV-D INCENTIVE	19,453	15,098	21,293	13,258
AFTER SETTLEMENT COLLECTIONS	430,941	355,789	430,941	355,789
TREASURER CASH CHANGE FUND	700	-	-	700
CLERK TRUST ACCT	494,675	1,639,494	1,639,329	494,840
CLERK SUPPORT ACCT	4,387	471,406	472,597	3,196
CLERK DARZINIKAS ACCT	818	-	-	818
CLERK CASH ON HAND	300	-	-	300
SHERIFF CASH BOOK/TRUST ACCT	66,385	305,096	306,291	65,190
JAIL COMMISARY	30,530	146,033	138,766	37,797
SHERIFF CAR SEAT GRANT	1,220	2,375	2,329	1,266
RECORDER CASH CHANGE DRAWER	25	-	-	25
Jury Pay	508,828	198,968	161,790	546,006
I-70 ST RD 59 LIFT STATION	-	160,595	-	160,595
CLAY CITY LICENSE BRANCH	876	-	-	876
AVIATION ROTARY FUEL FUND	2,937	9,466	7,804	4,599
Pub Hlth Emerg Prep Coor	2,992	-	-	2,992
Drug Forfeiture Fund	2,852	5,850	85	8,617
FED EQUIT SHARING-SHERIFF	3,331	668	-	3,999
Aerial Map	4,888	18	-	4,906
New Jail Construction	10	-	10	-
Hepatitis B Vaccine	3,928	-	-	3,928
Title Check Fees	2,972	915	-	3,887
Prosc Check Collection	123	2,180	686	1,617

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

CLAY COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
FARM SALE FUND	106,456	134	-	106,590
TAX SALE REDEMPTION COMM CERT	1,225	2,734	2,734	1,225
COMM CERTIFICATE SALE	15,888	-	667	15,221
ERRONEOUS EFT DEPOSITS	-	7,938	7,938	-
NSP SUB RECIPIENT AGREEMENT	93,188	-	93,188	-
FINAL HEA 1001-07 08 PTRC HSC	148	-	4	144
LOIT RESIDENTIAL PTRC	73,770	3,301,147	2,875,669	499,248
10.557 WIC FY 2012	(37,601)	180,892	143,291	-
16.607 BULLETPROOF VEST GRANT	126	-	-	126
TITLE III VOT MACH REIMB	120,584	-	-	120,584
PANDEMIC ASSESSMENT	200	-	200	-
16.738 ICJI-ACE SHERIFFS OT	1	-	-	1
BIO-T	9,800	-	9,800	-
20.106 FAA GRANT-3-18-0116-03	-	4,827	4,827	-
97.073 HL SEC C44P-9-580A	-	950	950	-
97.073 HL SEC GRT C44P-0-245A	(4,581)	6,595	2,015	(1)
20.205 BRIDGE INSPECTION GRANT	-	24,396	24,396	-
10.557 WIC FY 2013	89	8,052	42,204	(34,063)
93.069 BIO T & EMER PREP	(710)	7,786	8,608	(1,532)
97.074 HL SEC C44P-1-398A	1,802	-	1,802	-
16.588 ICJI STOP FY 2013	-	-	5,815	(5,815)
16.575 VICTIM ASSIST FY 2013	-	-	3,977	(3,977)
16.588 ICJI STOP FY 2012	(4,101)	13,396	9,295	-
16.575 VICTIM ASSIST FY 2012	(4,265)	20,985	16,719	1
20.601 OPER PULLOVER FY 2011	80	-	-	80
20.205 BRIDGE 84 CONSTRUCTION	-	44,448	44,448	-
97.073 HL SEC GRT C44P-1-260A	(9,193)	58,800	49,807	(200)
97.073 HL SEC GRT C44P-2-047A	(26,440)	138,762	265,144	(152,822)
97.073 HL SEC GRT C44P-1-400A	(61,871)	158,921	133,659	(36,609)
20.703 HL SEC C44P-1-169A	(480)	-	-	(480)
20.601 OPER PULLOVER FY 2012	1,000	3,600	4,572	28
97.042 HL SEC C44P-2-079A	-	3,623	3,623	-
97.073 HL SEC C44P-2-262A	-	-	2,112	(2,112)
16.738 ICJI EQUIPMENT GRANT	-	6,249	6,249	-
97.073 HL SEC C44P-2-260A	-	-	40,000	(40,000)
10.557 SW REGION PEER COUNSELO	-	2,439	2,439	-
97.073 HL SEC C44P-2-409A	-	-	93,680	(93,680)
97.042 HL SEC C44P-2-318A	-	15,000	15,000	-
20.205 BRIDGE 1 CONSTRUCTION	-	42,846	42,846	-
10.557 PEER COUNCELOR FY 13	-	442	932	(490)
ITPC Grant	48	-	48	-
HMLAND FNDATION GRT PSF1-1-008	1	-	-	1
Comm Corr Grant FY 2012	2,373	44,854	47,227	-
WALMART LAW ENF & COMM SVC	37	-	-	37
TRIAL COURT INTERPRETER GRANT	2,000	3,150	-	5,150
COMM CORR GRANT 2013	-	57,669	76,627	(18,958)
Totals	<u>\$ 13,048,758</u>	<u>\$ 50,045,190</u>	<u>\$ 50,424,383</u>	<u>\$ 12,669,565</u>

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

CLAY 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 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 statement. The aggregate receipts include 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.

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.

CLAY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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).

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 statement. The aggregate disbursements include 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.

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

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.

CLAY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

CLAY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is 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 Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the County authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

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.

CLAY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Funds designated for payments related to this plan are accounted for in a pension trust fund. The activity of this trust fund has not been reflected in the financial statement. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

Funding Policy

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

C. County Police Benefit Plan

Plan Description

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

Funding Policy

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

Note 7. Restatement of County Offices

Certain funds that were included on the prior year financial statement have been omitted from the current year financial statement to more accurately reflect the financial activity of the County. These funds account for receipts and disbursements of County offices that are also eventually accounted for in the County's general ledger and this financial statement.

Note 8. Cash Balance Deficits

The financial statement contains grant funds with deficits in cash. This is a result of the funds set up for reimbursable grants. The reimbursements for expenditures made by the County were not received by December 31, 2012.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the County's Annual Report information can be found on the Gateway 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 Annual Report of the County which is 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 supplementary information presented was approved by management of the County. It is presented as intended by the County.

