

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

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



FILED
07/25/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Vaneen Ide	01-01-09 to 12-31-16
Treasurer	Dawn Conner-Kraud Dianna Moore (Interim) Kathleen Adair	01-01-09 to 06-10-12 06-11-12 to 06-27-12 06-28-12 to 12-31-16
Clerk	Beth Liming	01-01-09 to 12-31-16
Sheriff	Randy Prior	01-01-11 to 12-31-14
Recorder	Patricia Williams	01-01-11 to 12-31-14
President of the Board of County Commissioners	David Arnold	01-01-12 to 12-31-13
President of the County Council	George Stebbins	01-01-12 to 12-31-13



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF CASS COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Cass 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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.

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 July 11, 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 records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 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

July 11, 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 CASS 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 Cass 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 July 11, 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.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2012-1 and 2012-2 to be material weaknesses.

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

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)

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*.

Cass County's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bruce Hartman
State Examiner

July 11, 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.

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CASS 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
Inmate Trust Supplemental	\$ 20,256	\$ 494,242	\$ 499,739	\$ 14,759
Clerk Trust Supplemental	481,499	5,063,410	4,799,975	744,934
Sheriff's Commissary	45,128	149,646	114,983	79,791
Recorder Supplemental	25	143,771	143,771	25
General	1,285,329	11,031,190	11,033,870	1,282,649
Accident Report	1,738	-	1,738	-
Co Econ Dev Income Tax	12,451	1,619,692	1,618,927	13,216
Co Child Advocacy	-	50	-	50
Court Costs	-	12,914	11,988	926
Clerk Perpetuation	32,322	10,676	12,494	30,504
Community Corrections Supplemental	48,893	502,355	497,514	53,734
Community Transition Program	71,875	68,454	-	140,329
Congressional Interest	-	6,690	-	6,690
Congressional Principal	-	29,600	29,600	-
Sheriff's Photo Operating	5,127	500	3,171	2,456
Surplus Dog	26	-	-	26
County Sales Disclosure	15,335	3,945	-	19,280
Cumulative Bridge	1,212,621	436,971	212,464	1,437,128
Capitol Development	306,805	234,826	148,585	393,046
Co Drug Free Program	50,012	33,832	40,802	43,042
Electronic Map Generation	-	3,000	-	3,000
Local Emergency Plan	3,370	-	-	3,370
E-911 Landlines	16,534	273,396	289,930	-
Recorder Enhanced Access	286	1,195	-	1,481
Extradition	67,958	400	2,998	65,360
Firearms Training	6,605	12,670	3,849	15,426
Health	246,902	566,000	321,449	491,453
RE-DACT	57,559	3,030	7,516	53,073
Levy Excess	-	80,040	-	80,040
Health Maint	36,272	35,334	19,488	52,118
Local Road	472,428	329,526	377,367	424,587
LOIT Public Safety COUNTY	97,377	1,617,522	529,027	1,185,872
Highway	3,309,262	2,545,730	2,606,934	3,248,058
Park & Rec Non Reverting	70,987	20,042	9,734	81,295
Auditor Plat Bk Upkeep	25,147	7,675	1,500	31,322
Rainy Day	976,099	1,552,327	115,864	2,412,562
Property Reassessment	62,858	1,058	-	63,916
Reassessment 2017	159,917	159,078	124,606	194,389
Recorders Perpetuation	139,118	47,277	25,518	160,877
Sex Offender Reg State & County Share	464	-	435	29
Police Pension	85,018	48,016	-	133,034
Surplus Tax (Excess)	18,140	37,559	13,381	42,318
Surveyor Corner Perpetuation	24,239	7,240	10,000	21,479
Tax Sale (fees collected)SRI	21,575	32,532	30,989	23,118

