

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

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



FILED
08/19/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Patricia A. French	01-01-11 to 12-31-14
Treasurer	Gene Bundy	01-01-11 to 12-31-14
Clerk	Debra Walker	01-01-11 to 12-31-14
Sheriff	Bruce (Butch) Baker	01-01-11 to 12-31-14
Recorder	Susan Hufford	01-01-11 to 12-31-14
President of the Board of County Commissioners	Kim L. Cronk Joseph E. Yanos	01-01-12 to 12-31-12 01-01-13 to 12-31-13
President of the County Council	Nathan S. LaMar	01-01-12 to 12-31-13



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF HENRY COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Henry 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 June 27, 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.

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, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

June 27, 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 HENRY 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 Henry 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 June 27, 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 deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be a material weakness.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1.

Henry 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

June 27, 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.

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

Fund	Cash and Investments		Cash and Investments	
	01-01-12	Receipts	Disbursements	12-31-12
Sheriffs Inmate Trust	\$ 12,270	\$ 750,088	\$ 749,364	\$ 12,994
Jail Commissary	65,217	170,594	225,718	10,093
Clerk's Trust	522,247	3,950,996	3,901,490	571,753
Sheriffs Cashbook	127	436,970	436,970	127
General	304,954	12,229,607	12,051,976	482,585
Accident Report	105	935	601	439
Child Advocacy	1,825	240	-	2,065
City and Town Court Costs	6,163	17,084	-	23,247
Clerk's Records Perpetuation	17,733	22,565	17,649	22,649
Community Corrections	4,749	131,945	136,683	11
Community Transition Program	31,804	29,135	29,414	31,525
Congressional School Interest	20,060	-	-	20,060
Congressional School Principal	21,969	-	-	21,969
Sales Disclosure - County Share	2,024	4,850	5,265	1,609
Cumulative Bridge	833,285	332,751	311,813	854,223
Cumulative Capital Development	38,500	261,995	293,076	7,419
Drug Free Community	44,242	53,336	44,188	53,390
Electronic Map Generation	2,330	349	2,106	573
Emergency Medical Services	8,864	-	8,864	-
Emergency Planning/Right To Know	11,559	7,000	9,190	9,369
Emergency Telephone System	7,785	634,914	635,275	7,424
Firearms Training	10,450	20,591	23,141	7,900
Food and Beverage Tax	648	482,584	483,232	-
General Drain Improvement	76,357	51,850	16,555	111,652
Health	5,900	520,033	517,798	8,135
Identification Security Protection	49,250	4,514	6,789	46,975
Local Health Maintenance	80,754	101,429	88,457	93,726
Local Road and Street	144,568	413,139	392,049	165,658
Medical Care for Inmates	2,377	3,203	5,000	580
Misdemeanant	23,737	34,408	46,609	11,536
Motor Vehicle Highway	435,562	2,279,413	2,049,995	664,980
Park Nonreverting Operating	23,885	455,221	478,915	191
Plat Book	14,709	13,654	541	27,822
Rainy Day	308,685	331,342	39,874	600,153
Reassessment - 2015	201,913	202,928	237,662	167,179
Recorder's Records Perpetuation	86,529	75,640	52,681	109,488
Sex and Violent Offender Administration	762	4,270	3,905	1,127
Supplemental Public Defender Services	2	14,560	14,362	200
Surplus Tax	168,420	66,913	124,407	110,926
Surveyor's Corner Perpetuation	39,589	10,225	-	49,814
Tax Sale Redemption	3,864	168,615	171,090	1,389
Tax Sale Surplus	669,012	799,068	556,367	911,713
Local Health Department Trust Account	23,536	26,804	36,008	14,332
Vehicle Inspection	60	1,123	888	295
Wireless Emergency Telephone System	8,021	172,870	180,891	-
GAL/CASA	40,088	18,369	52,805	5,652
County Elected Officials Training	1,487	3,406	-	4,893
County Offender Transportation Fund	800	988	-	1,788
Adult Probation Administrative	8,663	133,559	142,170	52
Juvenile Probation Administrative	50,771	14,888	65,577	82
Supplemental Juvenile Probation Services	30,971	-	-	30,971
County User Fee	4,681	15,189	18,655	1,215
Drainage Maintenance	351,615	283,034	182,466	452,183
Cumulative Capital Development	-	-	-	-
Golf Course Operating	84,376	8,775	15,834	77,317
Drug Task Force	159,609	96,065	119,359	136,315
Collection Agency Fees	204	975	853	326
Donations	13,869	34,809	28,126	20,552
Debt Service	1	1,916,780	1,380,000	536,781
Self Insurance	341,111	3,904,130	3,914,182	331,059
Payroll Clearing	-	4,054,772	4,043,014	11,758
Wheel Tax/Surtax Combined	108,304	918,918	925,217	102,005
Wheel Tax	-	98,963	98,963	-
Sur Tax	-	1,100,889	1,100,889	-
CEDIT Homestead Credit	37,668	1,969,185	1,694,746	312,107
HEA 1001 State Homestead Credit	23,152	169	169	23,152
Homestead Credit Rebate	665	-	-	665
State Fines and Forfeitures	2,483	13,287	12,698	3,072
Infraction Judgements	5,962	75,007	76,595	4,374
Overweight Vehicle Fines	5,855	3,733	8,793	795
Special Death Benefit	810	5,360	5,420	750
Sales Disclosure - State Share	435	4,855	4,905	385
Coroners Training & Con't Education	756	4,252	2,398	2,610
Mortgage Recording Fees - State Share	358	3,548	3,613	293
Child Restraint Violations Fines	150	550	575	125