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012

	County General	Accident Report	Aviation	Jail Cagit	Campaign Fin Enforcement	Clerk's Perpetuation	Comm Corr Home Detention
Cash and investments - beginning	\$ 630,149	\$ 3,758	\$ 49,759	\$ 1,781,493	\$ 860	\$ 35,689	\$ 158,829
Receipts:							
Taxes	4,807,015	-	41,747	1,100,382	-	-	-
Intergovernmental	348,085	-	5,616	-	-	-	-
Charges for services	699,812	-	100	-	-	-	-
Fines and forfeits	202,170	-	-	-	-	-	-
Other receipts	1,344,060	993	6,908	1,891	-	14,966	191,253
Total receipts	7,401,142	993	54,371	1,102,273	-	14,966	191,253
Disbursements:							
Personal services	3,845,948	-	-	2,000	-	-	91,751
Supplies	156,626	-	1,219	-	-	-	24,996
Other services and charges	1,662,595	-	32,035	2,190,000	-	-	37,252
Capital outlay	57,031	-	123	-	-	-	23,610
Other disbursements	1,099,578	2,130	-	-	-	-	-
Total disbursements	6,821,778	2,130	33,377	2,192,000	-	-	177,609
Excess (deficiency) of receipts over disbursements	579,364	(1,137)	20,994	(1,089,727)	-	14,966	13,644
Cash and investments - ending	\$ 1,209,513	\$ 2,621	\$ 70,753	\$ 691,766	\$ 860	\$ 50,655	\$ 172,473

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Comm Transition Program	County Sales Disclosure	Cumulative Bridge	Cumulative Capital Dev	Cumulative Voting	Co Drug Free Comm	REDEVELOPMENT COMM FEES
Cash and investments - beginning	\$ 25,957	\$ 29,074	\$ 1,096,363	\$ 382,020	\$ 10,593	\$ 26,614	\$ 3,505
Receipts:							
Taxes	-	-	201,220	75,979	-	-	-
Intergovernmental	8,351	-	27,067	10,220	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	2,570	16,628	5,387	-	23,613	9,503
Total receipts	8,351	2,570	244,915	91,586	-	23,613	9,503
Disbursements:							
Personal services	13,576	-	-	-	-	4,000	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	6,099	1,100	-	11,563	-
Capital outlay	-	-	250,607	33,900	-	-	-
Other disbursements	-	25	-	-	-	-	4,500
Total disbursements	13,576	25	256,706	35,000	-	15,563	4,500
Excess (deficiency) of receipts over disbursements	(5,225)	2,545	(11,791)	56,586	-	8,050	5,003
Cash and investments - ending	\$ 20,732	\$ 31,619	\$ 1,084,572	\$ 438,606	\$ 10,593	\$ 34,664	\$ 8,508

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Local Emer Plan Comm	Clay Co Emgy Phone Sys	Firearms Training	General Drain Improvement	Health	SOCIAL SECURITY REDACTION	LEVY EXCESS FUND
Cash and investments - beginning	\$ 15,534	\$ 72,793	\$ 9,864	\$ 28,277	\$ 167,794	\$ 45,847	\$ 173,741
Receipts:							
Taxes	-	-	-	-	53,255	-	-
Intergovernmental	-	-	-	-	6,065	-	-
Charges for services	-	88,638	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	120,461	16,300	6,987	25,339	2,350	54,450
Total receipts	-	209,099	16,300	6,987	84,659	2,350	54,450
Disbursements:							
Personal services	-	142,028	-	-	191,478	-	-
Supplies	-	590	-	-	9,232	-	-
Other services and charges	-	40,387	1,806	-	17,726	482	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	98,887	12,409	12,654	7	-	110,063
Total disbursements	-	281,892	14,215	12,654	218,443	482	110,063
Excess (deficiency) of receipts over disbursements	-	(72,793)	2,085	(5,667)	(133,784)	1,868	(55,613)
Cash and investments - ending	\$ 15,534	\$ -	\$ 11,949	\$ 22,610	\$ 34,010	\$ 47,715	\$ 118,128

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Health Maintenance	Local Road & Street	COUNTY PUBLIC SAFETY LOIT	COUNTY MISDEMEANANT FUND	MOTOR VEHICLE HIGHWAY	Plat Book	Rainy Day
Cash and investments - beginning	\$ 93,136	\$ 71,685	\$ 709,804	\$ 19,015	\$ 970,481	\$ 87,402	\$ 1,622,111
Receipts:							
Taxes	-	-	713,093	-	-	-	-
Intergovernmental	32,672	244,099	-	-	1,711,124	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	1,267	28,803	17,979	37,873	8,215	1,000,560
Total receipts	<u>32,672</u>	<u>245,366</u>	<u>741,896</u>	<u>17,979</u>	<u>1,748,997</u>	<u>8,215</u>	<u>1,000,560</u>
Disbursements:							
Personal services	24,621	-	342,314	-	968,618	-	-
Supplies	1,493	249,750	42,931	-	650,768	-	-
Other services and charges	1,030	-	208,721	-	280,324	9,384	-
Capital outlay	-	-	128,800	31,779	34,216	-	-
Other disbursements	-	-	-	-	-	-	1,120,000
Total disbursements	<u>27,144</u>	<u>249,750</u>	<u>722,766</u>	<u>31,779</u>	<u>1,933,926</u>	<u>9,384</u>	<u>1,120,000</u>
Excess (deficiency) of receipts over disbursements	<u>5,528</u>	<u>(4,384)</u>	<u>19,130</u>	<u>(13,800)</u>	<u>(184,929)</u>	<u>(1,169)</u>	<u>(119,440)</u>
Cash and investments - ending	<u>\$ 98,664</u>	<u>\$ 67,301</u>	<u>\$ 728,934</u>	<u>\$ 5,215</u>	<u>\$ 785,552</u>	<u>\$ 86,233</u>	<u>\$ 1,502,671</u>