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

CASS 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
Tax Sale Redemption	-	142,370	129,750	12,620
Tax Sale Surplus	117,213	125,112	70,952	171,373
Unsafe Building	6,952	5,000	20	11,932
Vehicle Inspection	6,002	607	-	6,609
E-911 Wireless	94,947	63,833	158,780	-
Guardian Ad Litem	936	20,603	17,934	3,605
Election & Registration	173,486	56,210	104,279	125,417
Co Elect Official Training	1,426	3,031	60	4,397
Park & Recreation	184,737	255,583	440,320	-
911 Statewide	-	506,532	355,100	151,432
Care of Juveniles	77,274	-	-	77,274
County User Fee	2,425,762	1,121,794	904,295	2,643,261
General Drain	68,531	396	70,920	(1,993)
Drain Maintenance	895,633	295,625	120,103	1,071,155
Sheriff Sale Non Reverting	11,131	37,488	17,500	31,119
Park Donation	11,562	-	-	11,562
Jail Debt Service	1,095,171	1,244,968	1,848,500	491,639
Cass Co Self Insurance	2,826,484	2,535,745	1,961,479	3,400,750
Payroll	-	6,514,511	6,514,511	-
Property Replacement	13	26,803,281	26,803,264	30
Wheel tax/Surtax	-	909,872	907,867	2,005
CVET	-	242,802	242,802	-
Excise Tax Allocations	-	1,030,244	1,030,244	-
Financial Institution Tax	-	267,629	267,629	-
CEDIT HSC	37,237	610	-	37,847
HOMESTEAD CR REBATE	9,823	-	-	9,823
LOIT PTRC	153,251	6,560,496	5,424,263	1,289,484
Fines & Forfeitures	6,821	43,347	37,925	12,243
Infraction Judgement	9,380	102,204	103,701	7,883
Overweight Vehicle	213	100	313	-
Special Death Benefit	475	5,370	5,403	442
Sales Disclosure Fee (State)	450	3,945	3,853	542
Coroner Training Non-Reverting	310	3,096	3,133	273
Interstate Compact Fee	-	500	375	125
Mortgage Fee	520	3,168	3,103	585
Child Restraint Violation	25	475	500	-
Inheritance Tax	224,084	821,569	954,030	91,623
Riverboat Wagering Tax Rev	256,141	230,832	486,973	-
Cass Tourism Promotion	647	70,271	64,834	6,084
93.563 ARRA Pros Incentive	840	-	-	840
93.563 ARRA Clerk Incentive	10,262	-	-	10,262
93.563 Title IV-D Incentive	154,787	-	99,188	55,599
93.563 Pros Incentive Post	89,364	49,030	64,728	73,666
93.563 Clerk Incentive Post	49,670	46,428	2,455	93,643

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

CASS 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
Arson Investigation	226	-	-	226
Law Enforcement	2	-	-	2
Cass County Work Crew -NA	517	4,550	-	5,067
Bail Bond Adm	8,211	-	8,211	-
Certificate Tax Sale	16,519	45,144	58,380	3,283
County Redevelop Commission	409,403	404,292	1,600	812,095
Certified Share	1	4,891,776	4,891,411	366
CCEMA Non-Reverting Capital	1,906	-	-	1,906
Treasurer Supplemental	746,428	33,506,374	33,068,409	1,184,393
Transit Authority Grant	-	852,429	611,366	241,063
93.069 Public Health Bio-Terro	2,999	-	-	2,999
16.588 Stop Grant - NA	5,186	20,794	24,888	1,092
16.575 Victim Advoc Grant	12,628	25,552	29,691	8,489
Bulletproof Vest Part Grant	1,262	7,260	7,880	642
93.617 HAVA Title III	108,898	-	17,803	91,095
EMA Performance CFDA 97.042	2,906	-	-	2,906
State Deputy Project-NA	80	4,000	3,984	96
16.547 Federal CASA Grant	3,744	5,773	-	9,517
CAPTA	14,689	724	6,773	8,640
SCAAP Grant	10,668	8,830	6,504	12,994
Cass Co CEDIT	2,949,542	1,111,712	991,782	3,069,472
Cass County Correction	660	27,817	27,611	866
CCEMA Grant	348	-	-	348
DUI Task Force Enforce Program	(402)	-	-	(402)
Emergency Gas Award	550	-	-	550
Corrections Grant- NA	88,910	552,786	643,526	(1,830)
Law Enforcement Grant	2,826	-	-	2,826
France Park Planning Grant	194	-	-	194
COMM Correct Project Income-NA	130,873	239,974	178,493	192,354
Adult Protective Services - NA	6,089	134,012	137,087	3,014
Tobacco Education	111,953	22,748	43,431	91,270
Walmart EMA Grant	572	-	-	572
Walmart K-9 Grant	8	-	8	-
SECTION 102 HAVA	16,834	-	-	16,834
Superior Crts Interpreter Grt	2,170	7,185	9,355	-
GIS Web Feature Grant	2,100	-	-	2,100
Odyssey Imaging Grant	733	-	-	733
Health Dept Grant	-	2,013	2,013	-
Public Health Coordinator Gran	-	7,209	10,478	(3,269)
97.078 Buffer Zone Protection	-	90,324	40,960	49,364
Totals	\$ 23,149,350	\$ 119,321,366	\$ 113,702,936	\$ 28,767,780

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

CASS 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.

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.

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,

CASS COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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).

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.

CASS COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

CASS COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 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.

CASS COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

B. County Police Retirement Plan

Plan Description

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

Funding Policy

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

C. County Police Benefit Plan

Plan Description

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

Funding Policy

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

Note 7. 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.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursable grants where expenditures were not received before December 31, 2012, and in the case of General Drain, a transfer was not made from Drain Maintenance before December 31, 2012.