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

HENRY 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
Inheritance Tax	328,409	1,134,060	1,244,691	217,778
Innkeepers Tax Collections	-	65,884	44,070	21,814
93.563 Prosecutor PCA	537	4,985	3,089	2,433
93.563 ARRA Prosecutor IV-D Incentive	13,589	-	-	13,589
93.563 ARRA Clerk IV-D Incentive	66,933	-	-	66,933
93.563 Title IV-D Incentive	31,086	23,404	14,472	40,018
93.563 Prosecutor IV-D Incentive-Prior To Oct '99	7,509	-	-	7,509
93.563 Prosecutor IV-D Incentive-Post Oct '99	135,877	35,776	5,713	165,940
93.563 Clerk IV-D Incentive-Prior To Oct '99	35,728	-	-	35,728
93.563 Clerk IV-D Incentive-Post Oct '99	-	23,405	15,547	7,858
Tax Distribution	-	35,892,772	35,892,772	-
Youth Center Food Program	1,264	-	1,264	-
Juvenile Programs - Probation	5,379	-	-	5,379
Henry County Youth League	2,000	-	-	2,000
Levy Excess	1	-	-	1
Comm Corrections - User Fee	770,722	322,952	438,356	655,318
Pretrial Diversion	93,999	33,210	19,153	108,056
Supplemental/CC II	675	23,702	15,510	8,867
Jury Pay	24,483	8,573	10,779	22,277
Co Law Enf Cont Education	1,104	3,417	2,683	1,838
D.A.R.E.	13,444	9,934	13,942	9,436
Health Dept. Donations	4	-	-	4
Park Commemorative	103	300	-	403
EMA Donation	10,621	4,192	12,458	2,355
IVY Tech Donation	-	601,000	208,248	392,752
Health Dept Enforcement	2,150	-	-	2,150
Fed Share IV-D Distribution	-	158	158	-
Treasurer Technology	1,200	900	300	1,800
Co Police Pension Trust	2,350	-	2,350	-
Food & Beverage - First Merchants	2,355,146	2,990,603	2,960,315	2,385,434
Community Correction 0600	-	169,643	146,126	23,517
E-911 Bond	2,975	-	2,975	-
PACE Forfeiture	479,678	360,631	439,782	400,527
Sheriff Critical Care	206,506	1,485,842	1,547,781	144,567
Haz-Mat	2,057	-	-	2,057
DUI Impact	19,385	5,482	3,025	21,842
National Road Heritage Trail	15,939	72,085	82,860	5,164
Court Alcohol & Drug Program	14,366	28,830	31,630	11,566
Common School Trust	1,064	-	-	1,064
Golf Course Non-Reverting	403,823	2,717	-	406,540
Alter Dispute Resolution	30,163	5,538	4,850	30,851
Medicare Supp Retirement	2,511	42,036	43,740	807
Retirement - Under 65	1,226	27,080	27,242	1,064
Drug Force Forfeiture	24,620	52,486	33,280	43,826
E-911 City Reimbursement	101	194,741	194,842	-
Bio-Terrorism Grant	945	15,999	16,804	140
H1N1 Vaccine Grant	31,571	2,931	21,548	12,954
Airport Project Grant	2,920	512,956	498,740	17,136
Pace Grant	-	23,966	23,966	-
Rural Correctional Grant	2,723	124,256	126,269	710
Lep Sub-Grant	69	-	-	69
Responder Equipment Grant - EMA	136	-	136	-
Homeland Security Grant - SHSG	30	-	30	-
Ema Fire Training/Infrastructure	9	-	-	9
EMA- LET GIS/07 Grant	2,088	-	1,425	663
EMA Enhancement Grant	4,188	-	-	4,188
Naccho Health Grant	41	5,000	4,453	588
SEMA	8,644	4,789	-	13,433
Treasurer	713,666	37,652,465	37,408,206	957,925
Redevelopment Capital Projects	1,089,735	661,128	639,389	1,111,474
Redevelopment Debt Service	500,866	489,259	331,827	658,298
Henry Co Development Commission	57,908	28,491	34,297	52,102
Haz-Mat Response Team Grant	105	-	-	105
Probation Incentive Grant	1,582	-	1,582	-
Family Court Project Fund	3,687	-	373	3,314
Family Court Grant	966	-	100	866
Young Women Program/Just Us	6,489	5	2,553	3,941
Health Dept Grant Fund	15	-	-	15
Park Community Foundation Grant	10,936	-	10,936	-
Ema/Community Foundation Grant	1,250	-	-	1,250
Totals	\$ 13,160,542	\$ 123,121,789	\$ 120,871,517	\$ 15,410,814

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

HENRY 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,

HENRY 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.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the County. It includes all expenditures for the reduction of the principal and interest of the County's general obligation indebtedness.

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.

HENRY 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.

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.

HENRY 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.

HENRY 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. These funds account for receipts and disbursements of County offices that are also eventually accounted for in the County's general ledger and financial statements.

HENRY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Restatements

For the year ended December 31, 2012, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the County. The following schedule presents a summary of restated beginning balances.

Fund Name	Balance as of December 31, 2011	Prior Period Adjustment	Balance as of January 1, 2012
NC-HC-EDC Checking	\$ -	\$ 82,783	\$ 82,783
Henry County Development Co	57,851	(8,610)	49,241

Note 9. Other Postemployment Benefits

The County provides to eligible retirees and their spouses the following benefit: Retiree Health Insurance. This benefit poses a liability to the County for this year and in future years. Information regarding the benefit can be obtained by contacting the County.

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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.

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

	Sheriff's Inmate Trust	Jail Commissary	Clerk's Trust	Sheriff's Cashbook	General	Accident Report	Child Advocacy
Cash and investments - beginning	\$ 12,270	\$ 65,217	\$ 522,247	\$ 127	\$ 304,954	\$ 105	\$ 1,825
Receipts:							
Taxes	-	-	-	-	9,608,518	-	-
Licenses and permits	-	-	-	-	64,618	-	-
Intergovernmental	-	-	-	-	858,992	-	-
Charges for services	-	-	-	-	1,068,038	935	-
Fines and forfeits	-	-	-	-	342,259	-	240
Other receipts	750,088	170,594	3,950,996	436,970	287,182	-	-
Total receipts	<u>750,088</u>	<u>170,594</u>	<u>3,950,996</u>	<u>436,970</u>	<u>12,229,607</u>	<u>935</u>	<u>240</u>
Disbursements:							
Personal services	-	-	-	-	6,955,238	-	-
Supplies	-	-	-	-	303,058	601	-
Other services and charges	-	-	-	-	4,083,956	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	130,864	-	-
Other disbursements	749,364	225,718	3,901,490	436,970	578,860	-	-
Total disbursements	<u>749,364</u>	<u>225,718</u>	<u>3,901,490</u>	<u>436,970</u>	<u>12,051,976</u>	<u>601</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>724</u>	<u>(55,124)</u>	<u>49,506</u>	<u>-</u>	<u>177,631</u>	<u>334</u>	<u>240</u>
Cash and investments - ending	<u>\$ 12,994</u>	<u>\$ 10,093</u>	<u>\$ 571,753</u>	<u>\$ 127</u>	<u>\$ 482,585</u>	<u>\$ 439</u>	<u>\$ 2,065</u>