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Reassessment 2010	REASSESSMENT 2015	Recorder Rcds Perpet	COUNTY RIVERBOAT	SHERIFFS SEX OFFENDER FEES	Public Defender	Overpayments-Prop Tax
Cash and investments - beginning	\$ 469,889	\$ 404,417	\$ 87,250	\$ 93,451	\$ 10,056	\$ 37,519	\$ 20,765
Receipts:							
Taxes	-	359,024	-	-	-	-	-
Intergovernmental	-	48,293	-	-	-	-	-
Charges for services	78	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	6,851	3,175	42,925	91,323	2,840	15,632	32,320
Total receipts	6,929	410,492	42,925	91,323	2,840	15,632	32,320
Disbursements:							
Personal services	1,271	-	-	31,875	-	10,159	-
Supplies	4,939	-	-	-	-	-	-
Other services and charges	146,321	30,300	-	40,739	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	23,086	-	-	-	24,200
Total disbursements	152,531	30,300	23,086	72,614	-	10,159	24,200
Excess (deficiency) of receipts over disbursements	(145,602)	380,192	19,839	18,709	2,840	5,473	8,120
Cash and investments - ending	\$ 324,287	\$ 784,609	\$ 107,089	\$ 112,160	\$ 12,896	\$ 42,992	\$ 28,885

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Surveyors Cornerstone	Tax Sale Redemption	Tax Sale Surplus	LHD TRUST ACCOUNT	E-911 PSAP	Guardian Ad Litem / CASA	HAVA TITLE III REIMB
Cash and investments - beginning	\$ 4,861	\$ 1,143	\$ 247,177	\$ 50,452	\$ 179,182	\$ 3,855	\$ 40,000
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	47,064	2,107	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	5,435	43,082	153,617	18,711	92	-	-
Total receipts	5,435	43,082	153,617	18,711	47,156	2,107	-
Disbursements:							
Personal services	960	-	-	5,914	94,512	-	-
Supplies	111	-	-	3,619	-	-	-
Other services and charges	165	-	-	4,875	559	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	44,206	126,868	85	131,266	2,420	-
Total disbursements	1,236	44,206	126,868	14,493	226,337	2,420	-
Excess (deficiency) of receipts over disbursements	4,199	(1,124)	26,749	4,218	(179,181)	(313)	-
Cash and investments - ending	\$ 9,060	\$ 19	\$ 273,926	\$ 54,670	\$ 1	\$ 3,542	\$ 40,000

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	INELIGIBLE DEDUCTIONS FUND	CO ELECTED OFFICIAL TRAINING	Park & Recreation	COUNTY OFFENDER TRANSPORTATION	STATEWIDE 911	Adult Prob Admin Fee	Juvenile Prob Admin Fee
Cash and investments - beginning	\$ -	\$ 906	\$ 11,328	\$ 188	\$ -	\$ 81,833	\$ 5,092
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	38,324	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	59,612	2,350	-	188	375,534	26,035	3,927
Total receipts	59,612	2,350	-	188	413,858	26,035	3,927
Disbursements:							
Personal services	-	-	-	-	162,291	34,043	-
Supplies	-	-	-	-	128	-	-
Other services and charges	-	-	-	-	45,587	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	13,110	-	-	-	-	-	-
Total disbursements	13,110	-	-	-	208,006	34,043	-
Excess (deficiency) of receipts over disbursements	46,502	2,350	-	188	205,852	(8,008)	3,927
Cash and investments - ending	\$ 46,502	\$ 3,256	\$ 11,328	\$ 376	\$ 205,852	\$ 73,825	\$ 9,019

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Probation Supplement	Drainage Maintenance	SHERIFF SALE FEE FUND	JAIL TRAINING & EQUIP	Debt Service Reserve IVC	BR CTY NO CEN ECON DISTR	EMPLOYEE HEALTH INSURANCE FUND
Cash and investments - beginning	\$ 2,230	\$ 31,951	\$ 5,329	\$ 30,357	\$ 45,000	\$ 491,515	\$ 49,169
Receipts:							
Taxes	-	-	-	-	-	166,565	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	13,100	21,326	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	188	94,269	-	3,581	-	-	834,500
Total receipts	188	94,269	13,100	24,907	-	166,565	834,500
Disbursements:							
Personal services	-	-	-	-	-	2,550	723,414
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	93,580	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	87,962	12,038	22,000	-	29,316	64,551
Total disbursements	-	87,962	12,038	22,000	-	125,446	787,965
Excess (deficiency) of receipts over disbursements	188	6,307	1,062	2,907	-	41,119	46,535
Cash and investments - ending	\$ 2,418	\$ 38,258	\$ 6,391	\$ 33,264	\$ 45,000	\$ 532,634	\$ 95,704

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Redevelopmt Dist Cap Fund	Payroll Clearing Fund	FICA Withholding	State Settlement	LOIT PUBLIC SAFETY	CVET Distribution	WEED CUTTING ASSESSMENTS
Cash and investments - beginning	\$ 47,818	\$ 36,514	\$ 1	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	11,945,751	1,100,382	-	-
Intergovernmental	-	-	-	1,370,935	-	163,976	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	4,526,041	-	825,749	-	-	15,695
Total receipts	-	4,526,041	-	14,142,435	1,100,382	163,976	15,695
Disbursements:							
Personal services	-	3,235,521	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	1,318,268	-	14,142,436	1,100,382	163,976	15,695
Total disbursements	-	4,553,789	-	14,142,436	1,100,382	163,976	15,695
Excess (deficiency) of receipts over disbursements	-	(27,748)	-	(1)	-	-	-
Cash and investments - ending	\$ 47,818	\$ 8,766	\$ 1	\$ (1)	\$ -	\$ -	\$ -

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Sewage Collections	Financial Institution Tax	Fines & Forfeitures	Infraction Judgements	Overweight Vehicles	SPECIAL DEATH BENEFIT (OFFICER)	Sales Disclosure Form
Cash and investments - beginning	\$ -	\$ -	\$ 1,522	\$ 1,075	\$ 36	\$ 145	\$ 260
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	34,760	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	20,944	104,279	11,056	15,876	1,326	1,410	2,570
Total receipts	20,944	139,039	11,056	15,876	1,326	1,410	2,570
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	20,944	139,038	10,585	16,471	1,362	1,480	2,660
Total disbursements	20,944	139,038	10,585	16,471	1,362	1,480	2,660
Excess (deficiency) of receipts over disbursements	-	1	471	(595)	(36)	(70)	(90)
Cash and investments - ending	\$ -	\$ 1	\$ 1,993	\$ 480	\$ -	\$ 75	\$ 170