CASS COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Holding Corporations*

The County has entered into a capital lease with Cass County Indiana Building Corporation (the lessor). The lessor was organized as a not for profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related party of the County. Lease payments during the year 2012 totaled \$1,848,500.

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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.

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

	Inmate Trust Supplemental	Clerk Trust Supplemental	Sheriff's Commissary	Recorder Supplemental	General	Accident Report	Co Econ Dev Income Tax	Co Child Advocacy	Court Costs	Clerk Perpetuation
Cash and investments - beginning	\$ 20,256	\$ 481,499	\$ 45,128	\$ 25	\$ 1,285,329	\$ 1,738	\$ 12,451	\$ -	\$ -	\$ 32,322
Receipts:										
Taxes	-	-	-	-	7,665,056	-	-	-	-	-
Licenses and permits	-	-	-	-	2,201	-	-	-	-	-
Intergovernmental	-	-	-	-	1,634,525	-	-	-	-	-
Charges for services	-	-	-	143,771	974,025	-	-	-	-	-
Fines and forfeits	-	-	-	-	136,496	-	-	-	-	-
Other receipts	494,242	5,063,410	149,646	-	618,887	-	1,619,692	50	12,914	10,676
Total receipts	494,242	5,063,410	149,646	143,771	11,031,190	-	1,619,692	50	12,914	10,676
Disbursements:										
Personal services	-	-	-	-	6,459,944	-	-	-	-	-
Supplies	-	-	-	-	519,553	-	-	-	-	-
Other services and charges	-	-	-	-	1,979,505	-	-	-	-	-
Capital outlay	-	-	-	-	182,751	-	-	-	-	-
Other disbursements	499,739	4,799,975	114,983	143,771	1,892,117	1,738	1,618,927	-	11,988	12,494
Total disbursements	499,739	4,799,975	114,983	143,771	11,033,870	1,738	1,618,927	-	11,988	12,494
Excess (deficiency) of receipts over disbursements	(5,497)	263,435	34,663	-	(2,680)	(1,738)	765	50	926	(1,818)
Cash and investments - ending	\$ 14,759	\$ 744,934	\$ 79,791	\$ 25	\$ 1,282,649	\$ -	\$ 13,216	\$ 50	\$ 926	\$ 30,504

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

	Community Corrections Supplemental	Community Transition Program	Congressional Interest	Congressional Principal	Sheriff's Photo Operating	Surplus Dog	County Sales Disclosure	Cumulative Bridge	Capitol Development	Co Drug Free Program
Cash and investments - beginning	\$ 48,893	\$ 71,875	\$ -	\$ -	\$ 5,127	\$ 26	\$ 15,335	\$ 1,212,621	\$ 306,805	\$ 50,012
Receipts:										
Taxes	-	-	-	-	-	-	-	393,221	213,757	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	34,339	20,213	-
Charges for services	-	-	-	-	-	-	3,880	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Other receipts	502,355	68,454	6,690	29,600	500	-	65	9,411	856	33,832
Total receipts	502,355	68,454	6,690	29,600	500	-	3,945	436,971	234,826	33,832
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	212,464	-	40,802
Capital outlay	-	-	-	-	-	-	-	-	148,585	-
Other disbursements	497,514	-	-	29,600	3,171	-	-	-	-	-
Total disbursements	497,514	-	-	29,600	3,171	-	-	212,464	148,585	40,802
Excess (deficiency) of receipts over disbursements	4,841	68,454	6,690	-	(2,671)	-	3,945	224,507	86,241	(6,970)
Cash and investments - ending	\$ 53,734	\$ 140,329	\$ 6,690	\$ -	\$ 2,456	\$ 26	\$ 19,280	\$ 1,437,128	\$ 393,046	\$ 43,042