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

	City and Town Court Costs	Clerk's Records Perpetuation	Community Corrections	Community Transition Program	Congressional School Interest	Congressional School Principal	Sales Disclosure - County Share
Cash and investments - beginning	\$ 6,163	\$ 17,733	\$ 4,749	\$ 31,804	\$ 20,060	\$ 21,969	\$ 2,024
Receipts:							
Taxes	-	-	131,945	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	29,135	-	-	4,850
Fines and forfeits	17,084	20,081	-	-	-	-	-
Other receipts	-	2,484	-	-	-	-	-
Total receipts	<u>17,084</u>	<u>22,565</u>	<u>131,945</u>	<u>29,135</u>	<u>-</u>	<u>-</u>	<u>4,850</u>
Disbursements:							
Personal services	-	1,163	129,176	-	-	-	-
Supplies	-	-	638	556	-	-	-
Other services and charges	-	-	-	-	-	-	5,265
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	16,486	6,869	28,858	-	-	-
Total disbursements	<u>-</u>	<u>17,649</u>	<u>136,683</u>	<u>29,414</u>	<u>-</u>	<u>-</u>	<u>5,265</u>
Excess (deficiency) of receipts over disbursements	<u>17,084</u>	<u>4,916</u>	<u>(4,738)</u>	<u>(279)</u>	<u>-</u>	<u>-</u>	<u>(415)</u>
Cash and investments - ending	<u>\$ 23,247</u>	<u>\$ 22,649</u>	<u>\$ 11</u>	<u>\$ 31,525</u>	<u>\$ 20,060</u>	<u>\$ 21,969</u>	<u>\$ 1,609</u>

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

	Cumulative Bridge	Cumulative Capital Development	Drug Free Community	Electronic Map Generation	Emergency Medical Services	Emergency Planning/Right To Know
Cash and investments - beginning	\$ 833,285	\$ 38,500	\$ 44,242	\$ 2,330	\$ 8,864	\$ 11,559
Receipts:						
Taxes	293,074	201,810	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	39,677	20,940	-	-	-	7,000
Charges for services	-	-	-	349	-	-
Fines and forfeits	-	-	53,336	-	-	-
Other receipts	-	39,245	-	-	-	-
Total receipts	<u>332,751</u>	<u>261,995</u>	<u>53,336</u>	<u>349</u>	<u>-</u>	<u>7,000</u>
Disbursements:						
Personal services	315	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	292,447	-	2,106	-	9,190
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	311,498	-	-	-	-	-
Other disbursements	-	629	44,188	-	8,864	-
Total disbursements	<u>311,813</u>	<u>293,076</u>	<u>44,188</u>	<u>2,106</u>	<u>8,864</u>	<u>9,190</u>
Excess (deficiency) of receipts over disbursements	<u>20,938</u>	<u>(31,081)</u>	<u>9,148</u>	<u>(1,757)</u>	<u>(8,864)</u>	<u>(2,190)</u>
Cash and investments - ending	<u>\$ 854,223</u>	<u>\$ 7,419</u>	<u>\$ 53,390</u>	<u>\$ 573</u>	<u>\$ -</u>	<u>\$ 9,369</u>

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

	Emergency Telephone System	Firearms Training	Food and Beverage Tax	General Drain Improvement	Health	Identification Security Protection
Cash and investments - beginning	\$ 7,785	\$ 10,450	\$ 648	\$ 76,357	\$ 5,900	\$ 49,250
Receipts:						
Taxes	-	-	482,584	51,808	390,766	-
Licenses and permits	-	20,591	-	-	-	-
Intergovernmental	-	-	-	-	40,546	-
Charges for services	534,908	-	-	-	88,721	4,514
Fines and forfeits	-	-	-	-	-	-
Other receipts	100,006	-	-	42	-	-
Total receipts	<u>634,914</u>	<u>20,591</u>	<u>482,584</u>	<u>51,850</u>	<u>520,033</u>	<u>4,514</u>
Disbursements:						
Personal services	246,845	-	-	-	516,461	-
Supplies	6,240	-	-	-	-	-
Other services and charges	35,853	23,141	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	16,555	-	6,789
Other disbursements	346,337	-	483,232	-	1,337	-
Total disbursements	<u>635,275</u>	<u>23,141</u>	<u>483,232</u>	<u>16,555</u>	<u>517,798</u>	<u>6,789</u>
Excess (deficiency) of receipts over disbursements	<u>(361)</u>	<u>(2,550)</u>	<u>(648)</u>	<u>35,295</u>	<u>2,235</u>	<u>(2,275)</u>
Cash and investments - ending	<u>\$ 7,424</u>	<u>\$ 7,900</u>	<u>\$ -</u>	<u>\$ 111,652</u>	<u>\$ 8,135</u>	<u>\$ 46,975</u>

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

	Local Health Maintenance	Local Road and Street	Medical Care for Inmates	Misdemeanant	Motor Vehicle Highway	Park Nonreverting Operating
Cash and investments - beginning	\$ 80,754	\$ 144,568	\$ 2,377	\$ 23,737	\$ 435,562	\$ 23,885
Receipts:						
Taxes	-	-	-	-	-	416,158
Licenses and permits	-	-	-	-	-	-
Intergovernmental	32,672	413,139	-	34,378	2,188,458	12,270
Charges for services	68,715	-	3,203	-	70,393	25,809
Fines and forfeits	-	-	-	-	450	-
Other receipts	42	-	-	30	20,112	984
Total receipts	<u>101,429</u>	<u>413,139</u>	<u>3,203</u>	<u>34,408</u>	<u>2,279,413</u>	<u>455,221</u>
Disbursements:						
Personal services	25,540	-	-	-	1,460,474	262,376
Supplies	38,799	-	-	-	350,000	35,050
Other services and charges	24,118	-	5,000	46,609	215,203	175,388
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	392,049	-	-	24,318	6,101
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>88,457</u>	<u>392,049</u>	<u>5,000</u>	<u>46,609</u>	<u>2,049,995</u>	<u>478,915</u>
Excess (deficiency) of receipts over disbursements	<u>12,972</u>	<u>21,090</u>	<u>(1,797)</u>	<u>(12,201)</u>	<u>229,418</u>	<u>(23,694)</u>
Cash and investments - ending	<u>\$ 93,726</u>	<u>\$ 165,658</u>	<u>\$ 580</u>	<u>\$ 11,536</u>	<u>\$ 664,980</u>	<u>\$ 191</u>

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

	Plat Book	Rainy Day	Reassessment - 2015	Recorder's Records Perpetuation	Sex and Violent Offender Administration	Supplemental Public Defender Services
Cash and investments - beginning	\$ 14,709	\$ 308,685	\$ 201,913	\$ 86,529	\$ 762	\$ 2
Receipts:						
Taxes	-	-	182,529	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	331,101	18,939	-	-	-
Charges for services	13,654	-	1,460	75,471	4,270	-
Fines and forfeits	-	-	-	-	-	14,258
Other receipts	-	241	-	169	-	302
Total receipts	<u>13,654</u>	<u>331,342</u>	<u>202,928</u>	<u>75,640</u>	<u>4,270</u>	<u>14,560</u>
Disbursements:						
Personal services	-	-	22,876	-	-	-
Supplies	-	-	6,469	-	-	-
Other services and charges	541	36,232	135,074	-	-	14,362
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	3,642	73,243	-	-	-
Other disbursements	-	-	-	52,681	3,905	-
Total disbursements	<u>541</u>	<u>39,874</u>	<u>237,662</u>	<u>52,681</u>	<u>3,905</u>	<u>14,362</u>
Excess (deficiency) of receipts over disbursements	<u>13,113</u>	<u>291,468</u>	<u>(34,734)</u>	<u>22,959</u>	<u>365</u>	<u>198</u>
Cash and investments - ending	<u>\$ 27,822</u>	<u>\$ 600,153</u>	<u>\$ 167,179</u>	<u>\$ 109,488</u>	<u>\$ 1,127</u>	<u>\$ 200</u>