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Coroners Cont Education	Mortgage Fee	DLGF HOMESTEAD PROPERTY DATABA	SEX & VIOLENT OFFEND ADMIN	Inheritance Tax	Education Plate Fee	Riverboat Revenue Sharing
Cash and investments - beginning	\$ 93	\$ 238	\$ -	\$ 22	\$ 196,428	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	159,294
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	36	-	-	-
Other receipts	1,731	2,473	54	280	888,215	525	-
Total receipts	1,731	2,473	54	316	888,215	525	159,294
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	1,762	2,508	45	325	938,794	525	159,294
Total disbursements	1,762	2,508	45	325	938,794	525	159,294
Excess (deficiency) of receipts over disbursements	(31)	(35)	9	(9)	(50,579)	-	-
Cash and investments - ending	\$ 62	\$ 203	\$ 9	\$ 13	\$ 145,849	\$ -	\$ -

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Cagit Settlement	CLAY CITY TRAFFIC FINES	93.563 TITLE IV-D ARRA	93.563 ARRA PROS IV-D INCENTIV	93.563 ARRA CLERK IV-D INCENTI	93.563 TITLE IV-D INCENTIVE	93.563 PROSECUTOR IV-D INCENTI
Cash and investments - beginning	\$ -	\$ 51,085	\$ 1,249	\$ 10,542	\$ 61	\$ 73,199	\$ 38,663
Receipts:							
Taxes	5,501,912	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	9,112	13,712
Charges for services	-	-	-	-	-	5,986	9,009
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	10,381	-	-	-	-	-
Total receipts	5,501,912	10,381	-	-	-	15,098	22,721
Disbursements:							
Personal services	-	-	-	-	-	-	16,257
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	5,501,912	56,410	-	-	-	3,240	6,278
Total disbursements	5,501,912	56,410	-	-	-	3,240	22,535
Excess (deficiency) of receipts over disbursements	-	(46,029)	-	-	-	11,858	186
Cash and investments - ending	\$ -	\$ 5,056	\$ 1,249	\$ 10,542	\$ 61	\$ 85,057	\$ 38,849

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	93.563 CLERK IV-D INCENTIVE	AFTER SETTLEMENT COLLECTIONS	TREASURER CASH CHANGE FUND	CLERK TRUST ACCT	CLERK SUPPORT ACCT	CLERK DARZINIKAS ACCT	CLERK CASH ON HAND
Cash and investments - beginning	\$ 19,453	\$ 430,941	\$ 700	\$ 494,675	\$ 4,387	\$ 818	\$ 300
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	9,112	-	-	-	-	-	-
Charges for services	5,986	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	355,789	-	1,639,494	471,406	-	-
Total receipts	<u>15,098</u>	<u>355,789</u>	<u>-</u>	<u>1,639,494</u>	<u>471,406</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	21,293	430,941	-	1,639,329	472,597	-	-
Total disbursements	<u>21,293</u>	<u>430,941</u>	<u>-</u>	<u>1,639,329</u>	<u>472,597</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(6,195)</u>	<u>(75,152)</u>	<u>-</u>	<u>165</u>	<u>(1,191)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 13,258</u>	<u>\$ 355,789</u>	<u>\$ 700</u>	<u>\$ 494,840</u>	<u>\$ 3,196</u>	<u>\$ 818</u>	<u>\$ 300</u>

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	SHERIFF CASH BOOK/TRUST ACCT	JAIL COMMISARY	SHERIFF CAR SEAT GRANT	RECORDER CASH CHANGE DRAWER	Jury Pay	I-70 ST RD 59 LIFT STATION	CLAY CITY LICENSE BRANCH
Cash and investments - beginning	\$ 66,385	\$ 30,530	\$ 1,220	\$ 25	\$ 508,828	\$ -	\$ 876
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	305,096	146,033	2,375	-	198,968	160,595	-
Total receipts	305,096	146,033	2,375	-	198,968	160,595	-
Disbursements:							
Personal services	-	-	-	-	132,025	-	-
Supplies	-	-	-	-	4,900	-	-
Other services and charges	-	-	-	-	18,110	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	306,291	138,766	2,329	-	6,755	-	-
Total disbursements	306,291	138,766	2,329	-	161,790	-	-
Excess (deficiency) of receipts over disbursements	(1,195)	7,267	46	-	37,178	160,595	-
Cash and investments - ending	\$ 65,190	\$ 37,797	\$ 1,266	\$ 25	\$ 546,006	\$ 160,595	\$ 876

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	AVIATION ROTARY FUEL FUND	Pub Hlth Emerg Prep Coor	Drug Forfeiture Fund	FED EQUIT SHARING-SHERIFF	Aerial Map	New Jail Construction	Hepatitis B Vaccine
Cash and investments - beginning	\$ 2,937	\$ 2,992	\$ 2,852	\$ 3,331	\$ 4,888	\$ 10	\$ 3,928
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	9,466	-	5,850	668	18	-	-
Total receipts	9,466	-	5,850	668	18	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	7,804	-	85	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	10	-
Total disbursements	7,804	-	85	-	-	10	-
Excess (deficiency) of receipts over disbursements	1,662	-	5,765	668	18	(10)	-
Cash and investments - ending	\$ 4,599	\$ 2,992	\$ 8,617	\$ 3,999	\$ 4,906	\$ -	\$ 3,928

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	Title Check Fees	Prosc Check Collection	FARM SALE FUND	TAX SALE REDEMPTION COMM CERT	COMM CERTIFICATE SALE	ERRONEOUS EFT DEPOSITS	NSP SUB RECIPIENT AGREEMENT
Cash and investments - beginning	\$ 2,972	\$ 123	\$ 106,456	\$ 1,225	\$ 15,888	\$ -	\$ 93,188
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	915	2,180	134	2,734	-	7,938	-
Total receipts	915	2,180	134	2,734	-	7,938	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	686	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	2,734	667	7,938	93,188
Total disbursements	-	686	-	2,734	667	7,938	93,188
Excess (deficiency) of receipts over disbursements	915	1,494	134	-	(667)	-	(93,188)
Cash and investments - ending	\$ 3,887	\$ 1,617	\$ 106,590	\$ 1,225	\$ 15,221	\$ -	\$ -