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

	Electronic Map Generation	Local Emergency Plan	E-911 Landlines	Recorder Enhanced Access	Extradition	Firearms Training	Health	RE-DACT	Levy Excess	Health Maint
Cash and investments - beginning	\$ -	\$ 3,370	\$ 16,534	\$ 286	\$ 67,958	\$ 6,605	\$ 246,902	\$ 57,559	\$ -	\$ 36,272
Receipts:										
Taxes	-	-	-	-	-	-	435,515	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	771	-	-	-	41,141	-	-	-
Charges for services	-	-	1,080	-	-	-	89,344	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Other receipts	3,000	-	271,545	1,195	400	12,670	-	3,030	80,040	35,334
Total receipts	3,000	-	273,396	1,195	400	12,670	566,000	3,030	80,040	35,334
Disbursements:										
Personal services	-	-	220,956	-	-	-	262,653	-	-	16,525
Supplies	-	-	-	-	-	-	33,922	-	-	1,815
Other services and charges	-	-	42,361	-	-	-	24,682	-	-	1,148
Capital outlay	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	26,613	-	2,998	3,849	192	7,516	-	-
Total disbursements	-	-	289,930	-	2,998	3,849	321,449	7,516	-	19,488
Excess (deficiency) of receipts over disbursements	3,000	-	(16,534)	1,195	(2,598)	8,821	244,551	(4,486)	80,040	15,846
Cash and investments - ending	\$ 3,000	\$ 3,370	\$ -	\$ 1,481	\$ 65,360	\$ 15,426	\$ 491,453	\$ 53,073	\$ 80,040	\$ 52,118

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

	Local Road	LOIT Public Safety COUNTY	Highway	Park & Rec Non Reverting	Auditor Plat Bk Upkeep	Rainy Day	Property Reassessment	Reassessment 2017	Recorders Perpetuation	Sex Offender Reg State & County Share
Cash and investments - beginning	\$ 472,428	\$ 97,377	\$ 3,309,262	\$ 70,987	\$ 25,147	\$ 976,099	\$ 62,858	\$ 159,917	\$ 139,118	\$ 464
Receipts:										
Taxes	-	-	720,202	-	-	721	-	146,315	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	329,526	-	1,733,498	-	-	-	1,058	12,763	-	-
Charges for services	-	-	-	1,684	7,515	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Other receipts	-	1,617,522	92,030	18,358	160	1,551,606	-	-	47,277	-
Total receipts	329,526	1,617,522	2,545,730	20,042	7,675	1,552,327	1,058	159,078	47,277	-
Disbursements:										
Personal services	-	191,542	1,244,476	-	-	-	-	6,391	-	-
Supplies	377,367	11,130	1,147,068	-	-	707	-	-	-	-
Other services and charges	-	301,355	97,238	-	1,500	32,488	-	118,215	-	-
Capital outlay	-	25,000	118,152	-	-	82,669	-	-	-	-
Other disbursements	-	-	-	9,734	-	-	-	-	25,518	435
Total disbursements	377,367	529,027	2,606,934	9,734	1,500	115,864	-	124,606	25,518	435
Excess (deficiency) of receipts over disbursements	(47,841)	1,088,495	(61,204)	10,308	6,175	1,436,463	1,058	34,472	21,759	(435)
Cash and investments - ending	\$ 424,587	\$ 1,185,872	\$ 3,248,058	\$ 81,295	\$ 31,322	\$ 2,412,562	\$ 63,916	\$ 194,389	\$ 160,877	\$ 29

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

	Police Pension	Surplus Tax (Excess)	Surveyor Corner Perpetuation	Tax Sale (fees collected)SRI	Tax Sale Redemption	Tax Sale Surplus	Unsafe Building	Vehicle Inspection	E-911 Wireless	Guardian Ad Litem
Cash and investments - beginning	\$ 85,018	\$ 18,140	\$ 24,239	\$ 21,575	\$ -	\$ 117,213	\$ 6,952	\$ 6,002	\$ 94,947	\$ 936
Receipts:										
Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	237	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Other receipts	48,016	37,559	7,240	32,295	142,370	125,112	5,000	607	63,833	20,603
Total receipts	48,016	37,559	7,240	32,532	142,370	125,112	5,000	607	63,833	20,603
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	68,219	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	2,640	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	13,381	10,000	30,989	129,750	70,952	20	-	87,921	17,934
Total disbursements	-	13,381	10,000	30,989	129,750	70,952	20	-	158,780	17,934
Excess (deficiency) of receipts over disbursements	48,016	24,178	(2,760)	1,543	12,620	54,160	4,980	607	(94,947)	2,669
Cash and investments - ending	\$ 133,034	\$ 42,318	\$ 21,479	\$ 23,118	\$ 12,620	\$ 171,373	\$ 11,932	\$ 6,609	\$ -	\$ 3,605