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

	Surplus Tax	Surveyor's Corner Perpetuation	Tax Sale Redemption	Tax Sale Surplus	Local Health Department Trust Account	Vehicle Inspection
Cash and investments - beginning	\$ 168,420	\$ 39,589	\$ 3,864	\$ 669,012	\$ 23,536	\$ 60
Receipts:						
Taxes	66,913	-	-	799,068	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	25,867	-
Charges for services	-	10,225	-	-	-	1,123
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	168,615	-	937	-
Total receipts	<u>66,913</u>	<u>10,225</u>	<u>168,615</u>	<u>799,068</u>	<u>26,804</u>	<u>1,123</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	124,407	-	171,090	556,367	36,008	888
Total disbursements	<u>124,407</u>	<u>-</u>	<u>171,090</u>	<u>556,367</u>	<u>36,008</u>	<u>888</u>
Excess (deficiency) of receipts over disbursements	<u>(57,494)</u>	<u>10,225</u>	<u>(2,475)</u>	<u>242,701</u>	<u>(9,204)</u>	<u>235</u>
Cash and investments - ending	<u>\$ 110,926</u>	<u>\$ 49,814</u>	<u>\$ 1,389</u>	<u>\$ 911,713</u>	<u>\$ 14,332</u>	<u>\$ 295</u>

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

	Wireless Emergency Telephone System	GAL/CASA	County Elected Officials Training	County Offender Transportation Fund	Adult Probation Administrative	Juvenile Probation Administrative
Cash and investments - beginning	\$ 8,021	\$ 40,088	\$ 1,487	\$ 800	\$ 8,663	\$ 50,771
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	15,669	-	-	-	-
Charges for services	77,955	2,700	3,406	988	-	-
Fines and forfeits	-	-	-	-	133,559	14,888
Other receipts	94,915	-	-	-	-	-
Total receipts	<u>172,870</u>	<u>18,369</u>	<u>3,406</u>	<u>988</u>	<u>133,559</u>	<u>14,888</u>
Disbursements:						
Personal services	136,358	-	-	-	141,676	59,384
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	494	6,193
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	44,533	52,805	-	-	-	-
Total disbursements	<u>180,891</u>	<u>52,805</u>	<u>-</u>	<u>-</u>	<u>142,170</u>	<u>65,577</u>
Excess (deficiency) of receipts over disbursements	<u>(8,021)</u>	<u>(34,436)</u>	<u>3,406</u>	<u>988</u>	<u>(8,611)</u>	<u>(50,689)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 5,652</u>	<u>\$ 4,893</u>	<u>\$ 1,788</u>	<u>\$ 52</u>	<u>\$ 82</u>

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

	Supplemental Juvenile Probation Services	County User Fee	Drainage Maintenance	Cumulative Capital Development	Golf Course Operating	Drug Task Force
Cash and investments - beginning	\$ 30,971	\$ 4,681	\$ 351,615	\$ -	\$ 84,376	\$ 159,609
Receipts:						
Taxes	-	-	283,034	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	35,008
Charges for services	-	-	-	8,775	-	11,057
Fines and forfeits	-	15,189	-	-	-	-
Other receipts	-	-	-	-	-	50,000
Total receipts	-	15,189	283,034	8,775	-	96,065
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	182,466	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	18,655	-	15,834	-	119,359
Total disbursements	-	18,655	182,466	15,834	-	119,359
Excess (deficiency) of receipts over disbursements	-	(3,466)	100,568	(7,059)	-	(23,294)
Cash and investments - ending	\$ 30,971	\$ 1,215	\$ 452,183	\$ (7,059)	\$ 84,376	\$ 136,315

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

	Collection Agency Fees	Donations	Debt Service	Self Insurance	Payroll Clearing	Wheel Tax/Surtax Combined
Cash and investments - beginning	\$ 204	\$ 13,869	\$ 1	\$ 341,111	\$ -	\$ 108,304
Receipts:						
Taxes	-	-	1,736,593	-	-	918,918
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	180,187	-	-	-
Charges for services	975	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	34,809	-	3,904,130	4,054,772	-
Total receipts	<u>975</u>	<u>34,809</u>	<u>1,916,780</u>	<u>3,904,130</u>	<u>4,054,772</u>	<u>918,918</u>
Disbursements:						
Personal services	-	-	-	-	4,043,014	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	3,914,182	-	-
Debt service - principal and interest	-	-	1,380,000	-	-	-
Capital outlay	-	-	-	-	-	925,217
Other disbursements	853	28,126	-	-	-	-
Total disbursements	<u>853</u>	<u>28,126</u>	<u>1,380,000</u>	<u>3,914,182</u>	<u>4,043,014</u>	<u>925,217</u>
Excess (deficiency) of receipts over disbursements	<u>122</u>	<u>6,683</u>	<u>536,780</u>	<u>(10,052)</u>	<u>11,758</u>	<u>(6,299)</u>
Cash and investments - ending	<u>\$ 326</u>	<u>\$ 20,552</u>	<u>\$ 536,781</u>	<u>\$ 331,059</u>	<u>\$ 11,758</u>	<u>\$ 102,005</u>

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

	Wheel Tax	Sur Tax	CEDIT Homestead Credit	HEA 1001 State Homestead Credit	Homestead Credit Rebate	State Fines and Forfeitures
Cash and investments - beginning	\$ -	\$ -	\$ 37,668	\$ 23,152	\$ 665	\$ 2,483
Receipts:						
Taxes	98,963	1,100,889	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	1,969,185	169	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	13,287
Other receipts	-	-	-	-	-	-
Total receipts	<u>98,963</u>	<u>1,100,889</u>	<u>1,969,185</u>	<u>169</u>	<u>-</u>	<u>13,287</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	98,963	1,100,889	1,694,746	169	-	12,698
Total disbursements	<u>98,963</u>	<u>1,100,889</u>	<u>1,694,746</u>	<u>169</u>	<u>-</u>	<u>12,698</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>274,439</u>	<u>-</u>	<u>-</u>	<u>589</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 312,107</u>	<u>\$ 23,152</u>	<u>\$ 665</u>	<u>\$ 3,072</u>