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	FINAL HEA 1001-07 08 PTRC HSC	LOIT RESIDENTIAL PTRC	10.557 WIC FY 2012	16.607 BULLETPROOF VEST GRANT	TITLE III VOT MACH REIMB	PANDEMIC ASSESSMENT	16.738 ICJI-ACE SHERIFFS OT
Cash and investments - beginning	\$ 148	\$ 73,770	\$ (37,601)	\$ 126	\$ 120,584	\$ 200	\$ 1
Receipts:							
Taxes	-	3,301,147	-	-	-	-	-
Intergovernmental	-	-	180,889	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	3	-	-	-	-
Total receipts	-	3,301,147	180,892	-	-	-	-
Disbursements:							
Personal services	-	-	125,031	-	-	-	-
Supplies	-	-	12,412	-	-	-	-
Other services and charges	-	-	5,646	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	4	2,875,669	202	-	-	200	-
Total disbursements	4	2,875,669	143,291	-	-	200	-
Excess (deficiency) of receipts over disbursements	(4)	425,478	37,601	-	-	(200)	-
Cash and investments - ending	\$ 144	\$ 499,248	\$ -	\$ 126	\$ 120,584	\$ -	\$ 1

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	BIO-T	20.106 FAA GRANT-3-18-0116-03	97.073 HL SEC C44P-9-580A	97.073 HL SEC GRT C44P-0-245A	20.205 BRIDGE INSPECTION GRANT	10.557 WIC FY 2013	93.069 BIO T & EMER PREP
Cash and investments - beginning	\$ 9,800	\$ -	\$ -	\$ (4,581)	\$ -	\$ 89	\$ (710)
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	4,827	-	6,517	24,396	8,052	7,786
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	950	78	-	-	-
Total receipts	-	4,827	950	6,595	24,396	8,052	7,786
Disbursements:							
Personal services	-	-	-	-	-	38,428	8,608
Supplies	-	-	-	-	-	2,876	-
Other services and charges	-	-	-	1,861	-	811	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	9,800	4,827	950	154	24,396	89	-
Total disbursements	9,800	4,827	950	2,015	24,396	42,204	8,608
Excess (deficiency) of receipts over disbursements	(9,800)	-	-	4,580	-	(34,152)	(822)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (1)	\$ -	\$ (34,063)	\$ (1,532)

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	97.074 HL SEC C44P-1-398A	16.588 ICJI STOP FY 2013	16.575 VICTIM ASSIST FY 2013	16.588 ICJI STOP FY 2012	16.575 VICTIM ASSIST FY 2012	20.601 OPER PULLOVER FY 2011	20.205 BRIDGE 84 CONSTRUCTION
Cash and investments - beginning	\$ 1,802	\$ -	\$ -	\$ (4,101)	\$ (4,265)	\$ 80	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	13,396	20,985	-	44,448
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,396</u>	<u>20,985</u>	<u>-</u>	<u>44,448</u>
Disbursements:							
Personal services	-	5,815	3,977	9,295	15,992	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	1,802	-	-	-	727	-	44,448
Total disbursements	<u>1,802</u>	<u>5,815</u>	<u>3,977</u>	<u>9,295</u>	<u>16,719</u>	<u>-</u>	<u>44,448</u>
Excess (deficiency) of receipts over disbursements	<u>(1,802)</u>	<u>(5,815)</u>	<u>(3,977)</u>	<u>4,101</u>	<u>4,266</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (5,815)</u>	<u>\$ (3,977)</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 80</u>	<u>\$ -</u>

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	97.073 HL SEC GRT <u>C44P-1-260A</u>	97.073 HL SEC GRT <u>C44P-2-047A</u>	97.073 HL SEC GRT <u>C44P-1-400A</u>	20.703 HL SEC <u>C44P-1-169A</u>	20.601 OPER PULLOVER FY <u>2012</u>	97.042 HL SEC <u>C44P-2-079A</u>	97.073 HL SEC <u>C44P-2-262A</u>
Cash and investments - beginning	\$ (9,193)	\$ (26,440)	\$ (61,871)	\$ (480)	\$ 1,000	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	58,800	138,762	138,494	-	3,600	3,623	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	20,427	-	-	-	-
Total receipts	<u>58,800</u>	<u>138,762</u>	<u>158,921</u>	<u>-</u>	<u>3,600</u>	<u>3,623</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	4,572	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	49,807	265,144	115,034	-	-	3,623	2,112
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	18,625	-	-	-	-
Total disbursements	<u>49,807</u>	<u>265,144</u>	<u>133,659</u>	<u>-</u>	<u>4,572</u>	<u>3,623</u>	<u>2,112</u>
Excess (deficiency) of receipts over disbursements	<u>8,993</u>	<u>(126,382)</u>	<u>25,262</u>	<u>-</u>	<u>(972)</u>	<u>-</u>	<u>(2,112)</u>
Cash and investments - ending	<u>\$ (200)</u>	<u>\$ (152,822)</u>	<u>\$ (36,609)</u>	<u>\$ (480)</u>	<u>\$ 28</u>	<u>\$ -</u>	<u>\$ (2,112)</u>

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	16.738 ICJI EQUIPMENT GRANT	97.073 HL SEC C44P-2-260A	10.557 SW REGION PEER COUNSELO	97.073 HL SEC C44P-2-409A	97.042 HL SEC C44P-2-318A	20.205 BRIDGE 1 CONSTRUCTION	10.557 PEER COUNCELOR FY 13
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	6,249	-	2,439	-	15,000	42,846	442
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>6,249</u>	<u>-</u>	<u>2,439</u>	<u>-</u>	<u>15,000</u>	<u>42,846</u>	<u>442</u>
Disbursements:							
Personal services	-	-	-	-	-	-	740
Supplies	-	-	-	-	-	-	-
Other services and charges	-	40,000	-	93,680	-	-	192
Capital outlay	-	-	-	-	-	-	-
Other disbursements	6,249	-	2,439	-	15,000	42,846	-
Total disbursements	<u>6,249</u>	<u>40,000</u>	<u>2,439</u>	<u>93,680</u>	<u>15,000</u>	<u>42,846</u>	<u>932</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(40,000)</u>	<u>-</u>	<u>(93,680)</u>	<u>-</u>	<u>-</u>	<u>(490)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (40,000)</u>	<u>\$ -</u>	<u>\$ (93,680)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (490)</u>

CLAY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For The Year Ended December 31, 2012
 (Continued)