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

	Election & Registration	Co Elect Official Training	Park & Recreation	911 Statewide	Care of Juveniles	County User Fee	General Drain	Drain Maintenance	Sheriff Sale Non Reverting	Park Donation
Cash and investments - beginning	\$ 173,486	\$ 1,426	\$ 184,737	\$ -	\$ 77,274	\$ 2,425,762	\$ 68,531	\$ 895,633	\$ 11,131	\$ 11,562
Receipts:										
Taxes	51,439	-	105,749	-	-	-	-	287,753	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	4,756	-	8,372	-	-	-	-	-	-	-
Charges for services	-	-	138,607	-	-	367,094	-	-	-	-
Fines and forfeits	-	-	-	-	-	15,629	-	-	-	-
Other receipts	15	3,031	2,855	506,532	-	739,071	396	7,872	37,488	-
Total receipts	56,210	3,031	255,583	506,532	-	1,121,794	396	295,625	37,488	-
Disbursements:										
Personal services	86,261	-	93,849	323,436	-	364,524	-	-	-	-
Supplies	3,021	-	5,316	-	-	32,107	-	-	-	-
Other services and charges	14,997	-	37,029	31,664	-	92,902	70,920	120,103	-	-
Capital outlay	-	-	-	-	-	82,129	-	-	-	-
Other disbursements	-	60	304,126	-	-	332,633	-	-	17,500	-
Total disbursements	104,279	60	440,320	355,100	-	904,295	70,920	120,103	17,500	-
Excess (deficiency) of receipts over disbursements	(48,069)	2,971	(184,737)	151,432	-	217,499	(70,524)	175,522	19,988	-
Cash and investments - ending	\$ 125,417	\$ 4,397	\$ -	\$ 151,432	\$ 77,274	\$ 2,643,261	\$ (1,993)	\$ 1,071,155	\$ 31,119	\$ 11,562

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

	Jail Debt Service	Cass Co Self Insurance	Payroll	Property Replacement	Wheel tax/Surtax	CVET	Excise Tax Allocations	Financial Institution Tax	CEDIT HSC	HOMESTEAD CR REBATE
Cash and investments - beginning	\$ 1,095,171	\$ 2,826,484	\$ -	\$ 13	\$ -	\$ -	\$ -	\$ -	\$ 37,237	\$ 9,823
Receipts:										
Taxes	1,137,368	-	-	21,823,141	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	107,600	-	-	1,688,483	-	-	1,030,244	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Other receipts	-	2,535,745	6,514,511	3,291,657	909,872	242,802	-	267,629	610	-
Total receipts	1,244,968	2,535,745	6,514,511	26,803,281	909,872	242,802	1,030,244	267,629	610	-
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	1,231,500	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Other disbursements	617,000	1,961,479	6,514,511	26,803,264	907,867	242,802	1,030,244	267,629	-	-
Total disbursements	1,848,500	1,961,479	6,514,511	26,803,264	907,867	242,802	1,030,244	267,629	-	-
Excess (deficiency) of receipts over disbursements	(603,532)	574,266	-	17	2,005	-	-	-	610	-
Cash and investments - ending	\$ 491,639	\$ 3,400,750	\$ -	\$ 30	\$ 2,005	\$ -	\$ -	\$ -	\$ 37,847	\$ 9,823

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

	LOIT PTRC	Fines & Forfeitures	Infraction Judgement	Overweight Vehicle	Special Death Benefit	Sales Disclosure Fee (State)	Coroner Training Non-Reverting	Interstate Compact Fee	Mortgage Fee	Child Restraint Violation
Cash and investments - beginning	\$ 153,251	\$ 6,821	\$ 9,380	\$ 213	\$ 475	\$ 450	\$ 310	\$ -	\$ 520	\$ 25
Receipts:										
Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	3,880	3,096	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Other receipts	6,560,496	43,347	102,204	100	5,370	65	-	500	3,168	475
Total receipts	6,560,496	43,347	102,204	100	5,370	3,945	3,096	500	3,168	475
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Other disbursements	5,424,263	37,925	103,701	313	5,403	3,853	3,133	375	3,103	500
Total disbursements	5,424,263	37,925	103,701	313	5,403	3,853	3,133	375	3,103	500
Excess (deficiency) of receipts over disbursements	1,136,233	5,422	(1,497)	(213)	(33)	92	(37)	125	65	(25)
Cash and investments - ending	\$ 1,289,484	\$ 12,243	\$ 7,883	\$ -	\$ 442	\$ 542	\$ 273	\$ 125	\$ 585	\$ -

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

	Inheritance Tax	Riverboat Wagering Tax Rev	Cass Tourism Promotion	93.563 ARRA Pros Incentive	93.563 ARRA Clerk Incentive	93.563 Title IV-D Incentive	93.563 Pros Incentive Post	93.563 Clerk Incentive Post	Arson Investigation	Law Enforcement
Cash and investments - beginning	\$ 224,084	\$ 256,141	\$ 647	\$ 840	\$ 10,262	\$ 154,787	\$ 89,364	\$ 49,670	\$ 226	\$ 2
Receipts:										
Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Other receipts	821,569	230,832	70,271	-	-	-	49,030	46,428	-	-
Total receipts	821,569	230,832	70,271	-	-	-	49,030	46,428	-	-
Disbursements:										
Personal services	-	-	-	-	-	-	3,928	-	-	-
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Other disbursements	954,030	486,973	64,834	-	-	99,188	60,800	2,455	-	-
Total disbursements	954,030	486,973	64,834	-	-	99,188	64,728	2,455	-	-
Excess (deficiency) of receipts over disbursements	(132,461)	(256,141)	5,437	-	-	(99,188)	(15,698)	43,973	-	-
Cash and investments - ending	\$ 91,623	\$ -	\$ 6,084	\$ 840	\$ 10,262	\$ 55,599	\$ 73,666	\$ 93,643	\$ 226	\$ 2