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

	Infraction Judgements	Overweight Vehicle Fines	Special Death Benefit	Sales Disclosure - State Share	Coroners Training & Con't Education	Mortgage Recording Fees - State Share
Cash and investments - beginning	\$ 5,962	\$ 5,855	\$ 810	\$ 435	\$ 756	\$ 358
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	5,360	4,855	4,252	3,548
Fines and forfeits	75,007	3,733	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>75,007</u>	<u>3,733</u>	<u>5,360</u>	<u>4,855</u>	<u>4,252</u>	<u>3,548</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	76,595	8,793	5,420	4,905	2,398	3,613
Total disbursements	<u>76,595</u>	<u>8,793</u>	<u>5,420</u>	<u>4,905</u>	<u>2,398</u>	<u>3,613</u>
Excess (deficiency) of receipts over disbursements	<u>(1,588)</u>	<u>(5,060)</u>	<u>(60)</u>	<u>(50)</u>	<u>1,854</u>	<u>(65)</u>
Cash and investments - ending	<u>\$ 4,374</u>	<u>\$ 795</u>	<u>\$ 750</u>	<u>\$ 385</u>	<u>\$ 2,610</u>	<u>\$ 293</u>

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

	Child Restraint Violations Fines	Inheritance Tax	Innkeepers Tax Collections	93.563 Prosecutor PCA	93.563 ARRA Prosecutor IV-D Incentive	93.563 ARRA Clerk IV-D Incentive
Cash and investments - beginning	\$ 150	\$ 328,409	\$ -	\$ 537	\$ 13,589	\$ 66,933
Receipts:						
Taxes	-	-	65,884	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	1,134,060	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	550	-	-	4,985	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>550</u>	<u>1,134,060</u>	<u>65,884</u>	<u>4,985</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	3,089	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	575	1,244,691	44,070	-	-	-
Total disbursements	<u>575</u>	<u>1,244,691</u>	<u>44,070</u>	<u>3,089</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(25)</u>	<u>(110,631)</u>	<u>21,814</u>	<u>1,896</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 125</u>	<u>\$ 217,778</u>	<u>\$ 21,814</u>	<u>\$ 2,433</u>	<u>\$ 13,589</u>	<u>\$ 66,933</u>

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

	93.563 Title IV-D Incentive	93.563 Prosecutor IV-D Incentive-Prior To Oct '99	93.563 Prosecutor IV-D Incentive-Post Oct '99	93.563 Clerk IV-D Incentive-Prior To Oct '99	93.563 Clerk IV-D Incentive-Post Oct '99	Tax Distribution
Cash and investments - beginning	\$ 31,086	\$ 7,509	\$ 135,877	\$ 35,728	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	29,066,257
Licenses and permits	-	-	-	-	-	-
Intergovernmental	23,404	-	35,212	-	23,405	6,689,316
Charges for services	-	-	-	-	-	119,131
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	564	-	-	18,068
Total receipts	<u>23,404</u>	<u>-</u>	<u>35,776</u>	<u>-</u>	<u>23,405</u>	<u>35,892,772</u>
Disbursements:						
Personal services	-	-	497	-	2,949	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	14,472	-	5,216	-	12,598	35,892,772
Total disbursements	<u>14,472</u>	<u>-</u>	<u>5,713</u>	<u>-</u>	<u>15,547</u>	<u>35,892,772</u>
Excess (deficiency) of receipts over disbursements	<u>8,932</u>	<u>-</u>	<u>30,063</u>	<u>-</u>	<u>7,858</u>	<u>-</u>
Cash and investments - ending	<u>\$ 40,018</u>	<u>\$ 7,509</u>	<u>\$ 165,940</u>	<u>\$ 35,728</u>	<u>\$ 7,858</u>	<u>\$ -</u>

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

	Youth Center Food Program	Juvenile Programs - Probation	Henry County Youth League	Levy Excess	Comm Corrections - User Fee	Pretrial Diversion
Cash and investments - beginning	\$ 1,264	\$ 5,379	\$ 2,000	\$ 1	\$ 770,722	\$ 93,999
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	316,745	33,210
Other receipts	-	-	-	-	6,207	-
Total receipts	-	-	-	-	322,952	33,210
Disbursements:						
Personal services	-	-	-	-	230,963	-
Supplies	-	-	-	-	15,296	5,000
Other services and charges	-	-	-	-	182,063	12,020
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	10,034	2,133
Other disbursements	1,264	-	-	-	-	-
Total disbursements	1,264	-	-	-	438,356	19,153
Excess (deficiency) of receipts over disbursements	(1,264)	-	-	-	(115,404)	14,057
Cash and investments - ending	\$ -	\$ 5,379	\$ 2,000	\$ 1	\$ 655,318	\$ 108,056

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

	Supplemental/CC II	Jury Pay	Co Law Enf Cont Education	D.A.R.E.	Health Dept. Donations	Park Commemorative
Cash and investments - beginning	\$ 675	\$ 24,483	\$ 1,104	\$ 13,444	\$ 4	\$ 103
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	23,702	8,294	3,417	-	-	-
Other receipts	-	279	-	9,934	-	300
Total receipts	<u>23,702</u>	<u>8,573</u>	<u>3,417</u>	<u>9,934</u>	<u>-</u>	<u>300</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	15,510	10,779	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	2,683	13,942	-	-
Total disbursements	<u>15,510</u>	<u>10,779</u>	<u>2,683</u>	<u>13,942</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>8,192</u>	<u>(2,206)</u>	<u>734</u>	<u>(4,008)</u>	<u>-</u>	<u>300</u>
Cash and investments - ending	<u>\$ 8,867</u>	<u>\$ 22,277</u>	<u>\$ 1,838</u>	<u>\$ 9,436</u>	<u>\$ 4</u>	<u>\$ 403</u>

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

	EMA Donation	IVY Tech Donation	Health Dept Enforcement	Fed Share IV-D Distribution	Treasurer Technology	Co Police Pension Trust
Cash and investments - beginning	\$ 10,621	\$ -	\$ 2,150	\$ -	\$ 1,200	\$ 2,350
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	900	-
Fines and forfeits	-	-	-	158	-	-
Other receipts	4,192	601,000	-	-	-	-
Total receipts	<u>4,192</u>	<u>601,000</u>	<u>-</u>	<u>158</u>	<u>900</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	300	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	208,248	-	-	-	-
Other disbursements	12,458	-	-	158	-	2,350
Total disbursements	<u>12,458</u>	<u>208,248</u>	<u>-</u>	<u>158</u>	<u>300</u>	<u>2,350</u>
Excess (deficiency) of receipts over disbursements	<u>(8,266)</u>	<u>392,752</u>	<u>-</u>	<u>-</u>	<u>600</u>	<u>(2,350)</u>
Cash and investments - ending	<u>\$ 2,355</u>	<u>\$ 392,752</u>	<u>\$ 2,150</u>	<u>\$ -</u>	<u>\$ 1,800</u>	<u>\$ -</u>