	ITPC Grant	HMLAND FNDATION GRT PSF1-1-008	Comm Corr Grant FY 2012	WALMART LAW ENF & COMM SVC	TRIAL COURT INTERPRETER GRANT	COMM CORR GRANT 2013	Totals
Cash and investments - beginning	\$ 48	\$ 1	\$ 2,373	\$ 37	\$ 2,000	\$ -	\$ 13,048,758
Receipts:							
Taxes	-	-	-	-	-	-	29,367,472
Intergovernmental	-	-	44,854	-	-	57,669	5,026,567
Charges for services	-	-	-	-	-	-	931,530
Fines and forfeits	-	-	-	-	-	-	202,206
Other receipts	-	-	-	-	3,150	-	14,517,415
Total receipts	-	-	44,854	-	3,150	57,669	50,045,190
Disbursements:							
Personal services	-	-	39,751	-	-	46,967	10,376,302
Supplies	-	-	483	-	-	4,815	1,171,888
Other services and charges	-	-	2,621	-	-	24,845	5,494,691
Capital outlay	-	-	-	-	-	-	560,066
Other disbursements	48	-	4,372	-	-	-	32,821,436
Total disbursements	48	-	47,227	-	-	76,627	50,424,383
Excess (deficiency) of receipts over disbursements	(48)	-	(2,373)	-	3,150	(18,958)	(379,193)
Cash and investments - ending	\$ -	\$ 1	\$ -	\$ 37	\$ 5,150	\$ (18,958)	\$ 12,669,565

CLAY COUNTY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2012

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 344,235</u>	<u>\$ 1,242,685</u>

CLAY COUNTY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2012

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Jail Construction	\$ 9,270,000	\$ 800,000
General obligation bonds	IVC TIF Revenue Bond	<u>380,000</u>	<u>48,798</u>
Total governmental activities		<u>9,650,000</u>	<u>848,798</u>
Totals		<u>\$ 9,650,000</u>	<u>\$ 848,798</u>

CLAY COUNTY
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

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	\$ 114,960
Buildings	12,776,100
Improvements other than buildings	783,411
Machinery, equipment, and vehicles	<u>3,917,938</u>
Total governmental activities	<u>17,592,409</u>
Total capital assets	<u><u>\$ 17,592,409</u></u>

CLAY COUNTY
OTHER REPORTS

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

County Sheriff
County Prosecuting Attorney

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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

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

TO: THE OFFICIALS OF CLAY COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Clay County's (County) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. 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 the requirements of laws, regulations, contracts, and grants 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 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 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, 2012.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A - 133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2012-1, 2012-2, and 2012-3. Our opinion on each major federal program is not modified with respect to these matters.

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

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

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with 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 type 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 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.

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 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 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 did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2012-1, 2012-2, and 2012-3 that we consider to be significant deficiencies.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plans. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Bruce Hartman
State Examiner

May 23, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were prepared by management of the County. The schedule and note are presented as intended by the County.

CLAY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2012

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	Total Federal Awards Expended
<u>Department of Agriculture</u>				
Special Supplemental Nutrition Program for Women, Infants, and Children WIC FY 2013	IN State Dept of Health	10.557	A70-1-070427	\$ 8,052
Special Supplemental Nutrition Program for Women, Infants, and Children WIC FY 2012	IN State Dept of Health	10.557	A70-2-070359	180,892
Special Supplemental Nutrition Program for Women, Infants, and Children SW Regional Peer Counselor FY 2013	IN State Dept of Health	10.557	A70-3-070395	<u>442</u>
Total - Department of Agriculture				<u>189,386</u>
<u>Department of Justice</u>				
JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant Program ICJI Equipment Grant	ICJI	16.738	10-DJ-072	<u>6,249</u>
Total - JAG Program Cluster				<u>6,249</u>
Crime Victim Assistance				
Victim Assistance FY 2012	ICJI	16.575	11VAPR131	<u>20,985</u>
Total - Crime Victim Assistance				<u>20,985</u>
Violence Against Women Formula Grants				
Stop Grant FY 2012	ICJI	16.588	11STPR049	<u>13,396</u>
Total - Violence Against Women Formula Grants				<u>13,396</u>
Total - Department of Justice				<u>40,630</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning & Construction				
Bridge Inspection	IN Dept of Transportation	20.205	A249-11-320191	24,396
Bridge #84 Construction		20.205	A249-11-320453	44,448
Bridge #1 Construction		20.205	A249-11-320571	<u>42,846</u>
Total - Highway Planning & Construction				<u>111,690</u>
Total - Highway Planning and Construction Cluster				<u>111,690</u>
Highway Safety Cluster				
Alcohol Impaired Driving Countermeasurers Incentive Grants OPO FY 2012	ICJI	20.601	D3-12-6500	<u>4,572</u>
Total - Highway Safety Cluster				<u>4,572</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CLAY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2012
(Continued)

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	Total Federal Awards Expended
<u>Department of Transportation (continued)</u>				
Airport Improvement Program FAA Grant 3-18-0116-03	Direct Grant	20.106	3-18-0116-03	<u>4,703</u>
Total - Department of Transportation				<u>120,965</u>
<u>Department of Health and Human Services</u>				
Public Health Emergency Preparedness Bio T & Emer Prep	IN Dept of Health	93.069	A70-2-0531841	<u>7,786</u>
Child Support Enforcement	IN Dept of Child Services			
Prosecutor IV-D Incentive		93.563		22,535
Clerk IV-D Incentive		93.563		21,293
Co General IV-D Incentive		93.563		3,240
Title IV-D Expenditures		93.563		226,646
Title IV-D Indirect Cost		93.563		<u>31,407</u>
Total - Child Support Enforcement				<u>305,121</u>
Total - Department of Health and Human Services				<u>312,907</u>
<u>Department of Homeland Security</u>				
Emergency Management Performance Grants	IN Dept of Homeland Security			
HL Sec C44P-2-079A		97.042	C44P-2-076A	3,623
HL Sec C44P-2-318A		97.042	C44P-2-318A	<u>15,000</u>
Total - Emergency Management Performance Grants				<u>18,623</u>
Homeland Security Cluster				
State Homeland Security Program	IN Dept of Homeland Security			
HL Sec C44P-0-245A		97.073	C44P-0-245A	6,595
HL Sec C44P-1-260A		97.073	C44P-1-260A	58,800
HL Sec C44P-1-400A		97.073	C44P-1-400A	158,920
HL Sec C44P-2-047A		97.073	C44P-2-047A	138,762
HL Sec C44P-9-580A		97.073	C44P-9-580A	<u>950</u>
Total - Homeland Security Cluster				<u>364,027</u>
Total - Department of Homeland Security				<u>382,650</u>
Total federal awards expended				<u>\$ 1,046,538</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

CLAY COUNTY
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Clay County and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. 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.