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

	Cass County Work Crew -NA	Bail Bond Adm	Certificate Tax Sale	County Redevelop Commission	Certified Share	CCEMA Non-Reverting Capital	Treasurer Supplemental	Transit Authority Grant	93.069 Public Health Bio-Terro	16.588 Stop Grant - NA
Cash and investments - beginning	\$ 517	\$ 8,211	\$ 16,519	\$ 409,403	\$ 1	\$ 1,906	\$ 746,428	\$ -	\$ 2,999	\$ 5,186
Receipts:										
Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Other receipts	4,550	-	45,144	404,292	4,891,776	-	33,506,374	852,429	-	20,794
Total receipts	4,550	-	45,144	404,292	4,891,776	-	33,506,374	852,429	-	20,794
Disbursements:										
Personal services	-	-	-	-	-	-	-	-	-	2,353
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Other disbursements	-	8,211	58,380	1,600	4,891,411	-	33,068,409	611,366	-	22,535
Total disbursements	-	8,211	58,380	1,600	4,891,411	-	33,068,409	611,366	-	24,888
Excess (deficiency) of receipts over disbursements	4,550	(8,211)	(13,236)	402,692	365	-	437,965	241,063	-	(4,094)
Cash and investments - ending	\$ 5,067	\$ -	\$ 3,283	\$ 812,095	\$ 366	\$ 1,906	\$ 1,184,393	\$ 241,063	\$ 2,999	\$ 1,092

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

	16.575 Victim Advoc Grant	Bulletproof Vest Part Grant	93.617 HAVA Title III	EMA Performance CFDA 97.042	State Deputy Project-NA	16.547 Federal CASA Grant	CAPTA	SCAAP Grant	Cass Co CEDIT	Cass County Correction
Cash and investments - beginning	\$ 12,628	\$ 1,262	\$ 108,898	\$ 2,906	\$ 80	\$ 3,744	\$ 14,689	\$ 10,668	\$ 2,949,542	\$ 660
Receipts:										
Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Other receipts	25,552	7,260	-	-	4,000	5,773	724	8,830	1,111,712	27,817
Total receipts	25,552	7,260	-	-	4,000	5,773	724	8,830	1,111,712	27,817
Disbursements:										
Personal services	330	-	-	-	3,984	-	-	-	-	27,611
Supplies	-	-	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-	623,782	-
Capital outlay	-	-	-	-	-	-	-	-	-	-
Other disbursements	29,361	7,880	17,803	-	-	-	6,773	6,504	368,000	-
Total disbursements	29,691	7,880	17,803	-	3,984	-	6,773	6,504	991,782	27,611
Excess (deficiency) of receipts over disbursements	(4,139)	(620)	(17,803)	-	16	5,773	(6,049)	2,326	119,930	206
Cash and investments - ending	\$ 8,489	\$ 642	\$ 91,095	\$ 2,906	\$ 96	\$ 9,517	\$ 8,640	\$ 12,994	\$ 3,069,472	\$ 866

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

	CCEMA Grant	DUI Task Force Enforce Program	Emergency Gas Award	Corrections Grant- NA	Law Enforcement Grant	France Park Planning Grant	COMM Correct Project Income-NA	Adult Protective Services - NA	Tobacco Education	Walmart EMA Grant
Cash and investments - beginning	\$ 348	\$ (402)	\$ 550	\$ 88,910	\$ 2,826	\$ 194	\$ 130,873	\$ 6,089	\$ 111,953	\$ 572
Receipts:										
Taxes	-	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	235,360	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	552,786	-	-	4,614	134,012	22,748	-
Total receipts	-	-	-	552,786	-	-	239,974	134,012	22,748	-
Disbursements:										
Personal services	-	-	-	517,037	-	-	-	7,522	18,126	-
Supplies	-	-	-	-	-	-	-	-	3,921	-
Other services and charges	-	-	-	-	-	-	-	-	592	-
Capital outlay	-	-	-	-	-	-	-	-	20,792	-
Other disbursements	-	-	-	126,489	-	-	178,493	129,565	-	-
Total disbursements	-	-	-	643,526	-	-	178,493	137,087	43,431	-
Excess (deficiency) of receipts over disbursements	-	-	-	(90,740)	-	-	61,481	(3,075)	(20,683)	-
Cash and investments - ending	\$ 348	\$ (402)	\$ 550	\$ (1,830)	\$ 2,826	\$ 194	\$ 192,354	\$ 3,014	\$ 91,270	\$ 572