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

	Food & Beverage - First Merchants	Community Correction 0600	E-911 Bond	PACE Forfeiture	Sheriff Critical Care	Haz-Mat
Cash and investments - beginning	\$ 2,355,146	\$ -	\$ 2,975	\$ 479,678	\$ 206,506	\$ 2,057
Receipts:						
Taxes	451,930	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	169,643	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	<u>2,538,673</u>	<u>-</u>	<u>-</u>	<u>360,631</u>	<u>1,485,842</u>	<u>-</u>
Total receipts	<u>2,990,603</u>	<u>169,643</u>	<u>-</u>	<u>360,631</u>	<u>1,485,842</u>	<u>-</u>
Disbursements:						
Personal services	-	136,952	-	-	963,255	-
Supplies	-	-	-	-	-	-
Other services and charges	-	9,174	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	2,960,315	-	-	-	-	-
Other disbursements	<u>-</u>	<u>-</u>	<u>2,975</u>	<u>439,782</u>	<u>584,526</u>	<u>-</u>
Total disbursements	<u>2,960,315</u>	<u>146,126</u>	<u>2,975</u>	<u>439,782</u>	<u>1,547,781</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>30,288</u>	<u>23,517</u>	<u>(2,975)</u>	<u>(79,151)</u>	<u>(61,939)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,385,434</u>	<u>\$ 23,517</u>	<u>\$ -</u>	<u>\$ 400,527</u>	<u>\$ 144,567</u>	<u>\$ 2,057</u>

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

	DUI Impact	National Road Heritage Trail	Court Alcohol & Drug Program	Common School Trust	Golf Course Non-Reverting	Alter Dispute Resolution
Cash and investments - beginning	\$ 19,385	\$ 15,939	\$ 14,366	\$ 1,064	\$ 403,823	\$ 30,163
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	25,085	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	5,280	-	28,830	-	-	5,538
Other receipts	202	47,000	-	-	2,717	-
Total receipts	<u>5,482</u>	<u>72,085</u>	<u>28,830</u>	<u>-</u>	<u>2,717</u>	<u>5,538</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	3,025	-	31,630	-	-	4,850
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	82,860	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>3,025</u>	<u>82,860</u>	<u>31,630</u>	<u>-</u>	<u>-</u>	<u>4,850</u>
Excess (deficiency) of receipts over disbursements	<u>2,457</u>	<u>(10,775)</u>	<u>(2,800)</u>	<u>-</u>	<u>2,717</u>	<u>688</u>
Cash and investments - ending	<u>\$ 21,842</u>	<u>\$ 5,164</u>	<u>\$ 11,566</u>	<u>\$ 1,064</u>	<u>\$ 406,540</u>	<u>\$ 30,851</u>

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

	Medicare Supp Retirement	Retirement - Under 65	Drug Force Forfeiture	E-911 City Reimbursement	Bio-Terrorism Grant	H1N1 Vaccine Grant
Cash and investments - beginning	\$ 2,511	\$ 1,226	\$ 24,620	\$ 101	\$ 945	\$ 31,571
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	15,999	-
Charges for services	-	-	52,486	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	42,036	27,080	-	194,741	-	2,931
Total receipts	42,036	27,080	52,486	194,741	15,999	2,931
Disbursements:						
Personal services	43,740	27,242	-	-	16,804	8,803
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	33,280	194,842	-	12,745
Total disbursements	43,740	27,242	33,280	194,842	16,804	21,548
Excess (deficiency) of receipts over disbursements	(1,704)	(162)	19,206	(101)	(805)	(18,617)
Cash and investments - ending	\$ 807	\$ 1,064	\$ 43,826	\$ -	\$ 140	\$ 12,954

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

	Airport Project Grant	Pace Grant	Rural Correctional Grant	Lep Sub-Grant	Responder Equipment Grant - EMA	Homeland Security Grant - SHSG
Cash and investments - beginning	\$ 2,920	\$ -	\$ 2,723	\$ 69	\$ 136	\$ 30
Receipts:						
Taxes	14,781	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	491,675	23,966	124,256	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	6,500	-	-	-	-	-
Total receipts	<u>512,956</u>	<u>23,966</u>	<u>124,256</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	23,966	57,909	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	498,740	-	40,942	-	-	-
Other disbursements	-	-	27,418	-	136	30
Total disbursements	<u>498,740</u>	<u>23,966</u>	<u>126,269</u>	<u>-</u>	<u>136</u>	<u>30</u>
Excess (deficiency) of receipts over disbursements	<u>14,216</u>	<u>-</u>	<u>(2,013)</u>	<u>-</u>	<u>(136)</u>	<u>(30)</u>
Cash and investments - ending	<u>\$ 17,136</u>	<u>\$ -</u>	<u>\$ 710</u>	<u>\$ 69</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Ema Fire Training/Infrastructure	EMA- LET GIS/07 Grant	EMA Enhancement Grant	Naccho Health Grant	SEMA	Treasurer
Cash and investments - beginning	\$ 9	\$ 2,088	\$ 4,188	\$ 41	\$ 8,644	\$ 713,666
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	5,000	4,789	-
Charges for services	-	-	-	-	-	37,652,465
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	-	-	5,000	4,789	37,652,465
Disbursements:						
Personal services	-	-	-	4,357	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	1,425	-	96	-	37,408,206
Total disbursements	-	1,425	-	4,453	-	37,408,206
Excess (deficiency) of receipts over disbursements	-	(1,425)	-	547	4,789	244,259
Cash and investments - ending	<u>\$ 9</u>	<u>\$ 663</u>	<u>\$ 4,188</u>	<u>\$ 588</u>	<u>\$ 13,433</u>	<u>\$ 957,925</u>

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

	Redevelopment Capital Projects	Redevelopment Debt Service	Henry Co Development Commission	Haz-Mat Response Team Grant	Probation Incentive Grant	Family Court Project Court
Cash and investments - beginning	\$ 1,089,735	\$ 500,866	\$ 57,908	\$ 105	\$ 1,582	\$ 3,687
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	661,128	489,259	28,491	-	-	-
Total receipts	661,128	489,259	28,491	-	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	639,389	331,827	34,297	-	1,582	373
Total disbursements	639,389	331,827	34,297	-	1,582	373
Excess (deficiency) of receipts over disbursements	21,739	157,432	(5,806)	-	(1,582)	(373)
Cash and investments - ending	\$ 1,111,474	\$ 658,298	\$ 52,102	\$ 105	\$ -	\$ 3,314