CLAY 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; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	yes
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 OMB Circular A-133?	yes

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.563	Child Support Enforcement Homeland Security Cluster

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

No matters are reportable.

CLAY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-1 - INTERNAL CONTROLS AND COMPLIANCE OVER CASH MANAGEMENT

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number): 2012
Pass-Through Entity: Indiana Department of Child Services

Internal controls were not in place to ensure that accurate and timely reports were filed for claiming reimbursements. The following deficiencies in claiming of reimbursements were identified:

***Monthly Expense Claims for Title IV-D, Prosecuting Attorney Expenditures
(claim for reimbursement)***

The claims for reimbursement filed in 2012 were not compiled from the actual cash disbursements made during each month. Amounts claimed correctly included the actual salaries paid each month; however, several other amounts claimed were based on estimations or unpaid invoices as follows:

- Estimated amounts: One-twelfth of the employee health insurance premium (paid in January 2012), and one-twelfth of the appropriated amounts for FICA, Unemployment insurance, and PERF.
- Unpaid Invoices: Amounts on vendor invoices received since the last claim for reimbursement was filed, whether they had been paid yet or not.

The Cooperative Agreement For Federal Financial Participation (FFP) for Prosecuting Attorneys Performing Title IV-D Services, Section IV - Reimbursement, Budget, Incentive Distributions, and Audits states in part: "B. Reimbursements . . . (3) Expenditures for direct costs incurred by the Prosecuting Attorney in the provision of IV-D services are reimbursable when such costs are claimed in accordance with procedures established and on forms prescribed by CSB that comply with federal and state law."

To provide further guidance regarding Title IV-D program requirements, the Indiana Department of Child Services issued an update "Cash vs. Accrual Basis Clarification for Reporting of Monthly Expenditure Reimbursement Claims and Quarterly Incentive Expenditure Reports" (the Update) on March 3, 2012. Excerpts from the Update describing cash basis reporting: "According to 31 CFR 201.12 (5), Reimbursable funding means that a Federal Program Agency transfers funds to a State after the State has already paid out the funds for Federal assistance program purposes. These same guidelines apply to sub-recipients of federal funding. In order to accomplish this task, we must ensure there is an understanding of the correct reporting method: Cash Basis - Expenses are reported based on when they are actually paid, i.e., when the county remits the payment to the vendor (not the month that the invoice was received or submitted for payment)."

OMB Circular A-133, Subpart C, section .300 (b) states:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Failure to follow the guidelines for claiming reimbursements indicates noncompliance with requirements for cash management established by federal agencies.

CLAY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

We recommended that the County establish control procedures to review federal and state compliance requirements to ensure compliance with the grant requirements related to cash management.

***FINDING 2012-2 - INTERNAL CONTROLS AND COMPLIANCE OVER
ACTIVITIES ALLOWED OR UNALLOWED AND ALLOWABLE COSTS***

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number): 2012
Pass-Through Entity: Indiana Department of Child Services

Internal controls were not in place to ensure that unallowable expenditures were not charged to the federal program. Prosecutor Incentive funds, from the Child Support Enforcement program, were used to purchase \$1,103 in snacks, drinks, ice, and kitchen type supplies (bowls, plates, etc.) for use by Prosecuting Attorney office personnel. These expenditures were classified as supplies for recording and reporting purposes.

The Cooperative Agreement For Federal Financial Participation (FFP) for Prosecuting Attorneys Performing Title IV-D Services, Section IV - Reimbursement, Budget, Incentive Distributions, and Audits states in part: "D. Incentives . . . (3) Pursuant to federal and Indiana law, incentive funds are required to be reinvested into the Title IV-D program and must be used to supplement and not take the place of other program funds. The Prosecuting Attorney shall ensure that all incentive payments under his/her control are expended in accordance with federal and state law."

To provide further guidance regarding Title IV-D program requirements, the Indiana Department of Child Services issued the "IV-D Expense Reporting and Reimbursement Guide" (Guide) on December 30, 2011. Excerpts from the Guide describing allowable uses of incentive funds include: "While the laws, regulations, and policies related to allowable uses of IV-D funds are applicable to both FFP reimbursement funds and incentive funds, there are some specific restrictions related to the use of incentive funds. Incentive funds: Must be used to make the Title IV-D program more efficient and effective; Cannot be used for any items that are not normally reimbursable expenses unless special approval from the federal government is obtained."

The Guide also provides a definition of expense classifications, including supplies, "Supplies include office supplies such as stationery, printing, forms, legal notices, etc.; operating supplies; and repair and maintenance supplies such as repair parts for equipment."

OMB Circular A-133, Subpart C, section .300 (b) states:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Failure to follow the guidelines for expenditures indicates noncompliance with requirements for activities allowed or unallowed and allowable costs established by federal agencies.

We recommended that the County establish control procedures to review federal and state compliance requirements to ensure expenditures are compliant with the grant requirements.

CLAY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2012-3 - INTERNAL CONTROLS AND COMPLIANCE OVER REPORTING

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number): 2012
Pass-Through Entity: Indiana Department of Child Services

Internal controls were not in place to ensure that accurate and timely reports of program expenditures were filed. The following deficiencies in reporting were identified:

Quarterly Incentive Expenditure Reports

1. The Quarterly Incentive Expenditure Reports for the Prosecutor Incentive Fund, filed in 2012 by the prosecuting attorney, were not based on the actual cash disbursements for the quarter. They were instead completed using information from the invoices on hand. This resulted in \$11,262 in expenditures for the year not being reported timely.
2. None of the 2012 Quarterly Incentive Expenditure Reports for the Title IV-D Incentive Funds (formerly the general fund incentive funds) were filed in 2012 by the County. This resulted in \$3,240 in expenditures for the year not being reported timely.

The Cooperative Agreement For Federal Financial Participation (FFP) for Prosecuting Attorneys Performing Title IV-D Services, Section IV - Reimbursement, Budget, Incentive Distributions, and Audits states in part: "B. Reimbursements . . . (9) Beginning in the first quarter of 2011 and quarterly thereafter the Prosecuting Attorney will report, on a quarterly basis, incentive expenditures and the absence of expenditures during the quarter on Quarterly Incentive Report Form (State Form No. 54528) incorporated by reference hereto, in accordance with procedures and timeframes established by CSB that comply with federal and state law."