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

	Walmart K-9 Grant	SECTION 102 HAVA	Superior Crts Interpreter Grt	GIS Web Feature Grant	Odyssey Imaging Grant	Health Dept Grant	Public Health Coordinator Gran	97.078 Buffer Zone Protection	Totals
Cash and investments - beginning	\$ 8	\$ 16,834	\$ 2,170	\$ 2,100	\$ 733	\$ -	\$ -	\$ -	\$ 23,149,350
Receipts:									
Taxes	-	-	-	-	-	-	-	-	32,980,237
Licenses and permits	-	-	-	-	-	-	-	-	2,201
Intergovernmental	-	-	-	-	-	-	-	-	6,647,289
Charges for services	-	-	-	-	-	-	-	-	1,969,573
Fines and forfeits	-	-	-	-	-	-	-	-	152,125
Other receipts	-	-	7,185	-	-	2,013	7,209	90,324	77,569,941
Total receipts	-	-	7,185	-	-	2,013	7,209	90,324	119,321,366
Disbursements:									
Personal services	-	-	-	-	-	-	3,342	-	9,923,009
Supplies	-	-	-	-	-	-	2,783	-	2,138,710
Other services and charges	-	-	-	-	-	-	-	-	5,077,887
Capital outlay	-	-	-	-	-	-	-	-	660,078
Other disbursements	8	-	9,355	-	-	2,013	4,353	40,960	95,903,252
Total disbursements	8	-	9,355	-	-	2,013	10,478	40,960	113,702,936
Excess (deficiency) of receipts over disbursements	(8)	-	(2,170)	-	-	-	(3,269)	49,364	5,618,430
Cash and investments - ending	\$ -	\$ 16,834	\$ -	\$ 2,100	\$ 733	\$ -	\$ (3,269)	\$ 49,364	\$ 28,767,780

CASS COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Cass County Indiana Building Corp.	Jail/Lease Rental	\$ 1,231,500	01-15-10	07-15-14
Master Equipment Lease/Purchase	Equipment	<u>143,860</u>	09-10-07	12-10-17
Total governmental activities		<u>1,375,360</u>		
Total of annual lease payments		<u>\$ 1,375,360</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	Jail Lease	\$ 1,505,000	\$ 619,500
Notes and loans payable	Master Equipment Lease	<u>644,616</u>	<u>143,860</u>
Total governmental activities		<u>2,149,616</u>	<u>763,360</u>
Totals		<u>\$ 2,149,616</u>	<u>\$ 763,360</u>

CASS 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	\$ 3,753,133
Infrastructure	5,901,474
Buildings	15,954,074
Improvements other than buildings	386,354
Machinery, equipment, and vehicles	<u>7,914,139</u>
Total governmental activities	<u>33,909,174</u>
Total capital assets	<u><u>\$ 33,909,174</u></u>

CASS 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 Auditor
County Treasurer
Clerk of the Circuit Court

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 FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF CASS COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Cass 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.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2012-3 to be material weaknesses.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Bruce Hartman
State Examiner

July 11, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

CASS 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 Commerce</u>				
State Broadband Data and Development Grant Program Electronic Map Generation	Indiana Office of Technology, Geographical Information Systems Division	11.558	FY 2012	\$ 2,000
<u>Department of Justice</u>				
State Criminal Alien Assistance Program SCAAP Grant	Direct Grant	16.606	2011-AP-BX-0690	8,830
Bulletproof Vest Partnership Program 2011 Bulletproof Vest Partnership	Direct Grant	16.607	FY 2011	7,260
Crime Victim Assistance 2011 Victim Advocacy Grant	Indiana Criminal Justice Institute	16.575	10VAPR127	22,553
Violence Against Women Formula Grants 2011 STOP Grant	Indiana Criminal Justice Institute	16.588	11STPR047	9,661
2012 STOP Grant		16.588	12STPR006	3,548
Total - Violence Against Women Formula Grants				13,209
Total - Department of Justice				51,852
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning and Construction FY 2011 County Bridge Inspections	Indiana Department of Transportation	20.205	DES#1006042	9,412
County Road 300 S Reconstruction		20.205	DES#0801015	58,883
Small Structure Repair - Detour Reimbursement		20.205	R-29024-A	1,637
HSIP Sign Project		20.205	DES#1172052	35,173
Total - Highway Planning and Construction Cluster				105,105
Highway Safety Cluster Safety Belt Performance Grants Operation Pull Over Enforcement	Indiana Criminal Justice Institute	20.609	OP-11-02-01-15	4,000
Formula Grants for other than Urbanized Areas Transit Authority	Indiana Department of Transportation	20.509	CY 2012	507,967
Total - Department of Transportation				617,072