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

	Family Court Grant	Young Women Program/Just Grant	Health Dept Grant Fund	Park Community Foundation Grant	Ema/Community Foundation Grant	Totals
Cash and investments - beginning	\$ 966	\$ 6,489	\$ 15	\$ 10,936	\$ 1,250	\$ 13,160,542
Receipts:						
Taxes	-	-	-	-	-	46,362,422
Licenses and permits	-	-	-	-	-	85,209
Intergovernmental	-	-	-	-	-	14,990,007
Charges for services	-	-	-	-	-	39,954,626
Fines and forfeits	-	-	-	-	-	1,134,080
Other receipts	-	5	-	-	-	20,595,445
Total receipts	-	5	-	-	-	123,121,789
Disbursements:						
Personal services	-	-	-	-	-	15,518,333
Supplies	-	2,553	-	-	-	764,260
Other services and charges	100	-	-	-	-	9,480,360
Debt service - principal and interest	-	-	-	-	-	1,380,000
Capital outlay	-	-	-	-	-	5,693,548
Other disbursements	-	-	-	10,936	-	88,035,016
Total disbursements	100	2,553	-	10,936	-	120,871,517
Excess (deficiency) of receipts over disbursements	(100)	(2,548)	-	(10,936)	-	2,250,272
Cash and investments - ending	\$ 866	\$ 3,941	\$ 15	\$ -	\$ 1,250	\$ 15,410,814

HENRY COUNTY
SCHEDULE OF PAYABLES
December 31, 2012

<u>Government or Enterprise</u>	<u>Accounts Payable</u>
Governmental activities	<u>\$ 253,083</u>

HENRY COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2012

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	AD VALOREM PROPERTY TAX FIRST MORTGAGE REFUNDING & IMPROVEMENTS BONDS SERIES 2011	\$ 12,095,000	\$ 690,500
Revenue bonds	FINANCE CONSTRUCTION RENOVATION AND IMPROVEMENTS OF CERTAIN TOURISM & ECONOMIC DEVELOPMENT PROJECTS	2,320,000	179,087
Revenue bonds	REDEVELOPMENT DISTRICT TAX INCREMENT REV REFUNDING BONDS OF 2004	40,000	40,770
Revenue bonds	REDEVELOPMENT DISTRICT TAX INCREMENT REVENUE BONDS OF 2004	970,000	114,800
Revenue bonds	REDEVELOPMENT DISTRICT TAX INCREMENT REVENUE BONDS OF 2011	2,345,000	128,975
Revenue bonds	REDEVELOPMENT DISTRICT TAXABLE INCREMENT REVENUE BONDS OF 2011	1,170,000	109,600
Revenue bonds	FOOD & BEVERAGE SERIES 2004 BONDS	470,000	99,350
Notes and loans payable	2012 LOAN 90292656/AMBULANCE	54,282	15,000
Notes and loans payable	2010 LOAN 090202653/AMBULANCE	96,545	24,042
Notes and loans payable	2010 LOAN 90292654/CHEVY SILVERADO	13,704	5,808
Notes and loans payable	2010 FORD E 450 BRAUN CHIEF & 2010 CHEV SILVERADO/LOAN#90292655	82,889	32,944
Notes and loans payable	2010 LOAN 90292651/DUMP TRUCK	63,698	22,978
Notes and loans payable	2010 LOAN #09292652/JOHN DEERE TRACTOR	6,659	6,811
Notes and loans payable	LOAN # 90292650/AMBULANCE BUILDING	9,218	4,074
Totals		<u>\$ 19,736,995</u>	<u>\$ 1,474,739</u>

HENRY 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.

	Ending Balance
Governmental activities:	
Land	\$ 247,200
Infrastructure	35,510,854
Buildings	22,651,343
Improvements other than buildings	2,533,396
Machinery, equipment, and vehicles	13,300,986
Total governmental activities	74,243,779
Total capital assets	\$ 74,243,779

HENRY COUNTY
OTHER REPORT

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

County Auditor

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF HENRY COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Henry 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 2012-2 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 Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with 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 2012-4 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

June 27, 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.

HENRY 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
Department of Justice				
JAG Program Cluster				
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	IND DEPT OF INDIANA CRIMINAL JUSTICE INSTITUTE	16.738		
PACE			10-DJ-017	\$ 23,966
DRUG TASK FORCE			10-DJ-025	4,972
DRUG TASK FORCE			10-DJ-061	<u>25,351</u>
Total - JAG Program Cluster				<u>54,289</u>
ARRA - ASSISTANCE TO RURAL LAW ENFORCEMENT TO COMBAT CRIME AND DRUGS COMPETITIVE GRANTS PROGRAM RURAL LAW ENFORCEMENT	INDIANA DEPT OF CRIMINAL JUSTICE INSTITUTE	16.810	2009-SD-B9-0082	<u>124,256</u>
Total - Department of Justice				<u>178,545</u>
Department of Transportation				
Highway Planning and Construction Cluster				
HIGHWAY PLANNING AND CONSTRUCTION	INDIANA DEPT OF TRANSPORTATION			
NATIONAL ROAD HERITAGE TRAIL		20.205	401235	25,084
CUMULATIVE BRIDGE			0500909 0810472 0801	<u>9,268</u>
Total - Highway Planning and Construction Cluster				<u>34,352</u>
Highway Safety Cluster				
SAFETY BELT PERFORMANCE GRANTS	INDIANA DEPT OF TRANSPORTATION			
		20.609	FY2011	<u>4,685</u>
Total - Highway Safety Cluster				<u>4,685</u>
AIRPORT IMPROVEMENT PROGRAM	DIRECT	20.106		
AIRPORT IMPROVEMENT PROGRAM			3-18-0061-09	23,571
AIRPORT IMPROVEMENT PROGRAM			3-18-0061-11	304,855
			3-18-0061-12	<u>154,161</u>
Total - Airport Improvement Program				<u>482,587</u>
Total - Department of Transportation				<u>521,624</u>
Department of Health and Human Services				
PUBLIC HEALTH EMERGENCY PREPAREDNESS BIO-TERRORISM	INDIANA DEPT OF HEALTH	93.069	BPRS-132-70	<u>10,999</u>
CHILD SUPPORT ENFORCEMENT	INDIANA DEPT OF CHILD SERVICES	93.563		
CLERK INCENTIVE			1104IN4004	15,546
CLERK			2012	154,151
IV-D COURT			2012	27,559
INDIRECT COSTS			2012	98,523
TITLE IV-D INCENTIVE			1104IN4004	14,472
PROSECUTOR			2012	130,117
PROSECUTOR INCENTIVE			A70-1-0531603	<u>5,713</u>
Total - CHILD SUPPORT ENFORCEMENT PROGRAM				<u>446,081</u>
NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS PROGRAM BIO-TERRORISM	INDIANA DEPT OF HEALTH	93.889	BHP-132-1	<u>5,000</u>
Total - Department of Health and Human Services				<u>457,080</u>
Total federal awards expended				<u>\$ 1,162,249</u>

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

HENRY 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 Henry 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.