The Indiana Department of Child Services issued the "IV-D Expense Reporting and Reimbursement Guide" (Guide) on December 30, 2011. The Guide discusses incentive reporting: "Quarterly Reporting for Incentive Expenditures - Consistent with the quarterly prospective distribution of incentive funds, County Offices will be required to submit the Quarterly Incentive Expenditure Report Form to DCS Accounting Operations each quarter."

OMB Circular A-133, Subpart C, section .300 (b) states:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Failure to follow the guidelines for reporting expenditures indicates noncompliance with requirements for reporting established by federal agencies.

We recommended that the County establish control procedures to review federal and state compliance requirements to ensure compliance with the grant requirements related to reporting.

OFFICE OF THE
PROSECUTING ATTORNEY
13th Judicial Circuit

B. Lee Reberger, Prosecuting Attorney
James Walker, Chief Deputy Prosecutor
Kimberly A. Jackson, Deputy/IV-D Prosecutor

Clay County Courthouse, Room 326
609 E. National Avenue
Brazil, Indiana 47834

Ph: 812-448-9028 / Fax: 812-443-1019
E-mail: prosecutor@claycountyin.gov

May 14, 2013

CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

Findings 2012-1 – INTERNAL CONTROLS AND COMPLIANCE OVER CASH MANAGEMENT

Federal Agency: U.S. Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number): 2012
Pass-Through Entity: Indiana Department of Child Services

Description of action to be taken:

The Clay County Prosecutor's Office, Child Support Division will obtain a cash ledger from the Auditor of Clay County prior to preparing the Monthly reimbursement reports and will compare the disbursements listed on the Auditors ledger with the Child Support records of disbursements. The Child Support Division will no longer use the Claims and annual budget totals to prepare the reports or continue to estimate what is paid from each account, each month as this is not proper. Only the disbursements claimed for that calendar month and disbursed in that calendar month will be reported. The Clay County Prosecutor's Office, Child Support Division will maintain a copy of the rules for Reporting Expenditures provided by the State Child Support Division and will consult said copy of rules if questions should arise in the future. Calls to the State Child Support Division will be made if clarification is needed after consulting the rules for Reporting Expenditures.

**Findings 2012-2 – INTERNAL CONTROLS AND COMPLIANCE OVER ACTIVITIES ALLOWED
OR UNALLOWED AND ALLOWABLE COSTS**

Federal Agency: U.S. Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number): 2012

Pass Through Entity: Indiana Department of Child Services

Description of action to be taken:

The Clay County Prosecutor's Office, Child Support Division will maintain a copy of the Federal Requirements regarding spending from the Incentive Fund account and will comply with all requirements in the future by consulting the guidelines before making purchases. In addition to this safeguard the Clay County Prosecutor's Office, Child Support Division will contact the Auditor's office if guidance is needed for future possible purchases and when consulting the Federal requirements does not immediately clarify the situation.

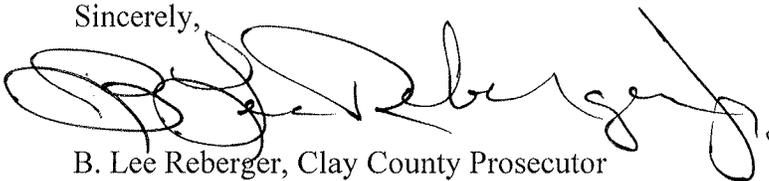
Findings 2012-3 – INTERNAL CONTROLS AND COMPLIANCE OVER REPORTING

Federal Agency: U.S. Department of Health and Human Services
Federal Program: Child Support Enforcement
DFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number): 2012
Pass-Through Entity: Indiana Department of Child Services

Description of action to be taken:

The Clay County Prosecutor's Office, Child Support Division will obtain a cash ledger from the Auditor of Clay County prior to preparing the Quarterly Incentive reimbursement reports and will compare the disbursements listed on the Auditors ledger with the Child Support records of disbursements. The Child Support Division will no longer use the Claims and annual budget totals to prepare the reports or continue to estimate what is paid from each account, each month as this is not proper. Only the disbursements claimed for that calendar quarter and disbursed in that calendar quarter will be reported. Further, the Clay County Prosecutor's Office, Child Support Division will prepare and submit the Quarterly report in a timely manner. The Clay County Prosecutor's Office, Child Support Division will maintain a copy of the rules for Reporting Expenditures provided by the State Child Support Division and will consult said copy of rules if questions should arise in the future. Calls to the State Child Support Division will be made if clarification is needed after consulting the rules for Reporting Expenditures.

Sincerely,



B. Lee Reberger, Clay County Prosecutor

Date: 5-14-2013



**MARY JO ALUMBAUGH
AUDITOR OF CLAY COUNTY**

609 EAST NATIONAL AVE
ROOM 105
BRAZIL IN 47834
812-448-9001

May 23, 2013

CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-2 – INTERNAL CONTROLS AND COMPLIANCE OVER ACTIVITIES ALLOWED OR UNALLOWED AND ALLOWABLE COSTS

Federal Agency: U.S. Department of Health and Human Services

Federal Program: Child Support Enforcement

CFDA Number: 93.563

Federal Award Number and Year (or Other Identifying Number): 2012

Pass-Through Entity: Indiana Department of Child Services

Description of action to be taken:

The Clay County Auditor will enhance controls over payment of claims by comparing detailed expenses against allowable expenditures to ensure only allowable expenditures are charged to the Federal Grant Funds.

FINDING 2012-3 – INTERNAL CONTROLS AND COMPLIANCE OVER REPORTING

Federal Agency: U.S. Department of Health and Human Services

Federal Program: Child Support Enforcement

CFDA Number: 93.563

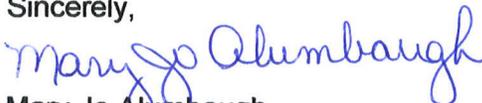
Federal Award Number and Year (or Other Identifying Number): 2012

Pass-Through Entity: Indiana Department of Child Services

Description of action to be taken:

The Clay County Auditor will review and develop procedures to ensure that all required reports are prepared on a timely and accurate basis, in accordance with the reporting requirements.

Sincerely,



Mary Jo Alumbaugh

5/23/13
Date

CLAY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on May 23, 2013, with Mary Jo Alumbaugh, Auditor; Paul Sindors, President of the Board of County Commissioners; Larry Moss, President of the County Council; and B. Lee Reberger, Jr., County Prosecuting Attorney. The officials concurred with our audit findings.