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

CASS 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 Health and Human Services</u>				
Public Health Emergency Preparedness Public Health Bio-Terrorism	Indiana State Department of Health	93.069	FY 2011	<u>7,209</u>
Hospital Preparedness Program (HHP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Public Health Coordinator Grant	Indiana State Department of Health	93.074	FY 2012	<u>2,663</u>
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	Indiana State Department of Health	93.283	BPRS 108-70	<u>1,955</u>
Child Support Enforcement	Indiana State Department of Child Services			
Clerk Incentive		93.563		14,804
Clerk Expenditures		93.563		16,535
Prosecutor Expenditures		93.563		135,990
Prosecutor Incentive Expenditures		93.563		22,264
General Incentive Expenditures		93.563		14,804
Indirect Costs		93.563		<u>67,873</u>
Total - Child Support Enforcement				<u>272,270</u>
Total - Department of Health and Human Services				<u>284,097</u>
<u>Department of Homeland Security</u>				
Emergency Management Performance Grants 2011 Emergency Management Performance Grant - Salaries	Indiana Department of Homeland Security	97.042	C44P-2-315A	<u>30,444</u>
Buffer Zone Protection Program (BZPP) 2010 Buffer Zone Protection Program	Indiana Department of Homeland Security	97.078	C44P-2-265A	<u>40,960</u>
Total - Department of Homeland Security				<u>71,404</u>
Total federal awards expended				<u>\$ 1,026,425</u>

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

CASS 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 the Cass County (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.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows for the year ended December 31, 2012:

Program Title	Federal CFDA Number	2012
Formula Grants for Other Than Urbanized Areas	20.509	<u>\$ 507,967</u>

CASS 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?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
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:

CFDA Number	Name of Federal Program or Cluster
20.509	Highway Planning and Construction Cluster Formula Grants for Other Than Urbanized Areas

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 2012-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the County related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the County to reduce risks to the achievement of financial reporting objectives. The County has not separated incompatible activities related to receipts (including tax collections), disbursements, payroll and related liabilities, and cash and investment balances. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

CASS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 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 County 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 2012-2 - INTERNAL CONTROLS OVER THE
SCHEDULE OF EXPENDITURES FOR FEDERAL AWARDS***

The County did not have a proper system of internal control in place to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The County should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors: 1. The Child Support Enforcement Grant did not include material amounts of federal grant dollars. 2. The SEFA included non-federal monies including a State funded grant and State grant matching funds. Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statements.

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, Chapter 1)

CASS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-3 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS

Federal Agency: DEPARTMENT OF TRANSPORTATION
Federal Program: FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS
CFDA Number: 20.509
Federal Award Number and Year: CY2012
Pass-Through Entity: Indiana Department of Transportation

Management of Cass County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the cash management compliance requirement which has a direct and material effect on the program. The failure to establish an effective internal control system over cash management places the County at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirement and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the County.

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and cash management requirements.

*Cass County Auditor
Vaneen M. Ide
Cass County Government Building
200 Court Park Room 105
Logansport, IN 46947
574-753-7722
van.ide@co.cass.in.us*

**CORRECTIVE ACTION PLAN
July 11, 2013**

Section II – Financial Statement Findings

FINDING 2012-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

The County will implement 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.

FINDING 2012-2 - INTERNAL CONTROLS OVER THE SCHEDULE OF EXPEDITURES FOR FEDERAL AWARDS

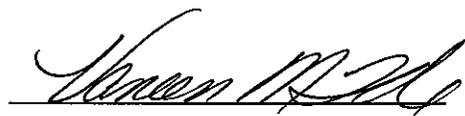
The County will implement controls over accounting for the financial activities related to federal grants to be reported accurately on the Schedule of Expenditures for Federal Awards.

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-3- INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS

Federal Agency: U.S. DEPARTMENT OF TRANSPORTATION
Federal Program: FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS
CFDA Number: 20.509
Federal Award Number and Year: A249-12-320286A CY2012
Pass-Through Entity: Indiana Department of Transportation

The County will establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.



Vaneen M. Ide, Auditor

CASS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 11, 2013, with Vaneen Ide, Auditor; David Arnold, President of the Board of County Commissioners; and George Stebbins, President of the County Council. Our audit disclosed no material items that warrant comment at this time.