HENRY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	no
Type of auditor's report issued on compliance for major programs:	Unmodified
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>
20.106	Airport Improvement Program
95.563	Child Support Enforcement

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 - MATERIAL ERRORS TO SCHEDULE OF EXPENDITURES OF 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: Grants were listed on the SEFA for incorrect amounts; grants were listed on the SEFA that did not have 2012 expenditures, and grants that had 2012 expenditures that were not included in the SEFA. 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 statement.

HENRY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 of 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)

OMB Circular A-133, Subpart C, section. 300 states in part: "The auditee shall . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section.310."

OMB Circular A-133, Subpart C, section. 310(b) states:

"Schedule of expenditures of Federal awards: The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision I the Department of Health and Human Services.
- (2) For Federal awards received as a sub-recipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide the total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to sub-recipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

HENRY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-2 - CASH MANAGEMENT

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year: 2012
Pass-Through Entity: Department of Child Services

A review of reimbursement requests identified multiple problems. It was found that not all reimbursement requests contained appropriate supporting documentation. The courts requested amounts for nonpayroll expenses that were based on estimated expenses rather than actual claims. Additionally, some reimbursement requests were for expenses that had not yet been paid. It was also found that the Prosecutor was using an annual amount divided by the 12 months to arrive at the amount requested for reimbursement of payroll expenses. Since some months have three payrolls, this resulted in requesting too much in months with only two payrolls and not enough for the months with three payrolls.

The 2012 Cooperative Agreement states in paragraph 3 under Reimbursement, Budget, Incentive Distributions, and Audits (B), "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. In no event shall reimbursement be made without the Prosecuting Attorney's certification that expenditures claimed for reimbursement are reasonable, appropriate, and directly related to IV-D cases."

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance 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 related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

FINDING 2012-3 - REPORTING

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 95.563
Federal Award Number and Year: 2012
Pass-Through Entity: Department of Child Services

The Monthly Reimbursement Reports and the Quarterly Incentive Expenditure Reports, as required by the grant agreement between the County and the Indiana Department of Child Services, were filed timely. However, when testing these reports, we could not also trace the information included in the reports to the unit's records. Therefore, we could not confirm the accuracy of the figures on some of the reports.

The 2012 Cooperative Agreement states in paragraph 5 under Audit/Monitoring, "The Prosecuting Attorney shall provide accurate accountability for the expenditure of federal funds by maintaining monthly time records on funded staff and documentation of other expenditures to distinguish IV-D from non-IV-D activities."

HENRY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

45 CFR § 92.20 states in part:

"(a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to-

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

(b) The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.
- (3) Internal control. Effective control and accountability must be maintained for all grant and subgrant cash, real and personal property, and other assets. Grantees and subgrantees must adequately safeguard all such property and must assure that it is used solely for authorized purposes."

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance 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 related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

FINDING 2012-4 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO CHILD SUPPORT ENFORCEMENT

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 95.563
Federal Award Number and Year (or Other Identifying Number): 2012
Pass-Through Entity: Department of Child Services

Management of the County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: Allowable Costs/Cost Principals, Cash Management, Period of Availability, and Reporting. The failure to establish an

HENRY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements 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 states in part:

"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. Non-compliance 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 all compliance requirements that have a direct and material effect to the program.

Patricia A. French

**Henry County Auditor
101 South Main Street
New Castle IN 47362
(765) 529-2800**

CORRECTIVE ACTION PLAN

June 27, 2013

Finding Section II – 2012

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.

I am responding to the Indiana State Board of Accounts audit findings with the 4-D funds. Our figures are accurate with the 4-D funds. Our corrective plan is to work getting the figures entered on Gateway accurately with our annual report for next year.

Sincerely,



Patricia A. French
Henry County Auditor

HENRY COUNTY PROSECUTOR'S OFFICE - CRIMINAL DIVISION

JUSTICE CENTER, SUITE 250

1215 RACE STREET

NEW CASTLE, INDIANA 47362

TELEPHONE: 765 529-4614

TELECOPIER: 765 821-7029

JOSEPH J. BERGACS
PROSECUTOR
53RD JUDICIAL CIRCUIT

JERRY W. MILLER
CHIEF DEPUTY

DEPUTY PROSECUTORS:
JAMES E. MILLIKAN
MICHAEL J. MAHONEY
DAVID L. MCCORD
JEREMY BELL

SCOTT PINKERTON
INVESTIGATOR

July 23, 2013



To: State Board of Accounts
Regarding 2013 Audit

Finding 2012-002: Documentation for Reimbursement Requests

The Prosecutor was using the annual amount divided by twelve months to arrive at its requests for reimbursement of payroll expenses. Since some months have three payrolls, this results in requesting too much in months with only two payrolls and not enough for the months with three payrolls.

Response:

Requests for reimbursement of payroll expenses will now be determined by whether or not the month is a two payroll month or a three payroll month.

In order to correct the previous mistake, a prior period adjustment was made on the June 2013 State Form 54529 because January 2013 – May 2013 personal services were overreported.

Finding 2012-003: Reporting

As part of the grant agreement between the County and the Indiana Department of Health, the County is required to file Monthly Reimbursement Reports by the 10th of the month following the disbursements. The County is also required to file Quarterly Incentive Expenditure Report by the 10th day following the end of the quarter. Although the Monthly Reimbursement Reports and the Quarterly Incentive Expenditure Repots were timely filed, the information on the reports could not be traced to the unit's records.

Response:

Requests for reimbursement of payroll expenses will now be determined by whether or not the month is a two payroll month or a three payroll month.

In order to correct the previous mistake, a prior period adjustment was made on the June 2013 State Form 54529 because January 2013 – May 2013 personal services were overreported.

Finding 2012-004: Internal Controls over compliance requirements that have a direct and material effect to Child Support Enforcement

Management of the County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements; Allowable Costs/Cost Principals, Cash Management,

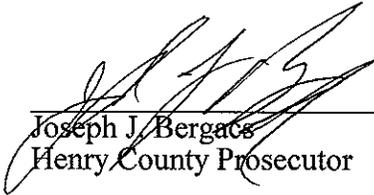
Period of Availability and Reporting. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements 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.

Response:

Requests for reimbursement of payroll expenses will now be determined by whether or not the month is a two payroll month or a three payroll month.

In order to correct the previous mistake, a prior period adjustment was made on the June 2013 State Form 54529 because January 2013 – May 2013 personal services were overreported.



Joseph J. Bergace
Henry County Prosecutor

HENRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 27, 2013, with Patricia A. French, Auditor; Cheryl Scales, Deputy Auditor; Joseph Bergacs, Prosecutor; Joseph E. Yanos, President of the Board of County Commissioners; and Richard Bouslog, Vice President of the County Council.